



BASEL
PILLAR III
DISCLOSURE
AS AT
30 JUNE 2021



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), a 50.1% subsidiary within the Ubuntu-Botho Investments group (UBI), currently owns a 59.96% stake in Tyme Bank's registered controlling company, Tyme Bank Holdings Limited which was purchased from Commonwealth Bank of Australia (refer to the "Structure and Consolidated Supervision" section for full shareholding details). 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 distribution 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 3.5 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. It is however critical that the bank also attracts higher income customers as this will aid to maintain and improve revenue performance and assist with cross-subsidisation on the bank's portfolio. 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" remains ingrained in the bank's ethos and hence a focus on conduct and the management of conduct risk within the business, is paramount.

Scope

In terms of regulation 43(1) of the Regulations, Tyme Bank must disclose 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 viz. January 2021 to June 2021.

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, the group continues to maintain a robust capital, liquidity and funding position. Throughout the period, the CET1 ratio was consistently well in excess of regulatory

minimum capital adequacy requirements. As a newly established entity and in line with business forecasts, Tyme Bank is currently 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, Internal Audit and members of Exco. For the reporting period, management 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 advertisement features the TymeBank logo at the top left. The main headline reads "Great, let's get you started by opening your account". Below this, a sub-headline states "You'll get a transactional and savings account all in one place - making it easier for everyday banking and managing your spending." The central image shows a smiling woman with glasses. Four key benefits are highlighted with icons: "No monthly account fees" (calendar icon), "Earn points when using with your Debit card" (debit card icon), "Competitive interest rates" (bar chart icon), and "24/7 access to your accounts" (24/7 icon). A list of requirements is provided: "All you will need:" followed by "Your South African ID number" and "Your South African cellphone number". A yellow "Start now" button is located at the bottom left.

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1. Structure & Consolidated Supervision

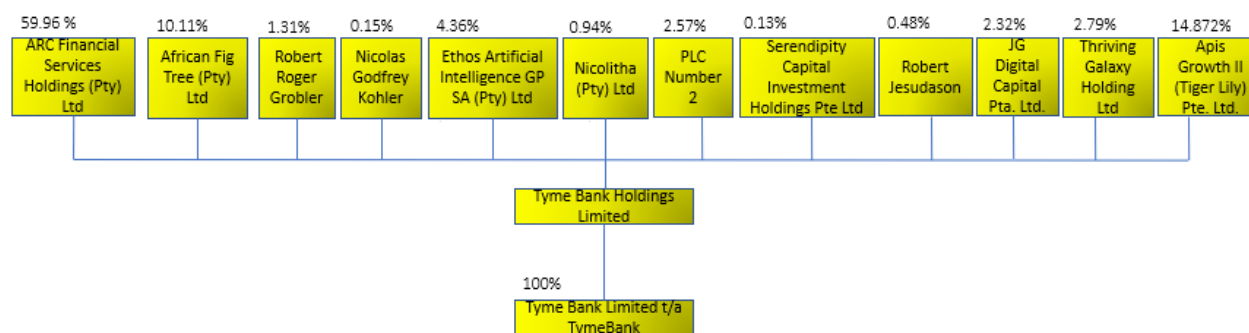


Figure 1: Tyme Bank Group Structure

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

As at 30 June 2021, the primary shareholders of Tyme Bank Holdings Limited were African Rainbow Capital Financial Services Holdings (ARC) (59.96%) and African Fig Tree (Pty) Limited (AFT) (10.11%). Following the Series B capital raise which concluded in March 2021 and shares were issued to a number of new shareholders, in June 2021, the Board approved a re-adjustment or transfer of shares to Ethos AI Fund and partners shareholders as part of valuation adjustment which had formed part of their subscription agreement. Effectively, Apis Growth II (Tiger Lily) Pte. Ltd holds 14.87%, Thriving Galaxy Holding Limited holds 2.79% and JD Digital Capital Pte. Ltd 2.32%. Ethos Artificial Intelligence GP SA Proprietary Limited (including principals) holds 5.82%% 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).

All entities are reported under the Basel III Standardised Approach and fully accounted 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.:

- Commercial/business risk
- credit risk
- market risk
- liquidity risk
- operational risk
- reputational/conduct risk
- compliance/regulatory 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 2022.

The ability of the group and the company to continue as going concern beyond the period October 2022 is dependent on a number of factors, the most significant one being whether the bank is able to break even, as per forecast, during the financial year ending June 2022. The execution of plans by scaling existing services and delivering new products and solutions into the market will be critical in the drive towards profitability.

These conditions give rise to a material uncertainty for the period beyond 31 October 2022, which may cast significant doubt on the groups 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 groups 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 based on 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 2021

R'000

	Group						
	a	b	c	d	e	f	g
	Published financial statements	Regulatory scope of consolidation	Carrying values of items subject to:				Not subject to capital requirements or subject to capital deduction
Credit risk			Counterparty credit risk	Securitisation	Market risk		
Assets							
Property, plant and equipment	33 614	64 166	64 166				
Right of use asset	30 552	-	-				-
Trade and other receivables	82 760	100 763	100 763				
Other financial assets	2 222 969	2 095 791	2 095 791				
Inventory	18 458	18 458	18 458				
Term loans	821	1 495	1 495				
Cash and cash equivalents	501 835	616 754	616 754				
Total assets	2 891 009	2 897 427	2 897 427	-	-	-	-
Equity and Liabilities							
Share capital	5 458 222	5 458 222	5 458 222				
Reserves	55 338	55 338	55 338				
Accumulated loss	(4 992 795)	(4 979 934)	(4 979 934)				
Total equity	520 765	533 626	533 626	-	-	-	-
Trade and other payables	108 776	134 056					134 056
Lease liabilities	31 724	-					-
Provisions	28 324	28 324					28 324
Deposits received from customers	2 201 421	2 201 421					2 201 421
Total liabilities	2 370 245	2 363 801	-	-	-	-	2 363 801
Total equity and liabilities	2 891 010	2 897 427	533 626	-	-	-	2 363 801

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 2021

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
Assets							
Property, plant and equipment	33 614	64 166	64 166				
Right of use asset	30 552	-	-				
Trade and other receivables	82 760	100 762	100 762				
Other financial assets	2 222 969	2 095 791	2 095 791				
Inventory	18 459	18 459	18 459				
Term loans	821	1 495	1 495				
Cash and cash equivalents	498 309	613 228	613 228				
Total assets	2 887 484	2 893 901	2 893 901	-	-	-	-
Equity and Liabilities							
Share capital	4 878 753	4 878 753	4 878 753				
Reserves	432 141	432 141	432 141				
Accumulated loss	(4 793 323)	(4 780 461)	(4 780 461)				
Total equity	517 571	530 433	530 433	-	-	-	-
Trade and other payables	108 444	133 724					133 724
Lease liabilities	31 724	-					-
Provisions	28 324	28 324					28 324
Deposits received from customers	2 201 421	2 201 421					2 201 421
Total liabilities	2 369 913	2 363 469	-	-	-	-	2 363 469
Total equity and liabilities	2 887 484	2 893 902	530 433	-	-	-	2 363 469

- Regulatory carrying value disclosures align to Tyme Bank group's annual financial statements, excluding audit adjustments not reflected in the BA returns.
- 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 and Regulatory returns respectively, excluding audit adjustments not reflected in the BA return.

- Values in column (c) - (g) in the tables above are based on the value in column (b).

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.

LI2 (Group): Main sources of differences between regulatory exposure amounts and carrying values in financial statements

At 30 June 2021 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 LI1)	2 897 427	2 897 427	-	-	-
2 Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	2 363 801	-	-	-	-
3 Total net amount under regulatory scope of consolidation	533 626	2 897 427			
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					
9 Exposure amounts considered for regulatory purposes	533 626	2 897 427	-	-	-

LI2 (Bank): Main sources of differences between regulatory exposure amounts and carrying values in financial statements

At 30 June 2021 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 LI1)	2 893 901	2 893 901	-	-	-
2 Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	2 363 469	-	-	-	-
3 Total net amount under regulatory scope of consolidation	530 432	2 893 901	-	-	-
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					
9 Exposure amounts considered for regulatory purposes	530 432	2 893 901	-	-	-

* 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 2021 R'000	Group				
	a 30-June-21	b 31-Mar-21	c 31-Dec-20	d 30-Sep-20	e 30-Jun-20
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	533 626	777 987	430 596	370 848	378 487
2 Tier 1	533 626	777 987	430 596	370 848	378 487
3 Total capital	534 008	779 462	431 315	371 995	379 768
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	558 486	460 359	430 907	351 561	393 432
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	95.55	169.00	99.93	105.49	96.20
6 Tier 1 ratio (%)	95.55	169.00	99.93	105.49	96.20
7 Total capital ratio (%)	95.62	169.32	100.09	105.81	96.53
Additional CET1 buffer requirements as a percentage of RWA					
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 (%) ¹	85.05	158.50	89.43	94.99	85.70
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	2 890 627	2 980 410	2 169 252	1 979 138	1 758 321
14 Basel III leverage ratio (%) (row 2/row 13)	18.46	26.10	19.85	18.74	21.53
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)					
Liquidity Coverage Ratio					
15 Total HQLA	1 604 513	1 490 421	1 316 051	1 024 668	677 925
16 Total net cash outflow	44 429	38 173	34 418	29 254	20 598
17 LCR ratio (%) ²	3 611.37	3 904.34	3 823.73	3 502.68	3 291.27
Net Stable Funding Ratio					
18 Total available stable funding	7 495 221	7 221 169	6 416 275	6 020 186	5 570 158
19 Total required stable funding	5 361 516	5 171 518	4 865 447	4 644 203	4 380 331
20 NSFR ratio (%) ³	139.80	139.63	131.87	129.63	127.16

Note: Total Capital include Tier 2 capital and unimpaired reserve funds

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.

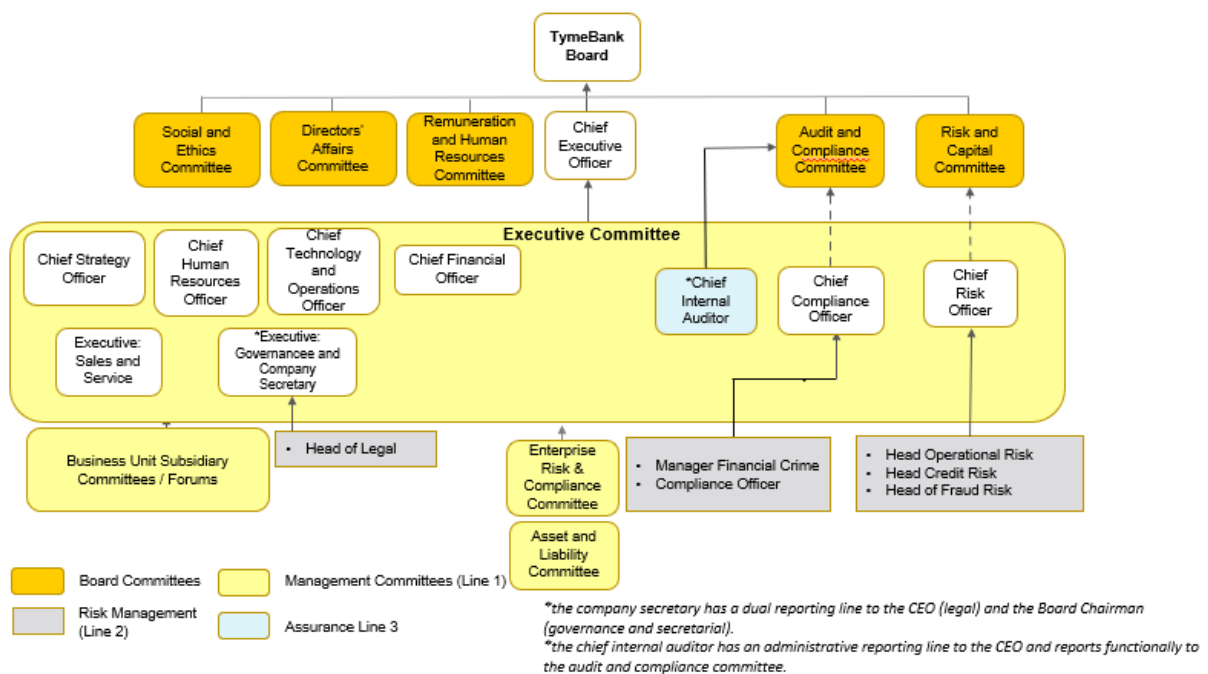
The Risk Appetite Statement (RAS) articulates the high-level boundaries for the type and degree of operational risk that the board is willing to accept for its shareholders. Risk appetite is a central and essential element of Tyme Bank’s Enterprise Risk Management Framework (ERMF). Risk appetite is managed 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



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 put the customer at the centre of everything we do. Doing the "right thing" is paramount for Tyme Bank.

The Risk 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 Board Audit and Compliance Committee monitors the management of all risk types including regulatory and compliance risks. 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 support the strategy and risk appetite and monitors compliance with delegations.

Effective 01 July 2021, the Board has approved an Information Technology (IT), Data Analytics Committee which is responsible for providing strategic guidance and risk oversight relating to Information Technology, data and analytics.

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. As part of the 3rd line of defence external resources which include External audit, is 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:

- **commercial/ business risk:** the financial risk arising from offering the inappropriate customer solutions, not successfully executing on key initiatives and the inability to attract the right customer profile to improve and diversify revenue.
- **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:** is incorporated in market risk and is the sensitivity towards a change in fluctuating interest rates in the market may negatively impact the banks pricing structure and future earnings
- **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/ regulatory 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.

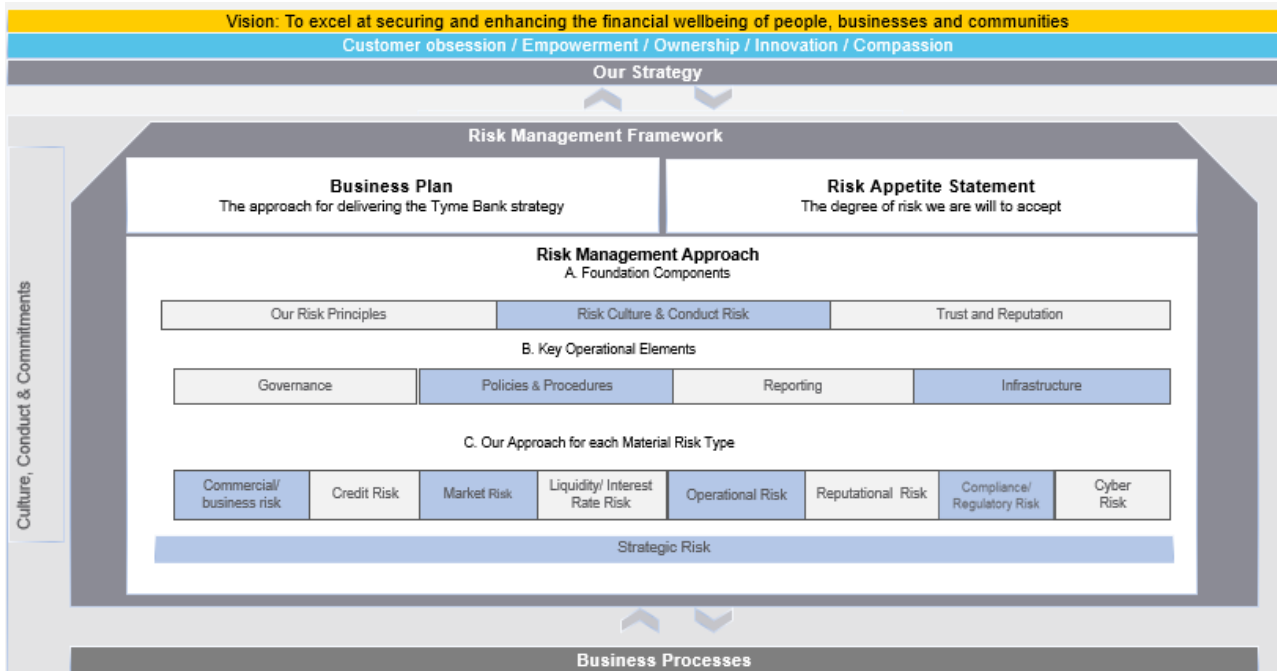


Figure 3: Risk Management Framework

- The RAS and Top 10 risks facing the bank are 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 daily 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 loan and buy-now-pay-later (MoreTyme) portfolios. 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. As part of the bank's prudent risk management approach, the organisation has subsequently embarked on testing an innovative Buy-Now-Pay-Later (BNPL) product, called MoreTyme, in the market and has built up a small portfolio in this regard. MoreTyme allows a customer to purchase a product by paying a 50 deposit upfront and settling the remaining balance in two equal instalments. This product is essentially free to the customer as no interest or fees are charged provided the customer does not default. The smaller exposure and short outcome period of the product does reduce the capital requirements and will enable the bank to validate models and identify lower risk customers quicker.

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 need to be reviewed / recalibrated due to the impact Covid-19 will have on the consumers' repayment behaviour once personal loans is reinitiated. Reporting standards comply with the latest regulatory and financial reporting requirements, including IFRS 9. A prudent approach has been taken to the raising of impairments on the bank's lending products and are done according to IFRS9 requirements.

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 of 30 June 2021.

CR1 (Group): Credit Quality of assets

At 30 June 2021 R'000		Group			
		a	b	c	d
		Carrying values of		Allowances/ impairments	Net values (a+b-c)
Defaulted exposures	Non-defaulted exposures				
1	Loans	786	575 411	942	575 255
2	Debt securities	-	2 095 791	-	2 095 791
3	Off-balance sheet exposures	-	-	-	-
4	Total	786	2 671 202	942	2 671 046

CR1 (Bank): Credit Quality of assets

At 30 June 2021 R'000		Bank			
		a	b	c	d
		Carrying values of		Allowances/ impairments	Net values (a+b-c)
Defaulted exposures	Non-defaulted exposures				
1	Loans	786	571 885	942	571 729
2	Debt securities	-	2 095 791	-	2 095 791
3	Off-balance sheet exposures	-	-	-	-
4	Total	786	2 667 676	942	2 667 520

CR2 Changes in stock of defaulted loans and debt securities

At 30 June 2021 R'000		a
1	Defaulted loans and debt securities at the end of the previous reporting period	0
2	Loans and debt securities that have defaulted since the last reporting period	786
3	Returned to non-default status	0
4	Amounts written off	0
5	Other changes	0
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)	786

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 run the book down since stopping lending entirely in April 2020 due to the expected impact of COVID-19 on consumers. As at the end of June 2021 the exposure of this portfolio was ~R1.5m. MoreTyme is still in its test phase and the exposure is still immaterial. The portfolios are however being managed according to Regulations and the Tyme Bank credit and provisioning policies. A prudent approach has been taken to the raising of impairments on the bank's lending products and are done according to IFRS9 requirements.

5.2 Credit Risk Mitigation Techniques

CR3 (Group): Credit risk mitigation techniques – overview

At 30 June 2021 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	575 255	0					
2 Debt securities	2 095 791	0					
3 Total	2 671 046	0					
4 Of which defaulted	786	0					

CR3 (Bank): Credit risk mitigation techniques – overview

At 30 June 2021 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	571 729	0					
2 Debt securities	2 095 791	0					
3 Total	2 667 520	0					
4 Of which defaulted	786	0					

As noted, the bank has unsecured credit related exposure of less than R1.5m 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 of 30 June 2021.

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

Asset classes	Group											
	a		b		c		d		e		f	
	Exposures pre CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density							
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density (%)						
1 Sovereigns and their central banks	2 165 713		2 165 713		-	-						
4 Banks	739 271		739 271		159 726	21.61						
6 Corporates	112 180		112 180		22 436	20.00						
7 Regulatory retail portfolios	709		709		393	55.46						
11 Past-due loans	786		226		560	247.19						
13 Other assets	183 387		183 387		183 387	100.00						
14 Total	3 202 047		3 201 487		366 502	11.45						

CR4 table certain amounts based on average figures

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

Asset classes	Bank											
	a		b		c		d		e		f	
	Exposures pre CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density							
	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density (%)						
1 Sovereigns and their central banks	2 165 713		2 165 713		-	0.00						
4 Banks	738 392		738 392		159 726	21.63						
6 Corporates	112 180		112 180		22 436	20.00						
7 Regulatory retail portfolios	709		709		393	55.46						
11 Past-due loans	786		226		560	247.19						
13 Other assets	183 387		183 387		183 387	100.00						
14 Total	3 201 167		3 200 608		366 502	11.45						

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 of 30 June 2021.

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

At 30 June 2021 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	2 165 713									2 165 713
4 Banks			724 212				15 059			739 271
6 Corporates			112 180							112 180
7 Regulatory retail portfolios					-	25	684	-		709
11 Past-due loans					57	-	65	104		226
13 Other assets							183 387			183 387
14 Total	2 165 713		836 392		57	25	199 195	104		3 201 487

* 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 2021 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	2 165 713									2 165 713
4 Banks			723 333				15 059			738 392
6 Corporates			112 180							112 180
7 Regulatory retail portfolios					-	25	684	-		709
11 Past-due loans					57	-	65	104		226
13 Other assets							183 387			183 387
14 Total	2 165 713		835 513		57	25	199 195	104		3 200 608

* 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 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.

As indicated in the table below, the bank applies the basic indicator approach (BIA) in calculating its Operational Risk RWA. Operational risk is calculated on a semi-annual basis and these values have experienced an upward movement, since 31 December 2020 as the bank incorporated the three-year AFS gross operating income numbers and relinquished the use of forecast numbers when performing the final year calculation.

Operational risk is calculated on a semi-annual basis. However, the recalculation done in June 2021 amounted to a higher operational risk exposure and resultant capital requirements based on the audited financial statement numbers and exclude the forecast numbers.

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

At 30 June 2021 R'000	Group		Bank	
	30-Jun-21	31-Mar-21	30-Jun-21	31-Mar-21
Relevant risk exposure	102 201	72 848	101 113	72 475
Capital requirements	15 330	10 927	15 167	10 871
Risk weighted exposure equivalent amount	191 627	136 590	189 587	135 891

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 2021		Group			
		a	b		c
R'000		Risk-weighted assets			* MCR
		30-Jun-21	31-Mar-21	31-Dec-20	30-Jun-21
1	Credit risk (excluding counterparty credit risk) 1	366 502	322 410	293 134	38 483
2	Of which: standardised approach (SA)	366 502	322 410	293 134	38 483
20	Market risk	358	1 359	1 183	38
21	Of which: standardised approach (SA)	358	1 359	1 183	38
22	Of which: internal model approaches (IMA)				
23	Capital charge for switch between trading book and banking book				
24	Operational risk 2	191 627	136 590	136 590	20 121
25	Amounts below thresholds for deduction (subject to 250% risk weight)				
26	Floor adjustment				
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)	558 486	460 359	430 907	58 641

* 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 2021		Bank			
		a	b		c
R'000		Risk-weighted assets			* MCR
		30-Jun-21	31-Mar-21	31-Dec-20	30-Jun-21
1	Credit risk (excluding counterparty credit risk) 1	366 501	315 946	286 422	38 483
2	Of which: standardised approach (SA)	366 501	315 946	286 422	38 483
20	Market risk	358	1 359	1 183	38
21	Of which: standardised approach (SA)	358	1 359	1 183	38
22	Of which: internal model approaches (IMA)				
23	Capital charge for switch between trading book and banking book				
24	Operational risk 2	189 587	135 891	135 891	19 907
25	Amounts below thresholds for deduction (subject to 250% risk weight)				
26	Floor adjustment				
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)	556 446	453 196	423 496	58 427

* 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 increase mainly driven by exposures to local South African banks
- Relatively flat open foreign currency position at month-end contributed to the decrease in market risk
- Uptick in operational risk experienced during the time of review predominantly driven by move from forecasted numbers to actual experience

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 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 2021 R'000	Group	Bank
	a	a
	Capital charge in SA 30-June-21	Capital charge in SA 30-June-21
1 General interest rate risk		
2 Equity risk		
3 Commodity risk		
4 Foreign exchange risk	358	358
5 Credit spread risk - non-securitisations		
6 Credit spread risk - securitisations (non-correlation trading portfolio)		
7 Credit spread risk - securitisation (correlation trading portfolio)		
8 Default risk - non-securitisations		
9 Default risk - securitisations (non-correlation trading portfolio)		
10 Default risk - securitisations (correlation trading portfolio)		
11 Residual risk add-on		
12 Total	358	358

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 2021

R'000

	Bank	
	30-Jun-21	31-Mar-21
Percentage impact of a parallel rate shock on forecasted NII (%)	2.00	3.53
Twelve-month Forecasted NII (R'000)	178 594	546 448
Cumulative total for 12 months post 2% Parallel Rate shock (R'000)	3 572	19 303

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.tybank.co.za/about/>).

CC1 (Group & Bank): Composition of regulatory capital

At 30 June 2021
R'000

	Group		Bank	
	a	b	a	b
	Amounts	* Ref	Amounts	* Ref
Common Equity Tier 1 capital: instruments and reserves				
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	5 458 222	(a)	4 878 753	(a)
2 Retained earnings	(4 979 934)	(b)	(4 780 461)	(b)
3 Accumulated other comprehensive income (and other reserves)	55 338		432 141	
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)				
6 Common Equity Tier 1 capital before regulatory adjustments	533 626		530 433	
Common Equity Tier 1 capital: regulatory adjustments				
7 Prudent valuation adjustments				
8 Goodwill (net of related tax liability)				
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	-	(c)	-	(c)
Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)		(d)		(d)
10 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions				
28 Total regulatory adjustments to Common Equity Tier 1	0		-	
29 Common Equity Tier 1 capital (CET1)	533 626		530 433	
44 Additional Tier 1 capital (AT1)	0		0	
45 Tier 1 capital (T1= CET1 + AT1)	533 626		530 433	
58 Tier 2 capital (T2)	382		382	
59 Total regulatory capital (TC = T1 + T2)	534 008		530 815	
60 Total risk-weighted assets	558 486	(e)	556 446	(e)
Capital ratios and buffers				
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	95.55		95.33	
62 Tier 1 (as a percentage of risk-weighted assets)	95.55		95.33	
63 Total capital (as a percentage of risk-weighted assets)	95.62		95.39	
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.	85.05		84.83	
National minima (if different from Basel III)				
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)				
Amounts below the thresholds for deduction (before risk weighting)				
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)				
Applicable caps on the inclusion of provisions in Tier 2				
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)				
77 Cap on inclusion of provisions in Tier 2 under standardised approach	382		560	
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				
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)				

Regulatory change and impact on capital:

The spread of Covid-19 had an increasing impact on the global economic activity and has put enormous strain on the local economy. Considering this development, as part of the Prudential Authority's (PA) response to the expected negative impact of Covid-19 on the bank's capital, the Pillar 2A capital requirement was temporarily reduced to 0% of risk weighted exposure.

Financial markets have since largely normalised and as a result the PA announced in Directive D5/2021, the Pillar 2A capital requirement which was reduced to 0% since April 2020, will be reinstated as of January 2022. The minimum capital of the group remains R250 million, which the Bank has exceeded throughout the period under review

10. Reconciliation

Tyme Bank does not own any entity which is considered outside the scope of regulatory consolidation, as defined under regulation 36. There are differences between the financial balance sheet and the regulatory balance sheet which relate to subsequent audit adjustment (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 2021
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-21			30-Jun-21		
Assets						
Property, plant and equipment	33 614	64 166		33 614	64 166	
Right of use asset	30 552	-		30 552	-	
Intangible assets	-	-		-	-	
Trade and other receivables	82 760	100 763		82 760	100 762	
Other financial assets	2 222 969	2 095 791		2 222 969	2 095 791	
Inventory	18 458	18 458		18 459	18 459	
Term deposit investments	-	-		-	-	
Term loans	821	1 495		821	1 495	
Cash and cash equivalents	501 835	616 754		498 309	613 228	
Total assets	2 891 009	2 897 427		2 887 484	2 893 901	
Equity and Liabilities						
Share capital	5 458 222	5 458 222		4 878 753	4 878 753	
Reserves	55 338	55 338		432 141	432 141	
Accumulated loss	(4 992 795)	(4 979 934)		(4 793 323)	(4 780 461)	
Total equity	520 765	533 626		517 571	530 433	
Trade and other payables	108 776	134 056		108 444	133 724	
Lease liabilities	31 724	-		31 724	-	
Provisions	28 324	28 324		28 324	28 324	
Deposits received from customers	2 201 421	2 201 421		2 201 421	2 201 421	
Total liabilities	2 370 245	2 363 801		2 369 913	2 363 469	
Total equity and liabilities	2 891 010	2 897 427		2 887 484	2 893 902	

Note: Difference relate to audit adjustments subsequent to regulatory reporting

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 2021 R'000	Group	Bank	Group	Bank
	30-Jun-21		31-Mar-21	
1 Total consolidated assets as per published financial statements	2 891 009	2 887 484	2 981 408	2 977 621
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	382	560	998	998
8 Leverage ratio exposure measure	2 890 627	2 886 924	2 980 410	2 976 623

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 2021.

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

At 30 June 2021 R'000	Group		Bank	
	a 30 June 2021	b 31 March 2021	a 30 June 2021	b 31 March 2021
On-balance sheet exposures				
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	2 891 009	2 981 408	2 887 484	2 977 621
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	382	998	560	998
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	2 890 627	2 980 410	2 886 924	2 976 623
Derivative exposures				
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)	-	-	-	-
Securities financing transactions				
12 Gross SFT assets (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)	-	-	-	-
Other off-balance sheet exposures				
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)	-	-	-	-
Capital and total exposures				
20 Tier 1 capital	533 626	777 987	530 433	777 637
21 Total exposures (sum of rows 3, 11, 16 and 19)	2 890 627	2 980 410	2 886 924	2 976 623
Leverage ratio				
22 Basel III leverage ratio	18.46	26.10	18.37	26.12

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.

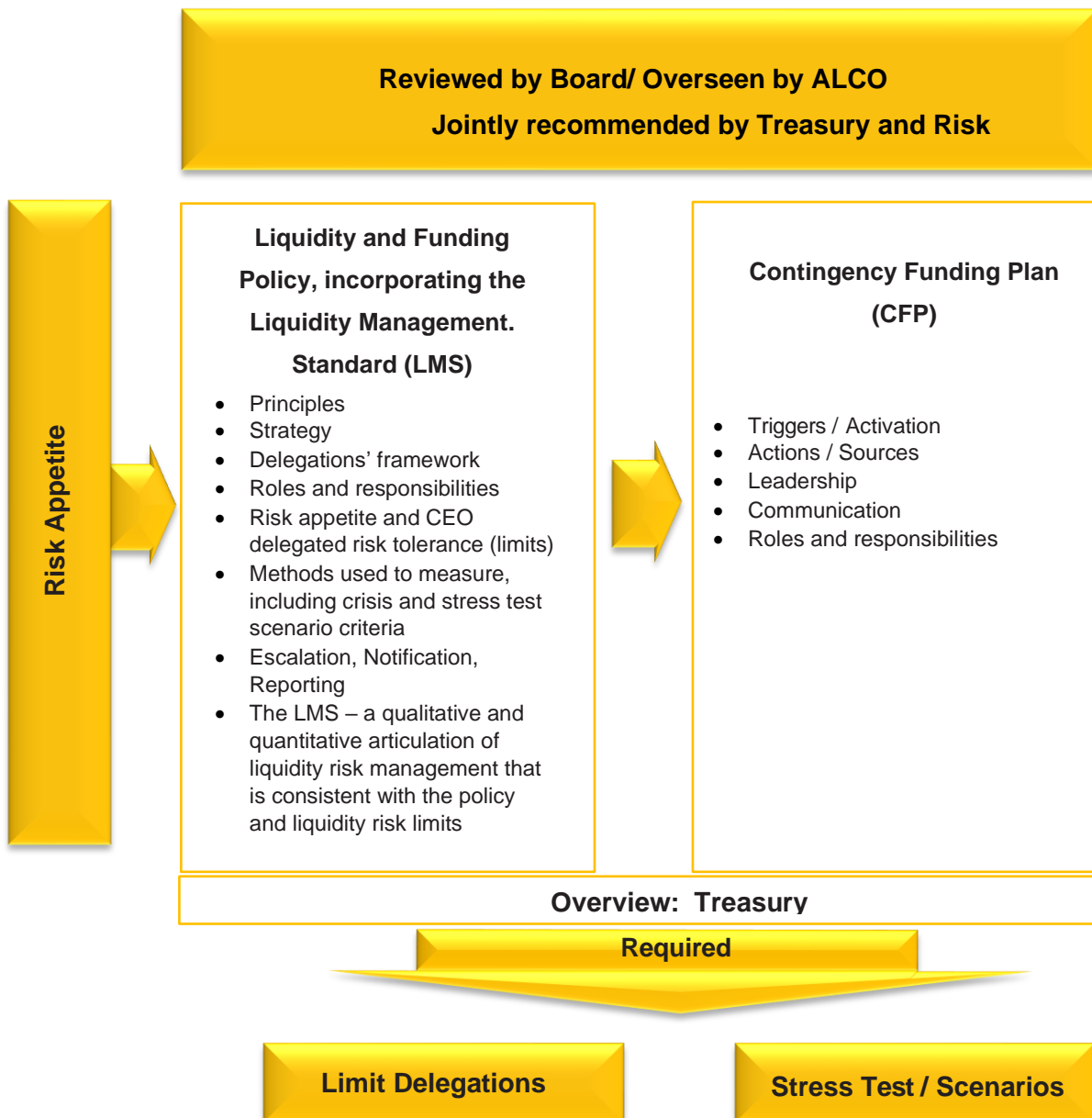


Figure 1: Liquidity Risk Framework

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. 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 2021.

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

At 30 June 2021	Group		Bank	
	a Total unweighted value (average)	b Total weighted value (average)	a Total unweighted value (average)	b Total weighted value (average)
R'000				
High-quality liquid assets				
1 Total HQLA	1 604 513	1 604 513	1 604 513	1 604 513
Cash outflows				
2 Retail deposits and deposits from small business customers, of which:	1 777 180	177 718	1 777 180	177 718
3 Stable deposits				
4 Less stable deposits	1 777 180	177 718	1 777 180	177 718
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	270 649	-	270 649	-
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	2 247 829	177 718	2 247 829	177 718
Cash inflows				
17 Secured lending (eg reverse repo)				
18 Inflows from fully performing exposures	520 255	520 255	520 255	520 255
19 Other cash inflows	2 246	1 123	2 246	1 123
20 TOTAL CASH INFLOWS	522 501	521 378	522 501	521 378
		Total adjusted value		Total adjusted value
21 Total HQLA		1 604 513		1 604 513
22 Total net cash outflows		44 429		44 429
23 Liquidity coverage ratio (%)		3 611		3 611

- The daily average used to calculate the above percentage consisted of 181 data points, representative of the number of working days during the 6-month period from 01 January 2021 to 30 June 2021.
- 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.

During the third quarter of 2021 the PA published a proposed directive to withdraw the temporary relief measure related to the liquidity coverage ratio (LCR) implemented at the onset of the Coronavirus (Covid-19) pandemic stress period. The PA is of the view that financial markets have since largely normalised, and banks currently have healthy liquidity as a result of increased deposits.

As contemplated in regulation 26(12)(f)(iii)(A) of the Regulations relating to Banks, the PA views that the temporary LCR relief measure implemented with effect from 1 April 2020 is no longer necessary.

As stated in the proposed directive and based on the above, banks are hereby directed to comply with the following revised minimum LCR requirement:

With effect from:	Minimum LCR
1 January 2022	90%
1 April 2022	100%

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 consists of the bank's initial purchase of 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 2021

R'000	Group				
	Unweighted value by residual maturity				
	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
Available stable funding (ASF) item					
1 Capital:	5 513 942	-	-	-	5 513 942
2 <i>Regulatory capital</i>	5 513 942	-	-	-	5 513 942
3 <i>Other capital instruments</i>	-	-	-	-	-
4 Retail deposits and deposits from small business customers:	-	2 201 421	-	-	1 981 279
5 <i>Stable deposits</i>	-	-	-	-	-
6 <i>Less stable deposits</i>	-	2 201 421	-	-	1 981 279
7 Wholesale funding:	-	-	-	-	-
8 <i>Operational deposits</i>	-	-	-	-	-
9 <i>Other wholesale funding</i>	-	-	-	-	-
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	-	162 048	-	-	-
12 <i>NSFR derivative liabilities</i>	-	-	-	-	-
13 <i>All other liabilities and equity not included in the above</i>	-	162 048	-	-	-
14 Total ASF					7 495 221
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)	-	1 027 854	98 540	970 194	104 829
16 Deposits held at other financial institutions for operational purposes	-	41 214	-	-	2 061
17 Performing loans and securities:	-	556 832	15 059	-	91 305
<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	-	556 117	15 059	-	90 947
<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>	-	-	-	-	-
20 <i>banks and PSEs, of which:</i>	-	715	-	-	358
<i>With a risk weight of less than or equal to 35% under the Basel 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 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 assets:	4 979 934	-	-	183 387	5 163 321
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 posted</i>	-	-	-	-	-
30 <i>All other assets not included in the above categories</i>	4 979 934	-	-	183 387	5 163 321
32 Off-balance sheet items	-	-	-	-	-
33 Total RSF					5 361 516
34 Net Stable Funding Ratio (%)					139.80

LIQ2 (Bank): Net Stable Funding Ratio

At 30 June 2021

R'000

	Bank				
	Unweighted value by residual maturity				
	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
Available stable funding (ASF) item					
1 Capital:	5 311 276	-	-	-	5 311 276
2 <i>Regulatory capital</i>	5 311 276				5 311 276
3 <i>Other capital instruments</i>		-			-
4 Retail deposits and deposits from small business customers:	-	2 201 421	-	-	1 981 279
5 <i>Stable deposits</i>					
6 <i>Less stable deposits</i>		2 201 421			1 981 279
7 Wholesale funding:	-	-	-	-	-
8 <i>Operational deposits</i>					
9 <i>Other wholesale funding</i>		-			-
10 <i>Liabilities with matching interdependent assets</i>					
11 Other liabilities:	-	162 048	-	-	-
12 <i>NSFR derivative liabilities</i>					
13 <i>All other liabilities and equity not included in the above categories</i>	-	162 048	-		-
14 Total ASF					7 292 555
Required stable funding (RSF) item					
15 <i>Total NSFR high-quality liquid assets (HQLA)</i>		1 027 854	98 540	970 194	104 829
16 <i>Deposits held at other financial institutions for operational purposes</i>	-	41 214			2 061
17 Performing loans and securities:	-	556 832	15 059	-	91 305
18 <i>Performing loans to financial institutions secured by Level 1 HQLA</i>					
19 <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>		556 117	15 059	-	90 947
20 <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks</i>		715			358
21 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
22 <i>Performing residential mortgages, of which:</i>					
23 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
24 <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>					-
25 <i>Assets with matching interdependent liabilities</i>					
26 Other assets:	4 780 461			183 387	4 963 848
27 <i>Physical traded commodities, including gold</i>					
28 <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
29 <i>NSFR derivative assets</i>					
30 <i>NSFR derivative liabilities before deduction of variation margin posted</i>					
31 <i>All other assets not included in the above categories</i>	4 780 461			183 387	4 963 848
32 <i>Off-balance sheet items</i>					
33 Total RSF					5 162 043
34 Net Stable Funding Ratio (%)					141.27

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 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 material risk-takers for the financial year to 30 June 2021.

Role	Count as at 30-Jun-21	Description
Material risk-takers	2	This level only includes the CEO & CFO, who are the Prescribed Officers. (CFO resigned 31 October 2021)

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 clearly 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:
Fixed Remuneration (FR)	<ul style="list-style-type: none"> • Base remuneration • <i>For the Chief Executive Officer (CEO) and Company executives:</i> Reviewed annually. • <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. 	All employees
Variable Remuneration (at risk)	<ul style="list-style-type: none"> • The current variable remuneration instrument includes Cash (non-deferred). • Cash is the only instrument which can be payable upfront and not deferred. 	See STI below
Short-term incentive (STI)	<ul style="list-style-type: none"> • STI awards are discretionary and recognise annual performance over the financial year. Performance is measured using a key performance indicator (KPI). 	All eligible permanent employees (Employees are eligible to participate in variable remuneration arrangements applicable to their position)
Long-term incentive (LTI)	<ul style="list-style-type: none"> • 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. 	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 of TymeBank. All employees are assessed against specific KPIs. Any discretionary STI award is linked to both Tyme Bank and individual performance outcomes.

The key performance areas for the CEO as of 30 June 2021 were:

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

13.5 Quantitative disclosures

There were no special or deferred payments made during the year for exits of any Material risk-takers or Senior Managers. The table below provides a breakdown of the value of fixed and variable remuneration for material risk-takers for the last 2 financial years

REM1 (Group): Remuneration awarded during the financial year

30 June 2021 R'000	Material risk-takers	
	30-Jun-21	30-Jun-20
Number of material risk-takers	2	3
Fixed remuneration	7 756	10 623
Cash-based (non-deferred)	7 756	10 623
Other (non-deferred)	-	-
Variable Remuneration	2 041	34 281
Cash-based (non-deferred)	-	17 384
Cash-based (deferred)	-	-
Share-based payment reserve	2 041	16 897
Other	-	-

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

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
Board	The Board of Directors of the Company.
Executives	Key management personnel (excluding the CEO) who are members of the Tyme Bank executive committee.
Fixed Remuneration (FR)	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.
Group	Tyme Bank Limited and all its majority-owned subsidiaries.
Key performance indicators (KPIs)	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.
Long-term variable remuneration (LTVR)	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.
Short-term incentive (STI)	Variable remuneration paid subject to the achievement of predetermined performance hurdles over one financial year.
Twin Peaks Model	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.
Variable Remuneration (VR)	Remuneration that depends on minimum performance standards being achieved within a defined period.