

basel pillar 3

standardised disclosures

as at 30 September 2023

introduction

In accordance with the Basel Pillar 3 framework and Regulation 43 of the amended Regulations relating to Banks (the Regulations), the group is required to publish standardised disclosure templates that provide users with key quantitative and qualitative information that is comparable and consistent.



FirstRand

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Certain entities within the FirstRand group are authorised financial services and credit providers.

This analysis is available on the group's website:

www.firstrand.co.za

Email questions to investor.relations@firstrand.co.za

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KM1 – Key metrics (at consolidated group)

The table below consists of key prudential metrics related to regulatory capital, leverage and liquidity for FirstRand Limited (FirstRand or the group).

R million	FirstRand Limited				
	September 23	June 23	March 23	December 22	September 22
AVAILABLE CAPITAL (AMOUNTS)*					
1 Common Equity Tier 1 (CET1)	166 608	168 647	154 606	152 342	150 453
1a Fully loaded ECL accounting model	166 608	168 647	154 606	152 342	150 453
2 Tier 1	178 480	177 841	163 871	161 458	157 546
2a Fully loaded ECL accounting model Tier 1	178 480	177 841	163 871	161 458	157 546
3 Total capital**	201 674	201 274	191 029	186 175	183 687
3a Fully loaded ECL accounting model total capital	201 674	201 274	191 029	186 175	183 687
RISK-WEIGHTED ASSETS (AMOUNTS)					
4 Total risk-weighted assets	1 332 587	1 323 864	1 259 198	1 212 421	1 189 283
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA*					
5 CET1 ratio (%)	12.5%	12.7%	12.3%	12.6%	12.7%
5a Fully loaded ECL accounting model CET1 ratio (%)	12.5%	12.7%	12.3%	12.6%	12.7%
6 Tier 1 ratio (%)	13.4%	13.4%	13.0%	13.3%	13.2%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	13.4%	13.4%	13.0%	13.3%	13.2%
7 Total capital ratio (%)	15.1%	15.2%	15.2%	15.4%	15.4%
7a Fully loaded ECL accounting model total capital ratio (%)	15.1%	15.2%	15.2%	15.4%	15.4%
ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9 Countercyclical buffer (CCyB) requirement (%)#	0.5%	0.3%	0.3%	0.2%	0.0%
10 Bank G-SIB and/or D-SIB additional requirements (%)†	1.0%	1.0%	1.0%	1.0%	1.0%
11 Total of bank CET1 specific buffer requirements (%) (row 8+ row 9 + row 10)	4.0%	3.8%	3.8%	3.7%	3.5%
12 CET1 available after meeting the bank's minimum capital requirements (%)	1.6%	1.9%	1.9%	2.1%	2.4%
BASEL III LEVERAGE RATIO‡					
13 Total Basel III leverage ratio exposure measure	2 376 460	2 339 059	2 231 926	2 191 435	2 140 751
14 Basel III leverage ratio (%) (row 2/row13)	7.5%	7.6%	7.3%	7.4%	7.4%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	7.5%	7.6%	7.3%	7.4%	7.4%
LIQUIDITY COVERAGE RATIO (LCR)					
15 Total high-quality liquid assets	425 058	415 529	397 617	392 351	374 303
16 Total net cash outflow	357 794	336 232	348 841	324 919	312 944
17 LCR (%)	119%	124%	114%	121%	120%
NET STABLE FUNDING RATIO (NSFR)					
18 Total available stable funding	1 516 472	1 502 620	1 425 733	1 390 388	1 369 446
19 Total required stable funding	1 254 964	1 242 628	1 198 116	1 163 470	1 145 010
20 NSFR	121%	121%	119%	120%	120%

* Excluding unappropriated profits.

** Relates to total qualifying capital and reserves, which includes Tier 1 and Tier 2 capital.

The Prudential Regulatory Authority (PRA) increased the UK CCyB to 2% in July 2023, resulting in a buffer add-on of 52 bps at 30 September 2023.

† Total domestic systemically important bank (D-SIB) requirement is 1.5% at 30 June 2023, of which 1% is held in CET1 capital.

‡ Based on month-end balances.

Key drivers: September 2023 to June 2023

Risk-based capital ratios	<p>Available capital</p> <ul style="list-style-type: none"> Reduction in the foreign currency translation reserve due to rand appreciation against the pound negatively impacted CET1 capital. Issuance of AT1 instruments increased Tier 1 capital. <p>RWA</p> <ul style="list-style-type: none"> Increase in RWA driven primarily by credit and other risks partly offset by a decrease in counterparty credit and market risk RWA.
Leverage ratio	<p>Total exposure measure</p> <ul style="list-style-type: none"> Increase in exposure measure driven by an increase in on- and off-balance sheet exposures, partly offset by a decrease in derivatives and securities financing transaction exposures. <p>Tier 1 capital</p> <ul style="list-style-type: none"> Refer to commentary above.
Liquidity ratios	The decrease in the LCR reflects the expected cyclical changes from the previous quarter. Both the LCR and NSFR exceeded their minimum requirement of 100%.

KM1 – Key metrics (FirstRand Bank Limited*)

The table below consists of key prudential metrics related to regulatory capital, leverage and liquidity for FirstRand Bank Limited (FRB or the bank).

R million	FirstRand Bank Limited				
	September 23	June 23	March 23	December 22	September 22
AVAILABLE CAPITAL (AMOUNTS)**					
1 CET1	100 904	101 027	96 735	96 454	94 752
1a Fully loaded ECL accounting model	100 904	101 027	96 735	96 454	94 752
2 Tier 1	111 774	108 370	104 296	104 175	99 714
2a Fully loaded ECL accounting model Tier 1	111 774	108 370	104 296	104 175	99 714
3 Total capital [#]	128 534	124 866	127 442	124 856	122 060
3a Fully loaded ECL accounting model total capital	128 534	124 866	127 442	124 856	122 060
RISK-WEIGHTED ASSETS (AMOUNTS)					
4 Total risk-weighted assets	862 876	841 472	823 737	806 672	792 266
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA**					
5 CET1 ratio (%)	11.7%	12.0%	11.7%	12.0%	12.0%
5a Fully loaded ECL accounting model CET1 ratio (%)	11.7%	12.0%	11.7%	12.0%	12.0%
6 Tier 1 ratio (%)	13.0%	12.9%	12.7%	12.9%	12.6%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	13.0%	12.9%	12.7%	12.9%	12.6%
7 Total capital ratio (%)	14.9%	14.8%	15.5%	15.5%	15.4%
7a Fully loaded ECL accounting model total capital ratio (%)	14.9%	14.8%	15.5%	15.5%	15.4%
ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9 Countercyclical buffer requirement (%) [†]	0.0%	0.0%	0.0%	0.0%	0.0%
10 Bank G-SIB and/or D-SIB additional requirements (%) [‡]	1.0%	1.0%	1.0%	1.0%	1.0%
11 Total of bank CET1 specific buffer requirements (%) (row 8+ row 9 + row 10)	3.5%	3.5%	3.5%	3.5%	3.5%
12 CET1 available after meeting the bank's minimum capital requirements (%)	1.9%	1.8%	1.9%	2.2%	1.8%
BASEL III LEVERAGE RATIO[^]					
13 Total Basel III leverage ratio exposure measure	1 748 039	1 717 743	1 664 879	1 647 119	1 622 145
14 Basel III leverage ratio (%) (row 2/row13)	6.4%	6.3%	6.3%	6.3%	6.1%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	6.4%	6.3%	6.3%	6.3%	6.1%
LIQUIDITY COVERAGE RATIO[°]					
15 Total high-quality liquid assets	366 617	364 177	345 902	349 255	334 133
16 Total net cash outflow	299 579	281 514	289 308	281 601	272 229
17 LCR (%)	122%	129%	120%	124%	123%
NET STABLE FUNDING RATIO[°]					
18 Total available stable funding	1 036 836	1 016 854	998 781	980 065	973 164
19 Total required stable funding	877 926	846 123	855 359	835 962	823 700
20 NSFR	118%	120%	117%	117%	118%

* FRB including foreign branches.

** Excluding unappropriated profits.

[#] Relates to total qualifying capital and reserves, which includes Tier 1 and Tier 2 capital.

[†] The CCyB add-on for FRB is nil at 30 September 2023.

[‡] Total D-SIB requirement is 1.5% at 30 June 2023, of which 1% is held in CET1 capital.

[^] Based on month-end balances.

[°] Reflects FRB's operations in South Africa.

OV1: Overview of RWA

The following table provides an overview of RWA per risk type for the group.

					FirstRand Limited			
					RWA			Minimum capital requirement*
					As at 30 September 2023	As at 30 June 2023	As at 30 September 2022	As at 30 September 2023
<i>R million</i>								
1	Credit risk (excluding counterparty credit risk)**				939 568	930 968	849 399	127 030
2	– Standardised approach				393 836	403 663	340 802	53 247
5	– Advanced internal ratings-based approach (AIRB)				545 732	527 305	508 597	73 783
16	Securitisation exposures in banking book				5 298	5 359	5 460	716
17	– IRB ratings-based approach				–	–	–	–
18	– IRB supervisory formula approach				5 229	5 290	1 883	707
19	– Standardised approach/simplified supervisory formula approach				69	69	3 577	9
	Total credit risk				944 866	936 327	854 859	127 746
6	Counterparty credit risk#				14 711	14 922	15 836	1 989
7	– Standardised approach to counterparty credit risk (SA-CCR)				14 711	14 922	15 836	1 989
10	Credit valuation adjustment				9 671	11 006	8 512	1 308
11	Equity positions in banking book under market-based approach†				25 460	25 459	20 566	3 442
12	Equity investments in funds – look-through approach				304	309	237	41
13	Equity investments in funds – mandate-based approach				22 292	22 254	8 645	3 014
14	Equity investments in funds – fall-back approach				130	781	518	18
20	Market risk‡				37 741	43 897	38 419	5 102
21	– Standardised approach				13 403	13 124	12 052	1 812
22	– Internal model approach				24 338	30 773	26 367	3 290
24	Operational risk				154 576	154 576	144 389	20 899
	– Basic indicator approach				25 796	25 796	21 131	3 488
	– Standardised approach				26 850	26 850	25 047	3 630
	– Advanced measurement approach				101 930	101 930	98 211	13 781
25	Amounts below the thresholds for deduction (subject to 250% risk weight)				40 549	40 723	39 975	5 482
26	Floor adjustment				38 467	38 467	20 483	5 201
	Other assets				43 820	35 143	36 844	5 924
27	Total^				1 332 587	1 323 864	1 189 283	180 166

* The capital requirement is calculated at 13.5% of RWA. The minimum requirement excludes the Pillar 2B capital requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB, capital conservation and the D-SIB as prescribed in the Regulations.

** The group does not apply the foundation internal ratings-based and the supervisory slotting approaches (rows 3 and 4 of OV1 template) and is therefore excluded.

The group does not apply the internal model method to counterparty credit risk (row 8 of OV1 template) and there were no other counterparty credit risk approaches (CCRs) (row 9 of OV1 template) and is therefore excluded.

† Subject to the simple risk-weighted method.

‡ There were no switches between trading and banking book during the period under review (row 23 of OV1 template) and is therefore excluded.

^ Settlement risk was nil for the period under review (row 15 in OV1 template) and is therefore excluded.

OV1: Overview of RWA

The following table provides an overview of RWA per risk type for the bank.

FirstRand Bank Limited*				
	RWA			Minimum capital requirement**
	As at 30 September 2023	As at 30 June 2023	As at 30 September 2022	As at 30 September 2023
<i>R million</i>				
1 Credit risk (excluding counterparty credit risk)#	610 235	591 783	563 377	79 331
2 – Standardised approach	44 189	43 334	34 809	5 745
5 – Advanced internal ratings-based approach (AIRB)	566 046	548 449	528 568	73 586
16 Securitisation exposures in banking book	5 298	5 359	5 460	689
17 – IRB ratings-based approach	–	–	–	–
18 – IRB supervisory formula approach	5 229	5 290	1 883	680
19 – Standardised approach/simplified supervisory formula approach	69	69	3 577	9
Total credit risk	615 533	597 142	568 837	80 020
6 Counterparty credit risk†	9 365	8 432	13 260	1 217
7 – Standardised approach to counterparty credit risk (SA-CCR)	9 365	8 432	13 260	1 217
10 Credit valuation adjustment	6 324	6 032	7 040	822
11 Equity positions in banking book under market-based approach‡	2 140	1 854	1 627	278
12 Equity investments in funds – look-through approach	–	–	–	–
13 Equity investments in funds – mandate-based approach	102	102	104	13
14 Equity investments in funds – fall-back approach	130	124	518	17
20 Market risk^	31 799	37 382	32 992	4 134
21 – Standardised approach	7 461	6 609	6 625	970
22 – Internal model approach	24 338	30 773	26 367	3 164
24 Operational risk	102 356	102 356	98 205	13 307
– Basic indicator approach	–	–	–	–
– Standardised approach	2 875	2 875	2 990	374
– Advanced measurement approach	99 481	99 481	95 215	12 933
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	18 759	18 228	18 233	2 439
26 Floor adjustment	42 383	42 383	25 001	5 510
Other assets	33 985	27 437	26 449	4 418
27 Total[§]	862 876	841 472	792 266	112 175

* FRB including foreign branches.

** The capital requirement is calculated at 13% of RWA. The minimum requirement excludes the Pillar 2B capital requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB, capital conservation and the D-SIB as prescribed in the Regulations.

The bank does not apply the foundation internal ratings-based and the supervisory slotting approaches (rows 3 and 4 of OV1 template) and is therefore excluded.

† The bank does not apply the internal model method to counterparty credit risk (row 8 of OV1 template) and there were no other counterparty credit risk approaches (CCRs) (row 9 of OV1 template) and is therefore excluded.

‡ Subject to the simple risk weighted method.

^ There were no switches between trading and banking book during the period under review (row 23 of OV1 template) and is therefore excluded.

§ Settlement risk was nil for the period under review (row 15 in OV1 template) and is therefore excluded.

CR8: RWA flow statements of credit risk exposures under AIRB*

The following table provides a breakdown of the key drivers of changes in the credit RWA determined under AIRB.

<i>R million</i>		RWA
1	RWA at 30 June 2023	527 305
2	Asset size	18 427
3	Asset quality	-
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	RWA at 30 September 2023	545 732

* The RWA represents AIRB credit risk exposures excluding securitisation exposure per the OV1: Overview of RWA template on page 4.

MR2: RWA flow statements of market risk exposures under an IMA*

The following table provides a breakdown of the key drivers of changes in the market RWA determined under an IMA.

<i>R million</i>		VaR	sVaR	Total RWA
1	RWA at 30 June 2023	14 742	16 031	30 773
2	Movement in risk levels	(1 846)	(4 589)	(6 435)
3	Model updates/changes	-	-	-
4	Methodology and policy	-	-	-
5	Acquisitions and disposals	-	-	-
6	Foreign exchange movements	-	-	-
7	Other	-	-	-
8	RWA at 30 September 2023	12 896	11 442	24 338

* The group does not use the incremental risk charge and comprehensive risk measure approaches.

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure*

The table below provides a reconciliation of the published total assets as per the statement of financial position to the leverage ratio exposure measure for the group and bank.

<i>R million</i>	FirstRand Limited	FirstRand Bank Limited**
	As at 30 September 2023	
1 Total consolidated assets as per published financial statements	2 319 457	1 689 618
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(9 955)	–
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–	–
4 Adjustments for derivative financial instruments	(54 753)	(38 916)
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	2 463	2 463
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	126 139	99 198
7 Other adjustments	(6 891)	(4 324)
8 Leverage ratio exposure	2 376 460	1 748 039

* Based on month-end balances

** FRB including foreign branches

LR2: Leverage ratio common disclosure template*

The table below provides a detailed breakdown of the components of the leverage ratio exposure measure for the group and bank.

<i>R million</i>	FirstRand Limited		FirstRand Bank Limited**	
	As at 30 September 2023	As at 30 June 2023	As at 30 September 2023	As at 30 June 2023
ON-BALANCE SHEET EXPOSURES				
1 On-balance sheet exposures (excluding derivatives and SFTs, but including collateral)	2 211 925	2 182 948	1 571 662	1 537 023
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(65 242)	(65 013)	(41 802)	(41 123)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2 146 683	2 117 935	1 529 860	1 495 900
DERIVATIVE EXPOSURES				
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	13 996	19 889	20 306	25 710
5 Add-on amounts for PFE associated with all derivatives transactions	18 544	19 998	19 286	20 749
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)	(16 576)	(17 642)	(16 576)	(17 642)
8 (Exempted CCP leg of client-cleared trade exposures)	–	–	–	–
9 Adjusted effective notional amount of written credit derivatives	6 805	6 591	6 805	6 591
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(970)	(3 050)	(970)	(3 050)
11 Total derivative exposures (sum of lines 4 to 10)	21 799	25 786	28 851	32 358
SECURITIES FINANCING TRANSACTION EXPOSURES				
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	79 376	79 410	87 667	88 105
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–	–	–
14 CCR exposure for SFT assets	2 463	1 321	2 463	1 321
15 Agent transaction exposures	–	–	–	–
16 Total securities financing transaction exposures (sum of lines 12 to 15)	81 839	80 731	90 130	89 426
OTHER OFF-BALANCE SHEET EXPOSURES				
17 Off-balance sheet exposure at gross notional amount	526 011	512 052	488 644	484 445
18 (Adjustments for conversion to credit equivalent amounts)	(399 872)	(397 445)	(389 446)	(384 386)
19 Off-balance sheet items (sum of lines 17 and 18)	126 139	114 607	99 198	100 059
CAPITAL AND TOTAL EXPOSURES				
20 Tier 1 capital	178 480	177 841	111 774	108 370
21 Total exposures (sum of lines 3, 11, 16 and 19)	2 376 460	2 339 059	1 748 039	1 717 743
LEVERAGE RATIO				
22 Basel III leverage ratio	7.5%	7.6%	6.4%	6.3%

* Based on month-end balances

** FRB including foreign branches

LIQ1: Liquidity coverage ratio

The table below provides a breakdown of the group and bank's available HQLA, cash outflows and cash inflows, as measured and defined according to the LCR standards.

<i>R million</i>	FirstRand Limited*		FirstRand Bank Limited South Africa*	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
HIGH-QUALITY LIQUID ASSETS				
1		497 832		366 617
CASH OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	782 595	56 614	459 400
3	Stable deposits	133 228	4 370	–
4	Less stable deposits	649 367	52 244	459 400
5	Unsecured wholesale funding, of which:	661 430	331 434	560 578
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	185 282	46 321	166 421
7	Non-operational deposits (all counterparties)	467 221	276 186	385 600
8	Unsecured debt	8 927	8 927	8 557
9	Secured wholesale funding		8 546	4 197
10	Additional requirements, of which:	348 875	57 798	316 562
11	Outflows related to derivative exposures and other collateral requirements	19 746	19 746	12 618
12	Outflows related to loss of funding on debt products	117 054	5 853	110 396
13	Credit and liquidity facilities	212 075	32 199	193 548
14	Other contractual funding obligations	–	–	–
15	Other contingent funding obligations	278 513	10 637	261 483
16	TOTAL CASH OUTFLOWS		465 029	382 701
CASH INFLOWS				
17	Secured lending (e.g. reverse repos)	13 807	6 317	9 879
18	Inflows from fully performing exposures	132 074	107 152	97 661
19	Other cash inflows	4 265	3 749	3 882
20	TOTAL CASH INFLOWS	150 146	117 218	111 422
			Total adjusted value	Total adjusted value
21	TOTAL HQLA**		425 058	366 617
22	TOTAL NET CASH OUTFLOWS#		357 794	299 579
23	LIQUIDITY COVERAGE RATIO (%)†		119%	122%

* The consolidated LCR for FirstRand includes FRB and all other banking subsidiaries. FRB's LCR reflects its operations in South Africa.

** The weighted values have been calculated after the application of the respective haircuts for HQLA, outflows and inflows. The surplus HQLA holdings by subsidiaries and foreign branches in excess of the minimum required LCR which is not considered as fully transferable has been excluded in the calculation of the consolidated LCR for the group.

The regulatory cap on inflows is applied per entity and is reflected in total net cash outflows. The total cash inflows balance is prior to the application of the cap.

† The LCR is calculated as a simple average of 92 days of daily observations over the period ended 30 September 2023 for FRB South Africa and the London branch, as well as FNB Botswana and FNB Namibia. The remaining banking entities, including Aldermore, and the India and FNB Channel Island branches, are based on the quarter-end values. The figures are based on the regulatory submissions to the Prudential Authority.



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