# Société Générale

(Incorporated in France as a Public Limited Company)

# COMMITTED

TO SERVING OUR CUSTOMERS AND THE ECONOMY

INDIAN BRANCHES

Annual Report 2012-2013

BUILDING TOGETHER

T E A M SOCIETE S P I R I T GENERALE

# **Our Network In India** Societe Generale Societe Generale, Maker Chambers IV, 13th Floor, Nariman Point, Mumbai - 400 021 SG Asia Holdings (India) Pvt. Ltd. One Indiabulls Centre, 1102, 11th Floor, Tower 2, Wing "B", 841, Jupiter Mills, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013 ALD AUTOMOTIVE 3rd Floor, Commercial 1 Office Tower, Wing B, Kohinoor City, Kirol Road, Kurla West, Mumbai - 400 070 SBI-SG Global Securities Services Pvt. Ltd. "Jeevan Seva" Annexe Building, Ground Floor, S.V. Road, Santacruz (West), Mumbai - 400 054 - India Newedge Broker India Pvt. Ltd. Unit 1409, 14th floor, Crescenzo, G Block , C 38 & 39, Bandra-Kuria Complex, Bandra (E), Mumbai 400 051 SBI Funds Management Pvt. Ltd. 191, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Delhi = Sanand 📥 Mumbai Societe Generale Societe Generale, 6th Floor, Mohan Dev Building, 13, Tolstoy Marg, New Delhi - 110001 Bangalore Societe Generale Global Solution Centre Pvt. Ltd. 6th Floor, "Inventor" Building, ITPL, Whitefield Road, Bangalore 560 066, India Societe Generale Julin Ivo. 101/A, 1st Floor, Sarvoday Co-op.Hsg. Society, Sub Plot No.6, Near Sanand Bus Station, Sarkhej-Sanand Highway, Sanand - 382110, Dist Ahmedabad, Gujarat

BUILDING TOGETHER

As on August 2013

T E A M SOCIETE
S P I R I T GENERALE

# **History**

Societe Generale was founded in 1864 by public subscription with the aim of financing industrial investments and Infrastructure projects.

During the Third Republic, the company progressively built up a nationwide network; and by 1940 had opened a total of 1,500 branches compared with just 32 in 1870.

Following the Franco-Prussian war in 1870, the Alsace\_Moselle branches were transferred to a German law subsidiary, Societe Generale Alsacienne de Banque (Sogenal).

After opening its first foreign office in London in 1871, Societe Generale rapidly developed on international network by extending Sogenal's activities into Central Europe (Germany, Austria, Switzerland, Luxembourg), and by establishing branches in North Africa in 1909-1911and later in the United States (1940).

Societe Generale was nationalised in 1945, and played an active role in financing post-war construction. It helped to spread new financing techniques (such as medium-term discountable credit, off-balance sheet operations and lease finance).

Following the liberalisation of the French banking system in 1966, Societe Generale diversified its activities and expanded its individual customer base.

It once more became a private banking group following its privatisation in July 1987.

Societe Generale has considerably grown since 1997, thanks to the development of its franchises and also through acquisitions in tis businesses in Europe and worldwide.

In Eastern Europe, the Group acquired BRD (Romania) in 1999, Komercni Banka (Czech Republic) in 2001 and purchased a stake in Rosbank (Russia) in 2006. It has since increased this shareholding to 74.9% of Rosbank's capital.

In 2001, Societe Generale absorbed Sogenal.

With the takeover of Credit du Nord (by acquiring a majority stake in 1997 then buying out its minority shareholders in 2009) and Societe Marseillaise de Credit in 2010, the Group expanded its Retail Banking activity on its domestic market, with a network of regional banks.

# **Profile**

32 Million Customers

**154,000** employees

76 countries

23.1 Billion

Euros in net banking income in 2012

49.8 Billion

Euros in Group shareholders equity

(As at 31/12/2012)

Societe Generale is one of the leading European financial services groups. Anchored in the heart of the economy, the Societe Generale Group has built itself on a universal banking model based on three pillars - Retail Banking in France, International Retail Banking, and Corporate and Investment Banking - backed by two business lines which work hand in hand with them - Specialised Financial Services and Insurance and Global Investment Management and services. This diversified model provides the basis for the Group's financial strength.

# The relationship bank of reference:

Societe Generale is committed to a strategy of promoting sustainable growth, aiming to use its performance to finance the economy and its customers' projects. In line with this strategy, Societe Generale's ambition is to become the relationship bank of reference on its markets, recognized for its expertise, close to its customers and chosen for the quality and commitment of its teams.

Societe Generale's credit rating stands at A2 by Moody's, A by Fitch and A by Standard & Poor's as on 20th June 2013.

2012 Registration Document - SOCIETE GENERALE GROUP



(Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

# INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS UNDER SECTION 30 OF THE BANKING REGULATION ACT, 1949

 We have audited the attached Balance Sheet of Indian Branches of Societe Generale (Incorporated in France as a Public Limited Company) (the 'Indian Branches') as at 31 March 2013 and also 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

2. 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 Indian Branches in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with guidelines issued by the Reserve Bank of India insofar as they are applicable to the Indian Branches and in conformity with Form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. 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.
- 4. 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 Indian Branches'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.
- 5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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- 6. 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 Banking Regulation Act, 1949 and the Act in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Indian Branches as at 31 March 2013;
  - 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

- The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Act.
- 8. We report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
  - (b) In our opinion, the transactions of the Indian Branches which have come to our notice have been within its powers and
  - (c) The financial accounting systems of the Indian Branches are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by branches; we have visited 2 branches for the purpose of our audit.
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- 10. We further report that:
  - (a) In our opinion, proper books of account as required by law have been kept by the Indian Branches so far as appears from our examination of those books and
  - (b) The Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

# For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm registration number: 301003E

per Viren Mehta

Partner

Membership No.: 048749

Place: Mumbai Date: 27 June 2013



# **SOCIETE GENERALE** (Incorporated in France as a Public Limited Company)

# **INDIAN BRANCHES**

# BALANCE SHEET AS ON 31 MARCH 2013

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	(Rs.' 000s)			(Rs. '000s)
31-Mar-13	31-Mar-12	Schedule No.	Year ended 31-Mar-13	Year ended 31-Mar-12
7,099,220 1,471,364 13,825,657	7,099,220 1,315,209 12,807,182	I. INCOME Interest Earned 13 Other Income 14 TOTAL	2,435,603 102,675 2,538,278	2,215,528 86,232 2,301,760
8,363,942 1,032,888 31,793,071	9,261,639 548,772 31,032,022	II. EXPENDITURE Interest Expended 15 Operating Expenses 16 Provisions and Contingencies	1,191,331 753,893 224,050	1,261,448 511,669 209,489
		TOTAL	2,169,274	1,982,606
764,520	778,962	III. PROFIT/LOSS  Net Profit/(Loss) for the year Profit/(Loss) brought forward  TOTAL	369,004 261,938 630,942	319,154 198,740 517,894
544,606 11,354,228 17,568,695 571,005 990,017	148,498 18,461,665 10,564,469 255,805 822,623	IV. APPROPRIATIONS  Transfer (from)/to Statutory Reserves Transfer (from)/to Capital Reserve Transfer (from)/to Investment Reserve Account	92,251	79,789 - 25,610
31,793,071	31,032,022	Transfer of remittable surplus retained for CRAR Balance carried forward to	212,849	150,557
5,130,861	2,294,502	TOTAŁ		261,938 517,894
7		Significant Accounting Policies and Notes to Accounts 17&18		
	7,099,220 1,471,364 13,825,657 8,363,942 1,032,888 31,793,071  764,520 544,606 11,354,228 17,568,695 571,005 990,017 31,793,071  860,590,046 5,130,861	7,099,220 1,471,364 13,15,209 13,825,657 8,363,942 1,032,888 548,772  31,793,071  764,520 778,962  544,606 1148,498 11,354,228 17,568,695 571,005 990,017 822,623  31,793,071  31,032,022	31-Mar-13   31-Mar-12   Schedule No.	31-Mar-13   31-Mar-12   Schedule No.   Year ended 31-Mar-13     7,099,220

As per our attached report of even date

For S.R. Batiboi & Co. LLP Firm Registration No.: 301003E

**Chartered Accountants** 

per Viren H. Mehta

Partner

Membership No. 048749

Place: Mumbai Date: 27 June, 2013 For Societe Generale - Indian Branches

Sd/-

India

S. Menda

Sd/-ME. Vives

Chief Financial Officer-

India

Chief Executive Officer-



(Incorporated in France as a Public Limited Company)

# INDIAN BRANCHES

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(Rs.' 000s)

		31-Mar-13	31-Mar-12
Cash Flow from Operating Activities			<u> </u>
Net profit before Taxation and Extraordinary Items		649,114	576,690
Adjustments for:			
Depreciation		68,729	48,915
(Profit)/Loss on Sale of Fixed Assets		417	(234)
Addition to/(Write-back of) provision for NPAs		(4,358)	-
Addition to/(Write-back of) General Provision		42,239	(11,602)
Other Provisions		(19,171)	22,451
Provision for Investments		(74,770)	(58,896)
* * * * * * * * * * * * * * * * * * * *		662,200	577,324
Operating Profit before working capital changes		7 192 207	2,071,207
(Increase)/Decrease in Investments (net)		7,182,207 (6,999,868)	(3,569,241)
(Increase)/Decrease in Advances (net)		(793,579)	248,293
(Increase)/Decrease in Other Assets	1	451,954	(487,509)
Increase/(Decrease) in Other Liabilities and Provisions	1	1,018,475	3,927,558
Increase/(Decrease) in Deposits (net) Net Income Taxes (paid)/refund		355,169	272,028
Net Cash Flow generated from/(used in) Operating Activities	A	1,876,558	3,039,660
Cash Flows from Investing Activities			
Purchase of Fixed Assets		(384,569)	(45,040)
Proceeds from Sale of Fixed Assets		223	341
Proceeds from maturity of Held to Maturity Investments			300,866
Net Cash Flow generated from/(used in) Investing Activities	В	(384,346)	256,173
Cash Flow from Financing Activities			4 401 42
Additional Capital introduced	- 1	(212,849)	4,401,439 (150,557
Remittance of profit to Head office		(897,697)	(7,462,632
Increase/(Decrease) in Borrowings (net)	С	(1,110,546)	(3,211,750
Net Cash Flow from Financing Activities	C		N. at Virginia de Consti
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		381,666	84,08
Cash and Cash equivalents at the beginning of the year		927,460	843,37
Cash and Cash equivalents at the end of the year		1,309,126	927,46
Notes: Cash and Cash Equivalents Represent		764,520	778,96
Cash and Balances with Reserve Bank of India		544,606	148,49
Balances with Banks and Money at Call and Short Notice		344,000	140,47
Schedules referred to above form an integral part of the accounts		1,309,126	927,460

As per our attached report of even date

For S. R. Batliboi & Co. LLP Firm Registration No.: 301003E Chartered Accountants

Sd/-

per Viren H. Mehta

Partner

Membership No. 048749

Place: Mumbai Date: 27 June, 2013 For Societe Generale - Indian Branches

Sd/-

S. Menda

Chief Financial Officer-

India

Sd/-

ME. Vives

Chief Executive Officer-

India



# SOCIETE GENERALE (Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

# SCHEDULES FORMING PART OF THE BALANCE SHEET

		(Rs.' 000s)			(Rs.' 000s)
	31-Mar-13	31-Mar-12		31-Mar-13	31-Mar-12
SCHEDULE 1 - CAPITAL For Banks Incorporated Outside India I Capital Opening Balance	7,099,220	2,697,781	SCHEDULE 3 - (Contd.)  B (i) Deposits of Branches in India B (ii) Deposits of Branches outside India	13,825,657	12,807,182
Additions during the year		4,401,439	TOTAL SCHEDULE 4 - BORROWINGS	13,825,657	12,807,182
TOTAL II Face Value of Securities deposited with the Reserve Bank of India u/s 11(2)(b) of the Banking Regulation Act, 1949.	750,000	7,099,220 650,000	I. Borrowings in India  (i) Reserve Bank of India  (ii) Other Banks  (iii) Other Institutions and Agencies	5,559,990 2,314,217	4,980,625 2,433,915
SCHEDULE 2-RESERVES &		50000000	TOTAL	7,874,207	7,414,540
SURPLUS			II. Borrowings outside India	489,735	1,847,099
I. Statutory Reserves  (i) Opening Balance  (ii) Additions during the year	675,961 92,251	596,172 79,789	TOTAL (I+II)  Secured borrowings included in I & II above	8,363,942 2,314,217	9,261,639 2,433,915
(iii) Deductions during the year TOTAL II. Capital Reserves Surplus on Sale of HTM	768,212	675,961	SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS I. Bills Payable	1,414	7,839
Investments (i) Opening Balance (ii) Additions during the year (iii) Deductions during the year	1,577 - -	1,577 - -	II. Inter-Office Adjustments (net) III. Interest Accrued IV. Others (including Provisions)*  TOTAL	136,192 895,282 1,032,888	129,138 411,795 548,772
TOTAL  III. Remittable Surplus retained for CRAR (i) Opening Balance (ii) Additions during the year	316,871	1,577 316,871	* Includes Deferred Tax Liability - Rs 9,094 (P.Y Nil) and Standard Assets Provision Rs. 137,379 (P.Y. Rs. 95,139) SCHEDULE 6 - CASH AND		
(iii) Deductions during the year TOTAL	316,871	316,871	BALANCES WITH RESERVE BANK OF INDIA	1 220	1 010
IV. Investment Reserve Account  (i) Opening Balance  (ii) Additions / (Deductions)  during the year	58,862 32,511	33,252 25,610	I. Cash in hand (including foreign currency notes)  II. Balances with Reserve Bank of India	1,338	1,018
(iii) Transfer to Profit and Loss account			(i) in Current Account (ii) in Other Accounts	763,182	777,944
TOTAL V. Balance in Profit and Loss A/c	91,373	58,862	TOTAL	763,182	777,944
Balance carried forward from Profit and Loss Account TOTAL	293,331 293,331	261,938 261,938	TOTAL (I+II)  SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT	764,520	778,962
GRAND TOTAL SCHEDULE 3-DEPOSITS	1,471,364	1,315,209	CALL AND SHORT NOTICE I. In India (I) Balances with banks		
A. I. Demand Deposits  (i) From Banks (ii) From Others	84,856 1,116,391	945,040 841,859	(a) in Current Accounts (b) in Other Deposit Accounts	2,050	2,248
TOTAL	1,201,247	1,786,899	TOTAL	2,050	2,248
II. Savings Bank Deposits III. Term Deposits	19,796	17,906	(ii) Money at Call and Short notice (a) With banks		2,240
(i) From Banks	<del></del>				
(i) From Banks (ii) From Others TOTAL	12,604,614 12,604,614	11,002,377 11,002,377	(b) With other institutions <b>TOTAL</b>		



(Incorporated in France as a Public Limited Company)

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# SCHEDULES FORMING PART OF THE BALANCE SHEET

		(Rs.' 000s)			(Rs.' 000s)
	31-Mar-13	31-Mar-12		31-Mar-13	31-Mar-12
SCHEDULE 7 (Contd.)			SCHEDULE 10 - FIXED ASSETS		
II. Outside India			I. Premises		
(I) In Current Accounts	542,556	146,250	At cost as at 31st March		
(ii) In Deposit Accounts	_	_	of the preceding year	581,163	578,897
(iii) Money at Call and Short notice	-	-	Additions during the year	6,956	2,996
TOTAL (i+ii+iii)	542,556	146,250	Deductions during the year	0,930	(730)
	·		Depreciation to date	(424,530)	(395,793)
TOTAL (I+II)	544,606	148,498	TOTAL	163,589	185,370
SCHEDULE 8 - INVESTMENTS			TOTAL		165,570
1. Investments in India	# 400 001	7.516.626	II. Other Fixed Assets (including		
(I) Government Securities*	7,409,931	7,516,636	furniture and fixtures)	1	
(ii) Other Approved Securities	-	_	At cost as at 31st March		
(iii) Shares	-	1000	of the preceding year	183,840	147,407
(iv) Debentures and Bonds	-	-	Additions during the year	377,613	42,044
(v) Investments in Subsidiaries			Deductions during the year	(5,761)	(5,611)
and Joint Ventures	2 044 207	10.045.020	Depreciation to date	(148,276)	(113,405)
(vi) Others	11,354,228	10,945,029 18,461,665	TOTAL	407,416	70,435
2. Investments outside India			TOTAL: (I+II)	571,005	255,805
TOTAL (1+2)	11,354,228	18,461,665	E-1 6002-60-99-6 887 - 00 88		
* Includes Securities kept with CCIL		( <del></del>	SCHEDULE 11 - OTHER ASSETS		
as margin for Securities Segment -			I. Inter-Office adjustments (net)	_	-
Rs 287,250; (P.Y. Rs 307,947)			II. Interest accrued	176,665	182,179
CCIL as margin for CBLO -			III. Tax paid in advance/tax		
Rs 581,350; (P.Y. 977,233)			deducted at source (net)	118,952	15,333
RBI as margin towards RTGS			IV. Stationery and stamps	23	26
Rs. 4,049,997; (P.Y - Rs. 4,085,269)			V. Deferred tax asset	-	19,962
RBI under section 11 (2) (b) of the			VI. Others	694,377	605,123
Banking Regulation Act, 1949 Face Value Rs. 750,000; (P.Y. Rs. 650,000)		•	TOTAL	990,017	822,623
SCHEDULE 9 - ADVANCES			5/44/666.2/3/4/01/65/03	-	-
A. (i) Bills purchased and Discounted	2,652,207	1,690,620	SCHEDULE 12 - CONTINGENT		
(ii) Cash credits, Overdrafts and	2,032,207	1,050,020	LIABILITIES		
Loans Repayable on Demand	12,971,663	6,800,116	I. Claims against the bank not		
(iii) Term loans	1,944,825	2,073,733	acknowledged as debt	425,897	26,007
133 8		-	II. Liability for partly paid	423,097	20,00
TOTAL	17,568,695	10,564,469	investments		
B. (i) Secured by Tangible Assets	3,840,893	3,826,892	III. Liability on account of	_	1.7
- Includes amounts secured		100 900 000 000000000000000000000000000	outstanding forward exchange		
by book debts			0 0	256 220 276	40,002,531
(ii) Covered by Bank/			contracts	256,220,276	40,002,33
Govt. Guarantees	2,179,082	1,859,481	IV. Liability on account of	500 531 063	602 271 40
(iii) Unsecured	11,548,720	4,878,096	outstanding derivative contracts	588,521,963	692,371,492
TOTAL	17,568,695	10,564,469	V. Guarantees given on behalf of		
-1.000000000000000000000000000000000000			constituents	11 015 000	7 070 66
C. I. Advances in India	2 600 270	2 260 270	(a) In India	11,915,988	7,078,664
(i) Priority Sectors	3,600,279	3,369,270	(b) Outside India	_	
(ii) Banks	1,733,143	765,022	VI. Acceptances, endorsements	1 720 741	464 223
(iii) Others	12,235,273	6,430,177	and other obligations	1,730,741	464,33
TOTAL	17,568,695	10,564,469	VII Other items for which the bank is contingently liable	1,775,181	1,565,569
C. II. Advances outside India GRAND TOTAL: (C + C II)	17,568,695	10,564,469	TOTAL	860,590,046	741,508,59
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# SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

		(Rs. '000s)			(Rs.' 000s)
	Year ended 31-Mar-13	Year ended 31-Mar-12		Year ended 31-Mar-13	Year ended 31-Mar-12
SCHEDULE 13 - INTEREST EARNED  I. Interest/discount on advances/bills  II. Income on investments  III. Interest on balances with Reserve Bank of India and other inter-bank funds  IV. Others	1,223,574 1,208,010 169 3,850	832,651 1,349,133 951 32,793	SCHEDULE 15 - INTEREST EXPENDED  I. Interest on Deposits II. Interest on Reserve Bank of India/Inter-bank borrowings III. Others  TOTAL	866,775 194,753 129,803 1,191,331	975,310 138,715 147,423 1,261,448
TOTAL	2,435,603	2,215,528	SCHEDULE 16 - OPERATING EXPENSES		
SCHEDULE - 14 OTHER INCOME  I. Commission, exchange and brokerage  II. Profit/(Loss) on sale of investments  III. Profit/(Loss) on revaluation of Investments  IV. Profit/(Loss) on sale of land, buildings and other assets  V. Profit/(Loss) on foreign exchange transactions  VI. Miscellaneous Income*  * Includes:  1) Net profit /(loss) on derivative transactions Rs. (19,907);  P.Y. Rs. (6,884)  2) Recovery from Network  Rs. 17,747; P.Y. Rs. 27,662	158,233 57,810 — (417) (112,120) (831)	217,894 (143,934)  - 234 (12,718) 24,756	I. Payments to and Provision for Employees  II. Rent, Taxes and Lighting  III. Printing and Stationery  IV. Advertisement and Publicity Expenses  V. Depreciation on Bank's Property  VI. Directors' Fees, Alowances and Expenses  VIII. Auditor's Fees and Expenses  VIII. Law Charges  IX. Postage, Telegrams, Telephones etc.  X. Repairs and Maintenance  XI. Insurance  XII. Head Office Charges  XIII. Other Expenditure  (Refer Schedule 18 Note 10 (v))	332,441 70,811 2,499 967 68,729 - 1,800 3,201 19,474 7,818 14,884 64,047 167,222	247,467 45,018 2,715 651 48,915 - 1,941 383 20,784 7,852 12,508 8,708 114,727
TOTAL	102,675	86,232	TOTAL	753,893	511,669

# SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

# I. Principal Accounting Policies

All amts in Rs.' 000s, unless otherwise stated

1. Background

The accompanying financial statements for the year ended 31 March 2013 comprise the accounts of the Indian branches of Societe Generale, which is incorporated in France as a Public Limited Company. The Indian operations are located in Mumbai, New Delhi and Sanand.

2. Basis of Preparation and Use of Estimates

The financial statements have been prepared and presented under the historical cost convention and on accrual basis of accounting, unless otherwise stated, and are in accordance with generally accepted accounting principles and statutory provisions prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') and Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006 (amended) ('CASR'), to the extent applicable and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India. The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as at the date of the financial statements. Although these estimates are based upon management's best

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knowledge of current events and actions, actual results could differ from those estimates. Any revision to the accounting estimates is recognized prospectively in the current and future period.

## 3. Significant Accounting Policies

3a. Transactions involving foreign exchange

(a) Foreign currency assets, liabilities and off balance sheet items are translated at the Balance Sheet date at exchange rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). The resulting gains or losses are taken to the Profit and Loss Account. Foreign exchange positions are revalued at the rates notified by FEDAI. The resulting gains or losses are recognized in

(c) Income and expenditure in foreign currency is translated at the exchange rates prevailing on the date of the transaction. Income and expenditure accrued in foreign currency at each month end is translated at the exchange rates prevailing on the following day. (d) Contingent liabilities on accounts of guarantees, endorsements and other obligations are stated at the exchange rates

notified by FEDAI at the balance sheet date.

Classification & income recognition

As per the guidelines for investments laid down by the Reserve Bank of India ('RBI'), the investment portfolio of the Bank is classified under "Held to Maturity", "Available for Sale" and "Held for Trading" categories.

<u>Valuation & provisioning</u>
a) Treasury Bills and Certificates of Deposit are valued at carrying cost.

Held to Maturity: Investments under this category are carried at cost of acquisition, adjusted for the premium, which is am

ortized over the residual maturity of the security.

Available for Sale & Held for Trading: Investments in both of these categories are valued - at lower of cost of acquisition or market value as declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'). Securities under each category are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net depreciation, if any in aggregate for each classification is recognized in the Profit and Loss Account and net appreciation, if any is ignored.

Quoted investments are valued based on prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) periodically, subsidiary general ledger account transactions and price list of RBI. Market value of investments where current quotations are not available is determined as per the norms laid down by the RBI as under:

(i)Market value of unquoted Government Securities, where interest is received regularly, is derived by applying a mark-up above the corresponding 'yield to maturity' for Government Securities of equivalent maturity put out by FIMMDA. (ii) In case of unquoted bonds and debentures, where interest is received regularly, the market price is derived based on the 'yield to maturity' for Government Securities as suitably marked up for credit risk applicable to the credit rating of the instrument.

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

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the First-In-First-Out (FIFO) method.

Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account. Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instruments)

on debt instruments is treated as a revenue item. Provision for non-performing investments is made based on a periodic review of investments as per Bank's policy and after having

considered the provisioning guidelines issued by the RBI.

Accounting for Repo/Reverse Repo: In accordance with RBI circular No. HDMD 4135/11.08.43/2009-10 dated 23.03.2010 Repo and Reverse Repo transactions in securities are accounted for as borrowing and lending transactions respectively. The borrowing cost on repo transactions is accounted as Interest Expense and revenue on reverse repo transactions is accounted as Interest Income. Repo and reverse repo transactions with the RBI under the Liquidity Adjustment Facility (LAF) are accounted for as secured borrowing and lending transactions.

Advances are stated net of provisions for non-performing advances. Provisions for non-performing advances have been made based on a periodic review of advances as per the Bank's policy, which comply with the provisioning guidelines issued by the RBI.

General loan loss provision on standard advances has been made as prescribed by RBI and disclosed in Schedule 5 –"Other liabilities and provisions"

The Bank does not have a policy of creating floating provisions.

### 3d. Fixed Assets

(a) Fixed assets are stated at historical cost less accumulated depreciation.

(b) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

Assets	Rates (SLM)	Schedule VI Rates		
Premises	4.34 %	1.63%		
Furniture and Fixtures	10.00 %	6.33%		
Office Equipments	14.29%	5.28%		
Computers	33.33%	16.21%		
Software	25.00%	16.21%		
Motor Vehicles	25.00%	9.50%		
Leasehold Improvements	Over the life of the lease	6.33%		



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(c) Depreciation on improvements to leased premises is based on the primary period of the lease of such premises.

(d) All fixed assets individually costing less than Rs. 30,000/- are fully charged to the profit and loss account in the year of purchase.

### 3e. Staff Retirement Benefits

(a) Provident Fund:

The Bank has its own recognized provident fund which is a defined contribution plan. The contributions to the fund are accounted for on an accrual basis and charged to the profit and loss account.

The Bank provides for its gratuity liability which is a defined benefit scheme, based on actuarial valuation at the balance sheet date carried out by an independent actuary using the projected unit credit method. The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Pension

The Bank has a pension scheme, which is a defined contribution plan for employees participating in the scheme. The contributions are accounted for on an accrual basis and charged to the profit and loss account.

(d) Short term compensated absences are provided for based on estimates, by charging to the Profit and Loss Account.

The net profit / (loss) disclosed in the Profit and Loss Account is after provisions, if any, for:

taxes (including deferred tax)

· non-performing advances

· standard assets and derivatives

· diminution in the value of investments

· other necessary provisions

### 3g. Derivatives

Derivatives consist of interest rate swaps, currency swaps and options which are segregated as trading or hedge transactions. Trading transactions are revalued on the balance sheet date and the unrealized gain/loss on the revaluation is recognized in the Profit

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting.

Hedged swaps are accounted for on an accrual basis.

# 3h. Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is determined in accordance with the Income-tax Act, 1961 and the rules framed there under. Deferred tax reflects the impact of the timing differences between taxable income and accounting

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty that they can be realised against future taxable profits. At each balance sheet date the Bank re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised. Wealth tax liability is determined in accordance with the provisions of the Wealth Tax Act, 1957.

Revenue Recognition

- (I) Interest income is recognized in the profit and loss account as it accrues, except in the case of interest on non-performing assets which is recognized on receipt basis as per income recognition and asset classification norms of RBI.
- (ii) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.

(iii) Loan processing fee is accounted for upfront when it becomes due.

(iv) Income on discounted instruments is recognized over the tenure of the instrument on a straight line basis.

3j. Lease transactions

Lease of assets under which all the risks and benefits of ownership are actively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account over the lease term.

3k. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a 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 determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

Change in Accounting policy

Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee post implementation of the Core Banking System w.e.f 18th Feb, 2013. Prior to 18th Feb, 2013, income on guarantees up-to Rs 50,000/- was recognized upfront at the time of issue of the guarantee.

Had the bank continued to use the earlier basis of booking commission upfront up to Rs 50,000/- the income for the current period would have been higher by Rs 454. Consequently the other liabilities as at year end would have been lower by Rs. 454.



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# Schedule 18 - NOTES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

All amts in Rs.' 000s, unless otherwise stated

1. Capital:

In terms of the RBI guidelines (New Capital Adequacy Framework (NCAF) dated July 1, 2011, generally referred to as Basel II), the Bank is required to maintain minimum capital which is higher of the minimum capital requirement under Basel II framework or 80% of the minimum capital requirement under Basel I framework. As at March 31, 2012, the capital funds of the Bank are higher than the minimum capital requirement mentioned above.

The Bank's capital adequacy ratio, calculated in accordance with the RBI guidelines under both Basel I and Basel II frameworks, is as follows:

	As per Basel	Framework	As per Basel I	I Framework
Particulars	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Capital Adequacy		750000000000000000000000000000000000000		20074 -80-0000
Γier I	7,836,554	8,032,503	7,836,554	8,032,503
Γier II	233,583	178,003	233,583	178,003
Total Capital	8,070,137	8,210,506	8,070,137	8,210,506
Total Risk weighted assets and contingents	25,973,762	20,237,892	27,499,617	22,424,480
Capital Ratios (%) CRAR	31.07%	40.57%	29.35%	36.61%
CRAR - Tier I	30.17%	39.69%	28.50%	35.82%
CRAR - Tier II Amount Received from Head Office as Capital	0.90%	0.88% 4,401,439	0.85%	0.79% 4,401,439
Amount raised by issue of upper Tier II instruments	-	-	-	-

# 2. Investments in India

Value of Investments:

	31.03.2013	31.03.2012
Gross value of investments in India*	11,354,228	18,536,435
Provision for depreciation in India*	-	74,770
Net value of investments in India*	11,354,228	18,461,665

<sup>\*</sup> The Bank has not made any investment outside India

Movement in provision for depreciation on investments:

Rs.' 000s

Rs.' 000s

	2012-13	2011-12
Opening Balance at beginning of the year	74,770	133,667
Add: Provisions made during the year	148,818	17,509
Less: Write-off/write-back of excess provisions during the year	223,588	76,406
Closing Balance at end of the year	-	74,770

3. Repos and Reverse Repos

(I) Details of Repos and Reverse Repos including Liquidity Adjustment Facility (in face value terms):

Rs.' 000s

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31.03.2013
Securities sold under repos - Government Securities	-	5,282,400	1,483,952	1,792,400
- Corporate Debt Securities		-		-
Securities purchased under reverse repos - Government Securities	2	2,240,300	39,831	-
- Corporate Debt Securities			7	-

	Minimum outstanding during the year	Maximum outsfanding during the year	Daily average outstanding during the year	As at 31.03.2012
Securities sold under repos		59000000000000	= nat a Monte and State Speciency	Security Company Company Company
- Government Securities	2	9,505,400	1,702,859	1,600,000
- Corporate Debt Securities	-	-		-
Securities purchased under reverse repos - Government Securities - Corporate Debt Securities	-	3,950,000	56,011	



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### Non-SLR Investment Portfolio

# (I) Issuer Composition of Non SLR investments as at 31.03.2013

Rs.' 000s

No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' Securities	Extent of 'unrated' Securities	Extent of 'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs		-			
2	FIs	_	-	_	-	-
3	Banks	3,944,297	-	2	120	3,944,297
4	Private Corporates	-	_		141	12
5	Subsidiaries/Joint Ventures	-	-	_	-	0¥0
6	Others*	-	-	-	-	-
7	Provision held towards depreciation	-	-		-	-
	Total	3,944,297	.=	(-4)	1 <b>±</b> 11	-

# Issuer Composition of Non SLR investments as at 31.03.2012

Rs.' 000s

No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' Securities	Extent of 'unrated' Securities	Extent of 'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	-	59 <b>±</b> 3	-	-	120
2	FIs		-	-	-	-
3	Banks	10,945,029	o <del>+</del> .		( <del>*</del> )	10,945,029
4	Private Corporates		-		-	
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others *	195	-	-	-	-
7	Provision held towards depreciation	12				1000
	Total	10,945,224				

<sup>\*</sup> Includes 1) Includes 7.00% SPL Oil Bonds 2012 which are rated and listed securities. The Bank has not made any investment outside India.

(ii) Non performing Non-SLR Investments: Nil (P.Y. - Nil) and total provision held: Nil (P.Y. - Nil)

# (I) Forward rate agreements/Interest Rate Swaps outstanding:

Items	31.03.2013	31.03.2012
The Notional principal of swap agreements	577,832,159	683,548,776
Loss which would be incurred if counterparties failed to fulfill their		
obligations under the agreements	2,054,938	4,853,943
Collateral required by the Bank upon entering into swaps	Note (a)	Note (a)
Concentration of credit risk arising from the swaps %	V	
- Banks and Financial Institutions	98.68%	98.92%
- Others	- 1.32%	1.08%
Fair value of the swap book	(121,812)	(91,439)

<sup>(</sup>a) As per prevailing market practice, the Bank does not insist on collateral from the counterparties to these contracts.



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# Nature and terms of interest rate swaps:

Outstanding as at 31.03.13:

Nature	No.	Notional principal Rs.' 000s	Terms
Trading Swaps	627	286,355,000	Floating Receivable v/s Fixed Payable linked to NSE MIBOR
Trading Swaps	635	284,690,000	Fixed Receivable v/s Floating Payable linked to NSE MIBOR
Trading Swaps	10	2,850,000	Floating Receivable v/s Fixed Payable linked to 6M MIFOR
Trading Swaps	7	2,100,000	Fixed Receivable v/s Floating Payable linked to 6M MIFOR
Trading Swaps	2	792,560	Floating Receivable v/s Fixed Payable linked to 6M USD LIBO
Trading Swaps	2	792,561	Fixed Receivable v/s Floating Payable linked to 6M USD LIBO
Trading Swaps	2	126,019	Floating Receivable v/s Fixed Payable linked to 3M USD LIBO
Trading Swaps	2	126,019	Fixed Receivable v/s Floating Payable linked to 3M USD LIBO
	1287	577,832,159	

# Outstanding as at 31.03.12:

Nature	No.	Notional principal Rs.' 000s	Terms
Trading Swaps	685	336,635,000	Floating Receivable v/s Fixed Payable linked to NSE MIBOR
Trading Swaps	715	330,750,000	Fixed Receivable v/s Floating Payable linked to NSE MIBOR
Trading Swaps	21	7,100,000	Floating Receivable v/s Fixed Payable linked to 6M MIFOR
Trading Swaps	20	7,100,000	Fixed Receivable v/s Floating Payable linked to 6M MIFOR
Trading Swaps	2	854,700	Floating Receivable v/s Fixed Payable linked to 6M USD LIBOR
Trading Swaps	2	854,700	Fixed Receivable v/s Floating Payable linked to 6M USD LIBOR
Trading Swaps	2	127,188	Floating Receivable v/s Fixed Payable linked to 3M USD LIBOR
Trading Swaps	2	127,188	Fixed Receivable v/s Floating Payable linked to 3M USD LIBOR
1	1449	683,548,776	Total State Control Co

# Nature and terms of forward rate agreements:

Outstanding as at 31.03.13: Nil (P.Y. Nil)

# (ii) Risk Exposure in Derivatives:

### Qualitative Disclosures

The Bank undertakes transactions in Derivatives, namely, Foreign exchange forward contracts, Interest rate swaps, Options, Currency interest rate swaps within the limits approved.

There is a clear segregation of duties between the front and back offices and each function independently.

The global risk management systems of the Societe Generale group are adopted by the Indian branches for both market and credit risk. The calculation of the various market risk parameters is undertaken by the Banks Regional Office in Hong Kong. The report along with exceptions, if any is circulated to the local management, front office and Market Risk Manager. The local Market Risk Manager monitors the limits based on the reports received.

Accounting policy: All outstanding derivative transactions are recorded as Off-Balance Sheet items. The trading positions are Mark to market on a daily basis whereas hedge deals are recorded on accrual basis.

# Quantitative Disclosure as at 31.03.2013:

S. No.	Particulars	Currency Derivatives#	Interest Rate Derivatives
1	Derivatives (Notional Principal amount)		
	a) For hedging	Ŷ.	-
	b) For trading	266,910,079	577,832,159
2	Marked to Market Positions		
	a) Assets (+)	3,995,797	2,054,938
	b) Liability (-)	(3,937,364)	(2,176,751)
3	Credit Exposure	10,206,911	6,569,060
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	5	
	b) on trading derivatives	3,297	51,642
5	Maximum of 100*PV01 observed during the year		0.000
~	a) on hedging	-	
	b) on Trading	- 3,297	334,417
6	Minimum of 100*PV01 observed during the year		
U	a) on hedging	<u>_</u>	
	b) on Trading	6	71



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# Quantitative Disclosure as at 31.03.2012:

Rs.' 000s

S. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal amount)		
	a) For hedging	-	-
	b) For trading	48,825,248	683,548,776
2	Marked to Market Positions		
	a) Assets (+)	1,147,089	4,853,943
	b) Liability (-)	(1,034,307)	(4,945,382)
3	Credit Exposure	2,987,759	10,232,619
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	0-x	-
	b) on trading derivatives	(18)	6,955
5	Maximum of 100*PV01 observed during the year		
	a) on hedging	_	_
	b) on Trading	508	304,912
6	Minimum of 100*PV01 observed during the year		, , , , , , , , , , , , , , , , , , , ,
8:50	a) on hedging	7-7	-
	b) on Trading	(538)	(6,400)

<sup>#</sup> Currency derivatives include forward foreign exchange contracts.

# (iii) Unhedged/uncovered foreign currency exposure:

The Bank's foreign currency exposures as at March 31, 2013 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP at March 31, 2013 is Rs 42,284 (P.Y. - (Rs. 148,193)).

# (iv) Exchange Traded Interest Rate Derivatives:

S. No.	Particulars	31.03.2013	31.03.2012
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year.		-
2	Notional principal amount of exchange traded interest rate derivatives outstanding at the end of the year.		2. <del>-</del>
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective".	7 <u>2</u>	12
4	Mark to market value of exchange traded interest rate derivatives outstanding and not "highly effective".	s-	-

# **Asset Quality**

# (I) Non-Performing Assets

Particulars	2012-13	2011-12
Net NPAs to Net Advances (%)		
Gross Non-Performing Advances	-	_
Opening Balance at beginning of the year	11,758	11,758
Additions during the year	-	-
Less: Amounts recovered	(4,358)	-
Less: Amounts written off	-	-
Closing Balance at end of the year	7,400	11,758
Provisions for Non-Performing Advances (excluding provision for standard assets)		
Opening Balance at beginning of the year	11,758	11,758
Add: Provisions made during the year		· ·
Less: Write-off/write-back of excess provisions during the year	(4,358)	-
Closing Balance at end of the year	7,400	11,758
Net Non-Performing Advances		
Opening Balance at beginning of the year		
Additions during the year	 -	· ·
Less: Amounts recovered	2	<u>-</u>
Less: Amounts written off	-	-
Closing Balance at end of the year	-	690

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# (ii) Particulars of Accounts Restructured

Information in respect of restructured assets
The following tables set forth, for the periods indicated, details of loan assets subjected to restructuring.

Sr.	Type of Restructuring		Under CI	OR Mechanisi	m	
10.	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Tota
	Details	(a)	(b)	(c)	(d)	(e)
	Restructured Accounts at April 1, 2012	NIL	NIL	NIL	NII	NII
	No. of borrowers	NIL	NIL	NIL		NII
	Amount outstanding	NIL	NIL	NIL		NII
	Provision thereon	NIL	NIL	IVIL	THE	111
2.	Fresh restructuring during the year ended March 31, 2013					
	No. of borrowers	NIL	NIL	NIL		NI
	Amount outstanding	NIL	NIL	NIL		NI
	Provision thereon	NIL	NIL	NIL	NIL	NI
3.	Up gradations to restructured standard category during the year ended March 3	1, 2013				
500	No. of borrowers	NIL	NIL	NIL		NI
	Amount outstanding	NIL	NIL	NIL		NI
	Provision thereon	NIL	NIL	NIL	NIL	N
4.	Restructured standard advances at April 1, 2012, which cease to attract					
**	higher provisioning and/or additional risk weight at March 31, 2013 and					
	hence need not be shown as restructured standard advances at April 1, 2013		***************************************		ASSESSED RECORDER	N
	No. of borrowers	NIL				N
	Amount outstanding	NIL				
	Provision thereon	NIL			NIL	N
5.	Down gradations of restructured accounts during the year ended March 31.	2013				
٥.	No. of borrowers	NIL	NIL	NIL		N.
	Amount outstanding	NIL	NIL	NIL		N
	Provision thereon	NIL	NIL	NIL	NIL	N
5.	Write-offs of restructured accounts during the year ended March 31, 2013					
<i>J</i> .	No. of borrowers	NIL	NIL	NIL	NIL	N
	Amount outstanding	NIL	NIL	NIL	NIL	N
7.	Restructured Accounts at March 31 2013	-1.17				
1.	No. of borrowers	NIL	NIL	NIL	NIL	N
	Amount outstanding	NIL	NIL	NIL	NIL	N
	Provision thereon	NIL	NIL	NIL		N

Sr.	Type of Restructuring	U	nder SME Debt Re	estructuring N	1echanism	a
no.	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	NIL	(e)
l	Restructured Accounts at April 1, 2012		80.9000			2/3322
	No. of borrowers	NIL	NIL	NIL		NIL
	Amount outstanding	NIL	NIL	NIL		NIL
	Provision thereon	NIL	NIL	NIL	NIL	NII
2.	Fresh restructuring during year ended March 31, 2013	-				
	No. of horrowers	NIL	NIL	NIL	NIL	NII
	Amount outstanding	NIL	NIL	NIL	NIL	NII
	Provision thereon	NIL	NIL	NIL	NIL	NII
3.	Up gradations to restructured standard category during year ended March 31	, 2013				
3.	No. of borrowers	NIL	NIL	NIL	NIL	NII
	Amount outstanding	NIL	NIL	NIL	NIL	NI
	Provision thereon	NIL	NIL	NIL	NIL	NI
4.	Restructured standard advances at April 1, 2012, which cease to attract					
4.	higher provisioning and/or additional risk weight at March 31, 2013 and					
	hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	NIL				NII
	Amount outstanding	NIL	<b>阿拉斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯</b>			NI
	Provision thereon	NIL				NI
-	Down gradations of restructured accounts during year ended March 31, 201		167			
5.	No. of borrowers	* NIL	NIL	NIL		NI
		NIL	NIL	NIL	T 30 0 7 7 7 7	NI
	Amount outstanding Provision thereon	NIL	NIL	NIL		NI
-	Write-offs of restructured accounts during year ended March 31, 2013	ML	THE	1112		-
6.	No. of borrowers	NIL	NIL	NIL	NII.	NI
		NIL	NIL	NIL		NI
	Amount outstanding Restructured Accounts at March 31 2013	NIL	INIL	THE	1112	
7.		NIL	NIL	NIL	NII	NI
	No. of borrowers	NIL	NIL	NIL		NI
	Amount outstanding	NIL	NIL	NIL	100000000	NI
	Provision thereon	INIL	INIL	MIL	MIL	141



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Sr.	Type of Restructuring		Under CI	OR Mechanis	m				
no.	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Tota			
	Details	(a)	(b)	(c)	(d)	(e)			
1.	Restructured Accounts at April 1, 2011								
	No. of borrowers	NIL	NIL	NIL	NIL	NII			
	Amount outstanding	NIL	NIL	NIL	NIL	NII			
	Provision thereon	NIL	NIL	NIL	NIL				
2.	Fresh restructuring during the year ended March 31, 2012	1112	NIL	NIL	MIL	NII			
	No. of borrowers	NIL	NIL	NIL	NIL	NIII			
	Amount outstanding	NIL	NIL	NIL		NII			
	Provision thereon	NIL	NIL		NIL	NII			
3.	Up gradations to restructured standard category during the year ended	March 31 2012	NIL	NIL	NIL	NII			
	No. of borrowers	NIL	NIL	NIII	NIII				
	Amount outstanding	NIL	NIL	NIL	NIL	NII			
	Provision thereon	NIL		NIL	NIL	NII			
4.	Restructured standard advances at April 1, 2011, which cease to attra	NIL ot bishes	NIL	NIL	NIL	NII			
	provisioning and/or additional risk weight at March 31, 2012 and hence								
	need not be shown as restructured standard advances at April 1, 2012								
	No. of borrowers		2777	2002	12/2/201	5550			
	Amount outstanding	NIL	NIL	NIL	NIL	NII			
	Provision thereon	NIL	NIL	NIL	NIL	NII			
5.		NIL	NIL	NIL	NIL	NII			
	Down gradations of restructured accounts during the year ended March No. of borrowers								
	Amount outstanding	NIL	NIL	NIL	NIL	NII			
	Provision thereon	NIL	NIL	NIL	NIL	NIL			
6.		NIL	NIL	NIL	NIL	NIL			
0.	Write-offs of restructured accounts during the year ended March 31 No. of borrowers								
		NIL	NIL	NIL	NIL	NIL			
7.	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
1.	Restructured Accounts at March 31 2012								
	No. of borrowers	NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
	Provision thereon	NIL	NIL	NIL	NIL	NIL			

Sr.	Type of Restructuring	Ţ	Under SME Debt R	estructuring	Mechanis	m			
no.	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total			
	Details	(a)	(b)	(c)	(d)	(e)			
1.	Restructured Accounts at April 1, 2011				(-)	(-)			
	No. of borrowers	NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
	Provision thereon	NIL	NIL	NIL	NIL	NIL			
2.	Fresh restructuring during year ended March 31, 2012		THE	ML	IVIL	INIL			
	No. of borrowers	- NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
	Provision thereon	NII	NIL	NIL	NIL	NIL			
3.	Up gradations to restructured standard category during year ended March	31, 2012	THE	NIL	INIL	NIL			
	No. of borrowers	NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
	Provision thereon	NII.	NIL	NIL	NIL	NIL			
4.	Restructured standard advances at April 1, 2011, which cease to attract higher								
	provisioning and/or additional risk weight at March 31, 2012 and hence								
	need not be shown as restructured standard advances at April 1, 2012								
	No. of borrowers	NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL •		NIL	NIL	NIL			
	Provision thereon	NII	NIL	NIL	NIL	NIL			
5.	Down gradations of restructured accounts during year ended March 3	1, 2012		IVIL	INIL	IVIL			
	No. of borrowers	, NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL.	NIL	NIL	NIL	NIL			
	Provision thereon	NIL	NIL	NIL	NIL	NIL			
6.	Write-offs of restructured accounts during year ended March 31, 2012	65,000		14112	IVIL	NIL			
	No. of borrowers	NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
7.	Restructured Accounts at March 31 2012	0.5.2566		HIL	IVIL	MIL			
	No. of borrowers	NIL	NIL	NIL	NIL	NIL			
	Amount outstanding	NIL	NIL	NIL	NIL	NIL			
	Provision thereon	NIL	NIL	NIL	NIL	NIL			



(Incorporated in France as a Public Limited Company)

# INDIAN BRANCHES

# (iii) Details of financial assets sold to Securitization/Reconstruction Company for Asset Reconstruction

No financial assets have been sold to Securitization/Reconstruction Company for Asset Reconstruction during the year. (P.Y. - Nil)

# (iv) Details of non-performing financial assets purchased/sold

No non-performing financial assets have been purchased/sold from/to other banks during the year. (P.Y. - Nil)

# (v) Provision on Standard Assets (Advances) and Derivatives

Rs.' 000s

	31.03.2013	31.03.2012
Standard Assets Credit Exposure on Derivatives	70,275 67,104	42,258 52,882
TOTAL	137,379	95,140

### 7. Business Ratios:

Particulars	2012-13	2011-12
Interest Income as a percentage to Working Funds**	8.08%	8.10%
Non-Interest Income as a percentage to Working Funds**	0.34%	0.32%
Operating profit as a percentage to Working Funds**	1.97%	1.93%
Return on assets \$	1.22%	1.17%
Business per employee (Rs. 000s)#@	303,976	249,315
Profit per employee (Rs. 000s)#	3,583	3,546

<sup>\*\*</sup>Working Funds represents the average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

# 8. Asset Liability Management

Maturity Pattern of certain items of assets and liabilities as at 31.03.2013

Rs.' 000s

	1-14 Days	15-28 Days	29 Days- 3 Months	Over 3 Months to 6 Months	Over 6 Months to 12 Months	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Loans and Advances	3,000,749	82,303	2,1475,524	1,370,657	188,347	10,604,265	133,322	13,528	17,568,695
Investment Securities	6,423,085	544,987	1,523,237	156,624	115,232	199,048	18,440	2,373,575	11,354,228
Deposits	3,551,940		6,595,947	544,632	374,858	347,118	80,183	9,170	13,825,657
Borrowings	8,255,372		108,570	12		3 <u>=</u> 31	9.40	-	8,363,942
Foreign Currency Assets	1,321,216			1,321,158	187,826	-	(s <del>#</del> .)	-	3,724,410
Foreign Currency Liabilities		-	108,570	-	-	-	-	-	2,156,841

# Maturity Pattern of certain items of assets and liabilities as at 31.03.2012

Rs.' 000s

	1-14 Days	15-28 Days	29 Days- 3 Months	Over 3 Months to 6 Months	Over 6 Months to 12 Months	Over 1 Year to 3 Years Months	Over 3 Years to 5 Years Months	Over 5 Years	Total
Loans and Advances	966,807	230,809	1,654,745	315,882	510,044	6,231,102	640,650	14,430	10,564,469
Investment Securities	11.828,189		1,637,722	101,338	1,297,682	865,157	783,467	1,337,085	18,461,665
Deposits		2,537,440	5,805,780	421,430	717,707	545,085	11,325	300	12,807,182
Borrowings	9,261,639		-			-	2	-	9,261,639
Foreign Currency Assets	982,676		1,066,933	258,191	330,178	-	-	-	2,864,053
Foreign Currency Liabilities	3,783,450	-		2	-	-	-	-	3,783,450

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of foreign currency assets and liabilities is excluding off balance sheet transactions.

<sup>\$</sup> Net profit as a percentage to working funds.

<sup>#</sup> Productivity ratios are based on average employee numbers.

<sup>@</sup> Business means total of advances and deposits as at year end, excluding interbank deposits



# SOCIETE GENERALE (Incorporated in France as a Public Limited Company)

# **INDIAN BRANCHES**

# **Exposures**

### (i) Exposure to Real Estate Sector

Rs.' 000s

Category	31.03.2013	31.03.2012
a) Direct exposure:		
(i) Residential mortgages	4	2
(ii) Commercial real estate	- 1	
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures:	-	_
a) Residential		
b) Commercial Real Estate		
b) Indirect exposure:		
Fund based and non-fund based exposures on National Housing Bank (NHB) and		
housing finance companies (HFCs)	-	-
Total Real Estate Exposure		-

# (ii) Exposure to Capital Market

De , 000e

,	London Control		Rs.' 000s
No	Particulars	31.03.2013	31.03.2012
1	Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	115
2	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in equity shares (including IPO's/ESOPS), convertible bonds or convertible debentures, units of equity oriented mutual funds	-	94
3	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	700	700
4	Advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	100,000	100,000
6	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	
7	Bridge loans to companies against expected equity flows/issues		
8	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9	Financing to stockbrokers for margin trading	-	-
10	All exposures to venture capital funds (both registered and unregistered) deemed to be on par with equity and hence reckoned for capital market exposure.	72	-
	Total Exposure to Capital Market	100,700	100,700

# (iii) Country Risk Exposure

Rs.' 000s

157				143. 000
Risk Category	Exposure (net) as at 31.03.13	Provision held as at 31.03.13	Exposure (net) as at 31.03.12	Provision held as at 31.03.12
Insignificant	1,595,069	3,941	717.637	1,533
Low	1,233,495	890	447,409	988
Moderate	223,509	-	441,373	21,481
High	-	-		
Very High	-	7-3	3,502	-
Restricted	-	-	-	-
Off-credit	18,931		*43,406	_
Total	3,071,004	4,831	1,653,327	24,002

# (iv) Disclosure on Single/Group Borrower Limits

During the year 2012-13, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed by Reserve Bank of India.

During the year 2011-12, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed by Reserve Bank of India except in the cases mentioned below where the single borrower limits were exceeded. The Bank had relevant approvals for the said excess in respect of these exposures, which were within the ceiling of 20% of capital funds.



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# INDIAN BRANCHES

Rs.' 000s

Name of the Borrower	Original Exposure Ceiling	Limit Sanctioned	% of Capital Funds	Exposure as on 27 Aug, 2011
EGIS India Consulting Engineering Private Limited	558,601	616,592	16.56%	616,592
HCL Comnet Systems & Services Limited	558,601	600,000	16.11%	600,000
HCL Infosystems Limited	558,601	600,000	16.11%	600,000
TECHNIP KT India Limited	558,601	600,000	16.11%	600,000

The Single borrower limit of the bank based on the audited financial statement for the year ended March 31, 2011 (signed on 24 June 2011) was Rs. 558,601.

During the year there was an infusion of Rs. 4,401,439 (Tier I Capital) in August 2011 which lead to increase in single borrower limit.

# (v) Unsecured Advances

There are no advances which are secured by intangible security (P.Y. Nil)

# (vi) Provisioning Coverage Ratio

Rs.' 000s

	As at 31.03.2013	Gross NPA	Specific Provision	Ratio
1	Sub standard advances		990	-
2	Doubtful Advances		0.00	-
	<1 year	-	-	-
	1-3 years		-	
	>3 years	-	-	
3	Advances classified as Loss Assets	7,400	7,400	100%
4	Total	7,400	7,400	100%
5	Floating Provisions for Advances	-	-	-
6	DICGC/ECGC claims received and held pending			
	against adjustment	(+1)	: - : · · · · · · · · · · · · · · · · ·	-
7	Part payment received and kept in Suspense account or			
396.0	any other similar account	-	-	(=0)
8	Total	-	-	_
9	Provisioning Coverage Ratio	100%	100%	100%

Rs.' 000s

	As at 31.03.2012	Gross NPA	Specific Provision	Ratio
1	Sub standard advances	10.00	-	121
2	Doubtful Advances	· ·	5	-
·-	<1 year	-	-	
	1-3 years	1	-	-
	>3 years	-	2	-
3	Advances classified as Loss Assets	11,758	11,758	100%
4	Total	11,758	11,758	100%
5	Floating Provisions for Advances	977 SE	** -	-
6	DICGC/ECGC claims received and held pending			
	against adjustment	-		-
7	Part payment received and kept in Suspense account or			
500	any other similar account	( ) = ( ) = ( )	- 1	-
8	Total	-		
9	Provisioning Coverage Ratio	100%	100%	100%

# (vii) Concentration of Deposits, Advances, Exposures and NPAs

# (a) Concentration of Deposits

Rs.' 000s

	•	31.03.2013	31.03.2012
Total deposits of twenty largest depositors		13,588,893	12,574,348
% of deposits of twenty largest depositors to total deposits		98.29%	98.18%

# Concentration of Advances\*

	31.03.2013	31.03.2012
Total advances to twenty largest borrowers	16,802,246	11,947,816
% of advances of twenty largest borrowers to total advances	54.22%	66.39%

<sup>\*</sup> Advances computed based on definition of Credit Exposure including derivatives as per Master Circular on Exposure Norms DBOD.No.Dir.BC.7/13.03.00/2012-13 dated July 2, 2012.



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# **INDIAN BRANCHES**

# (b) Concentration of Exposures\*\*

Rs.' 000s

	31.03.2013	31.03.2012
Total exposure to twenty largest borrowers/customers % of exposures to twenty largest borrowers/customers to total advances	16,802,246 54.22%	11,947,816 66.39%

<sup>\*\*</sup> Exposures computed based on credit and investment exposure as prescribed in Master Circular on Exposure Norms DBOD. No.Dir.BC.7/13.03.00/2012-13 dated July 2, 2012.

# (c) Concentration of NPAs

Rs.' 000s

	31.03.2013	31.03.2012
Total exposure to top four NPA accounts*	7,400	11,758

<sup>\*</sup>Represents Gross exposure

### (d) Sector Wise NPAs

Sr. No	Sector	% of NPAs to total advances in that sector - 31.03.2013	% of NPAs to total advances in that sector - 31.03.2012
1	Agriculture & allied activities		127
2	Industry (Micro & small, medium and large)	20	
3	Services	0.04%	0.11%
4	Personal Loans	5.5170	0.1176

### (e) Movement of NPAs

Rs.' 000s

		240. 0000
Particulars	31.03.2013	31.03.2012
Gross NPAs – Opening Balance	11,758	11,758
Additions during the year		_
Sub-total (A)	11,758	11,758
Less:		**,700
Upgradations		-
<ul> <li>Recoveries (excld. recoveries from upgraded accounts)</li> </ul>	4,358	-
Write Offs	1,000	_
Sub-total (B)		725
Gross NPAs-Closing Balance	7,400	11,758

# (f) Overseas Assets, NPAs and Revenue

Rs.' 000s

Particulars	31.03.13	31.03.12
Total Assets	-	
Total NPAs		_
Total Revenues	2	-

<sup>(</sup>g) Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)-Domestic and Overseas: NIL (P.Y. - Nil)

### 10. Miscellaneous

# (I) Amount of provisions made for Income-Tax during the year

Rs.' 000s

		Ks. 0008
Particulars	2012-13	2011-12
- Current tax expense	251,000	242,000
<ul> <li>Additional tax expense for previous year</li> </ul>		5,500
- Deferred tax expense/(benefit)	29,055	9,955
- Wealth tax	55	82
TOTAL	280,110	257,537

# (ii) Disclosure of Penalties imposed by RBI

No penalties were levied by Reserve Bank of India under section 46 (4) of the Banking Regulation Act, 1949 during the year. (P.Y. - Nil)

# (iii) Bancassurance Business

Nature of Income	2012-13	2011-12
Selling life insurance policies	-	-
Selling non life insurance policies	-	-
Selling mutual fund products	7	162
Others (to be specified)	\$ P	<u>-</u>

# SOCIETE GENERALE

(Incorporated in France as a Public Limited Company)

# INDIAN BRANCHES

(iv) Subordinated Debt:

The Bank has not raised any subordinated debt during the year nor is there any previous subordinated debt outstanding on the books as at 31 March 2013 (P.Y. - Nil)

(v) Operating Expenses: The major components of Other expenditure are as follows:

Rs.' 000s

Particulars	2012-13	2011-12
Intra group service fees	91,292	46,199
Provision for Unutilized CENVAT credit	18,663	9,790
Travel Expenses	9,808	6,650
Inter-unit Recharges	9.471	3,666
Software maintenance	9,067	7,295
	6,151	4,424
Professional Fees	4.038	13,482
Outsourced Expenses	1,050	10,100

# 11. Disclosure Requirement as per Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI)

(I) Employee Benefits- AS15

Provident Fund: The contribution to the employee's provident fund amounted to Rs. 11,274 for the year ended 31 March 2013 (P.Y. - Rs. 8,684)

Pension Fund: The contribution to the employee's pension fund amounted to Rs. 11,574 for the year ended 31 March 2013 (P.Y. - Rs. 8,826)

Gratuity: The Bank's gratuity scheme is managed by Life Insurance Corporation of India Ltd. Based on an actuarial valuation the insurance company claims the difference between the present value of the gratuity obligation and the fund value. The following tables give the disclosure regarding the gratuity scheme in accordance with AS 15(R)

Reconciliation of Defined Benefit Obligations	2012-13	2011-12
Present Value of the Obligation at the beginning of the year	34,734	31,155
Interest cost	2,793	2,643
Current service cost	3,533	3,365
Benefits paid	4,754	(2,130)
Actuarial loss on obligations	(3,248)	(299)
Present Value of the Obligation at the end of the year	42,566	34,734

Reconciliation of Fair Value of Plan Assets	2012-13	2011-12
Fair Value Plan Assets at the beginning of the year Expected return on Plan Assets Employer's contribution Benefits paid	31,297 2,176 1,517 (3,248)	21,745 1,695 7,600 (299)
Actuarial gain /(loss) on obligations Assets distributed on settlements Fair Value Plan Assets at the end of the year	32.370	556 - 31,297

Amount to be recognized in Balance Sheet		2012-13	2011-12
Present Value of funded obligations Fair value of Plan Assets		42,566 (32,370)	34,734 (31,297)
Present Value of unfunded obligations		-	2 <del>0</del> 2
Unrecognized past service cost		-	-
Amt not recognized as an asset		-	•
Net Asset/Liability in Balance sheet under "Other Assets/ Other Liabilities and Provisions"	•	10,196	3,437

Amount to be recognized in Profit and Loss Account	2012-13	2011-12
Current service cost	3,533	3,365
Interest on defined benefit obligation	2,793	2,643
Expected Return on Plan Assets	(2,176)	(1,695)
Net Actuarial losses/(gains) recognized during the year	4,127	(2,686)
Past service cost	-	-
Total expense recognized in the Profit & Loss Account under "Payments to and Provision for Employees"  Actual Return on Plan Assets	8,277 2,804	1,627 2,250



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### INDIAN BRANCHES

Asset Information	2012-13	2011-12
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	0%	0%
Equity Shares of Listed Companies	0%	0%
Property	0%	0%
Insurer Managed Funds-%	100%	100%
Insurer Managed Funds- Rs.	32,370	31.297

Experience Adjustments #	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	42,566	34,734	31.155	26,319	26,308
Plan Assets	32,370	31,297	21,745	19,544	19,093
Surplus/(Deficit)	(10.196)	(3,437)	(9,410)	(6,775)	(7,215)
Exp. Adj. on plan liabilities	4,760	(807)	(254)	514	(7,213)
Exp. Adj. on plan assets	628	556	387	138	

Summary of Principal Actuarial Assumptions	2012-13	2011-12
Discount Rate (p.a.)	8.05%	8.60%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary Escalation rate (p.a.)	10.00% for first 3 years	10.00% for first 4 year
	& 7% thereafter	& 7% thereafter
Mortality rate	Indian Assured Lives	LIC (1994-1996)
	Mortality (2006-2008)	
Particulars	2012-13	2011-12
Expected Employer's Contribution for next year	8,000	7,000

Leave Encashment: The Bank charged an amount of Rs. 1,714 as liability for leave encashment for the year ended 31 March, 2013 (P.Y. – Rs. 1,984)

# (ii) Segment Reporting- AS17

- (a) The Bank in India operates as a single unit and there are no identifiable geographical segments.
- (b) The Bank has classified its business into the following segments, namely:
  - Treasury primarily comprising of trading in forex, bonds, government securities and derivative.
  - Other Banking Operations comprising of Corporate Banking and Trade Finance and Investment of Capital.
  - Residual Operations comprising of services recharged to the SG network.
- (c) Segment revenues stated below are aggregate of Schedule 13 Interest income and Schedule 14 Other income after considering the net inter-segment fund transfer pricing.
- (d) Segment result is net of expenses both directly attributable as well as allocated costs of support functions.
- (e) Segment assets and liabilities include the respective amounts directly attributable to each of the segments.

Business Segments/	Tr		0.1		D 11 -			Rs.' 000s
Particulars	Ire	asury		Banking rations	Residual	Operations	To	otal
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Gross Revenue	667,594	793,620	1,852,938	1,453,313	17,747	27,662	2,538,279	2,274,595
Intersegment revenue	(63,627)	(376,389)	63,627			27,002	2,000,279	2,274,373
Segment Revenue	603,967	417,231	1,916,565		17,747	27,662	2,538,279	2,274,595
Unallocated Revenue			-,,		1,,,,,,,,	27,002	2,550,275	27,165
Results	(5,542)	24,373	653,117	517,619	1,539	34,699	649,114	549,526
Unallocated Expenses	**************************************	\$-4550 <b>#</b> 0005536	John Company Tractor	, , , , , , , , , , , , , , , , , , , ,		2 1,022		517,520
Operating Profit					0.60		649,114	576,691
Income Tax					20 Par 1/2 + 702=1		(280,110)	(257,537)
Extraordinary Profit/Loss				w ;-iv			(200,110)	(257,557)
Net profit				*			369,004	319,154
OTHER INFORMATION						V		Shanna and Allanda
Segment Assets	6,303,191	12,418,037	24,700,878	18,234,903	10,722	23,908	31,014,791	30,676,848
Unallocated assets				, , , , , , , , , , , , , , , , , , , ,	,:	20,500	778,280	355,174
Total Assets							31,793,071	31,032,022
Segment Liabilities	8,751,162	10,414,906	22,768,891	20,260,208	-	-	31,520,053	30,675,114
Unallocated Liabilities		a - sucretures - successive of the state		000000000000000000000000000000000000000			273,018	356,908
Total Liabilities							31,793,071	31,032,022



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**INDIAN BRANCHES** 

### (iii) Related Party Disclosures

- (a) The transactions of the Bank with related parties in terms of Accounting Standard 18 on "Related Party Disclosures" notified under the Companies (Accounting Standards) Rules, 2006 and the related guidelines issued by RBI are detailed below except where there is only one entity/ person in any category of related parties.
- (b) The details of related parties are as under:

### Parent

Société Générale, France - Head Office and its branches:

The Bank has considered transactions between itself and its Parent and other branches of the Parent as 'one entity' and accordingly as per the guidance on compliance with the accounting standards by banks issued by the Reserve Bank of India, has not disclosed details pertaining to them.

# Subsidiaries/Joint ventures of the parent

- 1. ALD Automotive Pvt Ltd
- 2. Credit Du Nord
- 3. Family Credit Ltd
- 4. Komercini Banka
- 5. National Société Générale Bank
- 6. Newedge Broker India Pvt Ltd.
- 7. Rosbank
- 8. Société Générale de Banques Au Sénégal
- 9. Société Générale Marocaine De Banques, Casablanca
- 10. SG-Social Security Bank Limited
- 11. SG Asia Holding (India) P Ltd
- 12. SG Bank And Trust Singapore
- 13. SG Banka Srbija Ad Beograd
- 14. SG Banque, Ivory coast
- 15. Société Générale de Banques en Cote d'Ivoire
- 16. SG Global Solution Centre Pvt Ltd
- 17. SG Hambros Trust Ltd
- 18. SG Wealth Management Solution Pvt Ltd
- Société Générale Cyprus
- 20. Societe Generale (China) Ltd.
- 21. Societe Generale de Banque Au Liban
- 22. Société Générale De Banque Jordanie
- 23. Société Générale Algérie
- 24. Societe Generale de Banques Au Benin
- 25. Splitska Bank
- 26. Union Intl De Banque, Tunis
- 27. SBI-SG Global Securities Services Pvt. Ltd
- 28. SBI Funds Management Pvt. Ltd.

# Key Management Personnel:

### Names:

Alain Pfeiffer – Chief Country Officer – India up-to 30.09.2012 Marc-Emmanuel Vives – Chief Country Officer – India from 01.10.2012 Eric Hautefeuille-Chief Operating Officer-India

# Details of Remuneration paid:

FY 2012-2013 (Rs 000s): 35,793 FY 2011-2012 (Rs 000s): 25,109



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### Disclosure in respect of transactions with subsidiaries of Head Office:

Rs.' 000s

Particulars	31.03.2013	Maximum Outstanding during the year	31.03.2012	Maximum Outstanding during the year
Deposits	6,652,396	3,718,737	5,345,538	10,481,807
Advances	1,000,982	1,193,998	1,320,766	1,871,051
Non-Funded Commitments	842,699	1,062,915	519,658	2,529,590
Receivables	203	636	1,203	30,440
Payables	15,397	15,397	#15.00e	-

Rs.' 000s

Particulars	2012-13	2011-12
Interest Expense	424,273	472,165
Interest Income	99,881	44,821
Rendering of Services*	41,563	39,853
Receipt of Services	14,491	2,850

<sup>\*</sup> includes fee income on Non-funded Commitments and Foreign Exchange transactions

# Material related party transactions are given below:

The following were the material transactions between the Bank and its related parties for the year ended 31 March 2013. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

### Purchase of Fixed Assets

During the year ended March 31, 2013, the Bank purchased fixed assets from SG Global Solution Centre Pvt Ltd amounting to Rs. 76,233 (P.Y. – Rs. 35,166).

### Interest Expense

Interest on deposits paid to SG Asia Holding (India) P Ltd Rs 243,117 (P.Y. - Rs. 290,137), Newedge Broker India Pvt Ltd Rs. 162,393 (P.Y. - Rs. 133,146)

### **Interest Income**

Interest on loans from ALD Automotive Pvt Ltd Rs. 95,568 (P.Y. – Rs.27,809), Family Credit Ltd Rs. Nil (P.Y. – Rs.6,209), Société Générale Algérie – Rs. Nil (P.Y. – Rs. 4,872)

# Rendering of Services

Fee and Commission Income / Other Income / Income on Foreign Exchange transactions received from ALD Automotive Pvt Ltd Rs. 18,927 (P.Y. - Rs. 10,217), SG Global Solution Centre Pvt Ltd - Rs 9,077 (P.Y. - Rs. 7,854) and Société Générale Algérie - Rs. 6,263 (P.Y. - Rs. 3,143)

# Receipt of Services

Payment to ALD Automotive Pvt Ltd Rs. 3,796 (P.Y. - Rs. 2,847) towards car leasing services and SG Global Solution Centre Pvt Ltd Rs 10,695 (P.Y. - Rs Nil) towards back office support and software services.

# (iv) Lease Accounting- AS 19

- (a) Nature of Lease Operating Lease for motor cars, office premises and residential premises for staff
- (b) Minimum Lease Payments over the non-cancelable period of the lease: Rs. 30,673; (P.Y.- Rs. 63,369)

Particulars		2012-13	2011-12
Up to 1 year 1-5 years Above 5 years	. The State of Fig.	27,490 3,183	44,269 19,100
TOTAL		30,673	63,369

- (c) Lease payments recognized in the Profit and Loss Account during the year: Rs. 60,436 (P.Y. Rs. 37,892)
- (d) The lease agreements do not have any undue restrictive or onerous clauses other than those normally prevalent in similar agreements regarding use of assets, lease escalation clauses, renewals and a restriction on sub-leases.



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# (v) Taxes on Income- AS 22

Components of deferred tax liability (net) as included in Schedule 5 – "Other Liabilities and Provisions" as at March 31, 2013 are given below.

Rs.' 000s

Particulars	31.03.2013	31.03.2012
Deferred Tax Asset		
- Accumulated Losses	-	-
- Provision for doubtful debts	19,069	10,263
- Amortization of Premium on HTM Securities	5,980	5,970
- Provision for employee benefits	14,278	17,417
Deferred Tax Liability		
- Fixed Assets	(48,421)	(13,688)
Net Deferred Tax (Liability)/Asset	(9,094)	19,962

# (vi) Intangible assets - AS26

Rs.' 000s

Application Software	31.03.2013	31.03.2012
At cost as at 31st March of the preceding year	52,930	17,361
Additions during the year	334,352	39,103
Deductions during the year	-	(3,534)
Depreciation to date	(37,955)	(11,775)
TOTAL:	349,327	41,155

# (vii) Capital Commitments

Rs.' 000s

Capital Commitments	31.03.2013	31.03.2012
Estimated amount of contracts remaining to be executed on capital account and not provided for.	32,231	66,058

# 12. Additional Disclosures

# (I) Termination Benefits

Payments to and provision for employees includes Rs. Nil (P.Y: Nil) towards termination benefits.

# (ii) Employee Stock Options

Société Generale (Parent) provides its employees worldwide the opportunity to become shareholders of the company on preferential terms as part of the annual capital increase reserved for the employees. All eligible employees can participate in the "International Group Savings Plan" and subscribe to Societe Generale shares within their individual entitlement during the limited period of subscription.

The preferential terms includes a discount to the reference price and an "Employers Matching Contribution" up to the specified limit per employee. Payments to and provision for employees includes Rs. 952 (P.Y: Rs. 1,268) towards this scheme. There is no future liability in respect of this scheme.

# (iii) Provisions and Contingencies:

Description of Contingent Liabilities

# Claims against the Bank not acknowledged as debt

This represents legal claim filed against the Bank in its normal course of business and tax claims/demands raised by the Income tax authorities, which are disputed by the Bank.

# Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps, interest rate swaps and interest rate options on its own account and for customers. The notional amounts that are recorded as contingent liabilities form the basis for the calculation of the interest component on the contracts where applicable.



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# Guarantees given on behalf of constituents, Acceptances, Endorsements and other obligations

As a part of its normal banking activities the Bank issues documentary credit and guarantees on behalf of its customers.

Provisions and Contingencies recognized in the profit and loss account include:

Rs.' 000s

PROVISIONS AND CONTINGENCIES	2012-13	2011-12
I. Taxation Charge		
- Current tax expense	251,000	242,000
- Additional tax expense for previous year		5,500
- Deferred tax expense/ (benefit)	29,055	9,955
- Wealth tax	55	82
II. Provision / (Write back) for loan losses	(4,358)	-
III. Provision for Standard Assets	42,239	(11,602)
IV. Write-off of Bad Debts	-	-
V. Provision for depreciation on Investments	(74,770)	(58,897)
VI. Others - Provision for Country Risk	(19,171)	22,451
TOTAL	224,050	209,489

# (iv) Floating Provisions: Nil (P.Y. Nil)

# (v) Draw down from Reserves:

The Bank has not drawn-down Investment Reserve during the year (P.Y - Nil).

### (vi) Disclosure of Complaints:

Analysis and Disclosure of complaints - Disclosure of complaints/unimplemented awards of Banking Ombudsmen.

	Customer Complaints	2012-13	2011-12
a)	No. of complaints pending at the beginning of the year	-	2
b)	No. of complaints received during the year		-
c)	No. of complaints redressed received during the year		
d)	No. of complaints pending at the end of the year	-	

	Awards passed by the Banking Ombudsman	2012-13	2011-12
a)	No. of unimplemented awards at the beginning of the year	-	
b)	No. of awards passed by the Banking Ombudsmen during the year	-	=
c)	No. of awards implemented during the year	-	-
d)	No. of unimplemented awards at the end of the year	- 1	-

### (vii) Disclosure of Letters of Comfort:

The Bank has not issued any Letter of Comfort regarding their subsidiaries during the year. The assessed cumulative financial obligation under the Letters of Comfort issued and outstanding is Nil. (P.Y. Nil)

# (viii) Disclosures on Remuneration

In accordance with the requirement of the RBI Circular No. DBOD.NO.BC.72/29.67/001/2011-12 dated 13 January 2012, the Bank has submitted to the Reserve Bank of India a letter from the head office which states that the compensation policies in India including that for the Chief Executive Officer are in line with the FSB requirements.

(ix) Previous year's figures have been regrouped or rearranged, wherever necessary to conform to current year's presentation.

For Societe Generale - Indian Branches

S. MENDA

Chief Financial Officer - India

ME. VIVES

Chief Executive Officer - India

Place: Mumbai Date: 27 June, 2013



(Incorporated in France as a Public Limited Company)

**INDIAN BRANCHES** 

# Basel II disclosures of the Indian Branches for the year ended 31 March 2013

All amts in Rs.' 000s, unless otherwise stated

### 1. Scope of application

The Framework applies to Societe Generale Indian branches. There is no consolidation of the results of any subsidiary or group company with the financials of Societe Generale, Indian Branches.

The Bank has no interest in any of the insurance entities of the group.

### 2. Capital structure

The Tier 1 Capital of the Bank primarily comprises of interest free funds received from Head Office, balance in Statutory reserves and Capital reserves, and non repatriable balance in the Profit & Loss account.

The Tier 2 capital of the Bank comprises of the Provision on Standard Assets and balance in Investment reserve account created in accordance with extant RBI guidelines.

The details of Capital funds are stated in the following table

Rs.' 000s

	31.03.2013	31.03.2012
Capital	7,099,220	7,099,220
Statutory Reserves	768,212	675,960
Capital Reserves	1,577	1,577
Remittable Surplus Retained for CRAR	316,871	316,871
Balance in Profit & Loss account	-	
Less: Intangible assets	(349,326)	(61,125)
Tier I capital	7,836,554	8,032,503
Provision for Standard Assets & Country risk	142,210	119,141
Investment Reserve	91,373	58,862
Tier II capital	233,583	178,003
Total (Tier I + Tier II Capital)	8,070,137	8,210,506

During the year the Bank did not receive capital from its head office. (P.Y. Rs. 4,401,439).

### 3. Capital Adequacy

The Bank has assessed its capital requirement taking into account the 3 main risks as defined by Pillar 1 of the Basel 2 norms viz: Credit Risk, Market Risk and Operational Risk. The Credit Risk is computed using the Standardised Approach, the Market Risk is calculated using the Standardised Duration Approach and the Operational Risk is calculated using the Basic Indicator Approach. The risk computation under each of these 3 categories is adequately covered by the Capital of the Bank.

The Bank has assessed its future capital requirement and the same has been documented in the ICAAP (Internal Capital Adequacy Assessment Process) - Pillar 2 requirements of Basel 2 norms based on the position as of March 31'2012. The capital requirement will be re-assessed taking into consideration the position of the Bank for the financial year ended March 31'2013.

The existing level of Capital is adequate to meet the Bank's current and future business requirements and the CRAR ratio of the Bank is significantly higher than that prescribed by the regulators.

# Capital requirements for credit risk:

Rs.' 000s

	As at 31.03.2013	As at 31.03.2012
Portfolios subject to standardized approach	2,029,280	1,330,980
Securitisation exposures Capital requirement for credit risk	2,029,280	1,330,980

### Capital requirements for market risk:

Standardised duration approach	As at 31.03.2013	As at 31.03.2012
Interest rate risk Foreign exchange risk	258,45.1 45,000	481,355 45,000
Equity risk Capital requirements for market risk	303,451	526,355



(Incorporated in France as a Public Limited Company)

### INDIAN BRANCHES

### Capital requirements for operational risk:

Rs.' 000s

	As at 31.03.2013	As at 31.03.2012
Basic Indicator approach	142,235	160,868

### Capital ratios:

	As at 31.03.2013	As at 31.03.2012
Total capital ratio	29.35%	36.61%
Tier I capital ratio	28.50%	35.82%

### 4. Credit risk: general disclosures

Credit Risk has been defined as the risk of financial loss if counterparty defaults on an obligation under a contract. It arises mainly from direct lending, off-balance sheet exposures such as guarantees and from the Bank's investments in debt securities.

# Strategy and processes (including credit risk management policy of the Bank)

The credit risk management framework is based upon Societe Generale group policies and revolves around certain key principles

- · All transactions and facilities must be authorized in advance.
- · All requests for authorizations relating to a specific client or client group are handled by a single operating division.
- All authorizations are given by an independent risk department, and approval rests on a framework based on internal counterparty
  risk ratings, Loss given default and a risk-adjusted return on capital analysis
- There are internal caps on the total sub-investment grade exposure (defined as internal rating of 6 (six) or below), exposure to sensitive sectors and on the extent of unsecured exposure.
- · There are also specific controls on exposures to banks and financial institutions, designed to ensure against excessive risk concentration.

### Structure and Organization:

The risk ratings are provided by operating divisions and are validated by the risk officers. The Risk department is independent of the operating divisions. The local Risk department was separated from Credit department in December 2011. Risk ratings are included in all credit proposals and are factored into all credit decisions. These ratings are independently validated by respective Risk Divisions in Head Office or Regional Hubs.

There is a specialized and centralized department for financial institutions which is located in Paris.

### Scope and nature of risk reporting and measurement:

The internal rating models measure counterparty risk (expressed as a probability of default by the borrower in one year) and transaction risk (expressed as the amount that will be lost should a borrower default). An in house database stores all credit limits.

The risk on counterparty exposure on market transactions is measured by modeling the future mark to market value of transactions, after taking into effect netting and correlation effects.

# Non-performing advances:

Non performing advances are identified by regular appraisals of the portfolio by management or in accordance with RBI guidelines, whichever is earlier. Specific provision is made on a case by case basis, subject to minimum provisioning levels prescribed by RBI. Special attention is paid to early identification of problem exposures. The Bank's approach towards problem exposures is:

- Quick identification and isolation of potential weak /non-performing credits for concentrated attention through inclusion in the
  watch list. Watch list discussions are attended by Senior Management, Head of Risk and the Relationship Manager
- Continued and rigorous follow up of these credits with the intention to monitor a possible turnaround or an early exit.
- · A structured and sustained pro-active approach complemented by a rigorous follow up procedures.

# a) Total gross credit risk exposure

	Fund Based	Non Fund Based	Total(1)
As at 31.03.2013	31,449,805	24,942,659	56,392,464
As at 31.03.2012	15,541,074	19,034,737	34,575,811

- 1. The above amounts represent exposures before credit risk mitigants.
- Non fund based exposures exclude credit lines which are unconditionally cancellable at the Bank's sole discretion or, effectively
  provide for automatic cancellation of credit lines due to deterioration of borrower's creditworthiness.
- 3. The credit risk exposures or equivalents in respect of Non fund based exposures are computed as under:
  - In case of exposures other than FX and derivatives, credit equivalent is arrived at by multiplying the notional principal amount with the credit conversion factors prescribed under the Basel II framework.
  - In case of FX and derivatives, credit equivalents are computed using the current exposure method.



# SOCIETE GENERALE (Incorporated in France as a Public Limited Company)

# **INDIAN BRANCHES**

# b) Geographic distribution of exposures

Rs.' 000s

As at 31.03.2013

	Fund Based	Non Fund Based	Total
Overseas Domestic	31,449,805	24,942,659	56,392,464
Total	31,449,805	24,942,659	56,392,464

Rs.' 000s

As at 31.03.2012

	Fund Based	Non Fund Based	Total
Overseas	-	•	
Domestic	15,541,074	19,034,737	34,575,811
Total	15,541,074	19,034,737	34,575,811

# c) Industry type distribution of exposures

Rs.' 000s

As at 31.03.2013

Industry	Fund based	Non fund based	Total
All Engineering	1,395,436	1,311,196	2,706,632
Banking and finance	2,186,482	10,319,959	12,506,441
Basic Metal & Metal Products	235,747	22,200	257,947
Chemical and chemicals products	3,567,251	238,360	3,805,611
Computer Software	-	445,633	445,633
Construction	39,016	-	39,016
Drugs & Pharmaceuticals	* <u>-</u>	49,649	49,649
Gems & Jewellery	746,503	-	746,503
Infrastructure	949,245	804,035	1,753,279
Other Industries	4,134,070	238,046	4,372,117
Other Residual Advances	2,000		2,000
Paper & Paper products	400,000	-	400,000
Petroleum	100,000	-	100,000
Rubber	379,764	78	379,764
Telecom	-	121,931	121,931
Textiles	546,875	1,750	548,625
Trading	-	-	
Vehicles, Vehicle Parts and Transport Equipments	1,293,373	93,970	1,387,343
NBFC	1,600,333		1,600,333
Total	17,576,095	13,646,729	31,222,824

Rs.' 000s As at 31.03.2012

Industry	Fund based	Non fund based	Total
All Engineering	556,720	472,147	1,028,867
Banking and finance	1,078,250	5,139,039	6,217,289
Basic Metal & Metal Products	155,000	47,729	202,729
Chemicals, Dyes and Paints	824,371	399,492	1,223,863
Computer Software	125,500	364,693	490,193
Construction	0.3813.8013.003		-
Drugs & Pharmaceuticals	508,919	953	509,872
Gems and Jewellery	524,357		524,357
Infrastructure	1,138,987	733,672	1,872,659
Other Industries	3,076,882	108,893	3,185,775
Other Residual Advances	2,292		2,292
Paper & Paper products			33
Petroleum	180,000	5	180,000
Rubber		-	
Telecom		160,688	160,688
Textiles	-		
Trading	14,709	-	14,709
Automobiles	415,000	115,689	530,689
NBFC	1,975,240	-	1,975,240
Total	10,576,227	7,542,995	18,119,222



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# **INDIAN BRANCHES**

d) Residual contractual maturity breakdown of assets

Rs.' 000s

	As at 31.03.2013
1 day	-
2-7 days	3,581,745
8-14 days	2,223,735
15-28 days	1,524,143
29 days -3 months	6,163,372
Over 3 months -6 months	4,357,433
Over 6 months -upto 1 year	5,640,462
Over 1 year -upto 3 years	3,332,687
Over 3 years to 5 years	1,349,267
Over 5 years	3,620,228
Total	31,793,071

Rs.' 000s

	As at 31.03.2012
1 day	-
2-7 days	1,966,180
8-14 days	1,116,896
15-28 days	1,071,232
29 days -3 months	4,380,493
Over 3 months -6 months	1,033,770
Over 6 months -upto 1 year	12,337,979
Over 1 year -upto 3 years	2,680,485
Over 3 years to 5 years	2,610,752
Over 5 years	3,834,235
Total	31,032,022

- e) Amount of NPAs (Gross) 7,400 (P.Y. 11,758)
- f) Net NPAs- Nil (P.Y. Nil)
- g) NPA Ratios Gross NPAs to gross advances 0.04% (P.Y.0.11%) Net NPAs to net advances- 0% (P.Y.0%)
- h) Movement of NPAs

Rs.' 000s

2012-13

	Gross NPAs	Provision	Net NPA
Opening balance	11,758	11,758	-
Additions	- 1	-	-
Reduction (including write backs / write offs)	4,358	4,358	2
Closing balance	7,400	7,400	-

Rs.' 000s 2011-12

	Gross NPAs	. Provision	Net NPA
Opening balance	11,758	11,758	
Additions	-		.
Reduction (including write backs / write offs)	-	-	
Closing balance	11,758	11,758	

- i) Non performing investments Nil
- j) Provisions held for non-performing investments Nil



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# INDIAN BRANCHES

# k) Movement of provisions for depreciation on investments

Rs.' 000s

	2012-13	2011-12
Opening Balance at beginning of the year	74,770	133,667
Add: Provisions made during the year	148,818	17,509
Less: Write-off/write-back of excess provisions during the year	223,588	76,406
Closing Balance at end of the year	-	74,770

# 5. Credit risk: disclosures for portfolios subject to the standardised approach

The Bank relies on the ratings given by the following External Credit Rating Agencies (ECRAs) approved by the RBI to calculate its capital requirement under the standardised approach for credit risk

Domestic Credit Rating Agencies for external ratings of Indian Corporates:

- 1) Credit Analysis and Research Ltd.
- 2) CRISIL Ltd.
- 3) FITCH India
- 4) ICRA Ltd.

The Bank has used issue-specific solicited ratings available in the public domain (for both Long Term and Short Term facilities) from the above domestic rating agencies to allocate appropriate risk weighting for both funded as well as non-funded exposures on corporate customers.

The process used by the Bank to use such ratings for comparable assets in the banking book is in line with the provisions advised in Reserve Bank of India's Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF) dated July 02<sup>nd</sup>, 2012.

The mapping of external credit ratings and risk weights for corporate exposures is provided in the tables below:

Risk weight mapping of long term corporate ratings

Long term ratings	Risk weights
AAA	20%
AA	30%
A	50%
BBB	100%
BB & Below	<ul><li>150%</li></ul>
Unrated	100%

Risk weight mapping of short term corporate ratings

	Short Term Ratings			Risk weights
CARE	CRISIL	FITCH	ICRA	
PR1+	P1+	F1+	A1+	20%
PR1	P1	F1	A1	30%
PR2	P2	F2	A2	50%
PR3	P3	F3	A3	100%
PR4 & PR5	P4 & P5	F4/F5	A4 & A5	150%
Unrated	Unrated	Unrated	Unrated	100%

The claims on banks incorporated in India and foreign banks branches in India, excluding investment in equity shares and other instruments eligible for capital status are risk weighted as under:

CRAR %	Scheduled Banks	Other Banks
> 9	20%	100%
6 to < 9	50%	150%
3 to < 6	100%	250%
0 < 3	150%	350%
Negative	625%	625%



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International ECRAs for external ratings of Foreign Banks, Foreign Sovereigns, Foreign Public Sector Entities and Non-Resident Corporates:

- a) Fitch
- b) Moody's
- c) Standard & Poor's

The process used by the Bank to transfer public issue ratings onto comparable assets in the banking book is in line with the provisions advised in Reserve Bank of India's Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF) dated July 02<sup>nd</sup>, 2012.

The mapping of external credit ratings and risk weights for the above entities are provided in the tables below to the extent applicable.

Risk weight mapping of foreign banks

S&P and Fitch ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's rating	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk weight	20%	50%	50%	100%	150%	50%

Amount outstanding under various risk buckets:

Rs.' 000s

	143. 0003
	As at 31.03.2013
Below 100 % risk weight	8,869,557
100 % risk weight	13,677,995
More than 100 % risk weight	-
Deducted	
Total	22,547,552

Amount outstanding under various risk buckets:

Rs.' 000s

	As at 31.03.2012
Below 100 % risk weight	5,575,342
100 % risk weight	9,212,500
More than 100 % risk weight	
Deducted	821
Total	14,788,663

# 6. Credit risk mitigation: disclosures for standardised approaches

# Policy for collateral valuation and Management

All corporate and institutional facilities are reviewed (and hence revalued) at least on an annual basis. All deeds of ownership/ titles related to collateral are held in physical custody under the control of executives independent of the business. Unsecured exposures cannot exceed the overall ceiling fixed for such facilities.

The main categories of recognized collateral taken by the Bank conform to the list of eligible financial collateral advised in Section 7.3.5 of RBI's Prudential guidelines on Capital Adequacy and Market discipline and include cash on deposits, marketable equities, and recognized debt securities.

The Bank also extends credit facilities against guarantees from international corporates and banks. For a corporate guarantee to be recognized as a credit risk mitigant, the guarantor must have a rating of A or above from Standard & Poor's, Fitch and / or Moody's. The Bank is not active in securitization of standard assets in India.

As on March 31, 2013, the total exposure covered by eligible financial collateral after application of haircuts was Rs. 445,628 (P.Y. Rs. 37,414)

# 7. Securitisation: disclosure for standardised approach

The Bank has not undertaken any securitization operation during the year.

# 8. Market risk in trading book

Market risk arises out of the fluctuation in the interest rates, foreign exchange rates and the consequent change in the prices of various financial instruments held by the Bank. The financial instruments are revalued on a daily basis as per the guidelines issued by the regulatory authorities. The change in the valuation of the financial instruments may result in profit or loss for the Bank.

The primary objective of Bank's market risk management is the continuous and independent monitoring of positions, market and counterparty risks incurred by the Bank's trading activities, and the comparison of these positions and risks with established limits.

# Strategy and Process:

All open market risk is subject to approved limits. The market risk limits are reviewed at periodic intervals. The approved market risk limit is based on capital allocated to trading activity, market environment and the risk perception at Head office.



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# Structure and organisation of market risk management

The Market Risk Department in Hong Kong is in charge of computation of all the risk parameters. It computes the exposure of the bank on a daily basis by using TRAAB system and sends the report to all concerned. The exposures are not computed separately at the local level. The local Market Risk Manager monitors the limits, based on the report sent by Hong Kong office. The Market Risk function is independent of the front office.

# Scope and nature of risk measurement, risk reporting and risk monitoring system:

Market risk is monitored and controlled using parameters, such as, Value at Risk (VaR), Sensitivity limits (parallel shift in interest rates), net open position limit (Foreign exchange positions) and stress test. The bank has set limits on each of these parameters and the utilizations are reported on a daily basis to the senior management.

VaR estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The Bank calculates VaR using the historical simulation methodology covering the last 250 working days' market data and at 99% confidence level for a one-day holding period.

The sensitivity limit measures the profit/loss arising out of a 10 basis point parallel shift in the interest rates of the respective financial instruments. The stress test is used to study the effect on portfolio of a specific set of changes in risk factors resulting from exceptional, but plausible, events. Three types of test (historical, hypothetical and adverse) allow the Bank to limit exposure to risks coming from exceptional shock.

# Capital requirements for market risk:

Rs.' 000s

Standardised duration approach	As at 31.03.2013	As at 31.03.2012
Interest rate risk Foreign exchange risk	258,451 45,000	481,355 45,000
Equity risk Capital requirements for market risk	303,451	526,355

### 9. Operational risk

The operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including events of low probability of occurrence, but with a risk of high loss. This definition includes legal risk but excludes strategic and reputation risks.

### Strategy and Process

The Bank has an Operational risk policy in place which classifies Operational Risk events into 8 major heads and 49 sub heads to map with the Basel II Loss Event Type Classifications, Event Description, Corrective & Preventive Action plan and loss amounts & recoveries. The risk is managed through a system of prevention, control and coverage that comprises detailed procedures, permanent supervision, and insurance policies, further supported by reviews by the internal audit and the Head-office teams.

# Structure and Organisation

Implementation of the Operational Risk framework of the bank is done by the Operational Risk Manager under guidance of the Chief Risk Officer. The framework rests on 5 pillars.

- · Operational Loss Collection.
- · Risk & Controls Self Assessment
- · Permanent Supervision
- · Key Risk Indicators
- Scenario Analysis

The Operational Risk aspects are discussed in two Committee's of the bank namely the Audit & Accounts Committee and the Risk & Control Committee. Both these committees are chaired by the Chief executive Officer -India and has the local Operational Risk Managers, Business Line Heads, Support function Heads, Compliance, Legal and Audit as members.

This committee is responsible to identify and control all risks of legal, administrative and or disciplinary penalties, financial losses or injury to the image arising out of or in connection with failure to comply with the Head Office, Local/Legislative/Regulatory banking provisions/ethics and professional practices as well as SG Group instructions, standards and/or processes.

# Scope and nature of Risk reporting / measurement system

The Bank has clearly defined the nature, scope of risk reporting by putting in place systems and thresholds for loss data collection, measurement and reporting by category and sub category of events. The Bank's internal classification has been mapped to the Basel II Loss Event Type Classifications. Based on this classification Risk Drivers (KRIs) that convey any control weakness that could cause an Operational Risk Event are identified and assessed through multiple evaluation questions. The current threshold for reporting of losses is greater than or equal to  $\in$  2,500; these will be recorded in the internal risk data base, only risk events above  $\in$  10,000 will be reviewed by Group Operational Risk teams and also will be used to calculate capital requirements and in various risk analyses. A reporting on Operational Risk is done on a quarterly basis to the Head office.

The Bank also has a RCSA (Risk Control & Self Assessment) process in place which helps to evaluate the inherent risk in the business and the controls in place to mitigate it. The process covers all business units of the bank.



(Incorporated in France as a Public Limited Company)

# **INDIAN BRANCHES**

# Hedging / Mitigating techniques

The ORM policy is also designed to alert the operating divisions as soon as possible if they are vulnerable to risks so as to ensure that they react immediately to reduce potential losses and/or the severity of such losses. The gaps / residual risk identified during the above mentioned RSCA exercise are addressed by implementing additional controls to ensure a robust ORM structure.

The Bank has adopted the Basic Indicator approach to compute the capital requirement for operational risk as prescribed by RBI.

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

In order to manage the risk optimally, the Interest Rate Risk in the Banking Book (IRRBB) is centralized within the ALM desk in Finance department. The Head Office has assigned sensitivity limits on the IRRBB which also covers the capital and investments held in the HTM category. The risks arising out of various commercial banking activities are transferred to the ALM desk using the internal funds transfer pricing mechanism.

The ALM desk manages and hedges, if required, the IRRBB with Treasury under the guidance of the ALCO. The IRRBB is measured on a Quarterly basis.

# Quantitative Disclosures

Market Risk Limits

(Amounts in EUR)

31.03.2013

### 1 - Value at Risk: VaR 99%

VaR	Limit	Usage	
Global Trading	5,000,000 5,000,000	-136,500 -136,500	3% 3%
Market country Stress Test - India	35,000,000	-6,853,023	20%

# 2 - Interest Rate Sensitivity Limits (expressed in EUR for +10bps)

Parallel	Limit	Uşage	
Global	500,000	33,204	7%

# 3 - Stress Tests

Stress Test	Limit	Usage	
	30,000,000	-2,480,000	8%

# Market Risk Limits

(Amounts in EUR)

31.03.2012

# 1 - Value at Risk: VaR 99%

VaR	Limit	Limit Usage	
Global	5,000,000	-337,000	7%
Trading	5,000,000	-337,000	7%

# 2 - Interest Rate Sensitivity Limits (expressed in EUR for +10bps)

Parallel	Limit	Us . Us	sage
Global	500,000*	80,000	16%

### 3 - Stress Tests

	Limit 30,000,000	Usage	
Stress Test		-1,547,000	5%

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