AFRICAN BANK HOLDINGS LIMITED and AFRICAN BANK LIMITED

PUBLIC PILLAR III DISCLOSURES

In terms of the Banks Act, Regulation 43

For the year ended ***31 December 2022***

CONTENTS

1. EXECUTIVE SUMMARY

1.1. Overview

African Bank Limited (ABL), the retail banking arm of African Bank Holdings Limited (“Group”, “ABHL”), commenced operations in April 2016, following the successful restructuring of the legacy African Bank. African Bank was recapitalised with new equity of R10 billion from ABHL, its immediate 100% holding company, resulting in a strong capital and liquidity position.

In 2021, African Bank envisaged and adopted an audacious new FY25 strategy, referred to as ‘Excelerate25’. The Group’s vision is to create a customer centric, digital, and data enabled business that will be scalable, diversified, and sustainable with a compelling listing proposition. In this way we will fulfil our forefathers’ vision of creating ‘a bank for the people, by the people, serving the people’.

In line with our 'Excelerate25' strategy, our acquisition of Grindrod Bank Limited (GBL) expands our core. In addition, the acquisition of Ubank's assets and liabilities strengthens our core. These acquisitions, made on 1 November 2022, and our other strategic initiatives, will go a long way in delivering on our mission and vision.

The Group’s balance sheet remains liquid, with adequate cash resources of R6.6 billion (FY22: R2.8 billion). The Group’s balance sheet and liquidity position has been strengthened as a result of the Grindrod Bank acquisition and the acquisition of the assets and liabilities of Ubank. Liquidity risk, interest rate risk and foreign exchange risks are managed within our approved risk appetite framework.

The overall impact of the balance sheet structure is setup for expansion in business. The key prudential ratios as at 31 December 2022, includes a CET1 ratio of 31.6%, a leverage ratio of 22.2%, a liquidity coverage ratio of 943% and a net stable funding ratio of 138% at the ABL level. Consequently, ABHL and ABL operate above the minimum required regulatory levels in respect of all prudential ratios.

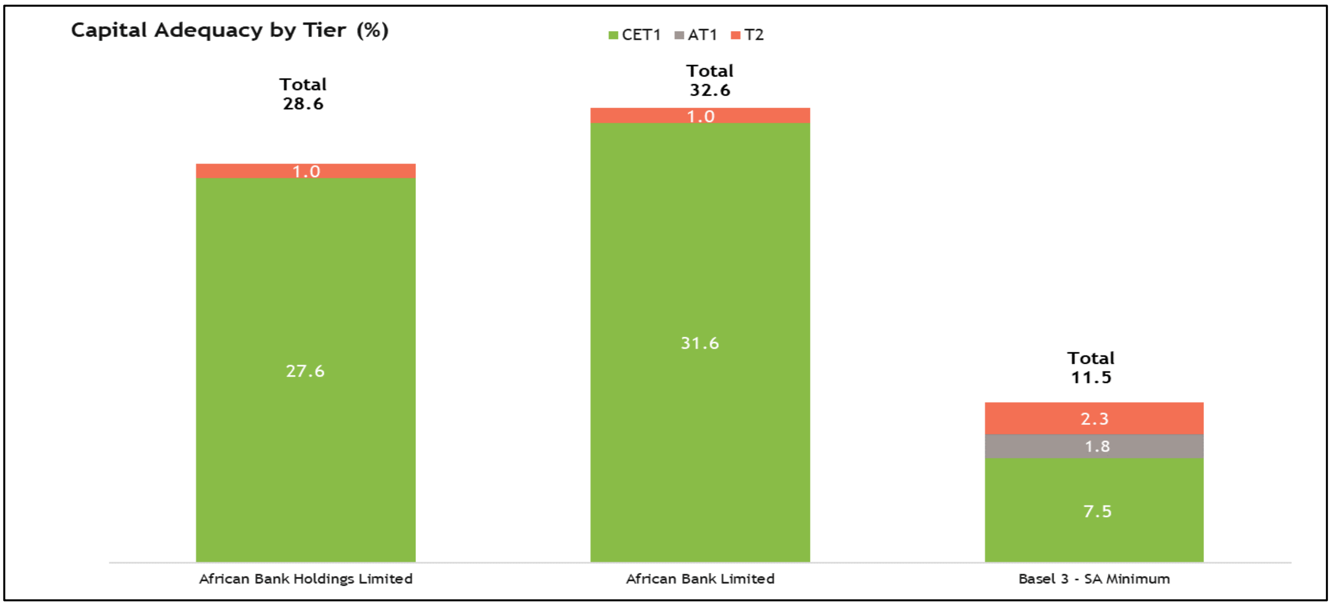
1.2. Governance

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 in line with African Bank’s prudent governance processes, relevant executive management and Board executives have reviewed this document. 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

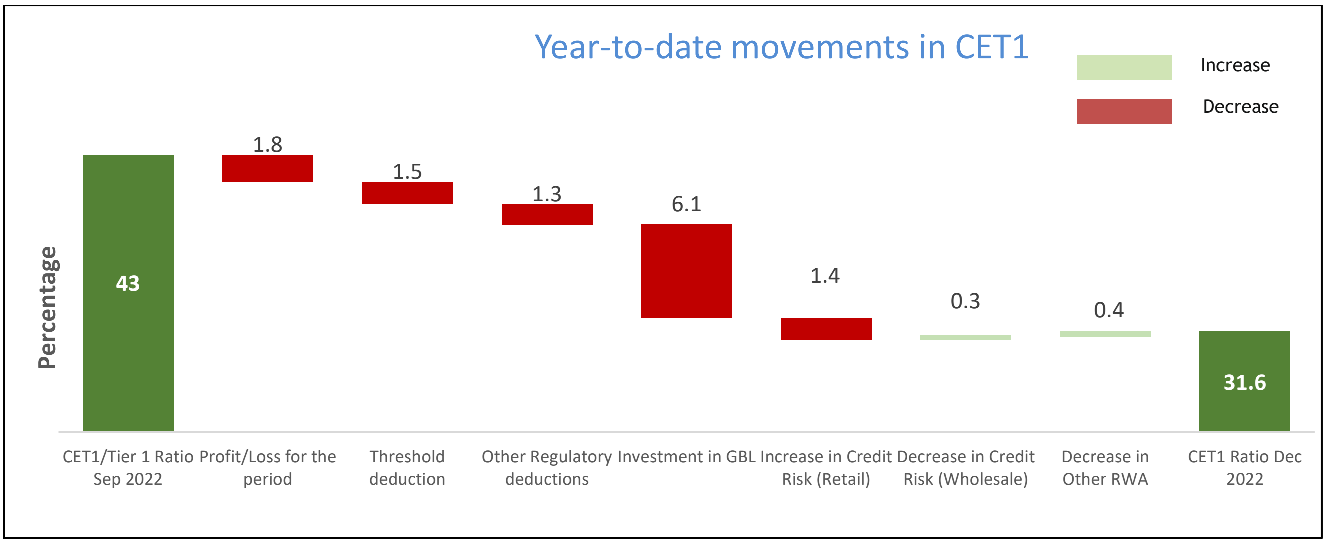
The capital adequacy ratios and qualifying regulatory capital for ABHL and ABL as at 31 December 2022 are set out in the graph and table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 27.6% and 31.6% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 28.6% and 32.6% respectively.



YEAR-TO-DATE CET1/TIER 1 ANALYSIS

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

African Bank Limited



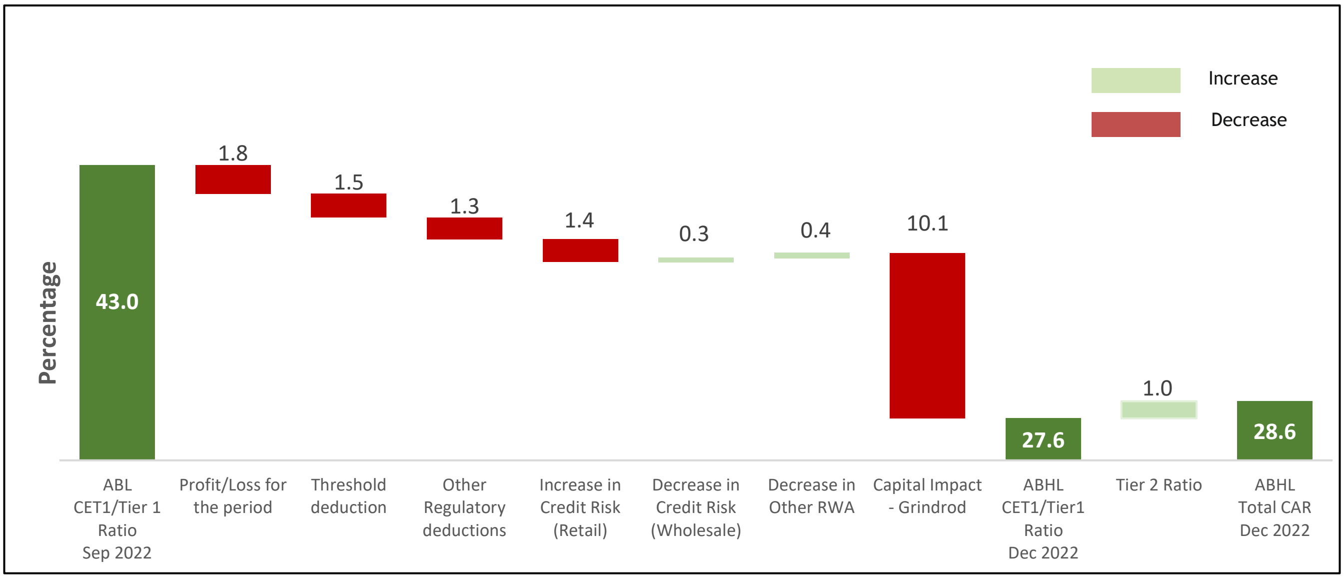
The decrease in CET1/Tier1 ratio from 30 September 2022 to 31 December 2022 is as a result of the increase in capital demand and the decrease in capital supply. The increase in capital demand is largely contributed by the increase in the retail credit risk due to growth in the advances to customers as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

The decrease in capital supply is contributed largely by the investment made by ABL in GBL which triggers a deduction against capital for an investment in a banking entity as prescribed by the Regulations relating to Banks. Additional deductions are contributed by the following:

- Threshold deduction which relates to deferred tax amount greater than 10% of CET1 qualifying capital that triggers a deduction from CET1 qualifying capital as a result of the 10% cap.
- The year-to-date loss reported for period ended 31 December 2022.
- Other regulatory deductions include Intangible assets and the Goodwill from the Ubank acquisition.

African Bank Holdings Limited

REGULATORY CAPITAL BUILD-UP FROM ABL TO ABHL



The above graph reflects the movement from ABL CET1/Tier1 ratio to ABHL CET1/Tier1 and Total CAR. Apart from the movement in the ABL CET1/Tier1 covered in the previous graph which are repeated in this graph to illustrate the overall impact of GBL on the capital at an ABHL level. The capital impact for GBL captured in the graph represents the difference between the ABL capital ratio and the ABHL capital ratio after the RWA and qualifying capital impacts of GBL are brought into the capital calculations.

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

	African Bank Holdings Limited		African Bank Limited	
R million	Dec-2022	Sep-2022	Dec-2022	Sep-2022
Composition of qualifying regulatory capital				
Ordinary share capital & accumulated profit	10 930	10 935	12 935	12 935
Regulatory adjustments	(753)	(153)	(4 723)	(2 008)
Common Equity Tier 1 capital (CET1)	10 177	10 782	8 212	10 927
Total qualifying subordinated debt	-	-	-	-
Qualifying Portfolio Provisions	345	232	247	232
Tier 2 capital (T2)	345	232	247	232
Total Qualifying regulatory capital	10 522	11 014	8 459	11 159

(1) Refer to 7.1 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 decrease in the leverage ratio at the ABL level, is driven by movement in both the exposure measure as well as the Tier 1 capital. The exposure measure increased as a result of the acquisition of Ubank's assets and the Tier 1 capital decreased predominantly due to the investment in GBL. The decrease in the ratio at an ABHL level was primarily driven by the increase in the exposure measure, which increased as a result of the acquisition of Ubank's assets as the assets of GBL that are brought in at consolidation.

	African Bank Holdings Limited		African Bank Limited	
R million	Dec-2022	Sep-2022	Dec-2022	Sep-2022
Capital and total exposures				
Tier 1 capital	10 177	10 782	8 212	10 927
Total exposures	50 222	31 024	36 955	31 020
Basel III leverage ratio	**20.3%**	**34.8%**	**22.2%**	**35.2%**
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 liquid 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 increase in the LCR, at an ABL level, from the previous reporting period was largely due to the increase in HQLA. The increase in HQLA was primarily driven by the investments Ubank has in HQLA, which through the acquisition of the assets and liabilities of Ubank effective 1 November 2022 are now rolling up into ABL. The decrease in net cash outflows, due to the maturities of deposits falling within the 30-day window decreased over the quarter ended 31 December 2022 as compared to the quarter ended 30 September 2022, also further contributed to the increase in the ratio.

African Bank Limited R million	Total weighted value (average) Dec-2022	Total weighted value (average) Sep-2022
Total high-quality liquid assets	3 092	2 122
Total net cash outflows	328	365
Liquidity coverage ratio (%)	**943%**	**582%**
Regulatory minimum requirement	100%	100%

(1) Refer to 9.1 of the detailed disclosure for a detailed breakdown of the above table

The increase in the LCR, at an ABHL level as compared to the ABL level, is largely due to the increase in HQLA having a greater impact on the ratio in comparison to the increase in net cash outflows when combining the LCR components of GBL.

African Bank Holdings Limited R million	Total weighted value (average) Dec-2022
Total high-quality liquid assets	7 812
Total net cash outflows	797
Liquidity coverage ratio (%)	**981%**
Regulatory minimum requirement	100%

(1) Refer to 9.1 of the detailed disclosure for a detailed breakdown of the above table

1.6. Net stable funding ratio ("NSFR")

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

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

The NSFR disclosure is only presented at an ABL level as there are no regulatory requirement for a consolidated NSFR within the Regulations relating to Banks, and as such GBL would disclose their NSFR disclosure within their Public Disclosures. The NSFR decreased from 144% as at 30 September 2022 to 138% as at 31 December 2022. This is largely due to the increase in available stable funding (ASF) being less than the increase in required stable funding (RSF) post the acquisition of Ubank assets and liabilities. The impact noted above was largely contributed by the ASF being impacted by the seasonal decreases in the retail deposits over December 2022 and the RSF was impacted by the growth in retail advances over the quarter ended 31 December 2022.

African Bank Limited R million	Dec-2022	Sep-2022
NSFR (%)	**138%**	**144%**
Available stable funding	30 388	26 610
Required stable funding	21 995	18 540

(1) Refer to 9.2 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 ABHL 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 comparative figures, where relevant, relate to the previous Pillar III reporting period in line with the requirements set out in BCBS 309 and as endorsed in PA Directive 1 of 2019. However, table KM1 which provides disclosures of key metrics at a group consolidated level requires four preceding quarterly disclosures in line with BCBS 400 as endorsed in the PA Directive 1 of 2019.

3. SUPPLEMENTARY INFORMATION INCLUDING RISK MANAGEMENT

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

African Bank Holdings Limited Integrated Report 2022

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

African Bank Holdings Limited Environmental, Social and Governance Report 2022

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

African Bank Limited: annual financial statements 30 September 2022

The reference to the various sections 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 25)
- Credit risk management including approach to impairment provisioning (Note 26)
- Market risk (Note 27)
- Interest rate risk management (Note 27.1)
- Foreign exchange risk management (Note 27.3)
- Liquidity risk (Note 28)

The ABHL integrated report gives a comprehensive overview of the risk areas covered while the ABL and ABHL 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 December 2022 for the ABHL Group and its 100% held banking subsidiary, ABL. Effective 1 November 2022, ABL has acquired GBL as it's 100% held subsidiary. GBL will be publishing its own Pillar 3 Disclosure Report for the period ended 31 December 2022.

5. SCOPE OF REPORTING

This report contains capital adequacy information for ABHL and its 100% held banking subsidiary, ABL. The further disclosures for ABL include the leverage ratio, the liquidity coverage ratio and liquidity disclosures, and also materially reflect the position of the ABHL 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 recently acquired GBL as its subsidiary. The disclosures contained in this document reflect the impact of GBL in the relevant ABHL Group disclosures.

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

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

6.1. KM1 – Key metrics

	Period ended: African Bank Holdings Limited (R million)	Dec22 (T)	Sep22 (T-1)	Jun22 (T-2)	Mar22 (T-3)	Dec21 (T-4)
	Available capital (amounts) (1) (3)					
1	Common Equity Tier 1 (CET1)	10 177	10 782	10 684	10 801	9 156
1a	Fully loaded ECL accounting model	10 177	10 782	10 684	10 801	9 156
2	Tier 1	10 177	10 782	10 684	10 801	9 156
2a	Fully loaded accounting model Tier 1	10 177	10 782	10 684	10 801	9 156
3	Total capital	10 522	11 014	10 903	11 015	9 363
3a	Fully loaded ECL accounting model total capital	10 522	11 014	10 903	11 015	9 363
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	36 814	25 383	24 556	24 039	22 531
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	27.6	42.5	43.5	44.9	40.6
5a	Fully loaded ECL accounting model CET1 (%)	27.6	42.5	43.5	44.9	40.6
6	Tier 1 ratio (%)	27.6	42.5	43.5	44.9	40.6
6a	Fully loaded ECL accounting model Tier 1 ratio	27.6	42.5	43.5	44.9	40.6
7	Total capital ratio (%)	28.6	43.4	44.3	45.8	41.5
7a	Fully loaded ECL accounting model total capital ratio (%)	28.6	43.4	44.3	45.8	41.5
	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 (%)	20.1	35.0	36.0	37.4	33.6
	Basel III Leverage Ratio (3)					
13	Total Basel III leverage ratio measure	50 222	31 024	30 347	30 369	28 401
14	Basel III leverage ratio (%) (row 2/row 13)	20.3	34.8	35.2	35.6	32.2
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	20.3	34.8	35.2	35.6	32.2
	Liquidity Coverage Ratio (2) (3)					
15	Total HQLA	7 812	2 122	2 358	2 840	3 308
16	Total net cash outflow	797	365	305	362	312
17	LCR ratio (%)	981	582	772	785	1 062
	Net Stable Funding Ratio (2) (3)					
18	Total available stable funding	30 388	26 610	24 972	24 620	23 071
19	Total required stable funding	21 995	18 540	17 452	17 144	16 206
20	NSFR ratio (%)	138	144	143	144	142

(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 NSFR is at an 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(2)		Minimum capital requirements(1)	RWA		Minimum capital requirements(1)
		Dec-2022	Sep-2022	Dec-2022	Dec-2022	Sep-2022	Dec-2022
1	**Credit risk (excluding counterparty credit risk)**	**28 664**	**19 280**	**3 296**	**20 689**	**19 279**	**2 379**
2	Of which standardised approach (SA)	28 664	19 280	3 296	20 689	19 279	2 379
4	**Counterparty credit risk**	**12**	**14**	**1**	**6**	**14**	**1**
5	Of which standardised approach for counterparty credit risk (SA-CCR) (3)	12	14	1	6	14	1
10	**Credit valuation adjustment (CVA)** (3)	9	8	1	3	8	-
11	**Equity positions under the simple risk weight approach and the internal model method**	1 327	-	153	9	-	1
12	**Equity investment in funds - Look-through approach** (4)	-	373	-	-	373	-
20	**Market risk**	**10**	**2**	**1**	**10**	**2**	**1**
21	Of which standardised approach (SA) (5)	10	2	1	10	2	1
24	**Operational risk** (6)	**3 497**	**2 547**	**402**	**2 430**	**2 430**	**279**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 607**	**2 659**	300	**2 146**	**2 659**	247
26	**Floor adjustment** (7)	**688**	**499**	**79**	**688**	**616**	**79**
27	**Total**	**36 814**	**25 382**	**4 233**	**25 981**	**25 381**	**2 987**

(1) The minimum capital requirement per risk category from 1 January 2022 is 11.5% which comprises the base minimum (8.00%) plus capital conservation buffer (2.5%) plus the Pillar 2A systemic risk add-on (1%).

(2) The RWA at ABHL level includes the GBL RWA.

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

(4) The decrease in the financial investment exposure is due to additional placements of surplus cash being utilised for growth in loans and advances.

(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. GBL applies the Basic Indicator approach for the same.

(7) The floor adjustment is as prescribed by the Regulator and applied to the ABL entity.

7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABHL and ABL as at 31 December 2022 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 27.6% and 31.6% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 28.6% and 32.6% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited	
Section A	**Dec-2022**	**Sep-2022**	**Dec-2022**	**Sep-2022**
Common Equity Tier 1 Capital				
Ordinary share capital & premium	10 000	10 000	12 935	12 935
Accumulated profit (2)	930	935	-	-
Total as per Transitional Basel 3 Template	**10 930**	**10 935**	**12 935**	**12 935**
Section B				
Common Equity Tier 1 Regulatory Adjustments				
- Intangible assets in terms of IFRS	(178)	(153)	(178)	(153)
- Other regulatory adjustments, including accumulated losses (3)	(575)	-	(4 545)	(1 855)
Total as per Transitional Basel 3 Template	**(753)**	**(153)**	**(4 723)**	**(2 008)**
Section C				
Additional Tier 1 capital (AT1)	-	-	-	-
Section D				
Subordinated debt	-	-	-	-
Accrued interest not classified as Tier 2 capital	-	-	-	-
Total subordinated debt	**-**	**-**	**-**	**-**
Haircut on amounts attributable to third parties	-	-	-	-
Tier 2 instruments issued by subsidiary and held by third parties	**-**	**-**	**-**	**-**
Portfolio provisions	345	232	247	232
Total as per Transitional Basel 3 Template	**345**	**232**	**247**	**232**
Total Qualifying regulatory capital	**10 522**	**11 014**	**8 459**	**11 159**
Section E				
Summary of Capital Adequacy Ratios				
CET1%	27.6	42.5	31.6	43.1
AT1%	0.0	0.0	0.0	0.0
T1%	27.6	42.5	31.6	43.1
T2%	1.0	0.9	1.0	0.9
Total capital adequacy %	**28.6**	**43.4**	**32.6**	**44.0**

(1) Refer to 1.3 for details on the movement noted in the above table.
(2) The amount excludes unappropriated profits.
(3) A significant portion of the regulatory adjustment includes accumulated losses at ABL level.

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 decrease in the leverage ratio at the ABL level, is driven by movement in both the exposure measure as well as the Tier 1 capital. The exposure measure increased as a result of the acquisition of Ubank's assets and the Tier 1 capital decreased predominantly due to the investment in GBL. The decrease in the ratio at an ABHL level was primarily driven by the increase in the exposure measure, which increased as a result of the acquisition of Ubank's assets as the assets of GBL that are brought in at consolidation.

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 December 2022.

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

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Dec-2022	Sep-2022	Dec-2022	Sep-2022
1	Total consolidated assets as per published financial statements	48 540	29 390	35 124	28 695
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(749)	(690)	-	-
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	(94)	(75)	(94)	(75)
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)	924	237	165	237
7	Other adjustments (1)	1 601	2 162	1 760	2 163
8	Leverage ratio exposure	50 222	31 024	36 955	31 020

(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	
		Dec-2022	Sep-2022	Dec-2022	Sep-2022
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	50 033	30 930	37 648	30 926
2	Asset amounts deducted in determining Basel III Tier 1 capital	(743)	(153)	(862)	(153)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**49 290**	**30 777**	**36 786**	**30 773**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4	7	1	7
5	Add-on amounts for PFE associated with all derivatives transactions	4	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)**	**8**	**10**	**4**	**10**
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14	CCR exposure for SFT assets	-	-	-	-
15	Agent transaction exposures	-	-	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**-**	**-**	**-**	**-**
	Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	2 277	983	834	983
18	(Adjustments for conversion to credit equivalent amounts)	(1 353)	(746)	(669)	(746)
19	**Off-balance sheet items (sum of lines 17 and 18)**	924	237	165	237
20	Tier 1 capital	10 177	10 782	8 212	10 927
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**50 222**	**31 024**	**36 955**	**31 020**
	Leverage ratio				
22	**Basel III leverage ratio**	**20.3%**	**34.8%**	**22.2%**	**35.2%**

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

9. LIQUIDITY MEASUREMENTS

9.1. 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 LCR disclosure table for quarter ended 31 December 2022 is presented at both an ABL level and ABHL level. Previously ABL was the only banking entity within the Group, however post the acquisition of GBL, the Group LCR is calculated for both banking entities on a combined basis.

The increase in the LCR, at an ABL level, from the previous reporting period was largely due to the increase in HQLA. The increase in HQLA was primarily driven by the investments Ubank has in HQLA, which through the acquisition of the assets and liabilities of Ubank effective 1 November 2022 are now rolling up into ABL. The decrease in net cash outflows, due to the maturities of deposits falling within the 30-day window decreased over the quarter ended 31 December 2022 as compared to the quarter ended 30 September 2022, also further contributed to the increase in the ratio.

	African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Dec-2022	**Dec-2022**	**Sep-2022**
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**		**3 092**	**2 122**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**5 898**	**559**	**284**
3	Stable deposits	-	-	-
4	Less-stable deposits	5 898	559	284
5	**Unsecured wholesale funding, of which:**	**415**	**413**	**795**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	415	413	795
9	Secured wholesale funding	1 829	-	-
10	**Additional requirements, of which:**	**-**	**-**	**-**
11	Outflows related to derivative exposures and other collateral requirements	276	276	306
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	961	53	58
14	Other contractual funding obligations	203	10	15
15	Other contingent funding obligations	-	-	-
16	**Total cash outflows**	**9 582**	**1 311**	**1 458**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	3 656	3 164	2 492
19	Other cash inflows	-	-	-
20	**Total cash inflows**	**3 656**	**3 164**	**2 492**

	African Bank Limited R million	Total unweighted value (average) [1]	Total weighted value (average) [1]	Total weighted value (average) [1]
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**3 092**	**2 122**
22	**Total net cash outflows** [2]		**328**	**365**
23	**Liquidity coverage ratio (%)** [3]		**943%**	**582%**

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

The increase in the LCR, at an ABHL level as compared to the ABL level, is largely due to the increase in HQLA having a greater impact on the ratio in comparison to the increase in net cash outflows when combining the LCR components of GBL.

	African Bank Holdings Limited R million	Total unweighted value (average) [1]	Total weighted value (average) [1]
		Dec-2022	**Dec-2022**
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**		**7 812**
	Cash outflows		
2	**Retail deposits and deposits from small business customers, of which:**	**8 274**	**796**
3	Stable deposits	-	-
4	Less-stable deposits	8 274	796
5	**Unsecured wholesale funding, of which:**	**7 150**	**2 009**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	6 735	1 596
8	Unsecured debt	415	413
9	Secured wholesale funding	2 080	-
10	**Additional requirements, of which:**	**-**	**-**
11	Outflows related to derivative exposures and other collateral requirements	276	276
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	961	53
14	Other contractual funding obligations	552	32
15	Other contingent funding obligations	403	20
16	**Total cash outflows**	**19 696**	**3 186**
	Cash inflows		
17	Secured lending (e.g. reverse repos)	257	-
18	Inflows from fully performing exposures	5 112	4 416
19	Other cash inflows	17	17
20	**Total cash inflows**	**5 386**	**4 433**

	African Bank Holdings Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)
			Total Adjusted Value
21	**Total HQLA**		**7 812**
22	**Total net cash outflows** (2)		**797**
23	**Liquidity coverage ratio (%)** (3)		**981%**

(1) The ABHL LCR Disclosures are prepared based on a combined LCR of both the banking entities, i.e. ABL and GBL
(2) The average numbers are calculated using the daily LCR figures for the quarter ended 31 December 2022.
(3) ABHL 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.
(4) No material differences that would impact the LCR between the Banking entities of the Group and the Group as a whole have been noted.
(5) This is the first combined view, post the acquisition of GBL on 1 November 2022, that is being presented and as a result there are no comparative figures at this level.

9.1.1. Composition of high-quality liquid assets

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

African Bank Limited (R million)	Dec-2022	Sep-2022
Total level one qualifying high-quality liquid assets (1)	**3 092**	**2 122**
Cash	73	0
Qualifying central bank reserves	525	421
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	2 494	1 701

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

African Bank Holdings Limited (R million)	Dec-2022
Total level one qualifying high-quality liquid assets (1)	**7 812**
Cash	73
Qualifying central bank reserves	883
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	6 856

(1) ABL and GBL does not have any investments in level two high-quality liquid assets.
(2) This is the first combined view, post the acquisition of GBL on 1 November 2022, that is being presented and as a result there are no comparative figures at this level.

9.2. 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.

The NSFR disclosure is only presented at an ABL level as there are no regulatory requirement for a consolidated NSFR within the Regulations relating to Banks, and as such GBL would disclose their NSFR disclosure within their Public Disclosures. The NSFR decreased from 144% as at 30 September 2022 to 138% as at 31 December 2022. This is largely due to the increase in available stable funding (ASF) being less than the increase in required stable funding (RSF) post the acquisition of Ubank assets and liabilities. The impact noted above was largely contributed by the ASF being impacted by the seasonal decreases in the retail deposits over December 2022 and the RSF was impacted by the growth in retail advances over the quarter ended 31 December 2022.

	R million	Unweighted value by residual maturity				Weighted value (1)
	Available stable funding (ASF) item	**No maturity**	**<6 months**	**6 months to <1 year**	**≥1 year**	**Total**
1	Capital:	10 878	-	-	-	10 878
2	*Regulatory capital*	10 878	-	-	-	10 878
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	7 848	1 157	7 696	15 801
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	-	7 848	1 157	7 696	15 801
7	Wholesale funding:		3 227	287	3 242	3 709
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	3 227	287	3 242	3 709
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	939	-	-	-
12	*NSFR derivative liabilities*		-	-	-	
13	*All other liabilities and equity not included in the above categories*	-	939	-	-	-
14	**Total ASF**					**30 388**

(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")					303
16 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17 Performing loans and securities:		5 404	4 358	13 216	16 051
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	-	181	-	-	27
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:	-	5 223	4 358	13 216	16 024
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:	-	-	-	1	1
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				1	1
30 NSFR derivative liabilities before deduction of variation margin posted				-	-
31 All other assets not included in the above categories	-	-	-	5 598	5 598
32 Off-balance sheet items		831	-	-	42
33 Total RSF					**21 995**
34 Net Stable Funding Ratio (%)					**138%**

(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.

10. QUALITATIVE DISCLOSURES AND ACCOUNTING POLICIES

The regulations require that certain qualitative disclosures and statements on accounting policy be made. These were made in the annual financial statements and integrated annual report for the financial period ended 30 September 2022, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the integrated annual report and transitional Basel templates. These disclosures can be found on the ABL website under investor relations, financial reporting.

ANNEXURE A

	Tables and templates	Reference to Pillar 3
Overview of risk management and RWA	OVA – Bank risk management approach	3 (Referenced o AFS)
	KM1 - Key metrics (at consolidated group level)	6.1
	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/
Leverage ratio	LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure	8.1
	LR2 - Leverage ratio common disclosure template	8.2
Liquidity risk	LIQ1 – Liquidity Coverage Ratio	9.1
	LIQ2 – Nest Stable Funding Ratio	9.2