FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK (BASEL III GUIDELINES) FOR THE YEAR ENDED 31 MARCH 2018

TABLE DF-1: SCOPE OF APPLICATION AND CAPITAL ADEQUACY

FirstRand Bank Limited, India (FRIN or the Bank) is a branch of FirstRand Bank Limited (FRB or the Head Office or HO), a banking entity incorporated under the laws of South Africa, and part of the FirstRand Group of companies (FirstRand or the Group). The Basel III Pillar 3 disclosures contained herein relate to the Bank for the year ended 31 March 2018. The disclosures have been compiled in accordance with Reserve Bank of India's (RBI) Master Circular – Basel III Capital Regulations reference RBI/2013-14/70 DBOD.No.BP.BC.4/21.06.201/2015-16 dated 01 July 2015, and the amendments issued thereto from time to time.

As the Bank is a branch of FRB, it operates in line with the Group principles and policies on risk management, which are also aligned to the local regulations, wherever required. The Bank does not have any subsidiaries, nor does it hold any stake in any companies, and accordingly, is not required to prepare consolidated financial statements. Furthermore, it does not have any interest in insurance entities in India.

(i) Qualitative Disclosures:

a. List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
NA	NA	NA	NA	NA	NA	NA

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity
NA	NA	NA	NA	NA	NA

(ii) Quantitative Disclosures:

c. List of group entities considered for consolidation

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
NA	NA	NA	NA

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation, i.e., that are deducted:

Name of the subsidiaries / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
NA	NA	NA	NA	NA

e. The aggregate amounts of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities / country of incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
NA	NA	NA	NA	NA

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:

NA

FIRSTRAND BANK LIMITED – INDIA BRANCH

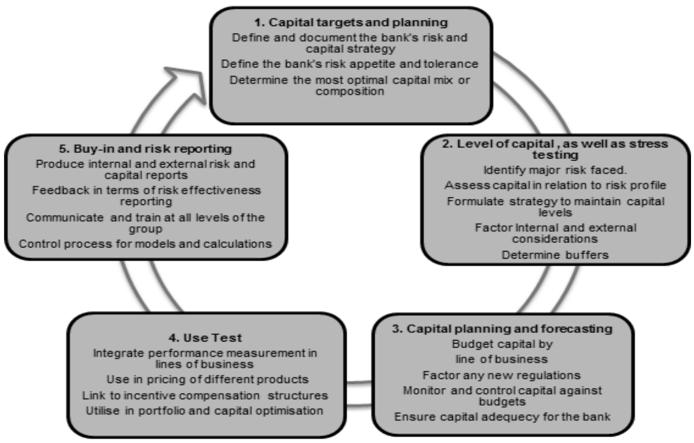
(Incorporated in South Africa with Limited Liability)

TABLE DF-2: CAPITAL ADEQUACY

2.1. Internal Capital Assessment - The Approach

The objective of this assessment is to ensure that FRIN is adequately capitalised given the risk profile and strategy of the Bank, and that FRIN operates well above the regulatory minimum of ~US$ 25.0 million (initial capital) and the minimum capital adequacy ratio as set by RBI in accordance with the Basel III Capital Regulations. In addition to the regulatory minimum, FRIN holds a buffer to ensure that the balance sheet is resilient against abnormal losses, and to provide comfort to depositors, debt- holders and counterparties.

In fulfilling the overarching objective, this report demonstrates the strong linkage between capital and risk management. A fundamental and essential element of the operations of the business is the management of risk within the Bank's risk appetite, while implementing the expansion strategy and maintaining the capital requirements. The chart below explains this approach in a step-wise manner:



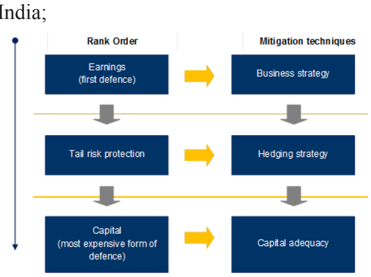
I. Capital targets and planning

(a) *Strategy: Detailed below are the key elements of FRIN's strategy:*

- Become the African banker of choice in India for trade finance and international banking business in the Indo-Africa corridor;
- Build a strong corporate and investment banking platform for corporates operating in the Indo-Africa corridor;
- Provide corporate and investment banking offerings for corporates operating within India;

From a capital perspective:

- Earnings are seen as the primary source of loss absorption under adverse conditions
- Capacity to absorb earnings volatility and fluctuations is supported by the generation of sustainable profits; and
- The earnings buffer and capital base provide protection for stakeholders against unexpected events.



(b) *Risk appetite*

Being a branch operation of FRB, FRIN is guided by the risk management policies of the Head Office. FirstRand's risk appetite is the aggregate quantum and type of risks the Group is willing to accept within its overall risk capacity is captured by a number of qualitative principles and quantitative measures. The aim is to ensure that the Group maintains an appropriate balance between risk and reward. Risk appetite limits and targets are set to ensure the Group achieves its overall strategic objectives, namely to:

- Create long-term franchise value;
- Deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility; and
- Maintain balance sheet strength;

The Group's strategic objectives and financial targets frame its risk appetite in the context of risk, reward and growth, and contextualise the level of reward the Group expects to deliver to its stakeholders under normal and stress conditions for the direct and consequential risk it assumes in the normal course of business.

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

II. Level of capital as well as the incorporation of stress and scenario analysis

FirstRand Group follows a four-pronged approach to determine the most optimal level of capital, as seen in the diagram below.

(a) ***Assessment of capital adequacy in relation to risk profile ('bottom up' process):*** The assessment of capital adequacy spans across Pillar 1 and Pillar 2, and is completed in a detailed 5-step approach.

(b) ***Strategy to maintain capital levels ("top down"):*** This phase of the process shows the impact of different macroeconomic scenarios on the level of earnings, risk weighted assets and capital adequacy for a one-year and three-year review and the calculation of the buffer thereof, over and above the regulatory capital requirement.

(c) ***Internal considerations:*** The Bank conducts periodic assessments of future capital requirements. The Bank intends to plough back its future profit to maintain adequate capitalisation levels.

(d) ***External considerations:*** The actual capital held is higher than that calculated through ICAAP process given the following:

- **Rating agencies:** The Bank needs to ensure that the level of capital is consistent with its credit rating in order to give confidence to its depositors and debt-holders.
- **Regulatory:** Pillar 2 rules make it clear that "supervisors should expect banks to operate above minimum regulatory capital ratios". The regulatory rules with respect to capital adequacy and minimum capital as prescribed by RBI will be the binding constraint on total capital levels.
- **Depositors and counterparties:** From the Group's perspective, its income and capital buffers act as protection to prevent default or minimise losses when default occurs.
- **Peer analysis:** Periodic analysis of other banks' capital adequacy ratios is performed.

III. Capital planning and forecasting

Capital planning forms an integral part of the business and compliance process. It ensures that the Group's capital adequacy ratios and other sub-limits remain above appropriate (and approved) limits during different economic and business cycles. At the same time, the objective of capital management is to maintain the optimal level of capital in the most cost efficient way, given the Bank's risk profile, and the targeted credit counterparty rating. The capital projection for FRIN incorporates, *inter alia*, the following variables:

- Anticipated capital utilisation
- Capital needs
- Expansion considerations
- Appropriation of profits
- Desired level of capital, inclusive of buffer
- General contingency plan for dealing with divergences and unexpected events

The Bank's capital planning efforts ensure that the total capital adequacy and Tier 1 ratios remain within the approved ranges or above target levels across the economic and business cycles.

2.2. Risk exposure and assessment

FRIN Management Board (FRIN MANBO) retains ultimate responsibility for ensuring that risks are adequately identified, measured, monitored and managed. In line with the Group, it believes that a culture focused on risk, paired with an effective governance structure, is a pre-requisite for managing risk effectively. Furthermore, effective risk management requires multiple points of control, or safeguards that should be applied consistently at various levels throughout the organisation. There are three primary lines of control across the operations:

- **Risk ownership:** Risk taking is inherent in the individual Business Unit's (BU) activities and, as such, the Business Unit carries the primary responsibility for the risks in its business, particularly with respect to identifying and managing it appropriately.
- **Risk control:** Business Unit managements are supported by deployed risk management functions that are involved in all business decisions and are represented at an executive level. These are overseen by an independent and Head Office based risk control function.
- **Independent assurance:** The third major control point involves functions providing independent assurance on the adequacy and effectiveness of risk management practices across the Group. These are the internal audit functions at a Business Unit and at a Group level, and external auditors who are also present at relevant board and committee meetings.

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

The risk management and governance structure described above is set out in the Business Performance and Risk Management Framework (BPRMF) of the FirstRand Group, which explicitly recognises these lines of control and are embedded as a policy of FRIN MANBO.

2.3. Most material risks, its mitigation and monitoring

Based on the aforesaid risk framework, we have identified the following as the most material risks to which FRIN is exposed:

Risk	Mitigation/ Monitoring
Credit risk 1. Default risk 2. Concentration risk 3. Collateral (unsecured) risk	• **Governance:** Head Office-based Credit Committees approve the credit mandate, and individual transactions are approved via a mix of Credit Committees duly chaired by Head Office personnel. Transactions are appraised by the credit team which remains independent of the Business. • **Risk measurement:** Bank uses robust, segment-specific rating frameworks for evaluating credit risk of the borrowers. Risks on various counterparties such as corporates, banks, NBFCs and FIs, are monitored through counter-party exposure limits. It is also governed by country risk exposure limits in case of international trades. • **Concentration Risk:** The Bank also monitors concentration risk in particular products, segments, geographies, etc., through appropriate prudential limits, though due to the small size of the balance sheet, it cannot be fully eliminated at this juncture. The portfolio concentration, along with the credit quality migration, is monitored via the Credit Portfolio Monitoring Committee (CPMC) on a regular basis, and appropriate portfolio/counterparty related actions are initiated. We take comfort from the following: 1. Credit mandate is to tap the top-tier corporates, banks, FIs and NBFCs that has credit ratings of "A" and above, mitigate default risk 2. Lower product risk via short-term/trade exposures and/or market-linked instruments 3. Adherence to all regulatory guidelines
Market risk • Price risk • Foreign Exchange risk	• **Governance:** Appropriate Market risk related policies, limits duly approved by the Board and ALCO of the Bank, and segregation of front, middle and back office activities • **Market risk measurement/monitoring:** Independent monitoring through operational limits such as stop-loss, exposure, and deal-size limits, etc. • **Small-size of the market risk operational limits:** The Bank's extant market risk operational limits are much smaller vis-à-vis the capital of the Bank and thus effectively limiting the quantum/duration of the investments and derivatives portfolio
Asset Liability Management (ALM) • Liquidity risk • Interest rate risk	• **Governance:** Policy formulation and adherence to the same is monitored by the Bank's ALCO. • **Monitoring/measurement** Liquidity risk is monitored through Structural Liquidity Gaps, Dynamic Liquidity position, Liquidity Coverage Ratios, Liquidity Ratios analysis and Behavioral analysis, with prudential limits for negative gaps in various time buckets. Interest rate sensitivity is monitored from earnings and economic value perspective through prudential limits for Interest rate sensitive gaps, Modified Duration and other risk parameters. Interest rate risk on the Investment portfolio is monitored through Value at Risk/Expected Tail Loss daily. • **Advances book adequately funded by deposits:** The Bank's INR advances book is adequately funded by INR deposits. There are enough liquidity limits available via reciprocal lines from various counterparty banks as a contingency. It should be noted that the investment book is funded by interbank borrowings, but the risk is mitigated primarily by strong counterparty credit rating and adequate liquidity of assets.
Operational Risk	• Operational risk is managed by addressing Process risk, Systems risk as well as risks arising out of external environment. Bank has implemented various operational risk management tools availed by Head Office such as PRCIA, Open Pages and BCBS. • Bank has efficient audit mechanism involving concurrent, statutory and internal audits in addition to on/off-site surveillance by RBI. • Considering the current CIB activities which is operationally-light, we expect that the operational risk is effectively contained.

2.4. Composition of capital, capital requirement, and capital adequacy

Tier I capital of the Bank comprises of interest-free funds provided by the Head Office, statutory reserves and accumulated losses. Tier II capital of the Bank comprises of General Provisions on Standard Assets, Country Risk Provision created in accordance with RBI guidelines, and provisions for Unhedged Foreign Currency Exposure. The composition of capital is shown in the table below.

Particulars (Rs. in '000s)	31-Mar-18	31-Mar-17
Capital	6,617,140	6,617,140
Add: Statutory reserve	61,468	-
Less: Debit balance in Profit & Loss account	(3,521,312)	(3,705,715)
Less: Intangible assets	(10,594)	(23,227)
Total Common Equity Tier 1 Capital (A)	**3,146,702**	**2,888,198**
Additional Tier 1 Capital (B)	–	–
Total Tier 1 Capital (C=A + B)	**3,146,702**	**2,888,198**
General Provisions and Loss Reserves	53,890	45,940
Total Tier 2 Capital (D)	**53,890**	**45,940**
Total Capital (C + D)	**3,200,592**	**2,934,138**

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

The summary of capital requirement for credit, market and operational risk, based on the extant RBI guidelines, is provided in the table below:

Particulars (Rs. in '000s)	31-Mar-18
Capital requirement for credit risk (Standardised Approach)	
• Portfolios subject to standardised approach	735,297
• Securitisation exposures	–
Capital requirement for market risk (Standardised Duration Approach)	
– Interest rate risk	232,336
– Foreign exchange risk (including gold)	51,741
– Equity risk	–
Capital requirement for operational risk (Basic Indicator approach)	184,191
Total	**1,203,565**

Based on the aforesaid capital consumption, the capital adequacy ratio of the Bank is estimated as follows:

Particulars	31-Mar-18
Common equity Tier I	28.43%
Tier I capital adequacy ratio	28.43%
Total (Tier I + Tier II) capital adequacy ratio	28.92%

TABLE DF–3: CREDIT RISK: GENERAL DISCLOSURES

Credit risk is the risk of loss due to the non-performance of a counterparty in respect of any financial or performance obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads.

The Bank has an independent Credit Risk team which is responsible for setting up counterparty limits for all transactions including derivatives. After a prospective client is identified by the respective Business Units, the client's credit profile is independently assessed by the Credit Risk team to ensure that it is in line with the Bank's mandate. All the limits proposed are approved by respective Credit Committees held between FRIN and credit staff from Head Office. While setting up these limits, the Bank follows rigorous appraisal principles and procedures. All exposures are monitored in accordance with the RBI regulations (including but not limited to Single/ Group Borrower Limits).

The transactional credit approval process is discussed below:

- FRIN Credit Forum (FRIN CF) acts as a 'pre-screening forum' for credit proposals, before it is recommended to the respective Credit Committees for approval. The FRIN Credit Risk and Business Unit staffs, along with the Head Office Business Unit and Credit representatives, are the members of the FRIN CF which is chaired by Head Office Credit staff. The FRIN CF evaluates the credit profile of a transaction from the viewpoints such as desirability, compliance with the extant Indian and South African regulations, internal mandates/guidelines as well as risk-vs-return trade-off.
- After the client or transaction is given a go-ahead by FRIN CF, a thorough due diligence is initiated on the counterparty before recommendation to the respective Credit Committees (depending on nature of counterparty, rating and proposed exposure) for final approval. Credit applications submitted to the Committees include analysis of business model, past financial analysis, industry analysis, management analysis, key risks and risk mitigants, business rationale, key terms and conditions. The respective FRIN Credit Risk and Business Unit teams, Indian non-executive members, Head Office Business Unit staff participate in the Credit Committees. The Credit Committees approve the final limits on the counterparties (conditionally or unconditionally), and assigns the credit rating for the transaction.

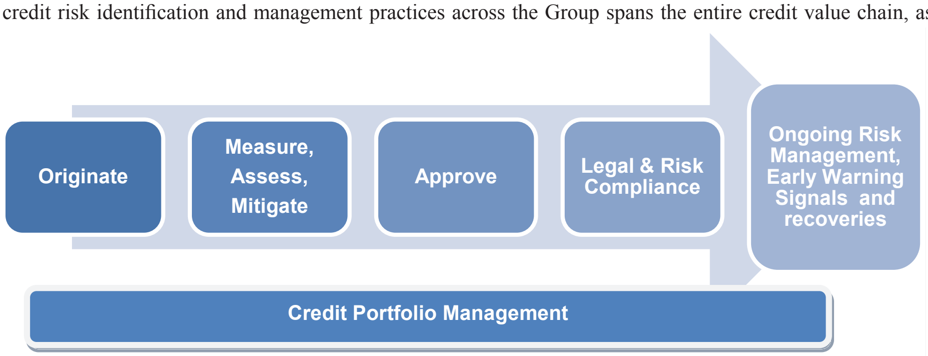
3.1. Credit Risk Management

The objectives of the Bank's credit risk management practices are two-fold:

- **Credit Risk control:** Appropriate portfolio parameters and limits are put in place, and the transactional risk assessment/measurement adheres to the norms set out by the Group. The FRIN Credit Risk and Head Office Credit teams fulfil this task.
- **Credit risk governance:** FRIN's risk appetite and the credit portfolio is managed at an aggregate level to optimise the Group's exposure to this risk, and is duly reviewed at appropriate governance forums in FRIN and Head Office regularly.

3.2. Credit Risk value-chain

The scope of credit risk identification and management practices across the Group spans the entire credit value chain, as illustrated in the chart below:



- **Credit origination** refers to the initiation of the approval of new facilities and the renewal of existing facilities, which bear the credit risk. It is initiated by a request from Business Unit to FRIN Credit Risk team for preparation of credit application for approval.
- **Credit risk measurement, assessment and mitigation** refers to the evaluation of the risk profile of the client and the industry in which it operates, including the assessment of the risk inherent to the transaction or deal. The outcome of this process is an industry profile, credit facility application and a recommended counterparty prudential limit, client risk rating, deal rating, collateral placed as well as the terms and conditions. FRIN/FRB internal credit appetite and prudential limits (as per the extant internal mandate), and regulatory guidelines are considered at this stage.
- **Credit approval** refers to the approval of the prudential limit, credit facility, client and deal rating by the relevant Credit Committees. Authority is delegated to different credit approval bodies based on the size of facilities, type of counterparty, nature of application (new or renewal) and the rating of the client. These authorities are laid down by the internal credit mandate.
- **Legal and risk compliance** is the post-sanctioning process whereby the legal relationship between the Bank and the client, and the compliance with relevant regulations/legislations is established through appropriate documentation. It also includes the operational procedures through which exposures and advances are managed against the approved facility limits as well as compliance with regulatory and statutory requirements as a support function to the other credit processes.
- **Ongoing risk management (Early Warning Signals)** refers to the monitoring of the counterparties and focuses on aspects such as migration in its credit profile, delinquencies, outstanding collateral, covenants, expired limits, and identifying / managing High risk clients. The outcome of this process is action plans to align risk and exposure to clients. For the High risk clients (further categorised as 'Watchlist' and 'Surveillance' accounts, i.e., accounts that are identified to have an elevated probably of default at client and/or industry level), appropriate resolution process is initiated, which include winding down of exposures, additional/liquid collateral and recoveries (for stressed assets).
- **Credit portfolio management** refers to the measurement and operational management of trends in credit portfolios, concentration risk, adherence to portfolio parameters and capital requirements. Various credit risk mitigation strategies at the portfolio level are implemented to change the risk profile of the credit portfolio.

3.3. Credit impairments

- **Credit impairment:** Credit impairment happens when the following is observed:
  - Delay/difficulty in the servicing of debt by the borrower
  - Material adverse changes in the credit profile of the borrower
  - Any fraud committed by the borrower
  - Reasonable probability that the borrower will enter bankruptcy or other financial reorganisation
  - Economic/industry conditions that correlate with defaults in the same industry segments
  - Disappearance of an active market for that financial asset because of financial difficulties
- **Policy for High Risk and stressed/NPA assets:** Policy for High Risk and stressed/NPA assets is aligned to the Group framework, and extant RBI regulations. The fundamental principle applied in enforcing this policy is to ensure that credit impairments calculated are adequately on a conservative basis, duly approved by the relevant governance forums. Once an account has been identified to be in default, it is transferred to legal recoveries/workout process. An action plan is formulated after considering the points below:
  - Reasons/ source of problem
  - Likelihood of recovery of the client based on financial status / projections
  - Quality of the security held and possible ways to enforce the security
  - Security shared with other lenders and decision taken by other lenders
  - RBI guidelines related to recovery
  - Various legal options to recover the outstanding and probability of recovery for each course (e.g., NCLT, DRT, SRFAESI, restructuring, liquidation, etc.)

Based on the realistic assessment of the available collateral, when a loan becomes uncollectible, it is written off. Such loans are written off after all the internal approvals have been obtained and the amount of the loss has been determined.

During FY2018, the Bank had one Non-Performing Asset (NPA), which was subsequently written-off, post approval by FRIM Manbo, due to the low realisable value of the securities. Accordingly, on 31 March 2018, there were no NPAs (prior year: one) on the balance sheet of the Bank.

3.4. Analysis of Credit exposures:

Fund and Non-Fund based

Category (Rs. in '000s)	**31-Mar-18**	**31-Mar-17**
Loans and Advances	2,160,080	2,441,360
Total Fund-based Credit Exposures	**2,160,080**	**2,441,360**
Guarantees given on behalf of customers*	3,165,343	3,138,479
LC*	926,209	534,764
Derivatives **	473,092,011	204,767,624
Undrawn committed lines	274,171	41,631
Total Non-Fund based Credit Exposures	**477,457,734**	**208,482,498**
Total Credit Exposures	**479,617,814**	**210,923,858**

* represents outstanding exposure

** represents notional of outstanding forward exchange contracts and derivative contracts

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

Geographic Distribution

Category (Rs. in '000s)	31-Mar-18	31-Mar-17
Domestic	**2,160,080**	2,441,360
Overseas	**-**	**-**
Total Fund-based Credit Exposures*	**2,160,080**	**2,441,360**
Domestic	477,183,563	208,440,867
Overseas	-	-
Undrawn committed lines	274,171	41,631
Total Non-fund based Credit Exposures*	**477,457,734**	**208,482,498**
Total Credit Exposures	**479,617,814**	**210,923,858**

* represents outstanding exposures

Industry type distribution of exposures as at 31 March 2018 and 31 March 2017

Industry (Rs. in '000)	Fund-based		Non-fund based		Total		Percentage of Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Banking*	60,794	74,126	473,450,276	206,079,228	473,511,070	206,153,354	98.73%	97.72%
Beverages	–	–	–	–	–	–	–	–
Textiles	–	–	–	–	–	–	–	–
Leather and Leather products	40,000	–	–	–	40,000	–	–	–
Chemicals & Chemical Products	447,773	–	2,085,922	1,177,506	2,533,695	1,177,506	0.53%	0.56%
Rubber, Plastic & their Products	–	231,551	8,306	22,492	8,306	254,043	–	0.12%
Wood and Wood Products	23	66	–	–	23	66	–	–
Paper and Paper Products	–	–	–	–	–	–	–	0.01%
Basic Metal & Metal Products	–	–	–	26,418	–	26,418	–	0.01%
All Engineering	–	–	491,846	452,475	491,846	452,475	0.10%	0.21%
Infrastructure	–	–	161,736		161,736	0	0.03%	–
Vehicle, Vehicle Parts & Transport Equipment's	–	50,000	604,438	668,368	604,438	718,368	0.13%	0.34%
Construction	665,290	–	200,868	–	866,158	–	0.18%	–
Gems and Jewellery	–	–	–	–	–	–	–	–
Other Industries	–	–	30,330	–	30,330	–	0.01%	0.01%
Printing & Publishing	–	–	11,482	–	11,482	–	–	–
Residuary Exposures	946,200	2,085,617	412,530	56,011	1,358,730	2,141,628	0.28%	1.02%
Grand Total	**2,160,080**	**2,441,360**	**477,457,734**	**208,482,498**	**479,617,814**	**210,923,858**	**100.00%**	**100%**

*Exposure to banking is more than 5% of gross credit exposures.

Residual maturity of assets as at 31 March 2018

Particulars (Rs. in '000s)	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	34	–	210,454	1,599,723	–	–	3,335
2 to 7 days	–	–	663,863	272,939	769,476	–	–
8 to 14 days	–	665	–	–	212,885	–	–
15 to 30 days	–	50,012	–	3,214	39,037	–	303,640
31 days to 2 months	–	–	–	250,552	287,108	–	1,432
2 months to 3 months	–	589	–	1,225,286	798,258	–	1,357
Over 3 months to 6 months	–	45,910	–	945,005	36,353	–	71,697
Over 6 month & up to 1 year	–	50,337	–	1,887,042	16,868	–	1,986,710
Over 1 year & up to 3 years	–	43,977	–	2,225,037	95	–	3,406
Over 3 years & up to 5 years	–	87,286	–	4,499	–	–	2,595
Over 5 years	–	8,825	–	7,686	–	14,981	30,826
Total	**34**	**287,601**	**874,317**	**8,420,983**	**2,160,080**	**14,981**	**2,404,998**

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

Residual maturity of assets as at 31 March 2017

Particulars (Rs. in '000s)	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	5	–	36,090	2,474,581	66,918	–	1,606
2 to 7 days	–	–	708,025	167,858	63,747	–	–
8 to 14 days	–	21,608	–	32,754	122,395	–	–
15 to 30 days	–	32,328	–	7,534	71,164	–	305,988
31 days to 2 months	–	6,308	–	221,501	536,431	–	1,919
2 months to 3 months	–	1,452	–	7,906	326,379	–	97,170
Over 3 months to 6 months	–	42,659	–	1,311,321	84,357	–	2,488
Over 6 month & up to 1 year	–	1,523	–	1,513,007	466,993	–	3,498,313
Over 1 year & up to 3 years	–	16,294	–	1,340,500	693,476	31,849	147,644
Over 3 years & up to 5 years	–	146,791	–	9,226	–	–	2,595
Over 5 years	–	20,349	–	5,825	9,500	750	101,134
Total	**5**	**289,312**	**744,115**	**7,092,013**	**2,441,360**	**32,599**	**4,158,857**

Non-Performing Assets:

Particulars **(Rs. in '000s)**	**31-Mar-18**	**31-Mar-17**
i) Amount of NPAs (Gross)		
a) Substandard	–	–
b) Doubtful 1	–	244,095
c) Doubtful 2	–	–
d) Doubtful 3	–	–
e) Loss	–	–
ii) Net NPAs	–	–
iii) NPA Ratios		
a) Gross NPA to Gross Advances	0%	9.09%
b) **Net NPAs to Net Advances (%)**	0%	0%
iv) Movement of Gross NPAs		
a) Opening balance	244,095	657,918
b) Additions during the year	47,437	2,380
c) Reductions during the year (Write off)	(291,532)	(416,203)
d) Closing Balance	–	**244,095**
v) Movement of Net NPAs		
a) Opening balance	–	313,877
b) Additions during the year	47,437	–
c) Reductions during the year	(47,437)	(313,877)
d) Closing Balance	–	–
vi) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	244,095	344,041
b) Provisions made during the year	47,437	316,257
c) Write off	(291,532)	(416,203)
d) Write back of excess provisions	–	–
d) Closing Balance	–	**244,095**
vii) Amount of Non-Performing Investments	–	–
viii) Amount of provisions held for non-performing investments	–	–
ix) Movement of provisions for depreciation on investments		
a) Opening balance	–	–
b) Provisions made during the year	12,053	–
c) Write off	–	–
d) Write back of excess provisions	–	–
d) Closing Balance	12,053	–

TABLE DF-4: CREDIT RISK - DISCLOSURE OF PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

The Bank uses ratings provided by external ratings agencies which are approved by RBI for computation of capital adequacy, viz., CRISIL, ICRA, India Ratings, CARE and Brickworks for domestic exposures, and Standard & Poor (S&P), Moody's and Fitch for overseas exposures. The Bank also has a Head Office-based internal ratings model. These internal ratings are used for ascertaining credit worthiness of a client, setting internal prudential limits, determining pricing, etc.

Risk bucket-wise analysis of bank's outstanding advances (fund and non-fund based after CCF):

Categorisation of Advances (Rs. in '000s)	**31-Mar-18**	**31-Mar-17**
Under 100% risk weight	4,588,109	2,991,459
100% risk weight	169,959	1,391,095
Above 100% risk weight	–	–
Total	**4,758,068**	**4,382,554**

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

TABLE DF-5: CREDIT RISK MITIGATION POLICY

Since the taking and managing of credit risk is a core component of the Bank's business, it aims to optimise the amount of credit risk it takes to achieve its return objectives. The mitigation of credit risk is an important component of this process, which begins with the structuring and approval of facilities for only those clients and within those parameters that fall within the risk appetite. In addition, various instruments are used to reduce the Bank's exposure in case of a counterparty default. These include, amongst others, financial or other collaterals, netting agreements and guarantees. The type of security used typically depends on the portfolio, product or customer segment.

Collateral valuation and management

The Bank employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that the Bank retains title of collaterals taken over the life of the transaction. All items of collaterals are valued at inception of a transaction and at various points throughout the life of the transaction. As stipulated by RBI guidelines, the Bank uses the Comprehensive Approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to counterparty, when calculating its capital requirements, to the extent of risk mitigation provided by the eligible financial collateral.

Types of collaterals taken by the Bank and main types of guarantor counterparties and credit risk concentration

The Bank accepts security in the form of charge on receivables or inventories for working capital facilities and in certain cases, charge on fixed deposits and fixed assets, besides guarantees from other related parties. In certain cases, the facilities to obligors may be supported by partial / full insurance protection purchased. Since there are varied sources of credit protection acquired through different guarantors, there is no concentration of guarantor risk. The total exposures covered by eligible financial collateral after application of haircuts are as follows:

Advances covered by financial collateral (Rs. in '000s)	31-Mar-18	31-Mar-17
Exposures before Credit Risk Mitigation	4,758,068	44,06,260
Risk Mitigation	-	(23,706)
Exposures after Credit Risk Mitigation	4,758,068	43,82,554

Exposures covered by guarantee (Rs. in '000s)	31-Mar-18	31-Mar-17
Funded exposures covered by Guarantee*	–	–
Non-Funded exposures covered by Guarantee*	3,000,652	3,050,000

** Outstanding exposure*

TABLE DF-6: SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH

Not applicable as the Bank has not undertaken any securitisation transactions during the current period.

TABLE DF-7: MARKET RISK IN TRADING BOOK

Market Risk is the risk of adverse valuation of any financial instrument as a consequence of changes in market prices or rates. FRIN manages its market risk according to the policies and guidelines established by FirstRand Group's Market Risk Framework, a sub-framework of the BPRMF. In terms of the Market Risk Framework, the responsibility for determining market risk appetite vests with FRB's Board, which also retains independent oversight of market risk-related activities through the FirstRand Risk Capital and Compliance (RCC) committee, and its Market and Investment Risk sub-committee (MIRC). Separate governance forums, such as FRIN MANBO, take responsibility for the advancement of these mandates for FRIN, whilst market risk managers provide independent control and oversight of the overall market risk process.

The Bank has detailed treasury policies covering investments, foreign exchange and derivatives risk management. The key aspects of the treasury policy are provided below:

- **Valuation and pricing:** The Bank values its trading book daily on mark-to-market basis using the day end closing rates sourced from Reuters. Month-end valuations are done based on the rates issued by Fixed Income Money Market and Derivative Association of India (FIMMDA), and Foreign Exchange Dealers Association of India (FEDAI).
- **Measure and control:** The Bank has clearly defined limits to measure and manage risks across the entire spectrum of market-linked instruments, as discussed below. The same is monitored at regular intervals. Any limit breaches are investigated immediately and are escalated (with proposed corrective action) to the respective Business Unit and Risk functions and appropriate governance forums.

Market risk measurement and techniques

Market risk exposures are assessed and managed against limits such as Value at Risk (VaR), Expected Tail Loss (ETL), position, gap, and risk limits for different categories of instruments.

- For foreign exchange risk, the Bank has put in place net open position limit, aggregate gap limit, counterparty limit, FX VaR / ETL sub-limit, which are continuously monitored daily.
- For interest rate risk, the Bank has mismatch limits for, inter-alia pre-defined time buckets, net open position limit for OIS, product-wise daily, and monthly stop loss limits and Interest Rate VaR/ETL sub-limit.
- For general market risk, the measure of risk used is the ETL metric at the 99% 10-day holding period under the full revaluation methodology using 500 days historical risk factor scenarios (i.e., under the historical simulation method).

In order to accommodate the stress loss imperative, the scenario set used for revaluation of the current portfolio is historical scenarios which incorporate both the past 250 trading days and at least one period of market distress (e.g., 2008-09). This stress period encompasses severe market volatility and dislocations. An appropriate multiplication factor is applied to the resulting ETL in order to calibrate it to a 1 in 25-year event, as it is recognised that this stress period may still be a conservative representation of other stress periods. Currently, the multiplication factor of 1.5 is being applied to the resulting ETL.

Stress Testing

While VaR/ETL, calculated on a daily basis, supplies forecasts for potential large losses under various market conditions, we also perform stress tests in which we value our trading portfolios under extreme market scenarios. As mentioned above, the Bank applies distressed ETL methodology to estimate the general market risk on positions held based a significant set of changes in market conditions previously experienced. Stress testing involves the use of risk factor sensitivity measures that supplement the standard portfolio revaluation technique. These measures help in identifying risk concentrations and directional risk.

Capital requirements for market risk

Particulars (Rs. in '000s)	31-Mar-18
Capital requirement for market risk	
– Interest rate risk	232,336
– Foreign exchange risk (including gold)	51,741
– Equity risk	–
Total	**284,077**

TABLE DF-8: OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes and systems or from external events. It includes fraud and criminal activity (internal and external), project risk, legal risk, business continuity risk, information and IT risk, process and human resource risk, but excludes strategic and reputational risk which are included in 'hard to quantify' risks. Operational risk is governed in terms of the Operational Risk Management Framework (ORMF), which is a sub-framework of the BPRMF. The Operational Risk Committee (ORC), which is a sub-committee of FirstRand Limited Risk, Capital Management and Compliance Committee (RCC), is responsible for management of operational risk across the Group.

Operational risk tools

FRIN currently follows the Basic Indicator Approach to calculate capital for operational risk. In line with international best practices, the Bank employs a variety of approaches and tools in the assessment of operational risk. As the Bank currently focuses only on 'operationally lite' CIB activities, the operational risk is partly mitigated. The Bank primarily uses the Operational risk tools, such as PRCIA, KRI, IFC and GIA findings, and records the same in the local and Head Office databases (e.g., Open Pages), as follows:

OPERATIONAL RISK TOOLS AND APPROACHES

Process Based Risk and Control Identification and Assessment (PRCIA)
- Identify and assess risk within activities of key business processes and assess the adequacy and effectiveness of the controls that are in place to mitigate these risks;
- Assess the effectiveness and appropriateness of the key process activities from a risk management perspective by considering the risk and control assessments

Key Risk Indicators (KRIs)
- Used across the Group as an early warning measure
- Useful in highlighting areas of changing trends in exposures to specific key operational risks.
- Inform operational risk profiles which are reported periodically to the appropriate management, risk and audit committees and monitored on a continuous basis

Internal/ External loss data
- Capturing of losses is well entrenched within the Group. Reporting and analysis with specific focus on root cause.
- Used to measure the operational risk profile against risk appetite levels as an input in the calculation of operational risk capital.
- External loss data analysed to learn from the loss experience of other organisations and as an input to the risk scenario

Audit Findings
- Group Internal Audit (GIA) acts as the third line of defence across the group.
- GIA provides an independent view on the adequacy of existing controls and their effectiveness in mitigating risks associated with key and supporting processes; and
- Audit Committee findings are tracked, monitored and reported on through the risk committee structure.

TABLE DF-9: INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

IRRBB is defined as the sensitivity of the balance sheet and income statement to unexpected, adverse movements in interest rates. The Bank identifies and categorises this risk further in the following components:

- Re-pricing risk arises from the differences in timing between re-pricing of assets, liabilities and off balance sheet positions;
- Yield curve risk arises when unanticipated changes in the shape of the yield curve adversely affect the Bank's income or underlying economic value;
- Basis risk arises from an imperfect correlation in the adjustment of the rates earned and paid on different instruments with similar re-pricing characteristics; and
- Optionality which is the right, but not the obligation, of the holder to alter the cash flow of the underlying position and which may adversely affect the Bank's position as the counterparty to such a transaction.

Risk management

The control and management of interest rate risk is governed by the Framework for the Management of IRRBB, which is an ancillary framework to the BPRMF and FRIN Asset Liability Management Policy.

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

- **Gap analysis:** The Bank monitors interest rate risk on monthly intervals through a Statement of Interest Rate Sensitivity prepared as of every month end as per RBI guidelines. This analysis measures mismatches between rate sensitive liabilities and rate sensitive assets. The Bank has internal limits for the interest rate gap. The Asset-Liability Committee (ALCO) reviews the interest rate risk periodically and oversees the returns.
- **Earnings at Risk (EaR):** The EaR approach is a short-term assessment of the impact of interest rate movements on earnings through changes in net interest income. The EaR measure reported by the Bank represents an ex-ante estimate of changes in earnings over the next twelve months should interest rate change by +100 or –100 basis points; tracked against the limit of Rs.75 million for 100 basis points shock. The impact on Net Interest Income on account of IRRBB is given below:

Currency (Rs. in '000s)	Rate Change	31 March 2018	31 March 2017
INR	+1.00%	15,125	15,651
INR	+2.00%	30,250	31,302

- **Duration Gap analysis:** Duration Gap analysis assesses the impact of interest rate movements on the present value of net worth through changes in economic value of the interest rate sensitive assets and liabilities and off-balance sheet positions. The Bank also assesses the impact of changes in interest rates on the duration of investments (funds invested in government securities) under the assumptions of parallel and non-parallel shifts in the yield curve. The sensitivity of equity to shift in interest rate by 2% has increased owing to the increased duration of investments in 1 to 3 year government bonds. The Earning at Risk and Duration Gap analysis mentioned above are stressed assuming parallel shift, inversion and steepening of yield curves every month and is monitored by ALCO.

Interest rate risk in banking book as at 31 March 2018

Currency	Rate Change	Change in Equity Value (Rs. '000s)	Impact in %
INR*	2.00%	(86,623)	(2.74%)
USD**	2.00%	3,282	0.10%
Total Impact		**(83,341)**	**(2.64%)**

Interest rate risk in banking book as at 31 March 2017

Currency	Rate Change	Change in Equity Value (Rs. '000s)	Impact in %
INR*	2.00%	(56,477)	(1.94%)
USD**	2.00%	9,528	0.33%
Total Impact		**(46,949)**	**(1.61%)**

* *The impact on Economic Value of Equity for INR includes the Bank's exposure in INR, JPY, CHF, GBP and EUR.*

** *The Bank's turnover in USD is more than 5% of the total turnover (Bank's balance sheet size) in the Banking Book and hence as per regulatory guidelines the impact for USD assets and liabilities is shown separatelyy.*

TABLE DF-10: GENERAL DISCLOSURE FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. The methodology for assigning credit limits is in cognizance with the regulatory and internal guidelines. Counterparty's credit limits are approved by the respective Credit Committees based on the credit profile, nature and rating of the facilities. The same level of due diligence is performed irrespective of the nature of the facilities (i.e., direct/contingent/pre-settlement) sanctioned. The counterparty credit exposure is monitored on a daily basis and the portfolio quality and its behaviour is reported to the relevant governance forums on a periodic basis. The counterparty credit exposure is reviewed based on the change in financial risk profile of the counter-party, macro-economic conditions and prior transaction experience. The Bank has defined NPA guidelines and establishes credit reserves on a prudential basis in consonance with the regulatory guidelines. The Bank may seek either cash/ securities on a counterparty basis to mitigate the credit exposure, if required. The liquidity impact and related costs of a possible downgrade is accounted for as part of the stress testing exercise.

The Wrong-Way Risk (WWR) associated with counterparty credit exposures is generally categorised as either specific WWR or general WWR. Specific WWR for unfavourable correlation quantifies the negative correlation between the risk exposure to counterparty and its credit quality. General WWR quantifies a systemic risk coming from the positive correlation between risk factors and counterparty credit worthiness. The Bank presently accounts for any WWR exposure through monitoring of concentration of counterparty credit exposures, and this is reported to relevant governance forums.

The derivatives exposure is calculated using Current Exposure Method, as seen in the table below:

Type (Rs. in '000s)	Notional Amount	Positive MTM	Potential Future Exposure	Exposure as per Current Exposure Method
Foreign exchange contracts	461,260,542	1,910,060	9,225,211	11,135,271
Cross-currency swap	–	–	–	–
Interest rate swap	11,831,469	4,741	84,157	88,898

The capital requirement for default risk as per current exposure method is Rs.224,020 (in 000's) and capital requirement for CVA risk is Rs.1,012 (in 000's) as at 31 March 2018.

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

TABLE DF-11: COMPOSITION OF CAPITAL

(Rs in '000s)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	6,617,140		a
2	Retained earnings	(3,459,844)		b
3	Accumulated other comprehensive income (and other reserves)	–		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	–		
	Public sector capital injections grandfathered until 1 January 2018	–		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**3,157,296**		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	–		
8	Goodwill (net of related tax liability)	–		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	(10,594)		c
10	Deferred tax assets	–		
11	Cash-flow hedge reserve	–		
12	Shortfall of provisions to expected losses	–		
13	Securitisation gain on sale	–		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–		
15	Defined-benefit pension fund net assets	–		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	–		
17	Reciprocal cross-holdings in common equity	–		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)3	–		
20	Mortgage servicing rights (amount above 10% threshold)	–		
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)	–		
22	Amount exceeding the 15% threshold6	–		
23	of which: significant investments in the common stock of financial entities	–		
24	of which: mortgage servicing rights	–		
25	of which: deferred tax assets arising from temporary differences	–		
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	–		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	–		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries8	–		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank9	–		
26d	of which: Unamortised pension funds expenditures	–		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–		
28	**Total regulatory adjustments to Common equity Tier 1**	**(10,594)**		
29	**Common Equity Tier 1 capital (CET1)**	**3,146,702**		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	–		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	–		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	–		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	–		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	–		
35	of which: instruments issued by subsidiaries subject to phase out	–		

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
36	**Additional Tier 1 capital before regulatory adjustments**	–		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	–		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	–		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)[10]	–		
41	National specific regulatory adjustments (41a+41b)	–		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	–		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	–		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–		
43	**Total regulatory adjustments to Additional Tier 1 capital**	–		
44	**Additional Tier 1 capital (AT1)**	–		
44a	**Additional Tier 1 capital reckoned for capital adequacy11**	–		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**3,146,702**		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–		
47	Directly issued capital instruments subject to phase out from Tier 2	–		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–		
49	of which: instruments issued by subsidiaries subject to phase out	–		
50	Provisions	53,890		d1 + d2
51	**Tier 2 capital before regulatory adjustments**	**53,890**		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	–		
53	Reciprocal cross-holdings in Tier 2 instruments	–		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–		
56	National specific regulatory adjustments (56a+56b)	–		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	–		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	–		
57	**Total regulatory adjustments to Tier 2 capital**	**–**		
58	**Tier 2 capital (T2)**	**53,890**		
58a	**Tier 2 capital reckoned for capital adequacy14**	**53,890**		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	**–**		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**53,890**		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**3,200,592**		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment of which (insert type of adjustment)	–		
60	**Total risk weighted assets (60a + 60b + 60c)**	**11,067,263**		
60a	of which: total credit risk weighted assets	6,761,348		
60b	of which: total market risk weighted assets	2,612,205		
60c	of which: total operational risk weighted assets	1,693,710		
	Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	28.43%		
62	Tier 1 (as a percentage of risk weighted assets)	28.43%		
63	Total capital (as a percentage of risk weighted assets)	28.92%		

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	–		
65	of which: capital conservation buffer requirement	–		
66	of which: bank specific countercyclical buffer requirement	–		
67	of which: G-SIB buffer requirement	–		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	–		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.375%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	10.875%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities			
73	Significant investments in the common stock of financial entities			
74	Mortgage servicing rights (net of related tax liability)			
75	Deferred tax assets arising from temporary differences (net of related tax liability)			
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	53,890		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	84,517		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)			
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–		
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	–		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–		
82	Current cap on AT1 instruments subject to phase out arrangements	–		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–		
84	Current cap on T2 instruments subject to phase out arrangements	–		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–		

Notes to the Template

Row No. of the template	Particular	(Rs in '000s)
10	Deferred tax assets associated with accumulated losses Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability Total as indicated in row 10	– – –
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank of which: Increase in Common Equity Tier 1 capital of which: Increase in Additional Tier 1 capital of which: Increase in Tier 2 capital	– – – –
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then: (i) Increase in Common Equity Tier 1 capital (ii) Increase in risk weighted assets	– – –
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a) of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	– –
50	**Eligible Provisions included in Tier 2 capital** Eligible Revaluation Reserves included in Tier 2 capital Standard Asset Provision Country Risk Provision Unhedged Foreign Currency exposure Total of row 50	 – 53,537 353 – **53,890**
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	–

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

TABLE DF-12: COMPOSITION OF CAPITAL- RECONCILIATION REQUIREMENTS

Step 1 (Rs in '000s)

Sr No	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 31/03/2018	As on 31/03/2018
A	**Capital & Liabilities**		
i	Paid-up Capital	6,617,140	NA
	Reserves & Surplus	(3,459,844)	NA
	Minority Interest	–	NA
	Total Capital	**3,157,296**	NA
ii	Deposits	**4,355,321**	NA
	of which: Deposits from banks	72	NA
	of which: Customer deposits	3,873,875	NA
	of which: Other deposits (Certificate of deposits)	481,374	NA
iii	Borrowings	**4,387,231**	NA
	of which: From RBI	– – –	NA
	of which: From banks	3,587,285	NA
	of which: From other institutions & agencies	529,946	NA
	of which: Others (Inter-bank Market Call / Notice)	–	NA
	of which: Capital instruments	–	NA
iv	Other liabilities & provisions	**2,263,145**	NA
	Total Capital and Liabilities	**14,162,993**	NA
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**287,635**	NA
	Balance with banks and money at call and short notice	**874,317**	NA
ii	Investments:	**8,420,983**	NA
	of which: Government securities	3,165,679	NA
	of which: Other approved securities	–	NA
	of which: Shares	–	NA
	of which: Debentures & Bonds	2,189,058	NA
	of which: Subsidiaries / Joint Ventures / Associates	–	NA
	of which: Others (Commercial Papers, Mutual Funds etc.)	3,066,246	NA
iii	Loans and advances	**2,160,080**	NA
	of which: Loans and advances to banks	–	NA
	of which: Loans and advances to customers	2,160,080	NA
iv	Fixed assets^	**4,387**	NA
v	Other assets	**2,415,591**	NA
	of which: Goodwill and intangible assets^	10,594	NA
	of which: Deferred tax assets	–	NA
vi	Goodwill on consolidation	–	NA
vii	Debit balance in Profit & Loss account	–	NA
	Total Assets	**14,162,993**	NA

^Fixed asset excludes Goodwill and intangible assets.

Step 2 (Rs in '000s)

Sr No	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on 31/03/2018	As on 31/03/2018	
A	**Capital & Liabilities**			
i	Paid-up Capital	**6,617,140**	NA	
	of which: Amount eligible for CET1	6,617,140	NA	a
	of which: Amount eligible for AT1	–	NA	
	Reserves & Surplus	(3,459,844)	NA	b
	Minority Interest		NA	
	Total Capital	**3,157,296**	NA	
ii	Deposits	**4,355,321**	NA	
	of which: Deposits from banks	72	NA	
	of which: Customer deposits	3,873,875	NA	
	of which: Other deposits (pl. specify)-CD	481,374	NA	

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

Sr No	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on 31/03/2018	As on 31/03/2018	
iii	Borrowings	**4,387,231**	NA	
	of which: From RBI	–	NA	
	of which: From banks	3,587,285	NA	
	of which: From other institutions & agencies	529,946	NA	
	of which: Others (Interbank Market Call / Notice)	–	NA	
	of which: Capital instruments	–	NA	
iv	Other liabilities & provisions	**2,263,145**	NA	
	of which: DTLs related to goodwill	–	NA	
	of which: DTLs related to intangible assets	–	NA	
	of which: Standard Asset Provision	53,537	NA	d1
	of which: Country Risk Provision	353	NA	d2
	of which: Unhedged Foreign Currency exposure	–		
	of which: Others		NA	
	Total Capital and Liabilities	**14,162,993**	NA	
B	**Assets**			
i	Cash and balances with Reserve Bank of India	**287,635**	NA	
	Balance with banks and money at call and short notice	**874,317**	NA	
ii	Investments:	**8,420,983**	NA	
	of which: Government securities	3,165,679	NA	
	of which: Other approved securities	–	NA	
	of which: Shares	–	NA	
	of which: Debentures & Bonds	2,189,058	NA	
	of which: Subsidiaries / Joint Ventures / Associates	–	NA	
	of which: Others (Commercial Papers, Mutual Funds etc.)	3,066,246	NA	
iii	Loans and advances	**2,160,080**	NA	
	of which: Loans and advances to banks	–	NA	
	of which: Loans and advances to customers	2,160,080	NA	
iv	Fixed assets^	**4,387**	NA	
v	Other assets	**2,415,591**	NA	
	of which: Goodwill and intangible assets^	10,594		
	Goodwill	–	NA	
	Other intangibles (excluding MSRs)	–	NA	c
	of which: Deferred tax assets	–	NA	
vi	Goodwill on consolidation	**–**	NA	
vii	Debit balance in Profit & Loss account	–	NA	
	Total Assets	**14,162,993**	NA	

^Fixed asset excludes Goodwill and intangible assets.

Step 3 **(Rs in '000s)**

Common Equity Tier 1 capital: instruments and reserves			
Sr No.	**Particulars**	**Component of regulatory capital reported by bank**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	6,617,140	NA
2	Retained earnings	(3,459,844)	NA
3	Accumulated other comprehensive income (and other reserves)	–	NA
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	–	NA
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	NA
6	Common Equity Tier 1 capital before regulatory adjustments	–	NA
7	Prudential valuation adjustments	–	NA
8	Goodwill (net of related tax liability)	–	NA

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

TABLE DF-13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Disclosure template for main features of regulatory capital instruments

Sr No	Particulars	
1	Issuer	Interest-free funds from Head Office kept in a separate account in Indian books specifically for the purpose of meeting the capital adequacy norms
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	NA
	Regulatory treatment	NA
4	Transitional Basel III rules	CET
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	CET
8	Amount recognised in regulatory capital	6,617,140
9	Par value of instrument	6,617,140
10	Accounting classification	Capital and Liabilities
11	Original date of issuance	2nd April 2009
12	Perpetual or dated	Perpetual
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	NA
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

TABLE DF-14: TERMS & CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

Instruments	Full Terms and Conditions
Capital	Interest-free funds from Head Office and statutory reserve kept in a separate account in Indian books specifically for the purpose of meeting the capital adequacy norms

TABLE DF-15: DISCLOSURE REQUIREMENTS FOR REMUNERATION

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 Officer's / Risk Takers and Control Function Staff, etc.", The bank has submitted a declaration received from its head office to RBI to the effect that the compensation structure in India, including that of CEO's, is in conformity with the financial stability board principles and standards.

TABLE DF-16: EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS

Not applicable. As bank has not invested in equities in the current year (Previous year: Nil)

TABLE DF-17: COMPARISON OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE

(Rs. in 000s)

Sr. no	Particulars	31 March 2018
1	Total consolidated assets as per published financial statements	14,162,993
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–
4	Adjustments for derivative financial instruments	11,222,512
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	2,597,988
7	(Other adjustments)	–
8	**Leverage ratio exposure**	**28,936,988**

TABLE DF- 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS OF 31 MARCH 2018

The leverage ratio acts as a credible supplementary measure to the risk based capital requirement. The Bank is required to maintain a minimum leverage ratio of 4.5%. The Bank's leverage ratio, calculated in accordance with the RBI guidelines is as follows.

(Rs. in '000s)

Sr. No.	Leverage ratio framework	31 March 2018
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	13,201,687
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	–
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**13,201,687**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,914,801
5	Add-on amounts for PFE associated with all derivatives transactions	11,222,512
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–
8	(Exempted CCP leg of client-cleared trade exposures)	–
9	Adjusted effective notional amount of written credit derivatives	–
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–
11	**Total derivative exposures (sum of lines 4 to 10)**	**13,137,313**
	Securities financing transaction exposures	

FIRSTRAND BANK LIMITED – INDIA BRANCH

(Incorporated in South Africa with Limited Liability)

Sr. No.	**Leverage ratio framework**	**31 March 2018**
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–
14	CCR exposure for SFT assets	–
15	Agent transaction exposures	–
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	–
	Other Off-balance sheet exposure	
17	Off-balance sheet exposure at gross notional amount	4,365,722
18	(Adjustments for conversion to credit equivalent amounts)	(1,767,734)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**2,597,988**
	Capital and total exposures	
20	Tier 1 capital	**3,146,702**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**28,936,988**
	Leverage ratio	
22	**Basel III leverage ratio**	**10.87%**

For **FirstRand Bank India Branch**

Pritish Mohanty
Head of Risk

Rohit Wahi
Chief Executive Officer

Place: Mumbai
Date: 27 June 2018