

AFRICAN BANK LIMITED  
(Incorporated in the Republic of South Africa)  
(Registered Bank)  
(Registration No. 2014/176899/06)  
Company code: ABKI  
("the Bank" or "African Bank")

### **Release of the Annual Basel III Pillar 3 Report, as at 30 September 2016, as prescribed by the Banks Act**

African Bank announces the release of the Annual Pillar III Public Disclosures, as at 30 September 2016, as prescribed in terms of the Banks Act (Act No. 94 of 1990), as amended, ("the Banks Act"), Regulation 43.

The disclosures cover the Bank and its holding company African Bank Holdings Limited ("ABHL"), a registered bank controlling company in terms of the Banks Act.

The full report can be accessed on the Bank's website via the following url:  
<https://www.africanbank.co.za/about-us/investors>

ABHL and its 100% held banking subsidiary, African Bank commenced business on 4 April 2016. ABHL was capitalised with a cash subscription for ordinary shares of R 10 billion and, in turn, capitalised the Bank with the same amount, in return for ordinary shares. A liability structure was established in the Bank following the approval of the exchange transaction by funders in the old African Bank in curatorship (now Residual Debt Services Limited (in curatorship)) ("RDS"). The Bank acquired a portfolio of assets and liabilities, including the funding liabilities and a retail advances book from RDS.

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

The overall balance sheet of the Bank therefore remains strong, with advances well provided for, high capital adequacy and cash holdings of R 12.9 billion. Liquidity risk, interest rate risk and foreign exchange risk is also conservatively managed.

The overall impact of the strong balance sheet structure, as expressed in the conservative risk appetite, is evidenced in the various sections of the report which, as of 30 September 2016, include CET1 ratio of 31.5%, a leverage ratio of 20.6%, a liquidity coverage ratio of 198% and a net stable funding ratio of 192% at the Bank level.

14 February 2017

Debt Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)