

ABSA GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1986/003934/06)
ISIN: ZAE000255915
JSE share code: ABG
Bond code: ABGI
(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
Bond code: BIABS
(Absa Bank or the Bank)

ABSA GROUP – BASEL III PILLAR 3 DISCLOSURE AS AT 30 SEPTEMBER 2023

This Pillar 3 disclosure contains the quantitative Pillar 3 disclosure requirements in respect of Absa Group and Absa Bank. The quarterly report provides a view of the Group's regulatory capital and risk exposures, and it complies with:

- The Basel Committee on Banking Supervision (BCBS) revised Pillar 3 disclosure requirements (Pillar 3 standard).
- Regulation 43 of the Regulations relating to Banks (Regulations), issued in terms of the Banks Act, 1990 (Act No. 94 of 1990), where not superseded by the revised Pillar 3 disclosure requirements.

1. Key prudential metrics and RWA

In line with regulatory and accounting requirements, the capital and leverage positions of the Group and the Bank in this document are reflected on a regulatory basis (which requires unappropriated profits to be excluded).

The Group liquidity coverage ratio (LCR) reflects an aggregation of the Bank LCR and the LCR of the Absa Regional Operations (ARO). For this purpose, a simple average of the relevant three month-end data points is used for ARO, noting that ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.

The summary table below provides key capital adequacy and liquidity information on a regulatory basis as at 30 September 2023.

1.1 KM1: Key metrics

Absa Group (1, 2)

	a	b	c	d	e
	30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
Available capital (Rm)					
1 CET1	123 582	125 138	119 299	120 390	115 240
2 Tier 1	141 373	142 705	136 206	136 635	130 587
3 Total capital	159 205	158 388	159 247	158 719	153 444
RWA (Rm)					
4 Total RWA	1 020 992	1 018 726	1 017 928	1 007 387	1 002 540
Risk-based capital ratios as a percentage of RWA (%)					
5 CET1 ratio	12.1	12.3	11.7	12.0	11.5
6 Tier 1 ratio	13.8	14.0	13.4	13.6	13.0
7 Total capital ratio	15.6	15.5	15.6	15.8	15.3
Additional CET1 buffer requirements as a percentage of RWA (%)					
8 Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9 Countercyclical buffer requirement (3)	-	-	-	-	-
10 Global systemically important banks (G-SIB) and/or domestic systemically important banks (D-SIB) additional requirements	1.0	1.0	1.0	1.0	1.0
11 Total of bank CET1 specific buffer requirements (Row 8 + row 9 + row 10)	3.5	3.5	3.5	3.5	3.5
12 CET1 available after meeting the bank's minimum capital requirements	3.6	3.8	3.2	3.5	3.0
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure (Rm)	1 964 177	1 947 965	1 902 576	1 848 607	1 883 283
14 Basel III leverage ratio (%) (row 2 / row 13)	7.2	7.3	7.2	7.4	6.9
LCR					
15 Total high-quality liquid assets (HQLA) (Rm)	265 705	259 337	245 024	240 876	241 373
16 Total net cash outflow (Rm)	192 400	184 175	185 132	193 299	186 811
17 LCR (%)	138.1	140.8	132.4	124.6	129.2
NSFR					
18 Total available stable funding (ASF) (Rm)	1 181 066	1 156 346	1 116 892	1 081 769(4)	1 058 319
19 Total required stable funding (RSF) (Rm)	997 896	980 161	969 803	954 359(4)	947 805
20 NSFR (%)	118.4	118.0	115.2	113.4(4)	111.7

	a	b	c	d	e
	30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
Available capital (Rm)					
1 CET1	76 011	78 350	79 704	79 249	75 009
2 Tier 1	92 147	94 324	95 402	94 334	88 666
3 Total capital	106 192	106 235	114 701	112 835	108 002
RWA (Rm)					
4 Total RWA	643 430	637 677	660 250	662 093	654 895
Risk-based capital ratios as a percentage of RWA (%)					
5 CET1 ratio	11.8	12.3	12.1	12.0	11.5
6 Tier 1 ratio	14.3	14.8	14.4	14.2	13.5
7 Total capital ratio	16.5	16.7	17.4	17.0	16.5
Additional CET1 buffer requirements as a percentage of RWA (%)					
8 Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9 Countercyclical buffer requirement (3)		-	-		
10 Global systemically important banks (G-SIB) and/or domestic systemically important banks (D-SIB) additional requirements	1.0	1.0	1.0	1.0	1.0
11 Total of bank CET1 specific buffer requirements (Row 8 + row 9 + row 10)	3.5	3.5	3.5	3.5	3.5
12 CET1 available after meeting the bank's minimum capital requirements	3.3	3.8	3.6	3.5	3.0
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure (Rm)	1 618 848	1 599 001	1 578 254	1 543 179	1 558 417
14 Basel III leverage ratio (%) (row 2 / row 13)	5.7	5.9	6.0	6.1	5.7
LCR					
15 Total high-quality liquid assets (HQLA) (Rm)	234 755	227 997	215 111	208 117	212 724
16 Total net cash outflow (Rm)	161 451	154 992	157 519	161 347	160 215
17 LCR (%)	145.4	147.1	136.6	129.0	132.8
NSFR					
18 Total available stable funding (ASF) (Rm)	959 933	936 587	917 129	895 875(4)	871 027
19 Total required stable funding (RSF) (Rm)	854 405	838 695	837 645	826 055(4)	814 313
20 NSFR (%)	112.4	111.7	109.5	108.5	107.0

1.2 OV1: Overview of RWA

	Group			Bank (5)		
	a 30 September 2023 RWA Rm	b 30 June 2023 RWA Rm	c 30 September 2023 MRC (6) Rm	a 30 September 2023 RWA Rm	b 30 June 2023 RWA Rm	c 30 September 2023 MRC(6) Rm
1 Credit risk (excluding counterparty credit risk (CCR))	750 133	742 612	93 766	465 944	458 138	58 243
2 Of which: standardised approach (SA)	270 058	269 402	33 757	1 349	281	169
3 Of which: foundation internal ratings-based (FIRB) approach	-	-	-	-	-	-
4 Of which: supervisory slotting approach	-	-	-	-	-	-
5 Of which: advanced internal ratings-based (AIRB) approach	480 075	473 210	60 009	464 595	457 857	58 074
6 CCR	16 899	17 878	2 112	15 652	16 051	1 957
7 Of which: standardised approach for CCR (SA-CCR)	16 899	17 878	2 112	15 652	16 051	1 957
8 Of which: internal model method (IMM)	-	-	-	-	-	-
9 Of which: other CCR	-	-	-	-	-	-
10 Credit valuation adjustment (CVA)	6 682	7 605	835	5 910	6 134	739
11 Equity positions under the simple risk weight approach	3 320	3 386	415	1 657	1 716	207
12 Equity investments in funds – look-through approach (7)	5 772	8 122	722	356	2 555	45
13 Equity investments in funds – mandate-based approach (7)	1 176	-	147	1 176	-	147
14 Equity investments in funds – fall-back approach (7)	735	-	92	679	-	85
15 Settlement risk	1 456	1 478	182	1 389	1 397	174
16 Securitisation exposures in banking book	111	118	14	111	118	14
17 Of which: IRB ratings-based approach (SEC-IRBA)	-	-	-	-	-	-
18 Of which: securitisation external ratings-based approach (RBA) (SEC-ERBA), including internal assessment approach (IAA)	-	-	-	-	-	-
19 Of which: securitisation SA (SEC-SA)	111	118	14	111	118	14
20 Traded market risk	37 234	44 209	4 654	27 440	31 067	3 430
21 Of which: SA	18 928	22 604	2 366	9 134	9 462	1 142
22 Of which: internal model approach (IMA)	18 306	21 605	2 288	18 306	21 605	2 288
23 Capital charge for switch between trading book and banking book	-	-	-	-	-	-
24 Operational risk	119 424	119 424	14 928	68 751	68 751	8 594
Non-customer assets	27 426	25 650	3 428	17 075	15 891	2 134
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	28 834	26 454	3 604	16 053	14 622	2 007
26 Floor adjustment (after application of transitional cap) (8)	21 790	21 790	2 724	21 237	21 237	2 655
27 Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets)	1 020 992	1 018 726	127 623	643 430	637 677	80 431

1.3 CR8: RWA flow statements of credit risk exposures under IRB

	a 30 September 2023 RWA amounts Rm	a 30 June 2023 RWA amounts Rm
1 RWA as at end of previous quarter	473 210	502 252
2 Asset size	2 423	11 589
3 Asset quality	2 572	(25 304)
4 Model updates	-	(19 800)
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	(61)	4 552
8 Other (9)	1 931	(79)
9 RWA as at end of reporting period	480 075	473 210

1.4 MR2: RWA flow statements of market risk exposures under IMA

	a	b	30 September 2023		e	f
	Value at risk (VaR) Rm	Stressed value at risk (sVaR) Rm	Incremental risk charge (IRC) Rm	Credit risk mitigation (CRM) Rm	Other Rm	Total RWA Rm
1 RWA at previous quarter end	9 537	12 068	-	-	-	21 605
2 Movements in risk levels	(811)	(2 488)	-	-	-	(3 299)
3 Model updates/changes	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Other	-	-	-	-	-	-
7 RWA at end of reporting period	8 726	9 580	-	-	-	18 306

	a	b	30 June 2023		e	f
	VaR Rm	sVaR Rm	IRC Rm	CRM Rm	Other Rm	Total RWA Rm
1 RWA at previous quarter end	11 080	9 622	-	-	-	20 702
2 Movements in risk levels	(1 543)	2 446	-	-	-	903
3 Model updates/changes	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Other	-	-	-	-	-	-
7 RWA at end of reporting period	9 537	12 068	-	-	-	21 605

2. Leverage

Consistent with the treatment in table KM1, the leverage position below is shown on a regulatory basis.

2.1 LR1: Summary comparison of accounting assets versus leverage ratio exposure measure

Absa Group

	Group	
	30 September 2023 Rm	30 June 2023 Rm
1 Total consolidated assets	1 908 819	1 898 340
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(46 138)	(46 698)
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	(391)	(5 393)
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)	118 846	118 296
7 Other adjustments	(16 959)	(16 580)
8 Leverage ratio exposure measure	1 964 177	1 947 965

	Bank	
	30 September 2023 Rm	
	30 June 2023 Rm	
1 Total consolidated assets	1 548 282	1 532 383
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	(1 999)	(6 480)
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)	88 539	88 689
7 Other adjustments	(15 974)	(15 591)
8 Leverage ratio exposure measure	1 618 848	1 599 001

2.2 LR2: Leverage ratio common disclosure template

	Group		Bank	
	a	b	a	b
	30 September 2023 Rm	30 June 2023 Rm	30 September 2023 Rm	30 June 2023 Rm
On-balance sheet exposures				
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 723 503	1 696 572	1 409 181	1 381 424
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(16 959)	(16 580)	(15 974)	(15 591)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	1 706 544	1 679 992	1 393 207	1 365 833
Derivative exposures				
4 Replacement cost associated with all derivative transactions (where applicable net of eligible cash variation margin and/ or with bilateral netting)	21 502	26 155	20 675	25 209
5 Add-on amounts for potential future exposure (PFE) associated with all derivative transactions	28 976	27 571	28 243	26 630
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)	(2 113)	(4 005)	(2 113)	(4 005)
8 (Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-	-	-
9 Adjusted effective notional amount of written credit derivative	13 904	11 973	13 904	11 973
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11 Total derivative exposures (sum of rows 4 to 10)	62 269	61 694	60 709	59 807
Security financing transaction exposures				
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	76 518	87 983	76 394	84 672
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)	76 518	87 983	76 394	84 672
Other off-balance sheet exposures				
17 Off-balance sheet exposures at gross notional amount	434 160	433 135	364 783	363 870
18 (Adjustments for conversion to credit equivalent amounts)	(315 314)	(314 839)	(276 244)	(275 181)
19 Off-balance sheet items (sum of rows 17 and 18)	118 846	118 296	88 539	88 689
Capital and total exposures				
20 Tier 1 capital (excluding unappropriated profits)	141 373	142 705	92 147	94 324
21 Total exposures (sum of lines 3, 11, 16 and 19)	1 964 177	1 947 965	1 618 848	1 599 001
Leverage ratio				
22 Basel III leverage ratio	7.2	7.3	5.7	5.9

3. Liquidity

3.1 LIQ1: Liquidity coverage ratio (LCR)

Group (10)	a		b	
	30 September 2023		30 June 2023	
	Total unweighted value (average) Rm	Total weighted value (average) Rm	Total unweighted value (average) Rm	Total weighted value (average) Rm
High-quality liquid assets (HQLA)				
1 Total HQLA		265 705		259 337
Cash outflows				
2 Retail deposits and deposits from small business customers of which:	477 147	40 189	468 217	39 873
3 Stable deposits	-	-	-	-
4 Less stable deposits	477 147	40 189	468 217	39 873
5 Unsecured wholesale funding of which:	533 405	263 171	542 004	269 902
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	147 736	36 934	154 005	38 501
7 Non-operational deposits (all counterparties)	378 717	219 285	377 570	220 972
8 Unsecured debt	6 952	6 952	10 429	10 429
9 Secured wholesale funding		857		998
10 Additional requirements of which:	354 132	44 740	333 250	42 620
11 Outflows related to derivative exposures and other collateral requirements	17 922	17 922	17 831	17 831
12 Outflows related to loss of funding on debt products	-	-	-	-
13 Credit and liquidity facilities	336 210	26 818	315 419	24 789
14 Other contractual funding obligations	700	700	776	776
15 Other contingent funding obligations	239 160	10 266	248 214	10 576
16 Total cash outflows (Sum of lines 2+5+9+10+14+15)		359 923		364 745
Cash inflows				
17 Secured lending (e.g., reverse repos)	42 146	11 855	48 847	19 146
18 Inflows from fully performing exposures	173 769	143 988	184 124	151 761
19 Other cash inflows	12 567	11 680	10 386	9 663
20 Total cash inflows (Sum of lines 17-19)	228 482	167 523	243 357	180 570
	Total weighted value		Total weighted value	
High-quality liquid assets (HQLA)				
21 Total HQLA (Rm)		265 705		259 337
22 Total net cash outflows (Rm)		192 400		184 175
23 LCR (%)		138.1		140.8

	a		b	
	30 September 2023		30 June 2023	
	Total unweighted value (average) Rm	Total weighted value (average) Rm	Total unweighted value (average) Rm	Total weighted value (average) Rm
Bank (11)				
High-quality liquid assets (HQLA)				
1 Total HQLA		234 755		227 997
Cash outflows				
2 Retail deposits and deposits from small business customers of which:	374 893	31 655	366 172	31 229
3 Stable deposits	-	-	-	-
4 Less stable deposits	374 893	31 655	366 172	31 229
5 Unsecured wholesale funding of which:	419 974	212 719	424 289	217 419
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	147 736	36 935	154 005	38 501
7 Non-operational deposits (all counterparties)	265 393	168 939	260 705	169 339
8 Unsecured debt	6 845	6 845	9 579	9 579
9 Secured wholesale funding		857		998
10 Additional requirements of which:	322 741	39 358	299 282	37 090
11 Outflows related to derivative exposures and other collateral requirements	15 122	15 122	15 079	15 079
12 Outflows related to loss of funding on debt products	-	-	-	-
13 Credit and liquidity facilities	307 619	24 236	284 203	22 011
14 Other contractual funding obligations	700	700	776	776
15 Other contingent funding obligations	205 856	8 881	215 005	9 166
16 Total cash outflows (Sum of lines 2+5+9+10+14+15)		294 170		296 678
Cash inflows				
17 Secured lending (e.g. reverse repos)	42 147	11 854	48 847	19 146
18 Inflows from fully performing exposures	135 304	112 981	139 809	114 927
19 Other cash inflows	8 770	7 884	8 335	7 613
20 Total cash inflows (Sum of lines 17-19)	186 221	132 719	196 991	141 686
		Total weighted value		Total weighted value
High-quality liquid assets (HQLA)				
21 Total HQLA (Rm)		234 755		227 997
22 Total net cash outflows (Rm)		161 451		154 992
23 LCR (%)		145.4		147.1

Johannesburg
30 November 2023

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Notes:

- (1) The fully loaded accounted ECL basis has been fully transitioned in.
- (2) The numbers are excluding unappropriated profits.
- (3) The countercyclical buffer in South Africa is currently zero.
- (4) The December 2022 figures were revised to align with final regulatory submissions.
- (5) Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.
- (6) The 2023 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A which was reinstated at 1% and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.
- (7) The approach used to calculate RWA for existing exposures was refined.
- (8) Includes the operational risk floor.
- (9) Other reflects RWA movements on non-performing loans due to differences in the definition of default between IFRS 9 impairment and regulatory capital models.
- (10) The Group LCR reflects an aggregation of the Bank LCR and the LCR of the Absa Regional Operations (ARO). For this purpose, a simple average of the relevant three month-end data points is used for ARO, noting that ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.
- (11) The Bank LCR was calculated as a simple average of 90 calendar-day LCR observations.