

INDEPENDENT AUDITORS' REPORT

**To the FRIN India Management Board (the "Management"),
FirstRand Bank Limited - India Branch**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of FirstRand Bank Limited - India Branch (the "Bank"), which comprise the Balance Sheet as at 31 March 2021, the Profit and Loss Account, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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, Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") as applicable to banks and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2021, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 18.2 to the financial statements which describes that the Bank has decided to wind up its operations and accordingly, the financial statements have been prepared on the basis that the going concern assumption is no longer applicable.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The Bank's Annual Report consists of financial statements, Our auditors' report thereon and Risk review and disclosures under Basel III Framework (Basel III disclosures). As there are no 'Other Information' included in the Bank's Annual Report, reporting under Standard on Auditing



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(SA) 720 (Revised) – The Auditors’ Responsibilities relating to Other Information, is not applicable.

Management’s Responsibility for Financial Statements

The Bank’s Management is responsible for the matters stated in Section 134(5) of the Act 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 provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and directions issued by the Reserve Bank of India 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.

In preparing the financial statements, the 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 the Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the Bank’s financial reporting process.

Auditors’ Responsibility for the Audit of the Financial Statements

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 Auditors’ 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.

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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 the management.



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- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Other Matter

The audit of the financial statements of the Bank for the year ended 31 March 2020 was carried out by the predecessor auditor of the Bank. The report of the predecessor auditor on the comparative financial information dated 29 June 2020 expressed an unmodified opinion.

Our opinion is not modified in respect of this the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949, based on our audit, 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 purposes of our audit and found them to be satisfactory.
 - b. In our opinion, 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.



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- d. In our opinion, proper books of account are required by law have been kept by the Bank so far as it appears from our examination of those books.
- e. 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.
- f. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.
- g. The requirement of Section 164 (2) of the Companies Act, 2013 is not applicable to the Bank considering it is a branch of FirstRand Bank Limited, South Africa which is incorporated with limited liability in South Africa
- h. 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.
- i. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the entity being a Banking Company, section 197 of the act related to the managerial remuneration is not applicable by virtue of section 35B (2A) of the Banking Regulation Act, 1949.

- j. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its 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.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For Deloitte Haskins & Sells

Chartered Accountants
(Firm's Registration No. 117365W)



A handwritten signature in black ink, appearing to read "G.K. Subramaniam".

G.K Subramaniam
Partner
Membership No. 109839
UDIN: 21109839AAAJI9533

Place: Mumbai
Date: 29 June 2021

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of FirstRand Bank Limited - India Branch (the "Bank") as of 31 March 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ("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 respective 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 Act, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



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Meaning of Internal Financial Controls Over Financial Reporting

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 authorisations of management of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us 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, 2021, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.117365W)



A handwritten signature in black ink, appearing to read "G.K. Subramaniam".

G.K. Subramaniam
Partner
Membership No. 109839
UDIN: 21109839AAAJI9533

Place: Mumbai
Date: 29 June 2021



FIRSTSTRAND BANK



FirstRand Bank Limited-India Branch

(Incorporated in South Africa with Limited Liability)

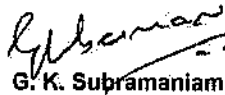
Balance Sheet as on		31-Mar-21	31-Mar-20
Indian Rupees in 000's			
Description	Schedule	Amount	Amount
CAPITAL AND LIABILITIES			
Capital	1	6,617,140	6,617,140
Reserves & Surplus	2	(3,370,260)	(3,391,839)
Deposits	3	1,483,738	3,187,777
Borrowings	4	2,279,951	13,560,138
Other Liabilities and Provisions	5	714,279	858,455
Total		7,724,848	20,831,671
ASSETS			
Cash & Balances with Reserve Bank of India	6	210,652	238,750
Balances with Banks & Money at Call & Short Notice	7	1,788,335	3,172,261
Investments	8	4,769,175	12,088,655
Loans & Advances	9	284,330	4,203,151
Fixed Assets	10	22,424	10,036
Other Assets	11	649,932	1,118,818
Total		7,724,848	20,831,671
Contingent Liabilities	12	204,323,692	354,256,279
Bills for collection		2,348,852	7,458,511

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

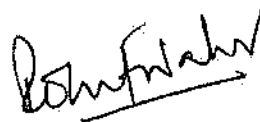
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No. - 117365W


G. K. Supramaniam

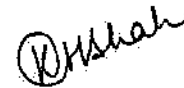
Partner
M.no 109839

Place: Mumbai
Date: 29th June 2021

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)

Profit and Loss account for the year ended		31-Mar-21	31-Mar-20
Description	Schedule	Amount	Amount
I. INCOME			
Interest earned	13	727,109	1,218,102
Other income	14	360,098	390,810
Total		1,087,207	1,608,912
II. EXPENDITURE			
Interest expended	15	301,728	785,469
Operating expenses	16	721,094	561,991
Provisions and contingencies	17	42,806	207,700
Total		1,065,628	1,555,160
III. PROFIT/LOSS			
Net Profit/(Loss) for the year		21,579	53,752
Balance in Profit and Loss brought forward		(3,517,258)	(3,521,312)
Total		(3,495,679)	(3,467,560)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		5,395	13,438
Transfer to Investment Reserve Account		4,557	(4,557)
Transfer to Investment Fluctuation Reserves		11,627	40,817
Balance carried over to Balance Sheet		(3,517,258)	(3,517,258)
Total		(3,495,679)	(3,467,560)

Significant Accounting Policies and Notes
to the Financial Statements.

18

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


For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No. - 117365W

G. K. Subramaniam
Partner
M.no 109839

Place: Mumbai
Date: 29th June 2021

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)

Cash Flow Statement for the year ended 31st March 2021

Indian Rupees in 000's

Particulars	31-Mar-21	31-Mar-20
Cash flow from Operating Activities		
Net profit before taxation and extraordinary items	21,579	53,752
Adjustments for:		
Depreciation on fixed assets	8,104	3,878
(Profits)/loss on sale of fixed assets	(43)	-
Provision for leave encashment	11,446	568
Provision for gratuity	6,851	3,580
Provision for country risk	177	181
Provision for standard assets	(32,320)	(8,760)
Provision towards unhedged foreign currency exposure	(196)	200
Written off advances	-	2
Provision for non-performing asset	-	210,000
Other provisions- Loss on investments	(6,076)	6,076
Provision on other assets	81,221	-
Operating profit before changes in working capital	90,743	269,477
Adjustment for:		
(Increase)/ Decrease in Investments	7,325,557	(481,607)
(Increase)/ Decrease in Advances	3,918,822	(151,041)
(Increase)/ Decrease in Other Assets	466,169	(468,858)
Increase/ (Decrease) in Deposits	(1,704,039)	(2,078,403)
Increase/ (Decrease) in Other liabilities and Provisions	(211,357)	(24,498)
Cash generated from operations	9,885,895	(2,934,930)
Less: Direct taxes paid (net of refund received)	2,717	-
Net Cash flow from Operating Activities (A)	9,888,612	(2,934,930)
Cash flow from Investing Activities		
Purchase of Fixed Assets (net of CWIP capitalized)	(20,493)	(4,337)
Proceeds from sale of Fixed Assets	43	-
Purchased of capital work in process	-	(2,188)
Net Cash flow from Investing Activities (B)	(20,450)	(6,525)

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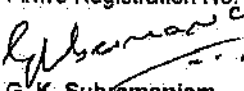




Cash flow from Financing Activities		
Receipt of Capital	-	-
Increase / (Decrease) in Borrowings (Net)	(11,280,186)	4,265,777
Net Cash flow from Financing Activities (C)	(11,280,186)	4,265,777
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(1,412,024)	1,324,322
Cash and Cash equivalents at the beginning of the period	3,411,011	2,086,689
Cash and Cash equivalents at the end of the period	1,998,987	3,411,011

Note: Cash and Cash equivalents represents

Particulars	31-Mar-21	31-Mar-20
a) Cash and balance with Reserve Bank of India	210,652	238,750
b) Balance with Banks and money at call and short notice (Excluding deposits with original maturity of more than 3 months)	1,788,335	3,172,261
Total	1,998,987	3,411,011

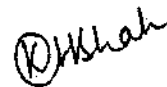
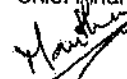
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No. - 147365W

G. K. Subramaniam
Partner
M.no 109839

Place: Mumbai
Date: 29th June 2021

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-21	31-Mar-20
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.	100,000	74,000

Schedule 2 - Reserves & Surplus	Amount	Amount
I. Statutory Reserves		
Opening balance	78,469	65,031
Additions during the year	5,395	13,438
Deductions during the year	-	-
	83,864	78,469
II. Capital Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
	-	-
III. Investment Fluctuation Reserve (IFR)		
Opening balance	42,467	1,650
Additions during the year	11,627	40,817
Deductions during the year	-	-
	54,094	42,467
IV. Investment Reserve Account (IRA)		
Opening balance	4,483	9,040
Additions during the year	4,557	-
Deductions during the year	-	(4,557)
	9,040	4,483
V. Balance in Profit & Loss account	(3,517,258)	(3,517,258)
TOTAL (I+II+III+IV+V)	(3,370,260)	(3,391,839)

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Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-21	31-Mar-20
Schedule 3 - Deposits	Amount	Amount
I (i) Demand deposits		
- From Banks	-	-
- From others	671,961	351,319
(ii) Savings bank deposits	-	-
(iii) Term deposits		
- From Banks	-	-
- From others	811,777	2,836,458
- Certificate of deposits	-	-
TOTAL (i+ii+iii)	1,483,738	3,187,777
II. (i) Deposits of branches in India	1,483,738	3,187,777
(ii) Deposits of branches outside India	-	-
TOTAL (I+II)	1,483,738	3,187,777

Schedule 4 - Borrowings	31-Mar-21 Amount	31-Mar-20 Amount
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Bank	400,000	4,664,630
(iii) Other institution and agencies	1,879,951	6,648,257
Items (i) and (ii) above are secured borrowings		
II. Borrowings outside India(from Head Office)	-	2,247,251
TOTAL (I+II)	2,279,951	13,560,138

Schedule 5 - Other Liabilities And Provisions	Amount	Amount
I. Bills payable	-	-
II. Inter office adjustments (net)	-	-
III. Interest accrued	5,029	23,312
IV. Others (including provisions)		
- Provision for Standard Assets	18,281	50,602
- Provision for Unhedged Foreign Currency	4	200
- Provision for Country Risk	1,137	961
- Others*	689,828	783,380
TOTAL (I + II + III+ IV)	714,279	858,455

*Others includes unclaimed retail deposits of Rs 6,545 ('000). Previous year Rs 11,999 ('000).





Schedules to Financial Statements as at	31-Mar-21	31-Mar-20
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Indian Rupees in '000's

Schedule 6 - Cash and Balances With Reserve Bank Of India	Amount	Amount
I. Cash in hand (including foreign currency notes)	19	23
II. Balances with Reserve Bank of India		
(i) in Current Accounts	210,633	238,727
(ii) in Other Accounts	-	-
TOTAL (I+II)	210,652	238,750

Schedule 7 - Balances With Banks & Money At Call & Short Notice	31-Mar-21 Amount	31-Mar-20 Amount
I. In India		
(i) Balance with banks		
(a) in Current accounts	1,084	5,891
(b) in Other deposit accounts	-	-
(ii) Money at call and short notice		
(a) with banks	-	54,000
(b) with other Institutions	-	-
(c) with Reserve Bank of India	-	3,010,000
TOTAL I (i+ii)	1,084	3,069,891
II. Outside India		
(i) in Current accounts	1,164,004	74,435
(ii) in Other deposit accounts	-	-
(iii) Money at call and short notice	623,247	27,935
TOTAL II (i+ii+iii)	1,787,251	102,370
GRAND TOTAL (I+II)	1,788,335	3,172,261

Schedule 8 - Investments	Amount	Amount
I. Investments in India in		
(i) Government Securities*	4,769,175	9,595,646
(ii) Other approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	-	2,499,085
(v) Subsidiaries and/or joint ventures	-	-
(vi) Others (includes Certificate of Deposit and Commercial Paper)	-	-
Gross Investments in India	4,769,175	12,094,731
Less: Provisions on Investments	-	(6,076)
Net Investments in India	4,769,175	12,088,655
II. Investments Outside India	-	-
TOTAL (I + II)	4,769,175	12,088,655

* Government Securities includes the following at Face Value (Amount in '000): a) Securities held under Sec 11 (2)(b) with RBI as deposit of Face Value Rs 100,000 ('000) (Previous Year Rs 74,000 ('000) b) Securities kept with Clearing Corporation of India Limited under the Securities segment and Default fund towards Securities, Forex and Derivative clearing facility of Face Value Rs. 560,000('000) (Previous year Rs. 555,000 ('000s). c) Under the Market Repo (CROMS) of Face Value of Rs. 1,794,300 ('000s) (Previous Year Rs 4,248,200 ('000):

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Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-21	31-Mar-20
Schedule 9 – Advances	Amount	Amount
I (i) Bills purchased and discounted	-	447,930
(ii) Cash credits, overdrafts and loans repayable on demand	219,330	1,705,221
(iii) Term loans	65,000	2,050,000
TOTAL (i+ii+iii)	284,330	4,203,151
II (i) Secured by tangible assets (includes advances secured against book debts)	65,000	1,179,236
(ii) Covered by bank/Government guarantees	-	-
(iii) Unsecured	219,330	3,023,915
TOTAL (i+ii+iii)	284,330	4,203,151
III A. Advances in India		
(i) Priority sectors	284,330	1,805,221
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	-	2,397,930
TOTAL (i+ii+iii+iv)	284,330	4,203,151
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)	284,330	4,203,151





Indian Rupees in 000's

Schedules to Financial Statements as at	31-Mar-21	31-Mar-20
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	157,236	152,899
Additions during the year	22,442	4,337
Gross Block Value	179,678	157,236
Deductions during the year	(246)	-
Depreciation to date	(157,246)	(149,388)
Net book value of other fixed assets (including furniture & fixtures and intangibles)	22,186	7,848
III Capital work-in-progress	238	2,188
TOTAL (I + II)	22,424	10,036

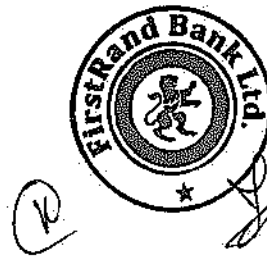
Schedule 11 - Other Assets	Amount	Amount
I. Inter-office adjustments(net)	-	-
II. Interest accrued	88,117	201,446
III. Tax paid in advance /tax deducted at source	661	2,997
IV. Stationary and stamps	-	-
V. Deferred tax	-	-
VI. Others	561,154	914,375
TOTAL (I +II + III+ IV + V +VI)	649,932	1,118,818





Schedules to Financial Statements as at		31-Mar-21	31-Mar-20
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		1,000,000	4,500,000
III. Liability on account of outstanding forward exchange contracts and foreign currency swap contract		202,936,130	344,717,605
IV. Guarantees given on behalf of constituents			
(a) In India		114,474	314,438
(b) Outside India		-	-
V. Acceptances, endorsements and other obligations		3,088	109,394
VI. Other items for which the banks is contingently liable / capital commitments			
- Capital commitments not provided		-	11,288
- Others*		270,000	4,603,554
TOTAL (I +II + III+ IV + V +VI)		204,323,692	354,256,279

* Includes Rs. 270,000 (in'000) undrawn Limits (P.Y. Rs. 340,000 (in'000))





Schedules to Financial Statements as at	31-Mar-21	31-Mar-20
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Indian Rupees in 000's

Schedule 13 - Interest Earned	Amount	Amount
I. Interest/discount on advances/bills	80,415	314,171
II. Income on investments	612,778	816,922
III. Interest on balances with Reserve Bank of India and other interbank funds	4,814	82,517
IV. Others	29,102	4,492
TOTAL (I +II + III+ IV)	727,109	1,218,102

Schedule 14 - Other Income	Amount	Amount
I. Commission, exchange and brokerage (net)	22,595	77,521
II. Profit/(Loss) on investments (net)	58,461	40,817
III. Profit/(Loss) on sale of land, buildings and other assets (net)	43	-
IV. Profit /(Loss) on exchange transactions/Derivatives (net)	67,040	31,926
V. Miscellaneous income*	211,959	240,546
TOTAL (I +II + III+ IV + V)	360,098	390,810

* includes transfer pricing income from Head Office of Rs. 210,795 (in'000) (P.Y. Rs. 239,841 (in'000))





Schedules to Financial Statements as at	31-Mar-21	31-Mar-20
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Indian Rupees in 000's

Schedule 15 - Interest Expenses	Amount	Amount
I. Interest on deposits	76,242	305,275
II. Interest on Reserve Bank of India / inter- bank borrowings.	30,475	265,611
III. Others	195,011	214,583
TOTAL (I +II + III)	301,728	785,469

Schedule 16 - Operating Expenses	Amount	Amount
I. Payment to and provisions for employees	538,980	365,644
II. Rent, taxes and lighting	43,202	42,617
III. Printing and stationery	325	898
IV. Advertisement and publicity	925	1,206
V. Depreciation on bank's property	8,104	3,878
VI. Directors' fees, allowances and expenses	-	-
VII. Auditors' fees and expenses	2,500	1,135
VIII. Law charges	1,925	1,722
IX. Postage, telegrams, telephone etc.	305	368
X. Repairs and maintenance	33,761	36,496
XI. Insurance	8,649	9,825
XII. Other expenditure	82,418	98,202
TOTAL	721,094	561,991





Schedules to Financial Statements as at		31-Mar-21	31-Mar-20
Indian Rupees in 000's			
Schedule 17 - Provisions and Contingencies		Amount	Amount
I. Provision towards Standard Assets		(32,320)	(8,760)
II. Provision towards Country Risk		177	182
III. Provision towards Non Performing Asset (net of write back)		-	210,000
IV. Provision towards Unhedged Foreign Currency		(196)	200
V. Bad Debts written off		-	2
VI. Provision for taxation			
- Current income tax expense		-	-
- Deferred tax		-	-
VII. Provision towards other assets		81,221	-
VIII. Provision for depreciation of investments		(6,076)	6,076
TOTAL		42,806	207,700





FIRSTRAND BANK

Notes to Accounts

March 2021



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 2021

1. BACKGROUND

The accompanying financial statements for the year ended 31 March 2021 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.

In April 2021, FirstRand Group has revisited the strategy of its India operations and decided to initiate the closure of FirstRand Bank Limited – India Branch. The decision was communicated to the Reserve Bank of India vide email dated April 14, 2021

In view of the aforesaid developments, the Bank's Management has decided that preparation of the financial statements would be on other than going concern basis. Accordingly, all assets are stated at the lower of cost or the realisable values and all liabilities are stated at estimated settlement amounts.

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

3. USE OF ESTIMATES

The financial statements preparation 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. The Bank's Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable and closely approximate actual results and are made on the basis that the going concern assumption is not valid.





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 Other Assets
- 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 is 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 offset on account of net appreciation

(V)



(S)



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 (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 in the event provision is to be created on account of depreciation in HFT and AFS categories by debiting 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 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

(12)



1



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'.

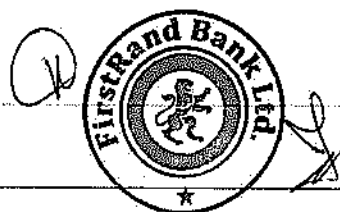
4.3. Fixed Assets and Depreciation

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 net-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' as applicable. From the previous 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. Post the strategic review of the Indian operations in April 2021, few of the employees of the Bank are expected to be exited over the next 12 months. Additionally, the Bank has identified certain employees who would continue with the Bank till its closure and thereafter transferred to its Representative Office subject to necessary regulatory approvals. Consequently, these staff will be considered as having continuation of service under the Payment of Gratuity Act, 1972 and hence the Gratuity balance will be transferred to the Representative Office. Therefore, for these 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.

For employees other than the employees to be retained for the Representative Office, the Gratuity provision is made on actual basis considering the limit prescribed as per the Payment of Gratuity Act, 1972.

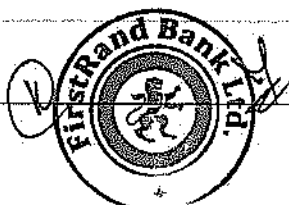
Severance Pay

Severance pay payable to employees having definite exit dates has been estimated and necessary approvals are taken from the head office. This has been charged to the Profit and Loss Account under the head Salaries.

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.

As part of winding up process of the Bank, the Bank has decided that encashment of leave will be permissible upto leave balance of maximum 45 days, as per its leave policy currently in force.





Other Employee Benefits

On account of winding up, an agreed percentage of the unvested conditional stock options amount, as per terms of the scheme, will be charged to the Profit and Loss Account under the head Salaries. These will be paid out in cash to the eligible employees who are being terminated.

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 has not considered any probable obligations for past periods.

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.

For the current year, the amount of rent charged in the profit and loss account is same as the actual rent cost.

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

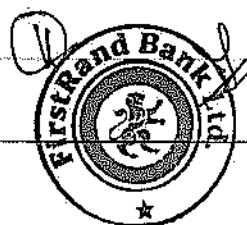
4.12. Accounting for Provisions, Contingent Liabilities and Contingent Assets

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.

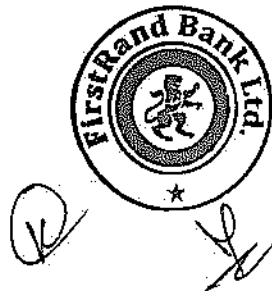
4.13. Net Profit or Loss

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 2021.

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

Sr. No	Particulars	31-Mar-21	31-Mar-20
i)	Common Equity Tier 1 capital ratio (%)	44.61	29.09
ii)	Tier 1 capital ratio (%)	44.61	29.09
iii)	Tier 2 capital ratio (%)	1.42	0.90
iv)	Total Capital ratio (CRAR) (%)	46.03	29.99
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of equity capital raised	-	-
vii)	Amount of Additional Tier 1 capital raised; of which	-	-
	PNCPS:	-	-
	PDI:	-	-
viii)	Amount of Tier 2 capital raised; of which	-	-
	Debt capital instrument:	-	-
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-

5.2. Investments

The details of investments are given below:

Particulars	(Rs. in '000s)	
	31-Mar-21 Book Value	31-Mar-20 Book Value
1) Value of Investments (In India)		
Gross Value of Investments	4,769,175	12,094,731
Less: Provision for Depreciation during the year	-	(6,076)
Net Value of Investments	4,769,175	12,088,655
2) Movement of provisions held towards depreciation on Investments		
Opening balance	6,076	-
Add: Provisions made during the year	-	6,076
Less: Write off/ write back of excess provisions during the year	(6,076)	-
Closing balance	-	6,076

* There was no investment outside India as at 31 March 2021 and 31 March 2020.





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

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'.

On account of inadequate profits for the period ended 31 March 2021, the Bank has created IFR amounting to Rs. 11,627 ('000) (Previous year – Rs. 40,817 ('000s). during the current year being the entire available profit after mandatory appropriations and the total outstanding balance in the IFR amounts to Rs. 54,094 ('000) which is 1.13% of the HFT and AFS Portfolio.

The Bank has created Rs. 4,557 ('000) towards Investment Reserve Account (IRA) on account of reversal of provision for depreciation on investments (net of tax and mandatory reserves). (Previous year IRA utilised of Rs. 4,557 ('000) on account 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 2021 (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-21
Securities sold under Repo				
i) Government securities	1,794,300 (196,500)	7,750,000 (9,173,445)	6,124,091 (4,381,319)	1,794,300 (6,553,133)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under Reverse Repo				
i) Government securities	20,000 (18,700)	2,962,620 (7,009,340)	884,406 (1,393,361)	- (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 2021 (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)	- (-)	- (-)	- (-)	- (-)	- (-)
iii)	Banks	- (-)	- (-)	- (-)	- (-)	- (-)
iv)	Private Corporate	- (2,499,085)	- (400,000)	- (-)	- (-)	- (-)
v)	Subsidiaries / Joint Ventures	- (-)	- (-)	- (-)	- (-)	- (-)
vi)	Others	- (-)	- (-)	- (-)	- (-)	- (-)
vii)	Less: Provision held towards depreciation	- (6,076)	- (-)	- (-)	- (-)	- (-)
	Total	- (2,493,009)	- (400,000)	- (-)	- (-)	- (-)

b. Non performing Non-SLR Investments as on 31 March 2021 and 31 March 2020 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.



(1) [Signature]



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-21	31-Mar-20
i)	Notional principal of swap agreements	1,000,000	4,500,000
ii)	Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	6,411#
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	(25)	2,865

* 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 2021 and 31 March 2020

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

(Rs. In '000s)

31-Mar-2021 Terms	Nature	Number of deals	Notional principal
Floating Receivable v/s Fixed Payable-MIBOR *	Trading Swaps	2	500,000
Floating Payable v/s Fixed Receivable-MIBOR*	Trading Swaps	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-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	-	-

* 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

Global Markets front office deals in derivative transactions and the Bank has independent teams for monitoring and managing market risk, credit risk and operational risk. Global Markets 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 Global Markets 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 Global Markets 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

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

Credit Risk Mitigation, Provisioning and Accounting

The Bank has an independent Credit Risk team which is responsible for setting up counterparty limits for all transactions including derivatives. After a client is prospected by the business, the client's credit profile is independently assessed by the credit team to ensure that the same is in line with the Bank's mandate. All the limits proposed are approved by respective Head Office based 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 2021, all derivative transactions belonged to trading book.

Quantitative Disclosure

The details for currency derivatives and interest rate swap as at the year ended 31 March 2021 and 31 March 2020 are given below:

(Rs. In '000s)

Sr. No	Particulars	As at 31-Mar-21		
		Currency Derivatives		Interest Rate Swaps
		Foreign Exchange contracts	Cross Currency Swaps	
i)	Derivatives (Notional Principal Amount)			
	a) For Hedging	-	-	-
	b) For Trading	202,936,130	-	1,000,000
ii)	Marked to Market Positions*			
	a) Asset	219,647	-	0
	b) (Liability)	(195,804)	-	(25)
iii)	Credit Exposure	4,278,369	-	5,000

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iv)	Likely impact of one percentage change in interest rate (100*PV01)			
	a) On Hedging Derivatives	-	-	-
	b) On Trading Derivatives	291	(-)	0.08
v)	Maximum and Minimum of 100*PV01 observed during the year			
	a) On Hedging	424-Max	(-)-Max	15-Max
	b) On Trading	(187)-Min	(-)-Min	(13)-Min

*Amount disclosed in the table for 31 March 2021 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-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	(-)-Max	7,318-Max
		(197)-Min	(-)-Min	(954)-Min

*Amount disclosed in the table 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.





5.8. Asset Quality

a. Non-Performing Advances

		(Rs. In '000s)	
Sr. No	Particulars	31-Mar-21	31-Mar-20
(i)	Net NPAs to Net Advances (%)	0,00%	0,00%
(ii)	Movement of Gross NPAs		
	a) Opening balance	280,000	280,000
	b) Additions during the year	-	2
	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
	c) Reductions during the year including write off	-	(210,002)
	d) Closing Balance	-	-
(iv)	Movement of provisions for NPAs		
	a) Opening balance	280,000	70,000
	b) Additions during the year	-	210,002
	c) Reductions during the year (Write off)	-	(2)
	d) Closing Balance	280,000	280,000

Movement of Gross NPA's

		(Rs. In '000s)	
Particulars	31-Mar-21	31-Mar-20	
Gross NPAs as on April 1	280,000	280,000	
Additions (Fresh NPAs) during the year	-	2	
Sub-total (A)	280,000	280,002	
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	

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-21	31-Mar-20
i)	Provision on Standard Assets (including derivatives, stressed sector and large advances)*#	18,281	50,602
ii)	Provision towards Country Risk	1,137	960
iii)	Provision towards Unhedged Foreign Currency	4	200
	TOTAL	19,422	51,762

*During the year no sector, with outstanding exposure, has been classified as stressed sector & hence no provisions are made. (Previous Year - Rs. 935 ('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-21	31-Mar-20
i)	Interest Income as a percentage to working funds ¹	5.27%	6.50%
ii)	Non-interest income as a percentage to working funds ¹	2.61%	2.09%
iii)	Operating profits as percentage to working funds ¹	0.47%	1.40%
iv)	Return on Assets ²	0.16%	0.29%
v)	Business (deposits plus advances) per employee (in Rs. 000's) ³	49,113	171,882
vi)	Net Profit / (loss) per employee (in Rs. 000's) ⁴	599	1,250

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.





Provision Coverage Ratio (PCR)

The provision coverage ratio of the Bank as at 31 March 2021 computed as per extant RBI guidelines is 100%. (Previous year – 100%).

a. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. In '000s)

31 March 2021 Maturity Buckets	Deposits	Advances	Investments	Borrowings*	Foreign Currency Assets**	Foreign Currency Liabilities**
Day 1	67,196	-	4,542,375	-	1,164,004	45,312
2 to 7 days	355,637	-	145,431	2,279,951	623,263	24,556
8 to 14 days	20,159	-	536	-	-	10,513
15 to 30 days	285,698	284,330	14,661	-	219,330	24,531
31 days to 2 months	151,121	-	13,892	-	-	3,504
2 to 3 months	178,760	-	10,267	-	-	31,540
Over 3 months & up to 6 months	41,999	-	13,799	-	-	21,027
Over 6 months & up to 1 year	295,661	-	19,961	-	-	154,197
Over 1 year & up to 3 years	87,507	-	2,654	-	-	45,558
Over 3 years & up to 5 years	-	-	-	-	-	-
Over 5 years	-	-	5,598	-	79,324	1,725,183
TOTAL	1,483,738	284,330	4,769,175	2,279,951	2,085,921	2,085,921

The above mentioned maturity pattern analysis is prepared on the basis of behavioural study, the same approach as used in previous years for maturity analysis.

(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

*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.

(1)

(2)





b. Exposures
i. Exposure to Real Estate Sector

(Rs. In '000s)

Sr. No.	Particulars	31-Mar-21	31-Mar-20
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.	250,000	1,400,000
	TOTAL	250,000	1,400,000

ii. Exposure to Capital Market Sector

There was no exposure to capital market sector as at 31 March 2021 (Previous Year: Nil).

iii. Margin Trading

During the year ended 31 March 2021 the Bank has not provided any finance for margin trading. (Previous Year: Nil).

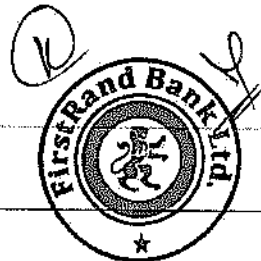
iv. Risk Category wise Country Exposure

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

(Rs. In '000s)

Risk Category	Exposure* (net) as at 31 March 2021	Provision held as at 31 March 2021	Exposure* (net) as at 31 March 2020	Provision held as at 31 March 2020
Insignificant	1,108,395	691	1,734,429	961
Low	714,021	446	1,28,203	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
TOTAL	1,822,416	1,137	1,862,632	961

*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 financial 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 secured in Schedule 9 of the Balance Sheet as on 31 March 2021 (Previous Year: Nil).

c. **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 2021 in view of lack of virtual certainty of sufficient taxable profit for utilising the deferred tax asset in the coming years. (Previous Year: Nil).

The Bank has an outstanding balance of GST input credit of Rs.76,881 ('000) as of 31 March 2021. Given the winding up process, the Bank is unlikely to be able to utilise this outstanding GST input credit and hence a full provision has been created for the said amount.

Disclosure of Penalties imposed by RBI

During the year ended 31 March 2021 there was no penalty imposed by RBI (Previous year (Rs.Nil)).

ii. **Subordinated Debt**

The Bank has not raised any subordinated debt during the year ended 31 March 2021 (Previous year: Nil).

iii. **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. 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. 14,401 (in '000s). (Previous Year: Rs 12,932 (in '000s)).

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b. Gratuity:

Principal actuarial assumptions as at balance sheet date:

Particulars	31-Mar-21	31-Mar-20
Discount Rate	6.33%	6.53%
Salary Escalation Rate	3.00%	3.00%
Employee Attrition Rate	7.22%	7.22%
Expected Average Remaining service	9.76	9.43

(Rs. in '000s)

Sr. No.	Particulars	31-Mar-21	31-Mar-20
(i)	Changes in present value of obligation		
	Opening Defined Benefit Obligation	20,436	17,602
	Interest Cost	1,268	1,322
	Current Service Cost	1,999	1,578
	Transfer out liability	-	-
	Curtailments	-	-
	Actuarial (Gains) / Losses	2,777	679
	Benefits Paid	(1,852)	(745)
	Closing Defined Benefit Obligation	24,628	20,436
(ii)	Changes in the fair value of Plan Assets		
	Fair value of Plan Assets at beginning of period	-	-
	Expected return on Plan Assets	-	-
	Contributions	1,852	745
	Benefits paid	(1,852)	(745)
	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	1,852	745
	Benefits paid	(1,852)	(745)
	Fair value of Plan Assets at the end of the period	-	-
	Funded status(Including past service cost)	(24,628)	(20,436)
	Excess of Actual over estimate return on Plan Assets	-	-
(iv)	Experience History		
	(Gain)/Loss on obligation due to change in Assumption	102	1,284
	Experience (Gain)/ Loss on obligation	2,675	(605)
	Actuarial Gain/(Loss) on plan assets	-	-
(v)	Actuarial Gain / (loss) recognized		
	Actuarial Gain / (Loss) for the period – (obligation)	(2,777)	(679)
	Actuarial Gain / (Loss) for the period – (Plan assets)	-	-
	Total Gain/(Loss) for the period	(2,777)	(679)
	Net Actuarial Gain / (Loss) recognized for the period	(2,777)	(679)
(vi)	Amount to be recognized in Balance Sheet and Profit and Loss Account		
	PVO at end of period	24,628	20,436
	Fair value of Plan Assets as at the end of the period	-	-

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	Funded Status	(24,628)	(20,436)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(liability) recognized in Balance Sheet	(24,628)	(20,436)
(vii)	Expenses Recognized in Profit and Loss Account		
	Current Service Cost	1,999	1,578
	Interest Cost	1,268	1,322
	Curtailments	-	-
	Expected return on Plan assets	-	-
	Net Actuarial (Gain) / loss recognized in the period	2,777	679
	Expenses Recognized in Profit and Loss Account	6,044	3,579
(viii)	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	20,436	17,602
	Transfer out liability	-	-
	Expenses as above	6,044	3,579
	Contribution paid	(1,852)	(745)
	Closing Net Liability	24,628	20,436

As part of the change in strategy and the decision to surrender the banking licence and apply for a Representative Office licence, certain identified employees would be paid Retention Bonus subject to their continuance with the Bank for a period beyond July 31, 2021. This amount would be subject to claw back. No provision has been made as at March 31, 2021, as no retention Bonus has accrued or is paid as on date.

6.2. Segmental Reporting

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

Global 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, corporate advisory and Institutional Banking and Balance sheet management.

Corporate Banking primarily comprises of lending to corporate customers, trade finance and raising of customer/corporate deposits. 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	Global Markets		Corporate Banking		Total	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Particulars						
Revenue	893,140	1,157,819	194,067	451,093	1,087,207	1,608,912
Result	264,092	340,918	(199,707)	(79,466)	64,385	261,452
Unallocated Expenses	-	-	-	-	-	-
Provisions	(36,709)	(6,076)	(6,097)	(201,624)	(42,806)	(207,700)
Operating Profit	227,383	334,842	(205,804)	(281,090)	21,579	53,752
Income Taxes	-	-	-	-	-	-
Net Profit	227,383	334,842	(205,804)	(281,090)	21,579	53,752
Other Information						
Segment Assets	7,241,741	16,463,670	306,339	4,246,610	7,548,080	20,710,280
Unallocated Assets	-	-	-	-	176,768	121,391
Total Assets	7,241,741	16,463,670	306,339	4,246,610	7,724,848	20,831,671
Segment Liabilities	5,761,320	17,349,564	1,550,752	3,250,512	7,312,072	20,600,076
Unallocated Liabilities	-	-	-	-	412,776	231,595
Total Liabilities	5,761,320	17,349,564	1,550,752	3,250,512	7,724,848	20,831,671

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

Geographical segments

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

6.3. 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.

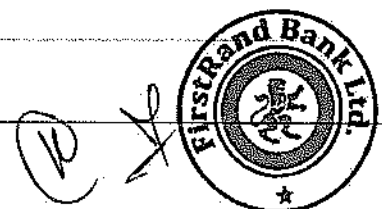
b. Branch Offices

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

The transactions of the Bank with the Head office and Branch offices are considered as transactions with itself and not disclosed separately in the table below.

c. Fellow Subsidiaries

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





d. Key management personnel

Chief Executive Officer of the Bank: Mr. Rohit Wahi

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

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

RMB Advisors Private Limited (under liquidation)
FirstRand Research and Advisory Services Private Limited (under liquidation)
FirstRand Services Private Limited

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

Relationship and Nature of Transactions	(Rs. In '000s)	
	31-Mar-21	31-Mar-20
Entities under Common Control		
RMB Advisors Private Limited		
Deposits held by the branch	4,297	4,297
Interest paid	-	-
FirstRand Research and Advisory Services Limited		
Deposits held by the branch	2,134	2,134
Interest paid	-	-
FirstRand Services Private Limited		
Overdraft exposure	-	-
Fee Paid for Disaster Recovery Site	100	101
Interest Received	-	-
Deposits held by the branch	-	153
Interest paid	-	-

6.4. Leases

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

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

Particulars	(Rs. In '000s)	
	31-Mar-21	31-Mar-20
Not later than one year	9,830	44,241
Later than one year and not later than five years	-	13,330
Later than five years	-	-
TOTAL	9,830	57,571
Total minimum lease payments recognized in the Profit and Loss Account	43,101	42,515





6.5. Software Capitalised under Fixed Assets

(Rs. In '000s)

Particulars	31-Mar-21	31-Mar-20
At Cost as at March 31 of preceding year	50,332	50,047
Additions during the year	18,795	285
Deductions during the year	-	-
Depreciation till date	(54,072)	(50,057)
Net Block	15,055	275
Capital Work in progress	238	2,187

6.6. Impairment of Assets

As at 31 March 2021, 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". The carrying amount of the software and other fixed assets as at 31 March, 2021 is not impaired as these assets are expected to be used in operations till the wind up is substantially completed.

7. ADDITIONAL DISCLOSURES

7.1. Provisions and Contingencies comprises of

(Rs. In '000s)

Particulars	31-Mar-21	31-Mar-20
Provision for Standard Assets	(32,320)	(8,760)
Provision for Country Risk	177	182
Provision for Non-performing Asset	-	210,000
Provision for Un-hedged Foreign Currency exposure	(196)	200
Bad debts written off (net of recovery)	-	2
Provision for Depreciation on Investment	(6,076)	6,076
Other Provisions	81,221	-
Total	42,806	207,700

7.2. Floating Provisions

Bank has not created floating provisions during the year ended 31 March 2021 (Previous Year: Nil).

7.3. Draw Down from Reserves

The Bank has not utilised any reserves during the year. (Previous Year: Rs 4,557 ('000) utilised from Investment Reserve account).





7.4. Disclosure of Complaints

Particulars	31-Mar-21	31-Mar-20
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	1	-
(c) No. of complaints redressed during the year	1	-
(d) No. of complaints pending at the end of the year	-	-

Internal Complaints

During the current year, the Bank (including its Head Office) received a complaint from an employee alleging certain breach of compliances in the Lending Operations. Basis the internal/ external investigation carried out by the Bank on the aforesaid complaint there is no impact on the financial statements.

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 2021 (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 2021 (Previous Year: Nil).

7.7. Bancassurance Business

(Rs. In '000s)

Particulars	31-Mar-21	31-Mar-20
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-21	31-Mar-20
Total Deposits of twenty largest depositors	1,483,738	3,183,149
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank*	100%	99.9%

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

b. Concentration of Advances**

(Rs. In '000s)

Particulars	31-Mar-21	31-Mar-20
Total Advances to twenty largest borrowers.	6,227,302	6,891,934
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank*	99.97%	99.66%

10

10





*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-21	31-Mar-20
Total Exposure of twenty largest borrowers/customers	6,227,302	8,630,435
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers*	99.97%	91.67%

*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-21	31-Mar-20
Total Exposure to top four NPA accounts*	280,000	280,000

* One non-performing loan as at 31 March 2021 and 31 March 2020

e. Sector-wise Advances

(Rs. In '000s)

Sectors	31-Mar-21			31-Mar-20		
	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	219,330	-	-	1,705,221	-	-
-Services	65,000	-	-	66,950	-	-
-Personal loans	-	-	-	-	-	-
Sub-total (A)	284,330	-	-	1,772,171	-	-
Non-Priority Sector						
-Agriculture and allied activities	-	-	-	-	-	-
-Industry	-	-	-	1,368,694	-	-
-Services	280,000	280,000	100%	1,342,286	280,000	20.86%
-Personal loans	-	-	-	-	-	-
Sub-total (B)	280,000	280,000	100%	2,710,980	280,000	10.33%
Total	564,330	280,000	49.62%	4,483,151	280,000	6.25%





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

(Rs. In '000s)

Particulars	31-Mar-21		31-Mar-20	
	Purchased	Sold	Purchased	Sold
PSLC- Agriculture	-	-	-	-
PSLC- SF/MF	-	-	-	-
PSLC- Micro Enterprises	565,000	45,000	250,000	-
PSLC- General	1,085,000	-	-	-

7.9. Overseas Assets, NPAs and Revenue

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

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

The Bank does not have any off-balance sheet sponsored Special Purpose Vehicles as at 31 March 2021 (Previous Year: Nil).

7.11. Indian Accounting Standards (Ind-AS)

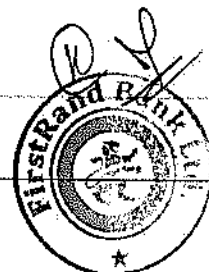
In January 2016, the Ministry of Corporate Affairs has issued roadmap for implementation of Indian Accounting Standards (Ind-AS) (a revised set of accounting standards) which largely converges the Indian accounting standards (IGAAP) with International Financial Reporting Standards (IFRS) for scheduled 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, 2021 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 2021 (Previous Year: Nil)

7.16. Credit Default Swaps

The Bank has not transacted in credit default swaps during the year ended 31 March 2021 (Previous Year: Nil)

7.17. Intra-Group Exposures

Particulars	(Rs. in '000s)	
	31-Mar-21	31-Mar-20
Total amount of Intra-group exposures	-	-
Total amount of top-20 Intra-group exposures	-	-
Percentage of Intra-group exposures to total exposure of the bank on borrowers / customers (%)	-	-
Breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

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 2021 (Previous Year: Nil)

Particulars	(Rs. in '000s)	
	31-Mar-21	31-Mar-20
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 reversal towards unhedged foreign currency exposure as on 31 March 2021 is Rs. 196 ('000) (Previous Year provision created - Rs 200 ('000) and the capital held by the Bank towards this risk is Rs. Nil (Previous Year Rs 1,359 ('000)).





7.20. Other Expenses

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

Particulars	(Rs. In '000s)	
	31-Mar-21	31-Mar-20
Professional Fees	17,366	21,747
GST / Service tax write-off	14,608	14,870
Brokerage Expenses	13,582	11,093
CCIL Charges	11,690	20,791

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 2021 was **927.45%**.

The following table sets forth unweighted and weighted value of the LCR of the Bank for quarters ended 30 June 2020, 30 September 2020 and 31 December 2020.

Sr No	Particulars	(Rs In '000s)					
		30-Jun-20		30-Sep-20		31-Dec-20	
		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)	4,365,441	4,327,600	2,819,166	2,818,498	3,894,849	3,894,849
	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)	1,607,294	642,918	708,871	283,548	734,228	293,691





	(iii) Unsecured debt	2,809,688	2,809,688	1,709,161	1,709,161	1,520,778	1,520,778
4	Secured wholesale funding	5,316,820	-	6,584,321	-	7,127,911	-
5	Additional requirements, of which						
	(i) Outflows related to derivative exposures and other collateral requirements	51,551	51,551	49,068	49,068	25,620	25,620
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-
6	(iii) Credit and liquidity facilities	329,780	113,582	299,402	113,158	267,239	101,724
	Other contractual funding obligations	39,375	39,375	56,730	56,730	53,684	53,684
	Other contingent funding obligations	5,186,616	253,641	5,393,232	267,770	5,734,377	284,234
7	Total Cash Outflows	15,341,124	3,910,755	14,800,785	2,479,435	15,463,837	2,279,731
	Cash Inflows						
8	Secured lending (e.g. reverse repos)	-	-	-	-	-	-
9	Inflows from fully performing exposures	1,873,075	1,218,794	1,345,597	891,048	1,082,056	777,427
10	Other cash inflows	-	-	-	-	-	-
11	Total Cash Inflows	1,873,075	1,218,794	1,345,597	891,048	1,082,056	777,427
12	Total Net Cash Outflows	13,468,049	2,691,961	13,455,188	1,588,387	14,381,781	1,502,304
13	Total HQLA	4,365,441	4,327,600	2,819,166	2,818,498	3,894,849	3,894,849
14	25% of Total Cash Outflows	3,835,281	977,689	3,700,196	619,859	3,865,959	569,933
	Total Net Cash Outflows (12 or 14 whichever is higher)	13,468,049	2,691,961	13,455,188	1,588,387	14,381,781	1,502,304
15	Liquidity Coverage Ratio (%)	32.41%	160.76%	20.95%	177.44%	27.08%	259.26%

* The table below shows daily simple average for the quarter ended 31 March 2021 and corresponding period for the quarter ended 31 March 2020.

(Rs in '000s)

Sr No	Particulars	31-Mar-21		31-Mar-20	
		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)	3,276,098	3,276,098	4,487,448	4,442,873
	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)	295,728	118,291	3,244,406	1,297,763





	(iii) Unsecured debt	791,992	791,992	3,063,896	3,063,896
4	Secured wholesale funding	3,613,039	-	3,581,722	-
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	62,018	62,018	23,184	23,184
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	270,099	102,010	334,084	114,408
6	Other contractual funding obligations	43,335	43,335	57,594	57,594
7	Other contingent funding obligations	5,967,667	295,310	3,317,131	156,691
8	Total Cash Outflows	11,043,878	1,412,956	13,602,017	4,713,536
	Cash Inflows				
9	Secured lending (e.g. reverse repos)	-	-	-	-
10	Inflows from fully performing exposures	1,308,875	1,152,174	2,268,346	1,469,700
11	Other cash inflows	-	-	6,612	3,306
12	Total Cash Inflows	1,308,875	1,152,174	2,274,958	1,473,006
13	Total Net Cash Outflows	9,735,003	260,782	11,327,059	3,240,530
14	Total HQLA	3,276,098	3,276,098	4,487,448	4,442,873
15	25% of Total Cash Outflows	2,760,970	353,239	3,400,504	1,178,384
	Total Net Cash Outflows (13 or 15 whichever is higher)	9,735,003	353,239	11,327,059	3,240,530
16	Liquidity Coverage Ratio (%)	33.65%	927.45%	39.62%	137.10%

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 tenor of external borrowings/deposits is decided based on the assets funded by such borrowings/deposits 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) **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.
- (c) **Derivative exposures and potential collateral calls:** 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. Accordingly, the liquidity needs expected to arise out of potential collateral calls on Bank's derivative exposure, has not been considered in LCR computation, based on immateriality. Mark to Market gains and losses for derivative transactions with same maturity, settled and guaranteed through CCIL have been netted off.

- (d) **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.
- (e) **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.
- (f) **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)

As per Section 135 of the Companies Act, 2013, the bank has constituted a CSR committee. The CSR committee has formulated the CSR policy duly approved by the Management. The CSR policy sets the framework for guiding the bank's CSR activities.

The average net profit of the bank for the last three financial years calculated as specified by the Companies Act 2013 was Rs. 54,921 ('000) (PY Rs Nil). The below table indicates the amount spent on CSR activities

Particulars (INR'000)	31-Mar-2021		31-Mar-20	
	In cash	Yet to be paid	In cash	Yet to be paid
Amount spent during the year				
1. Construction/acquisition of any assets	-	-	-	-
2. For the purpose other than 1. above	1,098	-	-	-

7.24. Factoring Business

The Bank did not have any factoring exposure for the year ended 31 March 2021. (Previous year: Nil).





7.25. Details of provisioning pertaining to Fraud Accounts:

The following table sets forth for the year ended 31 March 2021, the details of provisioning pertaining to fraud accounts.

Particulars	31-Mar-2021	31-Mar-20
Numbers of fraud reported	1	-
Amounts involved in fraud	280,000	-
Provisions made	280,000	-

7.26. Disclosure of Resolution plans for Stressed Assets:

There are no accounts in stressed assets category in the year ended 31 March 2021. (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 2021. (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 2021. (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 2021. (Previous Year: Nil).

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

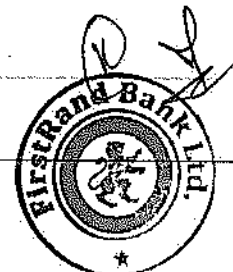
There are no accounts where the Bank has decided to affect the change of ownership of projects under Implementation and which are currently under the stand-still period in the year ended 31 March 2021. (Previous Year: Nil).

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 2021. (Previous Year: Nil).

f) Disclosures on MSME restructured accounts

There were no accounts under MSME sector which were restructured during the year 31 March 2021.





7.28. COVID 19 Impact Assessment

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant volatility in the global and Indian financial markets and slowdown in the economic activities.

All the investments and loans of the Bank continue to be carried as at the balance sheet date basis valuation norms as prescribed by RBI and do not require any adjustment on account of the pandemic. The Bank has limited credit exposures other than Investments and Loans. The Bank will continue to closely monitor any material changes to the future economic conditions.

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 and as per Instructions in the RBI circular dated 7 April 2021:

None of the Bank's borrowers had requested for the moratorium facility under the aforesaid Circulars and further there was no interest on interest charged by the Bank, accordingly no ex gratia is payable / reimbursement has been made by the Bank during the year ended 31 March 2021.

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.

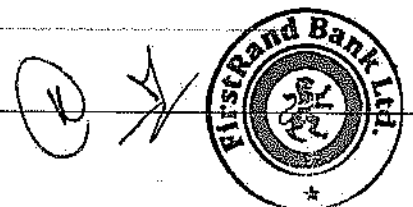
7.30. Disclosure of Contingent Liabilities

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.

V. A case has been filed where the Bank has been named as one of the defendants for not checking the genuineness and credibility of an LC before advising the LC to the nominated bank/beneficiary. LC value: USD 261,750 /- (INR – 191 lacs). The Bank has evaluated any potential liability in this case to be remote and hence no provision has been made in the Profit and loss account.

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 Deloitte Haskins & Sells
Chartered Accountants
Firm's Reg. No: 117365W

G. K. Subramaniam
Partner
M.No. 109839

For FirstRand Bank Limited- India Branch

Rohit Wahi
Chief Executive Officer

Kamini Shah
Chief Financial Officer



Manthan Desai
Head Finance

Place: Mumbai
Date: 29th June 2021