African Bank Holdings Limited and African Bank Limited

Public Pillar III Disclosure

In terms of the Banks Act, Regulation 43 for quarter ended **31 March 2024**

CONTENTS

EXECUTIVE SUMMARY

1.1. Overview

African Bank Holdings Limited ("ABH" or the "ABH Group" or "the 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 acquired Ubank Limited's assets & liabilities for R80million and Grindrod Bank Limited for R1.5billion. The Bank has been integrated into Consumer and Business Banking divisions post the Prudential Authority approval.

In line with the Excelerate25 Group strategy, the Balance Sheet of African Bank and the African Bank Holding Limited now reflects a diversifying and scaling operation, with advances appropriately provided for, a strong capital adequacy position and adequate cash resources of R7.9 billion at the group level. Liquidity, interest rate and foreign exchange risks are managed within the Group's approved risk appetite framework.

The key prudential ratios as at 31 March 2024 for both, ABH and ABL, operate well above minimum required regulatory levels. These have been detailed in the report below.

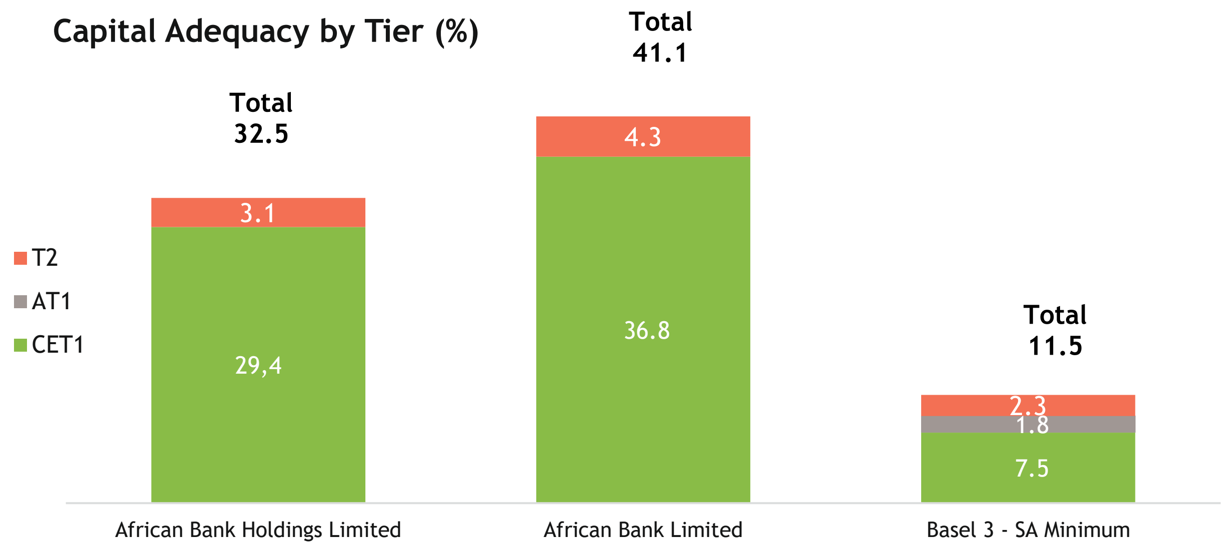
1.2. Governance

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

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

1.3. Capital adequacy ratios

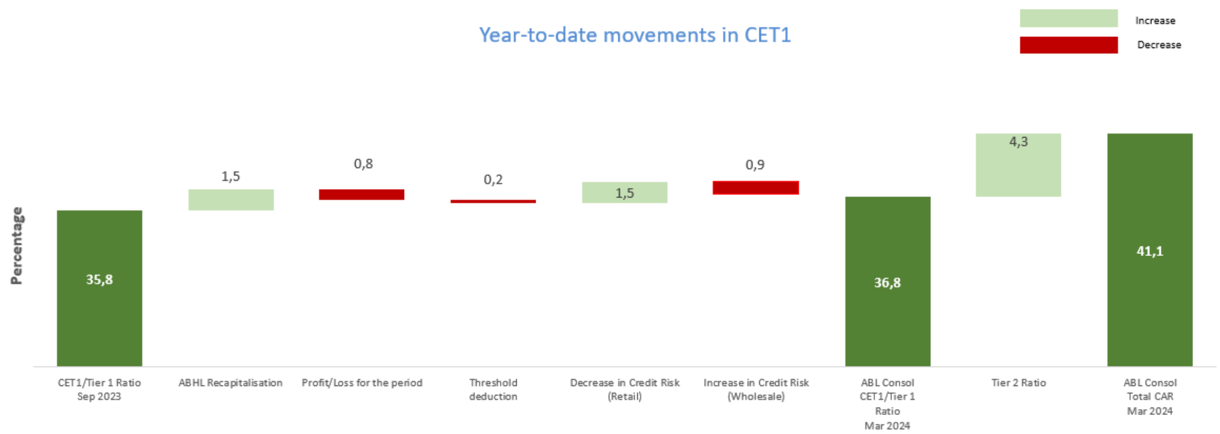
The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2024 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 29.4% and 36.8% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 32.5% and 41.1% 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 2023 to 31 March 2024.

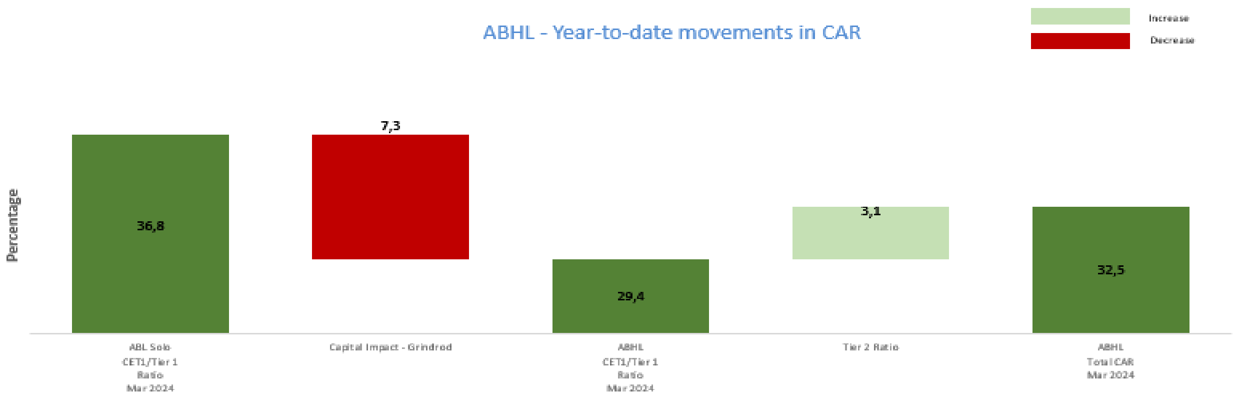
African Bank Limited (Bank Solo)



The increase in CET1/Tier1 ratio from 30 September 2023 to 31 March 2024 resulted from a decrease in capital demand. The decrease in capital demand is largely driven by a decrease in the retail exposures. The increase in total capital adequacy ratio was due to increase in capital supply resulting from a new issuance of Tier 2 instruments in December 2023.

REGULATORY CAPITAL BUILD-UP FROM ABL TO ABHL

The above graph reflects the movement from ABL total ratio to ABHL CET1/Tier1 and Total CAR.



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-24	Dec-23	Mar-24	Dec-23
Composition of qualifying regulatory capital				
Ordinary share capital & accumulated profit	11 922	11 544	14 049	13 746
Regulatory adjustments	(743)	(800)	(5 068)	(5 200)
Common Equity Tier 1 capital (CET1)	11 179	10 745	8 981	8 546
Total qualifying subordinated debt	-	-	-	-
Tier 2 capital instruments issued	828	828	828	828
General allowance for credit impairment:	350	347	224	220
Tier 2 capital (T2)	1 179	1 176	1 052	1 048
Total Qualifying regulatory capital	12 357	11 920	10 033	9 595

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

1.4. Leverage ratio

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

The movement in the leverage ratio at an ABL level between December 2023 and March 2024 resulted from the decrease in the exposure measure and an increase in the Tier 1 Qualifying Capital. The decrease in the exposure measure was mainly due to a decrease in on-balance sheet exposures whereas the increase in Tier 1 Qualifying Capital was due to ABL recapitalisation from ABHL. The marginal increase in the ABHL Leverage ratio was due to an increase in Tier 1 Qualifying Capital resulting from increased profits.

	African Bank Holdings Limited		African Bank Limited	
R million	Mar-24	Dec-23	Mar-24	Dec-23
Capital and total exposures				
Tier 1 capital	11 179	10 745	8 981	8 546
Total exposures	49 254	49 431	34 380	35 024
Basel III leverage ratio	**22,7%**	**21,7%**	**26,1%**	**24,4%**
Basel III leverage ratio regulatory minimum requirement	**4,0%**	**4,0%**	**4,0%**	**4,0%**

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 a decrease in weighted average High Quality Liquid Assets (HQLA) for the reporting quarter ended 31 March 2024.

African Bank Limited R million	Total weighted value (average) Mar-24	Total weighted value (average) Dec-23
Total high-quality liquid assets	4 836	5 942
Total net cash outflows	575	543
Liquidity coverage ratio (%)	**841%**	**1095%**
Regulatory minimum requirement	100%	100%

African Bank Holdings Limited R million	Total weighted value (average) Mar-24	Total weighted value (average) Dec-23
Total high-quality liquid assets	9 726	11 146
Total net cash outflows	1 823	2 181
Liquidity coverage ratio (%)	**534%**	**511%**
Regulatory minimum requirement	100%	100%

Refer to 9.5 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 decrease in NSFR of 2% from 31 December 2023 to 31 March 2024, is driven by a decrease in available stable funding and a slight increase in required stable funding. The available stable funding decrease is attributable to the net movement between funding and regulatory capital.

African Bank Limited R million	Mar-24	Dec-23
NSFR (%)	**140%**	**142%**
Available stable funding	29 474	29 861
Required stable funding	21 074	20 985

(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, enhanced framework published in March 2017 by the Basel Committee on Banking Supervision; and Regulation 43 of the Regulations relating to Banks (Regulations), issued in terms of the Banks Act 94 of 1990, Directive D1/2019 on Matters related to Pillar III disclosure requirement framework and all other Pillar III disclosure related directives issued by the Prudential Authority (PA).

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 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 2024 and is included as a reference to the published Financial Statements.

Analysis of advances to customers as at 31 March 2024			
R million	**Term loans (2)**	**Credit Cards / Overdrafts (3)**	**Total**
Gross amount due by customers	24 700	8 086	32 785
Impairment attributable to acquired advances and deferred fees	(841)	(8)	(849)
Gross advances	**23 859**	**8 077**	**31 936**
Impairment and deferred fees attributable to originated advances	(7 846)	(1 729)	(9 574)
Net advances	**16 013**	**6 349**	**22 362**

(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) Retail credit card has an exposure of R7.9billion and overdrafts of R138million.

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 2023

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

African Bank Holdings Limited Environmental, Social and Governance Report 2023

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

African Bank Limited: annual financial statements 30 September 2023

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

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

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 2024 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, had acquired GBL as its subsidiary during the 2023 financial year. The disclosures contained in this document reflect the impact of GBL in the relevant ABHL Group disclosures.

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:	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23
	African Bank Holdings Limited (R million)	(T)	(T)	(T)	(T-1)	(T-2)
	Available capital (amounts) [(1) (3)]					
1	Common Equity Tier 1 (CET1)	11 179	10 745	10 821	9 949	10 260
1a	Fully loaded ECL accounting model	11 179	10 745	10 821	9 949	10 260
2	Tier 1	11 179	10 745	10 821	9 949	10 260
2a	Fully loaded accounting model Tier 1	11 179	10 745	10 821	9 949	10 260
3	Total capital	12 357	11 920	11 169	10 277	10 594
3a	Fully loaded ECL accounting model total capital	12 357	11 920	11 169	10 277	10 594
4	Total risk-weighted assets (RWA)	37 993	37 129	37 200	35 451	36 019
5	Common Equity Tier 1 ratio (%)	29,4	28,9	29,2	28,1	28,5
5a	Fully loaded ECL accounting model CET1 (%)	29,4	28,9	29,2	28,1	28,5
6	Tier 1 ratio (%)	29,4	28,9	29,2	28,1	28,5
6a	Fully loaded ECL accounting model Tier 1 ratio	29,4	28,9	29,2	28,1	28,5
7	Total capital ratio (%)	32,5	32,1	30,0	29,0	29,4
7a	Fully loaded ECL accounting model total capital ratio (%)	32,5	32,1	30,0	29,0	29,4
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,500	2,500	2,500	2,500	2,500
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2,500	2,500	2,500	2,500	2,500
12	CET1 available after meeting the bank's minimum capital requirements (%)	21,923	21,438	21,589	20,566	20,987
13	Total Basel III leverage ratio measure	49 253	49 431	50 199	48 870	48 672
14	Basel III leverage ratio (%) (row 2/row 13)	22,7	21,7	21,6	20,4	21,1
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	22,7	21,7	21,6	20,4	21,1
15	Total HQLA	9 726	11 146	11 162	9 555	8 225

16	Total net cash outflow	1 823	2181	2388	879	958
17	LCR ratio (%)	534	511	467	1088	858
18	Total available stable funding	29 474	29 861	30 153	29 755	30 063
19	Total required stable funding	21 074	20 985	20 738	20 551	21 466
20	NSFR ratio (%)	140	142	145	145	140

(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 placements.

	R million	African Bank Holdings Limited			African Bank Limited		
		RWA[2]		Minimum capital requirements[1]	RWA		Minimum capital requirements[1]
		Mar-24	Dec-23	Mar-24	Mar-24	Dec-23	Mar-24
1	**Credit risk (excluding counterparty credit risk)**	**29 290**	**29 170**	**3 368**	**19 076**	**18 854**	**2 194**
2	Of which standardised approach (SA)	29 290	29 170	3 368	19 076	18 854	2 194
4	**Counterparty credit risk**	**5**	**11**	**1**	**0**	**7**	**0**
5	Of which standardised approach for counterparty credit risk (SA-CCR) [3]	5	11	1	0	7	0
10	**Credit valuation adjustment (CVA)** [3]	4	8	0	0	3	0
11	**Equity positions under the simple risk weight approach and the internal model method**	1 256	1 137	144	44	12	5
12	**Equity investment in funds - Look-through approach** [4]	-	-	-	-	-	-
20	**Market risk**	**17**	**16**	**2**	**15**	**14**	**2**
21	Of which standardised approach (SA) [5]	17	16	2	15	14	2
24	**Operational risk** [6]	**3 586**	**3 509**	**412**	**2 387**	**2 385**	**274**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 862**	**2 778**	329	**2 359**	**2 271**	271
26	**Floor adjustment** [7]	**973**	**500**	**112**	**544**	**500**	**63**
27	**Total**	**37 993**	**37 128**	**4 369**	**24 425**	**24 045**	**2 809**

(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.

(4) The is no exposure to equity investment in funds at reporting date.
(5) No material movement noted in market risk.
(6) ABL currently applies the alternative standardised approach in calculating its operational risk, as approved by the Prudential Authority.
(7) *The floor adjustment is as prescribed by the Regulator.*

(1) R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Mar-24	Dec-23	Mar-24	Mar-24	Dec-23	Mar-24
Of which standardised approach (SA) - Loans and advances	**28 025**	**27 781**	**3 223**	**17 885**	**17 547**	**2 057**
Retail Exposures	15 570	15 709	1 791	15 570	15 709	1 791
Non-Retail Exposures (excluding Sovereign exposures)	12 455	12 072	1 432	2 316	1 838	266

(1) Credit Risk RWA breakdown excluding Counterparty credit, CVA & Equity Risk RWA.

7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2024 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 29.3% and 36.8% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 32.4% and 41.1% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited		Reference (1)
Section A	Mar-24	Dec-23	Mar-24	Dec-23	
Common Equity Tier 1 Capital					
Ordinary share capital & premium	10 000	10 000	14 049	13 746	Row 1
Accumulated profit (3)	1 922	1 544	-	-	Row 2
Total as per Transitional Basel 3 Template	**11 922**	**11 544**	**14 049**	**13 746**	Row 6
Section B					
Common Equity Tier 1 Regulatory Adjustments					
- Intangible assets in terms of IFRS	(347)	(307)	(301)	(243)	
- Other regulatory adjustments, including accumulated losses (2)	(397)	(493)	(4 767)	(4 957)	
Total as per Transitional Basel 3 Template	**(743)**	**(800)**	**(5 068)**	(5 200)	Row 28
Section C					
Additional Tier 1 capital (AT1)	-	-	-	-	
Section D					
Subordinated debt	828	828	828	828	
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	350	347	224	220	Row 50
Total as per Transitional Basel 3 Template	**1 179**	**1 176**	**1 052**	**1 048**	Row 58
Total Qualifying regulatory capital	**12 357**	**11 920**	**10 033**	**9 594**	
Section E					
Summary of Capital Adequacy Ratios					
CET1%	29,	29,0	36,8	35,5	
AT1%	0,0	0,0	0,0	0,0	
T1%	29,4	29,0	36,8	35,5	
T2%	3,1	3,1	4,3	4,4	
Total capital adequacy %	**32,5**	**32,1**	**41,1**	**39,9**	

(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.*

CCA Main features of regulatory capital instruments

	Disclosure template for main features of regulatory capital instruments	Unlisted Ordinary shares	Listed ABH001
1	Issuer	African Bank Holdings Limited	African Bank Holdings Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Unlisted	(ISIN) ZAG000202029
3	Governing law(s) of the instrument	South African Law	South African Law
Regulatory treatment			
4	Transitional Basel Ill rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel Ill rules	Common Equity Tier 1	Eligible
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) (Rm)	ZAR12 357.0	ZAR825.0
9	Par value of instrument	ZAR 0.01	ZAR825.0(m)
10	Accounting classification	Shareholders' equity	Liability - amortised cost
11	Original date of issuance	4 April 2016	20 December 2023
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	20 March 2034
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	20 March 2029
16	Subsequent call dates, if applicable	N/A	Any day after optional call day
Coupons / dividends			
17	Fixed or floating dividend/coupon	Discretionary dividend	Floating
18	Coupon rate and any related index	N/A	3 Months ZAR-JIBAR+450bps
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary, or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory, or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	N/A	Applicable
31	If write-down, write-down trigger(s)	N/A	Discretion of Regulator
32	If write-down, full or partial	N/A	Full or partial
33	If write-down, permanent or temporary	N/A	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Senior unsecured debt
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

7.2. CC1 - Composition of regulatory capital.

Period ended: 31 March 2024		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	14 049	Section A
2	Retained earnings	1 922	-	
3	Accumulated other comprehensive income (and other reserves)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	11 922	14 049	Section A
Common Equity Tier 1 capital: regulatory adjustments				
28	Total regulatory adjustments to Common Equity Tier 1	743	5 068	Section B
29	Common Equity Tier 1 capital (CET 1)	11 179	8 981	
Additional Tier 1 capital: instruments				
36	Additional Tier 1 capital before regulatory adjustments	-	-	
Additional Tier 1 capital: regulatory adjustments				
44	Additional Tier 1 capital (AT1)	-	-	
45	Tier 1 capital (T1= CET1 + AT1)	11 179	8 981	
Tier 2 capital and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	828	828	Section D
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	Section D
50	Provisions	350	224	Section D
51	Tier 2 capital before regulatory adjustments	1 179	1 052	
Tier 2 capital: regulatory adjustments				
57	Total regulatory adjustments to Tier 2 capital	-	-	
58	Tier 2 capital (T2)	1 179	1 052	Section D
59	Total capital (TC = T1 + T2)	12 357	10 033	
60	Total risk weighted assets	37 993	24 425	
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	29,4%	36,8%	
62	Tier 1 (as a percentage of risk weighted assets)	29,4%	36,8%	
63	Total capital (as a percentage of risk weighted assets)	32,5%	41,1%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7,5%	7,5%	
65	of which: capital conservation buffer requirement	2,5%	2,5%	
66	of which: bank specific countercyclical buffer requirement	0,0%	0,0%	
67	of which: G-SIB buffer requirement	0,0%	0,0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	21,9%	29,3%	

	Amounts below the threshold for deductions (before risk weighting)		
73	Significant investments in the common stock of financials	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1 145	944
	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)	1 936	1 936
77	Cap on inclusion of provisions in Tier 2 under standardised approach	350	224

7.3. CC2 – reconciliation of regulatory capital to balance sheet

Reconciliation of regulatory capital to balance sheet as at 31 March 2024 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	5 980	5 980	3 295	3 295	
Statutory assets	4 544	4 544	2 457	2 457	
Financial Investments	16	16	13	13	
Investments in Subsidiaries	0	0	1 557	1 557	
Derivatives	2	2	-	-	
Net advances	32 741	32 741	22 534	22 534	
Accounts receivable and other assets	661	661	553	553	
Prepayments	230	230	-	-	
Current tax asset	15	15	27	27	
Investment in a joint venture	-	-	-	-	
Investments	-	-	-	-	
Investment in insurance contracts	419	-	-	-	
Goodwill	115	115	115	115	
Property, equipment and Right of use asset	680	680	638	638	
Intangible assets	347	347	301	301	Section B
Deferred tax asset	1 416	1 416	1 399	1 399	
Total assets	**47 166**	**46 747**	**32 888**	**32 888**	
Liabilities					
Current tax	-	-	-	-	
Creditors and other liabilities	1 266	1 266	1 130	1 130	
Short-term funding	22 904	22 904	9 947	9 947	
Bonds and other long-term funding	9 775	9 775	9 575	9 575	
Subordinated bonds	828	828	828	828	
Derivatives	0	0			
Total liabilities	**34 773**	**34 773**	**21 480**	**21 480**	
Equity					

Ordinary share capital	5	5	5	5	Row 1
Ordinary share premium	9 995	9 995	14 044	14 044	Row 1
Accumulated reserves / (losses) (3)	2 393	1 747	(2 641)	(2 641)	Section B
Total equity	**12 393**	11 747	11 408	11 408	
Total liabilities and equity	**47 166**	**46 553**	**32 888**	**32 888**	

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 and an increase in 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 was mainly due capitalisation of ABL by ABHL The increase in leverage ratio at an ABH level was primarily driven by the increase in the in Tier 1 Qualifying Capital because of ABL capitalisation.

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 2024.

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

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Mar-24	Dec-23	Mar-24	Dec-23
1	Total consolidated assets as per published financial statements	47 166	47 675	32 888	33 786
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(418)	(557)	-	-
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	0	(140)	-	(142)
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 284	1 223	427	273
7	Other adjustments (1)	1 221	1 231	1 065	1 108
8	Leverage ratio exposure	49 253	49 431	34 380	35 024

(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-24	Dec-23	Mar-24	Dec-23
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	48 698	48 698	34 824	35 640
2	Asset amounts deducted in determining Basel III Tier 1 capital	(732)	(789)	(870)	(894)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**47 966**	**47 909**	**33 953**	**34 746**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3	5	0	2
5	Add-on amounts for PFE associated with all derivatives transactions	0	4	0	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)**	**3**	**9**	**0**	**5**
	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	425	621	10	13
18	(Adjustments for conversion to credit equivalent amounts)	861	602	417	260
19	**Off-balance sheet items (sum of lines 17 and 18)**	1 285	1223	427	273
20	Tier 1 capital	11 179	10 745	8 981	8 546
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**49 255**	**49 141**	**34 380**	**35 024**
	Leverage ratio				
22	**Basel III leverage ratio**	**22,7%**	**21,7%**	**26,1%**	**24,4%**

** 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 placements. These balances are reflected on the ABL Bank Group balance sheet.

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

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 placements 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 is 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	13 338	28 721	10 667	8 723	1 944	-	31 392
Debt securities	-	4 551	7	-	7		4 544
Off-balance sheet exposures	129	2473	0	-	-	-	2 602
Total	**13 467**	**35 745**	**10 675**	**8 723**	**1 952**	**-**	**38 538**

(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	**14 412**
Increase in defaulted Loans and debt securities since the last reporting period	4 131
Returned to non-defaulted status	203
Amounts written off	(1 671)
Other changes	(3 607)
Defaulted loans and debt securities at end of the reporting period	**13 467**

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 (R50,423bn). 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	36	8	44
Mining and quarrying	77	-	77
Manufacturing	202	93	295
Electricity, gas and water supply	42	8	50
Construction	136	96	232
Wholesale and retail trade, repair of specified items, hotels and restaurants	672	115	787
Transport, storage and communication	375	242	617
Financial intermediation and insurance	5 023	130	5 154
Real estate	5 754	643	6 397
Business services	2 365	154	2 519
Community, social and personal services	48	8	56
Private households	29 734	1 060	30 794
Other	3 347	20	3 367
Total	**46 271**	**2 015**	**48 286**
of which: Sovereign (central government and central bank)	7 130	-	7 130

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-24
Standard and special mention [1]	0,02%
Sub-standard	1,66%
Doubtful	44,54%
Loss	88,58%

(1) The impairment coverage relating to the corporate exposure is excluded from this analysis. As at 31 March 2024 the impairment coverage for Corporate exposure amounted to 2.2%.

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 2024.

R million	Gross carrying amount
Not past due [1]	31 638
Past due 31 -90 days	3 527
Past due 91 - 182 days	2 111
Past due > 182 days	**11 936**
Total	**49 212**

(1)Included in this is the gross carrying amount relating to corporate exposure amounting to R1.9 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	23 517	11 057	10 690	22	-	-	-
Debt securities	4 544	-	-	-	-	-	-
Total	28 061	11 057	10 690	22	-	-	-
Of which defaulted	12 082	1 385	1 040	-	-	-	-

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	7 078	-	7 078	-	-	0,0%
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	1 797	-	1 797	-	180	20,8%
5	Securities firms	-	-	-	-	-	-
6	Corporates	9 986	1 361	9 964	541	10 715	84,4%
7	Regulatory retail portfolios	26 241	952	18 068	206	12 851	70,6%
8	of which: Secured by residential property	114	40	114	24	55	0,5%
9	Secured by commercial real estate	-	-	-	-	-	0,0%
10	Equity	-	-	-	-	-	-
11	Past-due loans	4 965	129	4 965	26	4 144	76,9%
12	Higher-risk categories	-	-	-	-	-	-

13	Other assets	4 390	-	4 390	-	1 265	30,4%
14	**Total**	**54 458**	**2 442**	**46 263**	**773**	**29 155**	63,2%

(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	7 078	-	-	-	-	-	-	-	-	7 078
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	919	-	870	-	2	-	5	-	-	1 796
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	10 742	-	-	10 742
7	Regulatory retail portfolios	-	-	-	127	-	18 137	5	-	-	18 269
8	of which: Secured by residential property	-	-	-	127	-	6	5	-	-	139
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	3 350	-	876	773	-	4 999
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	3 126	-	-	-	-	-	1 265	-	-	4 390
14	Total	**11 123**	**-**	**870**	**127**	**3 352**	**18 137**	**12 893**	**773**	**-**	**47 276**

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]	3	1	0	1	4	9
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						**9**

(2) 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	5	5
4	**Total subject to the CVA capital charge**	**5**	**5**

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 2024.

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	-	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	4	-	-	4
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**4**

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 2024.

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	-	11	-	9	-	-
Cash - other currencies	-	-	-	-	-	-
Total	**-**	**11**	**-**	**9**	**-**	**-**

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 31 September 2023.

10.2. Liquidity and funding strategy

The Group's strategy is to diversify its' funding towards achieving a greater proportion of retail and business deposits relative to wholesale funding. As at 31 March 2024, 91% of the Group's total funding comprised of retail and business deposits.

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

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

Liquidity risk is recognised as a key risk that impacts the going concern stages of the Group. The directors have satisfied themselves that the Group is in a sound financial position and had sufficient cash reserves to meet all its short term and medium cash requirements as of 31 March 2024.

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 R913 million. These commitments are attributable to Consumer Banking undrawn credit card amounts. Group undrawn commitments including Business Banking totalled R1.126million.

(b) Uncommitted undrawn overdraft facilities totalled R9.9 million. These commitments are attributable to undrawn overdraft amounts. Group uncommitted undrawn including Business Banking of R424 million.

(a) Letter of guarantees to Consumer and Business Banking clients amounted to R244million and R813million respectively.

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 an decrease in HQLA for the reporting quarter ended 31 March 2024.

	African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Mar-24	**Mar-24**	**Dec-23**
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**4 836**	**4 836**	**5 942**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**16 813**	**921**	**944**
3	Stable deposits	-	-	-
4	Less-stable deposits	16 813	921	944
5	**Unsecured wholesale funding, of which:**	**1 119**	**1 119**	**540**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	1 119	1 119	540
9	Secured wholesale funding	-	-	-
10	**Additional requirements, of which:**	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	1 990	155	154
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	1 083	64	68
14	Other contractual funding obligations	859	43	53
15	Other contingent funding obligations	-	-	-
16	**Total cash outflows**	**21 864**	**2 301**	**1 760**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	2 328	1 854	1 217
19	Other cash inflows	50	50	-
20	**Total cash inflows**	**2 377**	**1 903**	**1 217**

		Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**	**4 836**	**5 942**
22	**Total net cash outflows (2)**	**575**	**543**
23	**Liquidity coverage ratio (%) (3)**	**841%**	**1095%**

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 31 March 2024.

(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-24	Mar-24	Dec-23
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**9 726**	**9 726**	**11 146**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**19 532**	**1 193**	**1 216**
3	Stable deposits	-	-	-
4	Less-stable deposits	19 532	1 193	1 216
5	**Unsecured wholesale funding, of which:**	**8 934**	**3 371**	**2 474**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	0
7	Non-operational deposits (all counterparties)	7 814	2 253	1 934
8	Unsecured debt	1 119	1 119	540
9	Secured wholesale funding	-	-	0
10	**Additional requirements, of which:**	-	-	**0**
11	Outflows related to derivative exposures and other collateral requirements	1 990	155	154
12	Outflows related to loss of funding on debt products	-	-	0
13	Credit and liquidity facilities	1 083	64	68
14	Other contractual funding obligations	1 775	95	96
15	Other contingent funding obligations	461	22	29
16	**Total cash outflows**	**33 774**	**4 900**	**4 036**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	3 520	2 897	1 783
19	Other cash inflows	180	180	73
20	**Total cash inflows**	**3 700**	**3 077**	**1 855**
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**9 726**	**11 146**
22	**Total net cash outflows** [2]		**1 823**	**2 181**
23	**Liquidity coverage ratio (%)** [3]		**534%**	**511%**

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-24	Dec-23
Total level one qualifying high-quality liquid assets (1)	**4 836**	**5 942**
Cash	164	77
Qualifying central bank reserves	1 432	1 789
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	3 240	4 077

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

African Bank Holdings Limited (R million)	Mar-24	Dec-23
Total level one qualifying high-quality liquid assets (1)	**9 726**	**11 146**
Cash	477	335
Qualifying central bank reserves	3 066	2 993
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	6 182	7 818

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	15
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	**15**

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 decrease in NSFR of 2% from 31 December 2023 to 31 March 2024, is driven by a decrease in available stable funding and a slight increase in required stable funding. The available stable funding decrease is attributable to the net movement between funding and regulatory capital. The increase in the required stable funding was primarily due to a net movement between performing loans and other assets.

	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:	12 459	-	-	-	12 459
2	*Regulatory capital*	12 459	-	-	-	12 459
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	7 703	2 171	6 940	15 826
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*		7 703	2 171	6 940	15 826
7	Wholesale funding:		1 701	570	437	1 189
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	1 701	570	437	1 189
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	1 130	-	0	-
12	*NSFR derivative liabilities*		-	-	0	-
13	*All other liabilities and equity not included in the above categories*	-	1 130	-	-	-
14	**Total ASF**					**29 474**

(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")					151
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		5 744	4 443	10 248	13 607
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*	-	564	-	-	85
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:*	-	5 180	4 443	10 248	13 523
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	-	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*				-	0
30	*NSFR derivative liabilities before deduction of variation margin posted*		0			0
31	All other assets not included in the above categories	-	-	-	7 257	7 257
32	Off-balance sheet items		1 166			58
33	***Total RSF***					**21 074**
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 400-basis point movement for ZAR exposures and a 50-basis point movement for foreign currency exposures are used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.

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

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

An interest rate increase resulted in 4.17% increase and an interest rate decrease resulted in (3.96%) decrease as a percentage of qualifying capital and reserve funds. This is within the Board approved limit.

Interest rate sensitivity (R million)	Mar-24	Dec-23
Increase	351	296
Decrease	-332	-279

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 2023, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the integrated annual report and transitional Basel templates. These disclosures can be found on the ABL website under investor relations, financial reporting.

ANNEXURE A

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

	Tables and templates	Reference to Pillar 3
Overview of risk management and RWA	OVA – Bank risk management approach	3 (Referenced to 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	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
	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	(Referenced o AFS) – We have referenced to the AB AFS – GB to review and provide input
	CRD – Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	9.7
	CR3 – Credit risk mitigation techniques – Overview	9.8
	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	(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