



basel pillar 3
standardised disclosures 2023

AS AT 31 MARCH

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

1966/010753/06
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 (the group).

R million	FirstRand Limited				
	March 23	December 22	September 22	June 22	March 22
AVAILABLE CAPITAL (AMOUNTS)*					
1 Common Equity Tier 1 (CET1)	154 606	152 342	150 453	137 189	126 354
1a Fully loaded ECL accounting model	154 606	152 342	150 453	137 189	126 354
2 Tier 1	163 871	161 458	157 546	144 229	133 397
2a Fully loaded ECL accounting model Tier 1	163 871	161 458	157 546	144 229	133 397
3 Total capital**	191 029	186 175	183 687	169 063	156 875
3a Fully loaded ECL accounting model total capital	191 029	186 175	183 687	169 063	156 875
RISK-WEIGHTED ASSETS (AMOUNTS)					
4 Total risk weighted assets	1 259 198	1 212 421	1 189 283	1 135 517	1 085 601
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA*					
5 CET1 ratio (%)	12.3%	12.6%	12.7%	12.1%	11.6%
5a Fully loaded ECL accounting model CET1 ratio (%)	12.3%	12.6%	12.7%	12.1%	11.6%
6 Tier 1 ratio (%)	13.0%	13.3%	13.2%	12.7%	12.3%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	13.0%	13.3%	13.2%	12.7%	12.3%
7 Total capital ratio (%)	15.2%	15.4%	15.4%	14.9%	14.5%
7a Fully loaded ECL accounting model total capital ratio (%)	15.2%	15.4%	15.4%	14.9%	14.5%
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 (%) [#]	0.3%	0.2%	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)	3.8%	3.7%	3.5%	3.5%	3.5%
12 CET1 available after meeting the bank's minimum capital requirements (%)	1.9%	2.1%	2.4%	1.9%	1.5%
BASEL III LEVERAGE RATIO[‡]					
13 Total Basel III leverage ratio exposure measure	2 231 926	2 191 435	2 140 751	2 058 696	2 004 882
14 Basel III leverage ratio (%) (row 2/row13)	7.3%	7.4%	7.4%	7.0%	6.7%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	7.3%	7.4%	7.4%	7.0%	6.7%
LIQUIDITY COVERAGE RATIO (LCR)					
15 Total high-quality liquid assets	397 617	392 351	374 303	341 208	335 326
16 Total net cash outflow	348 841	324 919	312 944	281 888	278 070
17 LCR (%)	114%	121%	120%	121%	121%
NET STABLE FUNDING RATIO (NSFR)					
18 Total available stable funding	1 425 733	1 390 388	1 369 446	1 333 179	1 286 769
19 Total required stable funding	1 198 116	1 163 470	1 145 010	1 093 451	1 062 200
20 NSFR	119%	120%	120%	122%	121%

* Excluding unappropriated profits.

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

[#] The Prudential Regulatory Authority (PRA) reinstated the UK CCyB in December 2022 which has resulted in a buffer add-on of 0.26% at 31 March 2023.

[†] Total D-SIB requirement is 1.5% at 31 March 2023, of which 1% is held in CET1 capital.

[‡] Based on month-end balances.

KEY DRIVERS: MARCH 2023 VS DECEMBER 2022

Risk-based capital ratios	<p>Available capital</p> <ul style="list-style-type: none"> Tier 1 capital: Increase in the foreign currency translation reserve due to the rand's depreciation. Tier 2 capital: Increase due to Tier 2 issuance and exchange rate movements given the rand's depreciation. <p>RWA</p> <ul style="list-style-type: none"> Increase in RWA driven primarily by credit, counterparty credit, equity investment and other risks, partly offset by market risk.
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 derivative 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				
	March 23	December 22	September 22	June 22	March 22
AVAILABLE CAPITAL (AMOUNTS)**					
1 CET1	96 735	96 454	94 752	92 145	91 747
1a Fully loaded ECL accounting model	96 735	96 454	94 752	92 145	91 747
2 Tier 1	104 296	104 175	99 714	97 116	96 804
2a Fully loaded ECL accounting model Tier 1	104 296	104 175	99 714	97 116	96 804
3 Total capital#	127 442	124 856	122 060	118 113	116 870
3a Fully loaded ECL accounting model total capital	127 442	124 856	122 060	118 113	116 870
RISK-WEIGHTED ASSETS (AMOUNTS)					
4 Total RWA	823 737	806 672	792 266	757 205	730 359
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA**					
5 CET1 ratio (%)	11.7%	12.0%	12.0%	12.2%	12.6%
5a Fully loaded ECL accounting model CET1 ratio (%)	11.7%	12.0%	12.0%	12.2%	12.6%
6 Tier 1 ratio (%)	12.7%	12.9%	12.6%	12.8%	13.3%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	12.7%	12.9%	12.6%	12.8%	13.3%
7 Total capital ratio (%)	15.5%	15.5%	15.4%	15.6%	16.0%
7a Fully loaded ECL accounting model total capital ratio (%)	15.5%	15.5%	15.4%	15.6%	16.0%
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 (%)†	0.0%	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%	2.2%	1.8%	2.1%	2.5%
BASEL III LEVERAGE RATIO[^]					
13 Total Basel III leverage ratio exposure measure	1 664 879	1 647 119	1 622 145	1 557 964	1 536 277
14 Basel III leverage ratio (%) (row 2/row13)	6.3%	6.3%	6.1%	6.2%	6.3%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	6.3%	6.3%	6.1%	6.2%	6.3%
LIQUIDITY COVERAGE RATIO[^]					
15 Total HQLA	345 902	349 255	334 133	303 744	306 178
16 Total net cash outflow	289 308	281 601	272 229	245 147	245 389
17 LCR (%)	120%	124%	123%	124%	125%
NET STABLE FUNDING RATIO[^]					
18 Total available stable funding	998 781	980 065	973 164	944 069	924 756
19 Total required stable funding	855 359	835 962	823 700	785 233	774 484
20 NSFR	117%	117%	118%	120%	119%

* FRB including foreign branches.

** Excluding unappropriated profits.

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

† The PRA reinstated the UK CCyB in December 2022, the buffer add-on for FRB is nil at 31 March 2023.

‡ Total D-SIB requirement is 1.5% at 31 March 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.

R million	FirstRand Limited			
	RWA			Minimum capital requirement*
	As at 31 March 2023	As at 31 December 2022	As at 31 March 2022	As at 31 March 2023
1 Credit risk (excluding counterparty credit risk)**	901 405	874 310	766 998	119 526
2 – Standardised approach	383 938	354 106	292 996	50 910
5 – Advanced internal ratings-based approach	517 467	520 204	474 002	68 616
16 Securitisation exposures in banking book	7 037	7 463	9 310	933
17 – IRB ratings-based approach	–	–	–	–
18 – IRB supervisory formula approach	5 131	4 860	1 901	680
19 – Standardised approach/simplified supervisory formula approach	1 906	2 603	7 409	253
Total credit risk	908 442	881 773	776 308	120 459
6 Counterparty credit risk#	14 997	13 038	17 913	1 989
7 – Standardised approach for counterparty credit risk (SA-CCR)	14 997	13 038	17 913	1 989
10 Credit valuation adjustment	9 709	7 802	8 497	1 287
11 Equity positions in banking book under market-based approach†	22 274	20 837	23 059	2 954
12 Equity investments in funds – look-through approach	296	284	–	39
13 Equity investments in funds – mandate-based approach	9 573	9 320	8 118	1 269
14 Equity investments in funds – fall-back approach	124	121	275	16
20 Market risk‡	34 322	36 133	25 827	4 551
21 – Standardised approach	12 819	13 030	9 847	1 700
22 – Internal model approach	21 503	23 103	15 980	2 851
24 Operational risk	151 344	151 344	141 527	20 068
– Basic indicator approach	23 086	23 086	19 478	3 061
– Standardised approach	25 560	25 560	25 225	3 389
– Advanced measurement approach	102 698	102 698	96 824	13 618
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	39 362	38 237	32 522	5 220
26 Floor adjustment	32 990	19 405	20 176	4 375
Other assets	35 765	34 127	31 379	4 743
27 Total^	1 259 198	1 212 421	1 085 601	166 970

* Capital requirement calculated at 13.26% 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 CCyB requirement was 0.26% at 31 March 2023.

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

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 risks (CCRs) (row 9 of OV1 template).

† 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).

^ 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*				
R million	RWA			Minimum capital requirement**
	As at 31 March 2023	As at 31 December 2022	As at 31 March 2022	As at 31 March 2023
1 Credit risk (excluding counterparty credit risk)#	582 174	582 493	518 492	75 683
2 – Standardised approach	29 868	41 948	27 502	3 883
5 – Advanced internal ratings-based approach	552 306	540 545	490 990	71 800
16 Securitisation exposures in banking book	7 037	7 463	5 759	915
17 – IRB ratings-based approach	–	–	–	–
18 – IRB supervisory formula approach	5 131	4 860	1 901	667
19 – Standardised approach/simplified supervisory formula approach	1 906	2 603	3 858	248
Total credit risk	589 211	589 956	524 251	76 598
6 Counterparty credit risk†	11 240	9 422	16 149	1 461
7 – SA-CCR	11 240	9 422	16 149	1 461
10 Credit valuation adjustment	7 787	6 326	7 848	1 012
11 Equity positions in banking book under market-based approach‡	1 895	1 761	1 685	246
12 Equity investments in funds – look-through approach	–	–	–	–
13 Equity investments in funds – mandate-based approach	83	83	183	11
14 Equity investments in funds – fall-back approach	124	122	275	16
20 Market risk^	28 038	29 794	21 785	3 645
21 – Standardised approach	6 535	6 691	5 805	850
22 – Internal model approach	21 503	23 103	15 980	2 795
24 Operational risk	102 942	102 942	97 392	13 382
– Basic indicator approach	–	–	–	–
– Standardised approach	2 823	2 823	3 333	367
– Advanced measurement approach	100 119	100 119	94 059	13 015
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	16 826	15 632	12 223	2 187
26 Floor adjustment	37 213	23 628	24 069	4 838
Other assets	28 378	27 006	24 499	3 690
27 Total[§]	823 737	806 672	730 359	107 086

* FRB including foreign branches.

** Capital requirement calculated at 13.0% 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 CCyB requirement was 0% at 31 March 2023.

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

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

‡ 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).

§ 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 31 December 2022	520 204*
2 Asset size	14 301
3 Asset quality	(951)
4 Model updates	(16 087)
5 Methodology and policy	-
6 Acquisitions and disposals	-
7 Foreign exchange movements	-
8 Other	-
9 RWA at 31 March 2023**	517 467

* Restated for rounding

** The RWA represents credit risk exposures excluding securitisation exposure per OV1: Overview of RWA table on page 5.

MR2: RWA flow statements of market risk exposures under 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 31 December 2022	11 176	11 927	23 103
2 Movement in risk levels	(835)	(765)	(1 600)
3 Model updates/changes	-	-	-
4 Methodology and policy	-	-	-
5 Acquisitions and disposals	-	-	-
6 Foreign exchange movements	-	-	-
7 Other	-	-	-
8 RWA at 31 March 2023*	10 341	11 162	21 503

* 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.

	FirstRand Limited	FirstRand Bank Limited**
<i>R million</i>		
As at 31 March 2023		
1 Total consolidated assets as per published financial statements	2 187 726	1 604 772
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(10 096)	-
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	(43 924)	(30 422)
5 Adjustment for securities financing transactions (ie repos and similar secured lending)	2 600	2 600
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	108 457	91 634
7 Other adjustments	(12 837)	(3 705)
8 Leverage ratio exposure	2 231 926	1 664 879

* 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 31 March 2023	As at 31 December 2022	As at 31 March 2023	As at 31 December 2022
ON-BALANCE SHEET EXPOSURES				
1 On-balance sheet exposures (excluding derivatives and SFTs, but including collateral)	2 080 346	2 032 426	1 493 845	1 474 298
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(62 491)	(60 969)	(39 771)	(39 522)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2 017 855	1 971 457	1 454 074	1 434 776
DERIVATIVE EXPOSURES				
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	6 435	11 770	11 732	13 344
5 Add-on amounts for PFE associated with all derivatives transactions	14 393	13 098	14 578	13 469
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	7 364	7 659	7 364	7 659
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(6 365)	(7 242)	(6 365)	(7 242)
11 Total derivative exposures (sum of lines 4 to 10)	21 827	25 285	27 309	27 230
SECURITIES FINANCING TRANSACTION EXPOSURES				
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	81 187	85 172	89 261	93 663
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14 CCR exposure for SFT assets	2 600	2 505	2 600	2 505
15 Agent transaction exposures	-	-	-	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	83 787	87 677	91 861	96 168
OTHER OFF-BALANCE SHEET EXPOSURES				
17 Off-balance sheet exposure at gross notional amount	494 470	478 752	464 562	437 574
18 (Adjustments for conversion to credit equivalent amounts)	(386 013)	(371 736)	(372 927)	(348 629)
19 Off-balance sheet items (sum of lines 17 and 18)	108 457	107 016	91 635	88 945
CAPITAL AND TOTAL EXPOSURES				
20 Tier 1 capital	163 871	161 458	104 296	104 175
21 Total exposures (sum of lines 3, 11, 16 and 19)	2 231 926	2 191 435	1 664 879	1 647 119
LEVERAGE RATIO				
22 Basel III leverage ratio	7.3%	7.4%	6.3%	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.

	FirstRand Limited*		FirstRand Bank Limited South Africa*	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<i>R million</i>				
HIGH-QUALITY LIQUID ASSETS				
1 Total high-quality liquid assets (HQLA)		445 964		345 902
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which:	730 383	52 679	432 223	38 118
3 Stable deposits	115 092	3 777	-	-
4 Less stable deposits	615 291	48 902	432 223	38 118
5 Unsecured wholesale funding, of which:	648 832	325 498	546 270	273 909
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	197 345	49 336	170 036	42 509
7 Non-operational deposits (all counterparties)	447 088	271 763	372 524	227 690
8 Unsecured debt	4 399	4 399	3 710	3 710
9 Secured wholesale funding		10 339		1 882
10 Additional requirements, of which:	321 172	53 612	285 787	46 811
11 Outflows related to derivative exposures and other collateral requirements	15 939	15 939	11 277	11 277
12 Outflows related to loss of funding on debt products	104 798	5 240	89 359	4 468
13 Credit and liquidity facilities	200 435	32 433	185 151	31 066
14 Other contractual funding obligations	-	-	-	-
15 Other contingent funding obligations	254 794	9 417	227 324	8 206
16 TOTAL CASH OUTFLOWS		451 545		368 926
CASH INFLOWS				
17 Secured lending (e.g. reverse repos)	13 211	6 327	9 379	2 495
18 Inflows from fully performing exposures	123 864	100 041	92 216	74 238
19 Other cash inflows	2 598	3 340	2 137	2 885
20 TOTAL CASH INFLOWS	139 673	109 708	103 732	79 618
		Total adjusted value		Total adjusted value
21 TOTAL HQLA**		397 617		345 902
22 TOTAL NET CASH OUTFLOW#		348 841		289 308
23 LIQUIDITY COVERAGE RATIO (%)†		114%		120%

* The consolidated LCR for the group (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 outflow. The total cash inflows balance is prior to the application of the cap.

† The LCR is calculated as a simple average of 90 days of daily observations over the period ended 31 March 2023 for FRB South Africa and the London branch, as well as FNB Botswana and FNB Namibia. The remaining banking entities, including Aldermore, are based on the quarter end values. The figures are based on the regulatory submissions to the Prudential Authority.



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