

Basel III: Pillar 3 Disclosures
as at 30 September 2020

(Currency: Indian rupees in million)

1. Scope of application
Qualitative Disclosures

DBS Bank India Limited ('the Bank'), operates in India as a Wholly Owned Subsidiary ("WOS") of DBS Bank Ltd., Singapore, a banking entity incorporated in Singapore with limited liability. As at 30 September 2020, the Bank has a presence of 35 branches (21 in metros, 4 in urban areas, 2 in semi-urban area and 8 in rural cities (including 7 URC's)). The branch network is spread across 24 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	3,736.03 *	-	NA	5,221.08 *

* Per Audited Financial Statements as at 31st March 2020.

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1. Scope of application (Continued)
Quantitative Disclosures (Continued)
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.

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2. Capital Adequacy
Qualitative disclosures

The CRAR of the Bank is 16.94% 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.

The coronavirus (Covid 2019) continues its march across the globe, including India. Hence, the extent to which the Covid 2019 pandemic will impact the Bank's operations and financial metrics (including Capital adequacy) is dependent on the future developments, which are uncertain; including among many other things, any new information concerning the further spread of the pandemic and any action to contain its spread or mitigate its impact, whether government mandated or elected by the Bank.

Quantitative disclosures

Particulars	30 Sep 20
A Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	35,497
B Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
- Interest rate risk	7,260
- Foreign exchange risk	540
- Equity risk	9
C Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,777
D CET1 Capital Ratio (%)	13.72%
E Tier1 Capital Ratio (%)	13.72%
F Total Capital Ratio (%)	16.94%

* 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.

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

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as a whole. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Bank.

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

India Risk Exco ("Risk EXCO")

- Serves as the 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 approve risk assessments results.

Serves as a discussion forum for any matter escalated by the underlying risk committees and endorse India specific risk policies and local adoption of Group policies as required, before recommendation to India Board for approval.

India Credit Risk Committee (CRC)

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

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

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

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

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

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

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

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

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

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

*Quantitative Disclosures***Credit Exposure**

Particulars	30 Sep 20
Fund Based *	247,044
Non Fund Based **	219,283

* Represents Gross Advances and Bank exposures.

** Represents trade and unutilised exposures after applying credit conversion factor and Credit equivalent of FX/derivative exposures.

The Bank does not have overseas operations and hence exposures are restricted to the domestic segment.

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

Industry	30 Sep 20
Bank *	55,127
Non-Banking Financial Institutions/Companies	24,564
Other Industries	16,059
Construction	15,803
Infrastructure - Electricity (generation-transportation and distribution)	13,434
Vehicles, Vehicle Parts and Transport Equipment's	12,700
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	10,345
Home Loan	8,322
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	8,010
Other Services	7,686
Computer Software	7,604
Wholesale Trade (other than Food Procurement)	6,737
Infrastructure - Telecommunication	6,614
Trading Activity	5,178
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	5,128
Retail Trade	5,094
Food Processing - Others	4,850
Metal and Metal Products	4,089
All Engineering - Others	4,013
Rubber, Plastic and their Products	3,630
Textiles - Others	2,598
Loan Against Property	2,527
Social & Commercial Infrastructure	2,369
All Engineering - Electronics	1,925
Basic Metal & Metal products - Iron and Steel	1,808
Transport Operators	1,363
Personal Loan	1,309
Paper and Paper Products	1,133
Wood and Wood Products	897
Tourism, Hotel and Restaurants	829
Petro-chemicals	803
Food Processing - Edible Oils and Vanaspati	740
Glass & Glassware	674
Textiles - Cotton	543
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	508
Tea	394
Leather and Leather products	384
Infrastructure - Transport - Roadways	373
Beverages	360
Sugar	243
Cement and Cement Products	101
Agriculture & allied activities	83
Coffee	73
Professional Services	19
Infrastructure - Social and Commercial Infrastructure - Education Institutions	1
Total Credit Exposure (fund based)	247,044

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

Basel III: Pillar 3 Disclosures (Continued)
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3. General Disclosures (Continued)
Industry wise Exposures (Non - Fund Based exposures)

Industry	30 Sep 20
Financial Institutions	68,737
Banks	48,497
Non-Banking Financial Institutions/Companies	14,819
Infrastructure - Electricity (generation-transportation and distribution)	8,668
Construction	7,667
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	7,262
Other Industries	6,091
All Engineering - Others	5,988
Food Processing - Edible Oils and Vanaspati	5,600
Infrastructure - Transport - Ports	5,380
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,794
Vehicles, Vehicle Parts and Transport Equipments	3,907
Trading Activity	3,694
Retail Others	3,026
All Engineering - Electronics	2,465
Wholesale Trade (other than Food Procurement)	2,270
Cement and Cement Products	2,268
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	1,959
Other Services	1,635
Computer Software	1,594
Metal and Metal Products	1,543
Food Processing - Others	1,533
Basic Metal & Metal products - Iron and Steel	1,222
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	1,198
Infrastructure - Telecommunication	1,132
Infrastructure - Others	1,071
Rubber, Plastic and their Products	853
Aviation	646
Textiles – Others	619
Transport Operators	583
Professional Services	506
Beverages	459
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	376
Paper and Paper Products	348
Petro-chemicals	302
Textiles – Cotton	241
Wood and Wood Products	194
Glass & Glassware	76
Food processing – Coffee	21
Tourism, Hotel and Restaurants	13
Leather and Leather products	6
Home Loan	6
Mining and Quarrying – Others	5
Food Processing – Tea	5
Food processing – Sugar	3
Infrastructure - Water sanitation	1
Total Credit Exposure (non-fund based)	219,283

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3. General Disclosures (Continued)
Maturity of Assets as at 30 September 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	101	6,665	3,991	145,417	19,838	-	2,208
2-7 days	-	604	-	2,515	3,893	-	66
8-14 Days	-	376	-	1,543	3,878	-	52
15-30 Days	-	394	-	1,370	22,705	-	199
1 month - 2 months	-	587	-	2,510	13,261	-	142
2-3 months	-	365	-	1,191	18,487	-	165
3-6 Months	-	430	1,844	2,851	32,629	-	309
6 Months - 1 Year	-	317	3,839	586	10,067	-	118
1-3 Years	-	1,272	31,721	5,779	52,616	-	572
3-5 Years	-	83	3,689	11,333	9,977	-	247
Over 5 Years	-	4,526	-	36,204	10,232	791	79,335
Total	101	15,619	45,084	211,299	197,583	791	83,413

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 (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

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

Particulars	30 Sep 20
Amount of NPAs (Gross)	5,266
Substandard	1,235
Doubtful 1	593
Doubtful 2	1,023
Doubtful 3	2,415
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	30 Sep 20
A Amount of NPAs (Gross)	5,266
B Net NPAs	889
C NPA Ratios	
- Gross NPAs to gross advances (%)	2.61%
- Net NPAs to net advances (%)	0.45%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	5,076
- Additions	305
- Reductions on account of recoveries/ write - offs	115
- Closing balance	5,266
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	4,179
- Provision made during the year	290
- Write – offs / Write – back of excess provision	92
- Closing balance	4,377

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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 Sep 20
Opening Balance	1,473
Add: Provisions Made During the Year	1,046
Less: Write off / Write back of Excess provisions during the Year	-
Closing Balance	2,519

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 September 20, the Bank has recorded a provision of INR 160 Million against these loans.

Amount of Non-Performing Investments and Provision for NPIs

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

Particulars	30 Sep 20
A Amount of Non-Performing Investments (Gross)	480
B Amount of provisions held for non-performing investments	329

Movement in Provisions held towards Depreciation on Investments

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

Particulars	30 Sep 20
Opening Balance	811
Add: Provisions made during the year	-
Less: Write off / Write back of excess provisions during the year	10
Closing Balance	801

Basel III: Pillar 3 Disclosures (Continued)
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Industry wise Past Due Loans *

Particulars	30 Sep 20
Rubber, Plastic and their Products	336
Retail Trade	326
Home Loan	315
Textiles - Cotton - Spinning Mills	245
Retail Loan - Other Retail Loans	198
Transport Operators	191
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	185
Vehicles, Vehicle Parts and Transport Equipments	168
Food Processing - Others	142
Textiles - Others	108
Loan Against Property	96
All Engineering - Others	83
Basic Metal & Metal products - Iron and Steel	49
Chemicals and Chemical Products (Dyes, Paints, etc.) - Petro-chemicals	30
Basic Metal & Metal products - Other Metal and Metal Products	8
Trading Activity	4
Glass & Glassware	3
Total	2,487

* 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 Sep 20
Overdue upto 30 Days	1,714
Overdue between 31 and 60 Days	304
Overdue between 61 and 90 Days	469
Total	2,487

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	1,951	1,795
All Engineering - Others	1,130	538
Trading Activity	815	812
Infrastructure - Transport - Roadways	373	373
Computer Software	191	191
Glass & Glassware	168	168
Gas/LNG (storage and pipeline)	145	109
Textiles - Others	141	141
Transport Operators	133	130
Basic Metal & Metal products - Iron and Steel	62	26
Home Loan	58	26
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	51	51
Personal Loans	39	9
Loan Against Property	9	8
Total	5,266	4,377

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Industry wise General Provisions *

Particulars	30 Sep 20
Other Industries	997
Vehicles, Vehicle Parts and Transport Equipments	161
Non-Banking Financial Institutions/Companies	146
Construction	136
Financial Institutions	125
Banks	92
Infrastructure - Telecommunication	81
Other Services	80
Wholesale Trade (other than Food Procurement)	71
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	60
Infrastructure - Electricity (generation-transportation and distribution)	53
Infrastructure - Others	53
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	50
Trading Activity	43
Food Processing - Others	39
Home Loan	34
Metal and Metal Products	34
Computer Software	33
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	30
Basic Metal & Metal products - Iron and Steel	28
Rubber, Plastic and their Products	28
Textiles - Others	24
All Engineering – Others	20
All Engineering – Electronics	14
Transport Operators	11
Food Processing - Edible Oils and Vanaspati	9
Paper and Paper Products	9
Wood and Wood Products	7
Textiles – Cotton	7
Retail Others	6
Tourism, Hotel and Restaurants	6
Petro-chemicals	4
Beverages	4
Chemicals and Chemical Products (Dyes, Paints, etc.) – Fertilisers	4
Glass & Glassware	3
Food processing – Sugar	3
Infrastructure - Transport - Ports	3
Leather and Leather products	3
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	2
Cement and Cement Products	2
Food Processing – Tea	2
Agriculture & allied activities	1
Food processing – Coffee	1
Total	2,519

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

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

Particulars	30 Sep 20
Trading Activity	143
Personal Loan	53
Loan Against Property	7
Home Loan	6
Textiles - Others	(5)
Glass & Glassware	(6)
Total	198

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 Sep 20
Personal Loan	78
Total	78

Basel III: Pillar 3 Disclosures (Continued)*as at 30 September 2020*

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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), 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 Sep 20
< 100 % Risk Weight	344,432
100 % Risk Weight	133,133
> 100 % Risk Weight	16,741
Total	494,306

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

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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	6,422
Total	6,422

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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 Board Risk Management Committee, Risk Executive Committee and the Market & Liquidity Risk Committee oversee the market risk management infrastructure, set market risk control limits and provide 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 and Banking Expected Shortfall daily, while the Central Operations 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 Management Action Trigger are monitored daily for the Trading book.

The risk control measures such as Interest rate PV01 (IRPV01), FX Delta & FX Vega measure the interest rate and FX rate risk (spot and volatility) 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 the NPV due to an increase of 1 unit in FX rates, while the FX Vega measures the change in the NPV due to an increase of 1 unit in FX volatilities. The currency wise IRPV01 and FX Delta is calculated daily for T&M trading, T&M banking and Central Operations book, while the FX Vega is calculated daily for the T&M trading book.

The other risk control measures such as Credit spread PV01 (CSPV01) and Jump to Zero (JTZ) 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 JTZ are calculated daily for T&M trading book.

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7. Disclosure on Market Risk in Trading book (Continued)*Quantitative Disclosures***Capital Requirement for Market Risk ***

Particulars	30 Sep 20
Interest rate risk	7,260
Foreign exchange risk (including gold)	540
Equity position risk	9

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

8. Operational Risk*Qualitative Disclosures***Strategy and Process**

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 country wide approach for managing operational risk in a structured, systematic and consistent manner.

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.

DBIL adopts the following risk management approach to manage operational risk:

Basel III: Pillar 3 Disclosures (Continued)

as at 30 September 2020

(Currency: Indian rupees in million)



The operational risk management (ORM) approach adopted by DBIL comprises several elements as follows:

FOUNDATION	Risk Appetite / Culture & Awareness		
	Governance		
	Operational Risk Policies & Standards / Taxonomy		
RISK TOOLS	Risk & Control Self-Assessment	Issue Management & Action Tracking	Risk Profiling & Reporting
	Operational Risk Event Management & Reporting		
	Key Operational Risk Indicators		
	Scenario Assessment		
RISK MITIGATION PROGRAMMES	Internal Controls		
	Business Continuity Management		
	Group Insurance Programme		
RISK QUANTIFICATION	Loss Provisioning & Capital Allocation		
SYSTEM	Operational Risk Management System		

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

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as at 30 September 2020

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- 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 Chief Risk Officer, Country Head, Chief Operating Officer Head of Operational Risk and the Heads of Consumer Banking Group, Global Transaction Services, Treasury & Markets, Institutional Banking – Chief Operating Officer, Finance, Legal & Compliance, Priority Sector Lending, Chief Information Security Officer, Head T&O Risk Management, Internal Audit (permanent standing invitee) 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.

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as at 30 September 2020

(Currency: Indian rupees in million)

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 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 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)

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– 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”) and the Market & Liquidity Risk Committee (“MLRC”) together oversee 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
30 th September 2020	5,764

The impact on Earnings is computed as per the definition laid down in the Market Risk Management Policy/ Standard of the Bank. Per the document, 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
30 th September 2020	9

Basel III: Pillar 3 Disclosures (*Continued*)

as at 30 September 2020

(Currency: Indian rupees in million)

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. Currently, Economic Capital (EC) model is not used in DBIL, but the Bank has adopted other 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 components 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.

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.

Basel III: Pillar 3 Disclosures (Continued)*as at 30 September 2020*

(Currency: Indian rupees in million)

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	1,683,697	86,700
- Interest Rate Derivatives	3,489,806	65,370

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

11. Composition of Capital

		(Rs. in million)	Ref No
Basel III common disclosure template to be used from March 31, 2020			
Common Equity Tier 1 capital : instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	50,377	A
2	Retained earnings	4,901	G
3	Accumulated other comprehensive income (and other reserves)	4,090	B+C
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	59,368	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	125	
8	Goodwill (net of related tax liability)	-	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-	
10	Deferred tax assets	721	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)	-	

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

11. Composition of Capital (Continued)

Basel III common disclosure template to be used from March 31, 2020		(Rs. in million)	Ref No
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	846	
29	Common Equity Tier 1 capital (CET1)	58,522	
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	-	

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

11. Composition of Capital (Continued)

Basel III common disclosure template to be used from March 31, 2020		(Rs. in million)	Ref No
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)	58,522	
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	11,066	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	2,656	D+E+J

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

11. Composition of Capital (Continued)

Basel III common disclosure template to be used from March 31, 2020		(Rs. in million)	Ref No
51	Tier 2 capital before regulatory adjustments	13,722	
	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)	13,722	
	a. Tier 2 capital reckoned for capital adequacy	13,722	
	b. Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	
	c. Total Tier 2 capital admissible for capital adequacy (58a + 58b)	13,722	
59	Total capital (TC = T1 + Admissible T2) (45 + 58c)	72,244	
60	Total risk weighted assets (60a + 60b + 60c)	426,565	
	a. of which: total credit risk weighted assets	306,737	
	b. of which: total market risk weighted assets	97,619	
	c. of which: total operational risk weighted assets	22,209	

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

11. Composition of Capital (Continued)

Basel III common disclosure template to be used from March 31, 2020		(Rs. in million)
		Ref No
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.72%
62	Tier 1 (as a percentage of risk weighted assets)	13.72%
63	Total capital (as a percentage of risk weighted assets)	16.94%
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)	6.34%
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)	2,032
77	Cap on inclusion of provisions in Tier 2 under standardised approach	3,834
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

Basel III: Pillar 3 Disclosures (Continued)*as at 30 September 2020*

(Currency: Indian rupees in million)

11. Composition of Capital (Continued)

Basel III common disclosure template to be used from March 31, 2020		(Rs. in million)	Ref No
(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)	-	

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

Notes to the above Template		
Row No. of the template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	721
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	721
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	2,032
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	2,032
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)	-

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

12. Composition of Capital – Reconciliation Requirements

Step 1		(Rs. in million)	
		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 30 Sep 2020	As on 30 Sep 2020
A	Capital & Liabilities		
i.	Paid-up Capital	50,377	50,377
	Reserves & Surplus	12,108	12,108
	Minority Interest	-	-
	Total Capital	62,485	62,485
ii.	Deposits	325,276	325,276
	of which : Deposits from banks	43,948	43,948
	of which : Customer deposits	281,328	281,328
	of which : Other deposits (CD's)	-	-
iii.	Borrowings	81,736	81,736
	of which : From RBI	-	-
	of which : From banks	2,335	2,335
	of which : From other institutions & agencies	68,335	68,335
	of which : Others (pl. specify)		
	of which : Capital instruments	11,066	11,066
iv.	Other liabilities & provisions	84,392	84,392
	Total	553,889	553,889
B	Assets		
i.	Cash and balances with Reserve Bank of India	15,720	15,720
	Balance with banks and money at call and short notice	45,084	45,084
ii.	Investments :	211,298	211,298
	of which : Government securities	199,974	199,974
	of which : Other approved securities	-	-
	of which : Shares	101	101
	of which : Debentures & Bonds	2,529	2,529
	of which : Subsidiaries / Joint Ventures / Associates	-	-
	of which : Others (Commercial Papers, Certificate of deposits, Security Receipts of Asset Reconstruction Companies)	8,694	8,694
iii.	Loans and advances	197,583	197,583
	of which : Loans and advances to banks	1,0043	1,0043
	of which : Loans and advances to customers	187,540	187,540
iv.	Fixed assets	791	791
v.	Other assets	83,413	83,413
	of which : Goodwill and intangible assets	-	-
	of which : Deferred tax assets	3,776	3,776
vi.	Goodwill on consolidation	-	-
vii.	Debit balance in Profit & Loss account	-	-
	Total Assets	553,889	553,889

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

12. Composition of Capital – Reconciliation Requirements (Continued)

Step 2		(Rs. in million)		
		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on 30 Sep 2020	As on 30 Sep 2020	
A	Capital & Liabilities			
i.	Paid-up Capital	50,377	50,377	
	of which : Amount eligible for CET1	50,377	50,377	A
	of which : Amount eligible for AT1	-	-	
	Reserves & Surplus	12,108	12,108	
	of which :			
	Statutory Reserve	4,085	4,085	B
	Capital Reserve	5	5	C
	Investment Reserve	362	362	D
	Investment Fluctuation Reserve	624	624	E
	Deferred Tax Reserve	1	1	
	Revenue Reserve	7,031	7,031	G
	Minority Interest	-	-	
	Total Capital	62,485	62,485	
ii.	Deposits	325,276	325,276	
	of which : Deposits from banks	43,948	43,948	
	of which : Customer deposits	281,328	281,328	
	of which : Other deposits (CD's)	-	-	
iii.	Borrowings	81,736	81,736	
	of which : From RBI	-	-	
	of which : From banks	2,335	2,335	
	of which : From other institutions & agencies	68,335	68,335	
	of which : Others			
	of which : Capital instruments	11,066	11,066	
	- of which Eligible for T2 capital	11,066	11,066	I
iv.	Other liabilities & provisions	84,392	84,392	
	of which : Provision against standard asset and country risk	1,652	1,652	J
	Total	553,889	553,889	
B	Assets			
i.	Cash and balances with Reserve Bank of India	15,720	15,720	
	Balance with banks and money at call and short notice	45,084	45,084	
ii.	Investments :	211,298	211,298	
	of which : Government securities	199,974	199,974	
	of which : Other approved securities	-	-	
	of which : Shares	101	101	
	of which : Debentures & Bonds	2,529	2,529	
	of which : Subsidiaries / Joint Ventures / Associates	-	-	
	of which : Others (Commercial Papers, Certificate of deposits, Security Receipts of Asset Reconstruction Companies)	8,694	8,694	
iii.	Loans and advances	197,583	197,583	
	of which : Loans and advances to banks	1,0043	1,0043	
	of which : Loans and advances to customers	187,540	187,540	
iv.	Fixed assets	791	791	
v.	Other assets	83,413	83,413	
	of which : Goodwill and intangible assets	-	-	
	of which : Deferred tax assets associated with accumulated losses	721	721	F
	of which : Deferred tax assets arising from temporary differences other than accumulated losses (amount above 10% threshold, net of related tax liability)	-	-	H
vi.	Goodwill on consolidation	-	-	
vii.	Debit balance in Profit & Loss account	-	-	
	Total	553,889	553,889	

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

13. Main features of equity and debt capital instruments

		(Rs. in million)
		As on 30 Sep 2020
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	50,377
9	Par value of instrument	50,377
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

Basel III: Pillar 3 Disclosures (*Continued*)

as at 30 September 2020

(Currency: Indian rupees in million)

14. 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.

As per the RBI guidelines, investments classified under HTM category are carried at their acquisition cost and not marked to market. Any diminution, other than temporary, in the value of equity investments is provided for. Any loss on sale of investments in HTM category is recognised in the Statement of Profit and Loss. Any gain from sale of investments under HTM category is recognised in the Statement of Profit and Loss and is appropriated, net of taxes and statutory reserve, to “Capital Reserve” in accordance with the RBI Guidelines. The book value of Bank’s investment HTM portfolio was Rs. 38,191 million as at September 30, 2020. Further, 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.

Basel III: Pillar 3 Disclosures (Continued)
as at 30 September 2020

(Currency: Indian rupees in million)

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 September 30, 2020 are as follows:

On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	491,507
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(846)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	490,661
Derivative exposures		
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	42,323
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	96,909
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)	139,232
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,220
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	2,040
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	9,260
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	280,973
18	(Adjustments for conversion to credit equivalent amounts)	(196,941)
19	Off-balance sheet items (sum of lines 17 and 18)	84,033
Capital and total exposures		
20	Tier 1 capital	58,522
21	Total exposures (sum of lines 3, 11, 16 and 19)	723,185
Leverage ratio		
22	Basel III leverage ratio	8.09%

Basel III: Pillar 3 Disclosures (Continued)*as at 30 September 2020*

(Currency: Indian rupees in million)

Summary comparison of accounting assets vs. leverage ratio exposure measure

1	Total consolidated assets as per published financial statements	553,889
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	84,069
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	2,040
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	84,033
7	Other adjustments	(846)
8	Leverage ratio exposure	723,185