African Bank Group

PUBLIC PILLAR III DISCLOSURE

for the financial year ended
31 December 2024

Audacity to *believe*

Contents

1. SUMMARY OF RISK PROFILE

1.1. Highlights

Key Performance Metrics

Common Equity Tier 1 (CET1) ratio [1]	Capital Adequacy (CAR) ratio [1]	Leverage ratio[1]	Liquidity Coverage ratio [2] (LCR)	Net Stable Funding ratio (NSFR)
24.5%	28.1%	21.1%	434%	132%
FY24: 27.5%	FY24: 31.4%	FY24: 21.2%	FY24: 516%	FY24: 128%

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

- The **capital adequacy ratios** for African Bank Holdings Limited (ABH) Group and African Bank Limited (ABL) as at 31 December 2024 are above the minimum regulatory requirement. The Group remains adequately capitalised with CET1 ratio of 24.5% and total capital adequacy ratio of 28.1%.
- The **leverage ratio** of 21.1% slightly decreased but in line with the prior quarter due to the decrease in the total exposure measure offset by an increase in Tier 1 (including unappropriated profits). The movement in the Total exposure was mainly due to decreases in off-balance sheet exposures off set by slight increase on balance sheet exposure.
- The decrease in the **LCR** was largely due to an increase in total net outflows and increase the high-quality liquid assets.
- The increase in **NSFR** is driven by an increase in available stable funding, which is attributable to the movement in on -balance sheet for available stable funding items.

In line with the Excelerate25 Group strategy, the Balance Sheets of African Bank and African Bank Holding Limited now reflect a diversifying and scaling operation, with advances appropriately provided for, adequate capital position and cash resources. Liquidity and market risks are managed within the Group's approved risk appetite framework

1.2. Operating environment

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

2. BASIS OF COMPILATION

2.1. Overview of the Group

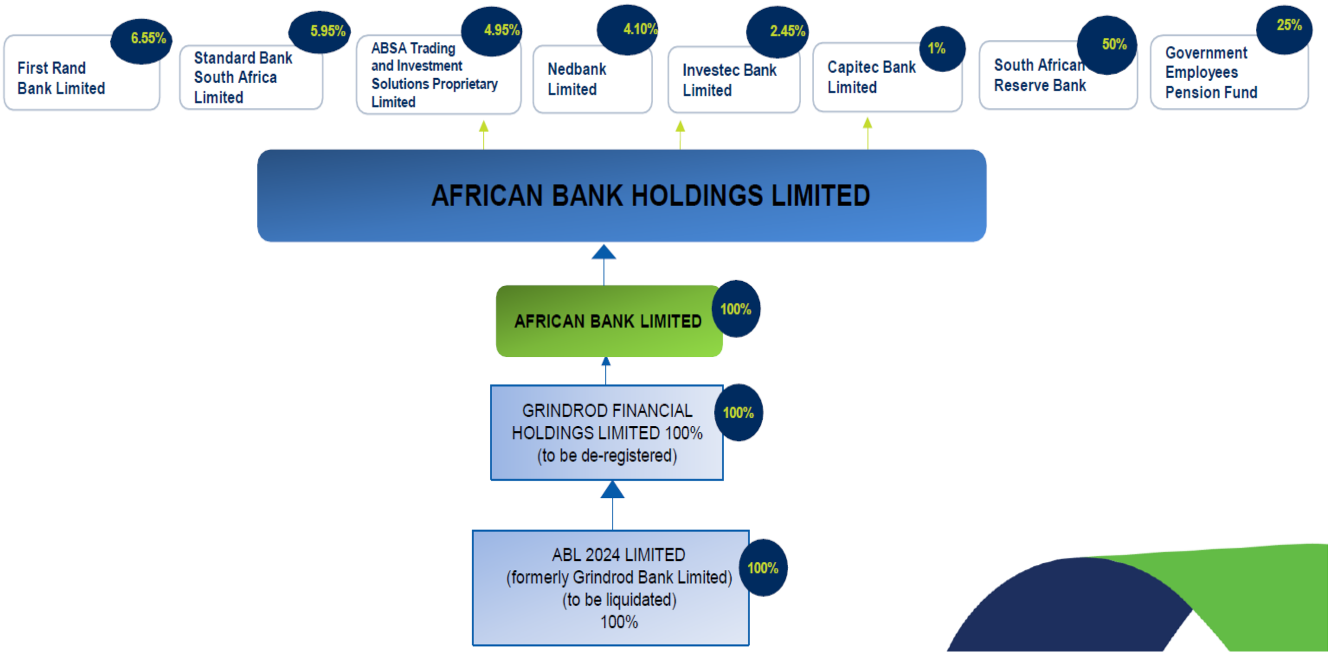
African Bank Holdings Limited (ABHL) is a public company incorporated in the Republic of South Africa. ABHL is an unlisted registered bank controlling company under the Banks Act.

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

ABHL holds 100% of the issued share capital of African Bank Limited (ABL). ABL holds 100% of the ordinary share capital of Grindrod Financial Holdings Limited (GFH to be de-registered) and GFH holds 100% of ordinary share capital of ABL2024 (formerly Grindrod Bank Limited to be liquidated). As a result of the acquisition, ABHL indirectly holds 100% of GFH and its subsidiaries ("GFH Group"). In the prior financial period, an application was submitted to the Prudential Authority to transfer the business activities within the GFH Group into ABL and ultimately deregister the legal entities within the GFH Group. The Group received the written approval from the Minister of Finance through the Prudential Authority on 14 March 2024. The transfer was concluded on 1 August 2024, and Grindrod Bank's Assets, liabilities and operations have been divisionalised into ABL with effect from that date.

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

Below is African Bank's Group structure:



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

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

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

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

2.2. Pillar 3 Disclosure Report Governance

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

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

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

2.3. References of quantitative standardised tables and templates

Refer to the attached Annexure A to this document for the quantitative standardised tables and templates as prescribed in the revised pillar 3 disclosure requirements published in January 2015 and pillar 3 disclosure requirements – consolidated, enhanced framework published in March 2017 by the Basel Committee on Banking Supervision; and Regulation 43 of the Regulations relating to Banks (Regulations), issued in terms of the Banks Act 94 of 1990, Directive D1/2019 on Matters related to Pillar III disclosure requirement framework and all other Pillar III disclosure related directives issued by the Prudential Authority (PA).

3. SUPPLEMENTARY INFORMATION INCLUDING RISK MANAGEMENT

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

African Bank Holdings Limited Integrated Report 2024

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

African Bank Holdings Limited Environmental, Social and Governance Report 2024

African Bank Holdings Limited: consolidated and separate annual financial statements 31 December 2024, and

African Bank Limited: annual financial statements 31 December 2024

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

3.1. Accounting Policies

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

3.2. Risk Management

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

3.3. Stress testing

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

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

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

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

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

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

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

4. PERIOD OF REPORTING

This report is prepared as at 31 December 2024 for the ABH Group and its 100% held banking subsidiary, ABL.

5. SCOPE OF REPORTING

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

All subsidiaries are consolidated in the same manner for both accounting and regulatory reporting purposes. All companies are incorporated in the Republic of South Africa. The registered banking subsidiary of the Group is ABL.

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

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

6.1. KM1 – Key metrics

	Period ended: African Bank Holdings Limited (R million) Available capital (amounts) (1) (3)	Dec-24 (T)	Sep-24 (T)1	Jun-24 (T)2	Mar-24 (T)3	Dec-23 (T)4
1	Common Equity Tier 1 (CET1)	10 652	10 575	10 669	10 786	10 745
1a	Fully loaded ECL accounting model	10 652	10 575	10 669	10 786	10 745
2	Tier 1	10 652	10 575	10 669	10 786	10 745
2a	Fully loaded accounting model Tier 1	10 652	10 575	10 669	10 786	10 745
3	Total capital	12 236	12 116	11 850	11 965	11 920
3a	Fully loaded ECL accounting model total capital	12 236	12 116	11 850	11 965	11 920
4	Total risk-weighted assets (RWA)	43 477	39 794	38 003	37 894	37 129
5	Common Equity Tier 1 ratio (%)	24.5	26.6	28.1	28.5	28.9
5a	Fully loaded ECL accounting model CET1 (%)	24.5	26.6	28.1	28.5	28.9
6	Tier 1 ratio (%)	24.5	26.6	28.1	28.5	28.9
6a	Fully loaded ECL accounting model Tier 1 ratio	24.5	26.6	28.1	28.5	28.9
7	Total capital ratio (%)	28.1	30.4	31.2	31.6	32.1
7a	Fully loaded ECL accounting model total capital ratio (%)	28.1	30.4	31.2	31.6	32.1
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 (%)	17.0	19.1	20.6	21.0	21.4
13	Total Basel III leverage ratio measure	50 394	51 670	50 663	49 217	49 431
14	Basel III leverage ratio (%) (row 2/row 13)	21.1	20.5	21.1	21.9	21.7
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	21.1	20.5	21.1	21.9	21.7
15	Total HQLA	7 055	6 265	8 710	9 726	11 146
16	Total net cash outflow	1 627	1215	1314	1823	2181
17	LCR ratio (%)	434	516	663	534	511
18	Total available stable funding	41 807	40 969	29 787	29 474	29 861
19	Total required stable funding	31 585	31 987	21 657	21 074	20 985
20	NSFR ratio (%)	132	128	138	140	142

6.2. OV1 - Overview of risk weighted assets

The following table gives an overview of the risk weighted asset requirements at the respective reporting date. The predominant risk exposure for the Group is credit risk, which comprises term loans, commercial and residential mortgages, credit cards, overdrafts, preference hare funding and interbank placements.

	R million	African Bank Holdings Limited			African Bank Limited		
		RWA[2]		Minimum capital requirements[1]	RWA		Minimum capital requirements[1]
		Dec-24	Sep-24	Dec-24	Dec-24	Sep-24	Dec-24
1	**Credit risk (excluding counterparty credit risk)**	**34 494**	**31 160**	**3 967**	**34 498**	**31 161**	**3 967**
2	Of which standardised approach (SA)	34 494	31 160	3 967	34 498	31 161	3 967
4	**Counterparty credit risk**	**0**	**0**	**0**	**0**	**0**	**0**
5	Of which standardised approach for counterparty credit risk (SA-CCR) [3]	0	0	0	0	0	0
10	**Credit valuation adjustment (CVA)** [3]	4	4	0	0	0	0
11	**Equity positions under the simple risk weight approach and the internal model method**	1 164	1 201	134	1 164	1201	134
12	**Equity investment in funds - Look-through approach** [4]	-	-	-	-	-	-
20	**Market risk**	**24**	**20**	**3**	**24**	**20**	**3**
21	Of which standardised approach (SA) [5]	24	20	3	24	20	3
24	**Operational risk** [6]	**3 602**	**3 630**	**414**	**3 619**	**3 614**	**416**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**2 574**	**2 619**	296	**2 555**	**2 642**	294
26	**Floor adjustment** [7]	**1 615**	**1160**	**186**	**1 595**	**1179**	**183**
27	**Total**	**43 477**	**39 794**	**5 000**	**43 456**	**39 817**	**4 997**

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

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

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

(4) The is no exposure to equity investment in funds at reporting date.

(5) No material movement noted in market risk.

(6) ABL currently applies the alternative standardised approach for the retail portfolio and Basic Indicator approach for the business-banking portfolio in calculating its operational risk, as approved by the Prudential Authority.

(7) The floor adjustment is as prescribed by the Regulator.

(1) R million	African Bank Holdings Limited	African Bank Limited

	RWA		Minimum capital requirements (1)	RWA		Minimum capital requirements (1)
	Dec-24	Sep-24	Dec-24	Dec-24	Sep-24	Dec-24
Of which standardised approach (SA) - Loans and advances	**33 109**	**29 707**	**3 808**	**33 109**	**29 704**	**3 808**
Retail Exposures	16 340	16 311	1 879	16 340	16 311	1 879
Non-Retail Exposures (excluding Sovereign exposures)	16 769	13 395	1 928	16 769	13 392	1 928

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

7. COMPOSITION OF CAPITAL

The capital adequacy ratios and qualifying regulatory capital for ABH and ABL as at 31 December 2024 are set out in the table below. The Group remains well capitalised with CET1 and Tier 1 ratios of 24.5% and 24.5% at a consolidated Group and Bank level respectively. The corresponding total capital adequacy ratios are 28.1% and 28.1% respectively.

7.1. Composition of regulatory capital

R million	African Bank Holdings Limited		African Bank Limited		Reference (1)
Section A	Dec-24	Sep-24	Dec-24	Sep-24	
Common Equity Tier 1 Capital					
Ordinary share capital & premium	10 000	10 000	14 400	14 368	Row 1
Accumulated profit (1)	1 787	1 559	-	-	Row 2
Total as per Transitional Basel 3 Template	**11 787**	**11 559**	**14 400**	**14 368**	Row 6
Section B					
Common Equity Tier 1 Regulatory Adjustments					
- Intangible assets in terms of IFRS	(375)	(413)	(375)	(413)	
- Other regulatory adjustments, including accumulated losses	(760)	(571)	(3 380)	(3 040)	
Total as per Transitional Basel 3 Template	**(1 136)**	**(984)**	**(3 755)**	(3 452)	Row 28
Section C					
Additional Tier 1 capital (AT1)	-	-	-	-	
Section D					
Subordinated debt	1 171	1 170	1 171	1 170	
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	414	371	414	371	Row 50
Total as per Transitional Basel 3 Template	**1 584**	**1 541**	**1 584**	**1 541**	Row 58
Total Qualifying regulatory capital	**12 236**	**12 116**	**12 229**	**12 457**	
Section E					
Summary of Capital Adequacy Ratios					
CET1%	24.5	26.6	24.5	27.4	
AT1%	0.0	0.0	0.0	0.0	
T1%	24.5	26.6	24.5	27.4	
T2%	3.6	3.9	3.6	3.9	
Total capital adequacy %	**28.1**	**30.4**	**28.1**	**31.3**	

(1) *The amount excludes unappropriated profits.*

8. LEVERAGE RATIO

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

The movement in the leverage ratio at an ABL level between September 2024 and December 2024 resulted from decrease in the Total exposure measure and decrease in Tier 1 Qualifying Capital. The movement in the Total exposure was mainly due to decrease off-balance sheet exposures and offset by slight increase on-balance sheet. The decrease in the Tier 1 Qualifying Capital was mainly due to reduced regulatory capital adjustments. The marginal decrease in the ABHL Leverage ratio was due to decrease in Total exposure.

The exposure used in the calculation of the ratio (see 7.1) differs from the total assets as measured using IFRS as shown below. The disclosures are prepared using figures as at 31 December 2024.

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

Line #	R million	African Bank Holdings Limited		African Bank Limited	
		Dec-24	**Sep-24**	**Dec-24**	**Sep-24**
1	Total consolidated assets as per published financial statements	49 471	49 184	48 618	48 320
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(861)	(551)	-	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-	-
4	Adjustments for derivative financial instruments	0	0	0	0
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 027	1 995	976	1 994
7	Other adjustments [(1)]	756	1 042	756	1 041
8	Leverage ratio exposure	50 394	51 670	50 350	51 355

(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-24	Sep-24	Dec-24	Sep-24
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and Securities Financing Transactions ("SFTs")*, but including collateral)	50 495	50 651	50 503	50 338
2	Asset amounts deducted in determining Basel III Tier 1 capital	(1 128)	(977)	(1 128)	(977)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**49 367**	**49 675**	**49 375**	**49 361**
	Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0	0	0	0
5	Add-on amounts for PFE associated with all derivatives transactions	0	0	0	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet asset pursuant to the operative accounting framework	-	-	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**0**	**0**	**0**	**0**
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14	CCR exposure for SFT assets	-	-	-	-
15	Agent transaction exposures	-	-	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**-**	**-**	**-**	**-**
	Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	706	520	706	520
18	(Adjustments for conversion to credit equivalent amounts)	322	1 475	270	1 474
19	**Off-balance sheet items (sum of lines 17 and 18)**	1 027	1 995	976	1994
20	Tier 1 capital	10 652	10 575	10 645	10 915
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**50 394**	**51 670**	**50 350**	**51 355**
	Leverage ratio				
22	**Basel III leverage ratio**	**21.1%**	**20.5%**	**21.1%**	**21.3%**

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

9. LIQUIDITY MEASUREMENTS

9.1. Liquidity management

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

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

9.2. 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 December 2024 the Group received 86% of its total funding from retail depositors.

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

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

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

Off balance sheet items

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

(a) Group undrawn commitments including Business and Commercial totalled R1.126 billion.
(b) Uncommitted undrawn facilities totalled R1.7 billion. These commitments are attributable to undrawn overdraft amounts and undrawn Business and Commercial commitments.
(a) Letter of guarantees to Business and Commercial clients R411million.

9.3. LIQ1 - Liquidity coverage ratio (LCR)

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

The decrease in both ABL and ABHL LCR was largely due to an increase in total net cash outflows for reporting quarter ended 31 December 2024.

	African Bank Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Dec-24	**Dec-24**	**Sep-24**
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**7 055**	**7 055**	**6 265**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**20 165**	**974**	**929**
3	Stable deposits	-	-	-
4	Less-stable deposits	20 165	974	929
5	**Unsecured wholesale funding, of which:**	**10 013**	**2 473**	**1 722**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	10 013	2 473	1 722
9	Secured wholesale funding	130	-	-
10	**Additional requirements, of which:**	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	4 381	397	365
12	Outflows related to loss of funding on debt products	-	-	-
13	Credit and liquidity facilities	3 293	204	185
14	Other contractual funding obligations	942	47	33
15	Other contingent funding obligations	-	-	-
16	**Total cash outflows**	**38 923**	**4 095**	**3 234**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	3 328	2 468	2 019
19	Other cash inflows	0	0	0
20	**Total cash inflows**	**3 328**	**2 468**	**2 019**

		Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**	**7 055**	**6 265**
22	**Total net cash outflows**	**1 627**	**1215**
23	**Liquidity coverage ratio (%)**	**434%**	**516%**

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

	African Bank Holdings Limited R million	Total unweighted value (average) (1)	Total weighted value (average) (1)	Total weighted value (average) (1)
		Dec-24	**Dec-24**	**Sep-24**
1	**Total high-quality liquid assets (HQLA) (see 10.5.1)**	**7 055**	**7 055**	**6 265**
	Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**20 165**	**974**	**929**
3	Stable deposits	-	-	-
4	Less-stable deposits	20 165	974	929
5	**Unsecured wholesale funding, of which:**	**10 013**	**2 473**	**1 722**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	0
7	Non-operational deposits (all counterparties)	-	-	-
8	Unsecured debt	10 013	2 473	1 722
9	Secured wholesale funding	130	-	0
10	**Additional requirements, of which:**	-	-	**0**
11	Outflows related to derivative exposures and other collateral requirements	4 381	397	365
12	Outflows related to loss of funding on debt products	-	-	0
13	Credit and liquidity facilities	3 293	204	185
14	Other contractual funding obligations	942	47	33
15	Other contingent funding obligations	-	-	0
16	**Total cash outflows**	**38 923**	**4 095**	**3 234**
	Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-	-
18	Inflows from fully performing exposures	3 328	2 468	2 019
19	Other cash inflows	0	0	0
20	**Total cash inflows**	**3 328**	**2 468**	**2 019**
			Total Adjusted Value	Total Adjusted Value
21	**Total HQLA**		**7 055**	**6 265**
22	**Total net cash outflows**		**1 627**	**1 215**
23	**Liquidity coverage ratio (%)**		**434%**	**516%**

9.4. Composition of high-quality liquid assets

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

African Bank Limited (R million)	Dec-24	Sep-24
Total level one qualifying high-quality liquid assets (1)	**7 055**	**6 265**
Cash	497	288
Qualifying central bank reserves	3 278	2 534
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	3 279	3 442

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

African Bank Holdings Limited (R million)	Dec-24	Sep-24
Total level one qualifying high-quality liquid assets (1)	**7 055**	**6 265**
Cash	497	288
Qualifying central bank reserves	3 278	2 534
Specified debt securities issued in Rand by the central government of the RSA or the Reserve Bank	3 279	3 442

9.5. 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.

An increase in NSFR from 30 September 2024 to 31 December 2024, is driven by an increase in available stable funding, partially offset by an decrease in required stable funding. The increase in the required stable funding is attributable to the movement in other assets.

	R million	Unweighted value by residual maturity				Weighted value (1)
	Available stable funding (ASF) item	**No maturity**	**<6 months**	**6 months to <1 year**	**≥1 year**	**Total**
1	Capital:	13 365	-	-	-	13 365
2	*Regulatory capital*	13 365	-	-	-	13 365
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	16 533	2 585	6 649	24 458
5	*Stable deposits*	-	10 685	1 366	3 435	14 883
6	*Less stable deposits*		5 848	1 219	3 215	9 575
7	Wholesale funding:		6 659	303	1 587	3 984
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	-	6 659	303	1 587	3 984
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	1 351	-	-	-
12	*NSFR derivative liabilities*		-	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	1 351	-	-	-
14	**Total ASF**					**41 807**

(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")					209
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		10 609	6 161	19 201	24 392
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*	-	895	-	-	134
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:*	-	9 714	6 161	19 201	24 258
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other liabilities:	0	-	0	-	0
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*				-	0
30	*NSFR derivative liabilities before deduction of variation margin posted*		-			0
31	All other assets not included in the above categories	-	-	-	6 844	6 844
32	Off-balance sheet items		2 778			139
33	***Total RSF***					**31 585**
34	***Net Stable Funding Ratio (%)***					**132%**

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 31 December 2024, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the integrated annual report and transitional Basel templates. These disclosures can be found on the ABL website under investor relations, financial reporting

ANNEXURE A

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

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