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 30 SEPTEMBER 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 30 September 2017 are set out below.

R million	FSR	FRB
Common Equity Tier 1 capital		
Ordinary share capital and premium	8 016	16 808
Qualifying reserves	96 703	63 414
Non-controlling interests	1 136	-
Regulatory deductions	(4 076)	(1 096)
Total Common Equity Tier 1 capital	101 779	79 126
Total Additional Tier 1 capital	4 343	1 500
Total Tier 1 capital	106 122	80 626
Tier 2 capital		
Tier 2 instruments	20 134	20 133
Other qualifying reserves	1 338	573
Regulatory deductions	(4 234)	(78)
Total Tier 2 capital	17 238	20 628
Total qualifying capital and reserves	123 360	101 254

Total minimum capital requirement per risk type:		
Credit	55 921	46 901
Counterparty credit	1 556	1 484
Operational	12 630	10 007
Market	2 389	2 069
Equity investment	2 805	779
Other assets	3 274	2 526
Threshold items	1 655	547
Total minimum capital requirement	80 230	64 313

Common Equity Tier 1 capital ratio	13.6%	13.2%
Tier 1 capital ratio	14.2%	13.5%
Total capital ratio	16.5%	16.9%

Notes:
- FRB includes foreign branches and subsidiaries.
- Excludes unappropriated profits.
- 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.
- Threshold items relates to investments in financial, banking and insurance entities, and deferred tax relating to temporary differences.

LEVERAGE

The leverage ratios for the group and bank for the quarter ended 30 September 2017 and preceding three quarters are set out below.

FSR

R million	Tier 1 capital	Total exposure	Leverage ratio(%)
September 2017	106 122	1 334 733	8.0%
June 2017	96 788	1 280 249	7.6%
March 2017	96 559	1 277 723	7.6%
December 2016	90 034	1 252 265	7.2%

FRB

R million	Tier 1 capital	Total exposure	Leverage ratio(%)
September 2017	80 626	1 201 651	6.7%
June 2017	74 065	1 149 027	6.4%
March 2017	74 376	1 142 819	6.5%

December 2016	70 097	1 123 943	6.2%

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, increasing Tier 1 capital. The total exposures increase mainly relate to on-balance sheet exposures relating to loans, short term securities, and investment and trading securities.

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 LCR for the group and bank for the quarter ended 30 September 2017 are set out below.

	FSR	FRB
HQLA(R billion)	168	155
Net cash outflows (R billion)	183	154
Required LCR	80%	80%
Actual LCR	92%	101%

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 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:
- FRB excludes foreign branches.

- The consolidated LCR for the group (FSR) includes FRB’s South African operations and foreign branches, as well as all registered banks 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 92 days of daily observations over the previous quarter ended 30 September 2017 for FirstRand Bank’s South African operations and London Branch, FNB Namibia and FNB Botswana. The remaining banking entities are based on month-end values.

This announcement is also available on the group’s website:
https://www.firstrand.co.za/

Sandton
28 November 2017

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