



FIRSTRAND

BASEL PILLAR 3
COMMON
DISCLOSURE
TEMPLATES

as at 31 March 2018

'18

introduction

In accordance with Section 6(6) of the Banks Act, South African Reserve Bank amended *Regulations relating to banks* and BCBS Pillar 3 Disclosure Requirements, this report includes common templates as at 31 March 2018.

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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

key prudential requirements and risk weighted assets




02 – 04

KM1 – KEY METRICS (AT CONSOLIDATED GROUP)

R million	FirstRand Limited				
	March 18	December 17	September 17	June 17	March 17
AVAILABLE CAPITAL (AMOUNTS)*					
1 Common Equity Tier 1	100 056	99 769	101 779	92 490	92 275
1a Fully loaded ECL accounting model					
2 Tier 1	104 033	104 237	106 122	96 788	96 559
2a Fully loaded ECL accounting model Tier 1					
3 Total capital	122 137	121 995	123 360	112 944	112 705
3a Fully loaded ECL accounting model total capital					
RISK WEIGHTED ASSETS (AMOUNTS)					
4 Total risk weighted assets	811 267	781 996	746 311	738 386	724 661
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA					
5 Common Equity Tier 1 (%)	12.3%	12.8%	13.6%	12.5%	12.7%
5a Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6 Tier 1 ratio (%)	12.8%	13.3%	14.2%	13.1%	13.3%
6a Fully loaded ECL accounting model Tier 1 (%)					
7 Total capital ratio (%)	15.1%	15.6%	16.5%	15.3%	15.6%
7a Fully loaded ECL accounting model total capital ratio (%)					
ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.25%	1.25%	1.25%	1.25%
9 Countercyclical buffer requirement (%)	–	–	–	–	–
10 Bank G-SIB and/or D-SIB additional requirements**	–	–	–	–	–
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	1.875%	1.25%	1.25%	1.25%	1.25%
12 CET1 available after meeting the bank's minimum capital requirements (%)	3.93%	4.85%	5.72%	4.55%	4.80%
BASEL III LEVERAGE RATIO					
13 Total Basel III leverage ratio exposure measure	1 371 042	1 341 399	1 344 733	1 280 249	1 277 723
14 Basel III leverage ratio (%) (row 2/row13)	7.6%	7.8%	8.0%	7.6%	7.6%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)					
LIQUIDITY COVERAGE RATIO					
15 Total HQLA	210 454	189 486	167 569	165 154	157 224
16 Total net cash outflow	207 376	169 134	182 640	170 855	183 426
17 LCR ratio (%)	101%	112%	92%	97%	86%
NET STABLE FUNDING RATIO					
18 Total available stable funding					
19 Total required stable funding					
20 NSFR ratio					

* Excludes unappropriated profits.

** Not disclosed as it is confidential.

KEY DRIVERS:		
Risk-based capital position		Available capital <ul style="list-style-type: none"> Tier 1 and Tier 2 capital mainly impacted by the additional 10% haircut on the NCNR preference shares and subordinated debt instruments not compliant with Basel III. Risk weighted assets <ul style="list-style-type: none"> The pay-away for the acquisition of Aldermore has impacted the capital positions of both group and bank.
Leverage ratio		<ul style="list-style-type: none"> Primarily relates to an increase in on-balance sheet exposures, impacting the leverage ratio exposure measure. No material movement noted for Tier 1 capital (excluding unappropriated profits).
Liquidity coverage ratio		<ul style="list-style-type: none"> Relates to business-as-usual seasonal trends observed every year. The group still exceeds the 90% minimum requirement for 2018.

OV1: OVERVIEW OF RWA

R million

1	Credit risk (excluding counterparty credit risk)
2	– Standardised approach
3	– AIRB
12	Securitisation exposures in banking book
13	– IRB ratings-based approach
14	– IRB supervisory formula approach
15	– Standardised approach/simplified supervisory formula approach
	Total credit risk
4	Counterparty credit risk*
5	– Standardised approach
11	Settlement risk
7	Equity positions in banking book under market-based approach**
16	Market risk
17	– Standardised approach
18	– Internal model approach
19	Operational risk
20	– Basic indicator approach
21	– Standardised approach
22	– Advanced measurement approach
23	Amounts below the thresholds for deduction (subject to 250% risk weight)#
24	Floor adjustment
	Other assets
25	Total

FirstRand Limited		
As at 31 March 2018	As at 31 December 2017	As at 31 March 2018
RWA		Minimum capital requirements†
517 788	508 792	57 604
108 917	112 190	12 117
408 871	396 602	45 487
34 484	31 334	3 836
17	17	2
2 060	1 896	229
32 407	29 421	3 605
552 272	540 126	61 440
26 812	24 740	2 983
26 812	24 740	2 983
–	–	–
24 927	29 857	2 773
23 778	20 789	2 645
9 879	8 708	1 099
13 899	12 081	1 546
110 155	110 155	12 255
6 037	6 037	672
22 960	22 960	2 554
81 158	81 158	9 029
14 432	14 980	1 606
10 919	10 919	1 215
47 972	30 430	5 336
811 267	781 996	90 253

* The current exposure and standardised methods are applied to counterparty credit risk. The group does not apply the internal model method to counterparty credit risk (row 6 of OV1 template). Implementation for the standardised approach for counterparty credit risk (SA-CCR) has been delayed.

** The simple risk weighted method is applied to equity investment risk. The BCBS standard on equity investment in funds has not yet been implemented, rows 8 – 10 of the OV1 template have, therefore, been excluded from this table.

Relates to investments in financial, banking and insurance entities, and deferred tax assets relating to temporary differences.

† Capital requirement calculated at 11.125% of RWA (December 2017: 10.75%). The minimum requirement excludes the bank-specific capital requirements. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A and capital conservation buffer as prescribed in the regulations.

RWA

CR8: RWA FLOW STATEMENT OF CREDIT RISK EXPOSURES UNDER AIRB

<i>R million</i>		RWA
1	RWA at 31 December 2017	396 602
2	Asset size	8 543
3	Asset quality	3 726
4	Model updates	–
5	Methodology and policy	–
6	Acquisitions and disposals	–
7	Foreign exchange movements	–
8	Other	–
9	RWA at 31 March 2018*	408 871

* The RWA represents credit risk exposures excluding securitisation exposure per Overview of RWA table on page 3.

MR2: RWA FLOW STATEMENT OF MARKET RISK EXPOSURES UNDER IMA*

<i>R million</i>		VaR	sVaR	RWA
1	RWA at 31 December 2017	4 338	7 743	12 081
2	Movement in risk levels	1 484	334	1 818
3	Model updates/changes	–	–	–
4	Methodology and policy	–	–	–
5	Acquisitions and disposals	–	–	–
6	Foreign exchange movements	–	–	–
7	Other	–	–	–
8	RWA at 31 March 2018	5 822	8 077	13 899

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

The movement in market RWA for the quarter ended 31 March 2018 relates to normal business activities.

leverage

06

LR1 – SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE

		As at 31 March 2018	
		FirstRand Limited	FirstRand Bank Limited*
<i>R million</i>			
1	Total consolidated assets as per published financial statements	1 318 750	1 192 321
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 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	(14 817)	(13 402)
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	1 550	1 550
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	66 612	63 802
7	Other adjustments	(1 053)	5 466
8	LEVERAGE RATIO EXPOSURE	1 371 042	1 249 737

* FirstRand Bank Limited including foreign branches and subsidiaries.

LR2 – LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

		As at 31 March 2018	
		FirstRand Limited	FirstRand Bank Limited*
<i>R million</i>			
ON-BALANCE SHEET EXPOSURES			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1 243 156	1 121 500
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(2 486)	(997)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1 240 670	1 120 503
DERIVATIVE EXPOSURES*			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	12 986	14 095
5	Add-on amounts for PFE associated with all derivatives transactions	18 360	18 998
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	4 392	4 392
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(3 594)	(3 594)
11	Total derivative exposures (sum of lines 4 to 10)	32 144	33 891
SECURITIES FINANCING TRANSACTION EXPOSURES*			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	30 066	29 991
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
14	CCR exposure for SFT assets	1 550	1 550
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures (sum of lines 12 to 15)	31 616	31 541
OTHER OFF-BALANCE SHEET EXPOSURES			
17	Off-balance sheet exposure at gross notional amount	306 052	293 608
18	(Adjustments for conversion to credit equivalent amounts)	(239 440)	(229 806)
19	Off-balance sheet items (sum of lines 17 and 18)	66 612	63 802
CAPITAL AND TOTAL EXPOSURES			
20	Tier 1 capital	104 033	79 748
21	Total exposures (sum of lines 3, 11, 16 and 19)	1 371 042	1 249 737
LEVERAGE RATIO			
22	Basel III leverage ratio	7.6%	6.4%

* FirstRand Bank Limited including foreign branches and subsidiaries.

liquidity

08

LIQ1 – LIQUIDITY COVERAGE RATIO (LCR)

R million

	FirstRand Limited consolidated*		FirstRand Bank Limited SA*	
	Total unweighted value (average)**	Total weighted value (average)#	Total unweighted value (average)**	Total weighted value (average)#
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)		210 454		174 244
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which:	246 584	24 658	225 461	22 546
3 Stable deposits	–	–	–	–
4 Less stable deposits	246 584	24 658	225 461	22 546
5 Unsecured wholesale funding, of which:	421 547	229 555	326 128	164 092
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	139 492	34 873	129 951	32 488
7 Non-operational deposits (all counterparties)	272 552	185 179	187 044	122 471
8 Unsecured debt	9 503	9 503	9 133	9 133
9 Secured wholesale funding		3 770		3 770
10 Additional requirements, of which:	244 864	37 653	239 841	36 815
11 Outflows related to derivative exposures and other collateral requirements	12 561	12 561	12 347	12 347
12 Outflows related to loss of funding on debt products	127 108	6 355	127 108	6 355
13 Credit and liquidity facilities	105 195	18 737	100 385	18 113
14 Other contractual funding obligations	1 726	1 726	1 028	1 028
15 Other contingent funding obligations	176 351	6 737	171 700	6 507
16 Total cash flows		304 099		234 757
CASH INFLOWS†				
17 Secured lending (e.g. reverse repos)	122 020	95 363	82 234	60 762
18 Inflows from fully performing exposures	6 626	5 163	6 404	4 949
19 Other cash inflows	2 992	2 992	2 992	2 992
20 Total cash inflows	131 638	103 518	91 631	68 703
		Total adjusted value		Total adjusted value
21 Total HQLA		210 454		174 244
22 Total net cash outflows†		207 376		166 054
23 Liquidity coverage ratio (%)		101%		105%

* The consolidated LCR for the group (FSR) includes FRB's operations in South Africa and all registered banks and foreign branches within the group. The FirstRand Bank Limited LCR reflects its operations in South Africa.

** The LCR is calculated as a simple average of 90 days of daily observations over the period ended 31 March 2018 for FirstRand Bank South Africa and London branch, as well as for FNB Namibia and FNB Botswana. The remaining Africa and emerging markets banking entities including the India and Channel Island branches are based on the month-end or quarterly values. The figures are based on the regulatory submission to the South Africa Reserve Bank.

The weighted value has 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 of 90% which is not considered as fully transferable has been excluded in the calculation of the consolidated LCR.

† 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.

