

**Basel III: Pillar 3 Disclosures**
*as at 30 June 2015*

(Currency: Indian rupees in million)

**1. Capital Adequacy**
*Qualitative disclosures*

The CRAR of the Bank as at 30<sup>th</sup> June 2015 is 16.11% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement of 9%.

The Bank's capital management framework is guided by the existing capital position, financial estimates including level of NPA, provision for NPA, proposed growth and strategic direction. Growth opportunities coupled with current economic environment have resulted in an increasing and continuing need to focus on the effective management of risk, and commensurate capital to bear that risk. The Bank carefully assesses its growth opportunities relative to the capital available to support them, particularly in the light of the economic environment and capital requirements under Basel III. The Bank maintains a strong discipline over capital allocation and ensuring that returns on investment cover capital costs.

*Quantitative disclosures*

Particulars	30 Jun 15
A Capital requirements for Credit Risk ( <i>Standardised Approach</i> )	<b>20,686</b>
B Capital requirements for Market Risk ( <i>Standardised Duration Approach</i> )	
- Interest rate risk	<b>3,583</b>
- Foreign exchange risk	<b>360</b>
- Equity risk	<b>5</b>
C Capital requirements for Operational risk ( <i>Basic Indicator Approach</i> )	<b>1,613</b>
D CET1 Capital Ratio (%)	<b>10.17%</b>
E Tier1 Capital Ratio (%)	<b>10.17%</b>
F Total Capital Ratio (%)	<b>16.11%</b>

**2. General Disclosures**

As part of overall corporate governance, the Group Board has approved a comprehensive Integrated Risk Framework covering risk governance for all risk types and for all entities within the Group, including India. This framework defines authority levels, oversight responsibilities, policy structures and risk appetite limits to manage the risks that arise in connection with the use of financial instruments. On a day-to-day basis, business units have primary responsibility for managing specific risk exposures while Risk Management Group (RMG) exercises independent risk oversight on the Group as a whole. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Group as a whole.

**Basel III: Pillar 3 Disclosures (Continued)***as at 30 June 2015*

(Currency: Indian rupees in million)

**2. General Disclosures (Continued)****A) General Disclosures for Credit Risk*****Qualitative Disclosures*****Credit Risk Management Policy**

The credit policies and basic procedures of the Bank relating to its lending activities are contained in the Local Credit / Loan Policy of the Bank, Core Credit Policy at Singapore and the Credit Manual. These are based on the general credit principles, directives / guidelines issued by the RBI from time to time as well as instructions and guidelines of DBS Bank Ltd, Singapore (hereinafter referred to as 'the Head Office'). In the unlikely event of any conflict amongst the RBI guidelines and Head Office Guidelines, the more conservative policy / guideline is followed.

The Core Credit Policy and the Credit / Loan policy outlines the Bank's approach to Credit Risk Management and sets out the rules and guidelines under which the Bank would develop and grows its lending business. These policies provide guidance to the Bank's Corporate Banking, SME Banking and Financial Institutions Group to manage the growth of their portfolio of customer assets in line with the Bank's credit culture and profitability objectives, taking into account the capital needed to support the growth.

Supplementary policies to the main Core Credit Policy and the Credit / Loan policy have also been laid out, for certain types of lending and credit-related operations. These include subject specific policies relating to risk ratings, Default policy, Specialized Lending etc., as well as guidelines for Real Estate lending, NBFC lending, hedging of FX exposures, credit risk mitigation, sectoral and individual / group borrower limits, bridge loans, bill discounting, etc.

Responsibility for monitoring post-approval conditions and risk reporting resides with the Credit Control Unit (CCU), which reports in to Head of CCU in Singapore, with local oversight of the Senior Risk Executive (SRE) in India. The Risk Based Supervision (RBS) submission to RBI contains further details on the same.

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines as well as MAS Guidelines. NPA's are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI as well as MAS, using the more conservative approach wherever there is a difference.

***Quantitative Disclosures*****Credit Exposure**

<b>Particulars</b>	<b>30 Jun 15</b>
Fund Based (Gross Advances)	<b>157,340</b>
Non Fund Based *	<b>184,731</b>

\* The amount includes outstanding trade exposures after applying credit conversion factor and Credit equivalent of FX/derivative exposures.

The Bank does not have overseas operations and hence exposures are restricted to the domestic segment.

**Basel III: Pillar 3 Disclosures (Continued)**
*as at 30 June 2015*

(Currency: Indian rupees in million)

**2. General Disclosures (Continued)**
**Quantitative Disclosures (Continued)**
**Industry wise Exposures (Fund Based Advances)**

Industry	30 Jun 15
Construction	22,186
Bank Backed	19,567
Basic Metal & Metal products - Iron and Steel	14,023
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	10,903
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	9,613
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	7,819
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	5,739
Food Processing - Edible Oils and Vanaspati	5,457
Vehicles, Vehicle Parts and Transport Equipments	4,986
Infrastructure - Transport - Roadways	4,080
Infrastructure - Energy - others	3,862
Infrastructure - Electricity (generation-transportation and distribution)	3,497
All Engineering - Others	3,481
Paper and Paper Products	3,317
Food Processing - Others	3,272
Water sanitation	3,173
Transport Operators	2,889
Trading Activity	2,768
Mining and Quarrying - Others	2,581
All Engineering - Electronics	2,380
Metal and Metal Products	2,320
Rubber, Plastic and their Products	2,271
Other Industries	2,139
Computer Software	2,057
Non-Banking Financial Institutions/Companies	1,877
Beverages	1,621
Tourism, Hotel and Restaurants	1,412
Social & Commercial Infrastructure	1,288
Infrastructure - Telecommunication	1,188
Professional Services	833
Coal	754
Sugar	500
Textiles - Cotton	497
Retail	491
Textiles - Others	463
Wood and Wood Products	402
Transport	374
Tea	345
Glass & Glassware	328
Other Services	262
Leather and Leather products	150
Retail Trade	97
Cement and Cement Products	50
Gems and Jewellery	13
Wholesale Trade (other than Food Procurement)	8
Infrastructure - Transport - Waterways	7
<b>Total Credit Exposure</b>	<b>157,340</b>

**Basel III: Pillar 3 Disclosures (Continued)**
*as at 30 June 2015*

(Currency: Indian rupees in million)

**2. General Disclosures (Continued)**
**Quantitative Disclosures (Continued)**
**Industry wise Exposures (Non - Fund Based)\***

Industry	30 Jun 15
Financial Institutions / Advances backed by Banks	99,850
Non-Banking Financial Institutions/Companies	6,430
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	6,424
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	6,139
Infrastructure - Electricity (generation-transportation and distribution)	5,602
Trading Activity	5,534
Metal and Metal Products	5,491
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	5,397
Retail Others	5,026
Basic Metal & Metal products - Iron and Steel	4,066
Vehicles, Vehicle Parts and Transport Equipments	3,756
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	3,514
Infrastructure - Transport - Ports	2,887
All Engineering - Others	2,825
Infrastructure - Energy - others	2,751
Infrastructure - Telecommunication	1,934
Construction	1,658
Food Processing - Edible Oils and Vanaspati	1,394
Other Industries	1,376
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,310
Wholesale Trade (other than Food Procurement)	1,224
Computer Software	1,193
Rubber, Plastic and their Products	1,115
Cement and Cement Products	1,115
Other Services	1,066
All Engineering - Electronics	1,020
Tourism, Hotel and Restaurants	829
Professional Services	765
Paper and Paper Products	586
Infrastructure - Transport - Roadways	427
Transport Operators	424
Petro-chemicals	322
Mining and Quarrying - Others	304
Beverages	248
Food Processing - Others	235
Textiles - Others	170
Glass & Glassware	112
Agriculture & allied activities	66
Food Processing - Tea	55
Wood and Wood Products	41
Coal	23
Food processing – Coffee	19
Textiles - Cotton	8
<b>Total Credit Exposure</b>	<b>184,731</b>

\* The amount includes outstanding trade exposures after applying credit conversion factor and Credit equivalent of FX/derivative exposures.

**Basel III: Pillar 3 Disclosures (Continued)**
*as at 30 June 2015*

(Currency: Indian rupees in million)

**2. General Disclosures (Continued)**
**Maturity of Assets as at 30 June 2015**

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	34	1,121	11,200	76,404	22,331	-	11,181
2-7 days	-	1,007	-	3,712	7,260	-	155
8-14 Days	-	623	-	2,780	5,896	-	44
15-28 Days	-	630	-	2,622	17,068	-	430
29 Days-3 Months	-	1,695	-	8,957	30,271	-	1,592
3-6 Months	-	486	-	5,975	22,075	-	1,831
6 Months - 1 Year	-	161	-	9,789	14,351	-	2,988
1-3 Years	-	681	-	5,053	9,555	-	6,158
3-5Years	-	19	-	1,107	9,925	-	1,435
Over 5Years	-	2,800	-	14,995	11,383	559	28,582
<b>Total</b>	<b>34</b>	<b>9,223</b>	<b>11,200</b>	<b>131,394</b>	<b>150,115</b>	<b>559</b>	<b>54,396</b>

The classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the returns submitted to RBI.

**Basel III: Pillar 3 Disclosures (Continued)**
*as at 30 June 2015*

(Currency: Indian rupees in million)

**2. General Disclosures (Continued)**
**Classification of NPA's**

Particulars	30 Jun 15
Amount of NPAs (Gross)	13,226
Substandard	2,858
Doubtful 1	8,727
Doubtful 2	1,458
Doubtful 3	-
Loss	183

**Movement of NPAs and Provision for NPAs**

Particulars	30 Jun 15
<b>A</b> Amount of NPAs (Gross)	<b>13,226</b>
<b>B</b> Net NPAs	<b>6,163</b>
<b>C</b> NPA Ratios	
- Gross NPAs to gross advances (%)	<b>8.41%</b>
- Net NPAs to net advances (%)	<b>4.11%</b>
<b>D</b> Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	<b>12,839</b>
- Additions	<b>431</b>
- Reductions on account of recoveries/ write - offs	<b>44</b>
- Closing balance	<b>13,226</b>
<b>E</b> Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	<b>6,263</b>
- Provision made during the year	<b>813</b>
- Write - offs / Write - back of excess provision	<b>13</b>
- Closing balance	<b>7,063</b>

**General Provisions**

In accordance with RBI guidelines, the Bank maintains provision on standard advances, standard derivative exposures and provision on Unhedged Foreign Currency Exposure (UFCE). Movement in general provisions is detailed below

Particulars	30 Jun 15
Opening Balance	1,085
Add: Provisions Made During the Year	-
Less: Write off / Write back of Excess provisions during the Year	131
<b>Closing Balance</b>	<b>954</b>

**Basel III: Pillar 3 Disclosures (Continued)**
*as at 30 June 2015*

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**Amount of Non-Performing Investments and Provision for NPIs**

Particulars	30 Jun 15
A Amount of Non-Performing Investments (Gross)	45
B Amount of provisions held for non-performing investments	21

**Movement in Provisions Held towards Depreciation on Investments**

Particulars	30 Jun 15
Opening Balance	22
Add: Provisions Made During the Year	271
Less: Write off / Write back of Excess provisions during the Year	-
<b>Closing Balance</b>	<b>293</b>

**Industry wise NPAs**

Particulars	Amount of NPA	Specific Provision
Water sanitation	3,173	821
Infrastructure - Electricity (generation-transportation and distribution)	1,741	568
All Engineering - Others	1,166	1,166
Computer Software	1,150	1,005
Tourism, Hotel and Restaurants	1,113	281
Social & Commercial Infrastructure	1,010	683
Infrastructure - Transport - Roadways	923	661
Construction	713	344
Mining and Quarrying - Others	489	366
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	282	91
Metal and Metal Products	221	221
All Engineering - Electronics	218	33
Food Processing - Others	213	104
Rubber, Plastic and their Products	212	212
Vehicles, Vehicle Parts and Transport Equipments	183	183
Textiles - Others	147	75
Infrastructure - Telecommunication	144	144
Iron and Steel	92	69
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	29	29
Infrastructure - Transport - Waterways	7	7
<b>Total</b>	<b>13,226</b>	<b>7,063</b>

**Basel III: Pillar 3 Disclosures (Continued)**
*as at 30 June 2015*

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The Bank had made Specific Provisions (net of write-backs) of INR 800 million during the current period. Further, there were no write-offs during the current period.

**Industry wise Past Due Loans**

Particulars	30 Jun 15
Construction	3,134
Basic Metal & Metal products - Iron and Steel	2,628
Infrastructure - Transport - Roads & Bridges	2,258
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	1,520
Mining and Quarrying - Coal	754
Transport Operators	591
Infrastructure - Transport - Railway Track, tunnels, viaducts, bridges	374
Textiles - Cotton - Spinning Mills	347
Glass & Glassware	300
Infrastructure - Communication - Telecommunication and Telecom Services	293
Infrastructure - Social and Commercial Infrastructure -Education Institutions	277
All Engineering - Others	150
Tourism, Hotel and Restaurants	144
Basic Metal & Metal products - Other Metal and Metal Products	70
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	55
<b>Total</b>	<b>12,895</b>

**Ageing of Past Due Loans**

Particulars	30 Jun 15
Overdue upto 30 Days	<b>6,391</b>
Overdue between 31 and 60 Days	<b>754</b>
Overdue between 61 and 90 Days	<b>5,750</b>
<b>Total</b>	<b>12,895</b>

The Bank does not have overseas operations and hence amount of NPAs and past due loans are restricted to the domestic segment.



**Basel III: Pillar 3 Disclosures (Continued)***as at 30 June 2015*

(Currency: Indian rupees in million)

**3. Disclosures for Credit Risk: Portfolios subject to Standardised approach*****Qualitative Disclosures***

Currently based on our clientele, ratings of the following agencies have been used i.e. CARE, CRISIL, India Ratings and Research Private Ltd., ICRA, Brickwork, SME Rating Agency Pvt Ltd (SMERA) for domestic exposures and Standard & Poor's, Moody's and Fitch for foreign exposures. The Bank assigns Long term credit ratings accorded by the chosen credit rating agencies for assets which have a contractual maturity of more than one year. In accordance with RBI guidelines, the Bank classifies all cash credit exposures as long term exposures and accordingly the long term ratings accorded by the chosen credit rating agencies are assigned. Currently the Bank uses issuer ratings. In accordance with RBI guidelines, for risk-weighting purposes, short-term ratings are deemed to be issue-specific.

***Quantitative Disclosures***

Categorization of Net Advances \* classified on the basis of Risk Weightage is provided below:

<b>Particulars</b>	<b>30 Jun 15</b>
< 100 % Risk Weight	<b>81,641</b>
100 % Risk Weight	<b>52,566</b>
> 100 % Risk Weight	<b>15,908</b>
Deducted	-
<b>Total</b>	<b>150,115</b>

\* Net Advances are outstanding advances net of NPA provisions and provision for diminution in fair value of advances classified as Restructured Standard.

**LEVERAGE RATIO**

The leverage ratio has been calculated using the definitions of capital and total exposure. The Bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is as follows:

<b>Particulars</b>	<b>30 Jun 15</b>
Tier I Capital	<b>30,449</b>
Exposure Measure	<b>508,872</b>
<b>Leverage Ratio</b>	<b>5.98%</b>