

introduction

In accordance with Section 6(6) of the Banks Act, Basel III, the Prudential Authority's amended *Regulations relating to banks*, this report includes standardised quarterly disclosures as at 30 September 2018.

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01

key prudential
requirements and risk
weighted assets

02 – 04




KM1 – Key metrics (at consolidated group)

| R million | FirstRand Limited | | | | |
|--|-------------------|-----------|-----------|-------------|--------------|
| | September 18 | June 18 | March 18 | December 17 | September 17 |
| AVAILABLE CAPITAL (AMOUNTS)* | | | | | |
| 1 Common Equity Tier 1 | 103 130 | 103 724 | 100 056 | 99 769 | 101 779 |
| 1a Fully loaded ECL accounting model | 99 886 | | | | |
| 2 Tier 1 | 108 237 | 108 840 | 104 033 | 104 237 | 106 122 |
| 2a Fully loaded ECL accounting model Tier 1 | 104 993 | | | | |
| 3 Total capital | 132 597 | 133 294 | 122 137 | 121 995 | 123 360 |
| 3a Fully loaded ECL accounting model total capital | 133 225 | | | | |
| RISK WEIGHTED ASSETS (AMOUNTS) | | | | | |
| 4 Total risk weighted assets | 941 437 | 940 570 | 811 267 | 781 996 | 746 311 |
| RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA* | | | | | |
| 5 Common Equity Tier 1 (%) | 11.0% | 11.0% | 12.3% | 12.8% | 13.6% |
| 5a Fully loaded ECL accounting model Common Equity Tier 1 (%) | 10.6% | | | | |
| 6 Tier 1 (%) | 11.5% | 11.6% | 12.8% | 13.3% | 14.2% |
| 6a Fully loaded ECL accounting model Tier 1 (%) | 11.2% | | | | |
| 7 Total capital (%) | 14.1% | 14.2% | 15.1% | 15.6% | 16.5% |
| 7a Fully loaded ECL accounting model total capital (%) | 14.2% | | | | |
| ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA | | | | | |
| 8 Capital conservation buffer requirement (2.5% from 2019) (%) | 1.875% | 1.875% | 1.875% | 1.25% | 1.25% |
| 9 Countercyclical buffer requirement (%) | 0.068% | 0.083% | – | – | – |
| 10 Bank G-SIB and/or D-SIB additional requirements (%)** | – | – | – | – | – |
| 11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10) | 1.943% | 1.958% | 1.875% | 1.25% | 1.25% |
| 12 CET1 available after meeting the bank's minimum capital requirements (%) | 2.89% | 2.96% | 3.93% | 4.85% | 5.72% |
| BASEL III LEVERAGE RATIO# | | | | | |
| 13 Total Basel III leverage ratio exposure measure | 1 632 157 | 1 588 478 | 1 371 042 | 1 341 399 | 1 344 733 |
| 14 Basel III leverage ratio (%) (row 2/row 13) | 6.6% | 6.9% | 7.6% | 7.8% | 8.0% |
| 14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13) | 6.4% | | | | |
| LIQUIDITY COVERAGE RATIO | | | | | |
| 15 Total HQLA | 212 982 | 202 655 | 210 454 | 189 486 | 167 569 |
| 16 Total net cash outflow | 171 146 | 176 642 | 207 376 | 169 134 | 182 640 |
| 17 LCR ratio (%) | 124% | 115% | 101% | 112% | 92% |
| NET STABLE FUNDING RATIO | | | | | |
| 18 Total available stable funding | | 957 588 | | | |
| 19 Total required stable funding | | 852 374 | | | |
| 20 NSFR ratio | | 112% | | | |

* Excludes unappropriated profits.

** Not disclosed as it is confidential.

Based on month-end balances.

| KEY DRIVERS: | | |
|---------------------------|---|---|
| Risk-based capital ratios |  | <p>Available capital</p> <ul style="list-style-type: none"> Mainly relates to the phase-in of the Day 1 IFRS 9 impact and movements in regulatory deductions and other reserves. <p>Risk weighted assets</p> <ul style="list-style-type: none"> No material movement noted. |
| Leverage ratio |  | <ul style="list-style-type: none"> Primarily relates to an increase in on-balance sheet exposures, impacting the leverage ratio exposure measure. No material movement noted for Tier 1 capital (excluding unappropriated profits). |
| Liquidity coverage ratio |  | <ul style="list-style-type: none"> Relates to business-as-usual seasonal trends observed every year. The group still exceeds the 90% minimum requirement for 2018. |

OV1 – Overview of RWA

R million

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

| FirstRand Limited | | | |
|-------------------------------|--------------------------|---------------------------|-------------------------------------|
| As at 30 September 2018 | As at 30 June 2018 | As at 31 March 2018 | As at 30 September 2018 |
| RWA | | | Minimum capital requirements† |
| 653 178 | 648 668 | 517 788 | 73 108 |
| 227 441 | 221 218 | 108 917 | 25 457 |
| 425 737 | 427 450 | 408 871 | 47 651 |
| 36 966 | 43 291 | 34 484 | 4 138 |
| 11 | 64 | 17 | 1 |
| 1 997 | 1 888 | 2 060 | 224 |
| 34 958 | 41 339 | 32 407 | 3 913 |
| 690 144 | 691 959 | 552 272 | 77 246 |
| 17 089 | 17 624 | 26 812 | 1 913 |
| 17 089 | 17 624 | 26 812 | 1 913 |
| – | – | – | – |
| 25 355 | 25 201 | 24 927 | 2 838 |
| 23 472 | 24 773 | 23 778 | 2 627 |
| 8 708 | 9 707 | 9 879 | 975 |
| 14 764 | 15 066 | 13 899 | 1 652 |
| 124 158 | 124 158 | 110 155 | 13 897 |
| 15 356 | 15 356 | 6 037 | 1 719 |
| 24 234 | 24 234 | 22 960 | 2 712 |
| 84 568 | 84 568 | 81 158 | 9 466 |
| 19 733 | 17 069 | 14 432 | 2 209 |
| 10 151 | 10 151 | 10 919 | 1 136 |
| 31 335 | 29 635 | 47 972 | 3 507 |
| 941 437 | 940 570 | 811 267 | 105 373 |

* The current exposure and standardised methods are applied to counterparty credit risk. The group does not apply the internal model method to counterparty credit risk (row 6 of OV1 template). Proposed implementation for the standardised approach for counterparty credit risk (SA-CCR) is March 2019.

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

† Capital requirement calculated at 11.193% of RWA (June 2018: 11.208%). The minimum requirement excludes the bank-specific capital requirements but includes the countercyclical buffer (CCyB). The difference to the BCBS base minimum (8%) relates to the buffer add-ons for Pillar 2A and capital conservation buffer as prescribed in the regulations.

CR8 – RWA flow statements of credit risk exposures under AIRB

| <i>R million</i> | | RWA |
|------------------|----------------------------------|----------------|
| 1 | RWA at 30 June 2018* | 427 450 |
| 2 | Asset size | 12 101 |
| 3 | Asset quality | (6 765) |
| 4 | Model updates | – |
| 5 | Methodology and policy | (7 049) |
| 6 | Acquisitions and disposals | – |
| 7 | Foreign exchange movements | – |
| 8 | Other | – |
| 9 | RWA at 30 September 2018* | 425 737 |

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

MR2 – RWA flow statements of market risk exposures under IMA*

| <i>R million</i> | | VaR | sVaR | RWA |
|------------------|----------------------------------|--------------|--------------|---------------|
| 1 | RWA at 30 June 2018* | 6 429 | 8 637 | 15 066 |
| 2 | Movement in risk levels | 817 | (1 119) | (302) |
| 3 | Model updates/changes | – | – | – |
| 4 | Methodology and policy | – | – | – |
| 5 | Acquisitions and disposals | – | – | – |
| 6 | Foreign exchange movements | – | – | – |
| 7 | Other | – | – | – |
| 8 | RWA at 30 September 2018* | 7 246 | 7 518 | 14 764 |

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

The movement in market RWA for the quarter ended 30 September 2018 relates to normal business activities.

02

leverage

06

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

R million

| | As at 30 September 2018 | |
|--|-------------------------|--------------------------|
| | FirstRand Limited | FirstRand Bank Limited** |
| 1 Total consolidated assets as per published financial statements | 1 573 243 | 1 245 302 |
| 2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | – | – |
| 3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | – | – |
| 4 Adjustments for derivative financial instruments | (12 950) | (12 565) |
| 5 Adjustment for securities financing transactions (i.e. repos and similar secured lending) | 1 203 | 1 203 |
| 6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 75 440 | 70 746 |
| 7 Other adjustments | (4 779) | 9 154 |
| 8 Leverage ratio exposure | 1 632 157 | 1 313 840 |

* Based on month-end balances.

** FirstRand Bank Limited including foreign branches.

LR2 – Leverage ratio common disclosure template*

R million

| | As at 30 September 2018 | |
|--|-------------------------|--------------------------|
| | FirstRand Limited | FirstRand Bank Limited** |
| ON-BALANCE SHEET EXPOSURES | | |
| 1 On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 1 519 444 | 1 191 986 |
| 2 (Asset amounts deducted in determining Basel III Tier 1 capital) | (29 843) | (15 506) |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 1 489 601 | 1 176 480 |
| DERIVATIVE EXPOSURES | | |
| 4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 6 788 | 6 546 |
| 5 Add-on amounts for PFE associated with all derivatives transactions | 20 114 | 19 854 |
| 6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | – | – |
| 7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | – | – |
| 8 (Exempted CCP leg of client-cleared trade exposures) | – | – |
| 9 Adjusted effective notional amount of written credit derivatives | 4 402 | 4 402 |
| 10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (3 236) | (3 236) |
| 11 Total derivative exposures (sum of lines 4 to 10) | 28 068 | 27 566 |
| SECURITIES FINANCING TRANSACTION EXPOSURES | | |
| 12 Gross SFT assets (with no recognition of netting) after adjusting for sale accounting transactions | 37 845 | 37 845 |
| 13 (Netted amounts of cash payables and cash receivables of gross SFT assets) | – | – |
| 14 CCR exposure for SFT assets | 1 203 | 1 203 |
| 15 Agent transaction exposures | – | – |
| 16 Total securities financing transaction exposures (sum of lines 12 to 15) | 39 048 | 39 048 |
| OTHER OFF-BALANCE SHEET EXPOSURES | | |
| 17 Off-balance sheet exposure at gross notional amount | 338 908 | 313 022 |
| 18 (Adjustments for conversion to credit equivalent amounts) | (263 468) | (242 276) |
| 19 Off-balance sheet items (sum of lines 17 and 18) | 75 440 | 70 746 |
| CAPITAL AND TOTAL EXPOSURES | | |
| 20 Tier 1 capital | 108 237 | 83 659 |
| 21 Total exposures (sum of lines 3, 11, 16 and 19) | 1 632 157 | 1 313 840 |
| LEVERAGE RATIO | | |
| 22 Basel III leverage ratio | 6.6% | 6.4% |

* Based on month-end balances.

** FirstRand Bank Limited including foreign branches.



03 liquidity
08

LIQ1 – Liquidity coverage ratio (LCR)

| <i>R million</i> | FirstRand Limited consolidated* | | FirstRand Bank Limited SA* | |
|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
| HIGH-QUALITY LIQUID ASSETS | | | | |
| 1 Total high-quality liquid assets (HQLA) | | 238 555 | | 189 812 |
| CASH OUTFLOWS | | | | |
| 2 Retail deposits and deposits from small business customers, of which: | 315 648 | 28 209 | 233 092 | 23 309 |
| 3 Stable deposits | 50 852 | 1 729 | – | – |
| 4 Less stable deposits | 264 796 | 26 480 | 233 092 | 23 309 |
| 5 Unsecured wholesale funding, of which: | 388 926 | 205 457 | 320 325 | 160 854 |
| 6 Operational deposits (all counterparties) and deposits in networks of cooperative banks | 105 124 | 26 281 | 104 986 | 26 247 |
| 7 Non-operational deposits (all counterparties) | 274 797 | 170 171 | 208 263 | 127 531 |
| 8 Unsecured debt | 9 005 | 9 005 | 7 076 | 7 076 |
| 9 Secured wholesale funding | | 3 302 | | 3 302 |
| 10 Additional requirements, of which: | 261 908 | 34 581 | 244 669 | 32 051 |
| 11 Outflows related to derivative exposures and other collateral requirements | 8 469 | 8 469 | 7 370 | 7 370 |
| 12 Outflows related to loss of funding on debt products | 134 944 | 6 747 | 134 944 | 6 747 |
| 13 Credit and liquidity facilities | 118 495 | 19 365 | 102 355 | 17 934 |
| 14 Other contractual funding obligations | 1 077 | 1 077 | 895 | 895 |
| 15 Other contingent funding obligations | 196 839 | 7 658 | 183 003 | 6 975 |
| 16 Total cash outflows | | 280 284 | | 227 386 |
| CASH INFLOWS | | | | |
| 17 Secured lending (e.g. reverse repos) | 2 962 | 2 962 | 2 962 | 2 962 |
| 18 Inflows from fully performing exposures | 132 995 | 105 549 | 100 763 | 80 872 |
| 19 Other cash inflows | 6 223 | 5 697 | 4 657 | 4 264 |
| 20 Total cash inflows | 142 180 | 114 208 | 108 382 | 88 098 |
| TOTAL ADJUSTED VALUE | | Total adjusted value | Total adjusted value | |
| 21 Total HQLA** | | 212 982 | | 189 812 |
| 22 Total net cash outflows# | | 171 146 | | 139 288 |
| 23 Liquidity coverage ratio (%)† | | 124% | | 136% |

* The consolidated LCR for the group (FirstRand) includes FirstRand Bank Limited's 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 the bank's foreign branches in excess of the minimum required LCR of 90% which is not considered as fully transferable has been excluded in the calculation of the consolidated LCR ratio.

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

† The LCR is calculated as a simple average of 92 days of daily observations over the period ended 30 September 2018 for FirstRand Bank South Africa and London branch, as well as for FNB Namibia and FNB Botswana. The remaining banking entities including the bank's 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.