DBS Bank Ltd., India

Basel III: Pillar 3 Disclosure as at 31 March 2018

(Currency: Indian rupees in million)

1. **Scope of application**

Qualitative Disclosures

DBS Bank Ltd., India ('the Bank') operates in India as a branch of DBS Bank Ltd., Singapore a banking entity incorporated in Singapore with limited liability. As at 31 March 2018, the Bank has a presence of 12 branches across 12 cities. The Bank does not have any subsidiaries in India nor any interest in Insurance Entities. Thus, the disclosures contained herein only pertain to the Bank.

a. List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation
Not Applicable					

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
DBS Asia Hub 2 Private Limited	IT and Business Support Services to group entities	869.90 *	-	NA	1,097.60 *

* Per Audited Financial Statements as at 31st March 2017.

c. List of group entities considered for consolidation

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Not Applicable			

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
Not Applicable				

e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Not Applicable				

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

2. **Capital Adequacy**

Qualitative disclosures

The CRAR of the Bank is 16.14% 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 Mar 18
A	Capital requirements for Credit Risk *(Standardised Approach)* *	29,368
B	Capital requirements for Market Risk *(Standardised Duration Approach)* *	
	- Interest rate risk	5,683
	- Foreign exchange risk	360
	- Equity risk	158
C	Capital requirements for Operational risk *(Basic Indicator Approach)* *	1,705
D	CET1 Capital Ratio (%)	11.34%
E	Tier1 Capital Ratio (%)	11.34%
F	Total Capital Ratio (%)	16.14%

* 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.

3. **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.

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 Mar 18
Fund Based *	224,541
Non Fund Based **	208,062

* 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.

Industry wise Exposures (Fund Based exposures)

Industry	31 Mar 18
Bank *	76,312
Metal and Metal Products	14,169
Construction	13,404
Home Loan	12,655
Vehicles, Vehicle Parts and Transport Equipments	10,337
Non-Banking Financial Institutions/Companies	9,000
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	8,282

DBS

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Industry	31 Mar 18
Infrastructure - Telecommunication	7,951
Trading Activity	6,826
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	6,549
Basic Metal & Metal products - Iron and Steel	6,546
Food Processing - Others	4,640
Computer Software	4,638
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,446
Other Industries	4,061
Infrastructure - Electricity (generation-transportation and distribution)	3,932
All Engineering - Others	3,668
Paper and Paper Products	3,125
Rubber, Plastic and their Products	2,882
Food Processing - Edible Oils and Vanaspati	2,591
Textiles - Others	2,531
Loan Against Property	2,391
Retail Trade	1,528
Other Services	1,184
Transport Operators	1,120
All Engineering - Electronics	1,117
Petro-chemicals	1,017
Oil (storage and pipeline)	972
Wholesale Trade (other than Food Procurement)	920
Wood and Wood Products	854
Textiles - Cotton	847
Cement and Cement Products	684
Infrastructure - Transport - Roadways	623
Tourism, Hotel and Restaurants	535
Tea	450
Glass & Glassware	298
Professional Services	282
Coffee	276
Infrastructure - Social and Commercial Infrastructure -Education Institutions	250
Leather and Leather products	228
Beverages	189
Sugar	132
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	49
Agriculture & allied activities	49
Personal Loan	1
Total Credit Exposure (fund based)	**224,541**

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

Industry wise Exposures (Non - Fund Based exposures)

Industry	31 Mar 18
Banks	74,294
Financial Institutions	40,149
Construction	8,810
Infrastructure - Electricity (generation-transportation and distribution)	8,559
Infrastructure - Transport - Ports	6,961
Other Industries	6,687
Non-Banking Financial Institutions/Companies	6,603
Vehicles, Vehicle Parts and Transport Equipments	6,085
Metal and Metal Products	5,420
Infrastructure - Telecommunication	4,640
Trading Activity	3,723
Retail Others	3,405
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	3,319
Computer Software	2,965
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	2,781
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	2,448
All Engineering - Electronics	2,149
Basic Metal & Metal products - Iron and Steel	2,077

Industry	31 Mar 18
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	2,075
Rubber, Plastic and their Products	1,752
All Engineering - Others	1,700
Other Services	1,663
Cement and Cement Products	1,483
Food Processing - Edible Oils and Vanaspati	1,449
Professional Services	1,315
Paper and Paper Products	1,290
Food Processing - Others	780
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	756
Petro-chemicals	516
Wood and Wood Products	494
Food processing - Coffee	339
Beverages	304
Transport Operators	264
Textiles - Others	247
Glass & Glassware	215
Wholesale Trade (other than Food Procurement)	142
Infrastructure - Transport - Roadways	63
Mining and Quarrying - Others	49
Food processing - Sugar	40
Infrastructure - Water sanitation	20
Food Processing - Tea	13
Textiles - Cotton	9
Leather and Leather products	9
Total Credit Exposure (non-fund based)	**208,062**

Maturity of Assets as at 31 March 2018

Particulars	Cash	Balance with RBI	Balance with Banks	Investments (net of depreciation)	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	47	8,901	7,014	1,172	13,183	-	290
2–7 days	-	676	-	87,131	8,842	-	1,840
8–14 Days	-	799	-	3,721	7,520	-	126
15-30 Days	-	637	-	5,198	26,858	-	325
31 Days - 2 months	-	1,090	-	10,044	12,718	-	322
2-3 months	-	593	100	2,761	8,758	-	132
3–6 Months	-	1,253	1,629	8,068	33,727	-	446
6 Months – 1 Year	-	661	-	9,782	12,755	-	368
1–3 Years	-	746	4,888	11,036	21,579	-	738
3–5Years	-	688	24,767	5,422	2,645		244
Over 5Years	-	5,257	-	33,642	30,086	645	46,662
Total	**47**	**21,301**	**38,398**	**177,977**	**178,671**	**645**	**51,493**

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

Classification of NPA's

Particulars	31 Mar 18
Amount of NPAs (Gross)	9,382
Substandard	1,161
Doubtful 1	4,883
Doubtful 2	1,908
Doubtful 3	1,430
Loss	-

Movement of NPAs and Provision for NPAs

	Particulars	31 Mar 18
A	Amount of NPAs (Gross)	9,382
B	Net NPAs	1,951
C	NPA Ratios	
	- Gross NPAs to gross advances (%)	5.04%
	- Net NPAs to net advances (%)	1.09%
D	Movement of NPAs (Gross)	
	- Opening balance as of the beginning of the financial year	8,384
	- Additions	4,977

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	Particulars	31 Mar 18
	- Reductions on account of recoveries/ write - offs	3,979
	- Closing balance	9,382
E	Movement of Provision for NPAs	
	- Opening balance as of the beginning of the financial year	3,759
	- Provision made during the year	4,866
	- Write – offs / Write – back of excess provision	1,194
	- Closing balance	7,431

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 Mar 18
Opening Balance	**1,305**
Add: Provisions Made During the Year	**-**
Less: Write off / Write back of Excess provisions during the Year	**74**
Closing Balance	**1,231**

Amount of Non-Performing Investments and Provision for NPIs

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

	Particulars	31 Mar 18
A	Amount of Non-Performing Investments (Gross)	810
B	Amount of provisions held for non-performing investments	115

Movement in Provisions held towards Depreciation on Investments

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

Particulars	31 Mar 18
Opening Balance	440
Add: Provisions made during the year	1,218
Less: Write off / Write back of excess provisions during the year	-
Closing Balance	**1,658**

Industry wise Past Due Loans

Particulars	31 Mar 18
Textiles - Others	619
Vehicles, Vehicle Parts and Transport Equipments	447
All Engineering - Others	378
Trading Activity	293
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	256
Food Processing - Others	82
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	78
Basic Metal & Metal products - Other Metal and Metal Products	48
Leather and Leather products	25
Total	**2,226**

Ageing of Past Due Loans

Particulars	31 Mar 18
Overdue upto 30 Days	1,933
Overdue between 31 and 60 Days	117
Overdue between 61 and 90 Days	176
Total	**2,226**

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

Industry wise NPAs

Particulars	Amount of NPA	Specific Provision
Basic Metal & Metal products - Iron and Steel	2,275	1,361
Paper and Paper Products	2,265	2,060
Construction	1,760	1,514
Infrastructure - Transport - Roadways	622	454
Trading Activity	562	515
Computer Software	339	302
Food Processing - Edible Oils and Vanaspati	286	286
Glass & Glassware	250	105
Infrastructure - Social and Commercial Infrastructure -Education Institutions	250	250
All Engineering - Electronics	218	218
Other Metal and Metal Products	152	110
Textiles - Others	147	147
Gas/LNG (storage and pipeline)	145	77
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	51	14
Home Loan	38	6
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	22	12
Total	**9,382**	**7,431**

Industry wise General Provisions

Particulars	31 Mar 18
Banks	214
Construction	177
Infrastructure – Telecommunication *	131
Non-Banking Financial Institutions/Companies	74
Vehicles, Vehicle Parts and Transport Equipments	66
Metal and Metal Products	61
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	50
Retail Others	48
Other Industries	42
Financial Institutions	32
Trading Activity	30
Infrastructure - Electricity (generation-transportation and distribution)	30
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	29
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	27
Food Processing - Others	22
All Engineering - Others	21
Rubber, Plastic and their Products	20
Basic Metal & Metal products - Iron and Steel	20
Computer Software	20
Infrastructure - Transport - Ports	15
Food Processing - Edible Oils and Vanaspati	13
Textiles - Others	11
Other Services Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	10 9
Wood and Wood Products	7
Transport Operators	6
All Engineering - Electronics	6
Food Processing - Tea	5
Wholesale Trade (other than Food Procurement)	5
Paper and Paper Products	5
Petro-chemicals	4
Textiles - Cotton	4
Cement and Cement Products	3
Professional Services	3
Beverages	2
Tourism, Hotel and Restaurants	2
Food processing - Sugar	2
Food processing - Coffee	1
Leather and Leather products	1
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	1
Agriculture & allied activities	1
Glass & Glassware	1
Total	**1,231**

* 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)

Particulars	31 Mar 18
Paper and Paper Products	1,260
Construction	1,069
Basic Metal & Metal products - Iron and Steel	810
Trading Activity	172

Particulars	31 Mar 18
Metal and Metal Products	110
Glass & Glassware	105
All Engineering - Electronics	103
Food Processing - Edible Oils and Vanaspati	76
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	55
Infrastructure - Transport - Roadways	19
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	15
Retail Others	6
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1
Other Industries	(2)
Beverages	(26)
Computer Software	(35)
Infrastructure - Others	(66)
Total	**3,672**

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 Mar 18
Infrastructure - Telecommunication	1,400
Paper and Paper Products	23
Basic Metal & Metal products - Iron and Steel	13
Other Industries	1
Total	**1,437**

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. 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 Mar 18
< 100 % Risk Weight	292,490
100 % Risk Weight	112,662
> 100 % Risk Weight	19,977
Total	**425,129**

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

5. Disclosures for Credit Risk Mitigation on Standardised approach

Qualitative Disclosures

This is detailed in our policy on Credit Risk Mitigation techniques and Collateral Management.

Quantitative Disclosures

Currently, eligible financial collateral in the form of fixed deposits under lien, amount accepted under Parallel Deposit and guarantees issued by eligible guarantor as specified in RBI guidelines have been used as credit risk mitigants. In the case of fixed deposits under lien, the Bank reduces its credit exposure to counterparty by the value of the fixed deposits.

The details of exposures (after application of haircut) wherein the bank has used credit risk mitigants (CRM) are as under:

Product	Amount of CRM
Fund based exposure	4,475
Total	**4,475**

6. Disclosure on Securitisation for Standardised approach

The Bank has not undertaken any securitisation and hence this disclosure is not applicable.

7. Disclosure on Market Risk in Trading book

Qualitative disclosures

Market Risk arises from changes in value from changes in interest rates yields, foreign exchange rates, equity prices, commodity prices, credit spreads and the impact of changes in the correlations and volatilities of these risk factors. The Banks market risk appetite is determined by the Group Board of Directors, with detailed limit frameworks recommended by the appropriate risk committees. The Group Market & Liquidity Risk Committee, which reports into the Group Risk Executive Committee, oversees the market risk management infrastructure, sets market risk control limits and provides enterprise-wide oversight of all market risks and their management.

The Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Group including the limit setting and independent model validation, monitoring and valuation.

The principal market risk appetite measure is Expected Shortfall. The Expected Shortfall is supplemented by risk control measures, such as sensitivities to risk factors, including their volatilities, as well as P&L loss triggers (Management Action Triggers) for management action.

Expected Shortfall estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence. The Expected Shortfall methodology uses a historical simulation approach to forecast the Group's market risk. Expected Shortfall risk factor scenarios are aligned to parameters and market data used for valuation. The Expected Shortfall is calculated for T&M trading, T&M banking and ALCO book.

On a daily basis, the Bank computes trading Expected Shortfall for each business unit and location, and at the Group level. Banking Expected Shortfall is computed on a weekly basis for each business unit and location. The trading Expected Shortfall forecasts are back-tested against the profit and loss of the trading book to monitor its predictive power.

To complement the Expected Shortfall framework, regular stress testing is carried out to monitor the Banks vulnerability to shocks. Also, monthly and annual P/L stop loss limits is monitored on a daily basis for the Trading book.

The risk control measures such as Interest rate PV01 (IRPV01) and FX delta measures the interest rate and FX rate risk to the current portfolio. The IR PV01 measures the change in the Net present value (NPV) due to an increase of 1 basis point in interest rates .The FX delta measures the change in NPV due to an increase of 1 unit in FX rates. The currency wise IRPV01 and FX Delta is calculated daily for T&M trading, T&M banking and ALCO book.

The other risk control measures such as Credit spread PV01 (CSPV01) and Jump to default (JTD) measures the change in the NPV due to an increase of 1 basis point in credit spreads and the expected loss due to immediate default respectively. The CSPV01 and JTD are calculated daily for T&M trading book.

Quantitative Disclosures

Capital Requirement for Market Risk *

Particulars	31 Mar 18
Interest rate risk	5,683
Foreign exchange risk (including gold)	360
Equity position risk	158

* Capital required for Market Risk is calculated at 8% of Risk Weighted Assets.

8. Operational Risk

Qualitative Disclosures

Strategy and Process

The Group Operational Risk Management (ORM) policy:

– Defines operational risk and the scope of its application;
– Establishes the dimensions of operational risk;
– Provides a consistent Group wide approach for managing operational risk in a structured, systematic and consistent manner across DBS.

Operational risk arises from inadequate or failed internal processes, people, systems or from external events. It includes legal risk but excludes strategic or reputation risk.

DBS adopts a zero-tolerance mindset for operational risk that can endanger the franchise.

The Group ORM policy developed by the Head Office in Singapore has been adopted by the branches in India. The policy comprises of risk governance, risk policies, risk mitigation programmes, risk and control self-assessments, risk event management and reporting, and key risk indicators.

The ORM policy includes inter-alia:

a) ORM Governance key responsibilities (Board, Senior Management, Location / Business level, unit operational risk managers control functions, Risk Management Group – Operational Risks and Internal Audit.
b) ORM guiding principles
c) Core Operational Risk Standards (CORS)
d) Controls and mitigations:
   - Internal controls
   - Group Insurance Programme; and
   - Business Continuity Management
e) Risk Tools and Mechanisms comprising:
   - Risk & Control Self-Assessment (RCSA)
   - Operational Risk Event Management & Reporting (OREM&R)
   - Key Risk Indicators (KRI)
   - Scenario Assessment (SA)

- Internal Controls
- Issue Management & Action Tracking
- Risk profiling and reporting

f) Risk Quantification & Disclosure

- Loss Provisioning / Capital Allocation

Structure and Organisation

The Bank has in place an India Operational Risk Committee (IORC) which meets on a monthly basis to discuss Operational Risk issues / related matters. The committee is chaired by the Chief Risk Officer (CRO) and is administered by the Head - Operational Risk, India. The committee reports to the India Management Committee (IMC). This ensures appropriate management and oversight of the prevailing operational risks in the Bank.

The IORC comprises of the Heads of the Consumer Banking Group, Global Transaction Services, Treasury & Markets, Institutional Banking – Chief Operating Officer, Technology & Operations, Finance, Legal & Compliance, Internal Audit, Chief Information Security Officer, Head T&O Risk Management and other invited members as defined in the Terms of Reference (TOR)

As part of the Bank's ORM structure, an independent Operational Risk function is in place led by the local Head of Operational Risk, who reports to the CRO, India and functionally to the Group Head of Operational Risk at the Head Office in Singapore.

Coverage includes identifying, assessing, controlling / mitigating risk, monitoring, reporting and measuring risk and also ensuring compliance with DBS Group standards and meeting local (RBI) and MAS regulatory requirements relating to Operational Risk.

The Group adopts the three lines of defence model for the management of operational risk. In addition to the independent second line of defence by Risk Management Group - Operational Risk, Unit Operational Risk Managers (UORM) are appointed within the first line of defence for all Business Units (BU) and Support Units (SU) to support and implement the risk management policy / standards & processes and to ensure maintenance of adequate controls on an ongoing basis. Periodic training / orientations / discussions are held to keep UORM updated with key developments. As the third line of defence, Group Audit provides independent assurance.

Risk Mitigation Programs

Internal Controls

The day-to-day management of Operational Risk within the Bank is through maintenance of a comprehensive system of internal controls. An effective internal control system is a combination of a strong control environment and appropriate internal control procedures. These internal controls comprise of preventive, detective, directive and corrective controls.

Group Insurance Programme (GIP)

GIP helps to mitigate operational risk losses from significant risk events.

The key objective of GIP is to reduce low frequency high impact financial losses via transfer of loss to external funding sources (insurers). In line with DBS ORM philosophy, high frequency low impact operational losses are managed through establishment of strong internal controls.

Business Continuity Management (BCM) is a key Operational Risk programme of DBS to minimize the impact of a business disruption, irrespective of cause, and to provide an acceptable level of business until normal business operations are resumed.

BU/SUs are to comply with the BCM Policies and Standards established by Group Business Continuity Management (GBCM).

BCM includes the following:

- Establishment of ownership, roles and responsibilities
- Risk analysis
- Business impact analysis
- Recovery strategies
- Familiarisation of emergency response and crisis management plans
- Regular review and maintenance
- Regular, complete and meaningful testing

Risk Reporting and Measurement

Operational Risk related MIS is reported through the central ORM system (GRC – Governance, Risk and Control), as follows:

- Incident Management (INC) Module in GRC - for reporting of Risk Events (including near miss and timing error, etc.)
- Issue and Action Management (I&A) Module in GRC - for tracking of issues and actions emanating from Risk Events, Audit Issues, Regulatory Issues and other risk related issues
- Key Indicator (KI) Module in GRC - for reporting and monitoring of Key Risk Indicators (KRI)
- Risk and Control Self-Assessment (RCSA) Module in GRC- to facilitate and record the assessment of the Risk and Control Self-Assessment process.

RCSA review and assessment is performed as per risk based frequency approach.

The Operational Risk Profile including relevant MIS relating to the above is placed at the monthly India Operational Risk Committee (IORC).

Approach for operational risk capital assessment

- The Bank currently adopts the Basic Indicator Approach to calculate capital requirements for operational risk.

9. Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

The Asset and Liability Committee ("ALCO") oversees the structural interest rate risk and funding liquidity risk in the Bank. The Market & Liquidity Risk Committee (MLRC) ensures that the exposures are within prudent levels. Structural interest rate risk arises from mismatches in the interest rate profile of customer loans and deposits. This interest rate risk has several aspects: basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risks and embedded optionality. To monitor the structural interest rate risk, the tools used by DBS include re-pricing gap reports based on traditional as well as duration gap approach, sensitivity analysis and income simulations under various scenarios.

Quantitative Disclosures

The Bank uses the Duration Gap approach to measure the impact of Market Value of Equity (MVE) for upward and downward rate shocks. This measures the potential change in MVE of the Bank for a 200 bps change in interest rates. The change in MVE due to a 200 change in interest rates are (for banking and trading book):-

Change in MVE due to a 200 bps change in interest rates	INR Million
31st March, 2018	2,803.23

The impact on Earnings is computed as per the definition laid down in the ALM Policy of the Bank. Per the policy, Earnings-at-Risk (EaR) measures the interest rate risk from the earnings perspective. It is computed as an impact (over a 1-year horizon) of a 1% parallel shift in the yield curve on the Bank's earning. This is computed using the net IRS gaps for each bucket up to 1 year. The aggregate of these approximates the net interest income impact of a 1% parallel shift (increase in interest rates) in the yield curve over a 1 year horizon and acts as a useful tool in the hands of the MLRC to monitor and assess the impact of Interest rate risk exposure of the Bank on its NII.

EaR is computed at a Bank-wide level.

EaR on the INR book (banking)	INR Million
31st March, 2018	112.25

10. General Disclosure for Exposures Related to Counterparty Credit Risk

Qualitative Disclosures

USE OF ECONOMIC CAPITAL (EC) FOR CONCENTRATION RISK MANAGEMENT

While the Bank firmly complies with regulatory capital requirements at all times, we recognize the need to have more robust methodologies to measure capital usage. The Bank has adopted both qualitative and quantitative measures to address credit concentration risk. In addition to the regulatory limits, there are internally developed risk limits on the amount of exposure, as a percentage of the total exposure, that can be taken on any single industry, to avoid any sector concentration. Additionally, the Bank has developed maximum exposure limit norms which stipulates the amount of exposure that may be taken on a borrower considering its turnover and credit risk rating. In order to address the geographic concentration risk, the bank has implemented a policy on the maximum amount of advance, as a percentage of the total advances, which can be booked in a branch. The quantitative measurement of concentration risk, both for name and sector concentration and allocation of additional capital is one of the component of our ICAAP.

CREDIT RISK MITIGANTS

Collateral

Where possible, the Bank takes collateral as a secondary recourse to the borrower. Collateral includes cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The Bank may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for financial market counterparties covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association (ISDA) agreements), collateral received is marked to market on a frequency mutually agreed with the counterparties.

DBS is required to post additional collateral in the event of a rating downgrade. As at 31 December 2017, for a three-notch downgrade of its Standard and Poor's Ratings Services and Moody's Investors Services ratings, DBS Bank will have to post additional collateral amounting to SGD 19 million (2016: SGD 44 million)

Other Risk Mitigants

The Bank manages its credit exposure from derivatives, repo and other repo-style transactions by entering into netting and collateral arrangements with counterparties where it is appropriate and feasible to do so. The credit risk associated with outstanding contracts with positive mark to market is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with a single counterparty in a netting-eligible jurisdiction are settled on a net basis.

The Bank may also enter into agreements which govern the posting of collateral with derivative counterparties for credit risk mitigation (e.g. Credit Support Annexes under ISDA master agreements). These are governed by internal guidelines with respect to the eligibility of collateral types and the frequency of collateral calls.

In addition, the Bank also uses guarantees as credit risk mitigants. While the Bank may accept guarantees from any counterparty, it sets internal thresholds for considering guarantors to be eligible for credit risk mitigation.

COUNTER PARTY RISK MANAGEMENT

Counterparty risk that may arise from traded products and securities is measured on a loan equivalent basis and included under the Bank's overall credit limits to counterparties. Issuer Default Risk that may arise from traded products and securities are generally measured based on jump-to-default computations.

The Bank actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. In addition, the Bank's risk measurement methodology takes into account the higher risks associated with transactions that exhibit a strong relationship between the creditworthiness of a counterparty and the expected future replacement value of a relevant transaction (so called wrong-way risk) as identified during the trade booking process. The current exposure method is used for calculating the Bank's net credit exposure and regulatory capital for counterparty exposures, using the mark-to-market exposures with an appropriate add-on factor for potential future exposures.

Quantitative Disclosures

Particulars	Notionals	Credit Exposures
- Currency Derivatives	2,254,382	107,689
- Interest Rate Derivatives	2,498,827	32,031

11. Composition of Capital (Rs. in million)

	Basel III common disclosure template to be used from March 31, 2018			Ref No
	Common Equity Tier 1 capital : instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	37,057.90		A
2	Retained earnings	8,722.25		B+C+E+G
3	Accumulated other comprehensive income (and other reserves)	-		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	45,780.15		
	Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	239.12		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	2,580.92		F
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
	Common Equity Tier 1 capital : regulatory adjustments			
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		H
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which : mortgage servicing rights	-		
25	of which : deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		
	a.of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-		
	b.of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
	c.of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
	d.of which : Unamortised pension funds expenditures	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory adjustments to Common equity Tier 1**	2,820.04		
29	**Common Equity Tier 1 capital (CET1)**	42,960.11		
	Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which : instruments issued by subsidiaries subject to phase out	-		
36	**Additional Tier 1 capital before regulatory adjustments**	-		

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Additional Tier 1 capital : regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
	a. of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
	b. of which : Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which:	-		
	of which:	-		
	of which:			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-		
44	**Additional Tier 1 capital (AT1)**	-		
	a. Additional Tier 1 capital reckoned for capital adequacy	-		
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	42,960.11		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	16,945.50	I	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	1,248.19	D+J	

Basel III common disclosure template to be used from March 31, 2018			Ref No
51	**Tier 2 capital before regulatory adjustments**	18,193.69	
Tier 2 capital : regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
	a. of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-	
	b. of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
	Regulatory Adjustments Applied to Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-	
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-	
	of which: [INSERT TYPE OF ADJUSTMENT]	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	18,193.69	
	a. Tier 2 capital reckoned for capital adequacy	18,193.69	
	b. Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	
	c. Total Tier 2 capital admissible for capital adequacy (58a + 58b)	18,193.69	
59	**Total capital (TC = T1 + Admissible T2) (45 + 58c)**	61,153.80	
60	**Total risk weighted assets (60a + 60b + 60c)**	378,938.87	
	a. of which: total credit risk weighted assets	280,108.08	
	b. of which: total market risk weighted assets	77,514.00	
	c. of which: total operational risk weighted assets	21,316.79	

Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.34%		
62	Tier 1 (as a percentage of risk weighted assets)	11.34%		
63	Total capital (as a percentage of risk weighted assets)	16.14%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.375%		
65	of which : capital conservation buffer requirement	1.875%		
66	of which : bank specific countercyclical buffer requirement	-		
67	of which : G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	3.965%		
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.375%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	10.875%		

Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,248.19		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	3,500.30		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
(only applicable between March 31, 2017 and March 31, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
82	Current cap on AT1 instruments subject to phase out arrangements	-		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on T2 instruments subject to phase out arrangements	-		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

Notes to the above Template

Row No. of the template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	2,580.92
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	2,580.92
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which : Increase in Common Equity Tier 1 capital	-
	of which : Increase in Additional Tier 1 capital	-
	of which : Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	-
	i) Increase in Common Equity Tier 1 capital	-
	ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	1,248.19
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	1,248.19
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

12. Composition of Capital – Reconciliation Requirements

			(Rs. in million)
Step 1		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
		As on 31 Mar 2018	**As on 31 Mar 2018**
A	**Capital & Liabilities**		
i.	Paid-up Capital	37,057.90	37,057.90
	Reserves & Surplus	8,722.79	8,722.79
	Minority Interest	**-**	**-**
	Total Capital	**45,780.69**	**45,780.69**
ii.	Deposits	**292,216.58**	**292,216.58**
	of which : Deposits from banks	45,700.59	45,700.59
	of which : Customer deposits	246,515.99	246,515.99
	of which : Other deposits (CD's)	-	-
iii.	Borrowings	**86,001.87**	**86,001.87**
	of which : From RBI	30,650.00	30,650.00
	of which : From banks	29,947.62	29,947.62
	of which : From other institutions & agencies	8,458.75	8,458.75
	of which : Others (pl. specify)		
	of which : Capital instruments	16,945.50	16,945.50
iv.	Other liabilities & provisions	**44,533.01**	**44,533.01**
	Total	**468,532.15**	**468,532.15**
B	**Assets**		
i.	Cash and balances with Reserve Bank of India	**21,348.31**	**21,348.31**
	Balance with banks and money at call and short notice	**38,397.89**	**38,397.89**
ii.	Investments :	**177,976.82**	**177,976.82**
	of which : Government securities	144,596.95	144,596.95
	of which : Other approved securities	-	-
	of which : Shares	972.14	972.14
	of which : Debentures & Bonds	10,641.27	10,641.27
	of which : Subsidiaries / Joint Ventures / Associates	-	-
	of which : Others (Commercial Papers, Certificate of deposits, Security Receipts of Asset Reconstruction Companies)	21,766.46	21,766.46
iii.	Loans and advances	**178,670.57**	**178,670.57**
	of which : Loans and advances to banks	37,914.34	37,914.34
	of which : Loans and advances to customers	140,756.23	140,756.23
iv.	Fixed assets	**645.37**	**645.37**
v.	Other assets	**51,493.19**	**51,493.19**
	of which : Goodwill and intangible assets		
	of which : Deferred tax assets	6,090.16	6,090.16
vi.	Goodwill on consolidation		
vii.	Debit balance in Profit & Loss account		
	Total Assets	**468,532.15**	**468,532.15**

			(Rs. in million)	
Step 2		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**	**Ref No.**
		As on 31 Mar 2018	**As on 31 Mar 2018**	
A	**Capital & Liabilities**			
i.	Paid-up Capital	**37,057.90**	**37,057.90**	
	of which : Amount eligible for CET1	37,057.90	37,057.90	A
	of which : Amount eligible for AT1	-	-	
	Reserves & Surplus	**8,722.79**	**8,722.79**	

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			(Rs. in million)	
Step 2		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on 31 Mar 2018	As on 31 Mar 2018	
	of which :			
	Statutory Reserve	3,756.77	3,756.77	B
	Capital Reserve	5.10	5.10	C
	Investment Reserve	-	-	D
	Amount Retained in India for CAPAD	12,621.87	12,621.87	E
	Deferred Tax Reserve	0.54	0.54	
	Balance in Profit and Loss account	(7,661.49)	(7,661.49)	G
	Minority Interest	-	-	
	Total Capital	**45,780.69**	**45,780.69**	
ii.	Deposits	**292,216.58**	**292,216.58**	
	of which : Deposits from banks	45,700.59	45,700.59	
	of which : Customer deposits	246,515.99	246,515.99	
	of which : Other deposits (CD's)	-	-	
iii.	Borrowings	**86,001.87**	**86,001.87**	
	of which : From RBI	30,650.00	30,650.00	
	of which : From banks	29,947.62	29,947.62	
	of which : From other institutions & agencies	8,458.75	8,458.75	
	of which : Others			
	of which : Capital instruments	16,945.50	16,945.50	
	- of which Eligible for T2 capital	16,945.50	16,945.50	I
iv.	Other liabilities & provisions	**44,533.01**	**44,533.01**	
	of which : Provision against standard asset and country risk	1,248.19	1,248.19	J
	Total	**468,532.15**	**468,532.15**	
B	**Assets**			
i.	Cash and balances with Reserve Bank of India	**21,348.31**	**21,348.31**	
	Balance with banks and money at call and short notice	**38,397.89**	**38,397.89**	
ii.	Investments :	**177,976.82**	**177,976.82**	
	of which : Government securities	144,596.95	144,596.95	
	of which : Other approved securities	-	-	
	of which : Shares	972.14	972.14	
	of which : Debentures & Bonds	10,641.27	10,641.27	
	of which : Subsidiaries / Joint Ventures / Associates	-	-	
	of which : Others (Commercial Papers, Certificate of deposits, Security Receipts of Asset Reconstruction Companies)	21,766.46	21,766.46	
iii.	Loans and advances	**178,670.57**	**178,670.57**	
	of which : Loans and advances to banks	37,914.34	37,914.34	
	of which : Loans and advances to customers	140,756.23	140,756.23	
iv.	Fixed assets	**645.37**	**645.37**	
v.	Other assets	**51,493.19**	**51,493.19**	
	of which : Goodwill and intangible assets	-	-	
	of which : Deferred tax assets associated with accumulated losses	2,580.92	2,580.92	F

			(Rs. in million)	
Step 2		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on 31 Mar 2018	As on 31 Mar 2018	
	of which : Deferred tax assets arising from temporary differences other than accumulated losses	3,509.24	3,509.24	H
vi.	Goodwill on consolidation	-	-	
vii.	Debit balance in Profit & Loss account	-	-	
	Total	**468,532.15**	**468,532.15**	

LEVERAGE RATIO

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure, with this ratio expressed as a percentage.

As per RBI guidelines, disclosures required for leverage ratio for the Bank at March 31, 2018 are as follows:

On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	434,964
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(2,820)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**432,144**
Derivative exposures		
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	27,751
5	Add-on amounts for PFE associated with *all* derivatives transactions	107,661
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**135,412**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,509
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	708
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**2,218**
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	236,723
18	(Adjustments for conversion to credit equivalent amounts)	(154,745)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**81,978**
Capital and total exposures		
20	Tier 1 capital	42,960
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**651,752**
Leverage ratio		
22	**Basel III leverage ratio**	**6.59%**

Summary comparison of accounting assets vs. leverage ratio exposure measure

1	Total consolidated assets as per published financial statements	468,532
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	103,354
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	708
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	81,978
7	Other adjustments	(2,820)
8	**Leverage ratio exposure**	**651,752**