

# **Price Waterhouse LLP**

Chartered Accountants

## **Independent Auditor's Report**

To the Governing Body of DBS Bank Limited - Gift City Branch

### **Report on Audit of the Financial Statements**

#### **Opinion**

1. We have audited the accompanying financial statements of DBS Bank Gift City Branch ("the Branch"), which comprise the Balance Sheet as at March 31, 2024 the Profit and Loss Account (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the period May 25, 2023 (date of incorporation) to March 31, 2024 (the 'Period') and schedules to the financial statements including significant accounting policies and notes forming part of the financial statements which we have signed under reference to this report.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with schedules thereon, presented in United States Dollars ("USD") as required by International Financial Services Centres Authority ("IFSCA") Banking Regulations, 2020, as amended, give the information required by Section 29 of the Banking Regulation Act, 1949 as permitted by the Prudential Directions – V5.0 of The IFSCA Banking Handbook ("the Directions"), in the manner so required for International Financial Services Centres Banking Units ("IBU") and are in conformity with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") read with para 1(iv) of Module No. 3 Prudential Reporting, Disclosure and Supervision of the Directions and give a true and fair view of the state of affairs of the Branch as at March 31, 2024, and its total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the period May 25, 2023 (date of incorporation) to March 31, 2024.

#### **Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the "Act"). Our responsibilities under those Standards are further described in the "Auditor's responsibilities for the audit of Financial Statements" section of our report. We are independent of the Branch in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

4. The Branch's management is not required to prepare an annual report. Accordingly, the requirement for our reporting on such Other Information is not applicable.

#### **Responsibilities of management and those charged with governance for the Financial Statements**

5. The Branch's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Branch presented in USD as required by IFSCA Banking Regulations, 2020, as amended, and give the information required by Section 29 of the Banking Regulation Act, 1949 as permitted by the Directions, in the manner so required for IBU and are in conformity with IFRS issued by the IASB, read with para 1(iv) of Module No. 3 Prudential Reporting, Disclosure and Supervision of the Directions. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Branch and for preventing and detecting frauds and other irregularities; selection and application of appropriate

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAS - 3673) with effect from April 22, 2020. Post its conversion to Price Waterhouse LLP, its ICAI registration number is (FRN 301112E/E300264) (ICAI registration number before conversion was 301112E)

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Body of DBS Bank Limited - Gift City Branch

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accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

6. In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so. The management is also responsible for overseeing the Branch's financial reporting process.

### **Auditor's responsibilities for the audit of the Financial Statements**

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Branch has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Price Waterhouse LLP

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Governing Body of DBS Bank Limited - Gift City Branch

Report on Audit of the Financial Statements

### Report on other legal and regulatory requirements

11. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Branch so far as it appears from our examination of those books except that
  - I) the back-up of certain books of account and other books and papers maintained in electronic mode for an accounting software has not been maintained on servers physically located in India, on a daily basis for the period May 25, 2023 to March 31, 2024, but maintained on monthly basis on servers not located in India,
  - II) the backup of certain books of account and other books and papers maintained in electronic mode for another accounting software has not been maintained on a daily basis during the period May 25, 2023 to August 31 2023; and for the period from September 1, 2023 to March 31, 2024 the backup has not been maintained on daily basis, but maintained everyday from Monday to Friday; and

except for the matters stated in paragraph 11(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) (also, refer note 6 (o) to the Schedule 18 to the financial statements of the Branch)

- (c) The Balance Sheet, the Profit and Loss Account (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the IFRS issued by IASB read with para 1(iv) of Module No. 3 Prudential Reporting, Disclosure and Supervision of the IFSCA regulations and Directions.
- (e) The requirements of Section 164(2) of the Act are not applicable considering that no directors are required to be appointed as it is a Branch of Head office which is incorporated and registered in the Singapore with limited liability.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 11(b) above on reporting under Section 143(3)(b) and paragraph 11(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
- (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Branch and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Branch does not have any pending litigation which would impact its financial position;
  - ii. The Branch has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 6 (d) to the Schedule 18 to the financial statements;
  - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Branch for the period from May 25, 2023 (date of incorporation) to March 31, 2024;
  - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 6 (n) of Schedule 18 the Financial Statement to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Branch to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or

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To the Governing Body of DBS Bank Limited - Gift City Branch

Report on Audit of the Financial Statements

indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Branch ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 6 (n) to the Schedule 18 of the Financial Statements, no funds have been received by the Branch from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Branch shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries ; and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. The requirements of Section 123 of the Act are not applicable to the Branch considering it is a Branch of Head office which is incorporated and registered in the Singapore with limited liability. Hence, reporting under Rule 11(f) of the Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable;
- vi. Based on our examination, which included test checks, the Branch has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and that has operated throughout the period for all relevant transactions recorded in the software, except that the audit trail feature was not enabled at the database level for six accounting software to log any direct database changes.

Further, during the course of performing our procedures, we did not come across any instance of audit trail feature being tampered with in respect of accounting software where such feature is enabled (also, refer note 6 (o) to the Schedule 18 to the financial statements of the Branch).

- 12. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Branch.

For Price Waterhouse LLP

Chartered Accountants

Firm Registration Number: 301112E/E300264

Sharad Vasant

Partner

Membership Number: 101119

UDIN: 24101119BKFOEN5857

Place: Mumbai

Date: October 25, 2024

# **Price Waterhouse LLP**

Chartered Accountants

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 11(g) of the Independent Auditor's Report of even date to the Governing Body of DBS Bank Limited, GIFT City Branch on the financial statements for the period from May 25, 2023 (date of incorporation) to March 31, 2024

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (I) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of DBS Bank Limited, GIFT City Branch ("the Branch") as at March 31, 2024 in conjunction with our audit of the financial statements of the Branch for the period from May 25, 2023 (date of incorporation) to March 31, 2024.

### **Management's Responsibility for Internal Financial Controls**

2. The Branch's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Branch considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Branch's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Branch's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Branch's internal financial controls system with reference to financial statements.

# **Price Waterhouse LLP**

Chartered Accountants

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 11(g) of the Independent Auditor's Report of even date to the Governing Body of DBS Bank Limited, GIFT City Branch on the financial statements for the period from May 25, 2023 (date of incorporation) to March 31, 2024

### **Meaning of Internal Financial Controls with reference to financial statements**

6. A Branch's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Branch's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Branch; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Branch are being made only in accordance with authorisations of management of the Branch; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Branch's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Branch has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Branch considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Price Waterhouse LLP  
Chartered Accountants  
Firm Registration Number: 301112E/E300264

Sharad Vasant  
Partner  
Membership Number: 101119  
UDIN: 24101119BKFOEN5857  
Place: Mumbai  
Date: October 25, 2024

## DBS Bank Limited - GIFT City Branch

### Balance Sheet

as at 31 March 2024

(Currency : US Dollars in thousands)

	<i>Schedules</i>	<b>As at 31 March 2024</b>
<b>Capital and liabilities</b>		
Capital	1	-
Reserves and surplus	2	6,989
Deposits	3	-
Borrowings	4	39,47,546
Other liabilities and provisions	5	11,977
<b>Total</b>		<b><u><u>39,66,512</u></u></b>
<b>Assets</b>		
Cash and balances with Reserve Bank of India	6	-
Balances with banks and money at call and short notice	7	18,740
Investments	8	-
Advances	9	39,44,889
Fixed assets	10	342
Other assets	11	2,541
<b>Total</b>		<b><u><u>39,66,512</u></u></b>
Contingent liabilities	12	138
Bills for collection		-
<b>Material accounting policies and notes forming part of Financial Statements</b>	18	

Schedules referred to herein form an integral part of this Balance Sheet

As per attached report of even date

For **Price Waterhouse LLP**  
**Chartered Accountants**  
Firm Regn No: 301112E/E300264

For **DBS Bank Limited - GIFT City Branch**

**Sharad Vasant**  
*Partner*  
Membership No: 101119  
Place: Mumbai  
Date: October 25, 2024

**Taral Shah**  
*IBU Head*  
Place: Gandhinagar  
Date: October 25, 2024

**Gaurav Chichani**  
*Finance Head*  
Place: Mumbai  
Date: October 25, 2024

**DBS Bank Limited - GIFT City Branch****Profit and Loss Account***for the period from 25 May 2023 to 31 March 2024*

(Currency : US Dollars in thousands)

	<b>Schedules</b>	<b>for the period from 25 May 2023 to 31 March 2024</b>
<b>Income</b>		
Interest earned	13	80,214
Other income	14	6,374
<b>Total</b>		<b>86,588</b>
<b>Expenditure</b>		
Interest expended	15	71,508
Operating expenses	16	4,608
Provisions and contingencies	17	3,483
<b>Total</b>		<b>79,599</b>
<b>Net profit for the period</b>		<b>6,989</b>
Other Comprehensive Income		-
Items that will be reclassified to Profit And Loss Account		-
Items that will not be reclassified to Profit And Loss Account (net of taxes)		-
<b>Total other comprehensive income for the period</b>		<b>-</b>
<b>Total comprehensive income for the period</b>		<b>6,989</b>
<b>Appropriations</b>		
Transfer to statutory reserves		-
Transfer to other reserves		-
Transfer to Government/proposed dividend		-
Balance carried over to Balance Sheet		6,989

**Material accounting policies and notes forming part of Financial Statements**

Schedules referred to herein form an integral part of this Profit and Loss Account

18

As per attached report of even date

For **Price Waterhouse LLP****Chartered Accountants**

Firm Regn No: 301112E/E300264

For **DBS Bank Limited - GIFT City Branch****Sharad Vasant***Partner*

Membership No: 101119

Place: Mumbai

Date: October 25, 2024

**Taral Shah***IBU Head*

Place: Gandhinagar

Date: October 25, 2024

**Gaurav Chichani***Finance Head*

Place: Mumbai

Date: October 25, 2024

## DBS Bank Limited - GIFT City Branch

### Statement of Changes in Equity

for the period from 25 May 2023 to 31 March 2024

(Currency : US Dollars in thousands)

	Head office capital*	Reserves and surplus (Retained earnings)	Other Comprehensive Income	Total
<b>Opening Balance</b>	-	-	-	-
Capital contribution	-	-	-	-
Income for the period	-	6,989	-	6,989
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-
<b>As at 31 March 2024</b>	-	<b>6,989</b>	-	<b>6,989</b>

\*Minimum prescribed capital as per the IFSCA Banking Handbook Prudential Directions is maintained at head office level at all times during the period;

For **Price Waterhouse LLP**  
**Chartered Accountants**  
Firm Regn No: 301112E/E300264

For **DBS Bank Limited - GIFT City Branch**

**Sharad Vasant**  
*Partner*  
Membership No: 101119  
Place: Mumbai  
Date: October 25, 2024

**Taral Shah**  
*IBU Head*  
Place: Gandhinagar  
Date: October 25, 2024

**Gaurav Chichani**  
*Finance Head*  
Place: Mumbai  
Date: October 25, 2024

**DBS Bank Limited - GIFT City Branch****Cash Flow Statement - Indirect Method**

for the period from 25 May 2023 to 31 March 2024

(Currency : US Dollars in thousands)

	<b>for the period from 25 May 2023 to 31 March 2024</b>
<b>Cash flow from operating activities</b>	
<b>Profit before Income Tax Adjustments for:</b>	6,989
Other comprehensive income before tax	-
	<hr/>
<b>Adjustments to non cash items:</b>	
Interest Income	(80,214)
Interest Expense	71,508
Depreciation on fixed assets	36
Provision for advances	3,483
Cash inflow from interest of advances	55,257
Cash outflow from interest on borrowings	(49,846)
	<hr/>
	<b>7,213</b>
<b>Adjustments for:</b>	
Increase in advances	(39,23,414)
Increase in other assets	(2,519)
Increase in other liabilities and provisions	11,975
	<hr/>
Direct taxes paid (Net)	(21)
<b>Net cash from operating activities (A)</b>	<hr/> <b>(39,06,766)</b>
<b>Cash flow from investing activities</b>	
Purchase of Fixed Assets	(378)
	<hr/>
<b>Net cash used in investing activities (B)</b>	<b>(378)</b>
<b>Cash flow from financing activities</b>	
Borrowings from Head office	61,70,547
Repayment of borrowings to Head office	(22,44,663)
	<hr/>
<b>Net cash used in financing activities (C)</b>	<b>39,25,884</b>
<b>Net increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>18,740</b>
Cash and cash equivalents as at the beginning of period	-
	<hr/>
<b>Cash and cash equivalents as at 31st March</b>	<hr/> <b>18,740</b> <hr/>
<b>Constituents of Balances with banks and money at call and short notice</b>	
FCY Nostro Bank A/c Balance	18,575
INR Bank A/c Balance	165

For **Price Waterhouse LLP**  
**Chartered Accountants**  
Firm Regn No: 301112E/E300264

For **DBS Bank Limited - GIFT City Branch**

**Sharad Vasant**  
*Partner*  
Membership No: 101119  
Place: Mumbai  
Date: October 25, 2024

**Taral Shah**  
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Place: Gandhinagar  
Date: October 25, 2024

**Gaurav Chichani**  
*Finance Head*  
Place: Mumbai  
Date: October 25, 2024

**DBS Bank Limited - GIFT City Branch****Schedules forming part of the Balance Sheet**  
*as at 31 March 2024*

(Currency : US Dollars in thousands)

**As at 31 March 2024**

<b>1</b>	<b>Capital</b>	
	<b>I Capital</b>	
	<b>Head Office Account</b>	
	Opening Balance	-
	Add: Capital Infusion by Head office	-
		<u>-</u>
		<u><u>-</u></u>
<b>2</b>	<b>Reserves and surplus</b>	
	<b>I Balance in Profit and Loss Account</b>	6,989
		<u>6,989</u>
		<u><u>6,989</u></u>
<b>3</b>	<b>Deposits</b>	
	<b>A. I. Demand Deposits</b>	
	i) From banks	-
	ii) From others	-
	<b>Total i) and ii)</b>	<u>-</u>
	<b>II. Savings Bank Deposits</b>	-
	<b>III. Term Deposits</b>	
	i) From banks	-
	ii) From others	-
	<b>Total i) and ii)</b>	<u>-</u>
	<b>TOTAL (I+II+III)</b>	<u><u>-</u></u>
	<b>B. I. Deposits of branches in India</b>	-
	<b>II. Deposits of branches outside India</b>	-
	<b>TOTAL (I+II)</b>	<u><u>-</u></u>

**DBS Bank Limited - GIFT City Branch****Schedules forming part of the Balance Sheet (Continued)**

as at 31 March 2024

(Currency : US Dollars in thousands)

As at 31 March 2024

**4 Borrowings****I Borrowings in India**

i) Reserve Bank of India	-
ii) Other banks	-
iii) Other institutions and agencies	-
iv) Subordinated debt	-

<b>Total i), ii) , iii) and iv)</b>	<b>-</b>
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<b>II Borrowings outside India</b>	<b>39,47,546</b>
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<b>TOTAL (I+II)</b>	<b>39,47,546</b>
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<b>Secured borrowings included in I and II above</b>	<b>-</b>
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**5 Other liabilities and provisions (refer to schedule 6.c)**

<b>I</b> Bills payable	-
<b>II</b> Inter-office adjustments (net)	-
<b>III</b> Interest accrued	-
<b>IV</b> Provision towards standard assets*	2
<b>V</b> Others (including provisions)	11,975

<b>TOTAL (I+II+III+IV+V)</b>	<b>11,977</b>
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\*This consists of ECL on loans and other credit related commitments

**6 Cash and Balances with Reserve Bank of India**

<b>I</b> Cash in hand (including foreign currency notes)	-
<b>II</b> Balances with the Reserve Bank of India	
i) In current accounts	-
ii) In other accounts	-

<b>Total i) and ii)</b>	<b>-</b>
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<b>TOTAL (I+II)</b>	<b>-</b>
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**DBS Bank Limited - GIFT City Branch****Schedules forming part of the Balance Sheet (Continued)**

as at 31 March 2024

(Currency : US Dollars in thousands)

**As at 31 March 2024****7 Balances with banks and money at call and short notice****I In India**

i) Balances with banks	
a) in current accounts	165
b) in other deposit accounts	-

<b>Total a) and b)</b>	<b>165</b>
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ii) Money at call and short notice	
a) with banks	-
b) with other institutions	-

<b>Total a) and b)</b>	<b>-</b>
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<b>Total i) and ii)</b>	<b>165</b>
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**II Outside India**

i) In current accounts	18,575
ii) In other deposit accounts	-
iii) Money at call and short notice	-

<b>Total i), ii) and iii)</b>	<b>18,575</b>
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<b>TOTAL (I+II)</b>	<b>18,740</b>
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**8 Investments****I Investments in India in (refer to schedule xxx)**

i) Government securities	-
ii) Other approved securities	-
iii) Shares	-
iv) Debentures and bonds	-
v) Subsidiaries and/or joint ventures	-
- fully paid	-
- partly paid	-
vi) Others (CDs, CPs, Pass Through Certificates etc)	-

<b>TOTAL i), ii), iii), iv), v) and vi)</b>	<b>-</b>
---------------------------------------------	----------

<b>II Investments outside India in (refer to schedule xxx)</b>	<b>-</b>
----------------------------------------------------------------	----------

<b>Total (I+II)</b>	<b>-</b>
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**DBS Bank Limited - GIFT City Branch**

**Schedules forming part of the Balance Sheet (Continued)**

as at 31 March 2024

(Currency : US Dollars in thousands)

**As at 31 March 2024**

**9 Advances**

<b>A.</b>	i) Bills purchased and discounted	18,48,432
	ii) Cash credits, overdrafts and loans repayable on demand	-
	iii) Term loans	20,96,457
	<b>TOTAL i), ii) and iii)</b>	<b>39,44,889</b>
<b>B.</b>	i) Secured by tangible assets (including advances against book debt)*	3,01,142
	ii) Covered by Bank / Government guarantees**	86,118
	iii) Unsecured	35,57,629
	<b>TOTAL i), ii) and iii)</b>	<b>39,44,889</b>
<b>CI.</b>	Advances in India	
	i) Priority sectors	-
	ii) Public sector	4,47,548
	iii) Banks	4,78,450
	iv) Others	13,75,198
	<b>TOTAL i), ii), iii) and iv)</b>	<b>23,01,196</b>
<b>CII.</b>	Advances outside India	
	i) Due from banks	-
	ii) Due from others	
	a) Bills purchased and discounted	10,45,801
	b) Syndicated Loans	5,97,892
	c) Others	-
	<b>TOTAL i) and ii)</b>	<b>16,43,693</b>
	<b>TOTAL CI and CII</b>	<b>39,44,889</b>

\*includes advances secured by book debts, pledged shares and deposits

\*\*includes advances covered by Letters of Credit issued by other banks

**DBS Bank Limited - GIFT City Branch**

**Schedules forming part of the Balance Sheet (Continued)**

as at 31 March 2024

(Currency : US Dollars in thousands)

**As at 31 March 2024**

**10 Fixed assets**

**I Premises (including leasehold improvements) (refer to schedule xxx)**

Cost at 1 April (including revaluation)	-
Additions during the period	-
Revaluation of premises during the period	-
Deductions during the period	-
Depreciation to date	-
<b>Net book value of Premises (including leasehold improvements)</b>	<b>-</b>

**II Other Fixed Assets (including furniture and fixtures)**

Cost at 1 April	-
Additions during the period	378
Deductions during the period	-
	<b>378</b>
Depreciation to date	(36)
<b>Net book value of Other Fixed Assets (including furniture and fixtures)</b>	<b>342</b>

<b>III Capital Work-in-progress</b>	<b>-</b>
<b>TOTAL (I+II+III)</b>	<b>342</b>

**11 Other assets**

<b>I</b> Inter-office adjustments (net)	-
<b>II</b> Interest accrued	-
<b>III</b> Tax paid in advance/tax deducted at source (net of provision for tax)	22
<b>IV</b> Deferred tax (net)	-
<b>V</b> Stationery and stamps	-
<b>VI</b> Non-banking assets acquired in satisfaction of claims	-
<b>VII</b> Items in course of collection	-
<b>VIII</b> Others	2,519
<b>TOTAL (I+II+III+IV+V+VI+VII+VIII)</b>	<b>2,541</b>

**DBS Bank Limited - GIFT City Branch**

**Schedules forming part of the Balance Sheet (Continued)**

as at 31 March 2024

(Currency : US Dollars in thousands)

**As at 31 March 2024**

**12 Contingent liabilities**

<b>I</b>	Claims against the bank not acknowledged as debts (including tax matters)	-
<b>II</b>	Liability for partly paid investments	-
<b>III</b>	Liability on account of outstanding forward exchange and derivative contracts	-
	i) Forward contracts	
	ii) Currency options	
	iii) Derivative contracts	
	<b>Total i), ii) and iii)</b>	<hr/> <hr/> -
<b>IV</b>	Guarantees given on behalf of constituents	
	i) In India	-
	ii) Outside India	-
	<b>Total i) and ii)</b>	<hr/> <hr/> -
<b>V</b>	Acceptances, endorsements and other obligations	138
<b>VI</b>	Bills rediscounted	-
<b>VII</b>	Other items for which the bank is contingently liable	-
	<b>TOTAL (I+II+III+IV+V+VI+VII)</b>	<hr/> <hr/> <b>138</b>

## DBS Bank Limited - GIFT City Branch

### Schedules forming part of the Profit And Loss Account

for the period from 25 May 2023 to 31 March 2024

(Currency : US Dollars in thousands)

for the period from 25 May  
2023 to 31 March 2024

#### 13 Interest earned

I	Interest/discount on advances/bills	79,851
II	Income on investments	-
III	Interest on balances with Reserve Bank of India and other inter-bank funds	363
IV	Others	-
<b>TOTAL (I+II+III+IV)</b>		<b>80,214</b>

#### 14 Other income

I	Commission, exchange and brokerage (net)	6,357
II	Profit / (Loss) on sale/maturity of investments (net)	-
III	Profit / (Loss) on revaluation of investments (net)	-
IV	Profit / (Loss) on disposal of land, buildings and other assets (net)	-
V	Profit on exchange transactions (net)	17
VI	Miscellaneous income	-
<b>TOTAL (I+II+III+IV+V+VI)</b>		<b>6,374</b>

#### 15 Interest expended

I	Interest on deposits	-
II	Interest on Reserve Bank of India/ inter-bank borrowings	71,495
III	Others	13
<b>TOTAL (I+II+III)</b>		<b>71,508</b>

## DBS Bank Limited - GIFT City Branch

### Schedules forming part of the Profit And Loss Account (Continued)

for the period from 25 May 2023 to 31 March 2024

(Currency : US Dollars in thousands)

for the period from 25 May  
2023 to 31 March 2024

#### 16 Operating expenses

I	Payments to and provisions for employees	407
II	Rent, taxes and lighting	10
III	Advertisement and publicity	7
IV	Depreciation on Bank's property	36
V	Auditors' fees and expenses	18
VI	Law charges	1
VII	Postage, telegrams, telephones, etc.	27
VIII	Repairs and maintenance	19
IX	Referral and structuring fees*	2,943
X	Other expenditure	1,140

**TOTAL (I+II+III+IV+V+VI+VII+VIII+IX)**

**4,608**

\* Fees Paid to DBS Bank India Ltd

#### 17 Provisions and contingencies

I	Provision for advances	3,483
II	Taxation charge	
	- Current tax expense (Minimum Alternate Tax)	1,029
	- Deferred tax charge	-
	- Minimum Alternate Tax Credit	(1,029)

III Other provisions

-

**TOTAL (I+II+III)**

**3,483**

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements**

*for the period from 25 May 2023 to 31 March 2024*

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts**

**1 Background**

In April 2023, DBS Bank Limited (“DBS Bank” or “the Bank” or “the HO”) was given a license to carry out banking business by the International Financial Services Centre Authority (“IFSCA”) under IFSCA Banking Regulations, 2020, as amended (referred as “IFSCA Regulations”), consequent to which, the Bank established GIFT City Branch (hereinafter referred to as “DBS Bank Limited – GIFT City Branch” or “the Branch”) as International Financial Services Centers Banking Unit (IBU) and commenced its operations from 25<sup>th</sup> May 2023. The Branch received the foreign company registration from Ministry of Corporate Affairs (“MCA”) on 18 October 2024 with effect from 25 May 2023.

The Bank’s ultimate holding company is DBS Group Holdings Ltd (“DBSH”), which is listed, incorporated and domiciled in the Republic of Singapore. The registered office of the Bank is situated at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982 and its principal place of business at Gift City is situated at 802, 8<sup>th</sup> Floor, Hiranandani Signature, Gift SEZ, Gift City, Gandhinagar - 382355, India.

The financial statements for the period from 25 May 2023 to 31 March 2024 comprises of Balance Sheet as at 31<sup>st</sup> March 2024, Profit and Loss Account, including the cash flow statement and the statement of changes in equity for the period then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

Principal activities: Currently, the Branch offers Loans, Advances and Trade financing products. All offerings from the Branch are on back-to-back funding model from the HO with matched tenor, currency, amount and maturity.

**2 Basis of preparation**

The financial statements together with schedules thereon, presented in United States Dollars (“USD”) as required by IFSCA Regulations, give the information required by Section 29 of the Banking Regulation Act, 1949 as permitted by the Prudential Directions – V4.0 of The IFSCA Banking Handbook (“the Directions”), in the manner so required for IBUs and are in conformity with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) read with para 1(iv) of Module No. 3 Prudential Reporting, Disclosure and Supervision of the Directions.

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities measured at Fair Value Through Profit or Loss (‘FVTPL’) or measured at Fair Value Through Other Comprehensive Income (‘FVOCI’).

**New or revised standards issued, but not yet effective:** Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting period and have not been adopted by the Branch. These standards, amendments or interpretations are not expected to have a material impact to the Branch in the current or future reporting periods and on foreseeable future transactions.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**3 Use of critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Branch's accounting policies.

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates that involve management's valuation judgement includes impairment of amortized cost and FVOCI financial assets (refer to schedule 5.3.d).

**4 Going Concern**

The financial statements are prepared on a going concern basis, as the management is satisfied that the Branch has the resources to continue in business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources.

DBS GIFT City's advances are on a back-to-back funding model with matched tenor, maturity and amount with HO.

**5 Material Accounting policies**

**5.1 *Functional and presentation currency***

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the Branch operates (the "functional currency"). Considering the local regulatory guidelines by IFSCA, cash flows, the financing structure and Head office financing arrangements with the Branch, USD is considered as the functional and presentation currency.

**5.2 *Foreign currency translation***

Monetary assets and monetary liabilities in foreign currencies are translated into USD at rates of exchange prevailing on the balance sheet date. Income and expense items denominated in foreign currencies are translated into USD at exchange rates prevailing at the date of the transaction. Any gains or losses arising on translation are taken directly to the Profit and Loss Account.

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into USD at the exchange rate ruling at the date when the transaction was recognized.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.2 Foreign currency translation (Continued)**

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into USD at foreign exchange rates ruling at the dates when the fair values were determined. Translation differences arising on non-monetary items measured at fair value are recognized in the Profit and Loss Account.

**5.3 Financial assets and liabilities**

**(a) Recognition of financial assets and financial liabilities**

The Branch recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

**(b) Classification and measurement of financial assets and financial liabilities**

On initial recognition, financial assets are classified as measured at amortised cost, FVOCI or FVTPL. The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Branch in determining the business model for assets include on how the cash flows for these assets are collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

On initial recognition, financial liabilities are classified as measured at either amortised cost or FVTPL.

**(c) Financial assets and financial liabilities measured at amortised cost**

Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold to Collect") and have contractual terms under which cash flows are Solely Payments of Principal and Interest ("SPPI"). Factors considered by the Branch in determining the business model for a group of assets include on how the cash flows for these assets are collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. In making the SPPI assessment, the Branch considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets measured at amortised cost include cash and due from banks, advances and accrued income that are in the Hold to Collect (HTC) business model.

Financial liabilities are measured at amortised cost unless they are designated as measured at FVTPL to avoid accounting mismatch. All financial liabilities of the Branch are measured at amortised cost, which includes borrowings, trade creditors, amount payables and certain other liabilities.

Financial assets and financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs (which are explained below). The initial amount recognised is subsequently reduced for principal repayments and adjusted for accrued interest using the effective

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.3 Financial assets and liabilities (Continued)**

**(c) Financial assets and financial liabilities measured at amortised cost (Continued)**

interest method (see below). In addition, the carrying amount of financial assets is adjusted by recognising an expected credit loss allowance through profit or loss.

The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or a shorter period when appropriate, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

Gains and losses arising on the disposal of financial assets measured at amortised cost are recognised in non-interest revenue.

**(d) Financial assets measured at fair value through other comprehensive income ("FVOCI")**

Financial assets are measured at FVOCI if they are held under a business model with the objective of both collecting contractual cash flows and selling the financial assets ("Hold to Collect and Sell", "HTC & S"), and have contractual terms under which cash flows are SPPI.

Financial assets measured at FVOCI are initially recognised at fair value, which includes direct transaction costs. The financial assets are subsequently remeasured at fair value with any changes presented in other comprehensive income ("OCI") except for changes attributable to impairment, interest income and foreign currency exchange gains and losses. Impairment losses and interest income are measured and presented in profit and loss on the same basis as financial assets measured at amortised cost (see above).

On disposal of financial assets, being debt instruments measured at FVOCI, the cumulative gains or losses in OCI are reclassified from equity and recognised in current period's other income.

**(e) Financial assets measured at fair value through profit or loss ("FVTPL")**

Financial assets are measured at fair value through profit or loss (FVTPL) when:

- the assets are not SPPI in nature.
- the assets are not part of a "HTC" or "HTC & S" business model or
- the assets are designated at FVTPL to eliminate or significantly reduce the measurement or recognition inconsistencies that would otherwise arise from measuring assets or liabilities on different bases.

Realized and unrealized gains or losses on FVTPL financial assets are taken to the profit and loss in the period they arise.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.3 Financial assets and liabilities (Continued)**

**(f) Impairment of amortised cost and FVOCI financial assets**

**Expected Credit Loss**

Expected Credit Loss (“ECL”) is recognised for all financial assets held at amortised cost, debt instruments measured at FVOCI and undrawn loan commitments. It represents the present value of expected cash shortfalls over the residual term of a financial assets or undrawn loan commitment.

At initial recognition, allowance is required for ECL resulting from possible default events that may occur within the next 12 months (“12-month ECL”). In the event of a significant increase in credit risk, allowance is required for ECL resulting from possible default events over the expected life of the instrument (“lifetime ECL”).

The ECL recognised follows the three-stage model.

- financial assets where 12-month ECL is recognised are considered Stage 1;
  - financial assets which experience a significant increase in credit risk are in Stage 2; and
  - financial assets with objective evidence of default or credit-impaired are in Stage 3.
- **Stage 1:** Financial assets are classified as Stage 1 at initial recognition and will remain under Stage 1 unless they experience a significant increase in credit risk or become credit impaired. 12-month ECL is recognised for these instruments.
  - **Stage 2:** Financial assets which experience a significant increase in credit risk (“SICR”) subsequent to initial recognition, but are not yet credit-impaired, will migrate from Stage 1 to Stage 2. Lifetime ECL is recognised for these instruments.
  - **Stage 3:** Financial assets that has been credit-impaired with objective evidence of default. Stage 3 ECL is also measured as lifetime expected credit loss.

**Significant increase in credit risk**

Significant increase in credit risk (“SICR”) is assessed by comparing the risk of default at reporting date to the risk of default at origination using a range of qualitative and quantitative factors.

For wholesale exposures, a financial asset is deemed to have experienced a significant increase in credit risk when:

- the observed change in its Probability of Default (“PD”), as observed by downgrades in the Branch’s internal credit risk rating for this asset between initial recognition and reporting dates, is more than pre-specified thresholds; or
- it is placed on internal credit “watchlists” for closer scrutiny of developing credit issues.

In any event, all wholesale exposures that are more than 30 days past due, are presumed to have experienced a significant increase in credit risk, unless assessed otherwise, and are classified as Stage 2.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.3 Financial assets and liabilities (Continued)**

**(f) Impairment of amortised cost and FVOCI financial assets (Continued)**

Instruments in Stage 2 that no longer exhibit a significant increase in credit risk will be transferred back to Stage 1.

**Definition of default and credit-impaired financial assets**

Financial instruments that become credit-impaired with evidence of default, are transferred to Stage 3.

A financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for more than 90 days;
- there are other indications that the borrower is unlikely to pay, such as when a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the loan is otherwise considered to be in default.

Lifetime ECL is recognised for these assets.

A Stage 3 exposure that is restructured can be upgraded to Stage 2 if there are reasonable grounds to conclude that the obligor is able to service future principal and interest payments on the credit facility in accordance with the restructured terms. Stage 3 financial assets are written-off, in whole or in part, when the Branch has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of future recoveries.

**Measurement of ECL**

ECL is probability-weighted estimates of credit losses determined by evaluating a range of possible outcomes, considering past events, current conditions and assessments of future economic conditions at the reporting date. The ECL associated with a financial asset is typically a product of its probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") discounted using the original effective interest rate to the reporting date.

- **PD:** point-in-time (based on current conditions, adjusted to consider estimates of future conditions that will impact PD) estimate of the likelihood of default.
- **LGD:** estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Branch would expect to receive, including recoveries from collaterals.
- **EAD:** estimate of the expected credit exposure at time of default, considering repayments of principal and interest as well as expected drawdowns on undrawn loan commitments.

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.3 Financial assets and liabilities (Continued)**

**(f) Impairment of amortised cost and FVOCI financial assets (Continued)**

In most instances, expected remaining maturity is the same as the remaining contractual life which represents the maximum contractual period over which the Branch is exposed to the credit risk of the borrower.

**ECL Modelling – Point-in-Time and Forward-Looking Adjustments**

The Branch leverages the models and parameters implemented under the Basel II Internal Ratings-Based (“IRB”) framework where possible, with appropriate modification to meet IFRS 9 requirements.

Other relevant historical information, loss experience or proxies is utilised for portfolios without appropriate Basel models and parameters, with a view to maximise the use of available information that is reliable and supportable.

For the wholesale portfolios, credit cycle indices (“CCIs”) have been developed for significant industries and geographies using expected default frequencies. Expected default frequency is a market-based default risk measure driven by equity prices, market volatility and leverage. CCIs are then used as inputs to convert the through-the-cycle PDs derived from Basel models/parameters into the point-in-time equivalents, and to incorporate forward-looking information. LGDs are determined using historical loss data, which are adjusted for both the latest and forecasted recovery experience.

**Expert credit judgement and post model adjustments**

The measurement of ECL requires the application of expert credit judgement. These include:

- Assignment of credit risk ratings and determination of whether exposures should be placed on credit watchlists or not;
- Assessment of whether a significant increase in credit risk has occurred or not;
- Selecting and calibrating the ECL models such as CCIs;
- Determining the expected remaining maturity of revolving products;
- Determination of the forecast loss rates.
- Application of thematic overlays based on emerging risk themes where potential risks may not be fully captured in the underlying modelled ECL. Such top-down additional modelled was quantified by means of applying conditional probabilities on more severe scenarios materializing from emerging risk themes.

**5.4 Interest Income and expense**

Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.4 Interest Income and expense (Continued)**

Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities.

Interest income and expense on financial assets and financial liabilities, excluding those classified at FVTPL, are presented in interest income from financial assets measured at amortised cost and FVOCI and interest expense from financial liabilities measured at amortised cost respectively. Interest generated as a result of 'negative' interest rates is recognised gross, as interest income or interest expense.

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of income on time proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts like arrangement and participation fees.

When a loan receivable is impaired, the Branch reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivable are recognised using the original effective interest rate.

**5.5 Underwriting, Commitment and Arrangement Fee Income**

The Branch recognizes fees earned on transactions based arrangement, at a point-in-time, when it has full provided services to the customers. In cases, where the contract requires services to be provided over time, income is recognized on systematic basis over the life of the loan.

Fee income includes income from lending activities i.e. in the nature of commitment fees, underwriting fees and arrangement fees. These fee incomes are booked upfront when the services are completed.

**5.6 Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined by reference to observable market prices where available and reliable. Fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. Where market prices are unavailable, fair value is based on valuation models that consider relevant transaction characteristics (such as maturity) and use as inputs observable or unobservable market parameters, including but not limited to yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves.

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. The Branch classifies its assets and liabilities according to a hierarchy that has been established under IFRS for disclosure of fair value measurements. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3 inputs).

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.6 Fair value (Continued)**

A financial instrument's categorisation within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Further details on fair value measurements are provided in [refer schedule 6.e] to the financial statements.

**5.7 Offsetting financial assets and liabilities**

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Branch or the counterparty.

**5.8 Balances with banks and money at call and short notice/ cash and cash equivalents**

For the purpose of presentation in the cash flow statement, balances with banks and money at call and short notice includes balances with banks and other short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. No ECL has been provided on the bank balances as the risk is insignificant.

**5.9 Current, deferred income tax, and Minimum alternate Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current income tax is computed in accordance with the Indian Income Tax Act, 1961 and applicable laws and rules thereunder. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Branch has a legally enforceable right to offset and

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.9 Current and deferred income tax, and Minimum alternate Tax (Continued)**

intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously and are disclosed on a net basis.

Tax expense arising on account of payment of Minimum alternate tax (MAT) is charged to profit and loss account in the year of payment of MAT. MAT credit is recognized as an asset by way of credit to profit and loss account.

**5.10 Provision and Contingent liabilities.**

Provisions are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Branch, or a present obligation that arises from past events but is not recognised because either an outflow of economic benefits is not probable, or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the financial statements; however, disclosure is made unless the probability of settlement is remote.

**5.11 Leases**

The Branch recognizes lease right-of-use ("ROU") assets and lease liabilities at the lease commencement date. Lease ROU assets are included in property and equipment, and lease liabilities are included in other liabilities for operating leases in the Branch's balance sheet. The ROU assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date plus any initial direct costs incurred, less any lease incentives received. The ROU assets are subsequently amortized on a straight-line basis from the commencement date to the end of the lease term. In addition, the ROU assets may be reduced by impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Branch's incremental borrowing rate. The lease liability is measured at amortized cost using a constant periodic rate of interest. It is remeasured when there is a change in an index or rate, or if the Branch changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset.

**5.12 Segment reporting**

The Branch is not in scope of IFRS 8 'Operating segments', as its debt or equity are not traded on a public market, therefore segmental analysis of the Branch's revenue and assets by business is not required.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**5 Material accounting policies (Continued)**

**5.13 Fixed Assets and depreciation**

- (a) Fixed Assets are stated at historical cost less accumulated depreciation.  
(b) Depreciation is provided, from the month in which the asset is capitalised, on the straight-line method over the useful life of the asset as estimated by the Management.

<u>Asset Type</u>	<u>Maximum estimated useful life*</u>
Furniture and fixtures	5 years
IT Equipment	5 years

\*For these classes of assets, based on internal assessment and technical evaluation, the management believes that the useful lives as given above best represents the maximum period over which management expects to use these assets.

**6 Notes to accounts**

**(a) Financial Risk Management**

Risk is an inherent part of the Branch's business activities. The Branch's risk management framework and governance structure are intended to provide comprehensive controls and an ongoing management of major risks inherent in its business activities.

The Branch's risk management objectives are consistent with those of the head office. The Branch employs a holistic approach to risk management to ensure the broad spectrum of risk types are considered in managing its business activities. It is also intended to create a culture of risk transparency and awareness and personal responsibility throughout the Branch where collaboration, discussion, escalation and sharing of information is encouraged. The Branch's ability to properly identify, measure, monitor/control and report risk is critical to its soundness and profitability.

The Branch's activities expose it to a variety of risks; market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

**Market Risk**

Market risk is the risk associated with the effect of changes in market factors, such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term. The Branch doesn't hold any investments and derivatives as at the year end. Given the current balance sheet of the branch, market risk management is overseen by the head office in Singapore.

**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(a) Financial Risk Management (continued)**

**Foreign currency risk**

Foreign exchange risk arises when recognized assets or liabilities are denominated in a currency that is not the Branch's functional currency. The Branch's foreign currency exposure results primarily from movements of the Non-USD against the USD. The impact of changes in foreign currency rate is considered insignificant given the Branch is on back-to-back funding model from the HO with matched tenor, currency, and maturity. The following table gives a net open position of the Branch other than in functional currency as at 31 Mar 2024:

<b>Particulars</b>	<b>EUR</b>	<b>GBP</b>	<b>INR</b>	<b>SGD</b>
Bank Balances	12	29	13,767	-
Advances	1,77,025	1,26,381	-	-
Other Assets	-	-	90,150	-
<b>Total Assets</b>	<b>1,77,037</b>	<b>1,26,410</b>	<b>1,03,917</b>	<b>-</b>
Borrowings	1,76,774	1,26,117	-	-
Other Liabilities	20	20	1,03,917	646
<b>Total Liability</b>	<b>1,76,794</b>	<b>1,26,137</b>	<b>1,03,917</b>	<b>646</b>
<b>Net open position – FCY</b>	<b>243</b>	<b>273</b>	<b>-</b>	<b>(646)</b>
<b>Net open position – USD</b>	<b>262</b>	<b>345</b>	<b>-</b>	<b>(479)</b>

*All figures in the above table are in 000s of the respective currency.*

**Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument carrying variable interest rates will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument carrying variable interest rates will fluctuate due to changes in market interest rates. Interest rate risk is insignificant given the Branch is on back to back funding model with matched tenor and maturity.

The table below provides break up of advances and borrowings between floating rate and fixed rate:

<b>Particulars</b>	<b>Floating Rate</b>	<b>Fixed Rate</b>	<b>Total</b>
Advances to customers	20,96,457	18,48,432	39,44,889
Borrowings from HO	21,03,362	18,44,184	39,47,546
<b>Net Exposure</b>	<b>(6,905)</b>	<b>4,248</b>	<b>(2,657)</b>

Given there is minimal net exposure, no interest rate sensitivity analysis has been carried out and disclosed.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(a) Financial Risk Management (continued)**

**Credit Risk**

Credit Risk Management, monitors, measures and manages credit risk throughout the DBS group and defines credit risk policies and procedures. The DBS credit risk management governance includes the following activities:

- Maintaining a credit risk policy framework
- Monitoring, measuring and managing credit risk across all portfolio segments, including transaction and exposure approval
- Setting industry and geographic concentration limits, as appropriate, and establishing underwriting guidelines. Assigning and managing credit authorities in connection with the approval of credit exposure
- Managing criticized exposures and delinquent loans, and
- Estimating credit losses and supporting appropriate credit risk-based capital management.

The Branch has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process for extending credit so that credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The firmwide policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures.

**Liquidity Risk**

Liquidity risk is the risk that the Branch will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities. As per IFSCA regulations, the Branch needs to maintain adequate liquidity ratios in its HO's books as per the requirements of the HO's regulator. No separate liquidity requirements are needed at Branch level. The Branch accordingly submits a quarterly return to IFSCA confirming the Liquidity Coverage Ratio maintained by head office.

**Funding**

The Branch's source of funding is primarily from the Head-office. The Branch's funding capacity is sufficient to meet its on and off-balance sheet obligations. The table below (refer to schedule 6.f) presents the maturity details of all financial liabilities. Amounts greater than one year represent undiscounted cash flows. Due to the nature and contractual maturity of all other financial liabilities they are presented at the carrying amount, which is not materially different to the undiscounted cash flow.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(a) Financial Risk Management (continued)**

**Funding (Continued)**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. As per the requirements of IFSCA, the Branch need not maintain any separate NSFR ratios, as long as the head office maintains sufficient Net Stable Funding Ratio (“NSFR”) as per the regulations of the head office regulator. The Branch accordingly submits a quarterly return to IFSCA confirming the NSFR maintained by head office.

The Branch's financial liabilities, consisting mainly of borrowings from the HO, maturities of which are matched with maturities of loans and advances. The Branch has sufficient funds to meet all maturing obligations.

**Capital Management**

Minimum prescribed capital as per the IFSCA, is maintained at the HO at all times. IFSCA also requires the head office to maintain requisite capital adequacy ratio as prescribed by the head office regulator. The Branch accordingly submits a quarterly return to IFSCA confirming the Capital to Risk (Weighted) Assets Ratio (“CRAR”) maintained by head office.

HO exercises effective oversight over the operations of the Branch and acknowledge that the assets of the Head Office are generally available to the Branch to allow the Branch to meet its financial obligations as they fall due in accordance with the terms of the obligation, including place of payment.

**(b) Borrowings**

Borrowings are unsecured and have no covenants. The analysis of the borrowing is as per the table below.

	Interest rate range				Total
	0-4%	4-5%	5-6%	6-7%	
<b>Analysis of borrowings as at 31 March 2024</b>					
Fixed rate	22,023	41,527	17,80,634	-	<b>18,44,184</b>
Floating rate	-	1,26,966	4,70,164	15,06,232	<b>21,03,362</b>
Total on balance sheet	<b>22,023</b>	<b>1,68,493</b>	<b>22,50,798</b>	<b>15,06,232</b>	<b>39,47,546</b>

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(c) Accruals, deferred income and other liabilities**

Particulars	As at 31 Mar 2024
Advances received against Syndication	5,459
Lease Liabilities	298
Other Payables	4,854
Provision on Undrawn Commitments	2
Statutory dues payables	1,364
<b>Other liabilities</b>	<b>11,977</b>

**(d) Credit risk disclosures**

*(i) Summary of credit risk gross financial instruments and ECL*

The following disclosure presents the gross carrying/nominal amount of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL.

	As at 31 March 2024	
	Gross carrying/ nominal amount	Allowance for ECL
Loans and advances at amortised cost		
- Banks	4,78,450	(183)
- Corporate and commercial	34,66,439	(3,298)
Total gross carrying amount on balance sheet	39,44,889	(3,481)
Loans and other related credit commitments		
- Corporate and commercial	538	(2)
Total nominal amount off balance sheet	538	(2)

*(ii) Summary of credit risk by stage distribution*

Change in ECL	Not credit impaired		Credit impaired
	Stage 1	Allowance/Provision for ECL	
	Stage 1	Stage 2	Stage 3
Transfer between Stages	-	-	-
Net Portfolio Changes	3,483	-	-
Remeasurements	-	-	-
Assets written off	-	-	-
Foreign exchange	-	-	-
<b>As at 31 March 2024</b>	<b>3,483</b>	-	-
Charge to Profit and Loss Account	3,483	-	-

There are no loans and advances in Stage 2 and Stage 3. As there are no loans and advances in Stage 2 as at 31 Mar 2024, Stage 2 days past due analysis and decomposition has not been presented.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(d) Credit risk disclosures (continued)**

Summary of credit risk by stage distribution and ECL coverage:

As at 31 March 2024			
ECL - Stage 1	Gross carrying/ nominal amount	Allowance for ECL	ECL coverage %
<b>Loans and advances at amortised cost</b>			
-banks	4,78,450	183	0.04%
-corporate and commercial	34,66,439	3,298	0.10%
Total gross carrying amount on-balance sheet	39,44,889	3,481	0.09%
<b>Loans and other credit-related commitment</b>			
-corporate and commercial	538	2*	0.13%
Total gross carrying amount on-balance sheet	538	2	0.13%

\*This consists of ECL on loans and other credit related commitment, which is disclosed in schedule 5 under provision towards standard assets

(iii) Summary of credit risk- credit quality

The table below shows the portfolio mix of the Loans and advances to customers presented in the gross carrying value table above by internal counterparty risk rating (CRR) and PD

**Stage 1:** These financial assets are unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognized.

**Stage 2:** A significant increase in credit risk has been experienced on these financial assets since initial recognition for which a lifetime ECL is recognized.

**Stage 3:** There is objective evidence of impairment, and the financial assets are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognized.

The table below shows the portfolio mix of the Loans and advances to customers presented in the gross carrying value table above by internal counterparty risk rating (CRR) and probability of default (PD) range; DBS adopts rating systems for the different asset classes under the Internal Ratings - Based Approach (IRBA).

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(d) Credit risk disclosures (continued)**

as at 31 Mar 2024	Basel one-year PD range %	Gross Exposure (including commitments)	Allowance/Provision for ECL
CRR 1- 6B	0.01% -0.99%	36,72,166	3,407
CRR 7A-7B	1.26%-2.30%	27,986	76
CRR 8A-9	2.57%-28.83%	-	-
Others*	NA	2,48,756	-
<b>Total</b>		<b>39,48,908</b>	<b>3,483</b>

\*Others consists of exposure against DBIL through trade finance products and no ECL has been provided on the same.

**Sensitivity of ECL**

Branch assessed ECL sensitivity for the branch's portfolios to changes in the allocation of exposures between Stages 1 and Stages 2. There are no exposures under stages 2 as on 31 March 2024.

As ECL estimation relies on multiple variables, no single analysis can fully demonstrate the sensitivity of the ECL to changes in macroeconomic variables

**(e) Fair values of financial instruments not carried at fair value**

			Fair Value			
As at 31 March 2024	Category	Carrying Amount	Level 1	Level 2	Level 3	Total
Balances with banks and money at call and short notice	Amortised Cost	18,740	-	-	18,740	<b>18,740</b>
Loans and advances to banks	Amortised Cost	4,78,450	-	-	4,78,450	<b>4,78,450</b>
Loans and advances to customers	Amortised Cost	34,66,439	-	-	34,66,439	<b>34,66,439</b>
Borrowings	Amortised Cost	39,47,546	-	-	39,47,546	<b>39,47,546</b>

For financial assets and liabilities not carried at fair value in the financial statements, the Branch has ascertained that their fair values were not materially different from their carrying amounts at the period end.

The fair value of variable interest-bearing as well as short-term financial instruments accounted for at amortised cost is assumed to be approximated by their carrying amounts.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(f) Maturity of financial assets and liabilities**

	31 March 2024						TOTAL
	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	over 5 years	No specific maturity	
Balances with banks and money at call and short notice	18,740	-	-	-	-	-	18,740
Advances	15,35,396	6,26,090	38,818	16,38,930	1,05,655	-	39,44,889
Other assets	1,461	-	-	-	-	1,080	2,541
<b>Total Financial Assets</b>	<b>15,55,597</b>	<b>6,26,090</b>	<b>38,818</b>	<b>16,38,930</b>	<b>1,05,655</b>	<b>1,080</b>	<b>39,66,170</b>
Borrowings	15,30,382	6,27,146	40,267	16,43,826	1,05,925	-	39,47,546
Other liabilities and provisions	10,785	139	208	123	152	570	11,977
<b>Total Financial Liabilities</b>	<b>15,41,167</b>	<b>6,27,285</b>	<b>40,475</b>	<b>16,43,949</b>	<b>1,06,077</b>	<b>570</b>	<b>39,59,523</b>
Off – balance sheet exposure*	138	-	-	-	-	-	138

\* Off balance sheet exposures include bills to be presented but not discounted.

**(g) Concentration of Advances**

- By Country –

Country	Amount	%
India	23,01,170	58%
United Arab Emirates	9,73,199	25%
Netherlands	2,71,369	7%
Mauritius	2,39,684	6%
United Kingdom	1,59,357	4%
United States	109	0%
<b>Total</b>	<b>39,44,889</b>	<b>100%</b>

- By top 20 borrowers

Particulars	as at 31 March 2024
a. Total advances to twenty largest borrowers	35,25,706
b. Total advances	39,44,889
c. Percentage of advances to twenty largest borrowers to total advances of the bank (c = a/b)	89%

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(h) Payment to Auditors**

Particulars	For the period from 25 May 2023 to 31 Mar 2024
Auditor's fees and expenses include auditors' remuneration as follows:	
- as statutory auditors	18
- others	-
- out of pocket expenses	-
<b>Total</b>	<b>18</b>

Auditor's remuneration in relation to the statutory audit amounted to USD 18 thousands, the fees were payable by the Branch to the auditors, Price Waterhouse LLP.

**(i) Tax expense**

The Branch, being a branch of DBS Bank Ltd, Singapore, files its return under DBS Bank Ltd, Singapore's PAN. Income under this PAN comprises in addition to GIFT City's operation, offshore income and FPI license income. As per deduction available under section 80 LA of Income Tax Act, 1961, income earned in GIFT City Branch is exempt for any continuous 10 years out of 15 years. DBS Bank Ltd – GIFT City has taken the said exemption since inception and hence there is no tax expense. Please find below summary of tax expense for period ended 31 March 2024:

Particulars	For the period ended 31st Mar 2024
Profit Before Tax	6,989
Tax Expense	-
<b>Profit after Tax</b>	<b>6,989</b>
Minimum Alternate Tax Paid during the period ended 31 March 2024	1,029
Minimum Alternate Tax Credit during the period ended 31 March 24	(1,029)
<b>Tax Expense during the period ended 31 March 2024</b>	<b>-</b>

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(j) Dues to Micro, Small and Medium enterprises**

	<b>As at 31-Mar-2024</b>
I . The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-
II . The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-
III . The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-
IV . The amount of interest accrued and remaining unpaid at the end of the accounting year.	-
V . The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Act, 2006.	-

The above information takes into account only those suppliers who have responded to inquiries made by the Branch for this purpose.

**(k) Employee compensation and benefits**

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

**Post-retirement benefits**

(i) Provident Fund: The employees of the Branch are covered under Provident Fund. The employee and employer contribute 12% of Basic Salary to Provident Fund A/c.

(ii) Gratuity: The bank provides for gratuity covering employees in accordance with the payment of the Gratuity Act, 1972.

**Employee share-based payment**

Employee benefits also include share-based compensation, namely the DBSH Employee Share Purchase Plan (the Plan). The expense is amortised over the vesting period of each award. For fair valuation, DBSH considers the market price of share on the grant date after excluding the present value of future expected dividends to be paid during the vesting period. USD 157 (absolute) is the expense for period from 25 May 2023 to 31 March 2024.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(l) Leases**

The Branch has taken one office premises on lease. Lease contracts are typically entered into for a fixed period with termination and extension options. These are used to maximize operational flexibility in term of managing the premises used by the Branch. The lease agreements are generally non-cancellable for an initial lock in period and are renewable/cancellable thereafter by mutual consent and on mutually agreeable terms.

Information about leases for which the Branch is a lessee is presented below:

Particulars	As at 31 March 2024
<b>I) Amounts recognized in balance sheet</b>	
<b>Right of use assets</b>	
Opening Balance	-
Additions to RoU assets for the period	309
Less: Amortisation of RoU assets for the period	-26
Closing Balance	283
<b>Lease liabilities</b>	
Current	38
Non-current	342
Total lease liabilities	380
Closing Balance	380
Maturity of contractual lease liabilities	
Due within a year	22
Due between 1 and 2 years	25
Due 2 years and later	253
Total	300
Future interest payable	80
Lease liabilities	380
<b>II) Amounts recognized in profit and loss account</b>	
Amortisation of ROU assets	26
Interest on lease liabilities	13

**(m) Related party transactions**

**i) Head Office**

DBS Bank Ltd, incorporated in the Republic of Singapore is the head office of the branch and DBS Group Holdings Ltd, which is listed, incorporated and domiciled in the Republic of Singapore is the ultimate holding company of the branch.

**ii) Branch Offices**

Branch offices comprise of all branches of “the Bank” outside India.

**iii) Subsidiary of Head office**

Fellow subsidiaries comprise companies, which have a common ultimate holding company/parent company, “DBSH” or “the Bank”. These are as follows:

- DBS Bank India Ltd (“DBIL”)

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(m) Related party transactions (continued)**

**iv) Key Management Personnel (KMP)**

The Branch head is considered the Key Management Personnel (KMP) of the Branch.

The transactions of the Branch with related parties are detailed below:

Nature	Transactions	For the period from 25 May 2023 to 31 March 2024	
			Amount Outstanding as at 31 March 2024
<b>Ultimate Holding</b>			
Share based payment	0.2		0.2
<b>Head office – DBS Bank Ltd, SG</b>			
Interest Free Advance	1,500		1,500
Borrowings	61,70,547		39,25,884
Interest Expense	71,495		21,662
Bank Charges	6		-
Services received	479		479
<b>Subsidiary of Head office – DBIL</b>			
Fee payable – Referral and structuring fee	2,943		2,648
Services received	377		-

**Note:**

- The transactions with KMP are remuneration paid which is in the nature of short term benefits (current year: USD 121 thousands)
- In addition to above, the Branch has provided advances to the customers which are backed by Letter of Credit (LCs) issued by DBIL, such exposures are outstanding to DBIL as at March 31, 2024.

**(n) Disclosure under Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014**

The Branch, as part of its normal banking business offers loans including commitments on such loans. These transactions are part of the Branch's normal banking business and are undertaken in accordance with the IFSCA Regulations.

To the best of knowledge and belief of the Branch management, no funds have been advanced or loaned or invested (either from borrowed funds or any other sources or kind of funds) by the Branch to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in other persons or entities identified by or on behalf of the Branch (Ultimate Beneficiaries) or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.

To the best of knowledge and belief of the Branch management, the Branch has also not received any fund from any persons or entities, including foreign entities ('Funding Party') with the understanding, whether recorded in writing or otherwise, that the Branch shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

**(o) Maintenance of Books of Accounts**

**Back up**

As required under MCA notification dated 5 August 2022, and the Companies (Accounts) Fourth Amendment Rules, 2022, the Branch is required to maintain backups of books of account on servers physically located in India daily.

For certain books of accounts and other books and papers maintained in electronic mode for an accounting software the Branch has maintained periodic (monthly) back-ups on servers not located in India.

For certain books of accounts and other books and papers maintained in electronic mode for another accounting software the Branch has maintained periodic (monthly) back-ups from May 25, 2023 to August 2023 and has maintained back for everyday between Monday and Friday for the period September 2023 to March 2024.

The Branch is in the process of putting a system in place to take daily back-ups to comply with the requirement of the relevant aforementioned Rules.

**Audit trail**

As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014, effective 1 April 2023, the Branch uses only such accounting software for maintaining its books of account that have a feature of recording audit trail, at transaction level, creating an edit log of each change made in the books of account along with the date when such changes were made within such accounting software as required under the said Rules. This feature of recording audit trail has operated throughout the year and was not tampered with during the year. The audit trail feature was not enabled at the database level for 6 accounting software during the period from May 25, 2023 to March 31, 2024. The Branch has established and maintained an adequate internal control framework and based on Branch's assessment of internal control framework with reference to financials reporting, it believes that the controls with reference to Financial Statements was effective for the year ended 31 March 2024

**(p) Events after the reporting period**

There were no material events subsequent to March 31, 2024, and up until the adoption of the financial statements by the Governing Committee, unless otherwise disclosed in these financial statements.

**(q) Registration and filing of accounts with MCA**

The Branch received the foreign company registration from MCA on 18 October 2024 with effect from 25 May 2023. These financial statements are the first statutory financial statements of the Branch. The filing of the same with the MCA has been done beyond the timelines specified under sub-rule 3 of Rule 4 of The Companies (Registration of Foreign Companies) Rules, 2014. The delay is on account of delayed application for registration of the Branch as foreign company with the MCA.

DBS Bank Limited – GIFT City Branch  
**Schedules forming part of the Financial Statements (Continued)**

for the period from 25 May 2023 to 31 March 2024

(Currency: US Dollars in thousands)

**Schedule 18 - Material Accounting Policies and Notes to Accounts (Continued)**

**6 Notes to accounts (continued)**

*(r) Period ended 31 March 2024*

Period ended 31 March 2024 stated in notes above are the balances for the period 25 May 2023 (date of commencement of operations) to 31 March 2024. There are no comparatives as the operations have commenced from 25 May 2023. Profit and loss statement for the period include pre-operating expense of USD 35,000/-

For **Price Waterhouse LLP**  
**Chartered Accountants**  
Firm Regn No: 301112E/E300264

For **DBS Bank Limited – GIFT City Branch**

**Sharad Vasant**  
Partner  
Membership No: 101119  
Place: Mumbai  
Date: October 25, 2024

**Taral Shah**  
IBU Head  
Place: Gandhinagar  
Date: October 25, 2024

**Gaurav Chichani**  
Finance Head  
Place: Mumbai  
Date: October 25, 2024