

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

1. Capital Adequacy
Qualitative disclosures

The CRAR of the Bank is 15.99% 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.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package guidelines dated March 27, 2020 and April 17, 2020 the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In line with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a second three-month moratorium on instalments or interest, as applicable, due between June 1, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing).

Quantitative disclosures

Particulars	30 Jun 20
A Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	35,143
B Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
- Interest rate risk	8,894
- Foreign exchange risk	540
- Equity risk	4
C Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,777
D CET1 Capital Ratio (%)	12.84%
E Tier1 Capital Ratio (%)	12.84%
F Total Capital Ratio (%)	15.99%

* Capital required is calculated at 8% of Risk Weighted Assets for CVA, Market Risk and Operational Risk and at 11.875% of Risk Weighted Assets for others.

Basel III: Pillar 3 Disclosures

as at 30 June 2020

(Currency: Indian rupees in million)

2. General Disclosures

As part of overall corporate governance, the Bank has set up a framework which defines authority levels, oversight responsibilities, policy structures and risk appetite limits to manage the risks that arise in connection with the use of financial instruments. On a day-to-day basis, business units have primary responsibility for managing specific risk exposures while Risk Management Group (“RMG”) exercises independent risk oversight on the Bank as a whole. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Bank.

Under the DBS India risk governance structure, the India Risk Exco (“Risk EXCO”) serves as the Bank’s 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.

The responsibilities of the committees are summarized below:

India Board Risk Management Committee (“BRMC”)

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

India Risk Exco (“Risk EXCO”)

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

India Credit Risk Committee (“CRC”)

- To review, measure and monitor DBIL’s credit risk portfolio including special loan and asset review situations e.g. review of non-performing loans and credits showing weaknesses.
- Review and monitor the adequacy, accuracy and effectiveness of credit systems for credit risk management and credit risk control.

Basel III: Pillar 3 Disclosures

as at 30 June 2020

(Currency: Indian rupees in million)

2. General Disclosures (*Continued*)

- Assess and monitor specific credit concentrations at business or sector level and credit trends affecting the portfolio; implementing necessary policies or procedures to manage identified risks.
- Assess and monitor key policy deviations e.g. overdue credit reviews, Target Market and Risk Acceptance Criteria (TMRAC) deviations and / or regulatory allowances specific to the bank.
- Endorse local credit policies for approvals.
- Exercise active oversight to ensure continuing appropriateness of stress testing in accordance with the responsibilities delegated from time to time and as documented in the Credit Stress Testing Policy.

A) *General Disclosures for Credit Risk****Qualitative Disclosures*****Credit Risk Management Policy**

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

The credit policies and basic procedures of the Bank relating to its lending activities are contained in the India specific Local Credit / Loan Policy of the Bank as well as Group Core Credit Policies and other standards followed across all DBS group entities. These are based on the general credit principles, directives / guidelines issued by the RBI from time to time as well as instructions and guidelines of DBS Bank Ltd, Singapore (hereinafter referred to as “the Parent”). In the unlikely event of any conflict amongst the RBI guidelines and Parent’s Guidelines, the more conservative policy / guideline is followed.

The Group Core Credit Policies and the India Credit / Loan policy outlines the Bank’s approach to Credit Risk Management and sets out the rules and guidelines under which the Bank would develop and grow its lending business. These policies provide guidance to the Bank’s Corporate Banking, SME Banking, Financial Institutions Group and Consumer Banking to manage the growth of their portfolio of customer assets in line with the Bank’s credit culture and profitability objectives, taking into account the capital needed to support the growth.

Supplementary policies to the main Group Core Credit Policy and the India Credit / Loan policies have also been laid out, for certain types of lending and credit-related operations. These include subject specific policies relating to risk ratings, Default policy, Specialized Lending etc., as well as guidelines for Real Estate lending, NBFC lending, hedging of FX exposures, credit risk mitigation, sectoral and individual / group borrower limits, bridge loans, bill discounting, collateral valuation, collection management, etc.

Basel III: Pillar 3 Disclosures*as at 30 June 2020*

(Currency: Indian rupees in million)

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

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

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

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines. NPA’s are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

*Quantitative Disclosures***Credit Exposure**

Particulars	30 Jun 20
Fund Based *	243,983
Non Fund Based **	259,343

* 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.

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

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

Industry	30 Jun 20
Bank Backed *	50,067
Non-Banking Financial Institutions/Companies	25,906
Infrastructure - Electricity (generation-transportation and distribution)	19,882
Construction	15,984
Other Industries	14,825
Vehicles, Vehicle Parts and Transport Equipments	12,347
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	9,608
Infrastructure - Telecommunication	8,735
Wholesale Trade (other than Food Procurement)	8,301
Home Loan	7,997
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	7,409
Computer Software	6,361
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	5,914
Metal and Metal Products	5,318
All Engineering - Others	4,871
Food Processing - Others	4,601
Retail Trade	4,338
Other Services	4,084
Trading Activity	3,649
Rubber, Plastic and their Products	3,590
Textiles - Others	2,889
All Engineering - Electronics	2,489
Loan Against Property	2,422
Transport Operators	1,705
Basic Metal & Metal products - Iron and Steel	1,613
Personal Loan	1,426
Paper and Paper Products	1,042
Petro-chemicals	982
Textiles - Cotton	763
Tourism, Hotel and Restaurants	699
Glass & Glassware	694
Wood and Wood Products	596
Social & Commercial Infrastructure	409
Tea	396
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	395
Infrastructure - Transport - Roadways	373
Leather and Leather products	322
Food Processing - Edible Oils and Vanaspati	282
Cement and Cement Products	245
Sugar	203

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

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

Beverages	140
Agriculture & allied activities	93
Coffee	17
Infrastructure - Social and Commercial Infrastructure -Education Institutions	1
Total Credit Exposure (fund based)	243,983

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

Industry wise Exposures (Non - Fund Based exposures)

Industry	30 Jun 20
Financial Institutions	109,622
Banks	51,476
Non-Banking Financial Institutions/Companies	17,164
Construction	8,042
Infrastructure - Electricity (generation-transportation and distribution)	7,130
All Engineering - Others	6,077
Other Industries	5,449
Infrastructure - Transport - Ports	5,378
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	5,195
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4,713
Food Processing - Edible Oils and Vanaspati	4,282
Retail Others	3,445
Trading Activity	3,340
Vehicles, Vehicle Parts and Transport Equipments	3,243
Cement and Cement Products	2,448
Metal and Metal Products	2,289
All Engineering - Electronics	2,268
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,780
Other Services	1,624
Computer Software	1,540
Food Processing - Others	1,537
Wholesale Trade (other than Food Procurement)	1,426
Basic Metal & Metal products - Iron and Steel	1,425
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	1,150
Infrastructure - Telecommunication	953
Rubber, Plastic and their Products	921
Infrastructure - Others	788
Textiles - Others	668

Basel III: Pillar 3 Disclosures*as at 30 June 2020*

(Currency: Indian rupees in million)

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

Transport Operators	665
Aviation	662
Beverages	517
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	499
Professional Services	458
Paper and Paper Products	401
Petro-chemicals	263
Wood and Wood Products	214
Textiles - Cotton	101
Glass & Glassware	82
Food processing - Coffee	57
Mining and Quarrying - Others	14
Tourism, Hotel and Restaurants	13
Leather and Leather products	12
Food processing - Sugar	6
Food Processing - Tea	4
Infrastructure - Water sanitation	1
Infrastructure - Water sanitation	1
Total Credit Exposure (non-fund based)	259,343

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

2. General Disclosures (Continued)
Maturity of Assets as at 30 June 2020

Particulars	Cash	Balance with RBI	Balance with Banks and money at call and short notice	Investments (net of depreciation)	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	136	10,100	1,694	10,433	17,171	-	259
2-7 days	-	738	-	153,401	1,936	-	1,930
8-14 Days	-	786	-	1,526	2,840	-	40
15-30 Days	-	834	-	1,355	17,903	-	155
1 month - 2 months	-	689	-	2,483	19,135	-	178
2-3 months	-	465	3,775	1,179	18,074	-	179
3-6 Months	-	565	-	2,821	30,897	-	281
6 Months – 1 Year	-	491	1,988	579	17,062	-	173
1-3 Years	-	1,998	34,355	5,692	51,919	-	702
3-5Years	-	205	5,663	8,202	6,377	-	187
Over 5Years	-	8,299	-	37,507	8,845	833	117,160
Total	136	25,170	47,475	225,178	192,159	833	121,244

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

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

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

Particulars	30 Jun 20
Amount of NPAs (Gross)	5,303
Substandard	1,246
Doubtful 1	776
Doubtful 2	861
Doubtful 3	2,420
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	30 Jun 20
A Amount of NPAs (Gross)	5,303
B Net NPAs	955
C NPA Ratios	
- Gross NPAs to gross advances (%)	2.70%
- Net NPAs to net advances (%)	0.50%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	5,076
- Additions	292
- Reductions on account of recoveries/ write - offs	65
- Closing balance	5,303
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	4,179
- Provision made during the year	220
- Write – offs / Write – back of excess provision	50
- Closing balance	4,349

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

General Provisions

In accordance with RBI guidelines, the Bank maintains provision on standard advances, standard derivative exposures and provision on Unhedged Foreign Currency Exposure (UFCE). Movement in general provisions is detailed below:

Particulars	30 Jun 20
Opening Balance	1,473
Add: Provisions Made	231
Less: Write off / Write back of Excess provisions	-
Closing Balance	1,704

The above includes provision for stressed sectors (INR 65 Million), based on the Bank's evaluation of risk and stress in various sectors. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package guidelines dated March 27, 2020 and April 17, 2020 the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In line with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a second three-month moratorium on instalments or interest, as applicable, due between June 1, 2020 and August 31, 2020. As of 30 June 20, the Bank has recorded a provision of INR 10,000 thousand against these loans.

Amount of Non-Performing Investments and Provision for NPIs

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

Particulars	30 Jun 20
A Amount of Non-Performing Investments (Gross)	425
B Amount of provisions held for non-performing investments	324

Movement in Provisions held towards Depreciation on Investments

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

Particulars	30 Jun 20
Opening Balance	811
Add: Provisions made	-
Less: Write off / Write back of excess provisions	43
Closing Balance	768

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

Industry wise Past Due Loans *

Particulars	30 Jun 20
Retail Trade	364
All Engineering - Electronics	230
Wholesale Trade (other than Food Procurement)	205
Food Processing - Others	171
Textiles - Silk	160
Home Loan	119
All Engineering - Others	90
Construction	58
Retail Loan - Other Retail Loans	52
Basic Metal & Metal products - Iron and Steel	52
Trading Activity	15
Agriculture & allied activities	12
Other Industries	5
Textiles - Silk - Others	1
Total	1,534

* For accounts where moratorium is granted in accordance with the RBI guidelines/the Bank's policy, the asset classification has stayed stand still during moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

Ageing of Past Due Loans

Particulars	30 Jun 20
Overdue upto 30 Days	1,119
Overdue between 31 and 60 Days	73
Overdue between 61 and 90 Days	342
Total	1,534

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	1,937	1,795
All Engineering - Others	1,148	538
Trading Activity	819	761
Infrastructure - Transport - Roadways	373	373
Computer Software	191	191
Glass & Glassware	168	168
Textiles - Others	147	147
Gas/LNG (storage and pipeline)	145	109
Transport Operators	133	130
Loan Against Property	81	23
Basic Metal & Metal products - Iron and Steel	62	26
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	51	51
Personal Loans	37	35
Home Loan	11	2
Total	5,303	4,349

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

Industry wise General Provisions *

Particulars	30 Jun 20
Financial Institutions	250
Non-Banking Financial Institutions/Companies	158
Infrastructure - Electricity (generation-transportation and distribution)	144
Vehicles, Vehicle Parts and Transport Equipments	142
Other Industries	112
Construction	105
Banks	68
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	65
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	65
Other Services	64
Wholesale Trade (other than Food Procurement)	57
Food Processing - Others	46
Infrastructure - Others	41
Metal and Metal Products	37
All Engineering - Others	37
Infrastructure - Telecommunication	35
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	35
Computer Software	28
Basic Metal & Metal products - Iron and Steel	26
All Engineering - Electronics	26
Trading Activity	24
Rubber, Plastic and their Products	20
Home Loan	20
Textiles - Others	16
Transport Operators	12
Loan Against Property	10
Retail Others	8
Paper and Paper Products	8
Textiles - Cotton	6
Petro-chemicals	5
Infrastructure - Transport - Ports	4
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	4
Wood and Wood Products	3
Glass & Glassware	3
Cement and Cement Products	3
Tourism, Hotel and Restaurants	3
Leather and Leather products	3
Food processing - Sugar	2
Beverages	2
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	2
Food Processing - Edible Oils and Vanaspati	2
Food Processing - Tea	2
Agriculture & allied activities	1
Total	1,704

* Includes provision for Stressed sector and COVID-19 regulatory package.

Basel III: Pillar 3 Disclosures*as at 30 June 2020*

(Currency: Indian rupees in million)

Movement in Industry wise Specific Provisions (net of write-backs)

Particulars	30 Jun 20
Trading Activity	92
Construction	86
Loan Against Property	2
Home Loan	2
Personal Loan	(6)
Glass & Glassware	(6)
Total	170

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

Industry wise write-off's

Particulars	30 Jun 20
Personal Loan	43
Total	43

Basel III: Pillar 3 Disclosures
as at 30 June 2020

(Currency: Indian rupees in million)

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

Currently based on our clientele, ratings of the following agencies have been used i.e. CARE, CRISIL, India Ratings and Research Private Ltd., ICRA, Brickwork, SME Rating Agency Pvt Ltd (SMERA), Infomercials, Standards & Poors, Moody's and Fitch for all exposures. The Bank assigns Long term credit ratings accorded by the chosen credit rating agencies for assets which have a contractual maturity of more than one year. However, in accordance with RBI guidelines, the Bank classifies all cash credit exposures as long term exposures and accordingly the long term ratings accorded by the chosen credit rating agencies are assigned. The Bank uses both issue specific and issuer ratings. In accordance with RBI guidelines, for risk-weighting purposes, short-term ratings are deemed to be issue-specific.

Quantitative Disclosures

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

Particulars	30 Jun 20
< 100 % Risk Weight	389,910
100 % Risk Weight	132,936
> 100 % Risk Weight	14,495
Total	557,341

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

LEVERAGE RATIO

The leverage ratio has been calculated using the definitions of capital and total exposure. The Bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is as follows:

Particulars	30 Jun 20
Tier I Capital	57,077
Exposure Measure	767,999
Leverage Ratio	7.43%