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 31 MARCH 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 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/within our board approved target capital ranges. As at 31 March 2017, Barclays Africa Group Limited's Common Equity Tier 1 ratio was 11.8%, Tier 1 ratio was 12.2% and Total Capital Adequacy ratio was 14.5%, all as reported on a statutory capital basis.

The table below represents the capital position for Barclays Africa Group Limited at 31 March 2017 and the comparatives at 31 December 2016.

	31 Mar 2017 (1)		31 Dec 2016 (1)	
Statutory Capital Position (including unappropriated profit)	**Rm**	**%**	**Rm**	**%**
Common Equity Tier 1 capital (2)	83 298	11.8%	85 434	12.1%
Tier 1 capital	86 348	12.2%	88 991	12.6%
Total capital	102 420	14.5%	104 486	14.8%
Board Approved Target Ranges (including unappropriated profit)				
Common Equity Tier 1 capital	10.0% - 11.5%		9.5% - 11.5%	
Tier 1 capital	11.5% - 13.0%		10.5% - 12.5%	
Total capital	14.0% - 15.5%		13.0% - 15.0%	
Regulatory Capital Position (excluding unappropriated profit)				
Common Equity Tier 1 capital	**79 199**	**11.2%**	**80 451**	**11.4%**
Share capital and premium	6 015		6 161	
Reserves (2)	78 048		78 546	
Non-controlling interest - ordinary shares	1 776		2 084	
Deductions	(6 640)		(6 340)	
Additional Tier 1 capital	**3 050**	**0.5%**	**3 557**	**0.5%**
Tier 1 capital	**82 249**	**11.7%**	**84 008**	**11.9%**
Tier 2 capital	**16 072**	**2.2%**	**15 495**	**2.2%**
Total capital	**98 321**	**13.9%**	**99 503**	**14.1%**

Absa Bank Limited [3]

Absa Bank Limited remains capitalised above the minimum regulatory capital requirements and above/within our board approved target capital ranges. As at 31 March 2017, Absa Bank Limited's Common Equity Tier 1 ratio was 11.7%, Tier 1 ratio was 12.1% and Total Capital Adequacy ratio was 15.2%, all as reported on a statutory capital basis.

The table below represents the capital position for Absa Bank Limited at 31 March 2017 and comparatives at 31 December 2016.

	31 Mar 2017 [1]		31 Dec 2016 [1]	
Statutory Capital Position (including unappropriated profit)	**Rm**	**%**	**Rm**	**%**
Common Equity Tier 1 capital	59 934	11.7%	59 986	11.6%
Tier 1 capital	62 228	12.1%	62 744	12.2%
Total capital	77 889	15.2%	77 769	15.1%
Board Approved Target Ranges (including unappropriated profit)				
Common Equity Tier 1 capital	10.0% – 11.5%		9.0% - 10.5%	
Tier 1 capital	11.0% - 12.5%		10.0% - 11.5%	
Total capital	13.5% - 15.0%		12.5% - 14.0%	
Regulatory Capital Position (excluding unappropriated profit)				
Common Equity Tier 1 capital	**53 363**	**10.4%**	**54 185**	**10.5%**
Share capital and premium	25 268		25 268	
Reserves [2]	33 148		33 560	
Deductions	(5 053)		(4 643)	
Additional Tier 1 capital	**2 293**	**0.5%**	**2 758**	**0.5%**
Tier 1 capital	**55 656**	**10.9%**	**56 943**	**11.0%**
Tier 2 capital	**15 661**	**3.0%**	**15 025**	**3.0%**
Total capital	**71 317**	**13.9%**	**71 968**	**14.0%**

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.

2) Overview of Risk Weighted Assets (RWA)

		a	b	c
		31 Mar 2017 (1)	31 Dec 2016 (1)	31 Mar 2017 (1)
		RWA	RWA	Minimum capital requirements (4)
	Barclays Africa Group Limited	Rm	Rm	Rm
1	Credit risk (excluding counterparty credit risk) (CCR)	**505 936**	**498 826**	**40 475**
2	Of which standardised approach (SA)	141 013	140 001	11 281
3	Of which internal rating-based (IRB) approach	364 923	358 825	29 194
4	CCR (5)	**30 439**	**33 337**	**2 435**
5	Of which standardised approach for CCR (SA-CCR)	30 439	33 337	2 435
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	**9 395**	**9 658**	**752**
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	**981**	**1 842**	**78**
12	Securitisation exposures in banking book	**553**	**576**	**44**
13	Of which IRB ratings-based approach (RBA)	553	576	44
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	**27 480**	**28 890**	**2 199**
17	Of which standardised approach (SA)	9 436	8 447	755
18	Of which internal model approaches (IMM)	18 044	20 443	1 444
19	Operational risk	**100 433**	**100 433**	**8 035**
20	Of which Basic Indicator Approach	3 849	3 849	308
21	Of which Standardised Approach	25 156	25 156	2 013
22	Of which Advanced Measurement Approach	71 428	71 428	5 714
	Non-customer assets	**22 748**	**23 524**	**1 820**
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**7 043**	**6 699**	**563**
24	Floor adjustment	**-**	-	**-**
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24+non-customer assets)**	**705 008**	**703 785**	**56 401**
	Pillar 2a requirement (1.5%)			**10 575**
	Capital conservation buffer (1.25%) (6)			**8 813**
	S.A. minimum capital requirements including buffers (7)			**75 789**

BAGL's overall RWA's increased by R1.2bn from December 2016 to March 2017 mainly due to an increase in credit risk as a result of exchange rate movements for entities outside South Africa as well as loan growth in Corporate and Investment Banking (CIB). This was offset by a decrease in CCR primarily as a result of settlements and market movements specific to foreign currency and interest rate swaps and market risk driven by a decrease in Daily Value at Risk (DVaR) and Stressed Value at Risk (sVaR) due to the decreased market volatility over the period of observation in the internal models DVaR and sVaR measure for the South African business.

		a	b	c
		31 Mar 2017 (1)	31 Dec 2016 (1)	**31 Mar 2017 (1)**
		RWA	RWA	**Minimum capital requirements (4)**
		Rm	Rm	Rm
	Absa Bank Limited (3)			
1	Credit risk (excluding counterparty credit risk) (CCR)	**369 475**	**366 099**	**29 558**
2	Of which standardised approach (SA)	13 580	15 018	1 086
3	Of which internal rating-based (IRB) approach	355 895	351 081	28 472
4	CCR (5)	**29 837**	**32 814**	**2 387**
5	Of which standardised approach for CCR (SA-CCR)	29 837	32 814	2 387
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	**2 606**	**2 775**	**208**
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	**908**	**1 773**	**73**
12	Securitisation exposures in banking book	**554**	**576**	**44**
13	Of which IRB ratings-based approach (RBA)	554	576	44
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	**20 948**	**22 935**	**1 676**
17	Of which standardised approach (SA)	2 904	2 492	232
18	Of which internal model approaches (IMM)	18 044	20 443	1 444
19	Operational risk	**70 895**	**70 895**	**5 672**
20	Of which Basic Indicator Approach	3 772	3 772	302
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	67 123	67 123	5 370
	Non-customer assets	**16 681**	**16 943**	**1 334**
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	**785**	**657**	**63**
24	Floor adjustment	**-**	**-**	**-**
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24+non-customer assets)**	**512 689**	**515 467**	**41 015**

Pillar 2a requirement (1.5%)	**7 690**
Capital conservation buffer (1.25%) [(6)]	**6 409**
S.A. minimum capital requirements including buffers [(7)]	**55 114**

Absa Bank Limited's overall RWA's decreased by R2.8bn from December 2016 to March 2017 mainly due to an increase in credit risk as a result of loan growth in CIB. This was offset by a decrease in CCR primarily as a result of settlements and market movements specific to foreign currency and interest rate swaps as well as market risk driven by a decrease in DVaR and sVaR due to the decreased market volatility over the period of observation in the internal models DVaR and sVaR measure for the South African business.

RWA flow statements of credit risk exposures under IRB RWA flow statements of credit risk exposures under IRB (CR8)

	Barclays Africa Group Limited	**a** **RWA amounts** **Rm**
1	**RWA as at end of previous reporting period (31 Dec 2016)**	**358 825**
2	Asset size	**6 098**
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 (31 Mar 2017)**	**364 923**

	Absa Bank Limited [(3)]	**a** **RWA amounts** **Rm**
1	**RWA as at end of previous reporting period (31 Dec 2016)**	**351 081**
2	Asset size	**4 814**
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 (31 Mar 2017)**	**355 895**

There were no significant changes in the BAGL and Absa Bank's IRB RWA amounts over the past quarter. Increases due to asset growth were largely due to increased loan growth in CIB.

RWA flow statements of market risk exposures under an Internal Models Approach (MR2)

		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 (31 Dec 2016)**	**8 406**	**12 037**	**-**	**-**	**-**	**20 443**
2	Movements in risk levels	(1 356)	(1 043)	-	-	-	(2 399)
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals)	-	-	-	-	-	-
11	Other	-	-	-	-	-	-
12	**RWA at end of reporting period (31 Mar 2017)**	**7 050**	**10 994**	**-**	**-**	**-**	**18 044**

Capital consumption of BAGL and Absa Bank's portfolios subject to the Internal Models Approach decreased by R2.4bn from December 2016 to March 2017. Drivers of quarter on quarter changes in RWA consumption are summarised as follows:

- **Value at Risk (VaR) and Stressed Value at Risk (sVaR):** Market Risk capital requirements noted a decrease over the quarter, largely driven by a decrease in the VaR and sVaR capital adequacy as a result of larger values of the measure (caused by the increased market volatility noted over the last quarter of 2016) falling off the three-month averaging period.

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

	2017	2016		
Barclays Africa Group Limited	**31 Mar**	31 Dec	30 Sep	30 Jun
Leverage ratio exposure (Rm)	1 254 437	1 251 249	1 255 335	1 336 240
Tier 1 Capital (excluding unappropriated profit) (Rm)	82 249	84 008	82 210	82 962
Tier 1 Capital (including unappropriated profit) (Rm)	86 348	88 991	86 529	88 090
Leverage ratio (excluding unappropriated profit) (%)	6.6	6.7	6.5	6.2
Leverage ratio (including unappropriated profit) (%)	6.9	7.1	6.9	6.6
Board target leverage ratio (including unappropriated profit) (%)	≥4.5	≥4.5	≥4.5	≥4.5
Minimum required leverage ratio (%)	4.0	4.0	4.0	4.0

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

	2017	2016		
Absa Bank Limited (3)	**31 Mar**	**31 Dec**	**30 Sep**	**30 Jun**
Leverage ratio exposure (Rm)	1 092 562	1 088 789	1 083 526	1 148 984
Tier 1 Capital (excluding unappropriated profit) (Rm)	55 656	56 943	54 197	53 676
Tier 1 Capital (including unappropriated profit) (Rm)	62 228	62 744	59 274	57 178
Leverage ratio (excluding unappropriated profit) (%)	5. 1	5.2	5.0	4.7
Leverage ratio (including unappropriated profit) (%)	5. 7	5.8	5.5	5.0
Board target leverage ratio (including unappropriated profit) (%)	≥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 (8)

Barclays Africa Group Limited holds HQLA well in excess of the regulatory minimum requirement. The table below represents the average LCR (9) for Barclays Africa Group Limited at 31 March 2017 and the comparatives at 31 December 2016:

	31 Mar 2017 (1)	**31 Dec 2016** (1)
High Quality Liquid Assets (Rm)	155 257	142 758
Net Cash Outflows (Rm)	154 679	149 017
Liquidity Coverage Ratio (%)	100.4	95.8
Required Liquidity Coverage Ratio (%)	80.0	70.0

Absa Bank Solo [10]

Absa Bank Solo holds HQLA well in excess of the regulatory minimum requirement. The table below represents the average LCR [9] for Absa Bank Solo at 31 March 2017 and the comparatives at 31 December 2016:

	31 Mar 2017 [1]	**31 Dec 2016** [1]
High Quality Liquid Assets (Rm)	143 939	134 142
Net Cash Outflows (Rm)	138 466	135 354
Liquidity Coverage Ratio (%)	104.0	99.1
Required Liquidity Coverage Ratio (%)	80.0	70.0

<u>Notes:</u>

1. The 31 March 2017 figures are unaudited whilst the 31 December 2016 comparatives are reported on an audited basis.
2. Reserves as at 31 March 2017 have already been reduced by the value of the 2016 year-end final ordinary dividend of R4.8bn for BAGL and R2.1bn for Absa Bank Limited, which were declared on 23 February 2017 and paid on 10 April 2017. This was the main contributor to the reduction in the CET1 ratio from 12.1% to 11.8% over the quarter.
3. Absa Bank Limited includes subsidiary undertakings, special purpose entities, joint ventures, associates and offshore holdings.
4. The 2017 minimum regulatory capital requirements are calculated at the BIS minimum regulatory capital requirement of 8%.
5. SA-CCR is calculated using the Current Exposure Method.
6. The Capital conservation buffer is phased in between 1 January 2016 and 1 January 2019 reaching 2.5% by 1 January 2019.
7. The 2017 minimum regulatory capital requirements of 10.75% (2016: 10.375%) include the RSA minimum of 8%, Pillar 2a of 1.50% (2016: 1.75 %) and capital conservation buffer of 1.25% (2016: 0.625%) but exclude the bank-specific individual capital requirement (Pillar 2b add-on) and the domestic systemically important banks (D-SIB) add-on.
8. The LCR of Barclays Africa Group Limited represents an aggregation of the relevant individual net cash outflows and HQLA portfolios of only the banking entities. HQLA holdings in excess of the minimum LCR requirement have been excluded from the aggregated HQLA number for all non-South African banking entities.
9. The values disclosed represent the simple average of the relevant 3 month-end data points.
10. Absa Bank Solo includes the South African banking operation.

Johannesburg

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