



FirstRand

2019

basel pillar 3 disclosure
for the six months ended 31 December

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Basel Pillar 3 disclosure

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FirstRand

1966/010753/06

Certain entities within the FirstRand group are Authorised Financial Services and Credit Providers.

This report is available on the group's website:

www.firstrand.co.za

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

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overview of firstrand

FIRSTRAND'S portfolio of integrated financial services businesses comprises FNB, RMB, WesBank, Aldermore and Ashburton Investments. The group operates in South Africa, certain markets in sub-Saharan Africa and in the UK, and offers a universal set of transactional, lending, investment and insurance products and services. FCC represents group-wide functions.

Introduction

This interim risk and capital management report (Pillar 3 disclosure) covers the operations of FirstRand Limited (FirstRand or the group) and complies with:

- > the Basel Committee on Banking Supervision's (BCBS) revised Pillar 3 disclosure requirements (Pillar 3 standard), BCBS 309 published in January 2015, and the consolidated and enhanced framework, BCBS 400, published in March 2017, as well as the BCBS technical amendment on the regulatory treatment of accounting provisions, published in August 2018; and
- > Regulation 43 of the *Regulations relating to Banks* (Regulations), issued in terms of the Banks Act 94 of 1990, Directive D1/2019 on *Matters related to Pillar 3 disclosure requirement framework* and all other Pillar 3 disclosure-related directives issued by the Prudential Authority (PA).

The *Analysis of financial results for the six months ended 31 December 2019* booklet provides an overview of the group's financial position, performance and capital adequacy position. The group's June 2019 Basel Pillar 3 disclosure provides the qualitative disclosure of the group's business activities, risk management approach, risk appetite, and risk management practices for its key risks which is still relevant for the period under review.

The table references used throughout the Pillar 3 disclosure are in accordance with the Pillar 3 standard, where required.

Some differences exist between the practices, approaches, processes and policies of FirstRand Bank Limited (the bank or FRB) and its fellow FirstRand wholly-owned subsidiaries. These are highlighted by reference to the appropriate entity, where necessary. This report has been internally verified through the group's governance processes, in line with the group's external communication and public disclosure policy, which describes the responsibilities and duties of senior management and the board in the preparation and review of the Pillar 3 disclosure.

In this regard, the board is satisfied that the Pillar 3 disclosures have been prepared in line with the FirstRand external communication and public disclosure policy, that appropriate internal control processes and review have been applied, and that the Pillar 3 disclosure complies with the relevant disclosure requirements.

This Pillar 3 disclosure was released in March 2020, and the COVID-19 pandemic was in its early stages in South Africa. However, this report reflects the group's risk profile as at 31 December 2019 and therefore does not cover any impact of the COVID-19 pandemic on the group.

01

key prudential
requirements

KM1 – Key metrics (at consolidated group)

<i>R million</i>	December 19	September 19	June 19	March 19	December 18
AVAILABLE CAPITAL (AMOUNTS)*					
1 Common Equity Tier 1	117 081	118 757	113 429	114 608	109 440
1a Fully loaded ECL accounting model	114 918	116 594	110 185	111 363	106 196
2 Tier 1	125 376	127 192	121 081	121 990	115 107
2a Fully loaded ECL accounting model Tier 1	123 213	125 029	117 837	118 745	111 863
3 Total capital	149 210	152 032	144 729	144 694	137 062
3a Fully loaded ECL accounting model total capital	148 178	151 356	142 638	145 831	138 199
RISK WEIGHTED ASSETS (AMOUNTS)					
4 Total risk weighted assets (RWA)	1 024 252	1 044 259	1 007 155	988 099	972 199
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA*					
5 Common Equity Tier 1 (%)	11.4%	11.4%	11.3%	11.6%	11.3%
5a Fully loaded ECL accounting model Common Equity Tier 1 (%)	11.2%	11.2%	10.9%	11.3%	10.9%
6 Tier 1 (%)	12.2%	12.2%	12.0%	12.3%	11.8%
6a Fully loaded ECL accounting model Tier 1 (%)	12.0%	12.0%	11.7%	12.0%	11.5%
7 Total capital (%)	14.6%	14.6%	14.4%	14.6%	14.1%
7a Fully loaded ECL accounting model total capital (%)	14.5%	14.5%	14.1%	14.7%	14.2%
ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	1.875%
9 Countercyclical buffer requirement (%)	0.180%	0.186%	0.180%	0.189%	0.130%
10 Bank G-SIB and/or D-SIB additional requirements (%)**	–	–	–	–	–
11 Total of bank CET1-specific buffer requirements (%) (row 8 + row 9 + row 10)	2.680%	2.686%	2.680%	2.689%	2.005%
12 CET1 available after meeting the bank's minimum capital requirements (%)	2.81%	2.74%	2.59%	2.95%	2.84%
BASEL III LEVERAGE RATIO#					
13 Total Basel III leverage ratio exposure measure	1 765 746	1 781 542	1 731 375	1 709 341	1 657 140
14 Basel III leverage ratio (%) (row 2/row13)	7.1%	7.1%	7.0%	7.1%	6.9%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	7.0%	7.0%	6.8%	6.9%	6.8%
LIQUIDITY COVERAGE RATIO (LCR)					
15 Total HQLA	276 704	269 369	249 134	229 784	216 232
16 Total net cash outflow	187 377	194 505	203 070	207 334	176 586
17 LCR (%)	148%	138%	122%	111%	122%
NET STABLE FUNDING RATIO (NSFR)					
18 Total available stable funding	1 120 492	1 096 495	1 092 423	1 079 458	1 039 693
19 Total required stable funding	945 482	930 446	920 362	952 629	927 138
20 NSFR	119%	118%	118%	113%	112%

* Excludes unappropriated profits.

** Not disclosed as it is confidential.

Based on month-end balances.

KEY DRIVERS: DECEMBER 2019 VS SEPTEMBER 2019

Risk-based capital ratios*	–	Available capital > CET1 capital decrease driven mainly by a decrease in the foreign currency translation reserve and third-party capital. RWA > Decrease in total RWA driven primarily by credit risk, which is in line with the current low-growth environment.
Leverage ratio – total exposure measure*	↓	> Decrease in total exposure measure, mainly due to a decrease in on-balance sheet and derivative exposures, which is in line with the current low-growth environment.
Liquidity ratios	↑	> The increase in the LCR is a result of the implementation of optimisation strategies and business as usual seasonal trends. The group's LCR and NSFR exceeded the 100% minimum requirements for 2019.

* Reflect the transitional Day 1 impact of IFRS 9.

02

capital

Composition of regulatory capital

R million	FirstRand Limited as at 31 December			
	2019	Amounts subject to pre-Basel III treatment	Reference*	2018
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES				
1 Directly issued qualifying common share capital and share premium	8 019		a	8 073
2 Retained earnings**	113 846		b	104 846
3 Accumulated other comprehensive income (and other reserves)	2 661		c	3 384
4 Directly issued capital subject to phase-out from CET1 (only applicable to joint stock companies) Public sector capital injections grandfathered until 1 January 2018				
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	3 425	4 089	d	3 385
6 CET1 capital before regulatory adjustments	127 951			119 688
COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS				
7 Prudential valuation adjustments	220			378
8 Goodwill (net of related tax liability)	7 387		e	7 358
9 Other intangibles other than mortgage-servicing rights (net of related tax liability)	2 685		f	2 837
10 Deferred tax assets that rely on future probability excluding those arising from temporary differences (net of related tax liability)	265		g	370
11 Cash flow hedge reserve	577			420
12 Shortfall of provisions to expected losses	44			–
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	6		h	36
16 Investments in own shares (if not already netted off paid in 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)	–			–
20 Mortgage servicing rights (amount above 10% threshold)	–			–
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–			–
22 Amount exceeding 15% threshold	–			–
23 Of which: significant investments in the common stock of financials	–			–
24 Of which: mortgage servicing rights	–			–
25 Of which: deferred tax assets arising from temporary differences	–			–
26 National specific regulatory adjustments	(314)		i	(1 151)
Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
27 Regulatory adjustments applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	–			–
28 Total regulatory adjustments to CET1	10 870			10 248
29 CET1 capital	117 081			109 440
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS				
30 Directly issued qualifying AT1 instruments plus related stock surplus	–			–
31 Of which: classified as equity under applicable accounting standards	–			–
32 Of which: classified as liability under applicable accounting standards	–			–
33 Directly issued capital instruments subject to phase-out from AT1	1 356		j	1 808
34 AT1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	7 758		k	4 244
35 Of which: instruments issued by subsidiaries subject to phase-out	–			–
36 AT1 capital before regulatory adjustments	9 114			6 052

* Reference to reconciliation of regulatory capital to balance sheet table on page 11.

** Excludes unappropriated profits.

R million	FirstRand Limited as at 31 December			
	2019	Amounts subject to pre-Basel III treatment	Reference*	2018
ADDITIONAL TIER 1: REGULATORY ADJUSTMENTS				
37 Investments in own AT1 instruments	–			–
38 Reciprocal cross-holdings in AT1 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)	–			–
41 National specific regulatory adjustments	819		l	385
Regulatory adjustments applied to AT1 in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
42 Regulatory adjustments applied to AT1 due to insufficient Tier 2 to cover deductions	–			–
43 Total regulatory adjustments to AT1 capital	819			385
44 AT1 capital	8 295		m	5 667
45 Tier 1 capital (CET1 + AT1)	125 376			115 107
TIER 2 CAPITAL AND PROVISIONS				
46 Directly issued qualifying Tier 2 instruments	–			–
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)	22 760		n	24 553
49 Of which: instruments issued by subsidiaries subject to phase-out	–			–
50 Provisions	3 477			4 888
51 Tier 2 capital before regulatory adjustments	26 237			29 441
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 in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–			–
56 National specific regulatory adjustments	2 403			7 486
Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
57 Total regulatory adjustments to Tier 2 capital	2 403			7 486
58 Tier 2 capital	23 834			21 955
59 Total capital (Tier 1 + Tier 2)	149 210			137 062
Risk weighted assets in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
60 Total risk weighted assets	1 024 252			972 199
CAPITAL RATIOS				
61 CET1 (as a percentage of risk weighted assets)	11.43%			11.26%
62 Tier 1 (as a percentage of risk weighted assets)	12.24%			11.84%
63 Total capital (as a percentage of risk weighted assets)	14.57%			14.10%
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.68%			7.51%
65 Of which: capital conservation buffer requirement	2.500%			1.875%
66 Of which: bank specific countercyclical buffer requirement	0.180%			0.130%
67 Of which: G-SIB buffer requirement**	0%			0%
68 CET1 available to meet buffers (as a percentage of risk weighted assets)	2.81%			2.84%

* Reference to reconciliation of regulatory capital to balance sheet table on page 11.

** Not applicable.

<i>R million</i>	FirstRand Limited as at 31 December			
	2019	Amounts subject to pre-Basel III treatment	Reference*	2018
NATIONAL MINIMA (IF DIFFERENT FROM BASEL III)**				
69 National CET1 minimum ratio	7.50%			7.38%
70 National Tier 1 minimum ratio	9.25%			8.88%
71 National total capital minimum ratio	11.50%			11.13%
AMOUNTS BELOW THE THRESHOLD FOR DEDUCTIONS (BEFORE RISK WEIGHTING)				
72 Non-significant investments in the capital of financials	1 075			1 098
73 Significant investments in the capital of financials	6 193			4 511
74 Mortgage servicing rights (net of related tax liability)				
75 Deferred tax assets arising from temporary differences (net of tax liability)	3 306		0	3 032
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)	5 475			4 577
77 Cap on inclusion of provisions in Tier 2 under standardised approach	3 477			3 114
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–			1 774
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	2 899			2 884
CAPITAL INSTRUMENTS SUBJECT TO PHASE OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2018 AND 1 JAN 2022)				
80 Current cap on CET1 instruments subject to phase-out arrangements				
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)				
82 Current cap on AT1 instruments subject to phase-out arrangements	1 356			1 808
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	3 163			2 711
84 Current cap on Tier 2 instruments subject to phase-out arrangements	–			–
85 Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–			–

* Reference to reconciliation of regulatory capital to balance sheet table on page 11.

** Excludes the countercyclical buffer requirement.

Reconciliation of regulatory capital to balance sheet

R million	FirstRand Limited as at 31 December 2019		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation*	Reference**
ASSETS			
Cash and cash equivalents	106 537	106 475	
Derivative financial instruments	50 625	50 625	
Commodities	19 369	19 369	
Investment securities	260 082	253 610	
Advances	1 223 764	1 223 764	
– Advances to customers	1 162 613	1 162 613	
– Marketable advances	61 151	61 151	
Accounts receivable	8 973	8 872	
Current tax asset	471	471	
Reinsurance assets	231	–	
Investments in subsidiary companies	–	1 020	
Investments in associates	7 012	7 012	
Investments in joint ventures	2 070	2 077	
Property, plant and equipment	21 893	21 880	
Intangible assets	10 493	10 072	
– Goodwill		7 387	e
– Intangibles		2 685	f
Investment properties	689	689	
Defined benefit post-employment asset	6	6	h
Deferred income tax asset	4 142	3 571	
– Relating to temporary differences		3 306	o
– Other than temporary differences		265	g
Total assets	1 716 357		
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	3 445	3 445	
Derivative financial instruments	55 501	55 501	
Creditors, accruals and provisions	19 102	18 485	
Current tax liability	203	168	
Deposits	1 438 588	1 438 574	
Employee liabilities	9 440	9 383	
Other liabilities	8 411	8 411	
Amounts due to subsidiary companies	–	372	
Policyholder liabilities	5 692	–	
Tier 2 liabilities	24 381	22 760	n [†]
Deferred income tax liability	1 287	1 263	
Total liabilities	1 566 050		
Equity			
Ordinary shares	56	56	a
Share premium	7 963	7 963	a
Reserves	126 704	116 507	
– Retained earnings		113 846	b [†]
– Accumulated other comprehensive income (and other reserves)		2 661	c
Capital and reserves attributable to ordinary equityholders	134 723		
Non-controlling interests – CET1	4 089	2 024	d – f [†]
Other equity instruments [^]	11 495		
Of which: directly issued AT1 instruments subject to phase-out	4 519	1 356	j
Of which: non-controlling interests – AT1 ^o	6 976	6 939	k – l ^o
Total equity	150 307		
Total equity and liabilities	1 716 357		

* Amounts included under regulatory scope of consolidation excludes balances related to insurance entities. Deduction for insurance entities included in line 26 on page 8.

** Reference to composition of capital table.

[#] Subject to the third-party capital rule.

[†] Excludes unappropriated profits.

[‡] Surplus minority capital included in regulatory adjustments totalling R1.4 billion deducted from line 5 (R3.4 billion) on page 8. Non-banking minority capital included under non-controlling interest – AT1.

[^] AT1 capital instruments included in “other equity instruments” are subject to the third-party capital rule.

^o Subject to the third-party capital rule: net amount reported under regulatory scope of consolidation.

Main features of regulatory capital instruments

FirstRand Limited as at 31 December 2019																				
	Ordinary share capital and premium	NCNR preference shares	FRB24	FRB25*	FRB13	FRB14	FRB16	FRB17	FRB18	FRB19	FRB20	FRB21	FRB22	FRB23	FRB26	FRB27	USD Reg S issuance	Aldermore Group plc	Aldermore Group plc	
1 Issuer	FirstRand Limited	FirstRand Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	Aldermore Group plc	Aldermore Group plc	
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ZAE000066304	ZAE000060141	ZAG000155102	ZAG000157512	ZAG000116286	ZAG000116294	ZAG000127622	ZAG000127630	ZAG000135229	ZAG000135310	ZAG000135385	ZAG000140856	ZAG000141219	ZAG000146754	ZAG000159955	ZAG000159963	XS1810806395	XS1150025549	XS1507529144	
3 Governing law(s) of the instrument	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African law	South African and English law	English law	English law	
Regulatory treatment																				
4 Transitional Basel III rules	CET1	AT1	AT1	AT1	Tier 2	Tier 2	AT1	Tier 2												
5 Post-transitional Basel III rules	CET1	Ineligible	AT1	AT1	Tier 2	Tier 2	AT1	Tier 2												
6 Eligible at solo/group/group and solo	Group	Group	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group and solo	Group	Group
7 Instrument type (types to be specified by each jurisdiction)	CET1	AT1	AT1	AT1	Subordinated debt	Subordinated debt	Contingent convertible security	Subordinated debt												
8 Amount recognised in regulatory capital (R million; \$ million; £ million)	8 019	1 356	2 265	3 461	148	125	1 750	601	1 500	500	645	1 000	1 250	2 750	1 910	715	\$500	£74	£60	
9 Par value of instrument (R million; \$ million; £ million)	8 019	4 519	2 265	3 461	148	125	1 750	601	1 500	500	645	1 000	1 250	2 750	1 910	715	\$500	£74	£60	
10 Accounting classification	Shareholders' equity	Shareholders' equity	Equity	Equity	Liability – amortised cost	Equity	Liability – amortised cost													
11 Original date of issuance	1 April 1998	10 November 2004	8 November 2018	19 March 2019	2 June 2014	2 June 2014	8 July 2015	8 July 2015	13 April 2016	14 April 2016	15 April 2016	24 November 2016	8 December 2016	20 September 2017	3 June 2019	3 June 2019	23 April 2018	9 December 2014	28 October 2016	
12 Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated	Perpetual	Dated												
13 Original maturity date	No maturity	No maturity	No maturity	No maturity	2 June 2026	2 June 2026	8 July 2025	8 January 2027	13 April 2026	14 April 2026	15 April 2026	24 November 2026	8 December 2027	20 September 2027	3 June 2029	3 June 2031	23 April 2028	No maturity	28 October 2026	
14 Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15 Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	8 November 2023	19 September 2024	2 June 2021	2 June 2021	8 July 2020	8 January 2022	13 April 2021	14 April 2021	15 April 2021	24 November 2021	08 December 2022	20 September 2022	3 June 2024	3 June 2026	23 April 2023	30 April 2020, par regulatory/tax call	28 October 2021	
Tax and/or regulatory event call	Not applicable	Not applicable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Redemption amount	Not applicable	Not applicable	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal	100% of principal
16 Subsequent call dates, if applicable	Not applicable	Not applicable	Any interest payment date after 8 November 2023	Any interest payment date after 19 September 2024	Not applicable	Not applicable	Annually	Not applicable												
Coupons/dividends																				
17 Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating	Fixed	Floating	Floating	Floating	Floating	Fixed	Floating	Floating	Floating	Floating	Floating	Fixed	Fixed	Fixed	Fixed
18 Coupon rate and any related index	Not applicable	75.56% of prime	445 bps over 3 month JIBAR	440 bps over 3 month JIBAR	239 bps over 3 month JIBAR	10%	350 bps over 3 month JIBAR	365 bps over 3 month JIBAR	400 bps over 3 month JIBAR	12.345%	400 bps over 3 month JIBAR	385 bps over 3 month JIBAR	390 bps over 3 month JIBAR	315 bps over 3 month JIBAR	224 bps over 3 month JIBAR	10.19%	6.25%	11.875%	8.5%	
19 Existence of a dividend stopper	No	No	Yes	Yes	No	No	No	No												
20 Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Fully discretionary	Mandatory												

* Includes tap issuance of R233 million on 18 April 2019 and R761 million on 5 July 2019, respectively.

Composition of regulatory capital

R million	FirstRand Bank Limited* as at 31 December			
	2019	Amounts subject to pre-Basel III treatment	Reference**	2018
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES				
1 Directly issued qualifying common share capital and share premium	16 808		a	16 808
2 Retained earnings#	70 065		b	63 065
3 Accumulated other comprehensive income (and other reserves)	1 767		c	1 963
4 Directly issued capital subject to phase out from CET1 (only applicable to joint stock companies) Public sector capital injections grandfathered until 1 January 2018				
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	–		–
6 CET1 capital before regulatory adjustments	88 640			81 836
COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS				
7 Prudential valuation adjustments	220			377
8 Goodwill (net of related tax liability)	–			–
9 Other intangibles other than mortgage-servicing rights (net of related tax liability)	669		d	449
10 Deferred tax assets that rely on future probability excluding those arising from temporary differences (net of related tax liability)	188		e	258
11 Cash flow hedge reserve	577			420
12 Shortfall of provisions to expected losses	44			–
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-in capital on reported balance sheet)	–			1
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)	–			–
20 Mortgage servicing rights (amount above 10% threshold)	–			–
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–			–
22 Amount exceeding 15% threshold	–			–
23 Of which: significant investments in the common stock of financials	–			–
24 Of which: mortgage servicing rights	–			–
25 Of which: deferred tax assets arising from temporary differences	–			–
26 National specific regulatory adjustments	(1 347)			(2 020)
Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
27 Regulatory adjustments applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	–			–
28 Total regulatory adjustments to CET1	351			(515)
29 CET1 capital	88 289			82 351
ADDITIONAL TIER 1 CAPITAL: INSTRUMENTS				
30 Directly issued qualifying AT1 instruments plus related stock surplus	5 726			2 265
31 Of which: classified as equity under applicable accounting standards	5 726		f	2 265
32 Of which: classified as liability under applicable accounting standards	–			–
33 Directly issued capital instruments subject to phase-out from AT1	–			1 200
34 AT1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	–			–
35 Of which: instruments issued by subsidiaries subject to phase-out	–			–
36 AT1 capital before regulatory adjustments	5 726			3 465

* Including foreign branches.

** Reference to reconciliation of regulatory capital to balance sheet table on page 17.

Excludes unappropriated profits.

<i>R million</i>	FirstRand Bank Limited* as at 31 December			
	2019	Amounts subject to pre-Basel III treatment	Reference**	2018
ADDITIONAL TIER 1 CAPITAL: REGULATORY ADJUSTMENTS				
37 Investments in own AT1 instruments	–			–
38 Reciprocal cross-holdings in AT1 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)	–			–
41 National specific regulatory adjustments	866			–
Regulatory adjustments applied to AT1 in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
42 Regulatory adjustments applied to AT1 due to insufficient Tier 2 to cover deductions	–			–
43 Total regulatory adjustments to AT1 capital	866			–
44 AT1 capital	4 860			3 465
45 Tier 1 capital (CET1 + AT1)	93 149			85 816
TIER 2 CAPITAL AND PROVISIONS				
46 Directly issued qualifying Tier 2 instruments	21 894		g	23 625
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	595			2 436
51 Tier 2 capital before regulatory adjustments	22 489			26 061
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 in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–			–
56 National specific regulatory adjustments	2 807			2 592
Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
57 Total regulatory adjustments to Tier 2 capital	2 807			2 592
58 Tier 2 capital	19 682			23 469
59 Total capital (Tier 1 + Tier 2)	112 831			109 285
Risk weighted assets in respect of amounts subject to pre-Basel III treatment	–			–
Of which:	–			–
Of which:	–			–
60 Total risk weighted assets	708 978			698 853
CAPITAL RATIOS				
61 CET1 (as a percentage of risk weighted assets)	12.45%			11.78%
62 Tier 1 (as a percentage of risk weighted assets)	13.14%			12.28%
63 Total capital (as a percentage of risk weighted assets)	15.91%			15.64%
64 Institution-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.54%			7.42%
65 Of which: capital conservation buffer requirement	2.50%			1.88%
66 Of which: bank-specific countercyclical buffer requirement	0.04%			0.05%
67 Of which: G-SIB buffer requirement	0%			0%
68 CET1 available to meet buffers (as a percentage of risk weighted assets)	3.84%			4.47%

* Including foreign branches.

** Reference to reconciliation of regulatory capital to balance sheet table on page 17.

<i>R million</i>	FirstRand Bank Limited* as at 31 December			
	2019	Amounts subject to pre-BaseI III treatment	Reference**	2018
NATIONAL MINIMA (IF DIFFERENT FROM BASEL III)#				
69 National CET1 minimum ratio	7.50%			7.38%
70 National Tier 1 minimum ratio	9.25%			8.88%
71 National total capital minimum ratio	11.50%			11.13%
AMOUNTS BELOW THE THRESHOLD FOR DEDUCTIONS (BEFORE RISK WEIGHTING)				
72 Non-significant investments in the capital of financials	682			181
73 Significant investments in the capital of financials	499			490
74 Mortgage servicing rights (net of related tax liability)				
75 Deferred tax assets arising from temporary differences (net of tax liability)	2 634		h	2 327
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)	826			795
77 Cap on inclusion of provisions in Tier 2 under standardised approach	595			662
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–			1 774
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	2 899			2 884
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2018 AND 1 JAN 2022)				
80 Current cap on CET1 instruments subject to phase-out arrangements				
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)				
82 Current cap on AT1 instruments subject to phase-out arrangements	–			1 200
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–			1 800
84 Current cap on Tier 2 instruments subject to phase-out arrangements	–			–
85 Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–			–

* Including foreign branches.

** Reference to reconciliation of regulatory capital to balance sheet table on page 17.

Excludes the countercyclical buffer requirement.

Reconciliation of regulatory capital to balance sheet

<i>R million</i>	FirstRand Bank Limited* as at 31 December 2019		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference**
ASSETS			
Cash and cash equivalents	76 894	76 894	
Derivative financial instruments	46 453	46 453	
Commodities	19 369	19 369	
Investment securities	192 548	192 548	
Advances	878 525	878 525	
– Advances to customers	816 019	816 019	
– Marketable advances	62 506	62 506	
Accounts receivable	5 428	5 428	
Current tax asset	127	127	
Amounts due by holding company and fellow subsidiary companies	52 744	52 744	
Investments in associates	66	66	
Property and equipment	18 117	18 117	
Intangible assets	677	669	d
Deferred income tax asset	3 273	2 822	
– Relating to temporary differences		2 634	h
– Other than temporary differences		188	e
Total assets	1 294 221		
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	3 372	3 372	
Derivative financial instruments	50 823	50 823	
Creditors, accruals and provisions	13 405	13 405	
Current tax liability	59	59	
Deposits	1 067 160	1 067 160	
Employee liabilities	8 303	8 303	
Other liabilities	5 108	5 108	
Amounts due to holding company and fellow subsidiary companies	20 612	20 612	
Tier 2 liabilities	22 331	21 894	g
Total liabilities	1 191 173		
Equity			
Ordinary shares	4	4	a
Share premium	16 804	16 804	a
Reserves	80 514	71 832	
– Retained earnings		70 065	b*
– Accumulated other comprehensive income (and other reserves)		1 767	c
Capital and reserves attributable to ordinary equityholders	97 322		
Other equity instruments	5 726	5 726	f
Total equity	103 048		
Total equity and liabilities	1 294 221		

* Including foreign branches.

** Reference to composition of capital table.

Excludes unappropriated profits.

03

macroprudential
supervisory
measures

CCyB1 – Geographical distribution of credit exposures used in the countercyclical capital buffer*

FirstRand Limited		Risk weighted assets used in the computation of the countercyclical capital buffer		
Geographical breakdown	Countercyclical buffer rate	RWA (R million)	Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount (R million)
United Kingdom	1.0%	115 749		
Sum**		115 749		
Total#		644 417	0.18%	1 840

* Applied materiality threshold in Directive 2 of 2018, Materiality threshold in respect of exposure to a foreign jurisdiction in applying jurisdictional reciprocity in the countercyclical capital buffer calculation to determine exposures to foreign jurisdictions.

** Total exposures with non-zero countercyclical buffer requirements.

Total exposures across all jurisdictions, including non-zero buffer requirements.

04

leverage

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

R million	As at 31 December 2019	
	FirstRand Limited	FirstRand Bank Limited**
1 Total consolidated assets as per published financial statements	1 716 357	1 294 221
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 Adjustment for derivative financial instruments	(23 294)	(21 150)
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	2 625	2 625
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	69 272	74 939
7 Other adjustments	786	11 767
8 LEVERAGE RATIO EXPOSURE	1 765 746	1 362 402

* Based on month-end balances.

** Including foreign branches.

LR2 – Leverage ratio common disclosure template*

R million	FirstRand Limited		FirstRand Bank Limited**	
	As at 31 December 2019	As at 30 September 2019	As at 31 December 2019	As at 30 September 2019
ON-BALANCE SHEET EXPOSURES				
1 On-balance sheet items (excluding derivatives and securities financing transaction (SFTs), but including collateral)	1 654 369	1 663 133	1 233 943	1 247 525
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(28 250)	(28 434)	(16 997)	(16 736)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1 626 119	1 634 699	1 216 946	1 230 789
DERIVATIVE EXPOSURES				
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4 452	4 853	4 401	5 163
5 Add-on amounts for Potential Future Exposure (PFE) associated with all derivatives transactions	22 210	29 670	22 845	30 236
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 central counterparties (CCP) leg of client-cleared trade exposures)	–	–	–	–
9 Adjusted effective notional amount of written credit derivatives	5 979	5 155	5 979	5 155
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(5 310)	(4 531)	(5 310)	(4 531)
11 Total derivative exposures (sum of lines 4 to 10)	27 331	35 147	27 915	36 023
SFT EXPOSURES				
12 Gross SFT assets (with no recognition of netting) after adjusting for sale accounting transactions	40 399	38 824	39 977	38 824
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–	–	–
14 Counterparty credit risk (CCR) exposure for SFT assets	2 625	2 419	2 625	2 419
15 Agent transaction exposures	–	–	–	–
16 Total securities financing transaction exposures (sum of lines 12 to 15)	43 024	41 243	42 602	41 243
OTHER OFF-BALANCE SHEET EXPOSURES				
17 Off-balance sheet exposure at gross notional amount	363 326	368 184	345 826	350 201
18 (Adjustments for conversion to credit equivalent amounts)	(294 054)	(297 731)	(270 887)	(278 960)
19 Off-balance sheet items (sum of lines 17 and 18)	69 272	70 453	74 939	71 241
CAPITAL AND TOTAL EXPOSURES				
20 Tier 1 capital	125 376	127 192	93 149	93 525
21 Total exposures (sum of lines 3, 11, 16 and 19)	1 765 746	1 781 542	1 362 402	1 379 296
LEVERAGE RATIO				
22 Basel III leverage ratio	7.1%	7.1%	6.8%	6.8%

* Based on month-end balances.

** Including foreign branches.

05

liquidity

LIQ1 – Liquidity coverage ratio

R million	FirstRand Limited consolidated*		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 Total high-quality liquid assets (HQLA)		308 693		246 691
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which:	392 102	34 914	283 244	28 324
3 Stable deposits	64 602	2 164	–	–
4 Less stable deposits	327 500	32 750	283 244	28 324
5 Unsecured wholesale funding, of which:	397 460	210 492	325 691	164 444
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	98 518	24 630	98 518	24 630
7 Non-operational deposits (all counterparties)	293 295	180 215	222 186	134 827
8 Unsecured debt	5 647	5 647	4 987	4 987
9 Secured wholesale funding		1 910		1 910
10 Additional requirements, of which:	295 066	41 108	267 643	38 337
11 Outflows related to derivative exposures and other collateral requirements	11 544	11 544	10 841	10 841
12 Outflows related to loss of funding on debt products	155 211	7 761	147 407	7 371
13 Credit and liquidity facilities	128 311	21 803	109 395	20 125
14 Other contractual funding obligations	41	41	–	–
15 Other contingent funding obligations	225 705	9 093	207 847	8 291
16 Total cash outflows		297 558		241 306
CASH INFLOWS				
17 Secured lending (e.g. reverse repos)	12 159	12 159	12 159	12 159
18 Inflows from fully performing exposures	124 117	96 448	100 205	76 954
19 Other cash inflows	3 468	3 449	3 200	3 200
20 Total cash inflows	139 744	112 056	115 564	92 313
21 Total HQLA**		276 704		246 691
22 Total net cash outflow*		187 377		148 993
23 Liquidity coverage ratio (%)†		148%		166%

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

** 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 100%, 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 year ended 31 December 2019 for FirstRand Bank Limited South Africa and London Branch. The remaining international banking entities including Aldermore, and 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 Prudential Authority.

LIQ2 – Net stable funding ratio

FirstRand Bank Limited South Africa					
	a	b	c	d	e
	Unweighted value by residual maturity*				Weighted value**
	No maturity	< 6 months	6 months to 1 year	≥ 1 year	
R million					
AVAILABLE STABLE FUNDING (ASF) ITEM					
1 Capital:	99 755	–	–	18 144	117 899
2 Regulatory capital	99 755	–	–	18 144	117 899
3 Other capital instruments	–	–	–	–	–
4 Retail deposit and deposits from small business customers:	121 488	218 919	11 507	5 279	322 001
5 Stable deposits	–	–	–	–	–
6 Less stable deposits	121 488	218 919	11 507	5 279	322 001
7 Wholesale funding:	170 250	307 158	82 247	137 971	352 225
8 Operational deposits	139 137	–	–	–	69 569
9 Other wholesale funding	31 113	307 158	82 247	137 971	282 656
10 Liabilities with matching interdependent assets					
11 Other liabilities:	22 343	3 372	–	20 356	6 342
12 NSFR derivative liabilities		–	–	18 618	
13 All other liabilities and equity not included in the above categories	22 343	3 372	–	1 738	6 342
14 Total ASF					798 467
REQUIRED STABLE FUNDING (RSF) ITEM					
15 Total NSFR high-quality liquid assets					22 051
16 Deposits held at other financial institutions for operational purposes					
17 Performing loans and securities:					561 870
18 Performing loans to financial institutions secured by Level 1 HQLA	–	31 352	–	703	3 838
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	77 608	11 927	1 216	18 821
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:	–	86 244	47 771	352 528	366 656
21 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	1 426	–	1	714
22 Performing residential mortgages, of which:	–	8 577	4 548	180 161	127 853
23 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	7 315	3 914	159 232	109 116
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	6 884	1 843	3 868	42 349	44 702
25 Assets with matching interdependent liabilities					
26 Other assets:					79 954
27 Physical traded commodities, including gold	19 369				16 464
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	21 594	18 355
29 NSFR derivative assets		–	–	10 943	–
30 NSFR derivative liabilities before deduction of variation margin posted		–	–	18 734	1 873
31 All other assets not included in the above categories		–	–	43 262	43 262
32 Off-balance sheet items		468 056			15 901
33 Total RSF					679 776
34 Net stable funding ratio (%)					117%

* The NSFR is calculated as at the month ended 31 December 2019 for FirstRand Bank Limited South Africa. FirstRand Bank Limited's NSFR reflects its operations in South Africa.

** The weighted value has been calculated after the application of the respective haircuts for ASF and RSF as defined by the Prudential Authority.

LIQ2 – Net stable funding ratio

R million	FirstRand Limited consolidated				
	a	b	c	d	e
	Unweighted value by residual maturity*				Weighted value**
No maturity	< 6 months	6 months to < 1 year	≥ 1 year		
AVAILABLE STABLE FUNDING ITEM					
1 Capital:	137 271	–	–	21 091	158 363
2 Regulatory capital	137 271	–	–	21 091	158 363
3 Other capital instruments	–	–	–	–	–
4 Retail deposit and deposits from small business customers:	131 412	351 669	34 968	35 102	504 682
5 Stable deposits	–	57 655	9 051	13 393	76 765
6 Less stable deposits	131 412	294 014	25 917	21 709	427 917
7 Wholesale funding:	195 620	359 053	108 073	187 211	447 471
8 Operational deposits	139 137	–	–	–	69 569
9 Other wholesale funding	56 483	359 053	108 073	187 211	377 902
10 Liabilities with matching interdependent assets					
11 Other liabilities:	27 699	4 581	475	23 552	9 976
12 NSFR derivative liabilities	–	–	–	19 116	–
13 All other liabilities and equity not included in the above categories	27 699	4 581	475	4 436	9 976
14 Total ASF					1 120 492
REQUIRED STABLE FUNDING ITEM					
15 Total NSFR high-quality liquid assets					26 980
16 Deposits held at other financial institutions for operational purposes					
17 Performing loans and securities:					815 355
18 Performing loans to financial institutions secured by Level 1 HQLA	–	31 774	–	703	3 881
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	73 207	15 979	27 120	46 091
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	128 029	65 020	449 576	478 028
21 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	1 426	–	1	714
22 Performing residential mortgages, of which:	–	10 338	6 402	310 021	240 851
23 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	8 835	5 515	278 976	213 132
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	6 884	2 467	4 338	43 825	46 504
25 Assets with matching interdependent liabilities					
26 Other assets:					85 549
27 Physical traded commodities, including gold	19 369	–	–	–	16 464
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	–	–	–	21 594	18 355
29 NSFR derivative assets	–	–	–	11 751	–
30 NSFR derivative liabilities before deduction of variation margin posted	–	–	–	19 691	1 969
31 All other assets not included in the above categories	–	–	–	48 761	48 761
32 Off-balance sheet items		510 443			17 598
33 Total RSF					945 482
34 Net stable funding ratio (%)					119%

* The NSFR is calculated as at the month ended 31 December 2019 for FirstRand Bank Limited operations in South Africa and all registered banks and foreign branches within the group.

** The weighted value has been calculated after the application of the respective haircuts for ASF and RSF as defined by the Prudential Authority.

Overview of risk management and risk weighted assets

OV1: OVERVIEW OF RWA

	RWA			As at 31 December 2018	Minimum capital requirements*
	As at 31 December 2019	As at 30 September 2019	As at 30 June 2019		As at 31 December 2019
<i>R million</i>					
1. Credit risk (excluding counterparty credit risk)**	710 104	728 351	704 725	673 140	82 940
2. – Standardised approach	259 479	267 939	250 438	227 200	30 307
5. – Advanced internal ratings-based approach (AIRB)	450 625	460 412	454 287	445 940	52 633
16. Securitisation exposures in banking book	35 078	38 274	37 792	38 083	4 097
18. – IRB supervisory formula approach	2 037	2 032	2 180	2 043	238
19. – Standardised approach/simplified supervisory formula approach	33 041	36 242	35 612	36 040	3 859
Total credit risk	745 182	766 625	742 517	711 223	87 037
6. Counterparty credit risk#	8 859	9 870	7 814	18 698	1 035
7. – Standardised approach	8 859	9 870	7 814	18 698	1 035
10. Credit valuation adjustment	7 725	8 578	8 254	–	902
11. Equity positions in banking book under market-based approach†	28 823	29 913	27 901	25 744	3 367
15. Settlement risk	–	–	–	–	–
20. Market risk‡	29 165	26 261	24 523	26 773	3 406
21. – Standardised approach	10 274	9 479	11 252	8 876	1 200
22. – Internal model approach	18 891	16 782	13 271	17 897	2 206
24. Operational risk	135 440	137 573	137 573	124 079	15 819
– Basic indicator approach	15 000	14 697	14 697	14 886	1 752
– Standardised approach	25 260	25 516	25 516	24 901	2 950
– Advanced measurement approach	95 180	97 360	97 360	84 292	11 117
25. Amounts below the thresholds for deduction (subject to 250% risk weight)	23 746	24 454	23 971	18 858	2 774
26. Floor adjustment	13 399	6 169	6 169	16 205	1 565
Other assets	31 913	34 816	28 433	30 619	3 727
27. Total	1 024 252	1 044 259	1 007 155	972 199	119 632

* Capital requirement calculated at 11.680% of RWA (December 2018: 11.255%). The minimum requirement excludes the bank-specific capital requirements, but includes the countercyclical buffer (CCyB) requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation 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 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 8 of OV1 template) and there was no other counterparty credit risk (row 9 of OV1 template). The proposed implementation date for the standardised approach for measuring counterparty credit risk (SA-CCR) is 1 October 2020.

† The proposed implementation date for the capital requirements for equity investment in funds is 1 October 2020. Rows 12 – 14 of the OV1 template have, therefore, been excluded from this table.

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

Further detailed analysis on total credit risk RWA is provided in the following table.

OVERVIEW OF CREDIT RWA

<i>R million</i>	As at 31 December 2019			
	RWA			Capital requirement*
	Advanced approach	Standardised approach	Total	
Corporate, banks and sovereigns	200 135	98 604	298 739	34 893
Small and medium enterprises (SMEs)	57 304	62 033	119 337	13 939
Residential mortgages	74 381	55 655	130 036	15 188
Qualifying revolving retail	39 162	8 889	48 051	5 612
Other retail	79 643	34 298	113 941	13 308
Securitisation exposure	2 037	33 041	35 078	4 097
Total credit risk	452 662	292 520	745 182	87 037

* Capital requirement calculated at 11.680% of RWA (December 2018: 11.255%). The minimum requirement excludes the bank-specific capital requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the Regulations.

Credit risk

CR1: CREDIT QUALITY OF ASSETS*

As at 31 December 2019							
R million	Gross carrying values of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on standardised approach exposures [†]		Of which ECL accounting provisions for credit losses on AIRB exposures [†]	Net value
	Defaulted exposures ^{**}	Non- defaulted exposures [#]		Allocated in regulatory category of specific	Allocated in regulatory category of general		
1. Gross advances	45 035	1 214 291	35 562	3 097	5 561	26 904	1 223 764
FNB	29 447	445 861	23 404	2 365	3 328	17 711	451 904
– Retail	20 012	293 075	15 971	765	1 060	14 146	297 116
– Commercial	5 787	101 615	4 091	232	294	3 565	103 311
– Rest of Africa	3 648	51 171	3 342	1 368	1 974	–	51 477
WesBank	7 824	128 736	4 663	6	8	4 649	131 897
RMB investment banking	2 970	273 971	3 402	–	–	3 402	273 539
RMB corporate banking	922	62 829	909	–	–	909	62 842
Aldermore	2 677	220 040	1 334	515	819	–	221 383
FCC (including Group Treasury)	1 195	82 854	1 850	211	1 406	233	82 199
2. Debt investment securities[‡]	–	230 908	111	–	–	111	230 797
3. Off-balance sheet exposures	585	177 496	–	–	–	–	178 081
4. Total	45 620	1 622 695	35 673	3 097	5 561	27 015	1 632 642

* First-time disclosure in June 2019, comparative information for December 2018 not available.

** Defaulted exposure is stage 3/non-performing loans (NPLs).

Non-defaulted exposures are the sum of stage 1 and stage 2 gross advances.

† ECL = expected credit loss. AIRB = advanced internal ratings-based approach.

‡ Excludes non-recourse investments.

CR1: CREDIT QUALITY OF ASSETS continued

As at 30 June 2019							
R million	Gross carrying values of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on standardised approach exposures		Of which ECL accounting provisions for credit losses on AIRB exposures	Net value
	Defaulted exposures*	Non-defaulted exposures**		Allocated in regulatory category of specific	Allocated in regulatory category of general		
1. Gross advances	41 349	1 198 565	34 162	3 613	5 752	24 797	1 205 752
FNB	27 253	435 534	22 265	2 933	2 476	16 856	440 522
– Retail	18 735	283 821	14 731	719	606	13 406	287 825
– Commercial	4 556	100 575	3 812	192	170	3 450	101 319
– Rest of Africa	3 962	51 138	3 722	2 022	1 700	–	51 378
WesBank	7 667	126 420	4 694	3	10	4 681	129 393
RMB investment banking	2 544	289 299	3 285	–	945	2 340	288 558
RMB corporate banking	343	61 101	877	–	217	660	60 567
Aldermore	2 322	189 168	968	436	532	–	190 522
FCC (including Group Treasury)	1 220	97 043	2 073	241	1 572	260	96 190
2. Debt investment securities[#]	–	215 903	126	–	–	126	215 777
3. Off-balance sheet exposures	546	187 971	–	–	–	–	188 517
4. Total	41 895	1 602 439	34 288	3 613	5 752	24 923	1 610 046

* Defaulted exposure is stage 3/NPLs.

** Non-defaulted exposures are the sum of stage 1 and stage 2 gross advances.

Exclude non-recourse investments.

CR2: CHANGES IN STOCK OF DEFAULTED ADVANCES, DEBT SECURITIES AND OFF-BALANCE SHEET EXPOSURES

R million	Total
1. Defaulted credit exposures at 30 June 2019	41 895
2. Advances defaulted	10 765
3. Return to non-defaulted status	(4 232)
4. Amounts written off	(6 411)
5. Other changes	3 603
6. Defaulted credit exposures at 31 December 2019	45 620

CR3: CREDIT RISK MITIGATION TECHNIQUES

As at 31 December 2019					
Exposures*					
<i>R million</i>	Unsecured carrying value	Secured by collateral		Secured by financial guarantees	
		Carrying value	Secured amount	Carrying value	Secured amount
Advances	224 493	999 270	999 270	5 398	5 398
Debt securities	58 760	172 037	172 037	–	–
Total advances and debt securities	283 253	1 171 307	1 171 307	5 398	5 398
Of which defaulted	3 058	22 172	22 172	–	–

* No exposures were secured by credit derivatives during the period under review.

As at 31 December 2018					
Exposures*					
<i>R million</i>	Unsecured carrying value	Secured by collateral		Secured by financial guarantees	
		Carrying value	Secured amount	Carrying value	Secured amount
Advances	225 183	947 362	947 362	7 607	7 607
Debt securities	69 307	126 452	126 452	–	–
Total advances and debt securities	294 490	1 073 814	1 073 814	7 607	7 607
Of which defaulted	5 201	16 443	16 443	–	–

* No exposures were secured by credit derivatives during the period under review.

As at 30 June 2019					
Exposures*					
<i>R million</i>	Unsecured carrying value	Secured by collateral		Secured by financial guarantees	
		Carrying value	Secured amount	Carrying value	Secured amount
Advances	189 720	1 016 032	1 016 032	13 376	13 376
Debt securities	53 593	162 184	162 184	–	–
Total advances and debt securities	243 313	1 178 216	1 178 216	13 376	13 376
Of which defaulted	3 398	19 456	19 456	–	–

* No exposures were secured by credit derivatives during the period under review.

The following table provides the credit risk exposures, credit risk mitigation and RWA for standardised approach exposures per asset class. RWA density is the ratio of RWA to exposures post-credit conversion factors (CCF) and credit risk mitigation (CRM). There were no exposures to multilateral development banks, secured by commercial real estate, equity, past due advances, higher-risk categories and other asset categories. Rows 3 and 9 – 13 were, therefore, excluded from this table.

CR4: STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION EFFECTS

<i>R million</i>		As at 31 December 2019					
		Exposures before CCF and CRM		Exposure post-CCF and -CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density %
Asset classes							
1.	Sovereigns and their central banks	63 194	41	34 651	–	27 474	79.29
2.	Non-central government public sector entities	4 216	688	1 116	–	1 445	129.48
4.	Banks	19 047	133	14 777	125	5 979	40.12
5.	Securities firms	1	–	1	–	1	100.00
6.	Corporates	129 930	22 640	112 176	4 923	118 117	100.87
7.	Regulatory retail portfolios	62 943	13 935	29 807	16	50 808	170.37
8.	Secured by residential property	152 989	6 181	132 859	861	55 655	41.62
14.	Total	432 320	43 618	325 387	5 925	259 479	78.32

<i>R million</i>		As at 31 December 2018					
		Exposures before CCF and CRM		Exposure post-CCF and -CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density %
Asset classes							
1.	Sovereigns and their central banks	54 184	196	32 612	–	23 009	70.55
2.	Non-central government public sector entities	4 123	920	626	–	1 507	240.73
4.	Banks	13 527	358	11 269	54	4 652	41.08
5.	Securities firms	8	–	8	–	–	–
6.	Corporates	105 952	27 085	75 041	6 168	98 825	121.69
7.	Regulatory retail portfolios	59 604	11 369	29 175	4	48 900	167.59
8.	Secured by residential property	132 920	7 360	113 702	1 113	48 567	42.30
14.	Total	370 318	47 288	262 433	7 339	225 460	83.57

There were no exposures to multilateral development banks, secured by commercial real estate, equity, past due advances, higher-risk categories and other asset categories. Rows 3 and 9 – 13 were, therefore, excluded from this table.

The following tables provide a breakdown of exposures rated through the standardised approach by asset class to show the effect of credit risk mitigation. Further breakdown by risk weight per asset class is shown where the risk weights used are those prescribed in the Regulations and will differ primarily by asset class as well as credit rating. There are no exposures to multilateral development banks, secured by commercial real estate, equity, past due advances, higher-risk categories and other asset categories. Rows 3 and 9 – 13 were therefore excluded from this table.

CR5: STANDARDISED APPROACH – EXPOSURE BY ASSET CLASSES AND RISK WEIGHTS

		As at 31 December 2019									
		Risk weight								Total credit exposure amount (post-CCF and post-CRM)	
<i>R million</i>	Asset classes	0%	10%	20%	35%	50%	75%	100%	150%		Others
	1. Sovereigns and their central banks	33 593	–	149	–	666	–	243	–	–	34 651
	2. Non-central government public sector entities	–	–	–	–	810	–	305	–	–	1 115
	4. Banks	259	–	11 679	–	438	–	2 525	–	–	14 901
	5. Securities firms	–	–	–	–	1	–	–	–	–	1
	6. Corporates	5	–	2 364	–	2 970	1 050	109 995	716	–	117 100
	7. Regulatory retail portfolios	206	–	–	–	61	29 451	84	21	–	29 823
	8. Secured by residential property	–	–	–	132 316	–	1 403	–	–	–	133 719
	14. Total	34 063	–	14 192	132 316	4 946	31 904	113 152	737	–	331 310

		As at 31 December 2018									
		Risk weight								Total credit exposure amount (post-CCF and post-CRM)	
<i>R million</i>	Asset classes	0%	10%	20%	35%	50%	75%	100%	150%		Others
	1. Sovereigns and their central banks	25 983	–	124	–	631	5 138	737	–	–	32 613
	2. Non-central government public sector entities	–	–	6	–	136	–	484	–	–	626
	4. Banks	–	–	7 709	–	2 504	–	1 110	–	–	11 323
	5. Securities firms	–	–	–	–	8	–	–	–	–	8
	6. Corporates	–	–	2 001	–	16 317	1 081	59 042	786	1 983	81 210
	7. Regulatory retail portfolios	–	–	–	–	–	29 180	–	–	–	29 180
	8. Secured by residential property	20	–	–	113 635	–	1 160	–	–	–	114 815
	14. Total	26 003	–	9 840	113 635	19 596	36 559	61 373	786	1 983	269 775

Credit risk exposures by portfolio and PD range

The following tables provide the main parameters used for the calculation of capital requirements for the exposures in AIRB models split by asset class and shown within fixed regulatory probability of default (PD) ranges. These exposures are for FirstRand Bank Limited excluding foreign branches (**FRB South Africa**), where AIRB models are applied. The information in the different columns is explained as follows:

- > regulatory supplied CCF are used;
- > CRM measures are applied;
- > number of obligors corresponds to the number of counterparties in the PD band;
- > average PD and loss given default (LGD) are weighted by exposure at default (EAD);
- > average maturity is the obligor maturity in years weighted by EAD;
- > RWA density is the total RWA to EAD post-CRM; and
- > provisions are only included on a total basis.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE

Total FRB South Africa						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	35 174	20 388	37.57	36 433	0.08	161 837
0.15 to <0.25	58 176	40 884	52.67	71 398	0.19	147 522
0.25 to <0.50	311 779	66 691	47.73	310 320	0.39	410 866
0.50 to <0.75	85 578	24 826	45.73	95 035	0.64	410 374
0.75 to <2.50	307 573	84 417	44.87	331 252	1.42	2 570 618
2.50 to <10.00	135 840	22 440	44.83	148 443	3.98	3 609 763
10.00 to <100.00	37 479	3 234	58.41	39 367	23.83	3 295 139
100.00 (default)	36 517	–	–	36 283	100.00	2 361 812
Total	1 008 116	262 880	46.49	1 068 531	5.45	12 967 931

Total FRB South Africa						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million*	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	28.62	0.76	3 266	8.96	9	
0.15 to <0.25	28.66	1.41	14 988	20.99	37	
0.25 to <0.50	18.28	1.87	65 655	21.16	217	
0.50 to <0.75	23.93	1.01	26 703	28.10	148	
0.75 to <2.50	27.52	1.08	144 322	43.57	1 445	
2.50 to <10.00	41.85	1.00	110 420	74.39	2 933	
10.00 to <100.00	40.79	0.90	46 138	117.20	4 272	
100.00 (default)	46.34	0.86	22 834	62.93	16 775	
Total	27.75	1.29	434 326	40.65	25 836	26 904

* The difference between the OV1: Overview of RWA and CR6 templates RWA is due to slotting.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Total FRB South Africa						
As at 31 December 2018						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	32 180	19 334	37.63	38 085	0.07	122 695
0.15 to <0.25	48 776	30 880	53.99	53 677	0.17	84 113
0.25 to <0.50	317 818	76 885	47.31	316 058	0.38	262 085
0.50 to <0.75	85 720	22 384	51.41	95 056	0.66	470 860
0.75 to <2.50	287 205	71 587	48.79	302 439	1.56	2 361 606
2.50 to <10.00	146 432	29 369	33.34	158 895	4.61	2 947 174
10.00 to <100.00	36 722	4 154	47.62	38 279	24.30	1 152 077
100.00 (default)	29 428	–	–	29 312	100.00	1 506 013
Total	984 281	254 593	46.55	1 031 801	5.10	8 906 623

Total FRB South Africa						
As at 31 December 2018						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million*	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	25.32	0.62	2 603	6.83	8	
0.15 to <0.25	30.83	1.17	11 772	21.93	28	
0.25 to <0.50	20.12	2.06	78 499	24.84	240	
0.50 to <0.75	26.82	0.99	31 101	32.72	172	
0.75 to <2.50	28.19	1.06	135 941	44.95	1 374	
2.50 to <10.00	38.22	0.98	110 029	69.25	2 910	
10.00 to <100.00	37.43	0.93	45 750	119.52	3 618	
100.00 (default)	45.61	1.00	12 816	43.72	13 266	
Total	28.00	1.33	428 511	41.53	21 616	23 197

* The difference between the OV1: Overview of RWA and CR6 templates RWA is due to slotting.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Corporate						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	2 622	533	45.05	2 527	0.08	1
0.15 to <0.25	22 082	22 462	48.99	31 794	0.19	49
0.25 to <0.50	55 420	26 230	48.82	62 268	0.38	104
0.50 to <0.75	16 846	7 904	50.62	18 120	0.73	78
0.75 to <2.50	45 300	19 175	54.47	52 905	1.65	207
2.50 to <10.00	9 156	3 673	51.20	10 611	4.73	110
10.00 to <100.00	806	1 134	47.57	1 334	10.46	74
100.00 (default)	2 482	–	–	2 482	100.00	11
Total	154 714	81 111	50.44	182 041	2.43	634

Corporate						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	32.50	1.61	387	15.31	1	
0.15 to <0.25	31.19	1.81	8 275	26.03	18	
0.25 to <0.50	30.48	1.88	25 655	41.20	72	
0.50 to <0.75	26.96	1.93	8 374	46.21	35	
0.75 to <2.50	30.75	2.00	38 469	72.71	273	
2.50 to <10.00	37.79	1.51	12 302	115.94	184	
10.00 to <100.00	35.19	1.68	2 040	152.92	49	
100.00 (default)	39.01	1.01	–	–	988	
Total	30.93	1.87	95 502	52.46	1 620	2 352

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Corporate					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	2 240	1 740	57.62	3 342	0.08	5
0.15 to <0.25	16 091	17 731	55.07	25 973	0.17	28
0.25 to <0.50	79 474	36 404	50.17	91 788	0.37	147
0.50 to <0.75	28 798	8 868	50.88	29 971	0.74	91
0.75 to <2.50	41 588	11 433	54.86	46 670	1.63	197
2.50 to <10.00	5 321	2 272	50.01	6 401	4.40	100
10.00 to <100.00	1 407	910	42.68	1 608	12.07	63
100.00 (default)	1 028	–	–	1 028	100.00	8
Total	175 947	79 358	51.91	206 781	1.41	639

<i>PD scale</i>	Corporate					
	As at 31 December 2018					
	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	34.67	1.55	517	15.47	1	
0.15 to <0.25	31.21	1.49	6 104	23.50	14	
0.25 to <0.50	32.59	1.92	39 991	43.57	110	
0.50 to <0.75	32.70	1.81	16 322	54.46	72	
0.75 to <2.50	34.35	1.98	37 384	80.10	263	
2.50 to <10.00	32.30	1.49	6 280	98.11	91	
10.00 to <100.00	39.40	2.15	2 890	179.73	73	
100.00 (default)	77.16	1.10	–	–	822	
Total	33.14	1.84	109 488	52.95	1 446	2 337

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Specialised lending						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	41	–	–	41	0.06	–
0.15 to <0.25	7 002	76	1.47	7 003	0.23	7
0.25 to <0.50	27 543	4 265	58.19	28 234	0.36	28
0.50 to <0.75	11 368	167	57.43	11 436	0.73	74
0.75 to <2.50	18 478	1 423	45.54	19 257	1.50	732
2.50 to <10.00	5 124	377	29.41	5 456	3.61	452
10.00 to <100.00	2 524	19	2.76	2 543	14.92	122
100.00 (default)	1 285	–	–	1 285	100.00	31
Total	73 365	6 327	52.76	75 255	3.13	1 446

Specialised lending						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	20.00	1.00	3	7.32	–	–
0.15 to <0.25	18.02	3.36	1 647	23.52	3	–
0.25 to <0.50	17.30	2.00	6 282	22.25	18	–
0.50 to <0.75	23.34	2.49	5 126	44.82	19	–
0.75 to <2.50	27.17	2.53	12 824	66.59	79	–
2.50 to <10.00	27.66	3.18	5 048	92.52	54	–
10.00 to <100.00	26.52	4.04	3 991	156.94	102	–
100.00 (default)	50.26	4.97	–	–	646	–
Total	22.44	2.54	34 921	46.40	921	618

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Specialised lending					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	419	–	–	419	0.08	1
0.15 to <0.25	1 044	64	–	1 044	0.17	2
0.25 to <0.50	36 450	4 332	49.43	37 278	0.36	31
0.50 to <0.75	7 719	794	57.95	8 122	0.74	70
0.75 to <2.50	18 933	2 791	57.72	19 436	1.75	724
2.50 to <10.00	4 942	124	58.00	5 066	4.52	357
10.00 to <100.00	1 998	76	57.92	2 058	16.42	87
100.00 (default)	615	–	–	615	100.00	24
Total	72 120	8 181	52.91	74 038	2.32	1 296

<i>PD scale</i>	Specialised lending					
	As at 31 December 2018					
	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	28.89	3.18	88	21.00	–	
0.15 to <0.25	21.57	4.47	306	29.31	–	
0.25 to <0.50	17.84	2.26	8 977	24.08	24	
0.50 to <0.75	24.12	2.24	3 653	44.98	14	
0.75 to <2.50	29.37	1.14	14 639	75.32	109	
2.50 to <10.00	25.55	0.78	5 037	99.43	108	
10.00 to <100.00	24.36	0.07	2 527	122.79	74	
100.00 (default)	41.23	4.98	–	–	222	
Total	22.57	1.86	35 227	47.58	551	617

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Sovereign						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	6 173	–	–	6 173	0.04	3
0.15 to <0.25	89	–	–	4	0.17	4
0.25 to <0.50	147 132	4 062	51.60	141 089	0.40	32
0.50 to <0.75	198	–	–	233	0.69	39
0.75 to <2.50	3 710	1 952	52.52	3 740	2.31	22
2.50 to <10.00	216	150	14.27	286	3.90	407
10.00 to <100.00	–	–	–	–	–	–
100.00 (default)	1 099	–	–	1 099	100.00	10
Total	158 617	6 164	50.98	152 624	1.16	517

Sovereign						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	18.68	1.02	294	4.76	–	–
0.15 to <0.25	20.29	0.07	1	25.00	–	–
0.25 to <0.50	7.85	2.58	16 141	11.44	44	–
0.50 to <0.75	28.41	2.58	128	54.94	–	–
0.75 to <2.50	16.30	2.98	1 696	45.35	14	–
2.50 to <10.00	42.13	1.34	342	119.58	5	–
10.00 to <100.00	–	–	–	–	–	–
100.00 (default)	2.50	1.01	–	–	28	–
Total	8.55	2.51	18 602	12.19	91	241

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Sovereign					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	8 622	53	20.00	8 633	0.04	3
0.15 to <0.25	33	–	–	1	0.17	3
0.25 to <0.50	131 459	4 773	53.71	121 858	0.40	131
0.50 to <0.75	284	371	–	482	0.62	36
0.75 to <2.50	3 634	2 208	52.05	4 235	2.26	41
2.50 to <10.00	389	61	34.44	421	3.43	71
10.00 to <100.00	1 622	129	57.47	1 577	10.94	6
100.00 (default)	664	–	–	647	100.00	2
Total	146 707	7 595	50.28	137 854	1.03	293

<i>PD scale</i>	Sovereign					
	As at 31 December 2018					
	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	18.26	0.82	355	4.11	1	
0.15 to <0.25	21.40	0.32	–	–	–	
0.25 to <0.50	8.29	2.89	15 474	12.70	41	
0.50 to <0.75	28.56	2.07	228	47.30	1	
0.75 to <2.50	18.03	3.78	2 116	49.96	16	
2.50 to <10.00	42.59	1.88	513	121.85	6	
10.00 to <100.00	27.93	1.79	1 976	125.30	53	
100.00 (default)	29.40	1.11	1	0.15	190	
Total	9.72	2.76	20 663	14.99	308	411

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Banks and securities firms						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	16 218	3 924	39.03	11 681	0.07	51
0.15 to <0.25	13 905	4 976	56.21	9 764	0.17	42
0.25 to <0.50	41 325	3 799	52.43	23 065	0.39	68
0.50 to <0.75	2 946	632	50.80	2 705	0.66	34
0.75 to <2.50	24 443	2 020	10.75	1 530	1.76	66
2.50 to <10.00	1 251	1 051	21.40	824	4.55	46
10.00 to <100.00	14	145	24.50	42	19.87	26
100.00 (default)	–	–	–	–	–	–
Total	100 102	16 547	43.02	49 611	0.41	333

Banks and securities firms						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	31.68	1.47	1 952	16.71	3	
0.15 to <0.25	25.01	0.83	1 709	17.50	4	
0.25 to <0.50	31.52	0.76	9 031	39.15	28	
0.50 to <0.75	29.42	2.41	1 549	57.26	5	
0.75 to <2.50	50.08	0.99	1 843	120.46	13	
2.50 to <10.00	47.20	0.91	1 156	140.29	18	
10.00 to <100.00	32.93	0.48	68	161.90	4	
100.00 (default)	–	–	–	–	–	
Total	31.00	1.04	17 308	34.89	75	83

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Banks and securities firms					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	10 376	2 611	40.78	9 958	0.05	51
0.15 to <0.25	18 889	4 634	53.03	9 465	0.16	49
0.25 to <0.50	34 722	5 095	48.59	15 801	0.39	69
0.50 to <0.75	1 302	247	26.86	1 323	0.72	26
0.75 to <2.50	31 210	999	20.73	1 914	1.97	66
2.50 to <10.00	2 281	1 462	21.12	1 328	4.52	48
10.00 to <100.00	264	259	27.77	96	12.97	34
100.00 (default)	–	–	–	–	–	–
Total	99 044	15 307	43.46	39 885	0.51	343

<i>PD scale</i>	Banks and securities firms					
	As at 31 December 2018					
	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	28.64	1.01	1 076	10.81	2	
0.15 to <0.25	32.50	0.97	2 542	26.86	5	
0.25 to <0.50	33.39	0.98	6 502	41.15	20	
0.50 to <0.75	23.63	1.63	607	45.88	2	
0.75 to <2.50	67.21	0.86	3 176	165.94	24	
2.50 to <10.00	44.60	0.93	1 756	132.23	27	
10.00 to <100.00	32.66	0.92	117	121.88	4	
100.00 (default)	–	–	–	–	–	
Total	33.66	1.00	15 776	39.55	84	104

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

SME corporate						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	20	–	–	20	0.00	–
0.15 to <0.25	9 056	2 629	90.24	11 429	0.17	62
0.25 to <0.50	9 038	6 191	0.05	11 429	0.44	5 757
0.50 to <0.75	6 272	2 917	0.68	7 451	0.61	2 249
0.75 to <2.50	30 911	10 622	3.00	34 785	1.51	12 651
2.50 to <10.00	12 509	3 813	2.23	13 886	4.19	5 193
10.00 to <100.00	2 107	441	12.22	2 296	18.77	738
100.00 (default)	2 236	–	–	2 236	100.00	1 007
Total	72 149	26 613	10.72	83 532	4.65	27 657

SME corporate						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	10.83	1.44	1	5.00	–	
0.15 to <0.25	26.37	1.00	2 591	22.67	5	
0.25 to <0.50	20.74	2.38	3 336	29.19	10	
0.50 to <0.75	18.54	2.41	2 270	30.47	8	
0.75 to <2.50	21.59	2.05	15 921	45.77	113	
2.50 to <10.00	20.00	1.96	7 725	55.63	116	
10.00 to <100.00	21.44	1.98	2 289	99.70	90	
100.00 (default)	43.84	2.86	130	5.81	990	
Total	22.18	1.99	34 263	41.02	1 332	1 377

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	SME corporate					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	–	–	–	–	–	–
0.15 to <0.25	8 473	2 091	91.29	10 382	0.17	106
0.25 to <0.50	8 329	6 121	0.11	10 628	0.42	6 122
0.50 to <0.75	4 773	2 138	0.20	5 669	0.63	2 522
0.75 to <2.50	30 640	11 059	1.21	34 919	1.47	14 442
2.50 to <10.00	13 059	4 780	2.67	14 579	4.13	4 647
10.00 to <100.00	3 318	773	1.84	3 649	18.16	907
100.00 (default)	1 614	–	–	1 614	100.00	863
Total	70 206	26 962	8.14	81 440	4.28	29 609

<i>PD scale</i>	SME corporate					
	As at 31 December 2018					
	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	–	–	–	–	–	–
0.15 to <0.25	26.21	1.00	2 338	22.52	5	–
0.25 to <0.50	22.84	2.31	3 258	30.65	10	–
0.50 to <0.75	20.57	2.18	2 046	36.09	8	–
0.75 to <2.50	20.70	2.07	15 162	43.42	110	–
2.50 to <10.00	21.29	1.93	8 174	56.07	122	–
10.00 to <100.00	22.15	1.85	5 882	161.19	206	–
100.00 (default)	43.74	3.34	28	1.73	593	–
Total	22.30	1.96	36 888	45.29	1 054	1 203

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

SME retail						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	25	11	59.15	34	0.07	189
0.15 to <0.25	14	29	29.81	25	0.19	177
0.25 to <0.50	2 227	1 088	3.08	2 720	0.01	9 103
0.50 to <0.75	1 925	554	3.24	2 172	0.03	12 954
0.75 to <2.50	29 445	12 354	0.59	38 599	0.62	645 746
2.50 to <10.00	23 202	3 400	0.79	25 888	1.07	532 412
10.00 to <100.00	4 872	438	1.36	5 043	12.58	61 718
100.00 (default)	3 811	–	–	3 577	100.00	68 752
Total	65 521	17 874	0.96	78 058	6.06	1 331 051

SME retail						
As at 30 June 2019						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	39.75	2.04	3	8.82	–	
0.15 to <0.25	39.45	0.03	4	16.00	–	
0.25 to <0.50	31.27	0.02	561	20.63	3	
0.50 to <0.75	23.21	0.06	423	19.48	3	
0.75 to <2.50	33.77	0.54	16 675	43.20	222	
2.50 to <10.00	38.43	0.80	15 167	58.59	412	
10.00 to <100.00	41.26	0.81	4 706	93.32	668	
100.00 (default)	54.87	0.82	3 009	84.12	2 510	
Total	36.39	0.63	40 548	51.95	3 818	3 684

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

SME retail						
As at 31 December 2018						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	50	26	–	63	0.08	658
0.15 to <0.25	18	72	–	45	0.21	1 944
0.25 to <0.50	1 833	980	2.61	2 257	0.40	14 792
0.50 to <0.75	1 725	475	11.76	1 962	0.60	13 059
0.75 to <2.50	27 372	11 251	0.33	35 919	1.71	627 022
2.50 to <10.00	22 735	3 238	0.41	25 368	3.94	838 215
10.00 to <100.00	4 155	209	0.68	4 259	28.66	38 623
100.00 (default)	3 143	–	–	3 044	100.00	40 885
Total	61 031	16 251	0.82	72 917	8.09	1 575 198

SME retail						
As at 31 December 2018						
<i>PD scale</i>	Average LGD %	Average maturity years	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	41.81	1.79	6	9.52	–	
0.15 to <0.25	76.47	0.07	15	33.33	–	
0.25 to <0.50	31.67	0.02	465	20.60	3	
0.50 to <0.75	23.23	0.06	384	19.57	3	
0.75 to <2.50	33.57	0.57	15 454	43.02	207	
2.50 to <10.00	37.94	0.92	14 666	57.81	396	
10.00 to <100.00	38.76	0.91	3 838	90.12	488	
100.00 (default)	51.53	0.94	2 586	84.95	1 841	
Total	35.84	0.70	37 414	51.31	2 938	3 004

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Retail mortgages						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	9 256	10 146	25.09	11 802	0.09	21 006
0.15 to <0.25	5 184	5 860	38.56	7 444	0.18	10 498
0.25 to <0.50	25 729	11 506	50.07	31 491	0.38	36 013
0.50 to <0.75	39 654	7 108	40.69	42 545	0.62	46 208
0.75 to <2.50	98 833	23 059	64.42	113 689	1.37	174 719
2.50 to <10.00	20 549	2 995	42.52	21 823	4.28	37 888
10.00 to <100.00	7 596	414	62.25	7 906	27.51	13 581
100.00 (default)	10 129	–	–	10 129	100.00	19 365
Total	216 930	61 088	48.85	246 829	6.16	359 278

Retail mortgages						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years*	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	15.22		415	3.52	2	
0.15 to <0.25	14.83		439	5.90	2	
0.25 to <0.50	15.34		3 339	10.60	19	
0.50 to <0.75	16.65		6 899	16.22	45	
0.75 to <2.50	17.31		32 093	28.23	275	
2.50 to <10.00	17.96		12 128	55.57	164	
10.00 to <100.00	16.39		6 989	88.40	352	
100.00 (default)	25.55		12 076	119.22	1 729	
Total	17.14		74 378	30.13	2 588	2 723

* As per the Regulations, average maturity not applied for the retail mortgages RWA calculation.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Retail mortgages						
As at 31 December 2018						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	9 785	10 510	29.01	12 834	0.08	22 731
0.15 to <0.25	3 562	2 947	28.33	4 396	0.18	8 609
0.25 to <0.50	23 422	12 306	57.53	30 503	0.38	34 407
0.50 to <0.75	35 988	2 425	57.02	37 371	0.61	56 839
0.75 to <2.50	78 856	16 995	89.85	94 127	1.35	145 980
2.50 to <10.00	35 389	8 939	16.75	36 887	4.95	55 447
10.00 to <100.00	8 050	961	49.77	8 472	25.91	14 362
100.00 (default)	8 944	–	–	8 944	100.00	19 559
Total	203 996	55 083	53.72	233 534	6.25	357 934

Retail mortgages						
As at 31 December 2018						
<i>PD scale</i>	Average LGD %	Average maturity years*	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	14.60		415	3.23	2	
0.15 to <0.25	15.61		270	6.14	1	
0.25 to <0.50	14.33		3 024	9.91	17	
0.50 to <0.75	16.10		5 806	15.54	37	
0.75 to <2.50	15.98		23 999	25.50	202	
2.50 to <10.00	15.28		19 200	52.05	278	
10.00 to <100.00	15.81		7 386	87.18	358	
100.00 (default)	23.35		4 923	55.04	1 845	
Total	15.87		65 023	27.84	2 740	2 500

* As per the Regulations, average maturity not applied for the retail mortgages RWA calculation.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Retail revolving						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	788	5 722	57.58	4 082	0.11	140 317
0.15 to <0.25	802	4 700	64.44	3 831	0.20	136 057
0.25 to <0.50	2 497	9 278	69.68	8 963	0.36	351 007
0.50 to <0.75	2 626	5 403	72.30	6 532	0.63	344 869
0.75 to <2.50	12 340	13 145	74.42	22 123	1.50	1 354 669
2.50 to <10.00	15 419	6 846	83.28	21 120	4.52	2 343 315
10.00 to <100.00	3 660	637	115.54	4 297	24.31	2 886 720
100.00 (default)	3 681	–	–	3 681	100.00	2 047 599
Total	41 813	45 731	71.97	74 629	8.17	9 604 553

Retail revolving						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years*	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	70.99		202	4.95	3	
0.15 to <0.25	69.94		307	8.01	5	
0.25 to <0.50	69.14		1 127	12.57	22	
0.50 to <0.75	69.75		1 288	19.72	29	
0.75 to <2.50	69.90		8 421	38.06	233	
2.50 to <10.00	71.28		17 740	84.00	680	
10.00 to <100.00	66.59		7 317	170.28	708	
100.00 (default)	77.54		2 760	74.98	2 697	
Total	70.43		39 162	52.48	4 377	4 351

* As per the Regulations, average maturity not applied for the retail revolving RWA calculation.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Retail revolving					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	686	4 376	48.84	2 823	0.11	99 223
0.15 to <0.25	664	3 332	51.03	2 364	0.21	72 802
0.25 to <0.50	1 887	6 763	55.32	5 629	0.35	199 979
0.50 to <0.75	2 200	6 491	70.99	6 807	0.62	371 418
0.75 to <2.50	11 351	14 557	68.75	21 359	1.51	1 161 013
2.50 to <10.00	14 707	7 898	75.13	20 641	4.60	1 351 032
10.00 to <100.00	3 716	811	82.32	4 352	24.17	803 210
100.00 (default)	2 678	–	–	2 678	100.00	1 247 456
Total	37 889	44 228	65.11	66 653	7.61	5 306 133

<i>PD scale</i>	Retail revolving					
	As at 31 December 2018					
	Average LGD %	Average maturity years*	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	71.70		143	5.07	2	
0.15 to <0.25	71.55		195	8.25	3	
0.25 to <0.50	70.77		717	12.74	14	
0.50 to <0.75	70.10		1 340	19.69	30	
0.75 to <2.50	70.33		8 181	38.30	226	
2.50 to <10.00	71.43		17 561	85.08	677	
10.00 to <100.00	69.79		7 620	175.09	731	
100.00 (default)	75.43		244	9.11	2 148	
Total	70.96		36 001	54.01	3 831	3 520

* As per the Regulations, average maturity not applied for the retail revolving RWA calculation.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Other retail						
As at 31 December 2019						
<i>PD scale</i>	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	31	52	79.17	73	0.08	270
0.15 to <0.25	42	152	40.97	104	0.19	626
0.25 to <0.50	868	272	71.05	1 061	0.42	8 754
0.50 to <0.75	3 743	141	70.09	3 841	0.56	3 869
0.75 to <2.50	44 113	667	76.68	44 624	1.74	381 806
2.50 to <10.00	48 414	135	546.79	48 549	4.96	689 940
10.00 to <100.00	15 900	6	4 193.80	15 906	28.72	332 160
100.00 (default)	11 794	–	–	11 794	100.00	225 037
Total	124 905	1 425	133.60	125 952	15.54	1 642 462

Other retail						
As at 31 December 2019						
<i>PD scale</i>	Average LGD %	Average maturity years*	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	46.43		9	12.33	–	
0.15 to <0.25	35.15		15	14.42	–	
0.25 to <0.50	25.88		183	17.25	1	
0.50 to <0.75	20.93		646	16.82	4	
0.75 to <2.50	28.25		16 380	36.71	223	
2.50 to <10.00	50.23		38 812	79.94	1 300	
10.00 to <100.00	51.36		18 738	117.80	2 299	
100.00 (default)	57.53		4 859	41.20	7 187	
Total	42.16		79 642	63.23	11 014	11 475

* As per the Regulations, average maturity not applied for the other retail RWA calculation.

CR6: AIRB – FRB SOUTH AFRICA CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Other retail					
	As at 31 December 2018					
	Original on-balance sheet gross exposures R million	Off-balance sheet exposures pre-CCF R million	Average CCF %	EAD post-CRM and post-CCF R million	Average PD %	Number of obligors
0.00 to <0.15	2	18	61.39	13	0.10	23
0.15 to <0.25	2	9	58.68	7	0.20	570
0.25 to <0.50	242	111	67.30	316	0.43	6 407
0.50 to <0.75	2 931	575	72.70	3 349	0.56	26 799
0.75 to <2.50	43 621	294	81.16	43 860	1.75	412 121
2.50 to <10.00	47 609	595	114.77	48 204	4.89	697 257
10.00 to <100.00	12 192	26	911.31	12 208	28.31	294 785
100.00 (default)	10 742	–	–	10 742	100.00	197 216
Total	117 341	1 628	102.51	118 699	14.61	1 635 178

<i>PD scale</i>	Other retail					
	As at 31 December 2018					
	Average LGD %	Average maturity years*	RWA R million	RWA density %	Expected loss R million	Provisions R million
0.00 to <0.15	74.77		3	23.08	–	
0.15 to <0.25	77.16		2	28.57	–	
0.25 to <0.50	41.64		91	28.80	1	
0.50 to <0.75	26.15		715	21.35	5	
0.75 to <2.50	27.65		15 830	36.09	217	
2.50 to <10.00	48.72		36 842	79.43	1 205	
10.00 to <100.00	48.22		13 514	110.70	1 631	
100.00 (default)	53.52		5 034	46.86	5 605	
Total	40.67		72 031	60.68	8 664	9 501

* As per the Regulations, average maturity not applied for the other retail RWA calculation.

Effect on RWA of credit derivatives used as credit risk mitigation techniques

The following table illustrates the effect of credit derivatives on the capital requirement calculation under the AIRB approach. As the group does not apply the foundation internal ratings-based approach, the rows related to this approach have been excluded from the CR7 table. Pre-credit derivatives RWA (before taking credit derivatives' mitigation effect into account) have been selected to assess the impact of credit derivatives on RWA, irrespective of how the credit risk mitigation technique feeds into the RWA calculation. No credit derivatives were applied as credit risk mitigation during the period. There were no exposures in the equity and purchased receivables portfolios during the period. Rows 14 and 16 were therefore excluded from this table.

CR7: AIRB – EFFECT ON RWA OF CREDIT DERIVATIVES USED AS CREDIT RISK MITIGATION TECHNIQUES

<i>R million</i>	Pre-credit derivatives RWA		
	As at 31 December 2019	As at 31 December 2018	As at 30 June 2019
2. Sovereign	18 547	21 643	20 361
4. Banks and securities firms	15 704	14 881	18 429
6. Corporate	97 522	96 291	101 631
8. Specialised lending	50 852	53 357	51 997
SME corporate	34 264	38 740	33 703
9. Retail revolving	39 162	37 808	40 655
10. Retail mortgages	74 381	68 286	70 954
11. SME retail	40 550	39 288	39 645
12. Other retail	79 643	75 646	76 912
17. Total	450 625	445 940	454 287

CR8: RWA FLOW STATEMENT OF CREDIT RISK EXPOSURES UNDER AIRB

<i>R million</i>	RWA
1. RWA at 30 September 2019	460 412
2. Asset size	1 757
3. Asset quality	(4 667)
4. Model updates	(6 877)
5. Methodology and policy	–
6. Acquisitions and disposals	–
7. Foreign exchange movements	–
8. Other	–
9. RWA at 31 December 2019*	450 625

* The RWA represent credit risk exposures excluding securitisation exposure per OV1: Overview of credit RWA table on page 26.

CR9: Backtesting of PD per portfolio is disclosed annually, per the Pillar 3 standards and, therefore, excluded from this report.

The following table provides information relating to specialised lending exposures that are rated through the slotting approach. The exposures are split among regulatory asset classes.

CR10: AIRB SPECIALISED LENDING

R million		As at 31 December 2019							
		Other than high-volatility commercial estate*							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount			RWA	Expected losses
					Project finance	Income-producing real estate	Total		
Strong	Less than 2.5 years	–	–	50%	–	–	–	–	–
	Equal to or more than 2.5 years	11 312	1 314	70%	12 044	–	12 044	8 937	48
Good	Less than 2.5 years	–	–	70%	–	–	–	–	–
	Equal to or more than 2.5 years	4 659	213	90%	4 702	16	4 717	4 502	38
Satisfactory		2 251	–	115%	1 974	277	2 251	2 759	66
Weak		166	–	250%	–	166	166	441	17
Total		18 388	1 527		18 720	459	19 178	16 639	169

* There were no high-volatility commercial real estate exposures during the period. For specialised lending exposures other than high-volatility commercial real estate, there were no exposures to object finance or commodities asset classes during the period under review.

R million		As at 31 December 2018							
		Other than high-volatility commercial real estate*							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount			RWA	Expected losses
					Project finance	Income-producing real estate	Total		
Strong	Less than 2.5 years	–	–	50%	–	–	–	–	–
	Equal to or more than 2.5 years	10 246	1 986	70%	11 419	–	11 419	8 473	46
Good	Less than 2.5 years	12	–	70%	–	12	12	12	–
	Equal to or more than 2.5 years	5 866	551	90%	6 081	3	6 084	6 130	55
Satisfactory		576	–	115%	–	576	576	748	22
Weak		1 831	3	250%	1 538	295	1 833	4 859	153
Total		18 531	2 540		19 038	886	19 924	20 222	276

* There were no high-volatility commercial real estate exposures during the period. For specialised lending exposures other than high-volatility commercial real estate, there were no exposures to object finance or commodities asset classes during the period under review.

Counterparty credit risk

The *CCR1: Analysis of counterparty credit risk* table on the following page provides an overview of the counterparty credit risk arising from the group's derivative and structured finance transactions. SA-CCR has not been implemented by the PA yet. The information provided in row 1 therefore corresponds to the requirements of the standardised method as applied by FRB South Africa. The group calculates counterparty credit risk exposures under the standardised method for FRB South Africa and uses the current exposure method for the other group entities. EAD under the standardised method is quantified by scaling either the current credit exposure less collateral or the net potential future exposure by a factor of 1.4 (alpha).

The comprehensive approach for credit risk mitigation is used to calculate the exposure for collateralised transactions other than collateralised over-the-counter (OTC) derivative transactions that are subject to the current exposure method. This approach is typically applied to securities financing and repo type of transactions.

The table below provides an explanation of the approaches used in the *CCR1: Analysis of counterparty credit risk* table on the next page.

Replacement cost	The replacement cost for trades that are not subject to margining requirements is the loss that would occur if a counterparty were to default and was immediately closed out of its transactions. For margined trades, the replacement cost is the loss that would occur if a counterparty were to default at present or at a future date, assuming that the close-out and replacement of transactions occur simultaneously. Under the current exposure method, the current replacement cost is determined by marking contracts to market, thus capturing the current exposure without any need for estimation.
Potential future exposure	The potential increase in the exposure between the present and the end of the margin period of risk. An add-on factor is applied to the replacement cost to determine the potential future exposure over the remaining life of the contract.
Effective expected positive exposure (EEPE)	The weighted average of the effective expected exposure over the first year, or, if all the contracts in the netting set mature before one year, over the time period of the longest-maturity contract in the netting set, where the weights represent the proportion of an individual expected exposure over the entire time interval.
EAD post-CRM	Refers to the amount relevant to the calculated capital requirement over applying credit risk mitigation techniques, credit valuation adjustments and specific wrong-way adjustments.

CCR1 provides a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method. The exposures reported exclude credit value adjustment (CVA) charges and exposures cleared through central counterparties.

CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK BY APPROACH FOR FRB SOUTH AFRICA

As at 31 December 2019						
<i>R million</i>	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1. Standardised approach (for derivatives)*	5 916	11 257		1.4	24 042	7 194
4. Comprehensive approach for credit risk mitigation for security financing transactions**					5 663	1 665
5. Value-at-Risk (VaR) for security financing transactions#						
6. Total	5 916	11 257			29 705	8 859

* EEPE is not calculated under the SA-CCR (for derivatives).

** Replacement cost, potential future exposure, EEPE and alpha used for computing regulatory EAD is not calculated under the comprehensive approach for credit mitigation for security financing transactions.

Replacement cost, potential future exposure and alpha used for computing regulatory EAD, EAD post-CRM and RWA are not inputs into the VaR model calculation for security financing transactions.

As at 31 December 2018						
<i>R million</i>	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1. Standardised approach (for derivatives)*	5 725	7 508		1.4	18 526	7 937
4. Comprehensive approach for credit risk mitigation for security financing transactions**					3 806	2 189
5. VaR for security financing transactions#						
6. Total	5 725	7 508			22 332	10 126

* EEPE is not calculated under the SA-CCR (for derivatives).

** Replacement cost, potential future exposure, EEPE and alpha used for computing regulatory EAD is not calculated under the comprehensive approach for credit mitigation for security financing transactions.

Replacement cost, potential future exposure and alpha used for computing regulatory EAD, EAD post-CRM and RWA are not inputs into the VaR model calculation for security financing transactions.

As at 30 June 2019						
<i>R million</i>	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1. Standardised approach (for derivatives)*	4 226	10 083		1.4	20 033	5 790
4. Comprehensive approach for credit risk mitigation for security financing transactions**					4 132	1 876
5. VaR for security financing transactions#						
6. Total	4 226	10 083			24 165	7 666

* EEPE is not calculated under the SA-CCR (for derivatives).

** Replacement cost, potential future exposure, EEPE and alpha used for computing regulatory EAD is not calculated under the comprehensive approach for credit mitigation for security financing transactions.

Replacement cost, potential future exposure and alpha used for computing regulatory EAD, EAD post-CRM and RWA are not inputs into the VaR model calculation for security financing transactions.

The changes in counterparty exposure numbers period-on-period are attributable to factors, which include changes in market prices, an increase in trade volumes, and expiry of trades and hedges. Counterparty credit risk portfolio exposures increased during the period under review as a result of increased trading volumes, mainly in foreign exchange, interest rate and commodity derivatives for securities entities. The increase in potential future exposure in the derivatives book from June 2019 was driven by increased exposures to banks, corporates, securities firms and sovereign clients. The decrease in RWA during the period under review was due to a reduction in security finance transactions, mark-to-market values and VaR. Replacement cost, potential future exposure and alpha used for computing regulatory EAD, EAD post-CRM and RWA are not inputs into the VaR model calculation for security financing transactions. Row 5 of CCR1 is, therefore, excluded from these tables.

The following table provides the EAD post-CRM and RWA amounts for portfolios subject to the standardised CVA capital charge. As the group does not apply the advanced approach for CVA charge, rows 1 and 2 are excluded from CCR2. The increase in CVA RWA was mainly driven by a combination of increased exposure in interest rate swaps, contracts for difference and entities that had credit rating changes.

CCR2: CVA CAPITAL CHARGE*

<i>R million</i>	As at 31 December 2019		As at 31 December 2018		As at 30 June 2019	
	EAD post-CRM	RWA	EAD post-CRM	RWA	EAD post-CRM	RWA
3. All portfolios subject to the standardised CVA capital charge	24 042	7 725	19 951	8 412	21 756	8 254
4. Total subject to the CVA capital charge	24 042	7 725	19 951	8 412	21 756	8 254

* From December 2018, CVA RWA includes rest of Africa and foreign subsidiaries.

CCR3: STANDARDISED APPROACH – EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS*

R million	As at 31 December 2019						Total credit exposure
	Risk weight**						
	0%	20%	50%	75%	100%	150%	
Asset classes#							
Sovereigns	7 148	–	–	–	861	11	8 020
Non-central government public sector entities	–	–	7	–	306	–	313
Banks	405	3 158	306	–	2 547	1	6 417
Securities firms	–	–	1	–	–	–	1
Corporates	5	1 299	2 972	–	10 717	721	15 714
Regulatory retail portfolios	206	–	61	6 447	84	21	6 819
Other assets	–	–	–	–	72	12	84
Total	7 764	4 457	3 347	6 447	14 587	766	37 368

* These exposures are for the subsidiaries in the rest of Africa and foreign branches.

** There were no exposures in the 10% and 35% risk weight buckets at 31 December 2019.

There were no exposures in the multilateral development banks class as at 31 December 2019.

The increase in exposure in sovereigns, banks, corporates and regulatory retail portfolios during the period under review is due to increased activity in the London Branch.

R million	As at 31 December 2018						Total credit exposure
	Risk weight**						
	0%	20%	50%	75%	100%	150%	
Asset classes#							
Banks	1 152	–	108	–	796	–	2 056
Securities firms	–	–	1	–	–	–	1
Corporates	–	–	4	–	508	9	521
Total	1 152	–	113	–	1 304	9	2 578

* These exposures are for the subsidiaries in the rest of Africa and foreign branches.

** There were no exposures in the 10% and 35% risk weight buckets at 31 December 2018.

There were no exposures in the sovereigns, non-central government public sector entities, multilateral development banks, regulatory retail portfolios and other assets classes at 31 December 2018.

R million	As at 30 June 2019						Total credit exposure
	Risk weight**						
	0%	20%	50%	75%	100%	150%	
Asset classes#							
Sovereigns	–	–	–	–	383	16	399
Banks	–	1	34	–	–	–	35
Corporates	–	–	20	–	101	6	126
Total	–	1	54	–	484	22	560

* These exposures are for the subsidiaries in the rest of Africa and foreign branches.

** There were no exposures in the 10% and 35% risk weight buckets at 30 June 2019.

There were no exposures in the non-central government public sector entities, multilateral development banks, securities firms, regulatory retail portfolios and other assets classes at 30 June 2019.

The following CCR4 tables provide the counterparty credit risk exposures per portfolio and PD range where the AIRB approach is used for credit risk. They also include the main parameters used in the calculation of RWA. These exposures are for FRB South Africa, where AIRB for credit risk is applied.

The information provided in the different columns is explained as follows:

- > EAD post-CRM, gross of accounting provisions;
- > average PD is the obligor-grade PD weighted by EAD;
- > average LGD is the obligor-grade LGD weighted EAD;
- > average maturity in years is obligor maturity weighted by EAD; and
- > RWA density is total risk weighted assets to EAD post-CRM.

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE

Total FRB South Africa							
As at 31 December 2019							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	4 888	0.08	41	25.08	1.13	650	13.28
0.15 to <0.25	2 648	0.17	140	13.68	0.60	305	11.48
0.25 to <0.50	7 620	0.38	142	23.06	1.37	2 137	28.04
0.50 to <0.75	1 504	0.61	106	34.55	2.90	866	57.58
0.75 to <2.50	3 928	1.71	266	19.34	1.52	1 912	48.68
2.50 to <10.00	518	5.89	64	39.30	3.15	979	188.96
10.00 to <100.00	90	20.02	30	25.06	0.80	101	112.22
100.00 (default)	–	–	–	–	–	–	–
Total	21 196		789			6 950	0.33

Total FRB South Africa							
As at 31 December 2018							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	3 210	0.07	44	23.69	1.22	436	13.58
0.15 to <0.25	3 444	0.16	57	20.47	0.78	621	18.03
0.25 to <0.50	4 979	0.38	203	31.93	2.27	2 057	41.31
0.50 to <0.75	293	0.74	67	21.00	1.02	106	36.18
0.75 to <2.50	4 616	1.72	222	29.77	1.70	3 531	76.49
2.50 to <10.00	506	4.74	56	14.65	3.39	715	141.30
10.00 to <100.00	51	22.79	31	33.34	1.14	64	125.49
100.00 (default)	–	–	–	–	–	–	–
Total	17 099		680			7 530	44.04

The increase in RWA was due to a migration of PDs between the bands mainly driven by an increase in EAD in the corporate and sovereign asset classes.

EAD increased from December 2018 to December 2019 due to increased exposure in the corporate and sovereign asset classes and a correction of average PDs in June 2019. A migration between various PD bands however resulted in a decrease in RWA in December 2019.

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

<i>PD scale</i>	Banks						
	As at 31 December 2019						
	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	2 465	0.07	33	24.77	1.29	307	12.45
0.15 to <0.25	344	0.16	5	35.10	1.36	114	33.14
0.25 to <0.50	756	0.38	10	20.00	1.36	208	27.51
0.50 to <0.75	74	0.54	4	34.83	3.18	47	63.51
0.75 to <2.50	38	1.20	7	38.54	1.20	27	71.05
2.50 to <10.00	2	4.93	4	51.44	1.00	2	100.00
10.00 to <100.00	5	31.38	8	44.60	1.00	13	260.00
100.00 (default)	–	–	–	–	–	–	–
Subtotal	3 684		71			718	19.49

<i>PD scale</i>	Banks						
	As at 31 December 2018						
	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	2 772	0.07	36	21.77	1.12	329	11.87
0.15 to <0.25	594	0.16	4	35.60	0.80	186	31.31
0.25 to <0.50	513	0.40	12	26.13	1.66	210	40.94
0.50 to <0.75	1	0.74	1	45.00	0.02	1	100.00
0.75 to <2.50	17	1.28	3	35.80	0.80	14	82.35
2.50 to <10.00	2	4.93	4	49.55	0.21	4	200.00
10.00 to <100.00	2	33.16	4	45.00	0.20	4	200.00
100.00 (default)	–	–	–	–	–	–	–
Subtotal	3 901		64			748	19.17

The reduction in exposure and RWA was driven by foreign exchange and interest rate derivatives that matured on positions with international banks as reflected in the 0.00 to <0.15 and 0.15 to <0.25 PD bands.

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Securities							
As at 31 December 2019							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	2 369	0.09	5	25.05	0.95	332	14.01
0.15 to <0.25	1 915	0.17	95	9.14	0.40	135	7.05
0.25 to <0.50	4 376	0.38	45	22.51	0.59	919	21.00
0.50 to <0.75	206	0.72	35	22.52	1.06	97	47.09
0.75 to <2.50	2 560	1.60	135	12.65	0.64	792	30.94
2.50 to <10.00	147	4.93	17	30.60	3.81	173	117.69
10.00 to <100.00	45	27.44	9	6.90	0.60	17	37.78
100.00 (default)	–	–	–	–	–	–	–
Subtotal	11 618		341			2 465	21.22

Securities							
As at 31 December 2018							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	254	0.08	3	33.99	2.45	75	29.53
0.15 to <0.25	2 816	0.16	40	17.16	0.78	427	15.16
0.25 to <0.50	2 738	0.39	43	35.86	2.25	1 180	43.10
0.50 to <0.75	165	0.74	22	9.50	0.50	29	17.58
0.75 to <2.50	2 665	1.48	117	23.55	1.13	1 609	60.38
2.50 to <10.00	194	4.93	15	6.83	2.33	53	27.32
10.00 to <100.00	18	10.07	11	19.68	2.99	20	111.11
100.00 (default)	–	–	–	–	–	–	–
Subtotal	8 850		251			3 393	38.34

The increase in EAD in the 0.25 to <0.50 and 0.75 to <2.50 PD bands was mainly driven by an increase in new and existing bond futures, future options, contract for differences, interest rates and foreign exchange swap trades.

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Corporate							
As at 31 December 2019							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	42	0.08	1	45.00	1.00	8	19.05
0.15 to <0.25	327	0.19	33	17.61	0.76	46	14.07
0.25 to <0.50	1 588	0.36	61	29.13	2.51	725	45.65
0.50 to <0.75	312	0.69	49	34.01	1.25	156	50.00
0.75 to <2.50	765	1.79	104	35.03	1.24	610	79.74
2.50 to <10.00	112	4.54	38	35.27	1.02	123	109.82
10.00 to <100.00	40	10.38	13	42.49	0.99	71	177.50
100.00 (default)	–	–	–	–	–	–	–
Subtotal	3 186		299			1 739	54.58

Corporate							
As at 31 December 2018							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	176	0.08	4	38.80	0.81	30	17.05
0.15 to <0.25	32	0.17	11	29.78	0.41	6	18.75
0.25 to <0.50	728	0.35	111	33.37	1.17	286	39.29
0.50 to <0.75	89	0.74	39	40.44	1.49	58	65.17
0.75 to <2.50	1 391	2.14	92	42.15	0.66	1 343	96.55
2.50 to <10.00	84	3.78	29	25.93	0.31	62	73.81
10.00 to <100.00	31	29.52	16	40.54	0.12	40	129.03
100.00 (default)	–	–	–	–	–	–	–
Subtotal	2 531		302			1 825	72.11

The increase in EAD in the 0.25 to <0.50 and 0.75 to <2.50 PD bands was mainly driven by an increase in new and existing foreign exchange positions and commodity forward trades.

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Public sector and local government							
As at 31 December 2019							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	22	0.17	2	2.00	0.30	1	4.55
0.25 to <0.50	62	0.40	5	21.00	1.20	24	38.71
0.50 to <0.75	–	0.48	1	–	1.54	–	–
0.75 to <2.50	249	2.45	2	75.00	3.05	227	91.16
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (default)	–	–	–	–	–	–	–
Subtotal	333		10			252	75.68

Public sector and local government							
As at 31 December 2018							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	1	0.17	1	20.00	4.15	1	100.00
0.25 to <0.50	75	0.40	6	31.70	3.16	38	50.67
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	350	2.45	2	30.00	3.49	332	94.86
2.50 to <10.00	1	6.22	2	45.00	1.00	2	200.00
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (default)	–	–	–	–	–	–	–
Subtotal	427		11			373	87.35

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

Sovereign							
As at 31 December 2019							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	–	0.09	1.00	30.00	1.00	–	–
0.15 to <0.25	8	0.17	4	30.09	1.42	3	37.50
0.25 to <0.50	255	0.40	2	5.00	1.00	14	5.49
0.50 to <0.75	464	0.48	3	44.96	1.04	274	59.05
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (default)	–	–	–	–	–	–	–
Subtotal	727		10			291	40.03

Sovereign							
As at 31 December 2018							
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	1	0.17	1	43.55	1.61	1	100.00
0.25 to <0.50	28	0.48	4	44.06	1.07	19	67.86
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (default)	–	–	–	–	–	–	–
Subtotal	29		5			20	68.97

The migration of EAD to the 0.50 to <0.75 PD band resulted in an overall increase in EAD and a decrease in the total RWA density percentage.

CCR4: AIRB – COUNTERPARTY CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE continued

		Other					
		As at 31 December 2019					
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	12	0.08	1	28.00	3.55	3	25.00
0.15 to <0.25	32	0.24	1	15.00	2.72	6	18.75
0.25 to <0.50	583	0.37	19	21.32	4.28	247	42.37
0.50 to <0.75	448	0.64	14	29.62	6.77	292	65.18
0.75 to <2.50	316	1.88	18	27.44	8.09	256	81.01
2.50 to <10.00	257	7.04	5	45.97	3.71	681	264.98
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (default)	–	–	–	–	–	–	–
Subtotal	1 648		58			1 485	90.11

		Other					
		As at 31 December 2018					
<i>PD scale</i>	EAD post-CRM R million	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA R million	RWA density %
0.00 to <0.15	8	0.08	1	30.00	4.55	2	25.00
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	897	0.38	27	21.71	3.50	324	36.12
0.50 to <0.75	38	0.74	5	25.40	2.21	18	47.37
0.75 to <2.50	193	0.94	8	29.95	13.44	233	120.73
2.50 to <10.00	225	4.93	6	16.76	5.48	594	264.00
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (default)	–	–	–	–	–	–	–
Subtotal	1 361		47			1 171	86.04

The increase in EAD in the 0.50 to <0.75 PD band was driven by the migration of exposures across the PD bands across various sectors.

CCR5: COMPOSITION OF COLLATERAL FOR COUNTERPARTY CREDIT RISK EXPOSURE PER COLLATERAL CATEGORY*

<i>R million</i>	As at 31 December 2019					
	Collateral used in derivative transactions				Collateral used in security finance transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated**	Segregated	Unsegregated		
Cash – domestic currency	7 713	7 976	–	19 372	–	–
Cash – other currencies	–	2 327	–	–	–	–
Domestic sovereign debt	–	255	–	–	299 741	297 813
Other sovereign debt	–	–	–	–	98	98
Government agency debt	–	–	–	–	3 938	3 929
Corporate bonds	–	–	–	–	741	687
Other collateral	–	117	–	–	–	–
Total	7 713	10 675	–	19 372	304 518	302 527

* There was no collateral in the equity securities category during the period under review.

** The increase in unsegregated collateral received was due to collateral received on the back of increased trading in foreign exchange, interest rate and equity derivatives.

<i>R million</i>	As at 31 December 2018					
	Collateral used in derivative transactions				Collateral used in security finance transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	7 580	6 614	–	19 151	–	–
Cash – other currencies	–	1 806	–	–	–	–
Domestic sovereign debt	–	–	–	791	356 651	345 931
Other sovereign debt	–	–	–	–	42	41
Government agency debt	–	–	–	2 812	4 806	4 774
Corporate bonds	–	–	–	7	1 458	2 078
Other collateral	–	–	–	22 762	–	–
Total	7 580	8 420	–	45 523	362 957	352 824

* There was no collateral in the equity securities category during the period under review.

<i>R million</i>	As at 30 June 2019					
	Collateral used in derivative transactions				Collateral used in security finance transactions	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	7 987	7 289	–	20 119	–	–
Cash – other currencies	–	2 613	–	–	–	–
Domestic sovereign debt	–	4	–	–	297 239	292 136
Other sovereign debt	–	–	–	–	41	41
Government agency debt	–	–	–	–	4 880	4 842
Corporate bonds	–	–	–	–	1 235	1 408
Other collateral	–	54	–	–	–	–
Total	7 987	9 960	–	20 119	303 395	298 427

* There was no collateral in the equity securities category during the year.

The group employs credit derivatives primarily for the purposes of protecting its own positions and for hedging its credit portfolio as indicated in the following tables.

CCR6: CREDIT DERIVATIVES

<i>R million</i>	As at 31 December 2019		As at 31 December 2018		As at 30 June 2019	
	Protection bought	Protection sold	Protection bought	Protection sold	Protection bought	Protection sold
Notionals*						
– Single-name credit default swaps	13 526	6 191	19 804	6 599	12 973	4 930
Total notionals	13 526	6 191	19 804	6 599	12 973	4 930
Fair values	15	14	(886)	923	12	(48)
– Positive fair value (asset)	46	90	324	1 028	378	837
– Negative fair value (liability)	(31)	(76)	(1 210)	(105)	(366)	(885)

* There were no credit derivatives in the index credit default swaps, total return swaps, credit options and other credit derivative categories during the periods under review.

CCR7: RWA flow statements of CCR exposures under the internal model method is not applicable as the group does not use the internal model method for measuring counterparty credit risk EAD.

CCR8: EXPOSURES TO CENTRAL COUNTERPARTIES

<i>R million</i>	As at 31 December 2019		As at 31 December 2018		As at 30 June 2019	
	EAD post-CRM	RWA	EAD post-CRM	RWA	EAD post-CRM	RWA
2. Exposures for trade at qualifying central counterparties (excluding initial margin and default fund contributions); of which:	5 802	116	5 752	115	5 556	111
3. – OTC derivatives	908	18	753	15	659	13
4. – Exchange-traded derivatives	4 895	98	4 999	100	4 897	98
5. – Securities financing transactions	–	–	–	–	–	–
6. – Netting sets where cross-product netting has been approved	–	–	–	–	–	–
7. Segregated initial margin*	7 987	–	7 580	–	7 987	–
8. Non-segregated initial margin	–	–	–	–	–	–
9. Pre-funded default fund contributions	319	27	321	45	319	37
10. Unfunded default fund contributions	–	–	–	–	–	–
1. Total exposures to qualifying central counterparties**	14 108	143	13 653	160	13 862	148

* RWA is not determined on segregation initial margin.

** There were no exposures to non-qualifying central counterparties (rows 11 – 20 of the CCR8 template) for the periods under review.

Securitisations

TRADITIONAL SECURITISATION TRANSACTIONS*

<i>Traditional securitisations**</i>	Asset type	Rating agency	Year initiated	Expected close
Nitro 6	Retail: auto loans	GCR	2018	2025
Nitro 7	Retail: auto loans	Moody's	2019	2027
FAST Issuer	Retail: auto loans		2016	2025
Turbo Finance 6	Retail: auto loans	S&P and Moody's	2016	2023
Turbo Finance 7	Retail: auto loans	S&P and Moody's	2016	2023
Turbo Finance 8	Retail: auto loans	S&P and Moody's	2018	2026
MotoPark	Retail: auto loans	DBRS and S&P	2018	2025
MotoFirst	Retail: auto loans		2017	2026
MotoWay	Retail: auto loans		2019	2023

<i>R million</i>	Assets securitised	Assets outstanding [#]			Notes outstanding			Retained exposure		
		Dec 2019	Dec 2018	June 2019	Dec 2019	Dec 2018	June 2019	Dec 2019	Dec 2018	June 2019
Nitro 6	2 000	961	1 587	1 262	903	1 532	1 213	–	20	–
Nitro 7	2 000	1 664	–	2 091	1 649	–	2 089	–	–	–
Fast Issuer	8 475	9 093	9 643	9 608	8 576	9 334	9 213	1 533	2 093	2 092
Turbo Finance 6	7 281	11	2 127	1 256	–	1 840	1 053	–	479	296
Turbo Finance 7	10 544	1 598	4 313	2 662	1 332	3 748	2 280	411	416	405
Turbo Finance 8	7 373	4 343	7 578	5 696	4 012	6 870	5 216	176	147	180
MotoPark	9 954	8 812	11 152	10 893	7 930	9 969	9 784	7 958	9 967	9 813
MotoFirst	11 078	13 501	14 767	14 436	11 716	13 107	12 864	879	866	846
MotoWay	10 747	10 288	–	–	9 602	–	–	1 035	–	–
Total	69 452	50 271	51 167	47 904	45 720	46 400	43 712	11 992	13 988	13 632

* Include transactions structured by the group and exclude third-party transactions.

** Aldermore's Oak and MotoMore securitisation assets were not derecognised in terms of the securitisation framework and therefore remain on-balance sheet.

Assets outstanding do not include cash reserves.

SEC1: SECURITISATION EXPOSURE IN THE BANKING BOOK PER PORTFOLIO*

		As at 31 December 2019				
		Traditional securitisations				
<i>R million</i>		Group acts as originator	Group acts as sponsor	Group acts as investor	Group acts as originator and sponsor	Total
1. Retail						
4. Auto loans		11 993	–	25 923	–	37 916
6. Corporate			–			
7. Loans to corporates		–	–	–	4 364	4 364
Total		11 993	–	25 923	4 364	42 280

* There were no residential mortgage, credit card or resecuritisation exposures in the retail portfolio (rows 2, 3 and 5 of the SEC1 template) and no commercial mortgage, lease and receivables, other corporate or resecuritisation exposures in the corporate portfolio (rows 8 – 11 of the SEC1 template).

		As at 31 December 2018				
		Traditional securitisations				
<i>R million</i>		Group acts as originator	Group acts as sponsor	Group acts as investor	Group acts as originator and sponsor	Total
1. Retail						
4. Auto loans		13 987	–	25 994	–	39 981
6. Corporate			–			
7. Loans to corporates		–	–	–	5 320	5 320
Total		13 987	–	25 994	5 320	45 301

* There were no residential mortgage, credit card or resecuritisation exposures in the retail portfolio (rows 2, 3 and 5 of the SEC1 template) and no commercial mortgage, lease and receivables, other corporate or resecuritisation exposures in the corporate portfolio (rows 8 – 11 of the SEC1 template).

		As at 30 June 2019				
		Traditional securitisations				
<i>R million</i>		Group acts as originator	Group acts as sponsor	Group acts as investor	Group acts as originator and sponsor	Total
1. Retail						
4. Auto loans		13 633	–	27 854	–	41 487
6. Corporate			–			
7. Loans to corporates		–	–	–	5 152	5 152
Total		13 633	–	27 854	5 152	46 639

* There were no residential mortgage, credit card or resecuritisation exposures in the retail portfolio (rows 2, 3 and 5 of the SEC1 template) and no commercial mortgage, lease and receivables, other corporate or resecuritisation exposures in the corporate portfolio (rows 8 – 11 of the SEC1 template).

The regulatory approaches for securitisation exposures in the following tables are explained below.

Internal ratings-based (IRB) approach	Ratings-based approach Securitisation exposures to notes rated by an ECAI and held in an entity that uses the IRB approach.
	Internal assessment approach (IAA) The group does not use IAA for calculating risk weighted assets on securitisation exposures.
	Supervisory formula approach (SFA) Where SFA is used, these exposures are captured in the IRB SFA column.
Standardised approach (SA)	Exposures subject to the look-through approach are disclosed in the simplified supervisory approach (SSFA).
Unrated notes	Exposures to unrated notes are risk weighted at 1 250%.

There were no synthetic securitisations during the period under review.

SEC2: Securitisation exposures in the trading book table is not applicable as the group does not have securitisation exposures in the trading book.

SEC3: TRADITIONAL SECURITISATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS
– BANK ACTING AS ORIGINATOR OR AS SPONSOR

As at 31 December 2019*									
R million	Exposure values by risk weighted (RW) bands					Exposure values by regulatory approach			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1 250% RW	1 250% RW	IRB		SA	1 250%
						RBA	SFA	SSFA	
Securitisation									
4. Retail	1 533	7 259	1 050	538	1 613	–	1 533	8 847	1 613
5. Corporate	–	4 364	–	–	–	–	–	4 364	–
Total	1 533	11 623	1 050	538	1 613	–	1 533	13 211	1 613

* There were no resecuritisations or synthetic securitisations (rows 6 – 15 of the SEC3 template) during the period under review.

** Capital requirement calculated at 11.680% of RWA. The minimum requirement excludes the bank-specific requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the Regulations.

As at 31 December 2018*									
R million	Exposure values by RW bands					Exposure values by regulatory approach			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1 250% RW	1 250% RW	IRB		SA	1 250%
						RBA	SFA	SSFA	
Securitisation									
4. Retail	1 778	9 300	550	180	2 178	–	1 534	10 275	2 178
5. Corporate	–	5 320	–	–	–	–	–	5 320	–
Total	1 778	14 620	550	180	2 178	–	1 534	15 595	2 178

* There were no resecuritisations or synthetic securitisations (rows 6 – 15 of the SEC3 template) during the period under review.

** Capital requirement calculated at 11.255% of RWA. The minimum requirement excludes the bank-specific requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the Regulations.

As at 30 June 2019*									
R million	Exposure values by RW bands					Exposure values by regulatory approach			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1 250% RW	1 250% RW	IRB		SA	1 250%
						RBA	SFA	SSFA	
Securitisation									
4. Retail	1 602	9 128	540	177	2 186	–	1 534	9 913	2 186
5. Corporate	–	5 152	–	–	–	–	–	5 152	–
Total	1 602	14 280	540	177	2 186	–	1 534	15 065	2 186

* There were no resecuritisations or synthetic securitisations (rows 6 – 15 of the SEC3 template) during the period under review.

** Capital requirement calculated at 11.680% of RWA. The minimum requirement excludes the bank-specific requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the Regulations.

As at 31 December 2019*

	RWA by regulatory approach				Minimum capital requirements**			
	IRB		SA	1 250%	IRB		SA	1 250%
	RBA	SFA	SSFA		RBA	SFA	SSFA	
	-	114	10 985	20 162	-	13	1 283	2 355
	-	-	1 894	-	-	-	221	-
	-	114	12 879	20 162	-	13	1 504	2 355

As at 31 December 2018*

	RWA by regulatory approach				Minimum capital requirements**			
	IRB		SA	1 250%	IRB		SA	1 250%
	RBA	SFA	SSFA		RBA	SFA	SSFA	
	-	114	5 880	27 225	-	13	658	3 047
	-	-	2 935	-	-	-	328	-
	-	114	8 815	27 225	-	13	986	3 047

As at 30 June 2019*

	RWA by regulatory approach				Minimum capital requirements**			
	IRB		SA	1 250%	IRB		SA	1 250%
	RBA	SFA	SSFA		RBA	SFA	SSFA	
	-	114	5 737	27 327	-	13	670	3 192
	-	-	2 548	-	-	-	298	-
	-	114	8 285	27 327	-	13	968	3 192

SEC4: TRADITIONAL SECURITISATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED CAPITAL REQUIREMENTS – BANK ACTING AS INVESTOR

		As at 31 December 2019*						
		Exposure values by RW bands**	Exposure values by regulatory approach [#]		RWA by regulatory approach		Minimum capital requirements [†]	
		≤20% RW	IRB		IRB		IRB	
			RBA	SFA	RBA	SFA	RBA	SFA
<i>R million</i>								
	Securitisation							
	4. Retail	25 923	–	25 923	–	1 923	–	225
	5. Corporate	–	–	–	–	–	–	–
	Total	25 923	–	25 923	–	1 923	–	225

* There were no resecuritisations or synthetic securitisations (rows 6 – 15 of the SEC4 template) during the period under review.

** There were no exposures in the >20% to 50%, >50% to 100%, >100% to <1 250% and 1 250% RW bands.

There were no exposures under the standardised approach or to unrated notes risk weighted at 1 250%.

† Capital requirement was calculated at 11.680%. The minimum requirement excludes the bank-specific requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the regulations.

		As at 31 December 2018*						
		Exposure values by RW bands**	Exposure values by regulatory approach [#]		RWA by regulatory approach		Minimum capital requirements [†]	
		≤20% RW	IRB		IRB		IRB	
			RBA	SFA	RBA	SFA	RBA	SFA
<i>R million</i>								
	Securitisation							
	4. Retail	25 994	–	25 994	–	1 929	–	216
	5. Corporate	–	–	–	–	–	–	–
	Total	25 994	–	25 994	–	1 929	–	216

* There were no resecuritisations or synthetic securitisations (rows 6 – 15 of the SEC4 template) during the period under review.

** There were no exposures in the >20% to 50%, >50% to 100%, >100% to <1 250% and 1 250% RW bands.

There were no exposures under the standardised approach or to unrated notes risk weighted at 1 250%.

† Capital requirement was calculated at 11.255%. The minimum requirement excludes the bank-specific requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the regulations.

		As at 30 June 2019*						
		Exposure values by RW bands**	Exposure values by regulatory approach [#]		RWA by regulatory approach		Minimum capital requirements [†]	
		≤20% RW	IRB		IRB		IRB	
			RBA	SFA	RBA	SFA	RBA	SFA
<i>R million</i>								
	Securitisation							
	4. Retail	27 854	–	27 854	–	2 067	–	241
	5. Corporate	–	–	–	–	–	–	–
	Total	27 854	–	27 854	–	2 067	–	241

* There were no resecuritisations or synthetic securitisations (rows 6 – 15 of the SEC4 template) during the year.

** There were no exposures in the >20% to 50%, >50% to 100%, >100% to <1 250% and 1 250% RW bands.

There were no exposures under the standardised approach or to unrated notes risk weighted at 1 250%.

† Capital requirement was calculated at 11.680%. The minimum requirement excludes the bank-specific requirements, but includes the CCyB requirement. The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A, CCyB and capital conservation as prescribed in the regulations.

Traded market risk

MR1: MARKET RISK UNDER STANDARDISED APPROACH – RISK WEIGHTED ASSETS

<i>R million</i>	RWA		
	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
Outright products			
1. Interest rate risk	6 268	6 345	7 890
– Specific risk	5 066	4 717	5 507
– General risk	1 202	1 628	2 383
2. Equity risk	702	151	641
– Specific risk	702	150	641
– General risk	0	1	–
3. Foreign exchange risk	3 304	2 380	2 721
– Traded market risk	1 169	206	509
– Non-traded market risk	2 135	2 174	2 212
4. Commodity risk	–	–	–
9. Total	10 274	8 876	11 252

Market risk was contained within acceptable stress loss limits and effectively managed across the subsidiaries during the period under review.

Options are excluded from using the internal models approach (IMA) (rows 5 – 7 of the MR1 template are therefore excluded), (refer to MR3: IMA values for traded market risk table) and securitisations (row 8 of the MR1 template are therefore excluded) are capitalised under the securitisation framework (refer to the *securitisation* section). The decrease in standardised RWA mainly relates to interest rate risk as a result of the offload of risk in sovereign bonds and treasury bills in the rest of Africa subsidiaries, which was partially offset by an increase in traded foreign exchange market risk driven by increased holdings in Africa entities base currency. Equity risk increased marginally.

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

<i>R million</i>	VaR	sVaR	Total RWA
1. RWA at 30 September 2019	6 828	9 954	16 782
2. Movement in risk levels	2 081	28	2 109
3. Model updates/changes	–	–	–
4. Methodology and policy	–	–	–
5. Acquisitions and disposals	–	–	–
6. Foreign exchange movements	–	–	–
7. Other	–	–	–
8. RWA at 31 December 2019	8 909	9 982	18 891

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

The movement in general market risk RWA for the six months ended 31 December 2019 relates mainly to the market activities in RMB interest rate and foreign exchange positions, and client hedging activities undertaken.

IMA values

Total market risk is split between traded and non-traded market risk in the following tables. Traded market risk represents the portfolios that are designated as trading book for regulatory reporting. Non-traded market risk represents the portfolios that are structural in nature and are used to manage banking book risk. The non-traded market risk portfolio is directly influenced by the foreign exchange markets and, therefore, still form part of the group's total market risk. They are included in this disclosure.

The group does not use the incremental risk charge (rows 9 – 12 of the MR3 template) and comprehensive risk measure (rows 13 – 17 of the MR3 template) approaches.

MR3: IMA VALUES FOR TRADED MARKET RISK

<i>R million</i>	FRB South Africa		
	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
VaR (10-day 99%)			
1. Maximum value	252	187	255
2. Average value	161	99	92
3. Minimum value	107	34	34
4. Period end	165	76	139
sVaR (10-day 99%)			
5. Maximum value	377	215	360
6. Average value	181	121	144
7. Minimum value	100	35	35
8. Period end	173	125	338
VaR (1-day 99%)			
Maximum value	176	63	103
Average value	108	38	43
Minimum value	29	19	10
Period end	43	27	89

MR3: IMA VALUES FOR NON-TRADED MARKET RISK

<i>R million</i>	FRB South Africa		
	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
VaR (10-day 99%)			
1. Maximum value	149	218	202
2. Average value	39	114	86
3. Minimum value	20	19	8
4. Period end	38	171	29
sVaR (10-day 99%)			
5. Maximum value	207	278	246
6. Average value	89	141	121
7. Minimum value	47	20	20
8. Period end	91	211	66
VaR (1-day 99%)			
Maximum value	36	68	68
Average value	16	31	26
Minimum value	8	4	4
Period end	17	48	11

MR3: IMA VALUES FOR TOTAL MARKET RISK

R million	FirstRand group*			FRB South Africa		
	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
VaR (10-day 99%)						
1. Maximum value	325	307	333	315	296	330
2. Average value	181	176	154	163	164	142
3. Minimum value	113	30	25	99	20	20
4. Period end	167	173	202	151	162	125
sVaR (10-day 99%)						
5. Maximum value	455	446	591	437	328	456
6. Average value	223	207	219	212	175	192
7. Minimum value	125	80	71	125	71	71
8. Period end	199	241	395	185	230	395
VaR (1-day 99%)						
Maximum value				176	75	105
Average value				113	51	52
Minimum value				28	15	6
Period end				47	42	92

* FirstRand group VaR numbers include the foreign branches but exclude the subsidiaries in the rest of Africa, which are reported on the standardised approach for market risk. The sVaR numbers relate to FRB South Africa only.

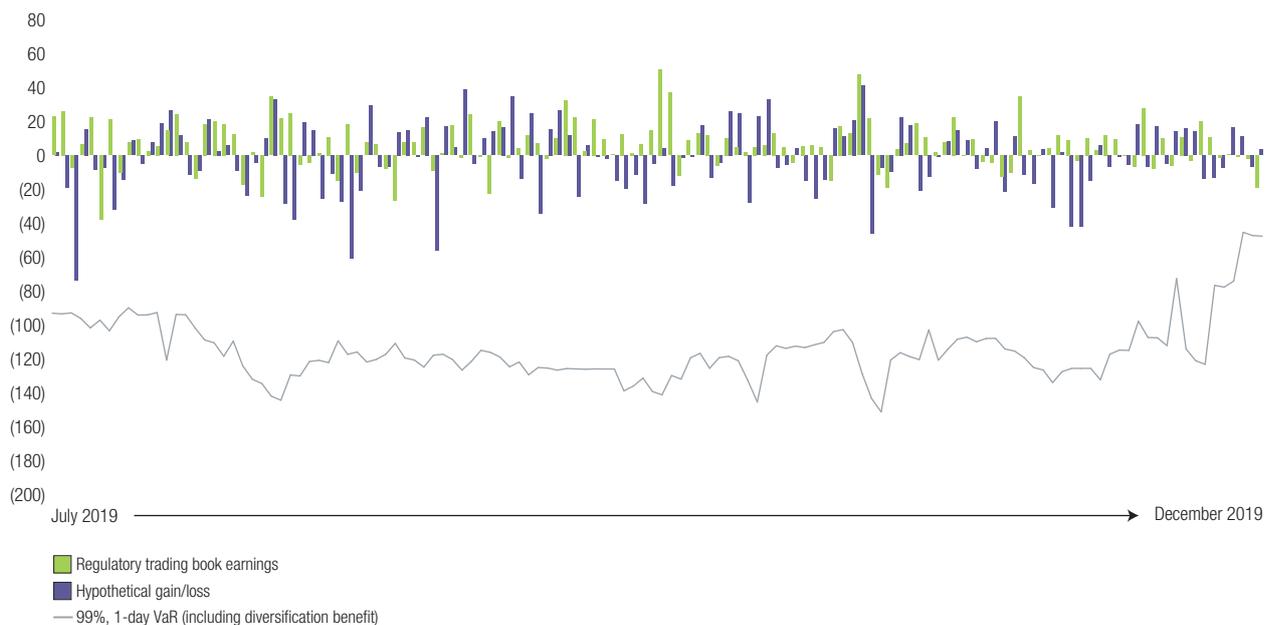
The increase in market risk across the group resulted mainly from a change in the calculation of VaR and sVaR on inflation products as a consequence of the implementation of the Murex platform and was due to normal business activities.

Back testing: daily regulatory trading book earnings versus 1-day, 99% VaR

The group tracks its daily domestic earnings profile as illustrated in the following chart. The earnings and 1-day VaR relate to the group's internal VaR model. Exposures were contained within risk limits for the six months ended 31 December 2019.

MR4: COMPARISON OF VAR ESTIMATES WITH GAINS AND LOSSES FOR FRB SOUTH AFRICA

R million



Interest rate risk in the banking book

PROJECTED NET INTEREST INCOME (NII) SENSITIVITY TO INTEREST RATE MOVEMENTS

As at 31 December 2019			
Change in projected 12-month NII			
	FRB South Africa	Subsidiaries in the rest of Africa and the bank's foreign branches	Total FirstRand
<i>R million</i>			
Downward 200 bps	(3 411)	(778)	(4 189)
Upward 200 bps	2 841	349	3 190

As at 31 December 2018			
Change in projected 12-month NII			
	FRB South Africa	Subsidiaries in the rest of Africa and the bank's foreign branches	Total FirstRand
<i>R million</i>			
Downward 200 bps	(2 163)	(627)	(2 790)
Upward 200 bps	1 623	452	2 075

As at 30 June 2019			
Change in projected 12-month NII			
	FRB South Africa	Subsidiaries in the rest of Africa and the bank's foreign branches	Total FirstRand
<i>R million</i>			
Downward 200 bps	(3 678)	(757)	(4 435)
Upward 200 bps	3 118	370	3 488

BANKING BOOK NET ASSET VALUE SENSITIVITY TO INTEREST RATE MOVEMENTS AS A PERCENTAGE OF TOTAL GROUP CAPITAL

	FRB South Africa			Total FirstRand		
	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
%						
Downward 200 bps	2.11	2.80	1.98	1.40	2.23	1.35
Upward 200 bps	(1.85)	(2.50)	(1.77)	(1.23)	(1.99)	(1.20)

Structural foreign exchange risk

NET STRUCTURAL FOREIGN EXPOSURES

<i>R million</i>	As at 31 December 2019		As at 31 December 2018		As at 30 June 2019	
	Exposure	Impact on equity from 15% currency translation shock	Exposure	Impact on equity from 15% currency translation shock	Exposure	Impact on equity from 15% currency translation shock
Functional currency						
Botswana pula	5 102	765	4 558	684	4 648	697
United States dollar	8 019	1 203	4 346	652	7 733	1 160
British pound sterling	19 750	2 963	17 732	2 660	18 873	2 831
Nigerian naira	2 107	316	1 535	230	1 696	254
Australian dollar	74	11	342	51	213	32
Zambian kwacha	659	99	737	111	697	105
Mozambican metical	461	69	433	65	421	63
Indian rupee	740	111	719	108	741	111
Ghanaian cedi	1 062	159	1 282	192	1 121	168
Tanzanian shilling	292	44	404	61	340	51
Common Monetary Area (CMA) countries*	6 599	990	6 560	984	6 939	1 041
Total	44 865	6 730	38 648	5 798	43 422	6 513

* Currently Namibia, Eswatini and Lesotho are part of the CMA. Unless these countries decide to exit the CMA, rand volatility will not impact their rand reporting values.

Equity investment risk

INVESTMENT RISK EXPOSURE AND SENSITIVITY OF INVESTMENT RISK

<i>R million</i>	As at 31 Dec 2019	As at 31 Dec 2018	As at 30 Jun 2019
Listed investment risk exposure included in the equity investment risk ETL process	–	13	1
ETL on above equity investment risk exposures	–	–	–
Estimated sensitivity of remaining investment balances			
Sensitivity to 10% movement in market value on investment fair value	284	308	245
Cumulative gains realised from sale of positions in the banking book during the year*	–	691	2 046

* There were no realisations during the period under review.

CR10: EQUITY POSITIONS IN THE BANKING BOOK UNDER MARKET-BASED APPROACH (SIMPLE RISK WEIGHT METHOD)

<i>R million</i>	As at 31 December 2019				
	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA
Categories					
Exchange-traded equity exposures*	136	–	300%	136	432
Private equity exposures*	6 696	–	400%	6 696	28 391
Subtotal	6 832	–		6 832	28 823
Financial, banking and insurance entities	5 173	–	250%	5 173	12 932
Total	12 005	–		12 005	41 755

* RWA include 6% scalar.

<i>R million</i>	As at 31 December 2018				
	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA
Categories					
Exchange-traded equity exposures*	20	–	300%	20	63
Private equity exposures*	5 895	162	400%	6 057	25 681
Subtotal	5 915	162		6 077	25 744
Financial, banking and insurance entities	4 687	–	250%	4 687	11 719
Total	10 602	162		10 764	37 463

* RWA include 6% scalar.

<i>R million</i>	As at 30 June 2019				
	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA
Categories					
Exchange-traded equity exposures*	170	–	300%	170	542
Private equity exposures*	6 429	24	400%	6 453	27 359
Subtotal	6 599	24		6 623	27 901
Financial, banking and insurance entities	5 207	–	250%	5 207	13 018
Total	11 806	24		11 830	40 919

* RWA include 6% scalar.

INVESTMENT VALUATIONS AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS

As at 31 December 2019			
<i>R million</i>	Publicly quoted investments	Privately held investments	Total
Carrying value of investments	136	11 869	12 005
Per risk bucket			
250% – Investments in financial, banking and insurance entities	–	5 173	5 173
300% – Listed investments	136	–	136
400% – Unlisted investments	–	6 696	6 696
Latent revaluation gains not recognised in the balance sheet*	–	897	897
Fair value	136	12 766	12 902
Total unrealised gains recognised directly in the balance sheet through equity instead of the income statement*	–	–	–
Capital requirement**	51	4 826	4 878

* These unrealised gains or losses are not included in Tier 1 or Tier 2 capital.

** Capital requirement calculated at 11.680% of RWA (excluding the bank-specific individual capital requirement) and includes capital on investments in financial entities.

As at 31 December 2018			
<i>R million</i>	Publicly quoted investments	Privately held investments	Total
Carrying value of investments	20	10 744	10 764
Per risk bucket			
250% – Investments in financial, banking and insurance entities	–	4 687	4 687
300% – Listed investments	20	–	20
400% – Unlisted investments	–	6 057	6 057
Latent revaluation gains not recognised in the balance sheet*	–	748	748
Fair value**	20	11 492	11 512
Total unrealised gains recognised directly in the balance sheet through equity instead of the income statement*	–	–	–
Capital requirement#	7	4 209	4 217

* These unrealised gains or losses are not included in Tier 1 or Tier 2 capital.

** December 2018 numbers restated due to refinement in calculation.

Capital requirement calculated at 11.255% of RWA (excluding the bank-specific individual capital requirement) and includes capital on investments in financial entities.

As at 30 June 2019			
<i>R million</i>	Publicly quoted investments	Privately held investments	Total
Carrying value of investments	170	11 660	11 830
Per risk bucket			
250% – Investments in financial, banking and insurance entities	–	5 207	5 207
300% – Listed investments	170	–	170
400% – Unlisted investments	–	6 453	6 453
Latent revaluation gains not recognised in the balance sheet*	–	3 808	3 808
Fair value	170	15 468	15 638
Total unrealised gains recognised directly in the balance sheet through equity instead of the income statement*	–	–	–
Capital requirement**	63	4 716	4 780

* These unrealised gains or losses are not included in Tier 1 or Tier 2 capital.

** Capital requirement calculated at 11.680% of RWA (excluding the bank-specific individual capital requirement) and includes capital on investments in financial entities.

Definitions and abbreviations

Exposure at default (EAD)	Gross exposure of a facility upon default of a counterparty
FRB South Africa	FirstRand Bank Limited South Africa excluding foreign branches
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default
Probability of default (PD)	Probability that a counterparty will default within the next year (considering the ability and willingness of the counterparty to repay)
Risk weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets
AIRB	Advanced internal ratings-based approach
AMA	Advanced measurement approach
ASF	Available stable funding
BCBS	Basel Committee on Banking Supervision
BIA	Basic indicator approach
CCF	Credit conversion factors
CCP	Central counterparties
CCyB	Countercyclical buffer
CEM	Current exposure method
CMA	Common Monetary Area
CRM	Credit risk mitigation
CCR	Counterparty credit risk
CVA	Credit value adjustment
EAD	Exposure at default
ECL	Expected credit loss
EEPE	Effective expected positive exposure
ERM	Enterprise Risk Management
ETL	Expected tail loss
EVE	Economic value of equity
FRB	FirstRand Bank Limited
HQLA	High-quality liquid assets
IAA	Internal assessment approach
IFRS	International Financial Reporting Standards
IMA	Internal models approach
IRA	Internal ratings based
IRB	Internal ratings-based approach for securitisation exposures
LGD	Loss given default
NII	Net interest income
NPLs	Non-performing loans
OTC	Over-the-counter
PA	Prudential Authority
PD	Probability of default
PFE	Potential future exposure
PSE	Public sector entities
RBA	Ratings-based approach
RCC committee	Risk, capital management and compliance committee
RSF	Required stable funding
RWA	Risk weighted assets
SA	Standardised approach for securitisation exposures
SA-CCR	Standardised approach for measuring counterparty credit risk
SARB	South African Reserve Bank
SFA	Supervisory formula approach
SFT	Securities financing transaction
SMEs	Small and medium enterprises
SSFA	Simplified supervisory formula approach
sVaR	Stressed VaR
TSA	The standardised approach for operational risk
VaR	Value-at-risk



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