

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 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), Barclays Africa 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.

Capital Adequacy

Barclays Africa Group Limited

Barclays Africa Group Limited (or the Group) remains capitalised above the minimum regulatory capital requirements and above or within 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 as and when appropriate, in the domestic and/or international capital markets.

The table below represents the capital position for Barclays Africa Group Limited at 31 March 2018 and comparatives at 31 December 2017.

Regulatory Capital Position (excluding unappropriated profits)	31 Mar 2018 (1) IFRS (2)		31 Dec 2017 (1) IFRS (2)	
	Rm	%	Rm	%
Common Equity Tier 1 capital	90 368	12.3	91 297	12.4
Ordinary share capital	1 668	0.2	1 666	0.3
Ordinary share premium	10 784	1.5	10 498	1.4
Reserves (3)	80 842	11.0	85 048	11.5
Non-controlling interest	1 882	0.3	1 910	0.3
Deductions	(4 808)	(0.7)	(7 825)	(1.1)
Additional Tier 1 capital	3 949	0.6	4 364	0.6
Tier 1 capital	94 317	12.9	95 661	13.0

Tier 2 capital	15 990	2.2	15 213	2.0
Total Capital	110 307	15.1	110 874	15.0

Statutory Capital Position (including unappropriated profits)	IFRS (2) %	Normalised (4) %	IFRS (2) %	Normalised (4) %
Common Equity Tier 1 capital	13.3	11.9	13.5	12.1
Tier 1 capital	13.8	12.5	14.1	12.8
Total capital	16.0	14.7	16.1	14.9

Board Approved Target Ranges (including unappropriated profits)	31 Mar 2018 (5)	31 Dec 2017 (5)
Common Equity Tier 1 capital	10.00% - 11.50%	10.00% - 11.50%
Tier 1 capital	11.75% - 13.25%	11.50% - 13.00%
Total capital	14.25% - 15.75%	14.00% - 15.50%

Absa Bank Limited (6)

Absa Bank Limited remains capitalised above the minimum regulatory capital requirements and above or within Board-approved target capital ranges.

The table below represents the capital position for Absa Bank Limited at 31 March 2018 and comparatives at 31 December 2017.

Regulatory Capital Position (excluding unappropriated profits)	31 Mar 2018 (1)		31 Dec 2017 (1)	
	IFRS (2)		IFRS (2)	
	Rm	%	Rm	%
Common Equity Tier 1 capital	68 624	12.7	68 194	12.6
Ordinary share capital	304	0.1	304	0.1
Ordinary share premium	36 880	6.8	36 880	6.8
Reserves (3)	35 511	6.6	37 545	6.9
Deductions	(4 071)	(0.8)	(6 535)	(1.2)
Additional Tier 1 capital	3 347	0.6	3 812	0.7
Tier 1 capital	71 971	13.3	72 006	13.3
Tier 2 capital	15 072	2.8	15 024	2.8
Total Capital	87 043	16.1	87 030	16.1

Statutory Capital Position (including unappropriated profits)

	IFRS (2) %	Normalised (4) %	IFRS (2) %	Normalised (4) %
Common Equity Tier 1 capital	13.3	11.6	13.4	11.6
Tier 1 capital	13.9	12.2	14.1	12.3
Total capital	16.7	15.0	16.9	15.0

Board Approved Target Ranges (including unappropriated profits)

	31 Mar 2018 (5)	31 Dec 2017 (5)
Common Equity Tier 1 capital	10.00% - 11.50%	10.00% - 11.50%
Tier 1 capital	11.75% - 13.25%	11.00% - 12.50%
Total capital	14.25% - 15.75%	13.50% - 15.00%

Overview of Risk Weighted Assets (RWAs) [OV1]

	a 31 Mar 2018 (1) RWA Rm	b 31 Dec 2017 (1) RWA Rm	c 31 Mar 2018 (1) Minimum capital requirements (7) Rm
Barclays Africa Group Limited			
1 Credit risk (excluding counterparty credit risk)	521 661	527 466	58 035
2 Of which standardised approach (SA)	137 606	144 558	15 309
3 Of which internal rating-based (IRB) approach	384 055	382 908	42 726
4 Counterparty credit risk (CCR)	27 773	38 126	3 090
5 Of which standardised approach for CCR (SA-CCR) (8)	27 773	38 126	3 090
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	9 606	9 707	1 069
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	1 908	1 130	212
12 Securitisation exposures in banking book	453	460	50
13 Of which IRB ratings-based approach (RBA)	453	460	50
14 Of which IRB supervisory formula approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula	-	-	-

	approach (SSFA)			
16	Market risk	29 129	24 761	3 241
17	Of which standardised approach (SA)	11 506	7 689	1 280
18	Of which internal model approaches (IMA)	17 623	17 072	1 961
19	Operational risk	105 730	105 730	11 762
20	Of which basic indicator approach	3 432	3 432	381
21	Of which standardised approach	26 082	26 082	2 902
22	Of which advanced measurement approach	76 216	76 216	8 479
	Non-customer assets	24 871	24 167	2 767
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	5 388	5 345	599
	IFRS 9 transitional adjustment	5 565	-	619
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24+non-customer assets+threshold items+IFRS9 transitional adjustment)	732 084	736 892	81 444

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 R1.1bn mainly due to retail regulatory model updates and exposure growth in Corporate and Investment Banking (CIB) and Retail and Business Banking (RBB). This was partially offset by the implementation of IFRS 9, which reduces the RWA's in respect of non-performing assets. Portfolios subject to the Standardised Approach have decreased by R7.0bn mainly due to exposure decreases outside South Africa as well as exchange rate fluctuations.
- **CCR:** The decrease in CCR of R10.4bn is due to methodology refinements in relation to the duration of trades combined with changes in the composition of the portfolio.
- **Market Risk:** The increase in market risk of R4.4bn is due to higher levels of Value at Risk (VaR) and stressed Value at Risk (sVaR) in the three-month averaging period as well as due to increases in exposures measured under the Standardised Approach.
- **IFRS 9 transitional arrangement:** The adjustment of R5.6bn represents that portion of the total release of RWA's on non-performing loans arising as a result of the implementation of IFRS 9 which is required to be phased in over the transition period of three years.

	a	b	c
	31 Mar 2018 (1)	31 Dec 2017 (1)	31 Mar 2018 (1)
	RWA	RWA	Minimum capital requirements (7)
	Rm	Rm	Rm
Absa Bank Limited (6)			
1 Credit risk (excluding counterparty credit risk)	384 362	384 998	42 760
2 Of which standardised approach (SA)	12 050	12 882	1 341
3 Of which internal rating-based (IRB) approach	372 312	372 116	41 419
4 CCR	27 549	37 902	3 065
5 Of which standardised approach for CCR (SA-CCR) (8)	27 549	37 902	3 065
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-	2 598	2 707	289

	based approach			
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	1 847	1 069	205
12	Securitisation exposures in banking book	453	460	50
13	Of which IRB ratings-based approach (RBA)	453	460	50
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	22 617	20 633	2 516
17	Of which standardised approach (SA)	4 994	3 561	555
18	Of which internal model approaches (IMA)	17 623	17 072	1 961
19	Operational risk	75 221	75 221	8 368
20	Of which basic indicator approach	3 348	3 348	372
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	71 873	71 873	7 996
	Non-customer assets	19 509	18 688	2 171
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	1 052	521	118
	IFRS 9 transitional adjustment	5 565	-	619
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24+non-customer assets+threshold items+IFRS9 transitional adjustment)	540 773	542 199	60 161

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 R0.2bn mainly due to retail regulatory model updates and exposure growth in CIB and RBB. This was partially offset by the implementation of IFRS 9, which reduces the RWA's in respect of non-performing assets. The decrease in the Standardised Approach of R0.8bn 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 R10.4bn is due to methodology refinements in relation to the duration of trades combined with changes in the composition of the portfolio.
- **Market Risk:** The increase in market risk of R2.0bn is due to higher levels of Value at Risk (VaR) and stressed Value at Risk (sVaR) in the three-month averaging period as well as due to increases in exposures measured under the Standardised Approach.
- **IFRS 9 transitional arrangement:** The adjustment of R5.6bn represents that portion of the total release of RWA's on non-performing loans arising as a result of the implementation of IFRS 9 which is required to be phased in over the transition period of three years.

Key Metrics [KM1]

In line with the requirements of IFRS 9, which became effective on 1 January 2018, Barclays Africa 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. Barclays Africa 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. The tables below reflect the available capital and leverage when utilising the fully loaded and transitional arrangement ECL bases.

Barclays Africa Group Limited

		a
Available Capital (amounts) (excluding unappropriated profits)		31 Mar 2018 (1,2)
		Rm
1	Common Equity Tier 1 (CET1) (Transitional basis)	90 368
1a	Fully loaded ECL accounting model CET1	88 737
2	Tier 1 (Transitional basis)	94 317
2a	Fully loaded ECL accounting model Tier 1	92 686
3	Total capital (Transitional basis)	110 307
3a	Fully loaded ECL accounting model total capital	108 676
Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA) (Transitional basis)	732 084
4a	Fully loaded RWA	728 609
Risk-based capital ratios as a percentage of RWA		
5	CET1 ratio (%) (Transitional basis)	12.3
5a	Fully loaded ECL accounting model CET1 (%)	12.2
6	Tier 1 ratio (%) (Transitional basis)	12.9
6a	Fully loaded ECL accounting model Tier 1 (%)	12.7
7	Total capital ratio (%) (Transitional basis)	15.1
7a	Fully loaded ECL accounting model total capital ratio (%)	14.9
Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.9
9	Countercyclical buffer requirement (%)	-
10	Bank G-SIB and/or D-SIB additional requirements (%)	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	1.9
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.9
Basel III leverage ratio		
13	Total Basel III leverage ratio exposure measure	1 332 584
14	Basel III leverage ratio (%) (row 2/ row 13) (Transitional basis)	7.1
14a	Fully loaded ECL accounting model Basel III leverage ratio (row 2a/ row 13) (%)	7.0

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 2017)	382 908
2	Asset size	2 900
3	Asset quality	-
4	Model updates	5 197

5	Methodology and policy	(6 950)
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	RWA as at end of reporting period (31 Mar 2018)	384 055

Absa Bank Limited (6)

		a
		RWA amounts
		Rm
1	RWA as at end of previous reporting period (31 Dec 2017)	372 116
2	Asset size	2 927
3	Asset quality	-
4	Model updates	5 197
5	Methodology and policy	(7 928)
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	RWA as at end of reporting period (31 Mar 2018)	372 312

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

Barclays Africa Group Limited and Absa Bank Limited (6)

	a	b	c	d	e	f
	Stressed					
	VaR	VaR	IRC	CRM	Other	Total RWA
	Rm	Rm	Rm	Rm	Rm	Rm
1	RWA at previous quarter end (31 Dec 2017)	7 501	9 571	-	-	17 072
2	Movements in risk levels	(642)	2 662	-	-	2 020
3	Model updates/changes	(528)	(941)			(1 469)
4	Methodology and policy	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-
7	Other	-	-	-	-	-
8	RWA at end of reporting period (31 Mar 2018)	6 331	11 292	-	-	17 623

Capital consumption of Barclays Africa Group Limited and Absa Bank Limited's portfolios subject to the Internal Models Approach increased by R0.5bn from December 2017 to March 2018. Drivers of quarter on quarter changes in RWA consumption are due to increased levels of sVaR driven by an increase in foreign currency net open positions and interest rate risk held.

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 31 March 2018 and the comparatives for the past three quarter end periods, namely 31 December 2017, 30 September 2017 and 30 June 2017.

	2018		2017	
	31 Mar	31 Dec	30 Sep	30 Jun
Barclays Africa Group Limited				
Leverage exposure (Rm)	1 332 584	1 311 893	1 318 673	1 259 572
Tier 1 capital (excluding unappropriated profits) (2) (Rm)	94 317	95 661	98 736	96 225
IFRS leverage ratio (excluding unappropriated profits) (2) (%)	7.1	7.3	7.5	7.6
IFRS leverage ratio (including unappropriated profits) (2) (%)	7.6	7.9	7.9	8.1
Normalised leverage ratio (including unappropriated profits) (4)	6.9	7.2	7.0	7.2
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
	2018		2017	
Absa Bank Limited (6)	31 Mar	31 Dec	30 Sep	30 Jun
Leverage exposure (Rm)	1 178 080	1 153 338	1 136 516	1 095 984
Tier 1 capital (excluding unappropriated profits) (2) (Rm)	71 971	72 006	72 860	71 613
IFRS leverage ratio (excluding unappropriated profits) (2) (%)	6.1	6.2	6.4	6.5
IFRS leverage ratio (including unappropriated profits) (2) (%)	6.4	6.6	6.7	7.0
Normalised leverage ratio (including unappropriated profits) (4)	5.6	5.8	5.6	6.0
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

Barclays Africa Group Limited

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

Item	a	
	31 Mar 2018 Rm	31 Dec 2017 Rm
1 Total consolidated assets	1 174 244	1 165 979
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(37 646)	(37 808)
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	(8 915)	(8 142)

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)	204 901	191 864
7	Other adjustments	-	-
8	Leverage ratio exposure measure	1 332 584	1 311 893

Leverage ratio common disclosure template [LR2]

Item	a	b	
	31 Mar 2018 Rm	31 Dec 2017 Rm	
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 052 077	1 035 107
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(5 470)	(7 249)
3	Total on-balance sheet exposures (excluding derivatives and SFTs (sum of lines 1 and 2))	1 046 607	1 027 858
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	17 697	18 461
5	Add-on amounts for PFE associated with all derivatives transactions	21 854	22 359
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	20 196	10 340
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures (sum of rows 4 to 10)	59 747	51 160
Security financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	34 287	34 595
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of rows 12 to 15)	34 287	34 595
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	305 456	319 227
18	(Adjustments for conversion to credit equivalent amounts)	(111 882)	(120 947)
19	Off-balance sheet items (sum of rows 17 to 18)	193 574	198 280
Capital and total exposures			
20	Tier 1 capital (excluding unappropriated profits) (2)	94 317	95 661
21	Total exposures (sum of rows 3, 11, 16 and 19) excluding IFRS 9 adjustment	1 334 215	1 311 893
	IFRS 9 transitional adjustment	(1 631)	-
	Total exposures (including IFRS 9 adjustment)	1 332 584	1 311 893
Leverage ratio			
22	Basel III leverage ratio (2)	7.1%	7.3%

Key drivers of change in the leverage ratio quarter on quarter were mainly as a result of an increase in on-balance sheet exposures combined with a decrease in Tier 1 capital supply due to the payment of the 2017 final dividend.

Absa Bank Limited (6)

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

Item	a	
	31 Mar 2018 Rm	31 Dec 2017 Rm
1 Total consolidated assets	995 397	988 358
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulator 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	(8 920)	(7 779)
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)	191 603	172 759
7 Other adjustments	-	-
8 Leverage ratio exposure measure	1 178 080	1 153 338

Leverage ratio common disclosure template [LR2]

Item	a		b	
	31 Mar 2018 Rm	31 Dec 2017 Rm		
On-balance sheet exposures				
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	910 874	894 706		
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(4 151)	(5 896)		
3 Total on-balance sheet exposures (excluding derivatives and SFTs (sum of lines 1 and 2))	906 723	888 810		
Derivative exposures				
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	17 697	18 461		
5 Add-on amounts for PFE associated with all derivatives transactions	21 854	22 359		
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 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	20 196	10 340		
10	-	-		
11 Total derivative exposures (sum of rows 4 to 10)	59 747	51 160		
Security financing transaction exposures				
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	34 285	34 595		
13 (Netted amounts of cash payables and cash receivables of gross SFT)	-	-		

	assets)		
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of rows 12 to 15)	34 285	34 595
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	286 352	284 351
18	(Adjustments for conversion to credit equivalent amounts)	(107 915)	(105 578)
19	Off-balance sheet items (sum of rows 17 to 18)	178 437	178 773
	Capital and total exposures		
20	Tier 1 capital (excluding unappropriated profits) (2)	71 971	72 006
21	Total exposures (sum of rows 3, 11, 16 and 19) excluding IFRS 9 adjustment	1 179 192	1 153 338
	IFRS 9 transitional adjustment	(1 112)	-
	Total exposures including IFRS 9 adjustment	1 178 080	1 153 338
	Leverage ratio		
22	Basel III leverage ratio (2)	6.1%	6.2%

Key drivers of change in the leverage ratio quarter on quarter were mainly as a result of an increase in on-balance sheet exposures combined with a decrease in Tier 1 capital supply due to the payment of the 2017 final 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 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 2018 is 90% (2017: 80%).

The LCR calculation is based on the value of the total HQLA divided by the net cash outflows (NCO) over the next 30 calendar days. The HQLA represents the value of assets, which can be converted into cash, whilst the NCO are calculated according to regulations.

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.

Barclays Africa Group Limited

Barclays Africa Group Limited holds HQLA well in excess of the regulatory minimum requirement. The table below represents the average LCR for Barclays Africa Group Limited at 31 March 2018 and the comparatives at 31 December 2017:

	31 Mar 2018 (1,10)	31 Dec 2017 (1,10)
High Quality Liquid Assets (Rm)	172 477	157 119
Net Cash Outflows (Rm)	158 523	146 104
LCR (%)	108.8	107.5
Required LCR (%)	90.0	80.0

Absa Bank Limited (11)

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 31 March 2018 and the comparatives at 31 December 2017:

	31 Mar 2018 (1,9)	31 Dec 2017 (1,9)
High Quality Liquid Assets (Rm)	158 462	144 970
Net Cash Outflows (Rm)	142 688	129 845
LCR (%)	111.1	111.6
Required LCR (%)	90.0	80.0

Notes:

1. The 31 March 2018 figures are unaudited whilst the 31 December 2017 comparatives are reported on an audited basis.
2. The IFRS view includes the contribution amounts received from Barclays PLC as part of the Separation.
3. Reserves as at 31 March 2018 have already been reduced by the value of the 2017 year-end final ordinary dividend of R5bn for Barclays Africa Group Limited and R3bn for Absa Bank Limited, which were declared on 1 March 2018 and paid on 16 April 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-approved target capital ranges apply to statutory ratios on both an IFRS and 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% (2017: 10.75%) include the RSA minimum of 8% (2017: 8%), Pillar 2a of 1.25% (2017: 1.50%) and capital conservation buffer of 1.88% (2017: 1.25%) but exclude 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. The Absa Bank Limited LCR for the quarter ended 31 March 2018 is calculated on a simple average of 90 calendar-day observations, whilst the December 2017 quarter end was based on simple average of the relevant 3 month-end data points.
10. The Barclays Africa Group Limited LCR for both 31 March 2018 and 31 December 2017, reflects an aggregation of the Absa Bank Limited LCR as noted in (9) above and a simple average of the relevant 3 month-end data points of the non-South African banking entities. 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.
11. For liquidity reporting purposes Absa Bank Limited represents the banking operation in South Africa.

Johannesburg

31 May 2018

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