

# **The South African Bank of Athens**

## **LIQUIDITY COVERAGE DISCLOSURE September 2018**

## 1. Introduction

The purpose of this document is to disclose both qualitative and quantitative information regarding the Bank's Liquidity position, in specific the Liquidity Coverage Ratio in terms of the Basel III requirements under Regulation 43 of the regulations relating to banks.

In terms of Regulation 43(1)(e)(iii)(F) of regulations relating to banks, minimum disclosure on the Liquidity Coverage Ratio of the bank is required on a quarterly basis. This announcement meets the on-going report requirement for quarterly disclosure in terms of Pillar 3 of the Basel III capital accord.

The Pillar 3 report is produced and published quarterly. This report is verified and approved internally in line with the Bank's disclosure policy.

The Pillar 3 report has not been audited by the Bank's external auditors.

## 2. Liquidity Risk

Liquidity risk is defined as the risk of not being able to generate sufficient cash to meet the Bank's commitment to lenders, depositors and other creditors at any point in time. The management of liquidity is primarily designed to ensure that depositors' funding requirements can be met and that the Bank has sufficient funding in place to ensure payment of daily transactions.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short-, medium- and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Liquidity risk management is essentially inseparable from the core banking activities of advances growth and profitability management. Liquidity risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset, Liability and Capital Committee (ALCCO).

Stress scenarios and testing have been undertaken thereby allowing the Bank to identify and be prepared for such eventualities. These scenarios have ensured that the Bank is well prepared to manage any liquidity risks that may occur.

The Liquidity Ratios, i.e. Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), introduced by Basel III are monitored and managed by the Bank's Asset, Liability and Capital Committee (ALCCO). The Liquidity Coverage Ratio has been fully implemented from 01 January 2015 and the minimum requirement is set at 90% for 2018.

**Liquidity Coverage Ratio – Table 2.1**

	R'000
	30-Sep-18
High Quality Liquid Assets	737,164
Net Cash Outflows	193,275
Minimum Required Liquidity Coverage Ratio	90%
Actual Liquidity Coverage Ratio	381.41%

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**LIQUIDITY COVERAGE RATIO (LCR) DISCLOSURE TEMPLATE**
**ANNEXURE A - LIQ1**

Name of bank/ controlling company ..... The South African Bank of Athens

Period ended ..... 2018-09-30

		a	b
		Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>			
1	Total HQLA	282,697	282,697
<b>Cash outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>		
3	Stable deposits		
4	Less stable deposits	610,748	61,075
5	<b>Unsecured wholesale funding, of which:</b>		
6	Operational deposits (all counter-parties) and deposits in		
7	Non-operational deposits ( all counter-parties)	595,148	410,189
8	Unsecured debt		
9	<b>Secured wholesale funding</b>		
10	<b>Additional requirements, of which:</b>		
11	Outflows related to derivative exposures and other		
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	183,484	12,416
14	<b>Other contractual funding obligations</b>	1,675	1,675
15	<b>Other contingent funding obligations</b>	126,537	6,327
16	<b>TOTAL CASH OUTFLOWS</b>	<b>1,517,592</b>	<b>491,682</b>
17	Secured lending (eg. reverse repos)		
18	Inflows from fully performing exposures	883,976	866,109
19	Other cash inflows	296	296
20	<b>TOTAL CASH INFLOWS</b>	<b>884,272</b>	<b>866,405</b>
			<b>Total adjusted value</b>
21	Total HQLA		282,697
22	Total net cash outflows		122,920
23	Liquidity Coverage Ratio (%)		229.98%

\* Minimum Regulatory requirement for Liquidity Coverage ratio = 90.00%

\*LCR UNWEIGHTED VALUE BASED ON 90DAYS AVERAGE