SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A BACKGROUND

The accompanying financial statements for the period ended March 31, 2011 comprise the accounts of the Mumbai branch (referred to as 'the Bank') of Credit Suisse AG which is incorporated in Switzerland, with limited liability.

In August 2010, the Bank's parent company, Credit Suisse AG, received the approval of the Reserve Bank of India ('RBI') for setting up a Bank Branch. The Bank commenced its banking business with effect from February 15, 2011 after obtaining the necessary clearances and approvals from RBI.

B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies Accounting Standard Rules, 2006 to the extent applicable and current practices prevailing within the banking industry in India.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

C PRINCIPAL ACCOUNTING POLICIES

1 Fixed Assets and Depreciation

Fixed assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incidental to acquisition of the assets.

Depreciation on fixed assets is provided on a straight-line method over the economic useful life of the asset as determined by the management. Depreciation on additions to fixed assets has been provided from the month in which the asset is capitalised. In respect of sales/disposals no depreciation is provided in the month in which the asset is sold / disposed off. The rates for this purpose, which are based on management's estimate of the useful lives of the underlying assets, are higher than the rates prescribed by Schedule XIV of the Companies Act, 1956, and are as follows:

Asset	Depreciation
Leasehold improvements	Period of lease
Furniture and fixtures	20.00%
Communication equipment	33.33%
Computer Equipment	
Distributed technology	33.33%
End user technologies	33.33%
Network	33.33%
Cabling	14.29%
Software	33.33%

Assets costing less than Rs.4,50,000 (CHF 10,000 approx) are depreciated fully in the year of purchase / acquisition. The threshold for write off is subject to the following conditions:

- Furniture and fixtures are capitalised if the aggregate cost of a purchase order for procurement exceeds Rs.4,50,000 (CHF 10,000 approx).

- Computer equipment including workstations, laptops, printers, monitors, servers, peripherals and technical equipment are capitalised regardless of purchase cost. All other computer related equipment such as mainframes, tape drives, power supplies and data center equipment are capitalised only if individual cost exceeds Rs. 4,50,000 (CHF 10,000 approx).

- The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

2 Transactions involving Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognised in the Profit and Loss account.

Foreign currency income and expenditure items are translated at the exchange rates prevailing at the respective month-end of the transaction. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the Profit and Loss account.

Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at the closing rates of exchange notified by FEDAI.

3 Revenue Recognition

Interest income is recognised in the Profit and Loss Account on an accrual basis.

4 Income Tax

Income tax expense comprises deferred tax asset (net) during the period. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

5 Accounting for Provisions, Contingent Liabilities and Contingent Assets

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

6 Operating lease transactions

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

7 Compensation benefits

Equity compensation benefits

The Bank grants shares in its ultimate parent, Credit Suisse Group to certain employees. Upon settlement the shares are transferred to its employees. The Bank has various schemes to grant share based awards to its employees, details of the current schemes are set out below:

- Special awards, which are typically awarded upon hiring of certain management personnel or in relation to business acquisitions. The terms (including amount, vesting, settlement, etc) of special awards vary significantly from award to award. Shares awarded to employees as Special awards are accrued over the vesting period as per award terms.

- Incentive Share Units (ISU) or Scaled Incentive Share Units (SISU), which are typically awarded in consideration for future services. Each ISU / SISU represents one CSG share plus any additional shares (leverage), if applicable. For ISU the number of additional shares will depend upon the share price, both at the time of grant and in the future and for SISU, it depends on both share price and Bank's performance. ISUs are accrued over the 3 year vesting period and SISUs are accrued over the 4 year vesting period.

- January 2011 Phantom shares vest in four equal instalments on each of the first, second, third and fourth anniversaries of the grant date and will be delivered to award holders within 120 days of vesting.

The accrual methodology for the above awards is on straight-line basis over the vesting period of the awards.

These schemes are classified as cash settled schemes. The cost of these cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in the profit and loss account for the period. In case an employee is eligible for early retirement or retirement before the end of the vesting period, the recognition of the expense is accelerated over the shorter period up to retirement. Changes in foreign exchange and market value of the above liability between grant date and settlement date are expensed to the profit and loss account.

Other Compensation Benefits

Other Compensation Benefits awarded in respect of Variable Compensation are -

- Cash Retention Awards (CRA) in consideration for future services. CRA is accrued over a two year period.
- Adjustable Performance Plan Awards (APPA) are a new form of deferred cash award granted in 2010 and 2011. The 2010 APPA are subject to a three-year, pro-rata vesting schedule. The 2011 APPA are similar to the 2010 APPA, except the pro-rata vesting will occur over a four-year period. In the event that the division in which the employee worked at the time of grant generates profits, outstanding awards will be adjusted upward on an annual basis using CSG's ROE in the respective year as a multiplier. However, should a business area in which an employee worked at the time of grant incur a loss (before charges for current year variable compensation and tax) outstanding APPAs held by employees of that business area will be adjusted downwards. Expense for the APPA award will be recognised over 3 years from year 2010 onwards. Expense for the APPA award will be recognised over 4 years from year 2011 onwards.

Cash Retention Awards are accrued over a two-year period. APPA awards are accrued over 3 year vesting period.

8 Employee benefits

(a) Provident Fund

Contributions payable to the recognised provident fund which is a defined contribution scheme are charged to the profit and loss account.

(b) Gratuity

The Bank's gratuity benefit scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on valuation by an independent actuary (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in the profit and loss account.

(c) Short term compensated absences

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the service rendered by the employees is recognised during the year.

9 Cash and cash equivalents

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

SCHEDULE 18 – NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2011

1. Capital Infusion

During the period ended March 31, 2011, the Head office infused funds of Rs 11,350,000 ('000).

2 Capital Adequacy

The Bank's Capital to Risk-weighted Asset Ratio ('Capital Adequacy Ratio') is calculated in accordance with the RBI's 'Prudential Guidelines on Capital Adequacy and Market Discipline - Implementation of the New Capital Adequacy Framework' ('Basel II'). Under the Basel II framework, the Bank is required to maintain a minimum capital adequacy ratio of 9% on an ongoing basis for credit risk, market risk and operational risk, with a minimum Tier I capital ratio of 6%. Further, the minimum capital maintained by the Bank as on March 31, 2011 is subject to a prudential floor, which is the higher of the following amounts:

(a) Minimum capital required as per the Basel II framework.
(b) 80% of the minimum capital required to be maintained under the Basel I framework.

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

(Rs in '000)

Particulars	**March 31, 2011**	
	As per Basel I Framework	**As per Basel II Framework**
Tier I capital	11,212,387	11,212,387
Tier II capital	-	-
Total capital	**11,212,387**	**11,212,387**
Risk weighted assets	2,353,522	2,471,931
Capital Adequacy Ratios		
Tier 1	476.41%	453.59%
Tier 2	-	-
Total	**476.41%**	**453.59%**

(Rs in '000)

Particulars	March 31, 2011
Amount raised by issue of Innovative Perpetual Debt Instruments (IPDI) during the period	-
Amount raised by issue of Upper Tier II Instruments during the period	-
Amount raised by issue of Lower Tier II Instruments during the period	-

3 Other Assets

Other Assets include deferred tax asset (net) of Rs 57,830 ('000). The break-up of the same is as follows:

(Rs in '000)

Particulars	March 31, 2011
Deferred tax asset arising out of:	
Business Loss	46,121
Employee Benefits	10,658
Others	1,995
Total	**58,774**
Deferred tax liability arising out of:	
Depreciation	(944)
Total	**(944)**
Deferred tax asset (net)	**57,830**

4 Business Ratios

Particulars	March 31, 2011
Interest income as a percentage to working funds[1]	1.06%
Non-interest income as a percentage to working funds	-
Operating profit / (loss)[2] as a percentage to working funds[1]	(2.04%)
Return on assets[3]	(1.19%)
Business (Deposits plus advances) per employee	-
Profit / (loss) per employee[4] (Rs in '000)	(4,986)

Definitions:

1. Working funds is taken as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
2. Loss before taxes is considered as Operating loss.
3. Return on Assets is with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).
4. Number of employees as at period end have been considered.

5 Maturity Pattern of Key Assets and Liabilities

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI.

(Rs in '000)

As at March 31, 2011	1 day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	2,684	-	-	58,368	-	-	-	61,052

6 Provisions and Contingencies

The break-up of 'Provisions and contingencies' included in the Profit and Loss Account is given below:

(Rs in '000)

Particulars	**March 31, 2011**
Provision for Income Tax – Deferred	(57,830)
Total	**(57,830)**

7 Investments

The Bank has no investments as on March 31, 2011 and hence the disclosure on investment is not applicable.

8 Repo transactions

The Bank has not done any repo / reverse repo transactions during the period ended March 31, 2011 and hence the disclosure on investment is not applicable.

9 Non-SLR investment portfolio

The Bank has no investments as on March 31, 2011 and hence the disclosure on non-SLR investment portfolio is not applicable.

10 Derivatives

The Bank has not done any derivative transactions during the period ended March 31, 2011 and hence the disclosures on forward rate agreement / interest rate swap, exchange traded interest rate derivatives and risk exposure in derivatives are not applicable.

11 Asset Quality

The Bank has not given any advances during the period ended March 31, 2011 and hence the disclosures on non-performing assets, particulars of accounts restructured, details of financial assets sold to Securitisation / Reconstruction Company for asset reconstruction, details of non-performing financial assets purchased / sold and provisions on standard assets are not applicable.

12 Exposures

The Bank has no investments / advances as on March 31, 2011 and hence the disclosures on exposure to real estate sector, exposure to capital market, risk category wise country exposure, details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Bank, unsecured advances are not applicable.

13 Floating provisions

The Bank has no floating provisions for the period ended March 31, 2011 and hence this disclosure is not applicable.

14 Drawdown from reserves

The Bank has not drawn down any amount from reserves for the period ended March 31, 2011.

15 Disclosure on letters of comfort (LoCs) issued by the Bank

The Bank has not issued any letters of comfort for the period ended March 31, 2011.

16 Provisioning coverage ratio

The Bank has no NPA provision / advances as on March 31, 2011 and hence this disclosure is not applicable.

17 Bancassurance business

The Bank has no bancassurance business for the period ended March 31, 2011 and hence this disclosure is not applicable to the Bank.

18 Concentration of deposits, advances, exposures and NPAs

The Bank has no deposits, advances, NPAs and exposures to borrowers / customers as on March 31, 2011 and hence these disclosures are not applicable.

19 Sector wise NPAs

The Bank has no NPAs as on March 31, 2011 and hence this disclosure is not applicable.

20 Movement of NPAs

The Bank has no NPAs as on March 31, 2011 and hence this disclosure is not applicable.

21 Overseas assets, NPAs and revenue

The Bank has no overseas assets, NPAs and revenue as on / for the period ended March 31, 2011.

22 Off-balance sheet SPVs sponsored

There are no off-balance sheet SPVs sponsored by the Bank for the period ended March 31, 2011.

23 Employee Benefits

Gratuity	**(Rs in '000)**
Particulars	**March 31, 2011**
Reconciliation of opening and closing balance of the present value of the defined benefit obligation	
Present value of obligation as at April 1	-
Interest cost	-
Current service cost	4,747
Benefits paid	-
Actuarial (gain)/loss on obligation	-
Present value of obligation as at March 31	**4,747**
Reconciliation of opening and closing balance of the fair value of the plan assets	
Fair value of plan assets as at April 1	-
Expected return on plan assets	-
Contributions	-
Benefits paid	-
Actuarial gain/(loss) on plan assets	-
Fair value of plan assets as at March 31	**4,747**
Amount recognised in Balance sheet	
Fair value of plan assets as at March 31	-
Present value of obligation as at March 31	4,747
Asset/(Liability) as at March 31	(4,747)
Expenses recognised in Profit and Loss Account	
Interest Cost	-
Current Service cost	4,747
Expected return on plan assets	-
Net Actuarial (gain)/loss recognised in the period	-
Net Cost	**4,747**
Assumptions	**March 31, 2011**
Valuation Method	Projected Unit Credit
Discount rate	8.0% per annum
Expected return on plan assets	N.A.
Mortality	LIC (1994-96) Ultimate
Salary escalation rate	14.0% per annum
Retirement	58 years

24 Employees Share-based Payments

The Bank grants shares in its ultimate parent, Credit Suisse Group to certain employees. In conformity with the Guidance note on " Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India in respect of the grants made on or after 01 April 2005, the following disclosures are made:

a. Method adopted for valuation:
Stock compensation expenses under the "Fair Value Method" are determined based on the "Fair Value of the Share Awards" and amortised over the vesting period.

b. Nature and extent of Employee Share-based Payment Plans:
Incentive Share Units (ISU), Scaled Incentive Share Units (SISU), Special Share Awards and Phantom Share Awards

c. Number of stock awards granted during period ended March 31, 2011
20,860 Phantom Share Awards granted during the period.
44,435 Special Phantom Share Awards granted during the period.
The per share average weighted grant date fair value of awards granted was Rs 1,918 (CHF 39.34).

d. Method and assumptions for arriving of the Fair Value of Share Awards
The fair value of share awards is equal to the fair value of the shares at the grant date, adjusted for changes in market price as at the Balance Sheet date.

e. Expenses recognised on account of "Employees Share-based Payment" is Rs 24,001 ('000) and carrying amount as at March 31, 2011 is Rs 18,325 ('000).

25 Leases

The Bank entered into leasing arrangements for commercial properties. The lease rental of Rs 18,831 ('000) has been included under Operating Expenses – Rent, Taxes and Lighting (Schedule 16 II) in the Profit and Loss Account.

The future minimum lease payments under non-cancellable operating leases are as follows

(Rs in '000)

Particulars	Amount
Not later than one year	27,825
Later than one year and not later than five years	108,839
Later than five years	1,890
Total	**138,554**

26 Segment Reporting

The segmental classification to the respective segments conforms to the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007. Business Segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. Currently, the Bank operates in the treasury segment.

The treasury segment primarily consists of Bank's money market operations.

Geographic Segments

Since the Bank does not have material earnings emanating outside India, the Bank is considered to operate in only the domestic segment.

Segment reporting for the period ended March 31, 2011 is given below

(Rs in '000)

Sr. No.	Particulars	Treasury	Total
1	Segment revenue	71,045	71,045
2	Less: Inter segment revenue	-	-
3	Income from operations (1) – (2)	71,045	71,045
4	Segment results	(137,613)	(137,613)
5	Unallocated expenses		-
6	Income tax expense (including deferred tax)		(57,830)
7	Net profit / (loss) (4) – (5) – (6)		(79,499)
8	Segment assets	11,315,707	11,315,707
9	Unallocated assets[1]		57,830
10	Total assets (8) + (9)		11,373,537
11	Segment liabilities[2]	11,373,537	11,373,537
12	Unallocated liabilities		-
13	Total liabilities (11) + (12)		11,373,537
14	Capital expenditure	30,177	30,177
15	Depreciation	1,745	1,745

1.

1. Represents deferred tax asset (net).
2. Includes share capital and reserves and surplus.

27 Related Party Disclosures

As per AS - 18, Related Party Disclosure, issued by the ICAI, the Bank's related parties are disclosed below:

Ultimate Parent
Credit Suisse Group AG

Parent
Credit Suisse AG and its branches

Enterprises under common control which the Bank has had transactions during the period
Credit Suisse Consulting (India) Pvt. Ltd
Credit Suisse Securities (India) Pvt. Ltd
Credit Suisse Finance (India) Private Ltd

Key Management Personnel
Mr. Sanjeev Bajaj, Branch Manager
There is only one related party entity in the category of 'Key Management Personnel' and keeping in view the secrecy clauses and in terms of RBI circular DBOD.No.BP.BC.89/21.04.018/ 2002-03 dated March 29, 2003, no disclosure under AS-18 is made other than reporting the

relationship with the related party.

The Bank's related party balances and transactions for the as on / period ended March 31, 2011 are summarised as follows:

(Rs in '000)

Items	Parent	Maximum outstanding during the period	Enterprises under common control	Maximum outstanding during the period
Transactions during the period				
Rent and reimbursements (including cost-sharing arrangements)	3,470		90,744	
Security deposit paid			11,098	
Closing balances				
Payable	3,468	3,470	9,967	9,967
Security deposit			11,098	11,098

28 Other expenses

Other expenses include cost allocation expenses of Rs 14,991 ('000) and travel expenses of Rs 1,756 ('000).

29 Penalties levied by the RBI

No penalty was levied on the Bank during the period ended March 31, 2011.

30 Disclosure of complaints

The following table sets forth status of customer complaints

	Particulars	March 31, 2011
a)	No. of complaints pending at the beginning of the period	-
b)	No. of complaints received during the period	-
c)	No. of complaints redressed during the period	-
d)	No. of complaints pending at the end of the period	-

The following table sets forth status of awards

	Particulars	March 31, 2011
a)	No. of unimplemented awards at the beginning of the period	-
b)	No. of awards passed by the Banking Ombudsmen during the period	-
c)	No. of awards implemented during the period	-
d)	No. of unimplemented awards at the end of the period	-

31 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

32 Comparative figures

In August 2010, the Bank's parent company, Credit Suisse AG, received the approval of the RBI for setting up a Bank branch. The Bank commenced its business from February 15, 2011 and hence comparative figures are not applicable for the Bank.

For **Credit Suisse AG - Mumbai branch**

sd/-	sd/-
Sanjeev Bajaj	Reetesh Gupta
Branch Manager	Vice President - Financial Accounting