African Bank Group

PUBLIC PILLAR III DISCLOSURE

for the financial year ended
30 September 2024

Audacity to *believe*

Contents

1. SUMMARY OF RISK PROFILE

1.1. Highlights

Key Performance Metrics

Common Equity Tier 1 (CET1) ratio [1]	Capital Adequacy (CAR) ratio [1]	Leverage ratio[1]	Liquidity Coverage ratio [2] (LCR)	Net Stable Funding ratio (NSFR)
27.5%	31.4%	21.2%	516%	128%
FY23: 28.5%	FY23: 29.5%	FY23: 21.1%	FY23: 467%	FY23: 145%

[1]Including unappropriated profits
[2]Based on 3-month dalily LCR average

- The **capital adequacy ratios** for African Bank Holdings Limited (ABH) Group and African Bank Limited (ABL) as at 30 September 2024 are solid. The Group remains well capitalised with CET1 ratio of 27.5% and total capital adequacy ratio of 31.4%. The CAR ratio was bolstered by an issuance of Tier 2 instruments in the current financial year.
- The **leverage ratio** of 21.2% remains in line with the prior year due to an increase in the total exposure measure offset by an increase in Tier 1 (including unappropriated profits). The movement in the Total exposure was mainly due to increases in both on and off-balance sheet exposures.
- The increase in the **LCR** was largely due to an increase in the high-quality liquid assets.
- The decrease in **NSFR** is driven by an increase in required stable funding, which is attributable to the movement in on and off-balance sheet required stable funding items.

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 R6.8 billion at the group level. Liquidity and interest rate risks are managed within the Group's approved risk appetite framework

1.2. Operating environment

The global economic landscape in 2024 continued to present formidable challenges. While inflationary pressures have started to ease globally, economic growth in South Africa has remained subdued, exacerbated by high unemployment, historical effects of load-shedding, and structural inefficiencies. Despite the low Gross Domestic Product (GDP) forecast of around 1.1% in 2024, some key macroeconomic indicators, such as the relatively stable exchange rate and the interest rate cut by the South African Reserve Bank (SARB) in September 2024, offer positive prospects for future growth. We foresee further interest cuts coming in the financial year ahead, which is expected to aid the economic recover further. The peaceful elections and the formation of a Government of National Unity, committed to structural reform and improved service delivery, is expected to bolster investor confidence and enhance business conditions in the coming years. These macroeconomic trends, combined with our disciplined approach to risk management and capital deployment, position African Bank well for sustained growth.

2. BASIS OF COMPILATION

2.1. Overview of the Group

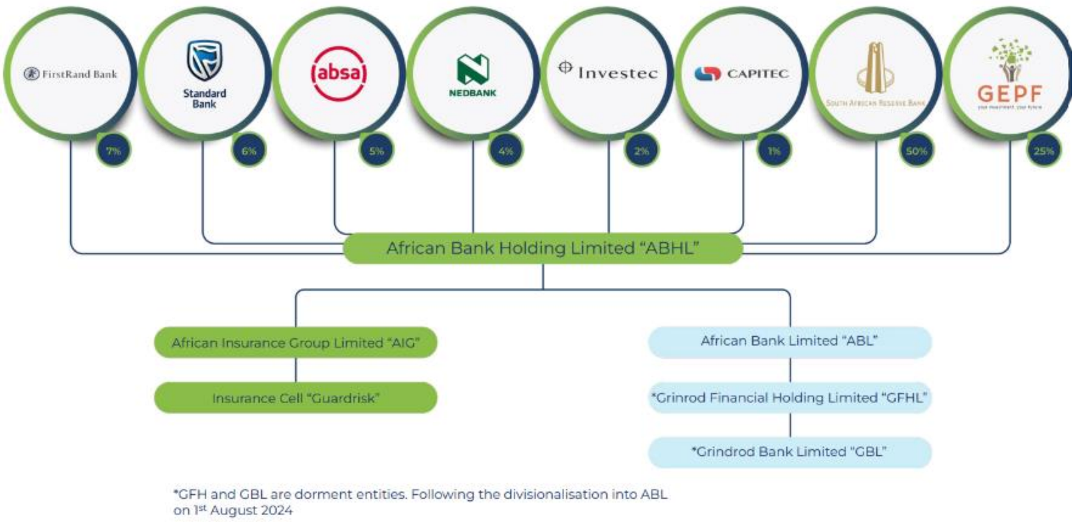
African Bank Holdings Limited (ABHL) is a public company incorporated in the Republic of South Africa. ABHL is an unlisted registered bank controlling company under the Banks Act.

The shares in ABHL are privately held by the South African Reserve Bank ("SARB") (50.00%), the Government Employees Pension Fund (25.00%), FirstRand Bank Limited (6.55%), The Standard Bank of South Africa Limited (5.95%), Absa Trading and Investments Solutions Proprietary Limited (4.95%), Nedbank Limited (4.10%), Investec Bank Limited (2.45%) and Capitec Bank Limited (1.00%). Percentages indicate percentage holding.

ABHL holds 100% of the issued share capital of African Bank Limited (ABL). ABL holds 100% of the ordinary share capital of Grindrod Financial Holdings Limited (GFH) and 100% of the preference shares of Grindrod Bank Limited (GBL), which is a 100% held subsidiary of GFH. ABL acquired its ordinary shareholding and its preference shareholding in the prior financial year. As a result of the acquisition, ABHL indirectly holds 100% of GFH and its subsidiaries ("GFH Group"). In the prior financial period, an application was submitted to the Prudential Authority to transfer the business activities within the GFH Group into ABL and ultimately deregister the legal entities within the GFH Group. The Group received the written approval from the Minister of Finance through the Prudential Authority on 14 March 2024. The transfer was concluded on 1 August 2024, and Grindrod Bank's Assets, liabilities and operations have been divisionalised into ABL with effect from that date.

ABHL also holds 100% of the issued share capital of African Insurance Group Limited (AIG). Its main business is holding an investment in a cell captive arrangement provided by Guardrisk Insurance Company Limited ("Guardrisk").

Below is African Bank's Group structure:



The Group's business operations consist of Personal Banking and Business and Commercial divisions. The core product offering for Personal Banking consists of unsecured lending (personal loans and credit cards), transactional banking (including overdrafts) and retail investments. The Group, through AIG's investment in a cell captive, is able to sell insurance products (credit life and funeral cover insurance products) under its own brand. These insurance products are provided to the Bank's Personal Banking customers. Business and Commercial division offers a range of products, including Commercial Property Finance, Corporate/SME & Investment Banking Division, Trader Segment Coverage and New Business Development.

The compilation of this report follows the principal accounting policies as set out in the Group's audited annual financial statements, except for AIG, where the regulatory treatment differs from the accounting treatment. The below sets out the differences in approaches:

Entity	Statutory accounting treatment	Basel III regulatory treatment
Subsidiaries engaged in insurance activities (AIG)	Consolidated	Excluded from the calculation of the capital adequacy ratio

The key prudential ratios as at 30 September 2024 for both, ABH and ABL, operate well above minimum required regulatory levels. These have been detailed in the report below.

2.2. Pillar 3 Disclosure Report 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.

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.

2.3. 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).

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 2024

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

African Bank Holdings Limited Environmental, Social and Governance Report 2024

African Bank Holdings Limited: consolidated and separate annual financial statements 30 September 2024, and

African Bank Limited: annual financial statements 30 September 2024

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.

3.1. Accounting Policies

Note 1.1 in the annual financial statements of African Bank Holdings Limited.

3.2. Risk Management

- Risk management (Note 23)
- Credit risk management including approach to impairment provisioning (Note 24)
- Market risk (Note 25)
- Interest rate risk management (Note 25.1)
- Foreign exchange risk management (Note 25.2)
- Liquidity risk (Note 26)

3.3. Stress testing

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

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

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

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

- African Bank's existing risk profile and the expected risk profile based on its strategic plan;
- African Bank's financial, capital management and asset & liability management plans; and
- African Bank's financial risk appetite statement as well as its associated parameters and tolerances.

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

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

4. PERIOD OF REPORTING

This report is prepared as at 30 September 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 is ABL.

6. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RISK WEIGHTED ASSETS (RWA)

The following table presents a summary of key prudential metrics related to regulatory capital, leverage ratio and liquidity. Banks are required to disclose each metric's value using the corresponding standard's specifications for the reporting period-end (designated by "T" in the template below) as well as the four previous quarter-end figures (T-1 to T-4). Please note that the table below reflects the capital and leverage position at an ABH Group level, whilst the LCR and NSFR are reported at a Bank level.

6.1. KM1 – Key metrics

Period ended: African Bank Holdings Limited (R million) Available capital (amounts) (1) (3)		Sep-24 (T)	Jun-24 (T)1	Mar-24 (T)2	Dec-23 (T)3	Sep-23 (T)4
1	Common Equity Tier 1 (CET1)	10 575	10 669	10 786	10 745	10 616
1a	Fully loaded ECL accounting model	10 575	10 669	10 786	10 745	10 616
2	Tier 1	10 575	10 669	10 786	10 745	10 616
2a	Fully loaded accounting model Tier 1	10 575	10 669	10 786	10 745	10 616
3	Total capital	12 116	11 850	11 965	11 920	10 964
3a	Fully loaded ECL accounting model total capital	12 116	11 850	11 965	11 920	10 964
4	Total risk-weighted assets (RWA)	39 794	38 003	37 894	37 129	37 200
5	Common Equity Tier 1 ratio (%)	26,6	28,1	28,5	28,9	28,5
5a	Fully loaded ECL accounting model CET1 (%)	26,6	28,1	28,5	28,9	28,5
6	Tier 1 ratio (%)	26,6	28,1	28,5	28,9	28,5
6a	Fully loaded ECL accounting model Tier 1 ratio	26,6	28,1	28,5	28,9	28,5
7	Total capital ratio (%)	30,4	31,2	31,6	32,1	29,5
7a	Fully loaded ECL accounting model total capital ratio (%)	30,4	31,2	31,6	32,1	29,5
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2,5	2,5	2,5	2,5	2,5
9	Countercyclical buffer requirement (%)	0,0	0,0	0,0	0,0	0,0
10	Bank D-SIB additional requirements (%)	0,0	0,0	0,0	0,0	0,0
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2,5	2,5	2,5	2,5	2,5
12	CET1 available after meeting the bank's minimum capital requirements (%)	19,1	20,6	21,0	21,4	21,0
13	Total Basel III leverage ratio measure	51 670	50 663	49 217	49 431	50 199
14	Basel III leverage ratio (%) (row 2/row 13)	20,5	21,1	21,9	21,7	21,1
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	20,5	21,1	21,9	21,7	21,1
15	Total HQLA	6 265	8 710	9 726	11 146	11 162
16	Total net cash outflow	1 215	1314	1823	2181	2388
17	LCR ratio (%)	516	663	534	511	467
18	Total available stable funding	40 969	29 787	29 474	29 861	30 153
19	Total required stable funding	31 987	21 657	21 074	20 985	20 738
20	NSFR ratio (%)	128	138	140	142	145

(1) Refer to sections 1.3 to 1.6 of the executive summary for reasons on significant movements.
(2) Restated as per Note 36 of the Annual Financial Statements.

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 term loans, commercial and residential mortgages, credit cards, overdrafts, preference hare funding and interbank placements.

	R million	African Bank Holdings Limited			African Bank Limited		
		RWA[2]		Minimum capital requirements[1]	RWA		Minimum capital requirements[1]
		Sep-24	Jun-24	Sep-24	Sep-24	Jun-24	Sep-24
1	**Credit risk (excluding counterparty credit risk)**	**31 160**	**29 454**	**3 583**	**31 161**	**19 634**	**3 583**
2	Of which standardised approach (SA)	31 160	29 454	3 583	31 161	19 634	3 583
4	**Counterparty credit risk**	**0**	**5**	**0**	**0**	**0**	**0**
5	Of which standardised approach for counterparty credit risk (SA-CCR) [3]	0	0	0	0	0	0
10	**Credit valuation adjustment (CVA)** [3]	4	4	0	0	0	0
11	**Equity positions under the simple risk weight approach and the internal model method**	1 201	1 199	138	1 201	12	138
12	**Equity investment in funds - Look-through approach** [4]	-	-	-	-	-	-
20	**Market risk**	**20**	**20**	**2**	**20**	**18**	**2**
21	Of which standardised approach (SA) [5]	20	20	2	20	18	2
24	**Operational risk** [6]	**3 630**	**3 586**	**417**	**3 614**	**2 387**	**416**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 619**	**2 759**	301	**2 642**	**2 341**	304
26	**Floor adjustment** [7]	**1 160**	**976**	**133**	**1 179**	**614**	**136**
27	**Total**	**39 794**	**38 003**	**4 576**	**39 817**	**25 006**	**4 579**

(1) The minimum capital requirement per risk category 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 for the retail portfolio and Basic Indicator approach for the business-banking portfolio 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)]
	Sep-24	Jun-24	Sep-24	Sep-24	Jun-24	Sep-24
Of which standardised approach (SA) - Loans and advances	**29 707**	**28 175**	**3 416**	**29 704**	**18 427**	**3 416**
Retail Exposures	16 311	15 723	1 876	16 311	15 723	1 876
Non-Retail Exposures (excluding Sovereign exposures)	13 395	12 452	1 540	13 392	2 704	1 540

(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 30 September 2024 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 26.6% and 27.4% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 30.5% and 31.3% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited		Reference [1]
Section A	Sep-24	Jun-24	Sep-24	Jun-24	
Common Equity Tier 1 Capital					
Ordinary share capital & premium	10 000	10 000	14 368	14 187	Row 1
Accumulated profit [3]	1 559	1 559	-	-	Row 2
Total as per Transitional Basel 3 Template	**11 559**	**11 559**	**14 368**	**14 187**	Row 6
Section B					
Common Equity Tier 1 Regulatory Adjustments					
- Intangible assets in terms of IFRS	(413)	(398)	(413)	(354)	
- Other regulatory adjustments, including accumulated losses [2]	(571)	(491)	(3 040)	(4 985)	
Total as per Transitional Basel 3 Template	**(984)**	**(890)**	**(3 452)**	(5 338)	Row 28
Section C					
Additional Tier 1 capital (AT1)	-	-	-	-	
Section D					
Subordinated debt	1 170	828	1 170	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	371	352	371	230	Row 50
Total as per Transitional Basel 3 Template	**1 541**	**1 180**	**1 541**	**1 059**	Row 58
Total Qualifying regulatory capital	**12 116**	**11 850**	**12 457**	**9 907**	
Section E					
Summary of Capital Adequacy Ratios					
CET1%	26,6	28,1	27,4	35,4	
AT1%	0,0	0,0	0,0	0,0	
T1%	26,6	28,1	27,4	35,4	
T2%	3,9	3,1	3,9	4,2	
Total capital adequacy %	**30,4**	**31,2**	**31,3**	**39,6**	

(1) *Refer to 7.2 (Composition of Capital Disclosure Template) for references to the rows.*
(2) *A significant portion of the regulatory adjustment includes accumulated losses for ABL (refer 7.3 below).*
(3) *The amount excludes unappropriated profits.*

7.2. CC1 - Composition of regulatory capital.

	Period ended: 30 September 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	14 368	Section A
2	Retained earnings	1 559	-	
3	Accumulated other comprehensive income (and other reserves)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	11 559	14 368	Section A
	Common Equity Tier 1 capital: regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1	984	3 452	Section B
29	Common Equity Tier 1 capital (CET 1)	10 575	10 915	
	Additional Tier 1 capital: instruments			
36	Additional Tier 1 capital before regulatory adjustments	-	-	
	Additional Tier 1 capital: regulatory adjustments			
44	Additional Tier 1 capital (AT1)	-	-	
45	Tier 1 capital (T1= CET1 + AT1)	10 575	10 915	
	Tier 2 capital and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1 170	1 170	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	371	371	Section D
51	Tier 2 capital before regulatory adjustments	1 541	1 541	
	Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital	-	-	
58	Tier 2 capital (T2)	1 541	1 541	Section D
59	Total capital (TC = T1 + T2)	12 116	12 457	
60	Total risk weighted assets	39 794	39 817	
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	26,6%	27,4%	
62	Tier 1 (as a percentage of risk weighted assets)	26,6%	27,4%	
63	Total capital (as a percentage of risk weighted assets)	30,4%	31,3%	
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)	19,1%	19,9%	
	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)	1 048	1 057	
	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)	4	2 018	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	371	371	

1) Refer to 7.1 (Composition of Regulatory Capital) for references to the sections.

7.3. CC2 – reconciliation of regulatory capital to balance sheet

Reconciliation of regulatory capital to balance sheet as at 30 September 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	5 977	5 977	5 970	5 970	
Sovereign debt security	3 921	3 921	3 921	3 921	
Financial Investments	15	15	15	15	
Investments in Subsidiaries	-	-	1	1	
Derivatives	0	0	0	0	
Net advances	34 389	34 389	34 389	34 389	
Accounts receivable and other assets	1 244	1 244	1 243	1 243	
Prepayments		-	-	-	
Current tax asset	47	47	47	47	
Investment in a joint venture	-	-	-	-	
Investments	-	-	-	-	
Insurance contracts assets	872	872	-	-	
Goodwill	115	115	115	115	
Property, equipment and Right of use asset	751	751	751	751	
Intangible assets	514	514	514	514	Section B
Deferred tax asset	1 497	1 497	1 510	1 510	
Total assets	**49 341**	**49 341**	**48 475**	**48 475**	
Liabilities					
Current tax	-	-	-	-	
Creditors and other liabilities	1 073	1 073	1 073	1 073	
Short-term funding	26 445	26 445	26 488	26 488	
Bonds and other long-term funding	7 843	7 843	7 843	7 843	
Subordinated bonds	1 170	1 170	1 170	1 170	
Derivatives	-	-			
Total liabilities	**36 531**	**36 531**	**36 574**	**36 574**	
Equity					
Ordinary share capital	5	5	5	5	Row 1
Ordinary share premium	9 995	9 995	14 363	14 363	Row 1
Accumulated reserves / (losses) (3)	2 810	2 810	(2 468)	(2 468)	Section B
Total equity	**12 810**	12 810	11 900	11 900	
Total liabilities and equity	**49 341**	**49 341**	**48 475**	**48 474**	

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 movement in the leverage ratio at an ABL level between June 2024 and September 2024 resulted from increase in the Total exposure measure and increase in Tier 1 Qualifying Capital. The movement in the Total exposure was mainly due to increase on-balance sheet exposures resulting from the integration of the business banking book into ABL. The increase in the Tier 1 Qualifying Capital was mainly due to reduced regulatory capital adjustments. The marginal decrease in the ABHL Leverage ratio was due to a negligible decrease in Tier 1 capital.

The exposure used in the calculation of the ratio (see 8.2) differs from the total assets as measured using IFRS as shown below. The disclosures are prepared using figures as at 30 September 2024.

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

R million	African Bank Holdings Limited		African Bank Limited	
	Sep-24	**Jun-24**	**Sep-24**	**Jun-24**
Total consolidated assets as per published financial statements	49 184	47 166	48 320	32 888
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(551)	(419)	-	-
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-	-
Adjustments for derivative financial instruments	0	0	0	-
Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-	-
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 995	1 284	1 994	427
Other adjustments [(1)]	1 042	1 185	1 041	1 065
Leverage ratio exposure	51 670	49 217	51 355	34 380

(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	
		Sep-24	Jun-24	Sep-24	Jun-24
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	50 651	50 042	50 338	35 561
2	Asset amounts deducted in determining Basel III Tier 1 capital	(977)	(879)	(977)	(985)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**49 675**	**49 163**	**49 361**	**34 576**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0	1	0	0
5	Add-on amounts for PFE associated with all derivatives transactions	0	0	0	0
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)**	**0**	**1**	**0**	**0**
	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	520	427	520	30
18	(Adjustments for conversion to credit equivalent amounts)	1 475	1 076	1 474	934
19	**Off-balance sheet items (sum of lines 17 and 18)**	1 995	1 503	1 994	965
20	Tier 1 capital	10 575	10 669	10 915	8 848
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**51 670**	**50 668**	**51 355**	**35 540**
	Leverage ratio				
22	**Basel III leverage ratio**	**20,5%**	**21,1%**	**21,3%**	**24,9%**

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

9. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

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

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

African Bank Limited (R million)	a	c	d	e	f	g	h
		Carrying values of items:					
	Carrying values as reported in published financial statements & under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deductions from capital	Subject to other risk
Assets							
Cash and cash equivalents	5 970	5 964	-	-	6	-	-
Sovereign debt security	3 921	3 921	-	-	-	-	-
Derivative assets	0	-	0			-	-
Net advances	34 389	34 389	-	-	-	-	-
Financial Investments	15	15	-	-	-	-	-
Prepayments	0	0	-	-	-	-	-
Insurance contracts assets	0	0	-	-	-	-	-
Accounts receivable and other assets	1 243	1 243	-	-	-	-	-
Current tax asset	47	47	-	-	-	-	-
Loans to group companies	-	-	-	-	-	-	-
Goodwill	115	-				115	-
Investment in subsidiary		-	-	-	-		-
Property and equipment	751	751	-	-	-	-	-
Intangible assets	514	-	-	-	-	514	-
Deferred tax asset	1 510	-	-	-	-	449	1 061
Total assets	**48 475**	**46 329**	**0**	**-**	**6**	**1 078**	**1 061**
Liabilities and equity							
Short-term funding	26 488	-	7 812	-	-	18 676	-
Derivative liabilities	-	-	-	-	-		-
Creditors and other liabilities	1 073	-	-	-	-	1 073	-
Current tax	-	-	-	-	-	-	-
Bonds and other long-term funding	7 843	-	-	-	-	7 843	-
Subordinated bonds, debentures and loans	1 170	-	-	-	-	1 170	-
Deferred tax liability	-	-	-	-	-	-	-
Ordinary shareholder’s equity	11 901	-	-	-	-	11 901	-
Total liabilities and equity	**48 475**	**-**	**7 812**	**-**	**-**	**40 663**	**-**

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

African Bank Holdings Limited (R million)	a	c	d	e	f	g	h
		Carrying values of items:					
	Carrying values as reported in published financial statements & under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deductions from capital	Subject to other risk
Assets							
Cash and cash equivalents	5 977	5 971	-	-	6	-	-
Sovereign debt security	3 921	3 921	-	-	-	-	-
Derivative assets	15	-	15			-	-
Net advances	34 389	34 389	-	-	-	-	-
Accounts receivable and other assets	1 244	1 244	-	-	-	-	-
Current tax asset	47	47	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-
Goodwill	115	-	-	-	-	114,86	
Insurance contracts assets	872	-	-	-	-	-	872
Property and equipment	751	751	-	-	-	-	-
Intangible assets	514	-	-	-	-	514	-
Deferred tax asset	1 497	-	-	-	-	449	1 048
Total assets	**49 341**	**46 323**	**15**	**-**	**6**	**1 078**	**1 920**
Liabilities and equity							
Short-term funding	26 445	-	7 812	-	-	18 633	-
Derivative liabilities	-	-	-	-	-		-
Creditors and other liabilities	1 073	-	-	-	-	1 073	-
Current tax	-	-	-	-	-	-	-
Bonds and other long-term funding	7 843	-	-	-	-	7 843	-
Subordinated bonds, debentures and loans	1 170	-	-	-	-	1 170	-
Deferred tax liability	-	-	-	-	-	-	-
Ordinary shareholder's equity	12 810	-	-	-	-	12 810	-
Total liabilities and equity	**49 341**	**-**	**7 812**	**-**	**-**	**41 529**	**-**

(1) The table above is completed at ABHL level. The insurance entity (African Insurance Group) is not consolidated for regulatory purposes.

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

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

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

	African Bank Limited (R million)	a	b	c	d	e	f
			Items subject to:				
	R'm	Total	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	Other risk framework
1	Asset carrying value amount under scope of regulatory consolidation	48 475	46 335	0	-	6	1 061
2	Liabilities carrying value amount under scope of regulatory consolidation	36 574	-	7 812	-	-	
3	Total net amount under regulatory scope of consolidation	11 900	46 335	-7 812	-	6	1 061
4	Off-balance sheet amounts	3 671	1 712	-	-		-
5	Differences in valuations	27 222	-6 335	7 813	-	13	-
9	Exposure amounts considered for regulatory purposes	42 793	41 712	0	-	20	1 061

(1) *The Off-balance sheet amount relates to the undrawn commitments on credit cards, overdrafts, and corporate facilities which under the credit risk framework are reported post the application of prescribed credit conversion factors (CCF).*

(2) *The difference in valuations relates to different treatments for IFRS and regulatory reporting.*

(3) *The amounts subject to both credit risk framework, counterparty credit risk framework and market risk framework relates to the foreign currency exposures therein.*

(4) *The amount under counterparty credit risk (CCR) framework includes both CVA and CCR exposures.*

(5) *The amount reported under other risk framework relates to financial investments which are risk weighted under the regulations relating to capital requirements for equity investment in funds.*

	African Bank Holdings Limited (R million)	a	b	c	d	e	f
			Items subject to:				
	R'm	Total	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	Other risk framework
1	Asset carrying value amount under scope of regulatory consolidation	49 341	46 329	15	-	6	1 920
2	Liabilities carrying value amount under scope of regulatory consolidation	36 531	-	7 812	-	-	
3	Total net amount under regulatory scope of consolidation	12 810	46 329	-7 798	-	6	1 920
4	Off-balance sheet amounts	3 671	1 712	-	-		-
5	Differences in valuations	27 171	-6 329	7 798	-	13	-
9	Exposure amounts considered for regulatory purposes	43 652	41 712	0	-	20	1 920

9.3. PV1 – Prudent valuation adjustments (PVAs)

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

		Sep-24							
		a	b	c	d	e	f	g	h
		Equity	Interest rates	Foreign exchange	Credit	Commodities	Total	Of which: in the trading book	Of which: in the banking book
1	Closeout uncertainty, of which:	-	-	-	-	-	-	-	-
2	*Mid-market value*	-	-	-	2	-	2	-	2
3	*Closeout cost*	-	22	-	1 956	-	1 978	-	1 978
4	*Concentration*	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	4 933	-	4 933	-	4 933
7	Operational risk	-	-	-	198	-	198	-	198
8	Investing and funding costs	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other	-	-	-	-	-	-	-	-
12	Total adjustment	-	22	-	7 089	-	7 111	-	7 111

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

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

10. CREDIT RISK

This section outlines the regulatory view of the credit risk associated with retail advances, comprising personal and corporate loans, personal credit cards and overdrafts, and interbank 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 2024.

10.1. CR1 - Credit quality of assets

The following table shows the classification of the gross carrying value of the total of the retail advances and interbank 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	14 498	30 737	10 710	8 699	2 011	-	34 525
Debt securities	-	3 928	7	-	7		3 921
Off-balance sheet exposures	132	3 430	0	-	-	-	3 562
Total	**14 630**	**38 095**	**10 717**	**8 699**	**2 018**	**-**	**42 008**

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

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

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

R million	a
Defaulted loans and debt securities at end of the previous reporting period	**14 412**
Increase in defaulted Loans and debt securities since the last reporting period	6 480
Returned to non-defaulted status	(1 490)
Amounts written off	(769)
Other changes	(4 003)
Defaulted loans and debt securities at end of the reporting period	**14 630**

10.3. Breakdown of gross credit exposure by geographical areas

The total gross credit exposure of the Bank Group is located within the Republic of South Africa (R58,774b). There are no exposures outside of South Africa.

10.4. Breakdown of gross credit exposure by industry type

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

R million	On balance sheet exposure	Off balance sheet exposure	Total
Agriculture, hunting, forestry and fishing	24	25	49
Mining and quarrying	125	4	130
Manufacturing	232	112	344
Electricity, gas and water supply	48	8	56
Construction	140	80	220
Wholesale and retail trade, repair of specified items, hotels and restaurants	811	129	940
Transport, storage and communication	2 674	951	3 626
Financial intermediation and insurance	1 927	73	2 000
Real estate	6 304	874	7 177
Business services	550	184	734
Community, social and personal services	46	8	53
Private households	30 190	1 207	31 397
Other	4 695	17	4 712
Total	**47 767**	**3 671**	**51 438**
of which: Sovereign (central government and central bank)	6 844	-	6 844

10.5. Impaired advances

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

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

Regulatory classifications	Impairment Cover %
	Sep-24
Standard and special mention (1)	0,01%
Sub-standard	0,30%
Doubtful	28,74%
Loss	95,20%

(1) *The impairment coverage relating to the corporate exposure is excluded from this analysis. As at 30 September 2024 the impairment coverage for Corporate exposure amounted to 2.2%.*

10.6. Ageing analysis

The ageing of gross advances on term loans and credit cards to retail customers is based purely on days past due. Amounts reported are based on actuals as at 30 September 2024.

(1) Included in this is the gross carrying amount relating to corporate exposure amounting to R1.9 billion.

10.7. CRD - External credit assessment

R million	Gross carrying amount
Not past due (1)	33 979
Past due 31 -90 days	3 583
Past due 91 - 182 days	3 162
Past due > 182 days	**12 000**
Total	**52 725**

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%		

10.8. CR3 - Credit risk mitigation techniques overview

The bank currently does not hold any collateral for the retail book. Collateral is held for the business banking book and derivative exposures.

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	19 111	15 414	14 851	19	-	-	-
Debt securities	3 921	-	-	-	-	-	-
Total	23 032	15 414	14 851	19	-	-	-
Of which defaulted	12 992	1 638	1 094	-	-	-	-

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

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

	R million	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM[(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	3 928	-	3 928	-	-	0,0%
2	Non-central government public sector entities	461	-	461	-	-	0,0%
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	310	-	310	-	64	20,7%
5	Securities firms	-	-	-	-	-	-
6	Corporates	10 768	2 432	12 417	870	13 328	100,3%
7	Regulatory retail portfolios	18 339	1 215	18 623	245	14 299	75,8%
8	of which: Secured by residential property	205	24	205	24	91	
9	Secured by commercial real estate	-	-	-	-	-	-
10	Equity	-	-	-	-	-	0,0%
11	Past-due loans	13 688	24	4 772	24	3 733	77,8%
12	Higher-risk categories	-	-	-	-	-	-
13	Other assets	7 610	-	7 610	-	1 457	19,1%
14	**Total**	**55 104**	**3 671**	**48 121**	**1 140**	**32 881**	**66,7%**

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

10.10. CR5 - Exposures by asset class and risk weights

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	3 928	-	-	-	-	-	-	-	-	3 928
Non-central government public sector entities (PSEs)	461	-	-	-	-	-	-	-	-	461
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	-	-	303	-	7	-	0	-	-	310
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	13 287	-	-	13 287
Regulatory retail portfolios	-	-	-	190	-	18 671	7	-	-	18 868
of which: Secured by residential property	-	-	-	190	-	32	7	-	-	229
Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	3 022	-	986	788	-	4 796
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Other assets	5 620	-	-	-	-	-	1 457	-	533	7 610
Total	**10 009**	**-**	**303**	**190**	**3 029**	**18 671**	**15 738**	**788**	**533**	**49 261**

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

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

	R million	a	b	c	d	e	f
		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives) [1]	133	71	0	1	279	450
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**	**133**	**71**	**-**	**1**	**279**	**450**

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

10.12. CCR2 - Credit valuation adjustment (CVA) charge

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

	R million	a	b
		EAD post-CRM	RWA
	Total portfolios subject to the advanced CVA capital charge	-	-
1	(i) VaR component (including the 3 x multiplier)	-	-
2	(ii) Stressed VaR component (including the 3 x multiplier)	-	-
3	All portfolios subject to the standardised CVA capital charge	279	163
4	**Total subject to the CVA capital charge**	**279**	**163**

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

The exposure relates to an interest rate swap that the Bank has on its book as at 30 September 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	-	-	-	-	-	287	-	-	-	287
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**287**	**-**	**-**	**-**	**287**

10.14. CCR5 - Composition of collateral for CCR exposure

The collateral held by the Bank for derivative exposure was pertaining to the interest rate swap held as at 30 September 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	-	-	-	4	-	-
Cash - other currencies	-	-	-	-	-	-
Total	**-**	**-**	**-**	**4**	**-**	**-**

11. LIQUIDITY MEASUREMENTS

11.1. Liquidity management

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

This section presents various measurements of the Group liquidity position. Further detail regarding liquidity risk is given in Note 31 to the ABL audited annual financial statements for the year ended 30 September 2024.

11.2. Liquidity and funding strategy

The Group's strategy is to diversify its' funding towards achieving a greater proportion of retail funding relative to wholesale funding. As at 30 September 2024 the Group received 86% of its total funding from retail depositors.

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

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

Liquidity risk is recognised as a key risk that impacts the going concern stages of the Group. The directors have satisfied themselves that the Group is in a sound financial position and had sufficient cash reserves to meet all its short term and medium cash requirements as of 30 September 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) Group undrawn commitments including Business Banking totalled R1.126million.
(b) Uncommitted undrawn facilities totalled R1.9bn. These commitments are attributable to undrawn overdraft amounts and undrawn Business Banking commitments.
(a) Letter of guarantees to Business Banking clients R1,1bn.

11.3. 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 ABL LCR was largely due to an increase in total net cash outflows for reporting quarter ended 30 September 2024, whereas the decrease in the ABHL LCR was mainly due to the decrease in the weighted average HQLA.

	African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Sep-24	Sep-24	Jun-24
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**6 265**	**6 265**	**3 631**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**18 893**	**929**	**887**
3	Stable deposits	-	-	-
4	Less-stable deposits	18 893	929	887
5	**Unsecured wholesale funding, of which:**	**6 766**	**1 722**	**1 223**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	6 766	1 722	1 223
9	Secured wholesale funding	61	-	-
10	**Additional requirements, of which:**	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	3 436	365	257
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	2 639	185	74
14	Other contractual funding obligations	650	33	36
15	Other contingent funding obligations	-	-	-
16	**Total cash outflows**	**32 445**	**3 234**	**2 478**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	2 538	2 019	2 411
19	Other cash inflows	0	0	-
20	**Total cash inflows**	**2 538**	**2 019**	**2 411**

		Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**	**6 265**	**3 631**
22	**Total net cash outflows (2)**	**1 215**	**619**
23	**Liquidity coverage ratio (%) (3)**	**516%**	**586%**

(1) *The average numbers are calculated using the daily LCR figures for the quarter ended 30* September *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)
		Sep-24	**Sep-24**	**Jun-24**
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**6 265**	**6 265**	**8 710**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**18 893**	**929**	**1 045**
3	Stable deposits	-	-	-
4	Less-stable deposits	18 893	929	1 045
5	**Unsecured wholesale funding, of which:**	**6 766**	**1 722**	**3 786**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	0
7	Non-operational deposits (all counterparties)	-	-	2 564
8	Unsecured debt	6 766	1 722	1 223
9	Secured wholesale funding	61	-	0
10	**Additional requirements, of which:**	-	-	**0**
11	Outflows related to derivative exposures and other collateral requirements	3 436	365	257
12	Outflows related to loss of funding on debt products	-	-	0
13	Credit and liquidity facilities	2 639	185	74
14	Other contractual funding obligations	650	33	65
15	Other contingent funding obligations	-	-	28
16	**Total cash outflows**	**32 445**	**3 234**	**5 256**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	2 538	2 019	3 934
19	Other cash inflows	0	0	60
20	**Total cash inflows**	**2 538**	**2 019**	**3 994**
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**6 265**	**8 710**
22	**Total net cash outflows** (2)		**1 215**	**1 314**
23	**Liquidity coverage ratio (%)** (3)		**516%**	**663%**

11.4. Composition of high-quality liquid assets

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

African Bank Limited (R million)	Sep-24	Jun-24
Total level one qualifying high-quality liquid assets (1)	**6 265**	**3 631**
Cash	288	82
Qualifying central bank reserves	2 534	1 281
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	3 442	2 269

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

African Bank Holdings Limited (R million)	Sep-24	Jun-24
Total level one qualifying high-quality liquid assets (1)	**6 265**	**8 710**
Cash	288	416
Qualifying central bank reserves	2 534	3 173
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	3 442	5 121

11.5. 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	20
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	**20**

11.6. LIQ2 - Net stable funding ratio (NSFR)

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding, over a one-year period. This ratio is required to be greater than or equal to 100% on an on-going basis.

“Available stable funding” is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

The NSFR is designed to ensure closer matching of long-term asset cash flows with long-term funding cash flows. Full compliance for NSFR became effective since January 2018.

The decrease in NSFR from 30 June 2024 to 30 September 2024, is driven by an increase in required stable funding, partially offset by an increase in available stable funding. The increase in the required stable funding is attributable to the movement in 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:	13 441	-	-	-	13 441
2	*Regulatory capital*	13 441	-	-	-	13 441
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	16 035	2 302	6 639	23 609
5	*Stable deposits*	-	8 533	799	2 348	11 213
6	*Less stable deposits*		7 502	1 503	4 290	12 396
7	Wholesale funding:		6 045	448	1 194	3 920
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	6 045	448	1 194	3 920
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	919	-	-	-
12	*NSFR derivative liabilities*		-	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	919	-	-	-
14	**Total ASF**					**40 969**

(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")					242
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		6 430	5 098	7 672	11 995
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*	-	828	-	-	124
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:*	-	5 602	5 098	7 672	11 871
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	0,129
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	0,129
30	*NSFR derivative liabilities before deduction of variation margin posted*		-			0
31	All other assets not included in the above categories	-	-	-	19 572	19 572
32	Off-balance sheet items		3 562			178
33	***Total RSF***					**31 987**
34	***Net Stable Funding Ratio (%)***					**128%**

12. INTEREST RATE RISK

The sensitivity analyses have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments. A 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 2024. 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 of 6% up and down.

Interest rate sensitivity (R million)	Sep-24	Jun-24
Increase	503	350
Decrease	-478	-327

IRRBB1-Quantitative information on IRRBB

African Bank Limited	ΔEVE (Behavioural)		ΔNII (Behavioural)	
Period	Sep-24	Jun-24	Sep-24	Jun-24
	T	T-1	T	T-1
Parallel up	(189 533)	-		-
Parallel down	306 831	-		-
Steepener	(1 010 487)	-		
Flattener	959 077	-		
Short rate up	810 585	-		
Short rate down	(878 062)	-		
Maximum	(1 690 129)	-		-
Tier 1 capital	11 267 529	-		

(1) New table per Directive 1 of 2024

(1) The Bank remained within the Regulatory Supervisory Outlier Test (SOT).

13. REMUNERATION

The Remuneration Policy is linked to sustainable value creation and comprises both short and long-term incentives. For detailed disclosures refer to pages 109 to 119 the African Bank Holdings Limited Environmental, Social and Governance (ESG) Report as at 30 September 2024. This report contains a detailed review of the remuneration paid to executive directors and prescribed officers as defined by the Companies Act who are regarded as senior managers for purposes of this report. There are no other material risk-takers.

14. QUALITATIVE DISCLOSURES AND ACCOUNTING POLICIES

The regulations require that certain qualitative disclosures and statements on accounting policy be made. These were made in the annual financial statements and integrated annual report for the financial period ended 30 September 2024, 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 o AFS)
	KM1 - Key metrics (at consolidated group level)	6.1
	KM2 – Key metrics – TLAC requirements	N/A to African Bank as the entity is not designated as a D-SIB
	OV1 – Overview of RWA	6.2
Composition of Capital	CCA – Main features of regulatory capital instruments	Refer to: 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
Linkages between financial statements and regulatory exposures	LI1 – Difference between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	9.1
	LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements	9.2
	LIA – Explanations of differences between accounting and regulatory exposure amounts	N/A (No difference)
	PV1 - Prudent valuation adjustments (PVAs)	9.3
Credit Risk	CRA – General information about credit risk	10 (Note 26 of AFS)
	CR1 – Credit quality of assets	10.1
	CR2 – Changes in stock of defaulted loans and debt securities	10.2
	CRB – Additional disclosure related to the credit quality of assets	10.3 to 10.6
	CRC – Qualitative disclosure requirements related to credit risk mitigation techniques	3 (Referenced to AFS)

	CR3 – Credit risk mitigation techniques – Overview	10.8
	CRD – Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	10.7
	CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	10.9
	CR5 – Standardised approach – exposures by asset classes and risk weights	10.10
	CR7 – IRB – Effect on RWA of credit derivatives used as CRM techniques	N/A
	CR8 – RWA flow statements of credit risk exposures under IRB	N/A
Counterparty credit risk	CCRA – Qualitative disclosure related to counterparty credit risk	3 (Referenced to AFS)
	CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	10.11
	CCR2 – Credit valuation adjustment (CVA) capital charge	10.12
	CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights	10.13
	CCR5 – Composition of collateral for CCR exposures	10.14
	CCR7 – RWA flow statements of CCR exposures under the Internal Model Method	N/A
Liquidity risk	LIQ1 – Liquidity Coverage Ratio	11.5
	LIQ2 – Nest Stable Funding Ratio	11.6
Market risk	MRA – Qualitative disclosure requirements related to market risk	3 (Referenced to AFS)
	MR1 – Market risk under standardised approach	11.5.2
	MR3 – Internal Models Approach values for trading portfolios	N/A
Remuneration	REMA – Remuneration policy	ESG Report Pages 109-119
	REM1 – Remuneration awarded during the financial year	
	REM2 – Special payments	
	REM3 – Deferred remuneration	