DBS

DBS Bank India Limited

# BASEL III: PILLAR 3 DISCLOSURES AS AT 31 MARCH 2019

**(Currency: Indian rupees in million)**

## 1. Scope of application

***Qualitative Disclosures***

DBS Bank Ltd., India (DBS India Branch Undertaking) used to operate in India as a branch of DBS Bank Ltd., Singapore a banking entity incorporated in Singapore with limited liability. With effect from 1 March 2019, DBS India Branch Undertaking has amalgamated by way of conversion with DBS Bank India Limited ('the Bank'), a Wholly Owned Subsidiary (WOS) of DBS Bank Ltd., Singapore in accordance with a Scheme of Amalgamation (SOA) duly approved by the Reserve Bank of India (RBI) and licensed to operate as a Bank entity incorporated in India. The below disclosures are prepared for 11 months Banking operations of DBS Bank Ltd., India and 1 month Banking operations of DBS Bank India Limited. As at 31 March 2019, the Bank has a presence of 21 branches and 4 URC's across 21 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 | 2,243.94 * | - | NA | 2,994.57 * |

* Per Audited Financial Statements as at 31st March 2019.

***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 19.69% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement (including CCB) of 11.875%.

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 19 |
|---|---|---|
| A | Capital requirements for Credit Risk *(Standardised Approach) ** | 30,058 |
| B | Capital requirements for Market Risk *(Standardised Duration Approach) ** | |
| | - Interest rate risk | 5,728 |
| | - Foreign exchange risk | 360 |
| | - Equity risk | 28 |
| C | Capital requirements for Operational risk *(Basic Indicator Approach) ** | 1,662 |
| D | CET1 Capital Ratio (%) | 14.62% |
| E | Tier1 Capital Ratio (%) | 14.62% |
| F | Total Capital Ratio (%) | 19.69% |

* 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 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 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.

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 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 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 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 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 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 CEO, CRO and other senior IBG and CBG representatives and Credit Officers, and Head of SAM 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 Head office as required.

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.

**DBS Bank India Limited**

***Quantitative Disclosures***

**Credit Exposure**

| Particulars | 31 Mar 19 |
|---|---|
| Fund Based * | 271,037 |
| Non Fund Based ** | 237,302 |

* 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 19 |
|---|---|
| Bank * | 107,788 |
| Construction | 14,806 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals | 14,360 |
| Non-Banking Financial Institutions/Companies | 13,600 |
| Vehicles, Vehicle Parts and Transport Equipments | 11,537 |
| Home Loan | 10,099 |
| Metal and Metal Products | 9,978 |
| Infrastructure - Telecommunication | 9,562 |
| Infrastructure - Electricity (generation-transportation and distribution) | 7,987 |
| Other Industries | 7,064 |
| Computer Software | 6,501 |
| Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 6,275 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Others | 5,698 |
| Food Processing - Others | 5,225 |
| Trading Activity | 4,839 |
| All Engineering - Others | 4,588 |
| Basic Metal & Metal products - Iron and Steel | 3,980 |
| Rubber, Plastic and their Products | 3,838 |
| Textiles - Others | 2,858 |
| Retail Trade | 2,850 |
| Loan Against Property | 2,494 |
| All Engineering - Electronics | 1,962 |
| Petro-chemicals | 1,651 |
| Paper and Paper Products | 1,630 |
| Wholesale Trade (other than Food Procurement) | 1,407 |
| Transport Operators | 1,378 |
| Wood and Wood Products | 1,056 |
| Other Services | 1,029 |
| Food Processing - Edible Oils and Vanaspati | 788 |
| Personal Loan | 768 |
| Glass & Glassware | 618 |
| Infrastructure - Transport - Roadways | 613 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers | 413 |
| Tea | 400 |
| Tourism, Hotel and Restaurants | 389 |
| Leather and Leather products | 257 |
| Coffee | 206 |
| Sugar | 158 |
| Textiles - Cotton | 141 |
| Cement and Cement Products | 140 |
| Infrastructure - Social and Commercial Infrastructure - Education Institutions | 79 |
| Beverages | 27 |
| **Total Credit Exposure (fund based)** | **271,037** |

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

**Industry wise Exposures (Non - Fund Based exposures)**

| Industry | 31 Mar 19 |
|---|---|
| Financial Institutions | 78,365 |
| Banks | 66,786 |
| Construction | 9,876 |
| Non-Banking Financial Institutions/Companies | 8,812 |
| Infrastructure - Electricity (generation-transportation and distribution) | 7,463 |
| Infrastructure - Telecommunication | 6,705 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Others | 6,524 |
| Infrastructure - Transport - Ports | 5,850 |
| Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 4,535 |
| Retail Others | 4,457 |
| Other Industries | 4,438 |
| Trading Activity | 4,410 |
| Metal and Metal Products | 3,353 |
| Vehicles, Vehicle Parts and Transport Equipments | 3,240 |
| Computer Software | 2,387 |
| Other Services | 2,070 |
| All Engineering - Electronics | 1,952 |
| Cement and Cement Products | 1,892 |
| Food Processing - Others | 1,768 |
| Basic Metal & Metal products - Iron and Steel | 1,648 |
| Food Processing - Edible Oils and Vanaspati | 1,641 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals | 1,638 |
| All Engineering - Others | 1,383 |
| Wholesale Trade (other than Food Procurement) | 735 |
| Textiles - Others | 707 |
| Rubber, Plastic and their Products | 694 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers | 677 |
| Beverages | 573 |
| Petro-chemicals | 486 |
| Transport Operators | 377 |
| Paper and Paper Products | 347 |
| Professional Services | 326 |
| Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility | 299 |
| Wood and Wood Products | 290 |
| Aviation | 229 |
| Food processing - Coffee | 136 |
| Textiles - Cotton | 71 |
| Glass & Glassware | 66 |
| Leather and Leather products | 27 |
| Mining and Quarrying - Others | 26 |
| Food processing - Sugar | 19 |
| Food Processing - Tea | 14 |
| Infrastructure - Others | 10 |
| **Total Credit Exposure (non-fund based)** | **237,302** |

DBS

DBS Bank India Limited

**Maturity of Assets as at 31 March 2019**

| Particulars | Cash | Balance with RBI | Balance with Banks | Investments (net of depreciation) | Loans & Advances (net of provisions) | Fixed Assets | Other Assets |
|---|---|---|---|---|---|---|---|
| 1 day | 70 | 9,375 | 40,655 | 589 | 1,450 | - | 252 |
| 2–7 days | - | 619 | 2,140 | 102,641 | 3,098 | - | 1,803 |
| 8–14 Days | - | 374 | - | 1,772 | 8,199 | - | 78 |
| 15-30 Days | - | 563 | - | 3,655 | 33,158 | - | 234 |
| 1 month - 2 months | - | 500 | - | 9,689 | 15,737 | - | 255 |
| 2-3 months | - | 444 | - | 9,556 | 13,773 | - | 222 |
| 3–6 Months | - | 1,088 | - | 6,861 | 29,653 | - | 273 |
| 6 Months – 1 Year | - | 225 | 75 | 7,188 | 2,865 | - | 179 |
| 1–3 Years | - | 717 | 15,565 | 17,118 | 14,705 | - | 706 |
| 3–5Years | - | 412 | 26,279 | 10,049 | 3,095 | | 339 |
| Over 5Years | - | 7,372 | - | 40,702 | 55,346 | 683 | 76,807 |
| **Total** | **70** | **21,689** | **84,714** | **209,820** | **181,079** | **683** | **81,148** |

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 19 |
|---|---|
| Amount of NPAs (Gross) | 5,832 |
| Substandard | 801 |
| Doubtful 1 | 487 |
| Doubtful 2 | 3,105 |
| Doubtful 3 | 1,439 |
| Loss | - |

**Movement of NPAs and Provision for NPAs**

| | Particulars | 31 Mar 19 |
|---|---|---|
| A | Amount of NPAs (Gross) | 5,832 |
| B | Net NPAs | 589 |
| C | NPA Ratios | |
| | - Gross NPAs to gross advances (%) | 3.13% |
| | - 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 | 910 |
| | - Reductions on account of recoveries/ write - offs | 4,460 |
| | - Closing balance | 5,832 |
| E | Movement of Provision for NPAs | |
| | - Opening balance as of the beginning of the financial year | 7,431 |
| | - Provision made during the year | 1,220 |
| | - Write – offs / Write – back of excess provision | 3,408 |
| | - Closing balance | 5,243 |

**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 19 |
|---|---|
| Opening Balance | **1,231** |
| Add: Provisions Made During the Year | **8** |
| Less: Write off / Write back of Excess provisions during the Year | **-** |
| **Closing Balance** | **1,239** |

**Amount of Non-Performing Investments and Provision for NPIs**

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

| | Particulars | 31 Mar 19 |
|---|---|---|
| A | Amount of Non-Performing Investments (Gross) | 361 |
| B | Amount of provisions held for non-performing investments | 236 |

**Movement in Provisions held towards Depreciation on Investments**

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

| Particulars | 31 Mar 19 |
|---|---|
| Opening Balance | 1,658 |
| Add: Provisions made during the year | - |
| Less: Write off / Write back of excess provisions during the year | 419 |
| **Closing Balance** | **1,239** |

**Industry wise Past Due Loans**

| Particulars | 31 Mar 19 |
|---|---|
| Textiles - Others | 593 |
| Other Services | 196 |
| Vehicles, Vehicle Parts and Transport Equipments | 161 |
| Other Industries | 134 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals | 132 |
| Basic Metal & Metal products - Iron and Steel | 6 |
| **Total** | **1,222** |

**Ageing of Past Due Loans**

| Particulars | 31 Mar 19 |
|---|---|
| Overdue upto 30 Days | 1,222 |
| Overdue between 31 and 60 Days | - |
| Overdue between 61 and 90 Days | - |
| **Total** | **1,222** |

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 |
|---|---|---|
| Construction | 1,732 | 1,732 |
| Trading Activity | 928 | 749 |
| Infrastructure - Transport - Roadways | 613 | 613 |
| Paper and Paper Products | 478 | 478 |
| Computer Software | 339 | 339 |
| Food Processing - Edible Oils and Vanaspati | 286 | 286 |
| All Engineering - Others | 238 | 36 |
| All Engineering - Electronics | 218 | 218 |
| Glass & Glassware | 168 | 118 |
| Transport Operators | 158 | 129 |
| Textiles - Others | 147 | 147 |
| Gas/LNG (storage and pipeline) | 145 | 109 |
| Basic Metal & Metal products-Iron and Steel | 120 | 86 |
| 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 | 26 |
| Home Loan | 32 | 8 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals | 21 | 12 |
| Personal Loans | 6 | 5 |
| **Total** | **5,832** | **5,243** |

**Industry wise General Provisions**

| Particulars | 31 Mar 19 |
|---|---|
| Banks | 154 |
| Financial Institutions | 131 |
| Construction | 120 |
| Non-Banking Financial Institutions/Companies | 84 |
| Other Industries | 70 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals | 61 |
| Computer Software | 55 |

| Particulars | 31 Mar 19 |
|---|---|
| Vehicles, Vehicle Parts and Transport Equipments | 54 |
| Metal and Metal Products | 51 |
| Infrastructure - Telecommunication | 41 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Others | 39 |
| Retail Others | 37 |
| Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 34 |
| Infrastructure - Electricity (generation-transportation and distribution) | 34 |
| Trading Activity | 29 |
| Food Processing - Others | 28 |
| Infrastructure - Others | 25 |
| Rubber, Plastic and their Products | 24 |
| Basic Metal & Metal products - Iron and Steel | 21 |
| All Engineering - Others | 21 |
| Wholesale Trade (other than Food Procurement) | 15 |
| Textiles - Others | 15 |
| All Engineering - Electronics | 13 |
| Infrastructure - Transport - Ports | 11 |
| Textiles - Cotton | 11 |
| Other Services | 10 |
| Wood and Wood Products | 8 |
| Petro-chemicals | 8 |
| Transport Operators | 7 |
| Food Processing - Edible Oils and Vanaspati | 6 |
| Paper and Paper Products | 5 |
| Glass & Glassware | 2 |
| Cement and Cement Products | 2 |
| Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers | 2 |
| Food processing - Sugar | 2 |
| Tourism, Hotel and Restaurants | 2 |
| Agriculture & allied activities | 2 |
| Food processing - Coffee | 2 |
| Food Processing - Tea | 2 |
| Leather and Leather products | 1 |
| **Total** | **1,239** |

**Industry wise Specific Provisions (net of write-backs)**

| Particulars | 31 Mar 19 |
|---|---|
| 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 |
| Retail Others | 8 |
| Metal and Metal Products | (35) |
| Infrastructure - Others | (172) |
| Basic Metal & Metal products - Iron and Steel | (1,275) |
| Paper and Paper Products | (1,582) |
| **Total** | **(2,188)** |

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 19 |
|---|---|
| Paper and Paper Products | 1,041 |
| Basic Metal & Metal products - Iron and Steel | 1,028 |
| Infrastructure - Others | 173 |
| Personal Loan | 3 |
| **Total** | **2,245** |

**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), Infomerics, 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 19 |
|---|---|
| < 100 % Risk Weight | 375,757 |
| 100 % Risk Weight | 109,182 |
| > 100 % Risk Weight | 18,156 |
| **Total** | **503,095** |

* 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 | 3,653 |
| **Total** | **3,653** |

**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 Bank's market risk appetite is determined by the Board of Directors through the Board Risk Management Committee, with detailed limit frameworks recommended by the appropriate risk committees. The Market & Liquidity Risk Committee and the 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 Bank'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 Bank 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 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 Central Operations book.

The Bank computes the trading Expected Shortfall on a daily basis, while the banking Expected Shortfall is computed on a weekly basis. 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 Bank's vulnerability to shocks. Also, monthly and annual P/L stop loss limits are monitored on a daily basis for the Trading book.

The risk control measures such as Interest rate PV01 (IRPV01) and FX delta measure 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 19 |
|---|---|
| Interest rate risk | 5,728 |
| Foreign exchange risk (including gold) | 360 |
| Equity position risk | 28 |

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

**8. Operational Risk**

***Qualitative Disclosures***

**Strategy and Process**

The DBIL (DBS Bank India Limited 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 DBIL.

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.

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

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 Risk Exco. This ensures appropriate management and oversight of the prevailing operational risks in the Bank.

The IORC comprises of Country Head, Chief operating officer and the Heads of Consumer Banking Group, Global Transaction Services, Treasury & Markets, Institutional Banking – Chief Operating Officer, Finance, Legal & Compliance, Internal Audit, Chief Information Security Officer, Head T&O Risk Management and GPS 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.

DBIL 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, 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 DBIL 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 DBIL 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 Business Continuity Management (BCM).

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 bps 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, 2019 | 4,740.87 |

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 for the banking book.

| EaR on the INR book (banking) | INR Million |
|---|---|
| 31st March, 2019 | 137.39 |

**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 the Bank's 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.

***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 | 2,252,521 | 116,297 |
| - Interest Rate Derivatives | 3,800,910 | 59,624 |

**11. Composition of Capital**

(Rs. in million)

| Basel III common disclosure template to be used from March 31, 2019 | | | Ref No |
|---|---|---|---|
| **Common Equity Tier 1 capital : instruments and reserves** | | | |
| 1 | Directly issued qualifying common share capital plus related stock surplus (share premium) | 50,376.50 | A |
| 2 | Retained earnings | 8,713.79 | 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** | 59,090.29 | |
| **Common Equity Tier 1 capital : regulatory adjustments** | | | |
| 7 | Prudential valuation adjustments | 425.63 | |
| 8 | Goodwill (net of related tax liability) | - | |
| 9 | Intangibles other than mortgage-servicing rights (net of related tax liability) | - | |
| 10 | Deferred tax assets | 2,747.45 | 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) | - | |
| 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** | 3,173.08 | |
| 29 | **Common Equity Tier 1 capital (CET1)** | 55,917.21 | |
| **Additional Tier 1 capital : instruments** | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32) | - | |

| Basel III common disclosure template to be used from March 31, 2019 | | | Ref No |
|---|---|---|---|
| 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** | - | |
| **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)** | 55,917.21 | |
| **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 | 17,980.30 | I |
| 4 | 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 | 1,414.03 | D+J |
| 51 | **Tier 2 capital before regulatory adjustments** | 19,394.33 | |
| **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 | - | |

| Basel III common disclosure template to be used from March 31, 2019 | | | Ref No |
|---|---|---|---|
| | 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) | 19,394.33 | |
| | a. Tier 2 capital reckoned for capital adequacy | 19,394.33 | |
| | b. Excess Additional Tier 1 capital reckoned as Tier 2 capital | - | |
| | c. Total Tier 2 capital admissible for capital adequacy (58a + 58b) | 19,394.33 | |
| 59 | **Total capital (TC = T1 + Admissible T2) (45 + 58c)** | 75,311.54 | |
| 60 | **Total risk weighted assets (60a + 60b + 60c)** | 382,392.87 | |
| | a. of which: total credit risk weighted assets | 285,154.73 | |
| | b. of which: total market risk weighted assets | 76,459.13 | |
| | c. of which: total operational risk weighted assets | 20,779.01 | |
| **Capital ratios and buffers** | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | 14.62% | |
| 62 | Tier 1 (as a percentage of risk weighted assets) | 14.62% | |
| 63 | Total capital (as a percentage of risk weighted assets) | 19.69% | |
| 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) | 7.24% | |
| **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) | 11.875% | |
| **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) | 1,414.03 | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | 3,564.43 | |
| 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) | - | |

DBS Bank India Limited

| Row No. of the template | Particular | (Rs. in million) |
|---|---|---|
| 10 | Deferred tax assets associated with accumulated losses | 2,747.45 |
| | Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability | - |
| | Total as indicated in row 10 | 2,747.45 |
| 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 | 1,414.03 |
| | Eligible Revaluation Reserves included in Tier 2 capital | - |
| | Total of row 50 | 1,414.03 |
| 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 2019 | As on 31 Mar 2019 |
| **A** | **Capital & Liabilities** | | |
| **i.** | Paid-up Capital | 50,376.50 | 50,376.50 |
| | Reserves & Surplus | 8,868.01 | 8,868.01 |
| | Minority Interest | - | - |
| | Total Capital | **59,244.51** | **59,244.51** |
| **ii.** | Deposits | **338,278.38** | **338,278.38** |
| | of which : Deposits from banks | 52,441.97 | 52,441.97 |
| | of which : Customer deposits | 285,836.41 | 285,836.41 |
| | of which : Other deposits (CD's) | - | - |
| **iii.** | Borrowings | **104,463.48** | **104,463.48** |
| | of which : From RBI | 30,000.00 | 30,000.00 |
| | of which : From banks | 2,053.66 | 2,053.66 |
| | of which : From other institutions & agencies | 54,429.52 | 54,429.52 |
| | of which : Others (pl. specify) | | |
| | of which : Capital instruments | 17,980.30 | 17,980.30 |
| **iv.** | Other liabilities & provisions | **77,218.26** | **77,218.26** |
| | **Total** | **579,204.63** | **579,204.63** |
| **B** | **Assets** | | |
| **i.** | Cash and balances with Reserve Bank of India | **21,759.46** | **21,759.46** |
| | Balance with banks and money at call and short notice | **84,714.25** | **84,714.25** |
| **ii.** | Investments : | **209,820.46** | **209,820.46** |
| | of which : Government securities | 173,670.36 | 173,670.36 |
| | of which : Other approved securities | - | - |
| | of which : Shares | 203.66 | 203.66 |
| | of which : Debentures & Bonds | 14,938.81 | 14,938.81 |
| | of which : Subsidiaries / Joint Ventures / Associates | - | - |
| | of which : Others (Commercial Papers, Certificate of deposits, Security Receipts of Asset Reconstruction Companies) | 21,007.63 | 21,007.63 |
| **iii.** | Loans and advances | **181,079.42** | **181,079.42** |
| | of which : Loans and advances to banks | 23,073.34 | 23,073.34 |
| | of which : Loans and advances to customers | 158,006.08 | 158,006.08 |
| **iv.** | Fixed assets | **683.11** | **683.11** |
| **v.** | Other assets | **81,147.93** | **81,147.93** |
| | of which : Goodwill and intangible assets | - | - |
| | of which : Deferred tax assets | 5,542.66 | 5,542.66 |
| **vi.** | Goodwill on consolidation | - | - |
| **vii.** | Debit balance in Profit & Loss account | - | - |
| | **Total Assets** | **579,204.63** | **579,204.63** |

(Rs. in million)

| Step 2 | | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation | Ref No. |
|---|---|---|---|---|
| | | As on 31 Mar 2019 | As on 31 Mar 2019 | |
| **A** | **Capital & Liabilities** | | | |
| **i.** | Paid-up Capital | **50,376.50** | **50,376.50** | |
| | of which : Amount eligible for CET1 | 50,376.50 | 50,376.50 | A |
| | of which : Amount eligible for AT1 | - | - | |
| | Reserves & Surplus | **8,868.01** | **8,868.01** | |
| | of which : | | | |
| | Statutory Reserve | 3,808.01 | 3,808.01 | B |
| | Capital Reserve | 5.10 | 5.10 | C |
| | Investment Reserve | 153.69 | 153.69 | D |
| | Deferred Tax Reserve | 0.54 | 0.54 | |
| | Revenue Reserve | 4,900.67 | 4,900.67 | G |
| | Minority Interest | - | - | |
| | Total Capital | **59,244.51** | **59,244.51** | |
| **ii.** | Deposits | **338,278.38** | **338,278.38** | |
| | of which : Deposits from banks | 52,441.97 | 52,441.97 | |
| | of which : Customer deposits | 285,836.41 | 285,836.41 | |
| | of which : Other deposits (CD's) | - | - | |
| **iii.** | Borrowings | **104,463.48** | **104,463.48** | |
| | of which : From RBI | 30,000.00 | 30,000.00 | |
| | of which : From banks | 2,053.66 | 2,053.66 | |
| | of which : From other institutions & agencies | 54,429.52 | 54,429.52 | |
| | of which : Others | | | |
| | of which : Capital instruments | 17,980.30 | 17,980.30 | |
| | - of which Eligible for T2 capital | 17,980.30 | 17,980.30 | I |
| **iv.** | Other liabilities & provisions | **77,218.26** | **77,218.26** | |
| | of which : Provision against standard asset and country risk | 1,260.34 | 1,260.34 | J |
| | **Total** | **579,204.63** | **579,204.63** | |
| **B** | **Assets** | | | |
| **i.** | Cash and balances with Reserve Bank of India | **21,759.46** | **21,759.46** | |
| | Balance with banks and money at call and short notice | **84,714.25** | **84,714.25** | |
| **ii.** | Investments : | **209,820.46** | **209,820.46** | |
| | of which : Government securities | 173,670.36 | 173,670.36 | |
| | of which : Other approved securities | - | - | |
| | of which : Shares | 203.66 | 203.66 | |
| | of which : Debentures & Bonds | 14,938.81 | 14,938.81 | |
| | of which : Subsidiaries / Joint Ventures / Associates | - | - | |
| | of which : Others (Commercial Papers, Certificate of deposits, Security Receipts of Asset Reconstruction Companies) | 21,007.63 | 21,007.63 | |
| **iii.** | Loans and advances | **181,079.42** | **181,079.42** | |
| | of which : Loans and advances to banks | 23,073.34 | 23,073.34 | |
| | of which : Loans and advances to customers | 158,006.08 | 158,006.08 | |
| **iv.** | Fixed assets | **683.11** | **683.11** | |

| Step 2 | | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation | Ref No. |
|---|---|---|---|---|
| | | As on 31 Mar 2019 | As on 31 Mar 2019 | |
| v. | Other assets | 81,147.93 | 81,147.93 | |
| | of which : Goodwill and intangible assets | - | - | |
| | of which : Deferred tax assets associated with accumulated losses | 2,747.45 | 2,747.45 | F |
| | of which : Deferred tax assets arising from temporary differences other than accumulated losses | 2,795.21 | 2,795.21 | H |
| vi. | Goodwill on consolidation | - | - | |
| vii. | Debit balance in Profit & Loss account | - | - | |
| | **Total** | **579,204.63** | **579,204.63** | |

### 13. Main features of equity and debt capital instruments

**As on 31 Mar 2019** (Rs. in million)

| | | |
|---|---|---|
| 1 | Issuer | DBS Bank India Limited |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) * | INE01GA01014 |
| 3 | Governing law(s) of the instrument | Applicable Indian statutes and regulatory requirements |
| 4 | Transitional Basel III rules | NA |
| 5 | Post-transitional Basel III rules | Common Equity Tier 1 |
| 6 | Eligible at solo / group / group & solo | Solo |
| 7 | Instrument type | Ordinary Shares |
| 8 | Amount recognised in regulatory capital | 50,376.50 |
| 9 | Par value of instrument | 50,376.50 |
| 10 | Accounting classification | Equity Share Capital |
| 11 | Original date of issuance | NA |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | No maturity |
| 14 | Issuer call subject to prior supervisory approval | NA |
| 15 | Optional call date, contingent call dates and redemption | NA |
| 16 | Subsequent call dates, if applicable | NA |
| | Coupons / dividends | NA |
| 17 | Fixed or floating dividend / coupon | NA |
| 18 | Coupon rate and any related index | NA |
| 19 | Existence of a dividend stopper | NA |
| 20 | Fully discretionary, partially discretionary, or mandatory | Fully discretionary |
| 21 | Existence of step up or other incentive to redeem | NA |
| 22 | Noncumulative or cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | NA |
| 24 | If convertible, conversion trigger(s) | NA |
| 25 | If convertible, fully or partially | NA |
| 26 | If convertible, conversion rate | NA |
| 27 | If convertible, mandatory or optional conversion | NA |
| 28 | If convertible, specify instrument type convertible into | NA |
| 29 | If convertible, specify issuer of instrument it converts into | NA |
| 30 | Write-down feature | NA |
| 31 | If write-down, write-down trigger(s) | NA |
| 32 | If write-down, full or partial | NA |
| 33 | If write-down, permanent or temporary | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Represents the most subordinated claim in liquidation |
| 36 | Non-compliant transitioned features | No |
| 37 | If yes, specify non-compliant features | NA |

- Represents 1,50,00,000 shares which are in Dematerialised mode. The remaining shares are in the process of being dematerialized.

### 14. Equities – Disclosure for Banking Book Positions

In accordance with the RBI guidelines on investment classification and valuation, Investments are classified on the date of purchase into “Held for Trading” (‘HFT’), “Available for Sale” (‘AFS’) and “Held to Maturity” (‘HTM’) categories (hereinafter called “categories”). Investments which the Bank intends to hold till maturity are classified as HTM securities.

The Bank has no investment in HTM portfolio during the year ended March 31, 2019. However, the Bank has investment in shares/Optionally Convertible Debentures which are received on conversion of debt which are classified under AFS category in accordance with RBI guidelines.

### 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, 2019 are as follows: Indian rupees in million

| | | |
|---|---|---|
| **On-balance sheet exposures** | | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 518,807 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | (3,173) |
| 3 | **Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)** | **515,634** |
| **Derivative exposures** | | |
| 4 | Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin) | 35,056 |
| 5 | Add-on amounts for PFE associated with *all* derivatives transactions | 117,518 |
| 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)** | **152,574** |
| **Securities financing transaction exposures** | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 1,994 |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | - |
| 14 | CCR exposure for SFT assets | 848 |
| 15 | Agent transaction exposures | - |
| 16 | **Total securities financing transaction exposures (sum of lines 12 to 15)** | **2,842** |
| **Other off-balance sheet exposures** | | |
| 17 | Off-balance sheet exposure at gross notional amount | 217,893 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (144,093) |
| 19 | **Off-balance sheet items (sum of lines 17 and 18)** | **73,800** |
| **Capital and total exposures** | | |
| 20 | Tier 1 capital | 55,917 |
| 21 | **Total exposures (sum of lines 3, 11, 16 and 19)** | **744,850** |
| **Leverage ratio** | | |
| 22 | **Basel III leverage ratio** | **7.51%** |

**Summary comparison of accounting assets vs. leverage ratio exposure measure**

| | | |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | 579,205 |
| 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 | 94,170 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | 848 |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures) | 73,800 |
| 7 | Other adjustments | (3,173) |
| **8** | **Leverage ratio exposure** | **744,850** |