AFRICAN BANK HOLDINGS LIMITED
AND AFRICAN BANK LIMITED

PUBLIC PILLAR III DISCLOSURES

(in terms of the Banks Act, Regulation 43)

as at ***30 June 2022***

African Bank
Audacity to **believe**

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. ABH elected to capitalise ABL with the same amount, 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 part of the credit-worthy retail advances book.

Significant improvements in the credit underwriting and provisioning methodologies were immediately, 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 balance sheet of ABH and ABL remains strong, with advances appropriately provided for, strong capital adequacy and available cash holdings, including surplus liquid assets of R2.7 billion. Liquidity risk, interest rate risk and foreign exchange risks are managed within our approved risk appetite framework.

The overall impact of the strong balance sheet structure is evidenced in the various sections of this report which, as of 30 June 2022, includes a CET1 ratio of 38.0%, a leverage ratio of 30.4%, a liquidity coverage ratio (LCR) of 772% and a net stable funding ratio (NSFR) of 143% at the ABL level. Consequently, ABH and ABL operate well above minimum required regulatory levels in respect of all prudential ratios.

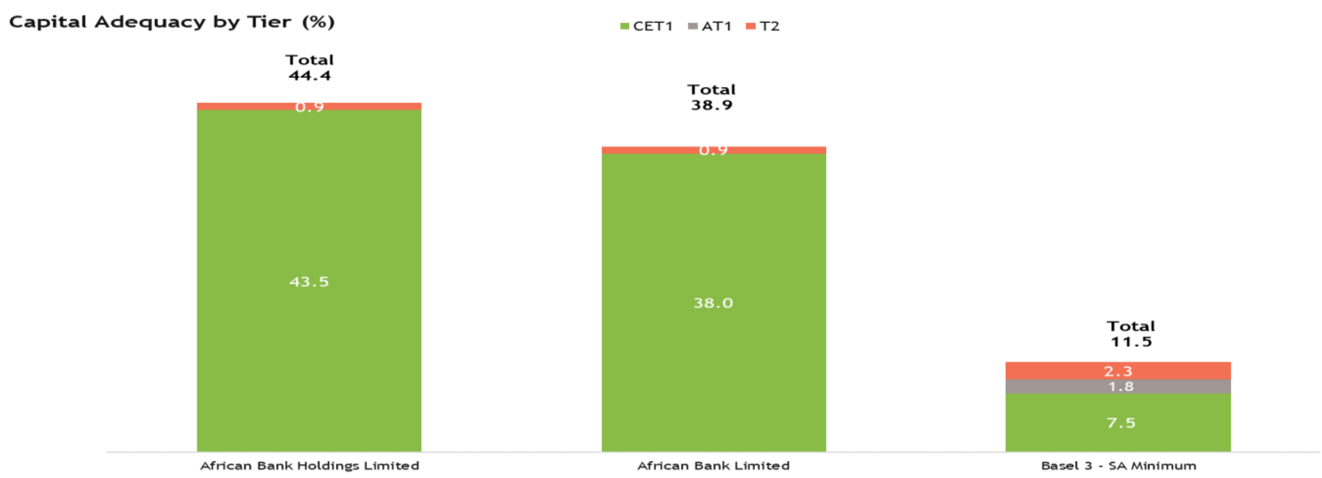
1.2. Governance

This Pillar III disclosure report complies with the Prudential Authority's requirements as stipulated by the Banks Act (Act No. 94 of 1990), and through the relevant regulations, directives and guidance notes issued, with specific reference to Directive D1 of 2019.

The Board is satisfied that the information provided in this document has been prepared and reviewed in line with the Bank's approved control framework. The information provided in this report was subject to a similar and appropriate level of internal review as the information provided for financial reporting purposes.

1.3. Capital adequacy ratios

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 30 June 2022 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 43.5% and 38.0% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 44.4% and 38.9% respectively.



The following table sets out the composition of the qualifying regulatory capital for ABH and ABL:

	African Bank Holdings Limited		African Bank Limited	
R million	Jun-2022	Mar-2022	Jun-2022	Mar-2022
Composition of qualifying regulatory capital				
Ordinary share capital & accumulated profit	10 835	10 935	11 485	11 485
Regulatory adjustments	(151)	(134)	(2 311)	(2 162)
Common Equity Tier 1 capital (CET1)	10 684	10 801	9 174	9 323
Total qualifying subordinated debt	-	-	-	-
Qualifying Portfolio Provisions	219	214	219	214
Tier 2 capital (T2)	219	214	219	214
Total Qualifying regulatory capital	10 903	11 015	9 393	9 537

(1) Refer to 7.1 of the detailed disclosure for a detailed breakdown of the above table

1.4. Leverage ratio

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

The leverage ratio decreased at both, ABL and ABHL level, largely due to the decrease in the capital measure. However, the decrease is not material and the ratio remains well above the prescribed regulatory minimum ratio.

	African Bank Holdings Limited		African Bank Limited	
R million	Jun-2022	Mar-2022	Jun-2022	Mar-2022
Capital and total exposures				
Tier 1 capital	10 684	10 801	9 173	9 323
Total exposures	30 347	30 369	30 210	30 276
Basel III leverage ratio	**35.2%**	**35.6%**	**30.4%**	**30.8%**
Basel III leverage ratio regulatory minimum requirement	**4.0%**	**4.0%**	**4.0%**	**4.0%**

(1) Refer to 8.2 of the detailed disclosure for a detailed breakdown of the above table

1.5. Liquidity coverage ratio (“LCR”)

The LCR is a prudential ratio which incorporates a 30-day stress test, requiring the Bank to hold sufficient high-quality liquidity assets (HQLA) to cover envisaged net outflows. These outflows are calibrated using regulatory prescribed factors applied to assets and liabilities in a static run-off model. Regulatory definitions are used to identify high-quality liquid assets.

The decrease in the LCR from the previous reporting period was largely due to the decrease in HQLA, which was slightly off-set by the decrease in total net cash outflows over the quarter ended 30 June 2022 in comparison to 31 March 2022.

African Bank Limited R million	Total weighted value (average) Jun-2022	Total weighted value (average) Mar-2022
Total high-quality liquid assets	2 358	2 840
Total net cash outflows	305	362
Liquidity coverage ratio (%)	**772%**	**785%**
Regulatory minimum requirement (1)	100%	90%

(1) Refer to 9.1 of the detailed disclosure for a detailed breakdown of the above table

(2) The withdrawal on the temporary relief for LCR as per Directive 8/2021 has taken effect on 1 January 2022 where the minimum requirement has been increased to 100% effective 1 April 2022

1.6. Net stable funding ratio ("NSFR")

The NSFR is determined 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 the NSFR became effective since January 2018.

The decrease in NSFR from 144% as at 31 March 2022 to 143% as at 30 June 2022, is driven by both, an increase in available stable funding being lower than the increase in required stable funding. The available stable funding increase is largely attributable to an increase in retail deposits. The increase in the required stable funding was primarily due to an increase in retail advances.

African Bank Limited R million	Jun-2022	Mar-2022
NSFR (%)	**143%**	**144%**
Available stable funding	24 972	24 620
Required stable funding	17 452	17 144

(1) Refer to 9.2 of the detailed disclosure for a detailed breakdown of the above table

1.7. References of quantitative standardised tables and templates

Refer to the attached Annexure A to this document for the quantitative standardised tables and templates as prescribed in the revised pillar 3 disclosure requirements published in January 2015 and pillar 3 disclosure requirements – consolidated and enhanced framework published in March 2017 by the Basel Committee on Banking Supervision.

2. BASIS OF COMPILATION

The information contained in this report is based on the month-end actual results and, in some instances, the average balances as contained in the ABH and ABL 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 advances to customers for ABL as at 30 June 2022 and is included as a reference to the published Interim Financial Statements

Analysis of advances to customers as at 30 June 2022 (1) R million	Term loans (2)	Credit Cards / Overdrafts(3)	Total
Gross amount due by customers	27 603	4 277	31 880
Impairment attributable to acquired advances and deferred fees	(1 217)	(20)	(1 237)
Gross advances	**26 386**	**4 257**	**30 643**
Impairment and deferred fees attributable to originated advances	(8 939)	(1 018)	(9 957)
Net advances	**17 447**	**3 239**	**20 686**

(1) The above table provides a breakdown of loans and advances related to corporate loans, credit cards, overdrafts and term loans only and excludes interbank and sovereign exposures
(2) Included in the term loans is an exposure of R1.7 billion gross amount relating to corporate exposure
(3) Included in the credit cards is an exposure of R26.7 million gross amount relating to Overdraft exposure

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 relations page of the Group's website: https://www.africanbank.co.za.

African Bank Holdings Limited Integrated Report 2021

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

African Bank Holdings Limited Environmental, Social and Governance Report 2021

African Bank Holdings Limited: consolidated and separate annual financial statements 30 September 2021, and

African Bank Limited: annual financial statements 30 September 2021

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

- Accounting policies (Note 1.1)
- Risk management (Note 28)
- Credit risk management including approach to impairment provisioning (Note 29)
- Market risk (Note 30)
- Interest rate risk management (Note 30.1)
- Foreign exchange risk management (note 30.3)
- Liquidity risk (Note 31)

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

4. PERIOD OF REPORTING

This report is prepared as at 30 June 2022 for the ABH Group and its 100% held banking subsidiary, ABL.

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 regulatory reporting purposes. All companies are incorporated in the Republic of South Africa. The registered banking subsidiary of the Group, ABL, has no subsidiaries.

6. 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. 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 position at an ABH Group level, whilst the LCR and NSFR are reported at a Bank level.

6.1. KM1 – Key metrics

Period ended: R million		Jun22 (T)	Mar22 (T-1)	Dec21 (T-2)	Sep21 (T-3)	Jun21 (T-4)
Available capital (amounts) [1] [3]						
1	Common Equity Tier 1 (CET1)	10 684	10 801	9 156	9 352	9 286
1a	Fully loaded ECL accounting model	10 684	10 801	9 156	9 352	9 286
2	Tier 1	10 684	10 801	9 156	9 352	9 286
2a	Fully loaded accounting model Tier 1	10 684	10 801	9 156	9 352	9 286
3	Total capital	10 903	11 015	9 363	9 531	9 464
3a	Fully loaded ECL accounting model total capital	10 903	11 015	9 363	9 531	9 464
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	24 556	24 039	22 531	21 998	21 611
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	43.5	44.9	40.6	42.5	42.9
5a	Fully loaded ECL accounting model CET1 (%)	43.5	44.9	40.6	42.5	42.9
6	Tier 1 ratio (%)	43.5	44.9	40.6	42.5	42.9
6a	Fully loaded ECL accounting model Tier 1 ratio	43.5	44.9	40.6	42.5	42.9
7	Total capital ratio (%)	44.3	45.8	41.5	43.3	43.8
7a	Fully loaded ECL accounting model total capital ratio (%)	44.3	45.8	41.5	43.3	43.8
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.0	0.0	0.0	0.0	0.0
10	Bank D-SIB additional requirements (%)	0.0	0.0	0.0	0.0	0.0
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.5	2.5	2.5	2.5	2.5
12	CET1 available after meeting the bank's minimum capital requirements (%)	36.0	37.4	33.6	35.5	35.9
Basel III Leverage Ratio [3]						
13	Total Basel III leverage ratio measure	30 347	30 369	28 461	29 911	28 706
14	Basel III leverage ratio (%) (row 2/row 13)	35.2	35.6	32.2	31.3	32.3
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	35.2	35.6	32.2	31.3	32.3
Liquidity Coverage Ratio [2] [3]						
15	Total HQLA	2 358	2 840	3 308	4 262	3 088
16	Total net cash outflow	305	362	312	338	354
17	LCR ratio (%)	772	785	1 062	1 260	872
Net Stable Funding Ratio [2] [3]						
18	Total available stable funding	24 972	24 620	23 071	23 801	22 742
19	Total required stable funding	17 452	17 144	16 206	15 287	15 058
20	NSFR ratio (%)	143	144	142	156	151

(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 instead opted to take the full impact of IFRS 9 into account with effect from 1 October 2018.
(2) Information reported at African Bank Holdings Limited level while the liquidity ratios are at African Bank Limited Level.
(3) Refer to sections 1.3 to 1.6 of the executive summary for reasons on significant movements.

6.2. OV1 - 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)
		Jun-2022	Mar-2022	Jun-2022	Jun-2022	Mar-2022	Jun-2022
1	**Credit risk (excluding counterparty credit risk)**	**18 261**	**18 066**	**2 100**	**18 257**	**18 062**	**2 100**
2	Of which standardised approach (SA) (2)	18 261	18 066	2 100	18 257	18 062	2 100
4	**Counterparty credit risk**	**6**	**15**	**1**	**6**	**15**	**1**
5	Of which standardised approach for counterparty credit risk (SA-CCR) (3)	6	15	1	6	15	1
10	**Credit valuation adjustment (CVA) (3)**	4	12	-	4	12	-
12	**Equity investment in funds - Look-through approach (4)**	679	485	78	677	483	78
20	**Market risk**	**2**	**1**	**-**	**2**	**1**	**-**
21	Of which standardised approach (SA) (5)	2	1	-	2	1	-
24	**Operational risk (6)**	**2 726**	**2 726**	**313**	**2 614**	**2 614**	**301**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 659**	**2 575**	306	**2 327**	**2 353**	268
26	**Floor adjustment (7)**	**221**	**159**	**25**	**269**	**239**	**31**
27	**Total**	**24 558**	**24 039**	**2 823**	**24 156**	**23 778**	**2 779**

(1) The minimum capital requirement per risk category from 1 January 2022 is 11.5% which comprises the base minimum (8.00%) plus capital conservation buffer (2.5%) plus the Pillar 2A systemic risk add-on (1%). The withdrawal of temporary relief has become effective on 1 January 2022 as per Directive 5/2021.
(2) Refer below for a further split on credit risk exposures relating to loans and advances.
(3) There are no material movement as no additional derivatives were entered into.
(4) The Regulations pertaining to equity investments in funds became effective on 1 January 2021. The Bank and Group has financial investments for which the look-through approach is being applied. The increase in the financial investment exposure is due to additional placements of surplus cash with investments in funds held with Asset Fund Managers during quarter ended 30 June 2022.

(5) No material movement noted in market risk.
(6) ABL currently applies the alternative standardised approach in calculating its operational risk, as approved by the Prudential Authority.
(7) The floor adjustment is as prescribed by the Regulator.

R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Jun-2022	Mar-2022	Jun-2022	Jun-2022	Mar-2022	Jun-2022
Of which standardised approach (SA) - Loans and advances	**17 531**	**17 095**	**2 016**	**17 527**	**17 091**	**2 016**
Retail Exposures	15 663	14 948	1 801	15 663	14 948	1 801
Non-Retail Exposures (excluding Sovereign exposures)	1 869	2 147	215	1 864	2 143	214

7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 30 June 2022 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 43.5% and 38.0% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 44.4% and 38.9% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited	
Section A	Jun-2022	Mar-2022	Jun-2022	Mar-2022
Common Equity Tier 1 Capital				
Ordinary share capital & premium	10 000	10 000	11 485	11 485
Accumulated profit (1)	835	935	-	-
Total as per Transitional Basel 3 Template	**10 835**	**10 935**	**11 485**	**11 485**
Section B				
Common Equity Tier 1 Regulatory Adjustments				
- Intangible assets in terms of IFRS	(151)	(134)	(151)	(134)
- Other regulatory adjustments, including accumulated losses (2)	-	-	(2 160)	(2 028)
Total as per Transitional Basel 3 Template	**(151)**	**(134)**	**(2 311)**	**(2 162)**
Section C				
Additional Tier 1 capital (AT1)	-	-	-	-
Section D				
Subordinated debt	-	-	-	-
Accrued interest not classified as Tier 2 capital	-	-	-	-
Total subordinated debt	**-**	**-**	**-**	**-**
Haircut on amounts attributable to third parties	-	-	-	-
Tier 2 instruments issued by subsidiary and held by third parties	**-**	**-**	**-**	**-**
Portfolio provisions	219	214	219	214
Total as per Transitional Basel 3 Template	**219**	**214**	**219**	**214**
Total Qualifying regulatory capital	**10 903**	**11 015**	**9 393**	**9 537**
Section E				
Summary of Capital Adequacy Ratios				
CET1%	43.5	44.9	38.0	39.2
AT1%	0.0	0.0	0.0	0.0
T1%	43.5	44.9	38.0	39.2
T2%	0.9	0.9	0.9	0.9
Total capital adequacy %	**44.4**	**45.8**	**38.9**	**40.2**

(1) The amount excludes unappropriated profits.

8. 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. See section 6 above for an overview of this ratio.

The leverage ratio decreased at both, ABL and ABHL level, largely due to the decrease in the capital measure. However, the decrease is not material and the ratio remains well above the prescribed regulatory minimum ratio.

The exposure used in the calculation of the ratio (see 8.2) differs from the total assets as measured using IFRS as shown below. The disclosures are prepared using figures as at 30 June 2022.

8.1. LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Jun-2022	**Mar-2022**	**Jun-2022**	**Mar-2022**
1	Total consolidated assets as per published financial statements	28 357	28 253	27 843	27 816
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(509)	(431)	-	-
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	(81)	(52)	(81)	(52)
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)	256	319	256	319
7	Other adjustments [(1)]	2 324	2 280	2 192	2 193
8	Leverage ratio exposure	30 347	30 369	30 210	30 276

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

8.2. LR2 - Leverage ratio common disclosure template

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Jun-2022	Mar-2022	Jun-2022	Mar-2022
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	30 238	30 174	30 234	30 170
2	Asset amounts deducted in determining Basel III Tier 1 capital	(151)	(134)	(284)	(223)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**30 087**	**30 040**	**29 950**	**29 947**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1	7	1	7
5	Add-on amounts for PFE associated with all derivatives transactions	3	3	3	3
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)**	**4**	**10**	**4**	**10**
	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	950	1 047	950	1 047
18	(Adjustments for conversion to credit equivalent amounts)	(694)	(728)	(694)	(728)
19	**Off-balance sheet items (sum of lines 17 and 18)**	256	**319**	256	**319**
20	Tier 1 capital	10 684	10 801	9 173	9 323
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**30 347**	**30 369**	**30 210**	**30 276**
	Leverage ratio				
22	**Basel III leverage ratio**	**35.2%**	**35.6%**	**30.4%**	**30.8%**

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

9. LIQUIDITY MEASUREMENTS

9.1. LIQ1 - Liquidity coverage ratio (LCR)

The LCR is a 30-day stress test, which requires the Bank to hold sufficient high-quality liquid assets (HQLA) 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 largely due to the decrease in HQLA, which was slightly off-set by the decrease in total net cash outflows over the quarter ended 30 June 2022 in comparison to 31 March 2022.

	African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Jun-2022	Jun-2022	Mar-2022
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**		**2 358**	**2 840**
	Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	2 622	262	243
3	Stable deposits	-	-	-
4	Less-stable deposits	2 622	262	243
5	Unsecured wholesale funding, of which:	442	379	567
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	442	379	567
9	Secured wholesale funding	349	-	-
10	Additional requirements, of which:	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	499	580	548
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	1 009	66	74
14	Other contractual funding obligations	299	15	15
15	Other contingent funding obligations	-	-	-
16	**Total cash outflows**	**5 597**	**1 221**	**1 448**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	3 516	3 070	2 531
19	Other cash inflows	-	-	2
20	**Total cash inflows**	**3 516**	**3 070**	**2 533**
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**2 358**	**2 840**
22	**Total net cash outflows (2)**		**305**	**362**
23	**Liquidity coverage ratio (%) (3)**		**772%**	**785%**

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 30 June 2022.

(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 as prescribed through Regulation 26 of the Banks Act.*

9.1.1. Composition of high-quality liquid assets

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

R million	Jun-2022	Mar-2022
Total level one qualifying high-quality liquid assets (1)	**2 358**	**2 840**
Cash	2	4
Qualifying central bank reserves	396	373
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	1 960	2 463

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

9.2. LIQ2 - 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 became effective since January 2018.

The decrease in NSFR from 144% as at 31 March 2022 to 143% as at 30 June 2022, is driven by both, an increase in available stable funding being lower than the increase in required stable funding. The available stable funding increase is largely attributable to an increase in retail deposits. The increase in the required stable funding was primarily due to an increase in retail advances.

	R million	Unweighted value by residual maturity				Weighted value[1]
	Available stable funding (ASF) item	**No maturity**	**<6 months**	**6 months to <1 year**	**≥1 year**	**Total**
1	Capital:	9 677	-	-	-	9 677
2	*Regulatory capital*	9 677	-	-	-	9 677
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	3 690	1 037	6 907	11 161
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	-	3 690	1 037	6 907	11 161
7	Wholesale funding:		2 165	88	3 500	4 134
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	2 165	88	3 500	4 134
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	914	-	-	-
12	*NSFR derivative liabilities*		-	-	-	
13	*All other liabilities and equity not included in the above categories*	-	914	-	-	-
14	**Total ASF**					**24 972**

(1) The weighted value is determined by applying a prescribed percentage to the gross or unweighted value as per the applicable requirements. The percentage applied is determined by the nature and maturity of the applicable balance.

	R million	Unweighted value by residual maturity				Weighted value[1]
	Required stable funding (RSF) item	**No maturity**	**<6 months**	**6 months to <1 year**	**≥1 year**	**Total**
15	Total NSFR high-quality liquid assets (“HQLA”)					144
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		5 908	3 529	11 602	13 990
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	1 686	-	-	253
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	4 222	3 529	11 602	13 737
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other liabilities:	-	-	-	-	-
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*				1	1
30	*NSFR derivative liabilities before deduction of variation margin posted*				-	-
31	All other assets not included in the above categories	-	-	-	3 269	3 269
32	Off-balance sheet items		950	-	-	48
33	***Total RSF***					**17 452**
34	***Net Stable Funding Ratio (%)***					**143%**

(1) The weighted value is determined by applying a prescribed percentage to the gross or unweighted value as per the applicable requirements. The percentage applied is determined by the nature and maturity of the applicable balance.

13. QUALITATIVE DISCLOSURES AND ACCOUNTING POLICIES

The regulations require that certain qualitative disclosures and statements on accounting policy be made. These were made in the annual financial statements and integrated annual report for the financial period ended 30 September 2021, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the integrated annual report and transitional Basel templates. These disclosures can be found on the ABL website under investor relations, financial reporting.

ANNEXURE A

	Tables and templates	Reference to Pillar 3
Overview of risk management and RWA	OVA – Bank risk management approach	3 (Referenced o AFS)
	KM1 - Key metrics (at consolidated group level)	6.1
	OV1 – Overview of RWA	6.2
Leverage ratio	LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure	8.1
	LR2 - Leverage ratio common disclosure template	8.2
Liquidity risk	LIQ1 – Liquidity Coverage Ratio	9.1
	LIQ2 – Nest Stable Funding Ratio	9.2