



BASEL
PILLAR III
DISCLOSURE AT
31 DECEMBER 2022

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Scope

In terms of Regulation 43(1) of the Regulations relating to Banks, the Bank is required to 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 (the PA) 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 September 2022 to December 2022.

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 Group does not contain any subsidiaries 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, the 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.

During the period under review, the Group acquired 100% of the issued share capital of Retail Capital. Retail Capital is an award-winning fintech company that provides funding to small and medium-sized businesses. As at 31 December 2022, Retail Capital is operating as a division of Tyme Bank Limited, hence the disclosures included in this report incorporate the impact of the acquisition. Further information regarding the acquisition of Retail Capital can be accessed at www.tyembank.co.za and www.retailcapital.co.za.

The Pillar III disclosures are published on Tyme Bank's website in line with the required frequency of disclosures per the Directive. These disclosures are also supplemented by further disclosures on the financial results included in the Annual Financial Statements that are available at www.tyembank.co.za.



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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

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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 Executive Committee (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 capitalised above the prescribed regulatory required capital limits as well as the Board of Directors (the Board) approved Risk Appetite Statement (RAS) and trigger limits.

1. Key metrics (at consolidated level)

The table below provides an overview of the key regulatory metrics relating to the Group's capital adequacy ratios, risk-weighted assets, leverage ratio, liquidity coverage ratio, and net stable funding ratio.

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

At 31 December 2022 R'000	Group				
	a 31-Dec-22	b 30-Sep-22	c 30-Jun-22	d 31-Mar-22	e 31-Dec-21
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	569 061	433 939	709 854	927 087	475 890
1a Fully loaded ECL accounting model	569 061	433 939	709 854	927 087	475 890
2 Tier 1	569 061	433 939	709 854	927 087	475 890
2a Fully loaded accounting model Tier 1	569 061	433 939	709 854	927 087	475 890
3 Total capital	584 834	434 260	709 986	927 441	476 144
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	1 982 553	648 191	500 903	631 846	582 707
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	28.70	66.95	141.71	146.73	81.67
5a Fully loaded ECL accounting model CET1 (%)	28.70	66.95	141.71	146.73	81.67
6 Tier 1 ratio (%)	28.70	66.95	141.71	146.73	81.67
6a Fully loaded ECL accounting model Tier 1 ratio (%)	28.70	66.95	141.71	146.73	81.67
7 Total capital ratio (%)	29.50	67.00	141.74	146.78	81.71
7a Fully loaded ECL accounting model total capital ratio (%)	29.50	67.00	141.74	146.78	81.71
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	21.20	59.45	134.21	139.23	71.17
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	4 597 346	4 301 816	4 197 350	4 204 572	3 384 653
14 Basel III leverage ratio (%) (row 2/row 13)	12.38	10.09	16.91	22.05	14.06
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	12.38	10.09	16.91	22.05	14.06
Liquidity Coverage Ratio					
15 Total HQLA	3 028 547	3 409 559	2 787 642	2 787 642	2 509 083
16 Total net cash outflow	85 841	78 131	71 054	67 331	62 988
17 LCR ratio (%) ²	3 528	4 364	3 923	4 140	3 983
Net Stable Funding Ratio					
18 Total available stable funding	11 282 720	9 772 663	9 465 532	9 233 982	8 304 124
19 Total required stable funding	7 779 605	6 538 533	6 262 759	6 060 586	5 697 864
20 NSFR ratio (%) ³	145	149	151	152	146

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

¹ The minimum capital requirements disclosed excludes any D-SIB or Pillar 2B requirements

² Refer to LIQ1 : Liquidity Coverage Ratio template and commentary.

³ Refer to 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 is the only banking entity in the Group, and ratios pertaining to the Group are therefore derived from the inflows and outflows of the bank.

The significant increase in the Bank's risk weighted assets as at 31 December 2022 is primarily attributable to the increased credit risk weighted assets resulting from the acquisition of Retail Capital. Further information is included in Section 2 below.

2. Credit Risk

The 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.

, Exposure to credit risk has increased significantly as a result of the acquisition of Retail Capital. Concentration risk arising from interdependencies between customers (large credit exposures) and concentrations of exposures to geographical regions, industry sectors, and products or portfolio types is effectively managed.

The 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.

Credit risk arises from the Bank's current activities, which include short term loans to SME businesses (Merchant Advance product), interbank placements, minimum reserving requirements, investing in Treasury Bills and Government Bonds, together with small personal loan, salary advance and buy-now-pay-later (MoreTyme) portfolios. During 2021, the Bank launched an innovative Buy-Now-Pay-Later (BNPL) product, called MoreTyme. MoreTyme allows a customer to purchase a product by paying a third of the purchase value 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. A prudent approach has been adopted in raising of impairments on the Bank's lending products. .

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). overall RWA's.

2.1 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 31 December 2022.

CR1 (Group & Bank): Credit Quality of assets

At 31 December 2022 R'000		Group			
		a	b	c	d
		Carrying values of		Allowances/ impairments	Net values (a+b-c)
Defaulted exposures	Non-defaulted exposures				
1	Loans	7 264	1 748 760	99 619	1 656 405
2	Debt securities	-	2 356 717	1 322	2 355 395
3	Off-balance sheet exposures	-	793 186	-	793 186
4	Total	7 264	4 898 663	100 941	4 804 986

At 31 December 2022 R'000		Bank			
		a	b	c	d
		Carrying values of		Allowances/ impairments	Net values (a+b-c)
Defaulted exposures	Non-defaulted exposures				
1	Loans	7 264	1 740 189	99 619	1 647 834
2	Debt securities	-	2 356 717	1 322	2 355 395
3	Off-balance sheet exposures	-	793 186	-	793 186
4	Total	7 264	4 890 092	100 941	4 796 415

Notes:

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

CR2 Changes in stock of defaulted loans and debt securities

At 31 December 2022 R'000	Bank	Group	
1	Defaulted loans and debt securities at the end of the previous reporting period	225	225
2	Loans and debt securities that have defaulted since the last reporting period	10 111	10 111
3	Returned to non-default status	0	0
4	Amounts written off	11 900	11 900
5	Other changes	8 946	8 946
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	7 382	7 382

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

2.2 Credit Risk Mitigation Techniques

CR3 (Group & Bank): Credit risk mitigation techniques – overview

At 31 December 2022 R'000		Group						
		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by:					Credit derivatives, of which: secured amount
Collateral	Collateral of which: secured amount		Financial guarantees	Financial guarantees, of which: secured amount	Credit derivatives			
1	Loans	1 656 405	0	0	0	0	0	0
2	Debt securities	2 355 395	0	0	0	0	0	0
3	Total	4 011 800	0	0	0	0	0	0
4	Of which defaulted	7 382	0	0	0	0	0	0

At 31 December 2022 R'000		Bank						
		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by:					Credit derivatives, of which: secured amount
Collateral	Collateral of which: secured amount		Financial guarantees	Financial guarantees, of which: secured amount	Credit derivatives			
1	Loans	1 647 834	0	0	0	0	0	0
2	Debt securities	2 355 395	0	0	0	0	0	0
3	Total	4 003 229	0	0	0	0	0	0
4	Of which defaulted	7 382	0	0	0	0	0	0

Notes:

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

There is no credit risk mitigation currently being considered in the calculation of the RWAs, due to the current immaterial collateral values. Therefore, pre- and post-mitigation exposures are consistent.

2.3 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 31 December 2022.

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

At 31 December 2022 R'000		Group									
		a		b		c		d		e	
Asset classes		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	On-balance sheet	Off-balance sheet	RWA	RWA density (%)		
1	Sovereigns and their central banks	2 611 605		2 611 605				-	-		
4	Banks	197 809		197 809			51 609	26.09			
6	Corporates	-		-			-	-			
7	Regulatory retail portfolios	1 626 230		1 626 230			1 214 103	74.66			
11	Past-due loans	404		404			404	100.00			
13	Other assets	330 658		330 658			330 658	100.00			
14	Total	4 766 706		4 766 706			1 596 774	33.50			

CR4 table certain amounts based on average figures

At 31 December 2022 R'000		Bank									
		a		b		c		d		e	
Asset classes		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	On-balance sheet	Off-balance sheet	RWA	RWA density (%)		
1	Sovereigns and their central banks	2 611 605		2 611 605				-	0.00		
4	Banks	178 779		178 779			47 803	26.74			
6	Corporates	-		-			-	-			
7	Regulatory retail portfolios	1 626 230		1 626 230			1 213 755	74.64			
11	Past-due loans	404		404			404	100.00			
13	Other assets	314 325		314 325			314 325	100.00			
14	Total	4 731 343		4 731 343			1 576 287	33.32			

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.

2.4 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 31 December 2022.

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

At 31 December 2022 R'000		Group									
		a	b	c	d	e	f	g	h	i	j
Asset classes		Risk Weight									Total credit exposures amount (post CCF and post-CRM)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	
1	Sovereigns and their central banks	2 611 605									2 611 605
4	Banks			182 750				15 059			197 809
6	Corporates			-							0
7	Regulatory retail portfolios					357	1 618 688	7 178	7		1 626 230
11	Past-due loans					357	-	40	7		404
13	Other assets							330 658			330 658
14	Total	2 611 605		182 750		714	1 618 688	352 935	14		4 766 706

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

At 31 December 2022 R'000		Bank									
		a	b	c	d	e	f	g	h	i	j
Asset classes		Risk Weight									Total credit exposures amount (post CCF and post-CRM)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	
1	Sovereigns and their central banks	2 611 605									2 611 605
4	Banks			163 720				15 059			178 779
6	Corporates										0
7	Regulatory retail portfolios					357	1 618 688	7 178	7		1 626 230
11	Past-due loans					357		40	7		404
13	Other assets							314 325			314 325
14	Total	2 611 605*	0	163 720*	0	714	1 618 688	336 602	14	0	4 731 343

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

3. 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.

The 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.

Risks continue to be identified as part of business-as-usual processes with subsequent controls being enhanced or implemented as required. The Bank has established a fit-for-purpose combined assurance framework to integrate, coordinate, and align the risk management and assurance processes, between Risk, Compliance and Internal and External Audit to optimise and maximise the level of risk, governance and control oversight across the organisation's risk landscape.

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.

The Board and senior management remain ultimately responsible for ensuring that the Bank's system of internal control is adequate and operating effectively.

The CEO of the 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 the Bank.

As indicated in the table below, the Bank applies the basic indicator approach (BIA) in calculating its Operational Risk RWA.

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

At 31 December 2022 R'000	Group		Bank	
	31-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
Relevant risk exposure	205 943	102 178	201 437	101 463
Capital requirements	30 891	15 327	30 216	15 219
Risk weighted exposure equivalent amount	386 143	191 583	377 694	190 243

4. Composition of Risk Weighted Assets (RWA)

The following OV1 templates reflect the composition of the RWA and related minimum capital requirements.

Credit RWA exclude counterparty credit risk but include a combination of credit and other risk-weighted exposures.

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

At 31 December 2022		Group			
		a	b		c
		Risk-weighted assets			* MCR
R'000		31-Dec-22	30-Sep-22	30-Jun-22	31-Dec-22
1	Credit risk (excluding counterparty credit risk) 1	1 596 370	431 696	284 313	183 583
2	Of which: standardised approach (SA)	1 596 370	431 696	284 313	183 583
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	Counterparty credit risk (CCR)	-	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-	-
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-	-
11	Equity positions under the simple risk weight approach	41	23 385	23 381	5
12	Equity investments in funds - look-through approach	41	23 385	23381	5
13	Equity investments in funds - mandate-based approach	-	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-	-
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the banking book	-	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	-	1 528	1 626	-
21	Of which: standardised approach (SA)	-	1 528	1 626	-
22	Of which: internal model approaches (IMA)	-	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-	-
24	Operational risk 2	386 143	191 583	191 583	44 406
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)	1 982 553	648 192	500 903	227 994

* Minimum capital requirements (MCR) based on Base requirement (8%); (1%) Pillar 2A add-on reinstated 01 January'22, D2_2020 & Conservation buffer (2.5%)

1. Bank does not have derivative instruments on balance sheet

2. Operational risk is recalculated semi-annually (December & June)

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

At 31 December 2022

R'000		Bank			
		a	b		c
		Risk-weighted assets			* MCR
		31-Dec-22	30-Sep-22	30-Jun-22	31-Dec-22
1	Credit risk (excluding counterparty credit risk) 1	1 576 286	431 696	284 313	181 273
2	Of which: standardised approach (SA)	1 576 286	431 696	284 313	181 273
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	Counterparty credit risk (CCR)	-	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-	-
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-	-
11	Equity positions under the simple risk weight approach	41	23 385	23 381	5
12	Equity investments in funds - look-through approach	41	23 385	23381	5
13	Equity investments in funds - mandate-based approach	-	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-	-
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the banking book	-	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	-	1 528	1 626	-
21	Of which: standardised approach (SA)	-	1 528	1 626	-
22	Of which: internal model approaches (IMA)	-	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-	-
24	Operational risk 2	377 694	190 243	190 243	43 435
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)	1 954 021	646 852	499 563	224 712

* Minimum capital requirements (MCR) based on Base requirement (8%); (1%) Pillar 2A add-on reinstated 01 January'22, D2_2020 & Conservation buffer (2.5%)

1. Bank does not have derivative instruments on balance sheet
2. Operational risk is recalculated semi-annually (December & June)

- When calculating the operational risk amount the Bank utilised the Revenue amounts as disclosed in the audited annual financial statements as prescribed in Regulation 33(7), Basic indicator approach (BIA).
- The increase in credit risk is largely attributable to the Retail Capital Advances portfolio acquired during the period.

5. 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.

The 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).

The 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.

Foreign exchange risk is limited to Tyme Bank's exposure to suppliers who are paid in foreign currency. During the reporting period, the Bank did not have exposure to foreign suppliers which resulted in zero market risk.

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

At 31 December 2022 R'000	Group	Bank
	a	a
	Capital charge in SA 31-Dec-22	Capital charge in SA 31-Dec-22
1 General interest rate risk		
2 Equity risk		
3 Commodity risk		
4 Foreign exchange risk	0	0
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	-	-

The Bank is primarily exposed to interest rate risk in the banking book due to the nature of its exposures. All exposures, including securities held in Treasury Bills and RSA Government Bonds, are held under the banking book with the intent of holding all positions to maturity.

The Bank monitors interest rate risk in the banking book by assessing the impact of a 200bps shift in interest rates on its forecasted Net Interest Income (NII).

Net Interest Income

At 31 December 2022
R'000

	Bank	
	31-Dec-22	30-Jun-22
Percentage impact of a parallel rate shock on forecasted NII (%)	2.00	2.00
Twelve-month Forecasted NII (R'000)	12 574	18 504
Cumulative total for 12 months post 2% Parallel Rate shock (R'000)	18 070	4 441

The Bank's strategy is to manage IRRBB through having an appropriate mix of assets and liabilities to achieve stable and sustainable net interest earnings in the long term. The revised IRRBB standards have been implemented with an effective date of 1 January 2023. The Bank's IRRBB disclosures will be aligned with these revised requirements.

6. Composition of Capital

Regulatory capital currently consists of shareholders equity qualifying as common equity tier 1 capital (CET1). The acquisition of Retail Capital contributed to the increase in the bank's Common Equity Tier-1 paid in capital base. No additional debt-related instruments have been issued as qualifying additional tier 1 (T1) or tier 2 (T2) capital instruments. However, due to the acquisition of Retail Capital, the bank experienced an increase in additional Tier-2 capital relating to the general allowance for credit impairments. Regulation 23(22) allows the bank to recognise the general allowance for credit impairments as additional Tier-2 capital up to a maximum of 1.25% of the bank's risk weighted credit exposure.

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. Furthermore, at a Group level Goodwill which arose as a result of the Retail Capital acquisition is deducted against paid in capital. Intangible assets further contributes to the deductions against capital.

CC1 (Group & Bank): Composition of regulatory capital

At 31 December 2022
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	8 045 222	(a)	6 687 853	(a)
2 Retained earnings	(6 428 790)	(b)	(6 227 553)	(b)
3 Accumulated other comprehensive income (and other reserves)	88 796		88 796	
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	1 705 227		549 096	
Common Equity Tier 1 capital: regulatory adjustments				
7 Prudent valuation adjustments				
8 Goodwill (net of related tax liability)	1 131 750			
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	4 417	(c)	4 417	(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				
28 Total regulatory adjustments to Common Equity Tier 1	1 136 167		4 417	
29 Common Equity Tier 1 capital (CET1)	569 061		544 679	
44 Additional Tier 1 capital (AT1)	0		0	
45 Tier 1 capital (T1= CET1 + AT1)	569 061		544 679	
58 Tier 2 capital (T2)	15 774		15 775	
59 Total regulatory capital (TC = T1 + T2)	584 834		560 454	
60 Total risk-weighted assets	1 982 553	(e)	1 954 021	(e)
Capital ratios and buffers				
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	28.70		27.87	
62 Tier 1 (as a percentage of risk-weighted assets)	28.70		27.87	
63 Total capital (as a percentage of risk-weighted assets)	29.50		28.68	
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.	18.20		17.37	
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	-		-	
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)				

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

Future regulatory changes:

The introduction of the new Operational Risk framework, known as the New Standardized Approach (NSA) for the calculation of capital for Operational Risk, to be introduced in January 2024, will have an impact on the bank's consolidated risk weighted assets. The Bank will continue to monitor developments in this regard.

7. Reconciliation

The Bank does not own any entity which is considered outside the scope of regulatory consolidation, as defined under Regulation 36. Differences between the Annual Financial Statements balance sheet and the regulatory balance sheet relate to audit adjustments.

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 31 December 2022 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
	31-Dec-22	31-Dec-22		31-Dec-22	31-Dec-22	
Assets						
Property, plant and equipment	107 925	133 192		107 925	133 192	
Right of use asset	29 684	-		29 684	-	
Intangible assets	1 131 750	1 136 167		-	4 417	
Trade and other receivables	153 889	197 465		137 556	181 132	
Financial assets	2 370 629	2 355 395		2 370 629	2 355 395	
Inventory	23 232	-		23 232	-	
Term deposit investments	-	-		-	-	
Customer advances	1 508 139	1 556 785		1 508 139	1 548 215	
Cash and cash equivalents	408 264	354 508		399 693	354 508	
Total assets	5 733 513	5 733 512		4 576 859	4 576 859	
Equity and Liabilities						
Share capital	8 045 222	8 045 222		6 687 853	6 687 853	
Reserves	88 796	88 796		88 796	88 796	
Accumulated loss	(6 428 790)	(6 428 790)		(6 227 553)	(6 227 553)	
Total equity	1 705 227	1 705 228		549 096	549 096	
Trade and other payables	529 688	516 448		529 166	515 925	
Current Tax liability	-	-		-	-	
Lease liabilities	37 018	-		37 018	-	
Provisions	36 390	36 390		36 390	36 390	
Deposits received from customers	3 425 189	3 475 448		3 425 189	3 475 448	
Total liabilities	4 028 285	4 028 286		4 027 763	4 027 763	
Total equity and liabilities	5 733 513	5 733 514		4 576 859	4 576 859	

- At a Group level intangibles asset includes Goodwill arising from the acquisition of Retail Capital.
- Customer advances includes the Merchant Advance product offered by Retail Capital.
- The increase in share capital primarily relates to the at acquisition accounting of the purchase price for Retail Capital.

8. Leverage ratio

The leverage ratio is defined as tier 1 capital expressed as a percentage of total exposures. The total exposures used in the calculation do not differ from the reported balance sheet exposures, as the balance sheet does not contain any securities financing transactions (SFTs) or derivatives which require the carrying value to be converted through a calculation or the application of specific factors. The leverage ratio has remained 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 31 December 2022 R'000	Group		Bank	
	31-Dec-22		30-Sep-22	
1 Total consolidated assets as per published financial statements	5 733 513	4 576 859	4 302 023	4 276 556
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	1 136 167	4 417	207	207
8 Leverage ratio exposure measure	4 597 346	4 572 442	4 301 816	4 276 349

Other adjustments at a Group level includes the Goodwill arising from the acquisition of Retail Capital.

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

At 31 December 2022 R'000	Group		Bank	
	a	b	a	b
	31 December 2022	30 September 2022	31 December 2022	30 September 2022
On-balance sheet exposures				
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	5 733 513	4 302 023	4 576 859	4 276 556
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	1 136 167	207	4 417	207
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	4 597 346	4 302 023	4 572 442	4 276 349
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	569 061	433 939	544 679	408 899
21 Total exposures (sum of rows 3, 11, 16 and 19)	4 597 346	4 301 816	4 572 442	4 276 349
Leverage ratio				
22 Basel III leverage ratio	12.38	10.09	11.91	9.56

The table above provides a reconciliation of the total assets as reported in the BA Returns to calculate the leverage ratio exposure measure, for the quarter-end 31 December 2022.

9. Liquidity

The 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.

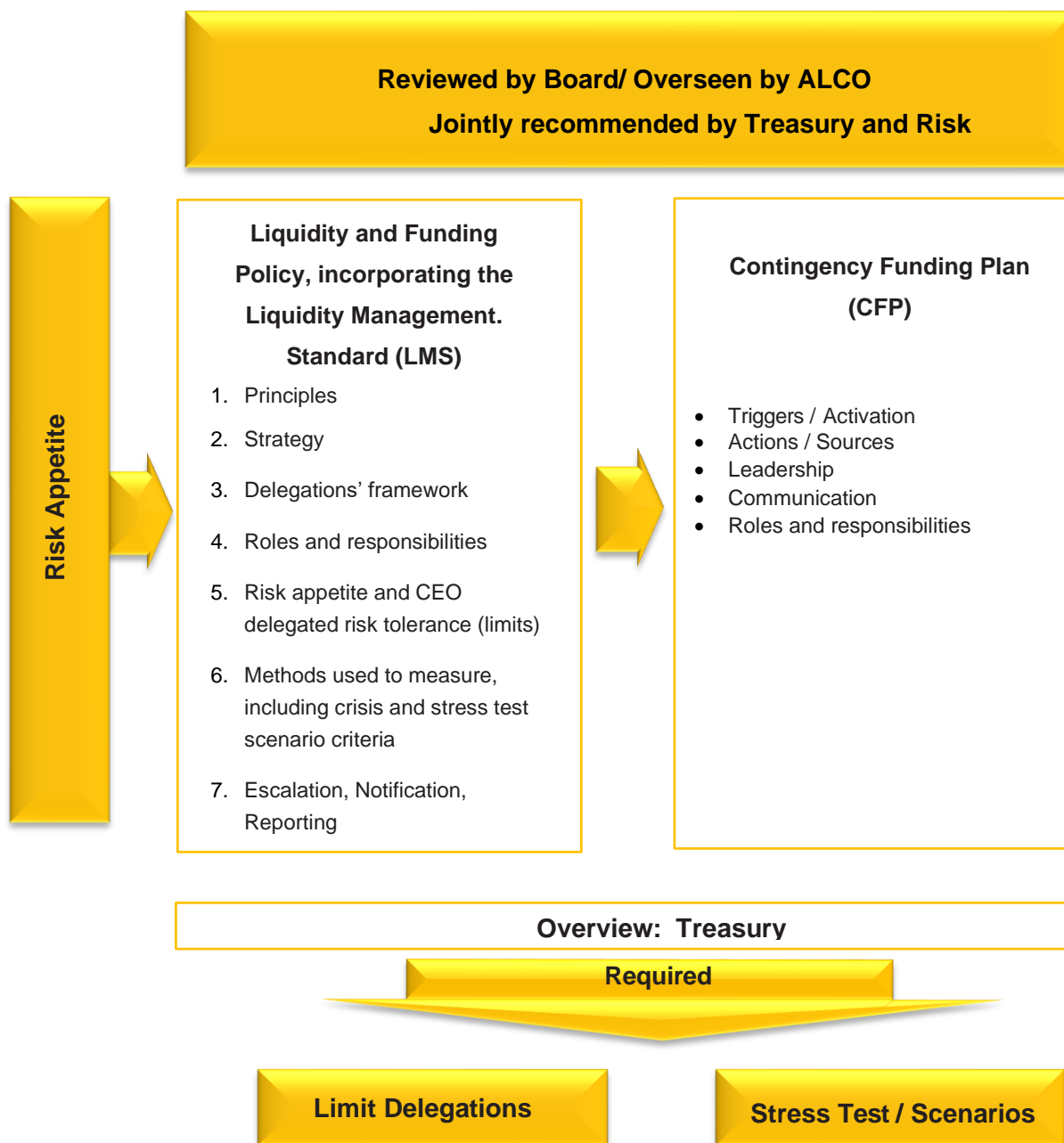


Figure 1: Liquidity Risk Framework

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 considered adequate by the 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 the Bank's funding sources, complies with the liquidity requirements of relevant regulators, and directly supports the qualitative requirements of the SARB/ PA.

The 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 (excludes deposits held in the Bank's SAMOS settlement account).

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 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 done within prescribed internal limits set out in the aforementioned policies, as well as in compliance with regulatory liquidity, market, and credit risk limits.

9.1 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.

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

At 31 December 2022	Group		Bank	
	a	b	a	b
R'000	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets				
1 Total HQLA	3 028 547	3 028 547	3 028 547	3 028 547
Cash outflows				
2 Retail deposits and deposits from small business customers, of which:	3 291 675	329 168	3 291 675	329 168
3 Stable deposits				
4 Less stable deposits	3 291 675	329 168	3 291 675	329 168
5 Unsecured wholesale funding, of which:	53 261	5 326	53 261	5 326
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks				
7 Non-operational deposits (all counterparties)		-		-
8 Unsecured debt	53 261	5 326	53 261	5 326
9 Secured wholesale funding	1 913	-	1 913	-
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	554 832	8 871	554 832	8 871
16 TOTAL CASH OUTFLOWS	3 901 681	343 364	3 901 681	343 364
Cash inflows				
17 Secured lending (eg reverse repo)				
18 Inflows from fully performing exposures	326 581	318 602	326 581	318 602
19 Other cash inflows	8 818	4 409	8 818	4 409
20 TOTAL CASH INFLOWS	335 399	323 011	335 399	323 011
		Total adjusted value		Total adjusted value
21 Total HQLA		3 028 547		3 028 547
22 Total net cash outflows		85 841		85 841
23 Liquidity coverage ratio (%)		3 528		3 528

- The daily average utilised to calculate the above percentage consisted of 184 data points, representative of the number of working days during the 6-month period from 01 July 2022 to 31 December 2022; and
- The weighted value represents the cashflow amount as a prescribed percentage of the unweighted value.
- The increase in other contingent funding obligations relates to the inclusion of revocable undrawn credit facilities emanating from the bank's lending products (More Tyme and Tyme Advance).

Developments during the period under review:

Directive 11/2022 relates to the national discretion items to be applied by banks in the calculation of the Liquidity Coverage Ratio (LCR).

Banks were directed as follows:

- to include statutory cash reserves as envisaged in Regulation 27(2) of the Regulations as Level 1 high-quality liquid assets (HQLA)
- all excess cash reserve balance held in the bank's settlement account must also be included as part of the bank's level 1 HQLA.
- furthermore, banks are required to apply a 10 percent run-off factor for less-stable retail deposits.
- in addition, other contingent funding obligations relating to revocable liquidity and credit facilities to retail and small business clients shall be subject to a 2,5 percent run-off factor.

The Bank's HQLA portfolio now consists of Treasury Bills, RSA Government Bonds, Mandatory reserve deposits with the central bank as well as other balances held with the central bank.

9.2 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 long-dated 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 the prescribed limits.

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

LIQ2 (Group): Net Stable Funding Ratio

At 31 December 2022 R'000	Group				
	Unweighted value by residual maturity				Weighted value
	No maturity*	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item					
1 Capital:	8 149 792	-	-	-	8 149 792
2 <i>Regulatory capital</i>	8 149 792	-	-	-	8 149 792
3 <i>Other capital instruments</i>	-	-	-	-	-
4 Retail deposits and deposits from small business customers:	-	3 425 189	-	-	3 082 670
5 <i>Stable deposits</i>	-	-	-	-	-
6 <i>Less stable deposits</i>	-	3 425 189	-	-	3 082 670
7 Wholesale funding:	-	-	-	50 259	50 259
8 <i>Operational deposits</i>	-	-	-	50 259	50 259
9 <i>Other wholesale funding</i>	-	-	-	50 259	50 259
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	-	552 315	-	-	-
12 <i>NSFR derivative liabilities</i>	-	-	-	-	-
13 <i>All other liabilities and equity not included in the above</i>	-	552 315	-	-	-
14 Total ASF					11 282 721
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)	-	891 358	414 296	1 051 063	117 836
16 Deposits held at other financial institutions for operational purposes	-	90 687	-	-	4 534
17 Performing loans and securities:	-	1 630 139	63 138	63 799	863 710
<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		106 164	15 059	-	23 454
<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>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>		1 523 975	48 079	63 799	840 256
21 <i>Performing residential mortgages, of which:</i>					
22 <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:	6 433 207	-	-	330 657	6 763 864
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>					
<i>NSFR derivative liabilities before deduction of variation margin posted</i>					
31 <i>All other assets not included in the above categories</i>	6 433 207	-	-	330 657	6 763 864
32 Off-balance sheet items	593 186	-	-	-	29 659
33 Total RSF					7 779 604
34 Net Stable Funding Ratio (%)					145.03

LIQ2 (Bank): Net Stable Funding Ratio

At 31 December 2022

R'000

	Bank				
	Unweighted value by residual maturity				Weighted value
	No maturity*	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item					
1 Capital:	6 792 424	-	-	-	6 792 424
2 <i>Regulatory capital</i>	6 792 424				6 792 424
3 <i>Other capital instruments</i>					-
4 Retail deposits and deposits from small business customers:	-	3 425 189	-	-	3 082 670
5 <i>Stable deposits</i>					
6 <i>Less stable deposits</i>		3 425 189			3 082 670
7 Wholesale funding:	-	-	-	50 259	50 259
8 <i>Operational deposits</i>					
9 <i>Other wholesale funding</i>				50 259	50 259
10 <i>Liabilities with matching interdependent assets</i>					
11 Other liabilities:	-	552 315	-	-	-
12 <i>NSFR derivative liabilities</i>					
13 <i>All other liabilities and equity not included in the above categories</i>		552 315			
14 Total ASF					9 925 353
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)		891 358	414 296	1 051 063	117 836
16 Deposits held at other financial institutions for operational purposes		90 687			4 534
17 Performing loans and securities:	-	1 630 139	63 138	63 799	863 710
18 <i>Performing loans to financial institutions secured by Level 1 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>		106 164	15 059	-	23 454
<i>Performing loans to non-financial corporate clients, loans to retail</i>					
20 <i>and small business customers, and loans to sovereigns, central banks</i>		1 523 975	48 079	63 799	840 256
<i>With a risk weight of less than or equal to 35% under the Basel II</i>					
21 <i>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</i>					
23 <i>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 <i>Assets with matching interdependent liabilities</i>					
26 Other assets:	6 223 136			314 324	6 537 460
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>	6 223 136			314 324	6 537 460
32 <i>Off-balance sheet items</i>	593 186				29 659
33 Total RSF					7 553 200
34 Net Stable Funding Ratio (%)					131.41

The acquisition of Retail Capital (RC) resulted in an increase in both the available stable funding (ASF) via the at acquisition increase in share capital, as well as the required stable funding (RSF), primarily as a result of the advances book acquired.

During the period under review, the Bank's NSFR remained relatively stable and above the minimum regulatory requirement of 100%.

10. 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
BCP	Business Continuity Plan
BIA	Basic Indicator Approach
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CEO	Chief Financial Officer
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CHRO	Chief Human Resource Officer
CRF	Credit Risk Framework
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
ERCC	Enterprise Risk & Compliance Committee
ERMF	Enterprise Risk Management Framework
EWI	Early Warning Indicators
EXCO	Executive Committee of Tyme Bank
FR	Fixed Remuneration
FX	Foreign Exchange
HQLA	High Quality Liquid Assets
IFRS	International Financial Reporting Standards
KPIs	Key Performing Indicators
LCR	Liquidity Coverage Ratio
LRF	Liquidity Risk Framework
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
PA	Prudential Authority
QCR	Qualifying Capital Requirement
RAS	Risk Appetite Statement
RSF	Required Stable Funding
RWA	Risk Weighted Assets
SARB	South African Reserve Bank
SFT	Securities Financing Transactions
SME	Small Medium Enterprise

Appendix B - Terms

Key Terms

Term	Description
Board	The Board of Directors of the Bank
Executives	Key management personnel (excluding the CEO) who are members of the Tyme Bank Executive committee
Fixed Remuneration (FR)	Consist of cash and non-cash remuneration, including any salary sacrifice items, paid regular with no performance conditions (base remuneration) plus employer contributions to superannuation
Group	Tyme Bank Limited and all its majority-owned subsidiaries
Key Performing Indicators (KPIs)	Quantitative and qualitative measures, agreed at the start of the performance year to communicated 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
Variable Remuneration (VR)	Remuneration that depends on minimum performance standards being achieved within a defined period