



FIRSTRAND BANK

**FIRSTRAND BANK LIMITED (INDIA BRANCH)
DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK
(BASEL III GUIDELINES) FOR THE YEAR ENDED 31 December 2019**





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 Head Office), 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 quarter ended 31 December 2019. 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 FirstRand Bank (FRB or Head Office), South Africa, it operates in line with Group principles and policies on risk management, which are aligned to 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: NA
- b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation: NA

(ii) Quantitative Disclosures:

- c. List of group entities considered for consolidation: 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: NA
- e. The aggregate amounts of the bank's total interests in insurance entities, which are risk-weighted: NA
- f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: NA

TABLE DF-2: CAPITAL ADEQUACY

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)	30 Jun 19
Capital	6 617 140
Add: Statutory reserve	65 031
Less: Debit balance in Profit & Loss account	- 3 521 312
Less: Intangible assets	25
Total Common Equity Tier 1 Capital (A)	3 160 835
Additional Tier 1 Capital (B)	---
Total Tier 1 Capital (C=A + B)	3,160,859
General Provisions and Loss Reserves	71 191
- <i>Standard Asset Provision</i>	59 723
- <i>Country Risk Provision</i>	779



- Investment Reserve Account	9 040
- Investment Fluctuation Reserve	1 650
Total Tier 2 Capital (D)	71 191
Total Capital (C + D)	3 232 026

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 Dec 19
Capital requirement for credit risk (Standardised Approach)	
• Portfolios subject to standardised approach	6 168 080
• Securitisation exposures	-
Capital requirement for market risk (Standardised Duration Approach)	
- Interest rate risk	1 318 129
- Foreign exchange risk (including gold)	503 125
- Equity risk	-
Capital requirement for operational risk (Basic Indicator approach)	1 655 393
Total	9 644 726

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

Particulars	31 Dec 19
Common equity Tier I	32.77%
Tier I capital adequacy ratio	32.77%
Total (Tier I + Tier II) capital adequacy ratio	33.51%

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.

Analysis of Credit exposures:

Fund and Non-Fund based

Category (Rs. in '000s)	31 Dec 19
Loans and Advances	3 924 407
Total Fund-based Credit Exposures	3 924 407
Guarantees given on behalf of customers	382 330
LC	119 193
Undrawn committed lines	335 059



Total Non-Fund based Credit Exposures	836 582
Total Credit Exposures*	4 760 988

* represents outstanding exposure

Geographic Distribution

Category (Rs. In '000s)	30-June-19
Domestic	3 924 407
Overseas	-
Total Fund-based Credit Exposures	3 924 407
Domestic	501 523
Overseas	-
Undrawn committed lines	335 059
Total Non-fund based Credit Exposures	836 582
Total Credit Exposures*	4 760 988

* represents outstanding exposures

Industry type distribution of exposures as at 31 December 2019

Industry (Rs. In '000)	Fund-based	Non-fund based	Total	Percentage
Banking*	-	47,042.72	47,042.72	1.00%
Beverages	-	-	-	0.00%
Mining and Quarrying	200,000.00	-	200,000.00	4.25%
Textiles	350,000.00	-	350,000.00	7.44%
Leather and Leather products	250,000.00	-	250,000.00	5.31%
Chemicals & Chemical Products	356,925.00	-	356,925.00	7.58%
Rubber, Plastic & their Products	-	-	-	0.00%
Wood and Wood Products	-	-	-	0.00%
Paper and Paper Products	-	-	-	0.00%
Basic Metal & Metal Products	-	-	-	0.00%
All Engineering	735,231.08	-	735,231.08	15.62%
Infrastructure	-	-	-	0.00%
Vehicle, Vehicle Parts & Transport Equipment's	-	-	-	0.00%
Construction	147,307.03	17,489.33	164,796.35	3.50%
Gems and Jewellery	-	-	-	0.00%
Water Supply Pipelines	-	403,890.88	403,890.88	8.58%
Printing & Publishing	-	-	-	0.00%
Residuary Exposures	2,164,943.48	33,099.72	2,198,043.20	46.71%
Grand Total	4,204,406.59	501,522.64	4,705,929.23	100%



*Exposure to Banking, Engineering (all), Infrastructure, Printing & Publishing is more than 5% of gross credit exposures

Residual maturity of assets as at 31 December 2019

Particulars (Rs. In '000s)	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	13	13 121	1 192 567	7 040 360	4 877	0	12 007
2 to 7 days	0	0	135 632	2 287	991 159	0	0
8 to 14 days	0	79 172	0	907	770 135	0	0
15 to 30 days	0	338	0	369 857	204 695	0	307 633
31 days to 2 months	0	134	0	87 657	591 057	0	2 619
2 months to 3 months	0	54 689	0	264 597	865 537	0	8 241
Over 3 months & up to 6 month	0	12 961	0	814 854	346 948	0	3 101
Over 6 month & up to 1 year	0	39 125	0	1 647 302	0	0	1 284 195
Over 1 year & up to 3 years	0	2 461	0	9 456	150 000	0	102 541
Over 3 years & up to 5 years	0	31 612	0	2 430	0	0	697
Over 5 years	0	0	0	6 556	0	7 831	113 604
Total	13	233 613	1 328 198	10 246 261	3 924 407	7 831	1 834 636

Non-Performing Assets:

Sr. No	Particulars (Rs. In '000s)	30-June-19
(i)	Net NPAs to Net Advances (%)	0
(ii)	Movement of Gross NPAs	
	a) Opening balance	280,000
	b) Additions during the year	
	c) Reductions during the year (write off)	-
	d) Closing Balance	280,000
(iii)	Movement of Net NPAs	
	a) Opening balance	210,000
	b) Additions during the year	-
	c) Reductions during the year (write off)	-210,000
	d) Closing Balance	0
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)	
	a) Opening balance	70,000
	b) Additions during the year	210,000
	c) Reductions during the year (Write off)	-
	d) Closing Balance	280,000

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 foreign counterparties (e.g., global banks). 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 exposure (Exposure after CCF):

Categorisation of exposure (Rs. In '000s)	31 Dec 19
Under 100% risk weight	25 856 587
100% risk weight	566 528
Above 100% risk weight	662 451
Total	27 085 566

TABLE DF- 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS OF 31 December 2019

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, and remains above the regulatory thresholds.

(Rs In '000s)

Sr. No.	Leverage ratio framework	31 December 2019
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	18 835 042.57
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	-0.25
	Derivative exposures	18 835 042.32
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2 547 489
5	Add-on amounts for PFE associated with all derivatives transactions	7 474 079
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivative exposures (sum of lines 4 to 10)	0
	Securities financing transaction exposures	10 021 568
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)	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	12 141
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0



	Other Off-balance sheet exposure	12 141
17	Off-balance sheet exposure at gross notional amount	836 582
18	(Adjustments for conversion to credit equivalent amounts)	-63 705
19	Off-balance sheet items (sum of lines 17 and 18)	772 877
	Capital and total exposures	
20	Tier 1 capital	3 160 835
21	Total exposures (sum of lines 3, 11, 16 and 19)	29 641 627.45
	Leverage ratio	
22	Basel III leverage ratio	10.66%