FIRSTRAND BANK LIMITED (INDIA BRANCH)

DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK (BASEL III GUIDELINES) FOR THE YEAR ENDED 30 JUNE 2020

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 year ended 30 June 2020. 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 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 interest in any of the 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-20
Capital	6,617,140
Add: Statutory reserve	78,469
Less: Debit balance in Profit & Loss account	(3,517,258)
Less: Intangible assets	(8,204)
Total Common Equity Tier 1 Capital (A)	**3,170,147**
Additional Tier 1 Capital (B)	**-**
Total Tier 1 Capital (C=A + B)	**3,170,147**
General Provisions and Loss Reserves	**98,712**
- *Standard Asset Provision*	50,602
- *Country Risk Provision*	960
- *Unhedged Foreign Currency exposure*	200
- *Investment Reserve Account*	4,483

- *Investment Fluctuation Reserve*	42,467
Total Tier 2 Capital (D)	**98,712**
Total Capital (C + D)	**3,268,859**

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-20
Capital requirement for credit risk (Standardised Approach)	
• Portfolios subject to standardised approach	3,057,101
• Securitisation exposures	-
Capital requirement for market risk (Standardised Duration Approach)	
- Interest rate risk	2,467,862
- Foreign exchange risk (including gold)	503,125
- Equity risk	-
Capital requirement for operational risk (Basic Indicator approach)	1,498,428
Total	**7,526,516**

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	42.12%
Tier I capital adequacy ratio	42.12%
Total (Tier I + Tier II) capital adequacy ratio	43.43%

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-20
Loans and Advances	1,744,281
Total Fund-based Credit Exposures	**1,744,281**
Guarantees given on behalf of customers	131,600
LC	-
Undrawn committed lines	270,000
Un-Committed Lines of OD	-
Total Non-Fund based Credit Exposures	**401,600**
Total Credit Exposures*	**2,145,881**

* *represents outstanding exposure*

Geographic Distribution

Category (Rs. In '000s)	30-Jun-20
Domestic	**1,744,281**
Overseas	**-**
Total Fund-based Credit Exposures	**1,744,281**
Domestic	131,600
Overseas	-
Undrawn committed lines	270,000
Un-Committed Lines of OD	-
Total Non-fund based Credit Exposures	**401,600**
Total Credit Exposures*	**2,145,881**

** represents outstanding exposures*

Industry type distribution of exposures as at 30 June 2020

Industry (Rs. In '000)	Fund-based	Non-fund based	Total	Percentage
Banking*	-	378	378	0.02%
Beverages	-	-	-	0.00%
Mining and Quarrying	-	-	-	0.00%
Textiles	-	-	-	0.00%
Leather and Leather products	360,000	-	360,000	16.78%
Chemicals & Chemical Products	773,926	-	773,926	36.07%
Rubber, Plastic & their Products	100,000	-	100,000	4.66%
Wood and Wood Products	-	-	-	0.00%
Paper and Paper Products	-	-	-	0.00%
Basic Metal & Metal Products	-	-	-	0.00%
All Engineering	361,820	-	361,820	16.86%
Infrastructure	-	-	-	0.00%
Vehicle, Vehicle Parts & Transport Equipment's	-	-	-	0.00%
Construction	3,534	-	3,534	0.16%
Gems and Jewellery	-	-	-	0.00%
Water Supply Pipelines	-	121,369	121,369	5.66%
Printing & Publishing	-	-	-	0.00%
Residuary Exposures	145,000	279,854	424,854	19.80%
Grand Total	**1,744,281**	**401,600**	**2,145,881**	**100%**

**Exposure to Leather, Chemicals, Engineering (all), Water supply industry is more than 5% of gross credit exposures*

Residual maturity of assets as at 30 June 2020

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	23	14,907	40,549	10,550,417	-	-	10,225
2 to 7 days	-	-	-	790	331,820	-	-
8 to 14 days	-	81,627	-	339	53,534	-	-
15 to 30 days	-	131	-	1,815	377,525	-	209,265
31 days to 2 months	-	56	-	25,130	459,886	-	1,263
2 months to 3 months	-	302	-	13,370	376,516	-	7,113
Over 3 months & up to 6 month	-	4,182	-	649,780	-	-	2,377
Over 6 month & up to 1 year	-	2,225	-	396,351	100,000	-	243,879
Over 1 year & up to 3 years	-	8,388	-	653,731	45,000	-	107,271
Over 3 years & up to 5 years	-	15,237	-	1,610	-	-	2,317
Over 5 years	-	-	-	38,025	-	14,523	123,613
Total	**23**	**127,055**	**40,549**	**12,331,358**	**1,744,281**	**14,523**	**707,323**

Non-Performing Assets:

Sr. No	Particulars (Rs. In '000s)	30-Jun-20
(i)	Net NPAs to Net Advances (%)	-
(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	**-**
	b) Additions during the year	-
	c) Reductions during the year (write off)	-
	d) Closing Balance	**-**
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)	
	a) Opening balance	**280,000**
	b) Additions during the year	-
	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)	30-Jun-20
Under 100% risk weight	16,826,158
100% risk weight	579,593
Above 100% risk weight	476,174
Total*	**17,881,926**

**Excluding exposure for CVA Rs. 71,093 ('000s) and default fund exposure to QCCP Rs.5,522('000s).*

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

(Rs. in 000s)

Sr. no	Particulars	30 June 2020
1	Total consolidated assets as per published financial statements	14,965,111
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	2,559,657
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)	401,600
7	(Other adjustments)	-192,580
8	**Leverage ratio exposure**	**17,733,788**

TABLE DF- 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS OF 30 June 2020

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 2020
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	14,733,314
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(8,204)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**14,725,110**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	240,560
5	Add-on amounts for PFE associated with all derivatives transactions	2,319,097
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)**	**2,559,657**
	Securities financing transaction exposures	
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	47,421
15	Agent transaction exposures	---
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	47,421
	Other Off-balance sheet exposure	
17	Off-balance sheet exposure at gross notional amount	411,831
18	(Adjustments for conversion to credit equivalent amounts)	(10,231)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**401,600**
	Capital and total exposures	
20	Tier 1 capital	**3,170,147**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**17,733,788**
	Leverage ratio	
22	**Basel III leverage ratio**	**17.88%**

For FirstRand Bank India Branch

Pritish Mohanty
Head of Risk

Rohit Wahi
Chief Executive Officer

Place: Mumbai
Date: August 2020