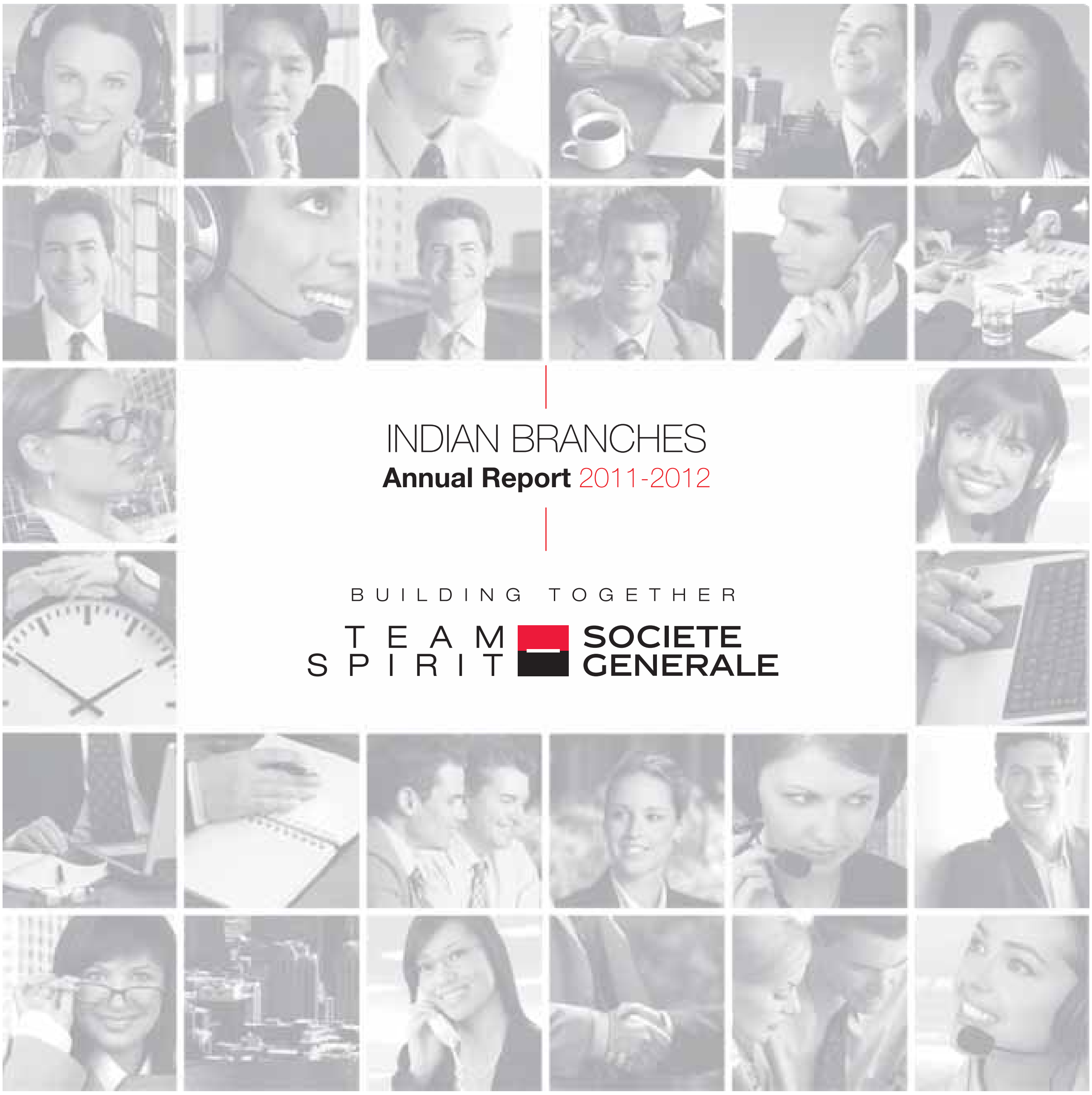
Société Générale

(Incorporated in France as a Public Limited Company)

COMMITTED
TO SERVING OUR CUSTOMERS AND THE ECONOMY



INDIAN BRANCHES
Annual Report 2011-2012

BUILDING TOGETHER

TEAM SPIRIT SOCIETE GENERALE

BUILDING TOGETHER

TEAM SPIRIT SOCIETE GENERALE

Branches in India

Mumbai

Maker Chambers IV, 13th floor, Jamnalal Bajaj Marg,
Nariman Point, Mumbai - 400 021.
Tel.: +91 22 6630 9500 | Fax: +91 22 2204 5459

New Delhi

Mohan Dev, 6th Floor, 13, Tolstoy Marg, New Delhi 110 001.
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ANNUAL REPORT 2011-2012

Head Office

29, Boulevard Haussmann, 75009 Paris, FRANCE,
www.societegenerale.com

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 an international network by extending Sogenal's activities into Central Europe (Germany, Austria, Switzerland, Luxembourg), and by establishing branches in North Africa in 1909-1911 and 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 its 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

33 million customers

160,000 employees

77 countries

25.6 billion euros in net banking income in 2011

47.1 billion euros in Group shareholders' equity

(as at 31/12/2011)

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 30th June 2012

SOCIETE GENERALE

(Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

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

1. 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 March 31, 2012 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Indian Branches'' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

4. We report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

   b) In our opinion, the transactions of the Indian Branches which have come to our notice have been within its powers;

   c) We have visited both of the Indian Branches for the purpose of our audit;

   d) 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;

   e) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   f) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 insofar as they apply to the Bank;

   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in case of the balance sheet, of the state of the affairs of the Indian Branches as at March 31, 2012;

      ii. in case of the profit and loss account, of the profit for the year ended on that date; and

      iii. in case of cash flow statement, of the cash flows for the year ended on that date.

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

per Viren Mehta
Partner
Membership No.: 048749

Mumbai: 27 June 2012

SOCIETE GENERALE

(Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

BALANCE SHEET AS ON 31 MARCH 2012

(Rs.' 000s)

	Schedule No.	31-Mar-12	31-Mar-11
CAPITAL & LIABILITIES			
Capital	1	7,099,220	2,697,781
Reserves & Surplus	2	1,315,209	1,146,611
Deposits	3	12,807,182	8,879,624
Borrowings	4	9,261,639	16,724,271
Other Liabilities and Provisions	5	548,772	505,822
TOTAL		**31,032,022**	**29,954,109**
ASSETS			
Cash and Balances with Reserve Bank of India	6	778,962	723,107
Balances with Banks and Money at Call and Short notice	7	148,498	120,270
Investments	8	18,461,665	20,774,842
Advances	9	10,564,469	6,995,228
Fixed Assets	10	255,805	259,881
Other Assets	11	822,623	1,080,781
TOTAL		**31,032,022**	**29,954,109**
Contingent Liabilities	12	741,508,594	1,009,730,279
Bills for Collection		2,294,502	2,143,109
Significant Accounting Policies and Notes to Accounts	17&18		

Schedules referred to above form an integral part of the accounts

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

(Rs.' 000s)

	Schedule No.	Year ended 31-Mar-12	Year ended 31-Mar-11
I. INCOME			
Interest Earned	13	2,215,528	1,822,624
Other Income	14	86,232	369,557
TOTAL		**2,301,760**	**2,192,181**
II. EXPENDITURE			
Interest Expended	15	1,261,448	1,121,319
Operating Expenses	16	511,669	564,542
Provisions and Contingencies		209,489	296,644
TOTAL		**1,982,606**	**1,982,505**
III. PROFIT/LOSS			
Net Profit/(Loss) for the year		319,154	209,676
Profit/(Loss) brought forward		198,740	31,188
TOTAL		**517,894**	**240,864**
IV. APPROPRIATIONS			
Transfer (from)/to Statutory Reserves		79,789	52,419
Transfer (from)/to Capital Reserve		–	1,577
Transfer (from)/to Investment Reserve Account		25,610	(43,060)
Remitted to H.O. during the year		150,557	–
Transfer of remittable surplus retained for CRAR		–	31,188
Balance carried forward to balance sheet		261,938	198,740
TOTAL		**517,894**	**240,864**
Significant Accounting Policies and Notes to Accounts	17&18		

Schedules referred to above form an integral part of the accounts

As per our attached report of even date

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

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Place : Mumbai
Date : 27 June, 2012

For Societe Generale – Indian Branches

Sd/-
S. Menda
Chief Financial Officer–India

Sd/-
A. Pfeiffer
Chief Country Officer–India

SOCIETE GENERALE

(Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Rs.' 000s)

		31-Mar-12	31-Mar-11
Cash Flow from Operating Activities			
Net profit before Taxation and Extraordinary Items		**576,690**	**353,553**
Adjustments for:			
Depreciation		48,915	48,730
(Profit)/Loss on Sale of Fixed Assets		(234)	267
Addition to/(Write-back of) provision for NPAs		-	(366)
Addition to/(Write-back of) General Provision		(11,602)	52,198
Other Provisions		22,451	1,551
Provision for Investments		(58,896)	99,383
Operating Profit before working capital changes		**577,324**	**555,316**
(Increase)/Decrease in Investments (net)		2,071,207	(3,290,518)
(Increase)/Decrease in Advances (net)		(3,569,241)	(2,843,533)
(Increase)/Decrease in Other Assets		248,293	(255,083)
Increase/(Decrease) in Other Liabilities and Provisions		(487,509)	(552,090)
Increase/(Decrease) in Borrowings (net)		(7,462,632)	5,714,624
Increase/(Decrease) in Deposits (net)		3,927,558	514,645
Net Income Taxes (paid)/refund		272,028	165,061
Net Cash Flow generated from/(used in) Operating Activities	**A**	**(4,422,972)**	**8,422**
Cash Flows from Investing Activities			
Purchase of Fixed Assets		(45,040)	(11,924)
Proceeds from Sale of Fixed Assets		347	1,764
Proceeds from maturity of Held to Maturity Investments		300,866	296,360
Net Cash Flow generated from/(used in) Operating Activities	**B**	**256,173**	**286,200**
Cash Flow from Financing Activities			
Additional Capital introduced		4,401,439	-
Remittance of profit to Head office		(150,557)	-
	C	**4,250,882**	**-**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**84,083**	**294,622**
Cash and Cash equivalents at the beginning of the year		843,377	548,755
Cash and Cash equivalents at the end of the year		**927,460**	**843,377**
Notes: Cash and Cash Equivalents Represent			
Cash and Balances with Reserve Bank of India		778,962	723,107
Balances with Banks and Money at Call and Short Notice		148,498	120,270
		927,460	**843,377**

Schedules referred to above form an integral part of the accounts

As per our attached report of even date

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

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Place : Mumbai
Date : 27 June, 2012

For **Societe Generale – Indian Branches**

Sd/-
S. Menda
Chief Financial Officer- India

Sd/-
A. Pfeiffer
Chief Country Officer- India

SOCIETE GENERALE

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INDIAN BRANCHES

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs.' 000s)

	31-Mar-12	31-Mar-11
SCHEDULE 1 – CAPITAL		
For Banks Incorporated Outside India		
I Capital		
Opening Balance	2,697,781	2,697,781
Additions during the year	4,401,439	–
TOTAL	**7,099,220**	**2,697,781**
II Face Value of Securities deposited with the Reserve Bank of India u/s 11(2)(b) of the Banking Regulation Act, 1949.	650,000	600,000
SCHEDULE 2 – RESERVES & SURPLUS		
I. Statutory Reserves		
(i) Opening Balance	596,172	543,753
(ii) Additions during the year	79,789	52,419
(iii) Deductions during the year	–	–
TOTAL	**675,961**	**596,172**
II. Capital Reserves		
Surplus on Sale of HTM Investments		
(i) Opening Balance	1,577	–
(ii) Additions during the year	–	1,577
(iii) Deductions during the year	–	–
TOTAL	**1,577**	**1,577**
III. Remittable Surplus retained for CRAR		
(i) Opening Balance	316,871	285,683
(ii) Additions during the year	–	31,188
(iii) Deductions during the year	–	–
TOTAL	**316,871**	**316,871**
IV. Investment Reserve Account		
(i) Opening Balance	33,252	76,312
(ii) Additions / (Deductions) during the year	25,610	–
(iii) Transfer to Profit and Loss account	–	(43,060)
TOTAL	**58,862**	**33,252**
V. Balance in Profit and Loss A/c		
Balance carried forward from Profit and Loss Account	261,938	198,739
TOTAL	**261,938**	**198,739**
GRAND TOTAL	**1,315,209**	**1,146,611**
SCHEDULE 3 – DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	945,040	5,450
(ii) From Others	841,859	728,828
TOTAL	**1,786,899**	**734,278**
II. Savings Bank Deposits	**17,906**	**14,443**
III. Term Deposits		
(i) From Banks	–	–
(ii) From Others	11,002,377	8,130,903
TOTAL	**11,002,377**	**8,130,903**
TOTAL (I+II+III)	**12,807,182**	**8,879,624**

(Rs.' 000s)

	31-Mar-12	31-Mar-11
SCHEDULE 3 – *(Contd.)*		
B (i) Deposits of Branches in India	12,807,182	8,879,624
B (ii) Deposits of Branches outside India	–	–
TOTAL	**12,807,182**	**8,879,624**
SCHEDULE 4 – BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	–	–
(ii) Other Banks	4,980,625	6,844,625
(iii) Other Institutions and Agencies	2,433,915	9,615,473
TOTAL	**7,414,540**	**16,460,098**
II. Borrowings outside India	**1,847,099**	**264,173**
TOTAL (I+II)	**9,261,639**	**16,724,271**
Secured borrowings included in I & II above	*2,433,915*	*9,615,473*
SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	7,839	6,973
II. Inter-Office Adjustments (net)	–	55
III. Interest Accrued	129,138	161,175
IV. Others (including Provisions)	411,795	337,619
TOTAL	**548,772**	**505,822**
SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**1,018**	**2,279**
II. Balances with Reserve Bank of India		
(i) in Current Account	777,944	720,828
(ii) in Other Accounts	–	–
TOTAL	**777,944**	**720,828**
TOTAL (I+II)	**778,962**	**723,107**
SCHEDULE 7 – BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with banks in India		
(a) in Current Accounts	2,248	3,229
(b) in Other Deposit Accounts	–	–
TOTAL	**2,248**	**3,229**
(ii) Money at call and short notice		
(a) With banks	–	–
(b) With other institutions	–	–
TOTAL	**–**	**–**
TOTAL (i+ii)	**2,248**	**3,229**

SOCIETE GENERALE

(Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs.' 000s)

	31-Mar-12	31-Mar-11
SCHEDULE 7 *(Contd.)*		
II. Outside India		
(i) In Current Accounts	146,250	117,041
(ii) In Deposit Accounts	–	–
(iii) Money at Call and Short Notice	–	–
TOTAL (i+ii+iii)	**146,250**	**117,041**
TOTAL (I+II)	**148,498**	**120,270**
SCHEDULE 8 – INVESTMENTS		
1. Investments in India		
(i) Government Securities*	7,516,636	13,620,842
(ii) Other Approved Securities	–	–
(iii) Shares	–	–
(iv) Debentures and Bonds	–	–
(v) Investments in Subsidiaries and Joint Ventures	–	–
(v) Others	10,945,029	7,154,000
	18,461,665	**20,774,842**
2. Investments outside India	–	–
TOTAL (1+2)	**18,461,665**	**20,774,842**
** Includes Securities kept with CCIL as margin for Securities Segment - Rs 307,947; (P.Y. Rs 307,947) CCIL as margin for CBLO - Rs 977,233; (P.Y. 4,025,789) RBI as margin towards RTGS Rs. 4,085,269; (P.Y - Rs.2,865,941) RBI under section 11 (2) (b) of the Banking Regulation Act , 1949 Face Value Rs. 650,000; (P.Y. Rs. 600,000)*		
SCHEDULE 9 – ADVANCES		
A. (i) Bills Purchased and Discounted	1,690,620	725,191
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	6,800,116	5,019,435
(iii) Term loans	2,073,733	1,250,602
TOTAL	**10,564,469**	**6,995,228**
B. (i) Secured by Tangible Assets - Includes amounts secured by book debts	3,826,892	2,518,595
(ii) Covered by Bank/ Govt. Guarantees	1,859,481	1,073,686
(iii) Unsecured	4,878,096	3,402,947
TOTAL	**10,564,469**	**6,995,228**
C. I. Advances in India		
(i) Priority Sectors	3,369,270	2,632,814
(ii) Banks	765,022	336,830
(iii) Others	6,430,177	4,025,584
TOTAL	**10,564,469**	**6,995,228**
C. II. Advances outside India	–	–
GRAND TOTAL: (C I+ C II)	**10,564,469**	**6,995,228**

(Rs.' 000s)

	31-Mar-12	31-Mar-11
SCHEDULE 10 – FIXED ASSETS		
I. Premises		
At cost as at 31st March of the preceding year	578,897	608,552
Additions during the year	2,996	–
Deductions during the year	(730)	(29,655)
Depreciation to date	(395,793)	(368,220)
TOTAL	**185,370**	**210,677**
II. Other Fixed Assets (including furniture and fixtures)		
At cost as at 31st March of the preceding year	147,407	143,425
Additions during the year	42,044	11,924
Deductions during the year	(5,611)	(7,942)
Depreciation to date	(113,405)	(98,203)
TOTAL	**70,435**	**49,204**
TOTAL: (I+II)	**255,805**	**259,881**
SCHEDULE 11 – OTHER ASSETS		
I. Inter-Office adjustments (net)	–	–
II. Interest accrued	182,179	368,893
III. Tax paid in advance/tax deducted at source (net)	–	–
IV. Stationery and stamps	26	22
V. Deferred tax asset	19,962	29,917
VI. Others	620,456	681,949
TOTAL	**822,623**	**1,080,781**
SCHEDULE 12 – CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debt	26,007	202,707
II. Liability for partly paid investments	–	–
III. Liability on account of outstanding forward exchange contracts	40,002,531	180,270,283
IV. Liability on account of outstanding derivative contracts	692,371,492	816,046,100
V. Guarantees given on behalf of constituents		
(a) In India	7,078,664	6,455,917
(b) Outside India	–	–
VI. Acceptances, endorsements and other obligations	464,331	952,086
VII Other items for which the bank is contingently liable	1,565,569	5,803,186
TOTAL	**741,508,594**	**1,009,730,279**

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rs.' 000s)

	Year ended 31-Mar-12	Year ended 31-Mar-11
SCHEDULE 13 – INTEREST EARNED		
I. Interest/discount on advances/bills	832,651	418,807
II. Income on investments	1,349,133	1,402,913
III. Interest on balances with Reserve Bank of India and other inter-bank funds	951	437
IV. Others	32,793	467
TOTAL	**2,215,528**	**1,822,624**
SCHEDULE - 14 - OTHER INCOME		
I. Commission, exchange and brokerage	217,894	185,909
II. Profit/(Loss) on sale of investments	(143,934)	(142,420)
III. Profit/(Loss) on revaluation of Investments	–	–
IV. Profit/(Loss) on sale of land, buildings and other assets	234	(267)
V. Profit/(Loss) on foreign exchange transactions	(12,718)	(72,686)
VI. Miscellaneous Income*	24,756	399,021
** Includes:*		
1) Net profit /(loss) on derivative transactions Rs.(6,884) P.Y. Rs326,225		
2) Recovery from Network Rs. 27,662; P.Y. Rs. 70,505		
TOTAL	**86,232**	**369,557**

(Rs.' 000s)

	Year ended 31-Mar-12	Year ended 31-Mar-11
SCHEDULE 15 – INTEREST EXPENDED		
I. Interest on Deposits	975,310	552,955
II. Interest on Reserve Bank of India/Inter-bank borrowings	138,715	66,453
III. Others	147,423	501,911
TOTAL	**1,261,448**	**1,121,319**
SCHEDULE 16 – OPERATING EXPENSES		
I. Payments to and Provision for Employees	247,467	266,009
II. Rent, Taxes and Lighting	45,018	63,899
III. Printing and Stationery	2,715	2,664
IV. Advertisement and Publicity Expenses	651	55
V. Depreciation on Bank's Property	48,915	48,730
VI. Directors' Fees, Alowances and Expenses	–	–
VII. Auditor's Fees and Expenses	1,941	1,515
VIII. Law Charges	383	744
IX. Postage, Telegrams, Telephones etc.	20,784	17,551
X. Repairs and Maintenance	7,852	8,765
XI. Insurance	12,508	9,807
XII. Head Office Charges	8,708	24,003
XIII. Other Expenditure (Refer Schedule 18 Note 10 (v))	114,727	120,800
TOTAL	**511,669**	**564,542**

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES

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

I. Principal Accounting Policies

1. Background

The accompanying financial statements for the year ended 31 March 2012 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 and New Delhi.

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 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.

(b) Foreign exchange positions are revalued at the rates notified by FEDAI. The resulting gains or losses are recognized in the Profit and Loss Account.

(c) Income and Expenditure in foreign currency is translated at the exchange rates prevailing on the date of the transaction.

(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.

3b. Investments

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.

Valuation & provisioning

a) Treasury Bills and Certificates of Deposit are valued at carrying cost.

b) Held to Maturity: Investments under this category are carried at cost of acquisition, adjusted for the premium, which is amortized over the residual maturity of the security.

c) 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.

d) 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.

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. IDMD 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.

3c. Advances

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%

(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.

(b) Gratuity
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.

(c) 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.

3f. Net Profit/(Loss)

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 and Loss account. Hedge transactions are accounted for on 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 income for the year

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.

3i. 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) Fee and commission income is recognized when due, except for income on guarantees and letters of credit up to Rs. 50,000 are accounted for on receipt basis.

(iii) 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 and contingent liabilities

The Bank creates a provision, when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent assets are not recognized in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized.

Schedule 18 – NOTES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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:

Rs.' 000s

Particulars	As per Basel I Framework		As per Basel II Framework	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
Capital Adequacy				
Tier I	8,032,503	3,582,461	8,032,503	3,582,461
Tier II	178,003	141,545	178,003	141,545
Total Capital	**8,210,506**	**3,724,006**	**8,210,506**	**3,724,006**
Total Risk weighted assets and contingents	**20,237,892**	**20,064,475**	**22,424,480**	**22,938,760**
Capital Ratios (%)				
CRAR	40.57%	18.56%	36.61%	16.23%
CRAR - Tier I	39.69%	17.85%	35.82%	15.62%
CRAR - Tier II	0.88%	0.71%	0.79%	0.62%
Amount Received from Head Office as Capital	4,401,439	-	4,401,439	-
Amount raised by issue of upper Tier II instruments	-	-	-	-

2. **Investments in India**

Value of Investments:

Rs.' 000s

	31.03.2012	**31.03.2011**
Gross value of investments in India*	18,536,435	20,908,509
Provision for depreciation in India*	74,770	133,667
Net value of investments in India*	18,461,665	20,774,842

** The Bank has not made any investment outside India*

Movement in provision for depreciation on investments:

Rs.' 000s

	2011-12	**2010-11**
Opening Balance at beginning of the year	133,667	34,284
Add: Provisions made during the year	17,509	111,453
Less: Write-off/write-back of excess provisions during the year	76,406	12,070
Closing Balance at end of the year	74,770	133,667

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 31.03.2012**
Securities sold under repos				
- Government Securities	-	9,505,400	1,702,859	1,600,000
- Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repos				
- Government Securities	-	3,950,000	56,011	-
- Corporate Debt Securities	-	-	-	-

Rs.' 000s

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	**As at 31.03.2011**
Securities sold under repos				
- Government Securities	972,700	12,982,700	7,630,143	5,803,186
- Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repos				
- Government Securities	-	500,000	4,110	-
- Corporate Debt Securities	-	-	-	-

4. **Non-SLR Investment Portfolio**

(I) 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	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	10,945,029	-	-	-	10,945,029
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others*	195	-	-	-	-
7	Provision held towards depreciation	-	-	-	-	-
	Total	**10,945,224**	**-**	**-**	**-**	**-**

** Includes 7.00% SPL OIL Bonds 2012 which are rated and listed securities. The Bank has not made any investment outside India.*

Issuer Composition of Non SLR investments as at 31.03.2011 **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	7,154,000	-	-	-	7,154,000
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others*	2,712,215	-	-	-	-
7	Provision held towards depreciation	(7,743)	-	-	-	-
	Total	**9,858,472**	**-**	**-**	**-**	**-**

** Includes 6.10% UTI SPL Bonds 2011, 7.44% SPL Oil Bonds 2012 and 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)

5. **Derivatives**

(i) Forward rate agreements/Interest Rate Swaps outstanding: **Rs.' 000s**

Items	31.03.2012	31.03.2011
The Notional principal of swap agreements	683,548,776	811,619,610
Loss which would be incurred if counterparties failed to fulfill their obligations under the agreements	4,853,943	6,130,829
Collateral required by the Bank upon entering into swaps	Note (a)	Note (a)
Concentration of credit risk arising from the swaps %		
– Banks and Financial Institutions	98.92%	99.38%
– Others	1.08%	0.62%
Fair value of the swap book	(91,439)	238,751

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

Nature and terms of interest rate swaps:

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
	1449	**683,548,776**	

Outstanding as at **31.03.11**:

Nature	No.	Notional principal Rs.' 000s	Terms
Trading Swaps	771	402,450,000	Floating Receivable v/s Fixed Payable linked to NSE MIBOR
Trading Swaps	745	386,025,000	Fixed Receivable v/s Floating Payable linked to NSE MIBOR
Trading Swaps	35	11,850,000	Floating Receivable v/s Fixed Payable linked to 6M MIFOR
Trading Swaps	29	9,600,000	Fixed Receivable v/s Floating Payable linked to 6M MIFOR
Trading Swaps	2	847,305	Floating Receivable v/s Fixed Payable linked to 6M USD LIBOR
Trading Swaps	2	847,305	Fixed Receivable v/s Floating Payable linked to 6M USD LIBOR
	1584	**811,619,610**	

Nature and terms of forward rate agreements:

Outstanding as at **31.03.12**: 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 monitoring of these risks is undertaken by the Banks Regional Office.

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 for hedge deals are recorded on accrual basis.

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 (+)	112,781	
	b) Liability (-)		(91,439)
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	-	-
	b) on trading derivatives	(18)	6955
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		
	a) on hedging	-	-
	b) on Trading	(538)	(6400)

Quantitative Disclosure as at 31.03.2011:

Rs.' 000s

S. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal amount)		
	a) For hedging	-	-
	b) For trading	184,696,755	811,619,610
2	Marked to Market Positions		
	a) Assets (+)	-	238,751
	b) Liability (-)	38,100	-
3	Credit Exposure	7,660,067	12,154,793
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	-	-
	b) on trading derivatives	(49,140)	303,870
5	Maximum of 100*PV01 observed during the year		
	a) on hedging	-	-
	b) on Trading	(209)	548,896
6	Minimum of 100*PV01 observed during the year		
	a) on hedging	-	-
	b) on Trading	(50,384)	55,852

Currency derivatives include forward foreign exchange contracts.

(iii) Exchange Traded Interest Rate Derivatives:

S. No.	Particulars	31.03.2012	31.03.2011
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.	-	-
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective".	-	-
4	Mark to market value of exchange traded interest rate derivatives outstanding and not "highly effective".	-	-

6. Asset Quality

(i) Non-Performing Assets

Rs.' 000s

Particulars	2011-12	2010-11
Net NPAs to Net Advances (%)	**-**	**-**
Gross Non-Performing Advances		
Opening Balance at beginning of the year	11,758	12,124
Additions during the year	-	-
Less: Amounts recovered	-	366
Less: Amounts written off	-	-
Closing Balance at end of the year	**11,758**	**11,758**
Provisions for Non-Performing Advances (excluding provision for standard assets)		
Opening Balance at beginning of the year	11,758	12,124
Add: Provisions made during the year	-	-
Less: Write-off/write-back of excess provisions during the year	-	366
Closing Balance at end of the year	**11,758**	**11,758**
Net Non-Performing Advances		
Opening Balance at beginning of the year	-	-
Additions during the year	-	-
Less: Amounts recovered	-	-
Less: Amounts written off	-	-
Closing Balance at end of the year	**-**	**-**

(ii) Particulars of Accounts Restructured

No standard/sub-standard assets were subject to restructuring (including corporate debt restructuring) during the year. (P.Y. – Nil)

(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

	31.03.2012	31.03.2011
Standard Assets	42,258	27,981
Credit Exposure on Derivatives	52,882	78,761
TOTAL	**95,140**	**106,742**

7. Business Ratios:

Particulars	2011-12	2010-11
Interest Income as a percentage to Working Funds**	8.10%	6.93%
Non-Interest Income as a percentage to Working Funds**	0.32%	1.41%
Operating profit as a percentage to Working Funds**	1.93%	1.93%
Return on assets $	1.17%	0.80%
Business per employee (INR 000s)#@	249,315	186,837
Profit per employee (INR 000s)#	3,546	2,467

*** Working Funds represents the average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.*
$ Net profit as a percentage to working funds. # Productivity ratios are based on average employee numbers.
@ Business means total of advances and deposits, excluding interbank deposits

8. Asset Liability Management

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	Over 3 Years to 5 Years	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	611,025	1,637,722	101,338	1,297,682	865,157	783,467	1,337,085	18,461,665
Deposits	2,768,115	2,537,440	5,805,780	421,430	717,707	545,085	11,325	300	12,807,182
Borrowings	9,261,639	-	-	-	-	-	-	-	9,261,639
Foreign Currency Assets	982,676	226,075	1,066,933	258,191	330,178	-	-	-	2,864,053
Foreign Currency Liabilities	3,783,450	-	-	-	-	-	-	-	3,783,450

Maturity Pattern of certain items of assets and liabilities as at 31.03.2011

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	559,958	558,888	907,973	630,866	467,074	3,581,584	263,342	25,543	6,995,228
Investment Securities	10,011,861	596,009	947,156	516,816	1,406,676	6,146,300	356,340	793,684	20,774,842
Deposits	832,275	2,460,251	3,946,474	363,012	794,214	469,236	14,162	-	8,879,624
Borrowings	16,724,271	-	-	-	-	-	-	-	16,724,271
Foreign Currency Assets	620,241	204,622	778,954	432,632	330,449	-	-	-	2,366,898
Foreign Currency Liabilities	3,988,809	-	16,673	5,026	-	-	-	-	4,010,507

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.

9. Exposures

(i) Exposure to Real Estate Sector

Rs.' 000s

Category	31.03.2012	31.03.2011
a) Direct exposure:		
(i) Residential mortgages	-	-
(ii) Commercial real estate	-	-
(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

Rs.' 000s

No	Particulars	31.03.2012	31.03.2011
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	-	-
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	-	-
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.	-	-
	Total Exposure to Capital Market	**100,700**	**100,700**

(iii) Country Risk Exposure

Rs.' 000s

Risk Category	Exposure (net) as at 31.03.12	Provision held as at 31.03.12	Exposure (net) as at 31.03.11	Provision held as at 31.03.11
Insignificant	717,637	1,533	836,049	1,551
Low	447,409	988	562,111	-
Moderate	441,373	21,481	318,470	-
High	-	-	-	-
Very High	3,502	-	-	-
Restricted	-	-	-	-
Off-credit	43,406	-	-	-
Total	**1,653,327**	**24,002**	**1,716,630**	**1,551**

(iv) Disclosure on Single/Group Borrower Limits:

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.

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.

During the year 2010-11, 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.

Rs.' 000s

Name of the Borrower	Exposure Ceiling	Limit Sanctioned	% of Capital Funds	Exposure as on 31 March 2011
ALD Automotive Private Limited	547,076	650,000	17.82%	650,000
EGIS India Consulting Engineering Private Limited	547,076	623,888	17.11%	623,888
HCL Comnet Systems & Services Limited	547,076	600,000	16.45%	600,000
HCL Infosystems Limited	547,076	600,000	16.45%	600,000
TECHNIP KT India Limited	547,076	600,000	16.45%	600,000

(v) Unsecured Advances

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

(vi) Provisioning Coverage Ratio

Rs.' 000s

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

Rs.' 000s

	As at 31.03.2011	Gross NPA	Specific Provision	Ratio
1	Sub standard advances	-	-	-
2	Doubtful Advances	-	-	-
	--<1 year	-	-	-
	--1-3 years	-	-	-
	-->3 years	-	-	-
3	Advances classified as Loss Assets	11,758	11,758	100%
4	**Total**	**11,758**	**11,758**	**100%**
5	Floating Provisions for Advances	-	-	-
6	DICGC/ECGC claims received and held pending against adjustment	-	-	-
7	Part payment received and kept in Suspense account or any other similar account	-	-	-
8	Total	-	-	-
9	**Provision Coverage Ratio**	**100%**	**100%**	**100%**

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

(a) Concentration of Deposits

Rs.' 000s

	31.03.2012	31.03.2011
Total deposits of twenty largest depositors	12,574,348	8,679,711
% of deposits of twenty largest depositors to total deposits	98.18%	97.75%

(b) Concentration of Advances*

Rs.' 000s

	31.03.2012	31.03.2011
Total advances to twenty largest borrowers	11,947,816	10,000,250
% of advances of twenty largest borrowers to total advances	66.39%	67.29%

** Advances computed based on definition of Credit Exposure including derivatives as per Master Circular on Exposure Norms DBOD.No.Dir.BC.7/13.03.00/2010-11 dated July 1, 2011*

(c) Concentration of Exposures**

Rs.' 000s

	31.03.2012	31.03.2011
Total exposure to twenty largest borrowers/customers	11,947,816	10,000,250
% of exposures to twenty largest borrowers/customers to total advances	66.39%	67.29%

*** Exposures computed based on credit and investment exposure as prescribed in Master Circular on Exposure Norms DBOD. No.Dir.BC.7/13.03.00/2011-12 dated July 1, 2011*

(d) Concentration of NPAs

Rs.' 000s

	31.03.2012	31.03.2011
Total exposure to top four NPA accounts	11,758	11,758

(e) Sector Wise NPAs

Sr. No	Sector	% of NPAs to total advance in that sector 31.03.2012	% of NPAs to total advance in that sector 31.03.2011
1	Agriculture & allied activities	-	-
2	Industry (Micro & small, medium and large)	-	-
3	Services	0.11%	0.17%
4	Personal Loans	-	-

(f) Movement of NPAs

Rs.' 000s

Particulars	31.03.2012	31.03.2011
Gross NPAs – Opening Balance	11,758	12,124
Additions during the year	-	-
Sub-total (A)	11,758	12,124
Less:		
-- Upgradations	-	-
-- Recoveries (excld. recoveries from upgraded accounts)	-	366
-- Write Offs	-	-
Sub-total (B)	-	366
Gross NPAs-Closing Balance	11,758	11,758

(g) Overseas Assets, NPAs and Revenue

Rs.' 000s

Particulars	31.03.12	31.03.11
Total Assets	-	-
Total NPAs	-	-
Total Revenues	-	-

(h) 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

Particulars	2011-12	2010-11
- Current tax expense	242,000	174,000
- Additional tax expense for previous year	5,500	-
- Deferred tax expense/(benefit)	9,955	(30,206)
- Wealth tax	82	84
TOTAL	**257,537**	**143,878**

(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

Rs.' 000s

Nature of Income	2011-12	2010-11
Selling life insurance policies	-	483
Selling non life insurance policies	-	-
Selling mutual fund products	162	19,216
Others (to be specified)	-	-

(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 2012. (P.Y. Nil)

(v) Operating Expenses:
"Other expenditure" includes Intra group service fees of Rs. 46,199 (P.Y. Rs. 29,411); Professional Consulting / Advisory fees Rs. 13,482 (P.Y. Rs. 25,009)

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. 8,684 for the year ended 31 March 2012. (P.Y. – Rs. 7,555)

Pension Fund: The contribution to the employee's pension fund amounted to Rs. 8,826 for the year ended 31 March 2012. (P.Y. – Rs. 6,641)

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)

Rs.' 000s

Reconciliation of Defined Benefit Obligations	**2011-12**	**2010-11**
Present Value of the Obligation at the beginning of the year	31,155	26,319
Interest cost	3,365	2,866
Current service cost	2,643	2,148
Benefits paid	(2,130)	(2,489)
Actuarial loss on obligations	(299)	2,311
Present Value of the Obligation at the end of the year	34,734	31,155

Reconciliation of Fair Value of Plan Assets	**2011-12**	**2010-11**
Fair Value Plan Assets at the beginning of the year	24,658	19,545
Expected return on Plan Assets	1,695	1,543
Employer's contribution	4,687	5,672
Benefits paid	(299)	(2,489)
Actuarial gain /(loss) on obligations	556	387
Assets distributed on settlements		-
Fair Value Plan Assets at the end of the year	31,297	24,658

Amount to be recognized in Balance Sheet	**2011-12**	**2010-11**
Present Value of funded obligations	34,734	31,155
Fair value of Plan Assets	(31,297)	(24,658)
Present Value of unfunded obligations	-	-
Unrecognized past service cost	-	-
Amt not recognized as an asset	-	-
Net Asset/Liability in Balance sheet under "Other Assets/Other Liabilities and Provisions"	3,437	6,497

Amount to be recognized in Profit and Loss Account	**2011-12**	**2010-11**
Current service cost	3,365	2,866
Interest on defined benefit obligation	2,643	2,148
Expected Return on Plan Assets	(1,695)	(1,543)
Net Actuarial losses/(gains) recognized during the year	(2,686)	1,924
Past service cost	-	-
Total expense recognized in the Profit & Loss Account under "Payments to and Provision for Employees"	1,627	5,395
Actual Return on Plan Assets	2,250	1,929

Asset Information	**2011-12**	**2010-11**
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-INR	31,297	24,658

Experience Adjustments	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	34,734	31,155	26,319	26,308
Plan Assets	31,297	24,658	19,545	19,093
Surplus/(Deficit)	(3,437)	(6,497)	(6,774)	(7,215)
Exp. Adj. on plan liabilities	(807)	(254)	514	-
Exp. Adj. on plan assets	556	387	138	-

Summary of Principal Actuarial Assumptions	2011-12	2010-11
Discount Rate (p.a.)	8.60%	8.04%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary Escalation rate (p.a.)	10.00% for first 4 years & 7% thereafter	10.00% for first 5 years & 7% thereafter
Mortality rate	LIC (1994-1996)	LIC (1994-1996)

Leave Encashment: The Bank charged an amount of INR 1,984 as liability for leave encashment for the year ended 31 March, 2012 (P.Y. Rs. 4,590)

(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 derivatives.
- Commercial banking – comprising of Corporate Banking, Trade Finance and Private Banking.
- Others comprising investment of Capital and recoveries from 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

Rs.' 000s

Business Segments/ Particulars	Treasury		Other Banking operations		Residual Operations		Total	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Gross Revenue	793,620	1,302,190	995,390	578,579	512,750	311,412	2,301,760	2,192,181
Intersegment revenue	(376,389)	(276,335)	333,587	258,677	42,802	17,658	-	-
Segment Revenue	417,231	1,025,855	1,328,977	837,256	555,552	329,070	2,301,760	2,192,181
Unallocated Revenue								-
Results	24,373	154,755	33,899	(10,754)	518,419	220,668	576,691	364,668
Unallocated Expenses							0	11,115
Operating Profit							576,691	353,553
Income Tax							(257,537)	(143,878)
Extraordinary Profit/Loss							-	-
Net profit							**319,154**	**209,675**
OTHER INFORMATION								
Segment Assets	12,418,037	19,319,973	10,591,092	7,070,839	7,822,494	3,427,434	30,831,623	29,818,246
Unallocated assets							200,399	135,863
Total Assets							**31,032,022**	**29,954,109**
Segment Liabilities	10,414,906	17,026,822	12,213,115	8,969,328	8,047,093	3,645,653	30,675,114	29,641,804
Unallocated Liablities							356,908	312,305
Total Liabilities							**31,032,022**	**29,954,109**

(iii) Related Party Disclosures- AS18

(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.

Subsidiaires/Joint ventures of the parent (with whom the Bank has transactions during the year)

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

Key Management Personnel:

Names:

Alain Pfeiffer – Chief Country Officer – India
Eric Hautefeuille-Chief Operating Officer-India

Details of Remuneration paid:

FY 2011-2012 (Rs 000s): 25,109
FY 2010-2011 (Rs 000s): 14,816

Disclosure in respect of transactions with subsidiaries of Head Office:

Rs.' 000s

Particulars	**31.03.2012**	**Maximum Outstanding during the year**	**31.03.2011**	**Maximum Outstanding during the year**
Deposits	5,345,538	10,481,807	4,486,407	10,354,806
Advances	1,320,766	1,871,051	394,135	898,716
Non-Funded Commitments	519,658	2,529,590	1,439,758	5,054,762
Other Assets	1,203	30,440	24,927	46,512
Other Liabilities	-		-	-

Rs.' 000s

Particulars	**2011-12**	**2010-11**
Interest paid	472,165	292,939
Interest received	44,821	21,492
Rendering of Services*	39,853	86,642
Receipt of Services	2,850	7,781

* *includes fee income on Non-funded Commitments and Foreign Exchange transactions*

(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. 63,369 (P.Y. 11,325)

Rs.' 000s

	2011-12	**2010-11**
Upto 1 year	44,269	8,325
1-5 years	19,100	3,000
Above 5 years	-	-
TOTAL	**63,369**	**11,325**

(c) Lease payments recognized in the Profit and Loss Account during the year : Rs. 37,892 (P.Y. Rs. 52,814)

(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.

(v) Taxes on Income-AS 22

Components of deferred tax liability (net) as included in Schedule 5 – "Other Liabilities and Provisions" as at 31 March, 2012 are given below:

Rs.' 000s

Particulars	**31.03.2012**	**31.03.2011**
Deferred Tax Asset		
- Accumulated Losses	-	-
- Provision for doubtful debts	10,263	21,497
- Amortization of Premium on HTM Securities	5,970	5,624
- Provision for employee benefits	17,417	18,452
Deferred Tax Liability		
- Fixed Assets	13,688	15,656
Net Deferred Tax (Liability)/Asset	**19,962**	**29,917**

(vi) Intangible assets- AS26

Rs.' 000s

Application Software	31.03.2012	31.03.2011
At cost as at 31st March of the preceding year	17,361	12,111
Additions during the year	39,103	6,933
Deductions during the year	(3,534)	(1,683)
Depreciation to date	(11,775)	(9,610)
TOTAL:	**41,155**	**7,751**

(vii) Capital Commitments

Rs.' 000s

Capital Commitments	31.03.2012	31.03.2011
Estimated amount of contracts remaining to be executed on capital account and not provided for.	66,058	28,957

12. Additional Disclosures

(i) Termination Benefits

Payments to and provision for employees includes INR Nil (P.Y: INR 4,502) 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 a "Employers Matching Contribution" upto the specified limit per employee. Payments to and provision for employees includes INR 1,268 (P.Y: INR 1,145) 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.

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.

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	2011-12	2010-11
I. Taxation Charge	**257,537**	**143,878**
- Current tax expense	242,000	174,000
- Additional tax expense for previous year	5,500	-
- Deferred tax expense/ (benefit)	9,955	(30,206)
- Wealth tax	82	84
II. Provision / (Write back) for loan losses	-	(366)
III. Provision for Standard Assets	(11,602)	52,198
IV. Write-off of Bad Debts	-	-
V. Provision for depreciation on Investments	(58,897)	99,383
VI. Others	22,451	1,551
TOTAL	**209,489**	**296,644**

(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 – INR 43,060).

(vi) Disclosure of Complaints:

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

	Customer Complaints	2011-12	2010-11
a)	No. of complaints pending at the beginning of the year	-	1
b)	No. of complaints received during the year	-	1
c)	No. of complaints redressed received during the year	-	2
d)	No. of complaints pending at the end of the year	-	0

	Awards passed by the Banking Ombudsman	2011-12	2010-11
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	-	-

(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) 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

A. PFEIFFER
Chief Country Officer-India

Place: Mumbai
Date: 27 June, 2012

Basel II disclosures of the Indian Branches for the year ended 31 March 2012

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

	31.03.2012	**31.03.2011**
Capital	7,099,220	2,697,781
Statutory Reserves	675,960	596,172
Capital Reserves	1,577	1,577
Remittable Surplus Retained for CRAR	316,871	316,871
Balance in Profit & Loss account	-	-
Less: Intangible assets	(61,125)	(29,940)
Tier I capital	**8,032,503**	**3,582,461**
Provision for Standard Assets & Country risk	119,141	108,293
Investment Reserve	58,862	33,252
Tier II capital	**178,003**	**141,545**
Total (Tier I + Tier II Capital)	**8,210,506**	**3,724,006**

During the year the Bank received Rs. 4,401,439 as capital from its head office. (P.Y. Nil).

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 31'2011. The capital requirement will be re-assessed taking into consideration the position of the Bank for the financial year ended March 31'2012.

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 31.03.2012	**As at 31.03.2011**
Portfolios subject to standardised approach	1,330,980	1,132,347
Securitisation exposures	-	-
Capital requirement for credit risk	1,330,980	1,132,347

Capital requirements for market risk:

Rs.' 000s

Standardised duration approach	**As at 31.03.2012**	**As at 31.03.2011**
Interest rate risk	481,355	705,094
Foreign exchange risk	45,000	67,500
Equity risk	-	-
Capital requirements for market risk	526,355	772,594

Capital requirements for operational risk: **Rs.' 000s**

	As at 31.03.2012	As at 31.03.2011
Basic Indicator approach	160,868	159,547

Capital ratios:

	As at 31.03.2012	As at 31.03.2011
Total capital ratio	36.61%	16.23%
Tier I capital ratio	35.82%	15.62%

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+ 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 Credit 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

Rs.' 000s

	Fund Based	Non Fund Based	Total(1)
As at 31.03.2012	15,541,074	19,034,737	34,575,811
As at 31.03.2011	8,116,286	29,596,129	37,712,415

1. *The above amounts represent exposures before credit risk mitigants.*
2. *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.*

b) Geographic distribution of exposures

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**

Rs.' 000s
As at 31.03.2011

	Fund Based	Non Fund Based	Total
Overseas	-	-	-
Domestic	8,116,286	29,596,129	37,712,415
Total	**8,116,286**	**29,596,129**	**37,712,415**

c) Industry type distribution of exposures

Rs.' 000s
As at 31.03.2012

Industry	**Fund based**	**Non fund based**	**Total**
All Engineering	556,720	472,147	1,028,867
Automobiles	415,000	115,689	530,689
Banking and Finance	1,078,250	5,139,039	6,217,289
Chemicals, Dyes and Paints	824,371	399,492	1,223,863
Computer Software	125,500	364,693	490,193
Drugs & Pharmaceuticals	508,919	953	509,872
Gems and Jewellery	524,357	-	524,357
Infrastructure Roads-Ports	1,138,987	733,672	1,872,659
NBFC	1,975,240	-	1,975,240
Other Industries	3,076,882	108,893	3,185,775
Other Metal and Metal Products	155,000	47,729	202,729
Other Residual Advances	2,292	-	2,292
Petroleum	180,000	-	180,000
Telecom	-	160,688	160,688
Trading	14,709	-	14,709
Total	**10,576,227**	**7,542,995**	**18,107,462**

Rs.' 000s
As at 31.03.2011

Industry	**Fund based**	**Non fund based**	**Total**
All Engineering	469,013	806,586	1,275,598
Automobiles	200,000	123,028	323,028
Banking and Finance	566,070	4,882,214	5,448,284
Chemicals, Dyes and Paints	705,935	12,479	718,413
Computer Software	123,920	465,233	589,152
Drugs & Pharmaceuticals	737,666	1,373	739,039
Gems and Jewellery	194,969	-	194,969
Infrastructure Roads-Ports	790,851	683,878	1,474,729
NBFC	1,065,166	-	1,065,166
Other Industries	1,897,560	28,051	1,925,611
Other Metal and Metal Products	120,000	83,245	203,245
Other Residual Advances	1,017	-	1,017
Petroleum	120,000	-	120,000
Telecom	-	295,418	295,418
Trading	14,819	26,506	41,325
Total	**7,006,986**	**7,408,010**	**14,414,996**

d) Residual contractual maturity breakdown of assets **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**

Rs.' 000s

	As at 31.03.2011
1 day	-
2-7 days	5,750,849
8-14 days	4,317
15-28 days	1,183,210
29 days -3 months	402,178
Over 3 months - 6 months	1,469,687
Over 6 months - upto 1 year	1,709,462
Over 1 year - upto 3 years	8,303,731
Over 3 years to 5 years	10,242,463
Over 5 years	888,212
Total	**29,954,109**

e) Amount of NPAs (Gross) – 11,758 (P.Y. 11,758)

f) Net NPAs- Nil (P.Y. Nil)

g) NPA Ratios
Gross NPAs to gross advances 0.11% (P.Y.0.17%)
Net NPAs to net advances- 0% (P.Y.0%)

h) Movement of NPAs **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	-

Rs.' 000s

2010-11

	Gross NPAs	Provision	Net NPA
Opening balance	12,124	12,124	-
Additions	-	-	-
Reduction (including write backs/write offs)	366	366	-
Closing balance	11,758	11,758	-

i) Non performing investments – Nil

j) Provisions held for non-performing investments – Nil

k) Movement of provisions for depreciation on investments **Rs.' 000s**

	2011-12	2010-11
Opening Balance	133,667	34,284
Provisions made during the year	17,509	111,453
Write-off/write-back of excess provisions during the year	76,406	12,070
Closing Balance	74,770	133,667

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 it's 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 01, 2011.

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	150%
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%

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 01, 2011 .

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 ratings	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**

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

Amount outstanding under various risk buckets: **Rs.' 000s**

	As at 31.03.2011
Below 100 % risk weight	6,386,530
100 % risk weight	6,056,633
More than 100 % risk weight	138,475
Deducted	–
Total	**12,581,638**

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 AA- 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, 2012, the total exposure covered by eligible financial collateral after application of haircuts was Rs. 37,414 (P.Y. Rs. 155,476)

7. **Securitisation: disclosure for standardised approach**

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

8. **Market risk in trading book**

The objective of the Bank's market risk management is to manage market risk exposures to optimise the returns, keeping the risk at acceptable level.

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.

Strategy and Process:

The Bank monitors the exposure to market risk by combining the "Trading Book" and "Banking Book". 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.

Structure and organisation of market risk management

The Bank has an independent market risk management and control officer reporting directly to top management on a daily basis. The tool used for computing various market risk parameters is called TRAAB.

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 limit (parallel shift in interest rates), net open position limit (Foreign exchange positions) and stress test limits.

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 limits are set for Trading as well as a Global VaR (Global VaR includes both Trading and the banking book). The Bank calculates the 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 adverse movements are defined based on the historical and hypothetical scenarios adopted by the Bank

Capital requirements for market risk:

Rs.' 000s

Standardised duration approach	**As at 31.03.2012**	**As at 31.03.2011**
Interest rate risk	481,355	707,296
Foreign exchange risk	45,000	67,500
Equity risk	-	-
Capital requirements for market risk	526,355	774,796

9. Operational risk

Operational risk refers to the risk of loss resulting from a weakness or anomaly attributable to procedures, personnel, internal system driven or external events, including events with a low probability of occurrence but a high level of risk. Operational risk also includes legal risk but excludes strategic and reputation risks. It is inherent to each business organization and covers a wide range of issues.

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 Basle 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 General Inspection Department.

Structure and Organisation

The Operational Risk Management (ORM) policy defines the key objectives and ensures the active involvement of the top and senior management in the process by formalizing the roles and responsibilities of the key functionaries involved in the ORM. It covers all aspects of Operational risk in terms of prevention, protection, monitoring and remedial actions.

The Operational risk committee is chaired by Chief Operating Officer - India and has the local Operational Risk Managers, Business Line Heads, Support function Heads, Compliance, Legal and Audit as members. The mandatory agenda for such meetings has also been spelt out in the Operational Risk Management Policy.

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 Basle 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 India is EUR 10,000 or equivalent local currency. A comprehensive reporting on Operational Risk is done on a quarterly basis to the Head office.

The Bank also has a very rigorous 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 actual process comprehensively covers Compliance, KYC, AML, Permanent Supervision (as a major tool of internal control for transaction processing), Business Continuity Planning and Crisis Management, Information Security, Quality Management, Project Management and New Product Committee and Significant Changes Committee.

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. The Societe Generale Group will use the Advanced Measurement Approach (AMA) for the calculation of capital for operational risk as approved by the home regulator namely the French Banking Commission.

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

In order to manage the risk optimally, the market risk in the banking book is transferred to the treasury such that the Interest rate risk in the banking book is also covered by the market risk procedures detailed above. Consequently, the Interest rate risk on the banking book is measured on a daily basis.

The strategic investments held in the HTM category are classified under "structural risk" and a separate limit has been assigned for such risks. The risks arising out of various commercial banking activities are also covered by the market risk procedures cited above since they are transferred to the treasury using the internal transfer pricing mechanism.

Quantitative Disclosures

Market Risk Limits (Amounts in EUR)

31.03.2012

1 - Value at Risk : VaR 99%

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

CountryRisk - India	50,000,000	-19,801,024	40%

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

Parallel	Limit	Usage	
Global	500,000	80,000	16%

3 - Stress Tests

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

Market Risk Limits (Amounts in EUR)

31.03.2011

1 - Value at Risk : VaR 99%

VaR	Limit	Usage	
Global	5,000,000	-506,500	10%
Trading	5,000,000	-506,500	10%

Country Risk - India	40,000,000	-29,020,637	73%

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

Parallel	Limit	Usage	
Global	500,000	127,000	25%

3 - Stress Tests

	Limit	Usage	
Adverse Stress Test	30,000,000	-2,991,000	10%