

# African Bank Holdings Limited and African Bank Limited

## **PUBLIC PILLAR III DISCLOSURE**

in terms of the Banks Act, Regulation 43 for the year ended **30 September 2023**



These financial statements were prepared under the supervision of A. Chetti CA (SA)  
Registration number: 2014/176855/06. NCR Registration number NCRCP7628  
An Authorised Financial Services and Registered Credit Provider

 **African Bank**  
Audacity to **believe**

# CONTENTS

|   |    |
|---|----|
| 1. EXECUTIVE SUMMARY .....  | 2  |
| 2. Basis Of Compilation .....   | 7  |
| 3. Supplementary Information Including Risk Management .....            | 8  |
| 4. Period Of Reporting.....   | 9  |
| 5. Scope Of Reporting.....  | 9  |
| 6. Overview Of Risk Management, Key Prudential Metrics And RWA.....     | 9  |
| 7. Composition Of Capital .....   | 13 |
| 8. Leverage Ratio .....   | 17 |
| 9. Linkages Between Financial Statements And Regulatory Exposures ..... | 19 |
| 10. Credit Risk .....   | 25 |
| 11. Liquidity Measurements .....  | 32 |
| 12. Interest Rate Risk .....  | 40 |
| 13. Remuneration .....  | 40 |
| 14. Qualitative Disclosures And Accounting Policies.....                | 40 |
| Annexure A.....   | 41 |

# 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. As at 1 November 2022, the Bank acquired Ubank Limited’s assets & liabilities for R80million and the Grindrod Financial Holdings Limited operating entity for R1.5billion. The Bank has consolidated these acquisitions for the reporting period 30 September 2023.

The Statement of Financial Position of African Bank and the African Bank Holding Limited now reflects a diversifying and scaling operation, with advances appropriately provided for, strong capital adequacy and adequate cash resources of R9.9 billion at the group level. This growth is in terms of the Excelerate25 Group strategy. Liquidity, interest rate and foreign exchange risks are managed within our approved risk appetite framework.

The key prudential ratios as at 30 September 2023 for both, ABH and ABL, operate well above minimum required regulatory levels in respect of all prudential ratios. These have been detailed in the report below.

## 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.

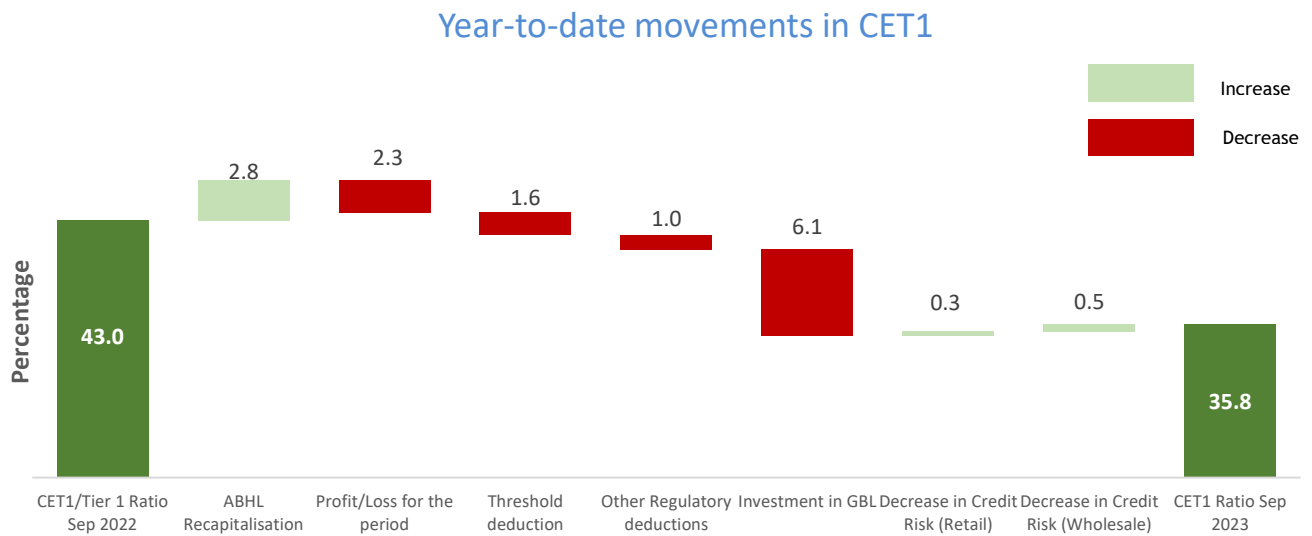
## 1.3. Capital adequacy ratios.

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 30 September 2023 are set out in the graph below. The Group remains well capitalised with CET1 and Tier 1 ratios of 29.1% and 35.8% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 30.0% and 36.8% respectively.



## YEAR-TO-DATE CET1/TIER 1 ANALYSIS

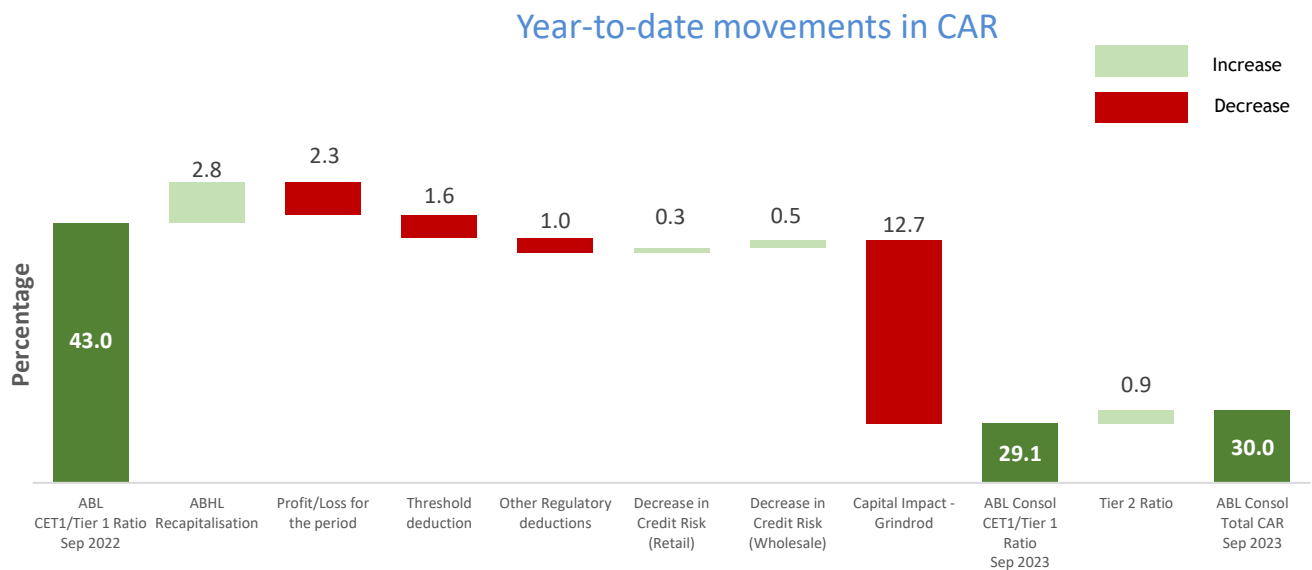
An analysis of the change in African Bank Limited's CET1 capital adequacy ratio movement from 30 September 2022 to 30 September 2023 as well as a comparison between the Bank and Group capital adequacy ratios, as at 30 September 2023, is shown below.



The decrease in CET1/Tier1 ratio from 30 September 2022 to 30 September 2023 is largely contributed by the decrease in capital supply. This decrease is largely attributed to the investment made by ABL in GBL which triggers a deduction against capital for an investment in a banking entity as prescribed by the Regulations relating to Banks. Additional deductions are as follows:

- Threshold deduction which relates to deferred tax amount greater than 10% of CET1 qualifying capital that triggers a deduction from CET1 qualifying capital for the 10% cap.
- The year-to-date loss reported for period ended 30 September 2023.
- Other regulatory deductions include Intangible assets and the Goodwill from the Ubank acquisition.

## REGULATORY CAPITAL BUILD-UP FROM ABL TO ABHL



The above graph reflects the movement from ABL CET1/Tier1 ratio to ABHL CET1/Tier1 and Total CAR. Apart from the movement in the ABL CET1/Tier1 covered in the previous graph which are repeated in this graph to illustrate the overall impact of GBL on the capital ratios at an ABHL level. The capital impact for GBL captured in the graph represents the difference between the ABL capital ratio and the ABHL capital ratio after the RWA and qualifying capital impacts of GBL are brought into the capital calculations.

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

| R million   | African Bank Holdings Limited |               | African Bank Limited |              |
|---|-------------------------------|---------------|----------------------|--------------|
|   | Sep-23                        | Jun-23        | Sep-23               | Jun-23       |
| <b>Composition of qualifying regulatory capital</b> |                               |               |                      |              |
| Ordinary share capital & accumulated profit         | 11 559                        | 10 825        | 13 662               | 13 330       |
| Regulatory adjustments                              | (738)                         | (876)         | (4 814)              | (5 435)      |
| <b>Common Equity Tier 1 capital (CET1)</b>          | <b>10 821</b>                 | <b>9 950</b>  | <b>8 848</b>         | <b>7 895</b> |
| Total qualifying subordinated debt                  | -                             | -             | -                    | -            |
| Qualifying Portfolio Provisions                     | 348                           | 328           | 228                  | 223          |
| <b>Tier 2 capital (T2)</b>                          | <b>348</b>                    | <b>328</b>    | <b>228</b>           | <b>223</b>   |
| <b>Total Qualifying regulatory capital</b>          | <b>11 169</b>                 | <b>10 278</b> | <b>9 076</b>         | <b>8 118</b> |

(1) Refer to 7.2 for detailed disclosure of the above table.

(2) Included in the Regulatory adjustments is the GBL PVA deduction of R11million.

## 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 restricting the build-up of excessive leverage by banks.

The leverage ratio increased at an ABL and Group level as result of an increase in the Tier 1 Qualifying Capital being greater than the increase in the exposure measure. The exposure measure increase was contributed by the increase in unutilised facilities for corporate advances during the reporting quarter. The increase in Tier 1 Qualifying Capital, at an ABL level, was largely driven by capital injection during the reporting quarter as compared to the previous quarter and further compounded by the increase in deferred tax asset which resulted in an increase in the threshold deduction against capital. The increase in leverage ratio at an ABH level was primarily driven by an increase in the Group Tier 1 Qualifying capital for the reporting quarter.

| R million  | African Bank Holdings Limited |              | African Bank Limited |              |
|--|-------------------------------|--------------|----------------------|--------------|
|  | Sep-23                        | Jun-23       | Sep-23               | Jun-23       |
| <b>Capital and total exposures</b>                             |                               |              |                      |              |
| Tier 1 capital   | 10 821                        | 9 950        | 8 848                | 7 895        |
| Total exposures  | 50 199                        | 48 863       | 35 526               | 34 580       |
| <b>Basel III leverage ratio</b>                                | <b>21,6%</b>                  | <b>20,4%</b> | <b>24,9%</b>         | <b>22,8%</b> |
| <b>Basel III leverage ratio regulatory minimum requirement</b> | <b>4,0%</b>                   | <b>4,0%</b>  | <b>4,0%</b>          | <b>4,0%</b>  |

Refer to 8.2 for detailed disclosure 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 an increase in unsecured wholesale funding, an increase in unutilised off-balance sheet items and an overall decrease in inflows during the reporting quarter, as a result of which the total net cash outflows increased over the quarter ended 30 September 2023. The HQLA also increase quarter on quarter, however the impact of the increase in net cash outflows contributed to the decrease in the LCR.

| African Bank Limited                  | Total                    |                          |
|---------------------------------------|--------------------------|--------------------------|
|                                       | weighted value (average) | weighted value (average) |
| R million                             | Sep-23                   | Jun-23                   |
| Total high-quality liquid assets      | 6 166                    | 4 835                    |
| Total net cash outflows               | 936                      | 410                      |
| <b>Liquidity coverage ratio (%)</b>   | <b>659%</b>              | <b>1179%</b>             |
| <b>Regulatory minimum requirement</b> | <b>100%</b>              | <b>100%</b>              |

| African Bank Holdings Limited       | Total<br>weighted value (average) | Total<br>weighted value (average) |
|-------------------------------------|-----------------------------------|-----------------------------------|
| R million                           | Sep-23                            | Jun-23                            |
| Total high-quality liquid assets    | 11 162                            | 9 555                             |
| Total net cash outflows             | 2 388                             | 879                               |
| <b>Liquidity coverage ratio (%)</b> | <b>467%</b>                       | <b>1088%</b>                      |
| Regulatory minimum requirement      | 100%                              | 100%                              |

(1) Refer to 11.5 for detailed disclosure of the above table.

(2) The ABHL LCR disclosure include GBL's LCR components.

## 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 NSFR remained flat from 30 June 2023 to 30 September 2023. The available stable funding increase is attributable to an increase in regulatory Capital of R791million and an increase in wholesale funding. The increase in the required stable funding was primarily due to an increase in the total assets.

| African Bank Limited     | Sep-23      | Jun-23      |
|--------------------------|-------------|-------------|
| R million                |             |             |
| <b>NSFR (%)</b>          | <b>145%</b> | <b>145%</b> |
| Available stable funding | 30 153      | 29 755      |
| Required stable funding  | 20 738      | 20 551      |

(1) Refer to 11.6 for detailed disclosure 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 September 2023 and is included as a reference to the published Annual Financial Statements

### Analysis of advances to customers as at 30 September 2023

| R million  | Term loans (2) | Credit Cards /<br>Overdrafts (3) | Total         |
|--|----------------|----------------------------------|---------------|
| Gross amount due by customers                                    | 27 028         | 6 611                            | 33 640        |
| Impairment attributable to acquired advances and deferred fees   | (935)          | (12)                             | (947)         |
| <b>Gross advances</b>  | <b>26 093</b>  | <b>6 599</b>                     | <b>32 693</b> |
| Impairment and deferred fees attributable to originated advances | (8 730)        | (1 783)                          | (10 513)      |
| <b>Net advances</b>  | <b>17 364</b>  | <b>4 816</b>                     | <b>22 180</b> |

- (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 R1.9 billion gross amount relating to corporate exposure.*
- (3) *Included in the credit cards is an exposure of R111.6 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 30 September 2023*

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

*African Bank Holdings Limited: consolidated and separate annual financial statements 30 September 2023, and*

*African Bank Limited: annual financial statements 30 September 2023*

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

- Accounting policies (Note 1.1)
- Risk management (Note 24)
- Credit risk management including approach to impairment provisioning (Note 25)
- Market risk (Note 26)
- Interest rate risk management (Note 26.1)
- Foreign exchange risk management (Note 26.3)
- Liquidity risk (Note 27)

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.

#### 3.1. Stress testing

In addition to the risk management approach notes as indicated above, the Group has in place a stress testing policy, the objective of which is to provide a coherent and consistent methodology to assess the Group's ability to survive a spectrum of severe stress conditions and scenarios, whilst maintaining the minimum required capital adequacy and liquidity positions.

The primary objective of the Group's stress testing program is to provide useful and relevant information and analyses to senior management and the Board, relating to its financial strength during stressed macro-economic conditions and other adverse systemic or idiosyncratic scenarios. These factors have the potential to impact the Group's sustainability and performance, primarily as measured through the impact on solvency and liquidity.

The stress testing program is used as a tool to allow senior management and the Board to develop a sustainable strategy in line with its risk appetite and with the correct level of risk mitigation, be it capital allocation, contingency funding plans or other interventions.

In order to meet this objective, African Bank's stress testing and scenario analysis program considers the following:

- African Bank's existing risk profile and the expected risk profile based on its strategic plan;

- African Bank's financial, capital management and asset & liability management plans; and
- African Bank's financial risk appetite statement as well as its associated parameters and tolerances.

The stress testing program is built on a methodology that targets an enhanced understanding of the material risks facing the Group in order to improve sustainability and profitability.

The board identifies the Group's key risks through the Enterprise Risk Management (ERM) Framework. The risk appetite for each key risk is reviewed and approved by the Board to enable informed risk-based decision-making. The scenarios used in the Group's stress testing program, including the ICAAP and Recovery Plan, are devised with this board assessment in mind. These stress scenarios cover idiosyncratic and macro-economic stress scenarios which can be fast-moving or slow-moving scenarios. An enterprise-wide stress test approach is used for the ICAAP and Recovery planning, whereby various business such as IT, Credit, Treasury, ERM and other operational business units provides input into the stress scenarios. The ICAAP primarily focusses on the impact of macro-economic stress scenarios on the Group. The Recovery plan can be regarded as an extension of the ICAAP and therefore incorporates more severe stress scenarios which also include reverse stress testing.

## 4. PERIOD OF REPORTING

This report is prepared as at 30 September 2023 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 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:                                  |  | Sep-23 | Jun-23 | Mar-23 | Dec-22 | Sep-22 |
|--|--|--------|--------|--------|--------|--------|
| African Bank Holdings Limited (R million)      |  | (T)    | (T-1)  | (T-2)  | (T-3)  | (T-4)  |
| Available capital (amounts) <sup>(1) (3)</sup> |  |        |        |        |        |        |
| 1  | Common Equity Tier 1 (CET1)  | 10 821 | 9 949  | 10 260 | 10 177 | 10 782 |
| 1a   | Fully loaded ECL accounting model  | 10 821 | 9 949  | 10 260 | 10 177 | 10 782 |
| 2  | Tier 1   | 10 821 | 9 949  | 10 260 | 10 177 | 10 782 |
| 2a   | Fully loaded accounting model Tier 1   | 10 821 | 9 949  | 10 260 | 10 177 | 10 782 |
| 3  | Total capital  | 11 169 | 10 277 | 10 594 | 10 522 | 11 014 |
| 3a   | Fully loaded ECL accounting model total capital                                | 11 169 | 10 277 | 10 594 | 10 522 | 11 014 |
| 4  | Total risk-weighted assets (RWA)   | 37 200 | 35 451 | 36 019 | 36 814 | 25 383 |
| 5  | Common Equity Tier 1 ratio (%)   | 29,1   | 28,1   | 28,5   | 27,6   | 42,5   |
| 5a   | Fully loaded ECL accounting model CET1 (%)                                     | 29,1   | 28,1   | 28,5   | 27,6   | 42,5   |
| 6  | Tier 1 ratio (%)   | 29,1   | 28,1   | 28,5   | 27,6   | 42,5   |
| 6a   | Fully loaded ECL accounting model Tier 1 ratio                                 | 29,1   | 28,1   | 28,5   | 27,6   | 42,5   |
| 7  | Total capital ratio (%)  | 30,0   | 29,0   | 29,4   | 28,6   | 43,4   |
| 7a   | Fully loaded ECL accounting model total capital ratio (%)                      | 30,0   | 29,0   | 29,4   | 28,6   | 43,4   |
| 8  | Capital conservation buffer requirement (2.5% from 2019) (%)                   | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  |
| 9  | Countercyclical buffer requirement (%)   | -      | -      | -      | -      | -      |
| 10   | Bank D-SIB additional requirements (%)   | -      | -      | -      | -      | -      |
| 11   | Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)    | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  |
| 12   | CET1 available after meeting the bank's minimum capital requirements (%)       | 21,576 | 20,566 | 20,987 | 20,100 | 35,000 |
| 13   | Total Basel III leverage ratio measure   | 50 255 | 48 870 | 48 672 | 50 222 | 31 024 |
| 14   | Basel III leverage ratio (%) (row 2/row 13)                                    | 21,6   | 20,4   | 21,1   | 20,3   | 34,8   |
| 14a  | Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13) | 21,6   | 20,4   | 21,1   | 20,3   | 34,8   |
| 15   | Total HQLA   | 11 162 | 9 555  | 8 225  | 7 812  | 2 122  |
| 16   | Total net cash outflow   | 2 388  | 879    | 958    | 797    | 365    |
| 17   | LCR ratio (%)  | 467    | 1088   | 858    | 981    | 582    |
| 18   | Total available stable funding   | 30 153 | 29 755 | 30 063 | 30 388 | 26 610 |
| 19   | Total required stable funding  | 20 738 | 20 551 | 21 466 | 21 995 | 18 540 |
| 20   | NSFR ratio (%)   | 145    | 145    | 140    | 138    | 144    |

(1) 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 <sup>(2)</sup>            |               | Minimum capital requirements <sup>(1)</sup> | RWA                  |               | Minimum capital requirements <sup>(1)</sup> |
|           |  | Sep-23                        | Jun-23        | Sep-23                                      | Sep-23               | Jun-23        | Sep-23                                      |
| 1         | Credit risk (excluding counterparty credit risk)                                     | 29 070                        | 27 582        | 3 349                                       | 19 386               | 18 851        | 2 229                                       |
| 2         | Of which standardised approach (SA)  | 29 070                        | 27 582        | 3 349                                       | 19 386               | 18 851        | 2 229                                       |
| 4         | Counterparty credit risk   | 9                             | 9             | 1   | 5                    | 5             | 1   |
| 5         | Of which standardised approach for counterparty credit risk (SA-CCR) <sup>(3)</sup>  | 9                             | 9             | 1   | 5                    | 5             | 1   |
| 10        | Credit valuation adjustment (CVA) <sup>(3)</sup>                                     | 6                             | 5             | 1   | 1                    | 1             | 0   |
| 11        | Equity positions under the simple risk weight approach and the internal model method | 1 244                         | 1 301         | 143   | 11                   | 11            | 1   |
| 12        | Equity investment in funds - Look-through approach <sup>(4)</sup>                    | -                             | -             | -   | -                    | -             | -   |
| 20        | Market risk  | 15                            | 15            | 2   | 13                   | 13            | 1   |
| 21        | Of which standardised approach (SA) <sup>(5)</sup>                                   | 15                            | 15            | 2   | 13                   | 13            | 1   |
| 24        | Operational risk <sup>(6)</sup>  | 3 509                         | 3 497         | 404   | 2 385                | 2 430         | 274   |
| 25        | Amounts below thresholds for deduction (subject to 250% risk weight)                 | 2 770                         | 2 607         | 319   | 2 313                | 2 132         | 266   |
| 26        | Floor adjustment <sup>(7)</sup>  | 578                           | 436           | 66  | 578                  | 436           | 66  |
| 27        | <b>Total</b>   | <b>37 200</b>                 | <b>35 451</b> | <b>4 284</b>                                | <b>24 692</b>        | <b>23 878</b> | <b>2 840</b>                                |

(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%).

(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) There is no exposure to equity investments in funds at reporting date.

(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.

| (1) R million  | African Bank Holdings Limited |        |   | African Bank Limited |        |   |
|--|-------------------------------|--------|---|----------------------|--------|---|
|  | RWA                           |        | Minimum capital requirements <sup>(1)</sup> | RWA                  |        | Minimum capital requirements <sup>(1)</sup> |
|  | Sep-23                        | Jun-23 | Sep-23                                      | Sep-23               | Jun-23 | Sep-23                                      |
| Of which standardised approach (SA) - Loans and advances | 27 838                        | 26 266 | 3 202                                       | 18 206               | 17 796 | 2 094                                       |
| Retail Exposures   | 16 417                        | 15 860 | 1 888                                       | 16 417               | 15 860 | 1 888                                       |
| Non-Retail Exposures (excluding Sovereign exposures)     | 11 421                        | 10 406 | 1 315                                       | 1 789                | 1 936  | 206   |

## 7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 30 September 2023 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 29.1% and 35.9% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 30.0% and 36.8% respectively.

### 7.1. Composition of regulatory capital

| R million   | African Bank Holdings Limited |               | African Bank Limited |                | Reference <sup>(1)</sup> |
|---|-------------------------------|---------------|----------------------|----------------|--------------------------|
|   | Sep-23                        | Jun-23        | Sep-23               | Jun-23         |                          |
| <b>Section A</b>  |                               |               |                      |                |                          |
| <b>Common Equity Tier 1 Capital</b>   |                               |               |                      |                |                          |
| Ordinary share capital & premium  | 10 000                        | 10 000        | 13 662               | 13 330         | Row 1                    |
| Accumulated profit <sup>(3)</sup>   | 1 559                         | 825           | -                    | -              | Row 2                    |
| <b>Total as per Transitional Basel 3 Template</b>                           | <b>11 559</b>                 | <b>10 825</b> | <b>13 662</b>        | <b>13 330</b>  | Row 6                    |
| <b>Section B</b>  |                               |               |                      |                |                          |
| <b>Common Equity Tier 1 Regulatory Adjustments</b>                          |                               |               |                      |                |                          |
| - Intangible assets in terms of IFRS  | (354)                         | (272)         | (299)                | (220)          |                          |
| - Other regulatory adjustments, including accumulated losses <sup>(2)</sup> | (373)                         | (604)         | (4 516)              | (5 216)        |                          |
| <b>Total as per Transitional Basel 3 Template</b>                           | <b>(738)</b>                  | <b>(876)</b>  | <b>(4 814)</b>       | <b>(5 435)</b> | Row 28                   |
| <b>Section C</b>  |                               |               |                      |                |                          |
| Additional Tier 1 capital (AT1)   | -                             | -             | -                    | -              |                          |
| <b>Section D</b>  |                               |               |                      |                |                          |
| Subordinated debt   | -                             | -             | -                    | -              |                          |
| Accrued interest not classified as Tier 2 capital                           | -                             | -             | -                    | -              |                          |
| <b>Total subordinated debt</b>  | -                             | -             | -                    | -              | Row 46/48                |
| Haircut on amounts attributable to third parties                            | -                             | -             | -                    | -              | Row 57                   |
| <b>Tier 2 instruments issued by subsidiary and held by third parties</b>    | -                             | -             | -                    | -              |                          |
| Portfolio provisions  | 348                           | 328           | 228                  | 223            | Row 50                   |
| <b>Total as per Transitional Basel 3 Template</b>                           | <b>348</b>                    | <b>328</b>    | <b>228</b>           | <b>223</b>     | Row 58                   |
| <b>Total Qualifying regulatory capital</b>                                  | <b>11 169</b>                 | <b>10 278</b> | <b>9 076</b>         | <b>8 118</b>   |                          |
| <b>Section E</b>  |                               |               |                      |                |                          |
| <b>Summary of Capital Adequacy Ratios</b>                                   |                               |               |                      |                |                          |
| CET1%   | 29,1                          | 28,1          | 35,8                 | 33,1           |                          |
| AT1%  | 0,0                           | 0,0           | 0,0                  | 0,0            |                          |
| T1%   | 29,1                          | 28,1          | 35,8                 | 33,1           |                          |
| T2%   | 0,9                           | 0,9           | 0,9                  | 0,9            |                          |
| <b>Total capital adequacy %</b>   | <b>30,0</b>                   | <b>29,0</b>   | <b>36,8</b>          | <b>34,0</b>    |                          |

(1) Refer to 7.3 (Composition of Capital Disclosure Template) for references to the rows.

(2) A significant portion of the regulatory adjustment includes accumulated losses for ABL (refer 7.3 below).

(3) The amount excludes unappropriated profits.

## 7.2. CC1 - Composition of regulatory capital.

| Period ended: 30 September 2023                       |   | African Bank Holdings Limited | African Bank Limited | Reference <sup>(1)</sup> |
|---|---|-------------------------------|----------------------|--------------------------|
| Common Equity Tier 1 capital instruments and reserves |   | R million                     | R million            |                          |
| 1   | Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related to stock surplus  | 10 000                        | 13 662               | Section A                |
| 2   | Retained earnings   | 1 559                         | -                    |                          |
| 3   | Accumulated other comprehensive income (and other reserves)   | -                             | -                    |                          |
| 6   | Common Equity Tier 1 capital before regulatory adjustments  | 11 559                        | 13 662               | Section A                |
| Common Equity Tier 1 capital: regulatory adjustments  |   |                               |                      |                          |
| 28  | Total regulatory adjustments to Common Equity Tier 1  | 738                           | 4 814                | Section B                |
| 29  | Common Equity Tier 1 capital (CET 1)  | 10 821                        | 8 848                |                          |
| Additional Tier 1 capital: instruments                |   |                               |                      |                          |
| 36  | Additional Tier 1 capital before regulatory adjustments   | -                             | -                    |                          |
| Additional Tier 1 capital: regulatory adjustments     |   |                               |                      |                          |
| 44  | Additional Tier 1 capital (AT1)   | -                             | -                    |                          |
| 45  | Tier 1 capital (T1= CET1 + AT1)   | 10 832                        | 8 848                |                          |
| Tier 2 capital and provisions                         |   |                               |                      |                          |
| 46  | Directly issued qualifying Tier 2 instruments plus related stock surplus  | -                             | -                    | Section D                |
| 48  | Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)   | -                             | -                    | Section D                |
| 50  | Provisions  | 348                           | 228                  | Section D                |
| 51  | Tier 2 capital before regulatory adjustments  | 348                           | 228                  |                          |
| Tier 2 capital: regulatory adjustments                |   |                               |                      |                          |
| 57  | Total regulatory adjustments to Tier 2 capital  | -                             | -                    |                          |
| 58  | Tier 2 capital (T2)   | 348                           | 228                  | Section D                |
| 59  | Total capital (TC = T1 + T2)  | 11 169                        | 9 076                |                          |
| 60  | Total risk weighted assets  | 37 245                        | 24 692               |                          |
| Capital ratios  |   |                               |                      |                          |
| 61  | Common Equity Tier 1 (as a percentage of risk weighted assets)  | 29,1%                         | 35,8%                |                          |
| 62  | Tier 1 (as a percentage of risk weighted assets)  | 29,1%                         | 35,8%                |                          |
| 63  | Total capital (as a percentage of risk weighted assets)   | 30,0%                         | 36,8%                |                          |
| 64  | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets) | 7,5%                          | 7,5%                 |                          |
| 65  | of which: capital conservation buffer requirement   | 2,5%                          | 2,5%                 |                          |
| 66  | of which: bank specific countercyclical buffer requirement  | 0,0%                          | 0,0%                 |                          |
| 67  | of which: G-SIB buffer requirement  | 0,0%                          | 0,0%                 |                          |

|   |  |       |       |
|---|--|-------|-------|
| 68  | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)   | 21,6% | 28,3% |
| <b>Amounts below the threshold for deductions (before risk weighting)</b> |  |       |       |
| 73  | Significant investments in the common stock of financials  | -     | -     |
| 75  | Deferred tax assets arising from temporary differences (net of related tax liability)  | 1 108 | 925   |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>           |  |       |       |
| 76  | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | 1 973 | 1 973 |
| 77  | Cap on inclusion of provisions in Tier 2 under standardised approach   | 228   | 228   |
| (1)   | <i>Refer to 7.2 (Composition of Regulatory Capital) for references to the sections.</i>  |       |       |



## 7.3. CC2 - reconciliation of regulatory capital to balance sheet

| Reconciliation of regulatory capital to balance sheet as at 30 September 2023 | African Bank Holdings Limited | Regulatory scope of consolidation <sup>(2)</sup> | African Bank Limited | Regulatory scope of consolidation <sup>(2)</sup> | Reference <sup>(1)</sup> |
|---|-------------------------------|--|----------------------|--|--------------------------|
| <b>R million</b>  |                               |  |                      |  |                          |
| <b>Assets</b>   |                               |  |                      |  |                          |
| Cash and cash equivalents   | 4 333                         | 4 333  | 2 851                | 2 851  |                          |
| Financial investments   | 14                            | 14   | 11                   | 11   |                          |
| Investment in subsidiaries  | -                             | -  | 1 557                | 1 557  |                          |
| Statutory assets  | 8 234                         | 8 234  | 4 540                | 4 540  |                          |
| Net advances  | 31 984                        | 31 984   | 22 180               | 22 180   |                          |
| Accounts receivable and other assets  | 522                           | 522  | 435                  | 435  |                          |
| Derivative assets   | 124                           | 124  | 120                  | 120  |                          |
| Goodwill  | 115                           | 115  | 115                  | 115  |                          |
| Property, equipment and Right of use asset                                    | 710                           | 710  | 699                  | 699  |                          |
| Investment in insurance contracts   | 412                           | -  | -                    | -  |                          |
| Intangible assets   | 353                           | 353  | 298                  | 298  | Section B                |
| Deferred tax asset  | 1 366                         | 1 366  | 1 332                | 1 332  |                          |
| Current tax asset   | 32                            | 32   | 37                   | 37   |                          |
| <b>Total assets</b>   | <b>48 199</b>                 | <b>47 787</b>                                    | <b>34 175</b>        | <b>34 175</b>                                    |                          |
| <b>Liabilities</b>  |                               |  |                      |  |                          |
| Current tax   | -                             | -  | -                    | -  |                          |
| Creditors and other liabilities   | 1 286                         | 1 286  | 1 246                | 1 246  |                          |
| Short-term funding  | 26 017                        | 26 017   | 13 145               | 13 145   |                          |
| Long-term funding   | 8 604                         | 8 604  | 8 559                | 8 559  |                          |
| <b>Total liabilities</b>  | <b>35 907</b>                 | <b>35 907</b>                                    | <b>22 950</b>        | <b>22 950</b>                                    |                          |
| <b>Equity</b>   |                               |  |                      |  |                          |
| Ordinary share capital  | 5                             | 5  | 5                    | 5  | Row 1                    |
| Ordinary share premium  | 9 995                         | 9 995  | 13 657               | 13 657   | Row 1                    |
| Accumulated reserves / (losses) <sup>(3)</sup>                                | 2 292                         | 1 560  | (2 437)              | (2 437)  | Section B                |
| <b>Total equity</b>   | <b>12 292</b>                 | <b>11 560</b>                                    | <b>11 225</b>        | <b>11 225</b>                                    |                          |
| <b>Total liabilities and equity</b>   | <b>48 199</b>                 | <b>47 467</b>                                    | <b>34 175</b>        | <b>34 175</b>                                    |                          |

(1) Refer to 7.2 and 7.3 for references to the sections and rows respectively.

(2) Note that at African Bank Limited is prepared on the solo level the Grindrod Bank subsidiary is included in ABH Group. At African Bank Holdings Limited level, the insurance entity (African Insurance Group) is not consolidated for regulatory purposes.

(3) Excludes unappropriated profits for African Bank Holdings Limited under Regulatory Scope of Consolidation

## 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 increased at an ABL and Group level as result of an increase in the Tier 1 Qualifying Capital being greater than the increase in the exposure measure. The exposure measure increase was contributed by the increase in unutilised facilities for corporate advances during the reporting quarter. The increase in Tier 1 Qualifying Capital, at an ABL level, was largely driven by capital injection during the reporting quarter as compared to the previous quarter and further compounded by the increase in deferred tax asset which resulted in an increase in the threshold deduction against capital. The increase in leverage ratio at an ABH level was primarily driven by an increase in the Group Tier 1 Qualifying capital for the reporting quarter.

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 September 2023.

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

| Line # | R million  | African Bank Holdings Limited |        | African Bank Limited |        |
|--------|--|-------------------------------|--------|----------------------|--------|
|        |  | Sep-23                        | Jun-23 | Sep-23               | Jun-23 |
| 1      | Total consolidated assets as per published financial statements  | 48 199                        | 47 444 | 34 175               | 32 908 |
| 2      | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (412)                         | (795)  | -                    | -      |
| 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   | (118)                         | (117)  | (117)                | (116)  |
| 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)   | 1 266                         | 814    | 316                  | 149    |
| 7      | Other adjustments <sup>(1)</sup>   | 1 264                         | 1 524  | 1 153                | 1 703  |
| 8      | Leverage ratio exposure  | 50 199                        | 48 870 | 35 526               | 34 643 |

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<br>Holdings Limited |               | African Bank<br>Limited |               |
|--------|---|----------------------------------|---------------|-------------------------|---------------|
|        |   | Sep-23                           | Jun-23        | Sep-23                  | Jun-23        |
|        | <b>On-balance sheet exposures</b>   |                                  |               |                         |               |
|        | On-balance sheet items  |                                  |               |                         |               |
| 1      | (excluding derivatives and Securities Financing Transactions (“SFTs”)*, but including collateral)                                       | 49 653                           | 48 906        | 36 027                  | 35 394        |
| 2      | Asset amounts deducted in determining Basel III Tier 1 capital  | (727)                            | (866)         | (820)                   | (967)         |
| 3      | <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>   | <b>48 927</b>                    | <b>48 041</b> | <b>35 207</b>           | <b>34 427</b> |
|        | <b>Derivative exposures</b>   |                                  |               |                         |               |
| 4      | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)                              | 4                                | 5             | 1                       | 1             |
| 5      | Add-on amounts for PFE associated with all derivatives transactions   | 3                                | 4             | 2                       | 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     | <b>Total derivative exposures (sum of lines 4 to 10)</b>  | <b>7</b>                         | <b>9</b>      | <b>3</b>                | <b>4</b>      |
|        | <b>Securities financing transaction exposures</b>   |                                  |               |                         |               |
| 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     | <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>   | <b>-</b>                         | <b>-</b>      | <b>-</b>                | <b>-</b>      |
|        | <b>Other off-balance sheet exposures</b>  |                                  |               |                         |               |
| 17     | Off-balance sheet exposure at gross notional amount   | 501                              | 524           | 14                      | 15            |
| 18     | (Adjustments for conversion to credit equivalent amounts)   | 765                              | 290           | 301                     | 135           |
| 19     | <b>Off-balance sheet items (sum of lines 17 and 18)</b>   | <b>1 266</b>                     | <b>814</b>    | <b>316</b>              | <b>149</b>    |
| 20     | Tier 1 capital  | 10 821                           | 9 950         | 8 848                   | 7 895         |
| 21     | <b>Total exposures (sum of lines 3, 11, 16 and 19)</b>  | <b>50 199</b>                    | <b>48 863</b> | <b>35 526</b>           | <b>34 580</b> |
|        | <b>Leverage ratio</b>   |                                  |               |                         |               |
| 22     | <b>Basel III leverage ratio</b>   | <b>21,6%</b>                     | <b>20,4%</b>  | <b>24,9%</b>            | <b>22,8%</b>  |

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

## 9. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

This section outlines the treatment and the carrying values as published in the financial statements used for the various regulatory risk categories and the carrying values of the items for the calculation of regulatory capital. Certain differences arise as a result of differing treatment under regulatory and IFRS rules as further explained below.

### 9.1. LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

| African Bank Limited (R million)         | a   | c                                | d   | e                                       | f                                    | g   | h                     |
|--|---|----------------------------------|---|---|--------------------------------------|---|-----------------------|
|  |   | Carrying values of items:        |   |   |                                      |   |                       |
|  | Carrying values as reported in published financial statements & under scope of regulatory consolidation | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deductions from capital | Subject to other risk |
| <b>Assets</b>                            |   |                                  |   |   |                                      |   |                       |
| Cash and cash equivalents <sup>(1)</sup> | 2 851   | 2 851                            | -   | -                                       | 2                                    | -   | -                     |
| Financial investments                    | 11  | -                                | -   | -                                       | -                                    | -   | 11                    |
| Investment in subsidiaries               | 1 557   | -                                | -   | -                                       | -                                    | 1 557   | -                     |
| Statutory assets                         | 4 540   | 4 540                            | -   | -                                       | -                                    | -   | -                     |
| Net advances                             | 22 180  | 22 180                           | -   | -                                       | -                                    | -   | -                     |
| Accounts receivable and other assets     | 435   | 435                              | -   | -                                       | -                                    | -   | -                     |
| Derivative assets                        | 120   | -                                | 120   | -                                       | -                                    | -   | -                     |
| Current tax asset                        | 37  | 37                               | -   | -                                       | -                                    | -   | -                     |
| Goodwill                                 | 115   | -                                | -   | -                                       | -                                    | 115   | -                     |
| Property and equipment                   | 699   | 699                              | -   | -                                       | -                                    | -   | -                     |
| Intangible assets                        | 298   | -                                | -   | -                                       | -                                    | 253   | -                     |
| Deferred tax asset                       | 1 332   | -                                | -   | -                                       | -                                    | 1 332   | -                     |
| <b>Total assets</b>                      | <b>34 175</b>   | <b>30 742</b>                    | <b>120</b>                                    | <b>-</b>                                | <b>2</b>                             | <b>3 257</b>  | <b>11</b>             |
| <b>Liabilities and equity</b>            |   |                                  |   |   |                                      |   |                       |
| Short-term funding                       | 13 145  | -                                | 121   | -                                       | -                                    | 13 024  | -                     |
| Derivative liabilities                   | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Creditors and other liabilities          | 1 246   | -                                | -   | -                                       | -                                    | 1 246   | -                     |
| Current tax                              | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Long-term funding                        | 8 559   | -                                | -   | -                                       | -                                    | 8 559   | -                     |
| Subordinated bonds, debentures and loans | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Deferred tax liability                   | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Ordinary shareholder's equity            | 11 225  | -                                | -   | -                                       | -                                    | 11 225  | -                     |
| <b>Total liabilities and equity</b>      | <b>34 175</b>   | <b>-</b>                         | <b>121</b>                                    | <b>-</b>                                | <b>-</b>                             | <b>34 054</b>   | <b>-</b>              |

(1) The amounts subject to both credit risk and market risk relates to the foreign currency exposures therein.

| African Bank Holdings Limited (R million) | a   | c                                | d   | e                                       | f                                    | g   | h                     |
|---|---|----------------------------------|---|---|--------------------------------------|---|-----------------------|
|   | Carrying values of items:   |                                  |   |   |                                      |   |                       |
|   | Carrying values as reported in published financial statements & under scope of regulatory consolidation | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deductions from capital | Subject to other risk |
| <b>Assets</b>                             |   |                                  |   |   |                                      |   |                       |
| Cash and cash equivalents <sup>(1)</sup>  | 4 333   | 4 333                            | -   | -                                       | 2                                    | -   | -                     |
| Financial investments                     | 14  | -                                | -   | -                                       | -                                    | -   | 14                    |
| Statutory assets                          | 8 234   | 8 234                            | -   | -                                       | -                                    | -   | -                     |
| Net advances                              | 31 984  | 31 984                           | -   | -                                       | -                                    | -   | -                     |
| Accounts receivable and other assets      | 522   | 522                              | -   | -                                       | -                                    | -   | -                     |
| Derivative assets                         | 124   | -                                | 124   | -                                       | -                                    | -   | -                     |
| Investment in insurance contracts         | 412   | -                                | -   | -                                       | -                                    | 412   | -                     |
| Property and equipment                    | 710   | 710                              | -   | -                                       | -                                    | -   | -                     |
| Intangible assets                         | 353   | -                                | -   | -                                       | -                                    | 353   | -                     |
| Current tax asset                         | 32  | 32                               | -   | -                                       | -                                    | -   | -                     |
| Deferred tax asset                        | 1 366   | -                                | -   | -                                       | -                                    | 1 366   | -                     |
| <b>Total assets</b>                       | <b>48 199</b>   | <b>45 815</b>                    | <b>124</b>                                    | <b>-</b>                                | <b>2</b>                             | <b>2 131</b>  | <b>14</b>             |
| <b>Liabilities and equity</b>             |   |                                  |   |   |                                      |   |                       |
| Short-term funding                        | 26 017  | -                                | 121   | -                                       | -                                    | 25 896  | -                     |
| Derivative liabilities                    | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Creditors and other liabilities           | 1 286   | -                                | -   | -                                       | -                                    | 1 286   | -                     |
| Current tax                               | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Long-term funding                         | 8 604   | -                                | -   | -                                       | -                                    | 8 604   | -                     |
| Subordinated bonds, debentures and loans  | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Deferred tax liability                    | -   | -                                | -   | -                                       | -                                    | -   | -                     |
| Ordinary shareholder's equity             | 12 292  | -                                | -   | -                                       | -                                    | 12 291  | -                     |
| <b>Total liabilities and equity</b>       | <b>48 199</b>   | <b>-</b>                         | <b>121</b>                                    | <b>-</b>                                | <b>-</b>                             | <b>48 077</b>   | <b>-</b>              |

- (1) The table above is completed at ABHL level. Grindrod Bank Limited (GBL) being the subsidiary of ABL includes the GBL assets in ABL Group and ABHL Group. The insurance entity (African Insurance Group) is not consolidated for regulatory purposes.
- (2) Included in other risk is the amount that relates to GBL financial investments which is reported on the BA340 under the new Regulations pertaining to equity investments in funds.
- (3) The amounts subject to both credit risk and market risk relates to the foreign currency exposures therein.

## 9.2. LI2: Main sources of differences between regulatory amounts and carrying values in financial statements

The purpose of this table is to provide information on the main sources of differences (other than due to different scopes of consolidation which are shown in 9.1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

| African Bank Limited (R million) |   | a      | b                     | c                                  | d                        | e                     | f                    |
|----------------------------------|---|--------|-----------------------|------------------------------------|--------------------------|-----------------------|----------------------|
|                                  |   | Total  | Items subject to:     |                                    |                          |                       |                      |
|                                  |   |        | Credit risk framework | Counterparty credit risk framework | Securitisation framework | Market risk framework | Other risk framework |
| 1                                | Asset carrying value amount under scope of regulatory consolidation       | 34 175 | 30 798                | 120                                | -                        | 2                     | 14                   |
| 2                                | Liabilities carrying value amount under scope of regulatory consolidation | 34 175 | -                     | 121                                | -                        | -                     | -                    |
| 3                                | Total net amount under regulatory scope of consolidation                  | -      | 30 798                | -1                                 | -                        | 2                     | 14                   |
| 4                                | Off-balance sheet amounts   | 1 264  | 338                   | -                                  | -                        | -                     | -                    |
| 5                                | Differences in valuations   | -      | -1 219                | 1                                  | -                        | 11                    | -                    |
| 9                                | Exposure amounts considered for regulatory purposes                       | 31 606 | 29 916                | 6                                  | -                        | 13                    | 14                   |

- (1) *The Off-balance sheet amount relates to the undrawn commitments on credit cards, overdrafts, and corporate facilities which under the credit risk framework are reported post the application of prescribed credit conversion factors (CCF).*
- (2) *The difference in valuations relates to different treatments for IFRS and regulatory reporting.*
- (3) *The amounts subject to both credit risk framework, counterparty credit risk framework and market risk framework relates to the foreign currency exposures therein.*
- (4) *The amount under counterparty credit risk (CCR) framework includes both CVA and CCR exposures.*
- (5) *The amount reported under other risk framework relates to financial investments which are risk weighted under the regulations relating to capital requirements for equity investment in funds.*

| African Bank Holdings Limited (R million) |   | a      | b                     | c                                   | d                        | e                     | f                    |
|---|---|--------|-----------------------|-------------------------------------|--------------------------|-----------------------|----------------------|
|   |   | Total  | Items subject to:     |                                     |                          |                       |                      |
|   |   |        | Credit risk framework | Counter party credit risk framework | Securitisation framework | Market risk framework | Other risk framework |
| R'm                                       |   |        |                       |                                     |                          |                       |                      |
| 1   | Asset carrying value amount under scope of regulatory consolidation       | 48 199 | 45 852                | 124                                 | -                        | 2                     | 14                   |
| 2   | Liabilities carrying value amount under scope of regulatory consolidation | 48 199 | -                     | 121                                 | -                        | -                     |                      |
| 3   | Total net amount under regulatory scope of consolidation                  | -      | 45 852                | 3                                   | -                        | 2                     | 14                   |
| 4   | Off-balance sheet amounts   | 1 264  | 338                   | -                                   | -                        |                       | -                    |
| 5   | Differences in valuations   |        | -6 692                | 1                                   | -                        | 12                    | -                    |
| 9   | Exposure amounts considered for regulatory purposes                       | 40 760 | 39 498                | 15                                  | -                        | 15                    | 1 234                |



### 9.3. PV1 - PRUDENT VALUATION ADJUSTMENTS (PVAS)

The purpose of the disclosure is of the bank's PVA considering the bank's financial instrument fair value practices. The bank has disclosed the PVA on the basis of Group Level.

|    | Sep-23                          |                |                  |          |               |          |                               |                               |               |
|----|---------------------------------|----------------|------------------|----------|---------------|----------|-------------------------------|-------------------------------|---------------|
|    | a                               | b              | c                | d        | e             | f        | g                             | h                             |               |
|    | Equity                          | Interest rates | Foreign exchange | Credit   | Commodities   | Total    | Of which: in the trading book | Of which: in the banking book |               |
| 1  | Closeout uncertainty, of which: | -              | -                | -        | -             | -        | -                             | -                             |               |
| 2  | <i>Mid-market value</i>         | -              | 7                | -        | 16            | -        | 23                            | -                             | 23            |
| 3  | <i>Closeout cost</i>            | -              | 275              | -        | 3,249         | -        | 3,523                         | -                             | 3,523         |
| 4  | <i>Concentration</i>            | -              | -                | -        | -             | -        | -                             | -                             | -             |
| 5  | Early termination               | -              | -                | -        | -             | -        | -                             | -                             | -             |
| 6  | Model risk                      | 1              | -                | -        | 7,082         | -        | 7,083                         | -                             | 7,083         |
| 7  | Operational risk                | -              | -                | -        | 355           | -        | 355                           | -                             | 355           |
| 8  | Investing and funding costs     | -              | -                | -        | -             | -        | -                             | -                             | -             |
| 9  | Unearned credit spreads         | -              | -                | -        | -             | -        | -                             | -                             | -             |
| 10 | Future administrative costs     | -              | -                | -        | -             | -        | -                             | -                             | -             |
| 11 | Other                           | -              | -                | -        | -             | -        | -                             | -                             | -             |
| 12 | <b>Total adjustment</b>         | <b>1</b>       | <b>281</b>       | <b>-</b> | <b>10,702</b> | <b>-</b> | <b>10,984</b>                 | <b>-</b>                      | <b>10,984</b> |

(1) No PVA disclosure on ABL level, however the subsidiary GBL does indicate a PVA based on the BA700.

(2) The PVA disclosure table is based on the Directive D5 of 2020.

## 10. CREDIT RISK

This section outlines the regulatory view of the credit risk associated with retail advances, comprising personal and corporate loans, personal credit cards and overdrafts, and interbank deposits. These balances are reflected on the ABL Bank Group balance sheet.

For an overview of credit risk management, including credit granting criteria, the credit philosophy, credit risk assessment and monitoring, collections and restructures and the credit provisioning methodologies, please refer to Note 26 in the ABL annual financial statements for the year ended 30 September 2023.

### 10.1. CR1 - Credit quality of assets

The following table shows the classification of the gross carrying value of the total of the retail advances and interbank deposits split between defaulted and non-defaulted exposures showing the impairments in respect of the defaulted exposures. The impairment provision coverage in respect of the non-defaulted exposures is not included here and are shown under section 10.5.

| R million                   | a                             | b                              | c                          | d   | e  | f  | g                                   |
|-----------------------------|-------------------------------|--------------------------------|----------------------------|---|--|--|-------------------------------------|
|                             | Gross carrying values of      |                                | Allowances/<br>impairments | Of which ECL<br>accounting provisions<br>for credit losses on SA<br>exposures |  | Of which<br>ECL<br>accounting<br>provisions<br>for credit<br>losses on<br>IRB<br>exposures | Net<br>values<br><br>(a + b<br>- c) |
|                             | Defaulted<br>exposures<br>(1) | Non-<br>defaulted<br>exposures |                            | Allocated<br>in<br>regulatory<br>category<br>of<br>Specific                   | Allocated<br>in<br>regulatory<br>category<br>of<br>General |  |                                     |
| Loans                       | 14 267                        | 26 520                         | 11 547                     | 9 566   | 1 980  | -  | 29 241                              |
| Debt securities             | -                             | 8 243                          | 9                          | -   | 10   | -  | 8 234                               |
| Off-balance sheet exposures | 145                           | 2 525                          | 0                          | -   | -  | -  | 2 670                               |
| <b>Total</b>                | <b>14 412</b>                 | <b>37 288</b>                  | <b>11 556</b>              | <b>9 566</b>  | <b>1 990</b>   | <b>-</b>   | <b>40 145</b>                       |

(1) Financial assets which have defaulted (equivalent to 90 days past due assumption of default) but have not yet reached write-off.

### 10.2. CR2 - Changes in stock of defaulted loans and debt securities

This table shows the movement in the gross defaulted loans and advances during the reporting period.

| R million   | a             |
|---|---------------|
| Defaulted loans and debt securities at end of the previous reporting period     | 13 207        |
| Increase in defaulted Loans and debt securities since the last reporting period | 4 111         |
| Returned to non-defaulted status  | (249)         |
| Amounts written off   | (1 671)       |
| Other changes   | (986)         |
| <b>Defaulted loans and debt securities at end of the reporting period</b>       | <b>14 412</b> |

### 10.3. Breakdown of gross credit exposure by geographical areas

The total gross credit exposure of the Bank Group is located within the Republic of South Africa (R51,351b). There are no exposures outside of South Africa.

### 10.4. Breakdown of gross credit exposure by industry type

The split of the credit exposure between financial intermediaries, business services and private household is given below. The first category comprises interbank deposits and RSA sovereign exposures, the second comprises of loans to corporate entities and the third comprises personal loans, credit cards and overdrafts. The on-balance sheet exposure in the table below is completed in accordance with Regulations 23 and 24 of the Regulations relating to banks, where exposures to certain products are reported on an average basis.

| R million   | On balance sheet exposure | Off balance sheet exposure | Total         |
|---|---------------------------|----------------------------|---------------|
| Agriculture, hunting, forestry and fishing                                    | 36                        | 8                          | 44            |
| Mining and quarrying  | 77                        | -                          | 77            |
| Manufacturing   | 202                       | 93                         | 295           |
| Electricity, gas and water supply   | 42                        | 8                          | 50            |
| Construction  | 136                       | 96                         | 232           |
| Wholesale and retail trade, repair of specified items, hotels and restaurants | 672                       | 115                        | 787           |
| Transport, storage and communication  | 375                       | 242                        | 617           |
| Financial intermediation and insurance  | 4 660                     | 130                        | 4 790         |
| Real estate   | 5 754                     | 643                        | 6 397         |
| Business services   | 2 130                     | 447                        | 2 577         |
| Community, social and personal services                                       | 48                        | 8                          | 56            |
| Private households  | 31 315                    | 990                        | 32 305        |
| Other   | 5 432                     | 20                         | 5 452         |
| <b>Total</b>  | <b>49 339</b>             | <b>2 237</b>               | <b>51 576</b> |
| of which: Sovereign (central government and central bank)                     | 9 214                     | -                          | 9 214         |

### 10.5. Impaired advances

The impaired advances relate to exposures to private households. No specific impairments have been raised on the other exposures.

Where advances are four or more instalments in arrears and no payment has been received in any of the preceding twelve months, such advances are written off in full. Where payments were received in any of the twelve preceding months, the advance will not be written off, but will be impaired according to the applicable expected repayment profile.

| Regulatory classifications                  | Impairment Cover % |
|---|--------------------|
|   | <b>Sep-23</b>      |
| Standard and special mention <sup>(1)</sup> | 0,02%              |
| Sub-standard                                | 1,69%              |
| Doubtful                                    | 44,61%             |
| Loss  | 89,69%             |

(1) The impairment coverage relating to the corporate exposure is excluded from this analysis. As at 30 September 2023 the impairment coverage for Corporate exposure amounted to 2.6%.

## 10.6. Ageing analysis

The ageing of gross advances on term loans and credit cards to retail customers is based purely on days past due. Amounts reported are based on actuals as at 30 September 2023.

| R million              | Gross carrying amount |
|------------------------|-----------------------|
| Not past due           | 32 460                |
| Past due 31 -90 days   | 3 907                 |
| Past due 91 - 182 days | 1 941                 |
| Past due > 182 days    | 13 392                |
| <b>Total</b>           | <b>51 700</b>         |

## 10.7. CRD - External credit assessment

In calculating the required amount of capital to be held against credit risk, the Bank applies the long term, international credit ratings as published by Moody's Investor Services.

These credit ratings are applied to all asset classes where such ratings are available. Where credit ratings are not available, the bank applies the unrated risk weight as required in terms of the Regulations.

The Bank applies the standardised approach for the measurement of credit risk in terms of Regulations 23 and 24 of the Regulations relating to banks.

| Credit assessment issued by eligible institution |                   |                 |                    |                  |          |                |
|--|-------------------|-----------------|--------------------|------------------|----------|----------------|
| Claim in respect of                              | AAA to AA-        | A+ to A-        | BBB+ to BBB-       | BB+ to B-        | Below B- | Unrated        |
| Sovereigns                                       | 0%                | 20%             | 50%                | 100%             | 150%     | 100%           |
| Public sector entities                           | 20%               | 50%             | 50%                | 100%             | 150%     | 50%            |
| Bank   | 20%               | 50%             | 50%                | 100%             | 150%     | 50%            |
| Securities firms                                 | 20%               | 50%             | 50%                | 100%             | 150%     | 50%            |
| Bank: short term claims                          | 20%               | 20%             | 20%                | 50%              | 150%     | 20%            |
| Securities firms: short term claims              | 20%               | 20%             | 20%                | 50%              | 150%     | 20%            |
|  | <b>AAA to AA-</b> | <b>A+ to A-</b> | <b>BBB+ to BB-</b> | <b>Below BB-</b> |          | <b>Unrated</b> |
| Corporate entities                               | 20%               | 50%             | 100%               | 150%             |          | 100%           |
| Short term credit assessment                     |                   |                 |                    |                  |          |                |
|  | A-1/P-1           | A-2/P-2         | A-3/P-3            | Other            |          |                |
| Banks and corporate entities                     | 20%               | 50%             | 100%               | 150%             |          |                |

## 10.8. CR3 - Credit risk mitigation techniques overview

The bank currently does not hold any collateral except in respect of derivative exposures and therefore all credit risk exposures are unsecured.

| R million          | a                                    | b                               | c  | d   | e  | f                                      | g  |
|--------------------|--------------------------------------|---------------------------------|--|---|--|--|--|
|                    | Exposures unsecured: carrying amount | Exposures secured by collateral | Exposures secured by collateral of which: secured amount | Exposures secured by financial guarantees | Exposures secured by financial guarantees of which: secured amount | Exposure secured by credit derivatives | Exposures secured by credit derivatives of which: secured amount |
| Loans              | 21 701                               | 10 319                          | 10 036   | 25  | -  | -                                      | -  |
| Debt securities    | 8 234                                | -                               | -  | -   | -  | -                                      | -  |
| <b>Total</b>       | <b>29 935</b>                        | <b>10 319</b>                   | <b>10 036</b>  | <b>25</b>                                 | <b>-</b>   | <b>-</b>                               | <b>-</b>   |
| Of which defaulted | 13 432                               | 980                             | 774  | -   | -  | -                                      | -  |

## 10.9. CR4 - Credit risk exposure and credit risk mitigation (CRM) effects

The following table shows the net on balance sheet and off-balance sheet amounts after provisions of the various asset classes, together with the risk weighted asset requirement calculated against those net exposures.

| R million                                       | a                            | b                        | c   | d                        | e                   | f            |
|---|------------------------------|--------------------------|---|--------------------------|---------------------|--------------|
|   | Exposures before CCF and CRM |                          | Exposures post CCF and CRM <sup>(1)</sup> |                          | RWA and RWA density |              |
| Asset classes                                   | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet amount                   | Off-balance sheet amount | RWA                 | RWA density  |
| 1 Sovereign and their central banks             | 8 243                        | -                        | 8 243                                     | -                        | -                   | 0,0%         |
| 2 Non-central government public sector entities | -                            | -                        | -   | -                        | -                   | -            |
| 3 Multilateral development banks                | -                            | -                        | -   | -                        | -                   | -            |
| 4 Banks   | 528                          | -                        | 528                                       | -                        | 110                 | 21,1%        |
| 5 Securities firms                              | -                            | -                        | -   | -                        | -                   | -            |
| 6 Corporates                                    | 9 439                        | 1 781                    | 9 414                                     | 825                      | 10 148              | 87,1%        |
| 7 Regulatory retail portfolios                  | 27 198                       | 872                      | 17 890                                    | 188                      | 13 751              | 76,2%        |
| 8 of which:                                     |                              |                          |   |                          |                     |              |
| Secured by residential property                 | 51                           | 36                       | 51  | 21                       | 32                  | 0,3%         |
| 9 Secured by commercial real estate             | -                            | -                        | -   | -                        | -                   | 0,0%         |
| 10 Equity                                       | -                            | -                        | -   | -                        | -                   | -            |
| 11 Past-due loans                               | 5 121                        | 135                      | 5 121                                     | 27                       | 3 800               | 64,7%        |
| 12 Higher-risk categories                       | -                            | -                        | -   | -                        | -                   | -            |
| 13 Other assets                                 | 5 195                        | -                        | 5 195                                     | -                        | 1 275               | 29,7%        |
| <b>14 Total</b>                                 | <b>55 724</b>                | <b>2 789</b>             | <b>46 392</b>                             | <b>1 040</b>             | <b>29 083</b>       | <b>60,4%</b> |

(1) As per 10.8, credit risk mitigation (CRM) is applied to derivative exposures when applicable, which are not included in the table above. Credit conversion factors (CCF) have been applied to off-balance sheet exposures in terms of Regulation 23.

## 10.10. CR5 - Exposures by asset class and risk weights

This table shows the risk weightings assigned to the various asset classes, post CCF and CRM

| R million  | a             | b        | c          | d         | e            | f             | g             | h            | i        | j   |
|--|---------------|----------|------------|-----------|--------------|---------------|---------------|--------------|----------|---|
| Asset classes by risk weights                          | 0%            | 10%      | 20%        | 35%       | 50%          | 75%           | 100%          | 150%         | Others   | Total credit exposures amount (post CCF and post-CRM) |
| 1 Sovereign and their central banks                    | 8 243         | -        | -          | -         | -            | -             | -             | -            | -        | 8 243   |
| 2 Non-central government public sector entities (PSEs) | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 3 Multilateral development banks (MDBs)                | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 4 Banks  | -             | -        | 521        | -         | 2            | -             | 4             | -            | -        | 528   |
| 5 Securities firms                                     | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 6 Corporates   | -             | -        | -          | -         | -            | -             | 10 228        | -            | -        | 10 228  |
| 7 Regulatory retail portfolios                         | -             | -        | -          | 58        | -            | 18 008        | 18            | -            | -        | 18 084  |
| 8 of which:  | -             | -        | -          | 58        | -            | 8             | 18            | -            | -        | 83  |
| 9 Secured by residential property                      | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 9 Secured by commercial real estate                    | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 10 Equity  | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 11 Past-due loans                                      | -             | -        | -          | -         | 3 380        | -             | 469           | 1 303        | -        | 5 151   |
| 12 Higher-risk categories                              | -             | -        | -          | -         | -            | -             | -             | -            | -        | -   |
| 13 Other assets  | 3 919         | -        | -          | -         | -            | -             | 1 275         | -            | -        | 5 194   |
| <b>14 Total</b>  | <b>12 162</b> | <b>-</b> | <b>521</b> | <b>58</b> | <b>3 382</b> | <b>18 008</b> | <b>11 994</b> | <b>1 303</b> | <b>-</b> | <b>47 428</b>   |

## 10.11. CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach

The information shown in this table and the three tables below show the CCR in respect of the interest rate swap that the Bank has on its book.

| R million  | a                | b                         | c    | d                                       | e            | f         |
|--|------------------|---------------------------|------|---|--------------|-----------|
|  | Replacement Cost | Potential future exposure | EEPE | Alpha used for computing regulatory EAD | EAD post-CRM | RWA       |
| 1 SA-CCR (for derivatives) <sup>(1)</sup>                      | 4                | 3                         | 0    | 1                                       | 9            | 14        |
| 2 Internal model method (for derivatives and SFTs)             |                  |                           | -    | -                                       | -            | -         |
| 3 Simple approach for credit risk mitigation (for SFTs)        |                  |                           |      |   | -            | -         |
| 4 Comprehensive approach for credit risk mitigation (for SFTs) |                  |                           |      |   | -            | -         |
| 5 VaR for SFTs   |                  |                           |      |   | -            | -         |
| <b>6 Total</b>   |                  |                           |      |   |              | <b>14</b> |

(2) The counterparty credit risk is calculated using the SA-CCR approach.

## 10.12. CCR2 - Credit valuation adjustment (CVA) charge

Credit valuation adjustment (CVA) is the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default. In other words, CVA is the market value of counterparty credit risk. The RWA of the CVA is added to the risk weighted amount for counterparty credit exposure.

| R million   | a            | b        |
|---|--------------|----------|
|   | EAD post-CRM | RWA      |
| Total portfolios subject to the advanced CVA capital charge     | -            | -        |
| 1 (i) VaR component (including the 3 x multiplier)              | -            | -        |
| 2 (ii) Stressed VaR component (including the 3 x multiplier)    | -            | -        |
| 3 All portfolios subject to the standardised CVA capital charge | 6            | 6        |
| <b>4 Total subject to the CVA capital charge</b>                | <b>6</b>     | <b>6</b> |

### 10.13. CCR3 - CCR exposures by regulatory portfolios and risk weights

The exposure relates to an interest rate swap that the Bank has on its book as at 30 September 2023.

| R million  | a   | b    | c    | d    | e    | f    | g        | h     | i       | j                     |
|--|-----|------|------|------|------|------|----------|-------|---------|-----------------------|
| Regulatory portfolios by risk weights                | 0 % | 10 % | 20 % | 35 % | 50 % | 75 % | 100 %    | 150 % | Other s | Total credit exposure |
| Sovereigns   | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| Non-central government public sector entities (PSEs) | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| Multilateral development banks (MDBs)                | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| Banks  | -   | -    | -    | -    | -    | -    | 4        | -     | -       | 4                     |
| Securities firms                                     | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| Corporates   | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| Regulatory retail portfolios                         | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| Other assets   | -   | -    | -    | -    | -    | -    | -        | -     | -       | -                     |
| <b>Total</b>   | -   | -    | -    | -    | -    | -    | <b>4</b> | -     | -       | <b>4</b>              |

### 10.14. CCR5 - Composition of collateral for CCR exposure

The collateral held by the Bank for derivative exposure was pertaining to the interest rate swap held as at 30 September 2023.

| R million                | Collateral used in derivative transactions |               |                                 |               | Collateral used in SFT's          |                                 |
|--------------------------|--|---------------|---------------------------------|---------------|-----------------------------------|---------------------------------|
|                          | Fair value of collateral received          |               | Fair value of posted collateral |               | Fair value of collateral received | Fair value of posted collateral |
|                          | Segregated                                 | Un segregated | Segregated                      | Un segregated |                                   |                                 |
| Cash - domestic currency | -  | 11            | -                               | 9             | -                                 | -                               |
| Cash - other currencies  | -  | -             | -                               | -             | -                                 | -                               |
| <b>Total</b>             | -  | -             | -                               | -             | -                                 | -                               |



## 11. LIQUIDITY MEASUREMENTS

### 11.1. Liquidity management

Liquidity risk is managed by the Group Asset and Liability Committee (ALCO) that oversees the activities of the Treasury department which operates in terms of an approved Assets and Liabilities Management (ALM) risk appetite policy and approved limits, managing cash on a centralised basis. The Group has a board approved Liquidity and Funding Risk Policy that sets out the overall approach to liquidity and funding risk management of ABH Group and its subsidiaries, excluding the African Insurance Group Limited. This policy standardises the liquidity and funding risk measurement and management process in the Group. While the Policy applies to the Group and all entities within the Group, the overwhelming majority of liquidity and funding activities occur within ABL.

This section presents various measurements of the Group liquidity position. Further detail regarding liquidity risk is given in Note 31 to the ABL audited annual financial statements for the year ended 30 September 2023.

### 11.2. Liquidity and funding strategy

The Group's strategy is to diversify its' funding towards achieving a greater proportion of retail funding relative to wholesale funding. As at 30 September 2023 the Group received 80% of its total funding from retail depositors which includes the Ubank and GBL deposits which increased from 78% as at 30 September 2023.

The Group has a conservative liquidity risk appetite, holding cash reserves greater than or equal to 6 months of expected net cash outflows, including operational cash flows and contractual maturities. Under this scenario, which is effectively a stress scenario, the Group does not expect to roll any maturing wholesale deposits.

Further stress tests are applied whereby key inputs into the cash flow forecast are stressed. Appropriate management actions are formulated to address these liquidity stresses.

Liquidity risk is recognised as a key risk that impacts the going concern stages of the Group. The directors have satisfied themselves that the Group is in a sound financial position and had sufficient cash reserves to meet all its short term and medium cash requirements as of 30 September 2023.

#### Off balance sheet items

The following off balance sheet items will result in a future cash outflow subsequent to reporting date. These cash flows are regarded as transactions relating to future reporting periods and are therefore excluded from the static maturity analysis above. As a going concern, these outflows will be offset by future cash inflows.

- (a) Committed undrawn credit card facilities totalled R838million. These commitments are attributable to undrawn credit card amounts. Group undrawn commitments including Grindrod Bank R1.29billion.
- (b) Committed undrawn corporate facilities fully R249million.
- (c) Uncommitted undrawn overdraft facilities totalled R14.4million. These commitments are attributable to undrawn overdraft amounts. Group uncommitted undrawn including Grindrod R501million.
- (a) Letter of guarantees to client amount to R 902million.

### 11.3. Contractual and behavioural liquidity mismatches

Both the contractual and behavioural mismatches benefit positively from the high component of equity funding and the extended term of the wholesale liabilities. This creates a surplus of asset cash flows over liability cash flows.

### 11.4. Contractual liquidity maturity analysis (mismatch)

The following table analyses assets and liabilities of the Bank into relevant maturity groupings, based on the remaining period at balance sheet date to the contractual maturity date.

The graph below summarises the net liquidity gap, being the total of the table.

The table was prepared on the following basis:

- Asset and liability cash flows are presented on an undiscounted basis with an adjustment to reflect the total discounted result;
- The cash flows of floating rate financial instruments are calculated using published forward market rates at balance sheet date;
- The cash flows of derivative financial instruments are included on a gross basis;
- Contractual cash flows with respect to off-balance sheet items which have not yet been recorded on the balance sheet, are excluded;
- Adjustments to loans and advances to clients relate to deferred loan fee income, and Non-cash liabilities, representing leave pay and the straight-lining of operating leases, are disclosed as adjustments to trade and other payables.

| African Bank Limited: Assets and liabilities maturities as at 30 September 2023 |                          |                      |                       |                        |                        |                        |                 |               |
|---|--------------------------|----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------|---------------|
| R million   | Demand and up to 1 month | Greater than 1 month | Greater than 3 months | Greater than 12 months | Greater than 24 months | Greater than 72 months | Non-contractual | Total         |
| <b>Assets</b>   |                          |                      |                       |                        |                        |                        |                 |               |
| Cash and cash equivalents   | 2 847                    | 4                    | -                     | -                      | -                      | -                      | -               | 2 851         |
| Statutory assets  | -                        | 700                  | 1 437                 | -                      | 728                    | 1 675                  | -               | 4 540         |
| Derivative assets   | -                        | -                    | 120                   | -                      | -                      | -                      | -               | 120           |
| Net advances  | 2 032                    | 1 917                | 7 515                 | 3 659                  | 6 709                  | 348                    | -               | 22 180        |
| Accounts receivable and other assets  | 435                      | -                    | -                     | -                      | -                      | -                      | -               | 435           |
| Current tax asset   | -                        | -                    | -                     | -                      | -                      | -                      | 37              | 37            |
| Investment in a joint venture   | -                        | -                    | -                     | -                      | -                      | -                      | -               | -             |
| Financial investments   | -                        | -                    | -                     | -                      | -                      | -                      | 11              | 11            |
| Goodwill  | -                        | -                    | -                     | -                      | -                      | -                      | 115             | 115           |
| Investments   | -                        | -                    | -                     | -                      | -                      | -                      | 1 557           | 1 557         |
| Property and equipment  | -                        | -                    | -                     | -                      | -                      | -                      | 699             | 699           |
| Intangible assets   | -                        | -                    | -                     | -                      | -                      | -                      | 298             | 298           |
| Deferred tax asset  | -                        | -                    | -                     | -                      | -                      | -                      | 1 332           | 1 332         |
| <b>Total assets</b>   | <b>5 314</b>             | <b>2 621</b>         | <b>9 072</b>          | <b>3 659</b>           | <b>7 437</b>           | <b>2 023</b>           | <b>4 049</b>    | <b>34 175</b> |
| <b>Liabilities and equity</b>   |                          |                      |                       |                        |                        |                        |                 |               |
| Current tax   | -                        | -                    | -                     | -                      | -                      | -                      | -               | -             |
| Short-term funding  | 6 618                    | 841                  | 5 501                 | -                      | -                      | -                      | -               | 12 960        |
| Derivative liabilities  | -                        | -                    | -                     | -                      | -                      | -                      | -               | -             |
| Creditors and accruals  | 784                      | 310                  | 8                     | 26                     | 12                     | -                      | 106             | 1 246         |
| Provision for Taxation  | -                        | -                    | -                     | -                      | -                      | -                      | -               | -             |
| Long-term funding   | 11                       | 4                    | 242                   | 3 333                  | 5 154                  | 0                      | -               | 8 744         |
| Ordinary shareholder's equity   | -                        | -                    | -                     | -                      | -                      | -                      | 11 225          | 11 225        |
| <b>Total liabilities and equity</b>   | <b>7 413</b>             | <b>1 155</b>         | <b>5 751</b>          | <b>3 359</b>           | <b>5 166</b>           | <b>-</b>               | <b>11 331</b>   | <b>34 175</b> |
| <b>Net liquidity gap</b>  | <b>(2 099)</b>           | <b>1 466</b>         | <b>3 321</b>          | <b>300</b>             | <b>2 271</b>           | <b>-</b>               | <b>(7 282)</b>  | <b>(0)</b>    |

The above table differs to the view presented under IFRS in the annual financial statements largely for the reasons described in section 2 of the executive summary (basis of preparation) of this report.

**Off balance sheet items**

The following off balance sheet items will result in a future cash outflow subsequent to reporting date. These cash flows are regarded as transactions relating to future reporting periods and are therefore excluded from the static maturity analysis above. As a going concern, these outflows will be offset by future cash inflows.

- (a) Committed undrawn credit card facilities totalled R838 million. These commitments are attributable to undrawn credit card amounts.
- (b) Committed undrawn corporate facilities of R293million.
- (c) Uncommitted undrawn overdraft facilities totalled R14.4million. These commitments are attributable to undrawn overdraft amounts.

## 11.5. 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 an increase in unsecured wholesale funding, an increase in unutilised off-balance sheet items and an overall decrease in inflows during the reporting quarter, as a result of which the total net cash outflows increased over the quarter ended 30 September 2023. The HQLA also increase quarter on quarter, however the impact of the increase in net cash outflows contributed to the decrease in the LCR.

| African Bank Limited |   | Total  | Total                                      | Total                                      |
|----------------------|---|--|--|--|
| R million            |   | unweighted value<br>(average) <sup>(1)</sup> | weighted value<br>(average) <sup>(1)</sup> | weighted value<br>(average) <sup>(1)</sup> |
|                      |   | Sep-23                                       | Sep-23                                     | Jun-23                                     |
| 1                    | <b>Total high-quality liquid assets (HQLA) (see 10.5.1)</b>                             | <b>6 166</b>                                 | <b>6 166</b>                               | <b>4 835</b>                               |
| <b>Cash outflows</b> |   |  |  |  |
| 2                    | <b>Retail deposits and deposits from small business customers, of which:</b>            | <b>17 071</b>                                | <b>958</b>                                 | <b>952</b>                                 |
| 3                    | Stable deposits   | -  | -  | -  |
| 4                    | Less-stable deposits  | 17 071                                       | 958  | 952  |
| 5                    | <b>Unsecured wholesale funding, of which:</b>   | <b>528</b>                                   | <b>518</b>                                 | <b>520</b>                                 |
| 6                    | Operational deposits (all counterparties) and deposits in networks of cooperative banks | -  | -  | -  |
| 7                    | Non-operational deposits (all counterparties)   | -  | -  | -  |
| 8                    | Unsecured debt  | 528  | 518  | 520  |
| 9                    | Secured wholesale funding   | -  | -  | -  |
| 10                   | <b>Additional requirements, of which:</b>   | <b>-</b>                                     | <b>-</b>                                   | <b>-</b>                                   |
| 11                   | Outflows related to derivative exposures and other collateral requirements              | 1 925  | 124  | 168  |
| 12                   | Outflows related to loss of funding on debt products                                    | -  | -  | -  |
| 13                   | Credit and liquidity facilities   | 819  | 43   | 40   |
| 14                   | Other contractual funding obligations   | 1 079  | 54   | 27   |
| 15                   | Other contingent funding obligations  | -  | -  | -  |
| 16                   | <b>Total cash outflows</b>  | <b>21 421</b>                                | <b>1 698</b>                               | <b>1 707</b>                               |
| <b>Cash inflows</b>  |   |  |  |  |
| 17                   | Secured lending (e.g. reverse repos)  | -  | -  | -  |
| 18                   | Inflows from fully performing exposures   | 1 199  | 665  | 862  |
| 19                   | Other cash inflows  | -  | -  | -  |
| 20                   | <b>Total cash inflows</b>   | <b>1 199</b>                                 | <b>665</b>                                 | <b>862</b>                                 |
|                      |   |  | <b>Total Adjusted Value</b>                | <b>Total Adjusted Value</b>                |
| 21                   | <b>Total HQLA</b>   |  | <b>6 166</b>                               | <b>4 835</b>                               |
| 22                   | <b>Total net cash outflows</b>  |  | <b>936</b>                                 | <b>410</b>                                 |
| 23                   | <b>Liquidity coverage ratio (%) <sup>(3)</sup></b>                                      |  | <b>659%</b>                                | <b>1179%</b>                               |

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 30 September 2023.

| African Bank Holdings Limited |   | Total  | Total                                      | Total                                      |
|-------------------------------|---|--|--|--|
| R million                     |   | unweighted value<br>(average) <sup>(1)</sup> | weighted value<br>(average) <sup>(1)</sup> | weighted value<br>(average) <sup>(1)</sup> |
|                               |   | Sep-23                                       | Sep-23                                     | Jun-23                                     |
| 1                             | <b>Total high-quality liquid assets (HQLA) (see 10.5.1)</b>                             | 11 162                                       | 11 162                                     | 9 555                                      |
|                               | <b>Cash outflows</b>  |  |  |  |
| 2                             | <b>Retail deposits and deposits from small business customers, of which:</b>            | 19 609                                       | 1 212                                      | 1 189                                      |
| 3                             | Stable deposits   | -  | -  | -  |
| 4                             | Less-stable deposits  | 19 609                                       | 1 212                                      | 1 189                                      |
| 5                             | <b>Unsecured wholesale funding, of which:</b>   | 7 526  | 2 216                                      | 2 116                                      |
| 6                             | Operational deposits (all counterparties) and deposits in networks of cooperative banks | -  | -  | -  |
| 7                             | Non-operational deposits (all counterparties)   | 6 999  | 1 698                                      | 1 596                                      |
| 8                             | Unsecured debt  | 528  | 518  | 520  |
| 9                             | Secured wholesale funding   | 411  | -  | -  |
| 10                            | <b>Additional requirements, of which:</b>   | -  | -  | -  |
| 11                            | Outflows related to derivative exposures and other collateral requirements              | 1 925  | 124  | 168  |
| 12                            | Outflows related to loss of funding on debt products                                    | -  | -  | -  |
| 13                            | Credit and liquidity facilities   | 819  | 43   | 40   |
| 14                            | Other contractual funding obligations   | 1 527  | 81   | 48   |
| 15                            | Other contingent funding obligations  | 355  | 17   | 20   |
| 16                            | <b>Total cash outflows</b>  | <b>32 173</b>                                | <b>3 694</b>                               | <b>3 581</b>                               |
|                               | <b>Cash inflows</b>   |  |  |  |
| 17                            | Secured lending (e.g. reverse repos)  | 426  | -  | -  |
| 18                            | Inflows from fully performing exposures   | 1 788  | 1 148                                      | 2 114                                      |
| 19                            | Other cash inflows  | 60   | 60   | 17   |
| 20                            | <b>Total cash inflows</b>   | <b>2 274</b>                                 | <b>1 209</b>                               | <b>2 131</b>                               |
|                               |   |  | <b>Total Adjusted Value</b>                | <b>Total Adjusted Value</b>                |
| 21                            | <b>Total HQLA</b>   |  | <b>11 162</b>                              | <b>9 555</b>                               |
| 22                            | <b>Total net cash outflows <sup>(2)</sup></b>   |  | <b>2 388</b>                               | <b>879</b>                                 |
| 23                            | <b>Liquidity coverage ratio (%) <sup>(3)</sup></b>                                      |  | <b>467%</b>                                | <b>1088%</b>                               |

### 11.5.1. 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.

| African Bank Limited (R million)  | Sep-23       | Jun-23       |
|---|--------------|--------------|
| <b>Total level one qualifying high-quality liquid assets <sup>(1)</sup></b>                       | <b>6 166</b> | <b>4 835</b> |
| Cash  | 68           | 86           |
| Qualifying central bank reserves  | 2 823        | 1 717        |
| Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank | 3 275        | 3 032        |

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

| African Bank Holdings Limited (R million)   | Sep-23        | Jun-23       |
|---|---------------|--------------|
| <b>Total level one qualifying high-quality liquid assets <sup>(1)</sup></b>                       | <b>11 162</b> | <b>9 555</b> |
| Cash  | 203           | 86           |
| Qualifying central bank reserves  | 3 804         | 2 074        |
| Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank | 7 155         | 7 395        |

### 11.5.2 MR1 - Derivative exposures and potential collateral calls

The table below provide information on the potential exposure to margin calls on derivative exposures. All derivatives are entered into for the sole purpose of risk mitigation in the banking book.

| Potential exposure to margin calls on derivative exposures |  | a         |
|--|--|-----------|
|  | R million  | RWA       |
| 1  | General interest rate risk   | -         |
| 2  | Equity risk  | -         |
| 3  | Commodity risk   | -         |
| 4  | Foreign exchange risk  | 13        |
| 5  | Credit spread risk - non-securitisations                                 | -         |
| 6  | Credit spread risk - securitisations (non-correlation trading portfolio) | -         |
| 7  | Credit spread risk - securitisation (correlation trading portfolio)      | -         |
| 8  | Default risk - non-securitisations                                       | -         |
| 9  | Default risk - securitisations (non-correlation trading portfolio)       | -         |
| 10   | Default risk - securitisations (correlation trading portfolio)           | -         |
| 11   | Residual risk add-on   | -         |
| <b>12</b>  | <b>Total</b>   | <b>13</b> |

## 11.6. 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 NSFR remained flat from 30 June 2023 to 30 September 2023. The available stable funding increase is attributable to an increase in regulatory Capital of R791million and an increase in wholesale funding. The increase in the required stable funding was primarily due to an increase in the total assets.

|    | R million  | Unweighted value by residual maturity |           |                     |         | Weighted value |
|----|--|---------------------------------------|-----------|---------------------|---------|----------------|
|    |  | No maturity                           | <6 months | 6 months to <1 year | ≥1 year | (1)<br>Total   |
| 1  | Capital:   | 11 436                                | -         | -                   | -       | 11 436         |
| 2  | <i>Regulatory capital</i>  | 11 436                                | -         | -                   | -       | 11 436         |
| 3  | <i>Other capital instruments</i>   | -                                     | -         | -                   | -       | -              |
| 4  | Retail deposits and deposits from small business customers:                  | -                                     | 8 126     | 1 697               | 7 374   | 16 214         |
| 5  | <i>Stable deposits</i>   | -                                     | -         | -                   | -       | -              |
| 6  | <i>Less stable deposits</i>  | -                                     | 8 126     | 1 697               | 7 374   | 16 214         |
| 7  | Wholesale funding:   | -                                     | 1 969     | 1 438               | 1 113   | 2 486          |
| 8  | <i>Operational deposits</i>  | -                                     | -         | -                   | -       | -              |
| 9  | <i>Other wholesale funding</i>   | -                                     | 1 969     | 1 438               | 1 113   | 2 486          |
| 10 | Liabilities with matching interdependent assets                              | -                                     | -         | -                   | -       | -              |
| 11 | Other liabilities:   | -                                     | -         | -                   | -       | -              |
| 12 | <i>NSFR derivative liabilities</i>   | -                                     | -         | -                   | -       | -              |
| 13 | <i>All other liabilities and equity not included in the above categories</i> | -                                     | -         | -                   | -       | -              |
| 14 | <b>Total ASF</b>   |                                       |           |                     |         | <b>30 153</b>  |

| R million   | Unweighted value by residual maturity |           |                     |         | Weighted value <sup>(1)</sup> |
|---|---------------------------------------|-----------|---------------------|---------|-------------------------------|
|   | No maturity                           | <6 months | 6 months to <1 year | ≥1 year |                               |
| <b>Required stable funding (RSF) item</b>   |                                       |           |                     |         |                               |
| 15 Total NSFR high-quality liquid assets (“HQLA”)   |                                       |           |                     |         | 256                           |
| 16 Deposits held at other financial institutions for operational purposes   | -                                     | -         | -                   | -       | -                             |
| 17 Performing loans and securities:   |                                       | 5 413     | 4 253               | 9 950   | 13 234                        |
| 18 <i>Performing loans to financial institutions secured by Level 1 HQLA</i>  | -                                     | -         | -                   | -       | -                             |
| 19 <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>                               | -                                     | 162       | -                   | -       | 24                            |
| 20 <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i> | -                                     | 5 251     | 4 253               | 9 950   | 13 209                        |
| 21 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>  | -                                     | -         | -                   | -       | -                             |
| 22 <i>Performing residential mortgages, of which:</i>   | -                                     | -         | -                   | -       | -                             |
| 23 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>  | -                                     | -         | -                   | -       | -                             |
| 24 <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>   | -                                     | -         | -                   | -       | -                             |
| 25 Assets with matching interdependent liabilities  | -                                     | -         | -                   | -       | -                             |
| 26 Other liabilities:   | 0                                     | 2         | 0                   | -       | 0                             |
| 27 <i>Physical traded commodities, including gold</i>   | -                                     | -         | -                   | -       | -                             |
| 28 <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>   | -                                     | -         | -                   | -       | -                             |
| 29 <i>NSFR derivative assets</i>  | -                                     | -         | -                   | -       | 0                             |
| 30 <i>NSFR derivative liabilities before deduction of variation margin posted</i>   | -                                     | 2,0       | -                   | -       | 0                             |
| 31 All other assets not included in the above categories  | -                                     | -         | -                   | -       | 7 191                         |
| 32 Off-balance sheet items  |                                       | 1 146     | -                   | -       | 57                            |
| <b>33 Total RSF</b>   |                                       |           |                     |         | <b>20 738</b>                 |
| <b>34 Net Stable Funding Ratio (%)</b>  |                                       |           |                     |         | <b>145%</b>                   |

(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.



## 12. INTEREST RATE RISK

The sensitivity analyses have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments. A 200-basis point movement for ZAR exposures and a 50-basis point movement for foreign currency exposures are used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.

Further detail regarding interest rate risk is given in Note 26.1 to the African Bank Holdings Limited Annual Financial Statements for the year ended 30 September 2023. The differences between the disclosures for interest rate risk sensitivity in the annual financial statements and this report relate to differing methodologies applied.

The impact of a parallel rate shock on ABL's interest rate risk sensitivity calculated as a percentage of qualifying capital and reserve funds is relatively limited.

An interest rate increase resulted in 3.58% increase and an interest rate decrease resulted in (3.59%) decrease as a percentage of qualifying capital and reserve funds.

| Interest rate sensitivity (R million) | Sep-2023 | Mar-2023 |
|---------------------------------------|----------|----------|
| Increase                              | 275      | 210      |
| Decrease                              | (275)    | (230)    |

## 13. REMUNERATION

The Remuneration Policy is linked to sustainable value creation and comprises both short and long-term incentives. For detailed disclosures refer to Chapter 5 of the African Bank Holdings Limited Integrated Report as at 30 September 2023. This report contains a detailed review of the remuneration paid to executive directors and prescribed officers as defined by the Companies Act who are regarded as senior managers for purposes of this report. There are no other material risk-takers.

## 14. 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 2023, 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

\*The Group has disclosed the PVA adjustment reported in line 203 of the form BA700 on the Regulatory capital adjustment tables. PVA disclosure Tables for Pillar III reported on an annual basis.

|  | Tables and templates   | Reference to Pillar 3  |
|--|--|--|
| Overview of risk management and RWA                            | OVA – Bank risk management approach  | 3<br>(Referenced to AFS)   |
|  | KM1 - Key metrics (at consolidated group level)  | 6.1  |
|  | KM2 – Key metrics – TLAC requirements  | N/A to African Bank as the entity is not designated as a D-SIB   |
|  | OV1 – Overview of RWA  | 6.2  |
| Composition of Capital   | CCA – Main features of regulatory capital instruments  | Refer to:<br><a href="https://www.africanbank.co.za/en/home/corporate-info-basel-pillar-iii-announcements/">https://www.africanbank.co.za/en/home/corporate-info-basel-pillar-iii-announcements/</a> |
|  | CC1 – Composition of regulatory capital  | 7.2  |
|  | CC2 – Reconciliation of regulatory capital to balance sheet  | 7.3  |
| Leverage ratio   | LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure   | 8.1  |
|  | LR2 - Leverage ratio common disclosure template  | 8.2  |
| Linkages between financial statements and regulatory exposures | LI1 – Difference between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories | 9.1  |
|  | LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements                              | 9.2  |
|  | LIA – Explanations of differences between accounting and regulatory exposure amounts   | N/A<br>(No difference)   |
|  | PV1 - Prudent valuation adjustments (PVAs)   | 9.3  |
| Credit Risk  | CRA – General information about credit risk  | 10<br>(Note 26 of AFS)   |
|  | CR1 – Credit quality of assets   | 10.1   |
|  | CR2 – Changes in stock of defaulted loans and debt securities  | 10.2   |
|  | CRB – Additional disclosure related to the credit quality of assets  | 10.3 to 10.6   |
|  | CRC – Qualitative disclosure requirements related to credit risk mitigation techniques   | 3<br>(Referenced to AFS)   |
|  | CR3 – Credit risk mitigation techniques – Overview   | 10.8   |

|                          |  |                                |
|--------------------------|--|--------------------------------|
|                          | CRD – Qualitative disclosures on banks’ use of external credit ratings under the standardised approach for credit risk | 10.7                           |
|                          | CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects                            | 10.9                           |
|                          | CR5 – Standardised approach – exposures by asset classes and risk weights  | 10.10                          |
|                          | CR7 – IRB – Effect on RWA of credit derivatives used as CRM techniques   | N/A                            |
|                          | CR8 – RWA flow statements of credit risk exposures under IRB   | N/A                            |
| Counterparty credit risk | CCRA – Qualitative disclosure related to counterparty credit risk  | 3<br>(Referenced to AFS)       |
|                          | CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach   | 10.11                          |
|                          | CCR2 – Credit valuation adjustment (CVA) capital charge  | 10.12                          |
|                          | CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights                                 | 10.13                          |
|                          | CCR5 – Composition of collateral for CCR exposures   | 10.14                          |
|                          | CCR7 – RWA flow statements of CCR exposures under the Internal Model Method  | N/A                            |
| Liquidity risk           | LIQ1 – Liquidity Coverage Ratio  | 11.5                           |
|                          | LIQ2 – Nest Stable Funding Ratio   | 11.6                           |
| Market risk              | MRA – Qualitative disclosure requirements related to market risk   | 3<br>(Referenced to AFS)       |
|                          | MR1 – Market risk under standardised approach  | 11.5.2                         |
|                          | MR3 – Internal Models Approach values for trading portfolios   | N/A                            |
| Remuneration             | REMA – Remuneration policy   | Chapter 5<br>Integrated Report |
|                          | REM1 – Remuneration awarded during the financial year  |                                |
|                          | REM2 – Special payments  |                                |
|                          | REM3 – Deferred remuneration   |                                |