

**ABSA GROUP LIMITED**

(Formerly Barclays Africa Group Limited)  
(Incorporated in the Republic of South Africa)  
(Registration number: 1986/003934/06)  
ISIN: ZAE000255915  
JSE share code: ABG  
(Absa Group Limited)

**ABSA BANK LIMITED**

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

**ABSA GROUP LIMITED – BASEL III PILLAR 3 DISCLOSURE AS AT 30 SEPTEMBER 2018**

The quarterly Pillar 3 disclosure is made in accordance with the requirements of Regulation 43 of the regulations relating to Banks and previously issued Banks Act directives as well as the Basel Committee on Banking Supervision's Revised Pillar 3 disclosure requirements issued on 29 March 2017.

This disclosure is made in terms of International Financial Reporting Standards (IFRS) as required by Regulation 3 of the regulations relating to Banks. IFRS results include the impact of the contribution amounts received as part of the separation from Barclays PLC. Normalised results, which exclude the impact of contribution amounts received from Barclays PLC, are also included.

In accordance with SARB Directive 5 of 2017 (Directive 5), Absa Group Limited and Absa Bank Limited have elected to utilise the transition period of three years for phasing in regulatory capital impact of IFRS 9. As required by Directive 5, both the fully loaded and transitional impacts of IFRS 9 are disclosed.

All prescribed tables are highlighted by including the regulatory title of the table in square brackets.

**Capital Adequacy****Absa Group Limited**

Absa Group Limited (or the Group) remains capitalised above the minimum regulatory capital requirements.

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 as and when appropriate, in the domestic and/or international capital markets.

Total capital supply has reduced over the quarter due to the payment of the 2018 interim dividend, offset by an increase in unappropriated profits.

The table below represents the capital position for Absa Group Limited at 30 September 2018 and comparatives at 30 June 2018.

<b>Regulatory Capital Position</b> (excluding unappropriated profits)	<b>30 Sep 2018<sup>1</sup></b> <b>IFRS<sup>2</sup></b>		<b>30 Jun 2018<sup>1</sup></b> <b>IFRS<sup>2</sup></b>	
	<b>Rm</b>	<b>%</b>	<b>Rm</b>	<b>%</b>
<b>Common Equity Tier 1 capital</b>	<b>94 973</b>	<b>12.1</b>	<b>96 655</b>	<b>12.5</b>
Ordinary share capital	1 677	0.2	1 664	0.2
Ordinary share premium	10 140	1.3	10 850	1.4
Reserves <sup>3</sup>	85 816	10.9	86 384	11.2
Non-controlling interest	2 369	0.3	2 251	0.3
Deductions	(5 029)	(0.6)	(4 494)	(0.6)
<b>Additional Tier 1 capital</b>	<b>4 355</b>	<b>0.5</b>	<b>4 271</b>	<b>0.6</b>
<b>Tier 1 capital</b>	<b>99 328</b>	<b>12.6</b>	<b>100 926</b>	<b>13.1</b>
<b>Tier 2 capital</b>	<b>21 968</b>	<b>2.8</b>	<b>21 862</b>	<b>2.8</b>

<b>Total Capital</b>	<b>121 296</b>	<b>15.4</b>	<b>122 788</b>	<b>15.9</b>
----------------------	----------------	-------------	----------------	-------------

	<b>30 Sep 2018<sup>1</sup></b>		<b>30 Jun 2018<sup>1</sup></b>	
<b>Statutory Capital Position</b> (including unappropriated profits)	<b>IFRS<sup>2</sup></b> <b>%</b>	<b>Normalised<sup>4</sup></b> <b>%</b>	<b>IFRS<sup>2</sup></b> <b>%</b>	<b>Normalised<sup>4</sup></b> <b>%</b>
Common Equity Tier 1 capital	<b>13.1</b>	<b>12.1</b>	13.3	12.2
Tier 1 capital	<b>13.7</b>	<b>12.7</b>	13.9	12.8
Total capital	<b>16.5</b>	<b>15.5</b>	16.7	15.7

	<b>30 Sep 2018</b> <b>(%)<sup>5</sup></b>	<b>30 Jun 2018</b> <b>(%)<sup>5</sup></b>
<b>Board target ranges</b> (including unappropriated profits)		
Common Equity Tier 1 capital	<b>10.00 - 11.50</b>	10.00 - 11.50
Tier 1 capital	<b>11.75 - 13.25</b>	11.75 - 13.25
Total capital	<b>14.25 - 15.75</b>	14.25 - 15.75

#### **Absa Bank Limited<sup>6</sup>**

Absa Bank Limited remains capitalised above the minimum regulatory capital requirements.

The table below represents the capital position for Absa Bank Limited at 30 September 2018 and comparatives at 30 June 2018.

	<b>30 Sep 2018<sup>1</sup></b>		<b>30 Jun 2018<sup>1</sup></b>	
<b>Regulatory Capital Position</b> (excluding unappropriated profits)	<b>IFRS<sup>2</sup></b> <b>Rm</b>	<b>%</b>	<b>IFRS<sup>2</sup></b> <b>Rm</b>	<b>%</b>
<b>Common Equity Tier 1 capital</b>	<b>67 433</b>	<b>12.3</b>	<b>68 609</b>	<b>12.7</b>
Ordinary share capital	304	0.1	304	0.1
Ordinary share premium	36 880	6.7	36 880	6.8
Reserves <sup>3</sup>	34 900	6.4	35 219	6.5
Deductions	(4 651)	(0.9)	(3 794)	(0.7)
<b>Additional Tier 1 capital</b>	<b>3 357</b>	<b>0.6</b>	<b>3 357</b>	<b>0.6</b>
<b>Tier 1 capital</b>	<b>70 790</b>	<b>12.9</b>	<b>71 966</b>	<b>13.3</b>
<b>Tier 2 capital</b>	<b>20 863</b>	<b>3.8</b>	<b>20 718</b>	<b>3.8</b>
<b>Total Capital</b>	<b>91 653</b>	<b>16.7</b>	<b>92 684</b>	<b>17.1</b>

	30 Sep 2018 <sup>1</sup>		30 Jun 2018 <sup>1</sup>	
	IFRS <sup>2</sup> %	Normalised <sup>4</sup> %	IFRS <sup>2</sup> %	Normalised <sup>4</sup> %
<b>Statutory Capital Position</b> (including unappropriated profits)				
Common Equity Tier 1 capital	12.8	11.4	13.5	11.9
Tier 1 capital	13.4	12.0	14.1	12.5
Total capital	17.2	15.8	17.9	16.3
<b>Board target ranges</b> (including unappropriated profits)				
	30 Sep 2018 (%) <sup>5</sup>		30 Jun 2018 (%) <sup>5</sup>	
Common Equity Tier 1 capital	10.00 - 11.50		10.00 - 11.50	
Tier 1 capital	11.75 - 13.25		11.75 - 13.25	
Total capital	14.25 - 15.75		14.25 - 15.75	

### Overview of Risk Weighted Assets (RWAs) [ov1]

	30 Sep 2018 <sup>1</sup> RWA	30 Jun 2018 <sup>1</sup> RWA	30 Sep 2018 <sup>1</sup> Minimum capital requirements <sup>7</sup>
<b>Absa Group Limited Rm</b>			
1 Credit risk (excluding counterparty credit risk (CCR))	559 695	552 556	62 266
2 Of which: standardised approach (SA)	163 888	164 671	18 232
3 Of which: foundation internal rating-based (F-IRB) approach	-	-	-
4 Of which: supervisory slotting approach	-	-	-
5 Of which: advanced internal ratings based (A-IRB) approach	395 807	387 885	44 034
6 CCR	15 010	18 797	1 670
7 Of which: standardised approach for CCR (SA-CCR) <sup>8</sup>	15 010	18 797	1 670
8 Of which: internal model method (IMM)	-	-	-
9 Of which: other CCR	-	-	-
10 Credit valuation adjustment (CVA)	7 932	10 267	883
11 Equity positions under the simple risk weight approach	3 977	3 780	442
12 Equity investments in funds – look-through approach	7 511	7 544	836
13 Equity investments in funds – mandate-based approach	-	-	-
14 Equity investments in funds – fall-back approach	-	-	-
15 Settlement risk	1 021	1 384	114
16 Securitisation exposures in banking book	420	435	47
17 Of which: IRB ratings-based approach (SEC -IRBA)	420	435	47
18 Of which: securitisation external ratings based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19 Of which: securitisation SA (SEC-SA)	-	-	-
20 Market risk	36 806	31 014	4 095
21 Of which: standardised approach (SA)	15 028	13 035	1 672
22 Of which: internal model approaches (IMA)	21 778	17 979	2 423

23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	88 731	88 731	9 871
	Non-customer assets	23 746	23 392	2 642
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	15 032	7 638	1 671
	IFRS 9 transitional adjustment	5 566	5 566	619
26	Floor adjustment	20 164	20 164	2 243
27	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets+IFRS9 transitional adjustment)</b>	<b>785 611</b>	<b>771 268</b>	<b>87 399</b>

	30 Sep 2018 <sup>1</sup>	30 Jun 2018 <sup>1</sup>	30 Sep 2018 <sup>1</sup>	
	RWA	RWA	Minimum capital requirements <sup>7</sup>	
<b>Absa Bank Limited<sup>6</sup> Rm</b>				
1	Credit risk (excluding CCR)	392 460	384 983	43 661
2	Of which: standardised approach (SA)	10 958	11 429	1 219
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings based (A-IRB) approach	381 502	373 554	42 442
6	CCR	14 548	18 389	1 619
7	Of which: standardised approach for CCR (SA-CCR) <sup>8</sup>	14 548	18 389	1 619
8	Of which: internal model method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	7 932	10 267	883
11	Equity positions under the simple risk weight approach	1 688	1 769	187
12	Equity investments in funds – look-through approach	358	368	40
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	959	1 323	107
16	Securitisation exposures in banking book	420	435	47
17	Of which: securitisation IRB ratings-based approach (SEC-IRBA)	420	435	47
18	Of which: securitisation external ratings based approach (SEC-ERBA) including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation SA (SEC-SA)	-	-	-
20	Market risk	28 594	22 603	3 181
21	Of which: standardised approach (SA)	6 816	4 624	758
22	Of which: internal model approaches (IMA)	21 778	17 979	2 423
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	57 414	57 414	6 387
	Non-customer assets	17 756	17 942	1 975

25	Amounts below the thresholds for deduction (subject to 250% risk weight) IFRS 9 transitional adjustment	3 099	2 493	344
26	Floor adjustment	5 566	5 566	619
27	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets+IFRS9 transitional adjustment)</b>	<b>18 270</b>	<b>18 270</b>	<b>2 033</b>
		<b>549 064</b>	<b>541 822</b>	<b>61 083</b>

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 R7.9bn (Group and Absa Bank Limited) due to balance sheet growth in Corporate and Investment Banking (CIB) and Retail and Business Banking (RBB).
- **CCR & CVA:** The R3.8bn CCR and R2.3bn CVA decrease in RWA are primarily due to market volatility.
- **Market Risk:** The increase of R5.8bn (Group) and R6.0bn (Absa Bank Limited) is driven by market volatility and business requirements.
- **Threshold items:** Increase of R7.4bn (Group) is due to a revised treatment of insurance entities.

### Key Metrics (at consolidated group level) [KM1]

In line with the requirements of IFRS 9, which became effective on 1 January 2018, Absa Group Limited and Absa Bank Limited have moved from the recognition of credit losses on an incurred loss basis to an expected credit loss (ECL) basis. Absa Group Limited and Absa Bank Limited have elected to utilise the transition period of three years for phasing in the regulatory capital impact of IFRS 9, as afforded by Directive 5.

### Absa Group Limited

The table below reflects the available capital and leverage when utilising the fully loaded and transitional arrangement ECL bases. The numbers reported are on a regulatory basis, and include the contribution amounts received from Barclays PLC as part of the separation. All figures are unaudited except for 31 December 2017 comparatives, which are reported on an audited basis.

	Available Capital (amounts) Rm (excluding unappropriated profits)	30 Sep 2018	30 Jun 2018	31 Mar 2018 <sup>9</sup>	31 Dec 2017	30 Sep 2017
1	Common Equity Tier 1 (CET1) (Transitional basis)	94 973	96 655	90 639	91 297	94 489
1a	Fully loaded ECL accounting model CET1	93 384	95 152	89 051	-	-
2	Tier 1 (Transitional basis)	99 328	100 926	94 588	95 661	98 736
2a	Fully loaded ECL accounting model Tier 1	97 739	99 424	93 000	-	-
3	Total capital (Transitional basis)	121 296	122 788	111 030	110 874	115 148
3a	Fully loaded ECL accounting model total capital	119 695	121 020	109 487	-	-
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA) (Transitional basis)	785 611	771 268	737 202	736 892	732 893
4a	Fully loaded RWA	780 045	765 702	734 858	-	-
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%) (Transitional basis)	12.1	12.5	12.3	12.4	12.9
5a	Fully loaded ECL accounting model CET1 (%)	12.0	12.4	12.1	-	-
6	Tier 1 ratio (%) (Transitional basis)	12.6	13.1	12.8	13.0	13.5
6a	Fully loaded ECL accounting model Tier 1 (%)	12.5	13.0	12.7	-	-
7	Total capital ratio (%) (Transitional basis)	15.4	15.9	15.1	15.0	15.7
7a	Fully loaded ECL accounting model total capital ratio (%)	15.3	15.8	14.9	-	-

<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.9	1.9	1.9	1.3	1.3
9	Countercyclical buffer requirement (10) (%)	-	-	-	-	-
10	Bank G-SIB and/or D-SIB additional requirements (10) (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	1.9	1.9	1.9	1.3	1.3
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.7	5.1	4.9	5.1	5.6
<b>Basel III leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	1 433 546	1 407 707	1 332 452	1 311 893	1 318 673
14	Basel III leverage ratio (%) (row 2/ row 13) (Transitional basis)	6.9	7.2	7.1	7.3	7.5
14a	Fully loaded ECL accounting model Basel III leverage ratio (row 2a/ row 13) (%)	6.8	7.1	7.0	-	-
<b>Liquidity coverage ratio</b>						
15	Total HQLA	180 750	173 195	172 477	157 119	155 794
16	Total net cash outflow	167 234	160 150	158 523	146 104	131 195
17	LCR (%)	108.1	108.6	108.8	107.5	118.8

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

##### Absa Group Limited Rm

1	RWA as at end of previous reporting period (30 Jun 2018)	
2	Asset size	
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 2018)	

##### RWA amounts

387 885
7 922
-
-
-
-
-
-
395 807

##### Absa Bank Limited (6) Rm

1	RWA as at end of previous reporting period (30 Jun 2018)	
2	Asset size	
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 2018)	

##### RWA amounts

373 554
7 948
-
-
-
-
-
-
381 502

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

### Absa Group Limited and Absa Bank Limited<sup>6</sup> Rm

	VaR	Stressed VaR	IRC	CRM	Other	Total RWA
<b>1 RWA at previous quarter end (30 Jun 2018)</b>	<b>6 368</b>	<b>11 611</b>	-	-	-	<b>17 979</b>
2 Movements in risk levels	1 603	1 999	-	-	-	3 602
3 Model updates/changes	46	151				197
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Foreign exchange movements	-	-	-	-	-	-
7 Other	-	-	-	-	-	-
<b>8 RWA at end of reporting period (30 Sep 2018)</b>	<b>8 017</b>	<b>13 761</b>	-	-	-	<b>21 778</b>

## 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 Absa Group Limited and Absa Bank Limited at 30 September 2018 and the comparatives for the past three quarter end periods, namely 30 June 2018, 31 March 2018 and 31 December 2017.

<b>Absa Group Limited Rm</b>	<b>30 Sep 2018</b>	30 Jun 2018	31 Mar 2018 <sup>9</sup>	31 Dec 2017
Leverage exposure	<b>1 433 546</b>	1 407 707	1 332 452	1 311 893
Tier 1 capital (excluding unappropriated profits) <sup>2</sup>	<b>99 328</b>	100 926	94 588	95 661
IFRS leverage ratio (excluding unappropriated profits) <sup>2</sup> (%)	<b>6.9</b>	7.2	7.1	7.3
IFRS leverage ratio (including unappropriated profits) <sup>2</sup> (%)	<b>7.5</b>	7.6	7.6	7.9
Normalised leverage ratio (including unappropriated profits) <sup>4</sup>	<b>7.0</b>	7.0	6.7 (9)	7.2
Board target leverage ratio (including unappropriated profits) (%)	<b>≥4.5</b>	≥4.5	≥4.5	≥4.5
<b>Minimum required leverage ratio (%)</b>	<b>4.0</b>	4.0	4.0	4.0

<b>Absa Bank Limited<sup>6</sup> Rm</b>	<b>30 Sep 2018</b>	30 Jun 2018	31 Mar 2018 <sup>9</sup>	31 Dec 2017
Leverage exposure	<b>1 230 326</b>	1 210 529	1 177 749	1 153 338
Tier 1 capital (excluding unappropriated profits) <sup>2</sup>	<b>70 790</b>	71 966	72 016	72 006
IFRS leverage ratio (excluding unappropriated profits) <sup>2</sup> (%)	<b>5.8</b>	6.0	6.1	6.2
IFRS leverage ratio (including unappropriated profits) <sup>2</sup> (%)	<b>6.0</b>	6.3	6.4	6.6
Normalised leverage ratio (including unappropriated profits) <sup>4</sup>	<b>5.4</b>	5.6	5.4	5.8
Board target leverage ratio (including unappropriated profits) (%)	<b>≥4.5</b>	≥4.5	≥4.5	≥4.5
<b>Minimum required leverage ratio (%)</b>	<b>4.0</b>	4.0	4.0	4.0

**Absa Group Limited**

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

Item Rm	30 Sep 2018 <small>1,2</small>	30 Jun 2018 <small>1,2</small>
1 Total consolidated assets	1 258 758	1 234 643
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(37 838)	(37 474)
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	5 575	6 771
5 Adjustments for securities financing transactions (i.e. repos and similar secured lending)	-	-
6 Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	215 499	211 406
7 Other adjustments	(8 448)	(7 641)
<b>8 Leverage ratio exposure measure</b>	<b>1 433 546</b>	<b>1 407 707</b>

**Leverage ratio common disclosure template [LR2]**

Item Rm	30 Sep 2018 <small>1,2</small>	30 Jun 2018 <small>1,2</small>
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 123 022	1 090 862
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(6 875)	(6 138)
<b>3 Total on-balance sheet exposures (excluding derivatives and SFTs (sum of lines 1 and 2))</b>	<b>1 116 147</b>	<b>1 084 724</b>
<b>Derivative exposures</b>		
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	23 855	26 016
5 Add-on amounts for PFE associated with all derivatives transactions	48 195	49 161
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7 (Deductions of receivable 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	(9 980)	(9 230)
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
<b>11 Total derivative exposures (sum of rows 4 to 10)</b>	<b>62 070</b>	<b>65 947</b>
<b>Security financing transaction exposures</b>		
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	41 403	47 132
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14 CCR exposure for SFT assets	-	-
15 Agent transaction exposures	-	-
<b>16 Total securities financing transaction exposures (sum of rows 12 to 15)</b>	<b>41 403</b>	<b>47 132</b>
<b>Other off-balance sheet exposures</b>		
17 Off-balance sheet exposures at gross notional amount	345 822	333 096
18 (Adjustments for conversion to credit equivalent amounts)	(130 323)	(121 690)



19	<b>Off-balance sheet items (sum of rows 17 to 18)</b>	<b>215 499</b>	<b>211 406</b>
	<b>Capital and total exposures</b>		
20	Tier 1 capital (excluding unappropriated profits) <sup>2</sup>	99 328	100 926
21	<b>Total exposures (sum of rows 3, 11, 16 and 19) excluding IFRS 9 adjustment</b>	<b>1 435 119</b>	<b>1 409 209</b>
	IFRS 9 transitional adjustment	(1 573)	(1 502)
	<b>Total exposures (including IFRS 9 adjustment)</b>	<b>1 433 546</b>	<b>1 407 707</b>
	<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio<sup>2</sup></b>	<b>6.9%</b>	<b>7.2%</b>

Absa Bank Limited<sup>6</sup>

#### Summary comparison of accounting assets vs leverage ratio exposure measure [LR1]

Item Rm	30 Sep 2018 <small>1,2</small>	30 Jun 2018 <small>1,2</small>
1 Total consolidated assets	1 046 724	1 029 261
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	6 055	7 079
5 Adjustments for securities financing transactions (i.e. repos and similar secured lending)	-	-
6 Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	184,851	180 403
7 Other adjustments	(7 304)	(6 214)
<b>8 Leverage ratio exposure measure</b>	<b>1 230 326</b>	<b>1 210 529</b>

#### Leverage ratio common disclosure template [LR2]

Item Rm	30 Sep 2018 <small>1,2</small>	30 Jun 2018 <small>1,2</small>
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	949 307	923 262
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(6 137)	(5 045)
<b>3 Total on-balance sheet exposures (excluding derivatives and SFTs (sum of lines 1 and 2))</b>	<b>943 170</b>	<b>918 217</b>
<b>Derivative exposures</b>		
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	23 855	26 016
5 Add-on amounts for PFE associated with all derivatives transactions	48 195	49 161
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7 (Deductions of receivable 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	(9 980)	(9 230)

10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	<b>Total derivative exposures (sum of rows 4 to 10)</b>	<b>62 070</b>	<b>65 947</b>
<b>Security financing transaction exposures</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	41 403	47 131
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	<b>Total securities financing transaction exposures (sum of rows 12 to 15)</b>	<b>41 403</b>	<b>47 131</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposures at gross notional amount	296 690	285 080
18	(Adjustments for conversion to credit equivalent amounts)	(111 838)	(104 677)
19	<b>Off-balance sheet items (sum of rows 17 to 18)</b>	<b>184 852</b>	<b>180 403</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital (excluding unappropriated profits)<sup>2</sup></b>	<b>70 790</b>	<b>71 966</b>
<b>Total exposures (sum of rows 3, 11, 16 and 19) excluding IFRS 9 adjustment</b>			
21	<b>IFRS 9 transitional adjustment</b>	<b>(1 169)</b>	<b>(1 169)</b>
<b>Total exposures including IFRS 9 adjustment</b>			
<b>Leverage ratio</b>			
22	<b>Basel III leverage ratio<sup>2</sup></b>	<b>5.8%</b>	<b>6.0%</b>

Key drivers of change in the leverage ratio quarter on quarter were on-balance sheet asset growth as well as a reduction in Tier 1 capital due to the payment of the 2018 interim dividend.

### 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 unencumbered high quality liquid assets (HQLA) to cover net cash outflows (NCOF) to survive a prescribed stress scenario over a 30 calendar day period. The LCR became effective on 1 January 2015, with a requirement of 60%, which is being phased in by increasing the minimum regulatory requirement by 10% per year to reach a minimum of 100% compliance level on 1 January 2019. The requirement for 2018 is 90% (2017: 80%).

Absa Bank Limited successfully applied for a committed liquidity facility from the South African Reserve Bank under Guidance Note 5 of 2017, which is included in HQLA for LCR purposes from January 2016.

### Absa Bank Limited<sup>11</sup>

Absa Bank Limited holds HQLA well in excess of the regulatory minimum requirement. The table below represents the average LCR for Absa Bank Limited at 30 September 2018 and the comparatives as at 30 June 2018:

	30 Sep 2018 <sup>1,12</sup>	30 Jun 2018 <sup>1,12</sup>
High Quality Liquid Assets (Rm)	166 024	159 667
Net Cash Outflows (Rm)	150 816	144 318
LCR (%)	110.1	110.6
Required LCR (%)	90.0	90.0

LCR Common disclosure template and summary [L1Q1]

		Absa Bank Limited <sup>11,12</sup>		Absa Group Limited <sup>13</sup>	
		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)		166 024		180 750
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	249 566	19 309	325 935	25 767
3	Stable deposits	-	-	-	-
4	Less stable deposits	249 566	19 309	325 935	25 767
5	Unsecured wholesale funding, of which:	294 625	163 751	348 124	187 327
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	94 326	23 582	100 121	25 030
7	Non-operational deposits (all counterparties)	196 065	135 935	240 887	155 181
8	Unsecured debt	4 234	4 234	7 116	7 116
9	Secured wholesale funding	-	1 195	-	1 195
10	Additional requirements, of which:	256 306	29 907	277 817	32 101
11	Outflows related to derivative exposures and other collateral requirements	11 912	11 912	11 912	11 912
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	244 394	17 995	265 896	20 180
14	Other contractual funding obligations	540	540	540	540
15	Other contingent funding obligations	157 785	7 784	186 150	9 041
16	<b>TOTAL CASH OUTFLOWS</b>	-	222 486	-	255 971
<b>CASH INFLOWS</b>					
17	Secured lending (e.g. reverse repos)	24 490	4 420	24 490	4 420
18	Inflows from fully performing exposures	83 597	62 695	114 087	77 191
19	Other cash inflows	4 618	4 555	7 189	7 126
20	<b>TOTAL CASH INFLOWS</b>	112 705	71 670	145 766	88 737
			<b>TOTAL ADJUSTED VALUE</b>		<b>TOTAL ADJUSTED VALUE</b>
21	<b>TOTAL HQLA</b>		166 024		180 750
22	<b>TOTAL NET CASH OUTFLOWS</b>		150 816		167 234
23	<b>LCR (%)</b>		110.1		108.1

**Notes:**

1. The 30 September 2018 figures and the 30 June 2018 comparatives are reported on an unaudited basis.
2. The IFRS view includes the contribution amounts received from Barclays PLC as part of the separation.
3. Reserves as at 30 September 2018 have already been reduced by the value of the 2018 interim ordinary dividend of R4.1bn for Absa Group Limited and R2.7bn for Absa Bank Limited, which were declared on 6 August 2018 and paid on 17 September 2018.
4. The normalised ratios exclude the impact of the separation from Barclays PLC and reflect the underlying performance of the Group.
5. The Board target ranges apply to statutory ratios on a normalised basis. Regulatory ratios are measured against regulatory minimum levels.
6. Absa Bank Limited includes subsidiary undertakings, special purpose entities, joint ventures, associates and offshore holdings.
7. The South African minimum regulatory capital requirement for 2018 of 11.13% includes the RSA minimum of 8%, Pillar 2a buffer of 1.25% and capital conservation buffer of 1.88% but excludes the bank-specific individual capital requirement (Pillar 2b add-on) and the domestic systemically important banks (D-SIB) add-on (excluding the Pillar 2a and capital conservation buffers). The Pillar 2a buffer will reduce between 1 January 2016 and 1 January 2019 reaching 1.00% by 1 January 2019.
8. SA-CCR is calculated using the Current Exposure Method.
9. Numbers restated due to the IFRS 9 audit requirement as per Directive 5.
10. The countercyclical buffer is not required for banks in South Africa. The D-SIB add on is not publicly disclosed.
11. For liquidity reporting purposes Absa Bank Limited represents the banking operations in South Africa.
12. The Absa Bank Limited LCR for the quarter ended 30 September 2018 is calculated on a simple average of 90 calendar-day observations. The 30 September 2018 figures are reported on an unaudited basis.
13. The Absa Group Limited LCR for 30 September 2018 reflects an aggregation of the Absa Bank Limited LCR as noted in (12) above with that of the non-South African banking entities, which is calculated as a simple average of the relevant 3 month-end data points. In addition, the surplus HQLA of non-South African banking entities in excess of the minimum requirement of 90% has been excluded from the calculation. The 30 September 2018 figures are reported on an unaudited basis.

Johannesburg

**30 November 2018**

**Enquiries:**

Alan Hartdegen

(+2711) 350-2598

E-mail: Alan.Hartdegen@absa.co.za

**Lead Independent Sponsor:**

J.P. Morgan Equities South Africa Proprietary Limited

**Joint Sponsor:**

Corporate and Investment Banking – a division of Absa Bank Limited