

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: ZAE00079810
JSE share code: ABSP
Bond code: BIABS
(Absa Bank or the Bank)

ABSA GROUP – BASEL III PILLAR 3 DISCLOSURE AS AT 31 MARCH 2024**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.

1.1 KM1: Key metrics

The summary tables to follow provide key capital adequacy and liquidity information on a regulatory basis as at 31 March 2024.

Common equity tier 1 (CET1) capital increased during the quarter mainly due to movements in foreign currency movements attributable to the Group and minority shareholders equity in the ARO entities combined with an increase in the share-based payment reserve.

RWA increase was primarily attributed to higher credit risk and equity risk which was marginally offset by a reduction in market risk and threshold risk.

Leverage exposure increase was mainly driven by an increase in on-balance sheet exposure, combined with marginal increase in off-balance sheet items. This was offset by a decrease in derivatives exposure quarter-on.

The net stable funding ratio (NSFR) decrease was mainly attributable to the five-year phase-out of the national discretion.

The Group continued to lengthen and diversify the funding base, while optimizing funding costs, to support asset growth, other strategic initiatives and maintain the strong NSFR.

The liquidity risk position remained healthy and key liquidity metrics were within risk appetite and above the minimum regulatory requirements.

	a	b	c	d	e
	31 March 2024	31 December 2023 (3)	30 September 2023	30 June 2023	31 March 2023
Available capital (Rm)					
1 CET1	129 841	127 914	123 582	125 138	119 299
2 Tier 1	148 970	146 549	141 373	142 705	136 206
3 Total capital	165 306	162 529	159 205	158 388	159 247
RWA (Rm)					
4 Total RWA	1 080 525	1 058 380	1 020 992	1 018 726	1 017 928
Risk-based capital ratios as a percentage of RWA (%)					
5 CET1 ratio	12.0	12.1	12.1	12.3	11.7
6 Tier 1 ratio	13.8	13.8	13.8	14.0	13.4
7 Total capital ratio	15.3	15.4	15.6	15.5	15.6
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 (4)	-	-	-	-	-
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	3.5	3.6	3.6	3.8	3.2
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure (Rm)	2 001 360	1 955 432	1 964 177	1 947 965	1 902 576
14 Basel III leverage ratio (%) (row 2 / row 13)	7.4	7.5	7.2	7.3	7.2
LCR					
15 Total high-quality liquid assets (HQLA) (Rm)	259 304	257 309	265 705	259 337	245 024
16 Total net cash outflow (Rm)	209 283	207 665	192 400	184 175	185 132
17 LCR (%)	123.9	123.9	138.1	140.8	132.4
NSFR					
18 Total available stable funding (ASF) (Rm)	1 211 706	1 191 407	1 181 066	1 156 346	1 116 892
19 Total required stable funding (RSF) (Rm)	1 034 357	1 008 962	997 896	980 161	969 803
20 NSFR (%)	117.1	118.1	118.4	118.0	115.2

	a	b	c	d	e	
	31 March 2024	31 December 2023 (3)	30 September 2023	30 June 2023	31 March 2023	
Available capital (Rm)						
1	CET1	79 064	79 019	76 011	78 350	79 704
2	Tier 1	96 240	95 797	92 147	94 324	95 402
3	Total capital	108 497	108 034	106 192	106 235	114 701
RWA (Rm)						
4	Total RWA	687 881	683 018	643 430	637 677	660 250
Risk-based capital ratios as a percentage of RWA (%)						
5	CET1 ratio	11.5	11.6	11.8	12.3	12.1
6	Tier 1 ratio	14.0	14.0	14.3	14.8	14.4
7	Total capital ratio	15.8	15.8	16.5	16.7	17.4
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 (4)				-	-
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	3.0	3.1	3.3	3.8	3.6
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure (Rm)	1 645 860	1 614 778	1 618 848	1 599 001	1 578 254
14	Basel III leverage ratio (%) (row 2 / row 13)	5.9	5.9	5.7	5.9	6.0
LCR						
15	Total high-quality liquid assets (HQLA) (Rm)	231 637	229 944	234 755	227 997	215 111
16	Total net cash outflow (Rm)	181 616	180 301	161 451	154 992	157 519
17	LCR (%)	127.5	127.5	145.4	147.1	136.6
NSFR						
18	Total available stable funding (ASF) (Rm)	982 999	973 368	959 933	936 587	917 129
19	Total required stable funding (RSF) (Rm)	886 261	869 787	854 405	838 695	837 645
20	NSFR (%)	110.9	111.9	112.4	111.7	109.5

1.2 OV1: Overview of RWA

	Group			Bank (5)		
	a	b	c	a	b	c
	31 March 2024 RWA Rm	31 December 2023 RWA (3) Rm	31 March 2024 MRC (6) Rm	31 March 2024 RWA Rm	31 December 2023 RWA (3) Rm	31 March 2024 MRC (6) Rm
1 Credit risk (excluding counterparty credit risk (CCR))	792 953	769 714	99 119	498 962	491 033	62 371
2 Of which: standardised approach (SA)	280 779	264 426	35 097	966	1 078	121
3 Of which: foundation internal ratings based (FIRB) approach	-	-	-	-	-	-
4 Of which: supervisory slotting approach	-	-	-	-	-	-
5 Of which: advanced internal ratings based (AIRB) approach	512 174	505 288	64 022	497 996	489 955	62 250
6 CCR	18 969	19 268	2 371	16 651	17 742	2 081
7 Of which: standardised approach for CCR (SA-CCR)	18 969	19 268	2 371	16 651	17 742	2 081
8 Of which: internal model method (IMM)	-	-	-	-	-	-
9 Of which: other CCR	-	-	-	-	-	-
10 Credit valuation adjustment (CVA)	8 834	9 679	1 104	7 005	8 187	876
11 Equity positions under the simple risk weight approach	3 388	3 409	424	1 653	1 725	207
12 Equity investments in funds – look-through approach	6 235	6 166	779	349	376	44
13 Equity investments in funds – mandate-based approach ³	2 188	1 462	274	2 188	1 462	274
14 Equity investments in funds – fall-back approach	730	633	91	526	526	66
15 Settlement risk	1 717	1 846	215	1 654	1 781	207
16 Securitisation exposures in banking book	119	122	15	119	122	15
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)	119	122	15	119	122	15
20 Traded market risk	44 524	45 215	5 566	34 963	36 669	4 371
21 Of which: SA	17 431	18 611	2 179	7 869	10 065	984
22 Of which: internal model approach (IMA)	27 093	26 604	3 387	27 094	26 604	3 387
23 Capital charge for switch between trading book and banking book	-	-	-	-	-	-
24 Operational risk	125 976	125 976	15 747	74 609	74 609	9 326
Non-customer assets	30 411	30 287	3 801	17 897	17 601	2 237
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	26 020	26 141	3 253	13 586	13 466	1 698
26 Floor adjustment (after application of transitional cap) (7)	18 461	18 462	2 308	17 719	17 719	2 215
27 Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets)	1 080 525	1 058 380	135 067	687 881	683 018	85 988

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

	a	a
	31 March 2024 RWA amounts Rm	31 December 2023 RWA amounts (3) Rm
1 RWA as at end of previous quarter	505 288	480 075
2 Asset size	96	15 704
3 Asset quality	5 882	5 705
4 Model updates	-	53
5 Methodology and policy	-	-
6 Acquisitions and disposals	-	-
7 Foreign exchange movements	1 370	(940)
8 Other (8)	(462)	4 691
9 RWA as at end of reporting period	512 174	505 288

The increase in credit risk RWA over the quarter was mainly due to changes in asset quality as well as from foreign exchange (FX) movements resulting from South African rand depreciation. There was limited impact on RWA from asset growth due to offsetting movements in exposure across different asset classes. The net decrease in RWA for non-performing loans resulted from higher impairments.

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

	a	b	c 31 March 2024		d	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	13 499	13 105	-	-		-	26 604
2 Movements in risk levels	(415)	904	-	-		-	489
3 Model updates/changes	-	-	-	-		-	-
4 Methodology and policy	-	-	-	-		-	-
5 Acquisitions and disposals	-	-	-	-		-	-
6 Other	-	-	-	-		-	-
7 RWA at end of reporting period	13 084	14 009	-	-		-	27 093

	a	b	c 31 December 2023(3)		d	e	f
	VaR Rm	sVaR Rm	IRC Rm	CRM Rm		Other Rm	Total RWA Rm
1 RWA at previous quarter end	8 726	9 580	-	-		-	18 306
2 Movements in risk levels	4 773	3 525	-	-		-	8 298
3 Model updates/changes	-	-	-	-		-	-
4 Methodology and policy	-	-	-	-		-	-
5 Acquisitions and disposals	-	-	-	-		-	-
6 Other	-	-	-	-		-	-
7 RWA at end of reporting period	13 499	13 105	-	-		-	26 604

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

	Group	
	31 March 2024 Rm	31 December 2023 (3) Rm
1 Total consolidated assets	1 923 315	1 874 876
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(36 431)	(34 536)
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	6 894	8 230
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)	123 756	122 241
7 Other adjustments	(16 174)	(15 379)
8 Leverage ratio exposure measure	2 001 360	1 955 432

	Bank (5)	
	31 March 2024 Rm	31 December 2023 (3) Rm
1 Total consolidated assets	1 563 961	1 530 207
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	5 395	6 990
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)	92 087	91 699
7 Other adjustments	(15 583)	(14 118)
8 Leverage ratio exposure measure	1 645 860	1 614 778

2.2 LR2: Leverage ratio common disclosure template

	Group		Bank (5)	
	a 31 March 2024 Rm	b 31 December 2023 (3) Rm	a 31 March 2024 Rm	b 31 December 2023 (3) Rm
On-balance sheet exposures				
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 755 155	1 704 916	1 433 074	1 397 117
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(16 174)	(15 379)	(15 583)	(14 118)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	1 738 981	1 689 537	1 417 491	1 382 999
Derivative exposures				
4 Replacement cost associated with all derivative transactions (where applicable net of eligible cash variation margin and/ or with bilateral netting)	15 676	19 884	14 868	19 355
5 Add-on amounts for potential future exposure (PFE) associated with all derivative transactions	33 355	34 538	32 241	33 671
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)	(2 673)	(1 263)	(2 673)	(1 263)
8 (Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-	-	-
9 Adjusted effective notional amount of written credit derivative	13 595	11 963	13 595	11 963
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11 Total derivative exposures (sum of rows 4 to 10)	59 953	65 122	58 031	63 726
Security financing transaction exposures				
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	78 670	78 532	78 251	76 354
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)	78 670	78 532	78 251	76 354
Other off-balance sheet exposures				
17 Off-balance sheet exposures at gross notional amount	466 064	462 210	391 713	392 668
18 (Adjustments for conversion to credit equivalent amounts)	(342 308)	(339 969)	(299 626)	(300 969)
19 Off-balance sheet items (sum of rows 17 and 18)	123 756	122 241	92 087	91 699
Capital and total exposures				
20 Tier 1 capital (excluding unappropriated profits)	148 970	146 549	96 240	95 797
21 Total exposures (sum of lines 3, 11, 16 and 19)	2 001 360	1 955 432	1 645 860	1 614 778
Leverage ratio				
22 Basel III leverage ratio	7.4	7.5	5.9	5.9

3. Liquidity

3.1 LIQ1: Liquidity coverage ratio (LCR)

Group (9)	a		b		a		b	
	31 March 2024		31 December 2023 (3)		Total unweighted value (average) (Rm)		Total weighted value (average) (Rm)	
	Total unweighted value (average) (Rm)	Total weighted value (average) (Rm)	Total unweighted value (average) (Rm)	Total weighted value (average) (Rm)	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		259 304						257 309
Cash outflows								
2 Retail deposits and deposits from small business customers of which:	488 601	41 440	485 799	40 837				
3 Stable deposits	-	-	-	-				
4 Less stable deposits	488 601	41 440	485 799	40 837				
5 Unsecured wholesale funding of which:	577 483	278 523	543 079	270 722				
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	162 077	40 520	143 100	35 775				
7 Non-operational deposits (all counterparties)	405 085	227 682	391 572	226 540				
8 Unsecured debt	10 321	10 321	8 407	8 407				
9 Secured wholesale funding		2 323		1 058				
10 Additional requirements of which:	388 935	42 947	367 699	42 799				
11 Outflows related to derivative exposures and other collateral requirements	15 621	15 621	16 185	16 185				
12 Outflows related to loss of funding on debt products	-	-	-	-				
13 Credit and liquidity facilities	373 314	27 326	351 514	26 614				
14 Other contractual funding obligations	289	289	-	-				
15 Other contingent funding obligations	247 725	10 367	240 189	10 234				
16 Total cash outflows (Sum of lines 2+5+9+10+14+15)		375 889						365 650
Cash inflows								
17 Secured lending (e.g., reverse repos)	56 260	13 861	48 348	8 950				
18 Inflows from fully performing exposures	170 977	139 637	166 246	135 181				
19 Other cash inflows	13 932	13 108	15 271	13 854				
20 Total cash inflows (Sum of lines 17-19)	241 169	166 606	229 865	157 985				
		Total weighted value		Total weighted value				
High-quality liquid assets (HQLA)								
21 Total HQLA (Rm)		259 304						257 309
22 Total net cash outflows (Rm)		209 283						207 665
23 LCR (%)		123.9						123.9

	a		b	
	31 March 2024		31 December 2023	
	Total unweighted value (average) Rm	Total weighted value (average) Rm	Total unweighted value (average) Rm	Total weighted value (average) Rm
Bank (5, 10)				
High-quality liquid assets (HQLA)				
1 Total HQLA		231 637		229 944
Cash outflows				
2 Retail deposits and deposits from small business customers of which:	384 339	32 445	384 582	32 399
3 Stable deposits	-	-	-	-
4 Less stable deposits	384 339	32 445	384 582	32 399
5 Unsecured wholesale funding of which:	460 399	228 699	429 506	220 552
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	162 077	40 519	143 100	35 775
7 Non-operational deposits (all counterparties)	288 041	177 899	278 055	176 426
8 Unsecured debt	10 281	10 281	8 351	8 351
9 Secured wholesale funding		2 323		1 058
10 Additional requirements of which:	352 307	37 188	336 301	37 544
11 Outflows related to derivative exposures and other collateral requirements	12 841	12 841	13 520	13 520
12 Outflows related to loss of funding on debt products	-	-	-	-
13 Credit and liquidity facilities	339 466	24 347	322 781	24 024
14 Other contractual funding obligations	289	289	-	-
15 Other contingent funding obligations	213 311	8 911	207 256	8 845
16 Total cash outflows (Sum of lines 2+5+9+10+14+15)		309 855		300 398
Cash inflows				
17 Secured lending (e.g. reverse repos)	56 260	13 861	48 349	8 950
18 Inflows from fully performing exposures	130 615	108 559	125 547	103 452
19 Other cash inflows	6 643	5 819	9 112	7 695
20 Total cash inflows (Sum of lines 17-19)	193 518	128 239	183 008	120 097
		Total weighted value		Total weighted value
High-quality liquid assets (HQLA)				
21 Total HQLA (Rm)		231 637		229 944
22 Total net cash outflows (Rm)		181 616		180 301
23 LCR (%)		127.5		127.5

Johannesburg
31 May 2024

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Notes:

- 1 The fully loaded accounted expected credit loss (ECL) basis has been fully transitioned in.
- 2 The numbers are excluding unappropriated profits.
- 3 The December 2023 figures were revised to align with final regulatory submissions.
- 4 The countercyclical buffer in South Africa is currently zero.
- 5 Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.
- 6 The 2024 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.
- 7 Includes the operational risk floor.
- 8 Other reflects RWA movements on non-performing loans due to differences in the definition of default between IFRS 9 impairment and regulatory capital models.
- 9 The Group LCR reflects an aggregation of the Bank LCR and the LCR of 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.
- 10 The Bank LCR was calculated as a simple average of 90 calendar-day LCR observations.