



ING Vysya Bank Limited
Regd. & Corp. Office : 'ING Vysya House',
No. 22, M.G. Road,
Bangalore – 560 001.

Venue	: The Auditorium, 'ING Vysya House', No. 22, M.G. Road, Bangalore - 560 001.
Date	: Tuesday, 24 June 2014
Time	: 11.00 A.M.

NOTICE

Notice is hereby given that the 83rd Annual General Meeting of ING Vysya Bank Limited will be held at The Auditorium, 'ING Vysya House', No. 22, M. G. Road, Bangalore – 560 001 on Tuesday, 24 June 2014, at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31 March 2014, Profit and Loss Account for the year ended on that date together with the Auditors' Report thereon and the Directors' Report attached thereto for that year.
2. To declare a dividend on equity shares for the year ended 31 March 2014.
3. To appoint a Director in place of Mr. Mark Edwin Newman who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s BSR & Co. LLP, Chartered Accountants, as the Auditors of the Bank and authorize the Board of Directors to fix their remuneration.

To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and of the Banking Regulation Act, 1949, M/s. B S R & Co. LLP, Chartered Accountants, (Firm Registration No. 101248W), be and are hereby re-appointed as Statutory Auditors of the Bank for the financial year 2014-15, subject to the approval of the Reserve Bank of India, under Section 30(1A) of the Banking Regulation Act, 1949, to hold office from the conclusion of the 83rd Annual General Meeting till the conclusion of the next Annual General Meeting of the Bank under Section 139 of the Companies Act, 2013, on a remuneration (including the terms of payment) to be fixed by the Board of Directors of the Bank, based on the recommendation of the Audit Committee of the Board, plus service tax and such other tax(es), as may be applicable, and re-imbursement of out-of-pocket expenses as may be agreed to by the said Board in connection with the audit of the accounts of the Bank for the year ending 31 March 2015."

SPECIAL BUSINESS

5. Amendment to Articles of Association

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 14 and other applicable provisions, if any, of Companies Act 2013, the Articles of Association of the Company be and is hereby amended by way of substitution of Article 28, Article 40 (e) and Article 75 in the following manner:

AMENDMENT OF ARTICLE 28 BY WAY OF SUBSTITUTION

- i. By substituting the following Article in place of the existing Article 28

28. The Board shall at its liberty, at any time, appropriate the whole or any portion of the amount of deposits or dividends or any other money due by the Bank, as long as such Deposits or Dividends are not mandated to be transferred to Depositor Education and Awareness Fund (DEAF) and Investor Education and Protection Fund (IEPF) respectively, 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.

AMENDMENT OF CLAUSE (e) OF ARTICLE 40 BY WAY OF SUBSTITUTION

- ii. By substituting the following clause (e) of Article 40 in place of the existing clause (e) of Article 40

40. e) No person directly or indirectly shall acquire or agree to acquire shares or voting rights which acquisition taken together with shares and voting rights, if any, held by him or his relative or associate enterprise or person acting in concert with him, makes the applicant to hold to a level of 5% or more of the total paid-up share capital of the Bank entitling such person to exercise five per cent or more of the voting rights in the Bank unless prior approval of the Reserve Bank of India has been obtained in this regard by such person.

AMENDMENT OF ARTICLE 75 BY WAY OF SUBSTITUTION

- iii. By substituting the following Article in place of the existing Article 75

75. 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 percent or such percentage, which may be increased by Reserve Bank of India in a phased manner but not exceeding 26 percent 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."

By Order of the Board

Place : Bangalore
Date : 29 April 2014

M V S APPA RAO
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member. The instrument of proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Bank at ING Vysya House, No. 22, M. G. Road, Bangalore – 560 001 at least 48 hours before the commencement of the meeting i.e. before 11:00 A.M. on Sunday, 22 June 2014.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Bank carrying voting rights.

Any member holding more than ten percent, of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

2. Register of Members and Share Transfer Books of the Bank shall remain closed from Friday, 13 June 2014 to Tuesday, 24 June 2014 (both days inclusive).

Dividend for the year ended 31 March 2014, if declared at the Meeting, will be paid on and from Tuesday, 24 June 2014 but not beyond Wednesday, 23 July 2014:

- (i) to those Members, holding shares in physical form, whose names appear in the Register of Members at the close of business hours on Thursday, 12 June 2014 after giving effect to all valid transfers in physical form lodged with the Bank and / or its Registrars and Share Transfer (R & T) Agents on or before Thursday, 12 June 2014; and
- (ii) in respect of shares held in electronic (demat) form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Thursday, 12 June 2014.



In terms of the directive of Securities and Exchange Board of India (SEBI), shares issued by companies should rank *pari passu* in all respects, including dividend entitlement. Equity shares allotted by the Bank during the period from 01 April 2014 to 12 June 2014 including equity shares allotted under the ING Vysya Bank Employees Stock Option Schemes (ESOS) and members whose names are appearing in the Register of Members as on the date of commencement of Book Closure i.e. on 12 June 2014, apart from Rights Shares kept in abeyance in respect of Rights Issue made in 1996 and 2005, will be entitled for full dividend for the financial year ended 31 March 2014, if declared at the Meeting subject to applicable regulations.

3. Pursuant to the provisions of Section 205A of the Companies Act, 1956 (since relevant section 124 of Companies Act 2013 is yet to be notified as on the date of this Notice), the amount of dividend remaining unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and, thereafter, no payments shall be made by the Bank or by the IEPF in respect of such amounts. Therefore, the amount of unclaimed dividend for the financial years ended up to 31 March 2006 has been transferred, and for the financial year ended 31 March 2007, dividend amount of ₹ 389,537.00 of dividend stands due for transfer to IEPF on 02 August 2014.

Members who have not yet encashed their dividend warrant(s) for any subsequent financial year(s) are requested to submit their claims to the R & T Agents of the Bank without any delay.

4. Members holding shares in electronic form may please note that, in terms of the mandate of the Securities and Exchange Board of India (SEBI), dividend will be credited through Electronic mode of remittance to the Bank Account of the Shareholder mentioned in the details furnished by the respective Depositories to the Bank on the date of book closure, provided the MICR / IFS Code has also been furnished and the Bank account pertains to a city where ECS / NEFT facility is available. Members holding shares in dematerialised mode are requested to intimate all updates pertaining to their bank details, nominations, power of attorney, change of address / name etc., to their Depository Participant (DP) only and not to the Bank or its R & T Agents. Such changes will automatically reflect in the Bank's records.
5. Members holding shares in physical form are requested to notify the changes, if any, in their address immediately to the R & T Agents / Bank giving full address in capital letters invariably with the relevant Postal Index Number (PIN) code.
6. Members holding shares in physical form are requested to avail Nomination facility for hassle free transmission of shares to their beloved ones. They may request for the prescribed format or alternatively they may download by visiting the Bank's website, under the section 'Information to Shareholders'. (<http://www.ingvysyabank.com/personal-banking/products/about-us/shareholder-information.aspx>)
7. Members holding shares in physical form are requested to opt for dematerialisation of shares and to know more about dematerialisation benefits, they may visit the Bank's website, under the section 'Information to Shareholders'. (<http://www.ingvysyabank.com/personal-banking/products/about-us/shareholder-information.aspx>)
8. Legal heirs of deceased Shareholders (who were members as on record date of 28 February 2005), are requested to expeditiously complete the transmission procedure and claim the rights shares issued by the Bank in the year 2005 which are kept in abeyance, by contacting our R & T Agents at an early date.
9. Members holding shares in physical form are requested to quote their Registered Folio number in their correspondence with the R & T Agents / Bank. Those Shareholders who have dematerialised their shares are requested to quote both their Client ID No. and DP ID No. in their correspondence with the R & T Agents / Bank.
10. The Bank has on 18 May 2012 sent an e-mail communication to the all shareholders who have registered their email address to support a "Green Initiative in Corporate Governance" initiated by the Ministry of Corporate Affairs ("Ministry") to receive all communications from the Bank including Annual Report in electronic mode. We request all the shareholders to register their email address with our R & T Agents and with your DP if not already done, at an early date, to be part of this green initiative.



11. Pursuant to the requirements relating to Corporate Governance under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the information about the Directors proposed to be re-appointed is given in the Annexure to this Notice.
12. Only registered members / beneficial owners carrying their attendance slips and holders of valid proxy forms registered with the Bank are permitted to attend the meeting and they are encouraged to carry with them the Annual Report mailed along with this Notice.
13. Members are requested to avoid being accompanied by non-members and / or children.
14. Members are requested to be seated at the meeting hall before the scheduled time of commencement of the Annual General Meeting.

By Order of the Board

Place : Bangalore
Date : 29 April 2014

M V S APPA RAO
Company Secretary

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

The Government of India, Ministry of Finance, notified the Banking Law Amendments Act, 2012, vide Gazette Notification dated 17 January 2013, making certain amendments to the Banking Regulation Act, 1949.

The amendments are binding on Banks notwithstanding any clauses to the contrary contained in the Memorandum of Association (MoA) and Articles of Association (AoA) of the Banks. Banks have, therefore been advised by RBI vide its letter DBOD.NO. PSBD.BC.62/16.13.100/ 2013-14 dated 23 October 2013 to make necessary amendments in the MoA and AoA.

The proposed amendments to the Articles of Association of the Bank are in line with the amended Banking Regulation Act, 1949.

This item proposes to alter the Articles of Association in respect of the following Articles viz.,

i. AMENDMENT OF ARTICLE 28 BY WAY OF SUBSTITUTION

The new Clause 28 provides for the appropriation of deposits and dividend towards Bank's dues with the exception of the unclaimed deposits required to be transferred to a new fund Depositor Education and Awareness Fund (DEAF) and unpaid dividends required to be transferred to the Investor Education and Protection Fund (IEPF) as facilitated by Section 26A in the Banking Regulation Act 1949.

Reference to Article Number in Articles of Association	Action i.e. deletion, substitution or insertion, if any	Existing Article	Amended Article to read as
Article 28	Substitution of existing Article	28. 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.	28. The Board shall at its liberty, at any time, appropriate the whole or any portion of the amount of deposits or dividends or any other money due by the Bank, as long as such Deposits or Dividends are not mandated to be transferred to Depositor Education and Awareness Fund (DEAF) and Investor Education and Protection Fund (IEPF) respectively, 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.

ii. AMENDMENT OF CLAUSE (e) OF ARTICLE 40 BY WAY OF SUBSTITUTION

The new clause 40 (e) reflects new Section 12B of the Banking Regulation Act, 1949 which extends the restriction to not only to acquirer but to a person who agrees to acquire 5% or more stake / voting rights and who would constitute connected persons of the acquirer.

Reference to Article Number in Articles of Association	Action i.e. deletion, substitution or insertion, if any	Existing Article	Amended Article to read as
Clause (e) of Article 40	Substitution of existing clause	40 (e) No person or group of persons shall acquire any shares of the Bank which would take his/her/its holding to a level of 5% 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.	40.(e) No person directly or indirectly shall acquire or agree to acquire shares or voting rights which acquisition taken together with shares and voting rights, if any, held by him or his relative or associate enterprise or person acting in concert with him, makes the applicant to hold to a level of 5% or more of the total paid-up share capital of the Bank entitling such person to exercise five per cent or more of the voting rights in the Bank unless prior approval of the Reserve Bank of India has been obtained in this regard by such person.

iii. AMENDMENT OF ARTICLE 75 BY WAY OF SUBSTITUTION

The new clause aligns itself with the Banking Laws Amendment Act, 2012 which inserted a proviso under Section 12 (2) of the Banking Regulation Act, 1949 which empowers Reserve Bank of India to increase, in a phased manner, such ceiling on voting rights from ten percent to twenty six percent.

Reference to Article Number in Articles of Association	Action i.e. deletion, substitution or insertion, if any	Existing Article	Amended Article to read as
Article 75	Substitution of existing clause	75. 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 percent 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.	75. 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 percent or such percentage, which may be increased by Reserve Bank of India in a phased manner but not exceeding 26 percent 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.



The Directors recommend the adoption of the resolution at Item No. 5 of the Notice for amending the Articles of Association of the Bank.

None of the Directors, key managerial personnel and their relatives are, either directly or indirectly, concerned or interested in this resolution.

ANNEXURE TO NOTICE DATED 29 APRIL 2014

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, following information is furnished about the Director(s) proposed to be re-appointed.

(1) Mr. Mark Edwin Newman

Mr. Mark Edwin Newman (age: 47) was first appointed on the Board effective 07 September 2011.

Mr. Mark Edwin Newman is a Chartered Accountant and has obtained Mathematics (Honours) degree from King's College London.

Mark Newman is CEO of ING Commercial Banking, Asia. He started his career at Deloitte Haskins and Sells where he qualified as a Chartered Accountant before joining ING in 1992, in London.

Mark had a number of internal audit and risk management roles in London before moving to Asia in 1996. Since then he held a number of positions within Financial Markets including 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 and CEO of ING Commercial Banking, Asia in August 2012. He is also Executive Management Board Member of ASIFMA (Asia Securities Industry and Financial Markets Association).

Mr. Mark Newman did not hold any shares of the Bank as on 31 March 2014.

Directorships of other Companies:

- Asia Securities Industry and Financial Markets (ASIFMA)
- Encore Pilates Pte Ltd.



VOTING THROUGH ELECTRONIC MEANS

Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, it is mandatory to extend to the Members of the Company, the facility to vote at the AGM by electronic means.

Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting.

The Company has appointed Mr. S. P. Nagarajan, Practicing Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, if any, to the Chairman of the Bank. The result of the same will be disclosed at the Annual General Meeting (AGM) proceedings.

INSTRUCTION FOR E-VOTING

1. To use the following URL for e-voting:
From Karvy website : <http://evoting.karvy.com>
2. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
3. Enter the login credentials [i.e., User ID and password mentioned in the Attendance Slip].
4. After entering the details appropriately, click on LOGIN.
5. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. You need to login again with the new credentials.
7. On successful login, the system will prompt you to select the EVENT i.e., ING Vysya Bank Limited.
8. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
9. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folio/ demat account.
10. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
11. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
12. The Portal will be open for voting from 9 A.M. on 18 June 2014 to 6 P.M. on 20 June 2014.
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt Ltd at Tel No. 1800 345 4001 (toll free).



ING VYSYA BANK LIMITED - 83rd AGM

Sl. No. :

Folio / Id No. :

Name :

No. of Shares :

ATTENDANCE SLIP

This slip is to be
handed over at the
Registration Counter

Signature of the Member / Proxy

ELECTRONIC VOTING THREE CALENDAR DAYS PRIOR TO MEETING

(Please follow the instructions for e-voting mentioned in Page No. 8 of Notice of 83rd AGM).

E-voting Sequence Number	USER Id	PASSWORD

To participate in the AGM please show this slip at the entrance of the meeting hall and retain it till the end of the meeting.



ING Vysya Bank Limited

TUESDAY, 24 JUNE 2014, AT 11.00 A.M. AT THE AUDITORIUM
'ING VYSYA HOUSE', NO. 22, M.G. ROAD, BANGALORE - 560 001.

ADMISSION SLIP 83rd ANNUAL GENERAL MEETING

Name:

Folio / Id No. :

No. of Shares :

I hereby register my presence at the meeting.

Name of the Member / Proxy

Signature of the Member / Proxy



ING Vysya Bank Limited

Regd. & Corporate Office : 'ING Vysya House', No. 22, M.G. Road, Bangalore - 560 001.
CIN : L85110KA1930PLC000124

PROXY FORM

	Folio No / Client Id No.
	DP Id No.
	E-mail Id

I/We, being the member(s) holding shares of ING Vysya Bank Limited, hereby appoint

1. Name : Address : E-mail Id : Signature : or failing him	2. Name : Address : E-mail Id : Signature : or failing him	3. Name : Address : E-mail Id : Signature :
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as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 83rd Annual General Meeting of the ING Vysya Bank Limited, to be held on 24 June 2014 at the Auditorium, ING Vysya House, No. 22, M.G. Road, Bangalore - 560 001 and at any adjournment thereof in respect of such resolutions as indicated overleaf (Please tick your choice - For/Against).

FOR OFFICE USE ONLY	
PROXY No.	DATE OF RECEIPT

THE PROXY, IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED AND SIGNED BY A MEMBER AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE BANK AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING i.e. 11.00 A.M. ON SUNDAY, 22 JUNE 2014.

SIGNATURE _____

AFFIX
₹ 1/-
REVENUE
STAMP

Signed this day of 2014

(P.T.O.)

Statement showing the manner in which each resolution has to be voted on my/ our behalf by my/ our Proxy holder

Resln. No.	Particulars of Resolution	Vote	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt the Balance Sheet as at 31 March 2014, Profit and Loss Account for the year ended on that date together with the Auditors' Report thereon and the Directors' Report attached thereto for that year.		
2.	To declare a dividend on equity shares for the year ended 31 March 2014.		
3.	To appoint a Director in place of Mr. Mark Edwin Newman who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To re-appoint M/s BSR & Co. LLP, Chartered Accountants, as the Auditors of the Bank for the year 2014-15 and authorize the Board of Directors to fix their remuneration.		
Special Business			
5.	Amendment to Articles of Association		

83rd ANNUAL REPORT

2013-14



Ten years at a glance

(All Figures in ₹ Crore except as stated otherwise)

Year	Deposits and Accounts	Total Advances	Investments	Gross Earnings	Net Profits	Paid up Capital	Reserves	Dividend (%)	No. of Employees	No. of Branches	No. of Extension Counters
2004-05	12569.31	9080.59	4195.89	1113.25	(38.18)	22.71	686.69	Nil	4963	370	56
2005-06	13335.26	10231.53	4372.34	1412.75	9.06	90.72	928.95	Nil	5312	377	56
2006-07	15418.59	11976.17	4527.81	1595.69	88.91	90.90	1012.38	6.5	5341	400	40
2007-08	20498.06	14649.55	6293.22	2099.01	156.93	102.47	1433.18	15	5852	407	39
2008-09	24889.92	16750.93	10495.54	2787.56	188.78	102.60	1600.29	20	6227	455	37
2009-10	25865.30	18507.19	10472.92	2853.11	242.22	119.97	2210.95	25	6249	482	13
2010-11	30194.25	23602.14	11058.27	3349.02	318.65	120.99	2503.30	30	7041	511	13
2011-12	35195.42	28736.67	12715.50	4526.56	456.30	150.12	3829.67	40	10001	531	10
2012-13	41333.00	31772.03	18278.23	5588.46	612.96	154.85	4471.06	55	9758	546	10
2013-14	41216.77	35828.85	16720.76	6072.34	657.85	188.64	6882.18	60*	10059	557**	10

* Subject to approval of shareholders

** Includes nine Regional Clearing Centres (RCC) and five Asset Recovery (AR) Branches



BOARD OF DIRECTORS

Arun Thiagarajan
Chairman

Shailendra Bhandari
Managing Director and CEO

83rd ANNUAL GENERAL MEETING

Venue : The Auditorium,
"ING Vysya House",
No. 22, M.G. Road,
Bangalore - 560 001.

Day/Date : Tuesday, 24 June 2014

Time : 11.00 A.M.

OTHER DIRECTORS

Lars Kramer (up to 28 March 2014)
Mark Newman
Meleveetil Damodaran
Peter Staal (up to 31 March 2014)
Richard Cox (up to 31 March 2014)
Sanjeev Aga
Santosh Desai
Vaughn Richter
Vikram Talwar

CORPORATE SECRETARY

M V S Appa Rao

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STATUTORY AUDITORS

B S R & Co. LLP,
Chartered Accountants,
Mumbai

ING VYSYA BANK LIMITED

Registered and Corporate Office:
ING Vysya House, No.22, M.G.Road
Bangalore - 560 001

REGISTRARS & SHARE TRANSFER (R&T) AGENTS

Karvy Computershare Private Limited

Unit: ING Vysya Bank Limited
17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad – 500 081.
Ph :040-4465 5000
Fax:040-2342 0814
Email: einward.ris@karvy.com



SENIOR MANAGEMENT TEAM

Shailendra Bhandari
Managing Director & CEO

Aniruddha Paul
Chief Information Officer (effective 1 July 2013)

Ashok Rao B
Chief Auditor

Brett Morgan
Country Head – Branch Banking, Marketing & Private Clients

Janak Desai
Country Head – Wholesale Banking (up to 6 February 2014)

Jayant Mehrotra
Chief Financial Officer

Mahesh Dayani
Country Head – Retail Assets

Meenakshi A
Head – Operations

Prasad C V G
Chief Information Officer (up to 30 September 2013)

Prasad J M
Chief – Human Resources

Susan Poot
Chief Risk Officer & Chief Compliance Officer

Appa Rao M V S
Corporate Secretary

DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the Eighty Third Annual Report of the Bank together with the Audited Statements of Accounts for the year ended 31 March 2014, Auditors' Report thereon and other documents and statements as are required.

Financial and Business Performance

For the year ended 31 March 2014, the Bank posted a net profit of ₹ 657.85 Crore compared to ₹ 612.96 Crore for 2012-13. The pre-tax profit improved to ₹ 977.76 Crore compared to ₹ 901.44 Crore during the Previous year. The **Net Interest Income** for the year 2013-14 increased to ₹ 1,753.15 Crore registering an increase of 13.94 %.

The aggregate business of the Bank reached ₹ 77,045.62 Crore as at 31 March 2014 compared to ₹ 73,106.02 Crore as at 31 March 2013. The **Net Advances** increased to ₹ 35,828.85 Crore for the year ended 31 March 2014 from ₹ 31,772.03 Crore at the end of the Previous year recording a growth of 12.77%. The **Total Deposits** of the Bank stood at ₹ 41,216.77 Crore as at 31 March 2014.

As against a regulatory target of 40% of Adjusted Net Bank Credit for Priority sector lending, the Bank achieved 40.70% as of 31 March 2014, having achieved 38.16% as of 31 March 2013. Export advances increased to ₹ 2,257.50 Crores from ₹ 1,930.90 Crores at the end of the Previous year. The export credit as a percentage of adjusted net bank credit stood at 7.11% (Previous year 6.72%) as of 31 March 2014. The outstanding credit to Scheduled Castes/Scheduled Tribe borrowers stood at ₹ 209.26 crore and the percentage of recovery to demand as of 31 March 2014 was 52.60 % (Previous year 30.45 %) of the amounts fallen due. The Net NPA Ratio as of 31 March 2014 is 0.28% as against 0.03 % as of 31 March 2013.

Paid up-capital and Capital Adequacy Ratio

The paid up capital of the Bank stood at ₹ 188.64 Crore as at 31 March 2014 as compared to ₹ 154.85 Crore as at 31 March 2013.

The Bank has adopted the New Capital Adequacy Framework (Basel III) from 1 April 2013. Under this framework, the Capital Adequacy Ratio (CAR) stood at 16.76% as at 31 March 2014 as against the Reserve Bank of India's (RBI) stipulated minimum of 9%. Of this, Tier I Capital was 14.63% and Tier II Capital was 2.13% as compared to 10.49% and 2.75 % respectively as at 31 March 2013. CAR for Previous year are as computed under Basel II guidelines.

An overview on financials and business performance is presented in the Management Discussion and Analysis Report, forming part of this Annual Report.

Appropriation of Profits and Dividend

In compliance with the requirement under the Banking Regulation Act, 1949 and the guidelines issued thereunder by the RBI, the Directors propose to transfer ₹ 164.46 Crore (Previous year ₹ 153.24 Crore) to Statutory Reserve, ₹ 0.08 Crore (Previous year ₹ 1.63 Crore) to Capital Reserve and ₹ 0.36 Crore (Previous year ₹ 0.22 Crore transferred from Investment Reserve) to Investment Reserve, for the year ended 31 March 2014.

Taking into account the regulatory restrictions, the Board of Directors recommend the payment of dividend at 60% on the face value of fully paid-up shares against 55% of the previous year. The outflow on account of the proposed dividend, including the dividend tax, would be ₹ 132.42 Crore.

The dividend recommended, on approval would be paid to all those shareholders whose names appear as Beneficial Owners as at the end of 12 June 2014 as per the list to be furnished by Depositories (viz., NSDL and CDSL) in respect of the shares held in electronic form and those shareholders whose names appear in the Register of Members of the Bank as members after giving effect to all valid transfers of shares in physical form which will be lodged with the Bank on or before 12 June 2014.

Consolidated Financial Statements

As required under AS 21 issued by the Institute of Chartered Accountants of India (ICAI), the Bank's consolidated financial statements are included in this Annual Report incorporating the accounts of its wholly owned subsidiary company viz., ING Vysya Financial Services Limited in line with the basis of consolidation as explained in the Notes to the said consolidated statements.

Statutory Disclosures

The requisite particulars to be disclosed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in respect of the options granted etc., under the existing and new schemes are furnished in Annexure-I to this report.

DIRECTORS' REPORT

The particulars of employees required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, are given in the annexure appended hereto (Annexure- II) forming part of this report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to Corporate Secretary at the Registered Office of the Bank.

The provisions of Section 217(1)(e) of the Companies Act, 1956 regarding to conservation of energy and technology absorption are not applicable to the Bank. The Bank has, however, used information technology extensively in its operations.

Subsidiaries

The main object of ING Vysya Financial Services Limited (IVFSL), a wholly owned subsidiary of the Bank, is to carry on business of non-fund / fee based activities of marketing and distribution of various financial products / services of the Bank, apart from recovery of the old lease rentals due to the company.

Subsequent to transfer of the Wealth Management Services of IVFSL to the Bank in April 2007, IVFSL continues to provide services to the Bank, as may be required from time to time on a non-exclusive contract basis.

IVFSL has earned a net profit of ₹ 0.40 Crore for the year 2013-14.

As required under Section 212 of the Companies Act, 1956, the Balance Sheet, Directors' Report and other documents pertaining to IVFSL, along with a statement of interest of the Bank in the subsidiary, are attached to the financial statements of the Bank.

In compliance with Secretarial Standard on Board's Report-SS-10, the Board of Directors hereby affirm that it has reviewed the affairs of the subsidiary company.

Directors

Since the last Annual General Meeting, three Directors of the Bank have resigned from the Board. Mr. Lars Kramer resigned from the office of Director effective 28 March 2014 in view of his enhanced responsibilities as CFO of ING Commercial Bank. Mr. Peter Staal resigned from the office of Director effective 31 March 2014 due to greater commitments in Europe. Mr. Richard Cox resigned from the office of Director effective 31 March 2014 after holding the office of Director of our Bank for a tenure of nearly eight continuous years.

Retirement of Directors by rotation

Mr. Mark Newman, will retire by rotation in terms of Section 152 of the Companies Act, 2013 at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

A brief resume of the Director is furnished in the Annexure to the Notice convening the ensuing Annual General Meeting.

Registrars and Share Transfer (R&T) Agents

Karvy Computershare Private Limited, Hyderabad continues to be the R & T Agent for the shares of the Bank.

Auditors

The Statutory Auditors viz. M/s. BSR & Co. LLP (erstwhile M/s BSR & Co.), Chartered Accountants, Mumbai, who were re-appointed at the 82nd Annual General Meeting held on 25 June 2013 are retiring at the ensuing AGM and being eligible for re-appointment under the guidelines of Reserve Bank of India (RBI), offer themselves for re-appointment for the fourth consecutive year.

The Shareholders are requested to appoint the above auditors and authorize the Board of Directors to determine their remuneration. The re-appointment of Auditors is subject to the approval of the Reserve Bank of India.

Other Reports

As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a detailed report on Corporate Governance is included in this Annual Report.

DIRECTORS' REPORT

Directors' Responsibility Statement

As required by Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for the year under review;
- (iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (iv) that they had prepared the accounts for the financial year ended 31 March 2014 on a going concern basis.

Board Confirmation

The Board receives quarterly compliance certificate from the CEO of the bank certifying that the bank has devised proper systems to ensure compliance on an ongoing basis of all directions/instructions given by Reserve Bank of India, all governing laws and applicable statutes and internal policy guidelines. On the basis of CEO certification and pursuant to Secretarial Standard on Board's Report- SS-10, the Board confirms the same for the financial year ended 31 March 2014.

Acknowledgements

The Board of Directors place on record their gratitude for the guidance and cooperation received from the Reserve Bank of India and other regulatory bodies. The Directors also place on record their appreciation of the encouragement and patronage received from valued customers, shareholders and other stakeholders like financial institutions, bondholders etc., and look forward to their continued support. The Directors also take this opportunity to express their appreciation for the good work and efforts put in by the employees of the Bank.

Finally, the Directors acknowledge the Members for their trust and support.

For and on behalf of the Board

Place : Bangalore
Date : 29 April 2014

Arun Thiagarajan
Chairman

ANNEXURE TO DIRECTORS' REPORT

Statutory Disclosures as of 31 March 2014 regarding ESOS under Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Particulars	ESOS Scheme 2005		ESOS Scheme 2007	ESOS Scheme 2010	ESOS Scheme 2013
	Tranche 1	Tranche 2 (Loyalty Options)			
Options Granted	465,212	525,285	8,599,476	12,650,475	942,700
Date of AGM Resolution	22 September 2005	22 September 2005	11 May 2007	1 July 2010	25 June 2013
Options Vested	314,884	508,100	7,155,776	7,133,348	-
Options Exercised	301,068	407,832	6,198,575	4,156,508	-
Total number of Shares arising as a result of exercise of Option	301,068	407,832	6,198,575	4,156,508	-
Options Lapsed	161,694	50,663	899,050	1,535,795	53,550
Variation of terms of options	NIL	NIL	NIL	NIL	NIL
Money realised by exercise of options (in ₹)	36,966,887.00	75,375,510.24	1,476,011,764	1,435,929,237	-
Total number of options in force	2,450	66,790	1,501,851	6,958,172	889,150
Pricing Formula for ESOS 2005	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.				
Pricing Formula for ESOS 2007, ESOS 2010 & ESOS 2013	Exercise price is latest available closing price, prior to the date of meeting of the board of directors in which options are granted in the Stock Exchange where the Shares are traded in the highest number.				

Employee wise details of grant to Senior Managerial Personnel

Name	2013-14	2012-13
Mr. B. Ashok Rao	35,000	40,000
Mr. Janak Desai (Resigned from services of the Bank on 6 February 2014)	65,000	55,000
Ms. Susan Poot	-	-
Mr. Jayant Mehrotra	52,000	65,000
Mr. Brett Morgan	-	-
Ms. Meenakshi A	36,000	45,000
Mr. Prasad C V G (Resigned from the services of the Bank on 30 September 2013)	-	25,000
Mr. Prasad J M	32,000	45,000
Mr. Mahesh Dayani	80,000	80,000
Mr. Samir Bimal (Resigned from services of the Bank in 25 September 2012)	-	40,000
Mr. Shailendra Bhandari	110,000	115,000
Mr. Uday Sareen (Transferred to the role of ING DiBa Germany on 03 December 2012)	55,000	80,000
Mr. Appa Rao M V S	6,500	12,000
Mr. Aniruddha Paul (Appointed as Chief Information Officer on 01 July 2013)	32,500	30,000
Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year.	NIL	NIL
Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (exclude outstanding warrants and conversations) of the company at the time of grant.	NIL	NIL

The details on Employees compensation cost is given under 'Employee Stock Option Scheme' in the Notes on Accounts (Schedule 18) of the Balance sheet (Page no. 56).

MANAGEMENT DISCUSSION & ANALYSIS REPORT

MACRO ECONOMIC AND BANKING INDUSTRY DEVELOPMENTS

The financial year 2013-14 was a challenging one in many ways. Economic activity stayed more subdued than expected, compounded by volatility in currency and interest rate markets. Gross Domestic Product (GDP) for 2013-14 has been estimated to grow at 4.7%, the second consecutive year of sub-5% growth. While Financial Markets stabilised in the second half of the year, although at a different level of interest rates and exchange rates than at the beginning of the year, economic activity has continued to remain muted.

The initial announcement by the US Federal Reserve in May 2013 tapering its asset purchase program had a large impact on India's external account, reflecting in pressure on the currency. The Rupee briefly breached 68 Rupees to the US Dollar. The underlying macro economic conditions of high fiscal deficit, high current account deficit and an inflationary environment left India in a more vulnerable situation than most other countries. The Reserve Bank of India resorted to unconventional monetary measures to stem the slide in rupee and arrest speculative positions. The increase in the Marginal Standing Facility (MSF) rate by 200 bps, a larger corridor of 300 bps for policy rates and restricted access to repo windows caused a significant gap in both money market and bond yields. While liquidity was available in reasonable quantity, the cost of funds went up significantly across the system. But these measures helped stabilise the currency, with the Rupee stabilising between 62 and 64 for some time; more importantly they gave much required time for some structural measures to take effect.

As a part of addressing structural issues for the medium term, the Reserve Bank of India and the government initiated a series of measures. To control the current account deficit, curbs were imposed on gold imports and external remittances. Weak rupee helped in reducing imports and played some part in stabilising exports. By the time these measures had their full impact by the third quarter of last fiscal year, the current account deficit moderated to more manageable levels. In an effort to boost the capital inflows and mitigate the risk of potential portfolio outflows, an attractive scheme was announced for NRI deposits and bank borrowings. The RBI announced a subsidised swap window for long tenor FCNR deposits and to a smaller extent for foreign currency borrowings by banks, which together saw a net inflow of USD 34bn by November 2013, leaving the balance of payments in a slight surplus from an earlier estimated deficit.

The concerns on the fiscal side were also allayed by the third quarter. Even while expenditure controls could have had a impact on investments, the short term impact of this was positive for the fiscal deficit. Increased focus on tax collections helped the income side, even while the subdued economy made it more difficult to meet budget estimates. The net result was a lower than budgeted fiscal deficit for the year. The Government expects the 2013-14 fiscal deficit to be at 4.6% of GDP, lower than the budgeted 4.8% in the beginning of the year. The Interim Union Budget for 2014 -15 continued the commitment to fiscal consolidation with the fiscal deficit for 2014-15 targeted at 4.1% of GDP. While the deterioration in quality of fiscal austerity still remains a cause for worry, for the time being, the concerns on the fiscal side have been managed till a new government is formed in June 2014.

Inflation continued to be a concern for the Reserve Bank. Inflation and inflation expectations were elevated for most part of the year. The Reserve Bank of India moderated some of the unconventional monetary actions undertaken earlier in response to depreciating currency by about the end of second quarter, but in an approach markedly different from the earlier stand of growth revival, the monetary policy stance focused much more heavily on inflation moderation. Even as the monetary policy corridor was reduced from 300 bps to earlier normal of 100 bps, policy rates were hiked by 75 bps leaving rates at higher levels than before. As a consequence cost of funds in the system and costs for borrowers remained elevated for most of the year.

An important structural change of the monetary side was the introduction of Term Repos for government securities. These have been mostly for short tenors of 7 and 14 days, with some attempts for 21 and 28 days. A well established term structure in these securities could eventually lead to a more defined and accessible term structure for the system as a whole.

The RBI has also adopted an explicit medium term inflation target of 8% by January 2015 and 6% by January 2016. The reference index is increasingly shifting to the Consumer Price Index (CPI) from the earlier Wholesale Price Index (WPI). This has effectively defined the basic monetary policy stand for the near term, with significant rate reductions possible only in case of a sharper than anticipated fall in inflation or significant downside risks to growth. The underlying economy though hasn't shown much revival even as there are signals that the slowdown has bottomed out. The policies of the new government to facilitate investment, the supply side management of inflation and the progress on fiscal consolidation will be critical for a sustainable economic recovery.

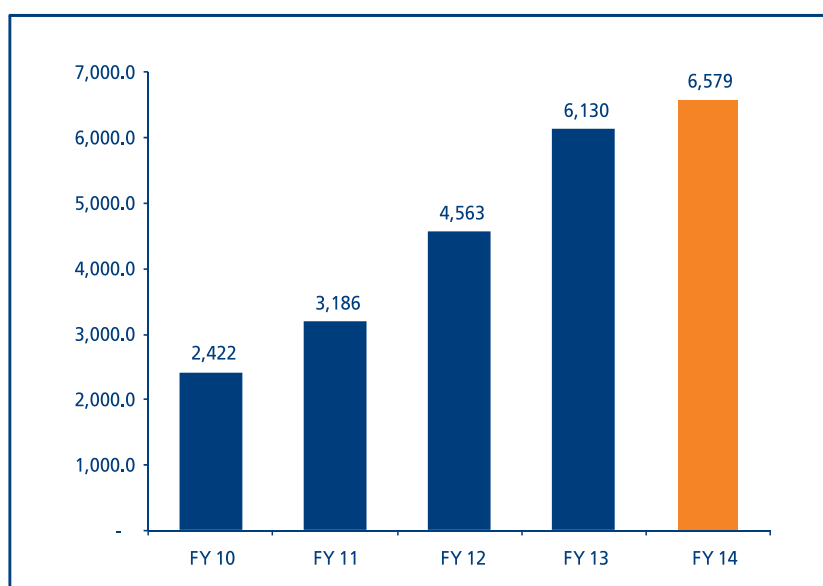
MANAGEMENT DISCUSSION & ANALYSIS REPORT

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

During the financial year 2013-14, the Bank continued to grow its key businesses and revenues. The Bank reported healthy improvement in its financial, business and other operating parameters.

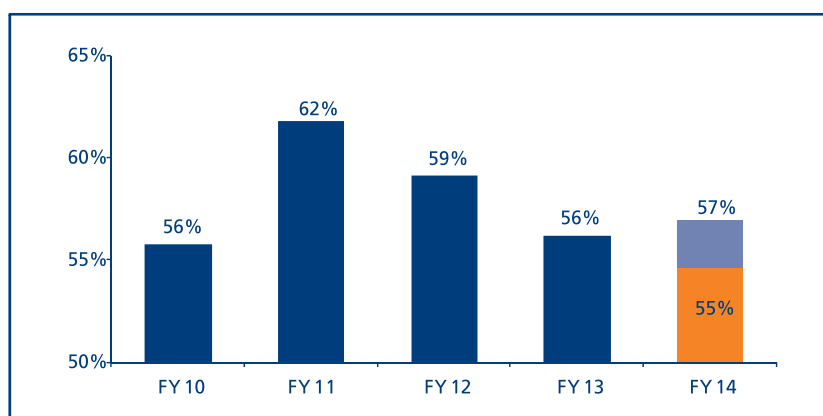
The Bank recorded a net Profit After Tax (PAT) of ₹ 6,579 million for the year 2013-14 from ₹ 6,130 million reported in the Previous year.

Net Profit (₹ in Million)



The Net Total Income of the Bank for the year grew by 16% to ₹ 26,203 million from ₹ 22,655 million reported during the Previous year. During this period, the Net Interest Income (NII) grew by 14% to ₹ 17,532 million from ₹ 15,386 million reported in the Previous year. Fee and Other Income increased by 19% to ₹ 8,671 million from ₹ 7,269 million. Operating expenses increased by 17% to ₹ 14,927 million from ₹ 12,728 million in the Previous year. The Cost to Income Ratio increased from 56% in the Previous year to 57% in the current year. Current year operating expenses included additional charge of ₹ 611 million on account of retirement provision. Adjusting for additional retirement charge of ₹ 611 million in FY 2013-14, the Cost to Income Ratio declined from 56% to 55%.

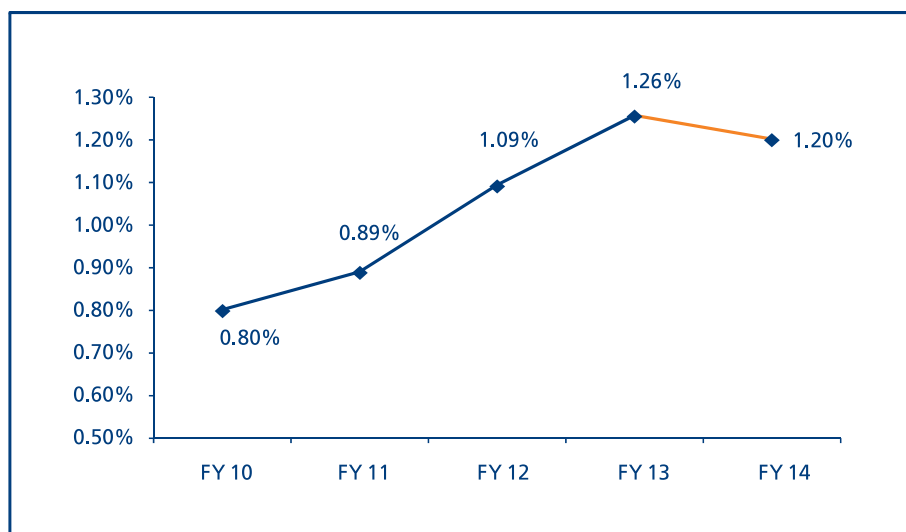
Cost to Income Ratio



MANAGEMENT DISCUSSION & ANALYSIS REPORT

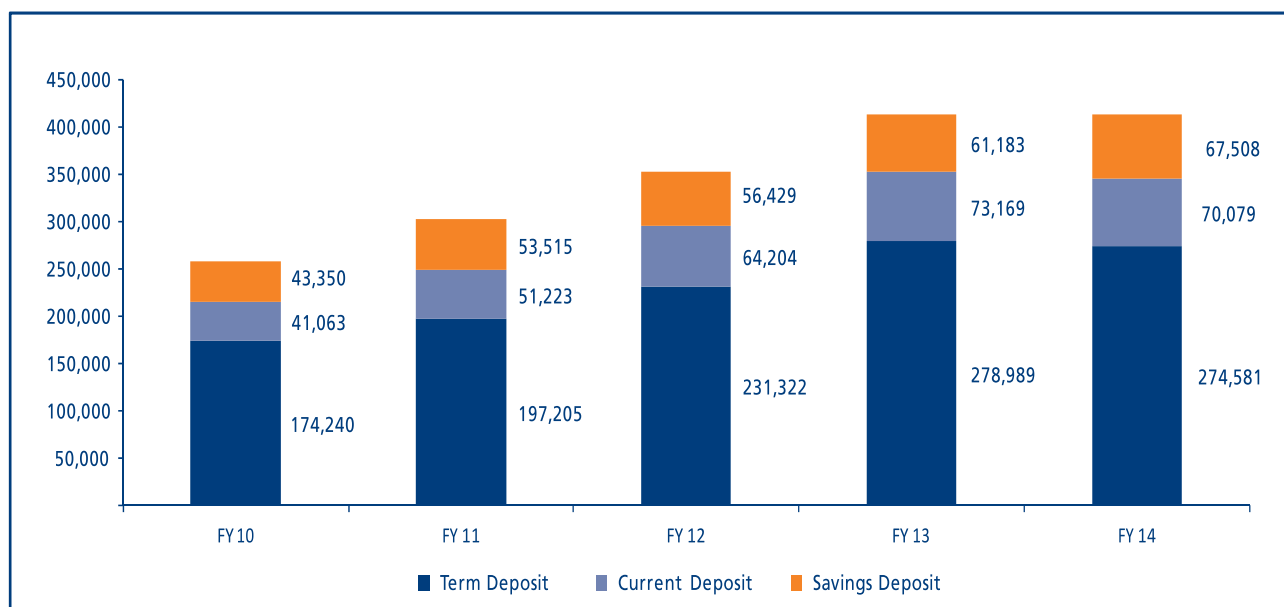
Return on Average Assets

Return on Average assets stood at 1.20%.



Total deposits of the Bank aggregated to ₹ 412,168 million. The Bank continued to focus on growing low cost deposits during the year. The Current and Savings Account (CASA) deposits increased from ₹ 134,351 million at March 2013 to ₹ 137,587 million at March 2014.

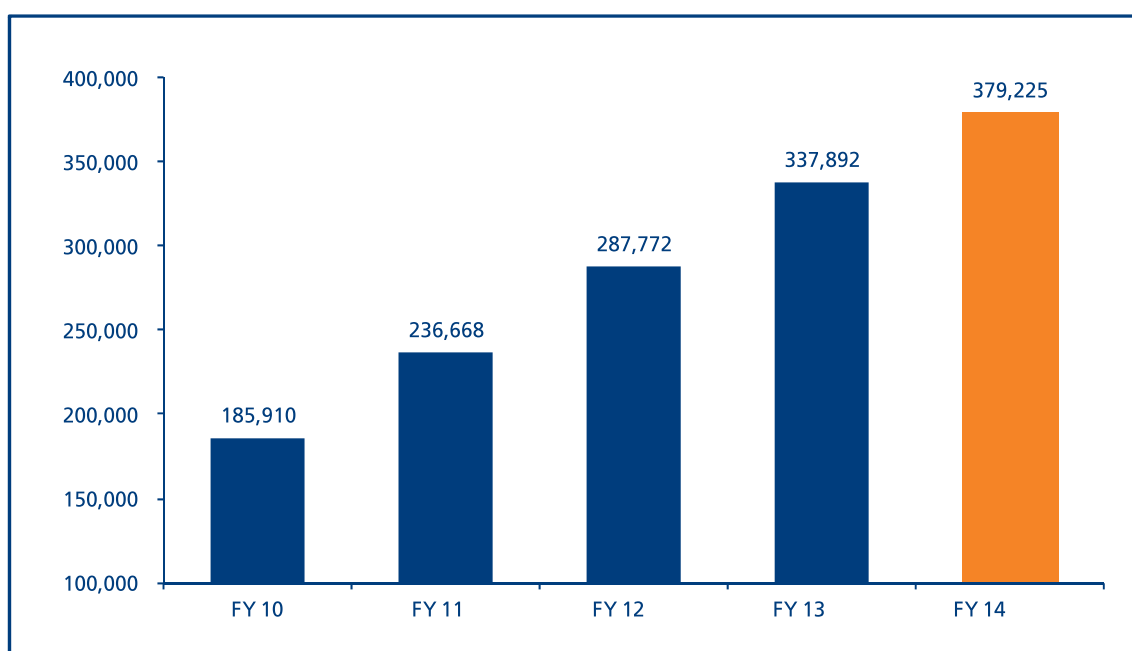
Deposits Growth with breakup of Current, Savings and Term Deposit



MANAGEMENT DISCUSSION & ANALYSIS REPORT

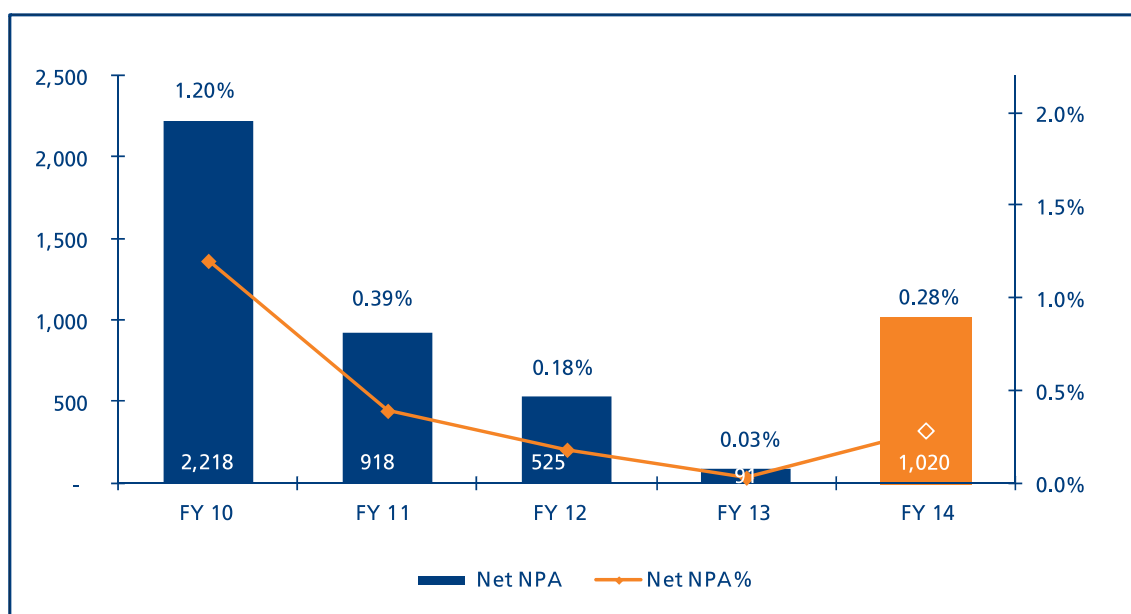
Total assets increased by 10% to ₹ 604,132 million from ₹ 548,364 million at March 2013. While Net Advances increased by 13% to ₹ 358,289 million from ₹ 317,720 million at March 2013, Net Customer Assets increased by 12% to ₹ 379,225 million from ₹ 337,892 million at March 2013.

Customer Assets



The Net NPA ratio of the Bank as at March 2014 stood at 0.28% of Net Advances as against 0.03% in the Previous year.

Net NPA



MANAGEMENT DISCUSSION & ANALYSIS REPORT

During the year, the Bank raised equity capital of ₹ 18,360 million through a combination of qualified institutional placement (QIP) and Preferential issue to ING Group. The capital adequacy of the Bank as per Basel III stood at 16.76% as of 31 March 2014 with Tier 1 Capital ratio at 14.63%.

INTERNAL CONTROL SYSTEMS

The internal control framework of the Bank is based on the 'three lines of defence' model, which is a comprehensive risk governance framework that provides clarity on roles and responsibilities in terms of risk ownership and its management. Under this model:

- The Executive Board members, Senior Management and Business Managers who are the risk takers in the business collectively form the first line of defence. They are primarily responsible for the day-to-day management of risk in accordance with agreed policies, appetite and internal controls at operational level.
- The second line of defence consists of all units / functions that are responsible for risk oversight and risk guidance in the Bank. These functions includes Credit Risk, Market Risk, Operational Risk, Compliance, Legal, Finance, Human Resource, etc. and is responsible for development of specific risk policies, risk processes and risk controls that are in line with the regulatory requirements and the agreed risk appetite.
- The Internal Audit Department, which is independent of the risk and business functions, forms the third line of defence. They are responsible to provide an independent assurance of the design and effectiveness of internal controls over the risks.

The framework is supported with policies and minimum standards that are adopted and implemented uniformly across the Bank.

BUSINESS REVIEW

An overview of various business segments along with their key performance achievements in 2013-14 is presented below.

RETAIL BANKING

The key priorities for the Retail Bank are acquisition of new customers, ensuring we become the Primary Bank by meeting the financial needs of our customers, growing CASA & Retail Deposits and increasing cross-sell of all products offered by the Bank.

(i) Branch Banking

During the year the Bank opened 11 new branches across India, taking the number of branches and extension counters from 542 to 553. In terms of the mix of the branches, the network is fairly spread with 32% in Metro areas, 31% in Urban areas, 20% in Semi Urban and 17% in Rural locations. The Bank expanded its ATM network from 500 to 638 during the year.

During the year, the Bank added a dedicated vertical for the Institutional segment. This team is focused on acquiring and managing various institutional clients, including trusts, associations, clubs, societies as well as larger private limited companies.

The Bank also launched three new premium debit MasterCard variants. These new Debit Cards come with two unique features: a milestone-based rewards program and the facility to choose a debit card background from a gallery of images. We also launched EMV (Europay, MasterCard and VISA), a Chip enabled Debit Cards which provide a higher level of security.

The Bank underlined its focus on offering an easier banking experience by launching a state-of-the-art mobile banking platform for iOS (Apple) and Android phones. With cutting edge design, market leading functionality and a strong technology platform, the mobile app has been extremely well received by customers with nearly 35,000 downloads in a short span of time. The application allows customers to view their accounts, balances & transactions, transfer funds using National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS) and Immediate Payment Service (IMPS), book/close fixed deposits, access their mutual funds, loans and demat accounts and more.

The Bank completed a partnership with Indian Railway Catering and Tourism Corporation (IRCTC) for online booking of railway tickets. This now permits customers of the bank to book rail tickets on the IRCTC website using ING Net banking or Debit cards for payment. Such initiatives have enabled the Bank to witness strong growth in online payment transactions.

During the year the Bank introduced "Invest Xpress", an innovative process of booking mutual funds over the phone. Through this initiative, the Bank has been successful in removing the infrastructure bottlenecks faced by customers in remote locations, making mutual fund investments easier and accessible to them. The Bank has also been able to reduce the paperwork and time taken for all customers to book mutual fund transactions.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Bank also started offering a complete online trading solution to all its customers through a tie-up with Kotak Securities. With the new 3-in-1 Online Trading Account our customers are now in a position to do trades and invest instantaneously using their linked ING Vysya Bank & ING Demat account.

(ii) Business Banking (SME)

The Bank has traditionally focused on Micro, Small and Medium Enterprise business, partnering in their growth through decades. The Business Banking segment serves the needs of business enterprises with annual sales turnover of up to ₹ 1,500 million for both domestic and export credit requirements. Apart from regular working capital facilities, the Bank also offers structured products to cater to the needs of clients. This segment has also contributed significantly towards priority sector advances of the Bank. The clear focus, strategy, underwriting capability backed with a strong relationship and acquisitions team, has helped ensure a healthy and profitable growth in this segment.

(iii) Consumer Loans

The Bank's consumer lending products include home loans, loan against commercial & residential property, loans for commercial vehicles & construction equipment, auto loans, personal loans, gold loans and education loans. Mortgage loans continue to be the largest portfolio in the consumer business and will continue to fuel the consumer loan portfolio. However during the year there was greater emphasis on loan against property. The personal loan business has grown steadily focusing mainly on salaried customers and will continue to have the same segmental focus.

(iv) Credit Card

The Bank has recently launched Credit Card that will be cross sold to existing customers of the Bank. This fills a gap in the overall product offering to our customers. The Bank has tied up with Master Card for the offering. Segments to be targeted include Salary and Savings Account customers, fixed deposit customers and Business Banking customers. The focus on internal customer base with strong policy norms will ensure that a profitable business is built up.

(v) Agricultural and Rural Banking (ARB)

The Bank has traditionally focused on Agriculture and Rural Banking (ARB), partnering with the farmers for their growth through the decades. ARB serves the farmers for all their needs spanning crop loans, investment loans and farm equipment loans, etc. Along with the regular revolving credit the Bank also offers the farmers a debit card (under KCC). This segment has contributed significantly towards direct agriculture which is a critical component of priority sector advances of the Bank.

The Bank has introduced farm equipment funding to its existing Kissan Credit Card (KCC) customer base. This business has started in Punjab and will be scaled up to other potential locations during the next financial year. Farm equipment financing has tremendous potential for growth as various factors like adoption of precision farming techniques, migration of agricultural workforce to urban centers, growing tractor industry, MNREGA scheme etc. are fueling the rise in farm mechanization.

The Bank has had its association with the MSME segment since its inception and has partnered their growth for nearly eight decades now. The ARB segment apart from serving the needs of the farmers serves the other MSE businesses in its catchment areas. The business covers the agriculture value chain apart from other business falling under the purview of priority sector. The good practices of clear focus, strategy, underwriting capability backed with a strong relationship team and support team will ensure that our portfolio continues to remain healthy.

Under the Financial Inclusion (FI) Programme, the Bank has promoted Rural Self Employment Training Institute (RSETI), Bagalkot as a co-sponsor. During the year RSETI has conducted 26 training programs and covered 683 beneficiaries, of which 591 are now employed. Since inception in 2003, RSETI has conducted 655 training programs, covering 24,385 beneficiaries of which 18,011 are now employed. The Institute has been graded as "AA" this year, which is the highest grading basis annual audit of all such institutes across the country & was felicitated by the Ministry of Rural Development, Government of India.

The Bank is actively participating in ABPS (Aadhaar Based Payment System) whereby beneficiaries can receive centrally disbursed funds directly into their linked bank accounts. The Bank has seeded 49,882 beneficiary account numbers this year under this scheme.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

PRIVATE BANKING

Private Client Group is focused on building a strong foundation offering core banking, wealth planning, investment services, credit products, estate planning and investment banking. The aim is to offer entire suite of products for clients with minimum investable amounts of USD 1 million. The competitive edge lies in a strong advisory, product innovation and highly customized engagement. Private Client Group is looking to further strengthen the team in various centers as part of the growth strategy. The focus would continue to be on offering strong advisory services on a comprehensive platform.

WHOLESALE BANKING

The Wholesale Banking business (WSB) provides a wide range of banking products and services to India's leading corporates and fast growing businesses. The fund-based products include working capital finance, term finance and structured finance facilities. The non-fund based products mainly consist of letter of credit, financial and performance guarantees etc. WSB's fee-based high-value added products are cash management services, financial market transactions and structured hedge products, trade services, corporate finance and debt syndication advisory. The Bank also accepts rupee and foreign currency deposits from corporate customers.

The Wholesale Bank is organized into two overlapping groups, (i) Client Coverage and (ii) Products and Services. While the Client Coverage group is responsible for managing relationships with identified client sub-groups, the Products and Services group is responsible for product and service delivery to the Wholesale Banking client base. WSB's customer segments are as follows:

(i) Large Corporates Group (LCG)

The LCG is responsible for managing relationships with large Corporates typically with sales turnover exceeding ₹ 15,000 million. The primary focus is to market High Value Added (HVA) products viz. Debt Capital Markets, Corporate Finance, Financial Markets and Advisory services.

(ii) International Clients Group (ICG)

ICG is a separate group to provide greater focus to servicing our multinational clients who have operations in India. The ICG currently services over 350 clients. This has enabled the Bank to bring seamless servicing capability, thus helping its global clients in their business in India. This group benefits from the global reach of ING's network, which helps it in gaining access to ING's core clients. While the whole range of the bank's products are available to International Clients, a key focus for ICG is to be the main transactional banker to our clients resulting in being a stable source of liabilities and significant fee income. The business is currently present in 6 major cities.

(iii) Emerging Corporates Group (EC)

The Emerging Corporates clientele is serviced from ten cities within the Bank's extensive network and focuses on managing relationships with manufacturing, processing and services sector companies with an annual sales turnover between ₹ 1,500 million and ₹ 15,000 million.

A wide range of products are offered to meet the needs of this business segment, with special focus on export credit, working capital finance, cash management services, term loans, non-fund based facilities like letters of credit, guarantees and structured finance products. In partnership with Retail and Private Banking, the EC group provides wealth management solutions, loans, advances, salary accounts, and allied services to the employees & promoters /directors of the companies. Debt Capital Market (DCM) & Corporate Finance (CF) launched to cater to the specific requirements of the EC segment has paid good dividends despite sluggish market conditions. Both the products helped EC team to tap new revenue streams.

Given the global reach of ING's global network, EC also caters to the cross border needs of its clients in supporting their business requirements outside India via funding and advisory services. Whilst offering complete financial services solutions both at corporate as well as individual level, the EC segment also plays a substantial role in meeting the Bank's export credit commitments.

(iv) Banks and Financial Institutions Group (BFIG)

The Banks and Financial Institutions (BFI) Group is responsible to leverage the business opportunities with Financial Institutions. The clientele includes international and domestic banks, non-bank finance companies, insurance companies and mutual funds. BFIG uses ING's global expertise and offers a complete product suite which includes funding, trade, clearing and cash management, bond placements, loan syndications and Financial Market products.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

FINANCIAL MARKETS (FM)

FM has integrated its offerings with other units of the bank to provide more comprehensive solutions to clients thereby strengthening the bank's franchise. The FM unit in the Bank consists of four key units – FX Trading, Interest Rates Trading and Sales and Asset & Liability Management (ALM)

The FX and Rates Trading units focus on their chosen asset classes and have been active market makers internally and externally. These units have demonstrated agility and consistency in exploiting trading opportunities in volatile markets, while being prudent in managing risks.

The Sales and Relationship Management unit of Financial Markets has provided significant value to our client set. Our research, analysis and dissemination continue to get wide appreciation and have contributed to both enhancing relationships and furthering the business. In close co-ordination with the trading desks, sales desk offers solutions that are optimal for client needs. Equally importantly, Sales desks have provided efficient and seamless execution for all client transactions.

The Asset & Liability Management (ALM) Desk is also managed within the Financial Markets unit. It continues to play a pivotal role in managing the balance sheet, both on liquidity and interest rate risks. The ALM unit has been proactive in its approach and provides valuable feedback to Asset Liability Committee (ALCO) for timely decisions and towards making the balance sheet of the bank more robust.

RISK MANAGEMENT AND PORTFOLIO QUALITY

The risk management policy of the Bank, monitored at the highest levels, is based on a thorough review of key risk areas of Credit Risk, Market Risk and Operational Risk.

(i) Credit Risk

Credit Risk Management (CRM) is an important component of risk management in banks. The Bank has a robust risk governance framework in place, addressing all aspects of credit risk management viz, origination, underwriting, administration, monitoring, reporting and recovery.

The Risk Management and Review Committee of the Board is primarily responsible for owning and managing Credit Risk through Policies, Processes and Controls in the Bank. The Chief Risk Officer (CRO) manages the Risk Policies and Processes, Credit MIS & Infrastructure, Credit Risk Assessment on Credit submissions through the Risk Analysts and Credit Approvers. CRO also oversees the Loan Review functions and Structured Credits Group (erstwhile Special Loans Monitoring Group (SLMG)). The Policy/Reporting/Credit Risk Infra Desk (loan review department has been merged with Policy/Reporting/CRI) performs Portfolio reviews, Sector/Industry analysis, conducts sample reviews of approvals and provides monthly reports on delinquencies in performing assets, flags off Early Warning Signals (EWS) in Wholesale Banking clients (Early Warning System in Retail assets are flagged off by Retail Mid Office), it also provides a suite of Credit related MIS and dashboards, in addition to regulatory reporting. During the last year, the scope of SLMG has been increased, the department has been named Structured Credits Group (SCG), this department now ensures early intervention in stressed assets, in addition to managing delinquent/ irregular accounts.

Credit Risk Management below CRO level is organized vertical-wise in line with the business segments, namely Large Clients Group (LCG), International Clients Group (ICG), Emerging Corporates Group (ECG), Banks and Financial Institutions (BFIG), Financial Markets (FM) and Retail Banking. The Credit Policy document which defines the Risk Appetite of the Bank is generally reviewed annually. The Bank has in place both overarching Policy documents e.g. Credit Risk Policy, Signature Approval Process, as well as detailed guidelines/manuals originating from the Policies.

Most credit exposures have primary and/or collateral securities, with appropriate legal documentation. Other risk mitigating measures, like escrowing cash-flow, Electronic Clearing Service (ECS) mandates, financial or other covenants as stipulated, depending on the type of borrower and facilities availed are also in place.

Financial Markets products are offered to corporate clients in accordance with the Bank's Board approved 'Client Appropriateness and Suitability Policy'.

Portfolio across each business segment is reviewed periodically for course-correction. Retail Assets are reviewed monthly and appropriate corrective actions are taken based on portfolio trends. There are dedicated collections and recovery teams which look into recovery aspects of all assets (except Consumer Assets, which is handled by the Debt Collections team). Recoveries are made by enforcement of securities, foreclosure of mortgages, and other legal remedies, if no settlement can be reached.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

In the Wholesale Bank, the Bank has built strong relationships with several top-tier names, quality of services and turnaround time have enabled the Bank to achieve significant cross-sell/up-sell and enable customer retention. Credit risk in Emerging and Large Corporates has shown some deterioration due to macro-economic tailwinds. However Early Warning mechanism and early intervention in stressed assets have been put in place, to help the bank improve its' response to client's needs, effect timely exits wherever feasible and improve the asset quality.

In Retail Bank, rigorous monthly monitoring mechanism has put in place by introduction of a risk dashboard at a borrower level and also at a portfolio level. When a particular industry or activity is facing problems, a rapid performance review of the portfolio is conducted to mitigate and control the risk. Implementation of Early Warning portfolio triggers and grading system enable proactive identification of problem accounts and enable corrective action on time.

In Retail Bank and Wholesale Bank as monitoring has been institutionalized, based on early warning signals and churn in the accounts, exits are planned and portfolio is kept healthy. The Bank is confident that the robust risk management practices put in place will enable the Bank to manage issues arising out of unforeseen events.

(ii) Market Risk

Market Risk focuses on various risks: Trading and Market Making, Structured Products and Sales and Asset and Liability Management. The positions in the Trading Book are valued and monitored on an ongoing basis. Market Risk is monitored on a daily basis to ensure adherence to limits and framework as laid down by the Board. To monitor risk in regards to risk capacity, Market risk is determined using VaR approach combined with various other controls. The impact of market risk exposure under stress scenario in relation to the Bank's risk capacity is also reported to the management on a periodic basis.

Structured Products and Sales mainly provide corporate clients with a range of instruments to hedge their business exposures that are sensitive to foreign exchange and/or interest rate fluctuations. MRM is responsible for the independent valuation, monitoring, and reporting of the mark to market value of these products. MRM is the gatekeeper of all new products with regard to the Financial Markets activities.

For effective Asset and Liability management, an Asset Liability Committee (ALCO) has been operating in the Bank to manage the capital position, liquidity and interest rate risks in the Bank's Balance Sheet. ALCO monitors Balance sheet analysis and movement in various risk parameters such as Value at Risk, Event Risk, Earnings at Risk etc, under normal as well as stress scenarios. MRM monitors adherence to limits and relevant prudential norms laid down by the Board.

The Fund Transfer Pricing (FTP) framework and policies are designed to ensure that the interest rate and liquidity risks emanating out of various business activities of the Bank are transferred to a centralized Treasury unit, which then actively manages the same to optimize the risk-return framework.

(iii) Operational Risk Management (ORM)

The Operational Risk Management (ORM) function manages the Operational, Information and Security risks. The Bank has developed a comprehensive Operational Risk Management framework supporting the process of identifying, measuring and monitoring Operational, Information and Security risks. The Bank's Operational Risk Management framework is approved by the Risk Management and Review Committee of the Board and is reviewed on a periodic basis.

The Board and the Senior Management of the Bank are kept informed about the key Operational Risk issues on a regular basis. For effective management of the Operational Risk, Operational Risk Committees have been formed at Country level and Business Line level. The Country Operational Risk Committee meets on a quarterly basis and the Business Line Operational Risk Committees meet on a monthly basis to discuss and take effective actions for operational risk issues. Business managers are actively involved in operational risk management through participation in Risk and Control Self assessments and implementing necessary mitigation through product, process and system design.

INFORMATION TECHNOLOGY (IT)

The IT Service Management Group (ITSMG) is the technology unit responsible for the Bank's IT strategy and execution. ITSMG's responsibilities extend from conceptualizing technology strategy in harmony with business strategy, to running day to day operations at the workplace and data centers. ITSMG plays an active role in not just running efficient operations, but also in assisting business in winning at the marketplace, true to its mission "To be a strategic business partner based on service excellence through technical leadership in a secure and cost effective manner."

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Bank rolled out ING Mobile, its state of the art mobile banking solutions on iOS and android smart phones / tablets for Retail customers. The application has market-leading functionalities, complete sync with ING's Net Banking, and robust cross-platform compatibility, thereby making its application suite a clear game-changer in the way mobile banking is offered in India. More development is on in this space, focused towards offering differentiated solutions for Business and Wholesale banking clients.

Two key initiatives viz., Core Banking Transformation and Data Center Modernization were implemented this year. These upgrades have provided a high runtime efficiency leading to increased availability of services for business users and customers. The Bank now has a world class, Tier 3+ data center to ensure robust and secure operations of IT Services.

Many of the above initiatives were recognized at various local & international industry forums. During the course of the year, the Bank was bestowed with several awards in areas of Technology innovation, and adoption. Notable awards include,

- The prestigious CIO 100 award (fifth consecutive year) for being the first Issuer Bank in India to implement Risk-based Authentication Solution
- Mastercard's Best E-commerce Program – industry first OTAC based security model, resulting in zero fraud.
- Tech Target's Top 10 Business Intelligence Implementations: SAP Business Objects Implementation.

OPERATIONS

Operations continued its journey towards operational excellence keeping the customer benefits as the key priority. Few milestones achieved during the year were:

- Electronic Bank Realization Certificates (e-BRC), which is a pre-requisite for exporters to claim benefits under various schemes of the Foreign Trade Policy, was mandated by Director General of Foreign Trade (DGFT), and implemented at quick speed. Our turnaround time is 24 hours and amongst the best in industry.
- TDS certificates are made available on internet banking platform. Customers can access them without depending on branches or Phone Banking.
- We upgraded our core banking platform during the year which improves our processing time and will translate into quick disposal of transactions at the branch counters.
- CTS (Cheque truncation system) grid for Mumbai, which is clearing based on scanned images has gone live in tune with the RBI's mandate and we were amongst the first to be 100% compliant.
- Customers who want to pay their import bills in parts have to submit the documents only once, instead of submitting the entire set each time.

INTERNAL AUDIT

Internal Audit Department (IAD) provides an independent, objective assurance and consulting services designed to add value and improve the Bank's operations. It is designed to extend support to the management to accomplish its strategic objectives by bringing in a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

IAD applies a value driven assurance programme of audit work to provide value added recommendations which improve operating effectiveness as well as controlling risks effectively. IAD reports directly to the Audit Committee of the Board (ACB). The ACB approves the rolling Annual Audit Plan and oversees the functioning of the Department, besides giving directions based on audit findings.

In the current year, certain changes were made in the audit approach to focus on risk based value chain (end to end) audits rather than audits on specific areas / process / products. The process audits will also include application control testing to provide a complete overview of the processes and the inbuilt controls.

The scope of the Branch audits was also changed from product based to activity based – Customer Acceptance, Transaction processing, Monitoring, Branch Administration and Information System Controls. Continuous monitoring unit was set up exclusively for branch activities. The unit performs data analytics which enables continuous monitoring of branch activities and immediate escalation of red flag indicators.

In line with the Regulator's guidelines to cover a minimum of 50% of business volume under concurrent audit and also keeping view of business needs, select Branch offices and certain centralized support functions are subject to concurrent audit year on year basis. External Audit Firms are engaged to undertake concurrent audit exercise at these offices and Units. IAD would identify Audit firms for this exercise based on the Profile & standing of firms and ensure tracking and compliance of the audit issues reported.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

COMPLIANCE

We have a robust compliance risk management framework covering all the elements of risk management which is aligned to RBI requirements and also other international best practices. In the current year, we further strengthened it with a risk based monitoring plan to bring more focus on the business tracking controls and testing, development of data analytics and initiation of scheduled analytics for various obligations. A customer based activity monitoring model and enhancement of the scope of transaction monitoring through integration of various customer transaction applications and other data analytics was introduced. The Bank also updated the existing Financial Economic Crime (FEC) Policy and introduced minimum standards for facilitating Business to draft the processes accordingly. Focus on training on the FEC policy with extensive face to face training conducted at various locations across the country, in addition to other modes of trainings.

Apart from the above, our Bank is one of the 30 banks identified by RBI for implementing risk based approach to supervision from the supervisory cycle 2013-14 in the first phase and was subjected to the RBS exercise during the year. Risk Based supervision (RBS) entails a marked departure from the erstwhile supervisory approach of Annual Financial Inspection (AFI), with greater emphasis and reliance on off-site monitoring based on preliminary risk assessment on various parameters with the help of inputs taken from periodical data submitted by the Bank to RBI and sourced by RBI under the automated data flow.

HUMAN CAPITAL MANAGEMENT

One of the key measures employed in assessing effectiveness of managing of human capital is the Sustainable Engagement Index, which is a barometer of the bonding that an employee demonstrates towards the organization. The Bank continued to improve its high scores on this critical metric in the Winning Performance Culture survey, an annual employee engagement initiative conducted globally by ING for all its group entities by an independent organization Towers Watson. Based on the feedback on various parameters last year several actions were initiated which also contributed to the improved Index Score.

Trainings to up skill employees offered a structured approach and focused on functional and behavioral skills. Learning interventions were focused on freshers as well as lateral hires and programs were designed to provide employees the skills required to perform their roles and to progress into roles with higher accountability. Development tracks were put into place to help internal progression into senior roles within the Branch Banking network. We are also reinforcing the status of compliance and standards as an important element of how we do our business and all our trainings are focused to ensure that our employees understand and meet their responsibilities. A series of functional specific programs were rolled out with internal subject matter experts taking the lead in design and delivery.

This year we also launched ING Young Banker Program (IYBP), an initiative designed to prepare fresh graduates to join the Bank as Customer Care Managers. ING Vysya Bank has tied up with Manipal Global Education to create the ING Young Banker Program offering a Post Graduate Diploma in Banking Operations and Finance (PGDBOF). It provides the selected Young Bankers structured training in various aspects of Banking and Management disciplines and overall development of personality. This is one of a series of initiatives that we have taken towards strategic shift in the focus of Talent Acquisition from "BUY" to the "MAKE" mode.

The Bank has an institutionalized approach to identifying a group of top performers with potential to become future leaders referred to as a Talent Pool. These employees are categorized into three categories viz.: Young Talents, Emerging Leadership Talents and Leadership Talents. This year saw a high level of engagement for the junior pool of talents. There was increasing focus on providing non training as well as training interventions. A key initiative in this area was the Guest Auditor Programme delivered by the Internal Audit and Talent Management departments together. The first batch of 25 Guest Auditors started off this year and over 80% have completed their cross functional 7 day branch audit. This year the talent management team launched a new mobile learning application called Orange Owl for senior leaders which won an award at the CLO Summit (Chief Learning Officer) organized by Tata Institute of Social Science & Leapvault. This year the Leadership conference (for the top 150 Leaders of the Bank) LEAP 2013 focused on Building Customer Experience across the bank.

OUTLOOK

The Bank expects GDP growth for the year 2014-15 to be 5.50% due to gradual pick up in investment and consumption. CPI inflation is estimated at 8.20% YoY, compared to 9.50% this year, with upside risks due to adverse weather conditions. On the banking front, the Bank expects the sector to grow advances by around 15.50% and deposits around 15% in FY 2015. Rupee is expected to remain stable in the beginning of the year on the election linked euphoria and easing trade deficit trends; however, global uncertainty on withdrawal of loose monetary policy by the developed markets may begin to weigh on sentiments towards the latter part of FY 2015. Also, easing of restrictions on gold imports and pick-up in domestic demand may begin to again widen the trade deficit. It is probable that interest rates may have an uptick, whilst prospects for a significant decline in FY 2015 appear remote.

NON-FINANCIAL REPORTING

Corporate Social Responsibility and Sustainable Development Performance Report

Your Directors are pleased to present the Non Financial Report for the year 2013-14. The Report deals with Corporate Social Responsibility and Sustainable Development.

As a responsible financial services provider, your Bank has consistently reported in line with the guidelines of the banking regulator under RBI/2007-08/216 DBOD. No. Dir. BC. 58/13.27.00/2007-08 dated 20 December 2007 - Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting – Role of Banks. The advent of the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, issued by the Indian Institute of Corporate Affairs under the aegis of the Ministry of Corporate Affairs, encourages companies to report voluntarily according to the spirit of the NVGs. Our scope of non-financial reporting respects both recommendations.

In line with the NVG guidelines, your Bank for the first time, is voluntarily hosting a Business Responsibility Report (BRR) as per the format provided by the Securities and Exchange Board of India (SEBI) circular – CIR/CFD/DIL/8/2012. Your Bank's BRR is available and can be downloaded from its website, www.ingvysyabank.com

1.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

ING Vysya Bank is committed to being a responsible corporate citizen. Our approach to CSR is primarily implemented through the ING Vysya Foundation (IVF) which acts as a catalyst to make a positive social difference by promoting and providing primary education to children from a disadvantaged socio-economic background. This focus is part of the worldwide "Chances for Children" program (CFC) of the ING Group. IVF was established as a Trust in October 2004 to promote CSR of ING Group entities in India. ING Vysya Bank was the primary contributor to IVF during the year 2013-14.

Your Bank recognizes the importance of nurturing partnerships with Civil Society Organizations (CSOs) to achieve its social giving mission. Over the reporting period of the last year, IVF has worked with 16 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
- Retaining and continuing education of children who are already enrolled.

During the year, IVF has continued its engagement in the following programmes:

No.	CSO Partner	Location	Program
1	Akshara Foundation	Bengaluru	Community Library program and pre-school program
2	Sukrupa	Bengaluru	Residential program for children with single parents/orphans
3	MakkalaJagriti	Bengaluru	Community Learning centre for children living in slums
4	Christel House	Bengaluru	Formal School for children living in slums
5	Samarthanam Trust	Bengaluru	Higher education for visually impaired youth
6	Ashraya	Bengaluru	Residential school for children from migrant communities
7	Humane Touch	Bengaluru	Educating children from minority communities with focus on girl children
8	Aurobindo Chaudhari Memorial Great Indian Dream Foundation	Delhi	Pre-school program for children living in slums
9	Kutumb Foundation	Delhi	Bridge school to develop language skill for children living on streets
10	Hamari Muskaan	Kolkata	Learning centre for children in red-light area
11	Pratham Council for Vulnerable Children	Mumbai	Residential program for former child labourers
12	SUPPORT	Mumbai	Residential program for rehabilitated drug addicted street children
13	Room to Read	Andhra Pradesh	Libraries in Government schools to promote learning habits
14	IIMPACT	Lucknow	Learning centre for girl children
15	UNICEF	India	Chances for Children program
16	Jan Jagran Samasthan	Bihar	Bridge school for flood affected children, living in slums

Our active engagement in these projects has positively impacted a large number of deserving children across the country. This helps us leverage our resources, both funds as well as skills to create long-term impact in the lives of these children. Further, this involvement engages our employees, who volunteer their time on various projects to share their skills. During the year, several volunteer initiatives were organized under the 'Hope Brigade' program. Activities ranged from teaching children spoken English, garden cleanup activities, painting/marketing 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. Around 4,000 employees volunteered for 12,000 hours (average 3 hours per volunteer) in these initiatives. In India, 'ING Global Challenge-Chances for Children' with a theme on 'Spreading financial Literacy among children' involved 2,500 employees across 230 branches.

NON-FINANCIAL REPORTING

Many programs extend beyond a timeline and in the year 2013–2014, IVF continued to implement some programs that were initiated during 2011–2012.

Financial literacy: The program teaches children the basics of money, banking and explains the importance of savings. During this year, the program has conducted refresher course for parents. A core group of 16 mothers and 16 youth were trained as facilitators to impart training on financial literacy to a wider group of parents and also children, studying between 5th to 12th std. Our efforts on this project were led by a group of 30 Bank employees, during this period.

Financial Inclusion: The Bank is committed to promote financial inclusion under its Board approved plan. All its branches are authorized to open Basic Savings Bank deposit accounts to encourage unbanked populations to become a part of the formal banking channel and generate savings. The Bank is also undertaking a biometric based transaction system where basic banking services are provided at the doorstep with the help of a business correspondent.

Training, Empowerment and Livelihoods: Established by the bank in association with BVV Sangha at Bagalkot, the Rural Self Employment Training Institute (RSETI) continues to identify, motivate, train and assist unemployed youth to embrace self-employment ventures as an alternative vocation. During the year, 683 rural youth have benefited under the Institute's programs of which 512 trainees were women. Our RSETI has been awarded an "AA+" rating by The Ministry of Rural Development, Govt. of India.

Sensitizing Children: The Bank hosts a children's portal titled as www.kidzzbank.com to educate children on nature and environment, money and savings. The website features a unique and informative virtual tour of a bank.

2.0 SUSTAINABLE DEVELOPMENT

Your bank is committed to the sustainable development of India. IVBL believes in promoting triple-bottom lines (economic, environmental and social) where possible.

Social materiality is an important element of sustainable development, particularly from a risk perspective which we address comprehensively. Environment, natural resources and energy efficiency are important to both the bank and its clients. The Bank embraces various facets of sustainability, including:

2.1 Policies and Risk Management

The Bank strives to ensure that the projects financed by it are environmentally and socially sound and sustainable. IVBL being part of the ING Group N.V. ("ING") has adopted the Equator Principles (EP) and Environmental and Social Risk (ESR) Policies of ING, after adapting them to the Indian environmental and legal framework. The ESR is a prescriptive regulatory framework and IVBL has adopted these policies and integrated them into its appraisal, approval and monitoring mechanisms.

General ESR Policy and Framework

The Bank has integrated the following commitments to its G-ESR policy - Sustainability, Do No Harm, Responsibility, Accountability and Transparency. The Bank has specified rigorous standards for providing finance and services to several segments to ensure adherence to strict social responsibility principles. These include:

- No financing for activities that would abuse human rights or violate rules
- Zero tolerance for controversial weapons like cluster bombs and land mines
- Restrictions on use of genetic engineering and modification
- Non progressing finance for sectors such as gambling, animal testing or pornography

The Bank declines proposals that are deemed unsuitable from a Sustainable Development perspective, especially so if they are categorized under sensitive sectors or areas not supported by the Bank.

Equator Principles

The Bank is an early adopter of the Equator Principles (EP) which is a set of voluntary international environmental and social guidelines for ethical project finance. Its scope includes child labour, involuntary resettlement and protection of natural heritage. Bank has adopted the upgraded version of the EP referred to as EP II which is widely perceived as a global standard benchmark for ethical management of environmental and social issues in project funding.

Specific ESR Principles

The S-ESR Policy reflects the Bank's concern for sensitive markers such as Forestry and Plantations, Natural Resources and Chemicals. Proposals are reviewed based on Risk Filters and evaluated through questionnaires. This enables us to screen and not progress funding of projects in protected areas and vulnerable sectors. We monitor issues such as labour and human rights violations or adverse impact on the environment. We also conduct sector analysis and higher due diligence on sectors that may be detrimental to the environment and/or local communities. ESR Assessment is a key part of the overarching risk assessment process. Training on risk including sustainability risk is imparted across relevant teams.

2.2 Energy Management

The Bank has sustained its efforts in the area of energy conservation and has registered an overall saving of 2.08 million KWh since 2009 across its two corporate locations at Bengaluru and Mumbai. Over the last year we saved about 15.5% at our Mumbai Office amounting to over 0.24 million units.

We are also proud to share that we have actively embraced the green buildings concept. Our Corporate Office in Mumbai is a LEED certified Gold rated building. Our Corporate Office in Bengaluru, has qualified for LEED certification and is scheduled to be audited by USGBC.

2.3 Stakeholder Engagement

Our human capital connects to the Bank's global motto "ING for Something Better". We undertake extensive employee engagement and a best practice is our Winning Performance Culture (WPC) Survey conducted by an independent organization 'Towers Watson'. Last year, we identified two focus areas- Customer Service and Compliance Culture. In 2013 as part of the action points two cross functional teams of Leadership Talents was setup to drive initiatives across the bank in these areas. As part of the same 22 workshops called Unmute were run by Young Talents across the country.

The 2013 WPC was conducted in October 2013 with a healthy participation of 84%. The survey is measured by the Sustainable Engagement Index (which represents the bond or attachment the employee has to the company). This year we scored 79% on this index (5% more than global ING peers). We have improved over 2012 scores in the focus areas and overall in all categories. The focus of 2014 is the Net Promoter Score (NPS) and engagement for employees in Band / Level E14.

We include employees in the Bank's evolution through our magazine 'Intouch', a periodic e-magazine featuring accomplishments, milestones and events across the organization. Our Learning and Development Team engages with employees regularly on subjects of finance, management and professional development. Townhalls on a multitude of subjects are also hosted. We believe that such interaction contributes to effective stakeholder engagement and encourages staff to join in the Bank's sustainability journey.

2.4 Sustainability projects

a. As we extend our work and deepen our understanding of sustainable development, we appreciate the inter-connectedness of issues. Education has been our primary focus through IVF. While it can be seen stand-alone, education is intrinsically related to inclusion, energy, water, health, mobility and community folkways. We find that we are often operating at the intersection of these dynamics with differing stresses which we welcome as a responsible corporate citizen. In the following instances, we have supported eco-friendly projects among indigenous communities (also protected under the Equator Principles). Under the umbrella of the IVF, our employees:

- Installed 250 eco-friendly, smokeless stoves in 12 tribal villages of Bandipur. These 12 villages are now 100% smokeless stove villages with lower fuel consumption requirement, helping to protect the health of over 250 women and around 120 girl children who bear the brunt of the home chores and collect firewood walking long distances. This initiative saves 3.5 tonnes of firewood per stove/year (equal to two fully grown trees) and helps protect forests, sequesters carbon and minimizes human-animal conflict in a sensitive ecosystem. With this, we have been able to make 32 villages of Bandipur 100% smokeless stove villages, ensuring higher health standards and reduced in-room air pollution.
- Provided solar lights in one of our Partner NGOs Inclusive school building that focuses on enabling children with disability to access quality education.
- Provided solar lights to 20 villages in Gajapati, Odisha. This was a unique initiative to light up 20 villages in Gajapati District of Odisha aimed towards promoting education for children and also to enable safe -living for the tribal community who resides in the deep jungle areas.

b. Earth Hour¹

For the 6th year in succession, the Bank has supported the Earth Hour movement in creating awareness through its customers and employees. Our Bank organized road shows across 5 cities in 50 companies, to encourage their employees to pledge support and in turn share their photo message on Earth Hour with friends on social media. Further harnessing the power of social media, the Bank took the message of Earth Hour online with contests, videos and direct messages to over 1 million people.

¹Earth Hour is WWF's global campaign inspiring individuals, businesses, institutions and organizations around the world with a simple message to switch off non-essential lights for one hour on the last Saturday of March. This year, the Earth Hour was on 29 March 2014 between 8.30 to 9.30 pm.

1. CORPORATE GOVERNANCE

1.1 Bank's Philosophy

The Corporate Governance philosophy of the Bank is to promote corporate fairness, transparency and accountability with the objective of maximizing long term value for all stakeholders. This philosophy is realized through the Bank's endeavor to work towards portfolio, operational and reputational excellence.

1.2 Mission of the Bank

Setting the standard in helping our customers manage their financial future.

1.3 Vision of the Bank

To emerge as a top five among Foreign and Private Sector Banks with a market share in excess of 1%.

2. BOARD OF DIRECTORS

2.1 Composition

The requirements for composition of the Board of Directors of the Bank are mainly governed by the relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 (where applicable), the Banking Regulation Act, 1949 and Clause 49 of the Listing Agreement.

Mr. Arun Thiagarajan, Non-Executive and Independent Director, is the Chairman of the Bank. As of 31 March 2014, the Board has 8 Directors out of which, four are Independent Directors.

Seven out of eight Directors, as against the requirement of 51% of the Board under the Banking Regulation Act, 1949 possess the prescribed special knowledge / practical experience and meet the conditions stipulated in Section 10A(2) of the Banking Regulation Act, 1949 regarding substantial interest. Out of these seven, three Directors, as against the requirement of two, possess special knowledge / practical experience in the areas of Agriculture and Rural Economy, Co-operation and Small Scale Industry.

The details of the age, experience, category/ area of expertise and highest qualification of Directors as of 31 March 2014 are given below:

Name of Director (Mr.), Designation, Age & Experience (No. of Completed years)	Category	Area of Expertise	Highest Qualification Held
Shailendra Bhandari # Managing Director and CEO Age: 55 years Experience: 34 years	Executive, Non- Independent and compliant with Sec 10A(2)	Banking, Economics, Strategic Planning and Treasury Operations	MBA (IIM)
Arun Thiagarajan , Chairman Age: 69 years Experience: 45 years	Non-Executive, Independent and compliant with Sec 10A(2)	Strategic Planning, Technology & Systems, Economics and Finance	Masters degree in Electrical Engineering
Meleveetil Damodaran # Director Age: 66 years Experience: 45 years	Non- Executive, Non- Independent and compliant with Sec 10A(2)	Banking, Economics, Finance, Law and Agriculture & Rural Economy	IAS (Retired) and Degrees in Economics and Law
Vikram Talwar Director Age: 64 years Experience: 44 years	Non-Executive, Independent and compliant with Sec 10A(2)	Banking and Technology & Systems	MBA (IIM)
Sanjeev Aga Director Age: 62 years Experience: 41 years	Non-Executive, Independent and compliant with Sec 10A(2)	Corporate and Investment Banking, Rural Economy and Technology & Systems	P.G.D.M. (IIM)

CORPORATE GOVERNANCE REPORT

Name of Director (Mr.), Designation, Age & Experience (No. of Completed years)	Category	Area of Expertise	Highest Qualification Held
Vaughn Richtor# Director Age: 58 years Experience: 36 years	Non- Executive, Non- Independent and compliant with Sec 10A(2)	Banking, Economics, Marketing, Risk Management, Strategic Planning, Treasury Operations and Agriculture & Rural Economy	Diploma in Corporate Finance from London Business School
Santosh Desai Director Age: 51 years Experience: 27 years	Non-Executive, Independent and compliant with Sec 10A(2)	Marketing, Branding and Strategic Planning	MBA (IIM)
Mark Newman# Director Age: 47 years Experience: 25 years	Non- Executive, Non- Independent and compliant with Sec 10A(2)	Treasury, Financial Markets and Risk Management	Chartered Accountant

Represents Foreign Promoter Group (ING Group)

2.2 Changes in the Board of Directors during the year

2.2.1 The following are the changes in the composition of Board of Directors during the year:

Resignation / Cessation

Name of Director	Date of Cessation/Retirement
Mr. Lars Kramer	Mr. Lars Kramer resigned from the office of director of the Bank effective 28 March 2014
Mr. Peter Staal	Mr. Peter Staal resigned from the office of director of the Bank effective 31 March 2014
Mr. Richard Cox	Mr. Richard Cox resigned from the office of director of the Bank effective 31 March 2014

Appointment(s)

Name of Director	Date of Appointment
Mr. Shailendra Bhandari	At the Annual General Meeting held on 25 June 2013, Mr. Shailendra Bhandari was re-appointed by the Shareholders as the Managing Director and Chief Executive Officer of ING Vysya Bank Limited, for a period of three years effective 06 August 2012 as approved by the Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949.
Mr. Sanjeev Aga	At the Annual General Meeting held on 25 June 2013, Mr. Sanjeev Aga was appointed by the Shareholders of the Bank as an Independent Non-Executive Director, liable to retire by rotation.

2.2.2 Criteria for appointment and renewal of appointment of Directors

As per the Directors' Appointment/ Re-appointment Policy of the Bank, the following process is undertaken before appointment of a Director:

- Due diligence by the Corporate Governance (Nomination) Committee to determine suitability of the person for appointment as a Director and declare him as 'fit and proper' for appointment, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- Reference checks from appropriate persons / authority, wherever required.
- 'Declaration and Undertaking' by the person to be appointed as a Director to the effect that he has not been convicted for any offence, has not come to the adverse notice of the Regulators, is not holding substantial interest in the Bank, and has not availed fund or non-fund facilities from the Bank, etc.
- Letter of consent to act as a Director and confirming that he is not disqualified under Section 274 (1) (g) of the Companies Act, 1956 or Section 149/164 of the Companies Act, 2013 and rules made thereunder.
- Execution of deed of covenants with the Bank affirming his duties and responsibilities as a Director.
- Execution of deed of covenants with the Bank re-affirming his duties and responsibilities as a Director in case of renewal.
- Initial and Annual declaration under Clause 49 of the Listing Agreement in case of an Independent Director.

2.2.3 Term of Board membership

As per the provisions of the Companies Act, 2013, one-third of the Board members (other than Executive Directors and Independent Directors) whose office is subject to retirement by rotation shall retire every year; and approval of shareholders is sought for the re-appointment of such retiring members, if eligible and if they offer themselves for re-appointment. As per Section 149 (10) and (11) read with the explanation to section 152 (6) of the Companies Act, 2013, the Independent Directors are appointed for a term of up to five years and do not retire by rotation at the AGM. Also, no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director if during the said period of three years that Independent Director is not appointed in or be associated with the company in any other capacity, either directly or indirectly. Further, the Banking Regulation Act, 1949 prescribes that no director of the Banking Company other than its Chairman or Whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years. Therefore maximum tenure for the directors is eight years from the date of their appointment. Bank has complied with the provisions of the Companies Act, 1956 and the Companies Act, 2013 (where applicable) and also Banking Regulation Act, 1949 during the year.

2.2.4 Changes proposed at the 83rd Annual General Meeting (AGM)

Directors retiring by rotation and being eligible, offer themselves for re-appointment:

Mr. Mark Newman is retiring by rotation and being eligible offers himself for re-appointment. A resolution is proposed to this effect to the members in the Notice of the current AGM or any adjournment thereof.

The above director satisfies the requirement of Directors' Appointment/ Re-appointment Policy which also mandates good attendance record of the meetings held during their tenure.

2.3 Board Meetings

During the year, seven Board meetings were held as against the requirement of four meetings in terms of Clause 49 of the Listing Agreement and Section 285 of the Companies Act, 1956/ Section 173 of Companies Act, 2013. The dates on which the Board meetings were held are: 29 April 2013, 17 May 2013, 25 June 2013, 22 July 2013, 22 October 2013, 31 January 2014 and 19 March 2014.

In terms of MCA Circular No 28/2011/17/95/2011-CL.V dated, 20 May 2011, which was applicable till 31 March 2014, the directors were permitted to participate in the Board / Committee Meetings via Video Conferencing (VC), provided the meeting is notified as a Video Conference Meeting. The attendance of a director via VC in a non-notified VC meeting is not considered for the purpose of attendance. However there was no such instance during the year regarding any of the Board or Committee meetings.

2.4 Details of attendance at the Bank's Board Meetings, Annual General Meeting, Directorship, Membership and Chairmanship in other companies for each Director are as follows:

Name of the Director (Mr.)	No. of Board meetings held during the tenure	Board meetings attended (in person/ through Video Conference)	Attendance at last AGM	Directorship in other Indian Public Limited Companies	Membership of Committees of other Companies	Chairman -ship of Committees of other Companies
Persons who have been Directors throughout the year 2013-14						
Arun Thiagarajan	7	7	Present	5	3	-
Shailendra Bhandari	7	7	Present	-	-	-
Vaughn Richtor	7	5	Present	-	-	-
Santosh Desai	7	4	Present	2	-	-
Meleveetil Damodaran	7	6	Present	9	9	2
Vikram Talwar	7	5	Present	1	-	-
Mark Newman	7	5	Present	-	-	-
Sanjeev Aga	7	7	Present	2	2	-

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Name of the Director (Mr.)	No. of Board meetings held during the tenure	Board meetings attended (in person/ through Video Conference)	Attendance at last AGM	Directorship in other Indian Public Limited Companies	Membership of Committees of other Companies	Chairman -ship of Committees of other Companies
Persons who ceased to be Directors during the year 2013-14						
Lars Kramer (Ceased to be a Director effective 28 March 2014)	7	6	Present	-	-	-
Richard Cox (Ceased to be a Director effective 31 March 2014)	7	4	Present	-	-	-
Peter Staal (Ceased to be a Director effective 31 March 2014)	7	5	Present	-	-	-
Persons who were appointed to be Directors during the year 2013-14: Nil						

Note: The details of Directorships and Chairmanships / Memberships of Committees of other companies given above are in accordance with the provisions of Section 275 of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Only membership of Audit Committee of the Board and Shareholders' Grievance Committee are considered for calculating the number of Memberships / Chairmanships of Committees of other companies.

2.5 Details of attendance of Directors at the Board's Sequestered Meetings devoted to Customer Service Issues are as follows:

Date of the Sequestered Board Meeting devoted to Customer Service Issues	No. of Directors on Board at the time the meeting was held	No. of Directors who attended the Sequestered Board meetings in person/ through Video Conference
29 April 2013	11	10
22 October 2013	11	9

3. COMMITTEES

Following are the Board Level Committees in the Bank:

1. Audit Committee of the Board (ACB)
2. Risk Management and Review Committee (RMRC)
3. Corporate Governance Committee (CGC) (which also acts as Nomination Committee and Corporate Social Responsibility Committee)
4. Shareholders / Investors Grievance Committee (SIGC)
5. Special Committee for Monitoring Frauds (SCMF)
6. Customer Service Committee (CSC)
7. Board Credit Committee (BCC)
8. Information Technology Strategy Committee (ITSC)
9. Remuneration Committee (RC) (which also acts as Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and as Remuneration Committee as per non-mandatory requirements of Clause 49 of listing agreement) and
10. Committee for Capital issue (CCI)

The constitution and functioning of these Committees are governed by relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 (where applicable), Listing Agreement as well as the guidelines / circulars issued by the Reserve Bank of India from time to time. A brief on each Committee, its scope, composition and meetings held during the year is as follows:

3.1 Audit Committee of the Board (ACB)

Scope and Terms of Reference

- To review the quarterly and annual financial statements before submission to the Board, oversee the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements;
- To review the adequacy and effectiveness of the internal audit function and control systems;
- To function as per RBI guidelines to the extent that they are in alignment with the provisions of Section 292A of the Companies Act, 1956, applicable provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement;
- To focus on the objective of unqualified financial statements.

Composition and Meetings

ACB consisted of five members till 28 March 2014 out of which three members were Independent Directors constituting 60% of the total strength. Mr. Sanjeev Aga is the Chairman of the Committee. During the year Audit Committee of Board met six times. The dates on which the meetings were held are 22 April 2013, 29 April 2013, 22 July 2013, 22 October 2013, 25 October 2013 and 31 January 2014. The Corporate Secretary of the Bank acts as the Secretary to the Committee in terms of Clause 49 of the Listing Agreement.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Sanjeev Aga, Chairman (Appointed as a member effective 28 January 2013 and Chairman effective 29 April 2013)	6	6	-
Vaughn Richtor	6	4	-
Lars Kramer (Ceased to be a director and member effective 28 March 2014)	6	5	1
Vikram Talwar	6	2	1
Arun Thiagarajan	6	6	-
Mark Edwin Newman (Appointed as a member effective 07 April 2014)	-	-	-

3.2 Risk Management and Review Committee (RMRC)

Scope and Terms of Reference

- To review and approve the Bank's overall risk appetite and set limits for individual types of risk, including credit, market and operational risk;
- To approve material changes to the overall risk appetite and monitor the Bank's risk profile, including risk trends and concentration;
- To ensure that the principal risks facing the Bank have been identified and are appropriately managed;
- To assess existing and potential risks for the Bank;
- To ensure effective management of the above risks;
- To review constantly and realign changes to credit, market and operational risk policy;
- To monitor and approve credit portfolio and trading limits and exposure to capital markets;
- To ensure minimal risks arising from portfolio concentration, positions and recommending remedial measures;
- To review and approve measurement techniques, tools and approaches used to identify, aggregate and control credit, market, and operational risk;
- To manage the comprehensive Risk Policy, reviews implementation of risk management techniques, review policies and procedures to ensure continued compliance to Risk Policy;
- To oversee the activities of Risk Management Departments and co-ordinate with the Board, Chief Risk Officer (CRO) and other Executive Committees;
- To review management's report on the risk control standards in the Bank.

Composition and Meetings

The Committee consisted of seven members till 28 March 2014. Mr. Vaughn Richtor is the Chairman of the Committee. The Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met four times. The dates on which the meetings were held are 29 April 2013, 22 July 2013, 22 October 2013 and 30 January 2014.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Vaughn Richtor, Chairman	4	3	-
Arun Thiagarajan	4	4	-
Peter Staal (Ceased to be a director and member effective 31 March 2014)	4	3	-
Shailendra Bhandari	4	4	-
Lars Kramer (Ceased to be a director and member effective 28 March 2014)	4	4	-
Richard Cox (Ceased to be a director and member effective 31 March 2014)	4	3	-
Mark Newman	4	3	-

3.3 Corporate Governance Committee (CGC)

Scope and Terms of Reference

- To introduce, implement and review Corporate Governance practices at all levels in the Bank;
- To induct and ensure a pro-active governance framework at all levels in the Bank;
- To review and monitor the implementation of various mandatory / non-mandatory requirements of Clause 49 of the Listing Agreement dealing with Corporate Governance in Indian Companies;
- To monitor and ensure that interests of all the stakeholders viz., shareholders, customers, employees, and the community / society are served properly;
- To review status of compliance with Section 10A of the Banking Regulation Act, 1949 and Clause 49 of the Listing Agreement relating to composition of the Board of Directors and also composition of other mandatory Committees;
- To monitor insider trading within the Bank and ensure implementation of code for prevention of Insider Trading;
- To act as 'Nomination Committee' for the purpose of recommending appointment of Non- Executive/Independent Directors after carrying out the due diligence under 'fit and proper' norms prescribed by the regulator, RBI;
- To act as the 'Corporate Governance Committee' under section 135 of the Companies Act, 2013, the schedules related thereto and the rules made thereunder.

Composition and Meetings

The Committee consisted of five members and Mr. Peter Staal was the Chairman of the Committee till 31 March 2014. The Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met five times. The dates on which the meetings were held are 22 April 2013, 25 June 2013, 25 October 2013, 30 January 2014 and 28 February 2014.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Peter Staal (Ceased to be a director and Chairman effective 31 March 2014)	5	5	-
Santosh Desai	5	4	1
Arun Thiagarajan	5	4	-
Vaughn Richtor	5	2	2
Sanjeev Aga	5	5	-

3.4 Shareholders' /Investors' Grievance Committee (SIGC)

Scope and Terms of Reference

- To look into the redressal of investors' grievances like non-transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends, etc;
- To oversee investor relations;
- To approve share transfers (to the extent not delegated to officials) ;
- To monitor servicing of investor requirements

The Committee was constituted in terms of the mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

During the year, the Bank received 88 complaints from the shareholders out of which 86% were related to non receipt of Dividend warrants. As of 31 March 2014, there were no complaints pending for resolution.

Composition and Meetings

There are five members in the Committee. Mr. Arun Thiagarajan, Independent Director is the Chairman of the Committee. Mr. M V S Appa Rao, Corporate Secretary of the Bank, being the Compliance Officer of the Bank, acts as the Secretary to the Committee. During the year 2013-14, the Committee met thrice. The dates on which the meetings were held are 03 July 2013, 17 July 2013 and 30 January 2014.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Arun Thiagarajan, Chairman	3	3	-
Shailendra Bhandari	3	3	-
Peter Staal (Ceased to be a director and member effective 31 March 2014)	3	2	-
Vikram Talwar	3	1	-
Mark Newman	3	2	-
Sanjeev Aga (Appointed as a member effective 25 June 2013)	3	2	-

3.5 Special Committee for Monitoring Frauds (SCMF)

Scope and Terms of Reference

- To monitor and follow up cases of fraud involving amounts of ₹ 1 Crore and above (RBI circular DBS.FGV (F) No.1004/23.04.01A/2003-04 dated 10 January 2004);
- To monitor effective detection of frauds and reporting thereof to the regulatory and enforcement agencies and review the action taken against the perpetrators of frauds.

Composition and Meetings

The Committee consisted of four members till 28 March 2014. Mr. Shailendra Bhandari is the Chairman of the Committee and the Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met thrice. The dates on which the meetings were held are 22 April 2013, 17 July 2013 and 30 January 2014.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Shailendra Bhandari, Chairman	3	3	-
Peter Staal (Ceased to be a director and member effective 31 March 2014)	3	3	-
Arun Thiagarajan	3	3	-
Lars Kramer (Ceased to be a director and member effective 28 March 2014)	3	3	-

3.6 Customer Service Committee (CSC)

Scope and Terms of Reference

- To bring about ongoing improvements in the quality of customer service provided by the Bank;
- To initiate, review and implement proactive measures to bring ongoing improvements in the quality of customer service provided by the Bank and improve the level of customer service for all categories of clients.

Composition and Meetings

The Committee consists of four members. Mr. Santosh Desai is the Chairman of the Committee. The Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met twice. The dates on which the meetings were held are 22 April 2013 and 25 October 2013.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Santosh Desai, Chairman	2	2	-
Shailendra Bhandari	2	2	-
Mark Newman	2	1	-
Sanjeev Aga	2	2	-

3.7 Board Credit Committee (BCC)

Scope and Terms of Reference

- To review developments in key industrial sectors;
- To review at quarterly intervals the Credit approvals given under Triple Signature powers;
- To approve proposals that are beyond the approval authority of the Signature Approval Process (SAP) authorized signatories.

Composition and Meetings

The Committee consists of four members. Mr. Richard Cox was the Chairman of the Committee till 31 March 2014. The Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met four times. The dates on which the meetings were held are 29 April 2013, 22 July 2013, 22 October 2013 and 31 January 2014.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Richard Cox (Ceased to be a director and Chairman effective 31 March 2014)	4	3	-
Shailendra Bhandari	4	4	-
Vaughn Richtor	4	3	-
Meleveetil Damodaran	4	3	-

3.8 Information Technology Strategy Committee (ITSC)

Scope and Terms of Reference

- To overview IT Governance, Information Security, IS Audit, IT Operations, IT Services Outsourcing, Cyber Fraud, Business Continuity Planning and Legal aspects of the same;
- To ensure that the initiatives on the Corporate Governance and IT Governance are addressed so as to advise on strategic direction on IT;
- To approve IT Strategy and Policy documents and undertake review of its execution;
- To ensure IT investments represent a balance of risks and benefits and the budgets are acceptable.

Composition and Meetings

The Committee consisted of three members till 28 March 2014. Mr. Arun Thiagarajan is the Chairman of the Committee. The Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met four times. The dates on which the meetings of this Committee were held are 22 April 2013, 17 July 2013, 25 October 2013 and 30 January 2014.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Arun Thiagarajan, Chairman	4	4	-
Lars Kramer (Ceased to be a director and member effective 28 March 2014)	4	3	1
Sanjeev Aga	4	4	-

3.9 Remuneration Committee (RC)

Scope and Terms of Reference

- To oversee the framing, review and implementation of compensation policy of the Bank in terms of RBI's Circular No. DBOD No.BC. 72 /29.67.001/2011 dated 13 January 2012;
- To act as a Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999;
- To form policy, procedures and schemes to undertake overall supervision and administration of Employee Stock Option Schemes (ESOSs) of the Bank;
- To determine / review the Bank's policy on specific remuneration packages for executive directors;
- To deal with ESOS policies and administration of ESOS schemes;
- To approve & administer the Compensation structure of Whole time Director/ CEO

Composition and Meetings

Till 31 March 2014, the Committee had five members out of which three were Independent Directors constituting 60% of the total strength. Mr. Arun Thiagarajan is the Chairman of the Committee. The Corporate Secretary of the Bank acts as the Secretary to the Committee. During the year 2013-14, the Committee met four times. The dates on which the meetings were held are 22 April 2013, 25 June 2013, 22 July 2013 and 25 October 2013.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Arun Thiagarajan, Chairman	4	4	-
Santosh Desai	4	4	-
Peter Staal (Ceased to be a director and member effective 31 March 2014)	4	4	-
Vaughn Richter	4	1	1
Sanjeev Aga (Appointed as a member effective 29 April 2013)	3	3	-

3.10 Committee for Capital Issue

Committee for Capital Issue was constituted by the Board effective 17 May 2013, to do all such acts, deeds, matters and things including the decision for opening and closing the QIP issue, finalization and approval of the placement document, determining the form and manner of the issue, class of investors to whom the securities are to be issued and allotted, number of Securities to be allotted, issue price, premium amount on issue/conversion of Securities, if any, etc.

Composition and Meetings

The Committee consists of five members out of which three are Independent Directors. Mr. Arun Thiagarajan is the Chairman of the Committee. During the year 2013-14, the Committee met twice. The dates on which the meetings were held are 25 June 2013 and 27 June 2013.

Members (Mr.)	No. of Meetings held during the tenure	No. of Meetings attended in person/ Notified Video Conference Meeting	No. of Meetings attended through Tele Conference
Arun Thiagarajan	2	1	-
Shailendra Bhandari	2	2	-
Meleveetil Damodaran	2	1	-
Sanjeev Aga	2	2	-
Santosh Desai	2	1	-

3.11 Role of Corporate Secretary in Overall Governance

The Corporate Secretary plays a key role in ensuring that the Board procedures are followed and reviewed periodically. The Corporate Secretary ensures all relevant inputs like agenda notes, details and other statutory documents are made available to the directors and the senior management for effective decision making at the meetings. The Corporate Secretary is primarily responsible to ensure compliance with statutory requirements applicable for governance. All the directors have access to advice and services of Corporate Secretary.

4. REMUNERATION

Remuneration of Chief Executive Officer / Whole-time Director and Part time Chairman are subject to the approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 / Shareholders.

All the Non-Executive Independent Directors are paid sitting fees of ₹ 20,000/- for each Board/Committee meeting attended as permitted under the Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956. One Non-Independent Director who is not on the rolls of ING is also paid sitting fees. Other Directors representing Promoter Group have not drawn any sitting fees for the meetings attended during the year.

Shares of the Bank held by the Directors as on 31 March 2014

Sl. No.	Name of the Director	Designation	No. of Shares held
1	Mr. Arun Thiagarajan	Part Time Chairman	21,580
2	Mr. Santosh Desai	Director	550

4.1 Remuneration to Directors

4.1.1 Remuneration to MD & CEO

Mr. Shailendra Bhandari was appointed as the Managing Director and CEO of the Bank for a period of three years effective 06 August 2009 (end of the day). Reserve Bank of India approved the re-appointment and remuneration of Mr. Shailendra Bhandari for a further period of three years effective 05 August 2012.

The details of the remuneration paid to Mr. Bhandari, as approved by RBI and Shareholders are as under:

Particulars	Amount (in Rupees)
Salary	12,000,000/- p.a.
Perquisite:	
Free Furnished House	Minimum cost of ₹ 1,450,000/- p.a.
Cars	Bank's car for official purposes and leased car for personal use.
Driver's Salary	₹ 108,000/- per annum
Gratuity	As per Payment of Gratuity Act, 1972
Provident Fund	10% of basic salary
Travelling & Halting Allowances	As decided by Board from time to time.
Medical benefits	Reimbursement up to ₹ 250,000/- for insurance premium. (per annum)
Performance based Bonus	As decided by Board after performance period and to be paid subject to approval of RBI.

In terms of its approval dated 26 August 2013, RBI approved the revised remuneration of Mr. Shailendra Bhandari with retrospective effect from 06 August 2012, and hence the balance amount for the months of August 2012 to March 2013 was paid during the year 2013-14 amounting to ₹ 937,957/-. Further in terms of the RBI approval dated 01 October 2013 Mr. Shailendra Bhandari was granted 110,000 Stock Options for the year 2012-13 effective 01 October 2013 under Employee Stock Option Scheme, 2013. 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 during the year 2010-11, 100% (700,000 Stock Options) have been vested, out of which 48,800 options have been exercised. Out of the 128,000 Stock Options granted under the Employee Stock Option Scheme, 2010 for the year 2011-12, 70% (89,600 Stock Options) have been vested out of which 51,200 options have been exercised. Out of the 115,000 Stock Options granted under Employee Stock Option Scheme, 2010 for the year 2012-13, 40% (46,000 Stock Options) have been vested out of which 25,000 options have been exercised.

4.1.2 Remuneration to the Part time Chairman

Remuneration has been paid to Mr. Arun Thiagarajan, Part time Chairman for the financial year 2013-14.

The details of annual remuneration paid to Mr. Arun Thiagarajan in terms of approval of Reserve Bank of India and duly approved by the shareholders at the 80th AGM held on 07 September 2011, is as follows:

Particulars	Amount (In ₹)
Salary / Compensation	₹ 15 Lakhs p.a.
Allowances	
● Other Allowances	₹ 25,000/- per month for maintaining the Chairman's Office

5. DETAILS OF GENERAL BODY MEETINGS AND OTHER SIGNIFICANT DEVELOPMENTS:

Details of the General Body meetings held in the last three years are given below:

General Body Meeting	Date, Time and Venue	No. of Special Resolutions passed
82 nd AGM	25 June 2013 at 11.00 AM at The Auditorium, ING Vysya House, No. 22, M.G. Road, Bangalore-560 001	4
81 st AGM	29 June 2012 at 11.00 AM at The Auditorium, ING Vysya House, No. 22, M.G. Road, Bangalore-560 001	Nil
80 th AGM	07 September 2011 at 11.00 AM at The Auditorium, ING Vysya House, No. 22, M.G. Road, Bangalore-560 001	Nil

6. DISCLOSURE

6.1 The Disclosure on materially significant related party transactions is given under Point 18.20 in the Notes on Accounts (Schedule 18) of the Balance Sheet.

6.2 Penalty levied / strictures passed on the Bank during the previous three years by Stock Exchanges or any other Statutory Authority for non-compliance with any regulation relating to capital market.

- Penalties imposed during the year 2013-14 by Stock Exchanges/SEBI – Nil
- Penalties imposed during the previous three years already disclosed in the Annual Reports of earlier years – Nil
- Strictures passed during the year 2013-14 by SEBI/Stock Exchange – Nil
- Strictures passed during the previous three years already disclosed in the Annual Reports of earlier years – Nil

6.3 Whistle Blower Policy

The Bank has a Whistle Blower Policy in place as approved by the Corporate Governance Committee at its meeting held on 18 January 2006. Subsequently, Operating Guidelines were issued to all the Branches / Offices effective 20 March 2006. RBI's Policy on Protected Disclosure Scheme is also put in place as a sequel to Whistle Blower Policy.

The Whistle Blower Policy of ING Vysya Bank has the following key objectives:

- To provide an avenue for the employees and others to raise concerns in respect of violation of law, questionable business practices or grave misconduct by the employees of the Bank that could lead to financial loss or reputation risk to the Bank;
- To provide reassurance of protection of the whistle blower from reprisal, discrimination or victimization for having blown the whistle in good faith;
- To provide the details of reporting, investigation and settlement of the issues and
- To provide direct access to the Chairman of the Audit Committee of the Board, where a senior management person / reporting officer is involved.

In terms of the policy, employees of the Bank and its affiliates including persons employed by or associated with the Bank on a contractual or temporary basis are required to be vigilant against frauds perpetrated on the Bank whether by their own colleagues or by outsiders, are advised to blow the whistle in case they become aware of any unethical or improper business practices by their colleagues or superiors.

During the financial year 2013-14, Thirteen (13) complaints were received under the Whistle Blower Mechanism.

Awareness has been brought among employees / customers / other connected persons with the Bank on Whistle Blower Mechanism by display of Notices, writing personal communication to staff, displaying Whistle Blower Policy with Icon on the Intranet screen, holding sessions at CDC for the trainees, etc.

6.4 Code of Conduct

In compliance with Clause 49 of the Listing Agreement, Managing Director and CEO made the following declaration affirming compliance with the Code of Conduct by the Directors and Senior Management of the Bank:

Declaration of Compliance with the Code of Conduct	
I confirm that all the Directors have affirmed compliance with the Bank's Code of Conduct for Directors. Also, the Senior Management Team has affirmed compliance with the Bank's Code of Conduct for Senior Management.	
Place: Bangalore Date: 21 April 2014	Shailendra Bhandari Managing Director & CEO

6.5 Certification by the CEO and CFO

In terms of Clause 49, Para V of the Listing Agreement, the Certification by the Managing Director & CEO and the Chief Financial Officer of the Bank, on the financial statements and the internal controls for financial reporting has been obtained and submitted to the Board.

6.6 Compliance with Mandatory Requirements:

The Bank has complied with the mandatory requirements of Clause 49 of the Listing Agreement dealing with Corporate Governance.

6.7 Compliance with Non -Mandatory Requirements:

The Bank complied with the non-mandatory Corporate Governance requirements under Clause 49 of the Listing Agreement in the following manner:

- The Bank hosts its financial results on its website viz., www.ingvysysabank.com, which is accessible to all.
- In terms of the Directors Training policy, during the year, the Bank organized a training program on 31 January 2014 to apprise the Directors on the New Companies Act, 2013 and circulated orientation courses to Directors on various topics such as "Obligations of Directors under Insider Trading Codes", "Directors Code of Conduct for all Directors", "Board Diversification", "Board Processes", "Code of Conduct of Independent Directors as under Companies Act, 2013" and "Board Performance Evaluation", etc.
- There are no audit qualifications in the financial statements during the period.
- The Bank has adopted a Whistle Blower Policy, which permits the employees of the Bank to voice their concerns in respect of any activity or event, which is against the interest of the Bank or society (please refer to para 6.3).
- The Board and Committees undergo a process of annual self-evaluation of their performance.

6.8 Adoption of Secretarial Standards

Secretarial Standards for various secretarial practices have been formulated and issued by The Institute of Company Secretaries of India (ICSI), New Delhi, a pioneer in inculcating culture of good governance in Corporate India.

The Bank has, from time to time, voluntarily adopted the following ten Secretarial Standards mutatis mutandis with the approval of the Corporate Governance Committee:

1. Secretarial Standard on Meetings of Board of Directors – SS-1
2. Secretarial Standard on General Meetings – SS-2
3. Secretarial Standard on Dividend- SS-3
4. Secretarial Standard on Registers and Records – SS-4
5. Secretarial Standard on Minutes – SS-5
6. Secretarial Standard on Transmission of Shares and Debentures – SS-6
7. Secretarial Standard on Passing of Resolution by Circulation- SS-7
8. Secretarial Standard on Affixing of Common Seal- SS-8
9. Secretarial Standard on Forfeiture of Shares- SS-9
10. Secretarial Standard on Board's Report-SS-10

6.9 Self Evaluation of Board and Board Level Committees

Self-evaluation of Board and Board Level Committees is an organized process by which the Board and Committees regularly review its performance, and then reaffirm its commitment by identifying areas for improvement. For the Calendar Year 2013, the members of the Board of Directors carried out the self-evaluation exercise and their comments, if any, along with the average rating was placed before the subsequent Board / Committee meeting for its information, discussion and directions.

6.10 Compliance with Insider Trading Code

To bring-in the greater transparency in the administration, Bank complies with the disclosure requirements by the Directors, Senior Management and the Designated Employees under the Bank's Insider Trading Code.

6.11 Annual Calendar of Meetings

The Annual Calendar of Meetings of the Board/Board Level Committees for each Calendar Year is prepared and circulated to Directors much in advance to facilitate the Directors to block their time and dates for the meetings scheduled with a view to ensure better attendance at the meeting.

6.12 Meeting Procedures

The notice of the meeting is issued minimum 30 days in advance to the Directors as well as all the respective departments in addition to circulation of annual Calendar of Meetings. The notice specifically mentions whether the meeting is scheduled as Video-Conference (VC) meeting. In case of VC meetings procedures for the conduct of VC meetings are also circulated along with the Notice to Directors. The Agenda Notes received from various departments are compiled and made available to all the directors at least 7-10 days in advance and also the soft copies of all the Agenda Notes are uploaded on the Board Notes website exclusively maintained for Directors. The meeting proceedings are recorded and minutes are drafted and sent to the directors for their comments, if any, within seven days of completion of the meeting. The approved minutes are printed on loose leaf papers. The extracts of the approved minutes are circulated to the concerned departments for implementing the decisions of the Board/ Committees.

7. MEANS OF COMMUNICATION TO THE SHAREHOLDERS/INVESTORS

7.1 Investor Relations:--Guiding principles

ING Vysya Bank is committed to maintaining an open and consistent communication policy with Shareholders, potential investors and other interested parties. The objective is to ensure that the perception of these parties about the historical record, current performance and future prospects is in line with management's understanding of the actual situation at ING Vysya Bank.

The guiding principles of this policy, as it relates to shareholders, are that ING Vysya Bank gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that information is provided in a format that is as simple, transparent and consistent as possible.

The Bank has a well-defined Code of Internal Procedures and Conduct for preventing and regulating the practice of Insider Trading in the shares of the Bank, applicable to Designated Employees. This Internal Code is regularly monitored to ensure overall compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Bank has also adopted a Shareholders Communication Policy to codify mandatory practices, practices adopted and practices desirable for continuous communication with shareholders by providing them information about the Bank and to make them fully informed about the developments and participate in General Meetings meaningfully and appropriately.

7.2 Methodology

ING Vysya Bank's communication strategy makes use of both traditional and modern communication tools.

All information relevant to Shareholders is placed on the Bank's website, viz., www.ingvysyabank.com from time to time. This includes the shareholding pattern of the Bank on a quarterly basis, quarterly/ half yearly/ annual financial results, details of Directors as required under Clause 49 of the Listing Agreement, etc. The Balance Sheet as on 31 March 2014 along with Schedules is also placed on the website for the information of the Shareholders under the 'Financial Results' section on the webpage 'About Us' on our Website. The Quarterly, Half Yearly and Annual Financial Results were published in the following newspapers:

For the quarter /year	English	Kannada (Regional Language)
Apr 13 – Jun 13	Mint	Udayavani
Jul 13 – Sep 13	Mint	Udayavani
Oct 13 – Dec 13	Mint	Udayavani
Jan 14- Mar 14 & 2013-14	Mint	Udayavani

The quarterly presentations made to investors are also posted on Bank's website viz., www.ingvysyabank.com

The Bank will publish its Balance Sheet and Profit & Loss Account together with Auditors' Report in newspaper(s) as required in terms of Section 31 of the Banking Regulation Act, 1949 and Rule 15 of the Banking Regulations (Companies) Rules, 1949 before 30 June 2014.

As required by SEBI and the Listing Agreement, the Bank files its financial results and other information on the Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in

CORPORATE GOVERNANCE REPORT

8. GENERAL INFORMATION FOR THE SHAREHOLDERS

Financial year 01 April 2013 to 31 March 2014	
Board Meeting for consideration of / dealing with Accounts for the year 2013-2014	29 April 2014, Tuesday
Posting of Annual Reports	23 May 2014, Friday
Book Closure Date	13 June 2014, Friday to 24 June 2014, Tuesday
Last date for receipt of Proxy Forms	22 June 2014 up to 11.00 A.M. (Sunday)
Venue, Date and Time of AGM	83rd Annual General Meeting 24 June 2014, Tuesday, 11.00 A.M. The Auditorium, ING Vysya House, No. 22, M.G. Road, Bangalore - 560 001.
Dividend Payment Date	On and from 24 June 2014, Tuesday but not beyond 23 July 2014, Wednesday

8.1 Listing on Stock Exchanges

The Shares of the Bank are listed on the following Stock Exchanges:

Name of Stock Exchange	Stock Code	Address
National Stock Exchange of India Limited (NSE)	INGVYSYABK	Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Bombay Stock Exchange Limited (BSE)	531807	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.

8.2 Share Prices

The Shares are regularly traded on the NSE and BSE. The monthly market price data of High and Low prices of shares of the Bank traded on NSE & BSE during the year are given below:

Market Price Data: Monthly High and Low Prices of shares traded on NSE

Months	High Price (₹)	Low Price (₹)	Average Daily Volume (Number of Equity Shares)
April 2013	622.40	505.75	105,098
May 2013	652.90	585.00	191,975
June 2013	667.00	592.50	141,359
July 2013	638.60	467.00	66,251
August 2013	529.95	405.55	56,895
September 2013	558.00	407.00	118,157
October 2013	608.40	527.10	147,970
November 2013	629.00	563.95	127,229
December 2013	621.80	551.50	105,367
January 2014	617.40	515.75	55,689
February 2014	570.00	493.00	50,568
March 2014	642.95	523.75	141,960

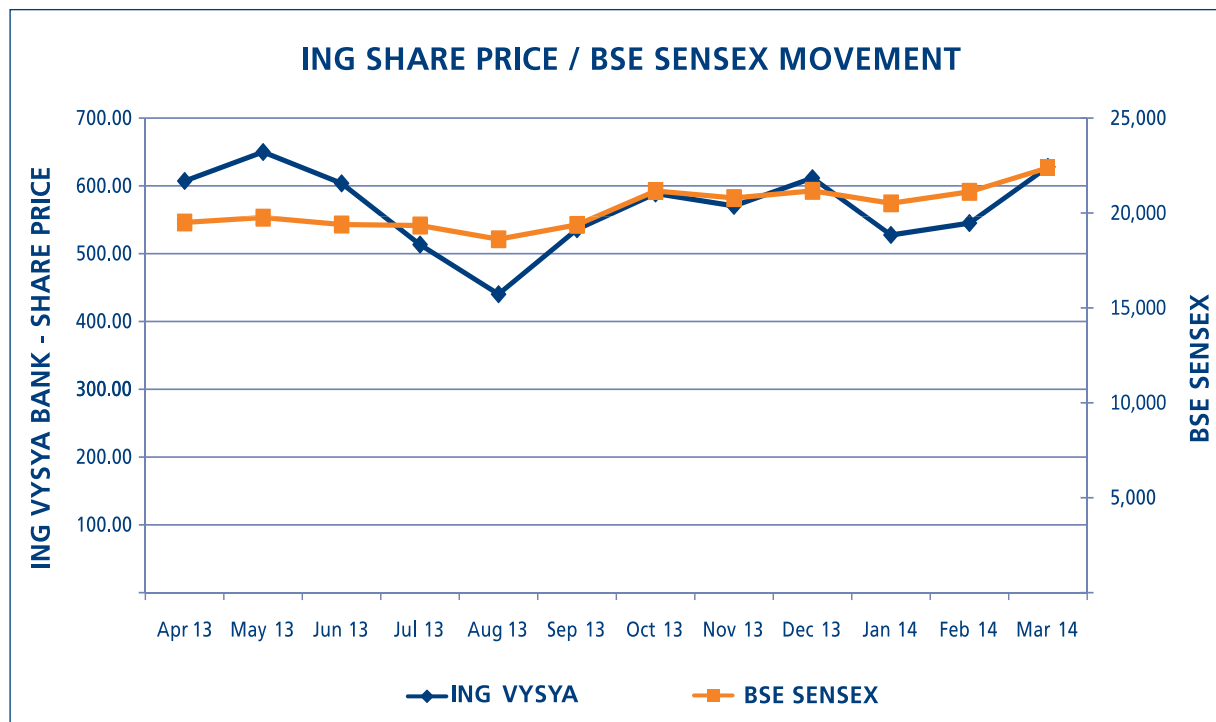
- During the year, the share price of the Bank varied from a low of ₹ 405.55 (28 August 2013) to a high of ₹ 667.00 (05 June 2013).

Market Price Data: Monthly High and Low Prices of shares traded on BSE

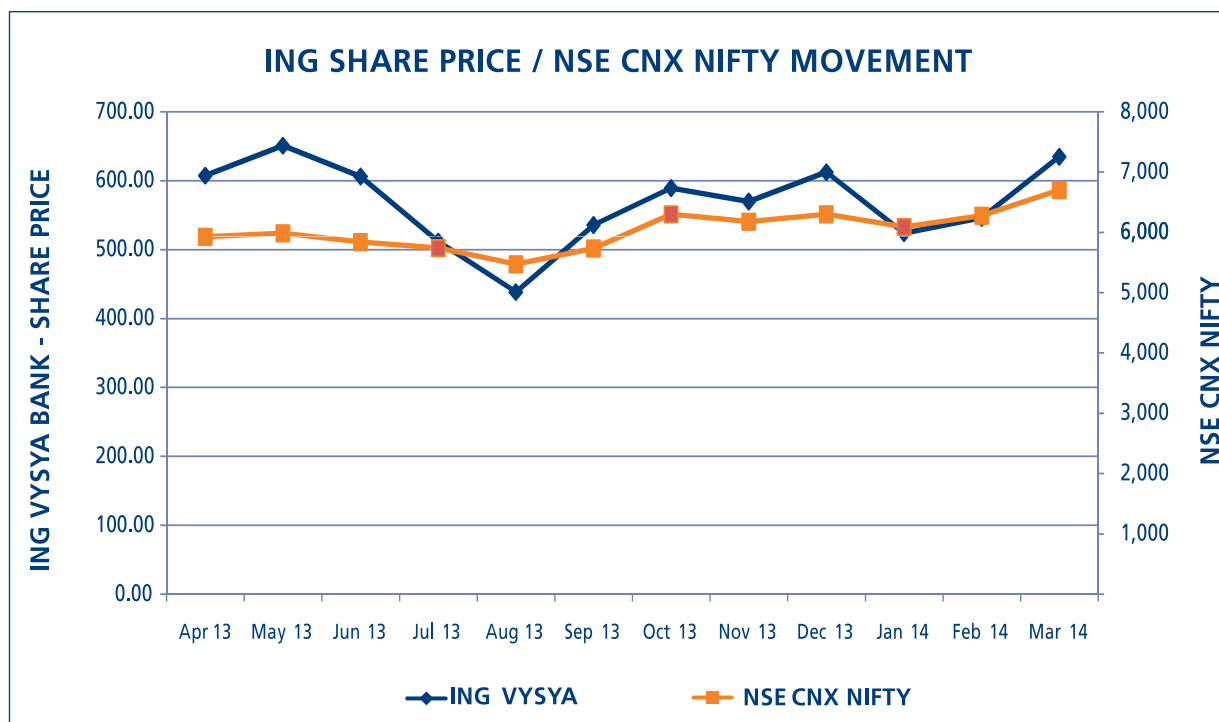
Months	High Price (₹)	Low Price (₹)	Average Daily Volume (Number of Equity Shares)
April 2013	622.85	501.60	26,313
May 2013	653.00	585.10	116,261
June 2013	667.00	595.00	126,913
July 2013	636.00	467.30	18,354
August 2013	527.95	405.50	26,128
September 2013	598.95	406.00	49,306
October 2013	606.70	526.95	46,097
November 2013	626.80	561.00	18,154
December 2013	620.95	551.10	9,981
January 2014	616.40	517.05	5,121
February 2014	568.90	493.00	7,197
March 2014	636.40	521.05	17,818

- During the year, the share price of the Bank varied from a low of ₹ 405.50 (28 August 2013) to a high of ₹ 667.00 (05 June 2013)
- On 31 March 2014, the scrip closed at ₹ 634.90 at NSE and at ₹ 628.05 at BSE

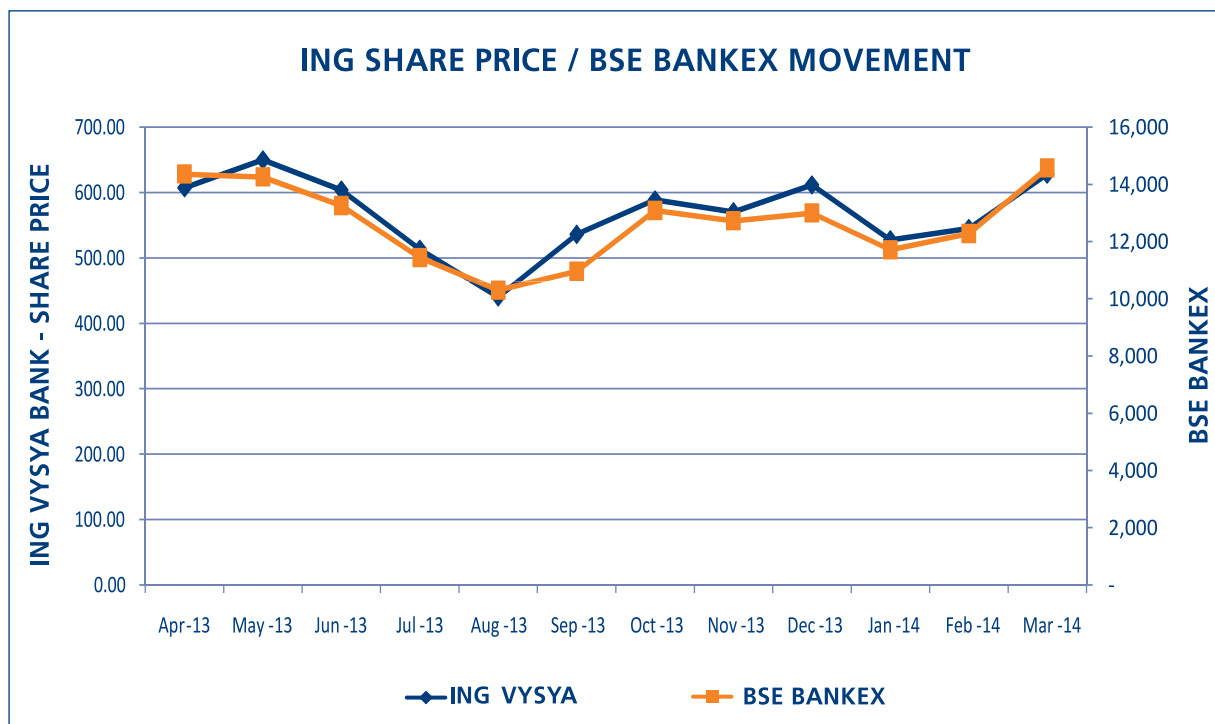
IVBL Share Price in comparison with BSE Sensex - 01 April 2013 to 31 March 2014



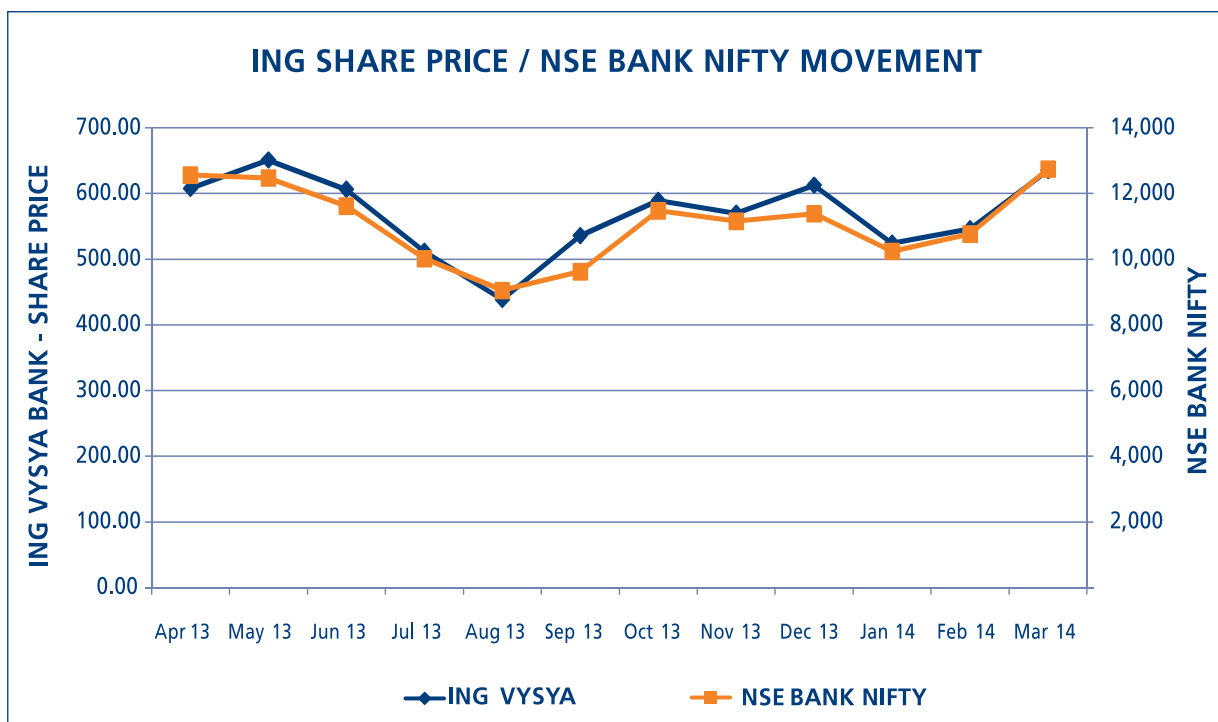
IVBL Share Price in comparison with NSE CNX Nifty - 01 April 2013 to 31 March 2014



IVBL Share Price in comparison with BSE Bankex - 01 April 2013 to 31 March 2014



IVBL Share Price in comparison with NSE Bank Nifty 01 April 2013 to 31 March 2014



CORPORATE GOVERNANCE REPORT

8.3 Shareholding

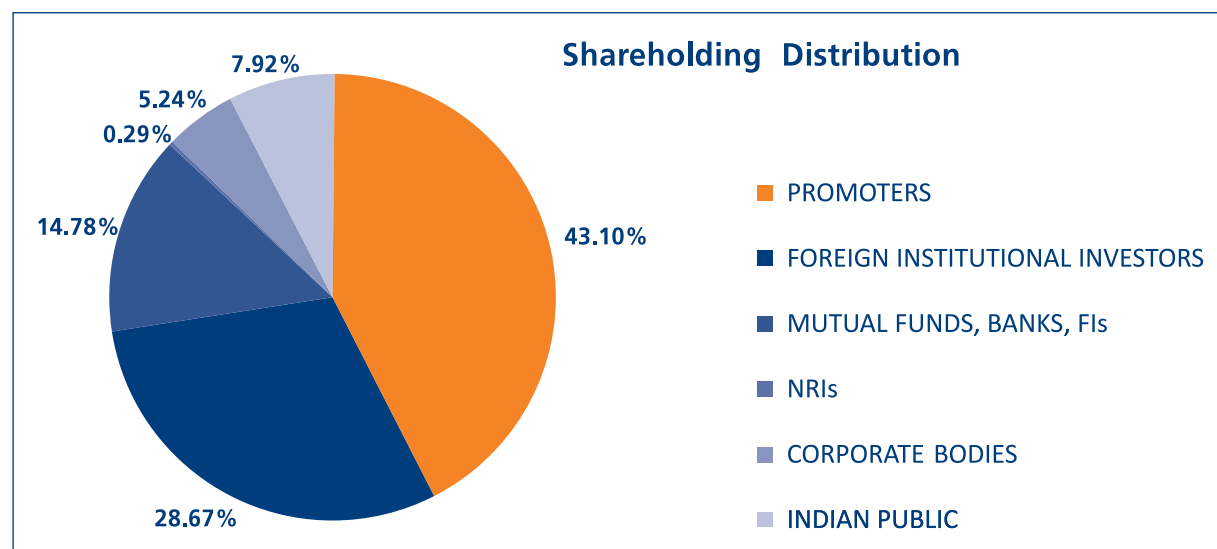
The shareholding in demat mode increased from 98.90% as on 31 March 2013 to 99.15% as on 31 March 2014, (the highest ever achieved).

A table showing the distribution of shares among shareholders according to rangewise category of shareholders as on 31 March 2014 is given below:

Category	No. of shareholders	Total Shares	%age to shareholders	%age to paid up capital
Upto 5000	26,107	2,630,480	85.24%	1.39%
5001 - 10000	1,923	1,425,636	6.28%	0.76%
10001 - 20000	1,333	1,840,421	4.35%	0.98%
20001 - 30000	339	833,461	1.11%	0.44%
30001 - 40000	162	579,610	0.53%	0.31%
40001 - 50000	111	513,615	0.36%	0.27%
50001 - 100000	213	1,525,986	0.70%	0.81%
100001 and above	439	179,286,366	1.43%	95.04%
Total	30,627	188,635,575	100%	100%

8.4 Shareholding pattern as on 31 March 2014

S.No	Category	No. of Shares	%age To Equity
1	Promoters	81,309,779	43.10%
2	Foreign Institutional Investors	54,084,162	28.67%
3	Mutual Funds, Banks, FIs	27,887,988	14.78%
4	Non-Resident Indians	539,969	0.29%
5	Corporate Bodies	9,875,951	5.24%
6	Indian Public	14,937,726	7.92%
	Total	188,635,575	100%



8.5 Aggregate Foreign Investment (AFI) as defined by RBI

As on 31 March 2014

S.No	Category	% age
1	Foreign Promoters (FDI)	43.10%
2	FIs	28.67%
3	NRIs	0.29%
4	Foreign Nationals	0.00%
	Total	72.06%

CORPORATE GOVERNANCE REPORT

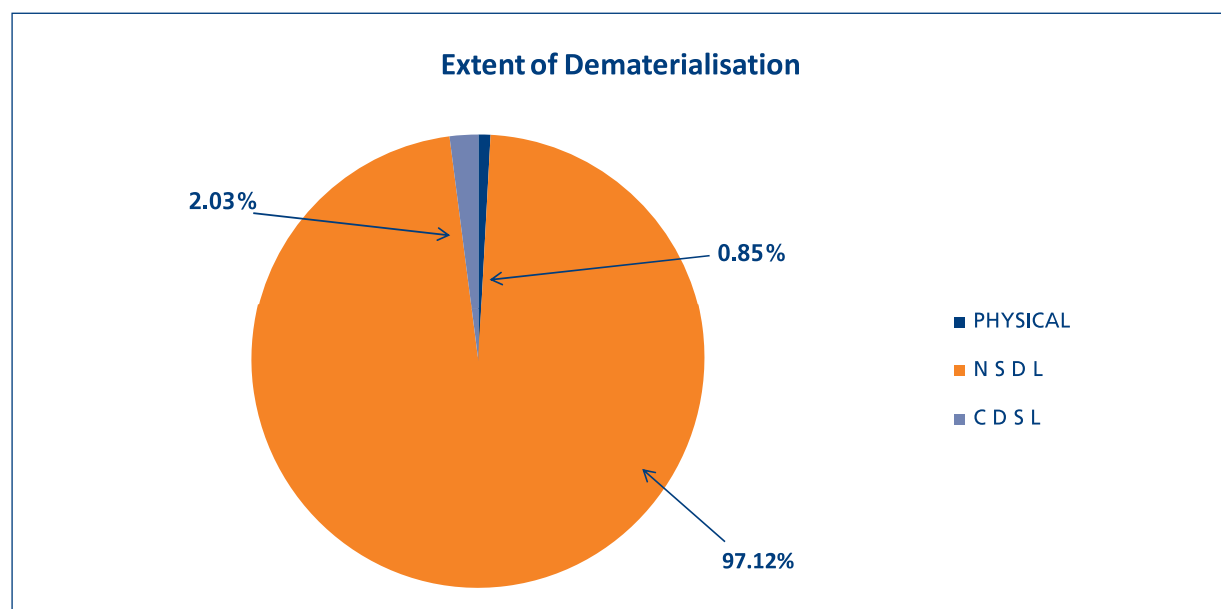
8.6 List of Top 10 Shareholders as on 31 March 2014

S.No	Name	No. of shares held as on 31 March 2014	% age to Paid-up Capital
1	ING Mauritius Holdings	63,213,416	33.51%
2	ING Mauritius Investments I	18,096,363	9.59%
3	Warhol Limited	8,637,119	4.58%
4	Aberdeen Global Indian Equity (Mauritius) Limited	7,266,032	3.85%
5	Government Pension Fund Global	5,306,988	2.81%
6	Small Cap World Fund INC	3,271,217	1.73%
7	The New Economy Fund	3,100,637	1.64%
8	India Advantage Fund S3 I	2,923,208	1.55%
9	JP Morgan India Fund	2,236,661	1.19%
10	Norwest Venture Partners X FII - Mauritius	2,234,016	1.18%
	Total	116,285,657	61.65%

8.7 Status of Dematerialization of Bank's shares as on 31 March 2014

The Bank's shares are available for dematerialization with both the depositories; i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31 March 2014, 99.15 % of Bank shares were in dematerialized mode.

Category	No. of Shares	%age of shareholding
Physical mode	1,608,560	0.85%
Dematerialized Mode		
● NSDL	183,194,091	97.12%
● CDSL	3,832,924	2.03%
Total	188,635,575	100.00%



8.8 Statement showing details of dividend remaining unpaid for the years 2005-06 to 2012-13 as on 31 March 2014

S. No	Year	Percentage of dividend declared	Amount of Unclaimed Dividend as on 31 March 2014 (₹)	Due date for transfer of Unclaimed Dividend by Bank to Investors Education and Protection Fund (IEPF)
1	2005-06	Nil	Nil	N.A
2	2006-07	6.50%	389,537.00	02 August 2014
3	2007-08	15%	803,169.00	05 August 2015
4	2008-09	20%	1,489,950.00	09 October 2016
5	2009-10	25%	1,467,265.00	05 August 2017
6	2010-11	30%	1,869,354.00	12 October 2018
7	2011-12	40%	2,561,400.00	04 August 2019
8	2012-13	55%	3,431,063.00	31 July 2020

The Government established the Fund with a view to support the activities relating to investor education, awareness and protection. The following are the objectives/ activities of the Fund as of the day:

1. Educating investors about market operations;
2. Equipping investors to analyze information to take informed decisions;
3. Making investors aware about market volatilities;
4. Empowering the investors by making them aware of their rights and responsibilities under various laws;
5. Continuously disseminating information about unscrupulous elements and unfair practices in securities market;
6. Broadening the investors' base by encouraging new investors to participate in securities market; and
7. Promoting research and investor surveys to create a knowledge base that facilitate informed policy decisions.

8.9 Share Transfer System

The Bank's shares are in compulsory dematerialization (demat) mode and are transferable through the depository system. Investor Services are handled by Registrars and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad. Physical Share transfers are registered and returned within 15 days from the date of receipt provided all documents are correct and valid in all respects. Shareholders and Depository Participants are requested to continue to send their transfer / dematerialisation and other requests directly to our Registrars and Share Transfer Agents.

8.10 Ownership Rights

Certain rights that a shareholder in a company enjoys are as follows:

1. To transfer shares and receive share certificates upon transfer within the period prescribed in the Listing Agreement.
2. To receive notices of general meetings, annual report, the balance sheet and profit and loss account and the auditors' report.
3. To appoint a proxy to attend and vote at the general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at the general meetings of the company on its behalf. As per the Companies Act, 2013 and Rules thereunder, one person can act as proxy for maximum Fifty (50) members or that number of members who hold 10% of the total share capital carrying voting rights, whichever is less. Further, any member who holds more than ten percent (10%), of the total share capital carrying voting rights may appoint a single person as proxy and such person cannot act as proxy for any other shareholder.
4. To vote electronically for the resolutions being placed at a general meeting as per Section 107 of the Companies Act, 2013 and Rule 20 (1) of Companies (Management and Administration) Rules, 2014 within the notified timelines.
5. To attend and speak in person at general meetings. A proxy can not vote on show of hands but can vote on a poll. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of equity shares held by him.
6. To demand a poll along with other shareholder(s) who collectively hold 50,000 shares or are not less than 1/10th of the total voting power in respect of any resolution. As per the Banking Regulation Act, 1949, the voting rights on a poll by a shareholder of a banking company are capped at 10% of the total voting rights of all the shareholders of the banking company, unless this is gradually increase to 26% of the total voting rights by RBI as authorised under the Banking Laws (Amendment) Act, 2012.
7. To requisite an Extraordinary General Meeting of any company by shareholders who collectively hold not less than 1/10th of the total paid-up capital of the company.
8. To move amendments to resolutions proposed at meetings.

CORPORATE GOVERNANCE REPORT

9. To receive dividend and other corporate benefits like rights, bonus shares etc. as and when declared / announced.
10. To inspect various registers of the company, minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 1956 and the Companies Act, 2013 (where applicable).
11. To make nominations in respect of shares held by the shareholder.

The rights mentioned above are prescribed in the Companies Act, 1956 and the Companies Act, 2013 (where applicable), and Banking Regulation Act, 1949 and should be exercised only after a careful reading of the relevant sections. These rights are not necessarily absolute.

8.11. Contact Details:

Investors' Help Desk: For any shares related queries the shareholders may contact either our Registrars and Share Transfer Agents or Bank. The details of contact person are given below.

Mr. Jayaraman V. K. Karvy Computershare Private Limited Unit: ING Vysya Bank Limited 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 Ph:040-2342 0815 Fax:040-2342 0814 Email: mailmanager@karvy.com Email: jayaraman.vk@karvy.com Website: www.karvycomputershare.com	M.V.S. Appa Rao Corporate Secretary Secretarial Department, ING Vysya Bank Limited, No. 22, M G Road, Bangalore – 560 001 Ph : 080 – 2500 5770 (D) 080 – 2500 5000 (G) Ext : 3570 Fax : 080-2500 5555, 2555 9212 E-mail : sharecare@ingvysyabank.com Website : www.ingvysyabank.com
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Banking Customer Help Desk: For Banking services related queries the shareholders /customers may contact /write to Bank at the following:

Customer Care Unit (CCU)
“ING Vysya House”
No. 22, M.G. Road
Bangalore – 560 001
Toll free number: 1800 425 9900
e-mail: ccu@ingvysyabank.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Reserve Bank of India, vide circular DBOD No.BC 112/08.138.001/2001-2002 dated 04 June 2002 has stated that in the case of Banks, a separate certificate from auditors regarding compliance with conditions of Corporate Governance is not considered necessary as the compliance of Banks with RBI instructions is already being verified by the statutory auditors.

INDEPENDENT AUDITORS' 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 31 March 2014 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 2014;
 - (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 ₹ 186,002 thousands 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 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 25 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.

INDEPENDENT AUDITORS' REPORT

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) 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 2014 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. LLP**
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
29 April 2014

Akeel Master
Partner
Membership No: 046768

BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	SCHEDULE	31 March 2014	31 March 2013
CAPITAL AND LIABILITIES			
Capital	1	1,886,356	1,548,535
Employees' Stock Options Outstanding (Net)		5,313	8,850
Reserves and Surplus	2	68,821,779	44,710,610
Deposits	3	412,167,665	413,339,957
Borrowings	4	96,684,770	65,112,581
Other Liabilities and Provisions	5	24,566,385	23,643,905
TOTAL		604,132,268	548,364,438
ASSETS			
Cash and Balance with Reserve Bank of India	6	32,951,987	19,447,202
Balance with Banks and Money at call and short notice	7	25,308,692	8,887,458
Investments	8	167,207,600	182,782,264
Advances	9	358,288,502	317,720,271
Fixed Assets	10	5,245,125	4,996,017
Other Assets	11	15,130,362	14,531,226
TOTAL		604,132,268	548,364,438
Contingent Liabilities	12	1,227,388,544	1,215,666,299
Bills for collection		75,282,523	64,384,812
Significant Accounting Policies	17		
Notes to Accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan
Chairman

Sanjeev Aga
Director

Place : Mumbai
Date : 29 April 2014

Shailendra Bhandari
Managing Director

Vaughn Richtor
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)

PARTICULARS	SCHEDULE	31 March 2014	31 March 2013
INCOME			
Interest earned	13	52,052,186	48,615,770
Other income	14	8,671,213	7,268,792
TOTAL		60,723,399	55,884,562
EXPENDITURE			
Interest Expended	15	34,520,660	33,229,537
Operating Expenses	16	14,927,336	12,728,161
Provisions and Contingencies		4,696,891	3,797,288
TOTAL		54,144,887	49,754,986
PROFIT			
Net Profit for the year		6,578,512	6,129,576
Profit/(loss) Brought Forward		11,087,677	7,654,490
TOTAL		17,666,189	13,784,066
APPROPRIATIONS			
Transfer to statutory reserve		1,644,628	1,532,394
Transfer to capital reserves		788	16,289
Transfer to / (from) investment reserve		3,565	(2,154)
Transfer to special reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		240,000	160,000
Dividend paid (Refer Note No. 18.36)		10,823	-
Proposed dividend		1,131,813	851,694
Dividend tax (Refer Note No. 18.36)		199,844	138,166
Balance carried to Balance Sheet		14,434,728	11,087,677
TOTAL		17,666,189	13,784,066
Earnings per share (₹ per equity share of face value ₹ 10 each) (Refer Note No. 18.21)			
Basic		36.61	40.36
Diluted		36.02	39.29
Significant Accounting Policies	17		
Notes to Accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan
Chairman

Sanjeev Aga
Director

Place : Mumbai
Date : 29 April 2014

Shailendra Bhandari
Managing Director

Vaughn Richtor
Director

SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
350,000,000 (Previous year 350,000,000) Equity Shares of ₹ 10 each	3,500,000	3,500,000
100,000,000 (Previous year 100,000,000) Preference Shares of ₹ 10 each	1,000,000	1,000,000
ISSUED CAPITAL		
188,921,110 (Previous year 155,141,130) equity shares of ₹ 10 each	1,889,211	1,551,411
SUBSCRIBED, CALLED-UP AND PAID-UP CAPITAL		
188,635,575 (Previous year 154,853,474) equity shares of ₹ 10 each fully called and paid-up (Refer Note No. 18.18.a)	1,886,356	1,548,535
TOTAL	1,886,356	1,548,535
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVE		
Opening Balance	7,169,616	5,637,222
Additions during the year	1,644,628	1,532,394
Total (I)	8,814,244	7,169,616
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening Balance	1,027,710	1,034,385
Revaluation reserve reversed consequent to sale of assets/ transfer of assets	-	-
Depreciation on revalued assets	(6,675)	(6,675)
Total	1,021,035	1,027,710
(b) Others		
Opening Balance	1,264,792	1,248,501
Transfer from Profit and Loss Account	788	16,289
Total	1,265,580	1,264,790
TOTAL (II)	2,286,615	2,292,500
III. SECURITIES PREMIUM		
Opening balance	22,858,466	21,561,730
Additions during the year	19,226,775	1,296,736
Deductions during the year (Refer Note No. 18.18.b)	(91,060)	-
Total (III)	41,994,181	22,858,466
IV. REVENUE AND OTHER RESERVES		
(a) Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening Balance	747,000	587,000
Additions during the year	240,000	160,000
Total	987,000	747,000
(b) Revenue Reserves		
Opening balance	555,351	555,351
Additions during the year	-	-
Deductions during the year (Refer Note No. 18.16)	(253,905)	-
Total	301,446	555,351
(c) Investment Reserve		
Opening balance	-	2,154
Additions during the year	3,565	-
Deductions during the year	-	(2,154)
Total	3,565	-
TOTAL (IV)	1,292,011	1,302,351
V. Balance in Profit and Loss Account	14,434,728	11,087,677
TOTAL (I to V)	68,821,779	44,710,610

SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i. From Banks	4,416,453	4,491,822
ii. From Others	65,662,370	68,676,838
II. Savings Bank Deposits	67,507,888	61,182,730
III. Term Deposits		
i. From Banks	96,111,752	97,835,495
ii. From Others	178,469,202	181,153,072
TOTAL (I to III)	412,167,665	413,339,957
B. I. Deposits of Branches In India	412,167,665	413,339,957
II. Deposits outside India	-	-
TOTAL	412,167,665	413,339,957
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i. Reserve Bank of India	860,000	1,000,000
ii. Other Banks*	1,639,522	2,234,839
iii. Other Institutions and Agencies^	32,877,261	25,576,311
II. Borrowings outside India	61,307,987	36,301,431
TOTAL (I and II)	96,684,770	65,112,581
Secured Borrowings included in (I) & (II) above is NIL (Previous year : NIL)		
* Includes Subordinated Debt (Tier II Bonds) of ₹ 1,639,000 thousands as on 31 March 2014 (Previous year ₹ 2,229,000 thousands).		
^ Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of ₹ 10,299,077 thousands as on 31 March 2014 (Previous year ₹ 11,677,150 thousands).		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	6,165,901	5,686,080
II. Inter Office Adjustments (Net)	132,818	69,213
III. Interest Accrued	3,402,705	2,205,059
IV. Provision against Standard Assets	1,679,000	1,491,500
V. Others (Including Provisions)	13,185,961	14,192,053
TOTAL (I to V)	24,566,385	23,643,905
SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA		
I. Cash In Hand (Including Foreign Currency Notes)	5,808,155	5,710,747
II. Balances With Reserve Bank of India		
i. In Current Account	27,143,832	13,736,455
ii. In Other Accounts	-	-
TOTAL (I and II)	32,951,987	19,447,202

SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances With Banks		
a) In current accounts	1,593,452	1,588,465
b) In other deposit accounts	667,118	67,118
ii) Money at Call and Short Notice		
a) With banks	600,000	500,000
b) With other institutions	13,187,934	3,997,667
TOTAL I	16,048,504	6,153,250
II. Outside India		
i) Current Accounts	3,535,909	649,121
ii) In Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	5,724,279	2,085,087
TOTAL II	9,260,188	2,734,208
GRAND TOTAL (I and II)	25,308,692	8,887,458
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)		
I. Investments in India		
i) Government securities *	104,975,078	125,117,201
ii) Other approved securities	-	-
iii) Shares	517,522	589,848
iv) Debentures and bonds	8,724,447	2,711,637
v) Subsidiaries/Joint Ventures	20,988	20,988
vi) Others @	52,969,565	54,342,590
TOTAL	167,207,600	182,782,264
II. Investments Outside India	-	-
TOTAL	167,207,600	182,782,264
GROSS INVESTMENTS	167,637,392	183,219,258
LESS: Depreciation/Provision for Investments	(429,792)	(436,994)
NET INVESTMENTS	167,207,600	182,782,264

* Includes -

a) Repo lending of ₹ NIL (Previous year ₹ 22,050,000 thousands) and Net of Repo borrowings of ₹ 19,799,747 thousands (Previous year ₹ 42,452,581 thousands) under the liquidity adjustment facility in line with Reserve Bank of India requirements.

b) Securities costing ₹ 2,470,106 thousands (Previous year ₹ 1,723,054 thousands) pledged for margin requirement

@ Includes deposits with NABARD, NHB and SIDBI of ₹ 36,077,767 thousands (Previous year ₹ 31,945,026 thousands), PTCs of ₹ 14,793,683 thousands (Previous year ₹ 18,085,084 thousands), Commercial paper of ₹ 98,115 thousands (Previous year ₹ 1,586,673 thousands) Certificate of deposit of ₹ NIL (Previous year ₹ 2,725,807 thousands) and Units of Mutual Funds of ₹ 2,000,000 thousands (Previous year ₹ NIL).

SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)		
A. i) Bills Purchased and Discounted	9,873,643	12,316,548
ii) Cash credits, overdrafts and loans repayable on demand	197,820,986	148,683,489
iii) Term loans	150,593,873	156,720,234
TOTAL	358,288,502	317,720,271
B. i) Secured by tangible assets*	338,054,335	294,454,707
ii) Covered by bank/Government guarantees	1,465,093	1,157,054
iii) Unsecured	18,769,074	22,108,510
TOTAL	358,288,502	317,720,271
* Includes advances secured against book debts		
C. I ADVANCES IN INDIA		
i) Priority Sector	122,073,700	109,523,775
ii) Public Sector	28,468	367,817
iii) Banks	7,724	42,923
iv) Others	236,178,610	207,785,756
Total (I)	358,288,502	317,720,271
II ADVANCES OUTSIDE INDIA		
i) Due from Banks	-	-
ii) Due from Others	-	-
(a) Bills purchased & discounted	-	-
(b) Syndicate loans	-	-
(c) Others	-	-
Total (II)	-	-
TOTAL (I and II)	358,288,502	317,720,271
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
Gross block		
At cost at the beginning of the year	4,096,694	4,096,694
Additions during the year	6,833	-
Deductions during the year	-	-
Gross block	4,103,527	4,096,694
Depreciation		
As at the beginning of the year	441,494	386,510
Charge for the year	54,966	54,984
Deductions during the year	-	-
Depreciation to date	496,460	441,494
Net block (A)	3,607,067	3,655,200
Capital Work in Progress (B)	-	-
TOTAL (I) = (A)+(B)	3,607,067	3,655,200
II. Other Fixed Assets (Including Furniture and Fixtures)		
Gross block		
At cost at the beginning of the year	5,426,724	5,037,942
Additions during the year	813,821	464,394
Deductions during the year	(69,389)	(75,612)
Gross block	6,171,156	5,426,724
Depreciation		
As at the beginning of the year	4,401,513	4,002,961
Charge for the year	523,851	462,131
Deductions during the year	(48,370)	(63,579)
Depreciation to date	4,876,994	4,401,513
Net block (A)	1,294,162	1,025,211
Capital Work in Progress (B)	186,912	158,622
TOTAL (II) = (A)+(B)	1,481,074	1,183,833

SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
III. Lease Fixed Assets		
Gross block		
At cost at the beginning of the year	1,540,585	1,540,585
Additions during the year	-	-
Deductions during the year	-	-
Gross block	<u>1,540,585</u>	<u>1,540,585</u>
Depreciation		
As at the beginning of the year	1,456,245	1,435,790
Charge for the year	20,455	20,455
Deductions during the year	-	-
Depreciation to date	<u>1,476,700</u>	<u>1,456,245</u>
Net block (A)	63,885	84,340
Lease adjustment account (B)	330,748	310,293
Provision / Write-off of NPAs (C)	(237,649)	(237,649)
Capital Work in Progress (D)	-	-
TOTAL (III) = (A)+(B)+(C)+(D)	<u>156,984</u>	<u>156,984</u>
GRAND TOTAL (I to III)	<u>5,245,125</u>	<u>4,996,017</u>

SCHEDULE 11 – OTHER ASSETS

I. Inter office adjustment (net)	-	-
II. Interest accrued	2,891,435	2,652,950
III. Tax paid in advance and tax deducted at source (net of provisions)	1,881,977	1,666,377
IV. Stationery and stamps	14,254	14,226
V. Non-banking assets acquired in satisfaction of claims (net)	-	-
VI. Others #	10,342,696	10,197,673
TOTAL	<u>15,130,362</u>	<u>14,531,226</u>

Includes deferred tax assets of ₹ 1,309,992 thousands (Previous year ₹ 1,285,960 thousands). (Refer Note No. 18.16).

SCHEDULE 12 – CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	8,354	-
II. Liability for partly paid investments	-	-
III. Liability on account of Outstanding Foreign Exchange Contracts *@	830,734,943	814,215,910
IV. Liability on account of Outstanding Derivative Contracts *@	287,680,309	299,279,059
V. Guarantees given on behalf of constituents		
a) In India	76,723,107	76,139,332
b) Outside India	6,680,639	6,164,382
VI. Acceptances, Endorsements and Other Obligations	23,594,073	18,885,797
VII. Other items for which the bank is contingently liable	1,967,119	981,819
TOTAL	<u>1,227,388,544</u>	<u>1,215,666,299</u>

* Represent notional amounts

@ Long term forward exchange contracts amounting to ₹ 14,624,443 thousands (Previous year ₹ 8,598,044 thousands) are managed as derivatives and accordingly reflected under liability on account of derivative contracts.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)		
PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 13 – INTEREST EARNED		
i. Interest/Discount on advances/bills	37,878,454	35,498,112
ii. Income on investments	13,999,494	13,065,663
iii. Interest on balances with RBI and other inter bank funds	21,611	18,242
iv. Others	152,627	33,753
TOTAL	52,052,186	48,615,770
SCHEDULE 14 – OTHER INCOME		
i. Commission, exchange and brokerage	5,207,350	4,793,706
ii. Profit/ (Loss) on sale of investments (Net)	560,735	308,153
iii. Profit on revaluation of investments (Net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other fixed assets (net)	1,591	(1,347)
v. Profit on exchange / derivative transactions (net)	2,243,065	1,680,052
vi. Income earned by way of dividends from Subsidiaries/Companies and Joint Ventures abroad/in India	17,025	9,240
vii. Lease income	-	-
Add: Lease equalisation	20,455	20,455
Less: Depreciation	(20,455)	(20,455)
viii. Miscellaneous income #	641,447	478,988
TOTAL	8,671,213	7,268,792
# Includes recovery from written off accounts amounting to ₹ 366,223 thousands (Previous year ₹ 123,526 thousands)		
SCHEDULE 15 – INTEREST EXPENDED		
i. Interest on deposits	27,080,131	25,791,251
ii. Interest on Reserve Bank of India/inter-bank borrowings	2,438,991	3,926,654
iii. Others (including interest on Tier II Bonds)	5,001,538	3,511,632
TOTAL	34,520,660	33,229,537
SCHEDULE 16 – OPERATING EXPENSES		
i. Payments to and provisions for employees (Refer Note No. 18.2.b)	9,034,007	7,506,919
ii. Rent, taxes and lighting	1,192,969	1,099,947
iii. Printing and stationery	162,926	133,741
iv. Advertisement and publicity	28,685	58,138
v. Depreciation on bank's property	572,141	509,695
vi. Directors' fees, allowances and expenses	5,366	5,127
vii. Auditors' fees and expenses	7,501	6,967
viii. Law charges	35,987	29,226
ix. Postage, telegrams, telephones	253,132	235,258
x. Repairs and maintenance	365,716	327,039
xi. Insurance	429,925	317,280
xii. Other expenditure	2,838,981	2,498,824
TOTAL	14,927,336	12,728,161

SIGNIFICANT ACCOUNTING POLICIES

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, income and expenses and disclosure of contingent liabilities as 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 for 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. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.
- d. Interest income on investments in Pass-Through Certificates (PTCs) is recognized at their effective interest rate.
- e. 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.
- f. Arrangements / syndication fee is accounted for on completion of the agreed service and when right to receive the same is established.
- g. 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 –

SIGNIFICANT ACCOUNTING POLICIES

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.

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.41/21.04.141/2013-14 dated 23 August 2013, the investment in SLR securities under this category is permitted to a maximum of 24.50% of Net 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.

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.

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.

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

Valuation of Investments:

Valuation of investments is undertaken in accordance with the Guidelines on "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI.

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

Accounting for REPO and Reverse REPO:

REPO and Reverse REPO transactions conducted under Liquidity Adjustment Facility ('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.

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-

SIGNIFICANT ACCOUNTING POLICIES

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;
- b) at 1.00% on Commercial Real Estate (CRE) sector;
- c) at 2.00% on housing loans at teaser rates;
- d) at 3.50% on restructured advances as on 31 May 2013; and
- e) at 5.00% on new restructured advances.

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 and impairment, if any, 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 duties), 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.

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.

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 which is higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. 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 ₹ 100,000 and other items whose actual cost does not exceed ₹ 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

SIGNIFICANT ACCOUNTING POLICIES

provide that employees are granted an option to acquire equity shares of the Bank that vest 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 on the stock exchange on which the shares of the Bank are listed, immediately prior to the date of the Board of Directors meeting in which the options are granted. 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 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

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. 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 and notified under the Companies (Accounting Standards) Rules, 2006.

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.

SIGNIFICANT ACCOUNTING POLICIES

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 and notified under the Companies (Accounting Standards) Rules, 2006. 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 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.

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

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 18 April 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 ₹ 5 crores and in respect of customers where average turnover in the last 3 years does not exceed ₹ 50 crores. 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 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.

NOTES TO ACCOUNTS

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 ₹ 10 each are earmarked under the scheme to be allotted during the period (extended or otherwise) 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 2014 and 31 March 2013 are as under:

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average Exercise Price (In ₹)	Number of Options	Weighted Average Exercise Price (In ₹)
Options outstanding at the beginning of the year	117,858	180.34	220,059	174.05
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	44,278	178.00	95,308	166.51
Less: Forfeited / lapsed during the year	4,340	166.95	6,893	170.70
Options outstanding at the end of the year	69,240	182.67	117,858	180.34

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 ₹ 10 each are earmarked under the scheme to be allotted during the period (extended or otherwise) 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 2014 and 31 March 2013 are as under: -

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average Exercise Price (In ₹)	Number of Options	Weighted Average Exercise Price (In ₹)
Options outstanding at the beginning of the year	2,100,900	264.84	5,088,280	257.43
Add: Granted during the year	7,54,000	603.70	18,000	414.25
Less: Exercised during the year	1,257,449	264.21	2,955,930	252.65
Less: Forfeited / lapsed during the year	95,600	538.23	49,450	285.21
Options outstanding at the end of the year	1,501,851	418.09	2,100,900	264.84

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 ₹ 10 each are earmarked under the scheme to be allotted during the period (extended or otherwise) 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.

NOTES TO ACCOUNTS

The movements in ESOS 2010 during the year ended 31 March 2014 and 31 March 2013 are as under: -

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average Exercise Price (In ₹)	Number of Options	Weighted Average Exercise Price (In ₹)
Options outstanding at the beginning of the year	8,591,380	351.80	6,745,225	340.83
Add: Granted during the year	1,272,000	603.70	4,146,000	365.30
Less: Exercised during the year	2,478,253	347.48	1,678,255	342.49
Less: Forfeited / lapsed during the year	426,955	374.33	621,590	348.05
Options outstanding at the end of the year	6,958,172	398.00	8,591,380	351.80

ESOS 2013

The employee stock option scheme ("ESOS 2013" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 28 January 2013 and by the shareholders at the AGM held on 25 June 2013. A total of 7,500,000 equity shares of ₹ 10 each are earmarked under the scheme for allotment during the period (extended or otherwise) the scheme is in force. These options vest over a period of three years from the date of grant i.e., 33% in 1st year; 33% in 2nd year and 34% 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 2013 during the year ended 31 March 2014 and 31 March 2013 are as under: -

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average Exercise Price (In ₹)	Number of Options	Weighted Average Exercise Price (In ₹)
Options outstanding at the beginning of the year	-	-	-	-
Add: Granted during the year	942,700	606.23	-	-
Less: Exercised during the year	-	-	-	-
Less: Forfeited / lapsed during the year	53,550	603.70	-	-
Options outstanding at the end of the year	889,150	606.38	-	-

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 2014 are:

Scheme	Exercise price (In ₹)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In ₹)
ESOS 2005 Tranche I	124.00	2,450	0.75	124.00
ESOS 2005 (Loyalty Options)	184.82	66,790	0.57	184.82
ESOS 2007	134.70 - 603.70	1,501,851	4.81	418.09
ESOS 2010	322.55 - 603.70	6,958,172	5.10	398.00
ESOS 2013	578.10 - 633.60	889,150	6.29	606.38

NOTES TO ACCOUNTS

The details of exercise price and remaining contractual life of stock options outstanding as at 31 March 2013 are:

Scheme	Exercise price (In ₹)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In ₹)
ESOS 2005 Tranche I	124.00	8,688	1.32	124.00
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
ESOS 2013	-	-	-	-

The weighted average share price for all options exercised during the year was ₹ 317.79 per share (Previous year: ₹ 478.00 per share).

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

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Net profit (as reported)	6,578,512	6,129,576
Add : Stock-based employee compensation expense included in net income	(288)	(473)
Less: Stock-based compensation expense determined under fair value based method (proforma)	499,492	412,898
Net profit (proforma)	6,078,732	5,716,205

Impact on Earnings per share

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Declared in the financial statements		
Basic (₹)	36.61	40.36
Diluted (₹)	36.02	39.29
Revised EPS		
Basic (₹)	33.83	37.64
Diluted (₹)	33.28	36.64

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010	ESOS 2013
	Tranche I	Loyalty option			
Risk free interest rate**	6.68%	7.74 %	5.35 – 9.25 %	6.49 – 8.38 %	7.61 -8.66 %
Expected life (excluding vesting period)	1 Yr	1 Yr	1 Yr	1 Yr	1 Yr
Expected volatility (%)	31.62	45.23	23.68 – 51.58	23.68 – 38.72	31.52
The price of the underlying share in market at the time of option grant (as per NSE) (₹)	162.60	262.60	134.70 - 603.70	322.55 - 603.70	578.10 - 633.60

NOTES TO ACCOUNTS

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 2014 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010	ESOS 2013
	Tranche I	Loyalty option			
Option price at the date of grant (₹)	82.58	135.34	54.90-223.87	71.29-223.87	145.08-245.47
Weighted average Fair Value of the options at the date of grant (₹)	82.58	135.34	149.91	130.28	188.88

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 ₹ 160,214 thousands (Previous year ₹ 141,813 thousands) for the year ended 31 March 2014.

Gratuity, Pension and Leave Benefit plans

The Bank has defined benefit plans in respect of Gratuity, Pension and Leave. 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 ₹ 1,217,310 thousands being ₹ 287,300 thousands on account of II Pension Option to retired/ separated employees and ₹ 930,010 thousands on account of II Pension Option to existing employees.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of ₹ 1,217,310 thousands 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 ₹ 287,300 thousands on account of II Pension Option to retired/ separated employees and ₹ 186,002 thousands 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 ₹ 186,002 thousands (Previous year ₹ 186,002 thousands) 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 ₹ 186,002 thousands (Previous year ₹ 372,004 thousands) on account of II Pension Option to existing employees shall be provided over the next one year.

Had the RBI Letter not been issued, the profit of the Bank in the current year would have been lower by ₹ 186,002 thousands (Previous year ₹ 372,004 thousands) pursuant to application of the requirements of Revised AS-15.

NOTES TO ACCOUNTS

(a) 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)

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
1. Current service cost	76,229	67,973	290,695	251,933
2. Interest cost on benefit obligation	108,463	88,883	320,880	276,710
3. Expected return on plan assets	(115,807)	(97,610)	(314,024)	(240,282)
4. Net actuarial (gain)/ loss recognized in the year	57,335	51,313	903,868	396,497
5. Past service cost	-	-	-	-
6. Net expenses (1+2+3+4+5)	126,220	110,559	1,201,419*	684,858*
Actual return on plan assets	108,673	95,115	326,284	238,905

* Excludes ₹ 186,002 thousands representing one-fifth of the full impact of ₹ 930,010 thousands on account of II Pension Option to the existing employees.

(₹ in thousands)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
1. Current service cost	44,145	28,274	28,921	30,435
2. Interest cost on benefit obligation	43,731	35,207	27,440	20,647
3. Net actuarial (gain)/ loss recognized in the year	62,767	(4,913)	(48,943)	(5,095)
4. Past service cost	-	-	-	-
5. Net expenses (1+2+3+4)	150,643	58,568	7,418	45,987

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Present value of obligation	1,330,975	1,234,076	4,661,367	3,973,341
Fair value of plan assets	(1,314,542)	(1,123,517)	(3,911,137)	(2,699,905)
Liability (Assets)	16,433	110,559	750,230	1,273,436
Liability (Asset) recognized in the Balance Sheet	16,433	110,559	750,230	1,273,436

(₹ in thousands)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Present value of obligation	634,933	484,290	302,158	294,740
Fair value of plan assets	-	-	-	-
Liability (Assets)	634,933	484,290	302,158	294,740
Liability (Asset) recognized in the Balance Sheet	634,933	484,290	302,158	294,740

NOTES TO ACCOUNTS

Changes in the present value of the defined benefit obligation are as follows:

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening defined benefit obligation	1,234,076	1,113,346	3,973,341	3,642,317
Interest cost	108,463	88,883	320,880	276,710
Current service cost	76,229	67,973	290,695	251,933
Past service cost	-	-	-	-
Benefits paid	(137,994)	(84,945)	(839,677)	(592,738)
Actuarial (gains) / losses on obligation	50,201	48,819	916,128	395,119
Closing defined benefit obligation	1,330,975	1,234,076	4,661,367	3,973,341

(₹ in thousands)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening defined benefit obligation	484,290	425,722	294,740	248,753
Interest cost	43,731	35,207	27,440	20,647
Current service cost	44,145	28,274	28,921	30,435
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	62,767	(4,913)	(48,943)	(5,095)
Closing defined benefit obligation	634,933	484,290	302,158	294,740

Changes in the fair value of plan assets are as follows:

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening fair value of plan assets	1,123,517	931,422	2,699,905	2,358,671
Expected return	115,807	97,610	314,024	240,282
Contributions by employer	220,346	181,924	1,724,625	695,067
Benefits paid	(137,994)	(84,945)	(839,677)	(592,738)
Actuarial gains / (losses)	(7,134)	(2,494)	12,260	(1,377)
Closing fair value of plan assets	1,314,542	1,123,517	3,911,137	2,699,905

Experience adjustments:

(₹ in thousands)

Particulars	Gratuity				
	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	1,330,976	1,234,076	1,113,346	964,586	668,621
Plan assets	1,314,542	1,123,517	931,421	608,017	689,308
(Surplus) / deficit	16,434	110,559	181,925	356,569	(20,687)
Experience adjustments on plan liabilities	47,759	(2,436)	101,937	85,021	(36,439)
Experience adjustments on plan assets	(7,134)	(2,494)	10,962	(5,393)	13,915

NOTES TO ACCOUNTS

(₹ in thousands)

Particulars	Pension				
	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	4,661,368	3,973,341	3,642,317	3,684,462	2,045,609
Plan assets	3,911,137	2,699,905	2,358,671	2,215,334	1,254,852
(Surplus) / deficit	750,231	1,273,436	1,283,646	1,469,128	790,757
Experience adjustments on plan liabilities	643,172	117,549	257,991	2,257,216	192,955
Experience adjustments on plan assets	12,260	(1,378)	14,071	9,07,893	(488)

(₹ in thousands)

Particulars	Leave encashment and availment				
	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	937,091	779,030	674,475	654,355	554,454
Plan assets	-	-	-	-	-
(Surplus) / deficit	937,091	779,030	674,475	654,355	554,454
Experience adjustments on plan liabilities	(66,783)	(23,713)	(62,820)	35,535	(30,907)

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 2014	31 March 2013	31 March 2014	31 March 2013
Investments with insurer	100%	100%	100%	100%
Investment in Government/ PSU bonds/securities	-	-	-	-

Principal assumptions used in determining gratuity, pension, leave encashment and leave availment obligations for the Bank's plans are shown below:

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Discount rate (%) p.a.	9.31	8.30	9.03	8.27
Expected rate of return on assets (%) p.a.	9.50	9.50	9.50	9.50
Employee turnover (%) p.a.	1 (IBA), 24 (CTC), 86 (Others)	1 (IBA), 25 (CTC), 71 (Others)	1 (IBA)	1 (IBA)
Salary Escalation Rate (%) p.a.	5.5 (IBA) 10 (CTC) 10 (Others)	3.5 (IBA) 9 (CTC) 9 (Others)	5.5 (IBA)	3.5 (IBA)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Discount rate (%) p.a.	9.03	8.27	9.31	8.30
Expected rate of return on assets (%) p.a.	N.A.	N.A.	N.A.	N.A.
Employee turnover (%) p.a.	1 (IBA)	1 (IBA)	1 (IBA), 24 (CTC)	1 (IBA), 25 (CTC)
Salary Escalation Rate (%) p.a.	5.5 (IBA)	3.5 (IBA)	5.5 (IBA), 10 (CTC)	3.5 (IBA) 9 (CTC)

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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 2014.

- (b) Payments to and Provision for Employees in the profit and loss account for the year ended 31 March 2014 includes one time cost of ₹ 610,857 thousands towards retirement benefits in respect of employees who are under Indian Banks' Association's (IBA) pay structure. The Bank received a letter from Reserve Bank of India dated 24 March 2014 advising it to comply with the Guidance Note on Funding Superannuation Schemes issued by the IBA by increasing the estimated Salary Escalation Rate (SER) from 3.50% to 5.50% for employees under the IBA pay structure. Accordingly, during the year ended 31 March 2014, the Bank revised SER from 3.5% to 5.5% in compliance with the RBI letter. As a result, the profit before tax and profit after tax for the year ended 31 March 2014 are lower by ₹ 610,857 thousands and ₹ 403,227 thousands, respectively.

18.3 Provisions for income taxes during the year

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Provision for income tax	3,196,575	2,882,439
a) Current tax for the year	3,474,512	2,769,256
b) Deferred tax for the year	(277,937)	113,183

18.4 Capital Adequacy Ratio

The Bank's Capital to Risk-weighted Asset Ratio ('Capital Adequacy Ratio') is calculated in accordance with the RBI's Guidelines on "Implementation of Basel III Capital Regulations in India" ('Basel III'). Under the Basel III framework, for the financial year 2013-14, the Bank is required to maintain a minimum capital adequacy ratio of 9% for credit risk, market risk and operational risk, with a minimum Tier I capital ratio of 6.5%.

The Bank's capital adequacy ratio, calculated in accordance with the RBI guidelines under Basel III framework, is as follows:

Particulars	As at 31 March 2014	As at 31 March 2013
	As per Basel III	As per Basel II
Common Equity Tier 1 capital ratio (%)	14.63%	NA
Tier I capital ratio (%)	14.63%	10.49%
Tier II capital ratio (%)	2.13%	2.75%
Total capital ratio (CRAR) (%)	16.76%	13.24%
Percentage of shareholding of the Government of India in public sector banks	-	-
Amount of equity capital raised	19,473,536	1,344,033
Amount of Additional Tier 1 capital raised; of which-		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
Amount of Tier 2 capital raised; of which	-	3,060,000
Debt capital instrument :	-	3,060,000
Preference Share Capital Instruments :	-	-
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

In terms of the RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated 28 March 2013, banks have been advised to disclose capital ratios computed under Basel III Capital Regulations. Accordingly, capital ratios disclosed for Previous year are as computed under Basel II guidelines and are not comparable. Further, in accordance with the RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 1 July 2013, banks are required to make Pillar 3 disclosures under Basel III capital requirements. The Bank has made these disclosures which are available on its website at the following link: www.ingvysyabank.com/basel.

NOTES TO ACCOUNTS

18.5 Investments

18.5.1 Value of Investments

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Gross value of Investments		
a. In India	167,637,392	183,219,258
b. Outside India	-	-
Provisions for depreciation		
a. In India	129,311	136,513
b. Outside India	-	-
Provision for Non-Performing Investments		
a. In India	300,481	300,481
b. Outside India	-	-
Net value of Investments		
a. In India	167,207,600	182,782,264
b. Outside India	-	-

18.5.2 Movement of provisions held towards depreciation on investments

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	436,994	349,890
Add: Provisions made during the year	-	110,081
Less: Write-off/write-back of excess provisions during the year	7,202	22,977
Closing balance	429,792	436,994

18.5.3 Repo transactions (in face value terms)

The details relating to repo transactions during the year ended 31 March 2014 are as follows:

(₹ in thousands)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2014
Securities sold under repos #	884,000	54,552,000	25,561,753	20,332,000
(i) Government securities	884,000	54,552,000	25,561,753	20,332,000
(ii) Corporate debt securities	-	-	-	-
Securities purchased under reverse repos	312,000	22,050,000	545,734	5,755,500
(i) Government securities	312,000	22,050,000	545,734	5,755,500
(ii) 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 2013 are as follows:

(₹ in thousands)

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 #	2,100,000	57,750,000	41,612,452	44,100,000
(i) Government securities	2,100,000	57,750,000	41,612,452	44,100,000
(ii) Corporate debt securities	-	-	-	-
Securities purchased under reverse repos	50,000	22,050,000	2,991,500	22,050,000
(i) Government securities	50,000	22,050,000	2,991,500	22,050,000
(ii) Corporate debt securities	-	-	-	-

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

Includes LAF transactions with RBI which is inclusive of margin.

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18.5.4 Non-SLR investment portfolio

(i) Issuer composition of non SLR investments

The details relating to issuer composition of non- SLR investments as at 31 March 2014 are as follows:

(₹ in thousands)

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	766,500	529,166	-	-	-
Financial Institutions	36,857,280	36,077,767	-	-	-
Banks	-	-	-	-	-
Private Corporates	10,094,552	9,781,923	300,481	1,646,232	4,252,063
Subsidiaries/ Joint Ventures	20,988	20,988	-	-	20,988
Others (Note 1)	14,918,399	14,918,399	-	-	14,918,399
Provision held towards depreciation	(425,197)	-	-	-	-
Total	62,232,522	61,328,243	300,481	1,646,232	19,191,450

- 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 2013 are as follows:

(₹ in thousands)

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	1,553,133	33,333	-	-	-
Financial Institutions	32,445,026	32,445,026	-	-	-
Banks	2,725,807	-	-	-	2,725,807
Private Corporates	3,135,506	3,135,506	3,00,481	964,716	3,054,650
Subsidiaries/ Joint Ventures	20,988	20,988	-	-	20,988
Others (Note 1)	18,213,939	18,213,939	-	-	18,213,939
Provision held towards depreciation	(429,336)	-	-	-	-
Total	57,665,063	53,848,792	3,00,481	964,716	24,015,384

- 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.

(ii) Non-performing non SLR investments

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	300,481	300,481
Additions during the year since April 1	-	-
Reduction during the year	-	-
Closing balance	300,481	300,481
Total provisions held	300,481	300,481

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18.5.5 Sale and transfers to/ from HTM category

The value of sales and transfers of securities to / from HTM category (excluding one-time transfer of securities to/ from HTM category with the approval of the Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sales to the Reserve Bank of India under pre-announced OMO auctions) during the year ended 31 March 2014 does not exceed 5 per cent of the book value of investments held in HTM category at the beginning of the year.

18.6 Off Balance Sheet Items

18.6.1 Derivative contracts

(a) Forward Rate Agreement / Interest Rate Swaps

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
The notional principal of swap agreements	181,015,167	197,961,370
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	543,822	753,329
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with banks (79.69%)	Predominantly with banks (74.36%)
The fair value of the swap book [asset / (liability)]	(581,015)	(405,024)

MTM netted off counterparty wise.

(b) Exchange Traded Interest Rate Derivatives

Exchange Traded Interest Rate Derivatives entered during the year ended 31 March 2014 amounts to ₹ Nil (Previous year: ₹ Nil). There were no Exchange Traded Forward Rate Agreements and Currency Swaps during the year ended 31 March 2014 (Previous year: Nil).

(₹ in thousands)

S. No	Particulars	31 March 2014	31 March 2013
I	The total notional principal amount of exchange traded interest rate derivatives undertaken during the year, (instrument-wise)	-	-
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)	-	-

(c) Currency Swaps

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
The notional principal of swap agreements	64,010,313	48,766,912
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	3,150,220	1,490,518
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	With Banks (39.49%)	Predominantly with Banks (49.1%)
The fair value of the swap book [asset / (liability)]	2,220,450	999,204

MTM netted off counter party wise.

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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 2014 is ₹ 245,025,480 thousands (Previous year ₹ 246,728,281 thousands).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2014

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	65	35,147,716	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	53	27,272,332	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	26	8,250,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	63	21,000,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	91,670,048		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2013

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	82	32,949,902	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	80	33,404,324	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	24	7,000,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	50	17,500,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	90,854,226		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2014

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	74	59,649,060	LIBOR	Fixed Payable vs Floating Receivable
Trading	69	37,045,142	LIBOR	Fixed Receivable vs Floating Payable
Trading	10	6,785,984	LIBOR	Floating Receivable vs Floating Payable
Trading	9	4,439,011	Principal	Fixed Payable
Trading	5	2,126,227	Principal	Fixed Receivable
Trading	26	12,668,078	Principal	Fixed Receivable vs Fixed Payable
Trading	201	13,891,118	Principal	Principal only Swaps
Hedging	2	3,805,759	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,223,877	LIBOR	Fixed Payable vs Floating Receivable
Hedging	2	6,576,986	Principal	Fixed Receivable vs Fixed Payable
Trading	1	1,500,000	EURIBOR	Fixed Payable vs Floating Receivable
	Total	152,711,242		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2013

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	85	52,649,908	LIBOR	Fixed Payable vs Floating Receivable
Trading	89	42,062,480	LIBOR	Fixed Receivable vs Floating Payable
Trading	22	12,680,635	LIBOR	Floating Receivable vs Floating Payable
Trading	23	4,884,841	Principal	Fixed Payable
Trading	7	1,767,952	Principal	Fixed Receivable
Trading	20	6,434,459	Principal	Fixed Receivable vs Fixed Payable
Trading	79	7,848,853	Principal	Principal only Swaps
Hedging	2	3,448,145	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,223,877	LIBOR	Fixed Payable vs Floating Receivable
Hedging	2	2,675,713	Principal	Fixed Receivable vs Fixed Payable
	Total	138,676,863		

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Foreign currency – Cap & Floor for the year ended 31 March 2014

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	2	322,094	LIBOR	Buy Cap
Trading	2	322,095	LIBOR	Sell Cap
	Total	644,189		

Foreign currency – Cap & Floor for the year ended 31 March 2013

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	4	5,884,345	LIBOR	Buy Cap
Trading	3	3,170,096	LIBOR	Sell Cap
Trading	1	2,714,250	LIBOR	Sell Floor
Trading	2	5,428,500	LIBOR	Buy Floor
	Total	17,197,191		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2014 is ₹ 1,639,436 thousands (Previous year ₹ 594,180 thousands), which represents the net mark to market profit/(loss) on swap contracts. As at 31 March 2014 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 77.50% (Previous year: 80.50%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of ₹ 175,932 thousands (Previous year: ₹ 223,149 thousands) 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 2014 on a net basis is ₹ 361,373 thousands (Previous year: ₹ 117,297 thousands). As at 31 March 2014 notional outstanding for outstanding option contracts is ₹ 42,654,828 thousands (Previous year: ₹ 51,731,643 thousands).

The fair value of the Exchange traded Options as at 31 March 2014 on a net basis is ₹ Nil (Previous year: ₹ (1,638) thousands). As at 31 March 2014 notional outstanding for outstanding Exchange traded option contracts is ₹ Nil (Previous year: ₹ 819,135 thousands).

As at 31 March 2014 notional outstanding for outstanding Exchange traded currency futures is ₹ Nil (Previous year: ₹ 162,855 thousands).

18.6.2 Policy on risk exposure in derivatives

Qualitative disclosures:

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

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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:

(₹ in thousands)

Sl. No.	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	14,606,622	10,347,735	-	-
	b) For trading	49,403,691	38,419,176	181,015,167	197,961,370
(ii)	Marked to Market Positions				
	a) Asset (+)	3,518,367	1,725,924	1,411,001	1,289,484
	b) Liability (-)	1,297,917	726,719	1,992,016	1,694,508
(iii)	Credit Exposure	9,422,662	5,823,898	2,884,129	2,804,032
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives	-	-	142,240	182,047
	b) on trading derivatives	23,770	32,323	9,922	8,779
(v)	Maximum and Minimum of 100*PV01 observed during the year #				
	a) on hedging				
	- Maximum		-	286,783	210,427
	- Minimum	-	-	142,240	181,083
	b) on trading		-		
	- Maximum	48,114	59,061	76,885	32,408
	- Minimum	332	413	896	46

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.

18.7 Asset Quality

18.7.1 Movement of Gross Non Performing Advances

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Opening Gross NPAs*	1,213,919	1,495,129
Additions (fresh NPAs) during the year	3,351,664	1,938,626
Total (A)	4,565,583	3,433,755
Less:-		
(i) Upgradations	955,731	1,015,900
(ii) Recoveries (excluding recoveries made from upgraded accounts)	463,076	515,100
(iii) Technical write-offs	517,231	688,836
(iv) Write-offs other than those under (iii) above	-	-
Total (B)	1,936,038	2,219,836
Closing Gross NPAs * (A-B)	2,629,545	1,213,919

*After considering technical write offs.

Closing Gross NPAs before technical write offs – ₹ 6,442,138 thousands (Previous year – ₹ 5,701,800 thousands).

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Movement of Technically written-off advances

(₹ In thousands)

Particulars	31 March 2014	31 March 2013
Opening balance of Technical written-off accounts as at April 1	4,487,854	4,133,563
Add: Technical write-offs during the year	903,945	1,353,274
Sub-total (A)	5,391,799	5,486,837
Less: Reductions from technically written-off accounts during the year (B)**	1,579,206	998,983
Closing balance as at March 31 (A-B)	3,812,593	4,487,854

** Reduction on account of recoveries, write-off, upgradation.

Movement of Net Non Performing Advances

(₹ In thousands)

Particulars	31 March 2014	31 March 2013
Opening Net NPAs ***	91,000	524,922
Additions during the year	971,356	97,404
Reductions (including write offs) during the year	42,319	531,326
Closing Net NPAs***	1,020,037	91,000
NPAs to advances (%) #	0.28	0.03
Provisioning Coverage Ratio (%) #	84.17	98.40

*** After netting off ECGC claims received and held pending adjustments of ₹ 617,828 thousands (Previous year: ₹ 598,380 thousands).

Provision held against the NPA sold of ₹ 50,500 thousands and ₹ 726 thousands 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.

Movement in Provisions for Non Performing Advances

(₹ In thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	524,500	370,236
Additions during the year	984,411	843,100
TOTAL	1,508,911	1,213,336
Less :		
Technical write-offs	903,945	1,353,274
Write back from technically written off accounts	386,714	664,438
Net technical write-offs/write backs during the year	517,231	688,836
Closing Balance	991,680	524,500*

* Inclusive of amount transferred from Suspense Account - Crystallised Receivables on account of crystallised derivative receivables.

18.7.2 Information with respect to loan assets restructured

The details relating to loan assets restructured for the year ended 31 March 2014 are as follows -

₹ in thousands)

S. No	Type of Restructuring →		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification →	Details ↓	Stand-ard	Sub-Standard	Doubtful	Total	Stand-ard	Sub-Standard	Doubtful	Total	Stand-ard	Sub-Standard	Doubt-ful	Total	Stand-ard	Sub-Standard	Doubt-ful	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	11	-	-	11	-	-	-	-	1	-	8	9	12	-	8	20
		Amount outstanding	2,703,871	-	-	2,703,871	-	-	-	-	8,746	-	427,106	435,852	2,712,617	-	427,106	3,139,723
		Provision thereon	71,423	-	-	71,423	-	-	-	-	437	-	-	437	71,860	-	-	71,860
2	Fresh restructuring during the year	No. of borrowers	7	-	-	7	-	-	-	-	2	-	-	2	9	-	-	9
		Amount outstanding	3,837,130	-	-	3,837,130	-	-	-	-	84,586	-	-	84,586	3,921,716	-	-	3,921,716
		Provision thereon	344,900	-	-	344,900	-	-	-	-	4,529	-	-	4,529	349,429	-	-	349,429
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	(5)	-	-	(5)	-	-	-	-	(1)	-	-	(1)	(6)	-	-	(6)
		Amount outstanding	(967,586)	-	-	(967,586)	-	-	-	-	(8,746)	-	-	(8,746)	(976,332)	-	-	(976,332)
		Provision thereon	(10,651)	-	-	(10,651)	-	-	-	-	(437)	-	-	(437)	(11,088)	-	-	(11,088)
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	(1)	-	-	(1)	-	-	-	-	-	-	(2)	(2)	(1)	-	(2)	(3)
		Amount outstanding	(6,405)	-	-	(6,405)	-	-	-	-	-	-	(344,567)	(344,567)	(6,405)	-	(344,567)	(350,972)
		Provision thereon	(143)	-	-	(143)	-	-	-	-	-	-	-	-	(143)	-	-	(143)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	12	-	-	12	-	-	-	-	2	-	4	6	14	-	4	18
		Amount outstanding	4,985,061	-	-	4,985,061	-	-	-	-	84,586	-	20,779	105,365	5,069,647	-	20,779	5,090,426
		Provision thereon	384,513	-	-	384,513	-	-	-	-	4,529	-	-	4,529	389,042	-	-	389,042

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

(₹ in thousands)

The details relating to loan assets restructured for the year ended 31 March 2013 are as follows -

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	-	-	-	23	2	9	34
		Amount outstanding	3,332,405	-	381,129	3,713,534	-	-	-	-	174,346	64,128	455,869	694,343	3,506,751	64,128	835,998	4,407,877
		Provision thereon	164,302	-	-	164,302	-	-	-	-	1,829	129	1,591	3,549	166,131	129	1,591	167,852
2	Fresh restructuring during the year	No. of borrowers	3	-	-	3	-	-	-	-	-	-	-	-	3	-	-	3
		Amount outstanding	493,431	-	-	493,431	-	-	-	-	-	-	-	-	493,431	-	-	493,431
		Provision thereon	30,613	-	-	30,613	-	-	-	-	-	-	-	-	30,613	-	-	30,613
3	Upgradations to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-	-	-	1	-	(1)	-
		Amount outstanding	407,182	-	(381,129)	26,053	-	-	-	-	-	-	-	-	407,182	-	(381,129)	26,053
		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)
		Amount outstanding	(1,407,472)	-	-	(1,407,472)	-	-	-	-	(164,114)	(2,586)	-	(166,700)	(1,571,586)	(2,586)	-	(1,574,172)
		Provision thereon	(92,577)	-	-	(92,577)	-	-	-	-	(1,204)	(129)	-	(1,333)	(93,781)	(129)	-	(93,910)
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	(1)	1	-	-	(1)	1	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	(61,542)	61,434	(108)	-	(61,542)	61,434	(108)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	(1)	-	-	(1)	(1)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(85,583)	(85,583)	-	-	(85,583)	(85,583)
		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
		Amount outstanding	2,703,871	-	-	2,703,871	-	-	-	-	8,746	-	427,106	435,852	2,712,617	-	427,106	3,139,723
		Provision thereon	71,423	-	-	71,423	-	-	-	-	437	-	-	437	71,860	-	-	71,860

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

NOTES TO ACCOUNTS

18.8 Sale of financial assets to Securitisation / Reconstruction Company ('SC/RC') for Asset Reconstruction:

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
(i) No. of accounts sold	1	1
(ii) Aggregate value (net of provision) of accounts sold to SC/RC	-	-
(iii) Aggregate consideration	232,500	17,200
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	232,500	17,200

18.9 Purchase/ sale of non performing assets

A. The Bank did not purchase any non performing assets during the year ended 31 March 2014 (Previous year: Nil).

B. Details of non performing financial assets sold:

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
No. of accounts sold	1	1
Aggregate outstanding, net of provisions/ write offs (₹ in thousands)	-	-
Aggregate consideration received (₹ in thousands)	232,500	17,200

18.10 Provision against standard assets

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Provision towards standard assets during the year	187,500	37,300
Cumulative provision for standard assets as at year end	1,679,000	1,491,500

Provision against standard assets is included in "Other Liabilities and Provisions" in Schedule 5 to the balance sheet.

18.11 Business ratios and other information:

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Interest Income as a percentage to working funds \$	9.52%	9.98%
Non-interest income as a percentage to working funds	1.59%	1.49%
Operating profit as a percentage to working funds \$*	2.06%	2.04%
Return on assets @*	1.20%	1.26%
Business (Deposits plus advances) per employee # (₹ in thousands)	66,600	64,433
Profit per employee # (₹ in thousands)	654	628

\$ Working funds are reckoned as average of total assets as reported to RBI in Form X of Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

@ Return on assets is with reference to average working funds as reported to RBI in Form X.

* Excluding the one time cost of ₹ 610,857 thousands towards retirement benefits as explained in Note 18.2 (b), the operating profit as a percentage of working funds is 2.17% and Return on Assets is 1.28% for 2013-14.

Productivity ratios are based on year-end employee numbers.

NOTES TO ACCOUNTS

18.12 Asset liability management -

Maturity pattern of certain items of assets and liabilities*

Maturity pattern of certain items of assets and liabilities as at 31 March 2014 is set out below:

(₹ in thousands)

	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	3,914,794	25,801,811	32,068,446	22,484,789	51,068,540	71,329,644	79,821,225	45,004,788	79,421,750	1,251,878	412,167,665
Advances	6,561,370	20,162,921	25,191,082	32,187,071	48,231,003	46,084,150	48,394,156	46,441,787	32,681,233	52,353,729	358,288,502
Investments	5,023,916	5,176,125	6,730,635	6,033,451	16,795,071	23,348,274	29,695,171	30,982,693	31,276,922	12,145,342	167,207,600
Borrowings	23,734	31,584	23,009	6,304,222	14,597,113	9,981,882	37,170,762	13,021,639	7,592,749	7,938,076	96,684,770
Foreign Currency assets	4,450,672	6,382,357	526,472	2,397,371	8,608,523	6,023,393	61,435	183,527	-	-	28,633,750
Foreign Currency liabilities	46,762	248,653	164,113	3,714,795	14,381,558	6,811,162	29,191,598	4,219,464	1,678,392	4,878,160	65,334,657

Maturity pattern of certain items of assets and liabilities as at 31 March 2013 is set out below:

(₹ in thousands)

	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	5,236,771	26,074,560	23,562,234	35,226,750	90,627,386	50,440,913	60,647,881	58,182,054	39,379,309	23,962,100	413,339,958
Advances	7,900,261	22,726,485	20,738,133	27,519,570	33,223,217	31,102,390	46,371,553	52,710,669	28,050,944	47,377,048	317,720,270
Investments	6,371,922	28,878,946	5,519,602	11,034,856	28,465,160	13,357,205	21,004,661	28,685,158	21,836,579	17,628,175	182,782,264
Borrowings	8,095	2,106,127	40,780	4,328,013	16,019,775	15,025,490	3,687,577	6,928,783	6,961,792	10,006,150	65,112,582
Foreign Currency assets	858,185	2,490,452	773,177	2,741,552	8,328,118	5,213,281	43,620	-	130,284	-	20,578,669
Foreign Currency liabilities	42,850	2,485,054	122,700	4,205,857	13,037,987	9,334,338	4,090,690	951,018	375,859	4,987,058	39,633,411

* 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.

18.13 Exposures -

(a) Exposure to real estate sector

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
Housing loan eligible for inclusion in priority sector advances	9,623,885	9,879,665
Others	33,974,965	35,815,376
(ii) Commercial real estate		
Fund Based	19,087,804	13,463,954
Non- Fund Based	1,988,990	848,496
(iii) Investment in mortgage backed securities and other securitised exposures		
Residential	235,628	391,943
Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,619,365	12,213,008
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000,000	1,000,000
Total	78,530,637	73,612,442

NOTES TO ACCOUNTS

(b) Exposure to capital market

(₹ in thousands)

Sl. No.	Particulars	As at 31 March 2014	As at 31 March 2013
(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;	517,940	590,263
(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;	1,149,489	2,772,775
(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;	14,219	16,120
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	431,892	132,139
(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		2,113,540	3,511,297

Point (ii) above includes loans to investment companies amounting to ₹ NIL (Previous year: ₹ 2,000,000 thousands) secured by bank deposits.

(c) 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 the Bank's assets. As on the 31 March 2014, the net funded exposure did not exceed 1% of the total assets of the Bank for any country (Previous year – Nil).

(₹ in thousands)

Risk Category	Exposure (net) as at 31 March 2014	Provision held as at 31 March 2014	Exposure (net) as at 31 March 2013	Provision held as at 31 March 2013
Insignificant	1,54,35,546	-	50,18,156	-
Low	14,89,928	-	736,721	-
Moderate	6,23,207	-	1,24,622	-
High	42,497	-	16,462	-
Very high	48,276	-	-	-
Restricted	1,970	-	1,311	-
Off – credit	-	-	-	-
TOTAL	1,76,41,424	-	58,97,272	-

NOTES TO ACCOUNTS

(d) Details of Single Borrower Limit (SBL)/ Group Borrower Limit (GBL) exceeded by the Bank

During the year ended 31 March 2014 and 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.

- i. During the year ended 31 March 2014, with the prior approval of Board of Directors, the Bank exceeded the single borrower limit of 20% of Capital Funds to Aircel Ltd. & Aircel Cellular Ltd. The exposure during the year to Aircel Ltd. & Aircel Cellular Ltd. as a percentage of capital funds stood at 23.54% . However, this was within the additional 5% permitted by RBI as mentioned above.
- ii. 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% , 24.19% and 24.75%, respectively. However, this was within the additional 5% permitted by RBI as mentioned above.

(e) 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).

18.14 Disclosure of penalties levied by RBI on the Bank

During the year 2013-14, RBI imposed an aggregate penalty of ₹ 15,000 thousand vide its letter DBS.CO.Scrutiny Cell No./747/27.01.002/2013-14 dated 12 July 2013 for certain instances of non-adherence to Know Your Customer KYC-AML guidelines issued by RBI. The Bank paid the penalty on 15 July 2013.

Also a penalty of ₹ 49 thousand was imposed by RBI vide its letter PDO.NDS.Bounce/08.03.000/540/2013-14 dated 2 September 2013 for bouncing of SGL deal of ₹ 49,000 thousand on 19 August 2013. The Bank paid the penalty on 5 September 2013.

During the year 2012-13, RBI imposed an aggregate penalty of ₹ 5,500 thousand 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.

18.15 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 consistent with those normally prevalent in such agreements.

Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Not later than one year	50,347	60,874
Later than one year and not later than five years	63,312	78,487
Later than five years	-	-
Total minimum lease rental commitments	113,659	139,361

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 ₹ 862,912 thousands (Previous year: ₹ 800,996 thousands).

NOTES TO ACCOUNTS

Finance leases

The Bank has not taken any assets under finance leases / hire purchase.

18.16 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 release of ₹ 277,937 thousands (Previous year deferred tax charge of ₹ 113,183 thousands) for the current year.

RBI vide its circular DBOD. No.BP.BC.77/21.04.018/2013-14, dated 20 December 2013, advised all the banks that, as a matter of prudence, Deferred Tax Liability should be created on Special Reserve created under section 36(1)(viii) of the Income-tax Act, 1961. Accordingly, tax expense for the year ending 31 March 2014 includes a deferred tax charge of ₹ 81,576 thousands for the year. Further, on the Special Reserve balance of ₹ 747,000 thousands at 31 March 2013, the Bank created a deferred tax liability of ₹ 253,905 thousands by debiting opening Revenue Reserves.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Deferred tax assets		
on account of provisions	1,296,065	833,872
on leave encashment and availment	318,517	252,757
on investments	350,175	454,478
on pension fund	-	40,403
Total deferred tax asset	1,964,757	1,581,510
Deferred tax liabilities		
on depreciation on fixed assets	158,546	142,118
on bad debts claim	160,738	153,432
on Special Reserve U/S 36(1)(viii) of Income Tax Act, 1961	335,481	-
Total deferred tax liability	654,765	295,550
Net deferred tax assets	1,309,992	1,285,960

18.17 Intangibles ("application software") included in "Other fixed assets" in Schedule 10 to the Balance Sheet is as follows -

(₹ in thousands)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	Charge for the year	Deletions	As at 31 March 2014	As at 31 March 2014
Application software	1,138,447	258,663	-	1,397,110	978,189	128,957	-	1,107,146	289,964
Previous year	1,009,422	129,025	-	1,138,447	875,396	102,793	-	978,189	160,258

18.18 Capital (Tier I) raised during the year 2013-14

- During the year 2013-14, the Bank raised Tier I capital of ₹ 18,360,000 thousands by way of Qualified Institutions Placement (QIP) and preferential allotment. Pursuant to the resolution passed by the Shareholders of the Bank, at the Annual General Meeting (AGM) held on 25 June 2013, the Bank on 3 July 2013 allotted 14,394,475 equity shares of face value of ₹ 10/- each by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIBs) and 15,605,525 equity shares of face value of ₹ 10/- each by way of preferential allotment to ING Group for cash at a price of ₹ 612/- including a premium of ₹ 602 per equity, to augment the capital adequacy ratio of the Bank.
- Towards raising the Capital, the Bank incurred expenses of ₹ 91,060 thousands on capital issue expenses like Lead Managers' fees, legal counsels' fee, filing fees etc. As per Section 78 (2) (c) of the Companies Act, 1956, the expense incurred on issue of shares can be applied against the Share Premium. Accordingly the issue expense of ₹ 91,060 thousands has been adjusted against the Securities Premium.

NOTES TO ACCOUNTS

18.19 Provision for legal and other contingencies

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	431,005	403,265
Additions during the year	58,862	39,808
Reversals during the year	47,811	8,810
Amounts utilized	6,885	3,258
Closing Balance	435,171	431,005

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature.

18.20 Related party transactions

A. 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 I

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)

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.

B. Balances payable to/ receivable from related parties of the Bank as on 31 March 2014 -

(Previous year's figures are given in parentheses)

(₹ in thousands)

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
		ING Bank N.V. and its branches	Others		
Deposits	Maximum 71,706 (52,506) Outstanding 45,243 (47,338)	Maximum 1,872,371 (1,095,012) Outstanding 45,331 (332,689)	Maximum 1,721,880 (1,069,586) Outstanding 636,355 (398,725)	Maximum - (-) Outstanding - (-)	Maximum 3,665,957 (2,217,104) Outstanding 726,929 (778,752)
Borrowing	Maximum - (-) Outstanding - (-)	Maximum 58,108,432 (35,385,221) Outstanding 54,717,338 (33,044,331)	Maximum 10,000 (10,000) Outstanding 10,000 (10,000)	Maximum - (-) Outstanding - (-)	Maximum 58,118,432 (35,395,221) Outstanding 54,727,338 (33,054,331)

NOTES TO ACCOUNTS

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
		ING Bank N.V. and its branches	Others		
Balance with banks in current account (Nostro)	Maximum - (-) Outstanding - (-)	Maximum 1,006,823 (-) Outstanding 221,394 (-)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 1,006,823 (-) Outstanding 221,394 (-)
Investment	Maximum 20,988 (20,988) Outstanding 20,988 (20,988)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 20,988 (20,988) Outstanding 20,988 (20,988)
Money at call and short notice	Maximum - (-) Outstanding - (-)	Maximum 11,055,000 (4,058,000) Outstanding 479,320 (2,062,830)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 11,055,000 (4,058,000) Outstanding 479,320 (2,062,830)
Interest accrued but not due (payable)	5,436 (2,199)	130,773 (177,033)	651 (36)	- (-)	136,860 (179,268)
Interest accrued but not due (receivable)	- (-)	3 (34)	- (-)	- (-)	3 (34)
Receiving of services – outstanding	27,695 (21,022)	- (-)	- (-)	- (-)	27,695 (21,022)
Contribution to employee welfare funds- Payable	- (-)	- (-)	766,587 (1,383,995)	- (-)	766,587 (1,383,995)
Bank guarantees	- (-)	5,642,126 (5,352,338)	- (-)	- (-)	5,642,126 (5,352,338)
Letter of Credit / LUTs	- (-)	- (308,358)	- (-)	- (-)	- (308,358)
Derivative transactions – notional outstanding	Maximum - (-) Outstanding - (-)	Maximum 83,778,068 (96,267,976) Outstanding 61,319,754 (79,645,129)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 83,778,068 (96,267,976) Outstanding 61,319,754 (79,645,129)
Forward transactions- notional outstanding	Maximum - (-) Outstanding - (-)	Maximum 34,028,435 (6,500,085) Outstanding 27,603,446 (1,735,311)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 34,028,435 (6,500,085) Outstanding 27,603,446 (1,735,311)

NOTES TO ACCOUNTS

C. Transactions with related parties of the Bank during the year ended 31 March 2014-

(Previous year's figures are given in parentheses)

(₹ in thousands)

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
		ING Bank N.V. and its branches	Others		
Interest paid	3,597 (3,367)	1,402,390 (2,635,804)	40,522 (22,179)	- (-)	1,446,509 (2,661,350)
Interest received	- (-)	722,564 (1,807,769)	- (-)	- (-)	722,564 (1,807,769)
Dividend Received	3,317 (2,211)	- (-)	- (-)	- (-)	3,317 (2,211)
Dividend Paid	- (-)	- (-)	361,373* (262,817)	28 (20)	361,401 (262,837)
Amount received towards share capital and share premium	- (-)	- (-)	9,550,581** (-)	- (-)	9,550,581 (-)
Purchase of securities	- (-)	- (533,154)	- (-)	- (-)	- (533,154)
Sale of securities	- (-)	- (501,964)	- (-)	- (-)	- (501,964)
Reimbursement received	- (-)	11,620 (9,371)	- (-)	- (-)	11,620 (9,371)
Rendering of services	- (-)	150 (9,355)	- (-)	- (-)	150 (9,355)
Reimbursement paid	- (-)	7,105 (7,131)	- (-)	- (-)	7,105 (7,131)
Receiving of services	148,146 (141,474)	14,680 (16,067)	- (-)	- (-)	162,826 (157,541)
Contribution to employee welfare funds - Paid	- (-)	- (-)	2,104,208 (1,018,833)	- (-)	2,104,208 (1,018,833)
Managerial remuneration	- (-)	- (-)	- (-)	26,983 (22,048)	26,983 (22,048)
Commission received	- (-)	78,509 (78,118)	- (-)	- (-)	78,509 (78,118)
Commission paid	- (-)	8,206 (2,308)	- (-)	- (-)	8,206 (2,308)
Loss on Liquidation	- (-)	- (8,709)	- (-)	- (-)	- (8,709)

* Consists of payment to ING Mauritius Holdings ₹ 280,949 thousand (Previous year: ₹ 204,327 thousand) and ING Mauritius Investments I ₹ 80,424 thousand (Previous year : ₹ 58,490 thousand).

** Consists of amount received from ING Mauritius Holdings ₹ 7,424,622 thousand (Previous year: ₹ Nil) and ING Mauritius Investments I ₹ 2,125,959 thousand (Previous year : ₹ Nil).

During the year 2013-14, 110 thousand stock options under "ESOS 2013" scheme have been issued to the MD & CEO (Previous year: 115 thousand options under "ESOS 2010").

NOTES TO ACCOUNTS

18.21 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2014	As at 31 March 2013
Earnings for the year (₹ in thousands)	6,578,512	6,129,576
Basic weighted average number of shares (Nos)	179,671,501	151,884,592
Basic EPS (₹)*	36.61	40.36
Dilutive effect of stock options and shares kept in abeyance (Nos)	2,979,555	4,122,079
Diluted weighted average number of shares (Nos)	182,651,056	156,006,671
Diluted EPS (₹)*	36.02	39.29
Nominal value of shares (₹)	10.00	10.00

* Excluding the one time cost of ₹ 403,227 thousands (net of taxes) towards retirement benefits as explained in Note 18.2 (b), the basic EPS is ₹ 38.86 and diluted EPS is ₹ 38.22 for the year 2013-14.

18.22 Segmental reporting* :

Segment disclosures for the year ended 31 March 2014 -

(₹ in thousands)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2014
Revenue	14,562,720	25,897,161	20,263,518	-	60,723,399
Result	2,455,034	4,211,419	3,111,134	-	9,777,587
Unallocated expenses					-
Operating profit					9,777,587
Income taxes					3,199,075
Extraordinary profit/loss					-
Net profit					6,578,512
Other information	As at 31 March 2014	As at 31 March 2014	As at 31 March 2014	As at 31 March 2014	As at 31 March 2014
Segment assets	203,625,842	247,670,441	147,155,838	-	598,452,121
Unallocated assets					5,680,147
Total assets					604,132,268
Segment liabilities	88,409,442	150,316,913	263,440,700	-	502,167,055
Unallocated liabilities					101,965,213
Total liabilities					604,132,268

Segment disclosures for the year ended 31 March 2013

(₹ in thousands)

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
Revenue	13,872,842	24,656,692	17,355,028	-	55,884,562
Result	1,779,049	4,781,479	2,453,887	-	9,014,415
Unallocated expenses					-
Operating profit					9,014,415
Income taxes					2,884,839
Extraordinary profit/loss					-
Net Profit					6,129,576

NOTES TO ACCOUNTS

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
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	189,956,891	211,678,500	141,071,199	-	542,706,590
Unallocated assets					5,657,848
Total assets					548,364,438
Segment liabilities	57,068,023	168,913,390	245,857,265	-	471,838,678
Unallocated liabilities					76,525,760
Total liabilities					548,364,438

* 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.

18.23 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.

18.24 Provisions and contingencies debited to the profit and loss account include

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Provision for income tax (including deferred tax)	3,196,575	2,882,439
Provision for wealth tax	2,500	2,400
Provision/ write off of non performing advances	984,411	843,100
Depreciation/ write off (write back) of investments (net)	(1,506)	87,104
Provision for standard assets	187,500	37,300
Provision for restructured advances	322,904	(95,456)
Others *	4,507	40,401
Total	4,696,891	3,797,288

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature.

18.25 Floating provision

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

18.26 Draw down from Reserves

During the current year, the Bank has utilized ₹ 91,060 thousands (Previous year ₹ NIL) from the securities premium account for meeting direct expenses relating to the 2013-14 QIP issue.

During the current year, the Bank has created a Deferred Tax Liability ('DTL') on the Special Reserve (u/s 36 (1) (viii) of the Income Tax Act, 1961) as at 31 March 2013 by debiting opening Revenue Reserve by ₹ 253,905 thousands (Previous year: ₹ NIL).

18.27 Customer complaints and awards passed by Banking Ombudsman

1. Customer complaints:

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
No. of complaints pending at the beginning of the year	409	139
No. of complaints received during the year	42,089	35,240
No. of complaints redressed during the year	42,122	34,970
No. of complaints pending at the end of the year	376	409

The above details are as certified by the management.

NOTES TO ACCOUNTS

2. Awards passed by Banking Ombudsman:

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
No. of unimplemented Awards at the beginning of the year	1	-
No. of Awards passed by Banking Ombudsman during the year	-	2
No. of Awards implemented during the year	1	1
No. of unimplemented Awards at the end of the year	-	1

The above details are as certified by the management.

18.28 Letters of comforts issued by the Bank

The Bank has 975 (Previous year: 886) letters of comfort/ undertaking outstanding as on 31 March 2014 of ₹ 16,517,126 thousands (Previous year: ₹ 19,395,750 thousands).

18.29 Fee/ remuneration received from Bancassurance business

(₹ in thousands)

Sr. No.	Nature of Income	Year ended 31 March 2014	Year ended 31 March 2013
1	For selling life insurance policies	414,005	415,266
2	For selling non life insurance policies	40,722	39,743
3	For selling mutual fund products	319,511	282,225
4	Others	-	140
	TOTAL	774,238	737,374

18.30 Concentration of deposits, advances, exposures and NPAs

(a) Concentration of Deposits

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Total deposits of twenty largest depositors *	94,616,798	97,348,674
Percentage of Deposits of twenty largest depositors to Total deposits of the Bank	22.96%	23.55%

* Including Certificate of Deposits issued by the Bank.

(b) Concentration of advances*

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Total advances to twenty largest borrowers	110,795,800	90,479,829
Percentage of advances to twenty largest borrowers to total advances of the Bank	13.84%	13.19%

* Advances are computed as per the definition of credit exposure including derivatives furnished in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14, dated 1 July 2013.

(c) Concentration of exposures*

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Total exposures to twenty largest borrowers / customers	111,295,800	90,479,829
Percentage of exposures to twenty largest borrowers / customers to total exposures of the bank on borrowers / customers	13.46%	12.71%

* Exposures is computed based on credit and investment exposure as prescribed in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14, dated 1 July 2013.

(d) Concentration of NPAs

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Total exposure to top four NPA accounts(funded)	2,089,071	1,929,356

NOTES TO ACCOUNTS

18.31 Sector wise NPAs: Percentage of NPA to total Advances to that sector

Particulars	31 March 2014	31 March 2013
Agriculture and allied activities	4.29%	3.09%
Industry (Micro & small, medium and large)	2.33%	2.27%
Services	0.32%	0.12%
Personal Loans	1.93%	22.31%

18.32 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 2014.

18.33 Off balance sheet SPVs sponsored

There are no off balance sheet SPVs sponsored by the Bank.

18.34 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):

- to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the board,
- to work in close coordination with Risk Management and Review Committee of the Bank, in order to achieve effective alignment between remuneration and risks.
- 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 activities have a material impact on the Bank's risk profile.
- to ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio
- to undertake overall supervision and administration of the compensation structure and policies 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.

NOTES TO ACCOUNTS

- 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:

- the level of fixed remuneration of the Control functions is sufficiently high to ensure qualified and experienced staff can be employed;
- the ratio of fixed remuneration to variable remuneration is weighted in favour of fixed remuneration.
- 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
- at least 50% of the function specific objectives should be met in order to be considered eligible for variable remuneration.

Quantitative Disclosures*

(₹ in thousands)

		Year ended 31 March 2014	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	4
	Remuneration paid to members (Sitting Fee of ₹ 20,000 per meeting for each Independent Director only)	220	120

NOTES TO ACCOUNTS

		Year ended 31 March 2014	Year ended 31 March 2013
b.	i. Number of employees having received a variable remuneration award during the financial year.	5	5
	ii. Number and total amount of sign-on awards made during the financial year.	Nil	Nil
	iii. Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
	iv. Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
c.	i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	7,256 **	Nil
	ii. Total amount of deferred remuneration paid out in the financial year	Nil	Nil
d.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non- deferred.	Fixed - 53,423 Variable - 21,833 (Non- deferred)	Fixed - 48,521 Variable - 29,056 (Non- deferred)
e.	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	7,256	Nil
	ii. Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil	Nil
	iii. Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

* The Quantitative disclosures only cover whole time Directors/Chief Executive Officer/Other Risk takers.

** Represents deferred remuneration in cash.

The remuneration policy, as detailed above under qualitative disclosures, is effective from FY 2012-13. The payments in the year 2013-14 are in line with the same policy guidelines. The quantitative disclosures on remuneration represent actual payment made in the financial year.

18.35 Credit default swaps

The Bank did not deal in any credit default swaps during the year ended 31 March 2014 (Previous year – NIL).

18.36 Dividend appropriation of ₹ 10,823 thousands represents dividend for the financial year 2012-13 on the shares issued under Employee Stock Options Schemes before the record date, as per the Shareholders' approval. Dividend tax includes ₹ 7,492 thousands on account of incremental dividend payout and increase in dividend distribution tax rate for 2012-13.

18.37 Previous year's figures

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan
Chairman

Sanjeev Aga
Chairman

Place : Mumbai
Date : 29 April 2014

Shailendra Bhandari
Managing Director

Vaughn Richtor
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014		31 March 2013	
A) Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary Items	9,777,587		9,014,416	
Adjustments for :				
Depreciation charges	592,596		530,150	
Employee compensation expense (ESOS)	(288)		(473)	
Provision/write off of Advances	984,411		843,100	
(Profit)/Loss on revaluation of investment	269,404		394,032	
Provision for Standard Assets	187,500		37,300	
Other Provisions	333,107		(55,055)	
Lease Adjustment Account	(20,455)		(20,455)	
(Profit)/Loss on Sale of Assets (net)	(1,591)		1,347	
Dividend received from subsidiary	(3,317)		(2,211)	
	12,118,954		10,742,151	
		12,118,954		10,742,151
Adjustments for :				
Decrease / (Increase) in Advances	(41,552,641)		(31,349,406)	
Decrease / (Increase) in Other assets	(613,408)		3,810,540	
Decrease/ (Increase) in Investments	15,305,261		(56,021,300)	
Increase / (Decrease) in Deposits	(1,172,292)		61,385,770	
Increase / (Decrease) in Other liabilities	46,755		2,344,895	
Less: Direct Taxes Paid	(3,436,208)		(3,069,194)	
Net Cash flow used in Operating Activities		(19,303,579)		(12,156,544)
B) Cash Flow from Investing Activities				
Purchase of Fixed assets / leased assets	(848,944)		(517,200)	
Sale of Fixed assets/ Leased assets	22,610		11,432	
Dividend received from subsidiary	3,317		2,211	
Net Cash flow used in Investing Activities		(823,017)		(503,557)
C) Cash Flow from Financing Activities				
Proceeds from issue of shares	337,821		47,296	
Share premium collected	19,132,466		1,290,195	
Dividend Paid	(989,860)		(796,031)	
Increase/(Decrease) in Borrowings	31,572,188		8,147,698	
Net Cash Flow from Financing Activities		50,052,615		8,689,158
Net Increase/ (Decrease) in Cash and Cash Equivalents		29,926,019		(3,970,943)
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)		28,334,660		32,305,603
Cash and Cash equivalents as at the end of the year (Including Money at Call and Short Notice) - (Refer Schedule 6 & 7)		58,260,679		28,334,660

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan
Chairman

Sanjeev Aga
Director

Place : Mumbai
Date : 29 April 2014

Shailendra Bhandari
Managing Director

Vaughn Richtor
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	Name of the Subsidiary Company	ING Vysya Financial Services Limited
2	Financial year of the Subsidiary company ended on	31 March 2014
3	Number of Equity Shares held by ING Vysya Bank Ltd. And/or its nominees in the subsidiary as on 31 March 2014	88,45,100 equity shares of ₹ 2.50 each fully paid up
4	Extent of interest of ING Vysya Bank Ltd in the Capital of the Subsidiary	100%
5	Net Aggregate amount of profits / (Losses) of the Subsidiary so far as it concerns Members of the ING Vysya Bank Limited and is not dealt with in the Accounts of ING Vysya Bank Limited	
	a) for the financial year ended on 31 March 2014	₹ 4,036 thousands
	b) for the previous financial years of the subsidiary since it became a subsidiary	₹ 61,232 thousands
6	Net Aggregate amount of profits/(losses) of the Subsidiary so far as it concerns Members of the ING Vysya Bank Limited dealt with or provided for in the Accounts of ING Vysya Bank Limited	
	a) for the financial year ended on 31 March 2014	₹ 3,317 thousands
	b) for the previous financial years of the Subsidiary since it became a Subsidiary	₹ 138,382 thousands
7	Changes in interest of ING Vysya Bank Limited in the Subsidiary between the end of the Financial Year of the subsidiary and that of ING Vysya Bank Limited	Not applicable

For and on behalf of the Board

Arun Thiagarajan
Chairman

Shailendra Bhandari
Managing Director

Sanjeev Aga
Director

Vaughn Richtor
Director

Place : Mumbai
Date : 29 April 2014

BOARD OF DIRECTORS

Meenakshi A

Director (upto 24 February 2014) and Managing Director and Chief Executive Officer (from 24 February 2014)

Ashok Rao B

Managing Director and Chief Executive Officer (upto 24 February 2014) and Director (from 24 February 2014)

M V S Appa Rao

Director (upto 22 April 2013)

Brett Morgan

Director

Mahesh Dayani

Director (from 22 Apr 2013)

Ellroy Furtado

Company Secretary

Statutory Auditors

M/s. B S R & Co LLP

Chartered Accountants

Maruthi Info – Tech Centre,

11-12/1 Inner Ring Road,

Koramangala,

Bangalore - 560071

Bankers

ING Vysya Bank Limited

Infantry Road,

Bangalore

ING Vysya Financial Services Limited

Registered Office:

“ING Vysya House”

No. 22, M. G. Road

Bangalore – 560 001

Registrars & Share Transfer (R&T) Agents

Karvy Computershare Private Limited

Unit: ING Vysya Financial Services Limited

17-24, Vittal Rao Nagar

Madhapur, Hyderabad – 500 081

Ph : 040-4465 5000

DIRECTORS' REPORT

To

The Shareholders

The Board of Directors have pleasure in presenting the Twenty Seventh Annual Report of your Company together with the audited Statement of Accounts for the year ended 31 March 2014 and Auditors' Report thereon.

PERFORMANCE

Financial results of your Company for the year ended 31 March 2014 are as under:

(₹ in Lakh)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
GROSS INCOME	1522.74	1457.68
Administrative Expenses	1464.33	1394.14
Depreciation	-	-
OPERATING PROFIT (Profit before tax)	58.41	63.54
PROVISION FOR TAX	18.41	19.02
Deferred Tax Charge / (Credit)	(0.36)	0.60
PROFIT AFTER TAX	40.36	43.92

During the year under report, your company recorded a total income of ₹ 1522.74 Lakh as against ₹ 1457.68 Lakh in the previous year. The company has posted Net Profit of ₹ 40.36 Lakh after providing ₹ NIL for depreciation and ₹ 18.05 Lakh for taxation.

DIVIDEND

The Board of Directors are pleased to recommend dividend at the rate of 12.50% i.e. ₹ 0.3125 per equity share of ₹ 2.50 on all the fully paid-up equity shares of the Company to the Shareholders for their approval at the ensuing Annual General Meeting. The outflow on account of the proposed dividend, including the dividend tax, would be ₹ 3259 lakhs.

PERSONNEL

There are no employees whose particulars are required to be furnished under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

HUMAN RESOURCE

During the year Induction programme was introduced for the sales teams. Employees were trained on Compliance, Product features and basics of selling skills. Rewards and recognition events were organized for performing employees.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The operations of the Company do not involve any manufacturing or processing activities. Hence, the requirement to disclose the particulars as per the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption is not applicable to the company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings or outflow during the year under report.

DIRECTORS

- The Board of Directors at its meeting held on 24 February 2014 appointed Ms. Meenakshi A. as the Managing Director & Chief Executive Officer of the Company, without remuneration, for a period of one year effective 24 February 2014. A proposal to appoint Ms. Meenakshi A as Managing Director & CEO, is being placed before the shareholders at the ensuing AGM.
- Mr. Ashok Rao B Director retires by rotation and is eligible for re-appointment.

During the year, the composition of the Board of Directors of the Company was changed with Ms. Meenakshi A being appointed as Managing Director & CEO effective 24 February 2014 in place of Mr. Ashok Rao B. Mr. Ashok Rao B who continued to be a Director. As on date, the composition of the Board of Directors of the Company is as follows:

Managing Director & Chief Executive Officer

Ms. Meenakshi A

Non-Executive Directors

Mr. Ashok Rao B
Mr. Brett Morgan
Mr. Mahesh Dayani

During the year 2013-14, five Board Meetings were held. The dates of the Board meetings held were: 22 April 2013, 17 July 2013, 15 October 2013, 24 January 2014 and 24 February 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors hereby state that –

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT

- (ii) they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31 March 2014 and of the profit of the Company for the year under review;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they had prepared the accounts for the financial year ended 31 March 2014 on a going concern basis.

AUDITORS

M/s. B S R & Co LLP, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment

Subject to the approval of the shareholders, it is proposed to appoint M/s. BSR & Co, LLP Chartered Accountants as Statutory Auditors of the Company for the financial year 2014–15, for the fourth consecutive year. Shareholders are requested to appoint the said auditors and authorize the Board of Directors to fix their remuneration.

REGISTRARS AND SHARE TRANSFER (R&T) AGENTS

Karvy Computer Share Private Limited continues to be the Registrar and Share Transfer Agents for the shares of the company.

OUTLOOK

The main object of the Company is to carry on business of non-fund/ fee based activities of marketing and distribution of various financial products / services of IVBL / other companies, apart from recovery of the old lease rentals due to the Company. The Wealth Management Services of the Company were transferred to its holding Company, ING Vysya Bank Limited, from April 2007. Further, your Company continues to provide the services to the parent company, ING Vysya Bank Limited, as may be required from time to time on a non-exclusive contract basis.

ACKNOWLEDGEMENT

Your Directors thank all the customers, advisors, auditors and advocates for their continued valuable support.

Your Directors place on record their appreciation of the devotion and contribution of the employees at all levels.

Your Directors place on record their gratitude for the overall support extended by the parent company, ING Vysya Bank Limited.

For and on behalf of the Board

Meenakshi A
Managing Director &
Chief Executive Officer

Ashok Rao B
Director

Place : Bangalore
Date : 25 April 2014

INDEPENDENT AUDITORS' REPORT

To

The Members of
ING Vysya Financial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of ING Vysya Financial Services Limited ('the Company'), which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 from material misstatement.

An audit involves performing procedures to obtain audit 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- b. in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, 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. LLP**
Chartered Accountants
Firm's registration number: 101248 W

Mumbai
26 April 2014

Akeel Master
Partner
Membership number: 046768

INDEPENDENT AUDITORS' REPORT

Annexure to the Auditor's report

Annexure referred to in the Auditors' report to the members of ING Vysya Financial Services Limited ('the Company') for the year ended 31 March 2014. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No fixed assets have been disposed-off during the year.
- ii. The Company is a service company, primarily rendering non-fund/fee based activities of marketing and distribution of various financial products/services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventories and sale of goods. We have not observed any major weakness in the internal control system during the course of audit.
- v. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public.
- vii. The Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central government has not prescribed maintenance of cost records under section 209(1) (d) of the Act for the services rendered by the Company.
- ix. (a) According to the information and explanations given to us and on the basis of examination of records of

the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Provident Fund, Employees' State Insurance, Income-tax, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales-tax, Wealth tax, Custom duty, Excise Duty and Investor Education and Protection Fund during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Income-Tax, Sales-tax and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the following dues of Service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Non-payment of service tax under Business Ancillary Services	2,333,991	2003-04	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Non-payment of service tax under Business Ancillary Services	1,702,793	2004-05	Customs, Excise and Service Tax Appellate Tribunal

- x. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

INDEPENDENT AUDITORS' REPORT

- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to companies /firms /parties covered in the register required to be maintained under Section 301 of the Act.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of the audit.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248 W

Mumbai
26 April 2014

Akeel Master
Partner
Membership number: 046768

BALANCE SHEET AS AT 31 MARCH 2014

(In ₹ thousands)			
	Note	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share capital	3.1	22,113	22,113
Reserves and surplus	3.2	62,009	61,232
		84,122	83,345
NON-CURRENT LIABILITIES			
Long-term provisions	3.3	1,077	810
		1,077	810
CURRENT LIABILITIES			
Trade payables	3.4	735	1,155
Other current liabilities	3.5	8,798	7,211
Short-term provisions	3.6	3,929	4,397
		13,462	12,763
TOTAL		98,661	96,918
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3.7		
Tangible assets		-	-
Intangible assets		-	-
Deferred tax asset	3.8	1,082	1,045
Long-term loans and advances	3.9	18,897	25,069
Other non-current assets	3.10	12,500	-
		32,479	26,114
CURRENT ASSETS			
Trade receivables	3.11	27,695	21,022
Cash and bank balance	3.12	32,836	47,481
Other current assets	3.13	5,651	2,301
		66,182	70,804
TOTAL		98,661	96,918
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

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

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Date : 26 April 2014

For and on behalf of the Board of Directors of
ING Vysya Financial Services Limited

Meenakshi A
Managing Director & CEO

Ashok Rao
Director

Ellroy Furtado
Company Secretary

Place : Bangalore
Date : 25 April 2014

STATEMENT OF PROFIT AND LOSS

(In ₹ thousands)			
	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
REVENUE			
Revenue from operations	3.14	148,146	141,474
Other income	3.15	4,128	4,294
Total revenue		152,274	145,768
EXPENSES			
Employee benefits expense	3.16	143,173	136,872
Other expenses	3.17	3,260	2,542
Total expenses		146,433	139,414
Profit before tax		5,841	6,354
Tax expense:			
-Current tax		1,841	1,903
-Deferred tax charge / (credit)		(36)	60
Profit for the year		4,036	4,391
Earnings per equity share:			
Equity shares of par value of ₹ 2.50 each (Previous year ₹ 2.50 each)	3.22		
Basic		0.46	0.50
Diluted		0.46	0.50
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

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

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Date : 26 April 2014

For and on behalf of the Board of Directors of
ING Vysya Financial Services Limited

Meenakshi A
Managing Director & CEO

Ashok Rao
Director

Elroy Furtado
Company Secretary

Place : Bangalore
Date : 25 April 2014

CASH FLOW STATEMENT

	(In ₹ thousands)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flow from operating activities		
Profit before tax	5,841	6,354
Adjustments:		
Interest income	(4,128)	(4,294)
Operating profit before working capital changes	1,713	2,060
Adjustments for changes in:		
Long-term loans and advances	22	22
Other current assets	(112)	916
Trade receivables	(6,673)	(260)
Trade payables	(419)	(951)
Other current liabilities and short term provisions	2,006	(247)
Cash generated from operations	(3,463)	1,540
Add: Net Income tax refund (including interest)	4,838	140
Net cash flow generated by operating activities (a)	1,375	1,680
Cash flow from investing activities		
Interest received	360	2,643
Redemption/maturity of bank deposits (having original maturity of more than three months)	2,500	5,000
Bank deposits (having original maturity of more than three months)	(12,500)	-
Net cash flow generated by investing activities (b)	(9,640)	7,643
Cash flow from financing activities		
Dividend paid to shareholders	(3,317)	(2,211)
Tax on dividend paid	(564)	(359)
Net cash flow used in financing activities (c)	(3,881)	(2,570)
Net increase/(decrease) in cash and cash equivalents (a+b+c)	(12,145)	6,753
Cash and cash equivalents at the beginning of the year	12,481	5,728
Cash and cash equivalents at the end of the year	336	12,481
Other bank balances	32,500	35,000
Cash and bank balances as per balance sheet (Refer note 3.12)	32,836	47,481

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

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

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Date : 26 April 2014

For and on behalf of the Board of Directors of
ING Vysya Financial Services Limited

Meenakshi A
Managing Director & CEO

Elroy Furtado
Company Secretary

Place : Bangalore
Date : 25 April 2014

Ashok Rao
Director

1. Company overview

ING Vysya Financial Services Limited ('the Company') is a 100% subsidiary of ING Vysya Bank Limited ('the Bank'). The Company was incorporated on 4 February 1987 as a public limited company under the Companies Act, 1956 ('the Act') in the name of 'The Vysya Bank Leasing Limited'. In 2002, consequent to discontinuance of leasing business, the Company changed its name to 'Vysya Bank Financial Services Limited' with the object of carrying on business as brokers and agents for marketing and distribution of insurance products and mutual fund units on commission basis. Further in the year 2003, the Company changed its name to 'ING Vysya Financial Services Limited'. At present, the Company is engaged in the business of non-fund / fee based activities of marketing and distribution of various financial products / services of the Bank. The registered office of the Company is situated at Bangalore, Karnataka.

2. Significant accounting policies.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of preparation of financial statements

These financial statements have been prepared and presented on accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act 2013 (to the extent notified and applicable) and the Companies Act 1956 (to the extent applicable), and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian Rupees rounded off to the nearest thousand.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

2.3 Current – non – current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

2.4 Fixed assets

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation is provided on the straight-line method over the estimated useful life of each asset as determined by the management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on office equipment and computers and software has been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV:

Asset category	Rates (SLM)
Office Equipment	20%
Computers & Software	33.33%

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets are recognized in the Statement of profit and loss.

2.5 Revenue recognition

Income received on outsourcing services is recognized based on contractual terms under the accrual basis of accounting.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

2.6 Income taxes

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 Company 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.

2.7 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share, notified under the Companies (Accounting Standards) Rules, 2006. 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.

2.8 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 Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The Company'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 Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of 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 unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by a qualified actuary using the projected unit credit method.

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

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

Compensated Absences

Employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods. The Company 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.

2.9 Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.10 Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash in hand, demand deposits with bank and short-term investments/deposits with an original maturity of three months or less.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.1 Share capital

Particulars	(In ₹ thousands)	
	As at 31 March 2014	As at 31 March 2013
Authorised capital		
40,000,000 (Previous year: 40,000,000) equity shares of ₹ 2.50 each	100,000	100,000
Issued, subscribed and paid-up capital		
8,845,100 (Previous year: 8,845,100) equity shares of ₹ 2.50 each	22,113	22,113
	22,113	22,113

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of equity shareholders are in proportion to their share in the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held after distribution of all preferential amounts. However, no such preferential amounts exist currently.

The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March 2014	As at 31 March 2013
At beginning of the period	8,845,100	8,845,100
Issued during the period	-	-
At the end of the period	8,845,100	8,845,100

Shareholding pattern of the Company

Particulars	As at 31 March 2014		As at 31 March 2013	
	No of Shares	% of Holding	No of Shares	% of Holding
"All shares are held by the holding company, ING Vysya Bank Limited and its nominees."	8,845,100	100%	8,845,100	100%

3.2 Reserves and surplus

Particulars	(In ₹ thousands)	
	As at 31 March 2014	As at 31 March 2013
General reserve		
Opening balance	24,149	23,929
Add: Transfer from surplus	101	220
Closing balance	24,250	24,149
Profit and loss account		
Opening balance	37,083	36,768
Add:- Net profit for the year	4,036	4,390
Less:- Appropriations		
a) Proposed dividend	2,764	3,317
b) Tax on proposed dividend	495	538
c) Transfer to reserves	101	220
Balance carried to balance sheet	37,759	37,083
	62,009	61,232

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.3 Long-term provisions

(In ₹ thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Provision for employee benefits:		
Leave encashment	102	131
Gratuity	975	679
	1,077	810

3.4 Trade payables

(In ₹ thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Provision for expenses	735	1,155
	735	1,155

3.5 Other current liabilities

(In ₹ thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Salary payable	6,262	4,661
Statutory liabilities	1,590	1,602
Contingency deposit	901	901
Others	45	47
	8,798	7,211

3.6 Short-term provisions

(In ₹ thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Provision for employee benefits:		
Leave availment	189	179
Gratuity	506	363
Provision others:		
Provision for dividend	2,764	3,317
Tax on proposed dividend	470	538
	3,929	4,397

3.7 Fixed assets

(In ₹ thousands)

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	For the year	Deductions	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible assets:										
Computers	883	-	-	883	883	-	-	883	-	-
Office equipment	198	-	-	198	198	-	-	198	-	-
	1,081	-	-	1,081	1,081	-	-	1,081	-	-
Intangible assets:										
Computer software	41	-	-	41	41	-	-	41	-	-
	41	-	-	41	41	-	-	41	-	-
Total	1,122	-	-	1,122	1,122	-	-	1,122	-	-
Previous year	1,122	-	-	1,122	1,122	-	-	1,122	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.8 Deferred tax asset

	(In ₹ thousands)	
Particulars	As at 31 March 2014	As at 31 March 2013
Deferred tax asset on -		
Provision for leave availment	90	96
Provision for gratuity	458	322
Depreciation on fixed assets	534	627
	1,082	1,045

3.9 Long-term loans and advances

	(In ₹ thousands)	
Particulars	As at 31 March 2014	As at 31 March 2013
Secured and considered good		
- Loans to employees	93	115
Unsecured and considered good		
- Advance income taxes (net of provision for taxes)	18,529	24,679
- Security deposits	275	275
	18,897	25,069

3.10 Other non-current assets

	(In ₹ thousands)	
Particulars	As at 31 March 2014	As at 31 March 2013
Bank deposits due to mature after 12 months from the reporting date	12,500	-
	12,500	-

3.11 Trade receivables (Unsecured, considered good)

	(In ₹ thousands)	
Particulars	As at 31 March 2014	As at 31 March 2013
Trade receivables (outstanding for a period less than six months)*	27,695	21,022
	27,695	21,022

* Represents amount receivable from the holding company ING Vysya Bank Limited

3.12 Cash and bank balances

	(In ₹ thousands)	
Particulars	As at 31 March 2014	As at 31 March 2013
Cash and cash equivalents		
- Cheques on hand	64	-
- Balance with banks on current accounts	272	12,481
Other bank balances		
- Bank deposit due to mature within 12 months of the reporting date but with original maturity of more than 3 months	32,500	35,000
	32,836	47,481

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.13 Other current assets

(In ₹ thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Interest accrued on bank deposit	5,436	2,199
Others	215	102
	5,651	2,301

3.14 Revenue from operations

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Outsourcing income	148,146	141,474
	148,146	141,474

3.15 Other income

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest income on bank deposits	3,597	3,368
Interest income on income tax refund	531	926
	4,128	4,294

3.16 Employee benefits expense

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries and bonus	129,437	124,430
Contribution to provident fund and other funds	12,673	11,879
Gratuity and compensated absence (refer note 3.24)	806	377
Insurance	216	141
Staff welfare expenses	41	45
	143,173	136,872

3.17 Other expenses

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Professional charges	2,297	1,914
Auditor's remuneration	330	330
Interest on delayed payment of statutory dues	289	-
Travelling and conveyance	140	21
Printing and stationery	52	91
Postage and telegram	18	64
Telephone	66	61
Rates and taxes	54	31
Repairs and maintenance	1	9
Boarding and lodging charges	-	4
Miscellaneous expenses	13	17
	3,260	2,542

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.18 Contingent liabilities and commitments

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Income tax demand for which appeals are pending	857	857
Service tax demand for which appeals are pending	4,037	4,429
	4,894	5,286

3.19 Segment Reporting

The Company's sole business segment is 'outsourcing activities' and only geographical segment is 'India'. The Company considers' business segment as the primary segment and geographical segment based on location of customers as a secondary segment. Since the Company has a single business segment and a single geographical segment, disclosures pertaining to the primary and secondary segments have not been presented.

3.20 Related party transaction

Names of related parties	Nature of relationship
ING Vysya Bank Ltd.	Holding company

Transactions with the related party

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue from operations	148,146	141,474
Interest income	3,597	3,367
Dividend paid	3,317	2,211

Balances receivable from related party

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Trade Receivables	27,695	21,022
Interest accrued on bank deposits	5,436	2,199

Cash and bank balance with the related party

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
In current account	243	12,338
In deposit account	45,000	35,000

3.21 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.22 Earnings per share ('EPS')

Reconciliation of the number of shares used in the computation of basic and diluted earnings per share:

Particulars	As at 31 March 2014	As at 31 March 2013
Weighted average number of equity shares outstanding during the year for computation of basic earnings per share	8,845,100	8,845,100
Weighted average number of equity shares outstanding during the year for computation of diluted earnings per share	8,845,100	8,845,100
Basic and Diluted earnings per share of face value ₹ 2.50 each	0.46	0.50

3.23 Auditors' remuneration (excluding service taxes)

(In ₹ thousands)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
As auditor		
Statutory audit	250	250
Tax audit	50	50
Reimbursement of expenses	30	30
	330	330

3.24 Gratuity and leave benefit plans:

The Company has a defined benefit plan for gratuity and leave. Every employee who has completed five years or more of service is entitled to gratuity at 15 days salary (last drawn salary) for each completed year of service, on leaving the Company.

In the case of leave availment, unutilized leave upto a maximum of 60 days can be carried over and availed in subsequent years of service.

Details of provision for gratuity and leave benefits

(In ₹ thousands)

Particulars	Gratuity		Leave availment	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Present value of obligation	1,481	1,042	291	310
Fair value of plan assets	-	-	-	-
Liabilities (assets)	1,481	1,042	291	310
Unrecognised past service cost	-	-	-	-
Liability (asset) recognized in the balance sheet	1,481	1,042	291	310

Changes in the present value of the defined benefit obligation are as follows:

(In ₹ thousands)

Particulars	Gratuity		Leave availment	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Present value of obligation beginning of the period	1,042	809	310	380
Interest cost on benefit obligation	79	59	29	32
Current service cost	217	97	25	30
Benefits paid	(387)	(214)	-	-
Actuarial (gain) / loss on obligation	530	291	(73)	(132)
Present value of obligation at end of the period	1,481	1,042	291	310

Net employee benefit expense (recognised in Employee cost)

(In ₹ thousands)

Particulars	Gratuity		Leave availment	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Current service cost	217	97	25	30
Interest cost on benefit obligation	79	59	29	32
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/ loss recognised in the year	530	291	(73)	(132)
Net benefit expense	826	447	(19)	(70)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3.25 Experience adjustments

(In ₹ thousands)

Particulars	Gratuity			
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Defined benefit obligation	1,481	1,042	809	1,042
Plan assets	-	-	-	-
(Surplus)/deficit	1,481	1,042	809	1,042
Experience adjustment	643	381	(456)	(93)

(In ₹ thousands)

Particulars	Leave availment			
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Defined benefit obligation	291	310	380	310
Plan assets	-	-	-	-
(Surplus)/deficit	291	310	380	310
Experience adjustment	(45)	(129)	(265)	226

The details of experience adjustments for earlier years as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are provided to the extent available in the valuation reports.

Assumptions for gratuity and leave benefits

Particulars	As at 31 March 2014	As at 31 March 2013
Discount rate per annum		
Gratuity-CTC	9.30%	8.36%
Gratuity-Others	9.27%	8.38%
Leave-CTC	9.30%	8.36%
Expected return on plan assets	N/A	N/A
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006 -08) Ultimate
Future salary increases per annum	5%	5%
Disability	Nil	Nil
Attrition per annum		
Gratuity-CTC	36%	31%
Gratuity-Others	95%	97%
Leave-CTC	36%	31%
Retirement	58 years	58 years

3.26 Previous year figures have been regrouped/reclassified to conform to the current year classification.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants
Firm registration number: 101248W

Akeel Master

Partner
Membership number: 046768

Place : Mumbai
Date : 26 April 2014

For and on behalf of the Board of Directors of
ING Vysya Financial Services Limited

Meenakshi A
Managing Director & CEO

Ashok Rao
Director

Elroy Furtado
Company Secretary

Place : Bangalore
Date : 25 April 2014

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 2014 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 2014;
 - (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 18.2 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 ₹ 186,002 thousands 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. LLP
Chartered Accountants
Firm's Registration No: 101248W

Akeel Master
Partner
Membership No: 046768

Mumbai
29 April 2014

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

(₹ in thousands)

PARTICULARS	SCHEDULE	31 March 2014	31 March 2013
CAPITAL AND LIABILITIES			
Capital	1	1,886,356	1,548,535
Employees' stock options outstanding (net)		5,313	8,850
Reserves and Surplus	2	68,890,067	44,778,673
Deposits	3	412,122,422	413,290,420
Borrowings	4	96,684,770	65,112,581
Other Liabilities and Provisions	5	24,545,029	23,633,140
TOTAL		604,133,957	548,372,199
ASSETS			
Cash and balances with Reserve Bank of India	6	32,951,987	19,447,202
Balance with banks and money at call and short notice	7	25,308,785	8,887,601
Investments	8	167,186,612	182,761,276
Advances	9	358,288,502	317,720,271
Fixed Assets	10	5,247,515	4,998,407
Other Assets	11	15,150,556	14,557,442
TOTAL		604,133,957	548,372,199
Contingent liabilities	12	1,227,393,438	1,215,671,585
Bills for collection		75,282,523	64,384,812
Significant accounting policies	17		
Notes to accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Balance sheet.

As per our report of even date

For B S R & Co. LLP

Firm Registration No. 101248W
Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Place : Mumbai

Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan

Chairman

Place : Mumbai

Date : 29 April 2014

Sanjeev Aga

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)

PARTICULARS	SCHEDULE	31 March 2014	31 March 2013
INCOME			
Interest earned	13	52,052,718	48,616,696
Other income	14	8,667,896	7,266,581
TOTAL		60,720,614	55,883,277
EXPENDITURE			
Interest expended	15	34,517,352	33,226,170
Operating expenses	16	14,925,333	12,726,102
Provisions and contingencies		4,698,696	3,799,251
TOTAL		54,141,381	49,751,523
PROFIT			
Net profit for the year		6,579,233	6,131,754
Consolidated Net Profit / (Loss) for the year attributable to the Group		6,579,233	6,131,754
Add: Brought forward consolidated profit / (loss) attributable to the Group		11,130,030	7,695,423
TOTAL		17,709,263	13,827,177
APPROPRIATIONS			
Transfer to statutory reserve		1,644,628	1,532,394
Transfer to capital reserves		788	16,289
Transfer to Revenue and Other Reserves		101	220
Transfer to / (from) investment reserve		3,565	(2,154)
Transfer to special reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		240,000	160,000
Dividend paid (Refer Note No. 18.29)		10,823	-
Proposed dividend		1,131,813	851,694
Dividend tax (Refer Note No. 18.29)		200,339	138,704
Balance Carried to Consolidated Balance Sheet		14,477,206	11,130,030
TOTAL		17,709,263	13,827,177
Earnings per share (₹ per equity share of face value ₹ 10 each) (Refer Note No. 18.19)			
Basic		36.62	40.37
Diluted		36.02	39.30
Significant accounting policies	17		
Notes to Accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For B S R & Co. LLP

Firm Registration No. 101248W
Chartered Accountants

Akeel Master

Partner
Membership No: 046768

Place : Mumbai
Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan
Chairman

Sanjeev Aga
Director

Place : Mumbai
Date : 29 April 2014

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
350,000,000 (Previous year 350,000,000) equity shares of ₹ 10 each	3,500,000	3,500,000
100,000,000 (Previous year 100,000,000) preference shares of ₹ 10 each	1,000,000	1,000,000
ISSUED CAPITAL		
188,921,110 (Previous year 155,141,130) equity shares of ₹ 10 each	1,889,211	1,551,411
SUBSCRIBED, CALLED-UP AND PAID-UP CAPITAL		
188,635,575 (Previous year 154,853,474) equity shares of ₹ 10 each fully called and paid-up (Refer Note No. 18.16.a)	1,886,356	1,548,535
TOTAL	1,886,356	1,548,535
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVE		
Opening balance	7,169,616	5,637,222
Additions during the year	1,644,628	1,532,394
Total (I)	8,814,244	7,169,616
II. CAPITAL RESERVE		
(a) Revaluation reserve		
Opening balance	1,027,710	1,034,384
Revaluation reserve reversed consequent to sale of assets/ transfer of assets	-	-
Depreciation on revalued assets	(6,675)	(6,674)
Total	1,021,035	1,027,710
(b) Capital Reserve on Consolidation		
Opening balance	1,125	1,125
Less: Deduction on disinvestment of Associate	-	-
Total	1,125	1,125
(c) Others		
Opening balance	1,264,792	1,248,502
Transfer from Profit and Loss Account	788	16,289
Total	1,265,580	1,264,791
TOTAL (II)	2,287,740	2,293,626
III. SECURITIES PREMIUM		
Opening balance	22,858,466	21,561,730
Additions during the year	19,226,775	1,296,736
Deductions during the year (Refer Note No. 18.16.b)	(91,060)	-
Total (III)	41,994,181	22,858,466
IV. REVENUE AND OTHER RESERVES		
(a) Special Reserve (u/s 36 (1) (VIII) of Income Tax Act, 1961)		
Opening balance	747,000	587,000
Additions during the year	240,000	160,000
Total	987,000	747,000

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
(b) Revenue reserves		
Opening balance	579,935	579,715
Additions during the year	101	220
Deductions during the year (Refer Note No. 18.14)	(253,905)	-
Total	326,131	579,935
(c) Investment reserve		
Opening balance	-	2,154
Additions during the year	3,565	-
Deductions during the year	-	(2,154)
Total	3,565	-
TOTAL (IV)	1,316,696	1,326,935
V. BALANCE IN PROFIT AND LOSS ACCOUNT	14,477,206	11,130,030
TOTAL (I to V)	68,890,067	44,778,673
SCHEDULE 3 - DEPOSITS		
A. I. Demand deposits		
i. From banks	4,416,453	4,491,822
ii. From others	65,662,127	68,664,500
II. Savings bank deposits	67,507,888	61,182,730
III. Term deposits		
i. From banks	96,111,752	97,835,495
ii. From others	178,424,202	181,115,873
TOTAL (I to III)	412,122,422	413,290,420
B. I. Deposits of branches in India	412,122,422	413,290,420
II. Deposits outside India	-	-
TOTAL (I and II)	412,122,422	413,290,420
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i. Reserve Bank of India	860,000	1,000,000
ii. Other banks*	1,639,522	2,234,839
iii. Other institutions and agencies ^	32,877,261	25,576,311
II. Borrowings outside India	61,307,987	36,301,431
TOTAL (I and II)	96,684,770	65,112,581

Secured Borrowings included in (I) & (II) above is NIL (Previous year : NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of ₹ 1,639,000 thousands as on 31 March 2014 (Previous year ₹ 2,229,000 thousands).

^ Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of ₹ 10,299,077 thousands as on 31 March 2014 (Previous year ₹ 11,677,150 thousands).

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	6,165,901	5,686,080
II. Inter office adjustments (net)	132,818	69,213
III. Interest accrued	3,397,269	2,205,059
IV. Provision against standard assets	1,679,000	1,491,500
V. Others (including provisions)	13,170,041	14,181,288
TOTAL (I to V)	24,545,029	23,633,140
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (Including foreign currency notes)	5,808,155	5,710,747
II. Balances With Reserve Bank of India		
i. In current account	27,143,832	13,736,455
ii. In other accounts	-	-
TOTAL (I and II)	32,951,987	19,447,202
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
a) In current accounts	1,593,545	1,588,608
b) In other deposit accounts	667,118	67,118
ii) Money at Call and Short Notice		
a) With banks	600,000	500,000
b) With other institutions	13,187,934	3,997,667
TOTAL I	16,048,597	6,153,393
II. Outside India		
i) Current accounts	3,535,909	649,121
ii) In other deposit accounts	-	-
iii) Money at call and short notice	5,724,279	2,085,087
TOTAL II	9,260,188	2,734,208
GRAND TOTAL (I and II)	25,308,785	8,887,601
SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)		
I. Investments in India		
i) Government securities*	104,975,078	125,117,201
ii) Other approved securities	-	-
iii) Shares	517,522	589,848
iv) Debentures and bonds	8,724,447	2,711,637
v) Others @	52,969,565	54,342,590
TOTAL	167,186,612	182,761,276

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2014

		(₹ in thousands)	
	PARTICULARS	31 March 2014	31 March 2013
II. Investments outside India		-	-
	TOTAL	167,186,612	182,761,276
	GROSS INVESTMENTS	167,616,404	183,198,270
	Less: Depreciation/Provision for Investments	(429,792)	(436,994)
	NET INVESTMENTS	167,186,612	182,761,276

* Includes

a) Repo lending of ₹ NIL (Previous year ₹ 22,050,000 thousands) and Net of Repo borrowings of ₹ 19,799,747 thousands (Previous year ₹ 42,452,581 thousands) under the liquidity adjustment facility in line with Reserve Bank of India requirements.

b) Securities costing ₹ 2,470,106 thousands (Previous year ₹ 1,723,054 thousands) pledged for margin requirement.

@ Includes deposits with NABARD, NHB and SIDBI of ₹ 36,077,767 thousands (Previous year ₹ 31,945,026 thousands), PTCs of ₹ 14,793,683 thousands (Previous year ₹ 18,085,084 thousands), Commercial paper of ₹ 98,115 thousands (Previous year ₹ 1,586,673 thousands), Certificate of deposit of ₹ NIL (Previous year ₹ 2,725,807 thousands) and Units of Mutual Funds of ₹ 2,000,000 thousands (Previous year ₹ NIL).

SCHEDULE 9 - ADVANCES (NET OF PROVISIONS)

A.	i) Bills purchased and discounted	9,873,643	12,316,548
	ii) Cash credits, overdrafts and loans repayable on demand	197,820,986	148,683,489
	iii) Term loans	150,593,873	156,720,234
	TOTAL	358,288,502	317,720,271
B.	i) Secured by tangible assets*	338,054,335	294,454,707
	ii) Covered by Bank/Government guarantees	1,465,093	1,157,054
	iii) Unsecured	18,769,074	22,108,510
	TOTAL	358,288,502	317,720,271
* Includes advances secured against book debts			
C. I.	ADVANCES IN INDIA		
	i) Priority sector	122,073,700	109,523,775
	ii) Public sector	28,468	367,817
	iii) Banks	7,724	42,923
	iv) Others	236,178,610	207,785,756
	Total (I)	358,288,502	317,720,271
II.	ADVANCE OUTSIDE INDIA		
	i) Due from Banks	-	-
	ii) Due from Others		
	(a) Bills purchased & discounted	-	-
	(b) Syndicate loans	-	-
	(c) Others	-	-
	Total (II)	-	-
	TOTAL (I and II)	358,288,502	317,720,271

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
Gross block		
At cost at the beginning of the year	4,096,694	4,096,694
Additions during the year	6,833	-
Deductions during the year	-	-
<i>Gross block</i>	<u>4,103,527</u>	<u>4,096,694</u>
Depreciation		
As at the beginning of the year	439,104	384,120
Charge for the year	54,966	54,984
Deductions during the year	-	-
<i>Depreciation to date</i>	<u>494,070</u>	<u>439,104</u>
Net block (A)	<u>3,609,457</u>	<u>3,657,590</u>
Capital Work in Progress (B)	-	-
TOTAL (I) = (A)+(B)	<u>3,609,457</u>	<u>3,657,590</u>
II. Other Fixed Assets (Including Furniture and Fixtures)		
Gross block		
At cost at the beginning of the year	5,427,846	5,039,064
Additions during the year	813,821	464,394
Deductions during the year	(69,389)	(75,612)
<i>Gross block</i>	<u>6,172,278</u>	<u>5,427,846</u>
Depreciation		
As at the beginning of the year	4,402,635	4,004,083
Charge for the year	523,851	462,131
Deductions during the year	(48,370)	(63,579)
<i>Depreciation to date</i>	<u>4,878,116</u>	<u>4,402,635</u>
Net block (A)	<u>1,294,162</u>	<u>1,025,211</u>
Capital Work in Progress (B)	<u>186,912</u>	<u>158,622</u>
TOTAL (II) = (A)+(B)	<u>1,481,074</u>	<u>1,183,833</u>
III. Lease Fixed Assets		
Gross block		
At cost at the beginning of the year	1,540,585	1,540,585
Additions during the year	-	-
Deductions during the year	-	-
<i>Gross block</i>	<u>1,540,585</u>	<u>1,540,585</u>
Depreciation		
As at the beginning of the year	1,456,245	1,435,790
Charge for the year	20,455	20,455
Deductions during the year	-	-
<i>Depreciation to date</i>	<u>1,476,700</u>	<u>1,456,245</u>
Net block (A)	<u>63,885</u>	<u>84,340</u>
Lease adjustment account (B)	<u>330,748</u>	<u>310,293</u>
Provision / Write-off of NPAs (C)	<u>(237,649)</u>	<u>(237,649)</u>
Capital Work in Progress (D)	-	-
TOTAL (III) = (A)+(B)+(C)+(D)	<u>156,984</u>	<u>156,984</u>
GRAND TOTAL (I to III)	<u>5,247,515</u>	<u>4,998,407</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 11 - OTHER ASSETS		
I. Inter office adjustment (net)	-	-
II. Interest accrued	2,891,435	2,652,950
III. Tax paid in advance and tax deducted at source (net of provisions)	1,900,506	1,666,377
IV. Stationery and stamps	14,254	14,226
V. Non-banking assets acquired in satisfaction of claims (net)	-	-
VI. Others #	10,344,361	10,223,889
TOTAL	15,150,556	14,557,442

Includes deferred tax assets of ₹ 1,311,074 thousands (Previous year ₹ 1,287,007 thousands). (Refer Note No. 18.14).

SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	8,354	-
II. Liability for partly paid investments	-	-
III. Liability on account of Outstanding Foreign Exchange Contracts *@	830,734,943	814,215,910
IV. Liability on account of Outstanding Derivative Contracts *@	287,680,309	299,279,059
V. Guarantees given on behalf of constituents		
a) In India	76,723,107	76,139,332
b) Outside India	6,680,639	6,164,382
VI. Acceptances, Endorsements and Other Obligations	23,594,073	18,885,797
VII. Other items for which the bank is contingently liable	1,972,013	987,105
TOTAL	1,227,393,438	1,215,671,585

* Represent notional amounts

@ Long term forward exchange contracts amounting to ₹ 14,624,443 thousands (Previous year ₹ 8,598,044 thousands) are managed as derivatives and accordingly reflected under liability on account of derivative contracts.

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)

PARTICULARS	31 March 2014	31 March 2013
SCHEDULE 13 - INTEREST EARNED		
i. Interest/Discount on advances/bills	37,878,454	35,498,112
ii. Income on investments	13,999,494	13,065,663
iii. Interest on balances with RBI and other inter bank funds	21,611	18,242
iv. Others	153,159	34,679
TOTAL	52,052,718	48,616,696
SCHEDULE 14 - OTHER INCOME		
i. Commission, exchange and brokerage	5,207,350	4,793,706
ii. Profit/ (Loss) on sale of investments (Net)	560,735	308,153
iii. Profit on revaluation of investments (Net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other fixed assets (net)	1,591	(1,347)
v. Profit on exchange / derivative transactions (net)	2,243,065	1,680,052
vi. Income earned by way of dividends from Subsidiaries/Companies and Joint Ventures abroad/in India	13,708	7,029
vii. Lease income	-	-
Add: Lease equalisation	20,455	20,455
Less: Depreciation	(20,455)	(20,455)
viii. Miscellaneous income #	641,447	478,988
TOTAL	8,667,896	7,266,581

Includes recovery from written off accounts amounting to ₹ 366,223 thousands (Previous year ₹ 123,526 thousands)

SCHEDULE 15 - INTEREST EXPENDED		
i. Interest on Deposits	27,076,534	25,787,884
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	2,438,991	3,926,654
iii. Others (including interest on Tier II Bonds)	5,001,827	3,511,632
TOTAL	34,517,352	33,226,170

SCHEDULE 16 - OPERATING EXPENSES		
i. Payments to and provisions for employees (Refer Note No. 18.3.b)	9,177,190	7,643,650
ii. Rent, taxes and lighting	1,192,969	1,099,978
iii. Printing and stationery	162,978	133,832
iv. Advertisement and publicity	28,685	58,138
v. Depreciation on bank's property	572,141	509,695
vi. Directors' fees, allowances and expenses	5,366	5,127
vii. Auditors' fees and expenses	7,831	7,297
viii. Law charges	35,987	29,226
ix. Postage, telegrams, telephones	253,261	235,383
x. Repairs and maintenance	365,717	327,048
xi. Insurance	429,925	317,421
xii. Other expenditure	2,693,283	2,359,307
TOTAL	14,925,333	12,726,102

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, income and expenses and disclosure of contingent liabilities as 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 2014. 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. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

SIGNIFICANT ACCOUNTING POLICIES

- d. Interest income on investments in Pass Through Certificates (PTCs) is recognized at their effective interest rate
- e. 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.
- f. Arrangership/ syndication fee is accounted for on completion of the agreed service and when right to receive the same is established.
- g. 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.

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.41/21.04.141/2013-14 dated 23 August 2013, the investment in SLR securities under this category is permitted to a maximum of 24.50% of Net 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.

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.

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.

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

Valuation of Investments:

Valuation of investments is undertaken in accordance with the Guidelines on "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI.

- 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 ₹ 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.
- e. Treasury bills, Commercial papers and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Accounting for REPO and Reverse REPO:

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.

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;
- b) at 1.00% on Commercial Real Estate (CRE) sector;
- c) at 2.00% on housing loans at teaser rates;
- d) at 3.50% on restructured advances as on 31 May 2013; and
- e) at 5.00% on new restructured advances.

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 and impairment, if any, 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 duties), 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.

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.

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 which is higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. 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 ₹ 100,000 and other items whose actual cost does not exceed ₹ 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 vest 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 on the stock exchange on which the shares of the Bank are listed, immediately prior to the date of the Board of Directors meeting in which the options are granted. 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 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

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. 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 and notified under the Companies (Accounting Standards) Rules, 2006.

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 and notified under the Companies (Accounting Standards) Rules, 2006. 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 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.

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

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 18 April 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 ₹ 5 crores and in respect of customers where average turnover in the last 3 years does not exceed ₹ 50 crores. 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 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.

NOTES TO ACCOUNTS

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 2014	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 ₹ 10 each are earmarked under the scheme to be allotted during the period (extended or otherwise) 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 2014 and 31 March 2013 are as under:

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average exercise Price (In ₹)	Number of Options	Weighted Average exercise Price (In ₹)
Options outstanding at the beginning of the year	117,858	180.34	220,059	174.05
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	44,278	178.00	95,308	166.51
Less: Forfeited / lapsed during the year	4,340	166.95	6,893	170.70
Options outstanding at the end of the year	69,240	182.67	117,858	180.34

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 ₹ 10 each are earmarked under the scheme to be allotted during the period (extended or otherwise) 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 2014 and 31 March 2013 are as under:

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average exercise Price (In ₹)	Number of Options	Weighted Average exercise Price (In ₹)
Options outstanding at the beginning of the year	2,100,900	264.84	5,088,280	257.43
Add: Granted during the year	7,54,000	603.70	18,000	414.25
Less: Exercised during the year	1,257,449	264.21	2,955,930	252.65
Less: Forfeited / lapsed during the year	95,600	538.23	49,450	285.21
Options outstanding at the end of the year	1,501,851	418.09	2,100,900	264.84

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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 ₹ 10 each are earmarked under the scheme to be allotted during the period (extended or otherwise) 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 2014 and 31 March 2013 are as under:

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average exercise Price (In ₹)	Number of Options	Weighted Average exercise Price (In ₹)
Options outstanding at the beginning of the year	8,591,380	351.80	6,745,225	340.83
Add: Granted during the year	1,272,000	603.70	4,146,000	365.30
Less: Exercised during the year	2,478,253	347.48	1,678,255	342.49
Less: Forfeited / lapsed during the year	426,955	374.33	621,590	348.05
Options outstanding at the end of the year	6,958,172	398.00	8,591,380	351.80

ESOS 2013

The employee stock option scheme ("ESOS 2013" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 28 January 2013 and by the shareholders at the AGM held on 25 June 2013. A total of 7,500,000 equity shares of ₹ 10 each are earmarked under the scheme for allotment during the period (extended or otherwise) the scheme is in force. These options vest over a period of three years from the date of grant i.e., 33% in 1st year; 33% in 2nd year and 34% 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 2013 during the year ended 31 March 2014 and 31 March 2013 are as under:

Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
	Number of Options	Weighted Average exercise Price (In ₹)	Number of Options	Weighted Average exercise Price (In ₹)
Options outstanding at the beginning of the year	-	-	-	-
Add: Granted during the year	942,700	606.23	-	-
Less: Exercised during the year	-	-	-	-
Less: Forfeited / lapsed during the year	53,550	603.70	-	-
Options outstanding at the end of the year	889,150	606.38	-	-

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 2014 are:

Scheme	Exercise price (In ₹)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In ₹)
ESOS 2005 Tranche I	124.00	2,450	0.75	124.00
ESOS 2005 (Loyalty Options)	184.82	66,790	0.57	184.82
ESOS 2007	134.70 - 603.70	1,501,851	4.81	418.09
ESOS 2010	322.55 - 603.70	6,958,172	5.10	398.00
ESOS 2013	578.10 - 633.60	889,150	6.29	606.38

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The details of exercise price and remaining contractual life of stock options outstanding as at 31 March 2013 are:

Scheme	Exercise price (In ₹)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In ₹)
ESOS 2005 Tranche I	124.00	8,688	1.32	124.00
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
ESOS 2013	-	-	-	-

The weighted average share price for all options exercised during the year was ₹ 317.79 per share (Previous year: ₹ 478.00 per share).

All options under each scheme when exercised are settled through issue of equity shares.

Employee Compensation Cost

The Group 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

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Net profit (as reported)	6,579,233	6,131,754
Add : Stock-based employee compensation expense included in net income	(288)	(473)
Less: Stock-based compensation expense determined under fair value based method (proforma)	499,492	412,898
Net profit (proforma)	6,079,453	5,718,383

Impact on Earnings Per Share

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Declared in the financial statements		
Basic (₹)	36.62	40.37
Diluted (₹)	36.02	39.30
Revised EPS		
Basic (₹)	33.84	37.65
Diluted (₹)	33.28	36.65

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010	ESOS 2013
	Tranche I	Loyalty option			
Risk free interest rate**	6.68%	7.74%	5.35% - 9.25%	6.49% - 8.38%	7.61 - 8.66%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year	1 Yr
Expected Volatility (%)	31.62	45.23	23.68 - 51.58	23.68 - 38.72	31.52
The price of the underlying share in market at the time of option grant (as per NSE) (₹)	162.60	262.60	134.70 - 603.70	322.55 - 603.70	578.10 - 633.60

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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 2014 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010	ESOS 2013
	Tranche I	Loyalty option			
Option price at the date of grant (₹)	82.58	135.34	54.90-223.87	71.29-223.87	145.08-245.47
Weighted average Fair Value of the options at the date of grant (₹)	82.58	135.34	149.91	130.28	188.88

18.3 Employee benefits

Provident fund plan

The Group has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to ₹ 165,674 thousands (Previous year ₹ 141,813 thousands) for the year ended 31 March 2014.

Gratuity, Pension and Leave Benefit plans

The Group has defined benefit plans in respect of Gratuity, Pension and Leave. The Gratuity and Pension schemes of the Bank 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 ₹ 1,217,310 thousands being ₹ 287,300 thousands on account of II Pension Option to retired/ separated employees and ₹ 930,010 thousands on account of II Pension Option to existing employees.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of ₹ 1,217,310 thousands 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 ₹ 287,300 thousands on account of II Pension Option to retired/ separated employees and ₹ 186,002 thousands 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 ₹ 186,002 thousands (Previous year ₹ 186,002 thousands) 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 ₹ 186,002 thousands (Previous year ₹ 372,004 thousands) on account of II Pension Option to existing employees shall be provided over the next one year.

Had the RBI Letter not been issued, the profit of the Group in the current year would have been lower by ₹ 186,002 thousands (Previous year ₹ 372,004 thousands) pursuant to application of the requirements of Revised AS-15.

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(a) 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)

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
1. Current service cost	76,446	68,070	290,695	251,933
2. Interest cost on benefit obligation	108,542	88,942	320,880	276,710
3. Expected return on plan assets	(115,807)	(97,610)	(314,024)	(240,282)
4. Net actuarial (gain)/ loss recognized in the year	57,865	51,604	903,868	396,497
5. Past service cost	-	-	-	-
6. Net expenses (1+2+3+4+5)	127,046	111,006	1,201,419*	684,858*
Actual return on plan assets	108,673	95,115	326,284	238,905

* Excludes ₹ 186,002 thousands representing one-fifth of the full impact of ₹ 930,010 thousands on account of II Pension Option to the existing employees.

(₹ in thousands)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
1. Current service cost	44,145	28,274	28,946	30,465
2. Interest cost on benefit obligation	43,731	35,207	27,469	20,679
3. Net actuarial (gain)/ loss recognized in the year	62,767	(4,913)	(49,016)	(5,227)
4. Past service cost	-	-	-	-
5. Net expenses (1+2+3+4)	150,643	58,568	7,399	45,917

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Present value of obligation	1,332,456	1,235,117	4,661,367	3,973,341
Fair value of plan assets	(1,314,542)	(1,123,517)	(3,911,137)	(2,699,905)
Liability (Assets)	17,914	111,600	750,230	1,273,436
Liability (Asset) recognized in the Balance Sheet	17,914	111,600	750,230	1,273,436

(₹ in thousands)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Present value of obligation	634,933	484,291	302,449	295,050
Fair value of plan assets	-	-	-	-
Liability (Assets)	634,933	484,291	302,449	295,050
Liability (Asset) recognized in the Balance Sheet	634,933	484,291	302,449	295,050

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Changes in the present value of the defined benefit obligation are as follows:

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening defined benefit obligation	1,235,117	1,114,155	3,973,341	3,642,317
Interest cost	108,542	88,941	320,880	276,710
Current service cost	76,446	68,070	290,695	251,933
Past service cost	-	-	-	-
Benefits paid	(138,380)	(85,159)	(839,677)	(592,738)
Actuarial (gains) / losses on obligation	50,731	49,110	916,128	395,119
Closing defined benefit obligation	1,332,456	1,235,117	4,661,367	3,973,341

(₹ in thousands)

Particulars	Leave Encashment		Leave Availment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening defined benefit obligation	484,290	425,722	295,050	249,133
Interest cost	43,731	35,207	27,469	20,679
Current service cost	44,145	28,274	28,946	30,465
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	62,767	(4,913)	(49,016)	(5,227)
Closing defined benefit obligation	634,933	484,290	302,449	295,050

Changes in the fair value of plan assets are as follows:

(₹ in thousands)

Particulars	Gratuity		Pension	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Opening fair value of plan assets	1,123,517	931,422	2,699,905	2,358,671
Expected return	115,807	97,610	314,024	240,282
Contributions by employer	220,346	182,138	1,724,625	695,067
Benefits paid	(137,994)	(85,159)	(839,677)	(592,738)
Actuarial gains / (losses)	(7,134)	(2,494)	12,260	(1,377)
Closing fair value of plan assets	1,314,542	1,123,517	3,911,137	2,699,905

Experience adjustments

(₹ in thousands)

Particulars	Gratuity				
	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	1,332,457	1,235,117	1,114,155	965,628	669,785
Plan assets	1,314,542	(1,123,517)	931,421	608,017	689,308
(Surplus) / deficit	17,915	111,600	182,734	357,611	(19,523)
Experience adjustments on plan liabilities	48,402	(2,055)	101,481	84,928	(35,624)
Experience adjustments on plan assets	(7,134)	(2,494)	10,962	(5,393)	13,915

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(₹ in thousands)

Particulars	Pension				
	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	4,661,368	3,973,341	3,642,317	3,684,462	2,045,609
Plan assets	3,911,137	2,699,905	2,358,671	2,215,334	1,254,852
(Surplus) / deficit	750,231	1,273,436	1,283,646	1,469,128	790,757
Experience adjustments on plan liabilities	643,172	117,549	257,991	2,257,216	192,955
Experience adjustments on plan assets	12,260	(1,377)	14,071	907,893	(488)

(₹ in thousands)

Particulars	Leave encashment and availment				
	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	937,382	779,341	674,475	654,914	554,676
Plan assets	-	-	-	-	-
(Surplus) / deficit	937,382	779,341	674,475	654,914	554,676
Experience adjustments on plan liabilities	(66,828)	(23,842)	(62,820)	36,761	(30,944)
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 2014	31 March 2013	31 March 2014	31 March 2013
Investments with insurer	100%	100%	100%	100%
Investment in Government/ PSU bonds/securities	-	-	-	-

Principal assumptions used in determining gratuity, pension, leave encashment and leave availment obligations for the Group's plans are shown below: -

Particulars	Gratuity			
	31 March 2014		31 March 2013	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	9.31	9.3 (CTC) 9.27 (Others)	8.30 (IBA, CTC), 9.5 (Others)	8.36 (CTC) 8.38 (Others)
Expected rate of return on assets (%)	9.50	-	9.50	-
Employee turnover (%) p.a.	1 (IBA), 24 (CTC), 86(Others)	36 (CTC), 95 (Others)	1 (IBA), 25(CTC), 71 (Others)	31 (CTC), 97 (Others)
Salary Escalation Rate (%) p.a	5.5 (IBA), 10(CTC), 10(Others)	5	3.5(IBA), 9 (CTC), 9 (Others)	5

Particulars	Pension			
	31 March 2014		31 March 2013	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	9.03	-	8.27	-
Expected rate of return on assets (%)	9.50	-	9.50	-
Employee turnover (%) p.a.	1 (IBA)	-	1 (IBA)	-
Salary Escalation Rate (%) p.a	5.5 (IBA)	-	3.5 (IBA)	-

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Particulars	Leave Encashment			
	31 March 2014		31 March 2013	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	9.03	-	8.27	-
Expected rate of return on assets (%)	NA	-	N.A	-
Employee turnover (%) p.a.	1 (IBA)	-	1 (IBA)	-
Salary Escalation Rate (%) p.a.	5.5 (IBA)	-	3.5 (IBA)	-

Particulars	Leave Availment			
	31 March 2014		31 March 2013	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	9.31	9.30	8.30	8.36
Expected rate of return on assets (%)	N.A.	N.A	N.A	N.A
Employee turnover (%) p.a.	1 (IBA), 24 (CTC)	36.00	1 (IBA), 25 (CTC)	31.00
Salary Escalation Rate (%) p.a.	5.5 (IBA), 10 (CTC)	5.00	3.5 (IBA), 9 (CTC)	5.00

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 Group is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2014.

- (b) Payments to and Provision for Employees in the profit and loss account for the year ended 31 March 2014 includes one time cost of ₹ 610,857 thousands towards retirement benefits in respect of employees who are under Indian Banks' Association's (IBA) pay structure. The Bank received a letter from Reserve Bank of India dated 24 March 2014 advising it to comply with the Guidance Note on Funding Superannuation Schemes issued by the IBA by increasing the estimated Salary Escalation Rate (SER) from 3.50% to 5.50% for employees under the IBA pay structure. Accordingly, during the year ended 31 March 2014, the Bank revised SER from 3.5% to 5.5% in compliance with the RBI letter. As a result, the profit before tax and profit after tax for the year ended 31 March 2014 are lower by ₹ 610,857 thousands and ₹ 403,227 thousands, respectively.

18.4 Provisions for income taxes during the year

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Provision for income tax	3,198,380	2,884,402
a) Current tax for the year	3,476,353	2,771,160
b) Deferred tax for the year	(277,973)	113,242

18.5 Investments

18.5.1 Value of Investments

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Gross value of Investments		
a. In India	167,616,404	183,198,270
b. Outside India	-	-
Provisions for depreciation		
a. In India	129,311	136,513
b. Outside India	-	-
Provision for Non –Performing Investments		
a. In India	300,481	300,481
b. Outside India	-	-
Net value of Investments		
a. In India	167,186,612	182,761,276
b. Outside India	-	-

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18.5.2 Movement of provisions held towards depreciation on investments

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	436,994	349,890
Add: Provisions made during the year	-	110,081
Less: Write-off/write-back of excess provisions during the year	7,202	22,977
Closing balance	429,792	436,994

18.5.3 Non-performing non SLR investments

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	300,481	300,481
Additions during the year	-	-
Reduction during the year	-	-
Closing balance	300,481	300,481
Total provisions held	300,481	300,481

18.6 Off Balance Sheet Items

18.6.1 Derivative contracts

(a) Forward Rate Agreements / Interest Rate Swaps

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
The notional principal of swap agreements	181,015,167	197,961,370
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	543,822	753,329
Collateral required by the Group upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with banks (79.69%)	Predominantly with banks (74.36%)
The fair value of the swap book [asset / (liability)]	(581,015)	(405,024)

MTM netted off counterparty wise.

(b) Exchange Traded Interest Rate Derivatives

Exchange Traded Interest Rate Derivatives entered during the year ended 31 March 2014 amounts to ₹ Nil (Previous year: ₹ Nil). There were no Exchange Traded Forward Rate Agreements and Currency Swaps during the year ended 31 March 2014 (Previous year : ₹ Nil).

(₹ in thousands)

S. No.	Particulars	31 March 2014	31 March 2013
I	The total notional principal amount of exchange traded interest rate derivatives undertaken during the year,(instrument-wise)	-	-
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)	-	-

(c) Currency Swaps

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
The notional principal of swap agreements	64,010,313	48,766,912
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	3,150,220	1,490,518
Collateral required by the Group upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	With Banks (39.49%)	Predominantly with Banks (49.1%)
The fair value of the swap book [asset / (liability)]	2,220,450	999,204

MTM netted off counter party wise.

The Group 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 2014 is ₹ 245,025,480 thousands (Previous year ₹ 246,728,281 thousands).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2014

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	65	35,147,716	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	53	27,272,332	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	26	8,250,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	63	21,000,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	91,670,048		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2013

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	82	32,949,902	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	80	33,404,324	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	24	7,000,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	50	17,500,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	90,854,226		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2014

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	74	59,649,060	LIBOR	Fixed Payable vs Floating Receivable
Trading	69	37,045,142	LIBOR	Fixed Receivable vs Floating Payable
Trading	10	6,785,984	LIBOR	Floating Receivable vs Floating Payable
Trading	9	4,439,011	Principal	Fixed Payable
Trading	5	2,126,227	Principal	Fixed Receivable
Trading	26	12,668,078	Principal	Fixed Receivable vs Fixed Payable
Trading	201	13,891,118	Principal	Principal only Swaps
Hedging	2	3,805,759	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,223,877	LIBOR	Fixed Payable vs Floating Receivable
Hedging	2	6,576,986	Principal	Fixed Receivable vs Fixed Paid
Trading	1	1,500,000	EURIBOR	Fixed Payable vs Floating Receivable
	Total	152,711,242		

NOTES TO ACCOUNTS

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2013

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	85	52,649,908	LIBOR	Fixed Payable vs Floating Receivable
Trading	89	42,062,480	LIBOR	Fixed Receivable vs Floating Payable
Trading	22	12,680,635	LIBOR	Floating Receivable vs Floating Payable
Trading	23	4,884,841	Principal	Fixed Payable
Trading	7	1,767,952	Principal	Fixed Receivable
Trading	20	6,434,459	Principal	Fixed Receivable vs Fixed Payable
Trading	79	7,848,853	Principal	Principal only Swaps
Hedging	2	3,448,145	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,223,877	LIBOR	Fixed Payable vs Floating Receivable
Hedging	2	2,675,713	Principal	Fixed Receivable vs Fixed Payable
	Total	138,676,863		

Foreign currency – Cap & Floor for the year ended 31 March 2014

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	2	322,094	LIBOR	Buy Cap
Trading	2	322,095	LIBOR	Sell Cap
	TOTAL	644,189		

Foreign currency – Cap & Floor for the year ended 31 March 2013

Nature	Number	Notional Principal (₹ in thousands)	Benchmark	Terms
Trading	4	5,884,345	LIBOR	Buy Cap
Trading	3	3,170,096	LIBOR	Sell Cap
Trading	1	2,714,250	LIBOR	Sell Floor
Trading	2	5,428,500	LIBOR	Buy Floor
	Total	17,197,191		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2014 is ₹ 1,639,436 thousands (Previous year ₹ 594,180 thousands), which represents the net mark to market profit/(loss) on swap contracts. As at 31 March 2014 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 77.50% (Previous year: 80.50%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of ₹ 175,932 thousands (Previous year: ₹ 223,149 thousands) 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 2014 on a net basis is ₹ 361,373 thousands (Previous year: ₹ 117,297 thousands). As at 31 March 2014 notional outstanding for outstanding option contracts is ₹ 42,654,828 thousands (Previous year: ₹ 51,731,643 thousands).

The fair value of the Exchange traded Options as at 31 March 2014 on a net basis is ₹ Nil (Previous year: ₹ (1,638) thousands). As at 31 March 2014 notional outstanding for outstanding Exchange traded option contracts is ₹ Nil (Previous year: ₹ 819,135 thousands).

As at 31 March 2014 notional outstanding for outstanding Exchange traded currency futures is ₹ Nil (Previous year: ₹ 162,855 thousands).

18.6.2 Policy on risk exposure in derivatives

Qualitative disclosures:

The Group 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 Group's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Group 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 Group to risks such as credit risk and market risk. Credit risk implies probable financial loss the Group may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Group 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 Group on a back-to-back basis or as hedge positions.

The Group 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 Group 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 Group 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 Group 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:

(₹ in thousands)

Sl. No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	14,606,622	10,347,735	-	-
	b) For trading	49,403,691	38,419,176	181,015,167	197,961,370
(ii)	Marked to Market Positions				
	a) Asset (+)	3,518,367	1,725,924	1,411,001	1,289,484
	b) Liability (-)	1,297,917	726,719	1,992,016	1,694,508
(iii)	Credit Exposure	9,422,662	5,823,898	2,884,129	2,804,032
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives	-	-	142,240	182,047
	b) on trading derivatives	23,770	32,323	9,922	8,779
(v)	Maximum and Minimum of 100*PV01 observed during the year #				
	a) on hedging				
	- Maximum	-	-	286,783	210,427
	- Minimum	-	-	142,240	181,083
	b) on trading				
	- Maximum	48,114	59,061	76,885	32,408
	- Minimum	332	413	896	46

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.

NOTES TO ACCOUNTS

18.7 Asset Quality

18.7.1 Movement of Gross Non Performing Advances

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Opening Gross NPAs*	1,213,919	1,495,129
Additions (fresh NPAs) during the year	3,351,664	1,938,626
Total (A)	4,565,583	3,433,755
Less:-		
(i) Upgradations	955,731	1,015,900
(ii) Recoveries (excluding recoveries made from upgraded accounts)	463,076	515,100
(iii) Technical write-offs	517,231	688,836
(iv) Write-offs other than those under (iii) above	-	-
Total (B)	1,936,038	2,219,836
Closing Gross NPAs * (A-B)	2,629,545	1,213,919

*After considering technical write offs.

Gross NPAs before technical write offs – ₹ 6,442,138 thousands (Previous year – ₹ 5,701,800 thousands).

Further, the stock of technical write-offs and the recoveries made thereon as is as under:

(₹ in thousands)

Particulars	31 March 2014	31 March 2013
Opening balance of Technical written-off accounts as at April 1	4,487,854	4,133,563
Add: Technical write-offs during the year	903,945	1,353,274
Sub-total (A)	5,391,799	5,486,837
Less: Reductions from technically written-off accounts during the year (B)**	1,579,206	998,983
Closing balance as at March 31 (A-B)	3,812,593	4,487,854

** Reduction on account of recoveries, write-off, upgradation.

Movement of Net Non Performing Advances

(₹ In thousands)

Particulars	31 March 2014	31 March 2013
Opening Net NPAs ***	91,000	524,922
Additions during the year	971,356	97,404
Reductions (including write offs) during the year	42,319	531,326
Closing Net NPAs***	1,020,037	91,000
NPAs to advances (%) #	0.28	0.03
Provisioning Coverage Ratio (%) #	84.17	98.40

*** After netting off ECGC claims received and held pending adjustments of ₹ 617,828 thousands (Previous year: ₹ 598,380 thousands).

Provision held against the NPA sold of ₹ 50,500 thousands and ₹ 726 thousands 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.

Movement in Provisions for Non Performing Advances

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	524,500	370,236
Additions during the year	984,411	843,100
TOTAL	1,508,911	1,213,336
Less :		
Technical write-offs	903,945	1,353,274
Write back from technically written off accounts	386,714	664,438
Net technical write-offs/write backs during the year	517,231	688,836
Closing Balance	991,680	524,500*

* Inclusive of amount transferred from Suspense Account - Crystallised Receivables on account of crystallised derivative receivables.

18.7.2 Information with respect to loan assets restructured

The details relating to loan assets restructured for the year ended 31 March 2014 are as follows -

(₹ in thousands)

S. No	Type of Restructuring → Asset Classification → Details ↓	Disclosure of Restructured Accounts															
		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Stand-ard	Sub-Standard	Doubt-ful	Total	Stand-ard	Sub-Standard	Doubtful	Total	Stand-ard	Sub-Standard	Doubt-ful	Total	Stand-ard	Sub-Standard	Doubt-ful	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers															
		11	-	-	11	-	-	-	-	1	-	8	9	12	-	8	20
	Amount outstanding	2,703,871	-	-	2,703,871	-	-	-	-	8,746	-	427,106	435,852	2,712,617	-	427,106	3,139,723
	Provision thereon	71,423	-	-	71,423	-	-	-	-	437	-	-	437	71,860	-	-	71,860
2	Fresh restructuring during the year	7	-	-	7	-	-	-	-	2	-	-	2	9	-	-	9
	Amount outstanding	3,837,130	-	-	3,837,130	-	-	-	-	84,586	-	-	84,586	3,921,716	-	-	3,921,716
	Provision thereon	344,900	-	-	344,900	-	-	-	-	4,529	-	-	4,529	349,429	-	-	349,429
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	(5)	-	-	(5)	-	-	-	-	(1)	-	-	(1)	(6)	-	-	(6)
	Amount outstanding	(967,566)	-	-	(967,566)	-	-	-	-	(8,746)	-	-	(8,746)	(976,332)	-	-	(976,332)
	Provision thereon	(10,651)	-	-	(10,651)	-	-	-	-	(437)	-	-	(437)	(11,088)	-	-	(11,088)
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	(1)	-	-	(1)	-	-	-	-	-	-	(2)	(2)	(1)	-	(2)	(3)
	Amount outstanding	(6,405)	-	-	(6,405)	-	-	-	-	-	-	(344,567)	(344,567)	(6,405)	-	(344,567)	(350,972)
	Provision thereon	(143)	-	-	(143)	-	-	-	-	-	-	-	-	(143)	-	-	(143)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	12	-	-	12	-	-	-	-	2	-	4	6	14	-	4	18
	Amount outstanding	4,985,061	-	-	4,985,061	-	-	-	-	84,586	-	20,779	105,365	5,069,647	-	20,779	5,090,426
	Provision thereon	384,513	-	-	384,513	-	-	-	-	4,529	-	-	4,529	389,042	-	-	389,042

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

(₹ in thousands)

The details relating to loan assets restructured for the year ended 31 March 2013 are as follows -

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	-	-	-	23	-	9	34
		Amount outstanding	3,332,405	-	381,129	3,713,534	-	-	-	-	174,346	64,128	455,869	694,343	3,506,751	64,128	836,998	4,407,877
		Provision thereon	164,302	-	-	164,302	-	-	-	-	1,829	129	1,591	3,549	166,131	129	1,591	167,852
2	Fresh restructuring during the year	No. of borrowers	3	-	-	3	-	-	-	-	-	-	-	-	3	-	-	3
		Amount outstanding	493,431	-	-	493,431	-	-	-	-	-	-	-	-	493,431	-	-	493,431
		Provision thereon	30,613	-	-	30,613	-	-	-	-	-	-	-	-	30,613	-	-	30,613
3	Upgradations to standard restructured category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-	-	-	1	-	(1)	-
		Amount outstanding	407,182	-	(381,129)	26,053	-	-	-	-	-	-	-	-	407,182	-	(381,129)	26,053
		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)
		Amount outstanding	(1,407,472)	-	-	(1,407,472)	-	-	-	-	(164,114)	(2,586)	-	(166,700)	(1,571,586)	(2,586)	-	(1,574,172)
		Provision thereon	(92,577)	-	-	(92,577)	-	-	-	-	(1,024)	(129)	-	1,333	(93,781)	-	-	(93,910)
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	(1)	1	-	-	(1)	1	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	(61,542)	61,434	(108)	-	(61,542)	61,434	(108)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	(1)	-	-	(1)	(1)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(85,583)	(85,583)	-	-	(85,583)	(85,583)
		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
		Amount outstanding	2,703,871	-	-	2,703,871	-	-	-	-	8,746	-	427,106	435,852	2,712,617	-	427,106	3,139,723
		Provision thereon	71,423	-	-	71,423	-	-	-	-	437	-	-	437	71,860	-	-	71,860

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

NOTES TO ACCOUNTS

18.8 Sale of financial assets to Securitisation / Reconstruction Company ('SC/RC') for Asset Reconstruction:

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
(i) No. of accounts sold	1	1
(ii) Aggregate value (net of provision) of accounts sold to SC/RC	-	-
(iii) Aggregate consideration	232,500	17,200
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	232,500	17,200

18.9 Purchase/ sale of non performing assets

A. The Group did not purchase any non performing assets during the year ended 31 March 2014 (Previous year: Nil).

B. Details of non performing financial assets sold:

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
No. of accounts sold	1	1
Aggregate outstanding, net of provisions/ write offs (₹ in thousands)	-	-
Aggregate consideration received (₹ in thousands)	232,500	17,200

18.10 Provision against standard assets

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Provision towards standard assets during the year	187,500	37,300
Cumulative provision for standard assets as at year end	1,679,000	1,491,500

Provision against standard assets is included in "Other Liabilities and Provisions" in Schedule 5 to the balance sheet.

18.11 Exposures -

(a) Exposure to real estate sector

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
Housing loan eligible for inclusion in priority sector advances	9,623,885	9,879,665
Others	33,974,965	35,815,376
(ii) Commercial real estate		
Fund Based	19,087,804	13,463,954
Non- Fund Based	1,988,990	848,496
(iii) Investment in mortgage backed securities and other securitised exposures		
Residential	235,628	391,943
Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,619,365	12,213,008
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000,000	1,000,000
Total	78,530,637	73,612,442

NOTES TO ACCOUNTS

(b) Exposure to capital market

(₹ in thousands)

Sl. No.	Particulars	As at 31 March 2014	As at 31 March 2013
(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;	517,940	590,263
(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;	1,149,489	2,772,775
(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;	14,219	16,120
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	431,892	132,139
(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		2,113,540	3,511,297

Point (ii) above includes loans to investment companies amounting to ₹ NIL (Previous year: ₹ 2,000,000 thousands) secured by bank deposits.

(c) Details of Single Borrower Limit (SBL)/ Group Borrower Limit (GBL) exceeded by the Bank

During the year ended 31 March 2014 and 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

- During the year ended 31 March 2014, with the prior approval of Board of Directors, the Bank exceeded the single borrower limit of 20% of Capital Funds to Aircel Ltd. & Aircel Cellular Ltd. The exposure during the year to Aircel Ltd. & Aircel Cellular Ltd. as a percentage of capital funds stood at 23.54%. However, this was within the additional 5% permitted by RBI as mentioned above.
- 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%, 24.19% and 24.75%, respectively. However, this was within the additional 5% permitted by RBI as mentioned above.

NOTES TO ACCOUNTS

18.12 Disclosure of penalties levied by RBI on the Bank

During the year 2013-14, RBI imposed an aggregate penalty of ₹ 15,000 thousand vide its letter DBS.CO.Scrutiny Cell No./747/27.01.002/2013-14 dated 12 July 2013 for certain instances of non-adherence to Know Your Customer KYC-AML guidelines issued by RBI. The Bank paid the penalty on 15 July 2013.

Also a penalty of ₹ 49 thousand was imposed by RBI vide its letter PDO.NDS.Bounce/08.03.000/540/2013-14 dated 2 September 2013 for bouncing of a SGL deal of ₹ 49,000 thousand on 19 August 2013. The Bank paid the penalty on 5 September 2013.

During the year 2012-13, RBI imposed an aggregate penalty of ₹ 5,500 thousand 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.

18.13 Leases

Operating Leases

The Group 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:

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Not later than one year	50,347	60,874
Later than one year and not later than five years	63,312	78,487
Later than five years	-	-
Total minimum lease rental commitments	113,659	139,361

Additionally, the Group 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 ₹ 862,912 thousands (Previous year: ₹ 800,996 thousands).

Finance leases

The Group has not taken any assets under finance leases / hire purchase.

18.14 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 release of ₹ 277,973 thousands (Previous year deferred tax charge of ₹ 113,242 thousands) for the current year.

RBI vide its circular DBOD. No.BP.BC.77/21.04.018/2013-14, dated 20 December 2013, advised all the banks that, as a matter of prudence, Deferred Tax Liability should be created on Special Reserve created under section 36(1)(viii) of the Income-tax Act, 1961. Accordingly, tax expense for the year ending 31 March 2014 includes a deferred tax charge of ₹ 81,576 thousand for the year. Further, on the Special Reserve balance of ₹ 747,000 thousands at 31 March 2013, the Bank created a deferred tax liability of ₹ 253,905 thousands by debiting opening Revenue Reserves.

NOTES TO ACCOUNTS

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in thousands)

Particulars	As at 31 March 2014	As at 31 March 2013
Deferred tax assets		
on account of provisions	1,296,065	833,872
on leave encashment and availment	318,607	252,853
on investments	350,175	454,478
on pension fund	-	40,403
on gratuity	458	322
Total deferred tax asset	1,965,305	1,581,928
Deferred tax liabilities		
on depreciation on fixed assets	158,012	141,490
on bad debts claim	160,738	153,431
on Special Reserve U/S 36(1)(viii) of Income Tax Act, 1961	335,481	-
Total deferred tax liability	654,231	294,921
Net deferred tax assets	1,311,074	1,287,007

18.15 Intangibles ("application software") included in "Other fixed assets" in Schedule 10 to the Balance Sheet is as follows -

(₹ in thousands)

Particulars	Gross block				Depreciation / Amortization				Net block	
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	Charge for the year	Deletions	As at 31 March 2014	As at 31 March 2014	
Application software	1,138,488	258,663	-	1,397,151	978,230	128,957	-	1,107,187	289,964	
Previous year	1,009,463	129,025	-	1,138,488	875,437	102,793	-	978,230	160,258	

18.16 Capital (Tier I) raised during the year 2013-14

- During the year 2013-14, the Bank raised Tier I capital of ₹ 18,360,000 thousands by way of Qualified Institutions Placement (QIP) and preferential allotment. Pursuant to the resolution passed by the Shareholders of the Bank, at the Annual General Meeting (AGM) held on 25 June 2013, the Bank on 3 July 2013 allotted 14,394,475 equity shares of face value of ₹ 10/- each by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIBs) and 15,605,525 equity shares of face value of ₹ 10/- each by way of preferential allotment to ING Group for cash at a price of ₹ 612/- including a premium of ₹ 602 per equity share, to augment the capital adequacy ratio of the Bank.
- Towards raising the Capital, the Bank incurred expenses of ₹ 91,060 thousands on capital issue expenses like Lead Managers' fees, legal counsels' fee, filing fees etc. As per Section 78(2)(c) of the Companies Act, 1956, the expense incurred on issue of shares can be applied against the Securities Premium. Accordingly the issue expense of ₹ 91,060 thousands has been adjusted against the Securities Premium.

18.17 Provision for legal and other contingencies

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening balance	431,005	403,265
Additions during the year	58,862	39,808
Reversals during the year	47,811	8,810
Amounts utilized	6,885	3,258
Closing balance	435,171	431,005

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature.

18.18 Related party transactions

A. 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 I
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)

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.

B. Balances payable to / receivable from related parties of the Group as on 31 March 2014 -

(Previous year's figures are given in parentheses)

(₹ in thousands)

Items	Related parties with significant influence and with whom there are transactions during the year		Key Management Personnel	Total
	ING Bank N.V. and its branches	Others		
Deposits	Maximum 1,872,371 (150,370) Outstanding 45,331 (149,978)	Maximum 1,721,880 (1,069,586) Outstanding 636,355 (398,725)	Maximum - (-) Outstanding - (-)	Maximum 3,594,251 (1,219,956) Outstanding 681,686 (548,704)
Borrowing	Maximum 58,108,432 (35,385,221) Outstanding 54,717,338 (33,044,331)	Maximum 10,000 (10,000) Outstanding 10,000 (10,000)	Maximum - (-) Outstanding - (-)	Maximum 58,118,432 (35,395,221) Outstanding 54,727,338 (33,054,331)
Balance with banks in current account	Maximum 1,006,823 (944,642) Outstanding 221,394 (182,711)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 1,006,823 (944,642) Outstanding 221,394 (182,711)
Money at call and short notice	Maximum 11,055,000 (4,058,000) Outstanding 479,320 (2,062,830)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 11,055,000 (4,058,000) Outstanding 479,320 (2,062,830)
Interest accrued but not due (payable)	130,773 (177,033)	651 (36)	- (-)	131,424 (177,069)

NOTES TO ACCOUNTS

Items	Related parties with significant influence and with whom there are transactions during the year		Key Management Personnel	Total
	ING Bank N.V. and its branches	Others		
Interest accrued but not due (receivable)	3 (34)	- (-)	- (-)	3 (34)
Contribution to employee welfare funds- Payable	- (-)	766,587 (1,383,995)	- (-)	766,587 (1,383,995)
Bank guarantees	5,642,126 (5,352,338)	- (-)	- (-)	5,642,126 (5,352,338)
Letter of Credit / LUTs	- (308,358)	- (-)	- (-)	- (308,358)
Derivative transactions – notional outstanding	Maximum 83,778,068 (96,267,976) Outstanding 61,319,754 (79,645,129)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 83,778,068 (96,267,976) Outstanding 61,319,754 (79,645,129)
Forward transactions- notional outstanding	Maximum 34,028,435 (6,500,085) Outstanding 27,603,446 (1,735,311)	Maximum - (-) Outstanding - (-)	Maximum - (-) Outstanding - (-)	Maximum 34,028,435 (6,500,085) Outstanding 27,603,446 (1,735,311)

C. Transactions with related parties of the Group during the year ended 31 March 2014 -

(Previous year's figures are given in parentheses)

(₹ in thousands)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year		Key Management Personnel	Total
	ING Bank N.V. and its branches	Others		
Interest paid	1,402,390 (2,635,804)	40,522 (22,179)	- (-)	1,442,912 (2,657,983)
Interest received	722,564 (1,807,769)	- (-)	- (-)	722,564 (1,807,769)
Dividend Paid	- (-)	361,373* (262,817)	28 (20)	361,401 (262,837)
Amount received towards share capital and share premium	- (-)	9,550,581** (-)	- (-)	9,550,581 (-)
Purchase of securities	- (533,154)	- (-)	- (-)	- (533,154)
Sale of securities	- (501,964)	- (-)	- (-)	- (501,964)
Reimbursement received	11,620 (9,371)	- (-)	- (-)	11,620 (9,371)
Rendering of services	150 (9,355)	- (-)	- (-)	150 (9,355)
Reimbursement paid	7,105 (7,131)	- (-)	- (-)	7,105 (7,131)
Receiving of services	14,680 (16,067)	- (-)	- (-)	14,680 (16,067)

NOTES TO ACCOUNTS

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year		Key Management Personnel	Total
	ING Bank N.V. and its branches	Others		
Contribution to employee welfare funds - Paid	- (-)	2,104,208 (1,018,833)	- (-)	2,104,208 (1,018,833)
Managerial remuneration	- (-)	- (-)	26,983 (22,048)	26,983 (22,048)
Commission received	78,509 (78,118)	- (-)	- (-)	78,509 (78,118)
Commission paid	8,206 (2,308)	- (-)	- (-)	8,206 (2,308)
Loss on Liquidation	- (8,709)	- (-)	- (-)	- (8,709)

* Consists of payment to ING Mauritius Holdings ₹ 280,949 thousand (Previous year: ₹ 204,327 thousand) and ING Mauritius Investments I ₹ 80,424 thousand (Previous year : ₹ 58,490 thousand).

** Consists of amount received from ING Mauritius Holdings ₹ 7,424,622 thousand (Previous year: ₹ Nil) and ING Mauritius Investments I ₹ 2,125,959 thousand (Previous year : ₹ Nil).

During the year 2013-14, 110 thousand stock options under "ESOS 2013" scheme have been issued to the MD & CEO (Previous year: 115 thousand options under "ESOS 2010").

18.19 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2014	As at 31 March 2013
Earnings for the year (₹ in thousands)	6,579,233	6,131,754
Basic weighted average number of shares (Nos)	179,671,501	151,884,592
Basic EPS (₹)*	36.62	40.37
Dilutive effect of stock options (Nos)	2,979,555	4,122,079
Diluted weighted average number of shares (Nos)	182,651,056	156,006,671
Diluted EPS (₹)	36.02	39.30
Nominal value of shares (₹) *	10.00	10.00

* Excluding the one time cost of ₹ 403,227 thousands (net of taxes) towards retirement benefits as explained in Note 18.3(b), the basic EPS is ₹ 38.86 and diluted EPS is ₹ 38.23 for the year 2013-14.

NOTES TO ACCOUNTS

18.20 Segmental reporting* :

Segment disclosures for the year ended 31 March 2014 -

(₹ in thousands)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2014
Revenue	14,562,720	25,897,161	20,260,732	-	60,720,613
Result	2,455,034	4,211,419	3,113,660	-	9,780,113
Unallocated expenses					-
Operating profit					9,780,113
Income taxes					3,200,880
Extraordinary profit/loss					-
Net profit					6,579,233
Other information	As at 31 March 2014	As at 31 March 2014	As at 31 March 2014	As at 31 March 2014	As at 31 March 2014
Segment assets	203,604,853	247,670,441	147,178,516	-	598,453,810
Unallocated assets					5,680,147
Total assets					604,133,957
Segment liabilities	88,409,442	150,316,913	263,395,457	-	502,121,812
Unallocated liabilities					102,012,145
Total liabilities					604,133,957

Segment disclosures for the year ended 31 March 2013 -

(₹ in thousands)

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
Revenue	13,872,842	24,656,692	17,353,744	-	55,883,278
Result	1,779,049	4,781,479	2,458,028	-	9,018,556
Unallocated expenses					-
Operating profit					9,018,556
Income taxes					2,886,802
Extraordinary profit/loss					-
Net Profit					6,131,754
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	189,935,903	211,678,500	141,099,948	-	542,714,351
Unallocated assets					5,657,848
Total assets					548,372,199
Segment liabilities	57,068,023	168,913,390	245,807,728	-	471,789,141
Unallocated liabilities					76,583,058
Total liabilities					548,372,199

* 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.

NOTES TO ACCOUNTS

18.21 Provisions and contingencies debited to the profit and loss account include

(₹ in thousands)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Provision for income tax (including deferred tax)	3,198,380	2,884,402
Provision for wealth tax	2,500	2,400
Provision/ write off of non performing advances	984,411	843,100
Depreciation/ write off (write back) of investments (net)	(1,506)	87,104
Provision for standard assets	187,500	37,300
Provision for restructured advances	322,904	(95,456)
Others *	4,507	40,401
Total	4,698,696	3,799,251

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature.

18.22 Additional disclosures

Additional statutory information disclosed in separate financial statements of the parent and the subsidiary 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.

18.23 Draw down from Reserves

During the current year, the Bank has utilized ₹ 91,060 thousands (Previous year ₹ NIL) from the securities premium account for meeting direct expenses relating to the 2013-14 QIP issue.

During the current year, the Bank has created a Deferred Tax Liability ('DTL') on the Special Reserve (u/s 36 (1) (viii) of the Income Tax Act, 1961) as at 31 March 2013 by debiting opening Revenue Reserve by ₹ 253,905 thousands (Previous year: ₹ NIL).

18.24 Letters of comforts issued by the Group

The Group has 975 (Previous year: 886) letters of comfort/ undertaking outstanding as on 31 March 2014 of ₹ 16,517,126 thousands (Previous year: ₹ 19,395,750 thousands).

18.25 Fee/ remuneration received from Bancassurance business

(₹ in thousands)

Sr. No.	Nature of Income	Year ended 31 March 2014	Year ended 31 March 2013
1	For selling life insurance policies	414,005	415,266
2	For selling non life insurance policies	40,722	39,743
3	For selling mutual fund products	319,511	282,225
4	Others	-	140
	TOTAL	774,238	737,374

18.26 Off balance sheet SPVs sponsored

There are no off balance sheet SPVs sponsored by the Bank.

18.27 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 activities 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 policies 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.

NOTES TO ACCOUNTS

- 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:

- the level of fixed remuneration of the Control functions is sufficiently high to ensure qualified and experienced staff can be employed;
- the ratio of fixed remuneration to variable remuneration is weighted in favour of fixed remuneration.
- 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
- at least 50% of the function specific objectives should be met in order to be considered eligible for variable remuneration.

Quantitative Disclosures*

(₹ in thousands)

		Year ended 31 March 2014	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 ₹ 20,000 per meeting for each Independent Director only)	4 220	4 120
b.	i. Number of employees having received a variable remuneration award during the financial year.	5	5
	ii. Number and total amount of sign-on awards made during the financial year.	Nil	Nil
	iii. Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
	iv. Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
c.	i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	7,256 **	Nil
	ii. Total amount of deferred remuneration paid out in the financial year	Nil	Nil
d.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non- deferred.	Fixed - 53,423 Variable - 21,833 (Non- deferred)	Fixed - 48,521 Variable - 29,056 (Non- deferred)
e.	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	7,256	Nil
	ii. Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil	Nil
	iii. Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

* The Quantitative disclosures only cover whole time Directors/Chief Executive Officer/Other Risk takers.

** Represents deferred remuneration in cash.

NOTES TO ACCOUNTS

The remuneration policy, as detailed above under qualitative disclosures, is effective from FY 2012-13. The payments in the year 2013-14 are in line with the same policy guidelines. The quantitative disclosures on remuneration represent actual payment made in the financial year.

18.28 Credit default swaps

The Group did not deal in any credit default swaps during the year ended 31 March 2014 (Previous year – NIL).

18.29 Dividend appropriation of ₹ 10,823 thousands represents dividend for the financial year 2012-13 on the shares issued under Employee Stock Options Schemes before the record date, as per the Shareholders' approval. Dividend tax includes ₹ 7,492 thousands on account of incremental dividend payout and increase in dividend distribution tax rate for 2012-13.

18.30 Previous year's figures

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

As per our report of even date

For B S R & Co. LLP

Firm Registration No. 101248W
Chartered Accountants

Akeel Master

Partner

Membership No: 046768

Place : Mumbai

Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan

Chairman

Sanjeev Aga

Director

Place : Mumbai

Date : 29 April 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)

PARTICULARS		31 March 2014		31 March 2013	
(A)	Cash Flow from Operating Activities				
	Net Profit before Tax	9,780,111		9,018,559	
	Adjustments for :				
	Depreciation charges	592,596		530,150	
	Employee compensation expense (ESOS)	(288)		(473)	
	Provision/write off of Advances	984,411		843,100	
	(Profit)/Loss on revaluation of investment	269,404		394,032	
	Provision for Standard Assets	187,500		37,300	
	Other Provisions	328,979		(59,348)	
	Lease Adjustment Account	(20,455)		(20,455)	
	(Profit)/Loss on Sale of Assets (net)	(1,591)		1,347	
		12,120,667		10,744,212	
			12,120,667		10,744,212
	Adjustments for :				
	Decrease / (Increase) in Advances	(41,552,641)		(31,349,406)	
	Decrease / (Increase) in Other assets	(620,172)		3,812,144	
	Decrease/ (Increase) in Investments	15,305,261		(56,021,300)	
	Increase / (Decrease) in Deposits	(1,170,197)		61,383,837	
	Increase / (Decrease) in Other liabilities	48,341		2,343,696	
	Less: Direct Taxes Paid	(3,431,369)		(3,069,979)	
	Net Cash flow used in Operating Activities		(19,300,110)		(12,156,796)
(B)	Cash Flow from Investing Activities				
	Purchase of Fixed assets / leased assets	(848,944)		(517,200)	
	Sale of Fixed assets/ Leased assets	22,611		11,431	
	Interest received	360		2,642	
	Net Cash flow used in Investing Activities		(825,973)		(503,127)
(C)	Cash Flow from Financing Activities				
	Proceeds from issue of shares	337,821		47,296	
	Share premium collected	19,132,466		1,290,195	
	Dividend Paid	(990,424)		(796,389)	
	Increase/(Decrease) in Borrowings	31,572,189		8,147,698	
	Net Cash Flow from Financing Activities		50,052,052		8,688,800
	Net Increase/ (Decrease) in Cash and Cash Equivalents		29,925,969		(3,971,123)
	Cash and Cash equivalents as at the beginning of the year (Including Money at Call and Short Notice)		28,334,803		32,305,926
	Cash and Cash equivalents as at the end of the year (Including Money at Call and Short Notice)- Refer Schedule 6 & 7		58,260,772		28,334,803

As per our report of even date

For B S R & Co. LLP

Firm Registration No. 101248W
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 29 April 2014

For and on behalf of the Board

Arun Thiagarajan
Chairman

Sanjeev Aga
Director

Place : Mumbai
Date : 29 April 2014

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1. Scope of application

ING Vysya Bank is a Commercial Bank, originally incorporated on 29 March 1930 as “The Vysya Bank Ltd.” The name of the Bank was changed to “ING Vysya Bank Limited” (IVBL) and fresh certificate for the change in name was given on 01 November 2002. ING Vysya Financial Services Limited (IVFSL) is the wholly owned subsidiary of IVBL. IVFSL is engaged in marketing of IVBL products as well as providing referral services for the Bank.

(i) Qualitative Disclosures:

a. List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons for consolidation only under one of the scopes and also explain the treatment given i.e. deduction or risk weighting of investments
ING Vysya Financial Services Limited, India	Yes	Consolidation as per the AS-21- 'Consolidated Financial Statements' issued by ICAI.	No	NA	NA	As the subsidiary is a non-financial company, consolidation is not applicable under the regulatory scope. Entire investment in subsidiary is deducted from the Common Equity of the Bank.

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / country of incorporation	Principle activity of the entity	Total balance Sheet equity (as stated in the accounting Balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
NA	NA	NA	NA	NA	NA

(ii) Quantitative Disclosures:

c. List of group entities considered for consolidation

Figures in ₹ Mio

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
ING Vysya Financial Services Limited, India	Fee Based Activities	84.12	98.66

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
NA	NA	NA	NA	NA

e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
NA	NA	NA	NA	NA

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: NA

Capital adequacy

The Capital adequacy assessment process of the Bank is intended to ensure that adequate level of capital and an optimum mix of the different components of capital is maintained by the Bank to support its growth strategy. This is integrated with the Bank's annual planning process that takes into consideration the growth assumptions across business segments and mapping of the relevant risk weights to this projected growth so that adequate capital is maintained to cover the minimum regulatory requirement and a reasonable cushion over the regulatory minimum. This is determined as a part of the Internal Capital Adequacy Assessment Process (ICAAP).

Capital is actively managed at an appropriate level of frequency. Regulatory ratios are key factors in the Bank's budgeting and planning process with updates of expected ratios reviewed regularly during the year by Asset and Liability Committee (ALCO). The Board also oversees the capital adequacy of the Bank on a quarterly basis.

Summary of the Bank's capital requirement as at 31 March 2014 is presented below:

	Capital requirements for Risk Types	# Capital Amount (in ₹ Mio)
A	Capital requirements for Credit Risk	
	Portfolios subject to standardized approach	37,427.12
	- Of which Securitization exposures (PTC investment)	454.87

	Capital requirements for Risk Types	# Capital Amount (in ₹ Mio)
B	Capital requirements for Market Risk	
	Standardized duration approach	
	Interest rate risk	1,559.26
	Foreign exchange risk (including gold)	292.50
	Equity risk	46.15
C	Capital requirements for Operational Risk	
	Basic Indicator approach	2,892.99
	Total Capital Requirements	42,218.01
	Available Capital	78,634.59
D	Capital Adequacy Ratio	
	Total for the Bank as a whole	16.76%
	Common Equity Tier 1 Capital for the Bank	14.63%
	Tier I ratio for the Bank	14.63%

post - dividend

The Bank is currently under the Basel III transition period and would continue to do so till 31 March 2019.

The Bank is currently on:

- Standardized Approach for Credit Risk
- Basic Indicator Approach for Operational Risk
- Standardised Duration Approach for Market Risk

2. Risk exposure Assessment & Monitoring

- Credit Risk is monitored through the Joint Monthly Meeting (JMM) and EARMC (Executive Asset Recovery Management Committee). At the RMRC (Risk Management and Review Committee) and Board levels, risk is monitored through portfolio reviews, exceptions reporting.
- Market Risk is monitored through VaR and Event Risk Limits reports. Top Management monitors through the ALCO (Asset Liability Committee). RMRC reviews these reports quarterly.
- Operational Risk is monitored by the Top Management through Non-Financial Risk Committee (NFRC) at the Country level and Business levels.

CRO oversees Credit Risk, Market Risk and Operational Risk Functions of the Bank.

The following sections cover the key banking risks including credit risk, market risk, and interest rate risk in the banking book and operational risk.

2.1 General disclosures for All Banks

2.1.1 Credit Risk Framework

Structural framework

The Bank manages its Credit portfolio strictly within the regulatory guidelines and requirements. The Credit risk management within the Bank is organized as below:

- Risk Management and Review Committee of the Board is primarily responsible for owning and managing Credit Policies, Processes and Controls in the Bank. The committee meets at least once in a quarter and is also responsible for recommending various Policies to the Board for their approval.
- Board is responsible for approving credit risk related policies and has an oversight on the entire credit risk assessment, mitigation and control over the Bank's portfolio.

The organization structure further consists of:

- Credit Policy Committee (CPC) – It reports into RMRC. CPC is involved in formulating all relevant policy guidelines and procedures and ensuring compliance to Reserve Bank of India ('RBI') guidelines on credit related matters.

- Board Credit Committee (BCC) – It approves Credit exposures as defined in the Signature Approval Process Policy (SAP) – It is responsible for monitoring and reviewing the health of Portfolio at Corporate Office and Zonal Office levels. Asset Recovery Management Committees (ARMC's) – These committees functioning at the Corporate and Zonal offices are responsible to discuss and take action on irregular accounts. They also monitor delinquencies, agree on the classification of 'Watch List' accounts, and give guidance on remedial management.
- Credit Operations function – It is responsible to assure high standards of loan documentation, security creation and compliance with pre-disbursal terms and conditions.
- Structured Credits Group (SCG) is involved in the management of structured and restructured credits, a portion of the wholesale bank watch list and delinquent accounts, including undertaking restructurings and recovery measures such as enforcement of securities through SARFAESI, legal action through Debt Recovery Tribunal (DRT) or other processes. SCG also calculates and recommends adequate loan loss provisions as per regulatory requirements.
- Credit Risk Assessment as well as Credit Approvals are bifurcated Business Unit wise (Wholesale and Retail) to support client requirements in the respective line of business. Approval of Credit, Credit MIS, Credit Policy/ Processes, SCG, Credit Monitoring, etc. are all headed by the CRO.

Credit Risk management strategies and processes

The Bank follows the below mentioned processes to manage credit risk:

- Approval happens through a Credit Submission that outlines the risks and the final client risk rating assigned to the borrower. The authorities with mandates (delegated credit approval power), approve the proposal after verifying as to whether it is within the risk appetite of the Bank, regulatory requirements and also in line with the underwriting standards of the Bank (defined in the Credit Risk Policy). Credit approval is accorded by mandate holders at various levels, as per the Signature Approval Process policies of the Bank, on the basis of advisory inputs from Business Units and Credit Risk analysts.
- Rating of borrowers for Wholesale and retail bank clients is predominantly on board approved models. Thresholds exist for approval of exposures based on the rating of the borrower and tenor. There is a minimum rating criteria for on boarding borrowers.
- Bank has adopted a risk based pricing model for Wholesale bank and a minimum pricing model for Retail Bank, based on the rating of the customer, type of facility, etc.
- Early warning signals are closely tracked, monitored and acted upon. The bank has extensive guidelines on monitoring of early warnings, exit accounts and watch-list accounts.
- There is emphasis on efficient credit administration covering obtaining relevant legal documentation, follow up on covenant compliance, day-to-day transactions, periodical unit visits /security verification, monitoring & follow-up and recovery.
- The Bank has set up Credit Operations Team/s (Business Banking and Agri & Rural Banking Operations, General Lending Operations, Consumer Finance Operations) at all important centers to ensure perfection of documentation and to comply with charge registration matters. Processes have been put in place for Electronic filing of Charge Registration with ROC in digital format, Insurance of securities etc.
- Portfolio reviews are conducted at regular intervals to assess the health of specific portfolios and to make midway corrections to growth strategies. These reviews are discussed at various levels – between Business and Risk at Joint Monthly Meetings and at Top Management Level by RMRC.
- Credit Audit is conducted to maintain health of the credit portfolio. Process Audits are conducted to verify compliance with existing processes and effectiveness of controls, defined vide manual and guidelines. In addition to this, specific audits are conducted to assess risks and control gaps in credit products/ facilities.

Scope and Nature of Risk Reporting / Measurement Systems

- Risk Measurement at an individual Credit proposal level is done in the Credit Submission and the approvers take cognizance of the risk assessment and mitigation plan while approving the credit. They may stipulate additional covenants if necessary.
- The Credit Risk Policy regulates the quality of credit at the approval stage by stipulating negative list, restricted lists, exposure caps, etc. This is reviewed at the Board level on a monthly basis.
- On a monthly/ quarterly basis Risk and Business units review the quality of the portfolio, the irregularities, action plan, etc.

- Portfolio level reviews are conducted on a quarterly basis for specific type of facilities for specific business units at the Joint Monthly Meeting (JMM) between the Business Units and Risk.
- Activity level / Industry level reviews are discussed at JMM and at RMRC level and suitable strategies are drawn out.

Credit risk management – Policy framework

The Credit Risk Policy of the Bank sets the tone for the way credit is sourced and administered in the Bank. It also determines the credit culture in the bank. It focuses on multiple objectives like:

- Fulfillment of regulatory and legal compliance requirements,
- adoption of best practices while ensuring alignment with local regulatory guidelines,
- ensuring portfolio growth in alignment with the origination standards & risk acceptance criteria,
- operating within the acceptable Risk Boundaries set by the Bank to ensure a healthy portfolio,
- laying the foundation on which other credit related policies, processes and guidelines of the Bank are built.

The Credit Risk Policy defines the minimum on boarding criteria for credit in the Bank in terms of rating of borrower, tenor, financial parameters, etc. It also outlines the industries / activities to be avoided in the “Negative List” and those in which caution has to be exercised – “Restricted List”.

The suite of policies formulated cover a whole range of requirements- including Signature Approval Process policies involving delegation of approval powers, Country Risk Policy, Counterparty Risk Policy and Customer Appropriateness and Suitability Policy. All policies are reviewed periodically and would be in force till such reviews are undertaken. Regulatory/ external macroeconomic environment changes also necessitate interim review of Policies. They also be necessitated by implementation of regulatory directives and our response to market changes. Exhaustive Credit Risk manuals and guidelines detailing the mode of implementation of the policies have also been put in place.

2.1.2 Credit Risk – General disclosures for All Banks

Definitions of “past due” and “impaired” within the Bank

Bank follows the prudential norms prescribed by RBI and the definitions of ‘past due’, ‘Out of Order’ and ‘Overdue’ are as under:

• Impaired / Non – Performing Assets (NPAs)

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. “Non-Performing Asset” classification and “Out of order / past due” status, “Overdue” status are all done by the Bank, strictly as RBI Master Circular on “Income Recognition and Asset Classification”

Credit risk exposure

Credit Risk / Exposures as on 30 September 2013	Exposure (in ₹ Mio)
Fund based exposure	577,948.62*
Non- Fund based exposure	153,884.64#
Total	731,833.27

* Fund based exposures include Funded Net Advances outstanding of ₹ 358,288.50 Mio, Investments of ₹ 167,207.60 Mio and balances with RBI & Banks – ₹ 52,452.52 Mio

Non fund based exposures include Letter of Credit & Bank Guarantees of ₹ 106,997.82 Mio and LEF for derivatives of ₹ 46,886.83 Mio LEF portion includes positive MTM without benefit of Bilateral netting in line with RBI's guidelines on Capital Adequacy.

The above figures do not include “other Assets” like Cash in hand, other assets and fixed assets.

BASEL III PILLAR 3 DISCLOSURES AS OF 31 MARCH 2014

Distribution of credit risk exposure by Industry type

(Figures in ₹ Mio)

Industry classification	Fund based advances (excluding investments)
Agri and allied activities	37,480.30
Industry – Micro, Small, Medium & Large	164,518.80
Services	52,337.10
Trade	39,097.90
Commercial Real Estate	12,286.90
NBFC	7,781.50
Consumer Finance	50,603.40
Total	364,105.90

Note: The above numbers are the Gross Advances outstanding as of 31 March 2014 as reported to RBI

The Bank has no overseas operations and is in the domestic segment only.

Residual contractual maturity breakdown of assets

(Figures in ₹ Mio)

Maturity Bucket	Cash and Balances with Banks & RBI	Investments	Net Advances	Fixed & Other Assets
1day	21,891.01	5,023.92	6,561.37	837.16
2 to 7 days	20,865.42	5,176.12	20,162.92	18.12
8 to 14 days	775.64	6,730.64	25,191.08	60.21
15 to 28 days	741.56	6,033.45	32,187.07	77.45
29 days to 3 months	1,987.70	16,795.07	48,231.00	584.32
Over 3 months and up to 6 months	2,660.12	23,348.27	46,084.15	163.68
Over 6 months and up to 1 year	3,925.76	29,695.17	48,394.16	4,565.54
Over 1 year and up to 3 years	2,174.27	30,982.69	46,441.79	4,034.62
Over 3 years and up to 5 years	2,909.20	31,276.92	32,681.23	2,869.27
Over 5 years	330.00	12,145.34	52,353.73	7,165.11
Total	58,260.68	167,207.60	358,288.50	20,375.49

Movement of NPAs and Provision for NPAs (After technical writeoff)

(Figures in ₹ Mio)

Amount of NPAs (Gross)	31 March 2014	31 March 2013
Substandard	1,464.96	510.09
Doubtful 1	477.68	107.65
Doubtful 2	90.72	0.00
Doubtful 3	596.18	596.18
Loss	0.00	0.00
Gross NPA	2,629.54	1,213.92

(Figures in ₹ Mio)

Net NPAs	31 March 2014	31 March 2013
NET NPA	1,020.00	91.00

NPA Ratios	31 March 2014	31 March 2013
Gross NPAs to Gross advances	0.73	0.38
Net NPAs to Net advances	0.28	0.03

BASEL III PILLAR 3 DISCLOSURES AS OF 31 MARCH 2014

Movement of NPAs (Gross)	31 March 2014	31 March 2013
Opening balance	1,213.92	1,495.13
(+) Additions	3,351.66	1,938.63
(-) Reductions	1,936.04	2,219.84
Closing balance	2,629.54	1,213.92

Movement of Provisions for NPAs	31 March 2014	31 March 2013
Opening balance	524.50	370.24
(+) Provisions made during the period	984.41	843.10
(-) Write-offs	517.23	688.84
(-) Write-back of excess provisions	0.00	0.00
Closing balance	991.68	524.50

Amount of Non-performing Investments & Provision for depreciation on Investments

Amount of Non-performing Investments = ₹ 300.48 Mio

Amount of provisions held for non-performing investments	31 March 2014	31 March 2013
Opening balance	300.48	300.48
(+) Provisions made during the period	0.00	0.00
(-) Write-offs / Write-back of excess Provisions	0.00	0.00
Closing balance	300.48	300.48

(Figures in ₹ Mio)

Movement of provisions for depreciation on investments	31 March 2014	31 March 2013
Opening balance	436.99	349.89
(+) Provisions made during the period (including provision for NPA investments)		110.08
(-) Write-offs / Write-back of excess Provisions	7.20	22.98
Closing balance	429.79	436.99

2.1.3 Credit Risk – Disclosures for Portfolios subject to the Standardized Approach

Use of rating agencies

RBI has identified six domestic credit rating agencies (CARE, CRISIL, FITCH India, ICRA Limited, Brickwork and SMERA) and three international credit rating agencies (Fitch, Moody's and Standard & Poor) whose rating assessments can be used by the banks for their capital assessment under standardized approach. Bank loan rating spanning facility and borrower ratings available in the public domain are used for the capital adequacy assessments and these ratings are applied in accordance with the prevalent regulatory guidelines.

Details of Gross credit exposure based on Risk Weight

Risk bucket	Outstanding (in ₹ Mio)	
	Rated	Unrated
Below 100% risk weight	140,552.51	311,854.32
100% risk weight	51,978.42	160,883.75
More than 100% risk weight	27,125.41	24,937.10
Deducted	NA	NA
Total	219,656.34	497,675.17

Note: The above figures are after setting off eligible collateral (after haircuts) amounting to ₹ 14,501.77 Mio

2.1.4 Credit Risk Mitigation – Disclosures for Standardized Approaches

Policies & Procedures

The Credit Risk Mitigation and Collateral Management Policy approved by the Board sets the framework for collateral acceptability, valuation and management of collateral within the Bank. It covers collateral management on a Macro level and from the point of view of the new capital adequacy framework (Basel III).

Bank has utilized credit risk mitigation in the case of Bank's own deposits, Government Securities, Debt Oriented Mutual Funds and gold, wherever the Collateral is identifiable, marketable and enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

A system of physical verification / periodical update of the value of the collateral (within a period not exceeding three years) is followed. For Housing Loans, the frequency of valuation is once in 5 years.

Types of collateral taken by the Bank

The types of collateral taken by the Bank include Current Assets, Plant and Machinery, Land and Building, Liquid Assets like gold, cash or fixed deposits with the Bank, Capital Market related collaterals, Personal Guarantees provided by promoters, guarantees from Central Government, State Government, Banks, Financial Institutions, Other Corporates, or by Export Credit Guarantee Corporation (ECGC). Standby Letters of Credit and Letters of Comfort/Undertaking issued by other banks and Financial Institutions are also accepted by way of credit support arrangements. However, for the purpose of capital computation under Basel norms the collaterals reckoned are restricted only to the eligible financial collateral specifically listed in the regulatory guidelines.

Type of Guarantor / Counterparty and their Credit Worthiness

The types of guarantees recognized for credit risk mitigation are guarantees by Central Government, State Governments, ECGC, Banks and Corporates. The effect given for these guarantees are in line with RBI stipulations.

Concentration risk within the Credit Risk Mitigants taken

The Bank does not face concentration risk arising out of certain types of borrowers/ industries/ tenor as caps have been set and are being monitored at the time of approval of a credit exposure. Concentration risk in terms of the mitigation taken also does not arise as the range of collateral taken, the type of borrower offering it, the location of the collateral are varied.

- For each separately disclosed credit risk portfolio, the total exposure (after on- or off-balance sheet netting where applicable) that is covered by eligible financial collateral after the application of haircuts = ₹ **14,501.77 Mio**
- For each separately disclosed credit risk portfolio, the total exposure* (after on- or off-balance sheet netting where applicable) that is covered by guarantees / credit derivatives (where specifically permitted by RBI) = ₹ **20,077.21 Mio**

* Exposure in case of non-fund based refers to outstanding adjusted for Credit Conversion factor.

2.1.5 Securitization – Disclosure for Standardized Approach

In respect of securitization transactions, the Bank's role is limited to being an investor- Bank invests in PTCs issued by other SPVs. These are accounted at a deal level, classified as investments and valued as per RBI guidelines on valuation of investments. Interest income on investments in PTCs is recognized at effective interest rate. The Bank monitors market risk on the securitization exposures mainly through daily calculation of Mark to Market (MTM) and Value at Risk (VaR) measures.

The Bank follows the standardized approach prescribed by the RBI for the securitisation activities. The Bank uses the ratings assigned by various external credit rating agencies as per extant guidelines for capital computations. Bank also considers different types of risks viz. interest rate risk and liquidity risk where applicable, to ensure adequate assessment and mechanism for mitigating the risks.

Quantitative Disclosures – Banking book

- a. The total amount of exposures securitised by the Bank – NIL
- b. For exposures securitised losses recognised by the Bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security) – NIL
- c. Amount of assets intended to be securitised within a year – NIL

- d. The total amount of exposures securitised (by exposure type) and un-recognised gain or losses on sale by exposure type – NIL
- e. Aggregate amount of:
On-balance sheet securitisation exposures retained or purchased broken down by exposure type – ₹ 14,918.40 Mio

Sl. No.	Type of Securitisation (Investment in PTC)	Amount (BV) in ₹ Mio
1	Housing Loan Receivables	235.63
2	Transport/Commercial Vehicles & Construction Equipment's	11,541.69
3	Loan against property receivables	1,677.58
4	Others	1,463.49
	Grand Total	14,918.40

- Off-balance sheet securitisation exposures broken down by exposure type – NIL

- f. Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital.

Figures in ₹ Mio

Risk Weights	20	30	50	Total
Exposure	5,653.33	3,294.00	5,971.07	14,918.40
Capital Charge	100.74	88.70	265.43	454.87

Note: The above mentioned securitized portfolio is classified under Available for Sale (AFS). For market risk capital charge computation are considered under trading book as per requirement under RBI guidelines

- g. Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type) – NIL

Quantitative Disclosures – Trading book

- a. Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures and which is subject to the market risk approach, by exposure type – NIL
- b. Aggregate amount of securitization exposures retained or purchased as on 31 March 2014 – NIL

2.1.6 Market risk in trading book

Market risk management – Policy framework

The MRM policies, details all the products that the Trading and ALM Desk can deal into and provide guidance on risk management framework for identification of risk, measurement of risk and reporting of risk, for effective risk management of Trading and ALM portfolio.

MRM Policies defines the scope of activities (Trading and ALM books) of Financial Markets (FM) and DCM desk for the bank. It lays down the product mandate and the product limit structure that will manage the investments, foreign exchange and derivatives dealing activities of the Bank.

MRM periodically reviews policies and the limit structure. All such reviews are approved by the ALCO prior to submission to Board for a final approval. MRM also ensures that the best practices are followed to the extent possible and in so far as they adhere to the regulatory guidelines.

Market Risk Management – Governance framework

The risk management process of the Bank operates in the following hierarchical manner:

- o The Board of Directors
- o The Risk Monitoring Committee (RMRC)
- o The Asset Liability Committee (ALCO)
- o Investment Committee (IC)
- o The operational level

The Board lays down broad guidelines for FM, DCM and ALM unit and controls the same via RMRC. ALCO functions under the direction of RMRC. The Board has delegated the management and control of these positions to ALCO. Investment Committee (IC), set up by the Bank's Board, oversees the Investment Portfolio of the bank, which includes Banking Book and the Trading Book. Proceedings of the IC are reported to ALCO.

The Market Risk Management Department (MRMD) reports to the Chief Risk Officer of the Bank. MRMD identifies, measures, reports and controls the market risk exposures in the Bank. The market risk due to the volatility of market variables is managed by active monitoring of Board-approved limits. Bank's market risk is monitored through various measures like Value at Risk, Basis Points Value, Present Value 01 and Event risk calculations on all trading portfolios.

The Board and senior management are kept informed of the market risk issues and exposures on a regular basis. The Board approves overall risk objectives and policies of the market risk department. At regular intervals, notes are placed before the senior management and Board to assess the treasury operations and market risks inherent in such operations. The treasury review is placed on a monthly basis and includes a separate section on market risk. Any approval for limit excesses is sent to the appropriate authority (including the Board, if required) as per the Investment / FX & Derivative Policy.

ALCO actively meets and discusses the Interest rate risk and liquidity issues besides looking into Asset Liability Management (ALM) and FM related matters. The Financial Markets (FM) Department, on behalf of ALCO, manages the day-to-day operations. ALCO reports to the Board through the RMRC.

The Market Risk Management Department in the Bank operates independently of the treasury dealing room. It monitors the operations of the treasury front office and monitors the limits as laid down in the policy. The exposures are reported finally to management.

Market risk management models/ methods/ processes

The tools used for measuring, monitoring and controlling market risks are commensurate with the nature and composition of the investments and trading activities of the Bank.

Limit checks, revaluation and pricing of securities are independently done on a daily basis through MRMD's own systems. The Bank uses an in-house developed module to capture VaR, and the same is back tested for model effectiveness as well.

FX risk in the books is independently controlled on an overall basis by MRMD through monitoring:

- o Day light limits
- o Overnight limits
- o Nostro limits
- o Stop loss limits
- o Gap limits
- o Overall Position limits

Stress testing and scenario analysis

The framework and scenarios for stress testing have been outlined in detail in the Market Risk Measurement Policy. Stress testing is based on forward looking approach which is complementary and independent risk perspective to other risk management tools such as value-at-risk (VaR) and economic capital. Stress tests complement risk management approaches that are based on complex, quantitative models using backward looking data and estimated statistical relationships. It is also used to assess the robustness of models to possible changes in the economic and financial environment.

There are broadly two categories of stress tests used, viz. sensitivity and scenario tests. Sensitivity tests are normally used to assess the impact of change in one variable on the Bank's position. Scenario tests include simultaneous moves in a number of variables.

As per Basel III, the stress test limits are set at level which is lower than 20% of the Bank's capital. Accordingly, the other risk limits are derived from this principle.

Portfolios covered by standardized duration approach

The following portfolios are covered by the standardized duration approach:

- o AFS (available for sale)
- o HFT (held for trading) for Money Market, Foreign Exchange and derivatives
- o Foreign Exchange from banking books

The market risk positions subject to capital charge requirement are:

- The risks pertaining to interest rate related instruments and equities in the trading book
- Foreign exchange risk (including open position in precious metals) throughout the Bank (both banking and trading books)

Capital requirements for Market Risk

Particulars	Amount in ₹ Mio
Interest Rate (a + b)	1,559.26
a. General Market Risk	813.86
b. Specific Risk	745.40
Equity (c + d)	46.15
c. General Market Risk	20.51
d. Specific Risk	25.64
Foreign Exchange and Gold	292.50
Total Capital Charge for Market Risk	1,897.91
RWA for market risks	21,087.85

2.1.7 Operational risk

The Bank has defined operational risk as “*The Risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events*”. This definition includes legal risk, but excludes strategic and business risks.

For effective management of the Bank's Operational Risk, the Bank has developed a comprehensive Operational Risk Management Framework (ORMF), supporting the process of identifying, measuring and monitoring Operational, Information and Security risks. The Bank's Operational Risk Management Framework is well embedded in the day-to-day business management through various policies such as Anti-Fraud, IT Security, Business Continuity, Personal Security, Physical Security etc. and supporting minimum standards.

In order to make the operational risk management process more effective and integrated for the business units, legal, compliance and operational risk functions in the Bank work in an integrated manner with similar processes for identifying and measuring the risks.

Operational Risk Management Framework (ORMF)

Bank has set up an independent Operational Risk Management function. The function reports to Chief Risk Officer (CRO) 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.

The Bank's Operational Risk Management Framework incorporates best practices of the Committee of Sponsoring Organisations (COSO) Enterprise Risk Management Framework. The framework consists of eight principal components, each of which super-impose the other components for effective management of Operational Risk and aims to integrate the management of operational risk in daily business activity. The framework helps business management by providing enhanced capabilities to factor the risk in their daily business decisions, through aligning strategy and risk appetite, thereby facilitating an effective management of the Bank's operational risks.

The Bank's ORMF is approved and reviewed on a periodic basis by the Board and the Country Non Financial Risk Committee is responsible to ensure uniform implementation of the framework across the Bank.

Risk management structure

Within the Bank's overall risk governance, Operational Risk Management forms part of the Bank's Non-Financial Risk Governance. Internally, the risks managed under Non Financial Risk include Operational, Legal and Compliance risk. The Bank has a well-defined operational risk management structure with Non Financial Risk committees (NFRCs) being set up at Country and Business Line (Retail and Wholesale) level. The core members of the committee include representatives from Business, Operations, IT, HR and Risk Management functions. The business line NFRCs are set up for Wholesale and Retail banking functions of the Bank and meet periodically to discuss Operational Risk issues and takes necessary steps to mitigate the risk. The Country NFRF is held on a quarterly basis and is chaired by –MD & CEO.

In addition to the NFRCs, the Risk Management and Review Committee (RMRC) at the Board level meet periodically to analyze and take necessary steps to mitigate the risks that the Bank is exposed to. The Board and senior management are kept informed of operational risk issues on a periodic basis.

Risk Reporting

The Bank uses the Non-Financial Risk Dashboard (NFRD) as an operational risk reporting tool. The NFRD provide a clear overview to the management on the key operational risk issues along with their risk rating, thereby enabling the management to prioritize and take effective decisions on risk mitigation. The report also provides an overview on the progress of the mitigation plans along with a due date and person to act for the identified operational risks. The NFRDs are published for the Board, Senior Management and Business Managers on a periodic basis and forms as a key source of information for management discussions for the NFRCs.

Strategies and Processes

For effective risk management, the Bank has adopted 'three lines of defense' model. The Business forms part of first line of defense and are responsible for execution of IVBL's risk policies, minimum standards and framework set by the second line of defense. The risk management function forms part of the second line of defense and are responsible to partner and support the first line of defense in their risk management activities. The Internal Audit Department forms part of the third line of defense and are responsible to provide an independent assurance of the design and effectiveness of internal controls over the risks.

The Bank promotes effective management of Operational, Information and Security risk by involving the Business Units in the risk management process. This is achieved by raising operational risk awareness, increasing transparency, improving early warning information system, and allocating risk ownership and responsibilities. While the Operational Risk Management function supports the Business Units in identifying and assessing the operational risk exposure, the Business Units are responsible to take appropriate steps to put controls in place for the operational risks.

The operational risk assessment has been made an integral part of the Bank's risk management process through assessment of outsourced activities, product reviews, product approval, and project risk assessment. The Bank uses various tools and processes for identification, assessment and monitoring of operational risk. The table below gives an overview of the risk management processes and the tools used for effective management of operational risks.

Risk Management Processes	Examples of risk management tools
Risk Governance	- Non Financial Risk Committee
	- Compliance Program
	- Product Approval process
	- Risk awareness programs
Risk Identification	- Risk and Control Self Assessments
	- Detailed Risk Assessments
	- Operational Risk events
Risk Measurement	- Incident Reporting and Analysis
	- Scenario Analysis
Risk Monitoring	- Audit Findings Action Tracking
	- Key Risk Indicator reporting
	- Key Control Testing
	- Non Financial Risk Dashboard
Risk Mitigation	- Information Security plans and implementation
	- Crisis management planning
	- Personal and physical security planning
	- Embedding mitigation controls in business processes

The Bank uses the internal risk footprint for risk rating of operational risk issues. Further the Bank sets and reviews its Operational Risk Appetite and tolerance on an annual basis and monitors its risk profile against the set appetite and tolerance levels.

For the purpose of effective management of all operational events that occur across the Bank, the Bank has set up a robust centralized loss data capture process which ensures that all loss information is adequately captured; communicated and required actions are undertaken.

Operational risk capital

The Bank currently qualifies for the Basic Indicator Approach operational risk capital assessment. The capital requirement for operational risk has been estimated as per the Basel III related regulatory guidelines prescribed by the Reserve Bank of India.

2.1.8 Interest Rate Risk (IRR) in the banking book

Interest rate risk is the risk where changes in market interest rates affect a bank's financial position. Changes in interest rates impact a bank's earnings (i.e. reported profits) through changes in its Net Interest Income (NII). Bank views Interest rate risk, from two perspectives, earnings perspective and economic value perspective.

Identification, measurement, mitigation, monitoring and governance of IRR are prescribed in and followed as per the ALM Policy.

Interest rate risk arising due to re-pricing of assets and liabilities which do not have a maturity date (e.g. Current and Savings Accounts and Cash Credit/Overdraft products) is managed by distributing these assets into various maturity buckets based on an approved 'replication model'. The model is independently developed by Market Risk and is approved by ALCO as directed by RBI before application. This model is reviewed on a yearly basis (or in case of changing market conditions, as deemed appropriate). The model primarily assumes a core portion of these products as long-term assets/liabilities and replicates the same in higher tenure buckets (versus volatile portion which is replicated in the short term).

Similarly, risk arising due to loan prepayments and/or deposits pre-closures is also captured in interest rate sensitivity statement. The loan repayment and deposits pre-closure are analysed on an annual basis through behavioral studies which has been placed before ALCO for approval.

Market risk monitors the interest rate risk of the banking books by pro-actively and periodically employing the tools as mentioned above. Managing and monitoring the interest rate risk exposure arising out of normal business activity is executed within the following risk limits / framework:

- Mismatch per bucket (cumulative and normal gap limits);
- Earning at Risk limit;
- VaR limit for ALM book
- Event risk limit; and
- Duration mismatch.

Economic Value perspective involves analyzing the impact of changes in interest rates on expected cash flows on assets, minus the expected cash out-flows on liabilities, plus the net cash flows of off-balance sheet items.

Earning perspective involves analyzing the impact of changes in interest rates on accruals or reported earnings in the following year. This is measured by Net Interest Income (NII) or Net Interest Margin (NIM).

The Bank combines both methodologies to analyze both effects simultaneously.

ALCO bears formal responsibility for the overall liquidity position. The responsibility for daily operational liquidity risk management is with the FM/ALM Desk. FM/ALM Desk also bears the responsibility of maintenance of Statutory Reserves viz. SLR and CRR, and adherence to the regulatory guidelines prescribed from time to time.

Liquidity Risk

Bank has a sound process for identifying, measuring, monitoring and mitigating liquidity risk. Liquidity can be measured through stock and flow approaches.

Flow approach measurement involves comprehensive tracking of cash flow mismatches. For measuring and managing net funding requirements, the format prescribed by the RBI i.e. the statement of structural liquidity under ALM System for measuring cash flow mismatches at different time bands is adopted. There are limits on gap for consolidated and ₹ statement. These are monitored on a daily basis and reported to ALCO on a monthly basis.

Bank monitors liquidity based on Board approved limits and ratios in line with regulatory requirements.

Earnings impact perspective

Original Currency in ₹ Mio

Risk Weights	Total (₹)	INR	EUR	USD	GBP
Net Interest Income year 1					
EaR +100 bps parallel (Year 1)	308.35	-23.78	-29.05	361.18	-
Net Interest Income year 2					

BASEL III PILLAR 3 DISCLOSURES AS OF 31 MARCH 2014

Risk Weights	Total (₹)	INR	EUR	USD	GBP
EaR +100 bps parallel (Year 2)	-224.07	-8.48	-29.25	-186.34	-
Net Interest Income year 3					
EaR +100 bps parallel (Year 3)	-338.38	5.16	-32.17	-311.37	-

Economic value perspective

Figures in ₹ Mio

NPV Impact	Total	INR	EUR	USD	GBP	JPY	Others
+ 50 bps	-382.18	-451.80	5.35	56.90	1.73	3.26	2.38
+100 bps	-764.37	-903.60	10.69	113.80	3.47	6.52	4.75

2.1.9 General disclosures for exposures related to counterparty credit risk (CCR)

Qualitative Disclosures:

- o Bank is currently on the standardized approach of Basel frame work. Counterparty Limits are set up based on the methodology outlined in the Counterparty Policy based on the RBI Guidelines.
- o Wrong way risk: Wrong way risk arises if the exposure tends to increase when the counterparty credit quality gets worse. The Bank currently does not have an explicit policy framework covering the wrong way Risk. The Bank will assess the measures to evaluate wrong way risk depending upon the risk perception on the portfolio, when it feels there is significant risk to the portfolio.
- o Collateral: The Margining Governance Policy of the bank defines the collateral management discipline for OTC derivatives trades, which is used as a risk mitigation technique to reduce the risk arising from counterparty exposures. Collateral agreements are largely standardized and provide funded protection compared to other risk mitigating tools
- o The Bank currently assesses the liquidity impact and related costs of a possible downgrade as part of the bank-wide stress testing exercise. The current regulatory guidelines do not require estimation of changes in collateral requirement in case of a likely rating downgrade of a Bank with respect to capital computation.

Quantitative Disclosures:

Particulars	Exposure (Loan Equivalent Factor) in ₹ Mio as per Current Exposure
Gross Positive Fair value of Contracts	47,647.66
Netted Current Credit Exposure	47,577.86
Net Derivatives Credit Exposure	13,681.58
Exposure at Default under CEM for Derivatives	
Money IRS	1,572.57
IRS	1,311.55
CCS	9,422.66
Options	1,504.35
Credit Derivative Transactions / Hedges	Nil

Notes:

- **Gross positive fair value of contracts** – The value of Loan Equivalent Factor (LEF) includes the positive Mark to Market (MTM). Products, derivatives as well as forwards are included for arriving at Gross positive fair value of contracts
- **Netted Current Credit Exposure** – LEF Exposure minus eligible collaterals
- **Collateral Held** – All margins held for Retail and Wholesale counterparties
- **Net Derivatives Exposure** – Derivative LEF Exposure minus eligible collaterals
- **Credit Derivative Products** – There is no exposure for Credit Derivative Products
- **Exposure at default, under CEM** – LEF Exposure is provided for each derivative products

3. Annexures

3.1 Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 31 March 2013 to 31 December 2017)

Figures in ₹ Mio

	Amounts Subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	a-e
2	Retained earnings	i
3	Accumulated other comprehensive income (and other reserves)	b-d+f+g
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-
	Public sector capital injections grandfathered until 1/1/2018	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	Common Equity Tier 1 capital before regulatory adjustments	69,683.49
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	114.56
8	Goodwill (net of related tax liability)	-
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	115.99
10	Deferred tax assets	524.00
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions. (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	NA
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA
22	Amount exceeding the 15% threshold	NA
23	of which: significant investments in the common stock of financial entities	NA
24	of which: mortgage servicing rights	NA
25	of which: deferred tax assets arising from temporary differences	NA
26	National specific regulatory adjustments (26a+26b+26c+26d)	95.39

	Amounts Subject to Pre-Basel III Treatment	Ref No.
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	20.99
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
26d	of which: Unamortised pension funds expenditures	74.40
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	187.91
28	Total regulatory adjustments to Common equity Tier 1	1,037.85
29	Common Equity Tier 1 capital (CET1)	68,645.64
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt instruments)	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	1,055.55
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 capital before regulatory adjustments	1,055.55
Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b)	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-
	of which: Intangibles other than mortgage-servicing rights (net of related tax liability)	174.00
	of which: Deferred tax assets	786.01
	of which: Unamortised pension funds expenditures	111.60
	of which: Prudential valuation adjustments	171.85
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-

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	Amounts Subject to Pre-Basel III Treatment	Ref No.
Capital ratios		
61 Common Equity Tier 1 (as a percentage of risk weighted assets)	14.63%	
62 Tier 1 (as a percentage of risk weighted assets)	14.63%	
63 Total capital (as a percentage of risk weighted assets)	16.76%	
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets) of which: capital conservation buffer requirement	NA	
65 of which: bank specific countercyclical buffer requirement	NA	
66 of which: G-SIB buffer requirement	NA	
67 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	NA	
National minima (if different from Basel III)		
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.00%	
70 National Tier 1 minimum ratio (if different from Basel III minimum)	6.50%	
71 National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction (before risk weighting)		
72 Non-significant investments in the capital of other financial entities		
73 Significant investments in the common stock of financial entities		
74 Mortgage servicing rights (net of related tax liability)	NA	
75 Deferred tax assets arising from temporary differences (net of related tax liability)	NA	
Applicable caps on the inclusion of provisions in Tier 2		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,682.57	v
77 Cap on inclusion of provisions in Tier 2 under standardised approach	5,198.21	
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
Capital instruments subject to phase-out arrangements (only applicable between 31 March 2017 and 31 March 2022)		
80 Current cap on CET1 instruments subject to phase out arrangements	NA	
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
82 Current cap on AT1 instruments subject to phase out arrangements	NA	
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
84 Current cap on T2 instruments subject to phase out arrangements	NA	
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA	

	Amounts Subject to Pre-Basel III Treatment	Ref No.
43 Total regulatory adjustments to Additional Tier 1 capital	1,243.46	
44 Additional Tier 1 capital (AT1)	-187.91	
44a Additional Tier 1 capital reckoned for capital adequacy	-	
45 Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	68,645.64	
Tier 2 capital: instruments and provisions		
46 Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47 Directly issued capital instruments subject to phase out from Tier 2	7,847.01	t+u
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49 of which: instruments issued by subsidiaries subject to phase out	-	
50 Provisions	2,142.04	c+h+v
51 Tier 2 capital before regulatory adjustments	9,989.05	
Tier 2 capital: regulatory adjustments		
52 Investments in own Tier 2 instruments	-	
53 Reciprocal cross-holdings in Tier 2 instruments	-	
54 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56 National specific regulatory adjustments (56a+56b)	-	
56a of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56 b of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-	
of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-	
of which: [INSERT TYPE OF ADJUSTMENT]	-	
57 Total regulatory adjustments to Tier 2 capital	-	
58 Tier 2 capital (T2)	9,989.05	
58a Tier 2 capital reckoned for capital adequacy	9,989.05	
58b Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	
58c Total Tier 2 capital admissible for capital adequacy (58a + 58b)	9,989.05	
59 Total capital (TC = T1 + T2) (45 + 58c)	78,634.59	
Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
of which: [INSERT TYPE OF ADJUSTMENT]		
of which: ...		
60 Total risk weighted assets (60a + 60b + 60c)	469,089.00	
60a of which: total credit risk weighted assets	415,956.86	
60b of which: total market risk weighted assets	21,087.85	
60c of which: total operational risk weighted assets	32,144.29	

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3.2 Three Step Approach to Reconciliation Requirements

Step 1

Figures in ₹ Mio

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		31 March 2014	31 March 2014
A	Capital & Liabilities		
i	Paid-up Capital	1,886.36	1,886.36
	Reserves & Surplus	68,827.09	68,827.09
i	Minority Interest	-	-
	Share application money	-	-
	Total Capital	70,713.45	70,713.45
	Deposits	412,167.67	412,167.67
ii	of which: Deposits from banks	100,528.21	100,528.21
	of which: Customer deposits	311,639.46	311,639.46
	of which: Other deposits (pl. specify)	-	-
	Borrowings	96,684.77	96,684.77
	of which: From RBI	860.00	860.00
	of which: From banks	1,639.52	1,639.52
	of which: From other institutions & agencies	32,877.26	32,877.26
	of which: Others (pl. specify) of which:	61,307.99	61,307.99
	Capital instruments (IPDI, Upper Tier II & Lower Tier II)	11,938.08	11,938.08
iv	Other liabilities & provisions	24,566.38	24,566.38
	Total	604,132.27	604,132.27
B	Assets		-
i	Cash and balances with Reserve Bank of India	32,951.99	32,951.99
	Balance with banks and money at call and short notice	25,308.69	25,308.69
	Investments:	167,207.60	167,207.60
	of which: Government securities	104,975.08	104,975.08
	of which: Other approved securities	-	-
ii	of which: Shares	517.52	517.52
	of which: Debentures & Bonds	8,724.45	8,724.45
	of which: Subsidiaries / Joint Ventures / Associates	20.99	20.99
	of which: Others (Commercial Papers, Mutual Funds etc.)	52,969.56	52,969.56
	Loans and advances	358,288.50	358,288.50
iii	of which: Loans and advances to banks	7.72	7.72
	of which: Loans and advances to customers	358,280.78	358,280.78
iv	Fixed assets	5,245.13	5,245.13
	Other assets	15,130.36	15,130.36
v	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets	1,309.99	1,309.99
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
	Total Assets	604,132.27	604,132.27

Step 2

Figures in ₹ Mio

		Balance sheet under regulatory scope of consolidation	31 March 2014	Ref. No.
A Capital & Liabilities				
i	Paid-up Capital		1,886.36	a
	of which: Amount eligible for CET1		1,886.36	
	of which: Amount eligible for AT1		-	
	Reserves & Surplus		68,827.09	
	of which: Statutory Reserve		8,814.24	b
	of which: Revaluation Reserve		1,021.03	c
	of which: Other Capital Reserve		1,265.58	d
	of which: Securities Premium		41,994.18	e
	of which: Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		987.00	f
	of which: Revenue Reserve		301.45	g
	of which: Investment Reserve		3.57	h
	of which: Balance in Profit & Loss account		14,434.73	i
	of which: Employees' Stock Options Outstanding (Net)		5.31	j
	Minority Interest		-	
	Share application money		-	k
	Total Capital		70,713.45	
	ii Deposits		412,167.67	
	of which: Deposits from banks		100,528.21	l
	of which: Customer deposits		311,639.46	m
	of which: Other deposits (pl. specify)		-	
iii	Borrowings		96,684.77	
	of which: From RBI		860.00	n
	of which: From banks		1,639.52	o
	of which: From other institutions & agencies		32,877.26	p
	of which: Others		61,307.99	q
	of which: Capital instruments, of which:		11,938.08	r
	PDI		1,214.79	s
	Tier II Bonds		7,060.00	t
	Upper Tier II capital		3,663.28	u
iv	Other liabilities & provisions		24,566.38	
	of which: DTIs related to goodwill		-	
	of which: DTIs related to intangible assets		-	
	of which: Provision for standard assets		1,679.00	v
	Total		604,132.27	
B Assets				
i	Cash and balances with Reserve Bank of India		32,951.99	w
	Balance with banks and money at call and short notice		25,308.69	x
	Investments		167,207.60	
	of which: Government securities		104,975.08	y
	of which: Other approved securities		-	z
ii	of which: Shares		517.52	a1
	of which: Debentures & Bonds		8,724.45	a2
	of which: Subsidiaries / Joint Ventures / Associates		20.99	a3
	of which: Others (RDF Deposits, Pass through certificates, CP, MF etc.)		52,969.56	a4
	Loans and advances		358,280.78	a5
	of which: Loans and advances to banks		7.72	a6
	of which: Loans and advances to customers		358,280.78	a7
iii	Fixed assets		5,245.13	a8
	Other assets, of which:		289.96	a9
	Goodwill		15,130.36	
v	Other intangibles (excluding MSRs)		-	
	Deferred tax assets		1,309.99	a10
	Unamortised second pension liability		186.00	a11
vi	Goodwill on consolidation		-	
vii	Debit balance in Profit & Loss account		-	
	Total Assets		604,132.27	

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Figures in ₹ Mio

Notes to the Template			
Note No.	Row No. of the template	Particulars	
1	7	Illiquidity charge as on 31 March 2014.	286.40
		of which: 40% Considered for CET 1	114.56
		of which: 60% Considered for AT 1	171.84
2	10	Deferred tax assets associated with accumulated losses	-
		Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability (40% considered in CET 1)	524.00
		Total as indicated in row 10	524.00
3	19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
		of which: Increase in Common Equity Tier 1 capital	NA
		of which: Increase in Additional Tier 1 capital	NA
		of which: Increase in Tier 2 capital	NA
4	26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
		(i) Increase in Common Equity Tier 1 capital	NA
		(ii) Increase in risk weighted assets	NA
5	33	IPDI (s) is considered at 80% of value as on 01 Jan 2013.	
		Balance as on 01 Jan 2013	1,319.41
		Cap as per Basel III with applicable haircut	1,055.53
		Considered for AT1	1,055.53
6	44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
		of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
7	47	Upper & Lower tier II capital instruments are considered at 80% of value as on 01 Jan 2013.	
		Upper Tier II instruments as on 01 Jan 2013	3,978.76
		Cap as per Basel III with applicable haircut	3,183.01
		Considered for Tier 2	3,183.01
		Lower Tier II instruments as on 01 Jan 2013	9,060.00
		Eligible value of Lower Tier II instruments as on 01 Jan 2013	6,076.00
		Cap as per Basel III with applicable haircut	4,664.00
		Considered for Tier 2	4,664.00
		Total Lower & Upper Tier II capital instruments considered for Tier 2	7,847.01
8	50	Eligible Provisions included in Tier 2 capital (Provision for standard assets (v))	1,682.57
		Eligible Revaluation Reserves included in Tier 2 capital (45% of Actual amount)	459.47
		Total of row 50	2,142.04
9	58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

3.3 Capital Instruments – Main Features Template

Disclosure template for main features of regulatory capital instruments as on 31 March 2014						
		1	2	3	4	5
1	Issuer	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE166A09030	INE166A09048	INE166A09055	INE166A09063	INE166A08016
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law	Indian Law	Indian Law
	Regulatory treatment					
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	120.00	80.00	24.00	312.00	1,200.00
9	Par value of instrument	1000000 ₹	1000000 ₹	1000000 ₹	1000000 ₹	1000000 ₹
10	Accounting classification	Liability	Liability	Liability	Liability	Liability
11	Original date of issuance	17 March 2006	24 March 2006	29 March 2006	28 August 2006	15 July 2008
12	Perpetual or dated	dated	dated	dated	dated	dated
13	Original maturity date	17-May-2015	24-May-2015	29-May-2015	28-Aug-2016	14-Jul-2018

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Disclosure template for main features of regulatory capital instruments as on 31 March 2014						
		1	2	3	4	5
14	Issuer call subject to prior supervisory approval	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Coupons / dividends					
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	8.75%	8.95%	8.95%	9.70%	10.40%
19	Existence of a dividend stopper	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	No	No	No	No
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Depositors and other general creditors of the Bank	Depositors and other general creditors of the Bank	Depositors and other general creditors of the Bank	Depositors and other general creditors of the Bank	Depositors and other general creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Does not include "Point of Non-Viability" clauses	Does not include "Point of Non-Viability" clauses	Does not include "Point of Non-Viability" clauses	Does not include "Point of Non-Viability" clauses	Does not include "Point of Non-Viability" clauses

Disclosure template for main features of regulatory capital instruments as on 31 March 2014							
		6	7	8	9	10	11
1	Issuer	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited	ING Vysya Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE166A08024	INE166A08032	Upper Tier 2 Capital 22MAR2022	Upper Tier 2 Capital 23JAN2024	Perpetual Bonds	INE166A01011 #
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law	Indian Law		Indian Law
	Regulatory treatment						
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2	Additional Tier 1	Common Equity Tier 1
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Common Equity Tier 1
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Upper Tier 2 Capital Instruments	Upper Tier 2 Capital Instruments	Perpetual Debt Instruments	Common Shares
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	480.00	2,448.00	1,336.67	1,846.34	1,055.53	1,886.36
9	Par value of instrument	1000000 ₹	1000000 ₹	100,000 JPY	100,000 JPY	100,000 JPY	10 ₹
10	Accounting classification	Liability	Liability	Liability	Liability	Liability	Shareholders' equity
11	Original date of issuance	31 January 2009	14 December 2012	22 March 2007	23- January 2009	22 October 2008	Continuous with prior Board / Committee approval

BASEL III PILLAR 3 DISCLOSURES AS OF 31 MARCH 2014

Disclosure template for main features of regulatory capital instruments as on 31 March 2014							
		6	7	8	9	10	11
12	Perpetual or dated	dated	dated	dated	dated	Perpetual	Perpetual
13	Original maturity date	30 January 2019	13 December 2022	22 March 2022	23 January 2024	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes	Yes	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	After 22 March 2017	After 23 January 2019	On 22 October 2018	Not applicable
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable	on 22 March 2017 and quarterly coupon payment dates thereafter	on 23/2019 and quarterly coupon payment dates thereafter	Not Applicable	Not applicable
	Coupons / dividends						
17	Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating	Floating	Not applicable
18	Coupon rate and any related index	9.65%	9.90%	3 month LIBOR plus 110 basis points	3 month LIBOR plus 230 basis points	3 month LIBOR plus 400 basis points	to be determined by Board of Directors
19	Existence of a dividend stopper	No	No	Yes	Yes	Yes	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Partially Discretionary	Partially Discretionary	Partially Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No	Yes	Yes	Yes	Not applicable
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Not applicable
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	No	No	No	No	Not Applicable
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Depositors and other general creditors of the Bank	Depositors and other general creditors of the Bank	Lower Tier 2	Lower Tier 2	Upper Tier 2	All creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes	Yes	No
37	If yes, specify non-compliant features	Does not include "Point of Non-Viability" clauses	Does not include "Point of Non-Viability" clauses	Includes Step up Option Does not Include Point of Non-Viability clauses	Includes Step up Option Does not Include Point of Non-Viability clauses	Includes Step up Option Does not Include Point of Non-Viability clauses Does not include Loss Absorption Clause at pre-specified trigger	Not applicable

INE166A01011 pertains to paid-up capital and does not include share premium

3.4 Terms and Conditions of Capital Instruments

ISIN: INE166A09030

ING VYSYA BANK LIMITED

ADDENDUM TO THE SHELF MEMORANDUM OF INFORMATION SERIES III

This is an addendum to Shelf offer Document for Private Placement of Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes for an amount of ₹ 1900 Mio dated 2 March 2006 filed with the Stock Exchange. The company proposes to raise an amount of ₹ 500 Mio with an option to retain oversubscription.

Terms and Conditions of the Issue:

Issuer	ING VYSYA BANK LTD
Issue Size #	₹ 500 Mio with an option to retain oversubscription.
Nature of Instrument	Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes.
Credit Rating	"AA+ (Stable)" by CRISIL "AA+ (Ind)" by FITCH
Trustee	IDBI Trusteeship Services Limited
Face Value	₹ 1 Mio per Bond (₹ One Million only)
Minimum Application Size	10 (Ten) Bonds (₹ 10 Mio) and in multiples of 1 (one) Bonds (₹ 1 Mio) thereafter
Tenure	110 months (9 years 2 months)
Redemption	Bullet Redemption at par at the end of 110 months (9 years 2 months) from the Deemed Date of allotment.
Coupon Rate	8.75% p a (subject to TDS as applicable)
Interest Payment	The Bonds shall carry interest at the coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the income tax Act, 1961, or any other Statutory modification or re-enactment thereof for which a certificate will be issued by the Bank) on the outstanding amount of the principal till final redemption. Interest will be paid annually on 17 March, each year till final redemption. First interest payment shall be made on 17 March 2007 and the last interest payment shall be made from 17 March 2015 up to (but excluding) the redemption date.
Listing	The Bank Proposes to list the Bonds on the National Stock Exchange of India Ltd (NSE)
Interest on Subscription Money	Interest on application money will be paid to investors at the coupon rate (subject to deduction of tax at source, as applicable) from date of realisation of cheques(s)/Demand Draft(s) up to but not including the Deemed date of allotment.
Put & Call Option	None
Record Date	The Bank's Register of Bondholders will be closed for the purpose of payment of interest or redemption of Bonds, as the case may be, 15 days prior to the respective due date.
Issuance and Trading	Demat Mode
Depository	NSDL & CDSL
Opening Date	06 March 2006
Issue Closes latest by	14 March 2006
Deemed Date of Allotment	17 March 2006

the actual amount raised for this particular issue was ₹ 600 Mio

ISIN: INE166A09048

ING VYSYA BANK LIMITED

ADDENDUM TO THE SHELF MEMORANDUM OF INFORMATION SERIES

3-TRANCHE 2

This is an addendum to Shelf offer Document for Private Placement of Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes for an amount of ₹ 1900 Mio dated 2 March 2006 filed with the Stock Exchange. The company proposes to raise an amount of ₹ 300 Mio with an option to retain oversubscription.

Terms and Conditions of the Issue:

Issuer	ING VYSYA BANK LTD
Issue Size #	₹ 300 Mio with an option to retain oversubscription.
Nature of Instrument	Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes.
Credit Rating	"AA+ (Stable)" by CRISIL "AA+ (Ind)" by FITCH
Trustee	IDBI Trusteeship Services Limited
Face Value	₹ 1 Mio per Bond (₹ One Million only)
Minimum Application Size	10 (Ten) Bonds (₹ 10 Mio) and in multiples of 1 (one) Bonds (₹ 1 Mio) thereafter
Tenure	110 months (9 years 2 months)
Redemption	Bullet Redemption at par at the end of 110 months (9 years 2 months) from the Deemed Date of allotment.
Coupon Rate	8.95% p a (subject to TDS as applicable)
Interest Payment	The Bonds shall carry interest at the coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the income tax Act, 1961, or any other Statutory modification or re-enactment thereof for which a certificate will be issued by the Bank) on the outstanding amount of the principal till final redemption. Interest will be paid annually on 24 March, each year till final redemption. First interest payment shall be made on 24 March 2007 and the last interest payment shall be made from 24 March 2015 up to (but excluding) the redemption date.
Listing	The Bank Proposes to list the Bonds on the National Stock Exchange of India Ltd (NSE)
Interest on Subscription Money	Interest on application money will be paid to investors at the coupon rate (subject to deduction of tax at source, as applicable) from date of realisation of cheques(s)/Demand Draft(s) up to but not including the Deemed date of allotment.
Put & Call Option	None
Record Date	The Bank's Register of Bondholders will be closed for the purpose of payment of interest or redemption of Bonds, as the case may be, 15 days prior to the respective due date.
Issuance and Trading	Demat Mode
Depository	NSDL & CDSL
Opening Date	23 March 2006
Issue Closes latest by	23 March 2006
Deemed Date of Allotment	24 March 2006

The actual amount raised for this particular issue was ₹ 400 Mio

@ The actual amount raised for this particular issue was ₹ 120 Mio
ISIN: INE166A09063

ING VYSYA BANK LIMITED
ADDENDUM TO THE SHELF MEMORANDUM OF INFORMATION SERIES
3-TRANCHE 4

This is an addendum to Shelf offer Document for Private Placement of Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes for an amount of ₹ 1900 Mio dated 2 March 2006 filed with the Stock Exchange. The company proposes to raise an amount of ₹ 780 Mio with an option to retain oversubscription.

Terms and Conditions of the Issue:

Issuer	ING VYSYA BANK LTD
Issue Size	₹ 780 Mio with an option to retain oversubscription.
Nature of Instrument	Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes.
Credit Rating	"AA+ (Stable)" by CRISIL "AA+ (Inv)" by FITCH
Trustee	IDBI Trusteeship Services Limited
Face Value	₹ 1 Mio per Bond (₹ One Million only)
Minimum Application Size	10 (Ten) Bonds (₹ 10 Mio) and in multiples of 1 (one) Bonds (₹ 1 Mio) thereafter
Tenure	120 months (10 years)
Redemption	Bullet Redemption at par at the end of 120 months (10years) from the Deemed Date of Allotment.
Coupon Rate	9.70 % p.a (subject to TDS as applicable)
Interest Payment	The Bonds shall carry interest at the coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the income tax Act, 1961, or any other Statutory modification or re-enactment thereof for which a certificate will be issued by the Bank) on the outstanding amount of the principal till final redemption. Interest will be paid annually on 28 August, each year till final redemption. First Interest payment shall be made on 28 August 2007 and the last interest payment shall be made from 28 August 2015 up to (but excluding) the redemption date.
Listing	The Bank Proposes to list the Bonds on the National Stock Exchange of India Ltd (NSE)
Interest on Subscription Money	Interest on application money will be paid to investors at the coupon rate (subject to deduction of tax at source, as applicable) from date of realisation of cheques(s)/Demand Draft(s) up to but not including the Deemed date of allotment.
Put & Call Option	None
Record Date	The Bank's Register of Bondholders will be closed for the purpose of payment of interest or redemption of Bonds, as the case may be, 15 days prior to the respective due date.
Issuance and Trading Depository	Demat Mode NSDL & CDSL
Opening Date	25 August 2006
Issue Closes latest by	25 August 2006
Deemed Date of Allotment	28 August 2006
Authority of the present issue	This present issue of Bonds is being made pursuant to the resolutions of the Board of Directors of the Bank. Passed at its meeting held on 13 July 2006 & 22 September 2005 and is within the general borrowing limits set out in resolution passed under section 293 (1) (d) of the Companies Act, 1956 at the Annual General Meeting of the Bank held on 22 September 2005.

ISIN: INE166A09055
ING VYSYA BANK LIMITED
ADDENDUM TO THE SHELF MEMORANDUM OF INFORMATION SERIES
3-TRANCHE 3

This is an addendum to Shelf offer Document for Private Placement of Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes for an amount of ₹ 1900 Mio dated 2 March 2006 filed with the Stock Exchange. The company proposes to raise an amount of ₹ 100 Mio with an option to retain oversubscription.

Terms and Conditions of the Issue:

Issuer	ING VYSYA BANK LTD
Issue Size @	₹ 100 Mio with an option to retain oversubscription.
Nature of Instrument	Unsecured, Redeemable, Subordinated Bonds in the nature of Promissory Notes.
Credit Rating	"AA+ (Stable)" by CRISIL "AA+ (Inv)" by FITCH
Trustee	IDBI Trusteeship Services Limited
Face Value	₹ 1 Mio per Bond (₹ One Million only)
Minimum Application Size	10 (Ten) Bonds (₹ 10 Mio) and in multiples of 1 (one) Bonds (₹ 1 Mio) thereafter
Tenure	110 months (9 years 2 months)
Redemption	Bullet Redemption at par at the end of 110 months (9years 2months) from the Deemed Date of allotment.
Coupon Rate	8.95% p.a (subject to TDS as applicable)
Interest Payment	The Bonds shall carry interest at the coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the income tax Act, 1961, or any other Statutory modification or re-enactment thereof for which a certificate will be issued by the Bank) on the outstanding amount of the principal till final redemption. Interest will be paid annually on 29 March, each year till final redemption. First Interest payment shall be made on 29 March 2007 and the last interest payment shall be made from 29 March 2015 up to (but excluding) the redemption date.
Listing	The Bank Proposes to list the Bonds on the National Stock Exchange of India Ltd (NSE)
Interest on Subscription Money	Interest on application money will be paid to investors at the coupon rate (subject to deduction of tax at source, as applicable) from date of realisation of cheques(s)/Demand Draft(s) up to but not including the Deemed date of allotment.
Put & Call Option	None
Record Date	The Bank's Register of Bondholders will be closed for the purpose of payment of interest or redemption of Bonds, as the case may be, 15 days prior to the respective due date.
Issuance and Trading Depository	Demat Mode NSDL & CDSL
Opening Date	28 March 2006
Issue Closes latest by	28 March 2006
Deemed Date of Allotment	29 March 2006

ISIN: INE166A08016

ING VYSYA BANK LIMITED
ADDENDUM TO INFORMATION MEMORANDUM

Term Sheet for Lower Tier II Bonds

Proposed Issue of Unsecured Redeemable Subordinated Bonds aggregating ₹ 1500 Mio for inclusion as lower Tier II Capital.

Issuer	ING VYSYA BANK LTD
Issue Size	Up to ₹ 1500 Mio
Nature of Instrument	Unsecured, Redeemable, Subordinated Bonds in the nature of Debenture.
Issuance and Trading	Only in Demat Mode
Depository	NSDL & CDSL
Put & Call Option	No Put/call option.
Face Value	₹ 1 Mio /- per bond
Issue Price	₹ 1 Mio /- per bond
Minimum Application Size	10 (Ten) Bonds (₹ 10 Mio) and in multiples of 1 (one) Bonds (₹ 1 Mio) thereafter
Interest on Application Money	The interest on application money payable by the issuer would be at the applicable interest rate from the date of realization of cheques(s) /Demand Draft(s) up to one day prior to Deemed Date of Allotment. This will be paid within 7 days of Deemed Date of Allotment
Interest payment	Interest would be paid annually and on Maturity, as applicable. The interest payment for any broken period would be paid on a pro rata basis.
Interest Calculation	The interest on the outstanding principal for each annual period would be calculated on an actual / 365 day count basis.
Record Date	For Interest and Redemption payment, record date would be 30 days prior to interest and/or redemption date.
Listing	The bond would be listed on the wholesale Debt Market Segment (WDM) of the National Stock Exchange (NSE).
Credit Rating	AA+ By CRISIL
Trustee	IDBI Trusteeship Services Ltd.
Lead Arranger	DSP Merrill Lynch Ltd.
Tenure	10 years(120 months)
Coupon Rate (p.a)*	10.40%
Settlement	Settlement by way of Demand Draft/RTGS
Redemption	Bullet redemption at par at the end of 120 months (10 years) from the deemed date of allotment
Type (Fixed/ Book building)	Fixed
Issue Open On	14 July 2008
Issue Close on	15 July 2008
Pay in Date	15 July 2008
Deemed Date of Allotment	15 July 2008

*Subject to TDS at Applicable rates

ISIN: INE166A08024

Date: 21 January 2009

ING VYSYA BANK LIMITED
ADDENDUM TO DISCLOSURE DOCUMENT

Term Sheet for Lower Tier II Bonds

Proposed Issue of Unsecured Redeemable Subordinated Bonds aggregating ₹ 1000 Mio for inclusion as lower Tier II Capital.

Issuer	ING VYSYA BANK LTD
Issue Size	₹ 500 Mio + Greenshoe option of ₹ 500Mio
Nature of Instrument	Unsecured, Redeemable, Subordinated Bonds in the nature of Debenture.
Credit Rating	"AA+/Negative" by CRISIL (Pronounced "Double A Plus with Negative Outlook")
Issuance and Trading	Only in Demat Mode
Depository	NSDL & CDSL
Trustee	IDBI Trusteeship Services Ltd.
Face Value	₹ 1 Mio /- per bond (₹ one Mio only)
Issue Price	₹ 1 Mio /- per bond (₹ one Mio only)
Minimum Application Size	10 (Ten) Bonds (₹ 10 Mio) and in multiples of 1 (one) Bonds (₹ 1 Mio) thereafter
Tenure	10 years(120 months)
Redemption	Bullet redemption at par at the end of 120 months.
Coupon Rate (p.a)	9.65% Subject to TDS at applicable rates
Record Date	For Interest and Redemption payment, record date would be 30 days prior to interest and/or redemption date.
Interest payment	Interest would be paid annually and on Maturity, as applicable. The interest payment for any broken period would be paid on a pro rata basis.
Interest Calculation	The interest on the outstanding principal for each annual period would be calculated on an actual / 365 day count basis.
Settlement	Settlement by way of Demand Draft/RTGS
Listing	The bond would be listed on the wholesale Debt Market Segment (WDM) of the National Stock Exchange (NSE).
Interest on Application Money	The interest on application money payable by the issuer would be at the applicable interest rate from the date of realization of cheques(s) /Demand Draft(s) up to one day prior to Deemed Date of Allotment. This will be paid within 7 days of Deemed Date of Allotment
Put & Call Option	No Put/call option.
Issuance and Trading	Demat Mode
Opening Date	21 January 2009
Issue Closes latest by	23 January 2009
Deemed Date of Allotment	31 January 2009

ISIN: INE166A08032
ING VYSA BANK LIMITED
DISCLOSURE DOCUMENT

Term Sheet

Security Name	9.9% Unsecured Redeemable non-convertible subordinate bonds in nature of Debentures - Series 2 (Tranche I)
Issuer	ING Vysya Bank Ltd.
Type of Instrument	Unsecured, Redeemable, non-convertible, Subordinated Bonds in the nature of Debenture.
Nature of Instrument	Unsecured
Mode of Issue	Private Placement
Eligible Investors	Please refer 'Application process - who can apply' in the disclosure document
Listing	The bonds are proposed to be listed on the Wholesale Debt Market Segment (WDM) of the National Stock Exchange of India Limited (NSE)
Rating the Instrument	CRISIL AA/Stable, Pronounced "Double A with stable outlook"
Issue Size	₹ 3060 Mio
Object of the issue and details of utilisation of the proceeds	The present issue of bonds is being made for augmenting the Tier II capital of the bank for strengthening its capital adequacy and for enhancing the long-term resources of the bank. The main object Clause of the Memorandum of Association of the bank enables it to undertake the activities for which the funds are being raised through the present issue and also the activities, which the bank has been carrying on till date. The proceeds of this issue will be used by the bank for its regular business activities.
Coupon Rate	9.90% payable annually subject to TDS as applicable rate
Step UP/Down Coupon Rate	No Step-up Option
Coupon payment Frequency	Annual
Coupon Type	Fixed
Coupon Reset Process	Not applicable as it is a fixed coupon
Day Count Basis	Actual/Actual
Interest on Application Money	Please refer 'Interest of Application Money' in the shelf disclosure document
Tenor	10 years from the date of allotment
Redemption date	Bullet Redemption at par at the end of 10 th year from the date of allotment with the consent of the Reserve Bank of India.
Redemption Amount	At Par
Redemption Premium/Discount	Not applicable
Issue Price	At Par
Discount at which security is issued and the effective yield as a result of such discount.	The security is not being issued at a discount.
Put option Date	Not Applicable
Put option Price	Not Applicable
Call option date	There is no call option
Call option price	There is no call option
Put Notification Time	Not applicable
Call Notification Time	Not Applicable
Face Value	₹ 1Mio per Instrument
Minimum Application and in multiples of 1 (one) Debt Securities thereafter	Minimum Application for 10(ten) Bonds and in Multiples of 1 (one) Bond thereafter
Issue Timing	30 November 2012
1. Issue opening Date	10 December 2012
2. Issue Closing Date	30 November 2012
3. Pay-in Date	14 December 2012
4. Deemed date of allotment	

Issuance mode of the Instrument	Demat only
Business Day Convention	Please refer disclosure document
Record Date	Please refer disclosure document
Security (Where applicable)	Not applicable
Transaction documents	Not applicable as the instrument is unsecured.
Conditions Precedent to Disbursement	Nil
Disbursement	Nil
Condition Subsequent to Disbursement	Nil
Events of Default	Please refer disclosure document
Provisions related to Cross Default Clause	Not applicable
Role and responsibilities of Debenture Trustee	Please refer 'Trustee to the bondholders' in the disclosure document
Governing Law and Jurisdiction	Indian Law with Jurisdiction of the courts of Bangalore

Foreign currency denominated Unlisted Upper Tier 2 Bonds
Term sheet 20 March 2007
JPY 2,649,600,000

Sole lender/Sole Investor	ING Bank N.V.
Borrower/Issuer	ING Vysya Bank Ltd, a public limited company incorporated under the laws of Republic of India.
Type of Transaction	Unlisted Bond/Debenture in Foreign Currency
Principal Amount	JPY 2,64,600,000.-
Settlement Date	22 March 2007
Maturity date	22 March 2022
Tenor	15 Years - With a Callable option at the end of 10 years
Call Option	From 22 March 2017 and on every Coupon Payment Date thereafter at par. Subject to prior approval of RBI
Call Notice period	30-60 calendar days
Coupon rate	JPY 3M LIBOR plus 110, based on market conditions bps from 22 March 2007 up to and excluding 22 March 2017 Fixing first quarter 0.72313+1.10= 1.82313 JPY 3M LIBOR plus 210, based on market conditions bps from 22 March 2017 up to and including 22 March 2022.
Coupon payment Dates	Interest will be payable quarterly on 22 March, 22 June, 22 September, 22 December of each year
Denominations	JPY 100,000
Fixing Dates	Two Business Days prior to the Coupon Payment Date
Coupon Type	Actual/360, modified Following Business Day Convention
Business Days	Tokyo, Amsterdam and Mumbai for payments, London for Fixings
Governing Law	Indian Law
Withholding Tax Lock in Clause	Applicable Principal and Interest will not be paid if the Bank's capital to risk assets ratio (CRAR) falls below the minimum regulatory requirements prescribed by the RBI or if the impact of such payment of interest results in the CRAR failing below or remaining below the minimum regulatory. However, the Bank may pay interest with the prior approval of the RBI when the impact of such payment may result in net loss or increase the net loss provided the CRAR remains above the regulatory norm.
Seniority of claims	Superior to claims of holders of instruments eligible for inclusion in Tier 1 Capital but subordinated to the claims of all other creditors.
Redemption	Redemptions shall not be at the initiative of the holder of the instruments and all redemptions shall be made only with the prior approval of the RBI.

Foreign Currency Denominated Unlisted Upper Tier 2 Bonds
Term sheet 21 January 2009
JPY 3, 659, 877,800

Sole lender/Sole Investor	ING Bank N.V.
Borrower / Issuer	ING Vysya Bank Ltd, a public Limited company incorporated under the laws of Republic of India.
Type of Transaction	Unlisted Bond/ Debenture in Foreign Currency
Principal Amount	JPY 3,659,877,800.41
Settlement date	23 January 2009
Maturity date	23 January 2024
Tenor	15 Years – With a Callable option at the end of 10years
Call Option	From 23 January 2019 and on every Coupon date thereafter at par, Subject to prior approval of RBI
Call Notice period	30- 60 calendar days
Coupon rate	JPY 3M LIBOR plus 230bps based on market conditions from 23 January 2009 up to and excluding 23 January 2019 JPY 3M LIBOR plus 330 bps based on market conditions from 23 January 2019 up to and excluding 23 January 2024.
Coupon payment Dates	Interest will be payable quarterly on 23 April, 23 July, 23 October, 23 January of each year
Denominations	JPY 100,000
Fixing Dates	Two Business Days prior to the Coupon Payment Date
Coupon Type	Actual/ 360, modified Following Business Day Convention
Business Days	Tokyo, Amsterdam and Mumbai for payments, London for Fixings
Governing Law	Indian Law
Withholding Tax	Applicable
Lock in Clause	Principal and Interest will not be paid if the Bank's capital to risk assets ratio (CRAR) falls below the minimum regulatory requirements prescribed by the RBI or if the impact of such payment of interest results in the CRAR falling below or remaining below the minimum regulatory. However, the Bank may pay interest with the prior approval of the RBI when the impact of such payment may result in net loss or increase the net loss provided the CRAR remains above the regulatory norm. Interest shall not be cumulative.
Seniority of Claims	Superior to claims of holders of instruments eligible for inclusion in Tier 1 Capital but subordinated to the claims of all other creditors.
Redemption	Redemptions shall not be at the initiative of the holder of the instruments and all redemptions shall be made only with the prior approval of the RBI.

Perpetual Bonds
Foreign Currency Denominated Perpetual Bonds Tem Sheet
For an Amount of JPY 2,092,307,692

Sole lender/Sole Investor	ING Bank N.V.
Borrower / Issuer	ING Vysya Bank Ltd, a public Limited company incorporated under the laws of Republic of India.
Type of Transaction	Perpetual Bonds in Foreign Currency
Principal Amount	(Equivalent of ₹ 100 Cr at a Spot reference Rates of USD/JPY 102 and USD/₹ 48.75)
Settlement date	22 October 2008
Maturity date	Perpetual
Call Option	Once after 10 years from Settlement Date
Call notice period	60 Calendar days (Prior approval of RBI required in Case of exercise of Call Option)
Coupon rate	JPY 3M LIBOR plus 400 bps Step Up of 100 bps all – inclusive after 10 years
Coupon payment Dates	Interest will be payable quarterly
Denominations	JPY 100,000

If Undelivered, please return to:

ING VYSYA BANK

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