African Bank Limited
Condensed Interim Financial Statements
31 March 2018

These financial statements were prepared under
the supervision of G Raubenheimer CA (SA)

Registration number: 2014/176899/06. NCR Registration number NCRCP7638.
An Authorised Financial Services and Registered Credit Provider

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation and fair presentation of the condensed interim financial statements, comprising the statement of financial position at 31 March 2018, the statement of total comprehensive income, the statement of changes in equity and statement of cash flows for the six months then ended, the notes to the condensed financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements found on pages 3 to 18 were approved by the board of directors on 23 May 2018 and are signed on its behalf by:

B Maluleke
Director

G Raubenheimer
Director

Midrand

A signed copy of the interim financial statements is available for inspection at the registered office.

STATEMENT OF FINANCIAL POSITION
at 31 March 2018

Rmillion	Notes	as at 31 March 2018 (unaudited)	as at 30 September 2017 (audited)
Assets			
Cash and cash equivalents	2	6 024	6 862
Regulatory deposits and sovereign debt securities	3	3 754	4 722
Derivatives		42	748
Net advances	4	18 969	18 743
Accounts receivable and other assets		251	219
Current tax		-	49
Loans to affiliated companies		10	23
Investments		31	-
Property and equipment		468	494
Intangible assets		85	75
Deferred tax		571	389
Total assets		**30 205**	**32 324**
Liabilities and equity			
Short-term funding		6 023	4 305
Derivatives		114	5
Creditors and other liabilities		539	620
Current tax		134	-
Bonds and other long-term funding		13 310	17 385
Subordinated bonds		1 529	1 530
Total liabilities		**21 649**	**23 845**
Ordinary share capital		5	5
Ordinary share premium		9 995	9 995
Reserves and accumulated losses		(1 444)	(1 521)
Total equity (capital and reserves)		**8 556**	**8 479**
Total liabilities and equity		**30 205**	**32 324**

STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the six months ended 31 March 2018

Rmillion	Notes	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Interest income on advances	6	3 380	2 610
Credit impairment charge	8	(1 713)	(1 058)
Interest on advances after impairment		**1 667**	**1 552**
Other interest income	6	273	455
Interest expense and similar charges	9	(1 167)	(1 466)
Net interest income after impairment		**773**	**541**
Non-interest income	7	668	785
Operating costs		(1 270)	(1 215)
Gains on bond buy back		-	11
Indirect taxation: VAT		(48)	(39)
Operating profit before taxation		**123**	**83**
Taxation		(46)	(30)
Profit for the period		**77**	**53**
Attributable to:			
-Owner of African Bank Limited			
Total comprehensive profit for the period		**77**	**53**

The Bank had no other comprehensive income for the periods under review

STATEMENT OF CHANGES IN EQUITY
at 31 March 2018

Rmillion	Ordinary share capital	Ordinary share premium	Accumulated loss	Total
Balance at 30 September 2016 (audited)	5	9 995	(1 699)	8 301
Total comprehensive profit for the period	-	-	53	53
Balance at 31 March 2017 (unaudited)	**5**	**9 995**	**(1 646)**	**8 354**
Total comprehensive profit for the period	-	-	125	125
Balance at 30 September 2017 (audited)	**5**	**9 995**	**(1 521)**	**8 479**
Total comprehensive profit for the period	-	-	77	**77**
Balance at 31 March 2018 (unaudited)	**5**	**9 995**	**(1 444)**	**8 556**

STATEMENT OF CASH FLOWS
for the six months ended 31 March 2018

Rmillion	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Cash flows from operating activities		
Cash generated from operations	**2 198**	**1 712**
Cash received from lending activities and cash reserves	4 231	3 823
Recoveries on advances previously written off	40	247
Cash paid to clients, funders, employees and agents	(2 073)	(2 358)
Increase in gross advances	(2 019)	(865)
Decrease/(Increase) in regulatory deposits and sovereign debt securities	923	(1 676)
Increase in customer deposits	314	62
Direct taxation paid	(45)	(189)
Indirect taxation paid	(48)	(39)
Net cash inflow/(outflow) from operating activities	**1 323**	**(995)**
Cash flows from investing activities		
Acquisition of property and equipment (to maintain operations)	(34)	(23)
Acquisition of intangible assets (to maintain operations)	(22)	(10)
Loans repayment from affiliated companies	13	-
Investments made during the period	(31)	-
Net cash outflow from investing activities	**(74)**	**(33)**
Cash flows from financing activities		
Long term funding raised	15	-
Long term funding redeemed	(952)	(664)
Net short-term funding redeemed	(756)	(1 211)
Net cash outflow from funding activities	**(1 693)**	**(1 875)**
Decrease in cash and cash equivalents	**(444)**	**(2 903)**
Cash and cash equivalents at the beginning of the year	6 862	12 862
Effect of exchange rate changes on cash and cash equivalents	(394)	(12)
Cash and cash equivalents at the end of the year	**6 024**	**9 947**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
for the six months ended 31 March 2018

1. General information

African Bank Limited is a public company incorporated in the Republic of South Africa. The Bank is a 100% owned subsidiary of African Bank Holdings Limited ("ABHL"). ABHL is an unlisted registered bank controlling company under the Banks Act, Act 94 of 1990. The shares in ABHL are privately held by the South African Reserve Bank, the Government Employees Pension Fund, ABSA Trading and Investment Solutions Proprietary Limited, Nedbank Limited, FirstRand Bank Limited, Investec Bank Limited, The Standard Bank of South Africa Limited and Capitec Bank Limited. The Bank's main business is providing unsecured personal loans.

The Bank commenced business on the 4 April 2016 after the final execution of the restructuring transaction of the entity formerly known as African Bank Limited (in curatorship). That entity has formally changed its name to "Residual Debt Services Limited" which remains under curatorship.

The details of the restructuring transaction can be found in the Offer Information Memorandum published on 4 February 2016 as well as in the SENS announcements available on www.africanbank.co.za.

The registered office and principal place of business of the Bank is disclosed in inside back cover of these financial statements.

2. Basis of preparation

The condensed interim financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, IAS 34 Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA), Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa (Act 71 of 2008).

The condensed interim financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Bank is using the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

3. Accounting policies

These condensed interim financial statements should be read in conjunction with the 2017 annual financial statements, which were prepared in accordance with IFRS. The accounting policies are consistent with those reported in the previous year. The adopted standards and interpretations did not have any significant effect on the Bank's financial results or disclosures and had no impact on the Bank's accounting policies.

The Bank reports a single segment – unsecured lending within the South African economic environment. The business is widely distributed with no reliance on any major customers.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Bank's accounting policies management are required to make judgments, estimates and assumptions about income, expenses and the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates, judgments and assumptions.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Bank's accounting policies and key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 30 September 2017.

2. Cash and cash equivalents

Rmillion	31 March 2018 (unaudited)	30 September 2017 (audited)
Call deposits	1 743	858
Rand	1 524	614
Foreign denominated	219	244
Short notice deposits	562	273
Rand	502	204
Foreign denominated	60	69
Other notice deposits	3 685	5 695
Rand	1 200	2 757
Foreign denominated	2 485	2 938
Current accounts	34	36
	6 024	**6 862**

3. Regulatory deposits and sovereign debt securities*

Rmillion	31 March 2018 (unaudited)	30 September 2017 (audited)
Listed	3 359	4 312
Treasury bills and debentures	1 988	2 810
Bonds	1 371	1 502
Unlisted		
Deposits with South African Reserve Bank	395	410
	3 754	**4 722**

Regulatory deposits and sovereign debt securities with a carrying value of R1 140 million (2017: R1 436 million) are held by the South African Reserve Bank in terms of the Banks Act and regulations thereto, and are not available for day-to-day operations.

The Bank is required to deposit a minimum balance with the South African Reserve Bank. These deposits bear little or no interest and are not available for use in the Bank's day-to-day operations.

4. Net advances

Rmillion	31 March 2018 (unaudited)	30 September 2017 (audited)
Gross advances	21 983	20 857
Deferred administration fees	(62)	(74)
Gross advances after deferred administration fees	**21 921**	**20 783**
Loan	17 440	16 135
Credit card	4 481	4 648
Balance of impairment provisions at the end of the year	**2 952**	**2 040**
Balance of impairment provisions at the beginning of the year	2 040	362
Impairment provisions raised	1 789	2 535
Bad debt (write-offs)	(877)	(857)
Net advances	**18 969**	**18 743**

The net book value of the acquired book as at 31 March 2018 was R5 billion (30 September 2017: R7 billion).

Exposure to credit risk		
Net advances	18 969	18 743
Conditionally revocable retail loan commitments	713	750
Maximum exposure to credit risk	**19 682**	**19 493**

5. Credit quality of advances

5.1 Credit quality of advances per IAS 39 requirements

5.1.1 Arrears analysis

Rmillion	Loan March 2018	Credit card March 2018	Total March 2018	Loan September 2017	Credit card September 2017	Total September 2017
Financial assets that are neither past due nor specifically impaired						
CD 0:	11 565	2 634	14 199	11 569	2 268	13 837
Past due and specifically impaired						
CD 1 to CD 3	2 105	1 038	3 143	1 535	1 594	3 129
CD 4 and higher	3 832	809	4 641	3 105	786	3 891
Total credit exposure	**17 502**	**4 481**	**21 983**	**16 209**	**4 648**	**20 857**

Rmillion	Loan March 2018	Credit card March 2018	Total March 2018	Loan September 2017	Credit card September 2017	Total September 2017
Total impairments						
Incurred but not reported (IBNR)	(552)	(112)	(664)	(366)	(61)	(427)
Portfolio specific impairment	(808)	(295)	(1 103)	(535)	(326)	(861)
Specific impairment	(922)	(263)	(1 185)	(536)	(216)	(752)
Deferred administration fees	(62)	-	(62)	(74)	-	(74)
Net advances	**15 158**	**3 811**	**18 969**	**14 698**	**4 045**	**18 743**
Impairment as % of gross advances						
CD 0	4.77%	4.24%	4.67%	3.16%	2.69%	3.08%
CD 1- 3	38.41%	28.42%	35.11%	34.87%	20.46%	27.53%
CD 4 and higher	24.06%	32.45%	25.52%	17.27%	27.46%	19.33%
Total impairment as a % of total gross advances	**13.04%**	**14.93%**	**13.43%**	**8.87%**	**12.97%**	**9.78%**
Reconciliation of allowance account						
Balance at the beginning of the year	1 432	608	2 040	321	41	362
Impairment raised	1 608	181	1 789	1 780	755	2 535
Bad debt (write-offs)/recovery	(758)	(119)	(877)	(669)	(188)	(857)
Balance at the end of the year	**2 282**	**670**	**2 952**	**1 432**	**608**	**2 040**

5.2 Credit quality disclosures based on the pre- acquisition gross value of advances

5.2.1 Advances analysis

Rmillion	31 March 2018 (unaudited)	30 September 2017 (audited)
	Disclosures based on the pre-acquisition gross value of advances*	
Gross advances	26 922	26 513
Deferred administration fees	(29)	(14)
Gross advances after deferred administration fees	**26 893**	**26 499**
Loan	21 815	21 011
Credit card	5 078	5 488
Balance of the impairment provisions at the end of the year	**7 924**	**7 756**
Balance of impairment provisions at the beginning of the year	7 756	7 488
Impairment provision acquired	-	-
Impairment provisions raised	2 065	5 145
Bad debt (write-offs)	(1 897)	(4 877)
Net advances	**18 969**	**18 743**

Exposure to credit risk		
Net advances	18 969	18 743
Conditionally revocable retail loan commitments	713	750
Maximum exposure to credit risk	**19 682**	**19 493**

The recoveries on the total written off book amounted to R374 million for the reporting period (R247 million for the comparative period).

5.2.2 Arrears analysis

Rmillion	Loan March 2018	Credit card March 2018	Total March 2018	Loan September 2017	Credit card September 2017	Total September 2017
Financial assets that are neither past due nor specifically impaired						
CD 0:	11 680	2 648	14 328	11 743	2 289	14 032
Past due and specifically impaired						
CD 1 to CD 3	2 309	1 097	3 406	1 788	1 769	3 557
CD 4 and higher	7 855	1 333	9 188	7 494	1 430	8 924
Total credit exposure	**21 844**	**5 079**	**26 922**	**21 025**	**5 488**	**26 513**
Total impairments						
Incurred but not reported (IBNR)	(673)	(126)	(799)	(559)	(82)	(641)
Portfolio specific impairment	(1 015)	(355)	(1 369)	(792)	(501)	(1 293)
Specific impairment	(4 969)	(787)	(5 756)	(4 962)	(860)	(5 822)
Deferred administration fees	(29)	-	(29)	(14)	-	(14)
Net advances	**15 158**	**3 811**	**18 969**	**14 698**	**4 045**	**18 743**
Impairment as % of gross advances						
CD 0	5.76%	4.77%	5.58%	4.76%	3.58%	4.57%
CD 1- 3	43.95%	32.31%	40.23%	44.30%	28.31%	36.35%
CD 4 and higher	63.27%	59.02%	62.65%	66.21%	60.12%	65.24%
Total impairment as a % of total gross advances	**30.48%**	**24.96%**	**29.44%**	**30.03%**	**26.29%**	**29.25%**

6. Interest income

6.1. Interest income on advances

Rmillion	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Interest on advances	3 166	2 436
Loan origination fees	81	48
Service fee	133	126
Total	**3 380**	**2 610**

6.2. Other interest income

Rmillion	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Interest received on cash reserves	271	439
Sundry interest income	2	16
Total	**273**	**455**

7. Non-interest income

Rmillion	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Credit card fees	146	190
Binder and outsourcing arrangements fees	215	215
Collection fees	304	378
Other income	3	2
Total	**668**	**785**

8. Credit impairment charge

Rmillion	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Increase in impairment provisions	1 789	1 095
Adjustment related to income on impaired advances	(36)	(36)
Recoveries on advances previously written off	(40)	(1)
Total	**1 713**	**1 058**

9. Interest expense and similar charges

Rmillion	For the six months ended 31 March 2018 (unaudited)	For the six months ended 31 March 2017 (unaudited)
Subordinated debt	107	109
Unsecured listed bonds	532	667
Call deposits	12	51
Fixed deposits	147	183
Negotiable certificates of deposit	14	14
Interest on short-term facilities	171	225
Fair value and foreign exchange gains and losses from financial assets and liabilities	161	209
Other interest	23	8
Total	**1 167**	**1 466**

In accordance with the Bank's policy the total funding costs are included in the interest expense and similar charges.

10. Assets and liabilities measured at fair value or for which fair values are disclosed

10.1. Valuation models

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS requires an entity to classify fair values measured and/or disclosed according to a hierarchy that reflects the significance of observable market inputs.

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

The Bank measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other factors used in estimating discounting rates, foreign currency exchange rates, bond and equity prices, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Recurring fair values
The Bank currently measures and presents derivative assets and derivative liabilities as well as the investment in a sinking fund policy at fair value, all other financial instruments are measured and presented at amortised cost. The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as swaps. Fair value estimates obtained from models reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty where appropriate.

Investment in a sinking fund policy is measured using level 3 unobservable inputs including expected demographic experience, expected business mix, expected policy termination rates.

Fair value for disclosure
For instruments measured and presented at amortised cost, in determining the fair value for disclosure purposes, the Bank uses its own valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include advances and certain funding instruments for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rate.

Fair value estimates obtained from models include adjustments to take account of the credit risk of the Bank and the counterparty where appropriate.

General
Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions and experiences. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair values, and management judgement is required to select the most appropriate point in the range.

There were no transfers between the fair value levels during the period under review.

Level 3 fair value disclosure – Advances

The fair value of the advances book has been derived using a discounted cash flow technique. The Bank has modelled the expected future cash flows by extrapolating the most recent observed cash flows on the advances book.
Amortised cost and fair value are both based upon present value of future cash flow techniques, however the following significant differences exist between the impairment (amortised cost) and fair value methodologies:

- Fair value includes all expected cash flows, whereas impairments under IAS 39 are limited to incurred loss events;
- The impairment cash flows are not reduced by the net insurance premiums the Bank expects to pay across to insurance providers;
- The impairment cash flows are not reduced by expected cost of collection.
- Amortised cost requires the future cash flows to be discounted at the advance's effective interest rate whereas the fair value methodology discounts the expected cash flows at a required rate of return.

10.2. Valuation framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes formalised policies and the approval and review process.

When third party information is used to measure fair value the following procedures are performed in order to ensure that valuations meet the requirements of IFRS:

- verifying that the third party is approved for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Rmillion	Level 1	Level 2	Level 3	Total
March 2018				
Financial assets				
Recurring fair value measurement				
Derivative instruments	-	42	-	42
Investments measured at fair value	-	-	10	10
Total	**-**	**42**	**10**	**52**
Financial liabilities				
Recurring fair value measurement				
Derivative instruments	-	114	-	**114**
Total	**-**	**114**	**-**	**114**

September 2017				
Financial assets				
Recurring fair value measurement				
Derivative instruments	-	748	-	748
Total	**-**	**748**	**-**	**748**
Financial liabilities				
Recurring fair value measurement				
Derivative instruments	-	5	-	5
Total	**-**	**5**	**-**	**5**

10.3. Valuation techniques, significant observable inputs and sensitivity of level 2 and 3 financial instruments measured at fair value

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and 3 assets and liabilities for which fair value is measured:

Rmillion	Valuation basis / techniques	Main assumptions*	Variance in fair value measurement	Effect on profit / (loss) (after tax)
March 2018				
Assets				
Cross-currency interest rate swaps	Discounted cash flow Forward rate	Discount rates Forward rate	10% in spot rate	-
Interest rate swaps	Discounted cash flow	Discount and risk free rates	100 bps	**(1)**
Investments measured at fair value	Discounted cash flows	Expected cash flows	1% reduction in expected cash flows	-
Liabilities				
Cross-currency interest rate swaps	Discounted cash flow Forward rate	Discount rates Forward rate	10% in spot rate	-
Interest rate swaps	Discounted cash flow	Discount and risk free rates	100 bps	**209**
September 2017				
Assets				
Cross-currency interest rate swaps	Discounted cash flow Forward rate	Discount rates Forward rate	10% in spot rate	236
Interest rate swaps	Discounted cash flow	Discount and risk free rates	100 bps	(12)
Liabilities				
Cross-currency interest rate swaps	Discounted cash flow Forward rate	Discount rates Forward rate	10% in spot rate	-
Interest rate swaps	Discounted cash flow	Discount and risk free rates	100 bps	3

10.4. Assets and liabilities for which fair value is disclosed*

Rmillion	Level 1	Level 2	Level 3	Total	Carrying value
March 2018					
Financial assets					
Government bonds	-	1 352	-	1 352	1 371
Treasury bills and debentures	-	1 988	-	1 988	1 988
Deposits with South African Reserve Bank	-	395	-	395	395
Net advances	-	-	19 538	19 538	18 969
Loans to affiliated companies	-	-	10	10	10
Total	**-**	**3 735**	**19 548**	**23 283**	**22 733**
Financial liabilities					
Short term funding	-	5 630	346	5 976	6 023
Unsecured bonds (listed on JSE)	-	6 144	-	6 144	6 178
Unsecured bonds (listed on foreign stock exchange)	-	4 407	-	4 407	4 434
Unsecured long- term loans	-	2 337	419	2 756	2 698
Subordinated bonds, debentures and loans	-	1 534	-	1 534	1 529
Total	**-**	**20 052**	**765**	**20 817**	**20 862**
September 2017					
Financial assets					
Government bonds	-	1 498	-	1 498	1 502
Treasury bills and debentures	-	2 810	-	2 810	2 810
Deposits with South African Reserve Bank	-	410	-	410	410
Net advances	-	-	18 968	18 968	18 743
Loans to affiliated companies	-	-	25	25	23
Total	**-**	**4 718**	**18 993**	**23 711**	**23 488**
Financial liabilities					
Short term funding	-	4 108	211	4 319	4 305
Unsecured bonds (listed on JSE)	-	6 824	-	6 824	6 908
Unsecured bonds (listed on foreign stock exchange)	-	5 636	-	5 636	5 612
Unsecured long- term loans	-	343	-	343	339
Unlisted bonds	-	4 314	241	4 555	4 526
Subordinated bonds, debentures and loans	-	1 520	-	1 520	1 530
Total	**-**	**22 745**	**452**	**23 197**	**23 220**

**The following items fair value is not disclosed as these assets and liabilities closely approximate their carrying amount due to their short term or on demand repayment terms:*

- *Cash and cash equivalents;*
- *Accounts receivables and other assets;*
- *Creditors and accruals*

The fair value of listed bonds reflects the current listed price at year end, but is categorised level 2 due to the lack of market liquidity for the listed bonds.

11. Related party information

The Bank's holding company is African Bank Holdings Limited. The Bank entered into an arm's length revolving loan facility agreement with its holding company. There was no balance outstanding on the revolving loan facility as at 31 March 2018 (September 2017: R23 million).

The Bank received R300 million short term funding from its holding company during the period under review. The transaction is entered into on an arm's length basis.

12. Events after the reporting date

There were no material matters or circumstances arising since the end of the financial period, which significantly affect the financial position at 31 March 2018 or the results of its operations or cash flows for the period then ended.

13. MMI partnership arrangements

Currently there are three business arrangements in place between African Bank Limited and MMI Group:

- An equity investment and loans granted to MMI Lending (Proprietary) Limited;
- An investment in the sinking fund policy issued by MMI Group as well as Insurance distribution agreement between African Bank Limited and MMI Group Limited; and
- A BIN sponsorship agreement between African Bank Limited and MMI Multiply (Proprietary) Limited.

The equity investment in MMI Lending (Proprietary) Limited is classified as an investment in a joint venture. In terms of IFRS11 "Joint Arrangements", the investment in the joint venture is measured using the equity method.

The investment in the sinking fund policy is classified as a financial instrument in terms of IAS 39 "Financial instruments: Recognition and Measurement".

The BIN sponsorship agreement is an executory contract.

CORPORATE INFORMATION

Company Secretary
Bruce Unser

African Bank Limited
Incorporated in the Republic of South Africa
Registered Bank
Registration number 2014/176899/06
NCR Registration number: NCRCP7638
African Bank Limited is an Authorised Financial Services and Registered Credit Provider
Holding company: African Bank Holdings Limited

Registered office
59 16th Road
Midrand, 1685
South Africa

Private Bag X170
Halfway House
Midrand, 1685
South Africa
Tel: +27 11 256 9000

Website
www.africanbank.co.za