



FIRSTSTRAND BANK

FIRSTSTRAND BANK LIMITED (INDIA BRANCH)
DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK
(BASEL III GUIDELINES) FOR THE YEAR ENDED 31 MARCH 2021





Glossary:

Acronym	Meaning
ALCO	Asset Liability Committee of FRIN
BCBS	Basel Committee on Banking Supervision
BU	Business Unit
CB	Corporate Banking division of FRIN
CCP	Central Counterparties
CF	Corporate Finance division of FRIN
CIB	Corporate & Investment Banking
CPMC	Credit Portfolio Monitoring Committee, constituted to monitor and review the portfolio on a regular basis
FRB	FirstRand Bank Limited, South Africa (Head Office or HO)
FirstRand	FirstRand Limited (or Group)
FRIN	FirstRand Bank India Branch, the India operations of FRB. Also referred to as "the Bank" in the report. The ICAAP analysis is carried out for FRIN.
GM	Global Markets division of FRIN
HO	Head Office (FirstRand Bank Limited, South Africa)
ICAAP	Internal Capital Adequacy Assessment Process
IRRBB	Interest rate risk in the banking book
MANBO	The India Management Board comprising of the CEO of FRIN and other senior executives and department heads.
MIRC	Market and Investment Committee (at Head Office)
ORMF	Operational Risk Management Framework
Open Pages	Tool for capturing operational events
PRCIA	Process Based Risk and Control Identification and Assessment
QCCP	Qualifying Central Counterparties
RBI	Reserve Bank of India
RCCCom	Risk, Capital Management and Compliance Committee
RWA	Risk Weighted Assets

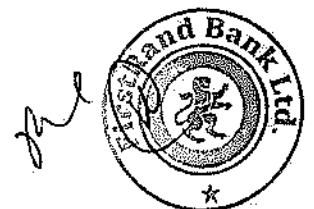




TABLE DF-1: SCOPE OF APPLICATION AND CAPITAL ADEQUACY

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 31 March 2021. 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

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 capital of ~US\$ 25.0 million and the minimum capital adequacy and leverage ratios as set by RBI in accordance with Basel III Capital Regulations. In addition to the regulatory minimum, FRIN holds a buffer to ensure that the balance sheet is resilient against unexpected losses and to provide comfort to depositors, debt holders and counterparties.

In fulfilling the overarching objective, this document demonstrates the strong linkage between capital and risk management. A fundamental and essential element of the operations of the Bank is the management of risk within the Bank's risk appetite, while maintaining the capital requirements.

I. Capital targets and planning

(a) Vision/strategy

FRIN operates as a Corporate and Investment Bank (CIB) in India, FirstRand Group, after a 'strategic review' of its Indian operations in April 2021, has decided to change the constitution of its presence in India, surrender the banking license and seek RBI's approval to operate as a Representative Office.



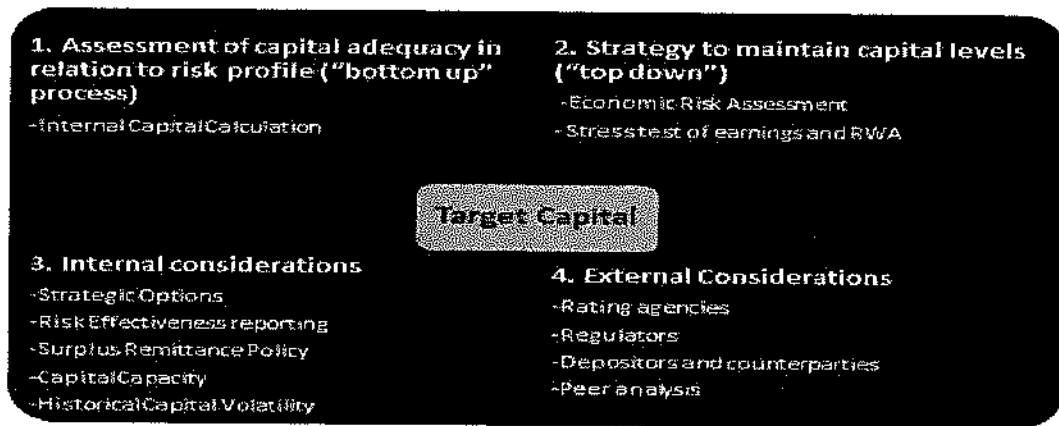


Accordingly, the branch is in the process of winding down of its operations, and post the surrender of its banking license, the Group will make an application for a Representative Office license.

II. Level of capital as well as the incorporation of stress testing

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):** The assessment of capital adequacy spans across Pillar 1 and Pillar 2. The Group views non-Pillar 1 as an independent assessment of the adequacy as calculated under Pillar 1. It is also the part of the process where differences to regulatory capital are explained.



(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:

- **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 peer banks' capital adequacy ratios is performed, and appropriate level of capital is maintained.

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. In view of the FirstRand Group's decision to re-purpose the India business and surrender FRIN's banking license, the following may be noted:





- Further to the strategic review, FRIN has stopped soliciting any new lending/trading business
- The Bank is working towards zeroizing its risk exposures and balance sheet by 30 September 2021
- The India banking license is expected to be surrendered in due course after completion of regulatory and supervisory processes related to closure of banking operations in India
- Accordingly, the FY2022 projections have been drawn basis that the end-state balance sheet (as on 31 March 2022) is nil and the income (primarily, from transfer pricing and endowment) and operating costs (including wind-down/closure costs) are estimated appropriately

2.2. Risk exposure and assessment

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:

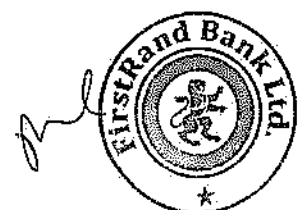
- **Risk ownership:** Risk taking is inherent in the individual business unit's (BU) activities, and as such, the Business Unit carries the primary responsibility for the risks in its business, particularly with respect to identifying and managing it appropriately.
- **Risk control:** BU management is supported by deployed risk management functions that are involved in all business decisions and are represented at an executive level. These are overseen by 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. This assurance is provided by Head Office internal audit function and external auditors who are also present at relevant board and committee meetings.

The risk management and governance structure described above is set out as per Head Office guidelines, which explicitly recognises these lines of control and is adopted by FRIN MANBO.

2.3. Most material risks, its mitigation and monitoring

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

Risk	Mitigation/ Monitoring
Credit risk <ul style="list-style-type: none"> • Default risk • Concentration risk • Collateral (unsecured) risk 	<ul style="list-style-type: none"> • Governance: FRIN MANBO and Head Office-based Credit Committees approve the credit mandate and individual transactions are approved via various Credit Committees duly chaired by Head Office personnel. Transactions are appraised by the credit team which remains independent of the BUs. • Risk measurement: The 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 on products, segments, geographies, etc., through appropriate prudential





	<p>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. Due to the strategic review, the Bank's credit risk exposures are being wound down, and is expected to be zeroized by 30 September 2021 – hence, this risk may not be relevant/material, going ahead.</p>
<p>Market risk</p> <ul style="list-style-type: none"> • Price risk • Foreign Exchange risk 	<ul style="list-style-type: none"> • Governance: Appropriate Market Risk related policies, limits duly approved by the MANBO, Asset Liability Committee (ALCO) and Head Office based Market and Investment Risk Committee (MIRC), and segregation of front, middle and back office activities. • Market risk measurement/monitoring: Independent monitoring through operational limits such as stop-loss, Expected Tail Loss (ETL), exposure, and deal-size limits, etc. • Moderate size of the market risk limits: The Bank's extant market risk limits are moderate vis-à-vis the capital of the Bank, thus effectively limiting the quantum/duration of the investments and derivatives portfolio. Due to the strategic review, the risk exposures are being wound down, and is expected to be zeroized by 30 September 2021 – hence, this risk may not be relevant/material, going ahead.
<p>Asset Liability Management (ALM)</p> <ul style="list-style-type: none"> • Liquidity risk • Interest rate risk 	<ul style="list-style-type: none"> • 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 Behavioural 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 Expected Tail Loss (ETL) numbers on a daily basis. • 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' and HO lines and money-market lines from counterparty banks as a contingency. It may 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. Due to the strategic review, the credit/risk exposures are being wound down, and are expected to be zeroized by 30 September 2021. The Bank retains sufficient liquidity to discharge its obligations.
Operational Risk	<ul style="list-style-type: none"> • Operational risk is managed by addressing Process/IT systems risk as well as risks arising out of external environment. The Bank has implemented various operational risk management tools availed from Head Office, viz., Process Based Risk and Control Identification and





	<p>Assessment (PRCIA), Key Risk Indicators (KRIs), and Open Pages (a Head Office based tool for capturing operational events), in adherence with BCBS guidelines.</p> <ul style="list-style-type: none"> • The Bank has efficient audit mechanism involving concurrent, statutory and Group Internal Audits, in addition to on/off-site surveillance by RBI. • Considering that the Bank is winding down its business, we expect the operational risk to be inherently low. Additionally, the Bank has retained the services of external assurance providers to ensure that all extant RBI guidelines are complied with during the winding down process.
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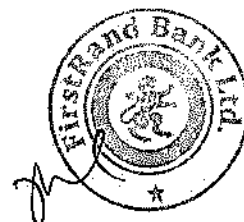
2.4. Composition of capital, capital requirement, and capital adequacy

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-21
Capital	6,617,140
Add: Statutory reserve	83,864
Less: Debit balance in Profit & Loss account	(3,517,257)
Less: Intangible assets	(15,293)
Less: Net debit balance with HO	(570,846)
Total Common Equity Tier 1 Capital (A)	2,597,608
Additional Tier 1 Capital (B)	-
Total Tier 1 Capital (C=A + B)	2,597,608
General Provisions and Loss Reserves	82,556
- Standard Asset Provision	18,281
- Country Risk Provision	1,137
- Unhedged Foreign Currency exposure	4
- Investment Reserve Account	9,040
- Investment Fluctuation Reserve	54,094
Cap on Tier 2 capital	82,556
Total Tier 2 Capital (D)	82,556
Total Capital (C + D)	2,680,164

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-21
Capital requirement for credit risk (Standardised Approach)	
• Portfolios subject to standardised approach	323,213
• Securitisation exposures	-
Capital requirement for market risk (Standardised Duration Approach)	
- Interest rate risk	77,529
- Foreign exchange risk (including gold)	38,063





- Equity risk	-
Capital requirement for operational risk (Basic Indicator approach)	152,836
Total	591,641

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

Particulars	31-Mar-21
Common equity Tier I	44.61%
Tier I capital adequacy ratio	44.61%
Total (Tier I + Tier II) capital adequacy ratio	46.03%

TABLE DF-3: CREDIT RISK: GENERAL DISCLOSURES

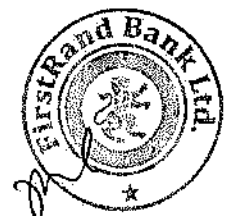
Credit risk is the risk of loss due to the non-performance of a counterparty in respect of any financial or performance obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads.

3.1. Credit Risk value-chain

The Bank has an independent Credit team which is responsible for setting up of all counterparty limits (e.g., corporates, banks, NBFCs/FIs, etc.) for all transactions (including derivatives). All exposures are monitored in accordance with RBI regulations on single/ group borrower limits, and the internal prudential limits. The credit sanctioning process is discussed here:



- **Origination:** This refers to the initiation of the approval of new facilities, the renewal of existing facilities, and/or amendment in limits/covenants, etc., which bear credit risk. Once a client is prospected by the Business Unit (BU) as per their existing business/credit mandates, it requests the Credit team to conduct the due diligence/appraisal of the counterparty.
- **Appraisal:** After a client is prospected by the BU, the client's credit profile is independently assessed by the Credit team to ensure that the same is in line with the Bank's credit mandate. It also includes assessment of the risk inherent to the transaction/deal/product. Apart from its own internal due diligence, the Bank also does strong referencing via peer banks' feedback, external rating/brokerage reports, market intelligence, etc., as well as independent views from FRIN credit Non-executives. The outcome of this process is a Credit Application (or pre-screen note, as the case may be), which encompasses an assessment of the client's industry profile, management, financing profile, financing flexibility, liquidity, key risks/mitigants, transaction analysis, etc., as well as the recommended counterparty prudential limits, product-specific limits, credit rating, and terms and conditions.
- **Sanctioning:** Credit sanctioning refers to the approval of the overall/product-specific prudential limits, client and deal rating by the relevant Head Office Credit Committees. There is a two-stage approval process.





- FRIN Credit Forum (FRIN CF) acts as a 'pre-screening forum' for credit proposals recommended to Credit Committees for approval. The respective FRIN India credit/business teams and the Head Office credit personnel participate in the FRIN CF. FRIN CF evaluates the credit profile/deal from the desirability, compliance with the internal guidelines, risk vs. return, etc., point of view.
- After the client/deal is approved by FRIN CF, a thorough due diligence is initiated on the counterparty. After satisfactory due diligence, the same proposal is recommended to the respective Credit Committees. The respective Credit Committees approve the final limits on the counterparties (conditionally or unconditionally) and assign a rating for the deal/client.

All credit exposures, if outstanding, are renewed within 12 months of sanction of the limits. Delegated members of the HO Credit Committees may, however, approve deferrals of formal annual credit reviews for a maximum period of a further 6 months subject to the fulfilment of the following criteria:

- Last formal credit review approved by the relevant approval body was within 18 months from the proposed deferral date
- Last formal credit review was performed on audited financial statements for the year-end within 24 months from the proposed deferral date
- Availability of the latest financial information

However, if there is any deterioration in the credit profile (as assessed by the Credit Committee or Credit team), then interim reviews are undertaken.

- **Legal and Risk Compliance** (conducted via the Deal Conclusion Forum) is the process whereby all the pre-onboarding conditions, i.e., legal documentation, security creation, KYC/AML, satisfaction of credit conditions, compliance with internal/regulatory norms, etc., are concluded, before the client is on-boarded.
- **Ongoing Risk Management** (conducted via Credit Portfolio Monitoring Committee or CPMC) refers to the active monitoring of the industry profiles and credit profiles of all counterparties (irrespective of the credit rating), and focuses on aspects such as changes in the industry profile, counterparty financial profile, facility utilization versus approved limits, excesses, outstanding collateral, covenants, expired limits, and high risk clients. The outcome of this process is formulating action plans to undertake appropriate credit interventions like reducing/enhancing of credit limits, product-level limits, exit, suspension of limits, etc. The activities also include portfolio measurement, compliance with various internal/regulatory prudential parameters, and all post-sanction related documentation issues.

3.2. Non-Performing Asset (NPA) Management & Recovery

FRIN Credit Policy encompasses the approach to deal with the NPA management and recoveries, as detailed below.

- **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
- **NPA management and recoveries:** This 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 adequate, conservative, and 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:

- o Reasons/source of problem
- o Likelihood of recovery of the client based on financial status/projections
- o Quality of the security held and possible ways to enforce the security
- o Security shared with other lenders and decision taken by other lenders
- o RBI guidelines related to recovery
- o Various legal options to recover the outstanding and probability of recovery (e.g., legal suits, restructuring, liquidation, etc.)

Based on the realistic assessment of the available collateral, when a loan becomes non-collectible, 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.

3.3. Analysis of Credit exposures:

Fund and Non-Fund based

Category (Rs. In '000s)	31-Mar-21
Loans and Advances	284,330
Total Fund-based Credit Exposures	284,330
Guarantees given on behalf of customers	57,237
LC	3,088
Undrawn committed lines	250,000
Un-Committed Lines of OD	20,000
Total Non-Fund based Credit Exposures	330,325
Total Credit Exposures*	614,655

* represents outstanding exposure

Geographic Distribution

Category (Rs. In '000s)	31-Mar-21
Domestic	284,330
Overseas	-
Total Fund-based Credit Exposures	284,330
Domestic	57,237
Overseas	3,088
Undrawn committed lines	250,000
Un-Committed Lines of OD	20,000
Total Non-fund based Credit Exposures	330,325
Total Credit Exposures*	614,655

* represents outstanding exposures





Industry type distribution of exposures as at 31 March 2021

Industry (Rs. in '000)	Fund-based	Non-fund based	Total	Percentage
Banking*	-	3,088	3,088	0.50%
Beverages	-	-	-	0.00%
Mining and Quarrying	-	-	-	0.00%
Textiles	-	-	-	0.00%
Leather and Leather products	-	-	-	0.00%
Chemicals & Chemical Products	219,330	-	219,330	35.68%
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	-	-	-	0.00%
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	327,237	392,237	63.81%
Grand Total	284,330	330,325	614,655	100%

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

Residual maturity of assets as at 31 March 2021

Particulars (Rs. in '000s)	Cash	Balance with RBI	Balance with Banks	Investments	Advances	Fixed Assets	Other Assets
Day 1	19	157,199	1,165,088	4,542,375	-	-	-
2 to 7 days	-	-	623,247	145,431	-	-	16
8 to 14 days	-	514	-	536	-	-	-
15 to 30 days	-	33,934	-	14,661	284,330	-	37,451
31 days to 2 months	-	125	-	13,892	-	-	1,149
2 months to 3 months	-	3,421	-	10,267	-	-	9,731
Over 3 months & up to 6 month	-	3,241	-	13,799	-	-	73,543
Over 6 month & up to 1 year	-	2,396	-	19,961	-	-	282,425
Over 1 year & up to 3 years	-	3,220	-	2,654	-	-	21,197
Over 3 years & up to 5 years	-	6,583	-	-	-	-	6,000
Over 5 years	-	-	-	5,598	-	22,424	218,420
Total	19	210,633	1,788,335	4,769,174	284,330	22,424	649,932





Non-Performing Assets:

Sr. No	Particulars (Rs. in '000s)	31-Mar-21
(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-Mar-21
Under 100% risk weight	11,002,865
100% risk weight	929,279
Above 100% risk weight	391,106
Total*	12,323,250

*Excluding exposure for CVA Rs. 41,976 ('000s) and default fund exposure to QCCP Rs. 785,397 ('000s).

TABLE DF-5: CREDIT RISK MITIGATION

Taking and managing of credit risk is a core component of the Bank's business and 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 a 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-21
Exposures before Credit Risk Mitigation	-
Risk Mitigation	-
Exposures after Credit Risk Mitigation	-

Exposures covered by guarantee (Rs. in '000s)	31-Mar-21
Funded exposures covered by Guarantee*	-
Non-Funded exposures covered by Guarantee*	-

* 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 Group's Market Risk Framework. In terms of the Market Risk Framework, the responsibility for determining market risk appetite vests with FirstRand Bank's Board, which also retains independent oversight of market risk-related activities through the FirstRand Risk Capital and Compliance committee (RCCCom), and Head Office based MIRC. In country 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 mandate 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)/ Financial Benchmark India Limited (FBIL), 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 relevant governance forums.

Market risk measurement and techniques

Market risk exposures are assessed and managed against limits such as 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 ETL sub-limit, which are monitored daily.
- For interest rate risk, the Bank has net open position limit for OIS, product-wise daily, and monthly stop loss limits and Interest Rate ETL sub-limit.
- For general market risk, the measure of risk used is the ETL metric at the 99% 10-day holding period (as detailed below) 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 250 day 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

Whilst ETL, calculated on a daily basis, supplies forecasts for potential large losses under various market conditions, the Bank also performs stress tests in which the trading portfolios under extreme market scenarios are valued. 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-21
Capital requirement for market risk	
-Interest rate risk	77,529
-Foreign exchange risk (including gold)	38,063
-Equity risk	-
Total	115,592





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 the unquantifiable risks. Operational Risk is governed via the Operational Risk Management Framework ("ORMF"), and the Operational Risk Governance Forum ("ORGF") of the Bank reviews the operational risk aspects on a regular basis.

Operational risk tools

FRIN currently follows the Basic Indicator Approach to calculate capital for operational risk. The capital charge for operational risk is INR 152,836 ('000s). In line with international best practices, the Bank employs a variety of approaches and tools in the assessment of operational risk. The Bank primarily uses various Operational risk tools, and records the same in Head Office databases through a platform called Open Pages (for operational event monitoring/closure), which is as follows:

OPERATIONAL RISK TOOLS AND APPROACHES	
<p>Process Based Risk and Control Identification and Assessment (PRCIA)</p> <ul style="list-style-type: none"> 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 	<p>Key Risk Indicators (KRIs)</p> <ul style="list-style-type: none"> 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
<p>Internal/ External loss data</p> <ul style="list-style-type: none"> 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 process. 	<p>Audit Findings</p> <ul style="list-style-type: none"> 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.

Capital requirements for Operational risk

Particulars (Rs. in '000s)	31-Mar-21
Capital requirement for Operational risk (Basic Indicator Approach)	152,836

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 broader FRIN ALM policy:

- **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.70 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-Mar-21
INR	+1.00%	(18,677)
INR	+2.00%	(37,355)

- **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 SLR/non-SLR securities) under the assumptions of parallel and non-parallel shifts in the yield curve. The Earning at Risk and Duration Gap analysis mentioned above are stressed assuming parallel shift, inversion and steepening of yield curves bi-monthly and is monitored by ALCO.

Interest rate risk in banking book as at 31 March 2021

Currency	Rate Change	Change in Equity Value (Rs. '000s)	Impact in %
INR*	2.00%	(147,117)	(4.53%)
USD**	2.00%	(410)	(0.01%)
Total Impact		(147,527)	(4.54%)

*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 separately.





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 counterparty, 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 cash/ securities on a counterparty basis to mitigate the credit exposure, if required. The liquidity impact and related costs of a possible downgrade of counterparties 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 as at 31 March 2021:

Type (Rs. in '000s)	Notional Amount	Positive MTM	Potential Future Exposure	Exposure as per Current Exposure Method
Foreign exchange contracts	202,936,130	219,647	4,058,723	4,278,369
Cross-currency swap	-	-	-	-
Interest rate swap	1,000,000	-	5,000	5,000

The capital requirement for default risk as per current exposure method is INR 28,829 (in 000's) and capital requirement for CVA risk is INR 4,565 (in 000's) as at 31 March 2021.

The Bank settles certain derivative transactions through Clearing Corporation of India Limited (CCIL) and posts collateral for margin requirements. As per the regulations, CCIL may set different margins for different members based on the credit worthiness of members. Consequently, any changes in credit worthiness of the Bank may increase the amount of collateral that the Bank is required to post with CCIL.

TABLE DF-11: COMPOSITION OF CAPITAL

Base: III common disclosure template to be used from 31 March 2017	Ref No.
Common Equity Tier 1 capital: instruments and reserves	(In '000)





1	Directly issued qualifying common share capital plus related stock surplus (share premium)	6,617,140	a
2	Retained earnings	(3,433,393)	b
3	Accumulated other comprehensive income (and other reserves)	-	
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies 1)</i>	-	
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	3,183,747	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	(15,293)	c
10	Deferred tax assets ²	-	
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-up 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 ⁴ (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold ⁶	-	
23	<i>of which: significant investments in the common stock of financial entities</i>	-	
24	<i>of which: mortgage servicing rights</i>	-	
25	<i>of which: deferred tax assets arising from temporary differences</i>	-	
26	National specific regulatory adjustments⁷ (26a+26b+26c+26d+26e)	(570,846)	
26a	<i>of which: investments in the equity capital of unconsolidated insurance subsidiaries</i>	-	



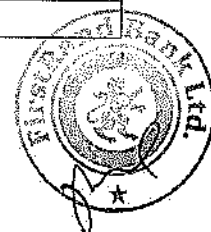


26b	<i>of which:</i> Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸	-	
26c	<i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank ⁹	-	
26d	<i>of which:</i> Unamortised pension funds expenditures	-	
26e	<i>of which:</i> Other eligible deductions from CET1 (Net overseas placement with HO eligible for deduction from CET1 Capital)	(570,846)	
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	(586,139)	
29	Common Equity Tier 1 capital (CET1)	2,597,608	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	
31	<i>of which:</i> classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	<i>of which:</i> classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	-	
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	<i>of which:</i> instruments issued by subsidiaries subject to phase out	-	
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	<i>of which:</i> investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	<i>of which:</i> 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 adequacy ¹¹	-	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	2,597,608	
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 ¹¹	82,556	d1 + d2
51	Tier 2 capital before regulatory adjustments	82,556	
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 investments ¹² 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 insurance 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)	82,556	
59	Total capital (TC = T1 + T2) (45 + 58c)	2,680,164	
60	Total risk weighted assets (60a + 60b + 60c)	5,822,356	
60a	of which: total credit risk weighted assets	2,972,072	
60b	of which: total market risk weighted assets	1,444,898	
60c	of which: total operational risk weighted assets	1,405,386	
Capital Ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	44.61%	
62	Tier 1 (as a percentage of risk weighted assets)	44.61%	
63	Total capital (as a percentage of risk weighted assets)	46.03%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	-	
65	of which: capital conservation buffer requirement	-	

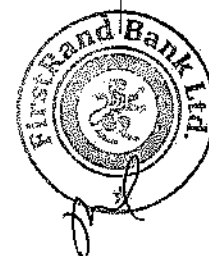




66	<i>of which: bank specific countercyclical buffer requirement</i>	-	
67	<i>of which: G-SIB buffer requirement</i>	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	
71	National total capital minimum ratio (if different from Basel III minimum)	-	
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)	82,556	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	91,245	
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 31 March 2017 and 31 March 2022)			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	-	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	-	
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	-	
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	-	

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	-
50	Eligible Provisions and Revaluation reserves included in Tier 2 capital	
	Standard Asset Provision	18,281
	Country Risk Provision	1,137
	Unhedged Foreign Currency exposure	4
	Investment Reserve Account	9,040
	Investment Fluctuation Reserve	54,094
	Total of row 50	82,556

TABLE DF-12: COMPOSITION OF CAPITAL- RECONCILIATION REQUIREMENTS

As per Basel III requirements, the banks need to follow a three-step approach to show the link between their balance sheet and the numbers which are used in the composition of capital disclosure template set out in DF 11.

Step 1: Disclosure of the reported balance sheet under regulatory scope of consolidation

Step 2: Expansion of the lines of the balance sheet under regulatory scope of consolidation to display all components which are used in the composition of capital disclosure template (Table DF-11)

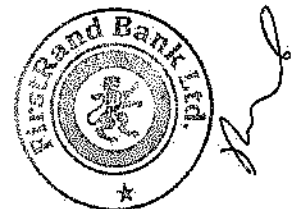
Step 3: Mapping each of the components that are disclosed in Step 2 to the composition of capital disclosure template set out in Table DF-11.

Given below is the reconciliation disclosed in three steps.

Step 1

(Rs in '000s)

Sr No	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 31-Mar-21	As on 31-Mar-21
A	Capital & Liabilities		
i	Paid-up Capital	6,617,140	NA
	Reserves & Surplus	(3,370,259)	NA
	Minority Interest	-	NA





	Total Capital	3,246,881	NA
ii	Deposits	1,483,738	NA
	of which: Deposits from banks	-	NA
	of which: Customer deposits	1,483,738	NA
	of which: Other deposits (Certificate of deposits)	-	NA
iii	Borrowings	2,279,951	NA
	of which: From RBI	-	NA
	of which: From banks	400,000	NA
	of which: From other institutions & agencies	1,879,951	NA
	of which: Others (Inter-bank Market Call / Notice)	-	NA
	of which: Capital instruments	-	NA
iv	Other liabilities & provisions	714,278	NA
	Total Capital and Liabilities	7,724,848	NA
B	Assets		
i	Cash and balances with Reserve Bank of India	210,652	NA
	Balance with banks and money at call and short notice	1,788,335	NA
ii	Investments:	4,769,175	NA
	of which: Government securities	4,769,175	NA
	of which: Other approved securities	-	NA
	of which: Shares	-	NA
	of which: Debentures & Bonds	-	NA
	of which: Subsidiaries / Joint Ventures / Associates	-	NA
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	NA
iii	Loans and advances	284,330	NA
	of which: Loans and advances to banks	-	NA
	of which: Loans and advances to customers	284,330	NA
iv	Fixed assets [^]	22,424	NA
v	Other assets	649,932	NA
	of which: Goodwill and intangible assets [^]	-	NA
	of which: Deferred tax assets	-	NA
vi	Goodwill on consolidation	-	NA
vii	Debit balance in Profit & Loss account	-	NA
	Total Assets	7,724,848	





^Fixed asset excludes Goodwill

Step 2

(Rs in '000s)				
Sr No	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Sr No
		As on 31-Mar-21	As on 31-Mar-21	
A	Capital & Liabilities			A
i	Paid-up Capital	6,617,140	NA	i
	of which: Amount eligible for CET1	6,617,140	NA	
	of which: Amount eligible for AT1	-	NA	
	Reserves & Surplus	(3,370,259)	NA	
	Minority Interest	-	NA	
	Total Capital	3,246,881	NA	
ii	Deposits	1,483,738	NA	ii
	of which: Deposits from banks	-	NA	
	of which: Customer deposits	1,483,738	NA	
	of which: Other deposits (pl. specify)-CD	-	NA	
iii	Borrowings	2,279,951	NA	iii
	of which: From RBI	-	NA	
	of which: From banks	400,000	NA	
	of which: From other institutions & agencies	1,879,951	NA	
	of which: Others (Interbank Market Call / Notice)	-	NA	
	of which: Capital instruments	-	NA	
iv	Other liabilities & provisions	714,278	NA	iv
	of which: DTLs related to goodwill	-	NA	
	of which: DTLs related to intangible assets	-	NA	
	of which Standard Asset Provision	18,281	NA	
	of which Country Risk Provision	1,138	NA	
	of which Unhedged Foreign Currency exposure	4	NA	
	of which Others	694,855	NA	
	Total Capital and Liabilities	7,724,848	NA	
B	Assets		NA	B
i	Cash and balances with Reserve Bank of India	210,652	NA	i
	Balance with banks and money at call and short notice	1,788,335	NA	
ii	Investments:	4,769,175	NA	ii





	of which: Government securities	4,769,175	NA	
	of which: Other approved securities	-	NA	
	of which: Shares	-	NA	
	of which: Debentures & Bonds	-	NA	
	of which: Subsidiaries / Joint Ventures / Associates	-	NA	
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	NA	
iii	Loans and advances	284,330	NA	iii
	of which: Loans and advances to banks	-	NA	
	of which: Loans and advances to customers	284,330	NA	
iv	Fixed assets ^a	22,424	NA	iv
v	Other assets	649,932	NA	v
	of which: Goodwill and intangible assets ^a		NA	
	Goodwill	-	NA	
	Other intangibles (excluding MSRs)	-	NA	
	of which: Deferred tax assets	-	NA	
vi	Goodwill on consolidation	-	NA	vi
vii	Debit balance in Profit & Loss account	-	NA	vii
	Total Assets	7,724,848	NA	

^aFixed assets: excludes Goodwill

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	6,617,140
2	Retained earnings*	(3,433,393)	(3,370,259)
3	Accumulated other comprehensive income (and other reserves)	-	(63,134)
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





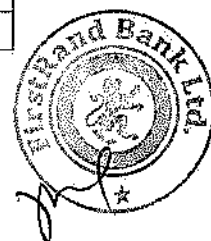
6	Common Equity Tier 1 capital before regulatory adjustments	-	NA
7	Prudential valuation adjustments	-	NA
8	Goodwill (net of related tax liability)	-	NA
9	Other Intangible assets (net of related tax liability)	(15,293)	(15,293)
10	Net overseas placement with HO eligible for deduction from CET1 Capital)	(570,846)	(570,846)
	Total	2,597,608	2,597,608

* Excludes Reserves not eligible for inclusion in Tier 1

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	02 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

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 Officers / Risk takers and Control function staff, etc.', the Bank has submitted a declaration during the year received from its Head Office to RBI to the effect that the compensation structure in India, including that of the CEO's, is in conformity with the Financial Stability Board (FSB) principles and standards.

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

Not applicable, as the Bank has not invested in equities in the current year (Previous year: Nil)

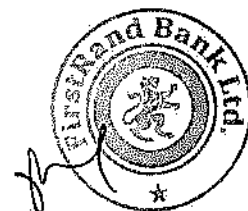




TABLE DF-17: COMPARISON OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE

(Rs. in 000s)

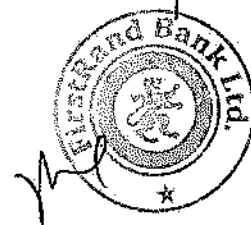
Sr. no	Particulars	31 March 2021
1	Total consolidated assets as per published financial statements	7,724,848
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment 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	4,283,369
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)	330,325
7	(Other adjustments)	(188,471)
8	Leverage ratio exposure	12,150,072

TABLE DF- 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS OF 31 March 2021

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 March 2021
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	7,505,201
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(15,293)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	7,489,908
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	219,647
5	Add-on amounts for PFE associated with all derivatives transactions	4,063,723
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)	4,283,370
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	—

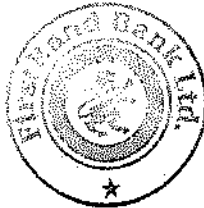




13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	---
14	CCR exposure for SFT assets	46,469
15	Agent transaction exposures	---
16	Total securities financing transaction exposures (sum of lines 12 to 15)	46,469
Other Off-balance sheet exposure		
17	Off-balance sheet exposure at gross notional amount	387,562
18	(Adjustments for conversion to credit equivalent amounts)	(57,237)
19	Off-balance sheet items (sum of lines 17 and 18)	330,325
Capital and total exposures		
20	Tier 1 capital	2,597,608
21	Total exposures (sum of lines 3, 11, 16 and 19)	12,150,072
Leverage ratio		
22	Basel III leverage ratio	21.38%

For FirstRand Bank India Branch

Prithish Mohanty
Head of Risk



Rohit Wahani
Rohit Wahani
Chief Executive Officer

Place: Mumbai
Date: 29 June 2021