

FirstRand Limited
(Incorporated in the Republic of South Africa)
(Registration number 1966/010753/06)
JSE ordinary share code: FSR
Ordinary share ISIN: ZAE000066304
JSE B preference share code: FSRP
B preference share ISIN: ZAE000060141
NSX ordinary share code: FST
(FSR or the group)

FirstRand Bank Limited
(Incorporated in the Republic of South Africa)
(Registration number 1929/001225/06)
JSE company code interest rate issuer: FRII
JSE company code debt issuer: FRD
JSE company code ETF issuer: FRLE

(FRB or the bank)

PILLAR 3 QUARTERLY DISCLOSURES AS AT 31 MARCH 2017

In accordance with Pillar 3 of the Basel Accord, Regulation 43(1)(e) of the Regulations relating to Banks requires the group to disclose quarterly information on its capital adequacy, leverage and liquidity ratios. The figures below have not been reviewed or reported on by the group's external auditors.

CAPITAL ADEQUACY

The capital positions (excluding unappropriated profits) for the group and bank for the quarter ended 31 March 2017 are set out below.

R million	FSR	FRB
Common Equity Tier 1 capital		
Ordinary share capital and premium	8 009	16 808
Qualifying reserves	87 162	56 715
Non-controlling interests	997	-
Regulatory deductions	(3 893)	(647)
Total Common Equity Tier 1 capital	92 275	72 876
Total Additional Tier 1 capital	4 284	1 500
Total Tier 1 capital	96 559	74 376
Tier 2 capital		
Tier 2 instruments	17 262	17 358
Other qualifying reserves	1 526	498
Regulatory deductions	(2 642)	(114)
Total Tier 2 capital	16 146	17 742
Total qualifying capital and reserves	112 705	92 118

Total minimum capital requirement per risk type:

Credit	53 717	44 845
Counterparty credit	1 973	1 871
Operational	12 302	9 623
Market	2 294	2 045
Equity investment	4 015	922
Other assets	3 601	2 736
Total minimum capital requirement	77 902	62 042

Common Equity Tier 1 capital ratio (%)	12.7%	12.6%
Tier 1 capital ratio (%)	13.3%	12.9%
Total capital ratio (%)	15.6%	16.0%

Notes:

- FRB includes foreign branches and subsidiaries.
- The disclosed minimum capital requirement excludes the bank-specific individual capital requirement and add-on for domestic systemically important banks, and is reported at 10.75%.
- There is currently no requirement for the countercyclical buffer add-on in South Africa. The current countercyclical buffer requirement from other jurisdictions that the group operates in is immaterial.
- Equity investment risk includes investments in financial, banking and insurance entities.
- Other assets include deferred tax assets.

LEVERAGE

The leverage ratios for the group and bank for the quarter ended 31 March 2017 and preceding three quarters are set out below.

FSR

R million	Tier 1 capital	Total exposure	Leverage ratio (%)
March 2017	96 559	1 277 723	7.56%
December 2016	90 034	1 252 265	7.19%
September 2016	90 951	1 212 028	7.50%
June 2016	91 641	1 219 661	7.51%

FRB

R million	Tier 1 capital	Total exposure	Leverage ratio (%)
March 2017	74 376	1 142 819	6.51%
December 2016	70 097	1 123 943	6.24%
September 2016	70 461	1 090 004	6.46%
June 2016	70 312	1 102 001	6.38%

Notes:

- FRB includes foreign branches and subsidiaries.
- Actual closing balances used at each reporting period.
- Ratios exclude unappropriated profits.
- The increase in the leverage ratio from the previous quarter relates to the appropriation of profits in FSR and FRB. No further material changes are noted.

LIQUIDITY

The liquidity coverage ratio (LCR) is the first minimum standard for funding and liquidity under the Basel III regime. The objective of the LCR is to promote short-term resilience of a bank's liquidity risk profile by ensuring that the bank has sufficient unencumbered high quality liquid assets (HQLA) to survive the net cash outflows expected during a significant stress scenario for 30 calendar days. Regulation 26(12)(a)(vi) requires banks to continuously meet their liquidity needs by calculating the LCR from 1 January 2015 on both a solo and consolidated basis. Regulation 43 (e), read with the relevant directives, specify quarterly disclosure of the LCR. LCR compliance is on a phased in basis, beginning with a 60% minimum requirement from 1 January 2015 with 10% incremental increases each year to 100% on 1 January 2019. The requirement effective from 1 January 2017 is 80%.

The average liquidity coverage ratios for the group and bank for the quarter ended 31 March 2017 are set out below.

	FSR	FRB SA
HQLA(R million)	157 224	146 082
Net cash outflows (R million)	183 426	160 568
Required LCR (%)	80%	80%
Actual LCR (%)	86%	91%

The group seeks to exceed the minimum LCR requirement in a sustainable manner and to hold a sufficient buffer to allow for volatility as determined by the group's own internal liquidity risk appetite.

FRB has applied for the committed liquidity facility (CLF) from the SARB for the calendar year 2017 as provided for under guidance note 5 of 2015 and 6 of 2016. The CLF for 2015 and 2016 was recognised as qualifying collateral for LCR purposes within the bank's HQLA and subject to prescribed haircuts as required by the SARB. The group manages the HQLA portfolio of level 1 and level 2 assets.

Notes:

- For LCR disclosure purposes, FRB includes only the operations in South Africa.
- The consolidated LCR for the group (FSR) includes FRB's operations in South Africa and all registered banks and foreign branches within the group.

- The surplus HQLA holdings by subsidiaries and foreign branches in excess of the minimum required LCR of 80% have been excluded in the calculation of the consolidated group LCR.
- The LCR is calculated on a simple average of 90 days of daily observations over the previous quarter ended 31 March 2017 for FirstRand Bank South Africa, London and India branches, as well as for FNB Namibia and FNB Botswana. The remaining Africa and emerging markets banking entities are based on the month-end values at 31 January 2017, 28 February 2017 and 31 March 2017. The figures are based on the regulatory submission to the South Africa Reserve Bank.
- This announcement is also available on the group's website:
http://www.firstrand.co.za/investorcentre/pages/sens_announcements.mvc.aspx

Sandton
31 May 2017

Sponsor
RAND MERCHANT BANK (a division of FirstRand Bank Limited)