



SBM Bank (Mauritius) Limited Indian Operations*

Annual Report For Financial Year Ending 31st March 2018

*SBM Bank (Mauritius) Limited Indian Operation is now amalgamated with SBM Bank (India) Limited as per the Wholly Owned Subsidiary Scheme of RBI with effect from December 1, 2018

INDEPENDENT AUDITORS' REPORT

To
The CEO Indian Operations,
SBM Bank (Mauritius) Limited Indian Operations

Report on the Financial Statements

1. We have audited the accompanying financial statements of SBM Bank (Mauritius) Limited Indian Operations ("the Bank"), which comprise the Balance Sheet as at 31 March 2018, the Profit and Loss Account and the Cash Flow Statement for the period then ended and a summary of significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and the guidelines issued by the Reserve Bank of India and in conformity with form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SBM Bank (Mauritius) Limited Indian Operations
Auditor's report for the year ended March 31, 2018

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2018, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

6. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.
7. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated January 8, 2018, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by branches; we have visited 3 branches for the purpose of our audit.
8. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) Reporting requirement pursuant to Section 164 (2) of the Companies Act 2013, are not applicable considering this is a branch of SBM Bank (Mauritius) Limited;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

SBM Bank (Mauritius) Limited Indian Operations
Auditor's report for the year ended March 31, 2018

- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12.1 and Note 24 of Schedule 18 to the financial statements;
- ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 25 of Schedule 18 to the financial statements; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **S. R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership Number: 121411

Place of Signature: Mumbai

Date: 27 June 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SBM BANK (MAURITIUS) LIMITED INDIAN OPERATIONS

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the CEO Indian Operations – SBM Bank (Mauritius) Limited Indian Operations

We have audited the internal financial controls over financial reporting of SBM Bank (Mauritius) Limited Indian Operations ("the Bank") as of 31 March, 2018 in conjunction with our audit of the financial statements of the Bank for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

SBM Bank (Mauritius) Limited Indian Operations

Auditor's report on Internal Controls Over Financial Reporting for the year ended 31 March 2018

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership Number: 121411

Place of Signature: Mumbai

Date: 27 June 2018

SBM Bank (Mauritius) Ltd.
(Incorporated in the Republic of Mauritius with Limited Liability)
INDIAN OPERATIONS

Balance Sheet

	Schedule	As at 31-Mar-2018 (Amount in '000)	As at 31-Mar-2017 (Amount in '000)
CAPITAL & LIABILITIES			
Capital	1	4,769,584	4,769,584
Reserves & Surplus	2	(1,003,986)	47,178
Deposits	3	12,057,665	12,182,545
Borrowings	4	1,303,500	-
Other Liabilities and Provisions	5	824,966	608,998
Total		17,951,729	17,608,305
ASSETS			
Cash and Balances with Reserve Bank of India	6	534,832	262,363
Balances with banks and Money at Call and Short Notice	7	1,668,371	4,379,434
Investments	8	4,661,045	4,304,613
Advances	9	10,164,759	7,309,180
Fixed Assets	10	305,859	294,584
Other Assets	11	616,863	1,058,131
Total		17,951,729	17,608,305
Contingent Liabilities	12	23,405,266	11,911,596
Bills for Collection		2,850,432	1,774,742
Significant Accounting policies and notes forming part of Financial Statements	18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411

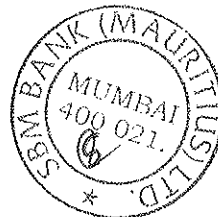
Place : Mumbai
Date : June 27, 2018



For SBM Bank (Mauritius) Ltd.

Siby Sebastian

Mr. Siby Sebastian
CEO - Indian Operations



SBM Bank (Mauritius) Ltd.
(Incorporated in the Republic of Mauritius with Limited Liability)
INDIAN OPERATIONS

Profit and Loss Account

	Schedule	Year Ended 31-Mar-2018 (Amount in '000)	Year Ended 31-Mar-2017 (Amount in '000)
I. INCOME			
Interest earned	13	1,325,512	1,066,640
Other income	14	143,038	115,287
Total		1,468,550	1,181,927
II. EXPENDITURE			
Interest expended	15	865,008	746,996
Operating expenses	16	284,255	245,192
Provisions & contingencies	17	1,366,637	534,406
Total		2,515,900	1,526,594
III. PROFIT/LOSS			
Net profit/(loss) for the year		(1,047,350)	(344,667)
Profit/(loss) brought forward		(837,052)	(492,385)
Total		(1,884,402)	(837,052)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		-	-
Transfer to Capital Reserve		-	-
Transfer to Investment Fluctuation Reserve		-	-
Profit remitted to Head Office		-	-
Balance carried over to Balance Sheet		(1,884,402)	(837,052)
Total		(1,884,402)	(837,052)

The Schedules referred to above form an integral part of the Profit & Loss Account.

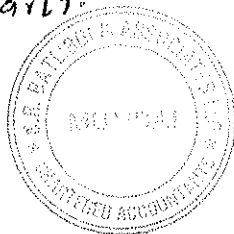
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411

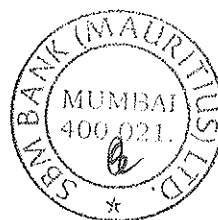
Place : Mumbai
Date : June 27, 2018



For SBM Bank (Mauritius) Ltd.

Siby Sebastian

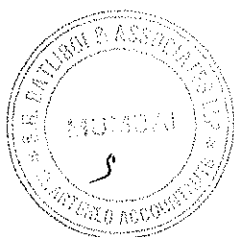
Mr. Siby Sebastian
CEO - Indian Operations



SBM Bank (Mauritius) Ltd.
(Incorporated in the Republic of Mauritius with Limited Liability)
INDIAN OPERATIONS

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2018

	Particulars	As at March 31, 2018 (Amount in '000)	As at March 31, 2017 (Amount in '000)
A	Cash Flow from Operating Activities		
	Net Profit after Taxes	(1,047,350)	(344,667)
	Adjustments to profit/(loss) from operations		
	Loss/(Profit) from Sale of Fixed Assets	-	-
	Depreciation on Fixed Assets	7,331	6,847
	Specific Provision for NPA	787,567	476,283
	Diminution on Investment	461	6,970
	Direct Taxes	-	-
	Other Provisions - Deferred tax	-	-
	Non-Performing Advances / Investment written-off	567,150	129,974
	Provision for Standard Advances	12,628	(13,728)
	Provision for Country Exposure	(1,169)	760
	Provision for Diminution in Fair Value of Restructured Accounts	-	(24,000)
	Provision for Interest Capitalised on Restructured Accounts	-	(41,853)
	Sub-Total	326,618	196,586
	Changes in working capital		
	(Increase)/Decrease in Investments	(356,892)	2,691,978
	(Increase)/Decrease in Advances	(4,210,296)	(1,610,699)
	(Increase)/Decrease in Other Assets	382,724	94,768
	Increase/(Decrease) in Deposits	(124,880)	2,476,083
	Increase/(Decrease) in Borrowings	1,303,500	(199,855)
	Increase/(Decrease) in Other Liabilities	204,509	(81,345)
	Net Cash from Operating Activities before Income Tax	(2,474,717)	3,567,516
	Advance Income tax paid	-	(44,900)
	Refund received from Income Tax	58,543	18,536
	Net Cash from Operating Activities after Income Tax	(2,416,174)	3,541,152
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(22,420)	(3,642)
	Proceeds from sale of fixed assets	-	14
	Net Cash from Investing Activities	(22,420)	(3,628)
C	Cash Flow from Financing Activities		
	Increase/(Decrease) in Capital	-	-
	Issue of Subordinated Bond	-	-
	Net Cash from Financing Activities	-	-



SBM Bank (Mauritius) Ltd.
(Incorporated in the Republic of Mauritius with Limited Liability)
INDIAN OPERATIONS

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2018

	Particulars	As at March 31, 2018 (Amount in '000)	As at March 31, 2017 (Amount in '000)
D	Cash and Cash Equivalent at the beginning of the year		
	I. Cash in Hand (including Foreign Currency Notes and Gold)	3,353	3,109
	II Balances with Reserve Bank of India	259,010	293,831
	III Balances with Banks and Money at Call and Short Notice	4,379,434	807,333
		4,641,797	1,104,273
E	Cash and Cash Equivalent at the end of the year		
	I. Cash in Hand (including foreign currency notes and gold)	2,696	3,353
	II Balances with Reserve Bank of India	532,136	259,010
	III Balances with Bank and Money at Call and Short Notice	1,668,371	4,379,434
		2,203,203	4,641,797
A	Cash Flow from Operating Activities	(2,416,174)	3,541,152
B	Cash Flow from Investing Activities	(22,420)	(3,628)
C	Cash Flow from Financing Activities	-	-
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(2,438,594)	3,537,524
D	Cash and Cash Equivalent at the beginning of the year	4,641,797	1,104,273
E	Cash and Cash Equivalent at the end of the year (A+B+C+D)	2,203,203	4,641,797

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 121411

For SBM Bank (Mauritius) Ltd.

Mr. Siby Sebastian

Mr. Siby Sebastian
CEO - Indian Operations

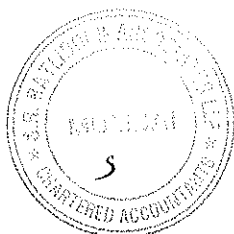
Place : Mumbai
Date : June 27, 2018



SBM Bank (Mauritius) Ltd.
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INDIAN OPERATIONS

Schedules forming part of the Balance Sheet

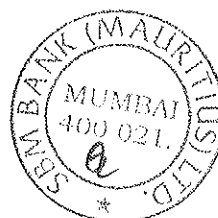
	31-Mar-2018 (Amount in '000)	31-Mar-2017 (Amount in '000)
SCHEDULE 1 : CAPITAL		
Head Office Account		
At the beginning of the year	4,769,584	4,769,584
Additions during the year	-	-
Total	4,769,584	4,769,584
Note:		
Amount of deposit kept with RBI in the form of approved securities as on 31st March 2018 under section 11 2(b) of the Banking Regulation Act, 1949 Face value Rs 470,000 ('000) (Previous Year Rs 450,000 ('000)).		
SCHEDULE 2 : RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	359,880	359,880
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	359,880	359,880
II. Capital Reserve		
Opening Balance	58,054	58,054
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	58,054	58,054
III. Retained Earnings		
Opening Balance	320,098	320,098
Additions during the year	-	-
Deductions during the year	-	-
Sub Total	320,098	320,098
IV. Revaluation Reserve		
Opening Balance	146,198	150,012
Additions during the year	-	-
Deductions during the year	3,814	3,814
Sub Total	142,384	146,198
V. Balance in Profit and Loss Account		
Opening Balance	(837,052)	(492,385)
Less Appropriations	-	-
Add profit/(loss) for the year brought from the Profit and loss account	(1,047,350)	(344,667)
Sub Total	(1,884,402)	(837,052)
Total (I + II + III + IV + V)	(1,003,986)	47,178



SBM Bank (Mauritius) Ltd.
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INDIAN OPERATIONS

Schedules forming part of the Balance Sheet

	31-Mar-2018 (Amount in '000)	31-Mar-2017 (Amount in '000)
<u>SCHEDULE 3 : DEPOSITS</u>		
A.I. Demand Deposits		
(i) From Banks	23,771	32,804
(ii) From Others	825,126	1,952,647
A.II. Savings Bank Deposits	475,902	656,023
A.III. Term Deposits		
(i) From Banks	10,245	9,774
(ii) From Others	10,722,621	9,531,297
Total	12,057,665	12,182,545
B.I. Deposits of branches in India	12,057,665	12,182,545
B.II. Deposits of branches outside India	-	-
Total	12,057,665	12,182,545
<u>SCHEDULE 4 : BORROWINGS</u>		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies	-	-
Sub Total	-	-
II. Borrowings outside India	1,303,500	-
Total (I + II)	1,303,500	-
Secured Borrowings included in I & II above	-	-
<u>SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS</u>		
I. Bills Payable	1,586	2,363
II. Interest Accrued	638,555	498,303
III. Deferred Tax Liability (Net)	-	-
IV. Provision for Standard Advances	44,500	31,872
V. Others (including Provisions)	140,325	76,460
Total	824,966	608,998
<u>SCHEDULE 6 : CASH AND BALANCES WITH RBI</u>		
I. Cash in Hand (Including Foreign Currency Notes - NIL)	2,696	3,353
II. Balances with Reserve Bank of India		
in Current Account	532,136	259,010
in Other Accounts	-	-
Total	534,832	262,363



SBM Bank (Mauritius) Ltd.
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Schedules forming part of the Balance Sheet

SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

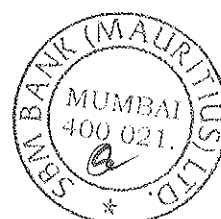
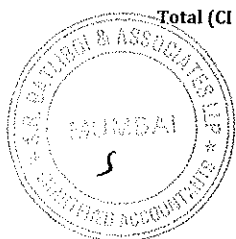
	31-Mar-2018 (Amount in '000)	31-Mar-2017 (Amount in '000)
I. In India		
i) Balances with Banks in		
(a) Current Accounts	5,075	10,338
(b) Other Deposit Accounts	-	-
ii) Money at Call and Short Notice		
(a) with Banks	1,430,000	1,280,000
(b) with Other Institutions	-	-
Sub Total	1,435,075	1,290,338
II. Outside India		
i) in Current Accounts	135,533	2,181,196
ii) in Other Deposit Accounts	-	259,400
iii) in Money at Call and Short Notice	97,763	648,500
Sub Total	233,296	3,089,096
Total (I & II)	1,668,371	4,379,434

SCHEDULE 8 : INVESTMENTS

I. Investments in India in		
i) Government Securities	3,607,886	1,947,243
ii) Other Approved Securities	-	-
iii) Shares	6,970	6,970
iv) Debentures and Bonds	630,795	1,333,029
v) Subsidiaries and /or Joint Venture	-	-
vi) Others (CD, CP & SR)	422,826	1,024,341
Sub Total	4,668,477	4,311,583
Less: Provision for Diminution	7,432	6,970
Sub Total	4,661,045	4,304,613
II. Investments outside India	-	-
Total (I & II)	4,661,045	4,304,613

SCHEDULE 9 : ADVANCES

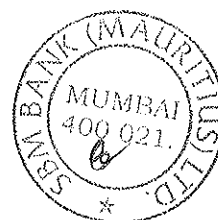
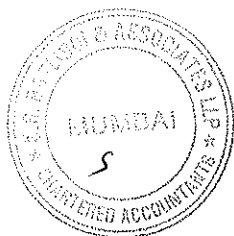
A i) Bills Purchased and Discounted	1,296,713	140,087
ii) Cash Credits, Overdrafts and Loans repayable on Demand	2,496,624	2,427,436
iii) Term loans	6,371,422	4,741,657
Total	10,164,759	7,309,180
B i) Secured by Tangible Assets (includes Advances against Book Debts)	8,201,769	6,447,264
ii) Covered by Bank / Government Guarantees (includes Advances against Stand-By Letter of Credit)	1,440,284	68,642
iii) Unsecured	522,706	793,274
Total	10,164,759	7,309,180
C. I Advances in India		
i) Priority Sectors	1,328,458	3,121,406
ii) Public Sector	-	-
iii) Banks	1,794,520	-
iv) Others	7,041,781	4,187,774
Total	10,164,759	7,309,180
II Advances outside India	-	-
Total (CI & CII)	10,164,759	7,309,180



SBM Bank (Mauritius) Ltd.
(Incorporated in the Republic of Mauritius with Limited Liability)
INDIAN OPERATIONS

Schedules forming part of the Balance Sheet

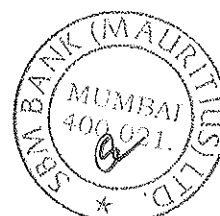
	31-Mar-2018 (Amount in '000)	31-Mar-2017 (Amount in '000)
SCHEDULE 10 : FIXED ASSETS		
I. Premises		
At cost at beginning of the year	390,006	390,006
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	138,035	131,291
Sub Total	251,971	258,715
II. Other Fixed Assets (including Furniture & Fixtures)		
At cost at beginning of the year	95,751	100,817
Additions during the year	11,051	370
Deductions during the year	-	5,436
Depreciation to date	91,605	87,204
Sub Total	15,197	8,547
III. Capital Work in Progress	38,691	27,322
Total (I, II & III)	305,859	294,584
SCHEDULE 11 : OTHER ASSETS		
I. Inter-Office Adjustment (Net)	-	-
II. Interest Accrued	87,461	112,045
III. Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	111,215	169,757
IV. Deferred Tax Assets (Net)	-	-
V. Stationery and Stamps	14	16
VI. Others	418,173	776,313
Total	616,863	1,058,131
SCHEDULE 12 : CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as Debts	85,653	81,143
II. Liability for Partly Paid Investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts & Derivatives	19,713,655	9,831,686
IV. Guarantees given on behalf of Constituents		
a) In India	10,428	11,904
b) Outside India	1,116,655	33,856
V. Acceptances, Endorsements and Other Obligation	1,082,318	670,100
VI. Other items for which the Bank is Contingently Liable	1,396,557	1,282,907
Total	23,405,266	11,911,596



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Schedules forming part of the Profit and Loss Account

	Year Ended 31-Mar-2018 (Amount in `000)	Year Ended 31-Mar-2017 (Amount in `000)
<u>SCHEDULE 13 : INTEREST EARNED</u>		
I. Interest / Discount on Advances / Bills	823,879	451,837
II. Income on Investments	353,847	460,547
III. Interest on Balances with RBI and Other Inter-Bank Funds	112,694	64,878
IV. Others*	35,092	89,378
Total	1,325,512	1,066,640
*includes Swap Gain on Funding Swaps		
<u>SCHEDULE 14 : OTHER INCOME</u>		
I. Commission, Exchange and Brokerage	30,271	24,616
II. Profit/(loss) on sale of Investments	34,312	36,516
III. Profit/(loss) on Revaluation of Investments	-	-
IV. Profit/(loss) on sale of Land Building & Other Assets	-	-
V. Profit on Exchange Transactions	31,526	33,620
VI. Income earned by way of Dividends etc. from Companies and / or Joint Ventures in India & Aboard	-	-
VII. Miscellaneous Income	46,929	20,535
Total	143,038	115,287
<u>SCHEDULE 15 : INTEREST EXPENDED</u>		
I. Interest on Deposits	743,298	591,729
II. Interest on Reserve Bank of India /Inter Bank Borrowings	14,780	1,456
III. Others*	106,930	153,811
Total	865,008	746,996
*includes Swap Cost on Funding Swaps		
<u>SCHEDULE 16 : OPERATING EXPENSES</u>		
I. Payments to and Provision for Employees	139,962	87,706
II. Rent, Taxes and Lighting	7,302	8,832
III. Printing and Stationery	1,093	928
IV. Advertisement and Publicity	1,488	244
V. Depreciation on Bank's Property	7,331	6,847
VI. Auditors' Fee	3,000	3,063
VII. Law charges (incl. Professional Fees)	16,356	12,097
VIII. Postages, Telegrams, Telephones, etc.	4,837	3,510
IX. Repairs and Maintenance	6,252	7,487
X. Insurance	16,336	11,123
XI. Other Expenditure (refer to Schedule 18, Note 54)	80,298	103,355
Total	284,255	245,192
<u>SCHEDULE 17 : PROVISIONS & CONTINGENCIES</u>		
I. Provision for Non-Performing Advances	787,567	476,283
II. Floating Provision on Advances	-	-
III. Provision for Depreciation on Investments	461	6,970
IV. Provision for Income Tax	-	-
V. Provision for Deferred Tax	-	-
VI. Non performing Advances written-off	567,150	129,974
VII. Provision on Standard Advances	12,628	(13,728)
VIII. Provision for Country Risk Exposure	(1,169)	760
IX. Diminution in Fair Value of Restructured Accounts	-	(24,000)
X. Provision for Interest Capitalised on Restructured Accounts	-	(41,853)
XI. Non-Performing Investments written-off	-	-
Total	1,366,637	534,406



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SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

SCHEDULE 18 – SIGNIFICANT ACCOUNTING POLICIES

a) Background

The financial statements for the year ended March 31, 2018 comprise the accounts of the Indian Operations of SBM Bank (Mauritius) Ltd, ('the Bank') which is incorporated in the Republic of Mauritius, Mauritius with limited liability. The Bank is engaged in providing banking and financial services and is a banking company governed by the Banking Regulation Act, 1949.

b) Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Accounts) Rules 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Rules, 2006 (as amended) to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention.

c) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current or future periods.

d) Revenue recognition

Income and expenses are recognized on accrual basis except as otherwise stated. Interest income is recognized in the Profit and Loss account on accrual basis except in case of interest on non-performing asset which is recognized on receipt basis. Interest income on discounted instruments is recognized over the tenor of the instrument on a straight line basis. In case of commission on letters of credit and locker fees income is recognized upfront on its becoming due. Commission on bank guarantees issued is amortized over the period of guarantees.

e) Foreign Exchange Transactions

Income and expenditure items are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies as at the Balance Sheet date are revalued at the year-end rates as notified by Foreign Exchange Dealers Association of India (FEDAI). Net exchange differences arising on the settlement of transactions and on account of assets and liabilities are charged or credited to the Profit and Loss account as prescribed by RBI.

Outstanding forward exchange contracts are revalued at rates of exchange notified by FEDAI and the resulting profits or losses are included in the Profit and Loss account. Guarantees and Acceptances, endorsements and other obligations are stated at the year-end closing rate as notified by FEDAI.

f) Derivatives

Derivatives are financial instruments comprises of forward exchange contracts, interest rate swaps and cross currency swaps are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market as per the generally accepted practices prevalent in the industry and the resultant unrealized gain or loss is recognized in the Profit and Loss Account, with the corresponding net unrealized amount reflected in Other Assets or Other Liabilities in the Balance Sheet.



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Forward Exchange contracts and other derivative contracts which have overdue receivables which have remained unpaid over 90 days or more are classified as non-performing assets and provided as prescribed by RBI.

The Bank also maintains a general provision on derivative exposures computed as per marked to market value of the contracts in accordance with the RBI guidelines.

The Bank has undertaken Funding swaps to hedge certain loans and deposits. Premium/discount on such funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

g) Investments

Classification

Investments are classified under "Held to Maturity" (HTM), "Available for Sale" (AFS) and "Held for Trading" (HFT) categories in accordance with RBI norms. For the purpose of disclosure of balance sheet they are classified under 6 groups viz. i) Government Securities, ii) Other Approved Securities, iii) Shares, iv) Debentures and Bonds v) Subsidiaries and / or joint ventures and vi) Other Investments.

Valuation

Investments held under HTM category are carried at acquisition cost. If the acquisition cost is more than the face value, the premium is amortized over the period remaining tenor of the investments.

Investments categorized under AFS and HFT portfolio are marked to market on daily basis. Investments under AFS and HFT categories are valued as per rates declared by Financial Benchmarks India Pvt. Ltd. (FBIL) and in accordance with the RBI guidelines. Consequently, net depreciation, if any, under these classifications mentioned in Schedule 8 is provided for in the Profit and Loss account. The net appreciation, if any, under any classification is ignored, except to the extent of depreciation previously provided. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposit are valued at carrying cost.

Non-Performing Investments are identified, and provision is made as per RBI guidelines.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.

Transfer of Securities between Categories

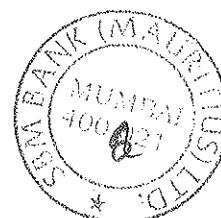
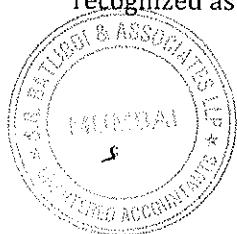
Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

Repurchase transactions

Repurchase and reverse repurchase transactions (if any) are accounted for as outright sale/ purchase respectively in accordance with the prescribed RBI guidelines. The difference between the clean price of the first leg and the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account.

Others

Brokerage, fees and commission on acquisition of securities including money market instruments, are recognized as expenses in Profit and Loss account.



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h) Fixed Assets

Office Premises is stated at revalued amount less accumulated depreciation / amortization and all other Fixed Assets are stated at cost less accumulated depreciation / amortization.

Depreciation on the Fixed Assets is charged on straight-line method over the useful life of the fixed assets prescribed in Schedule II of the Companies Act, 2013. The useful life of the group of fixed assets are given below.

Type of Assets	Useful life
Office Premises	60 years
Office equipment (including Air conditioner)	5 years
EDP Equipment's, Computers	3 years
Software	3 years
Furniture & Fixtures	10 years
Motor Car	8 years

Revaluation of Fixed Assets

Premises are revalued in every five years by an independent valuer to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve. Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

Impairment of Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use).

i) Advances

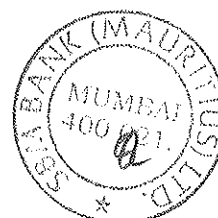
- a) The Bank follows prudential norms formulated by RBI for classifying the assets as Standard, Sub-Standard, Doubtful and Loss assets are stated net of the required provision made on such advances.
- b) Provision for advances classified as Standard, Sub-Standard, Doubtful & Loss assets are made based on management's assessment, subject to minimum provisions as per RBI guidelines.

j) Retirement and employee benefits

i) Leave salary - The employees of the Bank are not entitled to carry forward any leave balance to the subsequent years. Hence, the Bank has not computed the compensated absence provision.

ii) Gratuity - The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation. Gratuity fund is being managed by "LIC Group Gratuity Scheme" and any actuarial gain / loss contribution determined by the actuary are charged to Profit and Loss account and are not deferred.

iii) Provident fund - In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.



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k) Net Profit / Loss

Profit/Loss for the year is arrived at after providing for non-performing advances, adjustments on valuation of investments, taxes on income, depreciation on fixed assets and other necessary and mandatory provisions.

l) Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income tax Act, 1961 and the rules framed there under) and deferred tax (reflecting the tax effects of timing differences between accounting income and taxable income for the year)

Provision for current tax is recognized in accordance with the provisions of Indian Income tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the Balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. The Bank assesses / re-assesses the unrecognized deferred tax assets at each balance sheet date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the bank will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the bank

m) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease transactions are accounted in accordance with AS 19 – Leases issued by ICAI. For operating leases, lease payments are recognized as an expense in the statement of Profit and Loss account on a straight-line basis over the lease term.

n) Accounting for Provisions, Contingent Liabilities and contingent Assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognizes a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible, but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognized nor disclosed in the financial statements.



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o) Floating and countercyclical provision

Countercyclical provisioning buffers and floating provisions is the specific amount that Bank has set aside in good times. These are used only in contingencies or extraordinary times of economic or system-wide downturns. RBI had allowed to utilize up to 33 percent and 50 percent of countercyclical provisioning buffer/floating provisions held by them as on March 31, 2013 and December 31, 2014 respectively. These are considered as part of NPA provisions for the purpose of compliance with the minimum RBI provisioning requirement.

p) 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 (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

SCHEDULE 18: - NOTES TO THE FINANCIAL STATEMENTS

1. Capital to Risk Assets Ratio (CRAR)

- I. The Banks are required to disclose capital adequacy ratio computed under Basel III capital guidelines of the RBI from the quarter ended June 30, 2013.

Sr. No.	CRAR ratio as per Basel III	March 31, 2018	March 31, 2017
i)	CRAR – Common Equity Tier I	24.00%	33.14%
ii)	CRAR – Tier I Capital	24.00%	33.14%
iii)	CRAR – Tier II Capital	0.72%	0.70%
iv)	Total Capital Ratio (CRAR) (%)	24.72%	33.84%
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; <i>of which</i> <i>Perpetual Non- Cumulative Preference Shares (PNCPS);</i> <i>Perpetual Debt Instruments (PDI) :</i>	-	-
viii)	Amount of Tier 2 capital raised; <i>of which</i> Debt capital instruments: Preference Share Capital Instruments: [<i>Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)</i>]	-	-



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2. Investments

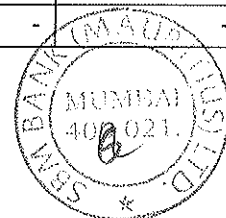
<i>(Rs. in Crores)</i>		
Particulars	March 31, 2018	March 31, 2017
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India	466.85	431.16
b. Outside India	-	-
(ii) Provisions for Depreciation	-	-
a. In India	-	-
- on transfer to securities from AFS to HTM portfolio	-	-
- on securities position	0.74	0.70
b. Outside India	-	-
(iii) Net Value of Investments		
a. In India	466.11	430.46
b. Outside India	-	-
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance	0.70	-
(ii) Add: Provision made during the year	0.04	0.70
(iii) Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on sale of securities)	-	-
(iv) Closing balance	0.74	0.70

The net book value of investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) are as under:-

Category	<i>(Rs. in Crores)</i>		<i>(Rs. in Crores)</i>	
	As at March 31, 2018		As at March 31, 2017	
	Rs. in crores	%	Rs. in crores	%
Held to Maturity	98.60	21.15	109.56	25.45
Held for Trading	-	-	-	-
Available for Sale	367.51	78.85	320.90	74.55
Total	466.11	100.00	430.46	100.00

3. Repurchase & Reverse Repurchase Agreement Transactions

<i>(Rs. in Crores)</i>				
Financial Year 2017 - 2018	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2018
Securities Sold under Repurchase Transactions *				
(i) Government Securities	1.00#	1.00	0.003	-
(ii) Corporate Debt Securities	-	-	-	-



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Financial Year 2017 - 2018	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2018
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	14.00#	439.00	152.91	143.00
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

Nil outstanding on any day is ignored for reckoning minimum outstanding.

(Rs. in Crores)

Financial Year 2016 - 2017	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2017
Securities Sold under Repurchase Transactions *				
(i) Government Securities	1.00#	18.00	0.16	-
(ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Repurchase Transactions *				
(i) Government Securities	1.00#	265.00	40.16	128.00
(ii) Corporate Debt Securities	-	-	-	-

* consist of RBI LAF disclosed at face value.

Nil outstanding on any day is ignored for reckoning minimum outstanding.



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4. Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments
Balances as at March 31, 2018

(Rs. in Crores)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities	Extent of Unlisted Securities
1.	PSUs	-	-	-	-	-
2.	FIs	63.08	63.08	-	-	30.00
3.	Banks	0.00	-	-	-	-
4.	Private Corporates	19.94	19.94	-	-	19.94
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	23.04	-	-	23.04	23.04
7.	Provision held towards Depreciation	(0.70)	-	-	(0.70)	(0.70)
	Total	105.36	83.02	-	22.34	72.28

*This includes security receipt received on sale of assets to ARC.

Balances as at March 31, 2017

(Rs. in Crores)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade securities	Extent of Unrated Securities	Extent of Unlisted Securities
1.	PSUs	-	-	-	-	-
2.	FIs	186.65	100.00	-	-	53.33
3.	Banks	0.00	-	-	-	-
4.	Private Corporates	29.00	-	-	-	29.00
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others*	20.79	-	-	20.79	20.79
7.	Provision held towards Depreciation	(0.70)	-	-	(0.70)	(0.70)
	Total	235.74	100.00	-	20.09	102.42

*This includes security receipt received on sale of assets to ARC.



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5. Non-Performing Non SLR Investments

Movement in non-performing Non SLR Investment is set out below: -

(Rs. in Crores)		
Particulars	March 31, 2018	March 31, 2017
Opening Balance	0.70	-
Additions during the year since 1 st April	-	0.70
Reductions on account of write off during the above period	-	-
Closing balance	0.70	0.70
Total Provision held	0.70	0.70

6. Sale and Transfers to/ from HTM Category

During the year Bank has transferred securities worth Rs. 85 crores (FV) Classified under Held to Maturity Category to Available for Sale Category, at the beginning of the year, in excess of 5% of book value of investments held at the beginning of the year under HTM category. In accordance with the Master Circular, issued by the Reserve Bank of India, on "Disclosures in Financial Statements", the excess of Book Value over Market Value of the Securities classified under HTM category at the end of the year amounts to Rs. 1.26 crores. (PY: Nil)

7. Forward Rate Agreement / Interest Rate Swap

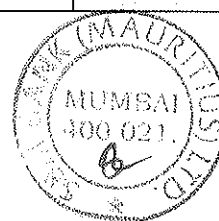
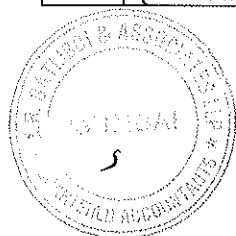
(Rs. in Crores)		
Particulars	March 31, 2018	March 31, 2017
The notional principal of swap agreements	16.29	-
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	0.04	-
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps (with Banks)	0.08	-
The fair value of the swap book [(Payable)/Receivable]	-	-

The nature and terms of the FCY IRS as on March 31, 2018 are set out below:

(Rs. in Crores)				
Nature	Number	Notional Principal	Benchmark	Terms
Trading	1	8.15	USD LIBOR	Fixed Receivable vs Floating Payable
Trading	1	8.15	USD LIBOR	Fixed Payable vs Floating Receivable

8. Exchange Traded Interest Rate Derivatives

(Rs. in Crores)			
Sr. No.	Particulars	March 31, 2018	March 31, 2017
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	-	-
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	-	-
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-



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SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Sr. No.	Particulars	March 31, 2018	March 31, 2017
iv.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-

9. Disclosures on risk exposure in derivatives:

a) Qualitative Disclosures

The structure and organization for management of risk in derivatives trading:

Treasury operation is segregated into three different department's viz. front office, mid office and back office. The primary role of front office is to conduct business that of mid office is to ensure compliance in accordance with set norms and policies and that of back office is to process/settle the transactions.

The Bank has in place policies and procedures, which have been approved at various levels including Board, Executive Forum & Asset Liability Committee (ALCO) in India to ensure adherence to various risk parameters and prudential limits.

The scope and nature of risk measurement, risk reporting and risk monitoring systems:

a. Risk Measurement

For foreign exchange contracts, risk is measured through a daily report called, Value at Risk (VAR), which computes VAR on the forex, gaps using FEDAI VAR factors.

b. Risk Reporting and Risk monitoring systems:

The Bank has the following reports/systems in place, which are reviewed by the top management:

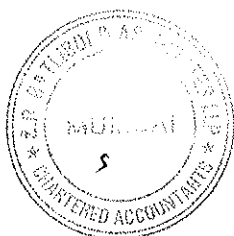
1. VAR
2. Net Open Position
3. Aggregate Gap Limit (AGL)/Individual Gap Limit (IGL)
4. Stop loss limits

c. The Bank has the following policy paper in place, and approved by its Head Office;

1. Treasury Manual
2. Asset-Liability Management (ALM) policy

Accounting Policy:

All outstanding derivatives transactions (including forex forwards) are booked as off-balance sheet items. The trading positions are revalued on a marked to market basis whereas the funding/investment swaps follow the accrual basis of accounting.



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b) Quantitative Disclosures

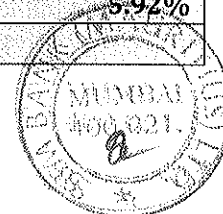
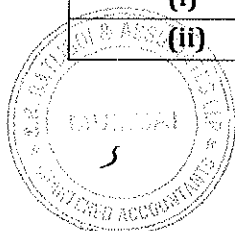
(Rs. in Crores)

Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
1.	Derivatives notional Principal Amount	1,742.69	-	801.44	-
	(a) For hedging	692.53	-	546.68	-
	(b) For trading	1,050.16	16.29	254.76	-
2.	Marked to Market position				
	(a) Asset (+)	9.15	0.040	3.82	-
	(b) Liability (-)	4.60	0.04	3.56	-
3.	Credit Exposure	37.47	0.12	13.32	-
4.	Likely impact of one percentage change in Interest Rate (100*PV01)				
	(a) On hedging derivatives	(0.02)	-	(0.00334)	-
	(b) On trading derivatives	0.001	(0.0008)	0.00339	-
5.	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging				
	Maximum	0.001	-	0.00263	-
	Minimum	(0.02)	-	(0.00597)	-
	(b) On trading				
	Maximum	0.05	-	0.00668	-
	Minimum	(0.05)	(0.0008)	(0.00329)	-

10. Non-Performing Assets (NPAs)

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to Net Advances	1.05%	5.92%
(ii) Movement of Gross NPAs		



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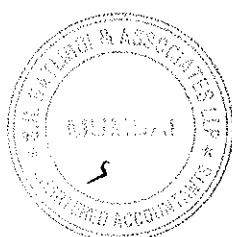
Particulars	March 31, 2018	March 31, 2017
(a) Opening balance	132.14	72.28
(b) Additions during the year	105.87	75.71
(c) Reductions during the year	(59.68)	(15.85)
(d) Closing balance	178.33	132.14
(iii) Movement of Net NPAs		
(a) Opening balance	43.30	31.07
(b) Additions during the year	6.58	37.40
(c) Reductions during the year	(39.15)	(25.17)
(d) Closing balance	10.73	43.30
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)		
(a) Opening balance	88.84	41.21
(b) Provisions made during the year (Gross)	135.83	54.70
(c) Write-off / write-back of excess provisions	(57.07)	(7.07)
(d) Closing balance	167.60	88.84

Note :- Item (iii) & (iv) includes the impact of counter cyclical provision utilised amounting to Nil in FY 2017-18 (P.Y. : Nil) and floating provision utilised amounting to Nil in F.Y 2017-18 (P.Y. : Nil)

11. Details of loan assets subjected to restructuring during the year 2017-18

(Rs. in Crores)

		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Sub Standard advances restructured	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Doubtful advances restructured	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Total	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-



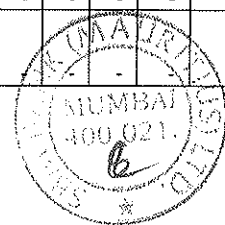
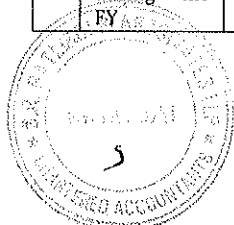
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SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11.Details of loan assets subjected to restructuring during the year 2017-18 (Continued).

(Rs. in Crores)

Sr No.	Type of Restructuring → Asset Classification →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Other					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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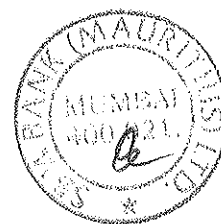
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

11. Details of loan assets subjected to restructuring during the year 2016-17.

(Rs. in Crores)

		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Sub Standard advances restructured	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Doubtful advances restructured	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Total	Number of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-



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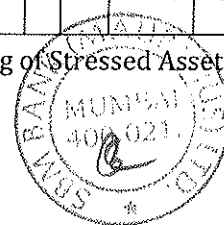
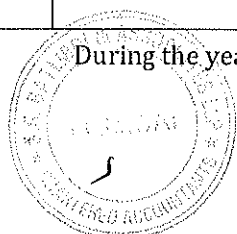
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11. Details of loan assets subjected to restructuring during the year 2016-17 (Continued).

(Rs. in Crores)

Sr No.	Type of Restructuring → Asset Classification →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	2	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2	-	-	-	2
		Amount outstanding	35.56	-	-	-	35.56	-	-	-	-	-	-	-	-	-	-	35.56	-	-	-	35.56
		Provision thereon	8.27	-	-	-	8.27	-	-	-	-	-	-	-	-	-	-	8.27	-	-	-	8.27
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	2	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
		Amount outstanding	35.56	-	-	-	35.56	-	-	-	-	-	-	-	-	-	-	35.56	-	-	-	35.56
		Provision thereon	8.27	-	-	-	8.27	-	-	-	-	-	-	-	-	-	-	8.27	-	-	-	8.27
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

During the year the Bank had not entered in the Scheme for Sustainable Structuring of Stressed Assets (S4A).



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12. Details of financial assets sold to Securitisation/ Reconstruction Company for Asset reconstruction

A. Details of Sales

		<i>(Rs. in Crores)</i>	
Particulars		March 31, 2018	March 31, 2017
(i)	No. of accounts	1	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	8.78
(iii)	Aggregate consideration	3.00	2.85
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	3.00	5.93

B. Details of Book Value of Investments in Security Receipts

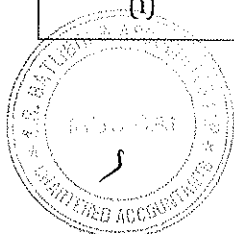
		<i>(Rs. in Crores)</i>	
Particulars		March 31, 2018	March 31, 2017
(i)	Backed by NPAs sold by the bank as underlying	22.34	20.09
(ii)	Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-
Total		22.34	20.09

FY 2017-2018:

		<i>(Rs. in Crores)</i>		
Particulars		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	22.34	-	-
	Provision held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
Total (i) + (ii)		22.34	-	-

FY 2016-2017:

		<i>(Rs. in Crores)</i>		
Particulars		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	20.09	-	-



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	Provision held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
Total (i) + (ii)		20.09	-	-

13. Details of non-performing financial assets purchased/sold

(Rs. in Crores)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
A.	Details of non-performing financial assets purchased:	-	-
1 a	No. of accounts purchased during the year	-	-
b	Aggregate outstanding	-	-
2 a	Of these, number of accounts restructured during the year	-	-
b	Aggregate outstanding	-	-
B.	Details of non-performing financial assets sold:		
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

14. Provisions on Standard Assets

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Provision on Standard Assets	4.45	3.19

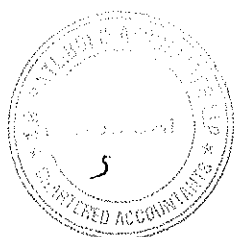
15. Important Financial Ratios

Particulars	March 31, 2018	March 31, 2017
Interest Income as a percentage to Working Funds*	7.01%	6.32%
Non-Interest Income as a percentage to Working Funds*	0.76%	0.68%
Operating Profit as a percentage to Working Funds*	1.69%	1.12%
Return on Assets**	(5.54) %	(2.04) %
Business (Deposits plus Advances) per employee (Rs. in crores) #	33.12	32.96
Profit / (Loss) per employee (Rs. in crores)	(1.56)	(0.59)

* Working Funds represent monthly average of total assets (excluding accumulated losses) during the year as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

** Return on Assets is computed with reference to Average Working Funds (excluding accumulated losses).

Deposits exclude inter-bank deposits.



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16. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as of March 31, 2018

(Rs. in Crores)

Particulars	Day1	2 to 7 days	8 to 14 days	15 to 28 days	29 days and upto 3 months	Over 3 month and upto 6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	5.96	12.79	8.88	58.57	48.79	51.47	182.25	436.07	105.61	106.08	1,016.47
Investment in Securities	49.73	-	19.94	-	18.01	78.02	160.77	25.28	34.09	80.26	466.10
Deposits	20.95	20.66	33.92	14.25	195.49	150.15	640.15	120.96	9.24	-	1,205.77
Borrowings	-	-	-	-	130.35	-	-	-	-	-	130.35
Foreign Currency Assets	346.63	231.98	22.41	30.83	380.00	207.66	396.65	-	-	-	1,616.16
Foreign Currency Liabilities	4.84	176.32	17.83	20.69	367.11	205.49	490.56	2.99	-	-	1,285.83

Maturity pattern of certain items of assets and liabilities as of March 31, 2017

(Rs. in Crores)

Particulars	Day1	2 to 7 days	8 to 14 days	15 to 28 days	29 days and upto 3 months	Over 3 month and upto 6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	29.83	23.51	12.26	2.07	25.40	87.92	76.08	308.62	151.89	13.34	730.92
Investment in Securities	2.33	2.63	3.37	12.46	26.94	57.55	102.58	219.79	2.75	0.06	430.46
Deposits	14.58	16.43	21.09	12.96	78.71	117.98	303.32	650.78	2.03	0.37	1,218.25
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	768.04	117.81	-	40.79	31.97	114.46	69.71	289.36	-	-	1,432.15
Foreign Currency Liabilities	2.66	369.64	0.06	22.64	13.56	69.32	77.04	345.33	-	-	900.25

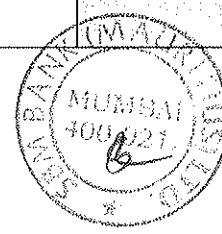
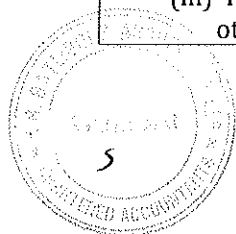
The information on maturity pattern has been compiled by the management based on the same estimate and assumptions as that for compiling the returns submitted to the RBI.

17. Exposure to Sensitive Sector

a. Exposure to Real Estate Sector

(Rs. in Crores)

Category	March 31, 2018	March 31, 2017
a) Direct Exposure		
(i) Residential Mortgages	65.75	6.00
- of which housing loans up to Rs.15 Lakhs	0.08	-
(ii) Commercial Real Estate	50.00	50.00
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		



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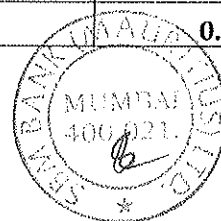
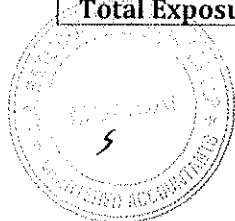
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Category	March 31, 2018	March 31, 2017
(a) Residential	-	-
(b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	53.60	62.60
Total Exposure to Real Estate Sector	169.43	118.60

b. Exposure to Capital Market

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.70	0.70
ii. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;(see * below)	-	-
vi. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. Bridge loans to companies against expected equity flows/issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-
Total Exposure to Capital Market	0.70	0.70



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18. Risk category-wise country exposure

Provision for Country Risk exposure in terms of RBI Circular DBOD.BP.BC.71/21.04.103/2002-03 dated February 19, 2013 is as follows:

(Rs. in Crores)

Risk Category	Exposure (net) as at March 31, 2018	Provision held as at March 31, 2018	Exposure (net) as at March 31, 2017	Provision held as at March 31, 2017
Insignificant	30.49	-	88.65	0.05
Low	9.01	-	25.98	0.06
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	39.50	-	114.63	0.11

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

During the year March 31, 2018, the Bank has exceeded the single borrower limit for Gitanjali Gems Limited, Bharat Financial Inclusion Limited and Shriram City Union Limited to 15.7%, 10.5% and 10.5% respectively of capital funds. The breach of limit has been communicated to RBI through letter dated 9th August 2017.

During the financial year ended March 31, 2018, the Bank did not exceed the group borrower limits in respect of any of its clients (PY: NIL).

20. Unsecured Advances

Unsecured advances have been appropriately classified under 'Schedule 9 – Advances'. During the year ended March 31, 2018, the Bank has not given loans against intangible securities such as rights, licenses, authority etc., hence no disclosure is required for reporting advances against intangibles.

21. Disclosure of Penalties imposed by RBI

There are no penalties imposed on our bank by RBI for the F.Y. 2017-18 (PY: NIL).

22. Prior Period Items

Following Income and expenditure pertains to prior periods, the same has been affected to Profit and Loss account for the period April 1, 2017 to March 31, 2018.

(Rs. in Crores)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
A	Expenditure		
(i)	Staff Expenses	-	0.01
(ii)	Other professional fees	0.41	-
	TOTAL	0.41	0.01



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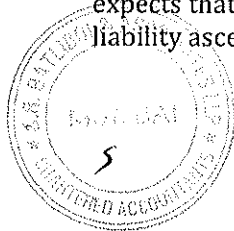
23. Description of contingent liabilities

Sr. No.	Contingent Liabilities	Brief
1.	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.
2.	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, 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 favorable (assets) or unfavorable (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 favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	- Value dated purchase of securities -Capital Commitments -Amount deposited with RBI under Depositor Education Awareness Fund

Refer Schedule 12 for amounts relating to contingent liability

24. Contingent Liabilities

- a. Other Item of Contingent Liability includes, Income Tax of Rs. 8.18 crores (PY: 8.02 crores). The Bank has gone in appeal to Income Tax Appellate Tribunal (ITAT) and High Court against the income tax assessment order of the department for AY 1996-97, 1997-98, 1999-00 to 2008-09, 2012-13 and 2013-14. The appeals are pending for the final outcome of the ITAT and high court and the Bank is expecting favorable judicial decisions.
- b. Other Item of Contingent Liability includes, Service Tax of Rs. 0.38 crores (PY: 0.09 crores). The bank has given its replies/explanations to the audit observations for the financial years 2015-16 and 2016-17. The bank expects that the department would issue a show cause notice for the points which the bank has not paid the liability ascertained by the service tax department. Also, there was a show cause notice issued on 05.03.2018



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for deductions of HOAE (head office administration expenses) claimed by the bank u/s 44C of the Income Tax Act, 1961. The bank expects favorable judgement on the above cases.

25. Provision for Long Term contracts

The Bank has assessed its long term contracts (including Derivative Contracts) for material foreseeable losses and made adequate provisions in the books of accounts, under any law/accounting standards wherever applicable and disclosed the same under the relevant notes in the financial statements.

26. Deferred Tax

In accordance with AS-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), the Bank has recognized Deferred Tax Assets on such timing differences where there is a reasonable certainty that such deferred tax assets can be reversed against the deferred tax liability. Deferred tax asset on accumulated carry forward business losses and depreciation is not recognised as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised."

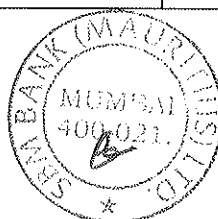
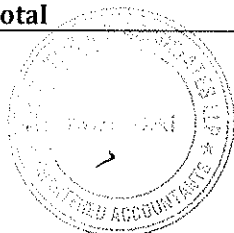
The major composition of Deferred Tax Liabilities (DTL) & Deferred Tax Assets (DTA) is as under:

<i>(Rs. in Crores)</i>			
Sr. No.	Particulars	March 31, 2018	March 31, 2017
A.	DTA :		
(i)	Provision for Loan Losses, Floating Provision and counter cyclical provision	9.62	9.67
(ii)	Provision for Standard Advances	0.27	0.34
(iii)	Provision for Funded Interest Term Loan	-	-
(iv)	Disallowed Expenses	0.16	0.14
(v)	Unabsorbed Losses	-	-
	Total DTA	10.05	10.15
B.	DTL :		
(i)	Depreciation on Fixed Assets	(10.05)	(10.15)
	Total DTL	(10.05)	(10.15)
C.	NET DTL / (DTA)	-	-

There is no debit or credit to Profit & Loss account.

27. Provisions & Contingencies

<i>(Rs. in Crores)</i>		
Particulars	March 31, 2018	March 31, 2017
Depreciation on Investments	0.05	0.70
Provision/write-off towards non-performing assets/Investment	135.47	60.63
Provision for Standard Assets	1.26	(1.37)
Provision for Income Tax (including Deferred Tax)	-	-
Provisions for diminution in fair value Restructured Advances	-	(2.40)
Provision for Country Risk	(0.12)	0.08
Provision for interest capitalised on restructured accounts	-	(4.20)
Total	136.66	53.44



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28. There was no instance of SGL bouncing during the financial year ending March 31, 2018. (P.Y. : NIL)

29. Letter of Comfort/ Undertaking (LOCs/ LOUs) issued

As of March 31, 2018, LOUs were outstanding, amounting to Rs 111.67 Crores (P.Y.: NIL)

30. Draw down from Reserves

During the financial year ended March 31, 2018, there has been no drawdown from Reserves (P.Y.: NIL). Also Refer Schedule 2 – Reserves and Surplus.

31. Disclosure of Complaints / Unimplemented awards of banking ombudsmen

In accordance with RBI circular DBOD. No. Leg. BC.9/09.07.006/2009-10 dated July 01, 2009 details of customer complaints and awards passed by Banking Ombudsman are as follows:

a. Customer Complaints

	Particulars	March 31, 2018	March 31, 2017
(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	-	-

b. Awards passed by the Banking Ombudsman

	Particulars	March 31, 2018	March 31, 2017
(a)	No. of unimplemented Awards at the beginning of the year	-	-
(b)	No. of Awards passed by Banking Ombudsman during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards Pending at the end of the year	-	-

32. Segment Reporting

Part A: Business Segments

In accordance with RBI guidelines, the Bank has identified the following three primary segments: Treasury, Corporate Banking and Retail Banking. These segments are identified based on nature of services provided, risk and returns, organizational structure of the Bank and the internal financial reporting system.

Treasury Operations: Undertakes Derivative Trading, Money Market Operations, and Investment in Bonds, Treasury Bills, Government Securities, CP, CD and Foreign Exchange Operations. The revenue of this segment consist of interest earned on funding, investment income and gains on Government Securities, CP, CD's and debenture / bonds, profits / loss on exchange and derivative transactions. The principal expenses of this segment consist of cost of funds, personnel cost, other direct overheads and allocated expenses.

Corporate Banking: Primarily comprises of funded advances to Corporate. Revenues of this segment consist of interest earned on loans made to corporate clients, interest earned on cash float and fees received from fee-based activities like letter of credit, guarantee etc. The principal expenses of this segment consist of interest expenses on funds borrowed allocated based on personnel costs and allocated expenses.

Retail Banking: Consists of revenue arising out of personal loan, housing loan, etc.



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For the year ended March 2018

(Rs. in Crores)

Business Segments	Corporate	Treasury	Retail	Total
Revenue	86.85	55.51	3.44	145.80
Results	(104.91)	25.12	(15.97)	(95.76)
Unallocable Expense				8.98
Operating Profit				(104.74)
Income Taxes				-
Extraordinary Profit/Loss				-
Net profit/(Loss)				(104.74)
Other Information				
Segment Assets	987.05	736.92	54.93	1,778.90
Un allocable Assets				16.27
Total Assets				1,795.17
Segment liabilities	613.42	336.53	844.62	1,794.57
Un allocable Liabilities				0.60
Total Liabilities				1,795.17
Capital expenditure during the year				1.11
Depreciation expenditure during the year				0.73

For the year ended March 2017

(Rs. in Crores)

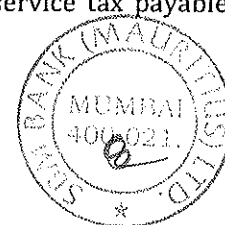
Business Segments	Corporate	Treasury	Retail	Total
Revenue	48.93	68.23	0.81	117.97
Results	(46.92)	28.44	(3.63)	(22.11)
Unallocable Expense				12.35
Operating Profit				(34.47)
Income Taxes				-
Extraordinary Profit/Loss				-
Net profit/(Loss)				(34.47)
Other Information				
Segment Assets	793.31	931.72	15.55	1,740.58
Unallocable Assets				20.25
Total Assets				1,760.83
Segment liabilities	725.22	297.52	737.91	1,760.65
Unallocable Liabilities				0.18
Total Liabilities				1,760.83
Unallocable Capital expenditure during the year	-	-	-	0.04
Depreciation expenditure during the year	-	-	-	0.68

Part B: Geographic Segments

The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risks and returns. Hence, no information relating to geographical segments are presented.

Notes for segment reporting:

1. In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.
2. Assets, liabilities, income and expenses which cannot be allocated to any segments have been classified as unallocated. The unallocated liabilities include TDS on vendor payments and service tax payable. The



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unallocated assets include taxes and capital work in progress. The unallocated expenses include IT expenses, repairs and maintenance, rent, conveyance, etc.

33. Disclosure under Employee Benefits – Revised Accounting Standard 15

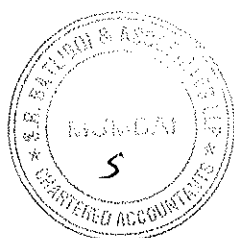
- a) The Premium payable to Life Insurance Corporation of India towards "Group Gratuity Policy" has been charged to Profit & Loss Account is 0.20 crores (PY: NIL) and there is no unamortized liability held in the books.
- b) The contribution to employees Provident Fund amounted to Rs. 0.58 crores for the year ended March 31, 2018 (PY: Rs. 0.41 crores).
- c) The Bank has a policy to pay leave encashment to employees only on their retirement or super-annuation and not on the intermediate separations. In the opinion of the management, there shall not be any significant liability towards leave encashment and as such, no provision has been made for the same.
- d) The Bank does not have pension scheme for its employees. However, the Bank contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Bank recognises such contributions as an expense in the year when an employee renders the related service. Such contribution for the year ended March 31, 2018 is Rs. 0.03 crores.

I) Change in the Present value of Projected Benefit Obligation:

	<i>(Rs. in Crores)</i>	
	March 31, 2018	March 31, 2017
Present Value of Benefit Obligation at the Beginning of the Period	1.17	0.78
Interest Cost	0.09	0.06
Current Service Cost	0.24	0.15
(Benefit paid from the Fund)	(0.12)	(0.03)
Past Service Cost	0.48	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	0.01	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	0.15	0.20
Actuarial (Gains)/Losses on Obligations - Due to Experience	0.01	0.01
Present Value of Benefit Obligation at the End of the Period	2.03	1.17

II) Change in the Fair Value of Plan Assets:

	<i>(Rs. in Crores)</i>	
	March 31, 2018	March 31, 2017
Fair Value of Plan Assets at the Beginning of the Period	0.91	0.76
Expected Return on Plan Assets	0.07	0.06
Contributions by the Employer	0.20	0.12
(Benefit Paid from the Fund)	(0.12)	(0.03)
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-	-
Fair Value of Plan Assets at the End of the Period	1.06	0.91



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III) Actuarial (Gains)/Losses Recognized in the statement of Profit and Loss:

(Rs. in Crores)

	March 31, 2018	March 31, 2017
Actuarial (Gains)/Losses on Obligation for the Period	0.17	0.22
Actuarial (Gains)/Losses on Plan Asset for the Period	(0.01)	-
Actuarial (Gains)/Losses Recognized in the Statement of Profit or Loss	0.16	0.22

IV) Actual Return on Plan Assets:

(Rs. in Crores)

	March 31, 2018	March 31, 2017
Expected Return on Plan Assets	0.07	0.06
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-	-
Actual Return on Plan Assets	0.07	0.06

V) Amount Recognized in the Balance Sheet:

(Rs. in Crores)

	March 31, 2018	March 31, 2017
(Present Value of Benefit Obligation at the end of the Period)	(2.03)	(1.17)
Fair Value of Plan Assets at the end of the Period	1.06	0.91
Funded Status (Surplus/ (Deficit))	(0.97)	(0.27)
Unrecognized Past Service Cost at the end of the Period	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	(0.97)	(0.27)

VI) Net Interest Cost:

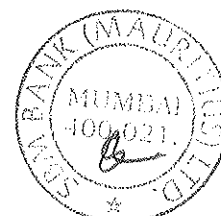
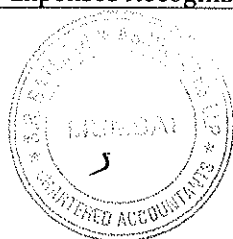
(Rs. in Crores)

	March 31, 2018	March 31, 2017
Present Value of Benefit Obligation at the Beginning of the Period	1.17	0.78
(Fair Value of Plan Assets at the Beginning of the Period)	(0.91)	(0.76)
Net Liability/(Asset) at the Beginning	0.26	0.02
Interest Cost	0.09	0.06
(Expected Return on Plan Assets)	(0.07)	(0.06)
Net Interest Cost for Current Period	0.02	-

VII) Expenses Recognized in the Statement of Profit or Loss:

(Rs. in Crores)

	March 31, 2018	March 31, 2017
Current Service Cost	0.24	0.15
Net Interest Cost	0.02	-
Actuarial (Gains)/Losses	0.17	0.22
Past Service Cost - Vested Benefit Recognized During the Period	0.48	-
Expenses Recognized in the Statement of Profit or Loss	0.91	0.37



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VIII) Balance Sheet Reconciliation:

(Rs. in Crores)

	March 31, 2018	March 31, 2017
Opening Net Liability	0.27	0.02
Expense Recognized in Statement of Profit or Loss	0.91	0.37
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(0.21)	(0.12)
Net Liability/(Asset) Recognized in the Balance Sheet	0.97	0.27

IX) Category of Assets:

(Rs. in Crores)

	March 31, 2018	March 31, 2017
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	1.05	0.91
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	1.05	0.91

Actuarial assumptions:

	March 31, 2018	March 31, 2017
Expected Return on Plan Assets	7.82%	7.29%
Rate of Discounting	7.82%	7.29%
Rate of Salary Increase	9.11%	7.00%
Rate of Employee Turnover	6.00%	3.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

34. Related Party Transactions

Related Party Transactions in terms of AS-18 on "Related Party Disclosures" are disclosed below:
Relationship during the year:

1	Parent	SBM Holdings Ltd
		State Bank of Mauritius Ltd
2	Subsidiaries of Head office	SBM Bank Kenya Ltd
3	Key Management Personnel	The Chief Executive Officer(CEO) - Mr. Siby Sebastian



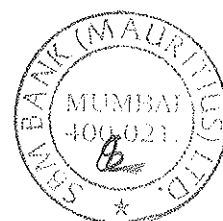
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Transactions during FY2017-18:

(Rs. in Crores)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
Liabilities								
Deposit	13.58	691.94	0.09	0.24	-	-	13.67	692.18
Borrowings	130.35	159.80	-	-	-	-	130.35	159.80
Interest payable	0.49	-	-	-	-	-	0.49	-
MTM loss on FX forwards	-	0.002	-	0.05	-	-	-	0.05
Total	144.42	851.74	0.09	0.29	-	-	144.51	852.03
Asset								
Lending	-	25.94	12.82	12.82	-	-	12.82	38.76
Balances with Bank	0.26	-	-	-	-	-	0.26	-
Interest receivable	-	-	-	-	-	-	-	-
Reimbursement from HO	0.86	-	-	-	-	-	0.86	-
MTM gain on FX forwards	-	0.07	-	0.01	-	-	-	0.08
Total	1.12	26.01	12.82	12.83	-	-	13.94	38.84
Interest paid	0.11	-	-	-	-	-	0.11	-
Interest Received	0.43	-	0.11	-	-	-	0.54	-
Off Balance sheet items								
FX Forwards	-	1.60	-	13.58	-	-	-	15.18
Total	-	1.60	-	13.58	-	-	-	15.18



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Transactions during FY2016-17:

(Rs in Crores)

Particulars	Parent		Subsidiaries of the Parent		Key Management Personnel		Total	
	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance	Outstanding	Maximum Balance
Liabilities								
Deposit	52.89	117.59	-	-	0.33	0.33	53.22	117.92
Borrowings	-	-	-	-	-	-	-	-
Interest Paid/payable	-	-	-	-	-	-	-	-
Total	52.89	117.59	-	-	0.33	0.33	53.22	117.92
Asset								
Lending	25.94	64.91	-	-	-	-	25.94	64.91
Balances with Bank	0.01	-	-	-	-	-	0.01	-
Interest receivable	0.28	-	-	-	-	-	0.28	-
Reimbursement from HO	0.10	-	-	-	-	-	0.10	-
Total	26.33	64.91	-	-	-	-	26.33	64.91

35. Impairment of Assets

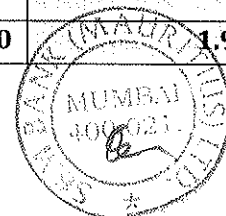
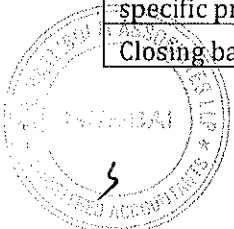
There is no impairment of any of the fixed assets and as such no provision is required as per AS-28 on 'Impairment of Assets' issued by the ICAI.

36. AS 20 – Earning per Share, AS 21 on 'Consolidated financial statements', AS-23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', AS 24 on 'Discounting Operation' and AS 25 on 'Interim Financial Reporting' issued by ICAI are not applicable to bank.

37. Counter Cyclical / Floating Provisions

(Rs. in Crores)

Particulars	March 31, 2018		March 31, 2017	
	Counter cyclical	Floating	Counter cyclical	Floating
Opening Balance in floating provision	1.91	0.60	1.91	0.60
Add- Provision made during the year	-	-	-	-
Less- Provision utilize during the year for specific provision	-	-	-	-
Closing balance in floating provision	1.91	0.60	1.91	0.60



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38. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act 2006 which came into force from October 2, 2006 certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on information provided by the Bank which has been relied upon by the auditors.

39. The Bank has not undertaken bancassurance business in current year. (P.Y. : NIL).

40. Concentration of Deposits, Advances, Exposures and NPAs

I. Concentration of Deposits

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Total deposits of twenty largest depositors	743.03	794.11
Percentage of Deposits to twenty largest depositors to total deposits of the Bank	61.62 %	65.18 %

Concentration of Advances*

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Total advances to twenty largest borrowers	966.02	643.90
Percentage of Advances to twenty largest borrowers to total advances of the Bank	72.72%	72.02%

Concentration of Exposures*

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Total Exposures to twenty largest borrowers / customers	966.13	724.57
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the bank on borrowers / Customers	67.35%	64.07%

*Excluding banking exposures

Concentration of NPA

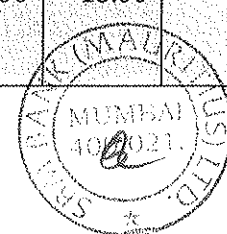
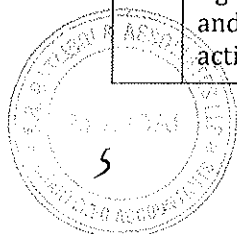
(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Total Exposure of top Four NPA accounts	155.56	102.29

II. Sector wise NPA

(Rs. in Crores)

Sl. No.	Sector	Current year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	-	-	-	15.00	15.00	100%



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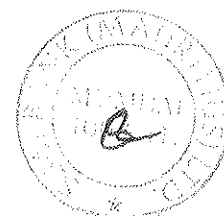
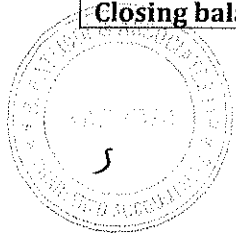
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Sl. No.	Sector	Current year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
2	Advances to industries sector eligible as priority sector lending	157.22	146.29	93.05%	155.53	54.44	35.00%
3	Services	113.24	-	0.00%	184.62	12.12	6.57%
4	Personal loans	-	-	-	-	-	-
	Sub-total (A)	270.46	146.29	54.09%	355.15	81.56	22.96%
B	Non-Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	311.90	26.55	8.51%	155.54	34.61	22.26%
3	Services	410.06	-	0.00%	269.66	9.98	3.70%
4	Personal loans	191.65	5.50	2.87%	39.41	5.99	15.19%
	Sub-total (B)	913.61	32.05	3.51%	464.61	50.58	10.89%
	Total (A+B)	1,184.07	178.34	15.06%	819.76	132.14	16.12%

III. a) Movement of Gross NPAs

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Opening balance of Gross NPAs	132.14	72.28
Additions during the year	105.87	75.71
Sub-total (A)	238.01	147.99
Less:		
i. Upgradations	2.40	
ii. Recoveries (excluding recoveries made from upgraded accounts)	0.56	2.85
iii. Write-offs	56.72	13.00
Sub-total (B)	59.68	15.85
Closing balance of Gross NPAs (A-B)	178.33	132.14



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b)

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Opening balance of Technical/ Prudential written-off accounts	184.35	172.53
Add: Technical/ Prudential write-offs during the year	56.71	13.00
Sub-total (A)	241.06	185.53
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	4.45	1.18
Closing balance as at March 31 (A-B)	236.61	184.35

IV. Overseas Assets, NPAs and Revenue

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Total Assets	-	-
Total NPAs	-	-
Total Revenue for the year ended	-	-

V. Off-balance sheet SPVs sponsored - NIL (P.Y. : NIL)

41. Revaluation of Fixed Assets

The Bank computes depreciation on revalued premises over its estimated remaining useful life and accordingly an amount of Rs. 0.38 crores have been accounted as depreciation and reduced from the Revaluation Reserve for the year ended March 31, 2018 (previous year: Rs.0.38 crores).

42. Fixed Assets

No software has been capitalized under fixed assets during the current and previous year.

(Rs. in Crores)

Particulars	March 31, 2018	March 31, 2017
Cost at March 31 st of preceding year	3.45	3.45
Additions during the year	0.59	-
Deductions during the year	-	-
Depreciation to date	3.54	3.41
Net Block	0.50	0.04

43. Provision Coverage Ratio (PCR)

As on March 31, 2018, the Bank has achieved the PCR ratio of 93.98% with reference to Gross NPA as on March 31, 2018 (P.Y. : 67.23%).

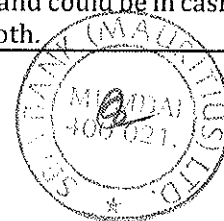
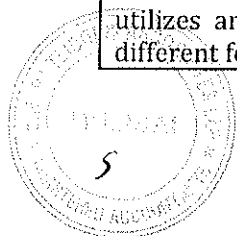


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44. Disclosure on Remuneration

Qualitative disclosures	
(a) Information relating to the composition and mandate of the Remuneration Committee.	Not applicable as Remuneration & Nomination Committee is held at Head Office in Mauritius
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration policy.	<p>The Bank follows the following practices and principles in designing and structuring the remuneration process:-</p> <p>A focus on long-term, risk-adjusted performance and reward mechanism by focusing on performance of the individual employee, the relevant line of business or function and the Bank as a whole. It seeks to drive accountability, and co-relate risk, financial performance and compensation.</p> <p>Key features and Objective of Remuneration policy are: The bank shall follow a Cash plus Benefits (Fixed Pay plus Benefits) approach in its Compensation framework by providing competitive level of compensation to attract and retain qualified and competent staff members. The compensation should be adjusted for all types of risk.</p>
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	SBM has in place a robust risk and performance management system to capture, monitor, and control the risks created by its business activities. The goal is to not only manage the risks of the Firm, but also to create a culture of risk awareness, risk quantification and measurement and personal accountability. It seeks to ensure that the potential for any risk-taking by any individual, group, or business is controlled.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	In determining total compensation, it considers the overall scope of an employee's responsibilities, the performance history of the individual with the Bank, comparisons with other staff within the Firm, external market compensation, and the overall performance of the function and the Bank and Group as whole. The Bank looks at sustained superior performance achieved across multiple factors over multiple time periods.
(e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	The variable/performance pay shall not exceed 70% of the fixed pay for the year. In case where the variable pay constitutes a substantial portion of the fixed pay, i.e. 50% or more, then an appropriate portion of the variable pay, i.e. around 50% of the variable pay will be deferred over a minimum period of 3 years. In the event of negative contributions of the bank in any year, the deferred compensation will be subject to malus arrangements which permits the bank to prevent vesting of all or part of the amount of a deferred remuneration, but it does not reverse vesting after it has already occurred.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	There will be a proper balance between the fixed and the variable pay. The variable pay shall not exceed 70% of the fixed pay for the year. The proportion of variable pay will be higher at higher levels of responsibility and could be in cash, or stock linked instruments or mix of both.



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Qualitative disclosures											
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)											
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Not applicable as Remuneration & Nomination Committee is held at Head Office in Mauritius										
(h) (i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus (iv) Details of severance pay, in addition to accrued benefits, if any	44 (from Apr 2017 to Mar 2018) - - -										
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	- -										
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	CEO IOPS for Apr 17to Mar 2018 <table border="1"> <thead> <tr> <th>Particulars</th><th>(Rs. in Crores)</th></tr> </thead> <tbody> <tr> <td>CEO Pay</td><td>1.50</td></tr> <tr> <td>CEO Variable</td><td>-</td></tr> <tr> <td>CEO Perquisites</td><td>0.01</td></tr> <tr> <td>TOTAL</td><td>1.51</td></tr> </tbody> </table>	Particulars	(Rs. in Crores)	CEO Pay	1.50	CEO Variable	-	CEO Perquisites	0.01	TOTAL	1.51
Particulars	(Rs. in Crores)										
CEO Pay	1.50										
CEO Variable	-										
CEO Perquisites	0.01										
TOTAL	1.51										
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. (ii) Total amount of reductions during the financial year due to ex- post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	- - -										

45. Accounting for leases

1. Financial lease

Bank has not entered any financial lease in current and previous year.



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2. Operating lease

The lease agreement entered into pertains to use of premises by the branch and residential house. There are no sub-lease arrangements.

Particulars	(Rs. in Crores)	
	March 31, 2018	March 31, 2017
1 Total future minimum lease payments as at year end:	0.78	0.53
- Not later than one year	0.29	0.10
- Later than one year but not later than five years	0.49	0.43
- Later than five years	-	-
2 Lease payments recognised in the Profit and Loss Account in Schedule 16.	0.12	0.24

46. Credit Default Swaps

The Bank does not have any Credit Default Swaps during the F.Y.2017-18. (P.Y. : NIL)

47. Intra-Group Exposures

In terms of RBI circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated 11 February 2014, the disclosures on intra-group exposures are as below:

Sr. No.	Particulars	(Rs. in Crores)	
		March 31, 2018	March 31, 2017
1	Total amount of intra-group exposures	-	-
2	Total amount of top-20 intra-group exposures	-	-
3	Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	-	-
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-

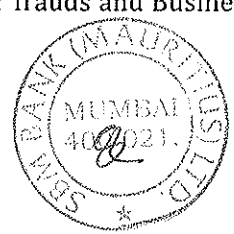
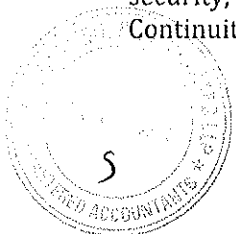
During the year ended 31 March 2018 and 31 March 2017, the intra-group exposures were within the limits specified by RBI.

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

In terms of RBI circular DBOD.No.BP.BC.No.8/21.04.018/2014-15 dated 1 July 2014 on disclosures on DEAF are as below:

Particulars	(Rs. in Crores)	
	March 31, 2018	March 31, 2017
Opening balance of amounts transferred to DEAF	0.29	0.18
Add : Amounts transferred to DEAF during the year	0.01	0.12
Less : Amounts reimbursed by DEAF towards claims	0.00	0.01
Closing balance of amounts transferred to DEAF	0.30	0.29

49. The Bank is in advanced testing phase for the Technology Transformation Project Phase 1 with rollout of Finacle Core banking solution including Finacle Treasury and Finacle Internet/Mobile Banking solutions. The upcoming data center setup for this deployment will have comprehensive IT security and monitoring controls to ensure defense, resilience and assurance of systems to customers and stakeholders. Bank also periodically reviews and enforces the policies related to Information Technology Governance, Information security, IT Operations, IT services outsourcing, IS Audit, Cyber Security controls for frauds and Business Continuity Planning to strengthen the IT infrastructure.



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50. Unhedged Foreign Currency Exposure

The Bank closely monitors the unhedged foreign currency exposures of its corporate clients and also factors this risk into the pricing. The information on the unhedged foreign currency exposures of the corporate is obtained on a quarterly basis and riskiness of the same with respect to the USD – INR exchange rate fluctuation is assessed.

The Bank addresses the currency induced credit risk in a comprehensive manner and the incremental provisioning and capital held by the Bank on account of the same as on 31-March-2018 is as follows:

Incremental Capital maintained by the Bank on account of unhedged foreign currency exposure is NIL (P.Y.: NIL)

Unhedged Foreign Currency Exposure provisions for current year:

(Rs. in Crores)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2018	Incremental standard advance provision as on March 31, 2018
0 bps	1,005.74	-
20 bps	-	-
40 bps	-	-
60 bps	-	-
80 bps	-	-

Unhedged Foreign Currency Exposure provisions for previous year:

(Rs. in Crores)

Incremental standard asset provision required as per RBI guideline	Outstanding as on March 31, 2017	Incremental standard advance provision as on March 31, 2017
0 bps	687.62	-
20 bps	-	-
40 bps	-	-
60 bps	-	-
80 bps	-	-



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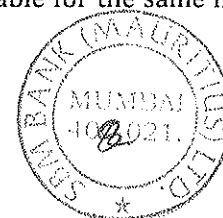
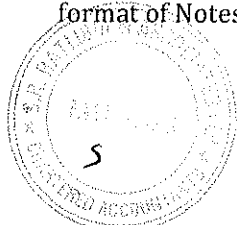
51. Liquidity Coverage Ratio

FY. 2017-18

(Rs. in Crores)

		31 March 2018		31 December 2017		30 September 2017		30 June 2017	
		Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		402.25		321.79		381.00		335.77
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits**	-	-	-	-	2.01	0.10	5.79	0.29
(ii)	Less stable deposits	314.11	31.41	344.91	34.49	434.87	43.49	301.13	30.11
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	314.4	275.45	229.83	183.39	242.10	195.75	184.80	114.67
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding								
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other	17.69	17.69	5.37	5.37	4.81	4.81	2.46	2.46
(ii)	Outflows related to loss of funding on debt products	125.31	19.91	111.23	22.37	179.70	42.65	151.22	18.79
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	80.49	80.49	76.02	76.02	72.28	72.28	70.34	70.34
7	Other contingent funding obligations	210.32	6.31	189.18	5.68	150.15	4.50	72.04	2.16
8	TOTAL CASH OUTFLOWS		431.26		327.32		363.58		238.82
Cash Inflows									
9	Secured lending (e.g. reverse repos)	155.95	-	99.81	-	241.45	-	212.02	-
10	Inflows from fully performing exposures	24.37	24.37	7.26	7.26	5.01	5.01	0.07	0.07
11	Other cash inflows *	132.24	72.21	133.30	74.49	138.40	82.05	125.66	79.28
12	TOTAL CASH INFLOWS	312.56	96.58	240.37	81.75	384.86	87.06	337.75	79.35
13	TOTAL HQLA		402.25		321.79		381.00		335.77
14	TOTAL NET CASH OUTFLOWS		334.68		245.57		276.52		159.48
15	LIQUIDITY COVERAGE RATIO (%)		120.19		131.04		137.78		210.54

*In Other Cash Inflow at 100% run off factor, Bank has included inflows by Retail and small business counterparties which is coming under 50% run off factor as there is no heading available for the same in the format of Notes to Accounts.



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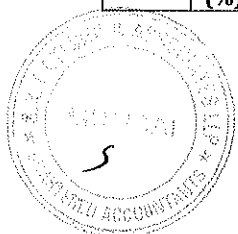
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** The Bank has considered the entire Retail deposit and deposit from small business customer under Less Stable w.e.f 1st October 2017 as per RBI's Risk Assessment Report (RAR) conducted for FY 2016-17.

PY. 2016-17

(Rs. in Crores)

		31 March 2017		31 December 2016		30 September 2016		30 June 2016	
		Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)	Total Un weighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		237.05		142.08		126.58		145.44
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	5.81	0.29	5.46	0.27	5.09	0.25	5.03	0.26
(ii)	Less stable deposits	338.56	33.86	354.87	35.48	311.27	31.12	339.07	33.91
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	84.61	33.85	73.01	29.20	43.51	17.41	42.15	16.86
(iii)	Unsecured debt	88.96	88.96	81.57	81.57	49.78	49.78	45.03	45.03
4	Secured wholesale funding								-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other	-	-	-	-	-	-	0.15	0.15
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	116.20	14.50	95.98	11.54	83.71	13.64	163.58	18.18
6	Other contractual funding obligations	36.12	36.12	54.55	54.55	68.63	68.63	22.07	22.07
7	Other contingent funding obligations	74.97	3.75	83.07	2.49	84.55	2.53	61.15	1.83
8	TOTAL CASH OUTFLOWS		211.33		215.10		183.36		138.29
Cash Inflows									
9	Secured lending (e.g. reverse repos)	161.36	-	124.33	-	80.67	-	24.00	-
10	Inflows from fully performing exposures	108.67	75.56	57.93	38.94	39.67	27.34	39.05	19.52
11	Other cash inflows	64.39	48.88	139.53	85.66	181.82	109.87	147.32	107.14
12	TOTAL CASH INFLOWS	334.42	124.44	321.79	124.60	302.16	137.21	210.37	126.66
13	TOTAL HQLA		237.05		142.08		126.58		145.44
14	TOTAL NET CASH OUTFLOWS		86.89		90.50		46.15		34.57
15	LIQUIDITY COVERAGE RATIO (%)		272.82		156.99		274.28		420.73



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Qualitative disclosure

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The LCR requirement has been introduced in a phased manner with banks required to maintain minimum LCR of 70% till Dec 2016 and the 80% from Jan 2017 onwards. The requirement will be increasing by 10% annually to 100% by Jan 2019.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, excess SLR and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR). Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

52. Capital Commitment

Capital Commitment outstanding as on March 31, 2018 amounts to Rs. 0.30 crores. (P.Y. : Rs. 0.08)

53. RBI vide its circular dated 18th April 2017, has directed banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. There has been no divergence as there was no RBI inspection held for the financial year 2016-17 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

54. Other expenditure:

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

(Rs. in Crores)

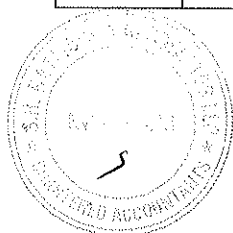
	For the year ended 31st March 2018	For the year ended 31st March 2017
Other IT expenses	4.82	8.01

55. Priority sector lending certificates

The amount of PSLCs (category wise) sold and purchase during the year:

(Rs. in Crores)

Sr. No.	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	-	-
2	PSLC - SF / MF	-	-
3	PSLC - Micro Enterprises	-	-
4	PSLC – General	-	-
	TOTAL	-	-



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SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

56. Fraud:

<i>(Rs. in Crores)</i>		
Particulars	March 31, 2018	March 31, 2017
Number of frauds reported	3	-
Amount involved in frauds	83.92	-
Provision made	-	-
Unamortised provision debited from 'other reserves'	-	-

57. Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date : June 27, 2018



For SBM Bank (Mauritius) Ltd.

Shy Sebastian
Shy Sebastian
CEO - Indian Operations



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Basel III – Pillar 3 disclosures for the year ended 31st March 2018

Scope of Application

Qualitative Disclosures:

- (a) SBM Bank (Mauritius) Ltd was incorporated in Mauritius in 1973. The Indian Operations of the SBM Bank (Mauritius) Ltd ("hereinafter referred to as the 'Bank') operates in commercial banking and as a foreign branch of the SBM Bank (Mauritius) Ltd. The information provided in this statement is consolidated for the Bank's operations in India.

Quantitative Disclosures:

- (b) The aggregate amount of capital deficiencies in subsidiaries : Not Applicable
(c) The aggregate amount of the bank's total interests in insurance entitles : Not Applicable

Capital Structure:

Qualitative Disclosures:

- (a) Summary information and main features of capital instruments are given below.

Tier I capital comprises of funds from Head Office for the purpose of meeting capital adequacy norms, statutory reserves, Capital Reserves and retained earnings. The deduction to the total capital pertains to deferred tax assets.

Tier II capital comprises of general loan loss provisions, country risk provision and revaluation reserve.

- (b) The details of tier I capital with separate disclosures of each component is as follows:

(Rs. in Crores)

Particulars	Mar-18	Mar-17
Funds from Head Office	508.97	508.97
Statutory reserve	35.99	35.99
Capital Reserve	5.81	5.80
Deferred Tax assets	-	-
Intangible Assets	(188.44)	(83.71)
Total- Tier 1	<u>362.33</u>	<u>467.05</u>
Provision for Standard assets	4.45	3.18
Property Revaluation Reserve	6.41	6.58
Country risk provision	-	0.12
Total – Tier II	<u>10.86</u>	<u>9.88</u>
	-	-
Total eligible capital	<u>373.19</u>	<u>476.93</u>

Capital Adequacy:

Qualitative disclosures

- (a) Bank's approach to assessing the adequacy:

The Bank's policy is to maintain a strong capital to maintain confidence of depositors and market and to sustain future business developments.



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The bank is fully committed to implementing the Basel III as adopted by the Reserve Bank of India and currently follows Standardised approach for credit and market risk and Basic Indicator approach for operational risk.

Quantitative disclosures:

(a) to (e) Capital requirement for credit, market and operational risk and Tier I capital ratio.

The details of capital, risk weighted assets and capital adequacy ratio as at 31 March 2018 are as follows:
(Rs. in Crores)

PARTICULARS	Mar - 18	Mar - 17
	(As per Basel III) AMOUNT	(As per Basel III) AMOUNT
A Capital requirement for credit risk		
- Portfolios subject to standardised approach & securitisation exposures	118.27	119.36
B Capital requirement for market risk		
Standardised duration approach		
- Interest rate risk	23.02	7.68
- Foreign exchange risk	0.22	0.04
- Equity risk	-	2.71
C Capital requirement for operational risk		
-Basic indicator approach	8.06	9.20
D Capital Adequacy ratio of the Bank (%)	24.72%	33.84%
E Tier I CRAR (%)	24.00%	33.14%

Risk Exposure and Assessment

General qualitative disclosure on risk area, risk management objective policies and processes etc:

The Bank has identified the following risks as material to its nature of operations:

- ▶ Credit Risk
- ▶ Market Risk
- ▶ Operational Risk
- ▶ Liquidity Risk
- ▶ Interest Rate Risk in the Banking Book



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Risk Management framework

Overview

The Bank's risk management framework is embedded in the business through the different levels supported by an appropriate level of investment in information technology and its people.

Credit Risk

The Bank has a comprehensive credit risk framework to manage Credit Risk, in a uniform and consistent manner.

- ▶ Bank maintains independence and integrity of credit decision-making, credit under working function is segregated from loan origination.
- ▶ Bank adheres to the RBI prudential requirements with respect to lending norms..
- ▶ All credit proposals are analysed through borrower's historical financial statements and projections, which includes a thorough review of traditional methods of ratio analysis, evaluation of asset conversion cycle, balance sheet structure (liquidity, capitalization, and maturity schedule of liabilities), cash flow and FX exposure.
- ▶ As a matter of policy, all credit facilities are reviewed / renewed annually. An account would be classified as NPA based on RBI guidelines.

Credit risk: General disclosures

Qualitative Disclosures

(a) Credit quality of Loans and Advances

All loans and advances in the Bank are classified according to asset quality, nature and number of days in arrears in accordance with RBI guidelines. For accounting purposes, definition of RBI for past due and impaired assets are adopted. Standard accounts include all facilities which demonstrate good financial condition, minimum risk factors and capacity to repay in line with the original terms of sanction.

Non-Performing Assets

Non-performing assets are those loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms. During the financial year 2017 - 18 bank has non-performing assets, net off provision (Gross NPA less Provision), amounting to Rs. 10.74 Crores (P.Y. Rs. 43.30Crores).

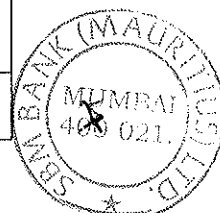
The Bank has adopted the Standardised Approach under Basel III for credit risk for Financial Year 2017-18.

(b) Total Gross credit risk exposures including Geographic Distribution of Exposure

(Rs. in Crores)	Mar - 18	Mar - 18	Mar - 18	Mar - 17	Mar - 17	Mar - 17
Particulars	Domestic	Overseas	Total	Domestic	Overseas	Total
Fund Based	1302.60	10.00	1,312.60	981.87	409.69	1,391.56
Non Fund Based	420.78	0.34	421.12	53.77	67.20	120.97
Total	1,723.38	10.34	1,733.72	1,035.64	476.89	1,512.53

Residual Contractual maturity break down of Assets

MATURITY BUCKETS	(Rs. in Crores)			
	Cash balances with RBI and other Banks	Investment Securities	Loans and Advances	Other Assets including fixed assets
Next Day	1.10	49.73	5.96	3.86



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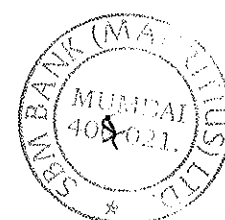
2 TO 7 Days	0.82	-	12.79	3.86
8 TO 14 Days	1.35	19.94	8.88	3.86
15 to 28 days	0.57	-	58.57	-
29 days to 3 months	12.98	18.01	48.79	-
Over 3 months upto 6 months	5.98	78.02	51.47	-
over 6 months upto 12 months	25.50	160.77	182.25	3.86
Over 1 year to 3 years	4.82	25.28	436.07	-
Over 3 years to 5 years	0.37	34.09	105.61	-
Over 5 years	-	80.26	106.08	64.36
Total	53.49	466.10	1016.47	79.80

Movement of NPA's and Provision for NPA's

Gross NPAs in various categories (Sub-standard, doubtful, loss etc):

(Rs. in Crores)

		Mar - 18	Mar - 17
A	Amount of NPA's (Gross)	178.33	132.14
B	Net NPA's	10.73	43.30
C	NPA's ratios		
	Gross NPAs to gross advances (%)	15.06	16.12
	Net NPAs to net advances (%)	1.06	5.92
D	Movement of NPA's		
	Opening Balance as on 1st Apr	132.14	72.28
	Additions	105.87	75.71
	Reductions	59.68	15.85
	Closing balance as on 31st Mar	178.33	132.14
E	Movement of Provision for NPA's		
	Opening Balance as on 1st Apr	88.84	41.21
	Provision made during the year	135.83	54.70
	Write offs	57.07	7.07
	Write back of excess provision		
	Closing balance as on 31st Mar	167.60	88.84



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Credit Risk: Portfolios under the standardised approach:

Qualitative Disclosures:

- The Bank is using Credit Risk Assessment of ICRA, CRISIL, FITCH and CARE for the purpose of arriving at risk weight age wherever available.
- Rating is accepted only if our exposure is included in the rating.

Quantitative Disclosures:

The exposure under each credit risk category is as follows:

	(Rs. in Crores)	
	Mar - 18	Mar - 17
Risk Bucket	Amount	Amount
Below 100% Risk Weight	1,824.07	1,408.07
100% risk weight	638.55	374.99
More than 100% risk weight	142.30	277.53
Total	2,604.92	2,060.59

Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures:

It is the policy of the bank to request for pari passu charge on current assets/movable fixed assets/immovable assets for corporate credits, unless the business case warrants unsecured lending. Security is recognized only as a fallback option and repayment of facilities are primarily sought from the cash flow of the borrower's business. Collateral security is an important comfort to mitigate risk. Bank insists on proper valuation of collateral security wherever stipulated.

Quantitative Disclosures

The total value of eligible Cash collateral (Fixed Deposits held under Lien) for credit risk portfolio is Rs. 198.28 Crores.

Securitisation: disclosure for standardised approach

Qualitative and Quantities disclosures:

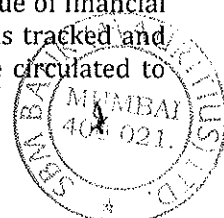
The bank had securitized NPA assets (Marg Ltd) through Pegasus Assets Reconstruction Pvt. Ltd. and subscribed to Security Receipts to the tune of INR 17.66 crores issued by the Asset Reconstruction Company. Bank securitized the NPA asset of Arch Pharma and subscribed to the Security Receipt to the tune of INR 2.42 crores issued by JM Asset Reconstruction Company Ltd. Bank securitized the NPA asset of Core Education and subscribed to the Security Receipt to the tune of INR 2.25 crores issued by Rare ARC Pvt Ltd

Market risks in the trading book

Qualitative disclosures

Market Risk

It is the risk of losses arising from changes in market rates or prices that can affect the value of financial instruments. In the Bank all Market Risk is centralized in the dealing room. Market Risk is tracked and measured on a dynamic basis by a dedicated Market Risk desk and periodic reports are circulated to senior management.



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Market Risk Organization Structure at the Bank

Bank's Risk Management is controlled at the Head Office in Mauritius. The Risk Management Committee at Head Office approves risk tolerance and appetite for market risk on the recommendation of Indian Operations. It also monitors and reviews significant risks and effectiveness of processes and sets out management responsibilities. Local Risk Management unit supports Risk Committee, which formulates and implements the market risk policies, and operational plans and recommends changes to policies, processes and parameters for approval of Risk Management Committee.

Market Risk Limit Structure at the Bank

Market Risk limits represents strategic restrictions, reflecting the risk tolerance of the Bank, the nature of the trading activities and the perceived trading and management skills. The limit setting is to prevent the accumulation of Market Risk beyond the Bank's risk tolerance level, as determined by the Bank's top management, and to reflect mandates of individual trading units. Market Risk limits are set in a top-down process and organized in a certain hierarchy.

The Bank calculates the risk charge on market risk on the basis of standardized approach as prescribed by RBI. The portfolio contains foreign exchange and interest rate risk only. The interest rate general risk is computed on the basis of duration based approach.

The capital requirements for market risk are as follows:

	(Rs. in Crores)	
	Mar-18	Mar-17
Interest Rate Risk	23.02	7.68
Equity position risk	-	2.71
Foreign Exchange risk	0.22	0.04
Total	23.24	10.43

Operational Risk:

Qualitative disclosures: The approaches for operational risk capital assessment

The Bank's Operational Risk Management framework includes the identification, assessment, measurement and monitoring & oversight of operational risks within the Bank.

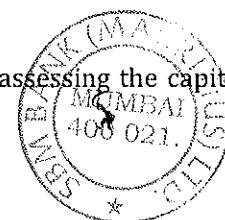
Indian Operations currently follow Head Office policies for Operational Risk Management.

The Bank has a commitment to meeting high ethical and Operational Risk Management standards in the way it conducts its business. The governing principles and fundamental components of the Bank's operational risk management approach include accountability in the individual business lines for management and control of the significant operational risks to which they are exposed.

An effective organization structure through which operational risk is managed including:

- ▶ A Board of Directors responsible for sound corporate governance.
- ▶ Separation of duties between key functions.
- ▶ An independent internal audit department responsible for verifying that significant risks are identified and assessed and for determining whether appropriate controls are in place to ensure that overall risks are at an acceptable level.
- ▶ Risk mitigation programs, which use insurance policies to transfer the risk of high severity losses e.g. cash, where feasible and appropriate
- ▶ Business Continuity Plan Business Disruption of key business services for an extended period of time can affect the Bank's image/downfall, unless appropriate emergency response and business resumption strategies are maintained.

As permitted by RBI, the Bank presently follows the Basic Indicator Approach for assessing the capital requirement for computing capital charge for Operational Risk.



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Liquidity Risk

Liquidity Risk is the risk that the Bank is not able to fulfil its actual and potential financial obligations, as and when they are due, without incurring unacceptable losses. The Different dimensions of liquidity risks are (i) Funding risk – need to replace net outflows due to unanticipated withdrawal/non-renewal of deposits (wholesale / retail) (ii) Time risk – need to compensate for non-receipt of expected inflows of funds, for example, performing assets turning into non-performing assets and (iii) Call Risk – due to crystallization of contingent liabilities and unable to undertake profitable business opportunities when desirable. The Bank has a liquidity risk management policy in place, which acts as the principal document for management of liquidity risk.

Liquidity Risk Organization Structure

The ultimate responsibility for the Liquidity Risk of the Bank lies with the Asset & Liability Committee (ALCO). ALCO meets monthly and monitors the funding and liquidity position of the Bank and provides structural guidance and oversight. The bank prepares and analyzes the structural liquidity statement reports as per RBI defined time buckets. The Bank has put in place liquidity mitigants such as call borrowings.

Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

Interest Rate Risk in the Banking Book

Interest Rate risk in Banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the Bank's Banking Book as a consequence of movement in interest rates. Interest rate risk arises from holding assets/liabilities and Off-Balance Sheet [OBS] items with different principal amount, maturity dates or re-pricing dates thereby creating exposure to changes in levels of interest rates.

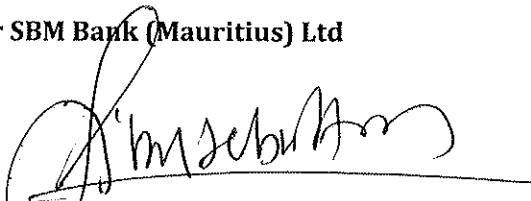
IRRBB Organization Structure

Asset and Liability Committee (ALCO) ensures compliance with regulatory and internal policies related to IRRBB and provides strategic direction, for achieving IRRBB management objectives. The ALCO focuses on building strong interest rate indicators, which positively contributes to optimizing the balance sheet structure and maximizes NII over time, while minimizing susceptibility to interest changes. The ALCO is convened regularly to review interest rate risk in the Bank's balance sheet and to assess the market condition.

Quantitative Disclosures

The impact of an incremental 200 basis points parallel fall or rise in all yield curves at the beginning of the year on net interest income for the next 12 months (EAR) amounts to Rs.3.49 Crores.

For SBM Bank (Mauritius) Ltd



Mr. Siby Sebastian
CEO – Indian Operations



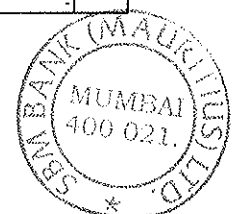
Place: Mumbai

Date : June 27, 2018

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Basel III - Pillar 3 disclosures for the year ended 31st March 2018

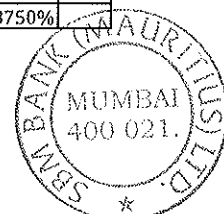
Table DF-11 : Composition of Capital			
Part II : Template to be used only from March 31, 2017			
(i.e. during the transition period of Basel III regulatory adjustments)			
		(Rs. in million)	
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	4,769.58	
2	Retained earnings	320.10	
3	Accumulated other comprehensive income (and other reserves)	417.93	
4	Directly issued capital subject to phase out from CET1 (only applicable to non joint stock companies ¹)	-	
	Public sector capital injections grandfathered until January 1, 2018		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	5,507.61	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles (net of related tax liability)	1,884.40	
10	Deferred tax assets ²		
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage servicing rights ⁴ (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold ⁶		
23	of which : significant investments in the common stock of financial entities		
24	of which : mortgage servicing rights		
25	of which : deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments ⁷ (26a+26b+26c+26d)	-	
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries		
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸		
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank ⁹		
26d	of which : Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	1,884.40	
29	Common Equity Tier 1 capital (CET1)	3623.21	
Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	of which : instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments	-	



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Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) ¹⁰		
41	National specific regulatory adjustments (41a+41b)	-	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)		
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)	3,623.21	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which : instruments issued by subsidiaries subject to phase out		
50	Provisions ¹²	108.573	
51	Tier 2 capital before regulatory adjustments	108.573	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments ¹³ in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)	-	
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	108.573	
58a	Tier 2 capital reckoned for capital adequacy¹⁴	108.573	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	108.573	
59	Total capital (TC = T1 + Admissible T2) (45 + 58c)	3,731.78	
60	Total risk weighted assets (60a + 60b + 60c)	15,097.31	
60a	of which : total credit risk weighted assets	10,874.96	
60b	of which : total market risk weighted assets	3,215.39	
60c	of which : total operational risk weighted assets	1,006.96	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	24.00%	
62	Tier 1 (as a percentage of risk weighted assets)	24.00%	
63	Total capital (as a percentage of risk weighted assets)	24.72%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)		
65	of which : capital conservation buffer requirement		
66	of which : bank specific countercyclical buffer requirement		
67	of which : G-SIB buffer requirement		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	1.8750%	



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Basel III - Pillar 3 disclosures for the year ended 31st March 2018

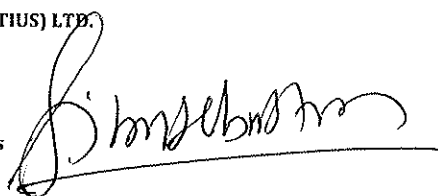
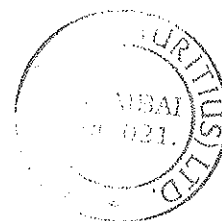
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	
73	Significant investments in the common stock of financial entities	
74	Mortgage servicing rights (net of related tax liability)	NA
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2018)		
80	Current cap on CET1 instruments subject to phase out arrangements	NA
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

Note to the template		
Row No. of the template	Particular	Amount
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0
	Total as indicated in row 10	
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which : Increase in Common Equity Tier 1 capital	
	of which : Increase in Additional Tier 1 capital	
	of which : Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	
	of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	44.50
	Eligible Revaluation Reserves included in Tier 2 capital	64.07
	Total of row 50	108.573

For SBM BANK (MAURITIUS) LTD.

Mr. Siby Sebastian
CEO - Indian Operations

Place : Mumbai
Date : June 27, 2018

SBM Bank (Mauritius) Ltd.
(Incorporated in the Republic of Mauritius with Limited Liability)
INDIAN OPERATIONS

Basel III - Pillar 3 disclosures for the year ended 31st March 2018

Table DF-12 : Composition of Capital- Reconciliation Requirements			
(Rs. in million)			
Particulars		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 31-03-2018	As on 31-03-2018
A	Capital & Liabilities		
	i.	Paid-up Capital	4,769.58
		Reserves & Surplus	(1,003.99)
		Minority Interest	-
		Total Capital	3,765.59
	ii.	Deposits	12,057.67
		of which : Deposits from banks	34.02
		of which : Customer deposits	12,023.65
		of which : Other deposits (pl. specify)	-
	iii.	Borrowings	1,303.50
		of which : From RBI	-
		of which : From banks	-
		of which : From other institutions & agencies	-
		of which : Others (pl. specify) (Borrowings outside India)	1,303.50
	iv.	of which : Capital instruments	-
		Other liabilities & provisions	824.97
	Total Liabilities		17,951.73
B	Assets		
	i.	Cash and balances with Reserve Bank of India	534.83
		Balance with banks and money at call and short notice	1,668.37
	ii.	Investments :	4,661.05
		of which : Government securities	3,607.42
		of which : Other approved securities	-
		of which : Shares	-
		of which : Debentures & Bonds	630.80
		of which : Subsidiaries / Joint Ventures / Associates	-
		of which : Others (Commercial Papers, Mutual Funds etc.)	422.83
	iii.	Loans and advances	10,164.76
		of which : Loans and advances to banks	1,794.52
		of which : Loans and advances to customers	8,370.24
	iv.	Fixed assets	305.86
	v.	Other assets	616.86
		of which : Goodwill and intangible assets	-
		of which : Deferred tax assets	-
	vi.	Goodwill on consolidation	-
	vii.	Debit balance in Profit & Loss account	-
	Total Assets		17,951.73

For SBM BANK (MAURITIUS) LTD.

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CEO - Indian Operations

Place : Mumbai
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