BARCLAYS AFRICA GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1986/003934/06)
ISIN: ZAE000174124
JSE share code: BGA
(Barclays Africa Group)

ABSA BANK LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1986/004794/06)
ISIN: ZAE000079810
JSE share code: ABSP
(Absa Bank)

BARCLAYS AFRICA GROUP LIMITED – BASEL III PILLAR 3 DISCLOSURE AS AT 30 SEPTEMBER 2017

The quarterly Pillar 3 disclosure is made in accordance with the requirements of the Banks Act, No. 94 of 1990 (the Banks Act) read together with South African Reserve Bank Directive 11 of 2015 (D11/2015) and Directive 11 of 2014 (D11/2014), as well as the Basel Committee on Banking Supervision's Revised Pillar 3 disclosure requirements issued on 28 January 2015.

1) Capital Adequacy

Barclays Africa Group Limited

Barclays Africa Group Limited remains capitalised above the minimum regulatory capital requirements and above board approved target capital ranges.

The Group continues to optimise the level and composition of capital resources. In line with this objective the Group will continue to raise Basel III compliant capital instruments, in the domestic and/or international capital markets.

The table below represents the capital position for Barclays Africa Group Limited at 30 September 2017 and comparatives at 30 June 2017.

	30 Sep 2017 (1) IFRS (2)		**30 Jun 2017 (1) IFRS (2)**	
Regulatory Capital Position (excluding unappropriated profits)	**Rm**	**%**	**Rm**	**%**
Common Equity Tier 1 capital	**94 489**	**12.9**	**93 560**	**12.9**
Ordinary share capital	1 694	0.2	1 694	0.2
Ordinary share premium	12 898	1.8	12 868	1.8
Reserves (3)	85 067	11.6	83 681	11.5
Non-controlling interest	2 048	0.3	1 831	0.3
Deductions	(7 218)	(1.0)	(6 514)	(0.9)
Additional Tier 1 capital	**4 247**	**0.6**	**2 665**	**0.4**
Tier 1 capital	**98 736**	**13.5**	**96 225**	**13.3**
Tier 2 capital	**16 412**	**2.2**	**14 659**	**2.0**
Total Capital	**115 148**	**15.7**	**110 884**	**15.3**

Statistical Capital Position (including unappropriated profits)	**IFRS (2)** %	**Normalised (4)** %	IFRS (2) %	Normalised (4) %
Common Equity Tier 1 capital	**13.6**	**12.0**	13.7	12.1
Tier 1 capital	**14.2**	**12.7**	14.0	12.4
Total capital	**16.4**	**15.0**	16.1	14.5

Board Approved Target Ranges (including unappropriated profits)	**30 Sep 2017**	30 Jun 2017
Common Equity Tier 1 capital	**10.0% - 11.5%**	10.0% - 11.5%
Tier 1 capital	**11.5% - 13.0%**	11.5% - 13.0%
Total capital	**14.0% - 15.5%**	14.0% - 15.5%

Absa Bank Limited (5)

Absa Bank Limited remains capitalised above the minimum regulatory capital requirements and above board approved target capital ranges.

The table below represents the capital position for Absa Bank Limited at 30 September 2017 and comparatives at 30 June 2017.

	30 Sep 2017 (1)		**30 Jun 2017 (1)**	
	IFRS (2)		**IFRS (2)**	
Regulatory Capital Position (excluding unappropriated profits)	**Rm**	**%**	**Rm**	**%**
Common Equity Tier 1 capital	**69 049**	**13.1**	**69 320**	**13.2**
Ordinary share capital	304	0.1	304	0.1
Ordinary share premium	36 880	7.0	36 880	7.0
Reserves (3)	37 686	7.1	37 068	7.0
Deductions	(5 821)	(1.1)	(4 932)	(0.9)
Additional Tier 1 capital	**3 811**	**0.7**	**2 293**	**0.4**
Tier 1 capital	**72 860**	**13.8**	**71 613**	**13.6**
Tier 2 capital	**16 838**	**3.2**	**15 154**	**2.9**
Total Capital	**89 698**	**17.0**	**86 767**	**16.5**

Statutory Capital Position (including unappropriated profits)	**IFRS (2)** %	**Normalised (4)** %	IFRS (2) %	Normalised (4) %
Common Equity Tier 1 capital	**13.6**	**11.4**	14.1	11.9
Tier 1 capital	**14.3**	**12.2**	14.5	12.3
Total capital	**17.5**	**15.3**	17.4	15.2

Board Approved Target Ranges (including unappropriated profits)	**30 Sep 2017**	**30 Jun 2017**
Common Equity Tier 1 capital	**10.0% - 11.5%**	10.0% - 11.5%
Tier 1 capital	**11.0% – 12.5%**	11.0% – 12.5%
Total capital	**13.5% - 15.0%**	13.5% - 15.0%

2) Overview of Risk Weighted Assets (RWAs) [OV1]

		a	**b**	**c**
		30 Sep 2017 (1)	**30 Jun 2017 (1)**	**30 Sep 2017 (1)**
		RWA	**RWA**	**Minimum capital requirements (6)**
	Barclays Africa Group Limited	**Rm**	**Rm**	**Rm**
1	Credit risk (excluding counterparty credit risk)	**534 497**	**515 946**	**42 760**
2	Of which standardised approach (SA)	152 922	146 408	12 234
3	Of which internal rating-based (IRB) approach	381 575	369 538	30 526
4	Counterparty credit risk (CCR)	**31 448**	**32 156**	**2 516**
5	Of which standardised approach for CCR (SA-CCR) (7)	31 448	32 156	2 516
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	**9 521**	**9 223**	**761**
8	Equity investments in funds – look-through approach	**-**	-	**-**
9	Equity investments in funds – mandate-based approach	**-**	-	**-**
10	Equity investments in funds – fall-back approach	**-**	-	**-**
11	Settlement risk	**435**	**583**	**35**
12	Securitisation exposures in banking book	**492**	**564**	**39**
13	Of which IRB ratings-based approach (RBA)	492	564	39
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	**23 993**	**32 284**	**1 919**
17	Of which standardised approach (SA)	9 292	10 645	743
18	Of which internal model approaches (IMA)	14 701	21 639	1 176
19	Operational risk	**103 487**	**103 487**	**8 279**
20	Of which Basic Indicator Approach	3 528	3 528	282
21	Of which Standardised Approach	25 533	25 533	2 043
22	Of which Advanced Measurement Approach	74 426	74 426	5 954

	Non-customer assets	**23 845**	24 904	**1 908**
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**5 175**	5 633	**414**
24	Floor adjustment	**-**	-	**-**
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24+non-customer assets)**	**732 893**	724 780	**58 631**
	Pillar 2a requirement (1.5%)			**10 994**
	Capital conservation buffer (1.25%) (8)			**9 161**
	S.A. minimum capital requirements including buffers (9)			**78 786**

The key drivers of change in RWA consumption quarter on quarter were as follows:

- **Credit risk:** Portfolios subject to the AIRB approach have increased by R12bn as a result of exposure growth in Corporate and Investment Banking (CIB). Portfolios subject to the SA have increased by R6.5bn mainly due to asset growth outside of South Africa as well as exchange rate fluctuations.
- **CCR:** The decrease in CCR of R0.7bn is in line with market volatility, specifically exchange rate fluctuations.
- **Market risk:** The decrease in market risk of R8.3bn is due to lower levels of Value at Risk (VaR) and Stressed Value at Risk (sVaR) in the three-month averaging period.

		a	b	c
		30 Sep 2017 (1)	**30 Jun 2017 (1)**	**30 Sep 2017 (1)**
		RWA	**RWA**	**Minimum capital requirements (6)**
	Absa Bank Limited (5)	**Rm**	**Rm**	**Rm**
1	Credit risk (excluding counterparty credit risk)	**383 693**	**373 604**	**30 695**
2	Of which standardised approach (SA)	12 396	13 545	991
3	Of which internal rating-based (IRB) approach	371 297	360 059	29 704
4	CCR	**30 955**	**31 815**	**2 476**
5	Of which standardised approach for CCR (SA-CCR) (7)	30 955	31 815	2 476
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	**2 494**	**2 493**	**200**
8	Equity investments in funds – look-through approach	**-**	-	**-**
9	Equity investments in funds – mandate-based approach	**-**	-	**-**
10	Equity investments in funds – fall-back approach	**-**	-	**-**
11	Settlement risk	**435**	**583**	**35**
12	Securitisation exposures in banking book	**492**	**564**	**39**
13	Of which IRB ratings-based approach (RBA)	492	564	39
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula	-	-	-

	approach (SSFA)			
16	Market risk	**18 076**	**24 741**	**1 446**
17	Of which standardised approach (SA)	3 375	3 102	270
18	Of which internal model approaches (IMA)	14 701	21 639	1 176
19	Operational risk	**73 612**	**73 612**	**5 889**
20	Of which Basic Indicator Approach	3 439	3 439	275
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	70 173	70 173	5 614
	Non-customer assets	**17 898**	**17 971**	**1 432**
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**620**	**762**	**50**
24	Floor adjustment	**-**	**-**	**-**
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24+non-customer assets)**	**528 275**	**526 145**	**42 262**
	Pillar 2a requirement (1.5%)			**7 924**
	Capital conservation buffer (1.25%) (8)			**6 603**
	S.A. minimum capital requirements including buffers (9)			**56 789**

The key drivers of change in RWA consumption quarter on quarter were as follows:

- **Credit risk:** Portfolios subject to the AIRB approach have increased by R11.2bn as a result of exposure growth in CIB. The decrease in the SA of R1.1bn is mainly due to a reduction in the size of the portfolio in South Africa measured on a standardised basis.
- **CCR:** The decrease in CCR of R0.9bn is in line with market volatility, specifically exchange rate fluctuations.
- **Market Risk:** The decrease in market risk of R6.7bn is due to lower levels of VaR and sVaR in the three-month averaging period.

RWA flow statements of credit risk exposures under IRB RWA flow statements of credit risk exposures under IRB [CR8]

		a
	Barclays Africa Group Limited	**RWA amounts**
		Rm
1	**RWA as at end of previous reporting period (30 Jun 2017)**	**369 538**
2	Asset size	**12 037**
3	Asset quality	-
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	**RWA as at end of reporting period (30 Sep 2017)**	**381 575**

	Absa Bank Limited (5)	a RWA amounts Rm
1	**RWA as at end of previous reporting period (30 Jun 2017)**	**360 059**
2	Asset size	**11 238**
3	Asset quality	-
4	Model updates	
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	**RWA as at end of reporting period (30 Sep 2017)**	**371 297**

RWA flow statements of market risk exposures under an Internal Models Approach [MR2]

	Barclays Africa Group Limited and Absa Bank Limited	a	b	c	d	e	f
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
		Rm	Rm	Rm	Rm	Rm	Rm
1	**RWA at previous quarter end (30 Jun 2017)**	**10 805**	**10 834**	**-**	**-**	**-**	**21 639**
2	Movements in risk levels	(2 763)	(2 712)	-	-	-	(5 475)
3	Model updates/changes	(1 463)					(1 463)
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	**RWA at end of reporting period (30 Sep 2017)**	**6 579**	**8 122**	**-**	**-**	**-**	**14 701**

Capital consumption of Barclays Africa Group Limited and Absa Bank's portfolios subject to the Internal Models Approach decreased by R6.9bn from June 2017 to September 2017. Drivers of quarter on quarter changes in RWA consumption are due to reduced levels of VaR and sVaR.

3) Leverage Ratio

The leverage ratio framework is complementary to the risk-based capital framework and is a non-risk based contingency measure to restrict the build-up of excessive leverage in the banking sector.

The tables below represent the leverage ratios for Barclays Africa Group Limited and Absa Bank Limited at 30 September 2017 and the comparatives for the past three quarter end periods, namely 31 December 2016, 31 March 2017 and 30 June 2017.

		2017		**2016**
		IFRS		
Barclays Africa Group Limited	**30 Sep**	30 Jun	31 Mar	31 Dec
Leverage ratio exposure (Rm)	**1 318 673**	1 259 572	1 254 437	1 251 249
Tier 1 Capital (excluding unappropriated profits) (Rm)	**98 736**	96 225	82 249	84 008
Leverage ratio (excluding unappropriated profits) (%)	**7.5**	7.6	6.6	6.7
Leverage ratio (including unappropriated profits) (%) (10)	**7.9**	8.1	6.9	7.1
Board target leverage ratio (including unappropriated profits) (%)	**≥4.5**	≥4.5	≥4.5	≥4.5
Minimum required leverage ratio (%)	**4.0**	4.0	4.0	4.0

		2017		**2016**
		IFRS		
Absa Bank Limited (5)	**30 Sep**	30 Jun	31 Mar	31 Dec
Leverage ratio exposure (Rm)	**1 136 516**	1 095 984	1 092 562	1 088 789
Tier 1 Capital (excluding unappropriated profits) (Rm)	**72 860**	71 613	55 656	56 943
Leverage ratio (excluding unappropriated profits) (%)	**6.4**	6.5	5.1	5.2
Leverage ratio (including unappropriated profits) (%) (10)	**6.7**	7.0	5.7	5.8
Board target leverage ratio (including unappropriated profits) (%)	**≥4.5**	≥4.5	≥4.5	≥4.5
Minimum required leverage ratio (%)	**4.0**	4.0	4.0	4.0

4) Liquidity Coverage Ratio

The objective of the liquidity coverage ratio (LCR) is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high quality liquid assets (HQLA) to survive a significant stress scenario lasting 30 calendar days. The LCR became effective on 1 January 2015, with a requirement of 60%, which will increase by 10% per year to 100% on 1 January 2019. The requirement for 2017 is 80%.

The LCR is calculated as the value of HQLA divided by total net cash outflows. HQLA represents the value of assets that can be easily and immediately converted into cash. Net cash outflows are calculated according to regulations.

Absa Bank Limited successfully applied for a committed liquidity facility from the South African Reserve Bank under Guidance Note 6 of 2016, which is included in HQLA for LCR purposes from January 2016.

Barclays Africa Group Limited (11)

Barclays Africa Group Limited holds HQLA well in excess of the regulatory minimum requirement. The table below represents the average LCR (12) for Barclays Africa Group Limited at 30 September 2017 and the comparatives at 30 June 2017:

	30 Sep 2017 (1)	30 Jun 2017 (1)
High Quality Liquid Assets (Rm)	**155 794**	155 075
Net Cash Outflows (Rm)	**131 195**	130 416
LCR (%)	**118.8**	118.9
Required LCR (%)	**80.0**	80.0

Absa Bank Solo (13)

Absa Bank Solo holds HQLA well in excess of the regulatory minimum requirement. The table below represents the average LCR (12) for Absa Bank Solo at 30 September 2017 and the comparatives at 30 June 2017:

	30 Sep 2017 (1)	30 Jun 2017 (1)
High Quality Liquid Assets (Rm)	**144 252**	144 168
Net Cash Outflows (Rm)	**116 527**	115 876
LCR (%)	**123.8**	124.4
Required LCR (%)	**80.0**	80.0

Notes:

1. The 30 September figures and 30 June 2017 comparatives are unaudited.
2. The IFRS view includes the contribution amounts received from Barclays PLC as part of the separation.
3. Reserves as at 30 September 2017 have already been reduced by the value of the 2017 interim ordinary dividend of R4.0bn for Barclays Africa Group Limited and R4.0bn for Absa Bank Limited, which were declared on 28 July 2017 and paid on 11 September 2017 respectively.
4. The normalised ratios exclude the impact of the separation from Barclays PLC and reflect the underlying performance of the Group.
5. Absa Bank Limited includes subsidiary undertakings, special purpose entities, joint ventures, associates and offshore holdings.
6. The South African minimum regulatory capital requirement of 8% (excluding the Pillar 2a and capital conservation buffers).
7. SA-CCR is calculated using the Current Exposure Method.
8. The capital conservation buffer is phased-in between 1 January 2016 and 1 January 2019 reaching 2.5% by 1 January 2019.
9. The 2017 minimum regulatory capital requirements of 10.75% include the RSA minimum of 8%, Pillar 2a of 1.50% and capital conservation buffer of 1.25% but exclude the bank-specific individual capital requirement (Pillar 2b add-on) and the domestic systemically important banks (D-SIB) add-on. The Pillar 2a buffer will reduce between 1 January 2016 and 1 January 2019 reaching 1.00% by 1 January 2019.

10. The leverage ratio including unappropriated profits for Barclays Africa Group Limited and Absa Bank Limited at 30 September 2017, on a normalised basis, was 7.0% (30 June 2017: 7.2%) and 5.6% (30 June 2017: 5.9%) respectively.
11. The LCR of Barclays Africa Group Limited represents an aggregation of the relevant individual net cash outflows and HQLA portfolios of all the banking entities which form part of the group. Where non-South African banking entities have an excess of HQLA above the minimum required by the LCR, this excess has been excluded from the calculation.
12. The values disclosed represent the simple average of the relevant 3 month-end data points.
13. Absa Bank Solo consists of only the South African banking operation.

Johannesburg
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