

INDEPENDENT AUDITOR'S REPORT

The Chief Executive Officer
FirstRand Bank Limited - India Branch

Report on audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **FirstRand Bank Limited- India Branch** ('the Bank'), which comprise the Balance Sheet as at 31 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 31 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 independent of 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 6.1 of Schedule 18 of financial statements regarding change in accounting policy for disclosure of the mark to market gains and losses of outstanding derivative and forward exchange transactions with same maturity that are settled and guaranteed through CCIL on a net basis in the balance sheet and consequential impact on certain provisions as well as current credit exposure for CRAR purpose.
5. We draw attention to Note 7.28 of Schedule 18 of the financial statements which describes the extent to which the COVID-19 pandemic will have impact on Bank's financial performance.

Our opinion is not modified in respect of this matters.

Information other than financial statements and auditor's report thereon

6. The Bank's Management 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.
7. 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

8. The Bank's Management 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 for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.
9. In preparing the financial statements, management 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Bank's management is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

10. 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.
11. 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 management.
 - Conclude on the appropriateness of management'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.
12. 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

13. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013.
14. 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) The Bank has only one branch and therefore separate accounting returns for the purpose of preparing financial statements are not to be submitted. We have visited the Bank's Mumbai Branch for the purpose of our audit based on the necessary records and data required for the purpose of the audit being made available to us.
15. 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 Bank has only one branch and therefore, accounting returns for the purpose of preparation of financial statement are not required to be submitted;
 - 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 FirstRand Bank, which is incorporated with limited liability in South Africa;
 - 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 the explanations 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 7.30 of Schedule 18 to the financial statements;



- ii. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 7.21 of Schedule 18 to the financial statements;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;
- 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 FirstRand Bank, which is incorporated in South Africa.

For and on behalf of

A P Sanzgiri & Co

Chartered Accountants

Firm Regn. No. 116293W



Ankush Goyal

Partner

Membership No. 146017

UDIN: 20146017AAAABM5077



Place: Mumbai

Date: 29 June 2020

Annexure A to the Independent Auditor's report of even date on the financial statements of FirstRand Bank Limited- India Branch

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 **FirstRand Bank Limited- India Branch** ('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 Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('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 of material misstatement of the financial statements, whether due to fraud or error.
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 in accordance with authorizations of management 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 of compliance 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 over financial reporting 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 issued by the ICAI.

For and on behalf of

A P Sanzgiri & Co

Chartered Accountants

Firm Regn. No. 116293W



Ankush Goyal

Partner

Membership No. 146017

UDIN: 20146017AAAABM5077

Place: Mumbai

Date: 29 June 2020



FIRSTRAND BANK





FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

Indian Rupees in 000's

Balance Sheet as on		31-Mar-20	31-Mar-19
Description	Schedule	Amount	Amount
CAPITAL AND LIABILITIES			
Capital	1	6,617,140	6,617,140
Reserves & Surplus	2	(3,391,839)	(3,445,591)
Deposits	3	3,187,777	5,266,180
Borrowings	4	13,560,138	9,294,361
Other Liabilities and Provisions	5	858,455	6,77,183
Total		20,831,671	18,409,273
ASSETS			
Cash & Balances with Reserve Bank of India	6	238,750	288,296
Balances with Banks & Money at Call & Short Notice	7	3,172,261	1,798,393
Investments	8	12,088,655	11,613,124
Loans & Advances	9	4,203,151	4,052,113
Fixed Assets	10	10,036	7,389
Other Assets	11	1,118,818	6,49,958
Total		20,831,671	18,409,273
Contingent Liabilities	12	354,256,279	335,770,083
Bills for collection		7,458,511	6,596,017

Significant Accounting Policies and Notes
to the Financial Statements

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

As per our attached report of even date

For A P Sanzgiri & Co

Chartered Accountants

Firm's Registration No. - 116293W

Ankush Goyal

Partner

M.no 146017



Place: Mumbai

Date: 29 June 2020

For FirstRand Bank Limited- India Branch

Rohit Wahi

Chief Executive Officer

Kamini Shah

Chief Financial Officer



Manthan Desai

Head Finance



FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

Indian Rupees in 000's

Profit and Loss account for the year ended		31-Mar-20	31-Mar-19
Description	Schedule	Amount	Amount
I. INCOME			
Interest earned	13	1,218,102	1,057,452
Other income	14	390,810	272,168
Total		1,608,912	1,329,620
II. EXPENDITURE			
Interest expended	15	785,469	666,575
Operating expenses	16	561,991	584,783
Provisions and contingencies	17	207,700	64,009
Total		1,555,160	1,315,367
III. PROFIT/LOSS			
Net Profit/(Loss) for the year		53,752	14,253
Balance in Profit and Loss brought forward		(3,521,312)	(3,521,312)
Total		(3,467,560)	(3,507,059)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		13,438	3,563
Transfer to Investment Reserve Account		(4,557)	9,040
Transfer to Investment Fluctuation Reserves		40,817	1,650
Balance carried over to Balance Sheet		(3,517,258)	(3,521,312)
Total		(3,467,560)	(3,507,059)

Significant Accounting Policies and Notes
to the Financial Statements

18

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

As per our attached report of even date

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration No. - 116293W

Ankush Goyal
Partner
M.no 146017



Place: Mumbai
Date: 29 June 2020

For FirstRand Bank Limited- India Branch

Rohit Wahi

Rohit Wahi
Chief Executive Officer

Kamini Shah

Kamini Shah
Chief Financial Officer



Manthan Desai
Manthan Desai
Head Finance



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

Cash Flow Statement for the year ended 31st March 2020

Indian Rupees in 000's

Particulars	31-Mar-20	31-Mar-19
Cash flow from Operating Activities		
Net profit before taxation and extraordinary items	53,753	14,253
Adjustments for:		
Depreciation on fixed assets	3,878	14,159
(Profits)/loss on sale of fixed assets	-	(155)
Provision for leave encashment	568	247
Provision for gratuity	3,579	(8,713)
Provision for country risk	181	426
Provision for standard assets	(8,760)	5,825
Provision towards unhedged foreign currency exposure	200	-
Written off advances	2	-
Provision for non-performing asset	210,000	70,000
Other provisions- Loss on investments	6,076	(12,053)
Provision for lease equalisation	-	-
Operating profit before changes in working capital	269,477	83,989
Adjustment for:		
(Increase)/ Decrease in Investments	(481,607)	(3,180,089)
(Increase)/ Decrease in Advances	(151,041)	(1,892,032)
(Increase)/ Decrease in Other Assets	(468,858)	(2,093,933)
Increase/ (Decrease) in Deposits	(2,078,403)	910,859
Increase/ (Decrease) in Other liabilities and Provisions	(24,498)	2,197,456
Cash generated from operations	(2,934,930)	(3,973,750)
Less: Direct taxes paid (net of refund received)	-	(2,231)
Net Cash flow from Operating Activities (A)	(2,934,930)	(3,975,981)
Cash flow from Investing Activities		
Purchase of Fixed Assets	(4,337)	(7,221)
Proceeds from sale of Fixed Assets	-	809
Purchased of capital work in process	(2,188)	-
Net Cash flow from Investing Activities (B)	(6,525)	(6,412)





Cash flow from Financing Activities		
Receipt of Capital	-	-
Increase / (Decrease) in Borrowings (Net)	4,265,777	4,907,130
Net Cash flow from Financing Activities (C)	4,265,777	4,907,130
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	1,324,322	924,737
Cash and Cash equivalents at the beginning of the period	2,086,689	1,161,952
Cash and Cash equivalents at the end of the period	3,411,011	2,086,689

Note: Cash and Cash equivalents represents

Particulars	31-Mar-20	31-Mar-19
a) Cash and balance with Reserve Bank of India	238,750	288,296
b) Balance with Banks and money at call and short notice (Excluding deposits with original maturity of more than 3 months)	3,172,261	1,798,393
Total	3,411,011	2,086,689

As per our attached report of even date

For A P Sanzgiri & Co

Chartered Accountants

Firm's Registration No. - 116293W


Ankush Goyal

Partner

M.no 146017



Place: Mumbai

Date: 29 June 2020

For FirstRand Bank Limited- India Branch


Rohit Wahi

Chief Executive Officer




Kamini Shah

Chief Financial Officer


Manthan Desai

Head Finance



Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-20	31-Mar-19
Schedule 1 – Capital	Amount	Amount
Opening Balance	6,617,140	6,617,140
Additions during the period	-	-
TOTAL	6,617,140	6,617,140
Of the above, amount of deposit kept with Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949.	74,000	70,000

Schedule 2 - Reserves & Surplus	Amount	Amount
I. Statutory Reserves		
Opening balance	65,031	61,468
Additions during the year	13,438	3,563
Deductions during the year	-	-
	78,469	65,031
II. Capital Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
	-	-
III. Investment Fluctuation Reserve (IFR)		
Opening balance	1,650	-
Additions during the year	40,817	1,650
Deductions during the year	-	-
	42,467	1,650
IV. Investment Reserve Account (IRA)		
Opening balance	9,040	-
Additions during the year	-	9,040
Deductions during the year	(4,557)	-
	4,483	9,040
V. Balance in Profit & Loss account	(3,517,258)	(3,521,312)
TOTAL (I+II+III+IV+V)	(3,391,839)	(3,445,591)





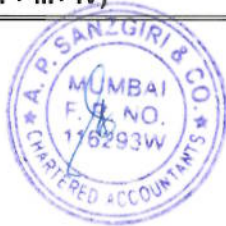
Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-20	31-Mar-19
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Schedule 3 - Deposits	Amount	Amount
I (i) Demand deposits		
- From Banks	-	-
- From others	351,319	176,672
(ii) Savings bank deposits	-	-
(iii) Term deposits		
- From Banks	-	-
- From others	2,836,458	5,089,508
- Certificate of deposits	-	-
TOTAL (i+ii+iii)	3,187,777	5,266,180
II. (i) Deposits of branches in India	3,187,777	5,266,180
(ii) Deposits of branches outside India	-	-
TOTAL (i+ii)	3,187,777	5,266,180

Schedule 4 - Borrowings	31-Mar-20 Amount	31-Mar-19 Amount
I. Borrowings in India		
(i) Reserve Bank of India	-	2,950,000
(ii) Other Bank	4,664,630	3,670,425
(iii) Other institution and agencies	6,648,257	1,589,862
Items (i) and (iii) above are secured borrowings		
II. Borrowings outside India(from Head Office)	2,247,251	1,084,074
TOTAL (I+II)	13,560,138	9,294,361

Schedule 5 - Other Liabilities And Provisions	Amount	Amount
I. Bills payable	-	-
II. Inter office adjustments (net)	-	-
III. Interest accrued	23,312	47,932
IV. Others (including provisions)		
- Provision for Standard Assets	50,602	59,362
- Provision for Unhedged Foreign Currency	200	-
- Provision for Country Risk	961	779
- Others	783,380	569,110
TOTAL (I + II + III+ IV)	858,455	677,183





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-20	31-Mar-19
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Schedule 6 - Cash and Balances With Reserve Bank Of India	Amount	Amount
I. Cash in hand (including foreign currency notes)	23	1
II. Balances with Reserve Bank of India		
(i) in Current Accounts	238,727	288,295
(ii) in Other Accounts	-	-
TOTAL (I+II)	238,750	288,296

Schedule 7 - Balances With Banks & Money At Call & Short Notice	31-Mar-20 Amount	31-Mar-19 Amount
I. In India		
(i) Balance with banks		
(a) in Current accounts	5,891	2,169
(b) in Other deposit accounts	-	-
(ii) Money at call and short notice		
(a) with banks	54,000	691,550
(b) with other Institutions	-	-
(c) with Reserve Bank of India	3,010,000	-
TOTAL I (i+ii)	3,069,891	693,719
II. Outside India		
(i) in Current accounts	74,435	162,699
(ii) in Other deposit accounts	-	-
(iii) Money at call and short notice	27,935	941,975
TOTAL II (i+ii+iii)	102,370	1,104,674
GRAND TOTAL (I+II)	3,172,261	1,798,393

Schedule 8 – Investments	Amount	Amount
I. Investments in India in		
(i) Government Securities*	9,595,646	7,481,403
(ii) Other approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	2,499,085	3,895,787
(v) Subsidiaries and/or joint ventures	-	-
(vi) Others (includes Certificate of Deposit and Commercial Paper)	-	235,934
Gross Investments in India	12,094,731	11,613,124
Less: Provisions on Investments	(6,076)	-
Net Investments in India	12,088,655	11,613,124
II. Investments Outside India	-	-
TOTAL (I + II)	12,088,655	11,613,124

* Government Securities includes the following at Face Value (amounts in INR 000): Securities kept as collateral under 11(2)(b) with RBI of Face value Rs. 74,000 ('000) (Previous year: 70,000 ('000)). Securities kept as collateral under "Securities Segment" with Clearing Corporation of India Limited towards Security, Forex and Derivative clearing facility of Face Value Rs. 555,000('000) (Previous year Rs. 555,000 ('000) Securities kept as Collateral under Tri Party Repo Segment (TREPS), Obligation of Face Value Rs 2,360,600('000) (Previous Year Rs NIL). Securities kept as Collateral under the CROMS Segment (Market Repo) of Face Value of Rs. 4,248,200 ('000) (Previous Year Rs 1,601,800 ('000s). Securities received from RBI under Reverse repo of Face Value of Rs 2,717,200 ('000).





Schedules to Financial Statements as at		31-Mar-20	31-Mar-19
Schedule 9 – Advances		Amount	Amount
I	(i) Bills purchased and discounted	447,930	180,995
	(ii) Cash credits, overdrafts and loans repayable on demand	1,705,221	881,075
	(iii) Term loans	2,050,000	2,990,043
	TOTAL (i+ii+iii)	4,203,151	4,052,113
II	(i) Secured by tangible assets (includes advances secured against book debts)	1,179,236	1,990,002
	(ii) Covered by bank/Government guarantees	-	-
	(iii) Unsecured	3,023,915	2,062,111
	TOTAL (i+ii+iii)	4,203,151	4,052,113
III A.	Advances in India		
	(i) Priority sectors	1,805,221	1,097,848
	(ii) Public sector	-	-
	(iii) Banks	-	-
	(iv) Others	2,397,930	2,954,265
	TOTAL (i+ii+iii+iv)	4,203,151	4,052,113
III B.	Advances outside India		
	(i) Due from banks	-	-
	(ii) Due from others		
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	-	-
	(c) Others	-	-
	TOTAL (i+ii)	-	-
	TOTAL (IIIA + IIIB)	4,203,151	4,052,113





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-20	31-Mar-19
Schedule 10 - Fixed Assets	Amount	Amount
I. Premises		
Cost at the beginning of the year	-	-
Additions during the year	-	-
Gross Block Value	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net book value of premises	-	-
II. Other Fixed Assets (including furniture and fixtures and intangibles)		
Cost at the beginning of the year	152,899	263,860
Additions during the year	4,337	7,221
Gross Block Value	157,236	271,081
Deductions during the year	-	(118,182)
Depreciation to date	(149,388)	(145,510)
Net book value of other fixed assets (including furniture & fixtures and intangibles)	7,848	7,389
III Capital work-in-progress	2,188	-
TOTAL (I + II)	10,036	7,389

Schedule 11 - Other Assets	Amount	Amount
I. Inter-office adjustments(net)	-	-
II. Interest accrued	201,446	179,161
III. Tax paid in advance /tax deducted at source	2,997	2,996
IV. Stationary and stamps	-	-
V. Deferred tax	-	-
VI. Others	914,375	467,801
TOTAL (I +II + III+ IV + V +VI)	1,118,818	649,958





Schedules to Financial Statements as at		31-Mar-20	31-Mar-19
Indian Rupees in 000's			
Schedule 12 - Contingent Liabilities		Amount	Amount
I. Claims against the bank not acknowledged as debt		-	-
II. Liability on account of outstanding derivative contracts		4,500,000	20,500,000
III. Liability on account of outstanding forward exchange contracts and foreign currency swap contract		344,717,605	311,277,297
IV. Guarantees given on behalf of constituents			
(a) In India		314,438	3,239,388
(b) Outside India		-	-
V. Acceptances, endorsements and other obligations		109,394	733,398
VI. Other items			
- Capital commitments not provided		11,288	-
- Others*		4,603,554	20,000
TOTAL (I + II + III+ IV + V +VI)		354,256,279	335,770,083

* Includes Rs. 340,000 (in'000) undrawn Limits (P.Y. Rs. 20,000 (in'000))





Schedules to Financial Statements as at	Indian Rupees in 000's	
	31-Mar-20	31-Mar-19

Schedule 13 -Interest Earned	Amount	Amount
I. Interest/discount on advances/bills	314,171	285,935
II. Income on investments	816,922	744,932
III. Interest on balances with Reserve Bank of India and other interbank funds	82,517	8,930
IV. Others	4,492	17,655
TOTAL (I +II + III+ IV)	1,218,102	1,057,452

Schedule 14 - Other Income	Amount	Amount
I. Commission, exchange and brokerage (net)	77,521	65,455
II. Profit/(Loss) on investments (net)	40,817	2,962
III. Profit/(Loss) on sale of land, buildings and other assets (net)	-	155
IV. Profit /(Loss) on exchange transactions/Derivatives (net)	31,926	(19,509)
V. Miscellaneous Income*	240,546	223,105
TOTAL (I +II + III+ IV + V)	390,810	272,168

* includes transfer pricing income from Head Office of Rs. 239,841 (in'000) (P.Y. Rs. 219,242 (in'000))





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-20	31-Mar-19
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Schedule 15 - Interest Expenses	Amount	Amount
I. Interest on deposits	305,275	266,707
II. Interest on Reserve Bank of India / inter- bank borrowings	265,611	272,760
III. Others	214,583	127,108
TOTAL (I +II + III)	785,469	666,575

Schedule 16 - Operating Expenses	Amount	Amount
I. Payment to and provisions for employees	365,644	349,483
II. Rent, taxes and lighting	42,617	57,985
III. Printing and stationery	898	1,180
IV. Advertisement and publicity	1,206	1,739
V. Depreciation on bank's property	3,878	14,159
VI. Directors' fees, allowances and expenses	-	-
VII. Auditors' fees and expenses	1,135	1,100
VIII. Law charges	1,722	2,618
IX. Postage, telegrams, telephone etc.	368	364
X. Repairs and maintenance	36,496	40,022
XI. Insurance	9,825	9,454
XII. Other expenditure	98,202	106,679
TOTAL	561,991	584,783

Schedules to Financial Statements as at	31-Mar-20	31-Mar-19
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Schedule 17 - Provisions and Contingencies	Amount	Amount
I. Provision towards Standard Assets	(8,760)	5,824
II. Provision towards Country Risk	182	425
III. Provision towards Non Performing Asset (net of write back)	210,000	70,000
IV. Provision towards Unhedged Foreign Currency	200	-
V. Bad Debts written off	2	(187)
VI. Provision for taxation		
- Current income tax expense	-	-
- Deferred tax	-	-
VII. Provision towards other assets	-	-
VIII. Provision for depreciation of investments	6,076	(12,053)
TOTAL	207,700	64,009





FIRSTRAND BANK

Notes to Accounts

March 2020





FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. BACKGROUND

The accompanying financial statements for the year ended 31 March 2020 comprise of accounts of the Mumbai Branch (referred to as 'the Bank') of FirstRand Bank Limited which is a banking company incorporated in South Africa with limited liability and was granted a license to carry on banking business in India by the Reserve Bank of India (RBI) on 18 February 2009.

2. BASIS OF PREPARATION

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

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

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

3. GOING CONCERN AND USE OF ESTIMATES

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Investments

Classification

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

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





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

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

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

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

Basis of classification

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

Acquisition Cost

In determining the cost of investment,

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

Disposal of Investments

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

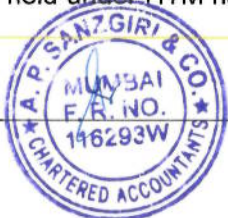
Valuation

Investments held under the AFS and HFT categories are marked to market periodically at the price as declared by Primary Dealers Association of India jointly with Financial Benchmark India Private Limited (FBIL) / Fixed Income Money Market and Derivative Association of India (FIMMDA).

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each sub-category. Net depreciation, if any, is provided for and net appreciation, if any, is ignored. Net depreciation required to be provided for in any one sub-category is not reduced on account of net appreciation in any other sub-category. Consequent to revaluation, the book value of the individual security is not changed.

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

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





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

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

In accordance with the RBI's Master Circular DBR No.BP.BC.6/21.04.141/2015-16 dated 1st July 2015, and FIMCIR/2017-18/001 dated April 03, 2017, any reversal of provision on account of depreciation in the HFT and AFS categories in excess of the required amount in any financial year is credited to the Profit & Loss Account and an equivalent amount (net of taxes if any and net of transfer to Statutory Reserve) is appropriated to an Investment Reserve Account (IRA) shown under Reserves and Surplus in Schedule 2. IRA is utilized on an event of provision creation on account of depreciation in HFT and AFS categories by debiting to the Profit and Loss Account and an equivalent amount (net of tax benefit, if any, and net of consequent reduction in the transfer to Statutory Reserve), is transferred from the IRA to the P&L Account. Such reserve is utilised during the year and adjusted in Schedule 2 – 'Reserves and Surplus'.

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

Repurchase (Repo) and Reverse Repurchase Transactions

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

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

4.2. Advances and Provision for Advances

Advances are classified as performing and non-performing based on extant prudential norms for income recognition, asset classification and provisioning issued by RBI including the COVID-19 Regulatory Package – Asset Classification and Provisioning circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020. Advances are stated net of specific loan loss provisions and interest in suspense.

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

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





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

The Bank assesses the unhedged foreign currency exposure (UFCE) of corporate customers and adequate provisions are maintained as required by RBI guidelines. These provisions are included under Schedule 5 'Other liabilities and provision'.

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

4.3. Fixed Assets and Depreciation

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

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

Depreciation on fixed assets is provided as per straight-line method from the date of addition over the estimated useful lives of the assets as estimated by the management. Depreciation on assets sold during the year is charged to the Profit and Loss Account up to the date of sale. If management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than the useful life as per Companies Act, 2013, then depreciation is provided at a higher rate based on management's estimate/revised estimate of useful life/remaining useful life.

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

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





4.4. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

4.5. Foreign Exchange Transactions

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

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

Outstanding forward exchange contracts and spot exchange contracts are revalued at year end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

The -unrealised profits or losses other than those settled and guaranteed by CCIL are reflected in the Balance Sheet under the head 'Other assets' or 'Other liabilities and provisions' respectively. From the current year the bank has recorded mark to market gains and losses for derivative transactions settled and guaranteed by CCIL on net basis under 'Other Assets' or 'Other Liabilities and Provisions' as applicable.

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

4.6. Derivative Transactions

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

Based on legal opinion obtained by Bank and as accordingly permitted under the RBI Basel III Capital Regulations, the mark to market gains and losses for outstanding derivative transactions with same maturity that are settled and guaranteed through CCIL are netted off and disclosed net in the balance sheet under 'Other Assets' or 'Other Liabilities and Provisions' as applicable.

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

Currency futures contracts are marked to market - using closing rates of the relevant futures contract as published by the National Stock Exchange (NSE). The resultant MTM is settled on the following day with the currency future clearing member and profit or loss on revaluation is recorded in the Profit and Loss account.





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

4.7. Employee Benefits

Gratuity

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

Provident Fund

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

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

Leave Salary

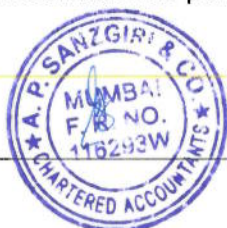
The Bank makes a provision for accrued compensated absences based on actuarial valuation as carried out by an independent actuary, using the projected unit credit method. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

4.8. Lease Accounting

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term in accordance with the Accounting Standards – 19, Leases.

4.9. Revenue Recognition

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





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

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

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

4.10. Taxation

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

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

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

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

4.11. Cash and Cash equivalents

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

4.12. Accounting for Provisions, Contingent Liabilities and Contingent Assets

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

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

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





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

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

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

4.13. Net Profit or Loss

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

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

4.14. Priority Sector Lending Certificate (PSLC)

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





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

5.1. Capital Adequacy Ratio

The Reserve Bank of India had issued guidelines on implementation of Basel III capital regulation in India. These guidelines were to be implemented in a phased manner and are fully implemented as on 31 March 2020.

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

Sr. No	Particulars	31-Mar-20	31-Mar-19
i)	Common Equity Tier 1 capital ratio (%)	29.09	28.54
ii)	Tier 1 capital ratio (%)	29.09	28.54
iii)	Tier 2 capital ratio (%)	0.90	0.64
iv)	Total Capital ratio (CRAR) (%)	29.99	29.18
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of equity capital raised	-	-
vii)	Amount of Additional Tier 1 capital raised; of which	-	-
	PNCPS:	-	-
	PDI:	-	-
viii)	Amount of Tier 2 capital raised; of which	-	-
	Debt capital instrument:	-	-
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

* In the current year, bank has netted off the mark to market gains and losses for derivative transactions settled through CCIL for computation of capital adequacy ratio and thus previous year's numbers are not comparable.

5.2. Investments

The details of investments are given below:

(Rs. In '000s)		
Particulars	31-Mar-20 Book Value	31-Mar-19 Book Value
1) Value of Investments (In India)		
Gross Value of Investments	12,094,731	11,613,124
Less: Provision for Depreciation during the year	(6,076)	-
Net Value of Investments	12,088,655	11,613,124
2) Movement of provisions held towards depreciation on Investments		
Opening balance	-	12,053
Add: Provisions made during the year	6,076	-
Less: Write off/ write back of excess provisions during the year	-	(12,053)
Closing balance	6,076	-

* There was no investment outside India as at 31 March 2020 and 31 March 2019.





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

For the year ended 31 March 2020 the Bank has transferred Rs. 40,817 ('000s) towards Investment Fluctuation Reserve as required by RBI. (Previous year – Rs. 1,650 ('000s)).

The Bank has utilised Rs. 4,557 ('000s) from Investment Reserve Account (IRA) on account of provision for depreciation on investments (net of tax and mandatory reserves). (Previous year IRA created of Rs. 9,040 for reversal of provisions for depreciation on investments).

5.4. Repo and Reverse Repo Transactions

The details of face value of securities purchased and sold under repo and reverse repo agreements during the year ended 31 March 2020 (previous year figures are shown in brackets) are as follows:

(Rs. In '000s)

Particulars	Minimum Outstanding during the year*	Maximum Outstanding during the year*	Daily average Outstanding during the year*	As at 31-Mar-20
Securities sold under Repo				
i) Government securities	196,500 (53,500)	9,173,445 (3,853,100)	4,381,319 (2,290,217)	6,553,133 (1,601,800)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under Reverse Repo				
i) Government securities	18,700 (19,800)	7,009,340 (2,195,700)	1,393,361 (666,144)	2,717,240 (-)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)

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

The above does not include Repos and Reverse Repos deals done under Liquidity Adjustment Facility (LAF) with the Reserve Bank of India and under tri-party repos concluded through CCIL





5.5. Non-SLR investment Portfolio

- a. Issuer composition of Non-SLR investments as at 31 March 2020 (previous year figures are shown in brackets):

(Rs. In '000s)

Sr. No	Issuer	Amount	Extent of private placement	Extent of below investment grade securities	Extent of unrated securities	Extent of unlisted securities
i)	Public sector undertakings (PSUs)	- (-)	- (-)	- (-)	- (-)	- (-)
ii)	Financial Institutions (FIs)	- (448,221)	- (-)	- (-)	- (-)	- -
iii)	Banks	- (235,934)	- (-)	- (-)	- (-)	- (235,934)
iv)	Private Corporate	2,499,085 (3,447,566)	400,000 (250,000)	- (-)	- (-)	- (-)
v)	Subsidiaries / Joint Ventures	- (-)	- (-)	- (-)	- (-)	- (-)
vi)	Others	- (-)	- (-)	- (-)	- (-)	- (-)
vii)	Less: Provision held towards depreciation	6,076 (-)	- (-)	- (-)	- (-)	- (-)
	Total	2,493,009 (4,131,721)	400,000 (250,000)	- (-)	- (-)	- (235,934)

- b. Non performing Non-SLR Investments as on 31 March 2020 and 31 March 2019 were Nil.

5.6. Investments under HTM Category

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





5.7. Derivatives

a. Interest Rate Swap

Details of outstanding interest rate swap agreements are as follows:

(Rs. In '000s)

Sr. No	Items	31-Mar-20	31-Mar-19
i)	Notional principal of swap agreements	4,500,000	20,500,000
ii)	Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	6,411#	28,468
iii)	Collateral required by the bank upon entering into swaps*	-	-
iv)	Concentration of credit risk arising from the swaps	Banks -100 %	Banks -100 %
v)	Fair value of the swap book	2,865	(5,644)

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

Gains and losses on derivative transactions settled and guaranteed by CCIL have been netted off for same maturity date as on 31 March 2020

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

(Rs. In '000s)

31-Mar-2020 Terms	Nature	Number of deals	Notional principal
Floating Receivable v/s Fixed Payable-MIBOR *	Trading Swaps	8	2,000,000
Floating Payable v/s Fixed Receivable-MIBOR*	Trading Swaps	10	2,500,000
Floating Receivable v/s Fixed Payable-LIBOR	Trading Swaps	-	-
Floating Payable v/s Fixed Receivable-LIBOR	Trading Swaps	-	-

(Rs. In '000s)

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

* Daily Reset

b. Forward Rate Agreements

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

c. Currency Swap

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

d. Exchange Traded Interest Rate Derivatives

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





e. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

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

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

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

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

Organisational Structure for Management of Risk in Derivatives Trading

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

The in-country Management Board (MANBO) is responsible for oversight and supervision of all derivative activities including an understanding of the nature of risks taken in order to limit the potential loss of earnings or capital.

Policies for Mitigating Risk

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

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

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

Risk Measurement and Monitoring

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

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

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

The Bank applies the Current Exposure method to assess credit risk associated with Derivatives contracts. Credit risk on a contract is computed as the sum of its marked-to-market value if positive





and its potential future exposure which is calculated based on its notional value, credit conversion factor and its residual maturity.

Credit Risk Mitigation, Provisioning and Accounting

The Bank has an independent Credit Risk team which is responsible for setting up counterparty limits for all transactions including derivatives. After a client is prospectus by the business, the client's credit profile is independently assessed by the credit team to ensure that the same is in line with the Bank's mandate. All the limits proposed are approved by respective credit committees depending upon the nature and rating of counterparty and size of the limit. While setting up these limits, the Bank follows rigorous appraisal principles and procedures similar to those for loan limits. All exposures are monitored in accordance with RBI regulations on single/ group borrower limits.

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

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

Derivative transactions which are classified as Trading Derivatives are valued at the estimated realisable market price (fair value). The resulting gains or losses are recognised in the Profit and Loss Account with the corresponding unrealised amounts reflected in Other assets or Other liabilities in the Balance Sheet. As at the year ended 31 March 2020, all derivative transactions belonged to trading book.

Quantitative Disclosure

These disclosures include exposure for open foreign currency futures and options contracts under the foreign exchange contracts category. The details for currency derivatives and interest rate swap as at the year ended 31 March 2020 and 31 March 2019 are given below:

Sr. No	Particulars	As at 31-Mar-20		
		Currency Derivatives		Interest Rate Swaps
		Foreign Exchange contracts	Cross Currency Swaps	
i)	Derivatives (Notional Principal Amount)			
a)	For Hedging	-	-	-
b)	For Trading	344,717,605	-	4,500,000
ii)	Marked to Market Positions*			
a)	Asset	601,271	-	6,411
b)	(Liability)	(548,240)	-	(3,546)
iii)	Credit Exposure	7,495,623	-	33,911





iv)	Likely impact of one percentage change in interest rate (100*PV01)			
a)	On Hedging Derivatives	-	-	-
b)	On Trading Derivatives	287	(-)	(4)
v)	Maximum and Minimum of 100*PV01 observed during the year			
a)	On Hedging	-	-	-
b)	On Trading	5,346-Max (197)-Min	(-)-Max (-)-Min	7,318-Max (954)-Min

*Amount disclosed in the table for 31 March 2020 are after netting off, of mark to market gain or loss for derivative transactions settled and guaranteed by CCIL for contracts with same maturity dates.

(Rs. In '000s)

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





5.8. Asset Quality

a. Non-Performing Advances:

(Rs. In '000s)			
Sr. No	Particulars	31-Mar-20	31-Mar-19
(i)	Net NPAs to Net Advances (%)	0.00%	5.18%
(ii)	Movement of Gross NPAs		
a)	Opening balance	280,000	-
b)	Additions during the year	2	280,000
c)	Reductions during the year (write off)	(2)	-
d)	Closing Balance	280,000	280,000
(iii)	Movement of Net NPAs		
a)	Opening balance	210,000	-
b)	Additions during the year	2	210,000
c)	Reductions during the year including write off	(210 002)	-
d)	Closing Balance	-	210,000
(iv)	Movement of provisions for NPAs		
a)	Opening balance	70,000	-
b)	Additions during the year	210,002	70,000
c)	Reductions during the year (Write off)	(2)	-
d)	Closing Balance	280,000	70,000

Movement of Gross NPA's

(Rs. In '000s)		
Particulars	31-Mar-20	31-Mar-19
Gross NPAs as on April 1	280,000	-
Additions (Fresh NPAs) during the year	2	280,000
Sub-total (A)	280,002	280,000
Less:-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts and written off a/c)*	-	-
(iii) Write-offs	(2)	-
Sub-total (B)	(2)	-
Gross NPAs as on 31 March (A-B)	280,000	280,000

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

b. Divergence in Asset Classification and Provisioning for NPAs

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

c. Particulars of Accounts Restructured:

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





d. Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction:

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

e. Details of Non-Performing Financial Assets Purchased/Sold:

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

f. Investments in Security Receipts

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

g. Provision for Standard Assets

(Rs. In '000s)

Sr. No	Particulars	31-Mar-20	31-Mar-19
i)	Provision on Standard Assets (including derivatives and stressed sector and large advances)*#	50,602	59,362
ii)	Provision towards Country Risk	960	779
iii)	Provision towards Unhedged Foreign Currency	200	-
	TOTAL	51,762	60,141

*During the year, the Bank has classified the NBFC, Auto, Manufacturing of Steel & Garments, Mining & Solar EPC sectors as a stressed sector resulting in an additional provision of Rs. 935 ('000s). (Previous Year - Rs. 2,385 ('000s)).

For the purpose of computing derivative exposure for provisions, mark to market gain or loss on derivative transactions settled and guaranteed by CCIL and maturity of the same date are netted off from this year.

h. Business Ratios

Sr. No	Particulars	31-Mar-20	31-Mar-19
i)	Interest Income as a percentage to working funds ¹	6.50%	6.02%
ii)	Non-interest income as a percentage to working funds ¹	2.09%	1.55%
iii)	Operating profits as percentage to working funds ¹	1.40%	0.45%
iv)	Return on Assets ²	0.29%	0.08%
v)	Business (deposits plus advances) per employee (in Rs. 000's) ³	171,882	238,931
vi)	Net Profit / (loss) per employee (in Rs. 000's) ⁴	1,250	365

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

² Net Profit as a percentage to average working funds

³ Business means total of net advances and deposits.

⁴ Productivity ratio is based on year end employee numbers





i. Provision Coverage Ratio (PCR)

The provision coverage ratio of the Bank as at 31 March 2020 computed as per extant RBI guidelines is 100%. (Previous year – 25%).

j. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. In '000s)

31 March 2020 Maturity Buckets	Deposits	Advances	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Day 1	35,132	-	8,630,702	6,648,257	2,656,029	21,551
2 to 7 days	24,592	238,935	1,438	1,203,074	133,866	1,213,602
8 to 14 days	10,540	1,296,792	330,200	1,855,931	109,714	110,450
15 to 30 days	977,335	958,629	125,933	1,006,650	460,426	768,736
31 days to 2 months	1,059,146	854,295	211,559	2,694,896	559,921	1,696,400
2 to 3 months	196,643	700,967	120,145	151,330	151,330	164,867
Over 3 months & up to 6 months	146,558	3,533	932,405	-	-	9,947
Over 6 months & up to 1 year	431,893	-	439,309	-	-	66,179
Over 1 year & up to 3 years	305,938	150,000	1,025,106	-	-	19,554
Over 3 years & up to 5 years	-	-	2,641	-	-	-
Over 5 years	-	-	269,217	-	-	-
TOTAL	3,187,777	4,203,151	12,088,655	13,560,138	4,071,286	4,071,286

(Rs. In '000s)

31 March 2019 Maturity Buckets	Deposits*	Advances*	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Day 1	22,967	-	6,271,370	4,539,862	162,699	67,201
2 to 7 days	5,300	15,621	125,236	1,250,000	1,633,525	2,916
8 to 14 days	11,786	2,155,232	1,073	-	-	972
15 to 30 days	454,934	551,835	45,952	1,396,585	13,928	1,410,035
31 days to 2 months	2,548,683	495,541	253,659	1,742,361	13,485	1,747,517
2 to 3 months	1,041,987	68,299	103,482	365,553	365,578	370,771
Over 3 months & up to 6 months	47,451	555,543	1,557,869	-	-	25,271
Over 6 months & up to 1 year	761,353	47	1,624,752	-	-	972
Over 1 year & up to 3 years	371,719	209,995	1,482,847	-	75,033	44,711
Over 3 years & up to 5 years	-	-	2,213	-	-	-
Over 5 years	-	-	144,671	-	1,406,118	-
TOTAL	5,266,180	4,052,113	11,613,124	9,294,361	3,670,366	3,670,366

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

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

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





k. Exposures

i. Exposure to Real Estate Sector

(Rs In 000s)

Sr. No.	Particulars	31-Mar-20	31-Mar-19
i)	Direct exposure		
	a. Residential Mortgages	-	-
	b. Commercial Real Estate	-	-
	of total Commercial real estate - exposure to residential real estate projects		
	of total Commercial Real Estate outstanding as advances		
	c. Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	-	-
	- Commercial Real Estate	-	-
ii)	Indirect exposure		
	Fund based and non- fund based exposures on National Housing Board and Housing finance companies	1,400,000	1,550,000
	TOTAL	1,400,000	1,550,000

ii. Exposure to Capital Market Sector

There was no exposure to capital market sector as at 31 March 2020 (Previous Year: Nil).

iii. Margin Trading

During the year ended 31 March 2020 the Bank has not provided any finance for margin trading. (Previous Year: Nil).

iv. Risk Category wise Country Exposure

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

(Rs. In '000s)

Risk Category	Exposure* (net) as at 31 March 2020	Provision held as at 31 March 2020	Exposure* (net) as at 31 March 2019	Provision held as at 31 March 2019
Insignificant	1,734,429	961	631,853	112
Low	1,28,203	-	1,065,970	667
Moderate	-	-	46,773	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
TOTAL	1,862,632	961	1,744,596	779

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

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

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





vi. Advances against Intangible Assets

The Bank does not have any intangible collaterals in the form of rights, licences, authority etc. for its advances which are classified as unsecured in Schedule 9 of the Balance Sheet as on 31 March 2020 (Previous Year: Nil).

I. Miscellaneous

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

The Bank has not created income tax provision due to earlier year's carry forward losses. Further, the Bank has not created deferred tax assets during the year ended 31 March 2020 in view of lack of virtual certainty of sufficient taxable profit for utilising the deferred tax asset in the coming years.(Previous Year: Nil).

ii. Disclosure of Penalties imposed by RBI

During the year ended 31 March 2020 there was no penalty imposed by RBI (Previous year (Rs.NIL)).

iii. Subordinated Debt

The Bank has not raised any subordinated debt during the year ended 31 March 2020 (Previous year: Nil).

iv. Prior Period Item

During the year, there are no material prior period items.





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

6.1. Change in accounting policy (AS 5)

From the current year, based on legal opinion obtained by Bank and as permitted under the RBI Basel III Capital Regulations, the mark to market gains and losses for outstanding derivative and forward exchange transactions with same maturity that are settled and guaranteed through CCIL have been netted off and disclosed net in the balance sheet under Schedule 5- 'Other Liabilities and Provisions' or Schedule 11- 'Other Assets' as applicable. Previous year's figures have accordingly also been restated to make them comparable with current years presentation. Had the Bank continued to disclose the gains and losses separately as per past practice, the current and previous years figures of Schedule 5- IV 'Other Liabilities and Provision' and Schedule 11- VI 'Other Assets' would have been higher by Rs. 6,564,232 ('000) (PY Rs. 3,851,201('000)). This has also resulted in decrease in standard assets provision by Rs. 26,257 (in 000) and increase in provision for county risk by Rs.142 (in 000) as well as reduction in current credit exposure at balance sheet date by Rs. 6,564,232 ('000) for arriving at the CRAR in the current year. However, figures for previous year remain unchanged since respective provisions were made on gross basis as per the accounting policy then adopted and accordingly reported in regulatory returns.

6.2. Employee Benefits

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

- a. **Provident Fund:** The Bank's contribution to the employees' provident fund (including administration charges) for the current year is Rs. 12,932 (in '000s). (Previous Year: Rs 11,441 (in '000s)).

- b. **Gratuity:**

Principal actuarial assumptions as at balance sheet date:

Particulars	31-Mar-20	31-Mar-19
Discount Rate	6.53%	7.66%
Salary Escalation Rate	3.00%	7.00%
Employee Attrition Rate	7.22%	2.5%
Expected Average Remaining service	9.43	15.09

(Rs. In '000s)

Sr. No.	Particulars	31-Mar-20	31-Mar-19
(i)	Changes in present value of obligation		
	Opening Defined Benefit Obligation	17,602	26,970
	Interest Cost	1,322	1,968
	Current Service Cost	1,578	4,179
	Transfer out liability	-	-
	Curtailments		(13,574)
	Actuarial (Gains) / Losses	679	(1,286)
	Benefits Paid	(745)	(655)
	Closing Defined Benefit Obligation	20,436	17,602





(ii)	Changes in the fair value of Plan Assets		
	Fair value of Plan Assets at beginning of period	-	-
	Expected return on Plan Assets	-	-
	Contributions	745	655
	Benefits paid	(745)	(655)
	Actuarial Gains / (Losses)	-	-
	Fair value of Plan Assets at the end of the period	-	-
(iii)	Fair value of Plan Assets		
	Fair value of Plan Assets at beginning of period	-	-
	Contributions	745	655
	Benefits paid	(745)	(655)
	Fair value of Plan Assets at the end of the period	-	-
	Funded status(Including past service cost)	(20,436)	(17,602)
	Excess of Actual over estimate return on Plan Assets	-	-
(iv)	Experience History		
	(Gain)/Loss on obligation due to change in Assumption	1,284	(2,338)
	Experience (Gain)/ Loss on obligation	(605)	1,052
	Actuarial Gain/(Loss) on plan assets	-	-
(v)	Actuarial Gain / (loss) recognized		
	Actuarial Gain / (Loss) for the period – (obligation)	(679)	1,286
	Actuarial Gain / (Loss) for the period – (Plan assets)	-	-
	Total Gain/(Loss) for the period	(679)	1,286
	Net Actuarial Gain / (Loss) recognized for the period	(679)	1286
(vi)	Amount to be recognized in Balance Sheet and Profit and Loss Account		
	PVO at end of period	20,436	17,602
	Fair value of Plan Assets as at the end of the period	-	-
	Funded Status	(20,436)	(17,602)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(liability) recognized in Balance Sheet	(20,436)	(17,602)
(vii)	Expenses Recognized in Profit and Loss Account		
	Current Service Cost	1,578	4,179
	Interest Cost	1,322	1,968
	Curtailments	-	(13,574)
	Expected return on Plan assets	-	-
	Net Actuarial (Gain) / loss recognized in the period	679	(1,286)
	Expenses Recognized in Profit and Loss Account	3,579	(8,713)
(viii)	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	17,602	26,970
	Transfer out liability	-	-
	Expenses as above	3,579	(8,713)
	Contribution paid	(745)	(655)
	Closing Net Liability	20,436	17,602





6.3. Segmental Reporting

In line with RBI guidelines, the Bank has identified "Treasury & Markets" and "Corporate/ Wholesale Banking" as the primary reporting segments.

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

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

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

(Rs. In '000s)

Business Segments	Treasury & Markets		Corporate/Wholesale Banking		Total	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Particulars						
Revenue	1,157,819	866,600	451,093	463,020	1,608,912	1,329,620
Result	340,919	127,387	(79,466)	(49,123)	261,452	78,262
Unallocated Expenses	-	-	-	-	-	-
Provisions	(6,076)	-	(201,624)	-	(207,700)	(64,009)
Operating Profit					53,752	14,253
Income Taxes					-	-
Net Profit					53,752	14,253
Other Information						
Segment Assets	16,463,670	14,215,024	4,246,610	4,086,061	20,710,280	18,301,084
Unallocated Assets	-	-	-	-	121,391	108,189
Total Assets	16,463,671	14,215,024	4,246,610	4,086,061	20,831,671	18,409,273
Segment Liabilities	17,349,564	12,759,701	3,250,512	5,359,244	20,600,076	18,119,945
Unallocated Liabilities	-	-	-	-	231,595	290,328
Total Liabilities	17,349,565	12,759,701	3,250,512	5,359,244	20,831,671	18,409,273

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

Geographical segments

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

6.4. Related Party Disclosure

Related party disclosures given as under:

Relationships during the year

a. Parent

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





b. Branch Offices

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

c. Fellow Subsidiaries

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

d. Key management personnel

Chief Executive Officer of the Bank: Mr. Rohit Wahi

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

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

RMB Advisors Private Limited (under liquidation)

FirstRand Research and Advisory Services Private Limited (under liquidation)

FirstRand Services Private Limited

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

(Rs. in '000s)		
Relationship and Nature of Transactions	31-Mar-20	31-Mar-19
Entities under Common Control		
RMB Advisors Private Limited		
Deposits held by the branch	4,297	5,240
Interest paid	-	-
FirstRand Research and Advisory Services Limited		
Deposits held by the branch	2,134	2,903
Interest paid	-	-
FirstRand Services Private Limited		
Overdraft exposure	-	-
Fee Paid for Disaster Recovery Site	101	101
Interest Received	-	-
Deposits held by the branch	153	153
Interest paid	-	-





6.5. Leases

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

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

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Not later than one year	44,241	39,321
Later than one year and not later than five years	13,330	49,152
Later than five years	-	-
TOTAL	57,571	88,473
Total minimum lease payments recognized in the Profit and Loss Account	42,515	57,877

6.6. Software Capitalised under Fixed Assets

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
At Cost as at March 31 of preceding year	50,047	59,297
Additions during the year	285	-
Deductions during the year	-	(9,250)
Depreciation till date	(50,057)	(49,646)
Net Block	275	401
Capital Work in progress	2,187	-

6.7. Impairment of Assets

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

7. ADDITIONAL DISCLOSURES

7.1. Provisions and Contingencies comprises of

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Provision for Standard Assets	(8,760)	5,824
Provision for Country Risk	182	425
Provision for Non-performing Asset	210,000	70,000
Provision for Un-hedged Foreign Currency exposure	200	-
Bad debts written off (net of recovery)	2	(187)
Provision for Depreciation on Investment	6,076	(12,053)
Other Provisions	-	-
Total	207,700	64,009





7.2. Floating Provisions

Bank has not created floating provisions during the year ended 31 March 2020 (Previous Year: Nil).

7.3. Draw Down from Reserves

The Bank has utilised Rs. 4,557 ('000s) from Investment Reserve Account (IRA) on account of provision for depreciation on investment (net of tax and mandatory reserves). (Previous Year: Nil).

7.4. Disclosure of Complaints

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

Particulars	31-Mar-20	31-Mar-19
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(d) No. of complaints pending at the end of the year	-	-

7.5. Awards passed by the Banking Ombudsman

During the year no awards were passed by the Banking Ombudsman and there are no unimplemented awards outstanding as on 31 March 2020 (Previous Year: Nil).

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

Bank has not issued any Letters of Comfort during the year ended 31 March 2020 (Previous Year: Nil).

7.7. Bancassurance Business

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Income from selling life insurance policies	-	-

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

a. Concentration of Deposits

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Total Deposits of twenty largest depositors	3,183,149	5,262,518
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank*	99.9%	99.9%

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





b. Concentration of Advances**

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Total Advances to twenty largest borrowers	6,891,934	6,420,000
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank*	99.66%	96.8%

*The above advance excludes interbank advances

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

c. Concentration of Exposures**

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Total Exposure of twenty largest borrowers/customers	8,630,435	8,427,993
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers*	91.67%	78.0%

*The above exposure excludes interbank exposures

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

d. Concentration of Non-Performing Assets (NPAs)

(Rs. In '000s)

Particulars	31-Mar-20	31-Mar-19
Total Exposure to top four NPA accounts*	280,000	280,000

* One non-performing loan as at 31 March 2020 and 31 March 2019

e. Sector-wise Advances

(Rs. In '000s)

Sectors	31-Mar-20			31-Mar-19		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
PRIORITY SECTOR						
-Agriculture and allied activities	-	-	-	-	-	-
-Advances to industries sector eligible as priority sector lending	1,705,221	-	-	545,775	-	-
-Services	100,000	-	-	552,073	-	-
-Personal loans	-	-	-	-	-	-
Sub-total (A)	1,805,221	-	-	1,097,848	-	-
Non-Priority Sector						
-Agriculture and allied activities	1,368,694	-	-	1,084,222	-	-
-Industry	1,309,236	280,000	21.39%	1,940,041	280,000	14.43%
-Services	-	-	-	-	-	-
-Personal loans	-	-	-	-	-	-
Sub-total (B)	2,677,930	280,000	10.46%	3,024,263	280,000	9.26%
Total	4,483,151	280,000	6.25%	4,122,111	280,000	6.79%





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

(Rs. In '000s)

Particulars	31-Mar-2020		31-Mar-19	
	Purchased	Sold	Purchased	Sold
PSLC- Agriculture	-	-	-	-
PSLC- SF/MF	-	-	-	-
PSLC- Micro Enterprises	250,000	-	112,500	-
PSLC- General	-	-	-	-

7.9. Overseas Assets, NPAs and Revenue

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

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

The Bank does not have any off-balance sheet sponsored Special Purpose Vehicles as at 31 March 2020 (Previous Year: Nil).

7.11. Indian Accounting Standards (Ind-AS)

In January 2016, the Ministry of Corporate Affairs has issued roadmap for implementation of Indian Accounting Standards (Ind-AS) (a revised set of accounting standards) which largely converges the Indian accounting standards (IGAAP) with International Financial Reporting Standards (IFRS) for scheduled commercial banks, insurance companies and non-banking financial companies. The Reserve Bank of India, through its press release dated March 22, 2019 has deferred the implementation of Indian Accounting Standards (Ind-AS) till further notice for scheduled commercial banks. In preparedness towards achieving the same, the Bank had prepared proforma financial statements as per extant regulatory guidelines for every quarter, starting from June 30, 2017 and for subsequent quarters up to March 31, 2020 and have submitted these to RBI. The Bank will continue its preparation towards migration to adopting Ind-AS as per regulatory requirement.

7.12. Unamortised Pension and Gratuity Liabilities

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

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

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





7.14. Remuneration Policy

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

7.15. Disclosure relating to Securitisation

The Bank has not entered into any securitization transactions during the year ended 31 March 2020 (Previous Year: Nil)

7.16. Credit Default Swaps

The Bank has not transacted in credit default swaps during the year ended 31 March 2020 (Previous Year: Nil)

7.17. Intra-Group Exposures

(Rs. In '000s)		
Particulars	31-Mar-20	31-Mar-19
Total amount of Intra-group exposures	-	20,000
Total amount of top-20 Intra-group exposures	-	20,000
Percentage of Intra-group exposures to total exposure of the bank on borrowers / customers (%)	-	0.19
Breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

During the year ended 31 March 2019, the intra-group exposures were within the limits specified by RBI

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

The Bank does not have eligible unclaimed deposits to be transferred to DEAF during the year ended 31 March 2020 (Previous Year: Nil)

(Rs. In '000s)		
Particulars	31-Mar-20	31-Mar-19
Opening balance of amounts transferred to DEAF	-	-
Add : Amounts transferred to DEAF during the year	-	-
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

7.19. Unhedged Foreign Currency Exposure (UFCE)

The Bank has provided for unhedged foreign currency exposure as per RBI master circular DBOD.No.BP.BC.1/21.04.048/2014-15 dated 01 July 2014 on prudential norms on income recognition, asset classification and provisioning pertaining to advances. While providing for unhedged foreign currency exposure, the Bank has considered both financial hedges and natural hedges. Provision towards unhedged foreign currency exposure as on 31 March 2020 is Rs. 200





('000) NIL (Previous Year – Nil) and the capital held by the Bank towards this risk is Rs. 1,359 ('000) (Previous Year Nil).

7.20. Other Expenses

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

(Rs. In'000s)		
Particulars	31-Mar-20	31-Mar-19
Professional Fees	21,747	17,312
CCIL Charges	20,791	18,231
GST / Service tax write-off	14,870	16,799
Brokerage Expenses	11,093	13,498

7.21. Provision for Long-Term contracts

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

7.22. Liquidity Coverage Ratio (LCR)

The Bank has been computing and submitting its LCR to RBI on monthly basis as per RBI guidelines. The daily average liquidity coverage ratio (LCR) maintained for the quarter ended 31 March 2020 was **137.10%**.

The following table sets forth unweighted and weighted value of the LCR of the Bank for quarters ended 30 June 2019, 30 September 2019 and 31 December 2019.

(Rs In '000s)							
Sr No	Particulars	30-Jun-19		30-Sep-19		31-Dec-19	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
1	High Quality Liquid Assets Total High Quality Liquid Assets (HQLA)	4,720,463	4,592,288	4,646,277	4,573,432	5,734,252	5,672,547
2	Cash Outflows Retail deposits and deposits from small business customers, of which :						
	(i) Stable deposits	-	-	-	-	-	-
	(ii) Less stable deposits	-	-	-	-	-	-
3	Unsecured wholesale funding, of which:						
	(i) Operational deposits (all counterparties)	-	-	-	-	-	-
	(ii) Non-operational deposits (all counterparties)	4,419,594	1,767,837	1,730,114	692,046	3,719,539	1,487,816





	(iii) Unsecured debt	3,752,077	3,752,077	4,302,854	4,302,854	3,736,753	3,736,753
4	Secured wholesale funding	3,225,212	-	1,679,234	-	1,025,971	-
5	Additional requirements, of which					-	-
	(i) Outflows related to derivative exposures and other collateral requirements	21,363	21,363	28,287	28,287	43,820	43,820
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	146,890	49,799	99,567	31,220	203,983	61,146
6	Other contractual funding obligations	63,469	63,469	54,290	54,290	39,794	39,794
	Other contingent funding obligations	6,176,600	230,948	6,228,957	236,338	5,268,036	214,835
8	Total Cash Outflows	17,805,205	5,885,493	14,123,303	5,345,036	14,037,896	5,584,164
	Cash Inflows						
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-
0	Inflows from fully performing exposures	3,090,625	2,245,159	2,861,064	1,700,024	2,036,172	1,211,613
11	Other cash inflows	-	-	-	-	-	-
12	Total Cash Inflows	3,090,625	2,245,159	2,861,064	1,700,024	2,036,172	1,211,613
21	Total HQLA	4,720,463	4,592,288	4,646,277	4,573,432	5,734,252	5,672,547
22	Total Net Cash Outflows	14,714,580	3,640,334	11,262,239	3,645,011	12,001,724	4,372,551
23	Liquidity Coverage Ratio (%)	32.08%	126.15%	41.26%	125.47%	47.78%	129.73%

*

The table below shows daily simple average for the quarter ended 31 March 2020 and corresponding period for the quarter ended 31 March 2019.

(Rs In '000s)

Sr No	Particulars	31-Mar-20		31-Mar-19	
		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)	4,487,448	4,442,873	3,300,917	3,237,352
	Cash Outflows				
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	-	-	-	-
	(ii) Less stable deposits	-	-	-	-
3	Unsecured wholesale funding, of which:				
	(i) Operational deposits (all counterparties)	-	-	-	-
	(ii) Non-operational deposits (all counterparties)	3,244,406	1,297,763	3,524,548	1,409,819
	(iii) Unsecured debt	3,063,896	3,063,896	2,742,833	2,742,833
4	Secured wholesale funding	3,561,722	-	2,673,646	-
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	23,184	23,184	44,990	44,990
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	334,084	114,408	102,778	15,944





6	Other contractual funding obligations	57,594	57,594	72,757	72,757
7	Other contingent funding obligations	3,317,131	156,691	6,667,685	254,981
8	Total Cash Outflows	13,602,017	4,713,536	15,829,237	4,541,324
	Cash Inflows				
9	Secured lending (e.g. reverse repos)	-	-	-	-
10	Inflows from fully performing exposures	2,268,346	1,469,700	3,740,185	2,454,939
11	Other cash inflows	6,612	3,306	11,111	5,556
12	Total Cash Inflows	2,274,958	1,473,006	3,751,296	2,460,495
21	Total HQLA	4,487,448	4,442,873	3,300,917	3,237,352
22	Total Net Cash Outflows	11,327,059	3,240,530	12,077,941	2,080,829
23	Liquidity Coverage Ratio (%)	39.62%	137.10%	27.33%	155.58%

* Mark to Market gains and losses for derivative transactions settled through CCIL has been netted off for same maturity date as on 31 March 2020. Thus, the PY numbers are not comparable.

Qualitative disclosures around LCR

- (a) **Drivers of LCR results and Composition of HQLA:** The Bank has a high percentage of excess SLR securities in the form of central government bonds which are considered as Level 1 high quality liquid assets (HQLA). The tenors of external borrowings/deposits are decided based on the assets funded by such borrowings and such that the outflow on account of repayments is not concentrated on a day/month at any point of time. Secured borrowing under Repo/CBLO is done after ensuring sufficient HQLA is maintained for LCR. Liquidity is proactively managed using this ratio based on forecasted cash flows in the 30 days period and suitable funding plans.
- (b) **Intra-period changes:** Deposit u/s 11(2)(b) in Banking Regulation Act, 1949 kept with RBI has been reduced from HQLA in the quarter ending 31 March 2020. We have considered 14.5% of NDTL under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as permitted by RBI to be reckoned as level 1 HQLA in the quarter ending 31 March 2020 as against 13.5% of NDTL in the previous three quarters.
- (c) **Concentration of Funding Sources:** The Bank relies on interbank funding for its trading book. However, it has ensured that the interbank funding is split between call/short notice and term depending on the liquidity status. For its advances book, the Bank relies on Corporate Term deposits, and is taking steps to diversify its deposit base.
- (d) **Derivative exposures and potential collateral calls:** The customer derivative trades are economically hedged back to back in the interbank market. Other trading positions operate under various notional position and stop loss limits thereby minimising the chances of having high derivative exposures or collateral calls. There are margins placed with CCIL for foreign currency and government securities settlements based on which CCIL has set an exposure limit on the Bank. The Bank has been operating within this limit. Mark to Market gains and losses for





derivative transactions settled and guaranteed through CCIL has been netted off for same maturity dates as on 31 March 2020.

- (e) **Currency mismatches:** Other than INR, the Bank has major exposure in US dollars as there are export loans booked in dollars. These loans are funded through US dollar borrowing from the head office for matching tenors.
- (f) **Degree of centralisation of liquidity management and interaction between the group's units:** The Balance Sheet Management desk (BSM) looks after funding and liquidity of the Bank. BSM is responsible to transfer price all liabilities and assets and manage the interest rate and liquidity risk in banking book. BSM also looks after capital utilisation. The cash capital available is invested in government bonds, as per head office framework. This helps LCR to a large extent. Once the assets and liabilities are transfer priced to BSM, there are no liquidity mismatches left in any other business unit.
- (g) **Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile:** All the inflows and outflows considered necessary from the balance sheet are captured in computation of LCR including all inflows and outflows having material impact under the liquidity stress scenario.

7.23. Corporate Social Responsibility (CSR)

The CSR provision under Section 135 of the Companies Act, 2013 does not apply to the Bank as the Bank has not qualified under any of the following criteria in the three preceding financial year:

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

7.24. Factoring Business

The Bank did not have any factoring exposure for the year ended 31 March 2020. (Previous year: Nil).

7.25. Details of provisioning pertaining to Fraud Accounts:

The following table sets forth for the year ended 31 March 2020, the details of provisioning pertaining to fraud accounts.

Particulars	31-Mar-2020	31-Mar-19
Numbers of fraud reported	-	-
Amounts involved in fraud	-	-
Provisions made	-	-





7.26. Disclosure of Resolution plans for Stressed Assets:

There are no accounts in stressed assets category in the year ended 31 March 2020. (Previous Year: Nil).

7.27. Disclosure on restructuring

a) Disclosures on Flexible Structuring of Existing Loans

There are no accounts where the Bank has implemented flexible restructuring scheme in the year ended 31 March 2020. (Previous Year: Nil).

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

There are no accounts where the Bank has implemented strategic debt restructuring scheme and which are currently under the stand-still period in the year ended 31 March 2020. (Previous Year: Nil).

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

There are no accounts where the Bank has decided to affect the change of ownership outside SDR scheme and which are currently under the stand-still period in the year ended 31 March 2020. (Previous Year: Nil).

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

There are no accounts where the Bank has decided to affect the change of ownership of projects under Implementation and which are currently under the stand-still period in the year ended 31 March 2020. (Previous Year: Nil).

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

There are no accounts where the Bank has implemented the scheme for sustainable structuring of stressed assets (S4A) in the year ended 31 March 2020. (Previous Year: Nil).

f) Disclosures on MSME restructured accounts

There were no accounts under MSME sector which were restructured during the year 31 March 2020.

7.28. COVID 19 Impact Assessment

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On 11th March, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has cast its shadow across various economic activities with dislocation in global production, supply chains, trade, financial markets and on human life, the extent of which is currently indeterminate. To address this adverse situation, Government of India along with RBI has been preparing strategies and action plans not only for business continuity and sectoral revival but also to improve Ease of Doing Business in the country. The Indian government implemented a lockdown throughout the country that started on March 25th, 2020 which got extended for more nearly 3 months, to reduce the transmission of the virus. The extent to which COVID-19 pandemic will impact the Bank's operations and financial results remains uncertain and





dependent on the spread of COVID 19, steps taken by Government and RBI to mitigate the economic impact, steps taken by the Bank and the time it takes to resume operations at normal levels. The Bank has closely followed the directives issued by the government and the Reserve Bank of India and has taken necessary steps to comply with such directives.

Further, in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020 and clarification issued by RBI through Indian Bankers Association dated 6th May, 2020, the Bank is granting a moratorium on the payment of instalments and / or interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020. In accordance with RBI guidelines, none of the Bank's borrowers requested for the moratorium facility, thus there is no requirement for additional provisioning to be made for the year ended 31 March 2020.

7.29. Sexual Harassment

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

7.30. Disclosure of Contingent Liabilities

i. Claims against the Bank not acknowledged as debts

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

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

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

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

As a part of our Corporate Banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank





will make payments in the event of the customer failing to fulfil its financial or performance obligations.

iv. Other items for which the Bank is contingently liable

Value dated purchase of securities, Capital commitments, amount to be deposited with RBI under Depositor Education Awareness Fund and Undrawn Committed Lines of Credit.

7.31. Other Items

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

7.32. Miscellaneous Income

Miscellaneous income mainly includes transfer pricing income from Head Office.

7.33. Prior Period Comparatives

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

As per our attached report of even date

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

Ankush Goyal
Partner
M.No. 146017



Place: Mumbai
Date: 29 June 2020

For FirstRand Bank Limited- India Branch

Rohit Wahi
Chief Executive Officer



Kamini Shah
Chief Financial Officer

Manthan Desai
Head Finance