

Basel III: Pillar 3 Disclosures*as at 31 December 2019*

(Currency: Indian rupees in million)

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

The CRAR of the Bank is 19.45% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement (including CCB) of 12.50%.

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 ensures that returns on investment cover capital costs.

Quantitative disclosures

Particulars		31 Dec 19
A	Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	35,589
B	Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
-	Interest rate risk	6,050
-	Foreign exchange risk	360
-	Equity risk	7
C	Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,728
D	CET1 Capital Ratio (%)	14.40%
E	Tier1 Capital Ratio (%)	14.40%
F	Total Capital Ratio (%)	19.45%

* Capital required is calculated at 8% of Risk Weighted Assets for CVA, Market Risk and Operational Risk and at 12.50% of Risk Weighted Assets for others.

2. General Disclosures

As part of overall corporate governance, the Bank 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 Bank as a whole. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Bank.

Under the DBS India risk governance structure, the India Risk Exco ('Risk EXCO') serves as the Location Risk Committee for governance over Credit, Market & Liquidity, Operational Risk and other risks under the supervision of Board Risk Management

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Committee (BRMC). The BRMC oversees the risk governance, risk approaches and limits of DBS India and ensures that these risks are effectively managed within the bank's overall risk governance framework

The responsibilities of the committees are summarized below:

India Board Risk Management Committee (BRMC)

- Oversees the risk governance, risk approaches and limits of DBS India and ensures that these risks are effectively managed within the Bank's overall risk governance framework.
- Approves the Bank's overall and specific risk governance approach including risk appetite approach, risk authority limits, major risk policies and significant changes thereto.
- Approves risk models which are used for capital computation and monitor the performance of previously approved models.
- Reviews (in parallel with the Board Audit Committee) the adequacy and effectiveness of the Bank's internal control approach.

India Risk Exco ("Risk EXCO")

- Serves as the Local Risk Committee for governance over counterparty credit risk, operational risk, market risk, liquidity risk and cross-risk stress-testing for major downside risks.
- Monitors and discusses the Bank's risk profiles, as well as market and regulatory developments.
- Oversees the Internal Capital Adequacy Assessment Process (ICAAP) including scenarios used and approve risk assessments results.
- Serves as a discussion forum for any matter escalated by the underlying risk committees and endorse India specific risk policies and local adoption of Group policies as required, before recommendation to India Board for approval.

India Credit Risk Committee (CRC)

- To review, measure and monitor DBIL's credit risk portfolio including special loan and asset review situations e.g. review of non-performing loans and credits showing weaknesses.
- Review and monitor the adequacy, accuracy and effectiveness of credit systems for credit risk management and credit risk control.
- Assess and monitor specific credit concentrations at business or sector level and credit trends affecting the portfolio; implementing necessary policies or procedures to manage identified risks.
- Assess and monitor key policy deviations e.g. overdue credit reviews, Target Market and Risk Acceptance Criteria (TMRAC) deviations and / or regulatory allowances specific to the bank.
- Endorse local credit policies for approvals.
- Exercise active oversight to ensure continuing appropriateness of stress testing in accordance with the responsibilities delegated from time to time and as documented in the Credit Stress Testing Policy.

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

The management of Credit Risk including concentration credit risk requires active oversight by India Credit Risk Committee (CRC), India Risk Executive Committee (India Risk Exco) and India Board Risk Management Committee (India BRMC). The India Risk Exco and CRC have adequate understanding of inherent credit risks in specific activities of the Bank, particularly those that may significantly affect the financial condition of the Bank. The India Risk Exco and CRC are responsible to formulate/review credit risk policy, credit risk strategy and risk exposure of the Bank. The credit risk policy is endorsed by the CRC and Board Risk Management Committee (India BRMC) and approved by the Board.

The credit policies and basic procedures of the Bank relating to its lending activities are contained in the India specific Local Credit / Loan Policy of the Bank as well as Group Core Credit Policies and other standards followed across all DBS group entities. 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 Parent”). In the unlikely event of any conflict amongst the RBI guidelines and Parent’s Guidelines, the more conservative policy / guideline is followed.

The Group Core Credit Policies and the India 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 grow 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 Group Core Credit Policy and the India Credit / Loan policies 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.

The India Credit Risk Committee, comprising Chief Executive Officer, Chief Risk Officer and other senior Institutional Banking Group and Consumer Banking Group representatives and Credit Officers, and Head of Special Assets Management meets on a monthly basis. The committee has oversight of Credit risk related strategy planning, implementing necessary guidelines, procedures to manage identified risks, credit portfolio movements and other relevant trends in the Credit Risk Committee and shared with DBS Group, as required.

Responsibility for monitoring post-approval conditions for institutional borrowers resides with the Credit Control Unit (“CCU”), which reports to the Chief Risk Officer (“CRO”) in India. The responsibility for risk reporting is with the Credit Risk – Chief Operating Office team which reports to the CRO in India. The Risk Based Supervision (RBS) submission to RBI contains further details on the same.

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

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	31 Dec 19
Fund Based *	243,336
Non Fund Based **	228,338

* 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	31 Dec 19
Bank *	60,549
Other Industries	15,696
Construction	15,063
Infrastructure - Electricity (generation-transportation and distribution)	14,646
Computer Software	13,336
Non-Banking Financial Institutions/Companies	11,768
Vehicles, Vehicle Parts and Transport Equipments	11,662
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	11,463
Home Loan	8,484
Infrastructure - Telecommunication	7,562
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	7,376
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	6,753
Wholesale Trade (other than Food Procurement)	5,678
Other Services	5,563
Metal and Metal Products	5,532
Trading Activity	4,862
All Engineering - Others	4,588
Basic Metal & Metal products - Iron and Steel	3,652
Rubber, Plastic and their Products	3,466
Textiles - Others	3,143
Retail Trade	3,105
Food Processing - Others	2,946
All Engineering - Electronics	2,400
Loan Against Property	2,366
Transport Operators	1,586
Personal Loan	1,568
Paper and Paper Products	1,073
Petro-chemicals	892
Glass & Glassware	729
Food Processing - Edible Oils and Vanaspati	694
Wood and Wood Products	640
Infrastructure - Transport - Roadways	613
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	563
Mining and Quarrying - Others	521
Textiles - Cotton	464
Tourism, Hotel and Restaurants	409
Tea	373
Leather and Leather products	301
Social & Commercial Infrastructure	269
Coffee	236
Cement and Cement Products	200
Sugar	189
Beverages	167
Agriculture & allied activities	111
Infrastructure - Social and Commercial Infrastructure -Education Institutions	79
Total Credit Exposure (fund based)	243,336

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

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

Industry	31 Dec 19
Financial Institutions	78,468
Banks	58,240
Non-Banking Financial Institutions/Companies	12,656
Construction	7,740
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	7,152
All Engineering - Others	6,576
Food Processing - Edible Oils and Vanaspati	5,933
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	5,652
Infrastructure - Transport - Ports	5,147
Infrastructure - Electricity (generation-transportation and distribution)	4,527
Other Industries	4,013
Trading Activity	3,886
Retail Others	3,007
Other Services	2,388
Vehicles, Vehicle Parts and Transport Equipments	2,275
Metal and Metal Products	1,870
Wholesale Trade (other than Food Procurement)	1,831
All Engineering - Electronics	1,779
Cement and Cement Products	1,724
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,686
Computer Software	1,612
Basic Metal & Metal products - Iron and Steel	1,204
Food Processing - Others	1,158
Rubber, Plastic and their Products	1,093
Infrastructure - Telecommunication	877
Textiles - Others	820
Aviation	722
Infrastructure - Others	718
Petro-chemicals	559
Beverages	532
Paper and Paper Products	502
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	461
Transport Operators	410
Professional Services	363
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	286
Wood and Wood Products	217
Textiles - Cotton	100
Glass & Glassware	63
Food processing - Coffee	35
Leather and Leather products	18
Food Processing - Tea	17
Tourism, Hotel and Restaurants	13

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

Agriculture & allied activities	4
Food processing - Sugar	2
Mining and Quarrying – Others	1
Infrastructure - Water sanitation	1
Total Credit Exposure (non-fund based)	228,338

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2. General Disclosures (Continued)
Maturity of Assets as at 31 December 2019

Particulars	Cash	Balance with RBI	Balance with Banks	Investments (net of depreciation)	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	109	3,759	6,847	140,784	5,062	-	1,804
2-7 days	-	759	-	7,497	1,535	-	26
8-14 Days	-	444	-	1,479	1,180	-	28
15-30 Days	-	486	-	1,313	16,999	-	134
1 month - 2 months	-	480	-	2,406	9,820	-	89
2-3 months	-	309	75	1,142	10,198	-	87
3-6 Months	-	438	25	4,003	28,150	-	240
6 Months – 1 Year	-	384	3,569	561	3,490	-	113
1-3 Years	-	1,257	23,557	3,656	43,179	-	564
3-5Years	-	349	16,061	10,214	4,753	-	396
Over 5Years	-	5,522	-	32,114	62,965	750	66,549
Total	109	14,187	50,134	205,169	187,331	750	70,030

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

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

Particulars	31 Dec 19
Amount of NPAs (Gross)	6,934
Substandard	1,216
Doubtful 1	1,215
Doubtful 2	2,434
Doubtful 3	2,069
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	31 Dec 19
A Amount of NPAs (Gross)	6,934
B Net NPAs	1,064
C NPA Ratios	
- Gross NPAs to gross advances (%)	3.59%
- Net NPAs to net advances (%)	0.57%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	5,832
- Additions	1,380
- Reductions on account of recoveries/ write - offs	278
- Closing balance	6,934
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	5,243
- Provision made during the year	897
- Write – offs / Write – back of excess provision	270
- Closing balance	5,870

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	31 Dec 19
Opening Balance	1,239
Add: Provisions Made During the Year	38
Less: Write off / Write back of Excess provisions during the Year	-
Closing Balance	1,277

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Amount of Non-Performing Investments and Provision for NPIs

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

Particulars	31 Dec 19
A Amount of Non-Performing Investments (Gross)	358
B Amount of provisions held for non-performing investments	281

Movement in Provisions held towards Depreciation on Investments

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

Particulars	31 Dec 19
Opening Balance	1,239
Add: Provisions made during the year	-
Less: Write off / Write back of excess provisions during the year	434
Closing Balance	805

Industry wise Past Due Loans

Particulars	31 Dec 19
Trading Activity	357
Rubber, Plastic and their Products	189
All Engineering - Others	82
Basic Metal & Metal products - Iron and Steel	68
Paper and Paper Products	39
Basic Metal & Metal products - Other Metal and Metal Products	30
Vehicles, Vehicle Parts and Transport Equipments	22
Total	787

Ageing of Past Due Loans

Particulars	31 Dec 19
Overdue upto 30 Days	605
Overdue between 31 and 60 Days	-
Overdue between 61 and 90 Days	182
Total	787

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
Construction	1,709	1,709
Trading Activity	1,290	1,136
All Engineering - Others	1,138	354
Infrastructure - Transport - Roadways	613	613
Paper and Paper Products	482	482
Computer Software	323	323
All Engineering - Electronics	218	218
Glass & Glassware	185	185
Textiles - Others	147	147
Gas/LNG (storage and pipeline)	145	109
Transport Operators	137	130
Food Processing - Edible Oils and Vanaspati	134	134
Basic Metal & Metal products - Iron and Steel	99	86
Home Loans	78	16
Infrastructure - Social and Commercial Infrastructure -Education Institutions	77	77
Other Metal and Metal Products	75	75
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	51	51
Personal Loans	33	25
Total	6,934	5,870

Industry wise General Provisions

Particulars	31 Dec 19
Infrastructure - Electricity (generation-transportation and distribution)	119
Financial Institutions	107
Other Industries	99
Non-Banking Financial Institutions/Companies	99
Construction	94
Banks	90
Other Services	61
Vehicles, Vehicle Parts and Transport Equipments	59
Computer Software	55
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	53
Wholesale Trade (other than Food Procurement)	40
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	40
Trading Activity	37
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	35
Metal and Metal Products	33
Infrastructure - Telecommunication	31
Rubber, Plastic and their Products	28
Retail Others	25
Food Processing - Others	23
Basic Metal & Metal products - Iron and Steel	22
Infrastructure - Others	21
All Engineering - Others	18
Textiles - Others	17

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Industry wise General Provisions (Continued)

Particulars	31 Dec 19
All Engineering - Electronics	14
Textiles - Cotton	10
Transport Operators	9
Paper and Paper Products	4
Petro-chemicals	4
Glass & Glassware	3
Food processing - Coffee	3
Wood and Wood Products	3
Infrastructure – Transport - Ports	3
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	2
Food Processing - Edible Oils and Vanaspati	2
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	2
Mining and Quarrying - Others	2
Tourism, Hotel and Restaurants	2
Cement and Cement Products	2
Food Processing - Tea	2
Beverages	1
Leather and Leather products	1
Total	1,277

Industry wise Specific Provisions (net of write-backs)

Particulars	31 Dec 19
Trading Activity	387
All Engineering - Others	319
Glass & Glassware	67
Retail Others	32
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	25
Paper and Paper Products	3
Personal Loan	(5)
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	(12)
Computer Software	(16)
Construction	(23)
Food Processing - Edible Oils and Vanaspati	(150)
Total	627

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	31 Dec 19
Personal Loan	45
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	4
Total	49

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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. For the mortgage loans portfolio, risk weight is derived as per LTV ratio.

Quantitative Disclosures

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

Particulars	31 Dec 19
< 100 % Risk Weight	321,977
100 % Risk Weight	136,660
> 100 % Risk Weight	7,167
Total	465,804

* 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	31 Dec 19
Tier I Capital	57,102
Exposure Measure	710,259
Leverage Ratio	8.04%