



BASEL  
PILLAR III  
DISCLOSURE  
AS AT  
30 JUNE 2020

**It's Tyme for a new way of banking.**

TymeBank is South Africa's first digital bank. We are driven by the conviction that broadening economic participation will unlock human potential in our country.



## About us

---

Tyme Bank was officially registered as a bank by the South African Reserve Bank (SARB) in September 2017. Following a period of testing, the bank was officially launched to the public in February 2019.

African Rainbow Capital Financial Services Holdings (ARC) currently owns a 73.08% stake in Tyme Bank's registered controlling company, Tyme Bank Holdings Limited which was purchased from Commonwealth Bank of Australia. The acquisition by ARC, which comprises Tyme Bank's operations and all related intellectual property was concluded on 29 October 2018 and received confirmation of the Prudential Authority (PA) approval on 5 November 2018.

Tyme Bank has embraced technology and partnerships to deliver innovative digital banking products to the market utilising the Pick 'n Pay and Boxer stores as a distributing network. The Bank's vision is to create long-term value for its people, customers, and shareholders by leveraging the bank's core capabilities, with technology being at the forefront of this. Since public launch the Bank has since amassed over 2 million customers. Consistent with its strategy, Tyme Bank operates responsibly in taking well-researched and -managed risks to grow the bank and create sustained top-tier shareholder value.

Tyme Bank's purpose is to promote participation in the economy and to improve customer financial wellbeing by providing affordable access to financial services and products embedded with education and training. Tyme Bank will primarily target middle to lower income segments with a focus on underserved consumers and small businesses. We are committed to treating customers fairly, in a transparent and consistent manner, while promoting a corporate culture of ensuring our behaviour and actions puts the customer at the centre of everything we do. Doing the "right thing", a focus on conduct and the management of conduct risk within the business, is paramount for Tyme Bank.

# Scope

---

In terms of regulation 43(1) of the Regulations, Tyme Bank must disclose in its disclosures to the public, reliable, relevant and timely qualitative and quantitative information to enable users to assess the group's capital position and financial condition. In this regard the Basel Committee on Banking Supervision (BCBS) issued a revised Pillar III framework in January 2015 a consolidated and enhanced framework in March 2017 as well as the updated framework on Pillar III disclosure requirements in December 2018. The Prudential Authority consolidated the Basel Pillar III disclosure requirements through Directive 1/2019 (the directive) to ensure that the internationally agreed framework is fully implemented in South Africa.

This document complies with the requirements of the directive and provides information on the market, capital adequacy, risk-weighted assets (RWAs), calculations for credit and operational risks for the period under review January 2020 to June 2020.

All Tyme Bank entities are reported under the Basel III Standardised Approach and fully consolidated in line with regulatory and International Financial Reporting Standards (IFRS) requirements. There is no difference between the balance sheet and the balance sheet under the scope of regulatory consolidation, as the structure does not contain any insurance or other entities which are to be excluded from the regulatory consolidation in terms of regulations 36(7)(a)(iii) and 36(10)(c)(ii) of the Regulations relating to Banks.

The Group's consolidated requirements are also reported in line with section 42 of the Banks Act and the minimum standards in respect of consolidated supervision prescribed by regulation 36 and in compliance with all directives, instructions and requirements relating to the bank.

For the period under review, Tyme Bank has not undertaken any securitisation transactions and does not have counterparty credit risk exposures relating to derivatives. For this reason, disclosures relating to these activities are not applicable and have been excluded from this report.

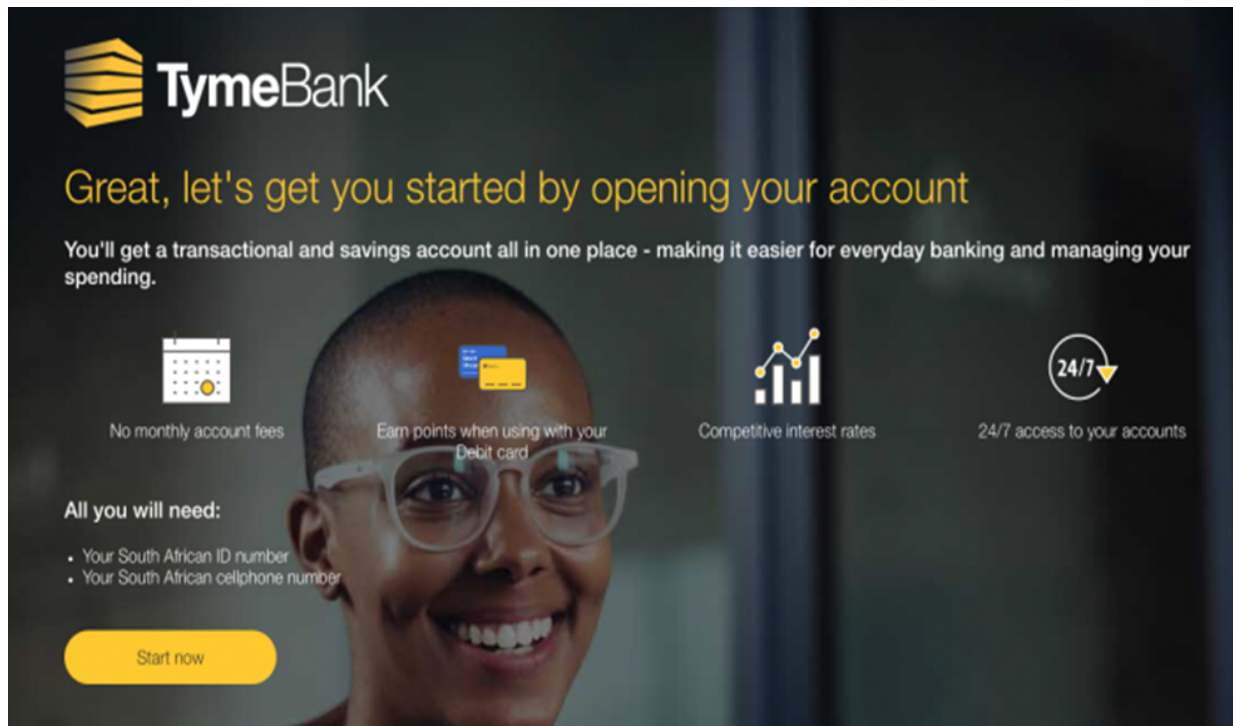
For the period under review (July 2019 to June 2020), the group continues to maintain a robust capital, liquidity and funding position. Throughout the period, the CET1 ratio was always consistently well in excess of regulatory minimum capital adequacy requirements. As a newly established entity and in line with business forecasts, Tyme Bank is current still dependent on shareholder funding to support its monthly cashflow requirements

The Pillar III disclosures are published on Tyme Bank's website in line with the required frequency of disclosures per the directive.

# Assurance

---





This document is prepared in accordance with Tyme Bank's Public Disclosure Policy and has been reviewed by senior Management and by members of Exco. For the reporting period, the Board is satisfied that this document provides an accurate view of the bank's capital position and that the bank is well capitalised above the prescribed regulatory required capital limits as well as the Board approved Risk Appetite Statement (RAS) and trigger limits. The information in this report has been reviewed by Internal Audit and senior management.



**TymeBank**

## Great, let's get you started by opening your account

You'll get a transactional and savings account all in one place - making it easier for everyday banking and managing your spending.

-  No monthly account fees
-  Earn points when using with your Debit card
-  Competitive interest rates
-  24/7 access to your accounts

**All you will need:**

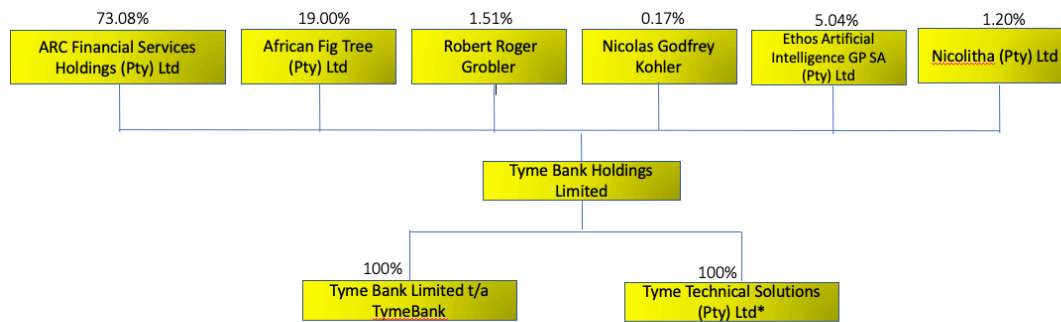
- Your South African ID number
- Your South African cellphone number

[Start now](#)

# Table of Contents

About us .....	2
Scope .....	3
Assurance .....	4
1. Structure & Consolidated Supervision .....	6
2. LIA: Explanation of differences between accounting and regulatory exposure amounts .....	9
* Differences in valuations for credit risk exposures relate to certain exposures being calculated on a daily average balance basis compared to a closing day balance in the financial statements .....	11
3. Key metrics (at consolidated level) .....	12
4. Overview of Risk Management .....	13
5. Credit Risk .....	17
5.1 Credit Quality of Assets .....	18
5.2 Credit Risk Mitigation Techniques .....	19
5.3 Credit Exposures by Asset Class .....	20
5.4 Credit Exposures by Asset Class and Risk Weights .....	21
6. Operational Risk .....	22
7. Composition of Risk Weighted Assets (RWA) .....	24
8. Market Risk .....	25
9. Composition of Capital .....	26
10. Reconciliation .....	28
11. Leverage ratio .....	28
12. Liquidity .....	30
12.1 Liquidity Coverage Ratio .....	31
12.2 Net Stable Funding Ratio .....	33
13. Annual Remuneration Disclosures .....	36
13.1 Remuneration Governance Framework .....	36
13.2 Remuneration Policy .....	37
13.3 Remuneration Framework .....	38
13.4 Linking Remuneration to Performance .....	39
13.5 Quantitative disclosures .....	40
14. Appendices .....	42
Appendix A - Abbreviations .....	42
Appendix B - Terms .....	43

# 1. Structure & Consolidated Supervision



*\*final de-registration in progress as at 30 June 2020*

**Figure 1: Tyme Bank Group Structure**

The structure consists of Tyme Bank Holdings Limited (Holdco) and two wholly owned subsidiaries. Holdco is the registered controlling company of Tyme Bank Limited, the registered bank.

As at 30 June 2020, the primary shareholders of Tyme Bank Holdings Limited were African Rainbow Capital Financial Services Holdings (ARC) (73.08%) and African Fig Tree (Pty) Limited (AFT) (19.00%). Following the share issue that took place on 17 September 2020, for which the cash had been received prior to year end, the company's equity was changed. Effectively, African Rainbow Financial Services Holdings Proprietary Limited holds 73.74%, African Fig Tree Proprietary Limited holds 18.09% and Ethos Artificial Intelligence GP SA Proprietary Limited (including principals) holds 6.53%% of the company's equity.

Tyme Bank Limited is the banking entity within the Tyme Bank group and contributes 100% to the total consolidated balance sheet and risk-weighted assets (RWA). Tyme Technical Solutions Proprietary Limited (TTS) which was a previously dormant company, was de-registered during the 2020 financial year.

All entities are reported under the Basel III Standardised Approach and fully consolidated in line with regulatory and IFRS requirements. There is no difference between the balance sheet and the balance sheet under the scope of regulatory consolidation, as the structure does not contain any insurance or other entities which are to be excluded from the regulatory consolidation in terms of regulations 36(7)(a)(iii) and 36(10)(c)(ii) of the Regulations relating to Banks.

The capital adequacy of Tyme Bank is not diluted by any minority shareholders or investments and all equity injected into the business qualifies 100% towards regulatory capital. Capital adequacy is measured against standards prescribed and approved risk measurement approaches, as reflected in the table below.

Risk type	Risk measurement approach
Credit risk	Standardised approach
Counterparty credit risk (CCR)	Not applicable
Securitisation risk	Not applicable
Market risk	Standardised approach
Equity risk	Not applicable
Operational risk	Basic Indicator Approach

Tyme Bank ensures that its plans and controls are adequate to manage all major risks to the bank, i.e.:

- credit risk,
- market risk,
- liquidity risk,
- operational risk,
- reputational/  
conduct risk,
- compliance risk,
- cyber risk, and
- systemic risk.

This ensures it will remain a going concern, considering measurable and non-measurable risk types reported on a daily and monthly basis. Tyme Bank considers non-financial risks and the 'customer voice' when making risk-based decisions and in designing products.

During the current financial year, the Ubuntu – Botho Investments Proprietary Limited Group, as majority shareholder, along with other shareholders, continued to provide adequate capital and funding to the group. In addition, the Ubuntu-Botho Investments Proprietary Limited Group continue to give assurance that the group will have access to continued capital and funding to be able to settle its debts as they fall due and is able to continue business as a going concern for the period ending 31 October 2021.

The ability of the group and the company to continue as going concern beyond the period October 2021 is dependent on a number of factors, the most significant ones being the ongoing support from existing shareholders, the sourcing of capital from potential new shareholders, raising of working capital facilities as required, along with the execution plans for the scaling of existing services and delivery of new products and features into the market, and the impact of the COVID-19 pandemic on socio-economic conditions in the country.

These conditions give rise to a material uncertainty for the period beyond 31 October 2021, which may cast significant doubt on the group's and company's ability to continue as a going

concern, and therefore that it may be unable to settle its debts as they become due in the normal course of business.

The directors have reviewed the group's and company's cashflow forecast and are satisfied that they will have access to capital and funding to continue as a going concern provided that the above mentioned factors materialize. The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the group and company will continue to have ongoing access to capital and funding and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

## 2. LIA: Explanation of differences between accounting and regulatory exposure amounts

The tables below provide a breakdown of how the amounts reported in the annual financial statements correspond to the regulatory risk categories.

### L11 (Group): Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

At 30 June 2020 R'000	Group						Not subject to capital requirements or subject to capital deduction
	a	b	c	d	e	f	
	Published financial statements	Regulatory scope of consolidation	Credit risk	Counterparty credit risk	Securitisation	Market risk	
	Carrying values of items subject to:						
<b>Assets</b>							
Property, plant and equipment	57 802	57 802	57 802				
Intangible assets	8 416	8 416					8 416
Trade and other receivables	52 861	50 940	50 940				
Other financial assets	1 003 806	993 345	993 345				
Inventory	26 059	26 059	26 059				
Term deposit investments	-	-	-				
Term loans	4 675	4 675	4 675				
Cash and cash equivalents	611 102	621 151	621 151				
<b>Total assets</b>	<b>1 764 721</b>	<b>1 762 389</b>	<b>1 753 973</b>	-	-	-	<b>8 416</b>
<b>Equity and Liabilities</b>							
Share capital	4 173 876	4 173 877	4 173 877				
Reserves	276 367	288 420	288 420				
Accumulated loss	(4 066 354)	(4 075 394)	(4 075 394)				
<b>Total equity</b>	<b>383 889</b>	<b>386 904</b>	<b>386 904</b>	-	-	-	-
Trade and other payables	130 860	129 686					129 686
Provisions	14 843	14 843					14 843
Deposits received from customers	1 235 128	1 230 957					1 230 957
<b>Total liabilities</b>	<b>1 380 832</b>	<b>1 375 486</b>	-	-	-	-	<b>1 375 486</b>
<b>Total equity and liabilities</b>	<b>1 764 721</b>	<b>1 762 389</b>	<b>386 904</b>	-	-	-	<b>1 375 486</b>

Note: Difference relate to timing between audit adjustments subsequent to regulatory reporting

**LI1 (Bank): Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

At 30 June 2020

R'000

	Bank						g
	a	b	c	d	e	f	
	Published financial statements	Regulatory scope of consolidation	Credit risk	Counterparty credit risk	Securitisation	Market risk	
	Carrying values of items subject to:					Not subject to capital requirements or subject to capital deduction	
<b>Assets</b>							
Property, plant and equipment	57 802	57 802	57 802				
Intangible assets	8 416	8 416				8 416	
Trade and other receivables	52 861	50 940	50 940				
Other financial assets	1 003 806	993 345	993 345				
Inventory	26 059	26 059	26 059				
Term deposit investments	-	-	-				
Term loans	4 675	4 675	4 675				
Cash and cash equivalents	611 050	621 098	621 098				
<b>Total assets</b>	<b>1 764 669</b>	<b>1 762 337</b>	<b>1 753 920</b>	-	-	-	<b>8 416</b>
<b>Equity and Liabilities</b>							
Share capital	3 975 780	3 975 780	3 975 780				
Reserves	276 367	276 367	276 367				
Accumulated loss	(3 867 958)	(3 864 944)	(3 864 944)				
<b>Total equity</b>	<b>384 189</b>	<b>387 203</b>	<b>387 203</b>	-	-	-	-
Trade and other payables	130 508	129 333					129 333
Provisions	14 843	14 843					14 843
Deposits received from customers	1 235 128	1 230 957					1 230 957
<b>Total liabilities</b>	<b>1 380 480</b>	<b>1 375 134</b>	-	-	-	-	<b>1 375 134</b>
<b>Total equity and liabilities</b>	<b>1 764 669</b>	<b>1 762 337</b>	<b>387 203</b>	-	-	-	<b>1 375 134</b>

Note: Difference relate to audit adjustments subsequent to regulatory reporting

- All regulatory carrying value disclosures align to Tyme Bank group's annual financial statements as all consolidations are in line with IFRS requirements and no market valuations are currently performed for any of the exposures.
- Values in column (a) and (b) are as per values reported in the financial statements.
- Values in column (c) - (g) in the tables above are based on the value in column (b).

- Intangible assets and goodwill are subject to deduction from capital i.e. excluded from regulatory capital.

The tables below provide information on the main sources of differences between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

**L12 (Group): Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

At 30 June 2020 R'000	Group				
	a	b	c	d	e
	Total	Items subject to:			
Credit risk framework		Securitisation framework	Counterparty credit risk framework	Market risk framework	
1 Asset carrying value amount under scope of regulatory consolidation (as per template L11)	1 762 389	1 753 973	-	-	-
2 Liabilities carrying value amount under regulatory scope of consolidation (as per template L11)	1 375 486	-	-	-	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>386 903</b>	<b>1 753 973</b>			
4 Off-balance sheet amounts					
5 Differences in valuations					
6 Differences due to different netting rules, other than those already included in row 2					
7 Differences due to consideration of provisions					
8 Differences due to prudential filters					
<b>9 Exposure amounts considered for regulatory purposes</b>	<b>386 903</b>	<b>1 753 973</b>	-	-	-

**L12 (Bank): Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

At 30 June 2020 R'000	Bank				
	a	b	c	d	e
	Total	Items subject to:			
Credit risk framework		Securitisation framework	Counterparty credit risk framework	Market risk framework	
1 Asset carrying value amount under scope of regulatory consolidation (as per template L11)	1 762 337	1 753 920	-	-	-
2 Liabilities carrying value amount under regulatory scope of consolidation (as per template L11)	1 375 134	-	-	-	-
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>387 203</b>	<b>1 753 920</b>	-	-	-
4 Off-balance sheet amounts					
5 Differences in valuations					
6 Differences due to different netting rules, other than those already included in row 2					
7 Differences due to consideration of provisions					
8 Differences due to prudential filters					
<b>9 Exposure amounts considered for regulatory purposes</b>	<b>387 203</b>	<b>1 753 920</b>	-	-	-

\* Differences in valuations for credit risk exposures relate to certain exposures being calculated on a daily average balance basis compared to a closing day balance in the financial statements.

### 3. Key metrics (at consolidated level)

The table below provides an overview of the key regulatory metrics covering the group's available capital and ratios, risk-weighted assets, leverage ratio, liquidity coverage ratio, and net stable funding ratio of the group's performance over time.

#### KM1 (Group): Key metrics (at consolidated group level)

At 30 June 2020 R'000	Group				
	a 30-Jun-20	b 31-Mar-20	c 31-Dec-19	d 30-Sep-19	e 30-Jun-19
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 (CET1)	378 487	407 000	428 693	463 880	590 065
1a Fully loaded ECL accounting model	378 487	407 000	428 693	463 880	590 065
3 Total capital	<b>378 487</b>	<b>407 000</b>	<b>428 693</b>	<b>463 880</b>	<b>590 065</b>
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	393 432	538 395	555 922	456 469	479 324
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier 1 ratio (%)	96.20	75.60	77.11	101.62	123.10
6 Tier 1 ratio (%)	96.20	75.60	77.11	101.62	123.10
7 Total capital ratio (%)	<b>96.20</b>	<b>75.60</b>	<b>77.11</b>	<b>101.62</b>	<b>123.10</b>
7a Fully loaded ECL accounting model total capital ratio (%)					
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.50	2.50	2.50	2.50	2.50
9 Countercyclical buffer requirement (%)	-	-	-	-	-
10 Bank D-SIB additional requirements (%)	-	-	-	-	-
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50	2.50	2.50	2.50	2.50
12 CET1 available after meeting the bank's minimum capital requirements (%) <sup>1</sup>	85.70	73.10	74.61	91.12	112.60
<b>Basel III Leverage Ratio</b>					
13 Total Basel III leverage ratio measure	1 758 321	1 334 905	1 081 056	952 168	945 389
14 Basel III leverage ratio (%) (row 2/row 13)	<b>21.53</b>	<b>30.49</b>	<b>39.66</b>	<b>48.72</b>	<b>62.42</b>
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)					
<b>Liquidity Coverage Ratio</b>					
15 Total HQLA	677 925	481 529	348 435	261 836	144 011
16 Total net cash outflow	20 598	13 091	9 155	7 177	998
17 LCR ratio (%) <sup>2</sup>	<b>3 291.27</b>	<b>3 678.25</b>	<b>3 805.90</b>	<b>3 648.19</b>	<b>14 436.11</b>
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	5 570 158	4 927 581	4 383 335	3 846 058	3 499 670
19 Total required stable funding	4 380 331	4 092 809	3 762 256	3 288 461	2 991 711
20 NSFR ratio (%) <sup>3</sup>	<b>127.16</b>	<b>120.40</b>	<b>116.51</b>	<b>116.96</b>	<b>116.98</b>

- The minimum capital requirements disclosed excludes any D-SIB or Pillar 2B requirements
- Refer to page 35 for LIQ1: Liquidity Coverage Ratio template and commentary.
- Refer to page 37 for LIQ2: Net Stable Funding Ratio template and commentary.

Key metrics are monitored daily and incorporated as part of the bank's additional early warning indicators (EWIs) to ensure the continuous monitoring and evaluation of the bank's liquidity and capital adequacy positions. This is also part of the bank's going-concern planning through the Contingency Funding Plan (CFP), the Business Continuity Plan (BCP) as well as the bank's Recovery Plan strategies and processes.

The Group consolidated requirements are reported in line with section 42 of the Banks Act and the minimum standards in respect of consolidated supervision prescribed by regulation 36 and in compliance with all directives, instructions and requirements relating to the Bank. Tyme Bank Limited (Bank Solo) is the only banking entity in the group, and ratios pertaining to the group are therefore driven off the inflows and outflows from the bank.

## 4. Overview of Risk Management

---

Tyme Bank seeks to establish a culture of disciplined risk-taking that enables the bank to deliver long-term value for its people, customers, and shareholders.

A strong risk culture supports the effective application of the risk appetite. To ensure a strong risk culture we:

- acknowledge risk;
- maintain a risk-aware mindset;
- communicate in a timely manner with honesty and transparency;
- speak up when detecting potential issues and risks;
- are accountable for data quality; and
- promote and embed a strong risk culture.

Tyme Bank's risk appetite is influenced by and should be read in the context of the bank's:

- vision of enhancing economic participation and inspiring financial well-being;
- values of customer obsession, empowerment, ownership, innovation and compassion; and
- standards of professional practice set out in stated corporate commitments.

The Risk Appetite Statement (RAS) articulates the high-level boundaries for the type and degree of operational risk that the board is willing to accept for its shareholders. Risk appetite is a central and essential element of Tyme Bank’s Enterprise Risk Management Framework (ERMF). Risk appetite is managed through limits and tolerances based on prescribed regulatory requirements for Tyme Bank and internally set limits, as identified in respective policies.

The board directs management on its risk-taking activities in the context of the bank’s business strategy, by means of the RAS, which articulates:

- **Risk appetite:** the degree of risk we are prepared to accept, expressed in terms of key business outcomes, and taking into consideration the interests of all stakeholders.
- **Risk tolerances:** for each business outcome, the maximum level of risk that we are willing to operate within.
- **Risk limits and triggers:** for each material risk type, management limits designed to cascade our risk appetite and risk tolerances to a day-to-day management level, with corresponding trigger levels for early intervention.

### Tyme Bank – Risk Governance Structure

- The key components of the corporate governance structure for risk management are illustrated in the diagram below
- Governance is considered as one of the four key Operational Elements of the Risk Management Framework

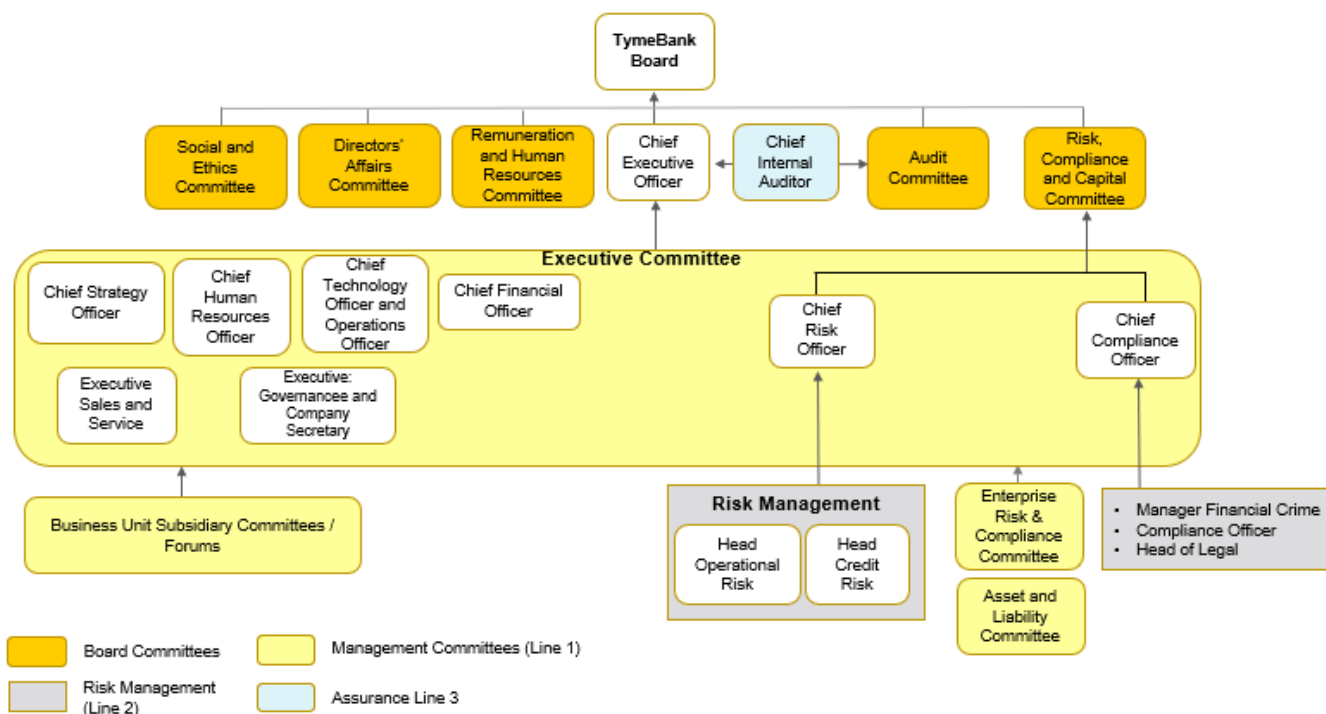


Figure 2: Risk Governance Structure

Risk governance originates at board level, and cascades through the Chief Executive Officer (CEO) to Tyme Bank via policies, delegated authorities, and regular review of outcomes. This is underpinned by a clear segregation of duties and enables board-level oversight. Independent review of the Enterprise Risk Management Framework and its implementation is carried out by Tyme Bank's Internal Audit function, as appropriate.

The Chief Risk Officer (CRO) has ultimate responsibility for the oversight of all risk classes within Tyme Bank, with support from the Chief Compliance Officer, who ensures that regulatory requirements are complied with at all times. To ensure the required focus on compliance-related matters, the Chief Compliance Officer reports directly to the CEO and is accountable for managing all compliance and anti-money-laundering risks. Risk governance is undertaken by a structured hierarchy of committees and forums, each with specific accountabilities. With the introduction of a 'Twin Peaks' model into the South African Regulatory framework, the focus and management of conduct risk has increased. We are committed to treating customers fairly, in a transparent and consistent manner, while promoting a corporate culture of ensuring our behaviour and actions puts the customer at the centre of everything we do. Doing the "right thing" is paramount for Tyme Bank.

The Risk, Compliance and Capital Management Committee is a sub-committee of the Tyme Bank board responsible for overseeing and advising the board on risk appetite and the risk management framework. Furthermore, this committee monitors the risk profile of Tyme Bank; endorses board-level policies (including limits) in respect of key risk types as determined by the board, and monitors compliance with delegations. The Enterprise Risk and Compliance Committee (ERCC) is a management committee that ensures the implementation of Tyme Bank's board-level policies (including limits) in respect of key risk types as determined by the board; it implements delegations to supporting the strategy and risk appetite and monitors compliance with delegations.

Tyme Bank operates utilising the 'Three Lines of Defence' model to ensure that risks are identified, managed, and monitored. The three lines of defence are:

- business management (Line 1),
- risk management (Line 2), and
- audit and assurance (Line 3).

The first line of defence is business management. As risk is best managed at the place it occurs, business managers are responsible and accountable for managing the risks for their business. The risk management team, as Line 2, provides risk-management expertise and oversight for business management's risk-related activities. Line 3 is the internal audit function, who provide independent assurance regarding the adequacy and effectiveness of Tyme Bank's system of internal controls, risk management, and governance procedures and processes.

External resources are utilised by Internal Audit to provide assurance in certain areas where a high degree of specialist knowledge is required.

The level of risk accepted is managed through the Risk Management Framework (RMF), which is illustrated in the diagram below. The RMF ensures that the degree of risk the bank is willing to accept, as determined by the RAS, is in line with Tyme Bank's strategic plan and is executed through the Risk Management Approach. The Risk Management Approach is underpinned by the foundation components, together with key operational elements and the Tyme Bank approach for each risk type identified as material. The material risk types consist of the following:

- **credit risk:** the risk arising from counterparties as a result of credit extension.
- **market risk:** the potential of an adverse impact on earnings from changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, and any market risk leases or loan exposures.
- **Interest Rate risk:** the sensitivity towards a change in fluctuating interest rates in the market may negatively impact the banks pricing structure and future earnings
- **Execution risk:** the risk of financial loss due a change that arise when attempting to execute on an arbitrage trade in two different markets at once
- **liquidity risk:** the risk arising from potential mismatches in funding requirements in both the banking and trading book. Note that the trading book is not applicable to Tyme Bank at present.
- **operational risk:** the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.
- **reputational/conduct risk:** the risk of loss through not delivering on commitments, or through operating and behaving in a manner that adversely impacts the bank's customers, shareholders, staff, or reputation.
- **compliance risk:** the risk of potentially contravening any applicable laws or regulations.
- **cyber risk:** the potential damage or losses arising from unauthorised access to Tyme Bank systems.

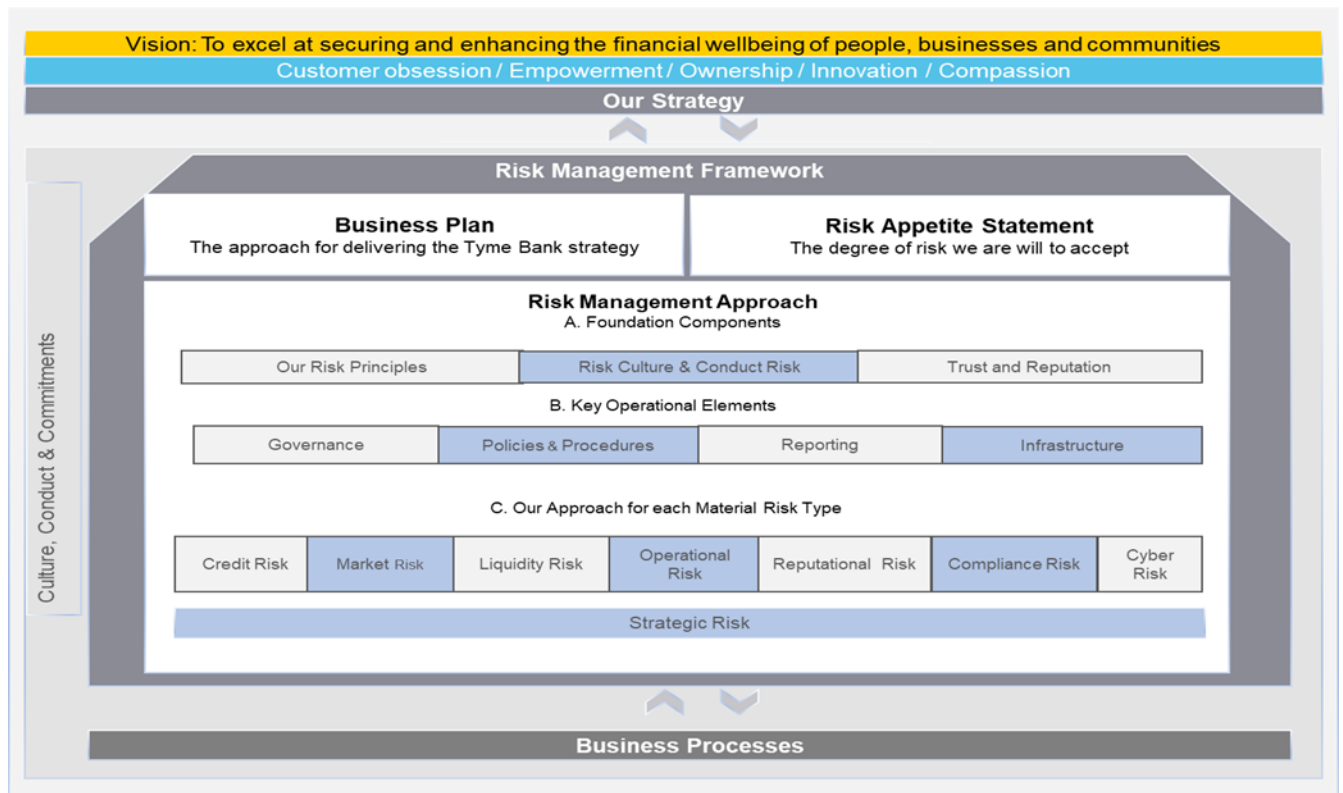


Figure 3: Risk Management Framework

- The RAS is formally reviewed on an annual basis and approved by the board.
- Reporting is designed to provide the board and senior management with a comprehensive view of the current material risks that Tyme Bank faces, as well as any emerging risks that may require Tyme Bank to amend its strategy or approach.

## 5. Credit Risk

Tyme Bank has a comprehensive and effective Risk Management Framework, of which the Credit Risk Framework (CRF) is part. The purpose of the CRF document is to provide an overview of the key components of credit risk management activities and how they support Tyme Bank in achieving its strategic goals, through comprehensive identification, assessment, mitigation, monitoring, management, and reporting of credit risk.

While not a significant risk at present, credit risk at a portfolio level includes the management of concentration risk arising from interdependencies between customers (large credit exposures) and concentrations of exposures to geographical regions, industry sectors, and products or portfolio types.

Tyme Bank calculates its risk exposures arising from large exposures to a single obligor and groups of related obligors, expressed as a percentage of its qualifying capital requirement (QCR), as required by the Credit Concentration Framework and defined within the Credit Risk Policy (CRP).

These exposures are internally monitored on a daily basis and reported to the Asset and Liability Committee (ALCO) on a monthly and quarterly basis, as well as to the PA in line with regulatory requirements and the CRF. The bank has not granted any large loans to a single obligor or group of related obligors.

Credit risk arises from Tyme Bank's current activities, which are limited to interbank placements, minimum reserving requirements, investing in Treasury Bills and Government Bonds for liquid asset requirements and a small personal loans portfolio. The testing of Personal loans commenced in Q4 2019 but was subsequently put on hold in April 2020 due to the expected impact of the COVID-19 pandemic on consumers and credit models.

For regulatory capital purposes, the standardised approach has been adopted to determine RWA on credit exposure. Tyme Bank had built a robust credit risk model which will now need to be reviewed / recalibrated due to the impact Covid-19 will have on the consumers' repayment behaviour. Reporting standards comply with the latest regulatory and financial reporting requirements, including IFRS 9.

Whilst the majority of Tyme Bank's lending, in future, is anticipated to be relatively small retail exposures large credit exposure limits have been set by taking sections 73(1) and 73(2) of the Banks Act, 1990 into account, and are contained in the Credit Risk Policy. These limits have been set in order to govern the authority of management with regards to the amount of credit provided to a single obligor, or group of related obligors in order to prevent concentration risk. This limits the risk of catastrophic loss through over-exposure due to the failure of a single borrower, or group of related borrowers and/or guarantors (obligors). Whilst Credit Risk is generally the biggest risk in banking, it currently contributes less than operational risk to the consolidated RWA, as the bank has currently extended limited credit to customers.

## 5.1 Credit Quality of Assets

The following tables reflect the credit quality of both on- and off-balance-sheet assets and the impact of impairments as at 30 June 2020.

### CR1 (Group): Credit Quality of assets

At 30 June 2020 R'000	Group				
	a	b		c	d
	Carrying values of		Allowances/ impairments	Net values (a+b-c)	
Defaulted exposures	Non-defaulted exposures				
1	Loans	1 360	626 090	1 624	625 826
2	Debt securities	-	979 781	-	979 781
3	Off-balance sheet exposures	-	-	-	-
4	<b>Total</b>	<b>1 360</b>	<b>1 605 870</b>	<b>1 624</b>	<b>1 605 607</b>

### CR1 (Bank): Credit Quality of assets

At 30 June 2020 R'000		Bank				
		a	b		c	d
		Carrying values of		Allowances/ impairments	Net values (a+b-c)	
Defaulted exposures	Non-defaulted exposures					
1	Loans	1 360	626 037	1 624	625 773	
2	Debt securities	-	979 781	-	979 781	
3	Off-balance sheet exposures	-	-	-	-	
4	<b>Total</b>	<b>1 360</b>	<b>1 605 818</b>	<b>1 624</b>	<b>1 605 554</b>	

#### Notes:

- 1 Column (d) - Net values - represents the carrying values as per the financial statements.
- 2 Loans are a sum of loans to retail & SME customers and placements with other local banks.

- Net values reported in column (d) above are reported as the carrying values per the annual financial statements whereas the values in table CR3 represent the exposure at default (EAD) measured for regulatory purposes.

Credit risk is the potential loss arising from failure of a customer or counterparty to meet their contractual obligation to Tyme Bank. Tyme Bank has a Credit Risk Policy in place which defines how credit risk is effectively managed across the various credit offerings, which includes short to medium term bank placements. The Credit Risk Policy underpins the Credit Risk Framework and contains detailed parameters related to the management of credit risk.

The Bank commenced testing personal loans in Q4 2019 and has an exposure of less than R6m to consumers in total. This exposure has now been capped as lending was stopped entirely in April 2020 due to the expected impact of COVID-19 on consumers. The portfolio is however being managed according to Regulations and the Tyme Bank credit and provisioning policies.

## 5.2 Credit Risk Mitigation Techniques

### CR3 (Group): Credit risk mitigation techniques – overview

At 30 June 2020 R'000		Group						
		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by:					Credit derivatives
Collateral	Collateral of which: secured amount		Financial guarantees	Financial guarantees, of which: secured amount				
1	Loans	626 090	0					
2	Debt securities	979 781	0					
3	<b>Total</b>	<b>1 605 870</b>	<b>0</b>					
4	Of which defaulted	1 360	0					

### CR3 (Bank): Credit risk mitigation techniques – overview

At 30 June 2020 R'000		Bank						
		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by:					Credit derivatives
Collateral	Collateral of which: secured amount		Financial guarantees	Financial guarantees, of which: secured amount				
1	Loans	626 037	0					
2	Debt securities	979 781	0					
3	<b>Total</b>	<b>1 605 818</b>	<b>0</b>					
4	Of which defaulted	1 360	0					

#### Notes:

- 1 All exposures not secured by either by eith guarantees or collateral is regarded as unsecured.

As noted, the bank has unsecured credit related exposure of less than R6m and has not provided any secured credit-related facilities and currently has no off-balance-sheet credit exposure. End-to-end credit risk systems and processes were built and enhanced during the testing phase but will be reviewed prior to extending further loans.

There is no credit risk mitigation currently being considered in the calculation of the RWAs due to the current small exposure to customers, therefore pre- and post-mitigation exposures are identical.

## 5.3 Credit Exposures by Asset Class

The following tables reflect the credit exposure per asset class, pre and post credit conversion factors (CCF) and credit risk mitigation (CRM), as at 30 June 2020.

### CR4 (Group): Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

At 30 June 2020 R'000	Group						
	a	b	c		d	e	f
	Exposures pre CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density		
Asset classes	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density (%)	
1 Sovereigns and their central banks	1 017 329		1 017 329		-	-	
4 Banks	629 149		629 149		139 800	22.22	
7 Regulatory retail portfolios	4 065		4 006		3 190	79.63	
11 Past-due loans	1 360		1 076		1 693	157.34	
13 Other assets	134 802		134 802		134 802	100.00	
<b>14 Total</b>	<b>1 786 705</b>		<b>1 786 362</b>		<b>279 486</b>	<b>15.65</b>	

CR4 table certain amounts based on average figures

### CR4 (Bank): Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

At 30 June 2020 R'000	Bank						
	a	b	c		d	e	f
	Exposures pre CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density		
Asset classes	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density (%)	
1 Sovereigns and their central banks	1 017 329		1 017 329		-	0.00	
4 Banks	600 502		600 502		139 800	23.28	
7 Regulatory retail portfolios	4 065		4 006		3 190	79.63	
11 Past-due loans	1 360		1 076		1 693	157.34	
13 Other assets	134 802		134 802		134 802	100.00	
<b>14 Total</b>	<b>1 758 058</b>		<b>1 757 715</b>		<b>279 486</b>	<b>15.90</b>	

CR4 table certain amounts based on average figures

- RWA density provides a measure on riskiness of each portfolio and is derived by dividing RWA with the sum of exposures post-CCF and post-CRM.
- Credit exposure post-CCF and post-CRM is the amount to which risk weighted assets are applied.

All exposures attracting credit risk are South African Rand denominated and placed with South African counterparts within South Africa.

## 5.4 Credit Exposures by Asset Class and Risk Weights

The following table reflects the risk weights per asset class and post credit conversion factors (CCF) and credit risk mitigation (CRM) as at 30 June 2020.

### CR5 (Group): Standardised approach - exposures by asset classes and risk weights

At 30 June 2020 R'000	Group									
	a	b	c	d	e	f	g	h	i	j
	Risk Weight									
Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Sovereigns and their central banks	1 017 329									1 017 329
4 Banks			604 524				24 625			629 149
7 Regulatory retail portfolios						2 204	1 803			4 006
11 Past-due loans					20		332	724		1 076
12 Higher-risk categories										0
13 Other assets							134 802			134 802
<b>14 Total</b>	<b>1 017 329</b>		<b>604 524</b>		<b>20</b>	<b>2 204</b>	<b>161 561</b>	<b>724</b>		<b>1 786 362</b>

\* Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

### CR5 (Bank): Standardised approach - exposures by asset classes and risk weights

At 30 June 2020 R'000	Bank									
	a	b	c	d	e	f	g	h	i	j
	Risk Weight									
Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Sovereigns and their central banks	1 017 329									1 017 329
4 Banks			575 877				24 625			600 502
7 Regulatory retail portfolios						2 204	1 803			4 006
11 Past-due loans					20		332	724		1 076
12 Higher-risk categories										-
13 Other assets							134 802			134 802
<b>14 Total</b>	<b>1 017 329</b>		<b>575 877</b>		<b>20</b>	<b>2 204</b>	<b>161 561</b>	<b>724</b>		<b>1 757 715</b>

\* Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

## 6. Operational Risk

---

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk. Operational risk can widely occur in banks due to various factors including human error.

Operational risk can be categorised in the following way for a better understanding:

- **Human risk:** Potential losses due to human error, whether intentional or not;
- **IT/System risk:** Potential losses due to system failures and programming errors; and
- **Processes risk:** Potential losses due to inadequate or failed processes.

Tyme Bank has a comprehensive and integrated Enterprise Risk Management Framework (ERMF) in place, which enables the bank to identify, assess, manage, and report operational risks on a consistent and reliable basis, addressing each of the following components:

- Governance;
- management, measurement, and systems;
- analytics, review, reporting; and
- people and culture.

As the bank has moved from the “build” into the “run” phase, post the official launch, risks continue to be identified as part of business as usual processes with subsequent controls being enhanced or implemented as required. The ERMF will therefore continue to mature over the short to medium term. All medium and higher risks, as well as ineffective controls, are raised and approved through the relevant governance processes.

Tyme Bank’s board and senior management will remain ultimately responsible for ensuring that the bank’s system of internal control is adequate and operating effectively.

The CEO of Tyme Bank is responsible for implementing a system to identify and manage risks that are material to the business, including a system of internal controls, assurance, and audits. The CEO receives his mandate from the board.

The Enterprise Risk & Compliance Committee (ERCC) is the primary committee that has oversight of operational risk management and is supported by the Chief Risk Officer (CRO). The ERCC reports to and receives its mandate from the Risk, Compliance and Capital Management Committee.

The ERCC & Executive Committee (EXCO) are responsible for overseeing operational risk management and measurement for the Tyme Bank business.

To ensure operational risk governance practices are effective, senior management ensures that the Operational Risk Governance Principles are embedded within each governance forum. These principles ensure transparency and consistency of governance standards across Tyme Bank.

The Bank has considered appropriate liquidity risk mitigation tools in line with balance sheet growth and maturity i.e. repurchase agreements with the SARB and Interbank market.

As indicated in the table below, the bank applies the basic indicator approach in calculating its Operational Risk RWA. These values have experienced a downward movement, since 31 December 2018 due to the recalculation of operational risk as the bank incorporate the three-year AFS gross operating income numbers and relinquish the use of overstated forecast numbers when performing the final year calculation.

Operational risk is calculated on a semi-annual basis. The recalculation done in June 2020 amounted to a lower operational risk based on the audited financial statement numbers.

**Ops Risk (Group & Bank): Operational Risk - Basic Indicator Approach (BIA)**

At 30 June 2020 R'000	Group		Bank	
	30-Jun-20	31-Mar-20	30-Jun-20	31-Mar-20
Relevant risk exposure	58 006	92 882	56 921	81 590
Capital requirements	8 701	13 932	8 538	12 239
Risk weighted exposure equivalent amount	108 761	174 153	106 727	152 981

## 7. Composition of Risk Weighted Assets (RWA)

The following OV1 templates reflect the composition of the risk-weighted assets (RWA) and related minimum capital requirements.

Credit risk-weighted assets exclude counterparty credit risk but include a combination of credit and other risk-weighted exposure.

### OV1 (Group): Overview of Risk Weighted Assets (RWA)

At 30 June 2020		Group			
		a	b		c
R'000		Risk-weighted assets			* MCR
		30-Jun-20	31-Mar-20	31-Dec-19	30-Jun-20
1	<b>Credit risk (excluding counterparty credit risk) 1</b>	279 486	282 733	300 974	29 346
2	Of which: standardised approach (SA)	279 486	282 733	300 974	29 346
20	<b>Market risk</b>	2 926	141	123	307
21	Of which: standardised approach (SA)	2 926	141	123	307
22	Of which: internal model approaches (IMA)				
23	Capital charge for switch between trading book and banking book				
24	<b>Operational risk z</b>	108 761	174 153	174 153	11 420
25	Amounts below thresholds for deduction (subject to 250% risk weight)				
26	Floor adjustment				
27	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)</b>	<b>391 173</b>	<b>457 027</b>	<b>475 250</b>	<b>41 073</b>

\* Minimum capital requirements (MCR) based on Base requirement (8%); Pillar 2A add-on relaxed from 1% to 0%, D2\_2020 & Conservation buffer (2.5%)

### OV1 (Bank): Overview of Risk Weighted Assets (RWA)

At 30 June 2020		Bank			
		a	b		c
R'000		Risk-weighted assets			* MCR
		30-Jun-20	31-Mar-20	31-Dec-19	30-Jun-20
1	<b>Credit risk (excluding counterparty credit risk) 1</b>	279 486	282 740	300 278	29 346
2	Of which: standardised approach (SA)	279 486	282 740	300 278	29 346
20	<b>Market risk</b>	2 926	141	123	307
21	Of which: standardised approach (SA)	2 926	141	123	307
22	Of which: internal model approaches (IMA)				
23	Capital charge for switch between trading book and banking book				
24	<b>Operational risk z</b>	106 727	152 981	152 981	11 206
25	Amounts below thresholds for deduction (subject to 250% risk weight)				
26	Floor adjustment				
27	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)</b>	<b>389 139</b>	<b>435 862</b>	<b>453 382</b>	<b>40 860</b>

\* Minimum capital requirements (MCR) based on Base requirement (8%); Pillar 2A add-on relaxed from 1% to 0%, D2\_2020 & Conservation buffer (2.5%)

- Credit RWA remain relatively stable during the time of review.
- Uptick in market risk due to an increase in the bank's open foreign currency position held at month-end caused by foreign vendor invoices not settled at month-end.
- Operational RWA reduced due to the recalculation to allow the inclusion of the three-year AFS gross operating income numbers and moving away from applying overstated forecast numbers in the final year.

## 8. Market Risk

---

Market risk is the potential of an adverse impact on earnings from changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, and any market risk leases or loan exposures.

Market risk is generally divided into four types based on the potential cause of the risk:

- **Interest rate risk:** Potential losses due to fluctuations in interest rate;
- **Equity risk:** Potential losses due to fluctuations in stock price;
- **Foreign exchange risk:** Potential losses due to international currency exchange rates (closely associated with settlement risk); and
- **Commodity risk:** Potential losses due to fluctuations in prices of agricultural, industrial, and energy commodities.

Tyme Bank operates within the set parameters of the Market Risk Policy, which has the following set objectives:

- ensure the board-approved requirements in terms of market risk are met;
- establish boundaries for market-risk-taking activities;
- establish a sound operating environment for market risk activities that are consistent with:
  - requirements of relevant regulators, including the Prudential Authority; and
  - the governance and control standards of Tyme Bank and the risk principles expressed within the Risk Appetite Statement (RAS).

Tyme Bank has ensured that this policy complies with the Banks Act and the Regulations relating to Banks (particularly regulation 28). The Market Risk Framework outlines the overall market risk requirements for the bank and is supported by the Market Risk Standards, which outline how policy requirements are implemented for market risks across the bank. This policy is also the Market Risk Standard for Tyme Bank and details the interest rate risk in the banking book (IRRBB) and foreign exchange (FX) risk measurement methodologies and limit structures, including excess notification/escalation/approval levels, supporting controls, and definitions.

Tyme Bank is not currently involved in capital markets where market risk is most concentrated for banks. The bank is therefore currently not exposed to equity and commodity risks. The current balance sheet is also completely funded and denominated in South African Rand.

Foreign exchange risk is limited to Tyme Bank's exposure to suppliers who are paid in foreign currency. However, during the reporting period, the Bank's exposure to foreign suppliers has reduced significantly and consequently the board has risk accepted this FX exposure given its smaller impact overall. Although FX exposure has reduced from previous years, the Bank continues

to make use of international technology, which can put additional pressure on the cost line, in the event of a significant deterioration in the Rand exchange rate.

**MR1 (Group & Bank): Market risk under the standardised approach (SA)**

At 30 June 2020 R'000	Group	Bank
	a	a
	Capital charge in SA 30-Jun-20	Capital charge in SA 30-Jun-20
1 General interest rate risk		
2 Equity risk		
3 Commodity risk		
4 Foreign exchange risk	2 926	2 926
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		
<b>12 Total</b>	<b>2 926</b>	<b>2 926</b>

Tyme Bank is mostly exposed to interest rate risk in the banking book due to the nature of its exposures. All exposures, including securities held (Treasury Bills), are held under the banking book with the intent of holding all positions to maturity.

The bank is monitoring interest rate risk in the banking book based on 200bps shift in rates.

**Net Interest Income**

At 30 June 2020  
R'000

	Bank	
	30-Jun-20	31-Mar-20
Percentage impact of a parallel rate shock on forecasted NII (%)	7.28	8.04
Twelve-month Forecasted NII (R'000)	319 163	141 594
Cumulative total for 12 months post 2% Parallel Rate shock (R'000)	23 248	11 388

The bank's strategy is to manage IRRBB through having an appropriate mix of assets and liabilities so as to achieve stable and sustainable net interest earnings in the long term.

## 9. Composition of Capital

Regulatory capital currently consists of shareholders equity qualifying as common equity tier 1 capital (CET1). No additional innovative or debt-related instruments have been issued as qualifying additional tier 1 (T1) or tier 2 (T2) capital instruments, which are fully loss absorbent.

The capital contribution is in line with the major shareholding as depicted in the structure under the section 'Structure and Consolidated Supervision' above.

Regulatory deductions are made in line with the Basel III definition of capital, the requirements specified in sections 70 and 70A of the Banks Act and the specific prescription outlined in regulation 38.

The make-up of the regulatory capital instruments is detailed in the main features template, as published on the Bank's website (<https://www.tymedigital.co.za>).

#### CC1 (Group & Bank): Composition of regulatory capital

At 30 June 2020  
R'000

	Group		Bank	
	a	b	a	b
	Amounts	* Ref	Amounts	* Ref
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	4 173 877	(a)	3 975 780	(a)
2 Retained earnings	(4 075 394)	(b)	(3 864 944)	(b)
3 Accumulated other comprehensive income (and other reserves)	288 420		276 367	
4 Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)				
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)				
<b>6 Common Equity Tier 1 capital before regulatory adjustments</b>	<b>386 904</b>		<b>387 203</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				
7 Prudent valuation adjustments				
8 Goodwill (net of related tax liability)				
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	8 416	(c)	8 416	(c)
10 Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)		(d)		(d)
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions				
<b>28 Total regulatory adjustments to Common Equity Tier 1</b>	<b>8 416</b>		<b>8 416</b>	
<b>29 Common Equity Tier 1 capital (CET1)</b>	<b>378 487</b>		<b>378 787</b>	
<b>44 Additional Tier 1 capital (AT1)</b>	<b>0</b>		<b>0</b>	
<b>45 Tier 1 capital (T1= CET1 + AT1)</b>	<b>378 487</b>		<b>378 787</b>	
<b>58 Tier 2 capital (T2)</b>	<b>1 281</b>		<b>1 281</b>	
<b>59 Total regulatory capital (TC = T1 + T2)</b>	<b>379 768</b>		<b>380 067</b>	
<b>60 Total risk-weighted assets</b>	<b>393 432</b>	(e)	<b>391 398</b>	(e)
<b>Capital ratios and buffers</b>				
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	96.20		96.78	
62 Tier 1 (as a percentage of risk-weighted assets)	96.20		96.78	
63 Total capital (as a percentage of risk-weighted assets)	96.53		97.11	
64 Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.50		2.50	
65 Of which: capital conservation buffer requirement	2.50		2.50	
66 Of which: bank-specific countercyclical buffer requirement				
67 Of which: higher loss absorbency requirement				
68 Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	86.03		86.28	
<b>National minima (if different from Basel III)</b>				
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)				
70 National Tier 1 minimum ratio (if different from Basel III minimum)				
71 National total capital minimum (if different from Basel III minimum)				
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72 Non-significant investments in the capital and other TLAC liabilities of other financial entities				
73 Significant investments in common stock of financial entities				
74 Mortgage servicing rights (net of related tax liability)				
75 Deferred tax assets arising from temporary differences (net of related tax liability)				
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)				
77 Cap on inclusion of provisions in Tier 2 under standardised approach	1 809		1 809	
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)				
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach				
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>				

\* Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation

## 10. Reconciliation

Tyme Bank does not own any insurance entities nor any other entity which is considered outside the scope of regulatory consolidation, as defined under regulation 36. There is no difference between the financial balance sheet and the regulatory balance sheet (or balance reported under the scope of regulatory consolidation).

The table below provides a detailed breakdown of the components of the leverage ratio denominator.

### CC2 (Group & Bank): Reconciliation of regulatory capital to balance sheet

At 30 June 2020  
R'000

	Group			Bank		
	a	b	c	a	b	c
	Balance sheet as per published financial statements	Under regulatory scope of consolidation	* Reference	Balance sheet as per published financial statements	Under regulatory scope of consolidation	* Reference
	30-Jun-20			30-Jun-20		
<b>Assets</b>						
Property, plant and equipment	57 802	57 802		57 802	57 802	
Intangible assets	8 416	8 416		8 416	8 416	
Trade and other receivables	52 861	50 940		52 861	50 940	
Other financial assets	1 003 806	993 345		1 003 806	993 345	
Inventory	26 059	26 059		26 059	26 059	
Term deposit investments	-	-		-	-	
Term loans	4 675	4 675		4 675	4 675	
Cash and cash equivalents	611 102	621 151		611 050	621 098	
<b>Total assets</b>	<b>1 764 721</b>	<b>1 762 389</b>		<b>1 764 669</b>	<b>1 762 337</b>	
<b>Equity and Liabilities</b>						
Share capital	4 173 876	4 173 877		3 975 780	3 975 780	
Reserves	<b>276 367</b>	<b>288 420</b>		276 367	<b>276 367</b>	
Accumulated loss	(4 066 354)	(4 075 394)		(3 867 958)	(3 864 944)	
<b>Total equity</b>	<b>383 889</b>	<b>386 904</b>		<b>384 189</b>	<b>387 203</b>	
Trade and other payables	130 860	129 686		130 508	129 333	
Provisions	14 843	14 843		14 843	14 843	
Deposits received from customers	1 235 128	1 230 957		1 235 128	1 230 957	
<b>Total liabilities</b>	<b>1 380 832</b>	<b>1 375 486</b>		<b>1 380 480</b>	<b>1 375 134</b>	
<b>Total equity and liabilities</b>	<b>1 764 721</b>	<b>1 762 389</b>		<b>1 764 669</b>	<b>1 762 337</b>	

## 11. Leverage ratio

The leverage ratio is defined as tier 1 capital expressed as a percentage of total exposures. The total exposures utilised in the calculation do not differ from the reported balance sheet exposures, as the balance sheet does not contain any securities financing transactions (SFTs), derivatives, or off-balance-sheet items which require the carrying value to be converted through a calculation or the application of specific factors.

The leverage ratio has remained well above the regulatory minimum requirement due to the current correlation of the qualifying regulatory capital (QCR) in relation to the on-balance sheet exposures.

**LR1 (Group & Bank): Summary comparison of accounting assets vs leverage ratio exposure (January 2014 standard)**

At 30 June 2020 R'000	Group		Bank	
	30-Jun-20	31-Mar-20	30-Jun-20	31-Mar-20
1 Total consolidated assets as per published financial statements	1 766 737	1 764 669	1 358 834	1 358 776
2 Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-	-	-
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	-	-	-	-
5 Adjustment for securities financing transactions (ie repos and similar secured lending)	-	-	-	-
6 Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	-	-	-	-
7 Other adjustments	8 416	8 760	23 929	23 929
<b>8 Leverage ratio exposure measure</b>	<b>1 758 321</b>	<b>1 755 909</b>	<b>1 334 905</b>	<b>1 334 847</b>

The table above provides a reconciliation of the total assets in the published financial statements to the leverage ratio exposure measure, for the year ended 30 June 2020.

**LR2 (Group & Bank): Leverage ratio common disclosure template (January 2014 standard)**

At 30 June 2020 R'000	Group		Bank	
	a 30 June 2020	b 31 March 2020	a 30 June 2020	b 31 March 2020
<b>On-balance sheet exposures</b>				
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 766 737	1 358 834	1 764 669	1 358 776
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	8 416	23 929	8 760	23 929
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	<b>1 758 321</b>	<b>1 334 905</b>	<b>1 755 909</b>	<b>1 334 847</b>
<b>Derivative exposures</b>				
4 Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-	-	-
5 Add-on amounts for PFE associated with <i>all</i> derivatives transactions	-	-	-	-
6 Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-	-	-
7 (Deductions of receivable 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 rows 4 to 10)	-	-	-	-
<b>Securities financing transactions</b>				
12 Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale 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 rows 12 to 15)	-	-	-	-
<b>Other off-balance sheet exposures</b>				
17 Off-balance sheet exposure at gross notional amount	-	-	-	-
18 (Adjustments for conversion to credit equivalent amounts)	-	-	-	-
19 Off-balance sheet items (sum of rows 17 and 18)	-	-	-	-
<b>Capital and total exposures</b>				
20 Tier 1 capital	378 487	407 000	378 787	407 171
21 Total exposures (sum of rows 3, 11, 16 and 19)	<b>1 758 321</b>	<b>1 334 905</b>	<b>1 755 909</b>	<b>1 334 847</b>
<b>Leverage ratio</b>				
22 Basel III leverage ratio	<b>21.53</b>	<b>30.49</b>	<b>21.57</b>	<b>30.50</b>

## 12. Liquidity

Tyme Bank manages its liquidity risk through the Liquidity Risk Framework (LRF); which prescribes the requirements, processes, risk measures, and strategies to be used to manage liquidity and funding risk.

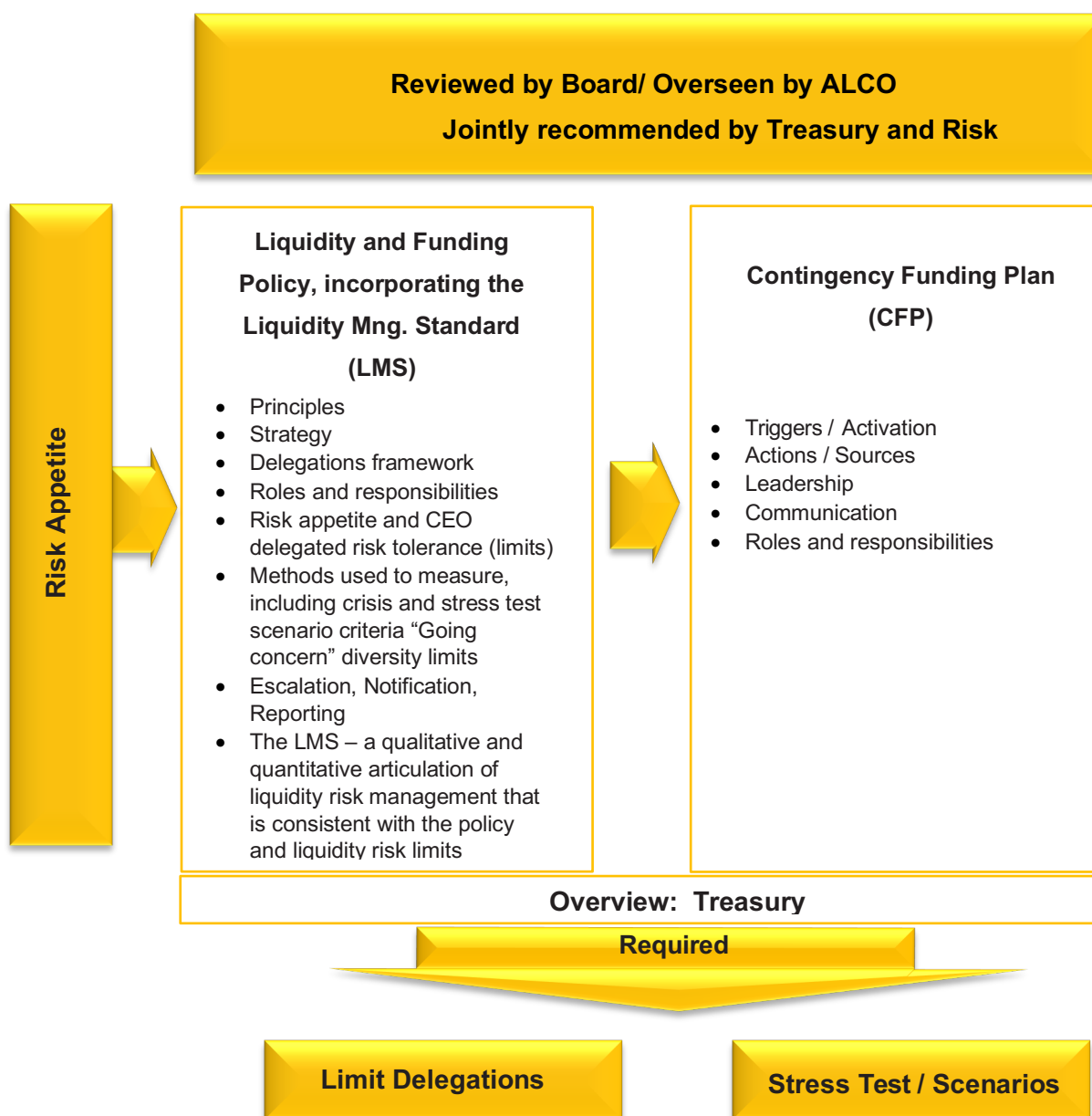


Figure 1: Liquidity Risk Framework

The LRF provides robust governance, risk management measures and techniques, and execution of liquidity risk and funding risk activities. It is consistent with Tyme Bank's risk management, governance, and control standards, except to any extent required by local regulatory conditions. The LRF has clearly documented and communicated responsibilities and accountabilities; and is adequate, in the view of the Tyme Bank board, for managing liquidity risk at a prudent level under both normal conditions and in periods of stress. It furthermore also duly specifies, implements, and maintains appropriate limits in respect of Tyme Bank's funding sources, complies with the liquidity requirements of relevant regulators, and directly supports the qualitative requirements of the SARB/ PA.

Tyme Bank calculates its liquidity coverage ratio (LCR) position daily, ensuring a buffer is maintained over the minimum regulatory requirement and the risk appetite limit. The high-quality liquid assets (HQLA), as defined by the Regulations relating to Banks, consist of Treasury Bills, RSA Government Bonds and Central Bank deposits.

Tyme Bank manages its funding profile taking into consideration its overall liquidity management strategy outlined and defined by the Liquidity & Funding and Market Risk Policies. These policies are further supported by the Contingent Funding Plan (CFP) and Business Continuity Plan (BCP).

The above plans contain possible solutions and a crisis team make-up with specific roles and responsibilities for monitoring, avoiding, and managing a bank-specific trigger event or macro/systemic event, to remain a going concern and protect depositors' funds and shareholders' value. Crisis scenarios are tested annually, or as frequently as required, to ensure the bank's processes and plans are sufficiently robust when placed under stress.

The Treasury function is responsible for the bank's funding and liquidity management. This function is critical in ensuring that the bank has sufficient funds to meet all its obligations as they fall due and to optimally and efficiently place or utilise surplus funds to ensure optimal return for the bank, its depositors and investors. This is all done within prescribed internal limits set out in the aforementioned policies, as well as in compliance with regulatory liquidity, market, and credit risk limits.

## 12.1 Liquidity Coverage Ratio

---

The Liquidity Coverage Ratio (LCR) requires institutions to hold sufficient high-quality liquid assets (HQLA) to meet their 30-day net cash outflows projected under the Prudential Authority's prescribed stress scenario. Tyme Bank maintained an average daily LCR in excess of 3000% for the reporting period to 30 June 2020.

## LIQ1 (Group & Bank): Liquidity Coverage Ratio (LCR)

At 30 June 2020	Group		Bank	
	a	b	a	b
R'000	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>				
1 Total HQLA	677 925	677 925	677 925	677 925
<b>Cash outflows</b>				
2 Retail deposits and deposits from small business customers, of which:	823 907	82 391	823 907	82 391
3 Stable deposits				
4 Less stable deposits	823 907	82 391	823 907	82 391
5 Unsecured wholesale funding, of which:				
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks				
7 Non-operational deposits (all counterparties)				
8 Unsecured debt				
9 Secured wholesale funding	-	-	-	-
10 Additional requirements, of which:				
11 Outflows related to derivative exposures and other collateral requirements				
12 Outflows related to loss of funding of debt products				
13 Credit and liquidity facilities				
14 Other contractual funding obligations	-	-	-	-
15 Other contingent funding obligations	200 000	-	200 000	-
16 TOTAL CASH OUTFLOWS	1 023 907	82 391	1 023 907	82 391
<b>Cash inflows</b>				
17 Secured lending (eg reverse repo)				
18 Inflows from fully performing exposures	563 241	563 241	563 241	563 241
19 Other cash inflows	3 863	1 932	3 863	1 932
20 TOTAL CASH INFLOWS	567 104	565 172	567 104	565 172
		Total adjusted value		Total adjusted value
21 Total HQLA		677 925		677 925
22 Total net cash outflows		20 598		20 598
23 Liquidity coverage ratio (%)		3 291		3 291

- The daily average used to calculate the above percentage consisted of 182 data points, representative of the number of working days during the 6-month period from 01 January 2020 to 30 June 2020.
- The weighted value represents the cashflow amount under a stressed scenario as a percentage of the unweighted value.

### Developments during the time of review:

Directive 01/2020 issued in terms of section 6(6) of the Banks Act 94 of 1990 – Temporary measures to aid compliance with the liquidity coverage ratio during the Coronavirus (Covid-19) pandemic stress period. In accordance with the provisions of section 6(6) of the Banks Act 94 of 1990, banks are hereby directed to comply with revised minimum LCR requirement of 80 percent, with effect from 01 April 2020 until such time as the PA directs in writing that it's of the view that financial markets have normalised

During the time of review LCR remained well above the adjusted 80 percent minimum Regulatory requirement. In May 2020 the bank opted to invest in Government Bonds to further strengthen its HQLA position which previously consisted of Treasury Bills. Aligned to the increase in customer deposits, HQLA continue to grow month-on-month as funding is employed to acquire additional HQLA. Total net outflows continued to increase due to an increase in customer deposits as expected during the period under review.

The high-quality liquid assets (HQLA) portfolio consist of the bank's initial purchase of a Treasury Bills (TB), RSA Government Bonds as well as additional cash placed with the Prudential Authority (PA) in the bank's reserving account.

Net cash outflows are limited to customer accounts opened. All in- and outflows within the prescribed 30-day horizon have been considered in line with the requirements specified under regulation 28, and with the exclusion of operational expenses.

## 12.2 Net Stable Funding Ratio

---

The Net Stable Funding Ratio (NSFR) requires banks to maintain a stable funding profile in relation to the composition of their assets, liabilities and off-balance sheet activities. It is intended to limit overreliance on short-term funding and promote funding stability. Whilst the Liquidity Coverage Ratio (LCR) aims to promote the short-term resilience of a bank's liquidity risk profile under stressed conditions, the NSFR seeks to mitigate funding risk over a longer, more normalised time frame.

The current balance sheet and proposed phasing in of product offerings, and the proposed liquid assets to be held, place the bank in a position to be fully compliant with all prescribed limits. This is further influenced by the short-term nature of all current bank placements but offset by current regulatory capital adjustments.

The following table reflects a summary of the net stable funding ratios (NSFRs) per the Group and Bank respectively.

**LIQ2 (Group): Net Stable Funding Ratio**

At 30 June 2020

R'000	Group				
	Unweighted value by residual maturity				
	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
<b>Available stable funding (ASF) item</b>					
1 Capital:	4 462 297	-	-	-	4 462 297
2 <i>Regulatory capital</i>	4 462 297	-	-	-	4 462 297
3 <i>Other capital instruments</i>	-	-	-	-	-
4 Retail deposits and deposits from small business customers:	-	1 230 957	-	-	1 107 861
5 <i>Stable deposits</i>	-	-	-	-	-
6 <i>Less stable deposits</i>	-	1 230 957	-	-	1 107 861
7 Wholesale funding:	-	-	-	-	-
8 <i>Operational deposits</i>	-	-	-	-	-
9 <i>Other wholesale funding</i>	-	-	-	-	-
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	-	132 017	-	-	-
12 <i>NSFR derivative liabilities</i>	-	-	-	-	-
13 <i>All other liabilities and equity not included in the above</i>	-	132 017	-	-	-
<b>14 Total ASF</b>					<b>5 570 158</b>
<b>Required stable funding (RSF) item</b>					
15 Total NSFR high-quality liquid assets (HQLA)					41 649
16 Deposits held at other financial institutions for operational purposes	1 584	15 805	-	-	790
17 Performing loans and securities:	-	602 825	24 625	-	116 948
<i>Performing loans to financial institutions secured by Level 1</i>					
18 HQLA					
<i>Performing loans to financial institutions secured by non-Level 1</i>					
19 HQLA and unsecured performing loans to financial institutions		597 400	24 625	-	114 235
<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>					
<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>		5 425			2 713
22 <i>Performing residential mortgages, of which:</i>					
<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
23 <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>					-
25 Assets with matching interdependent liabilities					
26 Other liabilities:					4 220 944
27 <i>Physical traded commodities, including gold</i>					
<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
28 <i>NSFR derivative assets</i>					
29 <i>NSFR derivative liabilities before deduction of variation margin</i>					
30 <i>posted</i>					
31 <i>All other assets not included in the above categories</i>	4 083 810			137 134	4 220 944
32 Off-balance sheet items					
<b>33 Total RSF</b>					<b>4 380 331</b>
<b>34 Net Stable Funding Ratio (%)</b>					<b>127.16</b>

**LIQ2 (Bank): Net Stable Funding Ratio**

At 30 June 2020

R'000

	Bank				
	Unweighted value by residual maturity				
	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
<b>Available stable funding (ASF) item</b>					
1 Capital:	4 252 147	-	-	-	4 252 147
2 <i>Regulatory capital</i>	4 252 147				4 252 147
3 <i>Other capital instruments</i>					-
4 Retail deposits and deposits from small business customers:					
5 <i>Stable deposits</i>	-	1 230 957	-	-	1 107 861
6 <i>Less stable deposits</i>		1 230 957			1 107 861
7 Wholesale funding:					
8 <i>Operational deposits</i>	-	-	-	-	-
9 <i>Other wholesale funding</i>					
10 Liabilities with matching interdependent assets					
11 Other liabilities:					
12 <i>NSFR derivative liabilities</i>	-	131 665	-	-	-
<i>All other liabilities and equity not included in the above</i>					
13 <i>categories</i>	-	131 665	-		
<b>14 Total ASF</b>					<b>5 360 008</b>
<b>Required stable funding (RSF) item</b>					
15 Total NSFR high-quality liquid assets (HQLA)		183 863	649 119	147 191	49 009
16 Deposits held at other financial institutions for operational purposes	1 584	15 805			790
17 Performing loans and securities:					
<i>Performing loans to financial institutions secured by Level 1</i>	-	602 772	24 625	-	104 627
18 <i>HQLA</i>					
<i>Performing loans to financial institutions secured by non-Level 1</i>					
19 <i>HQLA and unsecured performing loans to financial institutions</i>		597 347	24 625	-	101 915
<i>Performing loans to non-financial corporate clients, loans to retail</i>					
20 <i>and small business customers, and loans to sovereigns, central</i>		5 425			2 713
<i>With a risk weight of less than or equal to 35% under the Basel</i>					
21 <i>II standardised approach for credit risk</i>					
22 <i>Performing residential mortgages, of which:</i>					
<i>With a risk weight of less than or equal to 35% under the Basel</i>					
23 <i>II standardised approach for credit risk</i>					
<i>Securities that are not in default and do not qualify as HQLA,</i>					
24 <i>including exchange-traded equities</i>					-
25 Assets with matching interdependent liabilities					
26 Other liabilities:					4 010 494
27 <i>Physical traded commodities, including gold</i>					
<i>Assets posted as initial margin for derivative contracts and</i>					
28 <i>contributions to default funds of CCPs</i>					
29 <i>NSFR derivative assets</i>					
<i>NSFR derivative liabilities before deduction of variation margin</i>					
30 <i>posted</i>					
31 <i>All other assets not included in the above categories</i>	3 873 361			137 134	4 010 494
32 Off-balance sheet items					
<b>33 Total RSF</b>					<b>4 164 920</b>
<b>34 Net Stable Funding Ratio (%)</b>					<b>128.69</b>

During the period under review the bank's NSFR remained well above the minimum Regulatory requirement of 100%. The NSFR increased since the previous quarter (121.44%) and is mainly driven by an increase in available stable funding due to capital funding and a continued uptick in customer deposits.

## 13. Annual Remuneration Disclosures

---

The bank is required to make certain qualitative and quantitative remuneration disclosures on an annual basis in terms of Basel Pillar 3 disclosure requirements.

The following remuneration disclosures have been prepared in accordance with the Tyme Bank board's approved policy.

The quantitative information relates to senior managers and material risk-takers for the financial year to 30 June 2020.

Role	Count as at 30-Jun-20	Description
Senior managers	21	This includes the Senior Management Level
Material risk-takers	11	This level includes all Exco members

---

### 13.1 Remuneration Governance Framework

---

The Remuneration Committee is the main governing body for remuneration across the company. This committee develops the remuneration philosophy, framework, and policies for board approval.

The main purpose of the Committee is to fulfil the statutory function and responsibilities of a remuneration and human resources committee as contemplated in section 64C of the Banks Act in respect of both the Company as well as Tyme Bank.

The Committee assists the Board with remuneration by performing the functions set out in section 64C (2) of the Banks Act, namely:

- overseeing the compensation system's design and operation;
- exercising competent and independent judgement on compensation policies, processes, and practices and the incentives created for managing risk, capital, and liquidity;
- evaluating practices by which compensation is paid for potential future revenues in respect of which the timing and likelihood of realisation remain uncertain;
- ensuring that all relevant decisions are consistent with the assessment of the bank or controlling company's financial condition and future prospects;
- working closely with the controlling company's risk and capital management committee to evaluate incentives created by the compensation system;
- ensuring that compensation policies, processes and procedures comply with regulatory requirements;
- conducting an annual compensation review. The review is independent of management and assesses the entities' compliance with regulations.

- ensuring that the remuneration of employees in the risk control and compliance functions is determined independently of all relevant business areas, and is adequate to attract qualified and experienced staff;
- verifying that performance measures are based principally on the achievement of board approved objectives; and

In addition to the statutory functions above, the board has mandated the committee to review and oversee Human Resources policies and strategies aimed at creating and sustaining the technical and managerial excellence required to support the attainment of Tyme Bank's objectives;

## 13.2 Remuneration Policy

---

The Remuneration Policy applies to all controlled entities of Tyme Bank, including all executives and employees on individual contracts and all board members

The Remuneration Policy sets out:

- the remuneration principles that guide the design of Tyme Bank's remuneration framework;
- the remuneration framework that delivers remuneration principles; and
- the policies used to manage remuneration within the remuneration framework and the risk management framework.

The board has determined that Tyme Bank's remuneration policies should:

- meet high standards of governance and all applicable regulatory requirements and guidelines;
- align with the vision, values, and strategy;
- be mindful of the interests of stakeholders including shareholders, employees, customers, and the community;
- be communicated to relevant stakeholders in a way that is clear and easy to understand;
- support avoiding conflicts of interest; and
- encourage behaviour that supports the long-term financial soundness and risk management framework.

## 13.3 Remuneration Framework

The structure of remuneration arrangements for most employees consists of the following components:

- fixed remuneration (FR); and
- short-term incentive (STI) (at risk).

The following table outlines the key remuneration components. The variable remuneration components are based on performance against key financial and non-financial measures.

Element	Description	Applies to:
<b>Fixed Remuneration (FR)</b>	<ul style="list-style-type: none"> <li>• Base remuneration</li> <li>• <i>For the Chief Executive Officer (CEO) and Company executives:</i> Reviewed annually.</li> <li>• <i>For other employees:</i> Reviewed annually taking into account any change in scope of role performed by the individual, changes required to meet the principles of the Company Remuneration Policy, internal equity and market competitiveness. FR is approved by the individual's direct manager and the next level manager in the reporting line, Chief Human Resource Officer (CHRO) and CEO.</li> </ul>	All employees
<b>Variable Remuneration (at risk)</b>	<ul style="list-style-type: none"> <li>• The current variable remuneration instrument includes: Cash (non-deferred);</li> <li>• Cash is the only instrument which can be payable upfront and not deferred.</li> </ul>	See STI below
<b>Short-term incentive (STI)</b>	<ul style="list-style-type: none"> <li>• STI awards are discretionary and recognise annual performance over the financial year. Performance is measured using a key performance indicator (KPI).</li> </ul>	All eligible permanent employees (Employees are eligible to participate in variable remuneration arrangements applicable to their position)
<b>Long-term incentive (LTI)</b>	<ul style="list-style-type: none"> <li>• As part of the Tyme Bank's long-term incentive offering it is establishing an Employee Share Ownership Programme (ESOP) that was approved by shareholders in the year. The ESOP programme is designed to provide long-term incentives for employees (including executive directors) of the bank to deliver long-term shareholder returns.</li> </ul>	Selected key staff will participate

## 13.4 Linking Remuneration to Performance

---

Variable remuneration is directly linked to both short-term and long-term performance goals. All employees are assessed against specific KPIs. Individual KPIs may include all or some of the performance metrics listed below. Any discretionary STI award is linked to both Tyme Bank and individual performance outcomes.

The key performance areas for the CEO as at 30 June 2020 were:

Performance Category	Measures
Shareholder	<ul style="list-style-type: none"><li>Contribute to the financial results of the Group and achieve the SA business plan.</li></ul>
Customer	<ul style="list-style-type: none"><li>Deliver an exceptional customer experience.</li></ul>
Strategy	<ul style="list-style-type: none"><li>Achieve role specific strategic initiatives that contribute to the success of the business.</li></ul>
People and Community	<ul style="list-style-type: none"><li>Effective leadership.</li></ul>

---

## 13.5 Quantitative disclosures

Variable remuneration is directly linked to both short-term and long-term performance goals.

The table below provides a breakdown of the value of fixed and variable remuneration for senior managers and material risk-takers for the years ended 30 June 2020 and 30 June 2019. For variable remuneration, the numbers are based on bonus payments made in August 2019 for the preceding financial year.

The bonus numbers differ between the 2 years due to the previous year 2019 being based on STI targets and the current year 2020 being based on actual payments. Further, we had some reduction in staff numbers at this level toward the end of 2019 and the replacements for these roles were granted pro rata bonuses instead of full bonuses.

Some of the deferred bonuses that were granted between 2016 and 2018 (in CBA time) were paid out during the reporting period to the value of R637 000.

### REM1 (Group): Remuneration awarded during the financial year

30 June 2020 R'000	Senior managers		Material risk-takers	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
Number of employees	21	22	11	10
Fixed remuneration	29 768	34 721	32 326	29 838
Cash-based (non-deferred)	29 768	34 721	32 326	29 838
Other (non-deferred)				
Variable Remuneration	53 882	34 721	79 330	29 838
Cash-based (non-deferred)	6 878	34 721	32 326	29 838
Cash-based (deferred)	637		637	
Share-based payment reserve	46 367		46 367	
Other				

There were no special payments made during the year for exits of any Material risk-takers or Senior Managers.

### REM3 (Group): Deferred remuneration

Deferred and retained remuneration	Outstanding at beginning of year	Of which: exposed to ex post explicit and/or implicit adjustment	Amendment due to ex post explicit adjustments	Amendment due to ex post implicit adjustments	Outstanding at end of year
<b>Senior management</b>	-				-
Cash	637				
Shares	46 367				
Cash-linked instruments					
Other					
<b>Material risk-takers</b>	-				-
Cash	637				
Shares	46 367				
Cash-linked instruments					
Other					
<b>Total</b>	-				-



## 14. Appendices

To assist readers, key terms and abbreviations, as they apply to Tyme Bank and are used in this report, are set out below.

### Appendix A - Abbreviations

#### Key Abbreviations

Abbreviation	Description
AFS	Annual Financial Statements
ALCO	Asset and liability committee
ARC	African Rainbow Capital
ASF	Available stable funding
AT1	Additional tier 1 capital
BCP	Business continuity plan
BIA	Basic indicator approach
CBA	Commonwealth Bank of Australia
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CEO	Chief executive officer
CET1	Common Equity Tier 1 capital
CFP	Contingency funding plan
CHRO	Chief Human Resource Officer
CRF	Credit Risk Framework
CRM	Credit risk mitigation
CRO	Chief Risk Officer
ERB	Excess Return Bonus
ERCC	Enterprise Risk & Compliance Committee
ERMF	Enterprise Risk Management Framework
EWI	Early warning indicator
EXCO	Executive committee of Tyme Bank
FR	Fixed remuneration ( <i>refer terms for explanation</i> )
FX	Foreign Exchange
HQLA	High quality liquid assets
IFRS	International Financial Reporting Standard
IRRBB	Interest Rate Risk in the Banking Book
KPIs	Key performance indicators ( <i>refer terms for explanation</i> )
LCE	Large credit exposure
LCEP	Large Credit Exposure Policy
LCR	Liquidity coverage ratio
LRF	Liquidity Risk Framework
LTI	Long-term Incentive
NIER	Net interest exposures at risk
NII	Net interest income
NSFR	Net stable funding ratio
ORMF	Operational Risk Management Framework
PA	Prudential Authority
QCR	Qualifying capital requirement
RAS	Risk appetite statement
RSF	Required stable funding
RWA	Risk-weighted asset
SARB	South African Reserve Bank
SFT	Securities financing transactions
STI	Short-term Incentive ( <i>refer terms for explanation</i> )
SME	Small to Medium Enterprises
T1	Tier 1 capital
T2	Tier 2 capital
TB	Treasury Bill
TTS	Tyme Technical Solutions Proprietary Limited

## Appendix B - Terms

### Key Terms

Term	Description
<b>Board</b>	The Board of Directors of the Company.
<b>Executives</b>	Key management personnel (excluding the CEO) who are members of the Tyme Bank executive committee.
<b>Fixed Remuneration (FR)</b>	Consists of cash and non-cash remuneration, including any salary sacrifice items, paid regularly with no performance conditions (base remuneration) plus employer contributions to superannuation.
<b>Group</b>	Tyme Bank Limited and all its majority-owned subsidiaries.
<b>Key performance indicators (KPIs)</b>	Quantitative and qualitative measures, agreed at the start of the performance year to communicate expected performance outcomes at the Company, business unit and / or team and individual level.
<b>Long-term variable remuneration (LTVR)</b>	A variable remuneration arrangement which grants instruments to participating Executives that may vest over a period of four years if, and to the extent that, performance hurdles are met.
<b>Short-term incentive (STI)</b>	Variable remuneration paid subject to the achievement of predetermined performance hurdles over one financial year.
<b>Twin Peaks Model</b>	The Twin Peaks model of financial sector regulation will see the creation of a prudential regulator – the Prudential Authority – housed in the South African Reserve Bank (SARB), while the FSB will be transformed into a dedicated market conduct regulator – the Financial Sector Conduct Authority.
<b>Variable Remuneration (VR)</b>	Remuneration that depends on minimum performance standards being achieved within a defined period.