

Basel III: Pillar 3 Disclosures
as at 30 June 2018

(Currency: Indian rupees in million)

1. Capital Adequacy
Qualitative disclosures

The CRAR of the Bank is 15.47% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement (including CCB) of 10.875%.

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 18
A Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	30,871
B Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
- Interest rate risk	5,959
- Foreign exchange risk	360
- Equity risk	96
C Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,661
D CET1 Capital Ratio (%)	10.59%
E Tier1 Capital Ratio (%)	10.59%
F Total Capital Ratio (%)	15.47%

* Capital required is calculated at 8% of Risk Weighted Assets for CVA, Market Risk and Operational Risk and at 10.875% of Risk Weighted Assets for others.

2. General Disclosures

As part of overall corporate governance, the Group has set up a framework which 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.

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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 other standards. 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 Policies and the Credit / Loan policy addendum 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, Financial Institutions Group and Consumer Banking 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, collateral valuation, collection management, etc.

Responsibility for monitoring post-approval conditions for institutional borrowers resides with the Credit Control Unit (CCU), which reports in to Head of CCU in Singapore, with local oversight of the Chief Risk Officer (CRO) in India. The responsibility for risk reporting is with the Credit Risk - COO team which reports to the CRO 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 18
Fund Based *	246,527
Non Fund Based **	222,032

* Represents Gross Advances and Bank exposures.

** Represents trade and unutilised 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 18
Bank *	80,844
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	15,275
Infrastructure - Telecommunication	13,326
Home Loan	12,128
Vehicles, Vehicle Parts and Transport Equipments	11,580
Construction	10,599
Basic Metal & Metal products - Iron and Steel	9,912
Trading Activity	9,172
Metal and Metal Products	9,026
Non-Banking Financial Institutions/Companies	8,658
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	8,224
Infrastructure - Electricity (generation-transportation and distribution)	6,857
Computer Software	5,738
Food Processing - Others	5,589
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	5,039
All Engineering - Others	3,990
Other Industries	3,756
Paper and Paper Products	3,108
Rubber, Plastic and their Products	2,980
Food Processing - Edible Oils and Vanaspati	2,763
Loan Against Property	2,541
Retail Trade	2,301
Textiles - Others	2,088
All Engineering - Electronics	1,388
Other Services	1,118
Wholesale Trade (other than Food Procurement)	1,116
Transport Operators	1,080
Petro-chemicals	1,044
Wood and Wood Products	917
Glass & Glassware	664
Infrastructure - Transport - Roadways	623
Tourism, Hotel and Restaurants	580
Tea	458
Beverages	398
Coffee	288
Infrastructure - Social and Commercial Infrastructure - Education Institutions	250
Leather and Leather products	234
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	199
Sugar	187
Cement and Cement Products	185
Agriculture & allied activities	150
Personal Loan	89
Professional Services	65
Total Credit Exposure (fund based)	246,527

* 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 18
Banks	80,566
Financial Institutions	56,011
Construction	9,483
Infrastructure - Electricity (generation-transportation and distribution)	8,876
Infrastructure - Transport - Ports	6,461
Non-Banking Financial Institutions/Companies	6,125
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4,829
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,395
Vehicles, Vehicle Parts and Transport Equipments	4,347
Retail Others	4,157
Computer Software	3,679
Trading Activity	3,599
Other Industries	3,277
Metal and Metal Products	3,048
Food Processing - Edible Oils and Vanaspati	3,028
All Engineering - Others	2,484
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,843
Infrastructure - Telecommunication	1,677
Basic Metal & Metal products - Iron and Steel	1,641
Food Processing - Others	1,414
Other Services	1,362
All Engineering - Electronics	1,320
Cement and Cement Products	1,283
Professional Services	1,235
Rubber, Plastic and their Products	1,229
Paper and Paper Products	980
Petro-chemicals	798
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	755
Textiles - Others	358
Beverages	334
Food processing - Coffee	334
Transport Operators	332
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	296
Wood and Wood Products	283
Wholesale Trade (other than Food Procurement)	94
Infrastructure - Water sanitation	21
Infrastructure - Transport - Roadways	19
Glass & Glassware	16
Mining and Quarrying - Others	15
Food Processing - Tea	9
Food processing - Sugar	6
Textiles - Cotton	6
Agriculture & allied activities	4
Leather and Leather products	3
Total Credit Exposure (non-fund based)	222,032

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3. General Disclosures (*Continued*)
Maturity of Assets as at 30 June 2018

Particulars	Cash	Balance with RBI	Balance with Banks	Investments (net of depreciation)	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	56	21,813	10,576	11,490	27,892	-	475
2-7 days	-	1,001	-	109,558	7,568	-	1,049
8-14 Days	-	426	-	9,573	1,964	-	103
15-30 Days	-	676	1,712	4,775	15,252	-	191
31 Days - 2 months	-	1,132	-	5,378	19,424	-	223
2-3 months	-	672	-	7,013	6,611	-	128
3-6 Months	-	730	-	3,467	20,687	-	225
6 Months - 1 Year	-	282	100	1,340	19,178	-	205
1-3 Years	-	918	5,135	4,362	50,067	-	552
3-5Years	-	703	31,154	3,954	2,422	-	298
Over 5Years	-	5,789	-	27,511	19,981	582	67,363
Total	56	34,142	48,677	188,421	191,046	582	70,812

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

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

Particulars	30 Jun 18
Amount of NPAs (Gross)	7,434
Substandard	639
Doubtful 1	3,457
Doubtful 2	1,908
Doubtful 3	1,430
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	30 Jun 18
A Amount of NPAs (Gross)	7,434
B Net NPAs	672
C NPA Ratios	
- Gross NPAs to gross advances (%)	3.76%
- Net NPAs to net advances (%)	0.35%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	9,382
- Additions	294
- Reductions on account of recoveries/ write - offs	2,242
- Closing balance	7,434
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	7,431
- Provision made during the year	646
- Write – offs / Write – back of excess provision	1,315
- Closing balance	6,762

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 18
Opening Balance	1,231
Add: Provisions Made During the Year	206
Less: Write off / Write back of Excess provisions during the Year	-
Closing Balance	1,437

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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 18
A Amount of Non-Performing Investments (Gross)	613
B Amount of provisions held for non-performing investments	172

Movement in Provisions held towards Depreciation on Investments

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

Particulars	30 Jun 18
Opening Balance	1,658
Add: Provisions made during the year	1,195
Less: Write off / Write back of excess provisions during the year	-
Closing Balance	2,853

Industry wise Past Due Loans

Particulars	30 Jun 18
Trading Activity	449
All Engineering - Electronics	297
All Engineering - Others	135
Paper and Paper Products	102
Rubber, Plastic and their Products	55
Basic Metal & Metal products - Iron and Steel	52
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	50
Basic Metal & Metal products - Other Metal and Metal Products	50
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	47
Vehicles, Vehicle Parts and Transport Equipments	27
Agriculture & allied activities	3
Total	1,267

Ageing of Past Due Loans

Particulars	30 Jun 18
Overdue upto 30 Days	856
Overdue between 31 and 60 Days	171
Overdue between 61 and 90 Days	240
Total	1,267

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

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Industry wise NPAs

Particulars	Amount of NPA	Specific Provision
Paper and Paper Products	2,319	2,271
Construction	1,761	1,648
Trading Activity	746	700
Infrastructure - Transport - Roadways	623	548
Computer Software	339	301
Food Processing - Edible Oils and Vanaspati	286	286
Infrastructure - Social and Commercial Infrastructure - Education Institutions	250	250
All Engineering - Electronics	218	218
Glass & Glassware	214	118
Other Metal and Metal Products	153	121
Textiles - Others	147	147
Gas/LNG (storage and pipeline)	145	77
Basic Metal & Metal products - Iron and Steel	124	45
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	51	14
Home Loan	37	6
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	21	12
Total	7,434	6,762

Industry wise General Provisions

Particulars	30 Jun 18
Banks	202
Infrastructure – Telecommunication *	155
Construction	114
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	88
Basic Metal & Metal products - Iron and Steel	87
Other Industries	82
Financial Institutions	81
Vehicles, Vehicle Parts and Transport Equipments	72
Non-Banking Financial Institutions/Companies	61
Retail Others	60
Trading Activity	48
Metal and Metal Products	46
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	39
Food Processing - Others	37
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	33
Infrastructure - Electricity (generation-transportation and distribution)	32
Computer Software	26
All Engineering - Others	23
Rubber, Plastic and their Products	23
Food Processing - Edible Oils and Vanaspati	18
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	12
Textiles - Others	9
Other Services	9
Infrastructure - Transport - Ports	9
Transport Operators	8

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Industry wise General Provisions (Continued)

Particulars	30 Jun 18
All Engineering - Electronics	7
Wood and Wood Products	7
Wholesale Trade (other than Food Procurement)	7
Food Processing - Tea	6
Paper and Paper Products	6
Petro-chemicals	5
Beverages	4
Professional Services	3
Leather and Leather products	3
Tourism, Hotel and Restaurants	3
Textiles - Cotton	2
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	2
Food processing - Sugar	2
Agriculture & allied activities	2
Glass & Glassware	2
Food processing - Coffee	1
Cement and Cement Products	1
Total	1,437

* Includes provision in accordance with RBI Circular RBI/2016-17/282/DBR.No.BP.BC.64/21.04.048/2016-17 dated 18th April 2017.

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

Particulars	30 Jun 18
Paper and Paper Products	211
Trading Activity	184
Construction	132
Infrastructure - Transport - Roadways	94
Glass & Glassware	13
Metal and Metal Products	12
Basic Metal & Metal products - Iron and Steel	(1,315)
Total	669

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

Particulars	30 Jun 18
Basic Metal & Metal products - Iron and Steel	1,028
Total	1,028

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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 18
< 100 % Risk Weight	323,186
100 % Risk Weight	11 9,450
> 100 % Risk Weight	19,119
Total	461,755

* 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 18
Tier I Capital	41,825
Exposure Measure	702,444
Leverage Ratio	5.95%