



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-19	31-Mar-18
Description	Schedule	Amount	Amount
CAPITAL AND LIABILITIES			
Capital	1	6,617,140	6,617,140
Reserves & Surplus	2	(3,445,591)	(3,459,844)
Deposits	3	5,266,180	4,355,321
Borrowings	4	9,294,361	4,387,231
Other Liabilities and Provisions	5	4,528,384	2,263,145
Total		22,260,474	14,162,993

ASSETS			
Cash & Balances with Reserve Bank of India	6	288,296	287,635
Balances with Banks & Money at Call & Short Notice	7	1,798,393	874,317
Investments	8	11,613,124	8,420,983
Loans & Advances	9	4,052,113	2,160,080
Fixed Assets	10	7,389	14,981
Other Assets	11	4,501,159	2,404,997
Total		22,260,474	14,162,993
Contingent Liabilities	12	335,770,083	481,779,901
Bills for collection		6,596,017	11,357,376

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
Firm's Registration No. - 116293W


Ankush Goyal
Partner
M.no 146017



Place: Mumbai
Date: 27 June 2019

For FirstRand Bank Limited- India Branch



Rohit Wahi
Chief Executive Officer



Guanwu Ye
Chief Operating Officer




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-19	31-Mar-18
Description	Schedule	Amount	Amount
I. INCOME			
Interest earned	13	1,057,452	975,858
Other income	14	272,168	438,582
Total		1,329,620	1,414,440
II. EXPENDITURE			
Interest expended	15	666,575	503,446
Operating expenses	16	584,783	753,570
Provisions and contingencies	17	64,009	(88,447)
Total		1,315,367	1,168,569
III. PROFIT/LOSS			
Net Profit/(Loss) for the year		14,253	245,871
Balance in Profit and Loss brought forward		(3,521,312)	(3,705,715)
Total		(3,507,059)	(3,459,844)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		3,563	61,468
Transfer to Investment Reserve Account		9,040	-
Transfer to Investment Fluctuation Reserves		1,650	-
Balance carried over to Balance Sheet		(3,521,312)	(3,521,312)
Total		(3,507,059)	(3,459,844)

Significant Accounting Policies and Notes
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Cash Flow Statement for the year ended 31st March 2019

Indian Rupees in 000's

Particulars	31-Mar-19	31-Mar-18
Cash flow from Operating Activities		
Net profit before taxation and extraordinary items	14,253	245,871
Adjustments for:		
Depreciation on fixed assets	14,159	18,101
(Profits)/loss on sale of fixed assets	(155)	403
Provision for leave encashment	247	(2,711)
Provision for gratuity	(8,713)	(1,394)
Provision for country risk	426	(317)
Provision for standard assets	5,825	14,073
Provision towards unhedged foreign currency exposure	-	(5,805)
Written off advances	-	135,740
Provision for non-performing asset	70,000	(244,095)
Other provisions- Loss on investments	(12,053)	12,053
Provision for lease equalisation	-	(668)
Operating profit before changes in working capital	83,989	171,250
Adjustment for:		
(Increase)/ Decrease in Investments	(3,180,089)	(1,341,022)
(Increase)/ Decrease in Advances	(1,892,032)	281,279
(Increase)/ Decrease in Other Assets	(2,093,933)	1,753,862
Increase/ (Decrease) in Deposits	910,859	(579,148)
Increase/ (Decrease) in Other liabilities and Provisions	2,197,456	(1,761,896)
Cash generated from operations	(3,973,750)	(1,475,674)
Less: Direct taxes paid (net of refund received)	(2,231)	-
Net Cash flow from Operating Activities (A)	(3,975,981)	(1,475,674)
Cash flow from Investing Activities		
Purchase of Fixed Assets	(7,221)	(1,118)
Proceeds from sale of Fixed Assets	809	233
Net Cash flow from Investing Activities (B)	(6,412)	(885)
Cash flow from Financing Activities		





Receipt of Capital	-	-
Increase / (Decrease) in Borrowings (Net)	4,907,130	1,605,080
Net Cash flow from Financing Activities (C)	4,907,130	1,605,080
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	924,737	128,520
Cash and Cash equivalents at the beginning of the period	1,161,952	1,033,432
Cash and Cash equivalents at the end of the period	2,086,689	1,161,952

Note: Cash and Cash equivalents represents

Particulars	31-Mar-19	31-Mar-18
a) Cash and balance with Reserve Bank of India	288,296	287,635
b) Balance with Banks and money at call and short notice (Excluding deposits with original maturity of more than 3 months)	1,798,393	874,317
Total	2,086,689	1,161,952

For A.P. Sanzgiri & Co

Chartered Accountants

Firm's Registration No. - 116293W

Ankush Goyal

Partner

M.no 146017



Place: Mumbai

Date: 27 June 2019

For FirstRand Bank Limited- India Branch

Rohit Wahi

Rohit Wahi

Chief Executive Officer



Guanwu Ye

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Chief Operating Officer

Kamini Shah

Kamini Shah

Head Finance



Schedules to Financial Statements as at		31-Mar-19	31-Mar-18
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.		70,000	3,500

Schedule 2 - Reserves & Surplus		Amount	Amount
I. Statutory Reserves			
Opening balance		61,468	-
Additions during the year		3,563	61,468
Deductions during the year		-	-
		65,031	61,468
II. Capital Reserves			
Opening balance		-	-
Additions during the year		-	-
Deductions during the year		-	-
		-	-
III. Investment Fluctuation Reserve (IFR)			
Opening balance		-	-
Additions during the year		1,650	-
Deductions during the year		-	-
		1,650	-
IV. Investment Reserve Account (IRA)			
Opening balance		-	-
Additions during the year		9,040	-
Deductions during the year		-	-
		9,040	-
V. Balance in Profit & Loss account		(3,521,312)	(3,521,312)
TOTAL (I+II+III+IV+V)		(3,445,591)	(3,459,844)





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-19	31-Mar-18
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Schedule 3 - Deposits	Amount	Amount
I (i) Demand deposits		
- From Banks	-	72
- From others	176,672	355,249
(ii) Savings bank deposits	-	-
(iii) Term deposits		
- From Banks	-	-
- From others	5,089,508	3,518,626
- Certificate of deposits	-	481,374
TOTAL (i+ii+iii)	5,266,180	4,355,321
II. (i) Deposits of branches in India	5,266,180	4,355,321
(ii) Deposits of branches outside India	-	-
TOTAL (I+II)	5,266,180	4,355,321

Schedule 4 - Borrowings	31-Mar-19 Amount	31-Mar-18 Amount
I. Borrowings in India		
(i) Reserve Bank of India	2,950,000	-
(ii) Other Bank	3,670,425	2,500,000
(iii) Other institution and agencies	1,589,862	529,946
Items (i) and (iii) above are secured borrowings		
II. Borrowings outside India(from Head Office)	1,084,074	1,357,285
TOTAL (I+II)	92,943,61	4,387,231

Schedule 5 - Other Liabilities And Provisions	Amount	Amount
I. Bills payable	-	-
II. Inter office adjustments (net)	-	-
III. Interest accrued	47,932	61,158
IV. Others (including provisions)		
- Provision for Standard Assets	59,362	53,537
- Provision for Unhedged Foreign Currency	-	-
- Provision for Country Risk	779	353
- Others	4,420,311	2,148,097
TOTAL (I + II + III+ IV)	4,528,384	2,263,145





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-19	31-Mar-18
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Schedule 6 - Cash and Balances With Reserve Bank Of India	Amount	Amount
I. Cash in hand (including foreign currency notes)	1	34
II. Balances with Reserve Bank of India		
(i) in Current Accounts	288,295	287,601
(ii) in Other Accounts	-	-
TOTAL (I+II)	288,296	287,635

Schedule 7 - Balances With Banks & Money At Call & Short Notice	31-Mar-19 Amount	31-Mar-18 Amount
I. In India		
(i) Balance with banks		
(a) in Current accounts	2,169	41,440
(b) in Other deposit accounts	-	-
(ii) Money at call and short notice		
(a) with banks	691,550	-
(b) with other Institutions	-	399,847
(c) with Reserve Bank of India	-	-
TOTAL I (i+ii)	693,719	441,287
II. Outside India		
(i) in Current accounts	162,699	169,015
(ii) in Other deposit accounts	-	-
(iii) Money at call and short notice	941,975	264,015
TOTAL II (i+ii+iii)	1,104,674	433,030
GRAND TOTAL (I+II)	1,798,393	874,317

Schedule 8 – Investments	Amount	Amount
I. Investments in India in		
(i) Government Securities*	7,481,403	3,165,679
(ii) Other approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	3,895,787	2,201,111
(v) Subsidiaries and/or joint ventures	-	-
(vi) Others (includes Certificate of Deposit and Commercial Paper)	235,934	3,066,246
Gross Investments in India	11,613,124	8,433,036
Less: Provisions on Investments	-	(12,053)
Net Investments in India	11,613,124	8,420,983
II. Investments Outside India	-	-
TOTAL (I + II)	11,613,124	8,420,983

* Government Securities includes the following: a) Securities kept with Clearing Corporation of India Limited towards Security and Forex clearing facility of Face Value Rs. 550,000 ('000) (Previous year Rs. 700,000 ('000) of which securities kept under Collateralised Borrowing and Lending Obligation of Face Value Rs. Nil (Previous year Rs. 250,000 ('000)). b) Under the Market Repo (CROMS) of Face Value of Rs. 1,601,800 ('000) (Previous Year Rs Nil)





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-19	31-Mar-18
Schedule 9 – Advances	Amount	Amount
I (i) Bills purchased and discounted	180,995	516,210
(ii) Cash credits, overdrafts and loans repayable on demand	881,075	193,735
(iii) Term loans	2,990,043	1,450,135
TOTAL (i+ii+iii)	4,052,113	2,160,080
II (i) Secured by tangible assets (includes advances secured against book debts)	1,990,002	710,000
(ii) Covered by bank/Government guarantees	-	-
(iii) Unsecured	2,062,111	1,450,080
TOTAL (i+ii+iii)	4,052,113	2,160,080
III A. Advances in India		
(i) Priority sectors	1,097,848	693,077
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	2,954,265	1,467,003
TOTAL (i+ii+iii+iv)	4,052,113	2,160,080
III B. Advances outside India		
(i) Due from banks	-	-
(ii) Due from others		
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
TOTAL (i+ii)	-	-
TOTAL (IIIA + IIIB)	4,052,113	2,160,080





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-19	31-Mar-18
Schedule 10 - Fixed Assets	Amount	Amount
I. Premises		
Cost at the beginning of the year	-	-
Additions during the year	-	-
Gross Block Value	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net book value of premises	-	-
II. Other Fixed Assets (including furniture and fixtures and intangibles)		
Cost at the beginning of the year	263,860	269,217
Additions during the year	7,221	1,205
Gross Block Value	271,081	270,422
Deductions during the year	(118,182)	(6,562)
Depreciation to date	(145,510)	(248,879)
Net book value of other fixed assets (including furniture & fixtures and intangibles)	7,389	14,981
TOTAL (I + II)	7,389	14,981

Schedule 11 - Other Assets	Amount	Amount
I. Inter-office adjustments(net)	-	-
II. Interest accrued	179,161	171,822
III. Tax paid in advance /tax deducted at source	2,996	766
IV. Stationary and stamps	-	-
V. Deferred tax	-	-
VI. Others	4,319,002	2,232,409
TOTAL (I +II + III+ IV + V +VI)	4,501,159	2,404,997





Schedules to Financial Statements as at		31-Mar-19	31-Mar-18
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		20,500,000	11,831,469
III. Liability on account of outstanding forward exchange contracts and foreign currency swap contract		311,277,297	461,260,542
IV. Guarantees given on behalf of constituents			
(a) In India		3,239,388	3,165,343
(b) Outside India		-	-
V. Acceptances, endorsements and other obligations		733,398	926,209
VI. Other items for which the banks is contingently liable / capital commitments			
- Capital commitments not provided		-	-
- Others*		20,000	4,596,338
TOTAL (I +II + III+ IV + V +VI)		335,770,083	481,779,901

* Includes Rs. 20,000 (in'000) undrawn Limits (P.Y. Rs. 274,170 (in'000))





Schedules to Financial Statements as at	31-Mar-19	31-Mar-18
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Indian Rupees in 000's

Schedule 13 -Interest Earned	Amount	Amount
I. Interest/discount on advances/bills	285,935	356,749
II. Income on investments	744,932	597,604
III. Interest on balances with Reserve Bank of India and other interbank funds	8,930	18,301
IV. Others	17,655	3,204
TOTAL (I +II + III+ IV)	1,057,452	975,858

Schedule 14 - Other Income	Amount	Amount
I. Commission, exchange and brokerage (net)	65,455	53,180
II. Profit/(Loss) on investments (net)	2,962	(15,409)
III. Profit/(Loss) on sale of land, buildings and other assets (net)	155	(403)
IV. Profit /(Loss) on exchange transactions/Derivatives (net)	(19,509)	43,192
V. Miscellaneous Income*	223,105	358,022
TOTAL (I +II + III+ IV + V)	272,168	438,582

* includes transfer pricing income from Head Office of Rs. 219,242 (in'000) (P.Y. Rs. 220,527 (in'000))





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-19	31-Mar-18
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Schedule 15 - Interest Expenses	Amount	Amount
I. Interest on deposits	266,707	198,333
II. Interest on Reserve Bank of India / inter- bank borrowings	272,760	182,657
III. Others	127,108	122,456
TOTAL (I +II + III)	666,575	503,446

Schedule 16 - Operating Expenses	Amount	Amount
I. Payment to and provisions for employees	349,483	350,100
II. Rent, taxes and lighting	57,985	102,288
III. Printing and stationery	1,180	1,438
IV. Advertisement and publicity	1,739	2,931
V. Depreciation on bank's property	14,159	18,101
VI. Directors' fees, allowances and expenses	-	-
VII. Auditors' fees and expenses	1,100	800
VIII. Law charges	2,618	7,108
IX. Postage, telegrams, telephone etc.	364	574
X. Repairs and maintenance	40,022	43,121
XI. Insurance	9,454	12,039
XII. Other expenditure	106,679	215,070
TOTAL	584,783	753,570



**Schedules to Financial Statements as at****31-Mar-19**

Indian Rupees in 000's

31-Mar-18

Schedule 17 - Provisions and Contingencies	Amount	Amount
I. Provision towards Standard Assets	5,824	14,072
II. Provision towards Country Risk	425	(317)
III. Provision towards Non Performing Asset (net of write back)	70,000	(244,095)
IV. Provision towards Unhedged Foreign Currency	-	(5,805)
V. Bad Debts written off	(187)	135,645
VI. Provision for taxation		
- Current income tax expense	-	-
- Deferred tax	-	-
VII. Provision towards other assets	-	-
VIII. Provision for depreciation of investments	(12,053)	12,053
TOTAL	64,009	(88,447)





FIRSTRAND BANK

Notes to Accounts

March 2019



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 2019

1. BACKGROUND

The accompanying financial statements for the year ended 31 March 2019 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 the 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), guidelines issued by RBI from time to time, 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 the accrual method of accounting (except where otherwise stated) and the 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 the going concern basis and requires 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 periods.





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 between the categories, if any, 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 with the intent of sale 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 and Loss Account
- Broken period interest paid at the time of acquisition of the security is charged to the Profit and Loss Account
- Cost of investments is based on the First-in-First-out method

Disposal of Investments

Profit or loss on sale of investments under the aforesaid three categories are taken to the Profit and 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") / Fixed Income Money Market and Derivative Association of India (FIMMDA).





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 is recognized in the Profit and Loss account.

RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018 requires banks to build adequate Investment Fluctuation Reserve (IFR) to protect against increase in yields in future with effect from financial year end 31 March 2019. The amount to be transferred to IFR should not be less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Non-performing investments are identified and depreciation / provision is made thereon based on RBI guidelines. Based on management assessment of impairment, the Bank may create additional provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments is 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 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 loan loss 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 by 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.

As per Reserve Bank of India circular DBR.No.BP.BC.64/21.04.048/2016-17 dated 18 April 2017, Banks are required to maintain higher provision in respect of exposures to stressed sectors. Further, as per circular DBR.BP.BC.No.8/21.01.003/2016-17 dated 25 August 2016, additional provision is required to be made for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. Such provisions are included in Schedule 5 – 'Other liabilities and provisions – Others'.

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 and 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 derecognition 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 assets 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 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 depreciation is provided at a higher rate based on management's estimate/revised estimate of useful life/remaining useful life.

The management has estimated, assessed and has used the following useful lives to provide for 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 Schedule II to 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 for 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. 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 and 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 and Loss Account in accordance with RBI/FEDAI guidelines. The gross unrealised profits or losses are reflected in the Balance Sheet under Other assets or Other liabilities respectively.

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 gross unrealized gains / losses are included in the Profit and Loss Account and the corresponding gross 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 gross profit or loss on revaluation is recorded in the Profit and Loss account and corresponding gross 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 National Stock Exchange (NSE). The resultant MTM is settled on the following day with Citi Group Global Markets India Private Limited (currency future clearing member) and profit or loss on revaluation is recorded in the Profit and Loss account.

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 as per AS-15 guidelines. 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 Profit and Loss account.

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 and 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.

In February 2019, the honourable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has taken advice from their consultants and has concluded that there are interpretative challenges on the application of judgment retrospectively and as such have not considered any probable obligations for past periods.

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. 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 in accordance with the AS – 19, Leases.

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 and 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 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 and Loss Account in the year in which the guarantee/letter of credit 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 and 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 and 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 virtually certain to be realized.

4.11. Cash and 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 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 or Loss

The net profit or loss disclosed in the Profit and Loss account 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

4.14. Priority Sector Lending Certificate (PSLC)

The Bank, in accordance with RBI circular FIDD.CO.Plan. BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. The fee paid for purchase of the PSLC is treated as an expense and the fee received from the sale of PSLCs is treated as 'Other Income'.





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 were to be implemented in a phased manner and are 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-19	31-Mar-18
i)	Common Equity Tier 1 capital ratio (%)	28.54	28.43
ii)	Tier 1 capital ratio (%)	28.54	28.43
iii)	Tier 2 capital ratio (%)	0.64	0.49
iv)	Total Capital ratio (CRAR) (%)	29.18	28.92
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:

Particulars	(Rs. In '000s)	
	31-Mar-19 Book Value	31-Mar-18 Book Value
1) Value of Investments (In India)		
Gross Value of Investments	11,613,124	8,433,036
Less: Provision for Depreciation during the year	-	(12,053)
Net Value of Investments	11,613,124	8,420,983
2) Movement of provisions held towards depreciation on Investments		
Opening balance	12,053	-
Add: Provisions made during the year	-	12,053
Less: Write off/ write back of excess provisions during the year	(12,053)	-
Closing balance	-	12,053

There were no investment outside India as at 31 March 2019 and 31 March 2018.





As per RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018 Banks had the option to spread the mark to market loss on Investments for the period ended 31 March 2018 over the next four quarters. The Bank did not opt for this in the previous year and had recognised the entire mark to market loss on investments in the year ended 31 March 2018.

5.3. Investment Fluctuation Reserve (IFR) and Investment Reserve Account (IRA)

For the year ended 31 March 2019 the Bank has transferred Rs. 1,650 ('000s) towards Investment Fluctuation Reserve as required by RBI. (Previous year – Nil).

The Bank has transferred Rs. 9,040 ('000s) to Investment Reserve (previous year: Nil) (net of applicable taxes and transfer to statutory reserve requirements) on account of reversal of provisions for depreciation on investments.

5.4. Repo and Reverse Repo Transactions

The details of face value of securities purchased and sold under repo and reverse repo agreements during the year ended 31 March 2019 (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-19
Securities sold under Repo				
i) Government securities	53,500 (50,586)	3,853,100 (4,128,810)	2,290,217 (1,536,736)	1,601,800 (-)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under Reverse Repo				
i) Government securities	19,800 (145,800)	2,195,700 (2,290,000)	666,144 (782,134)	- (-)
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 CCIL.

5.5. Non-SLR investment Portfolio

- a. Issuer composition of Non-SLR investments as at 31 March 2019 (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)	448,221 (900,008)	- (900,008)	- (-)	- (-)	- (-)
iii)	Banks	235,934 (2,353,011)	- (-)	- (-)	- (-)	235,934 (2,353,011)
iv)	Private Corporate	3,447,566 (1,782,000)	250,000 (1,782,000)	- (-)	- (-)	- (-)
v)	Subsidiaries / Joint Ventures	- (-)	- (-)	- (-)	- (-)	- (-)
vi)	Others	- (232,337)	- (-)	- (-)	- (-)	- (-)
vii)	Less: Provision held towards depreciation	- (12,053)	- (12,053)	- (-)	- (-)	- (-)
	Total	4,131,721 (5,255,303)	250,000 (2,669,955)	- (-)	- (-)	235,934 (2,353,011)

b. Non performing Non-SLR Investments as on 31 March 2019 and 31 March 2018 were Nil.

5.6. 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.

5.7. Derivatives

a. Interest Rate Swap

Details of outstanding interest rate swap agreements are as follows:

(Rs. in '000s)

Sr. No	Items	31-Mar-19	31-Mar-18
i)	Notional principal of swap agreements	20,500,000	11,831,469
ii)	Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	28,468	4,741
iii)	Collateral required by the bank upon entering into swaps*	-	-
iv)	Concentration of credit risk arising from the swaps	Banks - 100 %	Banks - 99.65%
v)	Fair value of the swap book	(5,644)	(8,811)





* 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-2019 Terms	Nature	Number of deals	Notional principal
Floating Receivable v/s Fixed Payable-MIBOR *	Trading Swaps	34	12,250,000
Floating Payable v/s Fixed Receivable-MIBOR*	Trading Swaps	28	8,250,000
Floating Receivable v/s Fixed Payable-LIBOR	Trading Swaps	-	-
Floating Payable v/s Fixed Receivable-LIBOR	Trading Swaps	-	-

(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

* Daily Reset

b. Forward Rate Agreements

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

c. Currency Swap

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

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 its interest rate and foreign currency risk. 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), Foreign Currency Forward, Cross Currency Swaps (CCS), Currency Futures, Interest Rate 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.

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 Expected Tail Loss (ETL), open positions, structural liquidity analysis, interest rate sensitivity, duration gap analysis etc. The risk monitoring reports are regularly submitted to MANBO and Asset Liability Committee (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 MANBO and 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 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 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 and 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 and Loss Account with the corresponding unrealised amounts reflected in Other assets or Other liabilities in the Balance Sheet. As at the year ended 31 March 2019, 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 as at the year ended 31 March 2019 and 31 March 2018 are given below:

Sr. No	Particulars	As at 31-Mar-19		
		Currency Derivatives		Interest Rate Swaps
		Foreign Exchange contracts	Cross Currency Swaps	
i)	Derivatives (Notional Principal Amount)			
	a) For Hedging	-	-	-
	b) For Trading	311,277,297	-	20,500,000
ii)	Marked to Market Positions			
	a) Asset	4,034,263	-	28,468
	b) (Liability)	(4,095,872)	-	(34,112)
iii)	Credit Exposure	10,259,809	-	140,968
iv)	Likely impact of one percentage change in interest rate (100*PV01)			
	a) On Hedging Derivatives	-	-	-
	b) On Trading Derivatives	(67)	(-)	7,686
v)	Maximum and Minimum of 100*PV01 observed during the year			
	a) On Hedging	-	-	-
	b) On Trading	451-Max (786)-Min	(-)-Max (-)-Min	8,922-Max (5,580)-Min





(Rs. in '000s)

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

5.8. Asset Quality

a. Non-Performing Advances:

(Rs. in '000s)

Sr. No	Particulars	31-Mar-19	31-Mar-18
(i)	Net NPAs to Net Advances (%)	5.18%	-
(ii)	Movement of Gross NPAs		
	a) Opening balance	-	244,095
	b) Additions during the year	280,000	47,437
	c) Reductions during the year (write off)	-	(291,532)
	d) Closing Balance	280,000	-
(iii)	Movement of Net NPAs		
	a) Opening balance	-	-
	b) Additions during the year	210,000	47,437
	c) Reductions during the year (write off)	-	(47,437)





	d) Closing Balance	210,000	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	-	244,095
	b) Additions during the year	70,000	47,437
	c) Reductions during the year (Write off)	-	(291,532)
	d) Closing Balance	70,000	-

b. Movement of Gross NPA's

Particulars	31-Mar-19	31-Mar-18
Gross NPAs as on April 1	-	244,095
Additions (Fresh NPAs) during the year	280,000	47,437
Sub-total (A)	280,000	291,532
Less:-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts and written off a/c)*	-	155,792
(iii) Write-offs	-	135,740
Sub-total (B)	-	291,532
Gross NPAs as on 31 March (A-B)	280,000	-

* excludes recovery of Rs 187 ('000) for this year (Previous year Rs. 95 ('000)).

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-19	31-Mar-18
i)	Provision on Standard Assets (including derivatives and stressed assets)*	59,362	53,537
ii)	Provision towards Country Risk	779	353
iii)	Provision towards Unhedged Foreign Currency	-	-
	TOTAL	60,141	53,890

*During the year, the Bank has classified the NBFC sector as a stressed sector resulting in an additional provision of Rs. 2,385 ('000s). (Previous Year - Nil).

i. Business Ratios

Sr. No	Particulars	31-Mar-19	31-Mar-18
i)	Interest Income as a percentage to working funds ¹	6.02%	6.63%
ii)	Non-interest income as a percentage to working funds ¹	1.55%	2.98%
iii)	Operating profits as percentage to working funds ¹	0.45%	1.07%
iv)	Return on Assets ²	0.08%	1.67%
v)	Business (deposits plus advances) per employee (in Rs. 000's) ³	238,931	147,171
vi)	Net Profit / (loss) per employee (in Rs. 000's) ⁴	365	5,997

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 provision coverage ratio of the Bank as at 31 March 2019 computed as per extant RBI guidelines is 25%. (Previous year – N.A.).

k. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. in '000s)

31 March 2019 Maturity Buckets	Deposits	Advances	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Day 1	22,867	-	6,271,370	4,539,862	162,699	67,201
2 to 7 days	5,300	15,621	125,236	1,250,000	1,633,525	2,916
8 to 14 days	11,786	2,155,232	1,073	-	-	972
15 to 30 days	454,934	551,835	45,952	1,396,585	13,928	1,410,035
31 days to 2 months	2,548,683	495,541	253,659	1,742,361	13,485	1,747,517
2 to 3 months	1,041,987	68,299	103,482	365,553	365,578	370,771
Over 3 months & up to 6 months	47,451	555,543	1,557,869	-	-	25,271
Over 6 months & up to 1 year	761,353	47	1,624,752	-	-	972
Over 1 year & up to 5 years	371,719	209,995	1,482,847	-	75,033	44,711





31 March 2019 Maturity Buckets	Deposits	Advances	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Over 3 years & up to 5 years	-	-	2,213	-	-	-
Over 5 years	-	-	144,671	-	1,406,118	-
TOTAL	5,266,180	4,052,113	11,613,124	9,294,361	3,670,366	3,670,366

(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	-	-	27,202
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	1,398,976

*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-Mar-19	31-Mar-18
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	1,550,000	1,490,000
	TOTAL	1,550,000	1,490,000





ii. Exposure to Capital Market Sector

There was no exposure to capital market sector as at 31 March 2019 (Previous Year: Nil).

iii. Margin Trading

During the year ended 31 March 2019 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 2019	Provision held as at 31 March 2019	Exposure* (net) as at 31 March 2018	Provision held as at 31 March 2018
Insignificant	631,853	112	376,209	131
Low	1,065,970	667	356,388	222
Moderate	46,773	-	60,794	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
TOTAL	1,744,596	779	793,391	353

*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 2019 (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 2019 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 2019 there was no penalty imposed by RBI. During the previous year, there was one instance of SGL bouncing, resulting in a penalty of Rs. 248 ('000).

iii. Subordinated Debt

The Bank has not raised any subordinated debt during the year ended 31 March 2019 (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. 11,441 (in '000s). (Previous Year: Rs 13,182 (in '000s)).

b. **Gratuity:**

Principal actuarial assumptions as at balance sheet date:

Particulars	31-Mar-19	31-Mar-18
Discount Rate	7.66%	7.39%
Salary Escalation Rate	7.00%	7.00%
Employee Attrition Rate	2.5%	7.5%
Expected Average Remaining service	15.09	9.38

(Rs. in '000s)			
Sr. No.	Particulars	31-Mar-19	31-Mar-18
(i)	Changes in present value of obligation		
	Opening Defined Benefit Obligation	26,970	29,154
	Interest Cost	1,968	1,934
	Current Service Cost	4,179	6,307
	Transfer out liability	-	(310)
	Curtailments	(13,574)	-
	Actuarial (Gains) / Losses	(1,286)	(9,635)
	Benefits Paid	(655)	(480)
	Closing Defined Benefit Obligation	17,602	26,970
(ii)	Changes in the fair value of Plan Assets		
	Fair value of Plan Assets at beginning of period	-	-
	Expected return on Plan Assets	-	-
	Contributions	655	480
	Benefits paid	(655)	(480)
	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	655	480
	Benefits paid	(655)	(480)
	Fair value of Plan Assets at the end of the period	-	-
	Funded status(Including past service cost)	(17,602)	(26,970)
	Excess of Actual over estimate return on Plan Assets	-	-
(iv)	Experience History		
	Gain/Loss on obligation due to change in Assumption	(2,338)	(4,107)
	Experience (Gain)/ Loss on obligation	1,052	(5,529)





	Actuarial Gain/(Loss) on plan assets	-	-
(v)	Actuarial Gain / (loss) recognized		
	Actuarial Gain / (Loss) for the period – (obligation)	1,286	9,635
	Actuarial Gain / (Loss) for the period – (Plan assets)	-	-
	Total Gain/(Loss) for the period	1,286	9,635
	Net Actuarial Gain / (Loss) recognized for the period	1286	9,635
(vi)	Amount to be recognized in Balance Sheet and Profit and Loss Account		
	PVO at end of period	17,602	26,970
	Fair value of Plan Assets as at the end of the period	-	-
	Funded Status	(17,602)	(26,970)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(liability) recognized in Balance Sheet	(17,602)	(26,970)
(vii)	Expenses Recognized in Profit and Loss Account		
	Current Service Cost	4,179	6,307
	Interest Cost	1,968	1,934
	Curtailments	(13,574)	-
	Expected return on Plan assets	-	-
	Net Actuarial (Gain) / loss recognized in the period	(1,286)	(9,635)
	Expenses Recognized in Profit and Loss Account	(8,713)	(1,394)
(viii)	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	26,970	29,154
	Transfer out liability	-	(310)
	Expenses as above	(8,713)	(1,394)
	Contribution paid	(655)	(480)
	Closing Net Liability	17,602	26,970

6.2. Segmental Reporting

In line with RBI guidelines, the Bank has identified "Treasury & Markets" and "Corporate/ Wholesale 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 / Wholesale Banking primarily comprises lending to corporate customers, trade finance, raising of customer/corporate deposits, 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.

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

Retail Banking comprised of lending to individuals for the previous year ended 31 March 2018.





(Rs. in '000s)

Business Segments	Treasury & Markets		Corporate/Wholesale Banking		Retail Banking*		Total	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Particulars								
Revenue	866,600	751,575	463,020	336,873	-	325,993	1,329,620	1,414,441
Result	127,387	88,442	(49,125)	(70,741)	-	139,724	78,262	157,424
Unallocated Expenses	-	-		-	-	-		
Provisions	-	-	-	-	-	-	(64,009)	88,447
Operating Profit							14,253	245,871
Income Taxes							-	
Net Profit							14,253	245,871
Other Information								
Segment Assets	18,066,225	11,696,472	4,086,061	2,194,826	-	-	22,152,286	13,891,298
Unallocated Assets	-	-		-	-	-	108,188	271,694
Total Assets	18,066,225	11,696,472	4,086,061	2,194,826		-	22,260,474	14,162,992
Segment Liabilities	16,610,903	9,952,592	5,359,244	3,967,753	-	-	21,790,147	13,920,345
Unallocated Liabilities	-	-	-	-	-	-	290,327	242,647
Total Liabilities	16,610,903	9,952,592	5,359,244	3,967,753	-	-	22,260,474	14,162,992

* During the financial year 2017-18, the Bank had sold the micro finance business (lending to individuals) as a slump sale and had 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

During the year ended 31 March 2019, the Bank did not discontinue with any business/operations.

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's financial performance for 8 months ended 30 November 2017 (31 March 2018 financial year) and the asset and liabilities as at 31 March 2018.





(Rs. In '000s)	
Particulars	31-Mar-18
Revenue	117,494
Net Interest Income	110,781
Other Income	6,733
Expenditure	126,445
Staff costs	16,401
Other Operating Expenses	110,044
Profit before Tax	(8,951)
Taxes	-
Profit / Loss after Tax	(8,951)
Profit on Sale of MF business	149,115
Profit after sale of MF business	140,164
Segment Assets	-
Segment Liabilities	-

6.4. Related Party Disclosure

Related party disclosures given as under:

Relationships during the year

a. Parent

FirstRand Bank (FRB or the bank), South Africa is a wholly-owned subsidiary of FirstRand Limited (group). FirstRand Bank, South Africa is the head office of FirstRand Bank India Branch.

b. Branch Offices

FRB, South Africa has branches in London, India and Guernsey, and representative offices in Kenya, Angola and Shanghai.

c. Fellow Subsidiaries

Fellow subsidiaries comprise companies which are wholly owned subsidiaries of FirstRand Limited, South Africa namely, FirstRand EMA Holdings (Pty) Ltd (FREMA), FirstRand Investment Holdings (Pty) Ltd (FRIHL), FirstRand Investment Management Holdings Limited and FirstRand Insurance Holdings (Pty) Ltd. FirstRand International Limited (Guernsey) (FRI) is also a wholly-owned subsidiary of the group and is the holding company for Aldermore Group plc (Aldermore), the UK specialist bank recently acquired by the group.





d. Key management personnel

Chief Executive Officer of the Bank: Mr. Rohit Wahi

In accordance with RBI circular there is only one entity in this 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)

Relationship and Nature of Transactions	(Rs. In '000s)	
	31-Mar-19	31-Mar-18
Entities under Common Control		
RMB Advisors Private Limited		
Deposits held by the branch	5,240	45,235
Interest paid	-	69
FirstRand Research and Advisory Services Limited		
Deposits held by the branch	2,903	14,650
Interest paid	-	33
FirstRand Services Private Limited		
Overdraft exposure	-	-
Fee Paid for Disaster Recovery Site	101	187
Interest Received	-	-
Deposits held by the branch	153	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:

(Rs. In '000s)

Particulars	31-Mar-19	31-Mar-18
Not later than one year	39,321	25,454
Later than one year and not later than five years	49,152	-
Later than five years	-	-
TOTAL	88,473	25,454
Total minimum lease payments recognized in the Profit and Loss Account	57,877	102,734





6.6. Software Capitalised under Fixed Assets

(Rs. In '000s)

Particulars	31-Mar-2019	31-Mar-2018
At Cost as at March 31 of preceding year	59,297	59,297
Additions during the year	-	-
Deductions during the year	(9,250)	-
Depreciation till date	(49,646)	(48,702)
Net Block	401	10,595

6.7. Impairment of Assets

As at 31 March 2019, 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-19	31-Mar-18
Provision for Standard Assets	5,824	14,072
Provision for Country Risk	425	(317)
Provision for Non-performing Asset	70,000	(244,095)
Provision for Un-hedged Foreign Currency exposure	-	(5,804)
Bad debts written off (net of recovery)	(187)	135,644
Provision for Depreciation on Investment	(12,053)	12,053
Other Provisions	-	-
Total	64,009	(88,447)

7.2. Floating Provisions

Bank has not created floating provisions during the year ended 31 March 2019 (Previous Year: Nil).

7.3. Draw Down from Reserves

Bank did not have draw down's from reserves during the year ended 31 March 2019 (Previous Year: Nil).

7.4. Disclosure of Complaints

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

Particulars	31-Mar-19	31-Mar-18
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(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 2019 (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 2019 (Previous Year: Nil).





7.7. Bancassurance Business

(Rs. In '000s)

Particulars	31-Mar-19	31-Mar-18
Income from selling life insurance policies	-	236

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

a. Concentration of Deposits

(Rs. In '000s)

Particulars	31-Mar-19	31-Mar-18
Total Deposits of twenty largest depositors	5,262,518	3,873,947
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank*	99.9%	99.9%

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

b. Concentration of Advances**

(Rs. In '000s)

Particulars	31-Mar-19	31-Mar-18
Total Advances to twenty largest borrowers	6,420,000	4,279,835
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank*	96.8%	99.3%

*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-19	31-Mar-18
Total Exposure of twenty largest borrowers/customers	8,427,993	6,882,084
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers*	78.0%	95.7%

*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-19	31-Mar-18
Total Exposure to top four NPA accounts*	280,000	Nil

* One non-performing loan as at 31 March 2019 (Previous year Nil)





e. Sector-wise Advances

(Rs. In '000s)

Sectors	31-Mar-19			31-Mar-18		
	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	545,775	-	-	373,063	-	-
-Services	552,073	-	-	320,014	-	-
-Personal loans	-	-	-	-	-	-
Sub-total (A)	1,097,848	-	-	693,077	-	-
Non-Priority Sector						
-Agriculture and allied activities	-	-	-	-	-	-
-Industry	1,084,222	-	-	740,023	-	-
-Services	1,940,041	280,000	14.43%	726,980	-	-
-Personal loans	-	-	-	-	-	-
Sub-total (B)	3,024,263	280,000	-	1,467,003	-	-
Total	4,122,111	280,000	6.79%	2,160,080	-	-

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

(Rs. In '000s)

Particulars	31-Mar-19		31-Mar-18	
	Purchased	Sold	Purchased	Sold
PSLC- Agriculture	-	-	-	-
PSLC- SF/MF	-	-	-	-
PSLC- Micro Enterprises	112,500	-	-	-
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 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 2019 (Previous Year: Nil).





7.11. Indian Accounting Standards (Ind-AS)

In January 2016, the Ministry of Corporate Affairs has issued roadmap for implementation of Indian Accounting Standards (Ind-AS) (a revised set of accounting standards) which largely converges the Indian accounting standards (IGAAP) with International Financial Reporting Standards (IFRS) for scheduled commercial banks, insurance companies and non-banking financial companies. The Reserve Bank of India, through its press release dated March 22, 2019 has deferred the implementation of Indian Accounting Standards (Ind-AS) till further notice for scheduled commercial banks. In preparedness towards achieving the same, the Bank had prepared proforma financial statements as per extant regulatory guidelines for every quarter, starting from June 30, 2017 quarter and for subsequent quarters up to March 31, 2019 and have submitted these to 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. Based on 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 (PY 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 Financial Stability Board (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 2019 (Previous Year: Nil)

7.16. Credit Default Swaps

The Bank has not transacted in credit default swaps during the year ended 31 March 2019 (Previous Year: Nil)





7.17. Intra-Group Exposures

Particulars	(Rs. In '000s)	
	31-Mar-19	31-Mar-18
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 (%)	0.19	0.28
Breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

During the year ended 31 March 2019, 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 2019 (Previous Year: Nil)

Particulars	(Rs. In '000s)	
	31-Mar-19	31-Mar-18
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 2019 is NIL (Previous Year – Nil) and the capital held by the Bank towards this risk is Rs. Nil (Previous Year 8,793 (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-19	31-Mar-18
Professional Fees	17,312	111,473
GST / Service tax write-off	16,799	32,041
CCIL Charges	18,231	18,286
Brokerage Expenses	13,498	11,647





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 2019 was **155.58%**.

The following table sets forth unweighted and weighted value of the LCR of the Bank for quarters ended 30 June 2018, 30 September 2018 and 31 December 2018.

		(Rs In '000s)					
Sr No	Particulars	30-Jun-18		30-Sep-18		31-Dec-18	
		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)	2,324,957	2,315,067	2,755,300	2,722,281	2,938,186	2,902,638
	Cash Outflows						
2	Retail deposits and deposits from small business customers, of which :						
	(i) Stable deposits	-	-	-	-	-	-
	(ii) Less stable deposits	843	84	368	37	25	2
3	Unsecured wholesale funding, of which:						
	(i) Operational deposits (all counterparties)	78	20	494	124	275	69
	(ii) Non-operational deposits (all counterparties)	3,749,378	1,499,751	3,018,339	1,207,336	4,166,042	1,666,417
	(iii) Unsecured debt	3,165,805	3,165,805	3,616,174	3,616,174	2,788,643	2,788,643
4	Secured wholesale funding	177,729	-	1,713,272	-	1,899,535	-
5	Additional requirements, of which						
	(i) Outflows related to derivative exposures and other collateral requirements	8,412	8,412	7,118	7,118	1,018	1,018
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	97,682	9,768	146,739	14,674	228,991	22,899
6	Other contractual funding obligations	75,337	75,337	108,117	108,117	116,563	116,563
	Other contingent funding obligations	7,597,668	295,879	8,451,720	344,318	7,421,923	294,498
8	Total Cash Outflows	14,872,932	5,055,056	17,062,341	5,297,897	16,623,015	4,890,109
	Cash Inflows						
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-





0	Inflows from fully performing exposures	3,131,717	1,852,429	2,729,893	1,584,254	2,877,255	1,646,142
11	Other cash inflows	-	-	-	-	9,714	4,857
12	Total Cash Inflows	3,131,717	1,852,429	2,729,893	1,584,254	2,886,969	1,650,999
21	Total HQLA	2,324,957	2,315,067	2,755,300	2,722,281	2,938,186	2,902,638
22	Total Net Cash Outflows	11,741,215	3,202,627	14,332,448	3,713,643	13,736,046	3,239,111
23	Liquidity Coverage Ratio (%)	19.80%	72.29%	19.22%	73.30%	21.39%	89.61%

The table below shows daily simple average for the quarter ended 31 March 2019 and corresponding period for the quarter ended 31 March 2018.

(Rs in '000s)

Sr No	Particulars	31-Mar-19		31-Mar-18	
		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)	3,300,917	3,237,352	2,234,333	2,234,333
	Cash Outflows				
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	-	-	-	-
	(ii) Less stable deposits	-	-	1,398	140
3	Unsecured wholesale funding, of which:				
	(i) Operational deposits (all counterparties)	-	-	150	38
	(ii) Non-operational deposits (all counterparties)	3,524,548	1,409,819	3,199,839	1,279,936
	(iii) Unsecured debt	2,742,833	2,742,833	1,638,516	1,638,516
4	Secured wholesale funding	2,673,646	-	398,551	-
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	44,990	44,990	10,797	10,797
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	102,778	15,944	107,908	10,791
6	Other contractual funding obligations	72,757	72,757	60,816	60,816
7	Other contingent funding obligations	6,667,685	254,981	7,105,929	266,015
8	Total Cash Outflows	15,829,237	4,541,324	12,523,904	3,267,049
	Cash Inflows				
9	Secured lending (e.g. reverse repos)	-	-	-	-
10	Inflows from fully performing exposures	3,740,185	2,454,939	1,917,394	1,082,687
11	Other cash inflows	11,111	5,556	6,886	3,443
12	Total Cash Inflows	3,751,296	2,460,495	1,924,280	1,086,130
21	Total HQLA	3,300,917	3,237,352	2,234,333	2,234,333
22	Total Net Cash Outflows	12,077,941	2,080,829	10,599,624	2,180,917
23	Liquidity Coverage Ratio (%)	27.33%	155.58%	21.08%	102.49%

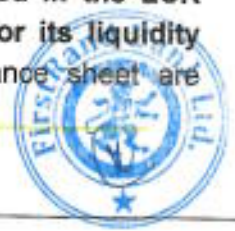
* Please refer to note (n) below





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 prescribed methodology of calculating simple average on daily observations of HQLA and Net Outflows there was shortfall in maintenance of LCR at the prescribed threshold of 90% for quarters ended June 2018, September 2018 and December 2018. With effect from 01 January 2019, the Bank has been maintaining its LCR above 100% on daily basis as per RBI regulations.
- (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 foreign currency and government securities settlements based on which CCIL has set an exposure limit on the Bank. The Bank has been operating within this limit.
- (e) **Currency mismatches:** Other than INR, the Bank has major exposure in US dollars as there are export 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 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 unit.
- (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. Corporate Social Responsibility (CSR)

The CSR provision under Section 135 of 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.

7.24. Factoring Business

The Bank did not have any factoring exposure for the year ended 31 March 2019. (Previous year: Nil).

7.25. Details of provisioning pertaining to Fraud Accounts:

The following table sets forth for the year ended 31 March 2019, the details of provisioning pertaining to fraud accounts.

Particulars	31-Mar-19	31-Mar-18
Numbers of fraud reported	-	-
Amounts involved in fraud	-	-
Provisions made	-	-

7.26. Disclosure of Resolution plans for Stressed Assets:

There are no accounts in stressed assets category in the year ended 31 March 2019. (Previous Year: Nil).

7.27. 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 2019. (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 2019. (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 2019. (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 2019. (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 2019. (Previous Year: Nil).

f) Disclosures on MSME restructured accounts

There were no accounts under MSME sector which were restructured during the year 31 March 2019.

7.28. 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.

7.29. 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 fulfil 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 Undrawn Committed Lines of Credit.

7.30. 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.

7.31. Miscellaneous Income

Miscellaneous income mainly includes transfer pricing income from Head Office.

7.32. Prior Period Comparatives

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

For A. P. Sanzgiri & Co

Chartered Accountants

Firm's Reg. No: 116293W



Ankush Goyal

Partner

M.No. 146017



For FirstRand Bank India Branch



Rohit Wahi

Chief Executive Officer



Guanwu Ye

Chief Operating Officer

Place: Mumbai

Date: June 2019





Kamini Shah

Head Finance