

Basel III: Pillar 3 Disclosures*as at 30 June 2017*

(Currency: Indian rupees in million)

1. Capital Adequacy*Qualitative disclosures*

The CRAR of the Bank is 15.22% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement (including CCB) of 10.25%.

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 Jun 17
A Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	31,042
B Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
- Interest rate risk	5,352
- Foreign exchange risk	360
- Equity risk	107
C Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,705
D CET1 Capital Ratio (%)	10.74%
E Tier1 Capital Ratio (%)	10.74%
F Total Capital Ratio (%)	15.22%

* Capital required is calculated at 8% of Risk Weighted Assets for CVA, Market Risk and Operational Risk and at 10.25% of Risk Weighted Assets for others.

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 Bank. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Group as a whole.

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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.

The Credit Risk management approach for Consumer banking business is derived from the Consumer Banking Credit Risk Policy (CBCRP), supplemented by the Risk Acceptance Criteria (RACs). These policies provide guidance on various aspects such as Policy Governance, Roles & Responsibilities, Credit Approval, Credit Management Process, evaluation of higher Risk Credits etc.

Responsibility for monitoring post-approval conditions 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 responsibility for risk reporting is with the Credit Risk - COO team which reports to the 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. NPA's are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

Quantitative Disclosures**Credit Exposure**

Particulars	30 Jun 17
Fund Based *	225,941
Non Fund Based **	211,145

* Represents Gross Advances and Bank exposures.

** Represents trade and unutilized 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.

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

Industry	30 Jun 17
Bank *	76,778
Construction	16,661
Infrastructure - Telecommunication	11,647
Gas/LNG (storage and pipeline)	10,541
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	10,441
Home Loan	9,190
Mining and Quarrying - Others	7,508
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	7,110
Basic Metal & Metal products - Iron and Steel	6,539
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	6,411
Vehicles, Vehicle Parts and Transport Equipments	5,756
Non-Banking Financial Institutions/Companies	5,536
Metal and Metal Products	4,627
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	4,179
Food Processing - Others	3,997
Infrastructure - Electricity (generation-transportation and distribution)	3,814
Food Processing - Edible Oils and Vanaspati	3,606
Paper and Paper Products	3,336
All Engineering - Others	3,187
Other Industries	2,810
Trading Activity	2,800
Rubber, Plastic and their Products	2,615
Loan Against Property	1,844
Retail Trade	1,805
All Engineering - Electronics	1,536
Transport Operators	1,303
Professional Services	1,228
Textiles - Others	1,180
Computer Software	1,152
Wholesale Trade (other than Food Procurement)	1,095
Other Services	1,062
Wood and Wood Products	840
Tourism, Hotel and Restaurants	837
Beverages	698
Infrastructure - Transport - Roadways	623
Tea	518
Leather and Leather products	361
Glass & Glassware	347
Coffee	268
Sugar	143
Cement and Cement Products	12
Total Credit Exposure (fund based)	225,941

* Includes advances covered by Letters of Credit issued by other Banks.

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

Industry	30 Jun 17
Banks	68,564
Financial Institutions	42,521
Infrastructure - Electricity (generation-transportation and distribution)	9,786
Metal and Metal Products	8,863
Retail Others	6,714
Non-Banking Financial Institutions/Companies	6,372
Trading Activity	6,249
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	6,182
Infrastructure - Transport - Ports	5,582
Construction	5,517
Other Industries	5,423
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	4,846
Infrastructure - Telecommunication	4,294
Vehicles, Vehicle Parts and Transport Equipments	3,069
Computer Software	2,530
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	2,378
Basic Metal & Metal products - Iron and Steel	2,356
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	2,328
Cement and Cement Products	2,027
Mining and Quarrying - Others	1,601
All Engineering - Electronics	1,595
Rubber, Plastic and their Products	1,444
Food Processing - Edible Oils and Vanaspati	1,189
All Engineering - Others	1,159
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	1,116
Professional Services	1,091
Paper and Paper Products	1,085
Food Processing - Others	1,023
Other Services	885
Infrastructure - Energy - others	879
Petro-chemicals	446
Textiles - Others	324
Transport Operators	323
Beverages	314
Wholesale Trade (other than Food Procurement)	251
Wood and Wood Products	238
Glass & Glassware	179
Coal	125
Infrastructure - Transport - Roadways	100
Food processing - Coffee	57
Food processing - Sugar	43
Infrastructure - Water sanitation	42
Food Processing - Tea	17

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

Industry (<i>Continued</i>)	30 Jun 17
Leather and Leather products	8
Tourism, Hotel and Restaurants	7
Shipping	2
Textiles - Spinning Mills	1
Total Credit Exposure (non-fund based)	211,145

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2. General Disclosures (*Continued*)
Maturity of Assets as at 30 June 2017

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	53	7,993	2,380	519	7,179	0	204
2-7 days	0	701	0	77,430	9,406	0	760
8-14 Days	0	512	0	5,363	2,063	0	67
15-30 Days	0	541	0	1,208	15,458	0	166
31 Days - 2 months	0	516	0	1,572	12,955	0	164
2-3 months	0	261	0	2,411	9,003	0	130
3-6 Months	0	454	0	2,368	36,275	0	420
6 Months – 1 Year	0	387	0	9,991	22,850	0	378
1-3 Years	0	364	1,615	2,421	58,288	0	846
3-5Years	0	355	20,342	1,174	3,894	0	76
Over 5Years	0	4,640	0	46,634	19,907	800	63,545
Total	53	16,724	24,337	1,51,091	1,97,278	800	66,756

Note: The same maturity bands as used for reporting positions in the ALM returns have been used by the Bank.

Basel III: Pillar 3 Disclosures (Continued)
as at 30 June 2017

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

Particulars	30 Jun 17
Amount of NPAs (Gross)	9,185
Substandard	3,667
Doubtful 1	3,652
Doubtful 2	1,282
Doubtful 3	584
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	30 Jun 17
A Amount of NPAs (Gross)	9,185
B Net NPAs	4,918
C NPA Ratios	
- Gross NPAs to gross advances (%)	4.56%
- Net NPAs to net advances (%)	2.49%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	8,384
- Additions	1,193
- Reductions on account of upgradations / recoveries / write - offs	392
- Closing balance	9,185
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	3,759
- Provision made during the period	645
- Write – offs / Write – back of excess provision	137
- Closing balance	4,267

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 17
Opening Balance	1,305
Add: Provisions Made During the period	-
Less: Write off / Write back of Excess provisions during the period	33
Closing Balance	1,272

Basel III: Pillar 3 Disclosures (Continued)
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Amount of Non-Performing Investments and Provision for NPIs

Non-Performing Investments and Provision for NPIs is given below:

Particulars	30 Jun 17
A Amount of Non-Performing Investments (Gross)	525
B Amount of provisions held for non-performing investments	67

Movement in Provisions held towards Depreciation on Investments

Movement in Provisions held towards Depreciation on Investments is given below:

Particulars	30 Jun 17
Opening Balance	440
Add: Provisions made during the year	67
Less: Write off / Write back of excess provisions during the period	-
Closing Balance	507

Industry wise Past Due Loans

Particulars	30 Jun 17
Basic Metal & Metal products - Iron and Steel	3,566
Infrastructure - Communication - Telecommunication and Telecom Services	3,000
Glass & Glassware	298
Rubber, Plastic and their Products	203
Tourism, Hotel and Restaurants	189
Paper and Paper Products	131
Wood and Wood Products	126
Trading Activity	80
Total	7,593

Ageing of Past Due Loans

Particulars	30 Jun 17
Overdue up to 30 Days	3,715
Overdue between 31 and 60 Days	378
Overdue between 61 and 90 Days	3,500
Total	7,593

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)
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Industry wise NPAs

Particulars	Amount of NPA	Specific Provision
Paper & Paper Products	2,583	1,038
Basic Metal & Metal products - Iron and Steel	2,145	552
Construction	1,761	755
Infrastructure - Transport - Roadways	623	435
Trading Activity	486	343
Computer Software	378	337
Food Processing - Edible Oils and Vanaspati	286	209
Professional Services	237	237
Electricity (generation-transportation and distribution) - Others	218	115
Textiles - Others	147	147
Gas/LNG (storage and pipeline)	145	22
Other Metal and Metal Products	143	55
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	22	11
Beverages (excluding Tea & Coffee) - Others	10	10
Retail Trade	1	1
Total	9,185	4,267

Industry wise General Provisions

Particulars	30 Jun 17
Banks	271
Infrastructure - Telecommunication	173
Construction	101
Financial Institutions	73
Non-Banking Financial Institutions/Companies	65
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	54
Retail Others	49
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	44
Other Industries	39
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	34
Mining and Quarrying - Others	32
Vehicles, Vehicle Parts and Transport Equipments	28
Food Processing - Edible Oils and Vanaspati	27
Basic Metal & Metal products - Iron and Steel	24
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	23
Food Processing - Others	22
All Engineering - Others	21
Infrastructure - Transport - Ports	20
Metal and Metal Products	19
Infrastructure - Electricity (generation-transportation and distribution)	18
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	17
Petro-chemicals	15
Rubber, Plastic and their Products	13

Basel III: Pillar 3 Disclosures (Continued)
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Industry wise General Provisions (Continued)

Particulars	30 Jun 17
Wholesale Trade (other than Food Procurement)	12
Other Services	12
Trading Activity	11
Transport Operators	7
Professional Services	7
All Engineering - Electronics	6
Textiles - Others	6
Tourism, Hotel and Restaurants	5
Wood and Wood Products	4
Paper and Paper Products	3
Computer Software	3
Infrastructure - Energy - Others	3
Beverages	3
Food Processing - Tea	3
Leather and Leather products	1
Glass & Glassware	1
Food processing - Coffee	1
Cement and Cement Products	1
Food Processing – Sugar	1
Total	1,272

Industry wise Specific Provisions (net of write-backs) during the period

Particulars	30 Jun 17
Construction	309
Paper and Paper Products	238
Metal and Metal Products	55
Basic Metal & Metal products - Iron and Steel	2
Other Industries	(17)
Beverages	(79)
Total	508

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

Industry wise write-off's

There were no write-off's during the current period.

Basel III: Pillar 3 Disclosures (Continued)*as at 30 June 2017*

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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), 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. The Bank uses both issue specific and issuer ratings. In accordance with RBI guidelines, for risk-weighting purposes, short-term ratings are deemed to be issue-specific.

Quantitative Disclosures

Categorization of Credit Exposures (Fund and Non Fund based) * classified on the basis of Risk Weightage is provided below:

Particulars	30 Jun 17
< 100 % Risk Weight	280,264
100 % Risk Weight	128,841
> 100 % Risk Weight	23,655
Total	432,760

* Credit Exposures are reported net of NPA provisions and provision for diminution in fair value of restructured advances classified as 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:

Particulars	30 Jun 17
Tier I Capital	43,520
Exposure Measure	614,936
Leverage Ratio	7.08%