SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

INDEPENDENT AUDITOR'S REPORT

To,
The Chief Executive officer in India,
Shinhan Bank- Indian Operation.

Report on audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Shinhan Bank – Indian Branches** ('the Bank'), which comprise the Balance Sheet as at 31st March 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2020, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independentof the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 3.37 of the financial statements which describes the extent to which the COVID-19 pandemic will have impact the Bank's financial performance.

   Our opinion is not modified in respect of this matter.

Information other than financial statements and auditor's report thereon

5. The Bank's Apex Committee is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Basel III Pillar 3 disclosures, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover such other information and we do not express any form of assurance conclusion thereon.
6. Our responsibility in connection with the audit of the financial statements is to read the other information and in doing so, examine if the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our examination, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Bank's Apex Committee is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to 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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. 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 forpreventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.
8. In preparing the financial statements, Apex Committee is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Apex Committee either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Bank's Apex Committee is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Undersection 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Apex Committee.
- Conclude on the appropriateness of Apex Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

12. The Balance Sheet and the Profit and Loss Account have been drawn up inaccordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013.
13. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, 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;
    (c) During the course of our audit we have performed select relevant procedures at all branches. Since the Bank's key operations are automated, with the key application largely integrated to the core banking systems, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at the Head Office, based on the necessary records and data required for the purpose of the audit being made available to us.
14. Further, as required by section 143(3) of the Act, we 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 financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparation of financial statement are not required to be submitted by the branches;
    d) 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;
    e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
    f) The requirements of section 164(2) of the Companies Act,2013 are not applicable considering the Bank is a branch of Shinhan Bank - Korea, which is incorporated with limited liability in South Korea;
    g) 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 A";
    h) 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, in our opinion and to the best of our information and according to theexplanations given to us:
        i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 and Note 3.33 of Schedule 17 (II) to the financial statements;
        ii. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Schedule 5 and Note 1.9.7 of Schedule 17 (II) to the financial statements;
        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by theBank.
        iv. with respect to the matter to be included in the Auditor's Report under section 197(16), the requirements of Section 197 of the Companies Act, 2013 are not applicable considering the Bank is a branch of Shinhan Bank - Korea.

For and on behalf of **Bilimoria Mehta & Co.**
Chartered Accountants
Firm Regn. No. 101490W

Kiran Suvarna
Partner
(Membership No.113784)
UDIN: 20113784AAAAEW2854

Place: Mumbai
Date: June 29, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHINHAN BANK-INDIAN OPERATION

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

1. We have audited the internal financial controls over financial reporting of **Shinhan Bank-Indian Operation** ('the Bank') as at 31 March 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

2. The Bank's Apex Committee 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI')". 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 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

3. 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 and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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.
4. 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 ofmaterial misstatement of the financial statements, whether due to fraud orerror.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Bank'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 Bank'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 Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only inaccordance with authorizations of Apex Committee of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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 ofcompliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at 31 March 2020, 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 ICAI.

For and on behalf of **Bilimoria Mehta & Co.**
Chartered Accountants
Firm Regn. No. 101490W

Kiran Suvarna
Partner
(Membership No.113784)
UDIN: 20113784AAAAEW2854

Place: Mumbai
Date: June 29, 2020

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

Balance Sheet as at 31st March, 2020

(Rupees in 000s)

	Schedule	As at 31st March, 2020	As at 31st March, 2019
CAPITAL & LIABILITIES			
Capital	1	**6,331,908**	6,331,908
Reserves & Surplus	2	**6,798,639**	6,278,137
Deposits	3	**76,336,903**	65,192,603
Borrowings	4	**15,427,485**	10,979,445
Other Liabilities and Provisions	5	**4,009,508**	2,599,306
Total		**108,904,443**	**91,381,399**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**2,585,864**	2,190,133
Balances with Banks and Money at Call and Short Notice	7	**4,095,345**	2,483,575
Investments	8	**26,013,420**	16,705,252
Advances	9	**73,562,071**	68,346,510
Fixed Assets	10	**76,167**	103,038
Other Assets	11	**2,571,576**	1,552,891
Total		**108,904,443**	**91,381,399**
Contingent Liabilities	12	**64,739,867**	47,621,328
Bills for Collections		**2,510,512**	2,367,722
Significant Accounting Policies	17 (I)		
Notes on Accounts	17 (II)		

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

Profit & Loss Account for the year ended 31st March, 2020

(Rupees in 000s)

	Schedule	For the period ended 31st March, 2020	For the period ended 31st March, 2019
I. INCOME			
Interest Earned	13	**6,697,648**	5,877,232
Other Income	14	**705,692**	650,143
Total		**7,403,340**	**6,527,375**
II. EXPENDITURE			
Interest Expended	15	**4,342,242**	4,029,124
Operating Expenses	16	**1,267,981**	1,071,955
Provisions and Contingencies		**1,272,615**	696,110
Total		**6,882,838**	**5,797,189**
III. PROFIT			
Net profit for the year		**520,502**	730,186
Add: Profit brought forward		–	–
Total		**520,502**	**730,186**
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		**520,502**	730,186
Balance carried over to Balance Sheet		–	–
Total		**520,502**	**730,186**
Significant Accounting Policies	17 (I)		
Notes on Accounts	17 (II)		

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

As per our report of even date attached

M/s Bilimoria Mehta & Co,
Chartered Accountants
FRN: 101490W

Kiran Suvarna
Partner
Membership No : 113784

Place : Mumbai
Dated : June 29, 2020

As per our report of even date attached

For SHINHAN BANK
Indian Operations

Sang Mo Byun
Chief Executive Officer in India

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

Cash Flow Statement for the year ended 31 March 2020

(Rupees in 000s)

Particulars		**As at 31st March, 2020**	**As at 31st March, 2019**
I) Cash flow from operating activites			
Net Profit before taxation		**909,476**	1,229,027
Adjustment For:			
Depreciation for the year		**58,639**	53,970
(Profit) / Loss on sale of land, building and & other assets		**(840)**	(1,034)
(Profit) / Loss on sale of Investments		**201**	(32,472)
Amortization of Premium on Government Securities		**-**	-
Provision for Country risk exposure		**6,634**	(5,783)
Provision for Standard Advances		**27,680**	50,719
Provision for Stress Sector		**(699)**	2,268
Provision for NPA		**850,094**	150,000
Provision for Others		**(66)**	66
		1,851,119	**1,446,761**
Adjustment For:			
(Increase) / Decrease in Investments (excluding HTM Investments)		**(5,400,153)**	124,376
(Increase) / Decrease in Advances		**(5,215,561)**	(7,901,684)
(Increase) / Decrease in Other Assets		**(657,386)**	(353,173)
Increase / (Decrease) in Deposits		**11,144,298**	6,649,414
Increase / (Decrease) in Other Liabilities and Provisions		**526,558**	289,841
Increase / (Decrease) in Borrowings		**4,448,040**	451,445
Direct taxes paid		**(750,269)**	(497,042)
Net Cash Flow from Operating Activities	**(A)**	**5,946,646**	**209,938**
II) Cash flow from investing activities			
Purchase of Fixed Assets		**(34,427)**	(46,291)
Proceeds from the sale of Fixed Assets		**3,498**	1,373
Sale Proceeds of HTM Security		**(3,908,216)**	(706,280)
Net Cash flow from investing activities	**(B)**	**(3,939,145)**	**(751,198)**
III) Cash flow from financing activities			
Fresh Capital fund from Head Office		–	–
Net Cash flow from financing activites	**(C)**	–	–
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)		**2,007,501**	(541,260)
Cash and Cash Equivalents at the beginning of year		**4,673,708**	**5,214,968**
Cash and Cash Equivalents at the closing of year		**6,681,209**	**4,673,708**

Note : Cash and cash equivalent comprise of cash in hand and in ATMs, balance with Reserve Bank of India and balances with Bank and money at call and short notice.

The above cash flow statement have been prepared in the indirect method set out in accounting standard-3 "Cash Flow Statement" under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (accounts) Rule, 2014 and the Companies (Accounting Standards) Amendement Rules, 2016.

As per our report of even date attached

For and on behalf of

M/s Bilimoria Mehta & Co,
Chartered Accountants
FRN: 101490W

Kiran Suvarna
Partner
Membership No : 113784

Place : Mumbai
Dated : June 29, 2020

For SHINHAN BANK
Indian Operations

Sang Mo Byun
Chief Executive Officer in India

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

SCHEDULES TO THE BALANCE SHEET

(Rupees in 000s)

	As at 31st March, 2020	As at 31st March, 2019
SCHEDULE 1 - CAPITAL		
I The amount brought in by Bank from Head Office		
Opening Balance	6,331,908	6,331,908
Add: Capital infusion during the year	–	–
TOTAL (I)	6,331,908	6,331,908
Amount (at face value) of deposit kept with Reserve Bank of	1,781,920	1,950,000
India under Section 11(2)(b) of the Banking Regulation Act, 1949:		
TOTAL (I)	**6,331,908**	**6,331,908**
SCHEDULE 2 - RESERVE & SURPLUS		
I. Statutory Reserve		
Opening Balance	6,278,137	5,547,951
Additions during the year:		
From Current year profit	520,502	730,186
TOTAL	**6,798,639**	**6,278,137**
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
(i) From Banks	27,116	8,668
(ii) From Others	7,390,349	5,681,889
Total (I)	7,417,465	5,690,557
II. Savings Bank Deposits	1,485,230	1,170,680
Total (II)	1,485,230	1,170,680
III. Term Deposits		
(i) From Banks	3,188,427	3,129,384
(ii) From Others	64,245,781	55,201,982
Total (III)	67,434,208	58,331,366
TOTAL (I, II & III)	**76,336,903**	**65,192,603**
B I. Deposits of branches in India	76,336,903	65,192,603
II. Deposits of branches outside India	–	–
TOTAL (I & II)	**76,336,903**	**65,192,603**
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	7,180,000	1,500,000
(ii) Other Banks	680,985	1,526,620
(iii) Other institutions and agencies	–	–
Total (I)	7,860,985	3,026,620
II. Borrowings outside India	7,566,500	7,952,825
Total (II)	7,566,500	7,952,825
TOTAL (I & II)	**15,427,485**	**10,979,445**
Secured borrowings included in I above	7,180,000	1,500,000

(Rupees in 000s)

	As at 31st March, 2020	As at 31st March, 2019
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	44,085	79,757
II. Inter-Office Adjustments (net)	–	–
III. Interest Accrued	801,554	773,272
IV. Contingent Provision against Standard Assets *	314,627	287,646
V. Others (including Provisions)	2,849,242	1,458,631
VI. Provision for taxation (net of advance tax/ tax deducted at source)	–	–
TOTAL (I, II, III, IV, V & VI)	**4,009,508**	**2,599,306**
* Includes provision on Unhedged FCE, Provision on stress sector, Forward exchange contracts and Covid-19 related provision)		
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I. Cash on Hand and in ATM (including foreign currency notes)	20,065	22,120
Total (I)	20,065	22,120
II. Balances with Reserve Bank of India		
(i) In Current Accounts	2,565,799	2,168,013
(ii) In Other Accounts	–	–
Total (II)	2,565,799	2,168,013
TOTAL (I & II)	**2,585,864**	**2,190,133**
SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE		
I. In India		
(i) Balances with banks		
(a) In Current Accounts	219,697	73,864
(b) In Other Deposit Accounts	–	–
Total (i)	219,697	73,864
(ii) Money at call and short notice		
(a) With banks	–	–
(b) With other institutions	–	–
(c) With RBI (lending under reverse repo)	2,800,000	500,000
Total (ii)	2,800,000	500,000
TOTAL I.	**3,019,697**	**573,864**
II. Outside India		
(i) In Current Accounts	1,075,648	1,909,711
(ii) In Other Deposit Accounts	–	–
(iii) Money at call & short notice	–	–
TOTAL II.	**1,075,648**	**1,909,711**
GRAND TOTAL (I & II)	**4,095,345**	**2,483,575**

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

SCHEDULES TO THE BALANCE SHEET

(Rupees in 000s)

	As at 31st March, 2020	As at 31st March, 2019
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in :		
(i) Government Securities *	26,013,420	16,705,252
(ii) Other Approved Securities	–	–
(iii) Shares	–	–
(iv) Debentures and Bonds	–	–
(v) Subsidiaries and/or Joint Ventures	–	–
(vi) Others	–	–
Total (I)	26,013,420	16,705,252
Less : Provision for Depreciation	–	–
	26,013,420	**16,705,252**
II. Investments outside India		
(i) Government Securities (including local authorities)	–	–
(ii) Subsidiaries and/or joint ventures abroad	–	–
(iii) Other investments (to be specified)	–	–
Total (II)	–	–
TOTAL (I & II)	**26,013,420**	**16,705,252**

* Includes securities of Face Value of Rs. 1,781,920,000 (P.Y Rs. 1,950,000,000) kept with RBI under section 11(2)(b) of Banking Regulation Act 1949.

	As at 31st March, 2020	As at 31st March, 2019
SCHEDULE 9 - ADVANCES		
A. (i) Bills purchased and discounted	40,661,370	41,489,414
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	14,879,860	11,934,840
(iii) Term Loans	18,020,841	14,922,256
TOTAL (i), (ii) & (iii)	**73,562,071**	**68,346,510**
B. (i) Secured by tangible assets (includes Advances against Book Debts)	19,135,045	19,451,333
(ii) Covered by Bank/ Government Guarantee	40,618,043	41,238,861
(iii) Unsecured	13,808,983	7,656,316
TOTAL (i), (ii) & (iii)	**73,562,071**	**68,346,510**
C. I. Advances in India		
(i) Priority Sectors	30,606,057	23,925,316
(ii) Public Sector	–	–
(iii) Banks	–	–
(iv) Others	42,956,014	44,421,194
Total (I)	73,562,071	68,346,510
II. Advances outside India		
(i) Due from banks	–	–
(ii) Due from others		
(a) Bills purchased and discounted	–	–
(b) Syndicated loans	–	–
(c) Others	–	–
Total (II)	–	–
TOTAL (I & II)	**73,562,071**	**68,346,510**

Total advances represent at gross advances

(Rupees in 000s)

	As at 31st March, 2020	As at 31st March, 2019
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on 31 March of the preceding year	–	–
Additions during the year	–	–
Deductions during the year	–	–
Depreciation to date	–	–
Total (I)	–	–
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on 31 March of the preceding year	340,516	287,269
Additions during the year	35,504	57,309
Deductions during the year	(31,268)	(4,061)
Depreciation to date	(268,718)	(238,689)
Total (II)	**76,034**	**101,828**
III. Capital Work-in-Progress	**133**	1,210
TOTAL (I, II & III)	**76,167**	**103,038**
SCHEDULE 11 - OTHER ASSETS		
I. Inter-Office Adjustments (net)	–	–
II. Interest Accrued	702,791	539,674
III. Tax paid in advance/tax deducted at Source (Net of provision for taxation)	104,194	86,324
IV. Stationery and Stamps	99	64
V. Non-banking assets acquired in satisfaction of claims	–	–
VI. Deferred Tax Asset (Net)	456,651	113,223
VII. Others	1,307,841	813,606
TOTAL (I, II, III, IV, V, VI & VII)	**2,571,576**	**1,552,891**
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as Debts (including disputed tax liabilities)	543,084	543,084
II. Liability for partly paid Investments	–	–
III. Liability on account of outstanding Forward Exchange Contracts *	50,386,178	35,454,040
IV. Liability on account of outstanding Derivative Contract *	1,168,268	118,946.60
V. Guarantees given on behalf of constituents	–	–
(a) In India	12,356,439	10,668,940
(b) Outside India	–	–
VI. Acceptance, Endorsements and Other Obligations	282,834	834,461
VII Others items for which the Bank is Contingently Liable	3,064	1,856
TOTAL (I, II, III, IV, V & VI)	**64,739,867**	**47,621,328**

* Represents notionals.

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

SCHEDULES TO PROFIT & LOSS ACCOUNT

(Rupees in 000s)

	For the period ended 31st March 2020	For the year ended 31st March 2019
SCHEDULE 13 – INTEREST EARNED		
I. Interest/Discount on Advances/Bills	5,162,271	4,551,470
II. Income on Investments	1,245,937	1,131,824
III. Interest on Balance with Reserve Bank of India and other Inter-Bank Funds	285,352	192,350
IV. Others	4,088	1,588
TOTAL (I to IV)	**6,697,648**	**5,877,232**
SCHEDULE 14 – OTHER INCOME		
I. Commission, Exchange and Brokerage (Net)	167,306	174,490
II. (Loss)/Profit on Sale of Investments (Net)#	(201)	3,588
III. Profit on Revaluation of Investments (Net)	-	-
IV. (Loss)/Profit on Sale of land, buildings and other assets	840	1,034
V. Profit on exchange transactions (Net)	533,951	436,991
VI. Income earned by way of dividends etc. from subsidiaries/ companies and / or joint ventures abroad / in India	-	-
VII. Miscellaneous Income *	3,796	34,040
* (Includes expenses provision no longer required written back)		
TOTAL (I to VII)	**705,692**	**650,143**

Includes profit/(loss) at the time of maturity of Investment

(Rupees in 000s)

	For the period ended 31st March 2020	For the year ended 31st March 2019
SCHEDULE 15 – INTEREST EXPENDED		
I. Interest on Deposits	4,090,283	3,655,526
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	251,959	373,598
III. Others	–	–
TOTAL (I to III)	**4,342,242**	**4,029,124**
SCHEDULE 16 – OPERATING EXPENSES		
I. Payment to and Provisions for Employees	695,898	597,180
II. Rent, Taxes and Lighting	183,098	161,850
III. Printing & Stationery	7,666	7,802
IV. Advertisement and Publicity	6,247	4,833
V. Depreciation on Bank's Property	58,639	53,970
VI. Directors fees, allowance & expenses	–	–
VII. Auditor's Fees and Expenses	1,250	1,050
VIII. Law Charges	858	670
IX. Postage, Telegrams, Telephones etc.	35,344	24,912
X. Repair and Maintenance	5,633	4,441
XI. Insurance	78,313	57,795
XII. Other Expenditure (Ref Notes No 3.24)	195,035	157,452
TOTAL (I to XII)	**1,267,981**	**1,071,955**

SCHEDULE 17 (I) – SIGNIFICANT ACCOUNTNG POLICIES

I. SIGNIFICANT ACCOUNTING POLICIES

Background:

The accompanying financial statements for the year ended March 31, 2020 comprise the accounts of Shinhan Bank-Indian Operations (`the Bank), incorporated in Korea with limited liability. The India branches of the bank as at March 31, 2020 are located in Mumbai, New Delhi, Kanchipuram, Pune, Ahmedabad and Ranga Reddy.

1. **Basis of Preparation**

   The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (the 'RBI') from time to time, Accounting Standards ('AS') notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and current practices within the banking industry in India.

2. **Use of Estimates**

   The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent liabilities as at the date of financial statements. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Any revisions to accounting estimates are recognised prospectively in the current and future periods. Actual results could differ from the estimates.

3. **Foreign Exchange Transactions**

   i) Assets and Liabilities denominated in foreign currencies are translated at the year end exchange rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gains or losses are recognised in Profit and Loss Account.

   ii) Income and expenditure in foreign currencies are translated at the rates prevailing on the date of the transaction. Exchange differences arising on these transactions settled during the year are recognised in Profit and Loss Account.

   iii) Contingent Liabilities on account of forward exchange contracts, guarantees, acceptance, endorsements and other obligations denominated in foreign currencies are disclosed in Indian rupee at year ended spot rates notified by FEDAI.

   iv) The forward exchange contract outstanding are Marked to Market using appropriate discounting rate in line with group policy/FEDAI guidelines and the resulting gain or loss are recognised in the Profit and Loss Account under 'Profit on Exchange transactions' (net). Such unrealized gains or losses are reflected in the Balance Sheet under Other Assets or Other Liabilities as applicable.

4. Derivatives

Derivatives are financial instrument comprises of forwards exchanges contracts, interest rate swaps and cross currency swaps are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market as per generally accepted practices prevailing in the industry and resultant unrealised gain or loss is recognised in the profit and loss account, with the corresponding net unrealised amount reflected in other assets or other liabilities in the balance sheet.

Forwards exchange contract and other derivative contract 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 general provision on derivative provision computed as per marked to market value of the contract in accordance with the RBI guidelines.

5. Investments

a) Classification and valuation of the Bank's investments is carried out in accordance with RBI Master Circular DBR No BP.BC.6/ 21.04.141/ 2015-16 dated July 1, 2015 and amendments thereto. As per the guidelines for investments laid down by the RBI, the investment portfolio of the Bank is classified under "Held to Maturity", "Available for Sale" and "Held for Trading" categories. In accordance with the said guidelines, the investments are valued as under:

   i) 'Held to Maturity' securities are carried at the acquisition cost, except where the acquisition cost is more than the face value, in which case the premium is amortised over the remaining maturity period and is disclosed in Schedule 13 after netting off from Interest Income on Investments.

   ii) 'Available for Sale' & 'Held for Trading' securities are valued at lower of acquisition cost or market value, in aggregate for each Balance Sheet classification.

   iii) Treasury Bills are valued at carrying cost.

b) Quoted securities are revalued as per the yields declared by the Fixed Income and Money Market Dealers Association ('FIMMDA') / Financial Benchmarks India Private Limited ('FBIL') in consultation with Primary Dealers Association of India ('PDAI'). Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net depreciation, if any, within each category of investments is recognized in the Profit and Loss account. The net appreciation, if any, under each category is not recognized, except to the extent of depreciation previously provided.

c) Repurchase ('repo') and reverse repurchase ('reverse repo') transactions are accounted for as borrowing and lending transactions. Accordingly, securities sold under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank continues to accrue coupon / discount on securities during the repo period. Also, the Bank marks to market such securities as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income / expense in the Profit and Loss account over the period of the transaction. Similarly, securities purchased under agreement to resale are not included in the investment account of the Bank. The transactions with RBI under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) are accounted for as borrowing and lending transactions as per circular RBI/2015-2016/403 FMRD.DIRD. 10 /14.03.002/2015-16 dated May 19, 2016 and amendments thereto.

d) The bank follows settlement method for accounting of purchase & sale of G-Sec.

6. Fixed Assets & Depreciation

i) Fixed Assets are stated at historical cost less accumulated depreciation thereon reduced by loss on sale/ scrapping of assets, if any.

ii) Depreciation on assets other than computers and software is provided on a reducing balance method over the estimated useful life of the asset as given below which is in accordance with Schedule II of Companies Act, 2013

Assets	Estimated Useful life of fixed Assets
Furniture and Fixtures	10 Years
Office Equipment	5 Years
Vehicles	8 Years

iii) Computers & Software are depreciated on SLM @ 33.33%.

iv) Depreciation on assets acquired/ disposed off during the year is provided on a monthly pro-rata basis.

v) The improvements in leasehold premises are written off over the primary period of lease.

7. Revenue Recognition

a) Income and Expenditure are accounted for on accrual basis, except for interest on Non-Performing Advances & Investments, which are recognised on realisation basis as per prudential norms on Income Recognition and Asset Classification laid down by RBI.

b) Fees and Commission income on letters of credit (LC) is accounted on issuance of the letter of credit irrespective of the period for which it is issued.

c) Facility fees and loan processing fees are recognized when due and realizable.

d) Other fees and commission are accounted for as and when they became due.

e) Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee.

8. Employee Benefits

a) Gratuity

The Bank provides for its gratuity liability based on actuarial valuation as at the balance sheet date which is carried out by an independent actuary using the Projected Unit Credit Method. Actuarial gains/losses are taken to the Profit and Loss Account.

b) Provident Fund

The Bank contributes an amount equal to the employees' contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC). The Bank has no liability for future provident fund benefits apart from its monthly contribution which is accounted for on an accrual basis and recognised in the profit and loss account

c) Compensated Absences

Employees are not entitled to encashment of sick leave & casual leave or carry forward the same. Privilege leave which is encashable is settled at the calendar year end. Provision for the three months from January to March is made on the basis of leave encashment availed in the previous calendar year.

9. Advances

Advances are classified as per prudential norms on "Income recognition and Asset Classification and Provisioning pertaining to Advances" as issued by RBI, into performing and non-performing assets and are stated net of specific provisions.

10. Provisions

Provisions for non-performing assets are made in accordance with the prudential norms on "Income recognition and Asset Classification and Provisioning pertain to Advances", as issued by RBI.

The Bank maintains provision on Standard Assets, Country Risk Exposure, and unhedged foreign currency exposures of borrowers at rates prescribed by RBI including provision on stress sectors and the same is disclosed in Schedule 5 ('other liabilities and Provisions').

11. Taxes on Income

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 thereunder) and deferred tax asset (DTA) or liability ((DTL) reflecting the tax effects of timing differences between accounting income and taxable income for the year). DTA is recognised keeping in view the consideration of prudence in respect of Deferred Tax Asset, as required by AS 22 "Accounting for Taxes on Income".

12. Net Profit

The net profit disclosed in the Profit and Loss Account is after:

i. Provision for taxes on income in accordance with statutory requirements
ii. Provision for non-performing advances, for standard advances, country risk and unhedged foreign currency exposures
iii. Provision for depreciation on Investments
iv. Other usual and necessary provisions and contingencies

13. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as Operating Leases. Operating Lease payments in respect of assets taken on lease are recognized as an expense in the Profit and Loss Account over the lease term.

14. Impairment of Assets

The Bank assesses at each balance sheet date whether there is any indication that assets may be impaired and provides for impairment loss, if any, in the Profit and Loss Account.

15. Cash and Cash equivalent

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

16. Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS 29, "Provisions, Contingent Liabilities and Contingent Assets" the Bank creates provisions when there is a present obligation as a result of past event (s), that probably requires an outflow of resources embodying economic benefit and a reliable estimate can be made of such an obligation. Contingent assets are not recognized in the Financial Statements. A disclosure of Contingent Liability is made when there is:

i. A possible obligation, arising from a past event(s), the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank or
ii. Any present obligation that arises from past events but is not recognized because:
   a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
   b. A reliable estimate of the amount of obligation cannot be made.

SCHEDULE 17 (II) - NOTES to ACCOUNTS

1. Disclosures in terms of RBI guidelines.

1.1 Capital

During the year, the bank has not received any additional capital from head office. (Previous Year: Nil)

1.2 Capital Adequacy Ratio

The bank's capital to Risk Weighted Assets Ratio (CRAR) is calculated in accordance with RBI's BASEL III capital regulations issued vide RBI circular DBR. No BP.BC. 1/21.06.201/2015-16 dated July 01, 2015. Under BASEL III framework, on an on-going basis, the bank has to maintain a minimum total capital ratio of 11.50% (PY 10.875%) including Capital Conversion Buffer (CCB) at 2.50% (PY 1.875%) for credit risk, market risk and operational risk.

As March 31, 2020 the bank was required to maintain a minimum common equity tier-1 (CET1) capital ratio of 5.50%, minimum tier-1 capital ratio of 7.00% and minimum total capital ratio of 11.50%. The minimum total capital requirement includes a Capital Conservation Buffer of 2.50% (PY 1.875%).

(As per Basel-III)

(Rs. in lacs)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
i)	Common Equity Tier 1 capital ratio (%)	21.07%	22.96%
ii)	Tier I Capital (%)	21.07%	22.96%
iii)	Tier II Capital (%)	0.53%	0.54%
iv)	Total Capital ratio (CRAR) (%)	21.60%	23.50%
v)	Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi)	Amount of equity capital raised	Nil	Nil
vii)	Amount of Addition Tier 1 capital raised; of which PNCPS: PDI:	Nil	Nil
viii)	Amount of Tier 2 capital raised; of which Debts capital instrument: Preference Share Capital Instruments [Perpetual Cumulative Preference Share (PCPS) / Redeemable Non-Cumulative Preference Share (RNCPS) / Redeemable Cumulative Preference Share (RCPS)]	Nil	Nil

1.3 Investments

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	260,134.20	167,052.52
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	260,134.20	167,052.52
(b) Outside India	Nil	Nil
(2) Movement of Provisions held towards Depreciation on Investments.		
(i) Opening Balance	Nil	Nil
(ii) Add: Provisions made during the year	Nil	Nil
(iii) Less: Write-off/write-back of excess provisions during the year	Nil	Nil
(iv) Closing balance	Nil	Nil

1.4 Repo Transactions (in face value terms)

(Rs. in lacs)

Particulars	Minimum outstanding during year	Maximum outstanding during year	Daily Average outstanding during year*	Outstanding as at year end
Securities sold under Repo				
i) Government Securities	451.30 (299.00)	65,328.60 (22,467.50)	5,825.59 (2,836.60)	65,328.60 (13,733.40)
ii) Corporate Debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Securities purchased under Reverse Repo				
i) Government Securities	914.30 (497.00)	149,126.40 (100,311.20)	45,647.19 (10,528.08)	26,068.20 (4,672.10)
ii) Corporate Debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Note: A) Figures in bracket represent previous year figures.
B) Above includes transaction with RBI under LAF.
C) Minimum outstanding during the year excludes the days with Nil outstanding.
D) The bank has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by auditor.

* The Amounts have been calculated on the basis of book values.

1.5 Non-SLR Investment portfolio

i) Issuer Composition of Non-SLR Investments

(Rs. in lacs)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	PSUs	Nil	Nil	Nil	Nil	Nil
(ii)	FIs	Nil	Nil	Nil	Nil	Nil
(iii)	Banks	Nil	Nil	Nil	Nil	Nil
(iv)	Private Corporates	Nil	Nil	Nil	Nil	Nil
(v)	Subsidiaries/ Joint ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others	Nil	Nil	Nil	Nil	Nil
(vii)	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Note: Previous year's figures are also Nil in above table

ii) Non-Performing Non-SLR Investments

(Rs. in lacs)

Particulars	2019-20	2018-19
Opening Balance (as on 1st April)	Nil	Nil
Additions during the year since 1st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing balance (as on 31st March)	Nil	Nil
Total Provisions held	Nil	Nil

1.6 Sale and Transfers to / from HTM Category

There were no sale and transfers to/ from HTM category during the year 2019-20 (Previous Year: Nil).

The Bank has not availed the option to spread provisioning for mark to market (MTM) losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018 over upto four quarters vide RBI circular RBI/2017-18/147 DBR.No.BP. BC.102/21.04.048/2017-18 dated April 2, 2018.

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP. BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an Investment Fluctuation (IFR) Reserve with effect from the FY 2018-19.

The amount transferred to IFR shall be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

During the year ended March 31, 2020, the Bank has not transferred any amounts to IFR during the year (Previous Year: Nil).

1.7 Investment Reserve

The Bank has not transferred any amounts to Investment Reserve during the year (Previous Year: Nil) (net of applicable taxes and transfer to statutory reserve requirements) on provisions for depreciation on investments credited to Profit and Loss Account.

1.8 Derivatives

1.8.1 Details of Forward Rate Agreement/Interest Rate Swap

(Rs. in lacs)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	The notional principal of swap agreements	11,682.68	1,189.47
(ii)	Losses which would be incurred if the counterparties failed to fulfil their obligations under the agreements.	63.89	16.09
(iii)	Collateral required by bank upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

1.8.2 Exchange Traded Interest Rate Derivatives

(Rs. in lacs)

Sr. No	Particulars	2019-20	2018-19
(i)	Notional principal amount of exchange traded interest rate derivative undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivative outstanding as on 31st March, 2020 (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivative outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

1.8.3 Disclosures on Risk Exposure in Derivatives

a) Qualitative disclosure for forward / forex contract

As per RBI Master circular DBR.BP.BC.No.23/21.04.018/2015-16 dated July 1, 2015, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

a) Purpose: The Bank enters into derivative contracts in the normal course of business to meet customer requirements and to manage its own exposure to fluctuations in price and exchange rates. The management of these products and businesses is governed by Risk Policy, Derivatives Policy, and ALM policy.

b) Structure: The bank has a Risk Management Committee ('RMC') and delegated to it all functions and responsibilities relating to the risk management of the Bank and its supervision thereof.

c) As part of prudent business and risk management practice, the Bank has also instituted a comprehensive limit and control structure encompassing Value-at-Risk (VAR), Aggregate gap limits (AGL), Net overnight open position (NOOP), Stop loss & credit limits for derivative transactions including suitability and appropriateness framework. The Bank has an internal reporting mechanism providing regular reports to the RMC as well as to the management of the Bank. Such a structure helps the Bank to monitor and mitigate market risk across FX and interest rates.

d) The Bank has an independent Middle Office and Market Risk functions, which are responsible for monitoring, measurement, and analysis of derivative related risks, among others. The Bank has a Credit Risk Management unit which is responsible for setting up counterparty limits and also a treasury operation unit which is responsible for managing operational aspects of derivatives including settlement of transactions. The Bank is subject to a concurrent audit for all treasury transactions, including derivatives transactions, a monthly report of which is periodically submitted to the Audit Committee of the Bank.

e) The outstanding forward exchange contracts are stated at the closing rates notified by FEDAI and at interpolated rates for contracts in–between the specified maturities. The forward exchange contract outstanding are Marked to Market using appropriate discounting rate in line with the group policy/FEDAI guidelines and the resulting gain or loss are recognised in the Profit and Loss Account under 'Profit or loss on Exchange transactions' (net). The Bank applies Current Exposure

Method to assess the credit risk associated with foreign exchange contracts. Credit risk on a contract is computed as sum of its mark to market value if positive and its potential future exposure which is calculated based on its national value.

f) The Bank reports all positions to the management on a daily basis.

g) Bank has not undertaken any derivative contracts in the banking book designated as hedge. Hence hedge accounting is not applicable.

b) Quantitative disclosures:

(Rs. in lacs)

Sr. No.	Particulars	March 31, 2020		March 31, 2019	
		Currency Derivatives #	Interest Rate derivatives	Currency Derivatives #	Interest Rate derivatives
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	Nil	Nil
	b) For Trading ##	503,861.78	11,682.68	354,540.40	1,189.47
2	Marked to Market Positions [1]				
	a) Asset (+)	8,621.11	63.89	4,072.52	16.09
	b) Liability (-)	9,277.27	63.89	3,681.51	16.09
3	Credit Exposure [2]	18,698.34	213.10	11,163.33	27.99
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	1.89	Nil	0.19
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

Currency derivative includes foreign exchange contracts.
includes for covering customer transactions.

1.9 Asset Quality

1.9.1 Non-Performing Assets

(Rs. in lacs)

Sr. No.	Particulars	2019-20	2018-19
(i)	Net NPAs to Net Advances (%)	0.00%	1.26%
(ii)	Movement of NPAs (Gross)		
	(a) Opening Balance	10,000.00	Nil
	(b) Additions during the year.	3.77	10,000.00
	(c) Reductions during the year	Nil	Nil
	– Recovery		
	– Write off		
	(d) Closing balance	10,003.77	10,000.00
(iii)	Movement of Net NPAs		
	(a) Opening balance	8,500.00	Nil
	(b) Additions during the year.	2.83	8,500.00
	(c) Reductions during the year	8,500.00	Nil
	(d) Closing balance	2.83	8,500.00
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
	(a) Opening balance	1,500.00	Nil
	(b) Provisions made during the year.	8,500.94	1,500.00
	(c) Write-off/write-back of excess provisions	Nil	Nil
	(d) Closing balance	10,000.94	1,500.00

1.9.2 Particulars of Accounts Restructured

(Rs. in lacs)

Sl No	Type of Restructuring		Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		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 (notes: ii)	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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Restructured Accounts as on March 31, 2015 (closing figures) (notes: ii)	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Notes:

- There is no account restructured under CDR Mechanism (Previous Year: Nil)

1.9.3 Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

A. Details of Sales

(Rs. in lacs)

Sr. No.	Particulars	2019-20	2018-19
(i)	No. of Accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years.	Nil	Nil
(v)	Aggregate gain/loss over net book value	Nil	Nil

B. Details of book value of Investment in Security Receipts

(Rs. in lacs)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Backed by NPAs sold by the bank as underlying	Nil	Nil
(ii)	Backed by NPAs sold by other banks /Financial institutes /non banking financial companies as underlying	Nil	Nil
	Total	Nil	Nil

1.9.4 Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased

(Rs. in lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	(a) No of accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2.	(a) of these, number of accounts restructured during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

B. Details of Non-Performing Financial Assets Sold

(Rs. in lacs)

Sr. No.	Particulars	2019-20	2018-19
1.	No of accounts sold	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil

1.9.5 Divergence in Asset Classification and Provisioning for NPAs –

RBI vide its circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, has directed banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 10 percent of the published net profits before provision and contingency 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 observed by RBI for the financial year 17-18 (previous year: Nil) 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.

1.9.6 Priority Sector Lending Certificate (PSLCs) purchased/sold during the year 2019-2020

(Rs. in lacs)

Type of PSLC	2019-20		2018-19	
	PSLC bought	PSLC sold	PSLC bought	PSLC sold
PSLC - Agriculture	-	-	-	-
PSLC - Small and Marginal Farmers	-	-	-	-
PSLC - Micro Enterprises	-	24,100	-	10,000
PSLC - General	-	30,000	-	100,000

1.9.7 Provisions on Standard Assets (excluding Country Risk provision)

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Provision towards Standard Assets* (excluding Covid-19 related provision)	3,137.63	2,876.46

* The above includes provision towards Unhedged Foreign Currency Exposure and Provision on Stress Sector amounting to Rs.331.88 lacs (Previous Year: Rs.272.07 lacs).

1.9.8 Provisions on Large Borrower

RBI, through its circular no DBR.BP.BC.No.8/21.01.003/206-17 dated August 25, 2016, required banks to make additional provision from the year ended March 31, 2019 on incremental exposure of the banking system in excess of normally permitted lending limit (NPLL) on borrowers classified as specified borrower. During the year ended March 31, 2020, there was no provision required on these specified borrowers (Previous Year: Nil).

1.9.9 Classification and provisioning under RBI Covid-19 Regulatory Package

In accordance with the regulatory package announced by the Reserve Bank of India on March 27, 2020, the Bank has extended the option of payment moratorium for all dues falling due between March 1, 2020 and August 31, 2020 to its borrowers. In line with the RBI guidelines issued on April 17, 2020 and subsequent amendments, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded from the number of days past-due for the purpose of asset classification.

The Bank has extended the moratorium option to its borrowers under a Board-approved policy. As on March 31, 2020, the aggregate outstanding of the borrowers to whom moratorium has been extended and which were overdue but standard as on February 29, 2020 and continued to be overdue on March 31, 2020, amounted to INR 172.91 lacs. All these borrowers were extended asset classification benefit under RBI's norms. As on March 31, 2020, the Bank has made Covid-19 related general provision of INR 8.65 lacs.

1.10 Business Ratios

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Interest Income as a percentage to Working Funds	6.83%	6.94%
(ii)	Non-Interest Income as a percentage to Working Funds	0.72%	0.77%
(iii)	Operating Profit as a percentage to Working Funds	1.83%	1.68%
(iv)	Return on Assets	0.53%	0.86%
(v)	Business (Deposit plus advances) per employee (Rs. in Lacs)	4,499.49	4,512.15
(vi)	Profit per Employee (Rs. in Lacs)	15.97	25.27

Notes:

- Working funds represent the average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
- For the purpose of computation of business per employee (deposits plus advances) interbank deposits are excluded and numbers of employee as on 31st March have been considered.
- Average of total assets taken for Return on Assets

1.11 Asset Liability Management

Maturity pattern of certain items of Assets & Liabilities (as on March 31, 2020)

(Rs. in lacs)

	Deposits	Loans & Advances *	Investments	Borrowings **	Foreign Currency Assets	Foreign Currency liabilities
Day 1	4,901.03	4,513.61	96,375.44	0	11,954.13	818.92
2-7 days	56,874.07	24,401.82	12,250.00	6,809.85	8,961.65	9,042.12
8-14 days	30,284.41	36,276.14	5,711.14	0	5,755.42	3,579.02
15-30 days	200,078.91	75,093.73	39,871.94	11,349.75	119,034.52	114,151.44
31 days and upto 2 months	76,389.12	169,589.24	20,826.84	34,049.25	122,868.11	146,411.83
2 months and upto 3 months	111,007.40	117,435.44	20,936.18	0.00	42,716.29	23,574.85
Over 3 months and upto 6 months	154,143.99	122,815.13	34,776.66	30,266.00	52,416.07	45,091.97
Over 6 months and upto 1 year	55,614.93	40,757.56	10,488.05	0.00	6,069.94	963.58
Over 1 year and upto 3 years	73,820.69	35,235.77	13,921.36	0	0.00	7,214.76
Over 3 years and upto 5 years	241.46	19,467.49	45.54	0	0.00	0
Over 5 years	13.02	80,031.01	4,931.06	0	1,938.72	,1031.48
Total	763,369.02	725,616.94	260,134.21	82,474.85	371,714.85	351,879.97

* Gross NPA is not included under Loan & Advances.

** Repo with RBI is not included under borrowings.

Maturity pattern of certain items of Assets & Liabilities (as on March 31, 2019)

(Rs. in lacs)

	Deposits	Loans & Advances *	Investments	Borrowings **	Foreign Currency Assets	Foreign Currency liabilities
Day 1	8,659.67	4,780.02	23,174.35	-	21,096.97	645.11
2-7 days	39,064.21	37,047.65	9,086.53	7,766.20	6,121.50	7,658.98
8-14 days	41,024.99	25,135.72	7,767.31	-	31,561.02	25,344.07
15-30 days	111,944.32	95,511.44	25,233.18	21,331.00	72,660.91	66,973.78
31 days and upto 2 months	48,108.13	149,307.75	9,108.37	-	70,605.57	48,248.68
2 months and upto 3 months	166,066.84	101,895.08	36,680.95	27,662.00	44,404.37	50,966.36
Over 3 months and upto 6 months	70,253.15	118,359.07	17,883.73	24,204.25	14,805.82	26,521.38
Over 6 months and upto 1 year	111,659.12	38,720.41	23,759.20	13,831.00	1,557.33	13,831.00
Over 1 year and upto 3 years	54,974.55	42,649.77	10,408.40	-	-	4,153.73
Over 3 years and upto 5 years	38.36	14,713.89	7.27	-	-	-
Over 5 years	132.70	45,344.29	3,943.23	-	-	804.87
Total	651,926.04	673,465.09	167,052.52	94,794.45	262,813.49	245,147.96

* Gross NPA is not included under Loan & Advances

** Repo with RBI is not included under borrowings

The bank has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by auditor.

1.12 Exposures

1.12.1 Exposure to Real Estate Sector

(Rs. in lacs)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
a)	**Direct exposure**		
(i)	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	93,169.72	54,853.32
(ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc) Exposure would also include non-fund based (NFB) limits;	20,287.20	13,456.32
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures- (a) Residential (b) Commercial Real Estate	Nil	Nil
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,388.89	25,444.44
	Total Exposure to Real Estate Sector	**125,845.81**	**93,754.08**

1.12.2 Exposure to Capital Market

(Rs. in lacs)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(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;	Nil	Nil
(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;	Nil	Nil
(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;	Nil	Nil
(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;	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(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;	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(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;	Nil	Nil
(ix)	financing to stockbrokers for margin trading;	Nil	Nil
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**Nil**	**Nil**

1.12.3 Risk Category wise Country Exposure

(Rs. in lacs)

Risk Category	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020	Exposure (net) as at March 31, 2019	Provision held as at March 31, 2019
Insignificant	95,006.72	84.35	86,112.55	46.90
Low	41,219.55	28.88	20,152.48	
Moderate	123.31		3,103.39	
High	11,580.13		9,530.11	
Very High	561.06		174.42	
Restricted				
Off-Credit				
Total	**148,490.77**	**113.23**	**119,072.95**	**46.90**

Note: The bank has compiled the data for the purpose of this disclosure which has been relied upon by the auditor

1.13 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank

1.13.1 Single Borrower Limits exceeded during the year 2019-20:

During the year ended 31 March 2020, the bank had complied with RBI guideline on single borrower limit. The extend RBI guideline permit banks to enhance the credit exposure by an additional 5% of capital funds with the approval of Management Committee. In accordance with the guidelines issued by RBI, with prior approval of the Management Committee, the bank had additional exposure to POSCO Maharashtra Steel Pvt Ltd during the year which was within the prudential exposure limit. (Previous Year: POSCO Maharashtra Steel Pvt Ltd). During the year, there was a instance where LE limit was exceeded with respect to a bank under exceptional conditions and was rapidly rectified. The same was reported to RBI.

1.13.2 Group borrower Limits exceeded during the year 2019-20

The Bank has not exceeded the prudential credit exposure limit in respect of any group account (Previous Year: not exceeded).

1.14 Unsecured Advances

There were no advances for which intangible security such as charges over the right, licenses, authority etc. have been taken.

1.15 As per RBI revised framework for resolution of stressed assets vide the RBI circular DBR.No.BP.BC.101/21.04.048/2017-18 dated February 12, 2018, bank have one borrower named Infrastructure Leasing & Financial Services Limited which has been classified as SMA (Currently NPA) and has an aggregate exposure of Rs. 1 billion. In this case IBC Process has already been started by Government of India. Currently there is moratorium period declared by NCLAT because of which lenders cannot take any legal action against the said company.

1.16 Disclosure of penalties imposed by RBI:

No penalties were imposed upon the Bank by RBI during the year (Previous Year: Nil) under the provisions of section 46 (4) of the Banking Regulation Act, 1949.

1.17 I.T. Governance

In terms of guidelines issued by RBI vide circular on DBS.Co/CSITE/BC.11/33.01.001/ 2015-16 on “Cyber Security Framework in Banks” the Bank has submitted the report to the RBI. Key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations are monitored at regular intervals.

2. Disclosure Requirements as per Accounting Standards (AS)

2.1 Accounting of Property, Plant & Equipment, the details are disclosed as under:

(Rs. in lacs)

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 31.03.19	Additions during the Year	Deduction during the Year	As at 31.03.20	Up to 31.03.19	For the Year	Deduction	Up to 31.03.20	As at 31.03.20	As at 31.03.19
Computer Software	143.94	15.53	0.25	159.22	135.70	10.19	0.25	145.64	13.57	8.24
Computer Hardware	740.25	125.83	15.56	850.52	570.17	138.95	15.51	693.60	156.92	170.08
Office Equipment	345.09	17.89	20.18	342.80	263.54	52.51	19.26	296.79	46.00	81.54
Furniture and fixtures	500.84	84.41	142.98	442.27	319.21	90.45	133.50	276.16	166.11	181.63
Leasehold Improvement	1,114.68	9.69	7.20	1,117.17	770.34	192.59	6.71	956.22	160.96	344.35
Electric Equipment	210.65	1.09	30.95	180.79	96.60	41.82	29.32	109.10	71.69	114.06
Motor Car	349.71	100.61	95.57	354.76	231.34	59.88	81.55	209.67	145.09	118.37
Total	**3,405.16**	**355.04**	**312.68**	**3,447.53**	**2,386.89**	**586.39**	**286.10**	**2,687.18**	**760.34**	**1,018.27**

2.2 Employee Benefits

Disclosure prescribed under AS 15 (revised) on “Employees Benefits”:

A) Provident Fund

The Bank contributes an amount equal to the employees’ contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC).The Bank has no liability for future provident fund benefits apart from its monthly contribution which is charged to the Profit and Loss Account. The Bank has recognized current year Rs. 172.87 lacs (Previous year Rs. 149.89 lacs) in the profit and loss account towards contribution to provident fund.

B) Gratuity

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Assumption as at		
Interest / Discount Rate	6.83%	7.69%
Rate of increase in compensation / salary escalation	6.00%	6.00%
Rate of return (expected) on plan assets	0.00%	0.00%
Attrition Rate	5.00%	5.00%
Changes in present value of obligations		
Present Value of Obligation at beginning of period	198.80	159.00
Interest cost	15.29	12.53
Current Service Cost	42.37	38.72
Past Service Cost	-	-
Benefits Paid	(16.06)	(12.49)

Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/loss on obligation	24.79	1.04
Present Value of Obligation at end of period	265.19	198.80
Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of period	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefit Paid	0.00	0.00
Actuarial gain/(loss) on plan assets	0.00	0.00
Fair Value of Plan Assets at end of period	0.00	0.00
Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	0.00	0.00
Actual Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Fair Value of Plan Assets at end of period	0.00	0.00
Funded Status	0.00	0.00
Excess of actual over estimated return on Plan Assets	0.00	0.00
Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (Obligation	24.79	1.04
Actuarial Gain/(Loss) for the period (Plan Assets)	0.00	0.00
Total Gain/(Loss) for the period	24.79	1.04
Actuarial Gain/(Loss) recognized for the period	24.79	1.04
Unrecognized Actuarial Gain/(Loss) at end of period	0.00	0.00
Amounts to be recognized in the balance sheet and profit & loss account		
PVO at end of period	(265.19)	(198.80)
Fair Value of Plan Assets at end of period	0.00	0.00
Funded Status	0.00	0.00
Unrecognized Actuarial Gain/(Loss)	0.00	0.00
Net Asset/(Liability) recognized in the balance sheet	(265.19)	(198.80)
Expense recognized in the P & L A/C		
Current Service Cost	42.37	38.72
Past Service Cost	-	-
Interest cost	15.29	12.53
Expected Return on Plan Assets	0.00	0.00
Net Actuarial (Gain)/Loss recognized for the period	24.79	1.04
Expense recognized in the statement of P & L A/C	82.45	52.29
Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	198.80	159.00
Expenses as above	82.45	52.29
Contribution paid	(16.05)	(12.49)
Closing Net Liability	265.19	198.80

(Rs. in lacs)

Particulars	For the year ended March 31st				
	2020	2019	2018	2017	2016
Experience Adjustment: On Plan Liability (Gains)/ Losses On Plan Assets (Losses)/ Gains	7.24	(1.90)	6.90	16.68	(3.43)

The above gratuity information is as certified by the actuary and relied upon by the auditor.

C) Compensated Absences:

Based on encashed leave at the end of calendar year 2019, the Bank has made a provision for leave encashment in the current year of Rs. 33.06 lacs (Previous year Rs. 20.10 lacs) in respect of leave accruing for the period upto March, 2020.

2.3 In terms of the AS 17, the following additional information is disclosed:

Segment Information – Basis of Preparation

1. The treasury segment undertakes investment in SLR & Non-SLR securities, foreign exchange operations, hedging activities for own account & on constituent's behalf. Revenue of this segment consists of interest earned on funding, interest income from government securities & bonds, gain on government securities, debentures/ bonds and profit on exchange & derivatives transactions. The principal expenses of this segment consist of interest expenses on funds borrowed from external sources.
2. The corporate and wholesale banking segments consist of revenue arising out of funding corporate and commission on bank guarantees. The principal cost consists of interest on account of borrowing from customers by way of deposits.
3. The retail banking segment consists of revenue arising out of personal loan, housing loan etc.
4. The other banking operations segments consist of all other activities other than the above mentioned operations.
5. The entire operating expenses are considered as un-allocable expenses, since the Treasury activities and other banking operations are conducted from the same premises.

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

Part A: Business Segment

(Rs. in lacs)

Particulars	2019-20					2018-19				
	Rs in Lacs					Rs in Lacs				
Business Segment	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other banking operation/ others	Total	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other banking operation/ others	Total
Segment Revenue	20,650.43	44,682.28	8,630.84	69.85	74,033.40	17,936.85	42,940.41	4,319.18	77.29	65,273.74
Segment Result	16,544.67	(2,572.82)	7,732.85	69.85	21,774.55	12,575.88	6,967.44	3,286.87	77.29	22,907.48
Unallocated Expenses	-	-	-	-	12,679.81	-	-	-	-	-
Profit before tax	-	-	-	-	9,094.74	-	-	-	-	12,290.26
Income Taxes	-	-	-	-	3,889.72	-	-	-	-	4,988.41
Extraordinary P/L	-	-	-	-	-	-	-	-	-	-
Net Profit	-	-	-	-	5,205.02	-	-	-	-	7,301.85
Segment Assets	340,890.15	614,224.02	123,165.74	-	1,078,279.91	221,592.25	610,916.69	74,231.11	-	906,740.05
Unallocated Assets	-	-	-	-	10,764.52	-	-	-	-	7,073.94
Total Assets	-	-	-	-	1,089,044.43	-	-	-	-	913,813.98
Segment Liabilities	164,273.23	744,518.76	29,908.94	-	938,700.93	113,881.04	634,516.35	28,474.34	-	776,871.73
Unallocated Liabilities	-	-	-	-	150,343.50	-	-	-	-	136,942.25
Total Liabilities	-	-	-	-	1,089,044.43	-	-	-	-	913,813.98

Part B: Geographical Segment:

The Bank does not have overseas operation and operates only in the domestic segment.

2.4 Related party disclosures

Related party disclosures as required by AS 18 “Related Party Disclosures” are given below:

1. **Relationship during the year ***

   a) **Parent**

   Shinhan Bank, Seoul and its branches

   b) **Key management personnel**

   Mr. Sang Mo Byun - CEO in India

In terms of paragraph 4.5 of RBI Circular No. DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 regarding disclosure of related party transaction, no disclosure under AS 18 is made other than reporting the relationship with the related party.

The bank has disclosed that subsidiaries/Joint venture of the parent as related parties with whom it has entered into transaction during the current and previous financial year.

Sl. No	Name	Nature of transaction	Amount (in lacs)
1.	Shinhan Serve	Miscellaneous purchase	3.26 (3.14)
2.	iShinhan	Miscellaneous purchase	3.27 (Nil)

Notes: Figures in bracket represent previous year figures

2.5 Leases

The Bank has operating leases for premises taken on lease and the disclosures under AS 19 on ‘Leases’ are as follows

1. Total of future minimum lease payments of office premises are as follows:

(Rs. in lacs)

Sr. No.	Particulars	2019-20	2018-19
(i)	Not later than one year	1,025.27	885.23
(ii)	Later than one year and not later than five year	1372.01	749.83
(iii)	Later than five years	–	–

The bank has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by auditor.

2. Lease payment related to office premises of Rs. 977.27 (Previous Year Rs. 854.28 lacs) has been recognised in the profit and loss for the year being minimum lease payments.
3. The lease agreement entered into pertains to use of premises by the branches. The lease agreements do not have any undue restrictive or onerous clause other than those normally prevalent in similar agreement regarding use of assets, lease escalation, renewals and a restriction on sub-lease.

2.6 Earning Per Share

The Bank is a branch of a Foreign Bank and as such does not have Share Capital. Hence the computation of Earnings per Share is not applicable. Accordingly, the disclosure as required by AS 20 ‘Earnings per Share’ is not applicable in case of the Bank.

2.7 Taxes on Income

The Bank has accounted for Income–tax in compliance with AS 22 "Accounting for Taxes on Income". Deferred Tax of Rs. 3,434.28 lacs has been Credited to the Profit and Loss account for the period ended March 31, 2020. The major components of deferred tax asset (net) as at March 31, 2020 are as under:

Particulars	Amount (Rs. In Lacs)	
	March 31, 2020	**March 31, 2019**
Deferred Tax Assets		
Provision for Doubtful Debts	3,437.26	371.28
Provision for Gratuity	115.84	86.83
Depreciation on Fixed Assets	595.74	497.73
Upfront Guarantee Commission	98.61	14.14
Unhedged FCE	138.11	108.93
Others	180.95	73.80
Total	**4,566.51**	**1,152.71**
Deferred Tax Liability		
Others	Nil	20.48
Total	**Nil**	**20.48**
Net Deferred tax asset	**4,566.51**	**1,132.23**

2.8 Impairment of Assets

As at March 31, 2020 there were no events or changes in circumstances which indicate any material impairment in the carrying value of the assets covered by AS 28 on "Impairment of Assets".

2.9 Indian Accounting Standards (Ind-As)

The Ministry of Corporate Affairs (MCA) has notified Indian accounting standards (Ind AS) for adoption. The RBI through press release RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19 March 22, 2019 updated all scheduled commercial banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI has decided to defer the implementation of Ind AS till further notice.

The bank will continue its preparation towards migration to adopting IND-AS as per regulatory requirement. In preparedness towards achieving the same, the bank has formed a steering committee which has members from various functions. The bank had prepared Proforma Financials as per extend regulatory guideline and submitted the same to Reserve Bank of India (RBI) during the year on quarterly basis.

3. Additional Disclosures

3.1 Provisions & Contingencies includes (debited to Profit & Loss Account)

(Rs. in lacs)

Sr. No	Particulars	March 31, 2020	March 31, 2019
(i)	Provision for depreciation on Investment	Nil	Nil
(ii)	Provision/write off towards non–performing assets (Net)	8,500.94	1,500
(iii)	Provision for/(write back) of Tax during the year		
	– Income tax	7,324.00	5,500.00
	– Income tax – (Earlier Year including interest)	Nil	(85.54)
	– Deferred tax	(3,434.28)	(426.05)
(iv)	Other Provisions & Contingencies		
	– Provision for Standard Assets /(Write back of provision) including provision towards Unhedged FCE & Covid–19 related provision	269.82	529.87
	– Provision for Country Risk Exposure/(Write back of provision)	66.34	(57.83)
	– Provision on fraud	(0.66)	0.66
	Total	**12,726.15**	**6,961.11**

3.2 Floating Provisions:

The Bank did not hold any floating provision in its books during the year as well as at 31 March 2020 (Previous Year: Nil)

3.3 Drawn Down from Reserves:

There was no draw down from Reserves during the year ended 31 March 2020 (Previous Year: Nil).

3.4 Disclosure of complaints

A. Customer Complaints

Sr. No	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	1	Nil
(b)	No. of complaints received during the year	6	6
(c)	No. of complaints redressed during the year	7	5
(d)	No. of complaints pending at the end of the year	Nil	1

B. Awards passed by the Banking Ombudsman

Sr. No	Particulars	2019-20	2018-19
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b)	No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
(c)	No. of Awards implemented during the year	Nil	Nil
(d)	No. of unimplemented Awards at the end of the year	Nil	Nil

3.5 Letters of Comfort (LoCs)

The Bank has not issued any LoC during the year 2019-20. (Previous Year: Nil).

3.6 Provisioning Coverage Ratio

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Total gross non-performing assets (Amount)	10,003.77	10,000.00
Provisioning Coverage Ratio (Ratio of provision to gross non-performing assets)	99.97%	15.00%

3.7 Insurance Business:

Bank has earned INR 8.83 lacs from bancassurance business during year ended March 31, 2020. (Previous Year: INR 12.96). This Income has been reflected under Commission, exchange and brokerage under Other Income.

3.8 Concentration of Deposits, Advances, Exposures and NPAs

A. Concentration of Deposits

Particulars	March 31, 2020	March 31, 2019
Total Deposits of twenty largest depositors (Rs in Lacs)	582,370.80	508,482.14
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	76.29%	78.00%

B. Concentration of Advances #

Particulars	March 31, 2020	March 31, 2019
Total Advances of twenty largest borrower (Rs. in Lacs) (Funded outstanding balance)	222,630.33	264,728.4
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	30.26%	38.73%

Calculated on funded outstanding balance

C. Concentration of Exposures

Particulars	March 31, 2020	March 31, 2019
Total Exposure to twenty largest borrowers/customers (Rs. in Lacs) * #	203,639.60	189,748.36
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrower/customers	40.34%	45.37%

* exposures are computed based on credit and Investment exposure as prescribed in the RBI's master circular DBR.NO.DIR. BC.12/13.03.00/2015-16 dated July 1, 2016.

Excludes advances cover by banks guarantees and derivative exposures with banks and CCIL as counter parties and investment in government securities.

D. Concentration of NPAs

Particulars	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts (Rs. in Lacs)	10,003.77	10,000.00

3.9 Sector-wise Advances

Sl. No	Sector	Rs in lacs					
		March 31, 2020			March 31, 2019		
		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	1,224.76			1,347.86		
2	Industry	93,413.01			79191.65		
3	Services	80,582.29			69,890.47		
4	Retail Loan #	1,127.69			704.15		
5	Export Finance	129,712.82			88,119.03		
	Sub-total (A)	**306,060.57**			**239,253.16**		

Sl. No	Sector	Rs in lacs					
		March 31, 2020			March 31, 2019		
		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
B	**Non Priority Sector**						
1	Agriculture and allied activities	80.19			20,465.32		
2	Industry	235,938.74			233,061.99		
	*Of Which,***						
	Wires / Cables	26,324.00			71,366.57		
	Engineering - Industrial Equipment and Machinery	16,837.60			29,166.50		
	Auto Components and Ancillaries	7,931.09			8,707.53		
	Steel and Related Products	57,413.87			23,985.38		
3	Services	79,982.41			117,505.56		
	Of Which,						
	NBFC	30.375.00	10,000.00	32.92	46,847.22	10,000.00	21.35
	Trade	23,091.09			7,447.42		
4	Retail Loan #	113,558.80	3.77		73,179.06		
	Sub-total (B)	**429,560.13**			**444,211.93**		
	Total (A+B)	**735,620.71**	**10,003.77**		**683,465.09**	**10,000**	

**Amount represent where the outstanding advances exceeding 10% of the outstanding total advances to that sector.

Retail loan includes all kind of individual loan

3.10 Movement of NPAs (Rs. in lacs)

Particulars	**March 31, 2020**	**March 31, 2019**
Gross NPAs as on 1st April of particular year (Opening Balance)	10,000.00	Nil
Additions (Fresh NPAs) during the year	3.77	10,000.00
Sub-total (A)	10,003.77	10,000.00
Less:-		
(i) Upgradations	Nil	Nil
(ii) Recoveries (excluding recoveries made from upgraded accounts)	Nil	Nil
(iii) Technical/ Prudential Write-offs		
(iv) Write-offs other than those under (iii) above	Nil	Nil
Sub-total (B)	Nil	Nil
Gross NPAs as on 31st March of following year (closing balance) (A-B)	10,003.77	10,000.00

Particulars	**March 31, 2020**	**March 31, 2019**
Opening balance of Technical/ Prudential written-off accounts as at April 1	Nil	Nil
Add: Technical/ Prudential write-offs during the year	Nil	Nil
Sub-total (A)	Nil	Nil
Less:-	Nil	
Recoveries made from previously technical/ prudential written-off accounts during the year (B)	Nil	Nil
Closing balance as at March 31 (A-B)	Nil	Nil

3.11 Disclosure on Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

The following table sets forth the exposure in IL&FS and group entities as at March 31,2020, as per requirement of the RBI circular number RBI/2018-19/175 DBR.BP.BC.No.37/21.04.048/2018-19 dated April 24, 2019. Subsequently RBI has withdrawn mentioned circular on May 8, 2019 in view of the National Company Law Appellate Tribunal's (NCLAT) order dated May 2, 2019 in respect of Company Appeal (AT) No. 346 of 2018 and I.A. No. 1139 of 2019.

(Rs. in lacs)

Amount outstanding (1)	**Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA. (2)**	**Provisions required to be made as per IRAC norms. (3)**	**Provisions actually held (4)**
10,000	Nil	4,000	10,000

3.12 Provisions on Standard Assets in Stress Sector

Provision on standard advances in Stress Sector as on March 31, 2020 was INR 15.70 lacs (Previous Year: INR 22.68 lacs). During the year based on review of Credit portfolio of the Bank, the Bank has identified certain performing accounts which have been faced with stress due to current market and liquidity condition.

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

There is no account where SDR has been invoked in the Financial Year ending March 31, 2020 and March 31, 2019.

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

As of March 31, 2020 there was no account under the stand-still period in the outside Strategic Debt Restructuring Scheme. Even during the year ended March 31, 2019 no account was restructured as per resolution plan implemented in accordance with the revised framework issued by RBI through notification "Resolution of Stressed Assets – Revised Framework" dated February 12, 2018.

3.15 Disclosures on Change in Ownership of Projects Under Implementation

There are no accounts where the Bank has decided to effect the change of ownership of projects under Implementation for the year ended March 31, 2020 and March 31, 2019.

3.16 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on March 31, 2020

There are no accounts where S4A has been implemented in the Financial Year ended March 31, 2020.

3.17 Overseas Assets, NPAs and Revenue

The Bank does not have overseas operation and operates only in the domestic segment.

3.18 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV Sponsored	
Domestic	**Overseas**
N.A.	N.A.

3.19 Classification of Net Investment under various categories is as under:

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Held to maturity	149,297.94	110,215.79
Available for sale	110,836.26	56,836.73
Held for trading	-	-
Total	260,134.20	167,052.52

3.20 Unamortised Pension and Gratuity Liabilities

The Bank does not provide any pension to the employees. Hence, there is no policy regarding amortization of pension. Gratuity is provided for based on an actuarial valuation and accordingly taken in the profit and loss account.

3.21 Disclosures on Remuneration

The bank's compensation policies including that of CEO's, is in conformity with the FSB principles and standards. In accordance with the requirements of the RBI Circular No DBR.NO.BC.72/29.67.001/2011-12 dated 13 January 2012, the Head Office of the bank has submitted a declaration to the RBI confirming the above mentioned aspect.

3.22 The Bank has not financed any margin trading activities during the year nor is there any outstanding at year end. (Previous Year: Nil).

3.23 Securitisation exposure

The Bank did not have securitisation exposure during the year (Previous Year: Nil).

3.24 Operating Expenses

None of the expenses included under Other Expenses in Schedule 16 – 'Operating expense' has exceeded the limit of 1% of total income during the year ended March 31, 2020 (Previous Year: Nil).

3.25 Credit Default Swaps

The Bank has not dealt in Credit default swaps during the year (Previous Year: Nil).

3.26 Intra Group Exposure

RBI Circular No. RBI/2013-14/487 DBOD.No.BP.BC.96/21.06.102/2013-14 dated Feb 11, 2014 deals with Management of Intra Group Exposure and transactions. The intra group exposure comprises of Bank's transactions and exposures to the entities belonging to the Bank's own group (group entities). The Bank's exposure to its head office and overseas branches of Shinhan Bank, Seoul (Parent) except for proprietary derivative transactions undertaken with them, are excluded from Intra group exposure. The bank has not entered into any proprietary derivative transaction with the group. Also, the Bank has no other Group Entities in India and thus no Intra-Group exposure to be reported as on March 31, 2020.

3.27 Transfers to Depositor Education and Awareness Fund (DEAF)

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Opening balance of amounts transferred to DEAF	18.56	16.55
Add : Amounts transferred to DEAF during the year	12.08	2.01
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	30.64	18.56

3.28 Unhedged Foreign Currency Exposure

The RBI has issued various guidelines advising bank to closely monitor UHFCE of their borrowing client. However, the extent UHFCE of the entity continues to be significant and this can increase probability of default in times of high currency volatility.

The RBI had, therefore, introduced incremental provisioning and capital requirement for the bank exposure to the entity with UHFCE.

The objective of this policy would be to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to cover the unhedged portion.

The process of ascertaining the amount of UHFCE, estimating the extent of likely loss, the riskiness of the hedge positions, provision thereof, etc. are to be done as per RBI circular DBOD.No.BP.BC.85/21.06.200 /2013-14 dated 15.01.2014. Based on the response received from client, the bank analyses and evaluate its incremental capital and provisioning requirement on account of exposures to entities with UHFCE. Apart from this, bank review and monitor UFCE at the time of sanction of New Loan/Extension/renewal and the same includes in Credit Officer Opinion Report.

The Bank maintains incremental provision towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines.

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Incremental Provision	316.18	249.39
Incremental Risk weighted assets on account of UHFCE	7,520.71	4,828.41

3.29 Liquidity Coverage Ratio

a. Quantitative Disclosures

(Rs. in lacs)

			March 31, 2020		March 31, 2019	
			Total Unweighted Value (average	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High Quality Liquid Assets						
1	Total High Quality Liquid Assets (HQLA)			**242,749.89**		**124,880.06**
Cash Outflows						
2	Retail deposits and deposits from small business customers, of which:					
	(i)	Stable deposits	24,50.65	122.52	3,182.14	159.10
	(ii)	Less stable deposits	32,357.54	3,235.75	26,040.47	2,604.05
3	Unsecured wholesale funding, of which :					
	(i)	Operational deposits (all counterparties)	-	-	-	-
	(ii)	Non-operational deposits (all counterparties)	346,241.83	154,590.66	254,369.05	120,326.99
	(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding			-		-
5	Additional requirements, of which					
	(i)	Outflows related to derivative exposures and other collateral requirements	122,018.42	121,348.42	879.76	87.87
	(ii)	Outflows related to loss of funding on debt products	-	-	-	-
	(iii)	Credit and liquidity facilities	1,339,802.45	92,039.94	879.76	87.87
6	Other contractual funding obligations		4,616.65	4,616.65	51,872.36	51,872.36
7	Other contingent funding obligations		123,133.61	3,694.00	3,800.64	114.02
8	Total Cash Outflows			**379,647.99**		**175,164.38**
Cash Inflows						
9	Secured lending (e.g. reverse repos)		82,324.18	0.00	5,306.67	5,306.67
10	Inflows from fully performing exposures		179,679.66	101,859.59	161,891.67	88,250.41
11	Other cash inflows		126,379.97	126,379.97	5,894.36	5,894.36
12	Total Cash Inflows		**388,383.80**	**228,239.55**	**173,092.69**	**99,451.43**
				Total Adjusted Value		Total Adjusted Value
13	TOTAL HQLA			**242,749.89**		**124,880.06**
14	Total Net Cash Outflows			**151,408.44**		**75,712.95**
15	Liquidity Coverage Ratio (%)			**160.33%**		**164.94%**

(Rs. in lacs)

	December 31, 2019		September 30, 2019		June 30, 2019	
	Total Unweighted Value (average	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High Quality Liquid Assets						
1 Total High Quality Liquid Assets (HQLA)		221,014.35		150,025.86		152,262.46
Cash Outflows						
2 Retail deposits and deposits from small business customers, of which:						
(i) Stable deposits	1,133.76	56.68	3,216.57	160.83	3,139.88	158.66
(ii) Less stable deposits	30,896.76	3,089.67	23,730.56	2,373.06	23,575.99	2,380.15
3 Unsecured wholesale funding, of which :						
(i) Operational deposits (all counterparties)						
(ii) Non-operational deposits (all counterparties)	343,642.72	164,524.95	285,905.68	131,329.93	32,468.43	108,767.31
(iii) Unsecured debt						
4 Secured wholesale funding						
5 Additional requirements, of which						
(i) Outflows related to derivative exposures and other collateral requirements	129,449.84	129,210.71	5,987.47	5,987.47	344.07	344.07
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii) Credit and liquidity facilities	1,315,712.30	88,179.68	13,704.35	1,043.09	1,003.86	97.26
6 Other contractual funding obligations	6,105.12	6,105.12	6,045.32	240.57	37,504.53	37,249.92
7 Other contingent funding obligations	128,196.84	3,845.90	27,861.74	27,861.74	4,208.39	127.52
8 Total Cash Outflows		**395,012.76**		**168,996.68**		**149,110.36**
Cash Inflows						
9 Secured lending (e.g. reverse repos)	49,389.13	0	33,581.52	0	0	0
10 Inflows from fully performing exposures	182,408.96	103,828.94	196,268.31	123,608.30	175,960.45	107,003.47
11 Other cash inflows	135,082.17	135,082.17	10,602.98	10,602.98	5,215.87	5,180.01
12 Total Cash Inflows	**366,880.26**	**238,911.11**	**240,452.81**	**134,211.28**	**181,176.32**	**112,183.49**
		Total Adjusted Value				
13 TOTAL HQLA		**221,014.35**		**150,025.86**		**152,262.46**
14 Total Net Cash Outflows		**156,101.64**		**42,249.17**		**37,277.59**
15 Liquidity Coverage Ratio (%)		**141.58%**		**355.10%**		**408.46%**

The bank has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by auditor.

b. Qualitative Disclosures

The Bank measures and monitors the LCR in line with the RBI's circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for time horizon under a significantly severe liquidity stress scenario.

The maintenance of LCR, both at the end of period and on an average basis, has been on account of increase in excess CRR and SLR. The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement, Marginal Standing Facility (MSF), Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). SLR investments of the Bank considered for HQLA consists of Treasury Bills and government securities which provide timely liquidity to the Bank.

Outflows majorly comprise of Term Deposits and Borrowings. Inflows consist of Loan & Advances, inter bank lending & T-Bills.

Based on the banks current business profile, bank has fairly simple loans and deposit portfolio with plain vanilla products and hence bank has captured the major liquidity risk.

LCR of the Bank is monitored by Asset Liability Management Committee which also strategizes the Balance Sheet profile of the Bank. There is no other material inflow or outflow not captured in the LCR common template.

3.30 Factoring exposure

The bank has factoring exposure of INR 13,098.60 lacs as on March 31, 2020 (Previous Year INR 11,376.02 lacs)

3.31 Details of provisioning pertaining to fraud accounts

(Rs. in lacs)

Particulars	March 31, 2020
No of fraud reported	1
Amount involved	0.50
Recovery during the year	1.56
Provision/Write off made net of recovery	Nil
Unamortised provision debited from "other reserve"	Nil

3.32 Corporate Social Responsibility (CSR)

The Bank has in place a local initiative on CSR activity that supported promotion of education to children through voluntary services by each employee. Pursuant to introduction of section 135 of the Companies Act, 2013, the Bank was required to incur CSR expenditure to the extent of Rs. 240.11 lacs. The bank has contributed INR 241.19 lacs towards CSR activities based on guidelines under Companies Act, 2013 during the FY 2019-20. The Bank has CSR Policy duly approved by the Board/CSR committee. The focus of the said policy is on healthcare, education and empowerment of women.

3.33 Contingent Liabilities

Claims against the Bank not acknowledged as debts include disputed dues with tax authorities (Direct and Indirect tax) where based on opinion from consultants, the Bank does not expect the outcome of the proceedings to have a material adverse effect on the Banks financial condition, result of operations or cash flow. It also includes legal proceedings against the Bank where the outcome is not expected to be materially unfavourable to the Bank or where probable liability if any, cannot be ascertained reasonably.

The Bank enters into foreign exchange contracts on its own account as well as for customers. Forward exchange contracts and Interest Rate Swaps are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as contingent liability of the contract.

Contingent liabilities in respect of guarantees, acceptances, letter of credit are all entered with banks under approved credit limits and the liability thereon is dependent upon terms of contractual obligations, development and raising of demand by the concerned parties. These amounts are partly collateralized and partly reimbursable by margins/guarantees/secured charges.

Other items for which the bank is contingently liable include capital commitments, amounts transferred to DEAF.

3.34 As per RBI norms the Bank is required to transfer at least 25% of net profits to statutory reserves. However the Bank has transferred the entire profits of the current year to Statutory Reserves to shore up its capital funds for the purpose of meeting the credit exposure norms.

3.35 Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED), which comes into force from 2 Oct 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of interest payments due to delays in such payments to Micro, Small and Medium enterprises. Auditors have relied upon the above management assertion. (Previous Year: Nil).

3.36 Bank has a Policy for Prevention of Sexual Harassment in line with the 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal)' Act & Rules, 2013. No complaints were received during the year in this regard.

3.37 Impact of Covid-19 on the performance of the Bank

Since the first quarter of CY2020, the Covid-19 pandemic has impacted most of the countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks which was extended to May 31, 2020 in phased manner. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis. The Reserve Bank of India (RBI) has announced several measures to ease the financial system stress, including enhancing system liquidity, moratorium of six months on loan repayments for specific borrower segments, asset classification standstill benefit to overdue accounts where a moratorium has been granted and relaxation in liquidity coverage requirement, among others. The Indian economy would be impacted by this pandemic with contraction in industrial and services output across small and large businesses. The Bank's business is expected to be impacted by lower lending opportunities and revenues in the short to medium term. The impact of the Covid-19 pandemic on Bank's results, including credit quality and provisions, remains uncertain and dependent on the spread of Covid-19, further steps taken by the government and the central bank to mitigate the economic impact, steps taken by the Bank and the time it takes for economic activities to resume at normal levels. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.

4. Previous year figures have been regrouped and rearranged, wherever necessary to confirm to the current year's presentation.

As per our report of even date attached

M/s Bilimoria Mehta & Co,
Chartered Accountants
FRN: 101490W

Kiran Suvarna
Partner
Membership No : 113784

Place : Mumbai
Dated : June 29, 2020

For SHINHAN BANK
Indian Operations

Sang Mo Byun
Chief Executive Officer in India

Disclosures under the new Capital Adequacy Framework (Basel III Guidelines) Pillar 3 Disclosures

1. Scope of Application

Reserve Bank of India (RBI) issued Basel III guidelines applicable with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2020. Upon full implementation, Basel III guidelines target minimum capital to risk-weighted assets ratio (CRAR) would be 11.5%, minimum Common Equity Tier-1 (CET1) CRAR ratio would be 5.5% and minimum Tier-1 CRAR ratio would be 7%.

As per the transitional arrangement, at March 31, 2020, Shinhan Bank – India branches (the Bank) is required to maintain minimum capital requirement of 11.50% including capital conservation buffer (CCB).

Qualitative Disclosures:

(a) The capital Adequacy framework applies to Shinhan Bank – India branches. Shinhan Bank India (“hereinafter referred to as the ‘Bank’) are the Indian Operations of Shinhan Bank (“hereinafter referred to as ‘H.O.’), a South Korean company incorporated in 1897 operating as commercial bank through network of branches in South Korea and various overseas branches including India. The Bank has a network of six branches in India as on 31st March 2020.

(b) The Bank does not have any subsidiaries.

Quantitative Disclosures:

(c) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries : NIL

(d) The aggregate amounts of the bank’s total interests in insurance entities : NIL

(e) Restrictions or impediments on transfer of funds or regulatory capital within the banking group: NIL

2. Capital Structure:

Qualitative Disclosures:

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

- Tier I capital: - consists of funds from H.O. for the purpose of meeting capital adequacy norms & statutory reserves minus deferred tax asset.
- Tier II capital comprises of general loan loss provisions.

(b) The Composition of capital structure:

(Rs. in lacs)

Particulars	March 31, 2020
Funds from H.O.	63,319.08
Statutory Reserve	67,986.39
Deferred Tax Assets	(4,566.51)
Total–Tier I	**126,738.96**
Provision for Standard Assets	3,054.93
Provision for Country Risk Exposure	113.23
Total–Tier II	**3,168.16**
Total Eligible Capital	**129,907.12**

3. Capital Adequacy:

Qualitative disclosures:-

Every year Bank fixes its corporate goals, commensurate with its risk appetite. Capital requirement is assessed taking into account: Business growth plans, Capital funds available with Bank after accounting for redeployment of projected internal accruals, minimum regulatory capital required, buffer above minimum capital required to take care of non-Pillar-I risks. For the purpose, bank has a well defined Internal Capital Adequacy Assessment Policy (ICAAP) to comprehensively evaluate and document all the risks like Interest Rate Risk in Banking Book, Liquidity Risk, Reputation Risk, Compliance Risk, Strategic Risk and Credit Concentration Risk etc. and substantiate appropriate capital allocation so as to evolve a fully integrated risk/capital model for both regulatory and economic capital.

The bank carefully assesses its growth opportunities relative to the capital available to support them, particularly in light of the economic environment and advent of Basel III. The Bank maintains a strong discipline over capital allocation and ensuring that returns on investment cover capital costs. The bank is fully committed in implementing the Basel III norms as adopted by the Reserve Bank of India. The bank has adopted the following approaches for its capital adequacy under BASEL III in line with the guidelines of the Reserve Bank of India.

- Credit Risk – Standardised approach.
- Market Risk – Standardised duration approach.
- Operational Risk – Basic Indicator approach.

Quantitative disclosures:

Under the BASEL III framework on an on-going basis, the bank has to maintain a minimum total capital of 11.50% including Capital Conservation Buffer (CCB) at 2.50% for credit risk, market risk and operation risk. The minimum total capital should include minimum common equity tier 1 (CET1) ratio of 5.50%, minimum tier 1 capital ratio of 7.00%. The minimum total capital requirement includes the Capital Conservation Buffer (CCB) of 2.50% (PY: 1.875%)

The summary of the bank's capital requirement for credit, market, operation risk and CRAR as at March 31, 2020 is presented below:

(Rs in lacs)

	PARTICULARS	Amount
A	**Capital requirement for credit risk**	
	– Portfolios subject to standardised approach	62,513.00
	– Securitisation exposures	
B	**Capital requirement for market risk**	
	Standardised duration approach	
	– Interest rate risk	580.38
	– Foreign exchange risk	1,293.75
	– Equity risk	-
C	**Capital requirement for operational risk**	
	– Basic indicator approach	4,774.16
D	**Capital Adequacy ratio of the Bank (%)**	**21.60%**
E	**Tier I CRAR (%)**	**21.07%**

General Disclosures:

Risk Exposure and Assessment

Shinhan Bank's Risk Management policies and procedures are subject to a high degree of oversight and guidance to ensure that all types of risks is systematically identified, measured analysed and actively managed. Specific details relating to all major business functions are elaborated in the respective policies and manuals of the bank, which may be guided by for specific business activities.

Risk Management is the responsibility of every member of the management as well as part of the job of each staff members of the bank. Individual risk management efforts are coordinated and supervised by the CEO. The H.O. has the responsibility for coordination of overall risk management with respect to the business of the India branches of the bank.

Risk Management

The bank has a Risk Management Department in place which oversees all types of risks in an integrated fashion. Shinhan bank has established a series of risk management system to prepare for the full-scale implementation of the revised Capital Accord. The H.O. assumes overall supervision of the global operations of the Bank. The Board of Directors assumes the ultimate responsibility of supervision, and exercises its supervisory authority through the President and CEO.

Risk Management Framework

The Risk Management Framework aims to integrate the sound principles of Risk Management system and practices into the overall functioning and set up of the Bank. Shinhan Bank has created in its organizational structure a Risk Management Committee to oversee and discharge efficiently the risk management functions. The Management Committee defines risk strategies and policies of the bank. The bank's risk profile is regularly examined by the Risk Management Committee. The Risk Management Committee is headed by the CEO and is represented by members from Credit, Risk, Treasury, Compliance and Finance departments.

4. Credit Risk:

General Disclosure

Credit risk covers the inability of a borrower/customer or counter-party to honour commitments under an agreement/contract and any such failure has an adverse impact on the financial performance of the Bank. The Bank is exposed to credit risk through lending, certain off balance-sheet items and some holdings in debt securities. Various credit exposure limits are fixed and approved by the appropriate authority. These limits are being monitored on a regular basis.

Strategy and Processes

The Bank's credit risk management process integrates risk management into the business management processes, while preserving the independence and integrity of risk assessment. The Bank's, H.O. formulates risk management policies for the Bank worldwide. The Bank in India has formulated local credit guidelines consistent with the HO policy. The goal of credit risk management during the year has been to maintain a healthy credit portfolio by managing risk at the portfolio level. The Bank's risk management policies and procedures establish the parameters for risk appetite, which is defined quantitatively and qualitatively in accordance with the laid-down strategic business plan. The process is established through a combination of governance structures and control processes.

The other guiding principles and processes behind Credit Risk Management Framework are:

- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.
- Sound credit approval process with well laid credit-granting criteria.
- Portfolio level risk analytics and reporting to ensure optimal spread of risk across various rating classes, prevent undue risk concentration across any particular industry segments and monitor credit risk quality migration.
- 'Know your Customer' is a leading principle for all activities.
- Appropriate covenants are stipulated for risk containment and monitoring.
- Industry-wise exposure ceilings are based on the industry performance, prospects and the competitiveness of the sector.
- Separate risk limits are set up for credit portfolios like advances to NBFC and unsecured loans that require special monitoring.

Structure and Organization

The Bank has committee approach in place for credit sanction and review. Credit approval authorities are delegated from the H.O. to the Chief Executive Officer, India. The Head of Risk Management in India maintains a functional reporting to the Global Business Division at the HO through the CEO of India Operations.

Scope and nature of risk reporting and measurement

Credit Rating System

Credit rating tools are an integral part of risk-assessment of the corporate borrowers and the Bank has developed rating model that has distinct risk characteristics. The Bank periodically carries out a comprehensive portfolio level analysis of its asset portfolio with a risk-return perspective. The credit rating tool uses a combination of quantitative inputs and qualitative inputs to arrive at a 'point-in-time' view of the rating of counterparty. Each internal rating grade corresponds to a distinct probability of default. The output of the rating model is primarily to assess the chances of delinquency over a one year time horizon.

Review and Monitoring

- The Bank has developed monitoring tool that helps in objectively assessing the credit quality of the borrower taking into cognizance the actual behavior post-disbursement.
- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits.
- Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.

Concentration Risk

Concentration Risk in the context of banking operations generally denotes the risk arising from an uneven distribution of counter- parties in credit or any other business relationship or from a concentration in business sectors or geographical regions which may generate losses large enough to jeopardize the Bank's position. The Bank controls and limits concentration risk by means of appropriate structural limits and borrower limits based on creditworthiness.

Industry Concentration Risk

Industry analysis plays an important part in assessing the industry concentration risk within the loan portfolio. Particular attention is given to industry sectors where the Bank believes there is a high degree of risk or potential for volatility in the future. The Bank has fixed internal limits for aggregate commitments to different sectors so that the exposures are evenly spread over various sectors.

Reporting

Regular internal reporting and oversight of assets and guidance to ensure that all types of risk are systematically dealt with is principally differentiated by the credit ratings applied which includes information on large credit exposures, credit concentration, industry exposures, levels of impairment , provisioning and country exposures are being reported to the Credit Committee on a monthly basis.

Non-performing advances

Advances are classified into performing and non-performing advances (NPAs) as per Reserve Bank of India (RBI) guidelines. NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank and an NPA is a loan or an advance where Interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of term loan, the account remains "out-of-order" in respect of an Overdraft or Cash Credit (OD/CC), the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted and the regular/ad hoc credit limits have not been reviewed /renewed within 180 days from the due date/ date of ad hoc sanction.

Following is table of non-performing assets and provision as on 31st March 2020

(Rs. in lacs)

Sr. No.	Particulars	2019-20	2018-19
(i)	Net NPAs to Net Advances (%)	0.00%	1.26%
(ii)	Movement of NPAs (Gross)		
	(a) Opening Balance	10,000.00	Nil
	(b) Additions during the year.	3.77	10,000.00
	(c) Reductions during the year	Nil	Nil
	– Recovery		
	– Write off		
	(d) Closing balance	10,003.77	10,000.00
(iii)	Movement of Net NPAs		
	(a) Opening balance	8,500.00	Nil
	(b) Additions during the year.	2.83	8,500.00
	(c) Reductions during the year	8,500.00	Nil
	(d) Closing balance	2.83	8,500.00
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
	(a) Opening balance	1,500.00	Nil
	(b) Provisions made during the year.	8,500.94	1,500.00
	(c) Write-off/write-back of excess provisions	Nil	Nil
	(d) Closing balance	10,000.94	1,500.00

Credit quality/ Impairment of Loans:

All loans and advances of the Bank are classified according to asset quality, nature and passage of time and at each balance sheet date, the Bank ascertains if there is any impairment in its assets. If such an indication is detected, the Bank estimates the recoverable amount of the assets from the date of identification of credit weaknesses in accordance with RBI guidelines. The irrecoverable amount is treated as an impairment loss and is recognized in the profit and loss account. 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.

Credit Risk Management

The Bank has standards, policies and procedures dedicated to the monitoring and management of credit risk, which include the following:

- The Credit policy delineates the bank's maximum exposures to individual customers, customer groups and other risk concentrations. Ensure compliance with lending guidelines to specified market sectors and industries in compliance with RBI guidelines and HO policies.
- Control cross-border exposures to manage country and cross-border risk through the imposition of country limits with sub-limits by maturity and type of business.
- Undertake independent review and objective assessment of credit risk. All commercial credit facilities are subject to review prior to the facilities being committed to customers.
- Maintain and develop the bank's risk rating framework and systems, in order to classify exposures meaningfully and facilitate focused management of the risks involved. Rating methodologies are based upon a wide range of financial analytics together with market database tools, which are core inputs to the assessment of customer risk. Risk grades are reviewed frequently and amendments, where necessary, are implemented promptly.

Credit risk portfolio including Geographic Distribution

(Rs. in lacs)

Particulars	March 31, 2020	March 31, 2019
Fund Based	735,620.71	683,465.10
Non-Fund Based	126,392.73	115,034.01
Total	**862,013.44**	**798,499.11**

Note:

- Fund base portfolio represents funded loans & advances
- Non-fund portfolios are guarantees given on behalf of constituents, Letters of credit, acceptance and endorsements.
- The bank has no overseas operation and hence exposures are restricted to the domestic segment.

Distribution of credit risk portfolio by industry sector as on March 31, 2020:

(Rs. in lacs)

Industry Name	Funded	Non-Funded	Total
A. Mining and Quarrying (A.1 + A.2)			
A.1 Coal	1,635.80	-	1,635.80
A.2 Others	2,446.77	13,085.40	15,532.17
B. Food Processing			
B.1 Sugar			
B.2 Edible Oils and Vanaspati	16,998.49	-	16,998.49
B.3 Tea			
B.4 Coffee			
B.5 Others	12,657.82	18.37	12,676.19
C. Beverages (excluding Tea & Coffee) and Tobacco	4,576.71	288.58	4,865.30
Of which Tobacco and tobacco products			
D. Textiles (a to f)			
a. Cotton	30,881.15	-	30,881.15
b. Jute	1,996.75	-	1,996.75
c. Handicraft/Khadi (Non-Priority)			
d. Silk			
e. Woolen			
f. Others	35,071.17	774.98	35,846.15
Out of D (i.e. Total Textiles) to Spinning Mills			
E. Leather and Leather products	551.80	-	551.80
F. Wood and Wood Products	2,935.15	-	2,935.15
G. Paper and Paper Products	3,115.56	-	3,115.56
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1,906.72	-	1,906.72
I. Chemicals and Chemical Products (Dyes, Paints, etc.)			
I.1 Fertilizers	10,302.47	560.12	10,862.58
I.2 Drugs and Pharmaceuticals	10,121.29	155.11	10,276.40
I.3 Petro-chemicals (excluding under Infrastructure)			
I.4 Others	30,198.74	2,254.75	32,453.49
J. Rubber, Plastic and their Products	3,680.20	9.17	3,689.38
K. Glass & Glassware	4,166.67	-	4,166.67
L. Cement and Cement Products	2,091.87	-	2,091.87

Distribution of credit risk exposure by industry sector as on March 31, 2020 ***(Continued)***

Industry Name	Funded	Non-Funded	Total
M. Basic Metal and Metal Products (M.1 + M.2)			
M.1 Iron and Steel	66,881.42	619.99	67,501.40
M.2 Other Metal and Metal Products	29,588.68	45,816.73	75,405.41
N. All Engineering (N.1 + N.2)			
N.1 Electronics	5,091.90	7,482.64	12,574.54
N.2 Others	107,655.79	7,436.33	115,092.11
O. Vehicles, Vehicle Parts and Transport Equipment	25,015.94	9,120.78	34,136.72
P. Gems and Jewelry			
Q. Construction	12,133.47	5,127.10	17,260.57
R. Aviation			
S. Infrastructure (a to d)			
a. Transport (a.1 to a.5)			
a.1 Railways	4,798.17	7.48	4,805.65
a.2 Roadways			
a.3 Airport	130.00	10.00	140.00
a.4 Waterways			
a.5 Others	-	345.98	345.98
b. Energy (b1 to b6)			
b.1 Electricity (Generation)			
b.1.1 Central Govt PSUs			
b.1.2 State Govt PSUs (incl.SEBs)			
b.1.3 Private Sector	555.19	-	555.19
b.2 Electricity (Transmission)			
b.2.1 Central Govt PSUs			
b.2.2 State Govt PSUs (incl.SEBs)			
b.2.3 Private Sector	-	1,850.77	1,850.77
b.3 Electricity (Distribution)			
b.3.1 Central Govt PSUs			
b.3.2 State Govt PSUs (incl.SEBs)			
b.3.3 Private Sector	212.85	-	212.85
b.4 Oil (storage and pipeline)	66.51	-	66.51
b.5 Gas/LNG (storage and pipeline)	7,071.82	-	7,071.82
b.6 Others			
c. Telecommunication	1,846.63	4,000.90	5,847.53
d. Others			
Of which Water sanitation			
Of which Social & Commercial Infrastructure			
T. Other Industries	5,058.70	-	5,058.70
All Industries (A to T)			
Residuary other advances (to tally with gross advances)	294,178.52	27,427.55	321,606.06
Total Loans and Advances	**735,620.71**	**126,392.73**	**862,013.44**

Residual Contractual maturity breaks down of Assets

(Rs. in lacs)

MATURITY BUCKETS	Cash, balances with RBI and other Banks	Investment Securities	Loans and Advances *	Other Assets including fixed assets
Day 1	13,716.98	96,375.44	4,513.61	11,985.64
2-7 days	1,873.62	12,250.00	24,401.82	0.00
8-14 days	873.51	5,711.14	36,276.14	0.00
15-30 days	6,098.36	39,871.94	75,093.73	0.00
31 Day and upto 2 Month	3,185.44	20,826.84	169,589.24	0.00
2 Month and upto 3 Months	3,202.16	20,936.18	117,435.44	0.00
Over 3 Month and upto 6 Months	5,319.04	34,776.66	122,815.13	0.00
Over 6 Months and upto 1 Year	1,604.13	10,488.05	40,757.56	0.00
Over 1 year and upto 3 years	2,181.75	13,921.36	35,235.77	5,663.00
Over 3 years and upto 5 years	6.96	45.54	19,467.49	31.72
Over 5 years	754.22	4,931.06	80,031.01	17,293.49
Total	**38,816.17**	**260,134.21**	**725,616.94**	**34,973.85**

* Gross NPA is not included under Loan & Advances

Movement of NPA's and Provision for NPA's

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

(Rs. in lacs)

	Particulars	2019-20	2018-19
A	Amount of NPA's (Gross)	10,003.77	10,000.00
B	Net NPA's	2.83	8,500.00
C	NPA's ratios		
	Gross NPAs to gross advances	1.36	1.46
	Net NPAs to net advances	0.00	1.26
D	Movement of NPA's (Gross)		
	Opening Balance	10,000.00	Nil
	Additions including recoveries	3.77	10,000.00
	Reductions	Nil	Nil
	Closing Balance	10,003.77	10,000.00
E	Movement of Provision for NPA's		
	Opening Balance	1,500.00	Nil
	Write offs/ Provision made during the year	8,500.94	1,500.00
	Write back of excess provision	Nil	Nil
	Closing balance	10,000.94	1,500.00
F	Amount of Non-performing investments and Provisions	Nil	Nil
	Amount of provisions held for Non-performing investments	Nil	Nil
G	Movement of provisions for depreciation on investment		
	Opening Balance	Nil	Nil
	Add: Provision made during the year	Nil	Nil
	Less: Write back of excess provisions	Nil	Nil
	Add: Amortisation of premium on HTM category	Nil	Nil
	Closing balance	Nil	Nil

5. Disclosures of portfolios under the Standardised Approach:

Qualitative Disclosures:

As per the RBI guidelines on the Basel II to calculate capital adequacy under the standardised approach for credit risk, require banks to use rating assigned by specific External Credit Assessment Agencies (ECAIs) namely CRISIL, ICRA, Fitch(India) & CARE for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings, short-term and long-term instrument/bank facilities ratings which are assigned by the accredited rating agencies (as specified by RBI) and published in the public domain to assign risk-weights in terms of RBI guidelines for its customers. In respect of claims on non-resident corporate and foreign banks ratings assigned by international rating agencies (as specified by RBI) is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

The process used by the Bank to transfer public issue ratings onto comparable assets in the banking book is in line with the provisions advised in Reserve Bank of India's Master circular on New Capital Adequacy Framework.

For non-funded advances secured by SBLC, the bank is using the rating assigned by S & P / Fitch / Moody's.

Quantitative Disclosures:

The amount under each credit risk category is as follows:

(Rs. in lacs)

Risk Bucket	March 31, 2020	March 31, 2019
Below 100% Risk Weight	207,636.32	163,583.27
100% risk weight	250,398.13	314,649.72
More than 100% risk weight	85,556.87	6,676.00
Risk Weighted Assets	**543,591.32**	**484,908.99**

Note: The Unhedged foreign currency exposures and QCCP are incorporated in above figure according to risk bucket and additional risk weight on Unhedged FCE & QCCP considered under below 100% risk weight.

6. Credit Risk Mitigation:

Credit Risk Mitigants (CRM) like financial collateral, non-financial collateral and guarantees are used to mitigate credit risk exposure. Availability of CRM either reduces effective exposure on the borrower (in case of collaterals) or transfers the risk to the more creditworthy party (in case of guarantees). A major part of the eligible financial collaterals is in the form of cash, the most liquid of assets and thus free from any market and liquidity risks.

The bank has arrived at credit exposure for the credit risk capital before Credit Risk Mitigation.

7. Securitisation:

Qualitative and Quantitative disclosures:

Securitisation is mainly done in order to diversify the bank's source of funding. The bank has neither securitized any assets nor have any investments in securities issued by any Special Purpose Vehicle (SPV).

8. Market Risks in the trading book/Banking book

Market risk is the risk that movements in foreign exchange rates, interest rates, or equity prices will result in profits or losses to the Bank. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The objective of market risk management is to control market risk exposures to achieve an optimal return while maintaining risk at acceptable levels.

The bank monitors the net open position for foreign exchange and undertakes VaR technique as per FEDAI model on FX risk position to estimate the potential loss as a result of movements in market rates. Stress testing on foreign exchange position is carried out to quantify the impact on capital of defined market movements.

9. Operational Risk:

Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide spectrum of issues. The Bank has put in place a management approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk.

Strategy and Process

The Bank manages this risk within a control based environment in which processes are laid down and documented and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the Bank stays in line with industry best practice and takes account of learning from publicized operational failures within the financial services industry.

Structure and Organization

The operational risk management responsibility is assigned to senior officials within each business operation. The operational risk loss data is collected and reported to the senior management and to the Bank's Risk Management Committee.

Scope/Nature of Risk reporting/measurement

The Bank has documented its operational risk management policy. One of the major tools for managing operational risk is the well-established internal control system, which includes segregation of duties, clear management reporting lines and adequate operating procedures.

The following measures, which have laid down clear relevant systems, procedures, policies, monitoring and control, are in place to control the operational risk:

- Manuals /Job Cards/Circular /Instructions to ensure adherence to proper systems and procedures
- Risk Based Internal Audit System
- Well laid down policy guidelines covering various activities
- System of monitoring operations and performance
- Delegation of financial powers at appropriate levels
- Appropriate reporting and review system
- System (IT) monitoring with Disaster Recovery System and Business Continuity Plans
- Legal Compliance certificate

For addressing risk of system failure, a Disaster Recovery System is in place. For mitigating risk due to disruption of business, a Business Continuity Plan has been put in place.

10. Interest Rate Risk in the Banking Books (IRRBB)

Interest rate risk is the potential change in Net Interest Income or Economic Value of Equity caused by unexpected changes in market interest rates.

Qualitative Disclosures

Interest Rate Risk:

The banking book is defined as:

i) Investments held in the Available for Sale (AFS) portfolio.

ii) Funding transactions to manage the liquidity of the bank.

Market risk in non trading portfolio (banking book) arises principally from mismatches between the future yield on assets and their funding cost, as a result of interest rate changes.

Analysis of this risk incorporates behavioural assumptions regarding the economic duration of liabilities which are contractually repayable on demand, for example, current accounts.

Strategy and Process

When the behavioural characteristics of a product differ from its contractual characteristics, the behavioural characteristics are assessed to determine the true underlying interest rate risk. Asset and Liability Committee (ALCO) regularly monitor all such behavioural assumptions and interest rate risk positions, to ensure that they comply with interest rate risk limits.

Structure and Organization

ALCO is responsible for measuring interest rate risk exposures in accordance with prescribed policies, monitoring and reporting these exposures against the approved limits on a daily basis.

Scope/Nature of Risk reporting/measurement system and mitigation techniques

The Bank monitors the sensitivity of projected net interest income under varying interest rate scenarios. The Bank manages the market risk in banking book, to mitigate the impact of prospective interest rate movements which could reduce future net interest income, whilst balancing the cost of such hedging activities on the current net revenue stream.

Duration Gap Analysis

Bank carries out Duration Gap Analysis (on monthly basis) to estimate the impact of change in Interest Rates on Market Value of Equity (MVE), as per the RBI Guidelines.

Disclosures on Remuneration

The bank's compensation policies including that of CEO's, is in conformity with the FSB principles and standards. In accordance with the requirements of the RBI Circular No DBR.NO.BC.72/29.67.001/2011-12 dated 13 January 2012, the Head Office of the bank has submitted a declaration to the RBI confirming the above mentioned aspect.

Leverage ratio disclosure

As on March 31, 2020 the leverage ratio is 10.20%. The summary comparison of accounting assets vs leverage ratio exposure measure as per table DF-17 and leverage ratio common disclosure as per table DF-18 are provided as separate annexure to this disclosure.

Quantitative Disclosures:

Earning at Risk (EaR) (For time bucket up to one year)

(Rs. in lacs)

Assets	**Liabilities**	**Impact on NII**
Risk Sensitive Assets **Increase by 200 bps**	Risk Sensitive Liabilities **Increase by 200 bps**	708.21

Table DF-11 : Composition of Capital

Part II : Template to be used before March 31, 2020
(i.e. during the transition period of Basel III regulatory adjustments)

Rs. in lacs

Basel III common disclosure template to be used during the transition of regulatory adjustments			**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) (Funds from Head Office)	63,319.08		
2	Retained earnings	67,986.39		
3	Accumulated other comprehensive income (and other reserves)			
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
	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	131,305.47		
Common Equity Tier 1 capital : regulatory adjustments				
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)			
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	–		
10	Deferred tax assets	(4,566.51)		
11	Cash-flow hedge reserve			
12	Shortfall of provisions to expected losses			
13	Securitisation gain on sale			
14	Gains and losses due to changes in own credit risk on fair valued liabilities			
15	Defined-benefit pension fund net assets			
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)			
17	Reciprocal cross-holdings in common equity			
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)			

Basel III common disclosure template to be used during the transition of regulatory adjustments			Amounts Subject to Pre-Basel III Treatment	Ref No.
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)			
20	Mortgage servicing rights (amount above 10% threshold)	N.A		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N.A		
22	Amount exceeding the 15% threshold	N.A		
23	of which : significant investments in the common stock of financial entities	N.A		
24	of which : mortgage servicing rights	N.A		
25	of which : deferred tax assets arising from temporary differences	N.A		
26	National specific regulatory adjustments (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			
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank			
26d	of which : Unamortised pension funds expenditures			
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which : [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)			
	of which : [INSERT TYPE OF ADJUSTMENT]			
	of which : [INSERT TYPE OF ADJUSTMENT]			
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**	**(4,566.51)**		
29	**Common Equity Tier 1 capital (CET1)**	**126,738.96**		
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**			
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments			
38	Reciprocal cross-holdings in Additional Tier 1 instruments			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41	National specific regulatory adjustments (41a+41b)			
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries			

SHINHAN BANK

(Incorporated in Korea with limited liability)

INDIAN OPERATIONS

Basel III common disclosure template to be used during the transition of regulatory adjustments			Amounts Subject to Pre-Basel III Treatment	Ref No.
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which : [INSERT TYPE OF ADJUSTMENT e.g. DTAs]			
	of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]			
	of which : [INSERT TYPE OF ADJUSTMENT]			
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)**			
44a	Additional Tier 1 capital reckoned for capital adequacy			
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	**126,738.96**		
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 (Please refer to Note to Template Point 50)	3,168.16		
51	**Tier 2 capital before regulatory adjustments**	3,168.16		
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 investments13in 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			
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]			
	of which : [INSERT TYPE OF ADJUSTMENT			
57	**Total regulatory adjustments to Tier 2 capital**			
58	**Tier 2 capital (T2)**	3,168.16		
58a	Tier 2 capital reckoned for capital adequacy	3,168.16		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**			
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**3,168.16**		
59	Total capital (TC = T1 + Admissible T2) (45 + 58c)	**129,907.12**		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which : [INSERT TYPE OF ADJUSTMENT]			
	of which : …			
60	**Total risk weighted assets (60a + 60b + 60c)**	**601,402.53**		

Basel III common disclosure template to be used during the transition of regulatory adjustments			Amounts Subject to Pre-Basel III Treatment	Ref No.
60a	of which : total credit risk weighted assets	543,591.33		
60b	of which : total market risk weighted assets	16,296.76		
60c	of which : total operational risk weighted assets	41,514.44		
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	21.07%		
62	Tier 1 (as a percentage of risk weighted assets)	21.07%		
63	Total capital (as a percentage of risk weighted assets)	21.60%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	8.00%		
65	of which : capital conservation buffer requirement	2.50%		
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)	13.07%		
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)			
70	National Tier 1 minimum ratio (if different from Basel III minimum)			
71	National total capital minimum ratio (if different from Basel III minimum)			
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities			
73	Significant investments in the common stock of financial entities			
74	Mortgage servicing rights (net of related tax liability)			
75	Deferred tax assets arising from temporary differences (net of related tax liability)			
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)			
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, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements			
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements			
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			
86	Current cap on CET1 instruments subject to phase out arrangements			

Note to the template		
Row No. of the template	**Particular**	**Rs. in Lacs**
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	
	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	**3,168.16**
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	**3,168.16**
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	

Table DF-12: Composition of Capital – Reconciliation requirements as of March 31, 2020

Step 1

The Scope of regulatory consolidation and accounting consolidation is identical accordingly the step 1 of the reconciliation is not required.

Step 2

Rs. In Lacs

			Balance sheet as in published financial statements	**Under regulatory scope of consolidation**
			As at 31.03.2020	**As at 31.03.2020**
A		**Capital & Liabilities**		
	i	Paid-up Capital (funds from HO)	63,319.08	63,319.08
		Reserves & Surplus	67,986.39	67,986.39
		Minority Interest		
		Total Capital	131,305.47	131,305.47
	ii	Deposits	763,369.03	763,369.03
		of which : Deposits from banks	32,155.43	32,155.43
		of which : Customer deposits	731,213.59	731,213.59
		of which : Other deposits (pl. specify)		
	iii	Borrowings	154,274.85	154,274.85
		of which : From RBI	71,800.00	71,800.00
		of which : From banks	82,474.85	82,474.85
		of which : From other institutions & agencies		
		of which : Others (pl. specify)		
		of which : Capital instruments		
	iv	Other liabilities & provisions	40,095.08	40,095.08
	Total Capital & Liabilities		**1,089,044.43**	**1,089,044.43**

			Balance sheet as in published financial statements	Under regulatory scope of consolidation
			As at 31.03.2020	As at 31.03.2020
B		**Assets**		
	i	Cash and balances with Reserve Bank of India	25,858.64	25,858.64
		Balance with banks and money at call and short notice	40,953.45	40,953.45
	ii	Investments :	260,134.20	260,134.20
		of which : Government securities	260,134.20	260,134.20
		of which : Other approved securities		
		of which : Shares		
		of which : Debentures & Bonds		
		of which : Subsidiaries / Joint Ventures / Associates		
		of which : Others (Commercial Papers, Mutual Funds etc.)		
	iii	Loans and advances	735,620.71	735,620.71
		of which : Loans and advances to banks		
		of which : Loans and advances to customers	735,620.71	735,620.71
	iv	Fixed assets	761.67	761.67
	v	Other assets	25,715.76	25,715.76
		of which : Goodwill and intangible assets		
		of which : Deferred tax assets	4,566.51	4,566.51
		Goodwill on consolidation		
		Debit balance in Profit & Loss account		
	Total Assets		**1,089,044.43**	**1,089,044.43**

Step 3

Rs. In Lacs

Common Equity Tier 1 capital: instruments and reserves			
		Component of regulatory capital reported by bank	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation from
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	63,319.08	
2	Retained earnings	67,986.39	
3	Accumulated other comprehensive income (and other reserves)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	**Common Equity Tier 1 capital before regulatory adjustments**	131,305.47	
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(4,566.51)	
11	Regulatory adjustments applied to Common Equity Tier 1 and Tier 2 to cover deductions		
12	**Common Equity Tier 1 capital (CET1)**	**126,738.96**	

Table DF 17: Summary comparison of accounting assets vs. leverage ratio exposure measure as of March 31, 2020		
Sl. No	**Particulars**	**Rs. In Lacs**
1	Total consolidated assets as per published financial statements	1,089,044.43
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(4,566.51)
4	Adjustments for derivative financial instruments	18,911.45
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	133,716.34
7	Other adjustments	5,389.69
8	Leverage ratio exposure	1,242,495.40

Table DF 18: Leverage ratio common disclosure template as of March 31, 2020		
Sl. No	**Particulars**	**Rs. In Lacs**
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,089,044.43
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(4,566.51)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,084,477.92
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8,685.00
5	Add-on amounts for PFE associated with all derivatives transactions	10,226.45
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**18,911.45**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	5,389.69
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**5,389.69**
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	268,033.70
18	(Adjustments for conversion to credit equivalent amounts)	(134,317.36)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**133,716.34**
Capital and total exposures		
20	Tier 1 capital	**126,738.96**
21	Total exposures (sum of lines 3, 11, 16 and 19)	**1,242,495.40**
Leverage ratio		
22	Basel III leverage ratio	10.20%

For **SHINHAN BANK**
Indian Operations

Sang Mo Byun
CEO in India

Place: Mumbai
Date: June 29, 2020