

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 or the Group)

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 31 MARCH 2019

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.

The table below represents the capital position for Absa Group Limited at 31 March 2019 and comparatives at 31 December 2018.

Regulatory Capital Position (excluding unappropriated profits)	31 Mar 2019 (1)		31 Dec 2018 (1)	
	Rm	%	Rm	%
Common Equity Tier 1 capital	95 984	11.5	92 829	11.3
Ordinary share capital	1 715	0.2	1 655	0.3
Ordinary share premium	11 090	1.3	10 205	1.2
Reserves (3)	88 856	10.7	85 107	10.4
Non-controlling interest	2 524	0.3	2 433	0.3
Deductions	(8 201)	(1.0)	(6 571)	(0.8)
Additional Tier 1 capital	5 357	0.6	5 718	0.7
Tier 1 capital	101 341	12.2	98 547	12.0
Tier 2 capital	20 846	2.5	21 288	2.6
Total Capital	122 187	14.7	119 835	14.6

Statutory Capital Position (including unappropriated profits)	31 Mar 2019 (1)		31 Dec 2018 (1)	
	IFRS (2) %	Normalised (4) %	IFRS (2) %	Normalised (4) %
Common Equity Tier 1 capital	12.3	11.6	12.8	12.0
Tier 1 capital	12.9	12.3	13.5	12.8
Total capital	15.4	14.8	16.1	15.4

Board target ranges (including unappropriated profits)	31 Mar 2019 (%) (5)	31 Dec 2018 (%) (5)
Common Equity Tier 1 capital	11.00 - 12.00	10.00 - 11.50
Tier 1 capital	12.00 - 13.00	11.75 - 13.25
Total capital	14.50 - 15.50	14.25 - 15.75

Absa Bank Limited (6)

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

The table below represents the capital position for Absa Bank Limited at 31 March 2019 and comparatives at 31 December 2018.

Regulatory Capital Position (excluding unappropriated profits)	31 Mar 2019 (1)		31 Dec 2018 (1)	
	IFRS (2)		IFRS (2)	
	Rm	%	Rm	%
Common Equity Tier 1 capital	65 987	11.5	64 827	11.4
Ordinary share capital	304	0.1	304	0.1
Ordinary share premium	36 880	6.4	36 880	6.5
Reserves (3)	36 266	6.3	33 993	6.0
Deductions	(7 463)	(1.3)	(6 350)	(1.1)
Additional Tier 1 capital	4 134	0.7	4 599	0.8
Tier 1 capital	70 121	12.2	69 426	12.2
Tier 2 capital	19 049	3.3	19 284	3.4
Total Capital	89 170	15.5	88 710	15.6

Statutory Capital Position (including unappropriated profits)	31 Mar 2019 (1)		31 Dec 2018 (1)	
	IFRS (2)	Normalised (4)	IFRS (2)	Normalised (4)
	%	%	%	%
Common Equity Tier 1 capital	12.3	11.3	12.3	11.2
Tier 1 capital	13.0	12.0	13.1	12.0
Total capital	16.3	15.3	16.5	15.4

Board target ranges (including unappropriated profits)	31 Mar 2019 (%) (5)	31 Dec 2018 (%) (5)
Common Equity Tier 1 capital	11.00 - 12.00	10.00 - 11.50
Tier 1 capital	12.00 - 13.00	11.75 - 13.25
Total capital	14.50 - 15.50	14.25 - 15.75

Overview of Risk Weighted Assets (RWAs) [OV1]

Absa Group Limited Rm

1	Credit risk (excluding counterparty credit risk (CCR))	599 132	593 992	68 900
2	Of which: standardised approach (SA)	178 804	176 051	20 562
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	420 328	417 941	48 338
6	CCR	14 211	14 268	1 634
7	Of which: standardised approach for CCR (SA-CCR) (8)	14 211	14 268	1 634
8	Of which: internal model method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	8 551	7 400	983
11	Equity positions under the simple risk weight approach	4 015	4 171	462
12	Equity investments in funds – look-through approach	7 624	6 990	877
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	1 940	874	223
16	Securitisation exposures in banking book	28	24	3
17	Of which: IRB ratings-based approach (SEC -IRBA)	28	24	3
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	39 435	37 007	4 535
21	Of which: standardised approach (SA)	19 069	15 818	2 193
22	Of which: internal model approaches (IMA)	20 366	21 189	2 342
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	90 156	90 156	10 368
	Non-customer assets	27 239	24 637	3 133
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	17 106	16 483	1 967
26	Floor adjustment	22 591	22 590	2 598
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets)	832 028	818 592	95 683

	31 Mar 2019 (1)	31 Dec 2018 (1)	31 Mar 2019 (1) Minimum capital requirements (7)
	RWA	RWA	
	599 132	593 992	68 900
	178 804	176 051	20 562
	-	-	-
	-	-	-
	420 328	417 941	48 338
	14 211	14 268	1 634
	14 211	14 268	1 634
	-	-	-
	-	-	-
	8 551	7 400	983
	4 015	4 171	462
	7 624	6 990	877
	-	-	-
	-	-	-
	1 940	874	223
	28	24	3
	28	24	3
	-	-	-
	-	-	-
	39 435	37 007	4 535
	19 069	15 818	2 193
	20 366	21 189	2 342
	-	-	-
	90 156	90 156	10 368
	27 239	24 637	3 133
	17 106	16 483	1 967
	22 591	22 590	2 598
	832 028	818 592	95 683

Absa Bank Limited (6) Rm

1	Credit risk (excluding CCR)	417 969	416 843	48 066
2	Of which: standardised approach (SA)	9 902	10 792	1 139

	31 Mar 2019 (1)	31 Dec 2018 (1)	31 Mar 2019 (1) Minimum capital requirements (7)
	RWA	RWA	
	417 969	416 843	48 066
	9 902	10 792	1 139

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	408 067	406 051	46 928
6	CCR	13 214	13 499	1 520
7	Of which: standardised approach for CCR (SA-CCR) (8)	13 214	13 499	1 520
8	Of which: internal model method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	8 551	7 400	983
11	Equity positions under the simple risk weight approach	1 814	1 769	209
12	Equity investments in funds – look-through approach	367	353	42
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	1 873	783	215
16	Securitisation exposures in banking book	28	24	3
17	Of which: securitisation IRB ratings-based approach (SEC-IRBA)	28	24	3
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	28 866	29 187	3 320
21	Of which: standardised approach (SA)	8 500	7 998	978
22	Of which: internal model approaches (IMA)	20 366	21 189	2 342
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	56 424	56 424	6 489
	Non-customer assets	20 624	18 364	2 372
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	3 650	4 287	420
26	Floor adjustment	20 570	20 570	2 366
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets)	573 950	569 503	66 004

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 R5.9bn (both in respect of Absa Group and Absa Bank Limited) due to balance sheet growth in Retail and Business Banking (RBB). This is offset by a decrease in the IFRS9 transitional adjustment of R3.5bn in respect of Absa Group Limited and R3.7bn in respect of Absa Bank Limited. Portfolios subjected to the standardised approach increased by R2.7bn, primarily due to exchange rate fluctuation applicable to the Absa Regional Operations.
- **CVA:** The R1.1bn CVA increase in RWA (both in respect of Absa Group Limited and Absa Bank Limited) is primarily due to market volatility.
- **Market Risk:** The Absa Group increase of R2.4bn is driven by the growth in the Absa Regional Operations. The Absa Bank Limited decrease of R321m is driven by lower risk levels in value-at-risk.

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 2018 comparatives, which are reported on an audited basis.

		31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
Available Capital (amounts) Rm (excluding unappropriated profits)						
1	Common Equity Tier 1 (CET1) (Transitional basis)	95 984	92 829	94 638	96 391	90 289
1a	Fully loaded ECL accounting model CET1	94 256	90 237	92 062	93 814	87 713
2	Tier 1 (Transitional basis)	101 341	98 547	98 993	100 662	94 238
2a	Fully loaded ECL accounting model Tier 1	99 613	95 955	96 417	98 086	91 662
3	Total capital (Transitional basis)	122 187	119 835	120 961	122 524	110 679
3a	Fully loaded ECL accounting model total capital	120 459	117 243	118 385	119 948	108 103
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA) (Transitional basis)	832 028	818 592	784 068	769 725	735 660
4a	Fully loaded RWA	824 882	807 872	773 349	759 005	724 940
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%) (Transitional basis)	11.5	11.3	12.1	12.5	12.3
5a	Fully loaded ECL accounting model CET1 (%)	11.4	11.2	11.9	12.4	12.1
6	Tier 1 ratio (%) (Transitional basis)	12.2	12.0	12.6	13.1	12.8
6a	Fully loaded ECL accounting model Tier 1 (%)	12.1	11.9	12.5	12.9	12.6
7	Total capital ratio (%) (Transitional basis)	14.7	14.6	15.4	15.9	15.0
7a	Fully loaded ECL accounting model total capital ratio (%)	14.6	14.5	15.3	15.8	14.9
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	1.9	1.9	1.9	1.9
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)	2.5	1.9	1.9	1.9	1.9
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.0	3.9	4.7	5.1	4.9
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	1 586 022	1 494 861	1 431 094	1 416 659	1 330 032
14	Basel III leverage ratio (%) (row 2/ row 13) (Transitional basis)	6.4	6.6	6.9	7.1	7.1
14a	Fully loaded ECL accounting model Basel III leverage ratio (row 2a/ row 13) (%)	6.3	6.4	6.7	6.9	6.9
Liquidity coverage ratio						
15	Total HQLA (Rm)	187 382	189 979	180 750	173 915	172 477
16	Total net cash outflow (Rm)	151 301	162 862	167 234	160 150	158 523
17	LCR (%) (13)	123.8	116.7	108.1	108.6	108.8
Net stable funding ratio						
18	Total available stable funding (ASF) (Rm)	827 614	808 351	799 054	755 870	-
19	Total required stable funding (RSF) (Rm)	750 073	734 200	704 855	713 291	-
20	NSFR (%)	110.3	110.1	113.4	106.0	N/A

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

Absa Group Limited Rm		RWA amounts
1	RWA as at end of previous reporting period (31 Dec 2018) (9)	417 941
2	Asset size	5 943
3	Asset quality	-
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	(3 556)
9	RWA as at end of reporting period (31 Mar 2019)	420 328

Absa Bank Limited (6) Rm		RWA amounts
1	RWA as at end of previous reporting period (31 Dec 2018) (9)	406 051
2	Asset size	5 792
3	Asset quality	-
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	(3 776)
9	RWA as at end of reporting period (31 Mar 2019)	408 067

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

Absa Group Limited and Absa Bank Limited (6) Rm		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1	RWA at previous quarter end (31 Dec 2018) (14)	7 103	14 086	-	-	-	21 189
2	Movements in risk levels	(292)	(531)	-	-	-	(823)
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	RWA at end of reporting period (31 Mar 2019)	6 811	13 555	-	-	-	20 366

This table applies to both Absa Group and Absa Bank Limited as the Internal Models Approach is applied at an Absa Bank level.

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 31 March 2019 and the comparatives for the past three quarter end periods, namely 31 December 2018, 30 September 2018 and 30 June 2018.

Absa Group Limited Rm	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
Leverage exposure	1 586 022	1 494 861	1 431 094	1 416 659
Tier 1 capital (excluding unappropriated profits) (2)	101 341	98 547	98 993	100 662
IFRS leverage ratio (excluding unappropriated profits) (2) (%)	6.4	6.6	6.9	7.1
IFRS leverage ratio (including unappropriated profits) (2) (%)	6.8	7.4	7.5	7.5
Normalised leverage ratio (including unappropriated profits) (4)	6.4	7.0	6.9	6.9
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

Absa Bank Limited (6) Rm	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
Leverage exposure	1 347 144	1 297 287	1 229 002	1 209 478
Tier 1 capital (excluding unappropriated profits) (2)	70 122	69 426	70 712	71 714
IFRS leverage ratio (excluding unappropriated profits) (2) (%)	5.2	5.4	5.8	5.9
IFRS leverage ratio (including unappropriated profits) (2) (%)	5.5	5.7	6.0	6.3
Normalised leverage ratio (including unappropriated profits) (4)	5.1	5.3	5.3	5.2
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

Absa Group Limited

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

Item Rm	31 Mar 2019 (1,2)	31 Dec 2018 (1,2)
1 Total consolidated assets	1 351 637	1 288 744
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(38 014)	(37 105)
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	14 988	10 143
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)	268 032	244 381
7 Other adjustments	(10 621)	(11 302)
8 Leverage ratio exposure measure	1 586 022	1 494 861

Leverage ratio common disclosure template [LR2]

Item Rm	31 Mar 2019 (1,2)	31 Dec 2018 (1,2)
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 213 520	1 158 946
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(8 909)	(8 711)
3 Total on-balance sheet exposures (excluding derivatives and SFTs (sum of lines 1 and 2))	1 204 611	1 150 235
Derivative exposures		
4 Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	21 553	20 795
5 Add-on amounts for PFE associated with all derivatives transactions	54 061	46 429

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	(13 023)	(10 143)
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures (sum of rows 4 to 10)	62 591	57 081
Security financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	52 500	45 756
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)	52 500	45 756
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	393 047	384 452
18	(Adjustments for conversion to credit equivalent amounts)	(125 015)	(140 071)
19	Off-balance sheet items (sum of rows 17 to 18)	268 032	244 381
Capital and total exposures			
20	Tier 1 capital (excluding unappropriated profits) (2)	101 341	98 547
21	Total exposures (sum of rows 3, 11, 16 and 19) excluding IFRS 9 adjustment	1 587 734	1 497 453
	IFRS 9 transitional adjustment	(1 712)	(2 592)
	Total exposures (including IFRS 9 adjustment)	1 586 022	1 494 861
Leverage ratio			
22	Basel III leverage ratio (2)	6.4%	6.6%

Absa Bank Limited (6)

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

Item Rm	31 Mar 2019 (1,2)	31 Dec 2018 (1,2)
1	1 127 535	1 079 679
2	-	-
3	-	-
4	16 020	10 948
5	-	-
6	212 223	215 717
7	(8 634)	(9 057)
8	1 347 144	1 297 287

Leverage ratio common disclosure template [LR2]

Item Rm	31 Mar 2019 (1,2)	31 Dec 2018 (1,2)
On-balance sheet exposures		
1	1 028 464	987 493
2	(7 586)	(7 188)
3	1 020 878	980 305
Derivative exposures		
4	21 553	20 795

5	Add-on amounts for PFE associated with all derivatives transactions	54 061	47 233
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	(13 023)	(10 947)
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures (sum of rows 4 to 10)	62 591	57 081
Security financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	52 500	45 756
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)	52 500	45 756
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	316 751	313 446
18	(Adjustments for conversion to credit equivalent amounts)	(104 529)	(97 729)
19	Off-balance sheet items (sum of rows 17 to 18)	212 223	215 717
Capital and total exposures			
20	Tier 1 capital (excluding unappropriated profits) (2)	70 122	69 426
21	Total exposures (sum of rows 3, 11, 16 and 19) excluding IFRS 9 adjustment	1 348 192	1 298 859
	IFRS 9 transitional adjustment	(1 048)	(1 572)
	Total exposures including IFRS 9 adjustment	1 347 144	1 297 287
Leverage ratio			
22	Basel III leverage ratio (2)	5.2%	5.4%

Key drivers of change in the leverage ratio quarter on quarter were on-balance sheet asset growth.

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 2019 is 100% (2018: 90%).

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 (11)

Absa Bank Limited holds HQLA in excess of the regulatory minimum requirement. The table below represents the average LCR for Absa Bank Limited at 31 March 2019 and the comparatives as at 31 December 2018:

	31 Mar 2019 (1,12)	31 Dec 2018 (1,12)
High Quality Liquid Assets (Rm)	166 982	173 987
Net Cash Outflows (Rm)	130 578	145 094
LCR (%)	127.9	119.9
Required LCR (%)	100.0	90.0

LCR Common disclosure template and summary [LIQ1]

		Absa Bank Limited (11,12)		Absa Group Limited (13)	
		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)	TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)		166 982		187 382
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	260 773	19 714	337 276	26 049
3	Stable deposits	-	-	-	-
4	Less stable deposits	260 773	19 714	337 276	26 049
5	Unsecured wholesale funding, of which:	288 191	166 037	349 990	195 036
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	95 272	23 818	95 414	23 854
7	Non-operational deposits (all counterparties)	187 664	136 964	245 232	161 838
8	Unsecured debt	5 255	5 255	9 344	9 344
9	Secured wholesale funding	-	2 892	-	2 892
10	Additional requirements, of which:	269 839	26 181	294 927	28 686
11	Outflows related to derivative exposures and other collateral requirements	8 486	8 486	8 597	8 597
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	261 353	17 695	286 330	20 089
14	Other contractual funding obligations	117	117	117	117
15	Other contingent funding obligations	154 722	7 546	184 060	8 850
16	TOTAL CASH OUTFLOWS	-	222 487	-	261 630
CASH INFLOWS					
17	Secured lending (e.g. reverse repos)	32 592	5 253	32 592	5 253
18	Inflows from fully performing exposures	100 359	82 208	130 221	98 202
19	Other cash inflows	4 563	4 448	6 989	6 874
20	TOTAL CASH INFLOWS	137 514	91 909	169 802	110 329
			TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE
21	TOTAL HQLA		166 982		187 382
22	TOTAL NET CASH OUTFLOWS		130 578		151 301
23	LCR (%)		127.9		123.8

Notes:

1. The 31 March 2019 figures are unaudited whilst the 31 December 2018 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 2019 have already been reduced by the value of the 2018 final ordinary dividend of R5.3bn for Absa Group Limited and R500m for Absa Bank Limited, which were declared on 11 March 2019 and paid on 15 April 2019.
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 2019 of 11.5% includes the RSA minimum of 8%, Pillar 2a buffer of 1% and capital conservation buffer of 2.5% 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 reduced from 2% on 31 December 2015 to 1% by 1 January 2019.
8. SA-CCR is calculated using the Current Exposure Method.
9. Numbers restated due to the IFRS 9 audit requirement.
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 quarterly LCR is calculated on a simple average of 90 calendar-day observations.
13. The Absa Group Limited LCR for 31 March 2019 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 100% has been excluded from the calculation.
14. Numbers restated.

Johannesburg
30 May 2019

Enquiries:

Alan Hartdegen
E-mail: Alan.Hartdegen@absa.africa

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