AFRICAN BANK HOLDINGS LIMITED
AND AFRICAN BANK LIMITED

PUBLIC PILLAR III DISCLOSURES

(in terms of the Banks Act, Regulation 43)
as at ***31 March 2022***

African Bank
Audacity to **believe**

CONTENTS

1. EXECUTIVE SUMMARY

1.1. Overview

African Bank Holdings Limited (ABH or the ABH Group) and its 100% held banking subsidiary, African Bank Limited ("ABL" or "the Bank") commenced business on 4 April 2016. ABH was capitalised with a cash subscription for ordinary shares in the amount of R10 billion. ABH elected to capitalise ABL with the same amount, in return for ordinary shares. An extended liability term structure was established as a result of the restructuring of the old African Bank that was placed under curatorship on 10 August 2014 and subsequently renamed Residual Debt Services Limited (in curatorship) (RDS), (the Restructuring). ABL acquired a portfolio of assets and liabilities from RDS in terms of the Restructuring, which included part of the credit-worthy retail advances book.

Significant improvements in the credit underwriting and provisioning methodologies were immediately, 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 balance sheet of ABH and ABL remains strong, with advances appropriately provided for, strong capital adequacy and available cash holdings, including surplus liquid assets of R4.6 billion. Liquidity risk, interest rate risk and foreign exchange risks are managed within our approved risk appetite framework.

The overall impact of the strong balance sheet structure is evidenced in the various sections of this report which, as of 31 March 2022, includes a CET1 ratio of 39.2%, a leverage ratio of 30.8%, a liquidity coverage ratio (LCR) of 785% and a net stable funding ratio (NSFR) of 144% at the ABL level. Consequently, ABH and ABL operate well above minimum required regulatory levels in respect of all prudential ratios.

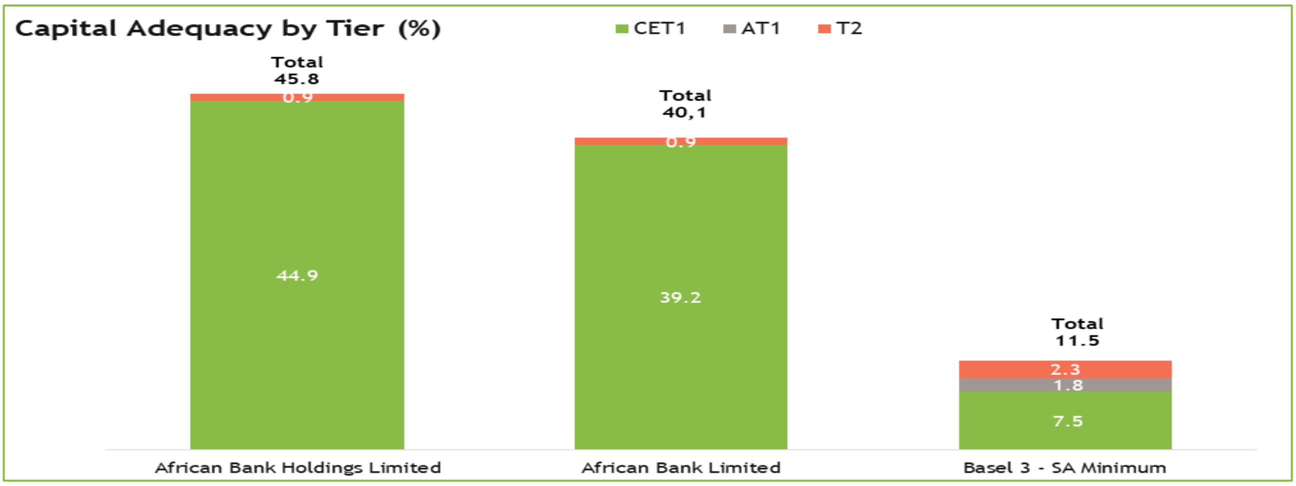
1.2. Governance

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

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

1.3. Capital adequacy ratios

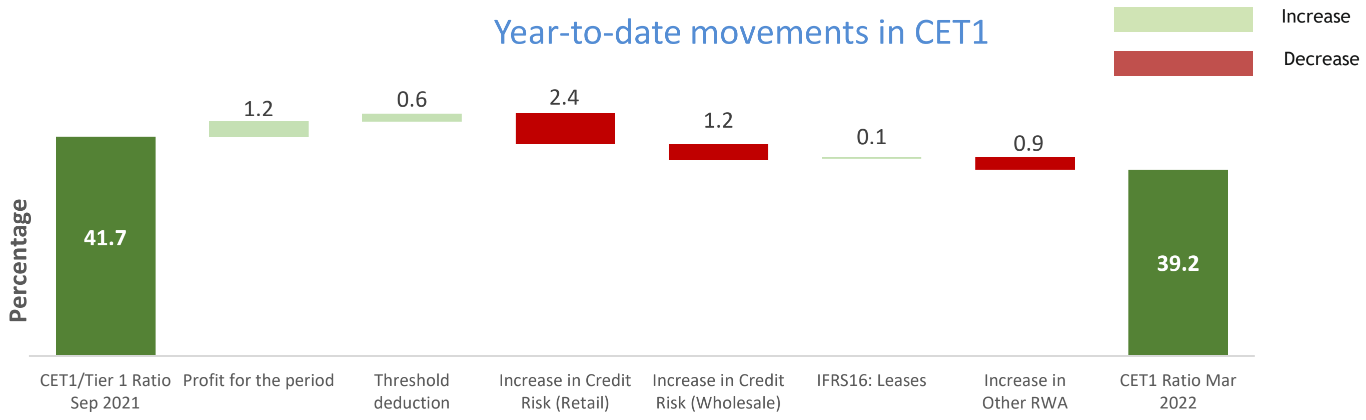
The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2022 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 44.9% and 39.2% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 45.8% and 40.1% respectively.



YEAR-TO-DATE CET1/TIER 1 ANALYSIS

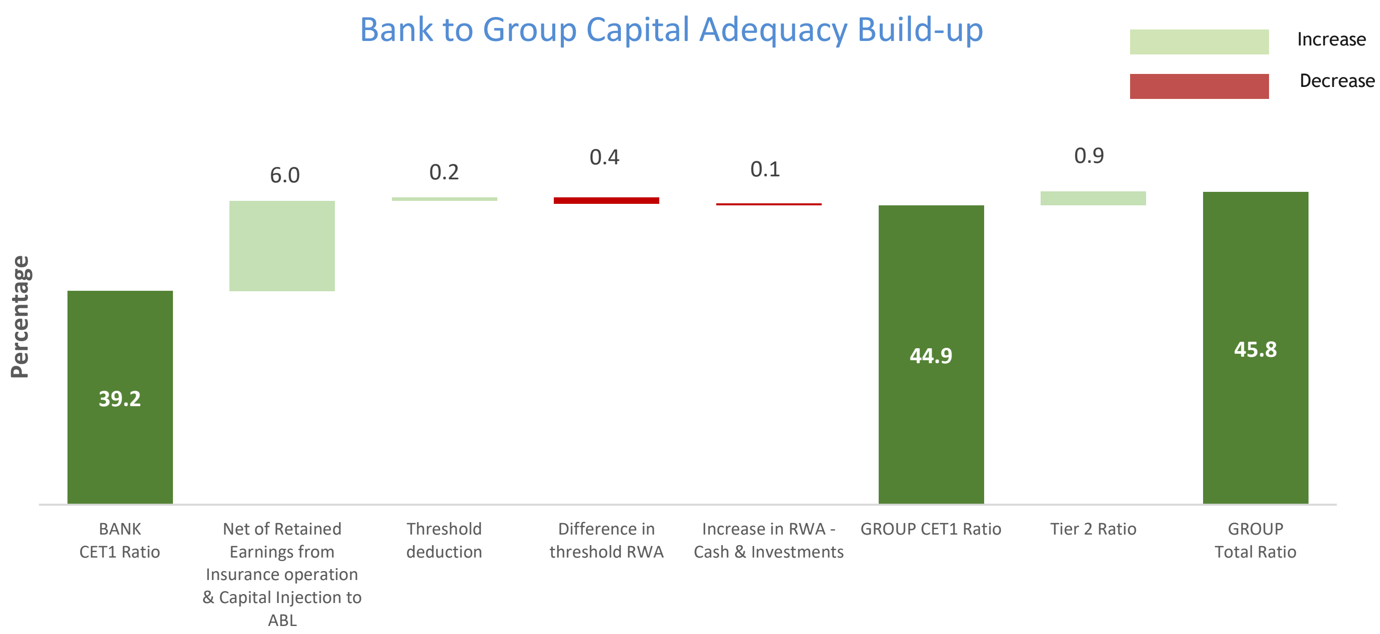
An analysis of the change in African Bank Limited's CET1 capital adequacy ratio movement from 30 September 2021 to 31 March 2022 as well as a comparison between the Bank and Group capital adequacy ratios, as at 31 March 2022, is shown below.

African Bank Limited



The decrease in CET1/Tier1 ratio from 30 September 2021 to 31 March 2022 is as a result of an increase in capital demand due to growth in both retail and wholesale credit risk. The demand increase in retail and corporate advances is evidenced in the on balance sheet increase in net advances which increased by R3.2 billion over the reporting period. The threshold deduction in the graph above relates to deferred tax amount greater than 10% of CET1 qualifying capital which is deducted from CET1 qualifying capital as a result of the 10% cap. The ratio was positively impacted by the increase in capital supply as a result of the year to date profit reported for half year ended 31 March 2022 of R257 million.

REGULATORY CAPITAL BUILD-UP FROM ABL TO ABH



The Tier 2 ratio of 0.9% depicted in the graph above relates to the amount of general provisions that qualify as Tier 2 capital under the standardised approach for credit risk. The differences that exist between ABL and ABH are primarily as a result of the following:

- **Impact of Insurance operations** – At a Group level, capital supply is bolstered by the cumulative earnings generated from the Group's insurance operations. There is no additional RWA requirement for the investment in the Group's insurance subsidiary, African Insurance Group Limited (AIG), due to a return of capital during 2018 that resulted in the write-down of the carrying value of the investment to zero.

- **Impact of Cash & Investments made by ABH** – There are no material additional RWA requirements at a Group level as the cumulative earnings received from the insurance operation are placed with ABL.

The following table sets out the composition of the qualifying regulatory capital for ABH and ABL:

	African Bank Holdings Limited		African Bank Limited	
R million	Mar-2022	Dec-2021	Mar-2022	Dec-2021
Composition of qualifying regulatory capital				
Ordinary share capital & accumulated profit	10 935	10 000	11 485	11 485
Regulatory adjustments	(134)	(844)	(2 162)	(2 752)
Common Equity Tier 1 capital (CET1)	10 801	9 156	9 323	8 733
Total qualifying subordinated debt	-	-	-	-
Qualifying Portfolio Provisions	214	207	214	207
Tier 2 capital (T2)	214	207	214	207
Total Qualifying regulatory capital	11 015	9 363	9 537	8 940

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

1.4. Leverage ratio

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

The leverage ratio remained flat at an ABL level due to the increase in the exposure measure being off-set by an increase in the Tier 1 Qualifying Capital. The increase in exposure was mainly driven by the increase in cash placements with financial institutions as a result of the growth in funding as well as the growth in retail advances during the reporting quarter. The increase in Tier 1 Qualifying Capital was driven largely by the increase in profitability during the reporting quarter as compared to the previous quarter and further compounded by the decrease in deferred tax asset which resulted in a decrease in the threshold deduction against capital. The increase in leverage ratio at an ABH level was primarily driven by the increase in the Group Tier 1 Qualifying Capital as a result of the dividend received from AIG during the reporting quarter.

R million	African Bank Holdings Limited Mar-2022	Dec-2021	African Bank Limited Mar-2022	Dec-2021
Capital and total exposures				
Tier 1 capital	10 801	9 156	9 323	8 733
Total exposures	30 369	28 461	30 276	28 358
Basel III leverage ratio	**35.6%**	**32.2%**	**30.8%**	**30.8%**
Basel III leverage ratio regulatory minimum requirement	**4.0%**	**4.0%**	**4.0%**	**4.0%**

(1) Refer to 8.2 of the detailed disclosure for a detailed breakdown of the above table

1.5. Liquidity coverage ratio ("LCR")

The LCR is a prudential ratio which incorporates a 30-day stress test, requiring the Bank to hold sufficient high-quality liquidity assets (HQLA) to cover envisaged net outflows. These outflows are calibrated using regulatory prescribed factors applied to assets and liabilities in a static run-off model. Regulatory definitions are used to identify high-quality liquid assets.

The decrease in the LCR from the previous reporting period was largely due to the decrease in HQLA as a result of maturity of a Government Bond, and the total net cash outflows over the quarter ended 31 March 2022, being greater than the net cash outflow in the quarter ended 31 December 2021.

African Bank Limited R million	Total weighted value (average) Mar-2022	Total weighted value (average) Dec-2021
Total high-quality liquid assets	2 840	3 308
Total net cash outflows	362	312
Liquidity coverage ratio (%)	**785%**	**1062%**
Regulatory minimum requirement (1)	90%	80%

(1) Refer to 10.5 of the detailed disclosure for a detailed breakdown of the above table

(2) The withdrawal on the temporary relief for LCR as per Directive 8/2021 has taken effect on 1 January 2022 where the minimum requirement has been increased to 90% and thereafter to be increased to 100% effective 1 April 2022

1.6. Net stable funding ratio ("NSFR")

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

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

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

The increase in NSFR from 142% as at 31 December 2021 to 144% as at 31 March 2022, is largely driven by an increase in available stable funding being greater than the increase in required stable funding. The available stable funding increase is attributable to an increase in retail deposits and the R600 million bond issuance during March 2022. The increase in the required stable funding was primarily due to an increase in retail advances.

African Bank Limited R million	Mar-2022	Dec-2021
NSFR (%)	**144%**	**142%**
Available stable funding	24 620	23 071
Required stable funding	17 144	16 206

(1) Refer to 10.6 of the detailed disclosure for a detailed breakdown of the above table

1.7. References of quantitative standardised tables and templates

Refer to the attached Annexure A to this document for the quantitative standardised tables and templates as prescribed in the revised pillar 3 disclosure requirements published in January 2015 and pillar 3 disclosure requirements – consolidated and enhanced framework published in March 2017 by the Basel Committee on Banking Supervision.

2. BASIS OF COMPILATION

The information contained in this report is based on the month-end actual results and, in some instances, the average balances as contained in the ABH and ABL regulatory returns. Accordingly, this information may not agree to the information contained in the respective sets of Annual Financial Statements, which are prepared on an IFRS basis.

The table below shows an analysis of advances to customers for ABL as at 31 March 2022 and is included as a reference to the published Interim Financial Statements

Analysis of advances to customers as at 31 March 2022 (1) R million	Term loans (2)	Credit Cards / Overdrafts(3)	Total
Gross amount due by customers	26 071	3 930	30 001
Impairment attributable to acquired advances and deferred fees	(1 275)	(21)	(1 296)
Gross advances	**24 796**	**3 909**	**28 705**
Impairment and deferred fees attributable to originated advances	(8 123)	(954)	(9 077)
Net advances	**16 673**	**2 955**	**19 628**

(1) The above table provides a breakdown of loans and advances related to corporate loans, credit cards, overdrafts and term loans only and excludes interbank and sovereign exposures
(2) Included in the term loans is an exposure of R1.5 billion gross amount relating to corporate exposure
(3) Included in the credit cards is an exposure of R12.6 million gross amount relating to Overdraft exposure

3. SUPPLEMENTARY INFORMATION INCLUDING RISK MANAGEMENT

Additional information providing context for disclosures contained herein is included in the following documents published by the ABH Group, available on the investor relations page of the Group's website: https://www.africanbank.co.za.

African Bank Holdings Limited Integrated Report 2021

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

African Bank Holdings Limited Environmental, Social and Governance Report 2021

African Bank Holdings Limited: consolidated and separate annual financial statements 30 September 2021, and

African Bank Limited: annual financial statements 30 September 2021

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

- Accounting policies (Note 1.1)
- Risk management (Note 28)
- Credit risk management including approach to impairment provisioning (Note 29)
- Market risk (Note 30)
- Interest rate risk management (Note 30.1)
- Foreign exchange risk management (note 30.3)
- Liquidity risk (Note 31)

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

3.1. Stress testing

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

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

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

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

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

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

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

4. PERIOD OF REPORTING

This report is prepared as at 31 March 2022 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 also materially reflect the position of the ABH Group.

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

6. OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA

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

6.1. KM1 – Key metrics

Period ended: R million		Mar22 (T)	Dec21 (T-1)	Sep21 (T-2)	Jun21 (T-3)	Mar21 (T-4)
Available capital (amounts) (1) (3)						
1	Common Equity Tier 1 (CET1)	10 801	9 156	9 352	9 286	9 173
1a	Fully loaded ECL accounting model	10 801	9 156	9 352	9 286	9 173
2	Tier 1	10 801	9 156	9 352	9 286	9 173
2a	Fully loaded accounting model Tier 1	10 801	9 156	9 352	9 286	9 173
3	Total capital	11 015	9 363	9 531	9 464	9 980
3a	Fully loaded ECL accounting model total capital	11 015	9 363	9 531	9 464	9 980
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	24 039	22 531	21 998	21 611	22 891
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	44.9	40.6	42.5	42.9	40.1
5a	Fully loaded ECL accounting model CET1 (%)	44.9	40.6	42.5	42.9	40.1
6	Tier 1 ratio (%)	44.9	40.6	42.5	42.9	40.1
6a	Fully loaded ECL accounting model Tier 1 ratio	44.9	40.6	42.5	42.9	40.1
7	Total capital ratio (%)	45.8	41.5	43.3	43.8	43.6
7a	Fully loaded ECL accounting model total capital ratio (%)	45.8	41.5	43.3	43.8	43.6
Additional CET1 buffer requirements as a percentage of RWA						
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 (%)	37.4	33.6	35.5	35.9	33.1
Basel III Leverage Ratio (3)						
13	Total Basel III leverage ratio measure	30 369	28 461	29 911	28 706	29 759
14	Basel III leverage ratio (%) (row 2/row 13)	35.6	32.2	31.3	32.3	30.8
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	35.6	32.2	31.3	32.3	30.8
Liquidity Coverage Ratio (2) (3)						
15	Total HQLA	2 840	3 308	4 262	3 088	2 672
16	Total net cash outflow	362	312	338	354	233
17	LCR ratio (%)	785	1 062	1 260	872	1 145
Net Stable Funding Ratio (2) (3)						
18	Total available stable funding	24 620	23 071	23 801	22 742	22 318
19	Total required stable funding	17 144	16 206	15 287	15 058	15 347
20	NSFR ratio (%)	144	142	156	151	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 instead 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 level while the liquidity ratios are at African Bank Limited Level.*

(3) *Refer to sections 1.3 to 1.6 of the executive summary for reasons on significant movements.*

6.2. OV1 - Overview of risk weighted assets

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

	R million	African Bank Holdings Limited			African Bank Limited		
		RWA		Minimum capital requirements[1]	RWA		Minimum capital requirements[1]
		Mar-2022	Dec-2021	Mar-2022	Mar-2022	Dec-2021	Mar-2022
1	**Credit risk (excluding counterparty credit risk)**	**18 066**	**17 357**	**2 078**	**18 062**	**17 356**	**2 077**
2	Of which standardised approach (SA) [2]	18 066	17 357	2 078	18 062	17 356	2 077
4	**Counterparty credit risk**	**15**	**7**	**2**	**15**	**7**	**2**
5	Of which standardised approach for counterparty credit risk (SA-CCR) [3]	15	7	2	15	7	2
10	**Credit valuation adjustment (CVA)** [3]	12	6	1	12	6	1
12	**Equity investment in funds - Look-through approach** [4]	485	55	56	483	53	56
20	**Market risk**	**1**	**8**	**-**	**1**	**8**	**-**
21	Of which standardised approach (SA) [5]	1	8	-	1	8	-
24	**Operational risk** [6]	**2 726**	**2 748**	**313**	**2 614**	**2 634**	**301**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 575**	**2 350**	**296**	**2 353**	**2 287**	271
26	**Floor adjustment** [7]	**159**	**-**	**18**	**239**	**-**	**28**
27	**Total**	**24 039**	**22 531**	**2 764**	**23 778**	**22 367**	**2 736**

(1) *The minimum capital requirement per risk category from 1 January 2022 is 11.5% which comprises the base minimum (8.00%) plus capital conservation buffer (2.5%) plus the Pillar 2A systemic risk add-on (1%). The withdrawal of temporary relief has become effective on 1 January 2022 as per Directive 5/2021.*

(2) *Refer below for a further split on credit risk exposures relating to loans and advances.*

(3) *There are no material movement as no additional derivatives were entered into.*

(4) *The Regulations pertaining to equity investments in funds became effective on 1 January 2021. The Bank and Group has financial investments for which the look-through approach is being applied. The increase in the financial investment exposure is due to additional placements of surplus cash with investments in funds held with Asset Fund Managers during quarter ended 31 March 2022.*

(5) *No material movement noted in market risk.*
(6) *ABL currently applies the alternative standardised approach in calculating its operational risk, as approved by the Prudential Authority.*
(7) *The floor adjustment is as prescribed by the Regulator.*

R million	African Bank Holdings Limited			African Bank Limited		
	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Mar-2022	**Dec-2021**	**Mar-2022**	**Mar-2022**	**Dec-2021**	**Mar-2022**
Of which standardised approach (SA) - Loans and advances	**17 095**	**16 581**	**1 966**	**17 091**	**16 580**	**1 965**
Retail Exposures	14 948	14 428	1 719	14 948	14 428	1 719
Non-Retail Exposures (excluding Sovereign exposures)	2 147	2 153	247	2 143	2 152	246

7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 March 2022 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 44.9% and 39.2% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 45.8% and 40.1% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited		Reference [1]
Section A	Mar-2022	Dec-2021	Mar-2022	Dec-2021	
Common Equity Tier 1 Capital					
Ordinary share capital & premium	10 000	10 000	11 485	11 485	Row 1
Accumulated profit [3]	935	-	-	-	Row 2
Total as per Transitional Basel 3 Template	**10 935**	**10 000**	**11 485**	**11 485**	Row 6
Section B					
Common Equity Tier 1 Regulatory Adjustments					
- Intangible assets in terms of IFRS	(134)	(133)	(134)	(133)	
- Other regulatory adjustments, including accumulated losses [2]	-	(711)	(2 028)	(2 619)	
Total as per Transitional Basel 3 Template	**(134)**	**(844)**	**(2 162)**	**(2 752)**	Row 28
Section C					
Additional Tier 1 capital (AT1)	-	-	-	-	
Section D					
Subordinated debt	-	-	-	-	
Accrued interest not classified as Tier 2 capital	-	-	-	-	
Total subordinated debt	**-**	**-**	**-**	**-**	Row 46/48
Haircut on amounts attributable to third parties	-	-	-	-	Row 57
Tier 2 instruments issued by subsidiary and held by third parties	**-**	**-**	**-**	**-**	
Portfolio provisions	214	207	214	207	Row 50
Total as per Transitional Basel 3 Template	**214**	**207**	**214**	**207**	Row 58
Total Qualifying regulatory capital	**11 015**	**9 363**	**9 537**	**8 940**	
Section E					
Summary of Capital Adequacy Ratios					
CET1%	44.9	40.6	39.2	39.1	
AT1%	0.0	0.0	0.0	0.0	
T1%	44.9	40.6	39.2	39.1	
T2%	0.9	0.9	0.9	0.9	
Total capital adequacy %	**45.8**	**41.5**	**40.2**	**40.0**	

(1) Refer to 7.3 (Composition of Capital Disclosure Template) for references to the rows.
(2) A significant portion of the regulatory adjustment includes accumulated losses (refer 7.4 below).
(3) The amount excludes unappropriated profits.

7.2. CC1 - Composition of regulatory capital

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

	Period ended: 31 March 2022	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	11 485	Section A
2	Retained earnings	935	-	
3	Accumulated other comprehensive income (and other reserves)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	10 935	11 485	Section A
	Common Equity Tier 1 capital: regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1	(134)	(2 162)	Section B
29	Common Equity Tier 1 capital (CET 1)	10 801	9 323	
	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)	10 801	9 323	
	Tier 2 capital and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	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	214	214	Section D
51	Tier 2 capital before regulatory adjustments	214	214	
	Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital	-	-	
58	Tier 2 capital (T2)	214	214	Section D
59	Total capital (TC = T1 + T2)	11 015	9 537	
60	Total risk weighted assets	24 039	23 780	
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	44.9%	39.2%	
62	Tier 1 (as a percentage of risk weighted assets)	44.9%	39.2%	
63	Total capital (as a percentage of risk weighted assets)	45.8%	40.1%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.5%	7.5%	
65	of which: capital conservation buffer requirement	2.5%	2.5%	
66	of which: bank specific countercyclical buffer requirement	0%	0%	
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)	37.4%	31.7%
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)	1 030	941
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2 417	2 417
77	Cap on inclusion of provisions in Tier 2 under standardised approach	214	214

(1) Refer to 6.2 (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 31 March 2022 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	3 011	3 010	3 006	3 006	
Financial investments	156	156	156	156	
Regulatory deposits and sovereign debt securities	2 828	2 827	2 828	2 828	
Derivatives	63	63	63	63	
Net advances	19 628	19 628	19 628	19 628	
Accounts receivable and other assets	436	377	435	435	
Investment in insurance contracts	431	-	-	-	
Property and equipment and right of use asset	536	536	536	536	
Intangible assets	134	134	134	134	Section B
Deferred tax assets	1 030	1 030	1 030	1 030	
Total assets	**28 253**	**27 761**	**27 816**	**27 816**	
Liabilities					
Current tax	5	2	-	-	
Creditors and other liabilities	837	836	836	836	
Short-term funding	5 700	5 700	7 246	7 246	
Bonds and other long-term funding	10 188	10 188	10 188	10 188	
Total liabilities	**16 730**	**16 726**	**18 270**	**18 270**	
Equity					
Ordinary share capital	5	5	5	5	Row 1
Ordinary share premium	9 995	9 995	11 480	11 480	Row 1
Accumulated reserves / (losses) (3)	1 523	935	(1 939)	(1 939)	Section B
Total equity	**11 523**	**10 935**	**9 546**	**9 546**	
Total liabilities and equity	**28 253**	**27 661**	**27 816**	**27 816**	

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

(2) *Note that at African Bank Limited level there are no differences, however at African Bank Holdings Limited level, the insurance entity (African Insurance Group) is not consolidated for regulatory purposes.*

(3) *Excludes unappropriated profits for African Bank Holdings Limited under Regulatory Scope of Consolidation*

8. LEVERAGE RATIO

Public disclosure of the leverage ratio (calculated using the prescribed leverage ratio template) and its components has been required since 1 January 2015. See section 6 above for an overview of this ratio.

The leverage ratio remained flat at an ABL level due to the increase in the exposure measure being off-set by an increase in the Tier 1 Qualifying Capital. The increase in exposure was mainly driven by the increase in cash placements with financial institutions as a result of the growth in funding as well as the growth in retail advances during the reporting quarter. The increase in Tier 1 Qualifying Capital was driven largely by the increase in profitability during the reporting quarter as compared to the previous quarter and further compounded by the decrease in deferred tax asset which resulted in a decrease in the threshold deduction against capital. The increase in leverage ratio at an ABH level was primarily driven by the increase in the Group Tier 1 Qualifying Capital as a result of the dividend received from AIG during the reporting quarter.

The exposure used in the calculation of the ratio (see 8.2) differs from the total assets as measured using IFRS as shown below. The disclosures are prepared using figures as at 31 March 2022.

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

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Mar-2022	**Dec-2021**	**Mar-2022**	**Dec-2021**
1	Total consolidated assets as per published financial statements	28 253	26 960	27 816	25 817
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(431)	(1,138)	-	-
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	(52)	(53)	(52)	(53)
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)	319	327	319	327
7	Other adjustments (1)	2 280	2 365	2 193	2 268
8	Leverage ratio exposure	30 369	28 461	30 276	28 359

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

8.2. LR2 - Leverage ratio common disclosure template

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Mar-2022	Dec-2021	Mar-2022	Dec-2021
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	30 174	28 506	30 170	28 443
2	Asset amounts deducted in determining Basel III Tier 1 capital	(134)	(377)	(223)	(416)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**30 040**	**28 129**	**29 947**	**28 027**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	7	2	7	2
5	Add-on amounts for PFE associated with all derivatives transactions	3	3	3	3
6	Gross-up for derivatives collateral provided where deducted from the balance sheet asset pursuant to the operative accounting framework	-	-	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**10**	**5**	**10**	**5**
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14	CCR exposure for SFT assets	-	-	-	-
15	Agent transaction exposures	-	-	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**-**	**-**	**-**	**-**
	Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	1 047	1 097	1 047	1 097
18	(Adjustments for conversion to credit equivalent amounts)	(728)	(770)	(728)	(770)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**319**	**327**	**319**	**327**
20	Tier 1 capital	10 801	9 156	9 323	8 733
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**30 369**	**28 461**	**30 276**	**28 359**
	Leverage ratio				
22	**Basel III leverage ratio**	**35.6%**	**32.2%**	**30.8%**	**30.8%**

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

9. CREDIT RISK

This section outlines the regulatory view of the credit risk associated with retail advances, comprising personal and corporate loans, personal credit cards and overdrafts, and interbank deposits. These balances are reflected on the ABL 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 29 in the ABL annual financial statements for the year ended 30 September 2021.

9.1. CR1 - Credit quality of assets

The following table shows the classification of the gross carrying value of the total of the retail advances and interbank deposits split between defaulted and non-defaulted exposures showing the impairments in respect of the defaulted exposures. The impairment provision coverage in respect of the non-defaulted exposures are not included here and are shown under section 10.5.

R million	a	b	c	d	e	f	g
	Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
	Defaulted exposures (1)	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a + b - c)
Loans	11 528	20 050	10 118	7 708	2 410	-	21 460
Debt securities	-	2 275	7	-	7	-	2 267
Off-balance sheet exposures	205	842	-	-	-	-	1 047
Total	**11 668**	**23 167**	**10 125**	**7 708**	**2 417**	**-**	**24 775**

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

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

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

R million	a
Defaulted loans and debt securities at end of the previous reporting period	**11 458**
Increase in defaulted Loans and debt securities since the last reporting period	1 670
Returned to non-defaulted status	(265)
Amounts written off	(1 184)
Other changes	(150)
Defaulted loans and debt securities at end of the reporting period	**11 528**

9.3. Breakdown of gross credit exposure by geographical areas

The total gross credit exposure of the Bank is located within the Republic of South Africa (Rm 34,497). There are no exposures outside of South Africa.

9.4. Breakdown of gross credit exposure by industry type

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

R million	On balance sheet exposure	Off balance sheet exposure	Total
Financial intermediation and insurance	1 263	-	1 263
Business services	1 534	366	1 900
Private households	28 177	707	28 884
Other	2 450	-	2 450
Total	**33 424**	**1 073**	**34 497**
of which: Sovereign (central government and central bank)	2 450	-	2 450

9.5. Impaired advances

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

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

Regulatory classifications	Impairment Cover %
	Mar-2022
Standard and special mention (1)	13.05%
Sub-standard	63.74%
Doubtful	66.35%
Loss	67.60%

(1) The impairment coverage relating to the corporate exposure is excluded from this analysis. As at 31 march 2022 the impairment coverage for Corporate exposure amounted to 2.45%

9.6. Ageing analysis

The ageing of gross advances on term loans and credit cards to retail customers is based purely on days past due. Amounts reported are based on actuals as at 31 March 2022.

R million	Gross carrying amount
Not past due [(1)]	15 066
Past due 31 -90 days	3 152
Past due 91 - 182 days	3 981
Past due > 182 days	7 547
Total	**29 745**

(1) *Included in this is the gross carrying amount relating to corporate exposure amounting to R1.5 billion*

9.7. CRD - External credit assessment

In calculating the required amount of capital to be held against credit risk, the Bank applies the long term, international credit ratings as published by Moody's Investor Services.

These credit ratings are applied to all asset classes where such ratings are available. Where credit ratings are not available, the bank applies the unrated risk weight as required in terms of the Regulations.

The Bank applies the standardised approach for the measurement of credit risk in terms of Regulations 23 and 24 of the Regulations relating to banks.

Credit assessment issued by eligible institution						
Claim in respect of	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Sovereigns	0%	20%	50%	100%	150%	100%
Public sector entities	20%	50%	50%	100%	150%	50%
Bank	20%	50%	50%	100%	150%	50%
Securities firms	20%	50%	50%	100%	150%	50%
Bank: short term claims	20%	20%	20%	50%	150%	20%
Securities firms: short term claims	20%	20%	20%	50%	150%	20%
	AAA to AA-	A+ to A-	BBB+ to BB-	Below BB-		Unrated
Corporate entities	20%	50%	100%	150%		100%
	Short term credit assessment					
	A-1/P-1	A-2/P-2	A-3/P-3	Other		
Banks and corporate entities	20%	50%	100%	150%		

9.8. CR3 - Credit risk mitigation techniques overview

The bank currently does not hold any collateral in respect of derivative exposures and therefore all credit risk exposures are unsecured.

R million	a	b	c	d	e	f	g
	Exposures Unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured amount	Exposure secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
Loans	21 460	-	-	-	-	-	-
Debt securities	2 267	-	-	-	-	-	-
Total	**23 727**	**-**	**-**	**-**	**-**	**-**	**-**
Of which defaulted	11 733	-	-	-	-	-	-

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

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

	R million	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM(1)		RWA and RWA density	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereign and their central banks	2 450	-	2 450	-	-	-
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	1 263	-	1 263	-	426	33.73%
5	Securities firms	-	-	-	-	-	-
6	Corporates	1 534	366	1 534	183	-	90.37%
7	Regulatory retail portfolios	16 406	502	16 393	100	12 540	76.03%
	of which:						
8	Secured by residential property	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-
11	Past-due loans	4 064	205	4 064	41	2 408	58.66%
12	Higher-risk categories	-	-	-	-	-	-
13	Other assets	1 428	-	1 428	-	971	68.00%
14	**Total**	**27 145**	**646**	**27 132**	**324**	**18 062**	**65.79%**

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

9.10. CR5 - Exposures by asset class and risk weights

This table shows the risk weightings assigned to the various asset classes, post CCF and CRM

	R million	a	b	c	d	e	f	g	h	i	j
	Asset classes by risk weights	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereign and their central banks	2 450	-	-	-	-	-	-	-	-	2 450
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	686	-	577	-	-	-	-	1 263
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	1 717	-	-	1 717
7	Regulatory retail portfolios	-	-	-	-	-	16 494	-	-	-	16 494
8	of which: Secured by residential property	-	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	3 074	-	1 029	1	-	4 104
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	457	-	-	-	-	-	971	-	-	1 428
14	**Total**	**2 907**	**-**	**686**	**-**	**3 651**	**16 494**	**3 717**	**1**	**-**	**27 456**

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

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

	R million	a	b	c	d	e	f
		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives) [(1)]	7	3		1.4	15	15
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**						**15**

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

9.12. CCR2 - Credit valuation adjustment (CVA) charge

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

	R million	a	b
		EAD post-CRM	RWA
	Total portfolios subject to the advanced CVA capital charge	-	-
1	(i) VaR component (including the 3 x multiplier)		
2	(ii) Stressed VaR component (including the 3 x multiplier)		
3	All portfolios subject to the standardised CVA capital charge	10	12
4	**Total subject to the CVA capital charge**	**10**	**12**

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

The exposure relates to an interest rate swap that the Bank has on its book as at 31 March 2022.

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	-	-	-	-	-	-	15	-	-	15
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**-**	**15**

9.14. CCR5 - Composition of collateral for CCR exposure

The collateral held by the Bank for derivative exposure was pertaining to the interest rate swap held as at 31 March 2022.

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	-	56	-	56	-	-
Cash - other currencies	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

10. LIQUIDITY MEASUREMENTS

10.1. Liquidity management

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

This section presents various measurements of the Group liquidity position. Further detail regarding liquidity risk is given in Note 31 to the ABL audited annual financial statements for the year ended 30 September 2021.

10.2. Liquidity and funding strategy

The Group's strategy is to diversify its' funding towards achieving a greater proportion of retail funding relative to wholesale funding. As at 31 March 2022 the Group received 69% of its total funding from retail depositors, slightly up from 61% as at 30 September 2021.

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

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

Liquidity risk is recognised as a key risk that impacts the going concern stages of the Group. The directors have satisfied themselves that the Group is in a sound financial position and had sufficient cash reserves to meet all its short term and medium cash requirements as of 31 March 2022.

10.3. Contractual and behavioural liquidity mismatches

Both the contractual and behavioural mismatches benefit positively from the high component of equity funding and the extended term of the wholesale liabilities. This creates a surplus of asset cash flows over liability cash flows.

10.4. Contractual liquidity maturity analysis (mismatch)

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

The graph below summarises the net liquidity gap, being the sum total of the table.

The table was prepared on the following basis:

- Asset and liability cash flows are presented on an undiscounted basis with an adjustment to reflect the total discounted result;

- The cash flows of floating rate financial instruments are calculated using published forward market rates at balance sheet date;
- The cash flows of derivative financial instruments are included on a gross basis;
- Contractual cash flows with respect to off-balance sheet items which have not yet been recorded on the balance sheet, are excluded;
- Adjustments to loans and advances to clients relate to deferred loan fee income, and
- Non-cash liabilities, representing leave pay and the straight-lining of operating leases, are disclosed as adjustments to trade and other payables.

African Bank Limited

Assets and liabilities maturities as at 31 March 2022 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	3 006	-	-	-	-	-	3 006
Financial Investments	156	-	-	-	-	-	156
Regulatory deposits and sovereign debt securities	561	-	39	-	2 235	(7)	2 828
Derivatives	-	-	-	63	-	-	63
Net advances	1 070	1 152	5 021	3 164	7 880	1 341	19 628
Accounts receivable and other assets	435	-	-	-	-	-	435
Property and equipment and right of use asset	-	-	-	-	-	536	536
Intangible assets	-	-	-	-	-	134	134
Deferred tax asset	-	-	-	-	-	1 030	1 030
Total assets	**5 228**	**1 152**	**5 060**	**3 227**	**10 115**	**3 034**	**27 816**
Liabilities and equity							
Current tax	-	-	-	-	-	-	-
Creditors and other liabilities	576	16	134	7	24	79	836
Short-term funding	3 210	2 312	1 724	-	-	-	7 246
Bonds and other long-term funding	14	12	10	2 351	7 801	-	10 188
Ordinary shareholder’s equity	-	-	-	-	-	9 546	9 546
Total liabilities and equity	**3 800**	**2 340**	**1 868**	**2 358**	**7 825**	**9 625**	**27 816**
Net liquidity gap	**1 428**	**(1 188)**	**3 192**	**869**	**2 290**	**(6 591)**	**-**

The above table differs to the view presented under IFRS in the annual financial statements largely for the reasons described in section 2 of the executive summary (basis of preparation) of this report.

Off balance sheet items

The following off balance sheet items will result in a future cash outflow subsequent to reporting date. These cash flows are regarded as transactions relating to future reporting periods and are therefore excluded from the static maturity analysis above. As a going concern, these outflows will be offset by future cash inflows.

(a) Committed undrawn credit card facilities totalled R675 million. These commitments are attributable to undrawn credit card amounts.
(b) Committed undrawn corporate facilities totalled R366 million. These commitments are attributable to undrawn amounts on facilities granted to corporate entities.
(c) Uncommitted undrawn overdraft facilities totalled R6 million. These commitments are attributable to undrawn overdraft amounts.

10.5. LIQ1 - Liquidity coverage ratio (LCR)

The LCR is a 30-day stress test, which requires the Bank to hold sufficient high-quality liquid assets (HQLA) to cover envisaged net outflows. These outflows are calibrated using prescribed Basel factors applied to assets and liabilities in a static run-off model. Basel definitions are used to identify high-quality liquid assets.

The decrease in the LCR from the previous reporting period was largely due to the decrease in HQLA as a result of maturity of a Government Bond, and the total net cash outflows over the quarter ended 31 March 2022, being greater than the net cash outflow in the quarter ended 31 December 2021.

	African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Mar-2022	Mar-2022	Dec-2021
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**		**2 840**	**3 308**
	Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	2 433	243	234
3	Stable deposits	-	-	-
4	Less-stable deposits	2 433	243	234
5	Unsecured wholesale funding, of which:	570	567	379
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	570	567	379
9	Secured wholesale funding	-	-	-
10	Additional requirements, of which:	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	548	548	553
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	1 044	74	68
14	Other contractual funding obligations	292	15	14
15	Other contingent funding obligations	-	-	-
16	**Total cash outflows**	**4 955**	**1 448**	**1 246**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	2 942	2 531	3 033
19	Other cash inflows	2	2	0
20	**Total cash inflows**	**2 952**	**2 533**	**3 033**
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**2 840**	**3 308**
22	**Total net cash outflows (2)**		**362**	**312**
23	**Liquidity coverage ratio (%) (3)**		**785%**	**1 062%**

(1) The average numbers are calculated using the daily LCR figures for the quarter ended 31 March 2022.

(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.

10.5.1. Composition of high-quality liquid assets

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

R million	Mar-2022	Dec-2021
Total level one qualifying high-quality liquid assets [(1)]	**2 840**	**3 308**
Cash	4	8
Qualifying central bank reserves	373	377
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	2 463	2 923

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

10.5.2. MR1 - Derivative exposures and potential collateral calls

The table below provide information on the potential exposure to margin calls on derivative exposures. All derivatives are entered into for the sole purpose of risk mitigation in the banking book.

	Potential exposure to margin calls on derivative exposures	a
	R million	RWA
1	General interest rate risk	-
2	Equity risk	-
3	Commodity risk	-
4	Foreign exchange risk	1
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	**1**

10.6. LIQ2 - Net stable funding ratio (NSFR)

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

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

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

The increase in NSFR from 142% as at 31 December 2021 to 144% as at 31 March 2022, is largely driven by an increase in available stable funding being greater than the increase in required stable funding. The available stable funding increase is attributable to an increase in retail deposits and the R600 million bond issuance during March 2022. The increase in the required stable funding was primarily due to an increase in retail advances.

	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:	9 760	-	-	-	9 760
2	*Regulatory capital*	9 760	-	-	-	9 760
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	3 385	1 028	6 623	10 594
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	-	3 385	1 028	6 623	10 594
7	Wholesale funding:		2 754	68	3 512	4 266
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	2 754	68	3 512	4 266
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	845	-	-	-
12	*NSFR derivative liabilities*		-	-	-	
13	*All other liabilities and equity not included in the above categories*	-	845	-	-	-
14	**Total ASF**					**24 620**

(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")					142
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		7 025	3 307	11 043	13 471
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*	-	3 090	-	-	463
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:*	-	3 935	3 307	11 043	13 008
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:	-	-	-	-	-
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*				7	7
30	*NSFR derivative liabilities before deduction of variation margin posted*				-	-
31	All other assets not included in the above categories	-	-	-	3 471	3 471
32	Off-balance sheet items		1 047	-	-	52
33	***Total RSF***					**17 144**
34	***Net Stable Funding Ratio (%)***					**144%**

(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 30.1 to the African Bank Limited Annual Financial Statements for the year ended 31 March 2022. 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 1.31% increase and an interest rate decrease resulted in (1.32%) decrease as a percentage of qualifying capital and reserve funds.

Interest rate sensitivity (R million)	Mar-2022	Sep-2021
Increase	125	154
Decrease	(126)	(155)

13. 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 2021, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the integrated annual report and transitional Basel templates. These disclosures can be found on the ABL website under investor relations, financial reporting.

ANNEXURE A

	Tables and templates	Reference to Pillar 3
Overview of risk management and RWA	OVA – Bank risk management approach	3 (Referenced o AFS)
	KM1 - Key metrics (at consolidated group level)	6.1
	OV1 – Overview of RWA	6.2
Composition of Capital	CCA – Main features of regulatory capital instruments	Refer to: https://www.africanbank.co.za/en/home/corporate-info-basel-pillar-iii-announcements/
	CC1 – Composition of regulatory capital	7.3
	CC2 – Reconciliation of regulatory capital to balance sheet	7.4
Leverage ratio	LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure	8.1
	LR2 - Leverage ratio common disclosure template	8.2
Credit Risk	CRA – General information about credit risk	9 (Note 29 of AFS)
	CR1 – Credit quality of assets	9.1
	CR2 – Changes in stock of defaulted loans and debt securities	9.2
	CRB – Additional disclosure related to the credit quality of assets	9.3 to 9.6
	CRC – Qualitative disclosure requirements related to credit risk mitigation techniques	3 (Referenced to AFS)
	CR3 – Credit risk mitigation techniques – Overview	9.8
	CRD – Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	9.7
	CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	9.9
	CR5 – Standardised approach – exposures by asset classes and risk weights	9.10
Counterparty credit risk	CCRA – Qualitative disclosure related to counterparty credit risk	3 (Referenced to AFS)

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

**The Bank has not disclosed the Pillar 3 PVA table as there are no adjustments for PVA reported in line 203 of the form BA700.*