African Bank Holdings Limited
and African bank Limited

PUBLIC PILLAR III DISCLOSURES

(in terms of the Banks Act, Regulation 43)
31 March 2023

African Bank
Audacity to **believe**

CONTENTS

1. EXECUTIVE SUMMARY

1.1. Overview

African Bank Holdings Limited (ABH or the ABH Group) and its 100% held banking subsidiary, African Bank Limited ("ABL" or "the Bank") commenced business on 4 April 2016. ABH was capitalised with a cash subscription for ordinary shares in the amount of R10 billion. ABH elected to capitalise ABL with the same amount, in return for ordinary shares. An extended liability term structure was established as a result of the restructuring of the old African Bank that was placed under curatorship on 10 August 2014 and subsequently renamed Residual Debt Services Limited (in curatorship) (RDS), (the Restructuring). ABL acquired a portfolio of assets and liabilities from RDS in terms of the Restructuring, which included part of the credit-worthy retail advances book. As at 1 November 2022, the Bank had purchase transactions acquiring Ubank Limited assets & liabilities and Grindrod Bank Limited for R1.5billion. The bank has integrated the balance sheets and income statement for the reporting period 31 March 2023.

Improvements in the credit underwriting and provisioning methodologies have been, and continue to be, applied in ABL, based on the changing dynamics of the market, the customer profile, and the risk experience in respect of the consumer advances on book.

The balance sheet of ABH and ABL remains strong, with advances appropriately provided for, strong capital adequacy and available cash holdings, including surplus liquid assets of R4.6 billion. Liquidity risk, interest rate risk and foreign exchange risks are managed within our approved risk appetite framework.

The overall impact of the strong balance sheet structure is evidenced in the various sections of this report which, as of 31 March 2023, includes a CET1 ratio of 33.1%, a leverage ratio of 23.5%, a liquidity coverage ratio (LCR) of 716% and a net stable funding ratio (NSFR) of 140% at the ABL level. Consequently, ABH and ABL operate well above minimum required regulatory levels in respect of all prudential ratios.

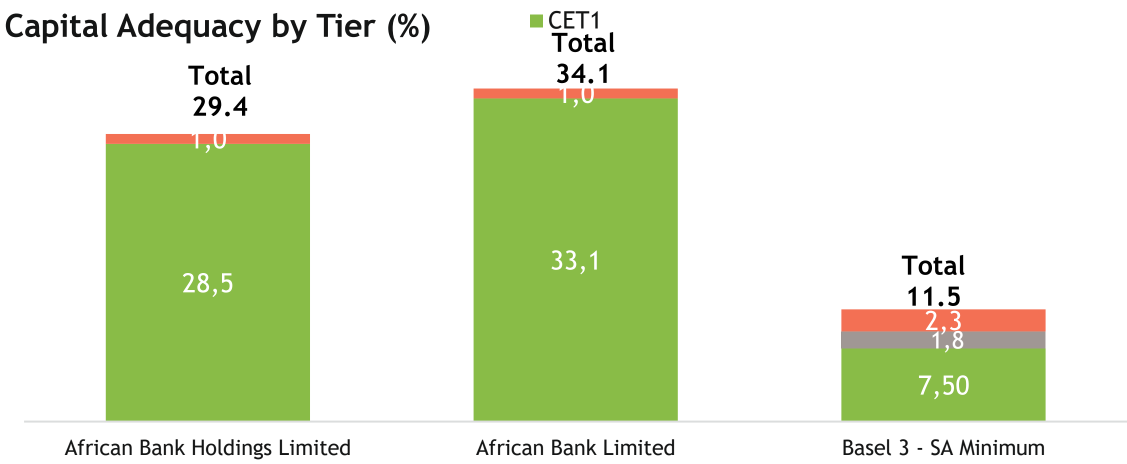
1.2. Governance

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

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

1.3. Capital adequacy ratios.

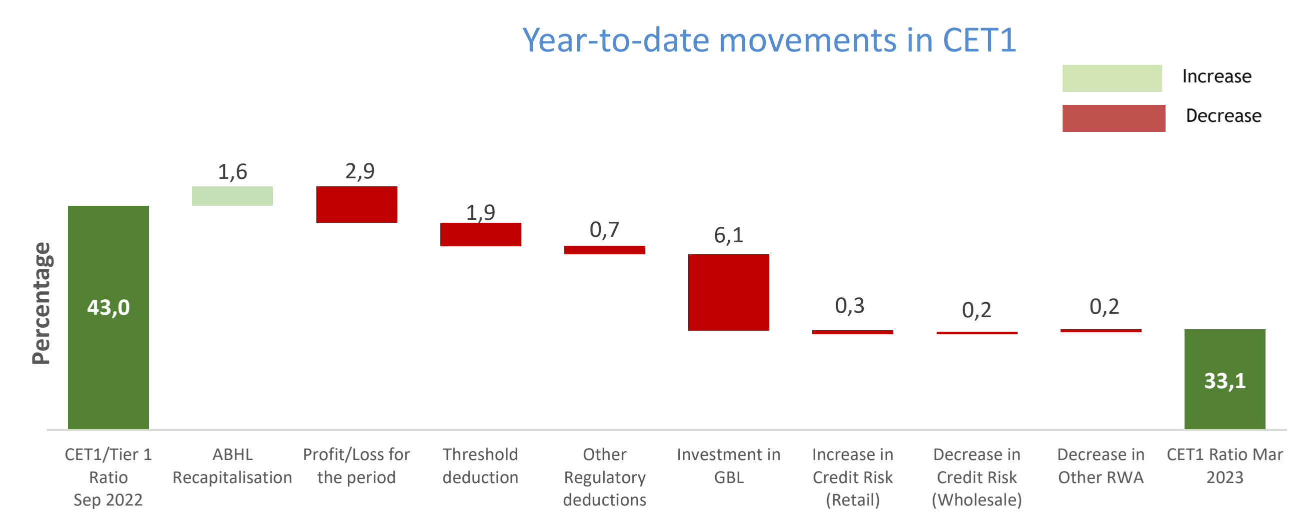
The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2023 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 28.5% and 33.1% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 29.4% and 34.1% 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 31 March 2023 as well as a comparison between the Bank and Group capital adequacy ratios, as at 31 March 2023, is shown below.

African Bank Limited



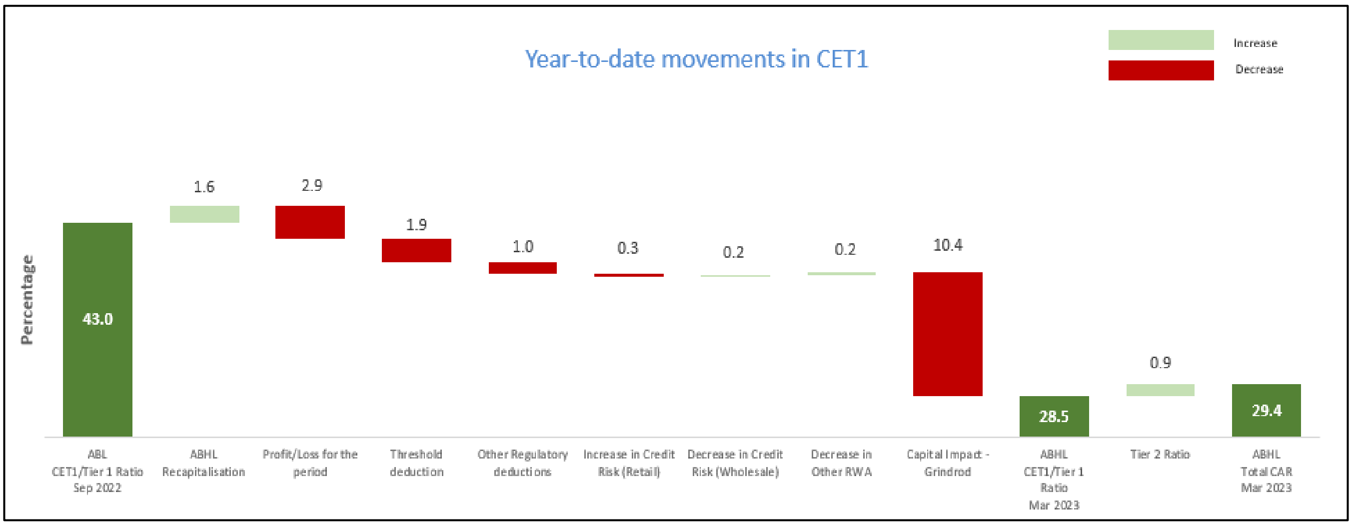
The decrease in CET1/Tier1 ratio from 30 September 2022 to 31 March 2023 is as a result of the increase in capital demand and the decrease in capital supply. The increase in capital demand is largely contributed by the increase in the retail credit risk due to growth in the advances to customers as well as the advances brought on due to the acquisition of UB's assets and liabilities.

The decrease in capital supply is contributed largely by 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 followed:

- 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 31 March 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 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:

	African Bank Holdings Limited		African Bank Limited	
R million	**Mar-23**	**Dec-22**	**Mar-23**	**Dec-22**
Composition of qualifying regulatory capital				
Ordinary share capital & accumulated profit	10 935	10 930	13 330	12 935
Regulatory adjustments	(675)	(753)	(4 953)	(4 723)
Common Equity Tier 1 capital (CET1)	10 261	10 177	8 377	8 212
Total qualifying subordinated debt	-	-	-	-
Qualifying Portfolio Provisions	334	345	237	247
Tier 2 capital (T2)	334	345	237	247
Total Qualifying regulatory capital	10 595	10 522	8 614	8 459

(1) Refer to 7.2 for detailed disclosure of the above table.
(2) Included in the Regulatory adjustments is the GBL PVA deduction of R9.7k.

1.4. Leverage ratio

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

The leverage ratio increased at an ABL level due to the decrease in the exposure measure being offset by an increase in the Tier 1 Qualifying Capital. The decrease in exposure was mainly driven by the slow sales in retail advances during the reporting quarter. The increase in Tier 1 Qualifying Capital was driven largely 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 the increase in the Group Tier 1 Qualifying Capital due to dividend received from AIG during the reporting quarter.

	African Bank Holdings Limited		African Bank Limited	
R million	**Mar-23**	**Dec-22**	**Mar-23**	**Dec-22**
Capital and total exposures				
Tier 1 capital	10 261	10 177	8 377	8 212
Total exposures	48 630	50 222	35 635	36 955
Basel III leverage ratio	**21,10%**	**20,30%**	**23,51%**	**22,22%**
Basel III leverage ratio regulatory minimum requirement	**4,00%**	**4,00%**	**4,00%**	**4,00%**

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 maturity of Treasury bills in HQLA during a quarter, and the total net cash outflows been greater over the quarter ended 31 March 2023.

African Bank Limited	Total weighted value (average)	Total weighted value (average)
R million	**Mar-23**	**Dec-22**
Total high-quality liquid assets	3 505	3 092
Total net cash outflows	490	328
Liquidity coverage ratio (%)	**716%**	**943%**
Regulatory minimum requirement	100%	100%

African Bank Holdings Limited R million	Total weighted value (average) Ma-2023	Total weighted value (average) Dec-22
Total high-quality liquid assets	8 225	7 812
Total net cash outflows	958	797
Liquidity coverage ratio (%)	**858%**	**981%**
Regulatory minimum requirement	100%	100%

Refer to 10.5 for detailed disclosure of the above table.

ABL has included the GBL Liquidity ratios in the Bank Group LCR in the above table.

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 increase in NSFR of 2% from 31 December 2022 to 31 March 2023, is driven by a decrease in available stable funding and the decrease in required stable funding. The available stable funding decrease is attributable to a decrease in consumer Banking deposits of R60 million and a decrease of R178 million in Business Banking deposit during March 2023. The decrease in the required stable funding was primarily due to a decrease retail advance.

African Bank Limited R million	Mar-23	Dec-22
NSFR (%)	**140%**	**138%**
Available stable funding	30,098	30,388
Required stable funding	21,487	21,995

(1) *Refer to 10.6 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 31 March 2023 and is included as a reference to the published Interim Financial Statements

Analysis of advances to customers as at 31 March 2023 (1)

R million	Term loans (2)	Credit Cards / Overdrafts (3)	Total
Gross amount due by customers	30 058	5 782	35 840
Impairment attributable to acquired advances and deferred fees	(1 167)	(14)	(1 181)
Gross advances	**28 891**	**5 769**	**34 660**
Impairment and deferred fees attributable to originated advances	(9 761)	(1 318)	(11 078)
Net advances	**19 130**	**4 451**	**23 581**

(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 2022

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

African Bank Holdings Limited Environmental, Social and Governance Report 2022

African Bank Holdings Limited: consolidated and separate annual financial statements 30 September 2022, and

African Bank Limited: annual financial statements 30 September 2022

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 26)
- Credit risk management including approach to impairment provisioning (Note27)
- Market risk (Note28)
- Interest rate risk management (Note 28.1)
- Foreign exchange risk management (Note28.3)
- Liquidity risk (Note29)

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

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 31 March 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: African Bank Holdings Limited (R million) Available capital (amounts) (1) (3)		Mar-23 (T)	Dec-22 (T-1)	Sep-22 (T-2)	Jun-22 (T-3)	Mar-22 (T-4)
1	Common Equity Tier 1 (CET1)	10 261	10 177	10 782	10 684	10 801
1a	Fully loaded ECL accounting model	10 261	10 177	10 782	10 684	10 801
2	Tier 1	10 261	10 177	10 782	10 684	10 801
2a	Fully loaded accounting model Tier 1	10 261	10 177	10 782	10 684	10 801
3	Total capital	10 594	10 522	11 014	10 903	11 015
3a	Fully loaded ECL accounting model total capital	10 594	10 522	11 014	10 903	11 015
4	Total risk-weighted assets (RWA)	36 019	36 814	25 383	24 556	24 039
5	Common Equity Tier 1 ratio (%)	28,49	27,60	42,50	43,50	44,90
5a	Fully loaded ECL accounting model CET1 (%)	28,49	27,60	42,50	43,50	44,90
6	Tier 1 ratio (%)	28,48	27,60	42,50	43,50	44,90
6a	Fully loaded ECL accounting model Tier 1 ratio	28,48	27,60	42,50	43,50	44,90
7	Total capital ratio (%)	29,41	28,60	43,40	44,30	45,80
7a	Fully loaded ECL accounting model total capital ratio (%)	29,41	28,60	43,40	44,30	45,80
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,500	2,500	2,500	2,500	2,500
9	Countercyclical buffer requirement (%)	0,000	0,000	0,000	0,000	0,000
10	Bank D-SIB additional requirements (%)	0,000	0,000	0,000	0,000	0,000
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 (%)	20,987	20,100	35,000	36,000	37,400
13	Total Basel III leverage ratio measure	44 444	50 222	31 024	30 347	30 369
14	Basel III leverage ratio (%) (row 2/row 13)	23,09	20,30	34,80	35,20	35,60
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	23,09	20,30	34,80	35,20	35,60
15	Total HQLA	8 225	7 812	2 122	2 358	2 840
16	Total net cash outflow	958	797	365	305	362
17	LCR ratio (%)	858	981	582	772	785
18	Total available stable funding	30 098	30 388	26 610	24 972	24 620
19	Total required stable funding	21 487	21 995	18 540	17 452	17 144
20	NSFR ratio (%)	140	138	144	143	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(2)		Minimum capital requirements(1)	RWA		Minimum capital requirements(1)
		Mar-23	Dec-22	Mar-23	Mar-23	Dec-22	Mar-23
1	**Credit risk (excluding counterparty credit risk)**	**27 848**	**28 664**	**3 203**	**20 000**	**20 689**	**2 300**
2	Of which standardised approach (SA)	27 848	28 664	3 203	20 000	20 689	2 300
4	**Counterparty credit risk**	**11**	**12**	**1**	**3**	**6**	**0**
5	Of which standardised approach for counterparty credit risk (SA-CCR) (3)	11	12	1	3	6	0
10	**Credit valuation adjustment (CVA)** (3)	9	9	1	0	3	0
11	**Equity positions under the simple risk weight approach and the internal model method**	1 387	1 327	160	10	9	1
12	**Equity investment in funds - Look-through approach** (4)	-	-	-	-	-	-
20	**Market risk**	**14**	**10**	**2**	**12**	**10**	**1**
21	Of which standardised approach (SA) (5)	14	10	2	12	10	1
24	**Operational risk** (6)	**3 497**	**3 497**	**402**	**2 430**	**2 430**	**279**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 651**	**2 607**	305	**2 214**	**2 146**	255
26	**Floor adjustment** (7)	**603**	**688**	**69**	**603**	**688**	**69**
27	**Total**	**36 019**	**36 814**	**4 142**	**25 272**	**25 981**	**2 906**

(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) The Regulations pertaining to equity investments in funds became effective on 1 January 2021. The Bank and Group has a Ubank Visa Share equity investment of R9.8 million during quarter ended 31 March 2023 as reported on form BA340.

(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 (1)	RWA		Minimum capital requirements (1)
	Mar-23	**Dec-22**	**Mar-23**	**Mar-23**	**Dec-22**	**Mar-23**
Of which standardized approach (SA) - Loans and advances	**26,736**	**27,586**	**3,075**	**18,958**	**19,676**	**2,180**
Retail Exposures	17,018	17,727	1,957	17,018	17,727	1,957
Non-Retail Exposures (excluding Sovereign exposures)	9,718	9,859	1,118	1,940	1,949	223

7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2023 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 28.5% and 33.1% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 29.4% and 34.1% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited		Reference [1]
Section A	Mar-23	Dec-22	Mar-23	Dec-22	
Common Equity Tier 1 Capital					
Ordinary share capital & premium	10 000	10 000	13 330	12 935	Row 1
Accumulated profit [3]	935	930	-	-	Row 2
Total as per Transitional Basel 3 Template	**10 935**	**10 930**	**13 330**	**12 935**	Row 6
Section B					
Common Equity Tier 1 Regulatory Adjustments					
- Intangible assets in terms of IFRS	(207)	(178)	(207)	(178)	
- Other regulatory adjustments, including accumulated losses [2]	(468)	(575)	(4 746)	(4 545)	
Total as per Transitional Basel 3 Template	**(675)**	**(753)**	**(4 953)**	**(4 723)**	Row 28
Section C					
Additional Tier 1 capital (AT1)	-	-	-	-	
Section D					
Subordinated debt	-	-	-	-	
Accrued interest not classified as Tier 2 capital	-	-	-	-	
Total subordinated debt	**-**	**-**	**-**	**-**	Row 46/48
Haircut on amounts attributable to third parties	-	-	-	-	Row 57
Tier 2 instruments issued by subsidiary and held by third parties	**-**	**-**	**-**	**-**	
Portfolio provisions	334	345	237	247	Row 50
Total as per Transitional Basel 3 Template	**334**	**345**	**237**	**247**	Row 58
Total Qualifying regulatory capital	**10 595**	**10 522**	**8 614**	**8 459**	
Section E					
Summary of Capital Adequacy Ratios					
CET1%	28,49	27,60	33,15	31,60	
AT1%	0,00	0,00	0,00	0,00	
T1%	28,49	27,60	33,15	31,60	
T2%	0,93	1,00	0,94	1,00	
Total capital adequacy %	**29,42**	**28,60**	**34,09**	**32,60**	

(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

The following table gives further details the capital and relevant adjustments as calculated for regulatory reporting purposes for African Bank Holdings Limited and African Bank Limited.

	Period ended: 31 March 2023	**African Bank Holdings Limited**	**African Bank Limited**	**Reference** (1)
	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	13 330	Section A
2	Retained earnings	935	-	
3	Accumulated other comprehensive income (and other reserves)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	10 935	13 330	Section A
	Common Equity Tier 1 capital: regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1	675	4 953	Section B
29	Common Equity Tier 1 capital (CET 1)	10 261	8 377	
	Additional Tier 1 capital: instruments			
36	Additional Tier 1 capital before regulatory adjustments	0	0	
	Additional Tier 1 capital: regulatory adjustments			
44	Additional Tier 1 capital (AT1)	-	-	
45	Tier 1 capital (T1= CET1 + AT1)	10 261	8 377	
	Tier 2 capital and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0	0	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)	0	0	Section D
50	Provisions	334	237	Section D
51	Tier 2 capital before regulatory adjustments	334	237	
	Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital	0	0	
58	Tier 2 capital (T2)	334	237	Section D
59	Total capital (TC = T1 + T2)	10 595	8 614	
60	Total risk weighted assets	36 019	25 272	
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	28,49%	33,15%	
62	Tier 1 (as a percentage of risk weighted assets)	28,49%	33,15%	
63	Total capital (as a percentage of risk weighted assets)	29,42%	34,09%	
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)	7,50%	7,50%	
65	of which: capital conservation buffer requirement	2,50%	2,50%	

66	of which: bank specific countercyclical buffer requirement	0,00%	0,00%
67	of which: G-SIB buffer requirement	0,00%	0,00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	20,99%	25,65%
	Amounts below the threshold for deductions (before risk weighting)		
73	Significant investments in the common stock of financials	0	0
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1 060	886
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2 717	2 717
77	Cap on inclusion of provisions in Tier 2 under standardised approach	237	237

7.3. CC2 – reconciliation of regulatory capital to balance sheet

Reconciliation of regulatory capital to balance sheet as at 31 March 2023 R million	African Bank Holdings Limited	Regulatory scope of consolidation (2)	African Bank Limited	Regulatory scope of consolidation (2)	Reference (1)
Assets					
Cash and cash equivalents	2 578	2 578	1 746	1 746	
Statutory assets	8 261	8 261	3 946	3 946	
Derivative assets	98	98	95	95	
Net advances	32 380	32 380	23 581	23 581	
Accounts receivable and other assets	439	439	354	354	
Current tax asset	16	16	25	25	
Investment in a joint venture	598	598	-	-	
Investments	16	16	1 567	1 567	
Goodwill	115	115	115	115	
Property and equipment	673	673	654	654	
Intangible assets	263	263	207	207	Section B
Deferred tax asset	1 405	1 405	1 366	1 366	
Total assets	**46 842**	**46 842**	**33 654**	**33 654**	
Liabilities					
Current tax	-	-	-	-	
Creditors and other liabilities	1 185	1 185	1 117	1 117	
Short-term funding	22 965	22 965	11 253	11 253	
Bonds and other long-term funding	10 950	10 950	10 549	10 549	
Total liabilities	**35 100**	**35 100**	**22 919**	**22 919**	
Equity					
Ordinary share capital	5	5	5	5	Row 1
Ordinary share premium	9 995	9 995	13 325	13 325	Row 1
Accumulated reserves / (losses) (3)	1 743	1 743	(2 595)	(2 595)	Section B
Total equity	**11 743**	11 743	10 735	10 735	
Total liabilities and equity	**46 842**	**46 842**	**33 654**	**33 654**	

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

(2) Note that at African Bank Limited level includes Ubank, however at African Bank Holdings Limited level, the insurance entity (African Insurance Group) is not consolidated for regulatory purposes and includes Grindrod Bank (GBL).

(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 level due to the decrease in the exposure measure being offset by an increase in the Tier 1 Qualifying Capital. The decrease in exposure was mainly driven by the decrease in Consumer Banking advances during the reporting quarter. The increase in Tier 1 Qualifying Capital injection during reporting quarter as compared to the previous quarter and the increase in deferred tax asset resulted in an increase in the threshold deduction against capital. The increase in leverage ratio at an ABH level was primarily driven by the increase in the Group Tier 1 Qualifying Capital as a result of the dividend received from AIG during 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 31 March 2023.

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

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Mar-23	Dec-22	Mar-23	Dec-22
1	Total consolidated assets as per published financial statements	42 637	48 540	33 654	35 124
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(615)	(749)	-	-
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	(90)	(94)	(92)	(94)
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)	676	924	158	165
7	Other adjustments (1)	1 836	1 601	1 979	1 760
8	Leverage ratio exposure	44 444	50 222	35 698	36 955

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

8.2. LR2 - Leverage ratio common disclosure template

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Mar-23	Dec-22	Mar-23	Dec-22
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs") *, but including collateral)	48 611	50 033	36 277	37 648
2	Asset amounts deducted in determining Basel III Tier 1 capital	(665)	(743)	(802)	(862)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**47 946**	**49 290**	**35 475**	**36 786**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	5	4	1	1
5	Add-on amounts for PFE associated with all derivatives transactions	2	4	1	3
6	Gross-up for derivatives collateral provided where deducted from the balance sheet asset pursuant to the operative accounting framework	-	-	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**8**	**8**	**2**	**4**
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14	CCR exposure for SFT assets	-	-	-	-
15	Agent transaction exposures	-	-	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**-**	**-**	**-**	**-**
	Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	417	2 277	16	834
18	(Adjustments for conversion to credit equivalent amounts)	259	(1 353)	142	(669)
19	**Off-balance sheet items (sum of lines 17 and 18)**	676	924	158	165
20	Tier 1 capital	10 261	10 177	8 377	8 212
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**48 630**	**50 222**	**35 635**	**36 955**
	Leverage ratio				
22	**Basel III leverage ratio**	**21,10%**	**20,30%**	**23,51%**	**22,20%**

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

9. 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 2022.

9.1. 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			Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values
	Defaulted exposures (1)	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General		(a + b - c)
Loans	13 198	29 568	12 244	9 527	2 716	-	30 523
Debt securities	-	8 271	8	-	9		8 262
Off-balance sheet exposures	116	969	0	-	-	-	1 085
Total	**13 314**	**38 808**	**12 252**	**9 527**	**2 725**	**-**	**39 870**

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

9.2. 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	**11,910**
Increase in defaulted Loans and debt securities since the last reporting period	3,390
Returned to non-defaulted status	(231)
Amounts written off	(1,647)
Other changes	(108)
Defaulted loans and debt securities at end of the reporting period	**13,314**

9.3. 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 (R52,087m). There are no exposures outside of South Africa.

9.4. 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	40	15	55
Mining and quarrying	84	1	85
Manufacturing	157	109	265
Electricity, gas, and water supply	32	35	67
Construction	54	1	55
Wholesale and retail trade, repair of specified items, hotels, and restaurants	525	103	627
Transport, storage, and communication	182	227	409
Financial intermediation and insurance	5 534	60	5 594
Real estate	5 566	180	5 746
Business services	2 321	159	2 480
Community, social and personal services	48	3	50
Private households	32 853	836	33 689
Other	4 365	162	4 528
Total	**50 687**	**1 401**	**52 087**
of which: Sovereign (central government and central bank)	8 840	-	8 840

9.5. 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 %
	Mar-23
Standard and special mention (1)	0,02%
Sub-standard	1,73%
Doubtful	44,55%
Loss	90,09%

(1) *The impairment coverage relating to the corporate exposure is excluded from this analysis. As at 31 March 2023 the impairment coverage for Corporate exposure amounted to 2.50%*

9.6. 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 31 March 2023.

R million	Gross carrying amount
Not past due (1)	33 723
Past due 31 -90 days	3 135
Past due 91 - 182 days	2 498
Past due > 182 days	12 767
Total	**52 122**

(1) *Included in this is the gross carrying amount relating to corporate exposure amounting to R1.98 billion.*

9.7. 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%
	AAA to AA-	A+ to A-	BBB+ to BB-	Below BB-		Unrated
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%		

9.8. 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	23 296	8 762	8 532	28	-	-	-
Debt securities	8 258	-	-	-	-	-	-
Total	31 554	8 762	8 532	28	-	-	-
Of which defaulted	13 062	252	110	-	-	-	-

9.9. 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 (1)		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	8 271	-	8 271	-	-	0,00%
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	870	-	870	-	111	21,41%
5	Securities firms	-	-	-	-	-	-
6	Corporates	9 299	1 055	9 271	-	1 901	1,00%
7	Regulatory retail portfolios	20 156	706	20 082	394	22 882	77,05%
	of which:						
8	Secured by residential property	42	14	42	12	27	0,00%
9	Secured by commercial real estate	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-
11	Past-due loans	3 594	116	3 594	23	1 784	48,28%
12	Higher-risk categories	-	-	-	-	-	-
13	Other assets	3 259	-	3 259	-	1 112	38,98%
14	**Total**	**45 491**	**1,891**	**45 389**	**429**	**27816**	62,94%

(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.*

9.10. 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	8 271	-	-	-	-	-	-	-	-	8 271
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	350	-	436	-	2	-	7	-	-	795
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	9 523	-	-	9 523
7	Regulatory retail portfolios	-	-	-	-	-	20 223	-	-	-	20 223
8	of which: Secured by residential property	-	-	-	37	-	13	4	-	-	54
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	3 436	-	148	35	-	3 618
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	2 145	-	-	-	-	-	1 112	-	-	3 258
14	**Total**	**10 767**	**-**	**436**	**37**	**3 438**	**20 236**	**10 795**	**35**	**-**	**45 743**

9.11. 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) [1]	5	2	0	1	10	19
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					-	-
6	**Total**						**19**

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

9.12. 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	7	9
4	**Total subject to the CVA capital charge**	**7**	**9**

9.13. 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 31 March 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%**	**Others**	**Total credit exposure**
Sovereigns	-	-	-	-	-	-	-	-	-	0
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	0
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	0
Banks	-	-	-	-	-	-	16	-	-	16
Securities firms	-	-	-	-	-	-	-	-	-	0
Corporates	-	-	-	-	-	-	-	-	-	0
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	0
Other assets	-	-	-	-	-	-	-	-	-	0
Total	**-**	**-**	**-**	**-**	**-**	**-**	**16**	**-**	**-**	**16**

9.14. 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 31 March 2023.

R million	a	b	c	d	e	f
	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	-	7	-	8	-	-
Cash - other currencies	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

10. LIQUIDITY MEASUREMENTS

10.1. 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 2022.

10.2. 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 31 March 2023 the Group received 58.86% of its total funding from retail depositors which includes the Ubank and GBL deposits, decreased from 61% as at 30 September 2022.

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 in order 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 31 March 2023.

10.3. 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.

10.4. 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 sum 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 31 March 2023 R million	Demand and up to 1 month	Greater than 1 month up to 3 months	Greater than 3 months up to 12 months	Greater than 12 months up to 24 months	Greater than 24 months	Non-contractual	Total
Assets							
Cash and cash equivalents	1 746	-	-	-	-	(0)	1 746
Statutory assets	1 336	508	434	-	1 666	12	3 956
Derivative assets	-	-	95	0	-	-	95
Net advances	1 417	1 540	6 615	3 633	8 985	1 392	23 581
Accounts receivable and other assets	379	-	-	-	-	-	379
Current tax asset	-	-	-	-	-	-	-
Investment in a joint venture	-	-	-	-	-	-	-
Investments	-	-	-	-	-	1 673	1 673
Property and equipment	-	-	-	-	-	654	654
Intangible assets	-	-	-	-	-	206	206
Deferred tax asset	-	-	-	-	-	1 366	1 366
Total assets	**4 877**	**2 048**	**7 143**	**3 633**	**10 651**	**5 302**	**33 654**
Liabilities and equity							
Current tax	-	-	-	-	-	-	-
Creditors and other liabilities	718	19	225	7	24	99	1 092
Short-term funding	2 476	-	-	-	-	-	2 476
Bonds and other long-term funding	4 842	797	4 017	3 403	6 292	-	19 351
Ordinary shareholder's equity	-	-	-	-	-	10 735	10 735
Total liabilities and equity	**8 037**	**816**	**4 241**	**3 410**	**6 316**	**10 834**	**33 654**
Net liquidity gap	**(3 159)**	**1 232**	**2 902**	**223**	**4 335**	**(5 532)**	**(0)**

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 R780 million. These commitments are attributable to undrawn credit card amounts.
(b) Committed undrawn corporate facilities fully utilised.
(c) Uncommitted undrawn overdraft facilities totalled R15.8million. These commitments are attributable to undrawn overdraft amounts.

10.5. 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 the maturity of Treasury Bills, and the total net cash outflows over the quarter ended 31 March 2023.

African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
	Mar-23	**Mar-23**	**Dec-22**
Total high-quality liquid assets (HQLA) (see 10.5.1)	**3 505**	**3 505**	**3 092**
Cash outflows			
Retail deposits and deposits from small business customers, of which:	**16 755**	**943**	**559**
Stable deposits	-	-	-
Less-stable deposits	16 755	943	559
Unsecured wholesale funding, of which:	**724**	**720**	**413**
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
Non-operational deposits (all counterparties)	-	-	-
Unsecured debt	724	720	413
Secured wholesale funding	2 185	-	-
Additional requirements, of which:	-	-	-
Outflows related to derivative exposures and other collateral requirements	227	227	276
Outflows related to loss of funding on debt products	-	-	-
Credit and liquidity facilities	836	42	53
Other contractual funding obligations	535	27	10
Other contingent funding obligations	-	-	-
Total cash outflows	**21 261**	**1 959**	**1 311**
Cash inflows			
Secured lending (e.g., reverse repos)	-	-	-
Inflows from fully performing exposures	3 560	3 003	3 164
Other cash inflows	0	0	-
Total cash inflows	**3 560**	**3 003**	**3 164**

	Total Adjusted Value	Total Adjusted Value
Total HQLA	**3 505**	**3 092**
Total net cash outflows (2)	**490**	**328**
Liquidity coverage ratio (%) (3)	**716%**	**943%**

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 31 March 2023.

(2) ABL has a net cash inflow after applying the run-off factors, outflows for the purpose of the ratio are therefore deemed to be 25% of gross outflows as prescribed through Regulation 26 of the Banks Act.

	African Bank Holdings Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Mar-23	Mar-23	Dec-22
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**8 225**	**8 225**	**7 812**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**19 132**	**1 181**	**796**
3	Stable deposits	-	-	-
4	Less-stable deposits	19 132	1 181	796
5	**Unsecured wholesale funding, of which:**	**7 458**	**2 316**	**2 009**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	6 735	1 596	1 596
8	Unsecured debt	724	720	413
9	Secured wholesale funding	2 435	-	-
10	**Additional requirements, of which:**	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	227	227	276
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	836	42	53
14	Other contractual funding obligations	883	48	32
15	Other contingent funding obligations	403	20	20
16	**Total cash outflows**	**31 375**	**3 834**	**3 186**
	Cash inflows			
17	Secured lending (e.g., reverse repos)	257	-	-
18	Inflows from fully performing exposures	5 016	4 255	4 416
19	Other cash inflows	18	18	17
20	**Total cash inflows**	**5 291**	**4 273**	**4 433**
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**8 225**	**7 812**
22	**Total net cash outflows (2)**		**958**	**797**
23	**Liquidity coverage ratio (%) (3)**		**858%**	**981%**

10.5.1. 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)	Mar-23	Dec-22
Total level one qualifying high-quality liquid assets [1]	**3 505**	**3 092**
Cash	157	73
Qualifying central bank reserves	999	525
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	2 349	2 494

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

African Bank Holdings Limited (R million)	Mar-23	Dec-22
Total level one qualifying high-quality liquid assets [1]	**8 225**	**7 812**
Cash	157	73
Qualifying central bank reserves	1 356	883
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	6 712	6 856

10.5.2. 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	12
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	-
12	Total	**12**

10.6. 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 increase in NSFR of 2% from 31 December 2022 to 31 March 2023, is driven by a decrease in available stable funding and the decrease in required stable funding. The available stable funding decrease is attributable to a decrease in Consumer Banking deposits of R60 million and a decrease of R178 million in Business Banking deposit during March 2023. The decrease in the required stable funding was primarily due to a decrease retail advance.

	R million	Unweighted value by residual maturity				Weighted value (1)
	Available stable funding (ASF) item	**No maturity**	**<6 months**	**6 months to <1 year**	**≥1 year**	**Total**
1	Capital:	10,973	-	-	-	10,973
2	*Regulatory capital*	10,973	-	-	-	10,973
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	7,860	1,457	7,832	16,218
5	*Stable deposits*	0	-	-	-	-
6	*Less stable deposits*	0	7,860	1,457	7,832	16,218
7	Wholesale funding:		1,159	1,656	1,863	2,908
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	0	1,159	1,656	1,863	2,908
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	1,092	-	-	-
12	*NSFR derivative liabilities*		-	-	-	
13	*All other liabilities and equity not included in the above categories*	-	1,092	-	-	-
14	**Total ASF**					**30,098**

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

	R million	Unweighted value by residual maturity				Weighted value (1)
	Required stable funding (RSF) item	No maturity	<6 months	6 months to <1 year	≥1 year	Total
15	Total NSFR high-quality liquid assets ("HQLA")					230
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		5,375	4,366	12,618	15,537
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	169	-	-	25
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	5,205	4,366	12,618	15,511
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other liabilities:	0	0	0	(6)	0
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*				(6)	0
30	*NSFR derivative liabilities before deduction of variation margin posted*				0	0
31	All other assets not included in the above categories	-	-	-	5,681	5,681
32	Off-balance sheet items		796	-	-	40
33	***Total RSF***					**21,487**
34	***Net Stable Funding Ratio (%)***					**140%**

11. 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 30.1 to the African Bank Limited Annual Financial Statements for the year ended 31 March 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 2.44% increase and an interest rate decrease resulted in (2.68%) decrease as a percentage of qualifying capital and reserve funds.

Interest rate sensitivity (R million)	Mar-23	Sep-22
Increase	210	145
Decrease	(230)	(146)

12. 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 2022, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the integrated annual report and transitional Basel templates. These disclosures can be found on the ABL website under investor relations, financial reporting.

ANNEXURE A

	Tables and templates	Reference to Pillar 3
Overview of risk management and RWA	OVA – Bank risk management approach	3 (Referenced o AFS)
	KM1 - Key metrics (at consolidated group level)	6.1
	OV1 – Overview of RWA	6.2
Composition of Capital	CCA – Main features of regulatory capital instruments	Refer to: https://www.africanbank.co.za/en/home/corporate-info-basel-pillar-iii-announcements/
	CC1 – Composition of regulatory capital includes GBL PVA regulatory adjustment	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
Credit Risk	CRA – General information about credit risk	9 (Note 26 of AFS)
	CR1 – Credit quality of assets	9.1
	CR2 – Changes in stock of defaulted loans and debt securities	9.2
	CRB – Additional disclosure related to the credit quality of assets	9.3 to 9.6
	CRC – Qualitative disclosure requirements related to credit risk mitigation techniques	3 (Referenced to AFS)
	CR3 – Credit risk mitigation techniques – Overview	9.8
	CRD – Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	9.7
	CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	9.9
	CR5 – Standardised approach – exposures by asset classes and risk weights	9.10
Counterparty credit risk	CCRA – Qualitative disclosure related to counterparty credit risk	3 (Referenced to AFS)

	CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	9.11
	CCR2 – Credit valuation adjustment (CVA) capital charge	9.12
	CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights	9.13
	CCR5 – Composition of collateral for CCR exposures	9.14
Liquidity risk	LIQ1 – Liquidity Coverage Ratio	10.5
	LIQ2 – Nest Stable Funding Ratio	10.6
Market risk	MRA – Qualitative disclosure requirements related to market risk	3 (Referenced to AFS)
	MR1 – Market risk under standardised approach	10.5.2

**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.*