FIRSTRAND BANK

FIRSTRAND BANK LIMITED (INDIA BRANCH)
DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK
(BASEL III GUIDELINES) FOR THE QUARTER ENDED 31 DECEMBER 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 quarter ended December 31, 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)	31-Dec-20
Capital	6,617,140
Add: Statutory reserve	78,469
Less: Debit balance in Profit & Loss account	(3,517,258)
Less: Intangible assets	(13,209)
Total Common Equity Tier 1 Capital (A)	**3,165,142**
Additional Tier 1 Capital (B)	**-**
Total Tier 1 Capital (C=A + B)	**3,165,142**
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*
Cap on General Provisions and Loss Reserves for inclusion in Tier 2 Capital (1.25% of Credit RWA)	53,233
Total Tier 2 Capital (D)	**53,233**
Total Capital (C + D)	**3,218,375**

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-20
Capital requirement for credit risk (Standardised Approach)	
- *Portfolios subject to standardised approach*	*463,130*
- *Securitisation exposures*	-
Capital requirement for market risk (Standardised Duration Approach)	
- *Interest rate risk*	*146,812*
- *Foreign exchange risk (including gold)*	*38,063*
- *Equity risk*	-
Capital requirement for operational risk (Basic Indicator approach)	152,836
Total	**800,841**

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

Particulars	31-Dec-20
Common equity Tier I	39.69%
Tier I capital adequacy ratio	39.69%
Total (Tier I + Tier II) capital adequacy ratio	40.36%

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-20
Loans and Advances	1,018,770
Total Fund-based Credit Exposures	**1,018,770**
Guarantees given on behalf of customers	39,186
LC	64,668

Undrawn committed lines	270,100
Un-Committed Lines of OD	-
Total Non-Fund based Credit Exposures	**373,953**
Total Credit Exposures*	**1,392,723**

** represents outstanding exposure*

Geographic Distribution

Category (Rs. in '000s)	31-Dec-20
Domestic	1,018,770
Overseas	**-**
Total Fund-based Credit Exposures	**1,018,770**
Domestic	38,820
Overseas	65,033
Undrawn committed lines	270,100
Un-Committed Lines of OD	-
Total Non-fund based Credit Exposures	**373,953**
Total Credit Exposures*	**1,392,723**

** represents outstanding exposures*

Industry type distribution of exposures as at 31 Dec 2020

Industry (Rs. in '000)	Fund-based	Non-fund based	Total	Percentage
Banking*	-	65,033	65,033	4.67%
Beverages	-	-	-	0.00%
Mining and Quarrying	-	-	-	0.00%
Textiles	-	-	-	0.00%
Leather and Leather products	150,000	-	150,000	10.77%
Chemicals & Chemical Products	803,770	-	803,770	57.71%
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	-	100	100	0.01%
Infrastructure	-	-	-	0.00%
Vehicle, Vehicle Parts & Transport Equipment's	-	-	-	0.00%
Construction	-	-	-	0.00%
Gems and Jewellery	-	-	-	0.00%
Water Supply Pipelines	-	-	-	0.00%
Printing & Publishing	-	-	-	0.00%
Residuary Exposures	65,000	308,820	373,820	26.84%
Grand Total	**1,018,770**	**373,953**	**1,392,723**	**100%**

**Exposure to Leather & Chemicals industry is more than 5% of gross credit exposures*

Residual maturity of assets as at 31 Dec 2020

Particulars (Rs. in '000s)	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	4	6,640	1,255,263	9,478,950	-	-	35
2 to 7 days	-	-	567,705	10,252	-	-	0
8 to 14 days	-	66,495	-	3,077	-	-	0
15 to 30 days	-	2,050	-	13,301	150,000	-	105,774
31 days to 2 months	-	615	-	10,295	584,560	-	1,784
2 months to 3 months	-	2,660	-	19,170	219,210	-	8,581
Over 3 months & up to 6 month	-	2,059	-	24,469	65,000	-	2,190
Over 6 month & up to 1 year	-	3,834	-	126,854	-	-	482,221
Over 1 year & up to 3 years	-	4,894	-	1,093	-	-	95,233
Over 3 years & up to 5 years	-	5,749	-	1,026	-	-	6,953
Over 5 years	-	-	-	2,544	-	20,919	132,137
Total	**4**	**94,997**	**1,822,968**	**9,691,030**	**1,018,770**	**20,919**	**834,908.00**

Non-Performing Assets:

Sr. No	Particulars (Rs. in '000s)	31-Dec-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)	31-Dec-20
Under 100% risk weight	15,022,587
100% risk weight	1,270,693
Above 100% risk weight	855,760
Total	**17,149,039**

**Excluding exposure for CVA Rs. 71,675 ('000s) and default fund exposure to QCCP Rs.597,136('000s).*

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

Particulars (Rs. in 000s)	31-Dec-20
Total consolidated assets as per published financial statements	13,483,596
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
Adjustments for derivative financial instruments	3,304,699
Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	373,953
(Other adjustments)	(263,508)
Leverage ratio exposure	**16,898,741**

TABLE DF- 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS OF 31 Dec 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)

Leverage ratio framework	31-Dec-20
On-balance sheet exposures	
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	13,098,343
(Asset amounts deducted in determining Basel III Tier 1 capital)	(13,209)
Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**13,085,134**
Derivative exposures	
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	385,253
Add-on amounts for PFE associated with all derivatives transactions	2,919,447
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
(Exempted CCP leg of client-cleared trade exposures)	-
Adjusted effective notional amount of written credit derivatives	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
Total derivative exposures (sum of lines 4 to 10)	**3,304,700**
Securities financing transaction exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
CCR exposure for SFT assets	134,954
Agent transaction exposures	-
Total securities financing transaction exposures (sum of lines 12 to 15)	**134,954**
Other Off-balance sheet exposure	
Off-balance sheet exposure at gross notional amount	413,139
(Adjustments for conversion to credit equivalent amounts)	(39,186)
Off-balance sheet items (sum of lines 17 and 18)	**373,953**
Capital and total exposures	
Tier 1 capital	**3,165,142**
Total exposures (sum of lines 3, 11, 16 and 19)	**16,898,741**
Leverage ratio	
Basel III leverage ratio	**18.73%**