

Basel III: Pillar 3 Disclosures*as at 30 June 2014*

(Currency: Indian rupees in thousands)

1. Capital Adequacy*Qualitative disclosures*

The CRAR of the Bank is 12.37% 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, proposed growth and strategic direction. Growth opportunities 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 June 14
A	Capital requirements for Credit Risk (<i>Standardised Approach</i>)	23,604,525
B	Capital requirements for Market Risk (<i>Standardised Duration Approach</i>)	
-	Interest rate risk	3,647,088
-	Foreign exchange risk	585,000
-	Equity risk	-
C	Capital requirements for Operational risk (<i>Basic Indicator Approach</i>)	1,629,653
D	CET1 Capital Ratio (%)	10.49%
E	Tier1 Capital Ratio (%)	10.49%
F	Total Capital Ratio (%)	12.37%

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 2014*

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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**

Particulars	30 June 14
Fund Based (Gross Advances)	158,594,100
Non Fund Based *	227,664,052

* The amount includes 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 2014

(Currency: Indian rupees in thousands)

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

Industry	30 June 14
Advances backed by Banks	26,534,190
Construction (incl Real Estate)	23,997,470
Basic Metal & Metal products - Iron and Steel	9,176,082
All Engineering - Others	6,233,711
Other Industries	6,210,745
Beverages	6,112,381
Infrastructure - Transport - Roadways	5,854,960
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	5,577,712
Food Processing - Edible Oils and Vanaspati	5,377,630
Non-Banking Financial Institutions/Companies	5,213,336
Water sanitation	5,084,129
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,735,489
Mining and Quarrying - Others	4,334,355
Metal and Metal Products	3,915,955
Paper and Paper Products	3,703,518
Infrastructure - Telecommunication	3,521,265
Vehicles, Vehicle Parts and Transport Equipments	3,394,299
Infrastructure - Electricity (generation-transportation and distribution)	3,165,204
All Engineering - Electronics	2,996,773
Trading Activity	2,696,019
Professional Services	2,528,041
Rubber, Plastic and their Products	2,222,416
Other Services	1,980,209
Computer Software	1,931,925
Transport Operators	1,378,049
Food Processing - Others	1,311,451
Tourism, Hotel and Restaurants	1,309,343
Textiles - Cotton	1,298,196
Glass & Glassware	1,050,000
Agriculture & allied activities	911,466
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	830,962
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	819,400
Coal	750,000
Textiles - Others	666,639
Cement and Cement Products	552,728
Transport	376,616
Infrastructure - Energy - others	270,518
Tea	260,000
Wood and Wood Products	205,916
Retail Trade	55,811
Infrastructure - Transport - Waterways	34,600
Gems and Jewellery	7,582
Retail Others	3,395
Wholesale Trade (other than Food Procurement)	2,873
Residual Advances	741
Total Credit Exposure	158,594,100

Basel III: Pillar 3 Disclosures (Continued)
as at 30 June 2014

(Currency: Indian rupees in thousands)

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

Industry	30 June 14
Bank / Financial Institutions	151,368,507
Infrastructure - Electricity (generation-transportation and distribution)	8,242,304
Trading Activity	8,058,344
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	5,360,481
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	5,176,503
Retail Others	4,719,485
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	3,895,938
Vehicles, Vehicle Parts and Transport Equipments	2,918,923
Infrastructure - Telecommunication	2,822,744
Non-Banking Financial Institutions/Companies	2,565,443
Basic Metal & Metal products - Iron and Steel	2,483,552
Infrastructure - Energy - others	2,427,245
Other Industries	2,417,286
Cement and Cement Products	2,228,354
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	2,133,927
Construction	2,119,000
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,784,649
All Engineering - Electronics	1,734,332
Metal and Metal Products	1,497,496
Food Processing - Edible Oils and Vanaspati	1,352,871
Professional Services	1,331,876
Other Services	1,271,359
Transport Operators	1,258,290
Rubber, Plastic and their Products	1,143,223
All Engineering - Others	1,024,897
Wholesale Trade (other than Food Procurement)	986,227
Mining and Quarrying - Others	847,686
Paper and Paper Products	797,841
Tourism, Hotel and Restaurants	780,437
Infrastructure - Transport - Roadways	760,077
Computer Software	460,648
Petro-chemicals	446,072
Beverages	246,425
Textiles - Others	179,219
Glass & Glassware	167,314
Agriculture & allied activities	142,660
Infrastructure - Water sanitation	109,995
Textiles - Cotton	98,063
Coal	92,871
Food Processing - Others	81,511
Food Processing - Tea	66,492
Food processing - Coffee	27,828
Shipping	24,600
Wood and Wood Products	10,549
Leather and Leather products	508
Total Credit Exposure	227,664,052

* The amount includes trade exposures after applying credit conversion factor and Credit equivalent of FX/derivative exposures. Further, exposure mentioned under 'Bank / Financial Institutions' above include 'Trade exposures' to QCCP.

Basel III: Pillar 3 Disclosures (Continued)
as at 30 June 2014

(Currency: Indian rupees in thousands)

3. General Disclosures (Continued)
Maturity of Assets as at 30 June 2014

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	31,309	136,910	6,152,209	72,958,394	12,792,143	-	438,054
2-7 days	-	1,058,558	-	3,943,405	9,696,798	-	87,914
8-14 Days	-	335,066	-	2,110,934	14,411,493	-	98,500
15-28 Days	-	369,612	-	2,483,879	19,421,821	-	138,620
29 Days-3 Months	-	1,438,187	601,750	12,555,142	33,139,540	-	321,574
3-6 Months	-	410,197	-	24,101,062	16,582,068	-	287,421
6 Months - 1 Year	-	442,907	-	35,749,813	10,184,403	-	383,047
1-3 Years	-	604,261	-	9,512,693	19,962,730	-	697,157
3-5 Years	-	24,865	-	142,537	13,949,917	-	217,387
Over 5 Years	-	1,971,145	-	13,055,713	1,155,872	472,551	86,372,208
Total	31,309	6,791,708	6,753,959	176,613,572	151,296,785	472,551	89,041,882

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 2014

(Currency: Indian rupees in thousands)

3. General Disclosures (Continued)
Classification of NPA's

Particulars	30 June 14
Amount of NPAs (Gross)	20,686,259
Substandard	16,337,179
Doubtful 1	3,424,673
Doubtful 2	924,407
Doubtful 3	-
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	30 June 14
A Amount of NPAs (Gross)	20,686,259
B Net NPAs	13,388,945
C NPA Ratios	
- Gross NPAs to gross advances (%)	13.04%
- Net NPAs to net advances (%)	8.85%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	21,156,381
- Additions	450,151
- Reductions on account of recoveries/ write - offs	920,273
- Closing balance	20,686,259
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	5,716,004
- Provision made during the year	1,724,899
- Write - offs / Write - back of excess provision	143,588
- Closing balance	7,297,315

Amount of Non-Performing Investments and amount of provisions held for non-performing investments: INR Nil

Movement in Provisions Held towards Depreciation on Investments

Particulars	30 June 14
Opening Balance	190,529
Add: Provisions Made During the Year	96,496
Less: Write off / Write back of Excess provisions during the Year	0
Closing Balance	287,025

Basel III: Pillar 3 Disclosures (*Continued*)*as at 30 June 2014*

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4. 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), Standards & Poors, Moody's and Fitch for all 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. However, 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 Advances (outstanding net of provisions) classified on the basis of Risk Weightage is provided below:

Particulars	30 June 14
< 100 % Risk Weight	66,033,386
100 % Risk Weight	55,329,002
> 100 % Risk Weight	29,934,397
Total	151,296,785