African Bank Holdings Limited
and African Bank Limited

Public Pillar III Disclosures in terms of the Banks Act, Regulation 43 as at 31 March 2019

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 and, in turn, ABH elected to capitalise ABL with the same amount, also 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 the more credit-worthy retail advances book.

Significant improvements in the credit underwriting and provisioning methodologies were applied and continue to be applied in ABL, based on the changing dynamics of the market, the customer profile and the risk experience in respect of the retail advances on book.

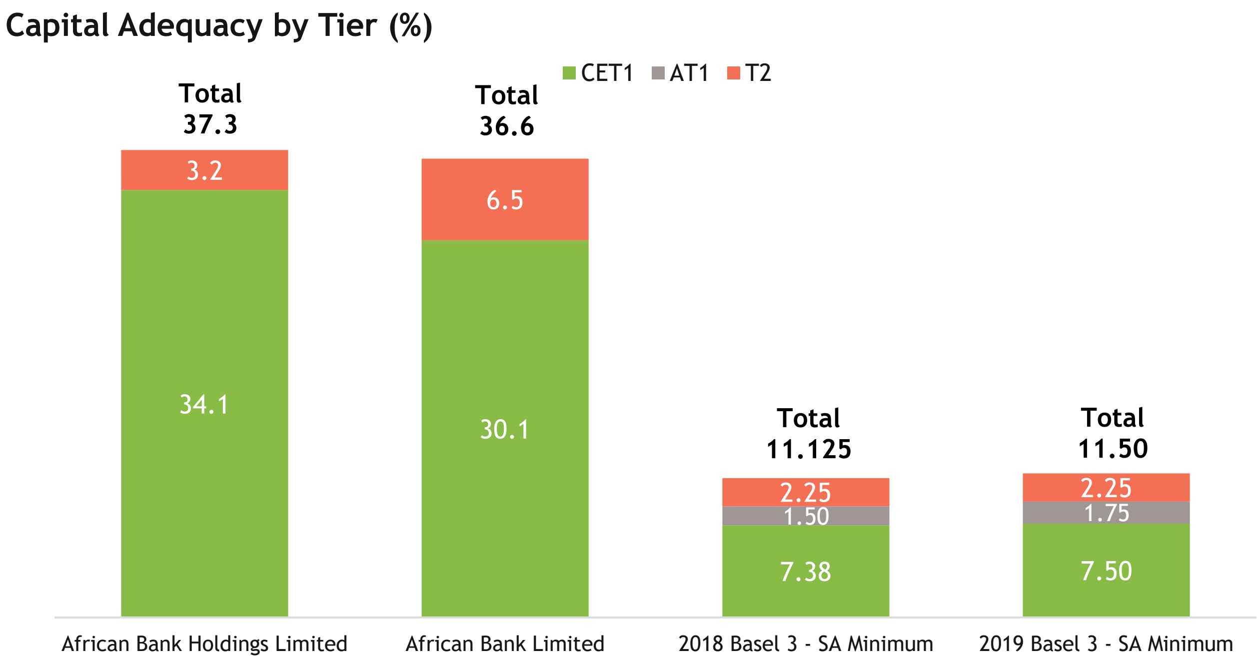
The Bank is faced with a maturing liquidity profile as the liabilities acquired through the restructuring begin to mature over the medium term. Whilst this profile is not unusual for any bank, it is significant that African Bank has not as yet proven its ability to attract medium term funding in the wholesale markets. To address the refinancing requirements in the subsequent periods, management are proactively engaging shareholders and funders to establish a funding structure well in advance of the subsequent obligations maturing.

The overall balance sheet of ABL therefore remains strong, with advances well provided for, strong capital adequacy and available cash holdings, including surplus liquid assets of R6 billion. Liquidity risk, interest rate risk and foreign exchange risks are also managed within a conservative risk appetite framework.

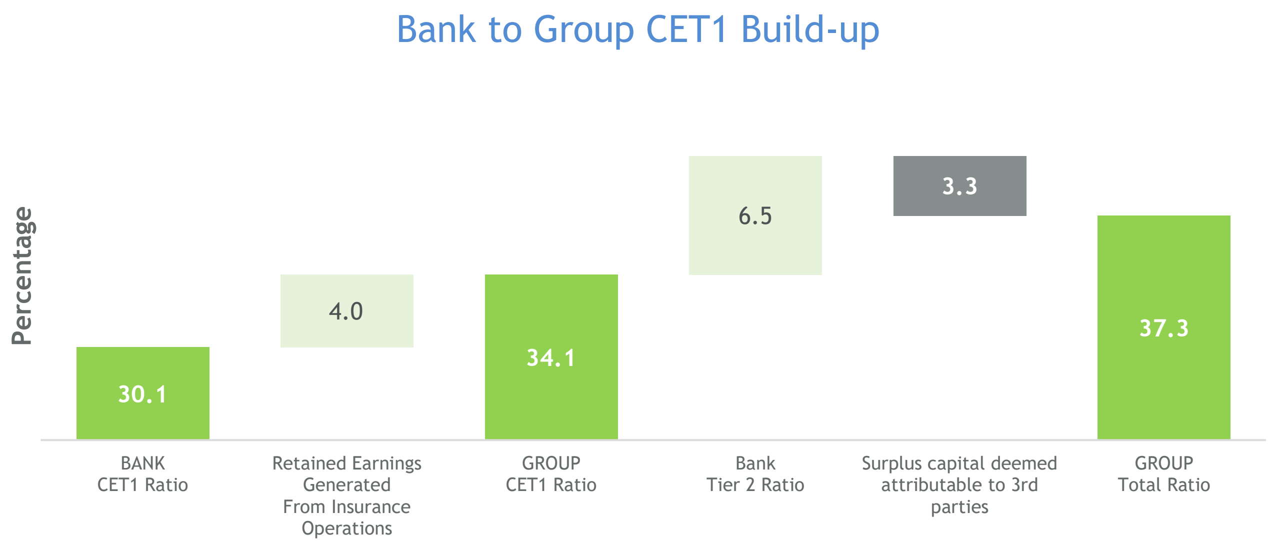
The overall impact of the strong balance sheet structure, as expressed in the conservative risk appetite, is evidenced in the various sections of this report which, as of 31 March 2019, include CET1 ratio of 30.1%, a leverage ratio of 25.7%, a liquidity coverage ratio of 877% and a net stable funding ratio of 129% at the ABL level.

1.2. CAPITAL ADEQUACY RATIOS

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2019 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 34.1% and 30.1% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 37.3% and 36.6% respectively.



CET1 BUILD-UP FROM AFRICAN BANK LIMITED TO AFRICAN BANK HOLDINGS LIMITED



The difference between the Group ratios and the Bank ratios are due to the following:

- **Impact of Insurance operations** –At a Group level, the capital supply is bolstered by the additional earnings generated from the insurance operations of R1 078 million. There is no additional RWA requirement for the investment in AIG due to a return of capital during 2018 that resulted in the write-down of the investment.

- **Deduction of Tier 2 minority interest** - As the Tier 2 capital is issued at the subsidiary African Bank level, a deduction of the deemed excess over and above the regulatory minimum is required at the consolidated capital level. The de-recognition of the surplus capital results in a significantly lower Tier 2 ratio of 3.2% when compared to that of ABL of 6.5%.

ABH applied IFRS 9 from 1 October 2018. The profit or loss effect related to the difference in treatment between the previous (IAS 39) and new (IFRS 9) accounting framework for financial instruments was recognised in the Bank's opening retained earnings for the 2019 financial year. The impact of the implementation of IFRS 9 resulted in a decrease in retained earnings of R622 million which is included in the disclosures below.

The following table sets out the composition of the qualifying regulatory capital

	African Bank Holdings Limited		African Bank Limited	
R million	Mar-2019	Sep-2018	Mar-2019	Sep-2018
Composition of qualifying regulatory capital				
Ordinary share capital	10 000	10 000	10 000	10 000
Regulatory adjustments	(887)	(328)	(1 965)	(1 290)
Common Equity Tier 1 capital (CET1)	9 113	9 672	8 035	8 710
Total qualifying subordinated debt	603	526	1 485	1 485
Portfolio impairments	251	265	251	265
Tier 2 capital (T2)	854	791	1 736	1 750
Qualifying regulatory capital	9 967	10 463	9 771	10 460

Refer to 6.2 of the detailed disclosure for a detailed breakdown of the above table

1.3. LEVERAGE RATIO

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

The decrease in the leverage ratio from the prior reporting period, for both Group and Bank is as a result of an overall decrease in capital measure and exposure measure arising predominantly from the impact of IFRS 9 as described above.

	African Bank Holdings Limited		African Bank Limited	
R million	**Mar-2019**	**Sep-2018**	**Mar-2019**	**Sep-2018**
Capital and total exposures				
Tier 1 capital	9 113	9 673	8 035	8 710
Total exposures	30 935	32 305	31 261	32 300
Basel III leverage ratio	**29.5%**	**29.9%**	**25.7%**	**27.0%**
Basel III leverage ratio regulatory minimum requirement	**4.0%**	**4.0%**	**4.0%**	**4.0%**

Refer to 7.2 of the detailed disclosure for a detailed breakdown of the above table

1.4. LIQUIDITY COVERAGE RATIO ("LCR")

The LCR is a 30-day stress test, which requires the Bank to hold sufficient high-quality liquidity assets 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 LCR has remained stable from the previous reporting period to current reporting period.

African Bank Limited R million	Total weighted value (average) Mar-2019	Total weighted value (average) Sep-2018
Total high-quality liquid assets	1 150	1 292
Total net cash outflows	162	164
Liquidity coverage ratio (%)	**877%**	**871%**
Regulatory minimum requirement	100%	90%

Refer to 9.4 of the detailed disclosure for a detailed breakdown of the above table

1.5. 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 a one year period. 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.

The NSFR has decreased as compared to the prior period, primarily as a result of the available stable funding which decreased in line with the maturities moving into the shorter buckets. Required stable funding has remained relatively constant, as a result of the partial set off between the decrease in cash balances and increase in loans advanced to customers.

R million	Mar-2019	Sep-2018
NSFR %	**129%**	**144%**
Available stable funding	23 299	25 871
Required stable funding	18 119	17 994

1.6. REFERENCES OF QUANTITATIVE STANDARDISED TABLES AND TEMPLATES

Refer to the attached Annexure A to this document for ease of reference for the quantitative standardised tables and templates as prescribed in the revised pillar III disclosure requirements[i] published in January 2015 by the Basel Committee on Banking Supervision.

1.7. 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 standards. Banks are required to disclose each metric's value using the corresponding standard's specifications for the reporting period-end 31 March 2019 (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 numbers at an ABH Group level, whilst the LCR and NSFR numbers are at a Bank level.

Overview of risk management, key prudential metrics and RWA

Period ended: R million		Mar19 (T)	Dec18 (T-1)	Sep18 (T-2)	Jun18 (T-3)	Mar18 (T-4)
Available capital (amounts) (1)						
1	Common Equity Tier 1 (CET1)	9 113	8 717	9 672	9 293	9 054
1a	Fully loaded ECL accounting model	9 113	8 717			
2	Tier 1	9 113	8 717	9 672	9 293	9 054
2a	Fully loaded accounting model Tier 1	9 113	8 717			
3	Total capital	9 967	9 612	10 463	10 083	9 845
3a	Fully loaded ECL accounting model total capital	9 967	9 612			
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	26 717	26 724	27 678	28 223	26 816
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	34.1	32.6	34.9	32.9	33.8
5a	Fully loaded ECL accounting model CET1 (%)					
6	Tier 1 ratio (%)	34.1	32.6	34.9	32.9	33.8
6a	Fully loaded ECL accounting model Tier 1 ratio					
7	Total capital ratio (%)	37.3	36.0	37.8	35.7	36.7
7a	Fully loaded ECL accounting model total capital ratio (%)					
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500	1.875	1.875	1.875	1.875
9	Countercyclical buffer requirement (%)	0.00	0.00	0.00	0.00	0.00
10	Bank D-SIB additional requirements (%)	0.00	0.00	0.00	0.00	0.00
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.500	1.875	1.875	1.875	1.875
12	CET1 available after meeting the bank's minimum capital requirements (%)	26.6	24.6	27.0	24.9	25.8
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	30 935	32 063	32 305	32 065	32 335
14	Basel III leverage ratio (%) (row 2/row 13)	29.5	27.2	29.9	29.0	28.0
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)					
Liquidity Coverage Ratio (2)						
15	Total HQLA	1 150	1 114	1 292	1 666	3 011
16	Total net cash outflow	162	223	164	178	163
17	LCR ratio (%)	877	772	871	1 008	1 915
Net Stable Funding Ratio (2)						
18	Total available stable funding	23 299	24 205	25 871	25 795	26 221
19	Total required stable funding	18 119	17 327	17 994	17 646	18 116
20	NSFR ratio (%)	129	140	144	146	145

(1) The Group has opted not to make use of the transitional arrangements of the ECL accounting provisions for regulatory capital purposes as allowed per SARB Directive 5 of 2017 and has rather opted to take the full impact of IFRS 9 into account with effect from 1 October 2018.

(2) Information reported at African Bank Holdings Limited while the liquidity ratios are at African Bank Limited level

2. BASIS OF COMPILATION

The information contained in this report is based on the month end and in some instances average balances as contained in the 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 as at 31 March 2019 and is included as a reference to the published annual financial statements.

Analysis of advances to customers as at 31 March 2019			
R million	Term loans	Credit cards	Total
Gross amount due by customers	24 767	4 581	29 348
Impairment attributable to acquired advances and deferred fees	(3 279)	(124)	(3 403)
Gross advances	**21 488**	**4 457**	**25 945**
Impairment and deferred fees attributable to originated advances	(5 599)	(1 164)	(6 763)
Net advances	**15 889**	**3 293**	**19 182**

Unless where otherwise indicated, all figures reported are reported in ZAR millions ('R million')

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 portion of the Bank website at https://www.africanbank.co.za/ which contains information as listed under each report.

African Bank Holdings Limited Integrated Report 2018

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

African Bank Holdings Limited: consolidated annual financial statements 30 September 2018, and

African Bank Limited: annual financial statements 30 September 2018

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

- Accounting policies (Note 1)
- Risk management approach (page 47)
- Credit risk approach including approach to impairment provisioning (Note 27)
- Market risk (Note 28)
- Interest rate risk management (Note 28.1)
- Foreign currency risk management (note 28.2)
- Liquidity risk management (Note 29)

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

4. PERIOD OF REPORTING

This report covers the period from 1 October 2018 to 31 March 2019 for the ABH Group and its 100% held banking subsidiary, ABL. Comparative disclosures are as at and for the year ended 30 September 2018.

5. SCOPE OF REPORTING

This report contains capital adequacy information for ABH and its 100% held banking subsidiary, ABL. The further disclosures for ABL include the leverage ratio, the liquidity coverage ratio, credit disclosures, liquidity disclosures and foreign exchange exposures, and also materially reflect the position of the ABH Group.

All subsidiaries are consolidated in the same manner for both accounting and supervisory reporting purposes. All companies are incorporated in the Republic of South Africa. The registered banking subsidiary of the Group, ABL, has no subsidiaries.

6. REGULATORY CAPITAL ADEQUACY

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2019 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 34.1% and 30.1% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 37.3% and 36.6% respectively.

6.1. OVERVIEW OF RISK WEIGHTED ASSETS

The following table gives an overview of the risk weighted asset requirements at the respective reporting date. The predominant risk exposure for the Group is credit risk, which comprises loans, credit cards and interbank deposits.

R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Mar-19	**Sep-18**	**Mar-19**	**Mar-19**	**Sep-18**	**Mar-19**
Credit risk (excluding counterparty credit risk)	**20 047**	**21 179**	**2 305**	**20 047**	**21 177**	**2 305**
Of which standardised approach (SA) (5)	20 047	21 179	2 305	20 047	21 177	2 305
Of which internal rating-based (IRB) approach	-	-	-	-	-	-
Counterparty credit risk	**3**	**-**	**-**	**3**	**-**	**-**
Of which standardised approach for counterparty credit risk (SA-CCR) (2)	3	-	-	3	-	-
Of which internal model method (IMM)	-	-	-	-	-	-
Market risk	**335**	**448**	**38**	**335**	**448**	**38**
Of which standardised approach (SA)	335	448	38	335	448	38
Of which internal model approach (IMM)	-	-	-	-	-	-
Operational risk	**3 206**	**3 321**	**369**	**3 205**	**3 320**	**369**
Of which basic indicator approach	-	-	-	-	-	-
Of which standardised approach (3)	3 206	3 321	369	3 205	3 320	369
Of which advanced measurement approach	-	-	-	-	-	-
Other risk (4)	**3 127**	**2 730**	**360**	**3 118**	**2 722**	**359**
Total	**26 718**	**27 678**	**3 072**	**26 708**	**27 667**	**3 071**

(1) The minimum capital requirement per risk category for 2019 is 11.5% which comprises the base minimum (8.00%) plus the Pillar 2A systemic risk add-on (1.0%) plus capital conservation buffer (2.5%)
(2) ABL currently applies the current exposure method to calculate counterparty credit risk
(3) ABL currently applies the alternative standardised approach in calculating its operational risk
(4) Other risk includes accounting other assets, deferred tax asset and threshold deduction items
(5) Refer below for a further split of credit risk exposures

R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements	RWA		Minimum capital requirements
	Mar-19	Sep-18	Mar-19	Mar-19	Sep-18	Mar-19
Of which standardised approach (SA)	**19 982**	**21 178**	**2 298**	**19 981**	**21 177**	**2 298**
Retail exposures	16 411	15 514	1 887	16 411	15 514	1 887
Interbank exposures	3 571	5 664	411	3 570	5 663	411

6.2. COMPOSITION OF REGULATORY CAPITAL

The qualifying regulatory capital and capital adequacy ratios for ABH and ABL as at 31 March 2019 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 34.1% and 30.1% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 37.3% and 36.6% respectively.

R million	African Bank Holdings Limited		African Bank Limited		Reference [1]
Section A	Mar-2019	Sep-2018	Mar-2019	Sep-2018	
Common Equity Tier 1 Capital					
Ordinary share capital & premium	10 000	10 000	10 000	10 000	Row 1
Accumulated profit	-	-	-	-	
Total as per Transitional Basel III template	**10 000**	**10 000**	**10 000**	**10 000**	
Section B					
Common Equity Tier 1 Regulatory Adjustments					
- Intangible assets in terms of IFRS	(71)	(73)	(71)	(73)	
- Other regulatory adjustments, including accumulated losses	(816)	(255)	(1 894)	(1 217)	
Total as per Transitional Basel III Template	**(887)**	**(328)**	**(1 965)**	**(1 290)**	Row 28
Section C					
Additional Tier 1 capital (AT1)	-	-	-	-	
Section D					
Subordinated debt	1 531	1 530	1 531	1 530	
Accrued interest not classified as Tier 2 capital	(46)	(45)	(46)	(45)	
Total subordinated debt	**1 485**	**1 485**	**1 485**	**1 485**	Row 46
Haircut on amounts attributable to third parties	(882)	(959)	-	-	Row 57
Tier 2 instruments issued by subsidiary and held by third parties	**603**	526	**-**	**-**	
Portfolio impairments	251	265	251	265	Row 50
Total as per Transitional Basel III Template	**854**	**791**	**1 736**	**1 750**	Row 58
Section E					
Summary of Capital Adequacy Ratios					
CET1%	34.1	34.9	30.1	31.5	
AT1%	0.0	0.0	0.0	0.0	
T1%	34.1	34.9	30.1	31.5	
T2%	3.2	2.9	6.5	6.3	
Total capital adequacy %	**37.3**	37.8	**36.6**	**37.8**	

(1) Refer to 6.3 (Composition of Capital Disclosure Template) for references to the rows

6.3. COMPOSITION OF CAPITAL DISCLOSURE TEMPLATE

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

	Period ended: 31 Mar 2019	**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	10 000	Section A
2	Retained earnings	-	-	
3	Accumulated other comprehensive income (and other reserves)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	10 000	10 000	Section A
	Common Equity Tier 1 capital: regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1	(887)	(1 965)	Section B
29	Common Equity Tier 1 capital (CET 1)	9 113	8 035	
	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)	9 113	8 035	
	Tier 2 capital and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	1 485	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)	1 485	-	Section D
50	Provisions	251	251	Section D
51	Tier 2 capital before regulatory adjustments	1 736	1 736	
	Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital	(882)		
58	Tier 2 capital (T2)	854	1 736	Section D
59	Total capital (TC = T1 + T2)	9 967	9 771	
60	Total risk weighted assets	26 717	26 707	
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	34.1%	30.1%	
62	Tier 1 (as a percentage of risk weighted assets)	34.1%	30.1%	
63	Total capital (as a percentage of risk weighted assets)	37.3%	36.6%	
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%	
67	of which: G-SIB buffer requirement	0%	0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	26.6%	22.6%	
	Amounts below the threshold for deductions (before risk weighting)			
73	Significant investments in the common stock of financials	6	6	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	941	938	

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)	3 112	3 112
77	Cap on inclusion of provisions in Tier 2 under standardised approach	251	251

(1) Refer to 6.2 (Composition of Regulatory Capital) for references to the sections

Reconciliation of regulatory capital to balance sheet as at 31 March 2019 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	4 462	4 461	4 459	4 459	
Regulatory deposits and sovereign debt securities	2 715	2 715	2 715	2 715	
Derivative assets	52	52	52	52	
Net advances	19 182	19 182	19 182	19 182	
Accounts receivable and other assets	192	192	192	192	
Investment in insurance contracts	399	-	-	-	
Current tax asset	6	4	4	4	
Investments	6	6	6	6	
Loans to affiliated companies	66	66	66	66	
Property and equipment	555	555	555	555	
Intangible assets	71	71	71	71	Section B
Deferred tax asset	941	941	938	938	
Total assets	**28 647**	**28 245**	**28 240**	**28 240**	
Liabilities					
Short-term funding	7 117	7 117	7 945	7 945	
Derivative liabilities	6	6	6	6	
Creditors and other liabilities	484	484	482	482	
Current tax	-	-	-	-	
Bonds and other long-term funding	9 471	9 471	10 047	10 047	
Subordinated bonds, debentures and loans	1 531	1 531	1 531	1 531	Section D
Deferred tax liability	-	-	-	-	
Total liabilities	**18 609**	**18 609**	**20 011**	**20 011**	
Equity					
Ordinary share capital	5	5	5	5	Row 1
Ordinary share premium	9 995	9 995	9 995	9 995	Row 1
Accumulated reserves / (losses)	38	**(789)**	(1 771)	(1 771)	Section B
Total equity	**10 038**	**9 211**	**8 229**	**8 229**	
Total liabilities and equity	**28 647**	**2**	**28 240**	**28 240**	

(1) Refer to 6.2 and 6.3 for references to the sections and rows respectively
(2) Note that at African Bank Limited level there are no differences between the IFRS and regulatory balance sheet, however at African Bank Holdings Limited the insurance entity (African Insurance Group) is not consolidated for regulatory purposes

7. 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. The Basel III leverage ratio is defined as the capital measure (Tier 1 capital) divided by the exposure measure (total exposures) and is expressed as a percentage. This measure acts as a backstop to the capital adequacy ratio (see section 6 above), by acting as a floor to restrict the build-up of excessive leverage by banks.

The decrease in the leverage ratio from the prior reporting period, for both Group and Bank is as a result of an overall decrease in capital measure and exposure measure arising predominantly from the impact of IFRS 9.

The exposure used in the calculation of the ratio (see 7.2) differs from the total assets as measured using IFRS as shown below.

7.1 SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE

		African Bank Holdings Limited		African Bank Limited	
Line #	R million	Mar-2019	Sep-2018	Mar-2019	Sep-2018
1	Total consolidated assets as per published financial statements	28 658	30 679	28 251	30 289
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(827)	(384)	-	-
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	(50)	(47)	(50)	(47)
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)	141	143	141	143
7	Other adjustments (1)	3 013	1 914	2 918	1 914
8	Leverage ratio exposure	30 935	32 305	31 260	32 299

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

7.2 LEVERAGE RATIO DISCLOSURE

		African Bank Holdings Limited		African Bank Limited	
Line #	R million	Mar-2019	Sep-2018	Mar-2019	Sep-2018
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions (“SFTs”)*, but including collateral)	30 891	32 235	31 311	32 229
2	Asset amounts deducted in determining Basel III Tier 1 capital	(99)	(73)	(194)	(73)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**30 792**	**32 162**	**31 117**	**32 156**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2	-	2	-
5	Add-on amounts for PFE associated with all derivatives transactions	-	-	-	-
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)**	**-**	**-**	**-**	**-**
	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	703	715	703	715
18	(Adjustments for conversion to credit equivalent amounts)	(562)	(572)	(562)	(572)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**141**	**143**	**141**	**143**
20	Tier 1 capital	9 113	9 673	8 035	8 710
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**30 935**	**32 305**	**31 261**	**32 300**
	Leverage ratio				
22	**Basel III leverage ratio**	**29.5%**	**29.9%**	**25.7%**	**27.0%**

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

8. CREDIT RISK

This section outlines the regulatory view of the credit risk associated with retail advances, comprising personal loans and credit cards, and interbank deposits. These balances are reflected on the ABL 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 27 in the ABL annual financial statements for the year ended 30 September 2018.

8.1 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 are not included here and are shown under section 8.5.

R million	a	b	c	d
	Gross carrying values of		Allowances/ impairments	Net values (a + b - c)
	Defaulted exposures (1)	Non-defaulted exposures		
Loans	10 473	23 323	10 114	23 682
Debt securities	-	2 343	-	2 343
Off-balance sheet exposures	-	703	-	703
Total	**10 473**	**26 369**	**10 114**	**26 728**

(1) Defaulted exposures are exposures which are overdue for more than 90 days and where it is evident that the obligor is under stress and is likely to avoid or delay repayment.

8.2 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	**9 615**
Increase in defaulted loans and debt securities since the last reporting period	1 322
Returned to non-defaulted status	497
Amounts written off	497
Other changes	530
Defaulted loans and debt securities at end of the reporting period	**10 473**

8.3 BREAKDOWN OF GROSS CREDIT EXPOSURE BY GEOGRAPHICAL AREAS

The total gross credit exposure is located within the Republic of South Africa (Rm 36,762). There is no exposure outside of South Africa.

8.4 BREAKDOWN OF GROSS CREDIT EXPOSURE BY INDUSTRY TYPE

The split of the credit exposure between financial intermediaries and private household is given below. The first category comprises interbank deposits and RSA sovereign exposures, while the second comprises personal loans and credit cards.

R million	On-balance sheet exposure	Off-balance sheet exposure	Total
Financial intermediation and insurance	4 419	-	4 419
Private households	29 301	703	30 004
Other	2 338	-	2 338
Total	**36 059**	**703**	**36 762**
of which: Sovereign (central government and central bank)	2 338	-	2 338

8.5 IMPAIRED ADVANCES

The impaired advances relate to exposures to private households. No 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 eight months, such advances are written off in full. Where payments were received in any of the five 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-2019
Standard and special mention	16.53%
Sub-standard	65.59%
Doubtful	68.75%
Loss	66.43%

8.6 AGEING ANALYSIS

The ageing of gross advances to customers based purely on days past due.

R million	Gross
Not past due	15 334
Past due 31 -90 days	3 580
Past due 91 - 182 days	1 810
Past due > 182 days	8 518
Total	**29 242**

8.7 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 the Moody's Investor Services.

These credit ratings are applied to all asset classes where such ratings are available.

The Bank applies the standardised approach for the measurement of credit risk in terms of Regulation 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%		

8.8 CREDIT RISK MITIGATION TECHNIQUES

Credit risk arising from cross-currency swaps are mitigated by collateral held which is disclosed under the counterparty credit risk section 8.14.

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	23 682	-	-	-	-	-	-
Debt securities	2 334	-	-	-	-	-	-
Total	**26 016**	**-**	**-**	**-**	**-**	**-**	**-**
Of which defaulted	10 473	-	-	-	-	-	-

8.9 CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS

The following table shows the net on-balance sheet amount 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**
Sovereign and their central banks	2 338	-	2 338	-	1 530	65.44%
Non-central government public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Banks	4 354	-	4 354	-	2 040	46.85%
Securities firms	-	-	-	-	-	-
Corporates	66	-	66	-	66	100.00%
Regulatory retail portfolios	22 299	703	22 301	140	16 411	73.13%
of which:						
Secured by residential property	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Past-due loans	3 343	238	3 343	48	2 119	62.49%
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	**29 057**	**703**	**29 059**	**140**	**20 047**	**68.66%**

(1) As per 8.8, credit risk mitigation (CRM) is applied to derivative exposures, 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.

8.10 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)**
Sovereign and their central banks	808	-	-	-	-	-	1 530	-	-	2 338
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	-	-	630	-	3 671	-	46	-	-	4 347
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	66	-	-	66
Regulatory retail portfolios	-	-	-	-	2 610	19 050	714	67	-	22 441
of which: Secured by residential property	-	-	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	2 610	-	714	67	-	3 391
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**808**	**-**	**630**	**-**	**6 281**	**19 050**	**2 356**	**67**	**-**	**29 192**

8.11 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 and cross-currency swap hedges that the Bank has entered into. The numbers are relatively small in relation to the exposure as the swaps are largely cash collateralised as shown in the table under 8.14.

R million	a	b	c	d	E	F
	Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
SA-CCR (for derivatives) [(1)]	52	52			2	2
Internal model method (for derivatives and SFTs)			-	-	-	-
Simple approach for credit risk mitigation (for SFTs)					-	-
Comprehensive approach for credit risk mitigation (for SFTs)					-	-
VaR for SFTs					-	-
Total						**2**

(1) African Bank is currently applying the Current Exposure method

8.12 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	-	-
(i) VaR component (including the 3 x multiplier)		
(ii) Stressed VaR component (including the 3 x multiplier)		
All portfolios subject to the standardised CVA capital charge	2	1
Total subject to the CVA capital charge	**2**	**1**

8.13 CCR EXPOSURES BY REGULATORY PORTFOLIOS AND RISK WEIGHTS

This exposure relates to interest rate swaps that are held with other banks which are largely collateralised, limiting the exposure at default to R 2 million.

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	-	-	-	-	-	-	2	-	-	2
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**2**

8.14 COMPOSITION OF COLLATERAL FOR CCR EXPOSURE

The collateral applied to the CCR exposure is limited to the exposure amount on an individual counterparty basis.

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	-	50	-	50	-	-
Cash - other currencies	-	-	-	-	-	-
Total	**-**	**50**	**-**	**50**	**-**	**-**

9. LIQUIDITY MEASUREMENTS

9.1 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.

This section presents various measurements of the Group liquidity position. Further detail regarding liquidity risk is given in Note 29 to the ABL annual financial statements for the year ended 30 September 2018.

9.2 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.

9.3 CONTRACTUAL LIQUIDITY MATURITY ANALYSIS (MISMATCH)

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

The below graph 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 2019* 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	4 133	326	-	-	-	-	4 459
Regulatory deposits and sovereign debt securities	381	1 020	812	-	502	-	2 715
Derivative assets	-	52	-	-	-	-	52
Net advances	909	1 048	4 799	3 120	8 978	328	19 182
Accounts receivable and other assets	192	-	-	-	-	-	192
Current tax asset	-	-	-	-	-	4	4
Investments	-	-	-	-	-	6	6
Loans to group companies	-	-	10	41	15	-	66
Property and equipment	-	-	-	-	-	555	555
Intangible assets	-	-	-	-	-	71	71
Deferred tax asset	-	-	-	-	-	938	938
Total assets	**5 615**	**2 446**	**5 621**	**3 161**	**9 495**	**1 902**	**28 240**
Liabilities and equity							
Short-term funding	788	2 915	4 242	-	-	-	7 945
Derivative liabilities	-	-	6	-	-	-	6
Creditors and other liabilities	227	-	194	-	-	61	482
Current tax	-	-	-	-	-	-	-
Bonds and other long-term funding	355	130	28	3 828	5 706	-	10 047
Subordinated bonds, debentures and loans	51	-	-	-	1 480	-	1 531
Deferred tax liability	-	-	-	-	-	-	-
Ordinary shareholder's equity	-	-	-	-	-	8 229	8 229
Total liabilities and equity	**1 421**	**3 045**	**4 470**	**3 828**	**7 186**	**8 290**	**28 240**
Net liquidity gap	**4 193**	**(599)**	**1 151**	**(667)**	**2 309**	**(6 388)**	**-**

The above table differs to the view presented under IFRS in the audited 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 outflow of cash 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) Operating lease commitments: Operating lease commitments totaling R339 million relate mainly to property operating lease commitments. The future minimum lease payments under non-cancellable operating leases will result in an outflow of cash subsequent to the reporting date.

(b) Committed undrawn credit card facilities: Committed undrawn credit card facilities totaled R703 million. These commitments are attributable to undrawn credit card amounts.

The future obligations for operating lease commitments, measured on a straight-lined basis, are as follows:

R million	Mar-2019
Payable within one year	37
Payable between one and five years	302
Total	**339**

9.4 LIQUIDITY COVERAGE RATIO (LCR) – COMMON DISCLOSURE TEMPLATE

The LCR is a 30-day stress test, which requires the Bank to hold sufficient high-quality liquid assets 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 LCR has remained stable from the previous reporting period to current reporting period.

African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
	Mar-2019	Mar-2019	Sep-2018
Total high-quality liquid assets (HQLA) (see 7.4.1)		**1 150**	**1 292**
Cash outflows			
Retail deposits and deposits from small business customers, of which:	116	12	8
Stable deposits	-	-	-
Less-stable deposits	116	12	8
Unsecured wholesale funding, of which:	542	542	501
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
Non-operational deposits (all counterparties)	-	-	-
Unsecured debt	542	542	501
Secured wholesale funding	-	-	-
Additional requirements, of which:	-	-	-
Outflows related to derivative exposures and other collateral requirements	59	59	103
Outflows related to loss of funding on debt products	-	-	-
Credit and liquidity facilities	702	35	35
Other contractual funding obligations	-	-	9
Other contingent funding obligations	-	-	-
Total cash outflows	**1 360**	**648**	**657**
Cash inflows			
Secured lending (e.g. reverse repos)	-	-	-
Inflows from fully performing exposures	4 743	4 282	3 315
Other cash inflows	36	36	115
Total cash inflows	**4 779**	**4 318**	**3 315**
		Total Adjusted Value	Total Adjusted Value
Total HQLA		**1 150**	**1 292**
Total net cash outflows (2)		**162**	**164**
Liquidity coverage ratio (%) (3)		**877%**	**871%**

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 31 March 2019
(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
(3) There is no material difference between Bank and Group

9.4.1 Composition of high-quality liquid assets

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

R million	Mar-2019	Sep-2018
Total level 1 qualifying high-quality liquid assets [(1)]	1 150	1 292
Cash	2	1
Qualifying central bank reserves	370	358
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	778	933

(1) ABL does not have any investments in level 2 high-quality liquid assets

9.4.2 Derivative exposures and potential collateral calls

The table below provides 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
Outright products	**335**
- Interest rate risk (general and specific)	-
- Equity risk (general and specific)	-
- Foreign exchange risk	335
- Commodity risk	-
Options	**-**
- Simplified approach	-
- Delta-plus method	-
- Scenario approach	-
- Securitisation	-
Total	**335**

Gains and losses recognised in comprehensive income on swap contracts are released to the income statement in line with the interest expense and foreign currency movement on the underlying hedged items.

The forecast cash flows presented above show how the cash flow hedging reserve will be released to the income statement over time. The swaps have quarterly reset and settlement dates. The forecast cash flows were based on contracted interest and ruling exchange rates.

10. THE 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 a one-year period. 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.

The NSFR has decreased as compared to the prior period, primarily as a result of the available stable funding which decreased in line with the maturities moving into the shorter buckets. Required stable funding has remained relatively constant, as a result of the partial set off between the decrease in cash balances and increase in loans advanced to customers.

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**
Capital:	9 964	-	-	-	9 964
Regulatory capital	9 964	-	-	-	9 964
Other capital instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:	-	483	199	815	1 428
Stable deposits	-	-	-	-	-
Less stable deposits	-	483	199	815	1 428
Wholesale funding:		3 923	3 713	8 715	11 898
Operational deposits	-	-	-	-	-
Other wholesale funding	-	3 923	3 713	8 715	11 898
Liabilities with matching interdependent assets	-	-	-	-	-
Other liabilities:	-	620	-	-	-
NSFR derivative liabilities	-	-	-	-	-
All other liabilities and equity not included in the above categories	-	620	-	-	-
Total ASF					**23 290**

[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**
Total NSFR high-quality liquid assets ("HQLA")	-	-	-	-	59
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing loans and securities:		7 976	3 223	12 154	14 387
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	4 434	10	55	726
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	3 542	3 213	12 099	13 661
With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
Assets with matching interdependent liabilities	-	-	-	-	-
Other liabilities:	-	-	-	-	-
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR derivative assets	-	-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	1
All other assets not included in the above categories	-	-	-	3 637	3 637
Off-balance sheet items	-	703	-	-	35
Total RSF					**18 119**
Net Stable Funding Ratio (%)					**129%**

[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.

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 28.1 to the African Bank Limited Annual Financial Statements for the year ended 30 September 2018. 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 0.92% increase and an interest rate decrease resulted in (0.92%) decrease as a percentage of qualifying capital and reserve funds.

Interest rate sensitivity (R million)	Mar-2019	Sep-2018
Increase	87	118
Decrease	(87)	(118)

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 2018, 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)
	OV1 – Overview of RWA	6.1
	KM1 - Key metrics (at consolidated group level)	1.7
Leverage ratio	LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure	7.1
	LR2 - Leverage ratio common disclosure template	7.2
Credit Risk	CRA – General information about credit risk	8 (Note 27 of AFS)
	CR1 – Credit quality of assets	8.1
	CR2 – Changes in stock of defaulted loans and debt securities	8.2
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