Habib Overseas Bank Limited

Pillar 3 Disclosures 30 September 2018

Habib Overseas Bank Limited

Quarterly Public Disclosures in terms of Bank Regulation 43

Shareholder's Equity **ANNEXURE A**

Share Capital
Authorised share capital
25,000,000 ordinary shares of R1 each

Issued share capital
20,000,000 ordinary shares of R1 each

In R'000

Common Equity Tier 1 (CET1)	
Issued capital	20,000
Other Reserves	106,000
Accumulated other comprehensive income	0
Total Common Equity Tier 1 Capital	**126,000**
Less: Prescribed deductions against capital	-16071
Aggregate amount of primary share capital & reserves	**109,929**
Common Equity Tier 1 capital adequacy ratio	**17.43%**

Tier 2 Capital	
General allowance for credit impairment standardised approach	**3,175**
Total Tier 2 Capital	**113,104**
Less: Prescribed deductions against tier 1 capital	-
Aggregate amount of Tier 2 share capital & reserves	**113,104**
Tier 2 capital adequacy ratio	**17.93%**

Total share capital	
Primary capital & reserves (CET1)	109,929
Secondary capital & reserves (Tier 2)	3,175
Less: Prescribed deductions against secondary capital	-
Net Qualifying Capital	**113,104**
Total capital adequacy ratio	**17.93%**

Components of capital	
Primary capital	20,000
Secondary capital	3,175
Retained Earning	106,000
Unappropriated Profit	0
Less: Prescribed deductions against primary capital	-16071
Less: Prescribed deductions against secondary capital	0
Total Share Capital	**113,104**

Summary of information i.r.o capital adequacy	Approach adopted	Risk weighted exposure	Total capital requirement 10.00%
Credit risk	Standardised approach	492,595	49,260
Counterparty credit risk	Current exposure method	8,355	836
Operation risk	Basic-indicator approach	112,135	11,214
Market risk	Standardised approach	165	17
Equity risk	Standardised approach	0	0
Other risk	Standardised approach	17,497	1,750
Total risk weighted exposure		**630,747**	**63,075**

Required capital adequacy ratios	Common equity Tier 1	Tier 1	Total
South African minimum capital requirement - Pillar 1	5.62%	7.18%	9.50%
Systematic risk add-on - Pillar 2A	1.88%	1.88%	1.88%
Total capital requirement	**7.50%**	**9.06%**	**11.38%**

Required capital adequacy ratios	Common equity Tier 1	Tier 1	Total
South African minimum capital requirement - SARB Reg. 38(8)(b) & 38(e)(i)	35,448	45,288	59,921
Systematic risk add-on - Pillar 2A SARB Reg. 38(8)(e)(ii)	11,858	11,858	11,858
Total capital requirement	**47,306**	**57,146**	**71,779**
	7.50%	**9.06%**	**11.38%**

Minimum capital requirement and capital adequacy	Common equity Tier 1	Tier 1	Total
Minimum required qualifying capital and reserve funds	47,306	57,146	71,779

Aggregate qualifying capital and reserve funds	**109,929**	**109,929**	**113,104**
Excess / (shortfall) capital and reserve funds	**62,623**	**52,783**	**41,325**
Capital adequacy ratio	**17.43%**	**17.43%**	**17.93%**

Total capital requirement	**71,779**
Aggregate amount of capital & reserves	**113,104**
Excess / (shortfall)	**41,325**

Template KM1: Key metrics

HABIB OVERSEAS BANK LTD-KM1

R'000						
		Sep-18	**Jun-18**	**Mar-18**	**Dec-17**	**Sep-17**
	Available capital (amounts)					
1	Common Equity Tier 1 (CET 1)	109,929	102,676	104,836	97,600	102,499
1a	Fully Loaded ECL Accounting Model	109,929	102,676	104,836	97,600	102,499
2	Tier 1	109,929	102,676	104,836	97,600	102,499
2a	Fully Loaded ECL Accounting Model Tier 1	109,929	102,676	104,836	97,600	102,499
3	Total Capital	113,104	105,976	108,136	100,800	105,399
3a	Fully Loaded ECL Accounting Model Total Capital	113,104	105,976	108,136	100,800	105,399
	Risk Weighted Assets (amounts)					
4	Total Risk Weighted Assets (RWA)	630,747	604,835	614,966	616,962	545,073
	Risk- Based Capital Ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio %	17.43	16.98	17.05	15.82	18.80
5a	Fully Loaded ECL Accounting Model Common Equity Tier 1 %	17.43	16.98	17.05	15.82	18.80
6	Tier 1 ratio %	17.43	16.98	17.05	15.82	18.80
6a	Fully Loaded ECL Accounting Model Tier 1 ratio %	17.43	16.98	17.05	15.82	18.80
7	Total Capital Ratio %	17.93	17.52	17.58	16.34	19.34
7a	Fully Loaded ECL Accounting Model Total Capital Ratio %	17.93	17.52	17.58	16.34	19.34
	Additional CET 1 buffer requirements as a percentage of RWA					
8	Capital Conservation buffer requirement (2.5% from 2019) %	1.875	1.875	1.8750	0.6250	0.625
9	Countercyclical buffer requirement %			-		
10	Bank G-SIB and/or D-SIB additional requirements %					
11	Total of Bank CET specific buffer requirements % (row 8+row 9+row 10)	1.875	1.875	1.8750	0.6250	0.6250
12	CET 1 available after meeting the bank's minimum capital requirements %	36.57	35.08	35.31	36.50	46.35
	Basell III leverage ratio					
13	Total Basell III leverage ratio exposure measure	1,312,260	1,233,748	1,100,714	1,205,947	1,086,310
14	Basel III leverage ratio % (row 2/row 13)	8.38	8.32	9.52	8.09	9.44
14a	Fully Loaded ECL Accounting Model Basel III Leverage Ratio % (row 2a/row 13)	8.38	8.32	9.52	8.09	9.44
	Liquidity Coverage Ratio					
15	Total HQLA	229,705	203,524	128,496	190,493	255,553
16	Total Net Cash Outflow	52,117	44,234	38,757	45,208	36,007
17	LCR Ratio %	441	460	332	421	710
	Net Stable Funding Ratio					
18	Total available stable funding	983,025	937,616	857,904	1,006,099	791,158
19	Total required stable funding	342,319	317,971	310,237	290,088	285,741
20	NSFR Ratio	287	295	277	347	277

Template OV1: Overview of RWA

Overview of risk management and Risk Weighted Assets (RWA)

Overview of RWA

	Habib Overseas Bank Limited		
	RWA		Minimum Capital Requirements
	Sep-18	Jun-18	Sep-18
R'000			
Credit risk (excluding counterparty credit risk)	492,595	474,213	56,033
Of which: standardised approach (SA)	492,595	474,213	56,033
Of which: foundation internal ratings-based (F-IRB) approach			
Of which: supervisory slotting approach			
Of which: advanced internal ratings-based (A-IRB) approach			
Counterparty credit risk (CCR)	8,355	1,143	950
Of which: standardised approach for counterparty credit risk	8,355	1,143	950
Of which: Internal Model Method (IMM)			
Of which: other CCR			
Credit valuation adjustment (CVA)			
Equity positions under the simple risk weight approach			
Equity investments in funds – look-through approach			
Equity investments in funds – mandate-based approach			
Equity investments in funds – fall-back approach			
Settlement risk			
Securitisation exposures in banking book			
Of which: securitisation internal ratings-based approach (SEC-IRBA)			
Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)			
Of which: securitisation standardised approach (SEC-SA)			
Market risk	165	422	19
Of which: standardised approach (SA)	165	422	19
Of which: internal model approaches (IMA)			
Capital charge for switch between trading book and banking book			
Operational risk	112,135	112,135	12,755
Other risk	17,497	16,922	1,990
Amounts below the thresholds for deduction (subject to 250% risk weight)			
Floor adjustment			
Total	630,747	604,835	71,747

Table CCA: Main features of regulatory capital instruments and of other TLAC-eligible instruments

1	Issuer	Habib Overseas Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	N/A
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	R20 million
9	Par value of instrument	Issued 20 000 000 ordinary shares of R1 each
10	Accounting classification	Ordinary Share Capital
11	Original date of issuance	7 August 1990
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumualtive
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Writedown feature	N/A
31	If writedown, writedown trigger(s)	N/A
32	If writedown, full or partial	N/A
33	If writedown, permanent or temporary	N/A
34	If temporary write-own, description of writeup mechanism	N/A
34a	Type of subordination	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	
If yes, specify non-compliant features		

Template LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure (January 2014 standard)

R'000		**30-Sep-18**
1	Total consolidated assets as per published financial statements	1,292,228
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
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	10,217
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	37,080
7	Other adjustments	- 27,265
8	Leverage ratio exposure measure	**1,312,260**

Template LR2: Leverage ratio common disclosure template (January 2014 standard)

R'000		Sep-18	Jun-18
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,264,963	1,194,906
2	(Asset amounts deducted in determining Basel III Tier 1 capital)		
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	**1,264,963**	**1,194,906**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	8,754	1,382
5	Add-on amounts for PFE associated with all derivatives transactions	1,463	195
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets 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 rows 4 to 10)	**10,217**	**1,577**
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	0
14	CCR exposure for SFT assets	-	0
15	Agent transaction exposures	-	0
16	Total securities financing transaction exposures (sum of rows 12 to 15)	**-**	0
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	37,080	37,265
18	(Adjustments for conversion to credit equivalent amounts)	-	0
19	Off-balance sheet items (sum of rows 17 and 18)	**37,080**	**37,265**
Capital and total exposures			
20	Tier 1 capital	109,929	102,676
21	Total exposures (sum of rows 3, 11, 16 and 19)	1,312,260	1,233,748
Leverage ratio			
22	Basel III leverage ratio	**8.377**	**8.322**

Template LIQ1: Liquidity Coverage Ratio (LCR)

R'000		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA	229,705	229,705
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits		
4	Less stable deposits	302,963	27,232
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	209,920	83,969
7	Non-operational deposits (all counterparties)		
8	Unsecured debt	447,529	42,983
9	Secured wholesale funding		
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements		
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	146,571	4,617
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	TOTAL CASH OUTFLOWS	**1,106,983**	**158,801**
Cash inflows			
17	Secured lending (eg reverse repos)	205,878	102,939
18	Inflows from fully performing exposures	0	0
19	Other cash inflows	352,016	352,016
20	TOTAL CASH INFLOWS	**557,894**	**454,955**
			Total Adjusted Value
21	Total HQLA		**229,705**
22	Total net cash outflows		**52,117**
23	Liquidity Coverage Ratio (%)		**441**