



FIRSTRAND BANK

FIRSTRAND BANK LIMITED (INDIA BRANCH)
DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK
(BASEL III GUIDELINES) FOR THE YEAR ENDED 30 June 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 30 June 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:

- List of group entities considered for consolidation: NA
- List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation: NA

(ii) Quantitative Disclosures:

- List of group entities considered for consolidation: NA
- 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
- The aggregate amounts of the bank's total interests in insurance entities, which are risk-weighted: NA
- 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	0
Total Common Equity Tier 1 Capital (A)	3 160 859
Additional Tier 1 Capital (B)	---
Total Tier 1 Capital (C=A + B)	3,160,859
General Provisions and Loss Reserves	70 830
- <i>Standard Asset Provision</i>	59 362
- <i>Country Risk Provision</i>	779



- Investment Reserve Account	9 040
- Investment Fluctuation Reserve	1 650
Total Tier 2 Capital (D)	70 830
Total Capital (C + D)	3 231 689

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)	30 Jun 19
Capital requirement for credit risk (Standardised Approach)	
• Portfolios subject to standardised approach	7 184 510
• Securitisation exposures	-
Capital requirement for market risk (Standardised Duration Approach)	
- Interest rate risk	2 089 536
- Foreign exchange risk (including gold)	503 125
- Equity risk	-
Capital requirement for operational risk (Basic Indicator approach)	1 655 393
Total	11 432 564

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

Particulars	30 Jun 19
Common equity Tier I	27.65%
Tier I capital adequacy ratio	27.65%
Total (Tier I + Tier II) capital adequacy ratio	28.27%

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)	30 Jun 19
Loans and Advances	3 754 321
Total Fund-based Credit Exposures	3 754 321
Guarantees given on behalf of customers	3 130 006
LC	1 771 603
Undrawn committed lines	153 802
Total Non-Fund based Credit Exposures	5 055 411
Total Credit Exposures*	8 809 732

* represents outstanding exposure



Geographic Distribution

Category (Rs. In '000s)	30-June-19
Domestic	3 754 321
Overseas	-
Total Fund-based Credit Exposures	3 754 321
Domestic	4 901 609
Overseas	-
Undrawn committed lines	153 802
Total Non-fund based Credit Exposures	5 055 411
Total Credit Exposures*	8 809 732

* represents outstanding exposures

Industry type distribution of exposures as at 30 June 2019

Industry (Rs. In '000)	Fund-based	Non-fund based	Total	Percentage
Banking*	-	3,000,690.20	3,000,690.20	34.39%
Beverages	-	-	-	0.00%
Mining and Quarrying	-	-	-	0.00%
Textiles	-	-	-	0.00%
Leather and Leather products	155,600.00	-	155,600.00	1.78%
Chemicals & Chemical Products	345,100.00	-	345,100.00	3.95%
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	200,000.00	200,660.94	400,660.94	4.59%
Infrastructure	-	-	-	0.00%
Vehicle, Vehicle Parts & Transport Equipment's	250,000.00	-	250,000.00	2.87%
Construction	377,397.59	16,909.90	394,307.49	4.52%
Gems and Jewellery	-	-	-	0.00%
Water Supply Pipelines	-	280,713.19	280,713.19	3.22%
Printing & Publishing	450,000.00	-	450,000.00	5.16%
Residuary Exposures	2,046,099.65	1,402,635.11	3,448,734.76	39.52%
Grand Total	3,824,197.24	4,901,609.35	8,725,806.58	100%

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



Residual maturity of assets as at 30 June 2019

Particulars (Rs. In '000s)	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	11	182 417	565 490	6 862 443	182 760	0	21 999
2 to 7 days	0	0	0	19 240	486 358	0	0
8 to 14 days	0	58 962	0	62 895	387 726	0	0
15 to 30 days	0	2 413	0	435 346	855 693	0	287 831
31 days to 2 months	0	7 888	0	398 766	451 220	0	1 335
2 months to 3 months	0	23 244	0	314 363	310 539	0	36 685
Over 3 months & up to 6 month	0	18 709	0	28 114	400 025	0	2 080
Over 6 month & up to 1 year	0	39 425	0	2 624 092	470 000	0	1 859 654
Over 1 year & up to 3 years	0	3 526	0	1 699 073	209 876	0	156 678
Over 3 years & up to 5 years	0	61 563	0	302 994	0	0	2 467
Over 5 years	0	0	0	157 896	0	6 434	30 759
Total	11	398 146	565 490	12 905 222	3 754 197	6 434	2 399 487

Non-Performing Assets:

Sr. No	Particulars (Rs. In '000s)	30-June-19
(i)	Net NPAs to Net Advances (%)	5.59%
(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)	-
d)	Closing Balance	210,000
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)	
a)	Opening balance	70,000
b)	Additions during the year	-
c)	Reductions during the year (Write off)	-
d)	Closing Balance	70,000

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)	30 Jun 19
Under 100% risk weight	27 786 402
100% risk weight	878 230
Above 100% risk weight	562 403
Total	29 227 034

TABLE DF- 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS OF 30 June 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	30 June 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)	18 170 857.94
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	0.00
	Derivative exposures	18 170 857.94
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with all derivatives transactions	3 623 023
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	3 996 651
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	7 619 674
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	20 657
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0
	Other Off-balance sheet exposure	20 657
17	Off-balance sheet exposure at gross notional amount	5 055 409
18	(Adjustments for conversion to credit equivalent amounts)	-1 665 113
19	Off-balance sheet items (sum of lines 17 and 18)	3 390 296
	Capital and total exposures	



20	Tier 1 capital	3 160 859
21	Total exposures (sum of lines 3, 11, 16 and 19)	29 201 486
	Leverage ratio	
22	Basel III leverage ratio	10.82%