

Basel III: Pillar 3 Disclosures*as at 31 December 2018*

(Currency: Indian rupees in million)

1. Capital Adequacy*Qualitative disclosures*

The CRAR of the Bank is 18.96% 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	31 Dec 18
A Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	31,508
B Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
- Interest rate risk	5,325
- Foreign exchange risk	360
- Equity risk	53
C Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,662
D CET1 Capital Ratio (%)	14.00%
E Tier1 Capital Ratio (%)	14.00%
F Total Capital Ratio (%)	18.96%

* 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	31 Dec 18
Fund Based *	251,485
Non Fund Based **	238,173

* 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 18
Bank *	82,872
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	16,943
Non-Banking Financial Institutions/Companies	16,805
Construction	14,400
Vehicles, Vehicle Parts and Transport Equipments	12,026
Home Loan	10,876
Infrastructure - Electricity (generation-transportation and distribution)	9,612
Metal and Metal Products	8,113
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	7,315
Trading Activity	7,169
Other Industries	6,881
Infrastructure - Telecommunication	6,422
Computer Software	6,284
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,954
Basic Metal & Metal products - Iron and Steel	4,315
Food Processing - Others	4,162
All Engineering - Others	3,660
Rubber, Plastic and their Products	3,446
Retail Trade	2,975
Textiles - Others	2,752
All Engineering - Electronics	2,610
Loan Against Property	2,438
Petro-chemicals	1,699
Paper and Paper Products	1,678
Transport Operators	1,675
Wholesale Trade (other than Food Procurement)	1,490
Residuary Other Advances	1,204
Wood and Wood Products	939
Food Processing - Edible Oils and Vanaspati	910
Other Services	844
Glass & Glassware	664
Infrastructure - Transport - Roadways	613
Personal Loan	410
Tea	405
Tourism, Hotel and Restaurants	399
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	372
Leather and Leather products	322
Infrastructure - Social and Commercial Infrastructure - Education Institutions	252
Coffee	215
Sugar	143
Cement and Cement Products	124
Beverages	97
Total Credit Exposure (fund based)	251,485

* 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	31 Dec 18
Banks	81,000
Financial Institutions	66,531
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	11,145
Infrastructure - Electricity (generation-transportation and distribution)	9,832
Construction	9,526
Infrastructure - Telecommunication	6,923
Infrastructure - Transport - Ports	5,355
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,762
Other Industries	4,442
Trading Activity	3,760
Retail Others	3,689
Non-Banking Financial Institutions/Companies	3,667
Food Processing - Edible Oils and Vanaspati	3,456
Computer Software	3,204
Metal and Metal Products	2,710
Vehicles, Vehicle Parts and Transport Equipments	2,283
Food Processing - Others	2,256
Other Services	1,663
All Engineering - Electronics	1,590
Cement and Cement Products	1,500
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,363
Basic Metal & Metal products - Iron and Steel	1,255
All Engineering - Others	1,253
Rubber, Plastic and their Products	942
Petro-chemicals	744
Textiles - Others	419
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	402
Transport Operators	381
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	348
Professional Services	337
Food processing - Coffee	336
Beverages	296
Wholesale Trade (other than Food Procurement)	267
Paper and Paper Products	177
Wood and Wood Products	169
Mining and Quarrying - Others	55
Infrastructure - Others	34
Food processing - Sugar	31
Leather and Leather products	23
Infrastructure - Water sanitation	22
Textiles - Cotton	14
Food Processing - Tea	11
Total Credit Exposure (non-fund based)	238,173

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2. General Disclosures (*Continued*)
Maturity of Assets as at 31 December 2018

Particulars	Cash	Balance with RBI	Balance with Banks	Investments (net of depreciation)	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	51	15,654	11,268	94,269	2,668	-	1,030
2-7 days	-	757	-	9,458	9,956	-	150
8-14 Days	-	622	-	1,573	3,431	-	36
15-30 Days	-	428	-	3,213	27,120	-	201
31 Days - 2 months	-	397	-	1,587	17,990	-	133
2-3 months	-	298	-	1,184	17,978	-	129
3-6 Months	-	523	100	14,844	26,135	-	315
6 Months - 1 Year	-	762	-	7,498	6,658	-	137
1-3 Years	-	704	8,722	4,761	54,927	-	481
3-5Years	-	511	33,492	12,407	2,476	-	426
Over 5Years	-	5,012	-	40,287	23,168	572	69,026
Total	51	25,668	53,582	191,081	192,507	572	72,064

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

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

Particulars	31 Dec 18
Amount of NPAs (Gross)	6,037
Substandard	1,125
Doubtful 1	157
Doubtful 2	3,086
Doubtful 3	1,669
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	31 Dec 18
A Amount of NPAs (Gross)	6,037
B Net NPAs	640
C NPA Ratios	
- Gross NPAs to gross advances (%)	3.05%
- Net NPAs to net advances (%)	0.33%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	9,382
- Additions	893
- Reductions on account of recoveries/ write - offs	4,238
- Closing balance	6,037
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	7,431
- Provision made during the year	1,196
- Write – offs / Write – back of excess provision	3,230
- Closing balance	5,397

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 18
Opening Balance	1,231
Add: Provisions Made During the Year	85
Less: Write off / Write back of Excess provisions during the Year	-
Closing Balance	1,316

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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 18
A Amount of Non-Performing Investments (Gross)	419
B Amount of provisions held for non-performing investments	204

Movement in Provisions held towards Depreciation on Investments

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

Particulars	31 Dec 18
Opening Balance	1,658
Add: Provisions made during the year	40
Less: Write off / Write back of excess provisions during the year	-
Closing Balance	1,698

Industry wise Past Due Loans

Particulars	31 Dec 18
Construction	490
Trading Activity	256
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	119
All Engineering - Others	116
Vehicles, Vehicle Parts and Transport Equipments	93
Total	1,074

Ageing of Past Due Loans

Particulars	31 Dec 18
Overdue upto 30 Days	532
Overdue between 31 and 60 Days	542
Overdue between 61 and 90 Days	-
Total	1,074

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	1,732	1,732
Trading Activity	928	749
Infrastructure - Transport - Roadways	613	613
Paper and Paper Products	479	477
Computer Software	339	339
Food Processing - Edible Oils and Vanaspati	286	286
Infrastructure - Social and Commercial Infrastructure - Education Institutions	250	250
All Engineering - Others	237	36
All Engineering - Electronics	218	218
Glass & Glassware	214	118
Transport Operators	158	130
Textiles - Others	147	147
Gas/LNG (storage and pipeline)	145	108
Basic Metal & Metal products - Iron and Steel	119	85
Other Metal and Metal Products	63	63
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	51	26
Home Loans	33	5
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	21	12
Personal Loans	4	3
Total	6,037	5,397

Industry wise General Provisions

Particulars	31 Dec 18
Banks	166
Retail Others	121
Construction	114
Financial Institutions	96
Non-Banking Financial Institutions/Companies	83
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	79
Vehicles, Vehicle Parts and Transport Equipments	75
Other Industries	61
Trading Activity	47
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	41
Metal and Metal Products	38
Food Processing - Others	36
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	35
Computer Software	32
Basic Metal & Metal products - Iron and Steel	31
Infrastructure - Others	31
Infrastructure - Telecommunication	29
All Engineering - Others	28
Rubber, Plastic and their Products	25
Infrastructure - Electricity (generation-transportation and distribution)	20
Wholesale Trade (other than Food Procurement)	15
All Engineering - Electronics	13
Textiles - Others	12
Food Processing - Edible Oils and Vanaspati	11

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Industry wise General Provisions (Continued)

Particulars	31 Dec 18
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	11
Infrastructure - Transport - Ports	8
Wood and Wood Products	7
Transport Operators	6
Petro-chemicals	6
Textiles - Cotton	6
Other Services	5
Paper and Paper Products	5
Food Processing - Tea	5
Food processing - Coffee	3
Retail Loan - Other Retail Loans	2
Tourism, Hotel and Restaurants	2
Glass & Glassware	2
Food processing - Sugar	2
Cement and Cement Products	2
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	1
Professional Services	1
Leather and Leather products	1
Agriculture & allied activities	1
Beverages	1
Total	1,316

Industry wise Specific Provisions (net of write-backs)

Particulars	31 Dec 18
Trading Activity	234
Construction	216
Infrastructure - Transport - Roadways	159
Transport Operators	130
Computer Software	37
All Engineering - Others	36
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	31
Glass & Glassware	13
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	12
Personal Loan	2
Metal and Metal Products	(46)
Basic Metal & Metal products - Iron and Steel	(1,275)
Paper and Paper Products	(1,583)
Total	(2,034)

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 18
Paper and Paper Products	1,041
Basic Metal & Metal products – Iron and Steel	1,028
Personal Loan	1
Total	2,070

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

Currently based on the Bank's 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. Further, 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	31 Dec 18
< 100 % Risk Weight	343,751
100 % Risk Weight	123,061
> 100 % Risk Weight	17,449
Total	484,261

* 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 18
Tier I Capital	55,009
Exposure Measure	713,475
Leverage Ratio	7.71%