



basel pillar 3
standardised disclosures 2022

AS AT 30 SEPTEMBER

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				
	September 22	June 22	March 22	December 21	September 21
AVAILABLE CAPITAL (AMOUNTS)*					
1 Common Equity Tier 1 (CET1)	150 453	137 189	126 354	130 810	125 029
1a Fully loaded ECL accounting model	150 453	137 189	126 354	130 810	125 029
2 Tier 1	157 546	144 229	133 397	138 265	132 349
2a Fully loaded ECL accounting model Tier 1	157 546	144 229	133 397	138 265	132 349
3 Total capital**	183 687	169 063	156 875	163 010	156 027
3a Fully loaded ECL accounting model total capital	183 687	169 063	156 875	163 010	156 027
RISK-WEIGHTED ASSETS (AMOUNTS)					
4 Total risk weighted assets	1 189 283	1 135 517	1 085 601	1 113 206	1 078 531
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA*					
5 CET1 ratio (%)	12.7%	12.1%	11.6%	11.8%	11.6%
5a Fully loaded ECL accounting model CET1 ratio (%)	12.7%	12.1%	11.6%	11.8%	11.6%
6 Tier 1 ratio (%)	13.2%	12.7%	12.3%	12.4%	12.3%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	13.2%	12.7%	12.3%	12.4%	12.3%
7 Total capital ratio (%)	15.4%	14.9%	14.5%	14.6%	14.5%
7a Fully loaded ECL accounting model total capital ratio (%)	15.4%	14.9%	14.5%	14.6%	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 (%)#	0.0%	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 (%)	2.4%	1.9%	1.5%	2.4%	2.3%
BASEL III LEVERAGE RATIO‡					
13 Total Basel III leverage ratio exposure measure	2 140 751	2 058 696	2 004 882	2 015 391	1 945 643
14 Basel III leverage ratio (%) (row 2/row13)	7.4%	7.0%	6.7%	6.9%	6.8%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	7.4%	7.0%	6.7%	6.9%	6.8%
LIQUIDITY COVERAGE RATIO					
15 Total high-quality liquid assets	374 303	341 208	335 326	341 658	335 039
16 Total net cash outflow	312 944	281 888	278 070	288 694	287 727
17 LCR (%)	120%	121%	121%	118%	116%
NET STABLE FUNDING RATIO (NSFR)					
18 Total available stable funding	1 382 817	1 346 540	1 298 631	1 325 571	1 286 987
19 Total required stable funding	1 144 196	1 093 451	1 060 080	1 063 848	1 029 799
20 NSFR	121%	123%	123%	125%	125%

* Excluding unappropriated profits.

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

The FirstRand CCyB requirement is nil for the September 2021 reporting period and onwards.

† Total D-SIB requirement is 1.5% at 30 September 2022, of which 1% is held in CET1 capital.

‡ Based on month-end balances.

KEY DRIVERS: SEPTEMBER 2022 VS JUNE 2022

Risk-based capital ratios	<p>Available capital</p> <ul style="list-style-type: none"> Tier 1 capital: Increase mainly due to profit appropriation and an increase in the foreign currency translation reserve due to the rand's depreciation. Tier 2 capital: Net increase due to exchange rate movements given the rand's depreciation against the dollar, as well as new issuance to replace Tier 2 redemption during the quarter and optimise the overall capital mix. <p>RWA</p> <ul style="list-style-type: none"> Increase in RWA primarily driven by credit (mainly related to volume and foreign exchange movements given the rand's depreciation), market and other risk. This was partly offset by a decrease in counterparty credit risk and equity investment 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-balance sheet items and derivative exposures, partly offset by a decrease in securities financing transactions (SFTs) and off-balance sheet 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 22	June 22	March 22	December 21	September 21
AVAILABLE CAPITAL (AMOUNTS)**					
1 CET1	94 752	92 145	91 747	92 186	92 067
1a Fully loaded ECL accounting model	94 752	92 145	91 747	92 186	92 067
2 Tier 1	99 714	97 116	96 804	96 994	96 998
2a Fully loaded ECL accounting model Tier 1	99 714	97 116	96 804	96 994	96 998
3 Total capital#	122 060	118 113	116 870	117 945	116 165
3a Fully loaded ECL accounting model total capital	122 060	118 113	116 870	117 945	116 165
RISK-WEIGHTED ASSETS (AMOUNTS)					
4 Total RWA	792 266	757 205	730 359	730 706	719 659
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA**					
5 CET1 ratio (%)	12.0%	12.2%	12.6%	12.6%	12.8%
5a Fully loaded ECL accounting model CET1 ratio (%)	12.0%	12.2%	12.6%	12.6%	12.8%
6 Tier 1 ratio (%)	12.6%	12.8%	13.3%	13.3%	13.5%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	12.6%	12.8%	13.3%	13.3%	13.5%
7 Total capital ratio (%)	15.4%	15.6%	16.0%	16.1%	16.1%
7a Fully loaded ECL accounting model total capital ratio (%)	15.4%	15.6%	16.0%	16.1%	16.1%
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 (%)	1.8%	2.1%	2.5%	3.3%	3.5%
BASEL III LEVERAGE RATIO[^]					
13 Total Basel III leverage ratio exposure measure	1 622 145	1 557 964	1 536 277	1 503 527	1 474 289
14 Basel III leverage ratio (%) (row 2/row13)	6.1%	6.2%	6.3%	6.5%	6.6%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	6.1%	6.2%	6.3%	6.5%	6.6%
LIQUIDITY COVERAGE RATIO[^]					
15 Total HQLA	334 133	303 744	306 178	310 337	307 010
16 Total net cash outflow	272 229	245 147	245 389	250 357	253 274
17 LCR (%)	123%	124%	125%	124%	121%
NET STABLE FUNDING RATIO[^]					
18 Total available stable funding	973 164	944 069	924 756	919 696	909 827
19 Total required stable funding	823 700	785 233	774 484	762 525	740 261
20 NSFR	118%	120%	119%	121%	123%

* FRB including foreign branches.

** Excluding unappropriated profits.

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

† The FRB CCyB requirement is nil for the September 2021 reporting period and onwards.

‡ Total D-SIB requirement is 1.5% at 30 September 2022, 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 30 September 2022	As at 30 June 2022	As at 30 September 2021	As at 30 September 2022
1 Credit risk (excluding counterparty credit risk)**	849 399	812 491	744 049	110 422
2 – Standardised approach	340 802	322 442	293 790	44 304
5 – Advanced internal ratings-based approach	508 597	490 049	450 259	66 118
16 Securitisation exposures in banking book	5 460	5 123	27 000	710
17 – IRB ratings-based approach	–	–	–	–
18 – IRB supervisory formula approach	1 883	1 887	1 976	245
19 – Standardised approach/simplified supervisory formula approach	3 577	3 236	25 024	465
Total credit risk	854 859	817 614	771 049	111 132
6 Counterparty credit risk#	15 836	15 910	17 476	2 059
7 – Standardised approach for counterparty credit risk (SA-CCR)	15 836	15 910	17 476	2 059
10 Credit valuation adjustment	8 512	10 373	10 880	1 106
11 Equity positions in banking book under market-based approach	20 566	22 820	20 709	2 673
12 Equity investments in funds – look-through approach	237	266	–	31
13 Equity investments in funds – mandate-based approach	8 645	8 444	8 315	1 124
14 Equity investments in funds – fall-back approach	518	270	–	67
15 Settlement risk	–	–	–	–
20 Market risk†	38 419	28 163	28 045	4 995
21 – Standardised approach	12 052	9 468	12 595	1 567
22 – Internal model approach	26 367	18 695	15 450	3 428
24 Operational risk	144 389	144 389	137 474	18 770
– Basic indicator approach	21 131	21 131	17 998	2 747
– Standardised approach	25 047	25 047	25 075	3 256
– Advanced measurement approach	98 211	98 211	94 401	12 767
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	39 975	36 760	31 853	5 197
26 Floor adjustment	20 483	20 483	21 092	2 663
Other assets	36 844	30 025	31 638	4 790
27 Total	1 189 283	1 135 517	1 078 531	154 607

* 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 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).

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

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 30 September 2022	As at 30 June 2022	As at 30 September 2021	As at 30 September 2022
1 Credit risk (excluding counterparty credit risk)#	563 377	540 052	503 017	73 239
2 – Standardised approach	34 809	31 073	29 908	4 525
5 – Advanced internal ratings-based approach	528 568	508 979	473 109	68 714
16 Securitisation exposures in banking book	5 460	5 123	6 806	710
17 – IRB ratings-based approach	–	–	–	–
18 – IRB supervisory formula approach	1 883	1 887	1 976	245
19 – Standardised approach/simplified supervisory formula approach	3 577	3 236	4 830	465
Total credit risk	568 837	545 175	509 823	73 949
6 Counterparty credit risk†	13 260	14 042	15 409	1 724
7 – SA-CCR	13 260	14 042	15 409	1 724
10 Credit valuation adjustment	7 040	9 427	9 894	915
11 Equity positions in banking book under market-based approach	1 627	1 651	1 633	211
12 Equity investments in funds – look-through approach	–	–	–	–
13 Equity investments in funds – mandate-based approach	104	104	405	14
14 Equity investments in funds – fall-back approach	518	270	–	67
15 Settlement risk	–	–	–	–
20 Market risk‡	32 992	23 938	24 340	4 289
21 – Standardised approach	6 625	5 243	8 890	861
22 – Internal model approach	26 367	18 695	15 450	3 428
24 Operational risk	98 205	98 205	95 575	12 767
– Basic indicator approach	–	–	–	–
– Standardised approach	2 990	2 990	4 005	389
– Advanced measurement approach	95 215	95 215	91 570	12 378
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	18 233	16 615	12 579	2 370
26 Floor adjustment	25 001	25 001	25 159	3 250
Other assets	26 449	22 777	24 842	3 438
27 Total	792 266	757 205	719 659	102 994

* 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 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).

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

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 2022	490 049
2 Asset size	21 147
3 Asset quality	(2 599)
4 Model updates	-
5 Methodology and policy	-
6 Acquisitions and disposals	-
7 Foreign exchange movements	-
8 Other	-
9 RWA at 30 September 2022*	508 597

* 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 30 June 2022	7 166	11 529	18 695
2 Movement in risk levels	4 862	2 810	7 672
3 Model updates/changes	-	-	-
4 Methodology and policy	-	-	-
5 Acquisitions and disposals	-	-	-
6 Foreign exchange movements	-	-	-
7 Other	-	-	-
8 RWA at 30 September 2022*	12 028	14 339	26 367

* 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**
	As at 30 September 2022	
<i>R million</i>		
1 Total consolidated assets as per published financial statements	2 103 687	1 588 499
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(7 920)	-
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	(48 521)	(50 439)
5 Adjustment for securities financing transactions (ie repos and similar secured lending)	3 390	3 390
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	104 171	85 956
7 Other adjustments	(14 056)	(5 261)
8 Leverage ratio exposure	2 140 751	1 622 145

* 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 2022	As at 30 June 2022	As a 30 September 2022	As at 30 June 2022
ON-BALANCE SHEET EXPOSURES				
1 On-balance sheet exposures (excluding derivatives and SFTs, but including collateral)	1 998 718	1 906 829	1 464 605	1 388 987
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(61 090)	(60 289)	(40 238)	(39 160)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1 937 628	1 846 540	1 424 367	1 349 827
DERIVATIVE EXPOSURES				
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	15 363	16 357	18 916	20 159
5 Add-on amounts for PFE associated with all derivatives transactions	19 068	15 391	19 749	16 265
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	7 543	6 940	7 543	6 940
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(4 968)	(4 574)	(4 968)	(4 574)
11 Total derivative exposures (sum of lines 4 to 10)	37 006	34 114	41 240	38 790
SECURITIES FINANCING TRANSACTION EXPOSURES				
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	58 556	70 617	67 192	78 148
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14 CCR exposure for SFT assets	3 390	2 188	3 390	2 188
15 Agent transaction exposures	-	-	-	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	61 946	72 805	70 582	80 336
OTHER OFF-BALANCE SHEET EXPOSURES				
17 Off-balance sheet exposure at gross notional amount	456 401	457 807	413 808	418 050
18 (Adjustments for conversion to credit equivalent amounts)	(352 230)	(352 570)	(327 852)	(329 039)
19 Off-balance sheet items (sum of lines 17 and 18)	104 171	105 237	85 956	89 011
CAPITAL AND TOTAL EXPOSURES				
20 Tier 1 capital	157 546	144 229	99 714	97 116
21 Total exposures (sum of lines 3, 11, 16 and 19)	2 140 751	2 058 696	1 622 145	1 557 964
LEVERAGE RATIO				
22 Basel III leverage ratio	7.4%	7.0%	6.1%	6.2%

* 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)		419 282		334 133
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which:	531 897	45 600	348 973	34 897
3 Stable deposits	112 684	3 679	-	-
4 Less stable deposits	419 213	41 921	348 973	34 897
5 Unsecured wholesale funding, of which:	609 530	301 354	526 282	257 465
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	184 971	46 243	171 032	42 758
7 Non-operational deposits (all counterparties)	420 481	251 033	351 281	210 738
8 Unsecured debt	4 078	4 078	3 969	3 969
9 Secured wholesale funding		2 554		760
10 Additional requirements, of which:	303 048	51 148	273 660	44 849
11 Outflows related to derivative exposures and other collateral requirements	18 554	18 554	14 411	14 411
12 Outflows related to loss of funding on debt products	82 760	4 138	80 743	4 037
13 Credit and liquidity facilities	201 734	28 456	178 506	26 401
14 Other contractual funding obligations	-	-	-	-
15 Other contingent funding obligations	235 115	9 029	214 395	8 084
16 TOTAL CASH OUTFLOWS		409 685		346 055
CASH INFLOWS				
17 Secured lending (e.g. reverse repos)	9 951	4 588	7 896	2 552
18 Inflows from fully performing exposures	117 381	95 589	83 429	66 081
19 Other cash inflows	5 356	5 356	5 179	5 193
20 TOTAL CASH INFLOWS	132 688	105 533	96 504	73 826
		Total adjusted value		Total adjusted value
21 TOTAL HQLA**		374 303		334 133
22 TOTAL NET CASH OUTFLOW#		312 944		272 229
23 LIQUIDITY COVERAGE RATIO (%)†		120%		123%

* 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 92 days of daily observations over the period ended 30 September 2022 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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