African Bank Holdings Limited
and African Bank Limited

Public Pillar III Disclosures in terms of the Banks Act, Regulation 43 as at 31 December 2018

CONTENTS

1. EXECUTIVE SUMMARY

1.1. OVERVIEW

African Bank Holdings Limited (ABH or the ABH Group) and its 100% held banking subsidiary, African Bank Limited ("ABL" or "the Bank") commenced business on 4 April 2016. ABH was capitalised with a cash subscription for ordinary shares in the amount of R10 billion and, in turn, ABH elected to capitalise ABL with the same amount, also in return for ordinary shares. An extended liability term structure was established as a result of the restructuring of the old African Bank that was placed under curatorship on 10 August 2014 and subsequently renamed Residual Debt Services Limited (in curatorship) (RDS), (the Restructuring). ABL acquired a portfolio of assets and liabilities from RDS in terms of the Restructuring, which included the more credit-worthy retail advances book.

Significant improvements in the credit underwriting and provisioning methodologies were immediately applied and continue to be applied in ABL, based on the changing dynamics of the market, the customer profile and the risk experience in respect of the retail advances on book.

The Bank is faced with a maturing liquidity profile as the liabilities acquired through the Restructuring begin to mature over the medium term. Whilst this profile is not unusual for any bank, it is significant that African Bank has not as yet proven its ability to attract medium term funding in the wholesale markets. The available surplus liquid assets are sufficient to meet the short term maturity obligations over the next 12 months. To address the refinancing requirements in the subsequent periods, management are proactively engaging shareholders and funders to establish a funding structure well in advance of the subsequent obligations maturing.

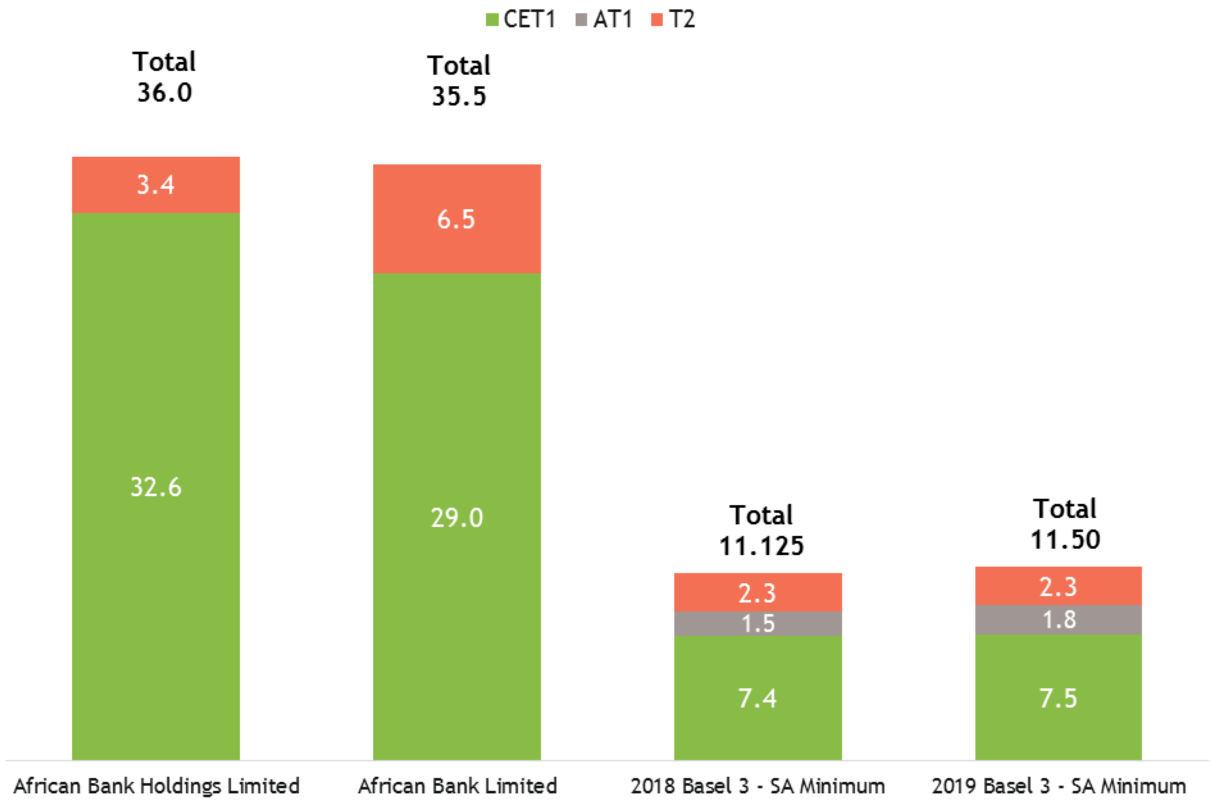
The overall balance sheet of ABL therefore remains strong, with advances well provided for, strong capital adequacy and available cash holdings, including surplus liquid assets of R6.4 billion. Liquidity risk, interest rate risk and foreign exchange risks are also managed within a conservative risk appetite framework.

The overall impact of the strong balance sheet structure, as expressed in the conservative risk appetite, is evidenced in the various sections of this report which, as of 31 December 2018, include CET1 ratio of 29.0%, a leverage ratio of 24.5%, a liquidity coverage ratio of 772% and a net stable funding ratio of 140% at the ABL level.

1.2. CAPITAL ADEQUACY RATIOS

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 December 2018 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 32.6% and 29.0% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 36.0% and 35.5% respectively.

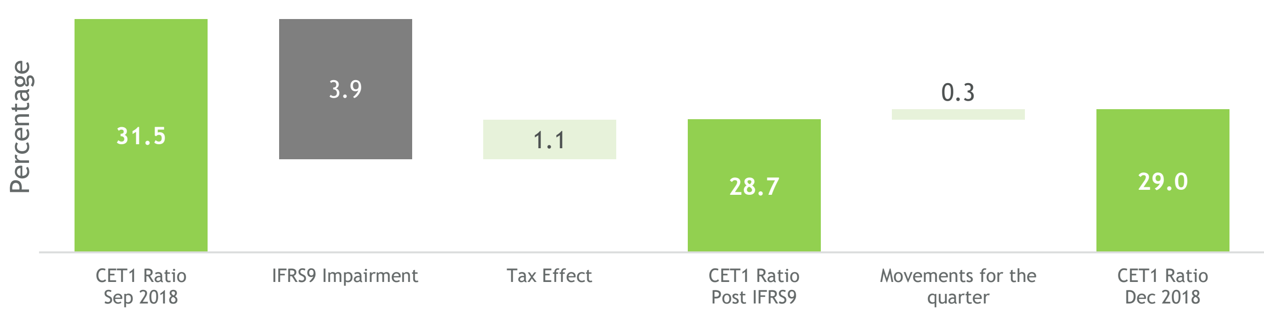
Capital Adequacy by Tier (%)



YEAR-TO-DATE CET1/TIER 1 TREND ANALYSIS

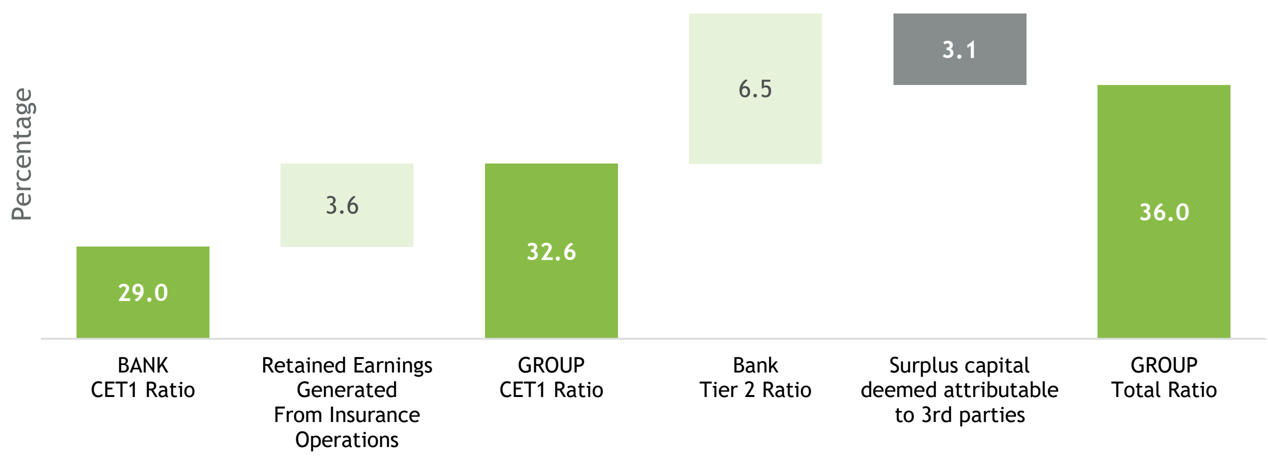
An analysis of the change in the African bank Limited CET1 ratio over the year and comparison of the Group and Bank capital adequacy as at 31 December 2018 is shown below.

African Bank Limited



The major driver for the year-on-year decrease in capital adequacy ratios from a CET1/Tier 1 ratio of 31~~,~~.5% in September 2018 to 29~~,~~.0% in December 2018 is the impact that resulted from the implementation of IFRS 9, offset by the reduction in the treasury balance sheet and consequently the cash placed with local banks .

CET1 BUILD-UP FROM AFRICAN BANK LIMITED TO AFRICAN BANK HOLDINGS LIMITED



The difference between the Group ratios and the Bank ratios are due to the following:

- **Impact of Insurance operations** –At a Group level, the capital supply is bolstered by the additional earnings generated from the insurance operations of R974 million. There is no additional RWA requirement for the investment in AIG due to a return of capital during 2018 that resulted in the write-down of the investment. This results in the CET/Tier1 ratio being higher at Group than at Bank.

- **Deduction of Tier 2 minority interest -** As the Tier 2 capital, is issued at the subsidiary African Bank level, a deduction of the deemed excess over and above the regulatory minimum is required at the consolidated capital level. This excess is deemed to be the surplus capital over and above the minimum required regulatory Total capital for ABHL, from 2019 (Basel III end state). The derecognition of the surplus capital results in a significantly lower Tier 2 ratio of 3.4% when compared to that of ABL of 6.5%. The higher CET1/Tier 1 capital ratio at Group level is thus offset by this lower Tier 2 ratio, which results in only a slight difference in the total capital adequacy ratios (35.5% at Bank vs 36.0% at Group)

The following table sets out the composition of the qualifying regulatory capital

	African Bank Holdings Limited		African Bank Limited	
R million	31 Dec 2018	30 Sep 2018	31 Dec 2018	30 Sep 2018
Composition of qualifying regulatory capital				
Ordinary share capital	10 000	10 000	10 000	10 000
Regulatory adjustments	(1 284)	(328)	(2 261)	(1 290)
Common Equity Tier 1 capital (CET1)	8 716	9 672	7 739	8 710
Total qualifying subordinated debt	641	526	1 485	1 485
Portfolio Impairments	254	265	254	265
Tier 2 capital (T2)	895	791	1 739	1 750
Qualifying regulatory capital	9 611	10 463	9 478	10 460

Refer to 6.2 of the detailed disclosure for a detailed breakdown of the above table

1.3. LEVERAGE RATIO

The Basel III leverage ratio is defined as the capital measure (Tier 1 capital) divided by the exposure measure (total exposures) and is expressed as a percentage. This measure acts as a backstop to the capital adequacy ratio, by acting as a floor to restrict the build-up of excessive leverage by banks.

The decrease in the leverage ratio from the prior reporting period, for both Group and Bank is as a result of an overall decrease in capital arising predominantly from a decrease in retained earnings driven by the impact of implementation of IFRS9 in October 2018.

	African Bank Holdings Limited		African Bank Limited	
R million	31 Dec 2018	30 Sep 2018	31 Dec 2018	30 Sep 2018
Capital and total exposures				
Tier 1 capital	8 717	9 673	7 739	8 710
Total exposures	32 063	32 305	31 542	32 300
Basel III leverage ratio	**27.2%**	**29.9%**	**24.5%**	**27.0%**
Basel III leverage ratio regulatory minimum requirement	**4.0%**	**4.0%**	**4.0%**	**4.0%**

Refer to 7.2 of the detailed disclosure for a detailed breakdown of the above table

1.4. LIQUIDITY COVERAGE RATIO ("LCR")

The LCR is a 30-day stress test, which requires the Bank to hold sufficient high-quality liquidity assets to cover envisaged net outflows. These outflows are calibrated using prescribed Basel factors applied to assets and liabilities in a static run-off model. Basel definitions are used to identify high-quality liquid assets.

The decrease in the LCR from the previous reporting period was as result of an increase in the total net cash outflows, primarily as a result of higher maturing liability balances, and lower high-quality liquid asset holdings over and above the prescribed minimum liquid asset requirements.

African Bank Limited R million	Total weighted value (average) 31 Dec 2018	Total weighted value (average) 30 Sep 2018
Total high-quality liquid assets	1 114	1 292
Total net cash outflows	223	164
Liquidity coverage ratio (%)	**772%**	**871%**
Regulatory minimum requirement	90%	90%

Refer to 8.1 of the detailed disclosure for a detailed breakdown of the above table

1.5. NET STABLE FUNDING RATIO ("NSFR")

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding, over a one year period. This ratio is required to be greater than or equal to 100% on an on-going basis.

"Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

The NSFR is designed to ensure closer matching of long-term asset cash flows with long-term funding cash flows. Full compliance for NSFR is required from January 2018.

The NSFR was stable compared to the prior period, as a result of the available stable funding and the required stable funding reducing primarily as a result of a net cash outflow from funding activities. Available stable funding has reduced further as a result of a greater proportion existing liabilities falling within the one year horizon.

	31 Dec 2018	30 Sep 2018
NSFR %	**140%**	**144%**
Available stable funding (R million)	24 205	25 871
Required stable funding (R million)	17 327	17 994

1.7. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA

The following table presents a summary of key prudential metrics related to regulatory capital, leverage ratio and liquidity standards. Banks are required to disclose each metric's value using the corresponding standard's specifications for the reporting period-end (designated by "T" in the template below) as well as the four previous quarter-end figures (T-1 to T-4). Please note that the table below reflects the capital and leverage numbers at an ABH Group level, whilst the LCR and NSFR numbers are at a Bank level.

Overview of risk management, key prudential metrics and RWA

Period ended: R million		Dec 18 (T)	Sep18 (T-1)	Jun18 (T-2)	Mar18 (T-3)	Dec17 (T-4)
Available capital (amounts) [1]						
1	Common Equity Tier 1 (CET1)	8 717	9 672	9 293	9 054	8 740
1a	Fully loaded ECL accounting model	8 717				
2	Tier 1	8 717	9 672	9 293	9 054	8 740
2a	Fully loaded accounting model Tier 1	8 717				
3	Total capital	9 612	10 463	10 083	9 845	9 552
3a	Fully loaded ECL accounting model total capital	9 612				
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	26 724	27 678	28 223	26 816	27 458
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	32.6	34.9	32.9	33.8	31.8
5a	Fully loaded ECL accounting model CET1 (%)					
6	Tier 1 ratio (%)	32.6	34.9	32.9	33.8	31.8
6a	Fully loaded ECL accounting model Tier 1 ratio					
7	Total capital ratio (%)	36.0	37.8	35.7	36.7	34.8
7a	Fully loaded ECL accounting model total capital ratio (%)					
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.875	1.875	1.875	1.875	1.250
9	Countercyclical buffer requirement (%)	0.00	0.00	0.00	0.00	0.00
10	Bank D-SIB additional requirements (%)	0.00	0.00	0.00	0.00	0.00
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	1.875	1.875	1.875	1.875	1.250
12	CET1 available after meeting the bank's minimum capital requirements (%)	24.6	27.0	24.9	25.8	23.8
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	32 063	32 305	32 065	32 335	33 013
14	Basel III leverage ratio (%) (row 2/row 13)	27.2	29.9	29.0	28.0	26.5
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)					
Liquidity Coverage Ratio [2]						
15	Total HQLA	1 114	1 292	1 666	3 011	3 532
16	Total net cash outflow	223	178	238	250	142
17	LCR ratio (%)	772	871	1 008	1 915	1 546
Net Stable Funding Ratio [2]						
18	Total available stable funding	24 205	25 871	25 795	26 221	27 273
19	Total required stable funding	17 327	17 994	17 646	18 116	18 946
20	NSFR ratio (%)	140	144	146	145	144

(1) *The Group has opted not to make use of the transitional arrangements of the ECL accounting provisions for regulatory capital purposes as allowed per SARB Directive 5 of 2017 and has rather opted to take the full impact of IFRS9 into account with effect from 1 October 2018.*

(2) *The liquidity ratios are at African Bank Limited level*

2. BASIS OF COMPILATION

The information contained in this report is based on the month end and in some instances average balances as contained in the regulatory returns. Accordingly, this information may not agree to the information contained in the respective sets of Annual Financial Statements, which are prepared on an IFRS basis.

The table below shows an analysis of advancers to customers as at 31 December 2018

Analysis of advances to customers as at 31 December 2018			
R million	Term loans	Credit Cards	Total
Gross amount due by customers	24 281	4 672	28 953
Impairment attributable to acquired advances and deferred fees	(3 698)	(385)	(4 083)
Gross advances	**20 583**	**4 287**	**24 870**
Impairment and deferred fees attributable to originated advances	(5 447)	(860)	(6 307)
Net advances	**15 136**	**3 427**	**18 563**

Unless where otherwise indicated, all figures reported are reported in ZAR millions ("R million")

3. SUPPLEMENTARY INFORMATION INCLUDING RISK MANAGEMENT

Additional information providing context for disclosures contained herein is included in the following documents published by the ABH Group, available on the Investor section of the Bank website at https://www.africanbank.co.za/ which contains information as listed under each report.

African Bank Holdings Limited Integrated Report 2018

- Overview and business model
- Material matters
- Strategy
- Governance and compliance
- People and remuneration

African Bank Holdings Limited: consolidated annual financial statements 30 September 2018, and

African Bank Limited: annual financial statements 30 September 2018

The reference to the various sections are given by way of a reference to the specific note in the annual financial statements of both African Bank Holdings Limited and African Bank Limited.

- Accounting policies (Note 1)
- Risk management approach (page 47)
- Credit risk approach including approach to impairment provisioning (Note 27)
- Market risk (Note 28)
- Interest rate risk management (Note 28.1)
- Foreign currency risk management (note 28.2)
- Liquidity risk management (Note 29)

The ABH integrated report gives a comprehensive overview of the areas covered while the ABL and ABH Annual Financial Statements give further detail of the approach to risk management and the risk types. This information should be read in conjunction with the detailed information in this report.

4. PERIOD OF REPORTING

This report covers the period from 1 October 2018 to 31 December 2018 for the ABH Group and its 100% held banking subsidiary, ABL. Comparative disclosures are as at and for the year ended 30 September 2018.

5. SCOPE OF REPORTING

This report contains capital adequacy information for ABH and its 100% held banking subsidiary, ABL. The further disclosures for ABL include the leverage ratio, the liquidity coverage ratio, credit disclosures, liquidity disclosures and foreign exchange exposures, and also materially reflect the position of the ABH Group.

All subsidiaries are consolidated in the same manner for both accounting and supervisory reporting purposes. All companies are incorporated in the Republic of South Africa. The registered banking subsidiary of the Group, ABL, has no subsidiaries.

6. REGULATORY CAPITAL ADEQUACY

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 December 2018 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 32.6% and 29.0% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 36.0% and 35.5% respectively.

6.1. OVERVIEW OF RISK WEIGHTED ASSETS

The following table gives an overview of the risk weighted asset requirements at the respective reporting date. The predominant risk exposure for the Group is credit risk, which comprises loans, credit cards and interbank deposits.

R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Dec-18	Sep-18	Dec-18	Dec-18	Sep-18	Dec-18
Credit risk (excluding counterparty credit risk)	**20 350**	**21 179**	**2 264**	**20 350**	**21 177**	**2,264**
Of which standardised approach (SA) (5)	20 350	21 179	2 264	20 350	21 177	2,264
Of which internal rating-based (IRB) approach	-	-	-	-	-	-
Counterparty credit risk	**5**	**-**	**1**	**5**	**-**	**1**
Of which standardised approach for counterparty credit risk (SA-CCR) (2)	5	-	1	5	-	1
Of which internal model method (IMM)	-	-	-	-	-	-
Market risk	**395**	**448**	**44**	**395**	**448**	**44**
Of which standardised approach (SA)	395	448	44	395	448	44
Of which internal model approach (IMM)	-	-	-	-	-	-
Operational risk	**3207**	**3 321**	**357**	**3,206**	**3 320**	**357**
Of which basic indicator approach	-	-	-	-	-	-
Of which standardised approach (3)	3,207	3 321	357	3,206	3 320	357
Of which advanced measurement approach	-	-	-	-	-	-
Other risk (4)	**2 767**	**2 730**	**308**	**2 758**	**2 722**	**307**
Total	**26 724**	**27 678**	**2 974**	**26 714**	**27 667**	**2 973**

(1) The minimum capital requirement per risk category for 2018 is 11.125% which comprises the base minimum (8.00%) plus the Pillar 2A systemic risk add-on (1.250%) plus capital conservation buffer (1.875%)
(2) ABL currently applies the current exposure method to calculate counterparty credit risk
(3) ABL currently applies the alternative standardised approach in calculating its operational risk
(4) Other risk includes accounting other assets, deferred tax asset and threshold deduction items
(5) Refer below for a further split of credit risk exposures

R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Dec-18	Sep-18	Dec-18	Dec-18	Sep-18	Dec-18
Of which standardised approach (SA)	**20 350**	**21 178**	**2 256**	**20 350**	**21 177**	**2 255**
Retail Exposures	16 137	15 514	1 795	16 137	15 514	1 795
Interbank & Other Exposures	4 213	5 664	460	4 213	5 663	460

6.2. COMPOSITION OF REGULATORY CAPITAL

The qualifying regulatory capital and capital adequacy ratios for ABH and ABL as at 31 December 2018 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 32.6% and 29.0% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 36.0% and 35.5% respectively.

R million	African Bank Holdings Limited		African Bank Limited	
	31 Dec 2018	30 Sep 2018	31 Dec 2018	30 Sep 2018
Composition of qualifying regulatory capital				
Ordinary share capital	10 000	10 000	10 000	10 000
Accumulated profit	-	-	-	-
	10,000	10 000	10,000	10 000
Regulatory adjustments				
- Intangible assets in terms of IFRS	(75)	(73)	(75)	(73)
- Other regulatory adjustments, including accumulated losses	(1 209)	(255)	(2 186)	(1 217)
Common Equity Tier 1 capital (CET1)	**8 716**	**9 672**	**7 739**	**8 710**
Additional Tier 1 capital (AT1)	-	-	-	-
Tier 1 capital (T1)	**8 716**	**9 672**	**7 739**	**8 710**
Issued subordinated debt	1 485	1 485	1 485	1 485
Surplus capital attributable to minorities/third parties	(844)	(959)	-	-
Total subordinated debt	**641**	**526**	**1 485**	**1 485**
Portfolio Impairments	254	265	254	265
Tier 2 capital (T2)	**895**	**791**	**1 739**	**1 750**
Qualifying regulatory capital	**9 611**	**10 463**	**9 478**	**10 460**
CET1%	32.6	34.9	29.0	31.5
AT1%	0.0	0.0	0.0	0.0
T1%	32.6	34.9	29.0	31.5
T2%	3.4	2.9	6.5	6.3
Total capital adequacy %	**36.0**	**37.8**	**35.5**	**37.8**

7. LEVERAGE RATIO

Public disclosure of the leverage ratio (calculated using the prescribed leverage ratio template) and its components has been required since 1 January 2015. The Basel III leverage ratio is defined as the capital measure (Tier 1 capital) divided by the exposure measure (total exposures) and is expressed as a percentage. This measure acts as a backstop to the capital adequacy ratio (see section 6 above), by acting as a floor to restrict the build-up of excessive leverage by banks.

Overall derivative exposures have decreased as a result of the remaining foreign currency derivative contracts, hedging a portion of the foreign currency liabilities, maturing during the course of the financial year. Cash balances have reduced as result of a net cash outflow from funding activities. The advances book has increased marginally, without materially affecting the leverage ratio

The exposure used in the calculation of the ratio (see 7.2) differs from the total assets as measured using IFRS as shown below.

7.1 SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE

		African Bank Holdings Limited		African Bank Limited	
Line #	R million	31 Dec 2018	30 Sep 2018	31 Dec 2018	30 Sep 2018
1	Total consolidated assets as per published financial statements	28 711	30 679	28 193	30 289
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation		(384)	-	-
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	(82)	(47)	(82)	(47)
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	139	143	139	143
7	Other adjustments (1)	3 295	1 914	3 291	1 914
8	Leverage ratio exposure	32 063	32 305	31 541	32 299

(1) Other adjustments reflect differences between regulatory and accounting basis of preparation (refer Basis of compilation). This impacted the values relating to general provisions and intangible assets.

7.2 LEVERAGE RATIO DISCLOSURE

		African Bank Holdings Limited		African Bank Limited	
Line #	**R million**	**31 Dec 2018**	**30 Sep 2018**	**31 Dec 2018**	**30 Sep 2018**
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	31 996	32 235	31 478	32 229
2	Asset amounts deducted in determining Basel III Tier 1 capital	(75)	(73)	(79)	(73)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**31 921**	**32 162**	**31 399**	**32 156**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3	-	3	-
5	Add-on amounts for PFE associated with all derivatives transactions		-		-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet asset pursuant to the operative accounting framework	-	-	-	-
7	(Deductions of receivables 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	-	-	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**3**	**-**	**3**	**-**
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-	-	-
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 lines 12 to 15)**	**-**	**-**	**-**	**-**
	Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	695	715	695	715
18	(Adjustments for conversion to credit equivalent amounts)	(556)	(572)	(556)	(572)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**139**	**143**	**139**	**143**
20	Tier 1 capital	8 717	9 673	7 739	8 710
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**32 063**	**32 305**	**31 542**	**32 300**
	Leverage ratio				
22	**Basel III leverage ratio**	**27.2%**	**29.9%**	**24.5%**	**27.0%**

** SFT's: Securities Financing Transactions (transaction where securities are used to borrow cash, or vice versa)*

8. LIQUIDITY MEASUREMENTS

8.1 LIQUIDITY COVERAGE RATIO (LCR) – COMMON DISCLOSURE TEMPLATE

The LCR is a 30-day stress test, which requires the Bank to hold sufficient high-quality liquid assets to cover envisaged net outflows. These outflows are calibrated using prescribed Basel factors applied to assets and liabilities in a static run-off model. Basel definitions are used to identify high-quality liquid assets.

The decrease in the LCR from the previous reporting period was as result of increase in the total net cash outflows primarily as a result of higher maturing liability balances, and lower high-quality liquid asset holdings over and above the prescribed minimum liquid asset requirements.

African Bank Limited R million	Total unweighted value (average) [1]	Total weighted value (average) [1]	Total weighted value (average) [1]
	31 Dec 2018	31 Dec 2018	30 Sep 2018
Total high-quality liquid assets (HQLA) (see 7.4.1)		**1 114**	**1 292**
Cash outflows			
Retail deposits and deposits from small business customers, of which:	137	14	8
Stable deposits	-	-	-
Less-stable deposits	137	14	8
Unsecured wholesale funding, of which:	829	829	501
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
Non-operational deposits (all counterparties)	-	-	-
Unsecured debt	829	829	501
Secured wholesale funding	-	-	-
Additional requirements, of which:	-	-	-
Outflows related to derivative exposures and other collateral requirements			103
Outflows related to loss of funding on debt products	-	-	-
Credit and liquidity facilities	713	36	35
Other contractual funding obligations			9
Other contingent funding obligations	-	-	-
Total cash outflows	**1 693**	**892**	**657**
Cash inflows			
Secured lending (e.g. reverse repos)	-	-	-
Inflows from fully performing exposures	5 242	4 827	3 315
Other cash inflows	115	115	115
Total cash inflows	**5 277**	**4 817**	**3 315**
		Total Adjusted Value	**Total Adjusted Value**
Total HQLA		**1 114**	**1 292**
Total net cash outflows [2]		**223**	**164**
Liquidity coverage ratio (%) [3]		**772%**	**871%**

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 31 December 2018
(2) ABL has a net cash inflow after applying the run-off factors, outflows for the purpose of the ratio are therefore deemed to be 25% of gross outflows
(3) There is no material difference between Bank and Group

8.1.1 Composition of high-quality liquid assets

The high-quality liquid assets include only those with a high potential to be converted easily and quickly into cash. There are three categories of high-quality liquidity assets with decreasing levels of quality: level 1, level 2A and level 2B assets.

R million	31 Dec 2018	30 Sep 2018
Total level one qualifying high-quality liquid assets (1)	1 114	1 292
Cash	2	1
Qualifying central bank reserves	356	358
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	756	933

(1) ABL does not have any investments in level two high-quality liquid assets