



FIRSTRAND BANK





FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

Indian Rupees in 000's

Balance Sheet as on		31-Mar-18	31-Mar-17
Description	Schedule	Amount	Amount
CAPITAL AND LIABILITIES			
Capital	1	6,617,140	6,617,140
Reserves & Surplus	2	(3,459,844)	(3,705,715)
Deposits	3	4,355,321	4,934,469
Borrowings	4	4,387,231	2,782,151
Other Liabilities and Provisions	5	2,263,145	4,130,218
Total		14,162,993	14,758,263

ASSETS			
Cash & Balances with Reserve Bank of India	6	287,635	289,317
Balances with Banks & Money at Call & Short Notice	7	874,317	744,115
Investments	8	8,420,983	7,092,013
Loans & Advances	9	2,160,080	2,441,360
Fixed Assets	10	14,981	32,599
Other Assets	11	2,404,997	4,158,859
Total		14,162,993	14,758,263
Contingent Liabilities	12	481,779,901	217,018,814
Bills for collection		11,357,376	3,056,560

Significant Accounting Policies and Notes to the Financial Statements 18

The accompanying notes & schedules form an integral part of the Financial Statements

For A.P. Sanzgiri & Co

Chartered Accountants
ICAI Firm Reg No- 116293W

Ankush Goyal

Partner

M.no 146017

Place: Mumbai

Date: 27 June 2018



For FirstRand Bank Limited- India Branch

[Signature]

Rohit Wahi

Chief Executive Officer



[Signature]

Guanwu Ye

Chief Operating Officer

[Signature]

Kamini Shah

Head Finance



FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

Indian Rupees in 000's

Profit and Loss account for the year ended		31-Mar-18	31-Mar-17
Description	Schedule	Amount	Amount
I. INCOME			
Interest earned	13	975,858	1,371,926
Other Income	14	438,582	524,452
Total		1,414,440	1,896,378
II. EXPENDITURE			
Interest expended	15	503,446	821,790
Operating expenses	16	753,570	1,300,762
Provisions and contingencies	17	(88,447)	303,714
Total		1,168,569	2,426,266
III. PROFIT/LOSS			
Net Profit/(Loss) for the year		245,871	(529,888)
Net Profit/(Loss) brought forward		(3,705,715)	(3,175,827)
Total		(3,459,844)	(3,705,715)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		61,468	-
Balance carried over to Balance Sheet		(3,398,376)	(3,705,715)

Significant Accounting Policies and Notes to the Financial Statements 18

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For A.P. Sanzgiri & Co
Chartered Accountants
ICAI Firm Reg No- 116293W

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For FirstRand Bank Limited- India Branch

Rohit Wahi

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Head Finance



FirstRand Bank Limited-India Branch
(Incorporated in South Africa with Limited Liability)

Cash Flow Statement for the year ended 31st March 2018

Indian Rupees in 000's

Particulars	31-Mar-18	31-Mar-17
Cash flow from Operating Activities		
Net profit before taxation and extraordinary items	245,871	(529,888)
Adjustments for:		
Depreciation on Fixed Assets	18,101	21,843
(Profits)/loss on sale of Fixed Assets	403	(38)
Provision for gratuity & leave encashment	(4,105)	(5,184)
Provision for country risk	(317)	(975)
Provision for Standard Assets	14,073	7,643
Provision towards Unhedged Foreign Currency Exposure	(5,805)	(18,948)
Written off Advances	135,740	416,203
Provision for Non-Performing Asset	(244,095)	(99,946)
Other Provisions- Loss on SS	12,053	1,039
Provision for Lease Equalisation	(668)	5,500
Operating profit before changes in working capital	171,250	(202,751)
Adjustment for:		
(Increase)/ Decrease in Investments	(1,341,022)	3,906,645
(Increase)/ Decrease in Advances	281,279	2,196,517
(Increase)/ Decrease in Other Assets	1,753,862	(2,437,585)
Increase/ (Decrease) in Deposits	(579,148)	(1,395,810)
Increase/ (Decrease) in Other liabilities and Provisions	(1,761,896)	2,005,163
Cash Generated from operations	(1,475,674)	4,072,179
Less: Direct Taxes Paid (net of refund received)	-	3,657
Net Cash flow from Operating Activities (A)	(1,475,674)	4,075,836
Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,118)	(12,490)
Purchase of CWIP	-	(87)
Proceeds from sale of Fixed Assets	233	113
Net Cash flow from Investing Activities (B)	(885)	(12,464)





Cash flow from Financing Activities		
Receipt of Capital	-	-
Increase / (Decrease) in Borrowings (Net)	1,605,080	(5,461,169)
Net Cash flow from Financing Activities (C)	1,605,080	(5,461,169)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	128,520	(1,397,797)
Cash and Cash equivalents at the beginning of the period	1,033,432	2,431,229
Cash and Cash equivalents at the end of the period	1,161,952	1,033,432

Note: Cash and Cash equivalents represents

Particulars	31-Mar-18	31-Mar-17
a) Cash and balance with Reserve Bank of India	287,635	289,317
b) Balance with Banks and money at call and short notice (Excluding deposits with original maturity of more than 3 months)	874,317	744,115
Total	1,161,952	1,033,432

For A.P.Sanzgiri & Co
Chartered Accountants
ICAI Firm Registration No.:- 116293W

Ankush Goyal
Partner
M.No. 146017

For FirstRand Bank Limited-India Branch

Rohit Wahi
Chief Executive Officer

Guanwu Ye
Chief Operating Officer



Kamini Shah
Head Finance

Place: Mumbai
Date: 27 June 2018





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-18	31-Mar-17
SCHEDULE 1 – CAPITAL	Amount	Amount
Opening Balance	6,617,140	6,617,140
Additions during the period	-	-
TOTAL	6,617,140	6,617,140
Of the above, amount of deposit kept with Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949.	3,500	2,500

SCHEDULE 2 - RESERVES & SURPLUS	Amount	Amount
I. Statutory Reserves		
Opening balance	-	-
Additions during the year	61,468	-
Deductions during the year	-	-
II. Capital Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
III. Investment Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
IV. Revenue and Other Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
V. Balance in Profit & Loss account	(3,521,312)	(3,705,715)
TOTAL (I+II+III+IV+V)	(3,459,844)	(3,705,715)

SCHEDULE 3 - DEPOSITS	Amount	Amount
I (i) Demand deposits		
- From Banks	72	1,906
- From others	355,249	306,877
(ii) Savings bank deposits	-	-
(iii) Term deposits		
- From Banks	-	-
- From others	3,518,626	3,634,946
- Certificate of deposits	481,374	990,740
TOTAL (i+ii+iii)	4,355,321	4,934,469
II.(i) Deposits of branches in India	4,355,321	4,934,469
(ii) Deposits of branches outside India	-	-
TOTAL (i+ii)	4,355,321	4,934,469





Indian Rupees in 000's

SCHEDULE 4 - BORROWINGS	31-Mar-18 Amount	31-Mar-17 Amount
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Bank	2,500,000	1,100,000
(iii) Other institution and agencies	529,946	810,680
Items (i) and (iii) above are secured borrowings		
II. Borrowings outside India(from Head Office)	1,357,285	871,471
TOTAL (I+II)	4,387,231	2,782,151

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS	Amount	Amount
I. Bills Payable	-	399
II. Inter Office adjustments (net)	-	-
III. Interest Accrued	61,158	44,250
IV. Others (including provisions)		
- Provision for Standard Assets	53,537	39,464
- Provision for Unhedged Foreign Currency	-	5,805
- Provision for Country Risk	353	671
- Others	2,148,097	4,039,629
TOTAL (I + II +III+IV)	2,263,145	4,130,218

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	Amount	Amount
I. Cash in hand (including foreign currency notes)	34	5
II. Balances with Reserve Bank of India		
(i) in Current Accounts	287,601	289,312
(ii) in Other Accounts		
TOTAL (I+II)	287,635	289,317





Indian Rupees in 000's

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE	31-Mar-18 Amount	31-Mar-17 Amount
I In India		
(i) Balance with banks		
(a) in Current Accounts	41,440	8,278
(b) in Other Deposit Accounts	-	-
(ii) Money at call and short notice		
(a) with banks	-	-
(b) with other Institutions	399,847	-
(c) with RBI	-	-
TOTAL I (i+ii)	441,287	8,278
II Outside India		
(i) in Current Accounts	169,015	27,812
(ii) in Other Deposit Accounts	-	-
(iii) Money at call and short notice	264,015	708,025
TOTAL II (i+ii+iii)	433,030	735,837
GRAND TOTAL (I+II)	874,317	744,115

Indian Rupees in 000's

SCHEDULE 8 – INVESTMENTS	Amount	Amount
I. Investments in India in		
(i) Government Securities*	3,165,679	3,864,582
(ii) Other approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	2,201,111	2,249,730
(v) Subsidiaries and/or joint ventures	-	-
(vi) Others (includes Certificate of Deposit and Commercial Paper)	3,066,246	977,701
Gross Investments in India	8,433,036	7,092,013
Less: Provisions on Investments	(12,053)	
Net Investments in India	8,420,983	-
II. Investments Outside India	-	-
TOTAL (I + II)	8,420,983	7,092,013

* Government Securities includes the following: a) Securities kept with Clearing Corporation of India Limited towards Security and Forex clearing facility of Face Value Rs. 7,00,000 ('000) (Previous year Rs. 655,000 ('000) of which securities kept under Collateralised Borrowing and Lending Obligation of Face Value Rs. 250,000 ('000) (Previous year Rs. 200,000 ('000)). b) Under the Market Repo (CROMS) of Face Value of Rs. NIL (Previous Year Rs 6,40,400('000))





Indian Rupees in 000's

SCHEDULE 9 - ADVANCES	31-Mar-18 Amount	31-Mar-17 Amount
I (i) Bills purchased and discounted	516,210	95,629
(ii) Cash credits, overdrafts and loans repayable on Demand	193,735	277,864
(iii) Term loans	1,450,135	2,067,867
TOTAL	2,160,080	2,441,360
II (i) Secured by tangible assets	710,000	1,343,613
(ii) Covered by bank/Government guarantees	-	10,880
(iii) Unsecured	1,450,080	1,086,867
TOTAL	2,160,080	2,441,360
III A. Advances in India		
(i) Priority sectors	693,077	1,245,551
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	1,467,003	1,195,809
TOTAL	2,160,080	2,441,360
III B. Advances outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
TOTAL	-	-
TOTAL (IIIA + IIIB)	2,160,080	2,441,360





Indian Rupees in 000's

SCHEDULE 10 - FIXED ASSETS	31-Mar-18 Amount	31-Mar-17 Amount
I. Premises	-	-
Cost at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net book value of premises	-	-
II. Other Fixed Assets (including furniture and fixtures and intangibles)		
Opening Balance	269,217	257,780
Additions During the year	1,205	12,490
Gross Book Value	270,422	270,270
Deductions during the year	(6,562)	(1,053)
Accumulated Depreciation to date	(248,879)	(236,705)
Net Book Value of other fixed assets (including furniture & fixtures and intangibles)	14,981	32,512
III. Capital work-in-progress	-	87
TOTAL (I + II + III)	14,981	32,599

SCHEDULE 11 - OTHER ASSETS	Amount	Amount
I. Inter-office adjustments(net)	-	-
II. Interest accrued	171,822	179,050
III. Tax paid in advance /tax deducted at source	766	710
IV. Stationary and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax	-	-
VII. Others	2,232,409	3,979,099
TOTAL (I +II + III+ IV + V +VI+VII)	2,404,997	4,158,859

Indian Rupees in 000's

SCHEDULE 12 - CONTINGENT LIABILITIES	Amount	Amount
I. Claims against the bank not acknowledged as debt	-	-
II. Liability on account of outstanding derivative contracts	11,831,469	11,866,036
III. Liability on account of outstanding forward exchange contracts and foreign currency swap contract	461,260,542	192,901,588
IV. Guarantees given on behalf of constituents	3,165,343	3,138,479
(a) In India	3,165,343	3,138,479
(b) Outside India	-	-
V. Acceptances, endorsements and other obligations	926,209	534,764
VI. Other items for which the banks is contingently liable / capital commitments	4,596,338	8,577,947
- Capital commitments not provided	-	-
- Others*	4,596,338	8,577,947
TOTAL (I +II + III+ IV + V +VI)	481,779,901	217,018,814

includes Rs. 274,170 (in'000) undrawn Limits (P.Y. Rs. 41,632 (in'000))



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Indian Rupees in 000's

SCHEDULE 13 -Interest Earned	31-Mar-18 Amount	31-Mar-17 Amount
I. Interest/discount on advances/bills	356,749	514,574
II. Income on investments	597,604	841,936
III. Interest on balances with Reserve Bank of India and other interbank funds	18,301	14,952
IV. Others	3,204	464
TOTAL	975,858	1,371,926

SCHEDULE 14 - OTHER INCOME	Amount	Amount
I. Commission, exchange and brokerage (net)	53,180	236,128
II. Profit/(Loss) on investments (net)	(15,409)	64,712
III. Profit/(Loss) on sale of land, buildings and other assets (net)	(403)	38
IV. Profit on exchange transactions/Derivatives (net)	43,192	16,485
V. Miscellaneous Income*	358,022	207,089
TOTAL	438,582	524,452

* includes income from HO of Rs. 220,527 (in'000) (P.Y. Rs. 202,996 (in'000)) and profit on sale of Micro Finance business of Rs. 149,511 (in'000) (P.Y. Rs. Nil)

SCHEDULE 15 - INTEREST EXPENSES	Amount	Amount
I. Interest on deposits	198,333	403,146
II. Interest on Reserve Bank of India / inter- bank borrowings	182,657	401,452
III. Others	122,456	17,192
TOTAL	503,446	821,790

SCHEDULE 16 - OPERATING EXPENSES	Amount	Amount
I. Payment to and Provisions for employees	350,100	652,381
II. Rent, taxes and lighting	102,288	174,564
III. Printing and Stationery	1,438	7,316
IV. Advertisement and publicity	2,931	6,703
V. Depreciation on bank's property	18,101	21,843
VI. Directors' fees, allowances and expenses	-	-
VII. Auditors' fees and expenses	800	800
VIII. Law charges	7,108	6,543
IX. Postage, telegrams, telephone etc.	574	1,575
X. Repairs and maintenance	43,121	63,149
XI. Insurance	12,039	16,783
XII. Other expenditure	215,070	349,105
TOTAL	753,570	1,300,762





Indian Rupees in 000's

SCHEDULE 17 - PROVISIONS AND CONTINGENCIES	31-Mar-18 Amount	31-Mar-17 Amount
I. Provision towards Standard Assets	14,072	7,643
II. Provision towards Country Risk	(317)	(975)
III. Provision towards Non Performing Asset (net of write back)	(244,095)	(99,946)
IV. Provision towards Unhedged Foreign Currency	(5,805)	(18,948)
V. Bad Debts written off	135,645	416,203
VI. Provision for taxation		
- Current income tax expense	-	-
- Deferred tax	-	-
- Wealth tax	-	-
VII. Provision towards other assets	-	(263)
VIII. Provision for Depreciation of Investments	12,053	-
TOTAL	(88,447)	303,714





FIRSTRAND BANK

Notes to Accounts

March 2018





FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. BACKGROUND

The accompanying financial statements for the year ended 31 March 2018 comprise of accounts of the Mumbai Branch (referred to as 'the Bank') of FirstRand Bank Limited which is a banking company incorporated in South Africa with limited liability and was granted a license to carry on banking business in India by Reserve Bank of India (RBI) on 18 February 2009.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013 and Companies (Accounting Standards) Amendment Rule, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

The Bank follows accrual method of accounting (except where otherwise stated) and historical cost convention.

The financial statements are presented in Indian Rupees rounded off to the nearest thousand, unless otherwise stated.

3. GOING CONCERN AND USE OF ESTIMATES

The preparation of the financial statements are based on going concern basis and requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as at the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable; however actual results could differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the future period.





4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Investments

Classification

In accordance with RBI guidelines, all investments are classified into the following categories, based on the intent at the time of acquisition

- Held to Maturity (HTM),
- Available for Sale (AFS) and
- Held for Trading (HFT)

Under each of these categories the investment portfolio is further classified in accordance with RBI disclosure guidelines into sub-categories of:

- Government securities,
- Other approved securities,
- Shares,
- Debentures and Bonds,
- Subsidiaries/Joint ventures and
- Others.

Shifting in the portfolio, if any between the categories is done in accordance with RBI guidelines.

The Bank follows settlement date method for accounting of its investments.

Basis of classification

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in the above categories are classified under AFS category.

Acquisition Cost

In determining the cost of investment,

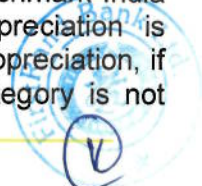
- Brokerage, commission, etc. paid at the time of purchase/sale is charged to the Profit & Loss Account.
- Broken period interest paid at the time of acquisition of the security is charged to the Profit & Loss Account.
- Cost of investments is based on First in First out method.

Disposal of Investments

Profit / Loss on sale of investments under the aforesaid three categories are taken to the Profit & Loss account. The profit from sale of investments under HTM category if any, net of taxes and transfers to statutory reserve is subsequently appropriated to "Capital Reserve".

Valuation

Investments held under the AFS and HFT categories are marked to market periodically at the price as declared by Primary Dealers Association of India jointly with Financial Benchmark India Private Limited ("FBIL"). Securities are valued scrip-wise and depreciation/appreciation is aggregated for each sub-category. Net depreciation, if any, is provided for and net appreciation, if any, is ignored. Net depreciation required to be provided for in any one sub-category is not





reduced on account of net appreciation in any other sub-category. Consequent to revaluation, the book value of the individual security is not changed.

Treasury Bills, Certificate of Deposits and Commercial Papers being discounted instruments are valued at carrying cost.

Investment held under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortized on a straight line basis over the remaining period to maturity. Where in the opinion of the management, a diminution other than temporary in the value of investments held under HTM has taken place, suitable provisions are made.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position are recognized in the Profit and Loss account.

In terms of RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 02 April 2018, RBI decided to grant the option to spread provisioning for mark to market (MTM) losses on investment held in AFS and HFT equally over up to four quarters commencing from the quarter in which the loss is incurred for the quarter ended 31 December 2017 and 31 March 2018. The bank has decided not to avail this option of spreading the provisioning requirement equally over up to four quarters and has accordingly recognised all MTM losses as of 31 March 2018 upfront in the profit and loss account.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, the Bank may additionally create provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss account until received.

Repurchase (Repo) and Reverse Repurchase Transactions

Repo and Reverse Repo transactions including Liquidity Adjustment Facility (LAF) with Reserve Bank of India (RBI) and Collateralised Lending and Borrowing Obligations (CBLO) are accounted for as lending and borrowing transactions in accordance with the extant of RBI guidelines.

Costs thereon are accounted for as interest expense and Revenues thereon are accounted as interest income.

4.2. Advances and provision for advances

Advances are classified as performing and non-performing based on extant prudential norms for income recognition, asset classification and provisioning issued by RBI. Advances are stated net of specific provisions and interest in suspense.

Specific loan loss provisions in respect of non-performing advances (NPAs) are made based on management's assessment of the degree of impairment of advances, subject to the minimum provisioning level prescribed in the RBI guidelines.

The Bank maintains general provision for standard assets including credit exposures computed using the Current Exposure Method on interest rate and foreign exchange derivative contracts as stipulated by RBI. The provision for standard assets is included in Schedule 5 under Other Liabilities.





The Bank assesses the unhedged foreign currency exposure (UFCE) of corporate customers and adequate provisions are maintained as required by RBI guidelines. These provisions are included under Schedule 5 "Other Liabilities & Provision" as a part of Standard Asset provision.

In addition to the provisions required according to the asset classification status, provisioning is done for individual country exposures (other than for home country exposure). Countries are classified into risk categories as per Export Credit Guarantee Corporation guidelines and provisioning is done as per RBI guidelines in respect of countries' where the net funded exposure is one percent or more of the Bank's total assets and included under Schedule 5 'Other Liabilities and Provisions'.

4.3. Fixed assets and depreciation

Fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognizing of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit and loss account when the asset is derecognized.

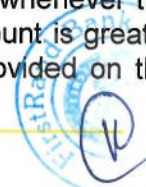
Depreciation on fixed assets is provided as per straight-line method from the date of addition over the estimated useful lives of the asset as estimated by the management. Depreciation on assets sold during the year is charged to the profit and loss account up to the date of sale. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of useful life/remaining useful life.

The management has estimated, assessed and has used the following useful lives to provide depreciation on its fixed assets which is consistent with the prior year

Asset Category	Useful lives estimated by the management (years)	Useful lives as per Companies Act 2013 (years)
Office equipment	3	5
Computers/Hardware Equipment	3	3
Application Software	3	5
Furniture and fixtures	3	10
Motor Vehicles	5	8
Items individually costing less than Rs. 5,000	Nil	As applicable to asset category

4.4. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of asset's net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life





4.5. Foreign Exchange Transactions

Monetary foreign currency assets and liabilities outstanding at the Balance Sheet date are translated to Indian Rupees at spot rates notified by the Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from the year end revaluations are recognised in the Profit & Loss Account.

Income and expenses are translated to Indian Rupees at the rates prevailing on the date of the transactions.

Outstanding forward exchange contracts and spot exchange contracts are revalued at year end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The resulting gains or losses on revaluation are included in the Profit & Loss Account in accordance with RBI/FEDAI guidelines. The unrealised profits or losses are reflected in the Balance Sheet under Other Assets or Other Liabilities accordingly.

Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed in Indian Rupees at spot rates of exchange notified by FEDAI as at the reporting date.

4.6. Derivative transactions

The Bank enters into derivative contracts such as interest rate swaps, currency swaps, currency options, currency futures and foreign exchange contracts.

All derivative transactions are reported on a mark to market basis in the financial statements. The unrealized gains/losses are incorporated in the Profit and Loss Account and the corresponding amounts are reflected as Other Assets or Other Liabilities accordingly in the Balance Sheet.

Premiums paid and received on options are accounted for up-front in the Profit and Loss Account. Foreign currency options are marked to market (MTM) on daily basis and the profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under Other assets or Other liabilities, respectively.

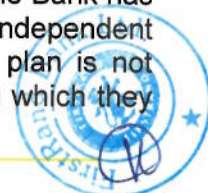
Currency futures contracts are marked to market (MTM) using closing rates of the relevant futures contract as published by the exchange. The resultant MTM profit or loss is settled with the exchange the following day and profit or loss on revaluation is recorded in the Profit and Loss account. Margin money deposited with the exchange is included in Other Assets.

In terms of the RBI guidelines, amounts due to the Bank under derivative contracts which remained unpaid in cash for a period of 90 days or more from the specified date of payment are classified as non-performing assets and accordingly provision is made for the same.

4.7. Employee benefits

Gratuity

The Bank has a defined benefit plan for post-employment benefit in the form of gratuity for all its employees. In terms of the Accounting Standard-15 on Employee Benefits (revised), the Bank has made a provision towards Gratuity based on an actuarial valuation done by an independent actuary as at the year end, using the Projected Unit Credit Method. The Gratuity plan is not funded by the Bank. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of Profit and Loss.





Provident Fund

Contribution to Provident Fund is a defined contribution calculated at the designated rate (currently 12% of employee's basic salary) and is charged to the Profit & Loss Account. Both the employer and employee contributions are made to the Employees' Provident Fund Organisation (EPFO) of the Government of India. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

Leave Salary

The Bank makes a provision for accrued compensated absences based on actuarial valuation as carried out by an independent actuary, using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

4.8. Lease Accounting

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

4.9. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Interest income is recognized in the Profit & Loss Account on an accrual basis, except in the case of non-performing assets where it is recognized upon realization as per RBI norms.

Fees for services are recognized at the time the services are rendered and a binding obligation to receive the fees has arisen.

Discount and commission income on bills discounted and guarantees issued respectively by the Bank are amortized over the life of the instrument, except commission on guarantees and letters of credit of less than Rs. 200 ('000), is recognized in the Profit & Loss Account in the year in which the guarantee is issued.

Income on discounted instruments is recognized over the tenure of the instrument on a straight line basis.

4.10. Taxation

Income tax comprises current tax provision and the net change in the deferred tax asset or liability in the year.

Deferred tax assets and liabilities arising on account of timing differences are recognised in the Profit & Loss Account and the cumulative effect thereof is reflected in the Balance Sheet. Deferred tax assets and liabilities are measured using the enacted or substantially enacted tax rates at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit & Loss Account in the period of change.





Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future, except in case of unabsorbed depreciation or carried forward loss under taxation laws which are recognized only to the extent that there is virtual certainty of realization of such assets.

Deferred tax assets are reviewed and reassessed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized.

4.11. Cash & Cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks/ institutions and money at call and short notice

4.12. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In Accordance with AS - 29 relating to Provisions, Contingent Liabilities and Contingent Assets, the Bank recognizes provisions only when it has a present obligation as a result of a past event that requires that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

No provision is recognized and a disclosure of contingent liability is made when:

- there is a possible obligation that may arise from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Bank; or
- any present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Such obligations are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable is provided for except in the extremely rare circumstances where no reliable estimate can be made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.





4.13. Net Profit / Loss

The net profit/ loss disclosed in the Profit & Loss statement is after:

- Specific provision for advances and provision for standard advances
- Country risk provision
- Unhedged foreign currency exposure
- Provision for depreciation on Investments
- Other usual or necessary provisions.





5. NOTES FORMING PART OF FINANCIAL STATEMENTS AND STATUTORY DISCLOSURES AS PER RESERVE BANK OF INDIA CIRCULARS AND GUIDELINES

5.1. Capital Adequacy Ratio

The Reserve Bank of India had issued guidelines on implementation of Basel III capital regulation in India. These guidelines are to be implemented in a phased manner and are to be fully implemented as on 31 March 2019.

The capital adequacy ratio of the Bank calculated as per RBI guidelines is as follows:

Sr. No	Particulars	31-Mar-18	31-Mar-17
i)	Common Equity Tier 1 capital ratio (%)	28.43	21.17
ii)	Tier 1 capital ratio (%)	28.43	21.17
iii)	Tier 2 capital ratio (%)	0.49	0.34
iv)	Total Capital ratio (CRAR) (%)	28.92	21.51
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of equity capital raised	-	-
vii)	Amount of Additional Tier 1 capital raised; of which	-	-
	PNCPs:	-	-
	PDI:	-	-
viii)	Amount of Tier 2 capital raised; of which	-	-
	Debt capital instrument:	-	-
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-





5.2. Investments

The details of investments are given below:

(Rs. In '000s)

Particulars (In India)	31-Mar-18 Book Value	31-Mar-17 Book Value
1) Value of Investments		
Gross Value of Investments	8,433,035	7,092,013
Less: Provision for Depreciation during the year	(12,053)	-
Add: Write back of Provision during the year	-	-
Net Value of Investments	8,420,982	7,092,013
2) Movement of provisions held towards depreciation on Investments		
Opening balance	-	-
Add: Provisions made during the year	12,053	-
Less: Write off/ write off excess provisions during the year	-	-
Closing balance	12,053	-

There were no investment outside India as at 31 March 2018 and 31 March 2017.

RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018 grants banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended 31 December 2017 and 31 March 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognised the entire net mark to market loss on investments in the respective quarters and has not availed of the said option.

5.3. Repo and Reverse Transactions

The details of face value of securities purchased and sold under repo and reverse repo agreements during the year ended 31 March 2018 (previous year figures are shown in brackets) are as follows:

(Rs. In '000s)

Particulars	Minimum Outstanding during the year*	Maximum Outstanding during the year*	Daily average Outstanding during the year*	As at 31-Mar-18 (31-Mar-17)
Securities sold under Repo				
i) Government securities	50,586 (50,000)	4,128,810 (5,316,300)	1,536,736 (3,628,442)	- (640,400)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under Reverse Repo				
i) Government securities	145,800 (197,300)	2,290,000 (1,347,200)	782,134 (685,955)	- (-)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)

* For calculation of minimum and daily average outstanding days with Nil outstanding have been excluded.





The above does not include Repo and Reverse Repo deals done under Liquidity Adjustment Facility (LAF) with the Reserve Bank of India or Collateralized Borrowing and Lending Obligation (CBLO) transactions concluded through the Clearing Corporation of India (CCIL).

5.4. Non-SLR investment portfolio

- a. Issuer composition of Non-SLR investments as at 31 March 2018 (previous year figures are shown in brackets):

(Rs. In '000s)

Sr. No	Issuer	Amount	Extent of private placement	Extent of below investment grade securities	Extent of unrated securities	Extent of unlisted securities
i)	Public sector undertakings (PSUs)	- (-)	- (-)	- (-)	- (-)	- (-)
ii)	Financial Institutions (FIs)	897,141 (749,894)	897,141 (749,894)	- (-)	- (-)	- (-)
iii)	Banks	2,353,011 (977,701)	- (-)	- (-)	- (-)	2,353,011 (977,701)
iv)	Private Corporate	1,772,814 (1,249,014)	1,772,814 (1,249,014)	- (-)	- (-)	- (-)
v)	Subsidiaries / Joint Ventures	- (-)	- (-)	- (-)	- (-)	- (-)
vi)	Others	232,337 (250,822)	- (-)	- (-)	- (-)	- (-)
vii)	Provision held towards depreciation	- (-)	- (-)	- (-)	- (-)	- (-)
	Total	5,255,303 (3,227,431)	2,669,955 (1,998,908)	- (-)	- (-)	2,353,011 (977,701)

- b. Non performing Non-SLR Investments as on 31 March 2018 and 31 March 2017 were Nil.

5.5. INVESTMENTS UNDER HTM CATEGORY

During the year, the Bank has not held, acquired or sold any investments in HTM category (previous year Nil). There has been no transfer of investments to/from HTM category during the year.





5.6. Derivatives

a. Interest Rate Swap

Details of outstanding interest rate swap agreements are as follows:

(Rs. In '000s)

Sr. No	Items	31-Mar-18	31-Mar-17
i)	Notional principal of swap agreements	11,831,469	11,655,313
ii)	Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	4,741	8,170
iii)	Collateral required by the bank upon entering into swaps*	-	-
iv)	Concentration of credit risk arising from the swaps	Banks - 99.65%	Banks - 98.26%
v)	Fair value of the swap book	(8,811)	7,314

* As per prevailing market practice, the Bank does not insist on collateral from the counterparties to these contracts.

The Nature and terms of interest rate swap are set out below:

(Rs. In '000s)

31-Mar-2018 Terms	Nature	Number of deals	Notional principal
Floating Receivable v/s Fixed Payable-MIBOR *	Trading Swaps	20	6,250,000
Floating Payable v/s Fixed Receivable -MIBOR*	Trading Swaps	18	5,500,000
Floating Receivable v/s Fixed Payable-LIBOR	Trading Swaps	1	40,734
Floating Payable v/s Fixed Receivable-LIBOR	Trading Swaps	1	40,734

(Rs. In '000s)

31-Mar-2017 Terms	Nature	Number of deals	Notional principal
Floating Receivable v/s Fixed Payable-MIBOR *	Trading Swaps	17	5,750,000
Floating Payable v/s Fixed Receivable -MIBOR*	Trading Swaps	18	5,500,000
Floating Receivable v/s Fixed Payable-LIBOR	Trading Swaps	1	202,656
Floating Payable v/s Fixed Receivable-LIBOR	Trading Swaps	1	202,657

* Daily Reset

b. Forward Rate Agreements

There were no forward rate agreements traded during the current and previous year.





c. Currency Swap

Details of outstanding currency swap agreements are as follows:

(Rs. In '000s)

Sr. No	Items	31-Mar-18	31-Mar-17
i)	Notional principal of swap agreements	-	145,873
ii)	Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	23,066
iii)	Collateral required by the bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	-	Banks-95%
v)	Fair value of the swap book	-	74

The Nature and terms of currency swap are set out below:

(Rs. In '000s)

31-Mar-2018	Nature	Number of deals	Notional principal
Terms			
Floating Receivable v/s Fixed Payable - 3mth LIBOR	Trading Swaps	-	-
Floating Payable v/s Fixed Receivable - 3mth LIBOR	Trading Swaps	-	-

(Rs. In '000s)

31-Mar-2017	Nature	Number of deals	Notional principal
Terms			
Floating Receivable v/s Fixed Payable - 3mth LIBOR	Trading Swaps	1	84,305
Floating Payable v/s Fixed Receivable - 3mth LIBOR	Trading Swaps	1	61,538

d. Exchange traded interest rate derivatives

During the current and previous year, the Bank has not dealt in exchange traded interest rate derivatives.

e. Disclosures on risk exposure in derivatives

Qualitative disclosure

Treasury front office deals in derivative transactions and the bank has independent teams for monitoring and managing market risk, credit risk and operational risk. Treasury back office undertakes activities such as confirmation, settlement and documentation. Segregation of duties and functions is therefore achieved and effective control is exercised over the activity.

The Bank transacts in derivative products designated as trading and as a tool for risk management purposes to hedge the interest rate and foreign currency risk arising out of balance sheet. The products are also offered to clients as part of corporate banking business for hedging various types of risk exposures.





The Products available are Interest Rate Swap (IRS), Forward Rate Agreement (FRA), Foreign Currency Forward, Cross Currency Swaps (CCS), Currency Futures and Options.

Derivative transactions expose the Bank primarily to counter-party credit risk, market risk (interest rate and foreign exchange risk) and operational risk.

Organisational structure for management of risk in derivatives trading

The derivative products and activities undertaken by the Bank are governed by the Treasury Trading Mandate, Market Risk Mandate and limit structures which are approved by the Head Office.

The in-country Management Board (MANBO) is responsible for oversight and supervision of all derivative activities including an understanding of the nature of risks taken in order to limit the potential loss of earnings or capital. Asset Liability Committee (ALCO) and MANBO are responsible for interest rate risk and liquidity risk in banking book.

Policies for mitigating risk

The derivative transactions are as per the internal Derivative Policy document which is framed in compliance with Head Office and RBI guidelines. The policy sets the guidelines to identify measure and manage risks associated with derivative instruments.

Any product, instrument or activity not already approved and covered by the Treasury Trading Mandate is deemed to be a new product and is presented to the Deal Conclusion Forum (DCF) for approval and sign off. The DCF is appropriately represented by risk, compliance, operations and finance.

The Bank also has a Customer Suitability framework in place to safeguard the banks interests and limit the risk of liability.

Risk measurement and monitoring

The risks arising out of derivative products are measured using various tools such as Value at Risk (VaR), Expected Tail Loss (ETL), open positions, structural liquidity analysis, interest rate sensitivity, Duration gap analysis etc. The risk monitoring reports are regularly submitted to the MANBO and ALCO for monitoring purposes and for any other input that may be required.

Prudential limit in respect of derivative transactions is prescribed as per RBI guidelines as the gross PV01 of all outstanding non-option Rupee derivative contracts to be within 0.25% of the net worth of the bank as on the last Balance Sheet date.

Market Risk department independently identifies, measures and monitors market risk associated with all derivative transactions and appraises the MANBO and the ALCO on the compliance with the risk limits.

The Bank applies the Current Exposure method to assess credit risk associated with Derivatives contracts. Credit risk on a contract is computed as the sum of its marked-to-market value if positive and its potential future exposure which is calculated based on its notional value, credit conversion factor and its residual maturity.

Credit risk mitigation, provisioning and accounting

The Bank has an independent Credit Risk team which is responsible for setting up counterparty limits for all transactions including derivatives. After a client is prospected by the business, the client's credit profile is independently assessed by the credit team to ensure that the same is in line with the Bank's mandate. All the limits proposed are approved by the respective Credit





Committees depending upon the nature and rating of counterparty and size of the limit. While setting up these limits, the Bank follows rigorous appraisal principles and procedures similar to those for loan limits. All exposures are monitored in accordance with the RBI regulations on single/ group borrower limits.

Provisions are made to reflect the risk tendency of the portfolio. Provisions for credit exposures are computed using the Current Exposure Method on interest rate and foreign exchange derivative contracts as stipulated by RBI. Specific provisions are made based on management's assessment of the degree of impairment with respect to derivative transactions subject to minimum provisioning norms laid down by RBI.

In respect of derivative transactions, any overdue receivables representing positive mark-to-market, value due to the Bank, which remains unpaid in cash for a period of 90 days from the specified due date for payment, are classified as non-performing assets as per the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to the Advances Portfolio', issued by the RBI, and reversed to the Profit & Loss Account.

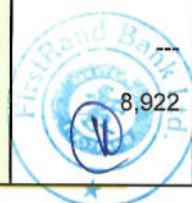
Derivative transactions which are classified as Trading Derivatives are valued at the estimated realisable market price (fair value). The resulting gains or losses are recognised in the Profit & Loss Account with the corresponding net unrealized amounts reflected in Other Assets or Other Liabilities in the Balance Sheet. For the year ended 31 March 2018, all derivative transactions belonged to trading book.

Quantitative Disclosure

These disclosures include exposure for open foreign currency futures and options contracts under the foreign exchange contracts category. The details for currency derivatives and interest rate swap for the year ended 31 March 2018 and 31 March 2017 are given below:

Sr. No	Particulars	31-Mar-18		
		Currency Derivatives		Interest Rate Swaps
		Foreign Exchange contracts	Cross Currency Swaps	
i)	Derivatives (Notional Principal Amount)			
a)	For Hedging	---	---	---
b)	For Trading	461,260,542	-	11,831,468
ii)	Marked to Market Positions			
a)	Asset	1,910,060	-	4,741
b)	(Liability)	(1,891,966)	-	(13,553)
iii)	Credit Exposure	11,135,270	-	88,899
iv)	Likely impact of one percentage change in interest rate (100*PV01)			
a)	On Hedging Derivatives	---	---	---
b)	On Trading Derivatives	(237)	(-)	8,922

(Rs. In '000s)





v)	Maximum and Minimum of 100*PV01 observed during the year			
a)	On Hedging	---	---	---
		6708-Max	(-)-Max	28,837-Max
b)	On Trading	(648)-Min	(1)-Min	(19,185)-Min

(Rs. In '000s)

Sr. No	Particulars	31-Mar-17		
		Currency Derivatives		Interest Rate Swaps
		Foreign Exchange contracts	Cross Currency Swaps	
i)	Derivatives (Notional Principal Amount)			
a)	For Hedging	---	---	---
b)	For Trading	192,966,438	145,873	11,655,313
ii)	Marked to Market Positions			
a)	Asset	3,464,703	23,066	8,170
b)	(Liability)	(3,522,457)	(22,992)	(15,484)
iii)	Credit Exposure	7,324,031	25,983	74,723
iv)	Likely impact of one percentage change in interest rate (100*PV01)			
a)	On Hedging Derivatives	---	---	---
b)	On Trading Derivatives	(24)	(-)	61
v)	Maximum and Minimum of 100*PV01 observed during the year			
a)	On Hedging	---	---	---
		393-Max	(-)-Max	30,276-Max
b)	On Trading	(700)-Min	(5)-Min	(9,257)-Min





5.7. Asset Quality

a. Non-Performing Advances:

(Rs. In '000s)

Sr. No	Particulars	31-Mar-18	31-Mar-17
(i)	Net NPAs to Net Advances (%)	-	-
(ii)	Movement of Gross NPAs		
a)	Opening balance	244,095	657,918
b)	Additions during the year	47,437	2,380
c)	Reductions during the year (write off)	(291,532)	(416,203)
d)	Closing Balance	-	244,095
(iii)	Movement of Net NPAs		
a)	Opening balance	-	313,877
b)	Additions during the year	47,437	-
c)	Reductions during the year (write off)	(47,437)	(313,877)
d)	Closing Balance	-	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	244,095	344,041
b)	Additions during the year	47,437	316,257
c)	Reductions during the year (Write off)	(291,532)	(416,203)
d)	Closing Balance	-	244,095

b. Movement of Gross NPA's

Particulars	31-Mar-18	31-Mar-17
Gross NPAs as on April 1	244,095	657,918
Additions (Fresh NPAs) during the year	47,437	2,380
Sub-total (A)	291,532	660,298
Less:-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)*	155,792	-
(iii) Write-offs	135,740	416,203
Sub-total (B)	291,532	416,203
Gross NPAs as on 31 March (A-B)	-	244,095

* Excludes recovery of Rs 95 ('000) on accounts written off in earlier years.

c. Divergence in Asset Classification and Provisioning for NPAs

The bank has so far not received any communication from RBI on any divergence noted in asset classification. Accordingly the related disclosure on divergence in terms of RBI circular No. Ref DBR.BP.BC.No. 63/21.04.018/2016-17 dated 18 April 2017 on Divergence in Asset Classification and Provisioning for NPAs is not applicable.

d. Particulars of Accounts Restructured:

There were no instances of restructuring of loan assets during the current year and previous year.





e. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction:

There were no instances of sale of financial assets to Securitization / Reconstruction Company for asset reconstruction in the current year and previous year.

f. Details of non-performing financial assets purchased/sold:

There were no instances of purchase/sale of non-performing assets during the current year and previous year.

g. Investments in Security Receipts

There were no investments in security receipts in the current year and previous year.

h. Provision for Standard Assets

(Rs. In '000s)			
Sr. No	Particulars	31-Mar-18	31-Mar-17
i)	Provision on Standard Assets (including derivatives)	53,537	39,464
ii)	Provision towards Country Risk	353	671
iii)	Provision towards Unhedged Foreign Currency	-	5,805
	TOTAL	53,890	45,940

i. Business Ratios

Sr. No	Particulars	31-Mar-18	31-Mar-17
i)	Interest Income as a percentage to working funds ¹	6.63%	7.62%
ii)	Non-interest income as a percentage to working funds ¹	2.98%	2.91%
iii)	Operating profits as percentage to working funds ¹	1.07%	(1.26%)
iv)	Return on Assets ²	1.67%	(2.94%)
v)	Business (deposits plus advances) per employee (in Rs. 000's) ³	147,171	101,320
vi)	Net Profit / (loss) per employee (in Rs. 000's) ⁴	5,997	(8,411)

¹ Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year.

² Net Profit as a percentage to average working funds

³ Business means total of net advances and deposits.

⁴ Productivity ratio is based on year end employee numbers

j. Provision Coverage Ratio (PCR)

The Net NPA reported for the period is nil and thus the bank has not made any incremental provision. (Previous year-100%).





k. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. In '000s)

31 March 2018 Maturity Buckets	Deposits	Advances	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Day 1	7,106	-	1,599,723	-	169,015	788
2 to 7 days	7,106	769,476	272,939	1,901,157	264,015	122,179
8 to 14 days	-	212,885	-	-	-	-
15 to 30 days	18,206	39,037	3,214	-	636,667	767
31 days to 2 months	247,813	287,108	250,552	1,459,959	209,993	212,387
2 to 3 months	921,226	798,258	1,225,286	989,878	12,220	994,331
Over 3 months & up to 6 months	1,474,311	36,353	945,005	36,237	36,353	41,322
Over 6 months & up to 1 year	1,427,274	16,868	1,887,042	-	70,713	-
Over 1 year & up to 3 years	252,279	95	2,225,037	-	-	27,212
Over 3 years & up to 5 years	-	-	4,499	-	-	-
Over 5 years	-	-	7,686	-	-	-
TOTAL	4,355,321	2,160,080	8,420,983	4,387,231	1,398,976	1,398,986

(Rs. In '000s)

31 March 2017 Maturity Buckets	Deposits*	Advances*	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Day 1	12,376	66,918	2,474,581	810,680	71,736	2,969
2 to 7 days	643,919	63,747	167,858	666,213	721,289	16,236
8 to 14 days	95,705	122,395	32,754	162,125	122,115	164,776
15 to 30 days	36,577	71,164	7,534	17,833	44,885	18,465
31 days to 2 months	1,151,602	536,431	221,501	476,800	33,816	31,670
2 to 3 months	62,126	326,379	7,906	-	22,697	4,833
Over 3 months & up to 6 months	557,190	84,357	1,311,321	-	-	7,852
Over 6 months & up to 1 year	1,627,558	466,993	1,513,007	648,500	-	651,253
Over 1 year & up to 3 years	711,316	693,476	1,340,500	-	-	35,637
Over 3 years & up to 5 years	36,100	-	9,226	-	-	-
Over 5 years	-	9,500	5,825	-	70,362	153,211
TOTAL	4,934,469	2,441,360	7,092,013	2,782,151	1,086,902	1,086,902

*Borrowings, Deposits and Advances include Foreign Currency Borrowings which are also reported under Foreign Currency Liabilities

**Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

Classification of assets and liabilities under the different maturity buckets are compiled by the Bank on the same estimates and assumptions as used by the Bank for compiling the structural liquidity return submitted to the RBI.





I. Exposures

i. Exposure to Real Estate Sector

(Rs In 000s)

Sr. No.	Particulars	31 March 2018	31 March 2017
i)	Direct exposure		
	a. Residential Mortgages	-	-
	b. Commercial Real Estate	-	-
	of total Commercial real estate - exposure to residential real estate projects		
	of total Commercial Real Estate outstanding as advances		
	c. Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	-	-
	- Commercial Real Estate	-	-
ii)	Indirect exposure		
	Fund based and non- fund based exposures on National Housing Board and Housing finance companies	1,490,000	800,000
	TOTAL	1,490,000	800,000

ii. Exposure to Capital Market Sector

There was no exposure to capital market sector as at 31 March 2018 (Previous Year: Nil).

iii. Margin Trading

During the year ended 31 March 2018 the bank has not provided any finance for margin trading. (Previous Year: Nil).

iv. Risk Category wise Country Exposure

Provision for country risk exposure in line with RBI guidelines is as follows:

(Rs. In '000s)

Risk Category	Exposure* (net) as at 31 March 2018	Provision held as at 31 March 2018	Exposure* (net) as at 31 March 2017	Provision held as at 31 March 2017
Insignificant	376,209	131	208,458	177
Low	356,388	223	789,391	494
Moderate	60,794	-	74,126	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
TOTAL	793,391	353	1,071,975	671

*Funded exposures have been reported above. No provision for country risk is made in respect of a country where the net funded exposure of Bank is less than one per cent of its total assets.





v. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank

The Bank did not exceed the prudential exposure limits on single and group borrowings during the current year and previous year.

vi. Advances against intangible assets

The Bank does not have any intangible collaterals in the form of rights, licences, authority etc. for its advances which are classified as Unsecured in Schedule 9 of the Balance Sheet as on 31 March 2018 (Previous Year: Nil).

m. Miscellaneous

i. Amount of Provision made for Income tax/Deferred Tax during the period

The Bank has not created income tax provision due to earlier year's carry forward losses. Further, the Bank has not created deferred tax assets during the year ended 31 March 2018 in view of lack of virtual certainty of sufficient taxable profit for utilising the deferred tax asset in the coming years. (Previous Year: Nil).

ii. Disclosure of Penalties imposed by RBI

During the year ended 31 March 2018, there were two instances of SGL bouncing, levying a penalty of Rs. 248 ('000) by RBI. (Previous Year: Nil).

iii. Subordinated Debt

The Bank has not raised any subordinated debt during the year ended 31 March 2018. (Previous year: Nil).

iv. Prior Period Item and Changes in accounting policies

During the year, there are no material prior period items or any changes in accounting policies.





6. DISCLOSURES IN TERMS OF THE ACCOUNTING STANDARD ISSUED BY THE COMPANIES ACT, 2013:

6.1. Employee Benefits

The disclosure required under AS -15 (Revised) "Employee Benefits" issued by ICAI are given below:

- a. **Provident Fund:** The Bank's contribution to the employees' Provident Fund (including administration charges) for the current year is Rs. 13,182 (in '000s). (Previous Year: Rs 21,659 (in '000s)).

b. **Gratuity:**

Principal actuarial assumptions as at balance sheet date:

Particulars	31-Mar-18	31-Mar-17
Discount Rate	7.39%	6.69%
Salary Escalation Rate	7.00%	10.00%
Employee Attrition Rate	7.5%	17%
Expected Average Remaining service	9.38	4.63

(Rs. In '000s)			
Sr. No.	Particulars	31-Mar-18	31-Mar-17
(i)	Changes in present value of obligation		
	Opening Defined Benefit Obligation	29,154	31,567
	Interest Cost	1,934	2,102
	Current Service Cost	6,307	9,136
	Transfer out liability	(310)	-
	Actuarial (Gains) / Losses	(9,635)	(6,869)
	Benefits Paid	(480)	(6,781)
	Closing Defined Benefit Obligation	26,970	29,155
(ii)	Changes in the fair value of Plan Assets		
	Fair value of Plan Assets at beginning of period	-	-
	Expected return on Plan Assets	-	-
	Contributions	480	6,781
	Benefits paid	(480)	(6,781)
	Actuarial Gains / (Losses)	-	-
	Fair value of Plan Assets at the end of the period	-	-
(iii)	Fair value of Plan Assets		
	Fair value of Plan Assets at beginning of period	-	-
	Contributions	480	6,781
	Benefits paid	(480)	(6,781)
	Fair value of Plan Assets at the end of the period	-	-
	Funded status(Including past service cost)	(26,970)	(29,155)
	Excess of Actual over estimate return on Plan Assets	-	-
(iv)	Experience History		
	(Gain)/Loss on obligation due to change in Assumption	(4,107)	1,105
	Experience (Gain)/ Loss on obligation	(5,529)	(7,975)





	Actuarial Gain/(Loss) on plan assets	-	-
(v)	Actuarial Gain / (loss) recognized		
	Actuarial Gain / (Loss) for the period – (obligation)	9,635	6,869
	Actuarial Gain / (Loss) for the period – (Plan assets)	-	-
	Total Gain/(Loss) for the period	9,635	6,869
	Net Actuarial Gain / (Loss) recognized for the period	9,635	6,869
(vi)	Amount to be recognized in Balance Sheet and Profit & Loss Account		
	PVO at end of period	26,970	29,155
	Fair value of Plan Assets as at the end of the period	-	-
	Funded Status	(26,970)	(29,155)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(liability) recognized in Balance Sheet	(26,970)	(29,155)
(vii)	Expenses Recognized in Profit & Loss Account		
	Current Service Cost	6,307	9,136
	Interest Cost	1,934	2,102
	Expected return on Plan assets	-	-
	Net Actuarial (Gain) / loss recognized in the period	(9,635)	(6,869)
	Expenses Recognized in Profit & Loss Account	(1,394)	4,369
(viii)	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	29,155	31,567
	Transfer out liability	(310)	-
	Expenses as above	(1,393)	4,369
	Contribution paid	(480)	(6,781)
	Closing Net Liability	26,972	29,155

6.2. Segmental Reporting

In line with RBI guidelines, the Bank has identified “Treasury & Markets”, “Corporate Banking” and “Retail Banking” as the primary reporting segments.

Treasury & Markets activity comprise of foreign exchange (merchant and inter-bank), money market, derivatives trading and liquidity management. Revenue from the segment includes income from investment portfolio, profit / loss on sale of investments, profit / loss on foreign exchange transactions, income from derivatives, money market operations and Balance sheet management.

Corporate Banking primarily comprises lending to corporate customers, trade finance, corporate advisory and Institutional Banking. Revenues for the segment are derived from interest and fee income on loans and advances, float income and fee based income for non-funded transactions. It also includes raising of customer deposits for the bank.

The expenses of both the segments comprise funding costs, personnel costs and other direct and allocated overheads.





Retail Banking comprises of lending to individuals.

(Rs. In '000s)

Business Segments	Treasury & Markets		Corporate/Wholesale Banking		Retail Banking*		Total	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Particulars								
Revenue	751,575	1,040,735	336,873	601,004	325,993	254,639	1,414,440	1,896,378
Result	88,442	347,641	(70,741)	(7,872)	139,724	(565,942)	157,424	(226,173)
Unallocated Expenses	-	-	-	-	-	-	-	303,715
Provisions	-	-	-	-	-	-	(88,447)	-
Operating Profit							245,871	(529,888)
Income Taxes	-	-	-	-	-	-	-	-
Net Profit	-	-	-	-	-	-	245,871	(529,888)
Other Information								
Segment Assets	11,696,472	11,814,615	2,194,826	1,553,666	-	928,895	13,891,299	14,297,176
Unallocated Assets	-	-	-	-	-	-	271,693	461,087
Total Assets	11,696,472	11,814,615	2,194,826	1,553,666	-	928,895	14,162,992	14,758,263
Segment Liabilities	9,952,592	10,269,117	3,967,753	45,940	-	3,963,876	13,920,345	14,278,932
Unallocated Liabilities	-	-	-	-	-	-	242,648	479,331
Total Liabilities	9,952,592	10,269,117	3,967,753	45,940	-	3,963,876	14,162,992	14,758,263

* During the financial year 2017-18, the bank has sold the micro finance business (lending to individuals) as a slump sale and has transferred the business as a going concern with effect from 01 December 2017.

In computing the segmental reporting as per the above table, certain estimates and assumptions have been made by the management which were relied upon by the auditors.

Geographical segments

The Bank is a branch of a bank incorporated in South Africa and does not have its own overseas operations and operates only in the domestic segment.

6.3. Discontinuing Operations

Pursuant to decision taken by Head office, the Bank on 20 October 2016, declared the closure of the retail liability and SME business units in India. All customers were requested to close their savings accounts by the 31 of January 2017; post which the bank closed the accounts and reclassified the balances to interest free unclaimed deposits for those depositors who did not close their savings account with the Bank. Accordingly, the bank has disclosed the unclaimed savings deposits under Schedule 5 - Other Liabilities on 31 March 2017. The bank further proceeded to run down its SME credit and liability portfolios.





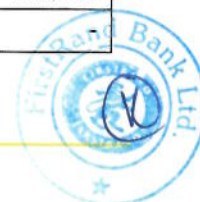
The below table provides the income & expense and the residual asset and liabilities of retail and SME business units of the discontinued operations for the period ended 31 March 2016 and 31 March 2017.

(Rs. In '000s)		
Particulars	31-Mar-17	31-Mar-16
Revenue	36,013	74,632
Net Interest Income	24,382	21,526
Other Income	11,631	53,106
Expenditure	542,922	457,003
Staff costs	285,765	164,910
Other Operating Expenses	257,157	292,093
Profit before Tax	(506,909)	(382,371)
Taxes	-	-
Profit after Tax	(506,909)	(382,371)
Segment Assets	352,082	2,045,434
Segment Liabilities	526,523	3,295,504

Further during the year ended 31 March 2018, pursuant to the decision taken by Head office on 20 October 2016 to close the retail liability and SME business units in India, which was completed by 31 March 2017, it was subsequently decided to exit the only remaining retail business of Micro Lending and the Bank sold its Micro Finance (MF) business on a slump sale basis. The MF business was sold as a going concern together with all employees, assets and liabilities with effect from 01 December 2017. The bank adhered to all related regulatory requirements to fulfil the transaction.

The table below presents the MF business' financial performance for 8 months ended 30 November 2017 (31 March 2018 financial year) and the year ended 31 March 2017 and the asset and liabilities as at 31 March 2018 and 31 March 2017.

(Rs. In '000s)		
Particulars	31-Mar-18	31-Mar-17
Revenue	117,494	166,345
Net Interest Income	110,761	151,217
Other Income	6,733	15,128
Expenditure	126,445	140,306
Staff costs	16,401	13,825
Other Operating Expenses	110,044	126,480
Profit before Tax	(8,951)	26,039
Taxes	-	-
Profit / Loss after Tax	(8,951)	26,039
Profit on Sale of MF business	149,115	-
Profit after sale of MF business	140,164	26,039
Segment Assets	-	915,151
Segment Liabilities	-	-





6.4. Related party disclosure

Related party disclosures given as under:

Relationships during the year

a. Parent

FirstRand Bank Limited, South Africa is the Head Office of FirstRand Bank India Branch. FirstRand Limited is the ultimate holding company of FirstRand Bank Limited, South Africa.

b. Branch Offices

Branch offices comprise of all the branches of FirstRand Bank Limited outside India.

c. Fellow Subsidiaries

Fellow subsidiaries comprise companies which have a common holding company, i.e., FirstRand Limited, South Africa. These are as follows:

FirstRand Bank Limited, FirstRand EMA Holdings Limited, FirstRand Investment Management Holdings Limited, FirstRand Insurance Holdings (Pty) Limited, FirstRand Investment Holdings (Pty) Limited.

d. Key management personnel

Chief Executive Officer of the Bank: Mr. Rohit Wahi

In accordance with RBI circular there is only one entity in each category of related party, and hence details of transactions have not been given.

e. Other related parties in FirstRand Limited where common control exists with whom transactions carried out during the year

RMB Advisors Private Limited (under liquidation)

FirstRand Research and Advisory Services Private Limited (under liquidation)

FirstRand Services Private Limited

The transactions executed during the year with the above related parties are detailed below except one related party (i.e. key management personnel)

(Rs. In '000s)		
Relationship and Nature of Transactions	31 March 2018	31 March 2017
Entities under Common Control		
RMB Advisors Private Limited		
Deposits held by the branch	45,235	48,917
Interest paid	69	3,771
FirstRand Research and Advisory Services Limited		
Deposits held by the branch	14,650	15,700
Interest paid	33	1,090
FirstRand Services Private Limited		
Overdraft exposure	-	-
Fee Paid for Disaster Recovery Site	187	360
Interest Received	-	6
Deposits held by the branch	153	-
Interest paid	-	-





6.5. Leases

Nature of Lease – Operating Lease for office and staff premises.

The total of future minimum lease payments under non-cancellable period of lease as determined by the lease agreements are as follows:

Particulars	(Rs. In '000s)	
	31-Mar-2018	31-Mar-2017
Not later than one year	25,454	101,815
Later than one year and not later than five years	-	25,454
Later than five years	-	-
TOTAL	25,454	127,269
Total minimum lease payments recognized in the Profit & Loss Account	102,734	172,589

6.6. Software Capitalised under Fixed assets

(Rs. In '000s)

Particulars	31-Mar-2018	31-Mar-2017
At Cost as at March 31 of preceding year	59,297	51,219
Additions during the year	-	8,078
Deductions during the year	-	-
Depreciation till date	(48,702)	(36,070)
Net Block	10,595	23,227

6.7. Impairment of Assets

As at 31 March 2018, there were no events or changes in circumstances which indicate any material impairment in the carrying value of the assets covered by Accounting Standard 28 on "Impairment of Assets".





7. ADDITIONAL DISCLOSURES

7.1. Provisions and Contingencies comprises of

(Rs. In '000s)

Particulars	31-Mar-18	31-Mar-17
Provision for Standard Assets	14,072	7,643
Provision for Country Risk	(317)	(975)
Provision for Non-performing Asset	(244,095)	(99,946)
Provision for Un-hedged Foreign Currency exposure	(5,804)	(18,948)
Bad debts written off (net of recovery)	135,644	416,203
Provision for Depreciation on Investment	12,053	-
Other Provisions	-	(263)
Total	(88,447)	303,714

7.2. Floating Provisions

Bank has not created floating provisions during the year ended 31 March 2018 (Previous Year: Nil).

7.3. Draw Down from Reserves

Bank did not have draw down's from reserves during the year ended 31 March 2018 (Previous Year: Nil).

7.4. Disclosure of complaints

During the current year Bank has received Nil customer complaints (Previous Year: 119).

Particulars	31-Mar-18	31-Mar-17
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	Nil	119
(c) No. of complaints redressed during the year	Nil	119
(d) No. of complaints pending at the end of the year	-	-

7.5. Awards passed by the Banking Ombudsman

During the year no awards were passed by the Banking Ombudsman and there are no unimplemented awards outstanding as on 31 March 2018 (Previous Year: Nil).

7.6. Disclosure of Letters of Comfort (LoCs) issued by Banks

Bank has not issued any Letters of Comfort during the year ended 31 March 2018 (Previous Year: Nil).





7.7. Bancassurance Business

(Rs. In '000s)

Particulars	31-Mar-18	31-Mar-17
Income from selling life insurance policies	236	602

7.8. Concentration of Deposits, Advances, Exposures and NPA's

a. Concentration of Deposits

(Rs. In '000s)

Particulars	31-Mar-18	31-Mar-17
Total Deposits of twenty largest depositors	3,873,947	3,811,010
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank*	99.9%	97.0%

* The above deposits includes interbank deposits and excludes certificate of deposits

b. Concentration of Advances**

(Rs. In '000s)

Particulars	31-Mar-18	31-Mar-17
Total Advances to twenty largest borrowers	4,279,835	5,491,228
Percentage of Advances to twenty largest borrowers to Total Advances of the bank*	99.3%	99.0%

*The above advance excludes interbank advances

** Advances for this disclosure have been computed as per the definition of Credit Exposure including derivatives as prescribed in RBI's Master Circular DBOD.No.Dir.BC. 23/21.04.018/2015-16 dated 1 July 2015.

c. Concentration of Exposures**

(Rs. In '000s)

Particulars	31-Mar-18	31-Mar-17
Total Exposure to twenty largest borrowers/customers	6,882,084	7,087,106
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers*	95.7%	96.0%

*The above exposure excludes interbank exposures

** Exposures are computed based on Credit and Investment exposure as prescribed in RBI's Master Circular DBOD.No.Dir.BC. 23/21.04.018/2015-16 dated 1 July 2015.

d. Concentration of Non-Performing Assets (NPAs)

(Rs. In '000s)

Particulars	31-Mar-18	31-Mar-17
Total Exposure to top four NPA accounts	Nil	244,095*

*No non-performing loans as at 31 March 2018 (Previous Year: One)





e. Sector-wise Advances

(Rs. In '000s)

Sectors	31-Mar-18			31-Mar-17		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
PRIORITY SECTOR						
-Agriculture and allied activities	-	-	-	-	-	-
-Advances to industries sector eligible as priority sector lending	373,063	-	-	256,552	-	-
-Services	320,014	-	-	74,125	-	-
-Personal loans*	-	-	-	914,874	-	-
Sub-total (A)	693,077	-	-	1245,551	-	-
Non Priority Sector						
-Agriculture and allied activities	-	-	-	-	-	-
-Industry	740,023	-	-	75,112	-	-
-Services	726,980	-	-	1,364,184	244,095	17.89
-Personal loans	-	-	-	604	-	-
Sub-total (B)	1,467,003	-	-	1,439,903	244,095	16.95
Total	2,160,080	-	-	2,685,454	244,095	9.09

* Includes loans given under the micro finance lending program

f. Priority Sector Lending Certificates (PSLC) sold and purchased during

(Rs. In '000s)

Particulars	2017-18		2016-17	
	Purchased	Sold	Purchased	Sold
PSLC- Agriculture	---	---	---	---
PSLC- SF/MF	---	---	---	---
PSLC- Micro Enterprises	---	---	---	---
PSLC- General	---	350,000	---	---

7.9. Overseas Assets, NPAs and Revenue

As the Bank is a branch of a foreign bank, this disclosure is not considered as applicable.

7.10. Off-Balance Sheet Special Purpose Vehicles sponsored (which are required to be consolidated as per accounting norms)

The Bank does not have any off-balance sheet sponsored Special Purpose Vehicles as at 31 March 2018 (Previous Year: Nil).





7.11. Indian Accounting Standards (Ind-AS)

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on 16 February 2015. Further, a press release was issued by the MCA on 18 January 2016 outlining the road map for implementation of Indian Accounting Standards (Ind-AS) to converge with International Financial Reporting Standards (IFRS) for banks. Banks in India shall comply with the Ind-AS for financial statements for the accounting period beginning from 1 April 2018, with comparatives for the period ended 31 March 2018. In preparedness towards achieving the same, the Bank had prepared proforma financial statements as per Ind-AS as on 30 June 2017 as per extant regulatory guidelines and submitted the same to the RBI. The Bank will continue its preparation towards migration to adopting Ind-AS as per regulatory requirement.

7.12. Unamortised Pension and Gratuity Liabilities

Since the Bank does not amortize pension and gratuity expenditure, the disclosure is not applicable.

7.13. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprises is NIL.

7.14. Remuneration policy

In terms of guidelines issued by RBI vide circular No. BC. 72/29.67.001/2011-12 dated 13 January 2012 on "Compensation of Whole Time Directors / Chief Executive Officers / Risk takers and Control function staff, etc.", the Bank has submitted a declaration during the year received from its Head office to RBI to the effect that the compensation structure in India, including that of the CEO's, is in conformity with the FSB principles and standards.

7.15. Disclosure relating to Securitisation

The Bank has not entered into any securitization transactions during the year ended 31 March 2018 (Previous Year: Nil)

7.16. Credit Default Swaps

The Bank has not transacted in credit default swaps during the year ended 31 March 2018 (Previous Year: Nil)





7.17. Intra-Group Exposures

Particulars	(Rs. In '000s)	
	31-Mar-18	31-Mar-17
Total amount of Intra-group exposures	20,000	20,000
Total amount of top-20 Intra-group exposures	20,000	20,000
Percentage of Intra-group exposures to total exposure of the bank on borrowers / customers (%)	0.28	0.27
Breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

During the year ended 31 March 2018, the intra-group exposures were within the limits specified by RBI

7.18. Transfers to Depositor Education and Awareness Fund (DEAF)

The Bank does not have eligible unclaimed deposits to be transferred to DEAF during the year ended 31 March 2018 (Previous Year: Nil)

Particulars	(Rs. In '000s)	
	31-Mar-18	31-Mar-17
Opening balance of amounts transferred to DEAF	---	---
Add : Amounts transferred to DEAF during the year	---	---
Less : Amounts reimbursed by DEAF towards claims	---	---
Closing balance of amounts transferred to DEAF	---	---

7.19. Unhedged Foreign Currency Exposure (UFCE)

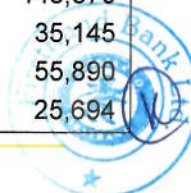
The Bank has provided for unhedged foreign currency exposure as per RBI master circular DBOD.No.BP.BC.1/21.04.048/2014-15 dated 01 July 2014 on prudential norms on income recognition, asset classification and provisioning pertaining to advances. While providing for unhedged foreign currency exposure, the Bank has considered both financial hedges and natural hedges.

Provision towards unhedged foreign currency exposure as on 31 March 2018 is NIL (Previous Year. Rs 5804 (in '000) and the capital held by the Bank towards this risk is Rs. 8,793 (in '000s) (Previous Year 4,185 (in '000)).

7.20. Other Expenses

Details of other expenses included in Other Expenditure in Schedule 16, exceeding 1% of the total income are:

Particulars	(Rs. In'000s)	
	31-Mar-18	31-Mar-17
Professional Fees	111,473	143,870
GST / Service tax written off	32,041	35,145
System development and maintenance costs	-	55,890
Broadband Lease line charges	7,264	25,694





7.21. Provision for Long Term contracts

The Bank has a process whereby, periodically, all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

7.22. Liquidity Coverage Ratio (LCR)

The Bank has been computing and submitting its LCR to RBI on monthly basis as per RBI guidelines. The daily average liquidity coverage ratio (LCR) maintained for the quarter ended 31 March 2018 was **102.45%**. The Bank has been above the RBI limit for LCR of 80% in 2017 and 90% in 2018.

The following table sets forth unweighted and weighted value of the LCR of the Bank for quarters ended 30 June 2017, 30 September 2017 and 31 December 2017.

(Rs In '000s)							
Sr No	Particulars	30-Jun-17		30-Sep-17		31-Dec-17	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
1	High Quality Liquid Assets						
	Total High Quality Liquid Assets (HQLA)	2,941,752	2,941,752	3,438,817	3,438,817	3,125,772	3,125,772
	Cash Outflows						
2	Retail deposits and deposits from small business customers, of which :						
	(i) Stable deposits	-	-	-	-	-	-
	(ii) Less stable deposits	334,304	33,430	290,862	29,086	-	-
3	Unsecured wholesale funding, of which:						
	(i) Operational deposits (all counterparties)	262	66	146	37	146	36
	(ii) Non-operational deposits (all counterparties)	3,032,832	1,213,133	3,113,553	1,245,421	3,183,396	1,283,257
	(iii) Unsecured debt	1,860,452	1,860,452	3,160,391	3,160,391	3,477,507	3,477,507
4	Secured wholesale funding	923,256	-	2,659,433	-	910,049	-
5	Additional requirements, of which						
	(i) Outflows related to derivative exposures and other collateral requirements	3,759	3,759	8,184	8,184	29,928	29,928
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	81,403	8,140	20,059	2,006	23,190	2,319
6	Other contractual funding obligations	261,557	261,557	74,663	74,663	61,060	61,060
	Other contractual funding obligations	9,563,266	339,136	10,970,587	391,671	6,912,683	259,325
8	Total Cash Outflows	16,061,091	3,719,674	20,297,878	4,911,458	14,597,959	5,113,432
	Cash Inflows						
	Secured lending (e.g. reverse repos)	-	-	-	-	-	-





10	Inflows from fully performing exposures	855,932	502,348	1,717,221	922,082	2,328,690	1,206,346
11	Other cash inflows	3,736	1,868	358	179	4,857	2,428
12	Total Cash Inflows	859,668	504,216	1,717,578	922,261	2,333,547	1,208,775
21	Total HQLA	2,941,752	2,941,752	3,438,817	3,438,817	3,125,772	3,125,772
22	Total Net Cash Outflows	15,201,423	3,215,458	18,580,300	3,989,197	12,264,412	3,904,658
23	Liquidity Coverage Ratio (%)	19.35%	91.49%	18.51%	86.20%	25.49%	80.05%

The Table below shows daily simple average for the quarter ended 31 March 2018 and corresponding period for the quarter ended 31 March 2017.

(Rs In '000s)

Sr No	Particulars	31-Mar-18		31-Mar-17	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
1	High Quality Liquid Assets				
	Total High Quality Liquid Assets (HQLA)	2,234,333	2,234,333	3,473,270	3,473,270
	Cash Outflows				
2	Retail deposits and deposits from small business customers, of which :				
	(i) Stable deposits	-	-	2,152	108
	(ii) Less stable deposits	1,398	140	708,423	70,842
3	Unsecured wholesale funding, of which:				
	(i) Operational deposits (all counterparties)	150	38	51,500	12,875
	(ii) Non-operational deposits (all counterparties)	3,199,839	1,279,936	2,485,670	994,268
	(iii) Unsecured debt	1,638,516	1,638,516	2,471,163	2,471,163
4	Secured wholesale funding	398,551	-	2,279,339	-
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	10,797	10,797	39,249	39,249
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	107,908	10,791	98,702	9,870
6	Other contractual funding obligations	60,816	60,816	92,180	92,180
	Other contractual funding obligations	7,105,929	266,015	9,176,875	324,982
8	Total Cash Outflows	12,523,904	3,267,047	17,405,253	4,015,537
	Cash Inflows				
9	Secured lending (e.g. reverse repos)	-	-	-	-
10	Inflows from fully performing exposures	1,917,394	1,082,687	768,578	472,861
11	Other cash inflows	6,886	3,443	1,829	915
12	Total Cash Inflows	1,924,280	1,086,130	770,407	473,776
21	Total HQLA	2,234,333	2,234,333	3,473,270	3,473,270
22	Total Net Cash Outflows	10,599,624	2,180,917	16,634,846	3,541,761
23	Liquidity Coverage Ratio (%)	21.08%	102.45%	20.88%	98.07%





Qualitative disclosures around LCR

- (a) **Drivers of LCR results and Composition of HQLA:** The Bank has a high percentage of excess SLR securities in the form of central government bonds which are considered as Level 1 high quality liquid assets (HQLA). The tenors of external borrowings/deposits are decided based on the assets funded by such borrowings and such that the outflow on account of repayments is not concentrated on a day/month at any point of time. Secured borrowing under Repo/CBLO is done after ensuring sufficient HQLA is maintained for LCR. Liquidity is proactively managed using this ratio based on forecasted cash flows in the 30 day period and suitable funding plans.
- (b) **Intra-period changes:** As per RBI guidelines, the LCR maintenance limit was 80% for the calendar year ending 31 December 2017 and 90% for calendar year ending 31 December 2018. The LCR maintained has always been above the RBI limit.
- (c) **Concentration of Funding Sources:** The Bank relies on interbank funding for its trading book. However, it has ensured that the interbank funding is split between call/short notice and term depending on the liquidity status. For its advances book, the Bank relies on term deposits, and is taking steps to diversify its deposit base.
- (d) **Derivative exposures and potential collateral calls:** The customer derivative trades are economically hedged back to back in the interbank market. Other trading positions operate under various notional position and stop loss limits thereby minimising the chances of having high derivative exposures or collateral calls. There are margins placed with CCIL for FX and G-Sec settlements based on which CCIL has set an exposure limit on the bank. The Bank has been operating within this limit. The Bank has also placed initial and variable margins for Currency and Interest Rate Futures settlement. The variable margin is being monitored and provided daily on requirement basis to settle the mark to market moves.
- (e) **Currency mismatches:** Other than INR, the Bank has major exposure in US dollars as there are pre and post shipment loans booked in dollars. These loans are funded through US dollar borrowing from the head office for matching tenors.
- (f) **Degree of centralisation of liquidity management and interaction between the group's units:** The Balance Sheet Management desk (BSM) looks after funding and liquidity of the Bank. BSM is responsible to transfer price all liabilities and assets and manage the interest rate and liquidity risk in banking book. BSM also looks after capital utilisation. The cash capital available is invested in government bonds, as per the head office strategy. This helps LCR to a large extent. Once the assets and liabilities are transfer priced to BSM, there are no liquidity mismatches left in any other business units except for the trading desk which can run its liquidity and funding mismatch.





- (g) **Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile:** All the inflows and outflows considered necessary from the balance sheet are captured in computation of LCR including all inflows and outflows having material impact under the liquidity stress scenario.

7.23. Impairment of Advances

As at 31 March 2018, there were no events or changes in circumstances which indicate any material impairment in the carrying value of the assets covered by Accounting Standard 28 on "Impairment of Assets".

7.24. Corporate Social Responsibility (CSR)

The CSR provision under the Companies Act, 2013 does not apply to the Bank as the Bank has not qualified under any of the following criteria in the three preceding financial year:

- a) Net worth of Rs. 500 Crore or
- b) Turnover of Rs. 1,000 Crore or
- c) A net profit of Rs. 5 Crore or more

7.25. Factoring Business

The Bank did not have any factoring exposure for the year ended 31 March 2018. (Previous Year: Nil).

7.26. Details of provisioning pertaining to Fraud Accounts:

The following table sets forth for the year ended 31 March 2018, the details of provisioning pertaining to fraud accounts

Particulars	31-Mar-18	31-Mar-17
Numbers of fraud reported	-	-
Amounts involved in fraud	-	-
Provisions made	-	-

7.27. Disclosure of Resolution plans for Stressed Assets:

There are no accounts in stressed assets category in the year ended 31 March 2018. (Previous Year: Nil).





7.28. Disclosure on restructuring

a) Disclosures on Flexible Structuring of Existing Loans

There are no accounts where the Bank has implemented flexible restructuring scheme in the year ended 31 March 2018. (Previous Year: Nil).

b) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

There are no accounts where the Bank has implemented strategic debt restructuring scheme and which are currently under the stand-still period in the year ended 31 March 2018. (Previous Year: Nil).

c) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

There are no accounts where the Bank has decided to affect the change of ownership outside SDR scheme and which are currently under the stand-still period in the year ended 31 March 2018. (Previous Year: Nil).

d) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

There are no accounts where the Bank has decided to affect the change of ownership of projects under Implementation and which are currently under the stand-still period in the year ended 31 March 2018. (Previous Year: Nil).

e) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A).

There are no accounts where the Bank has implemented the scheme for sustainable structuring of stressed assets (S4A) in the year ended 31 March 2018. (Previous Year: Nil).

7.29. Sexual Harassment

The Bank has received no complaints for its disposal under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

7.30. Disclosure of Contingent Liabilities

i. Claims against the Bank not acknowledged as debts

The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.

ii. Liability on account of forward exchange and derivative contracts.

The Bank enters into foreign exchange contracts, currency options, currency and interest futures, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the





contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

iii. Guarantees given on behalf of constituents, acceptances, endorsements and other obligations

As a part of our Corporate Banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

iv. Other items for which the Bank is contingently liable

Value dated purchase of securities, Capital commitments, Amount to be deposited with RBI under Depositor Education Awareness Fund and Foreign Exchange Contracts (Tom & Spot)

7.31. Prior Period Comparatives

Previous year's comparatives have been regrouped where necessary to conform to this year's classification.

7.32. Other Items

In terms of RBI Master Circular on Foreign Investments in India dated 1 July 2015, the bank does not have any subsidiary companies and thus no certificate was required from the statutory auditors on an annual basis regarding status of compliance with the instruction on downstream investments in compliance with the FEMA provisions.





7.33. Miscellaneous Income

Miscellaneous income includes Income from Head Office, profit on sale of Micro Finance business, commission from Priority Sector Lending Certificate (PSLC) sold during the year, etc.

For A. P. Sanzgiri & Co
Chartered Accountants
Firm's Reg. No: 116293W

Ankush Goyal
Partner
M.No. 146017



Place: Mumbai
Date: 27 June 2018

For FirstRand Bank India Branch

Rohit Wahi
Chief Executive Officer

Guanwu Ye
Chief Operating Officer

Kamini Shah
Head Finance

