Basel III

Pillar 3 Disclosure

for the six months ended 31 December 2017

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1. Introduction

TymeDigital by Commonwealth Bank of South Africa (CBSA Group) is a newly formed South African bank which was granted its operating licence by the South African Reserve Bank (SARB) in September 2017. CBSA is a subsidiary of the Commonwealth Bank of Australia (CBA), one of the largest global banks in terms of market capitalisation, and a leading integrated financial services group.

CBSA has embraced technology and partnerships to deliver innovative digital banking products to the market. Its vision is to create long-term value for its customers, shareholders, and people, supported by four capabilities: technology, people, strength, and productivity. Consistent with this strategy, CBSA operates responsibly in taking well-researched and -managed risks to create sustained top-tier shareholder value.

CBSA's purpose is to promote participation in the economy by providing affordable access to financial services and products embedded with education and training which improve the customer's financial wellbeing. CBSA will primarily target underserved consumers who have bank accounts but do not have adequate access to a full range of financial products and services. CBSA believes that its offering will also attract consumers in the middle-income market.

CBSA currently has a domestic money remittance product in the market – 'Money Transfer'- which is offered in partnership with Pick n Pay and Boxer stores. There are over 340 000 customers on the Money Transfer platform. CBSA will offer personal transactional and savings products in 2018, followed by personal unsecured loans and a credit card in 2019. The bank is building an open, yet secure, digital banking platform into which its partners can easily integrate their products and services.

This document is prepared in accordance with policy approved by CBSA's board of directors and complies with regulation 43 of the Banks Act (Act No 94 of 1990) and the Basel Committee on Banking Supervision's (BCBS's) Pillar 3 disclosure requirements. It presents information on CBSA's capital adequacy, risk weights assets (RWA), and calculations for credit, market, and operational risks for the period ending 31 December 2017. It should be noted that CBSA does not currently offer credit products and only expects to launch credit products in 2019.

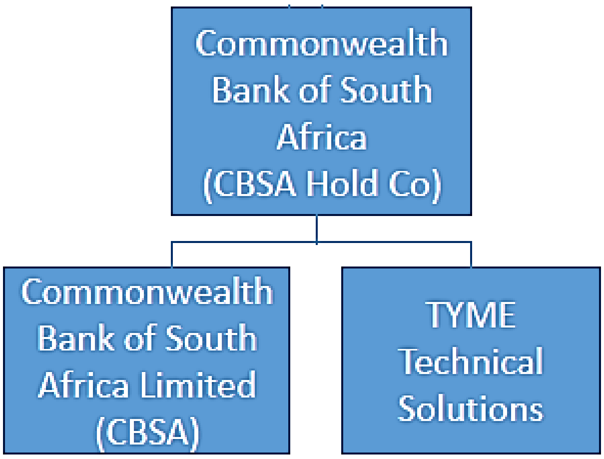
CBSA is well-capitalised, with capital forecasting models based on achieving its internally set capital adequacy ratio. CBSA continues to monitor and act to strengthen its risk culture through its Risk Appetite Framework and a Three Lines of Defence model of risk accountability. CBSA has a formal Risk Appetite Framework that creates clear obligations and transparency surrounding risk management and strategy decisions. The Three Lines of Defence model requires business management to operate responsibly by taking well-understood and -managed risks and to ensure that products and services are appropriately and adequately priced. The application of CBSA's risk management framework will influence the overall asset quality and capital position. To ensure that risk is contained at acceptable levels, CBSA continues to invest in its risk management processes and systems on an ongoing basis, keeping practices updated in a changing regulatory environment.

CBSA manages its capital by regularly considering regulatory capital requirements and ensuring that minimum capital levels will be maintained given certain stress scenarios. CBSA's management of its capital adequacy will evolve as the business grows, ensuring that capital management processes are fit for purpose at all times. The bank's Internal Capital Adequacy Process (ICAAP) ensures that the capital position of the bank remains stable through the period. CBSA's results are integrated into CBA's consolidated regulatory and economic capital requirements, and risk-adjusted performance and pricing processes.

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

All current balance sheet exposures are banking book exposures and all liquid assets are held to maturity; with a phased approach in terms of exposure into the Retail and Small Medium Enterprise (SME) markets.

CBSA Group Structure



The structure consists of Commonwealth Bank of South Africa Controlling/Holding company (CBSA Holdco.) and two subsidiaries; which are wholly owned. CBSA Holdco is 100% owned by Commonwealth Bank of Australia (CBA). CBA's retail banking international footprint is managed by the International Financial Services (IFS) division, based in Hong Kong.

Commonwealth Bank of South Africa (CBSA) is the banking entity within the CBSA group and contributes approximately 93% to the total consolidated balance sheet and approximately 96% of the total consolidated Risk Weighted Assets (RWA).

Tyme Technical Solutions (TTS) develops and provides branchless banking solutions to the CBSA group, which support and advance the banking activities in the banking entity. TTS currently makes up approximately 6% of the CBSA group balance sheet, due to bank placements/call deposits held in its name. The activities are ancillary to the main banking business, contributing just over 3% of the total consolidated RWA. There are currently limited activities performed in the TTS company.

All entities are reported under the Basel III Standardised Approach and fully consolidated in line with regulatory and IFRS requirements. There is no difference between the balance sheet and the balance sheet under the scope of regulatory consolidation as the structure does not contain any insurance or other entities, which are to be excluded from the regulatory consolidation.

2. Overview of Risk Management

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

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.*

CBSA'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 integrity, accountability, collaboration, excellence and service; and
- Standards of professional practice set out in Our Commitments.

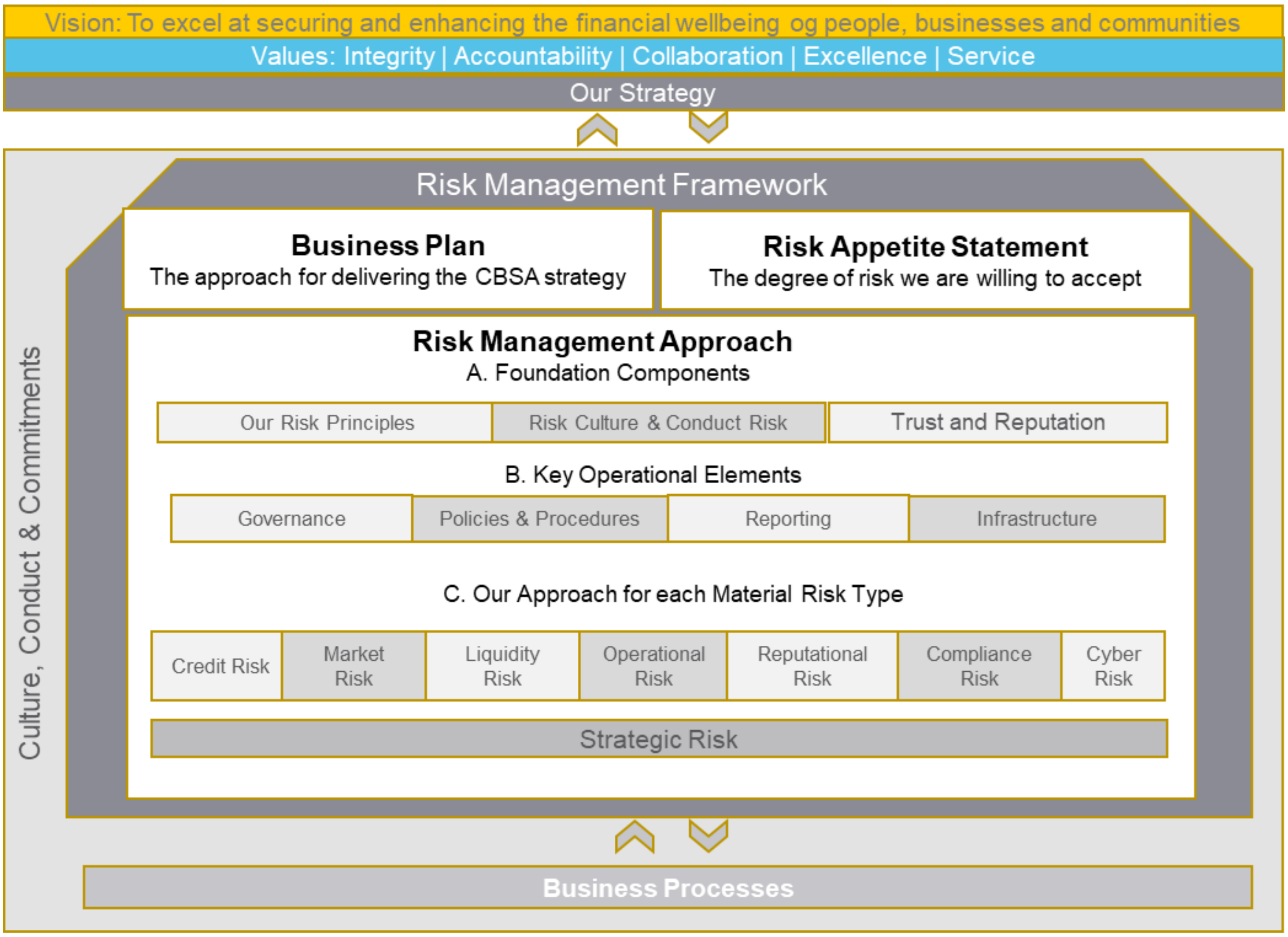
The CBSA Risk Appetite Statement (RAS) articulates the high-level boundaries for the type and degree of operational risk that the board is willing to accept for its shareholders. Risk appetite is a central and essential element of the CBSA Operational Risk Management Framework (ORMF). Risk appetite is defined in the RAS, which is managed through limits and tolerances based on prescribed Regulatory requirements for CBSA 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; and*
- ***Risk Limits & 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.*

Overview of Risk Management *(Continued)*

The CBSA Risk Management Framework (RMF) is illustrated in the diagram below.



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

Overview of Risk Management *(Continued)*

The table below provides an overview of the regulatory risk measurement approaches applied per relevant risk type:

Table 1 Risk Measurement Approaches

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

The bank ensures that its plans and controls are adequate to manage all major risks, namely

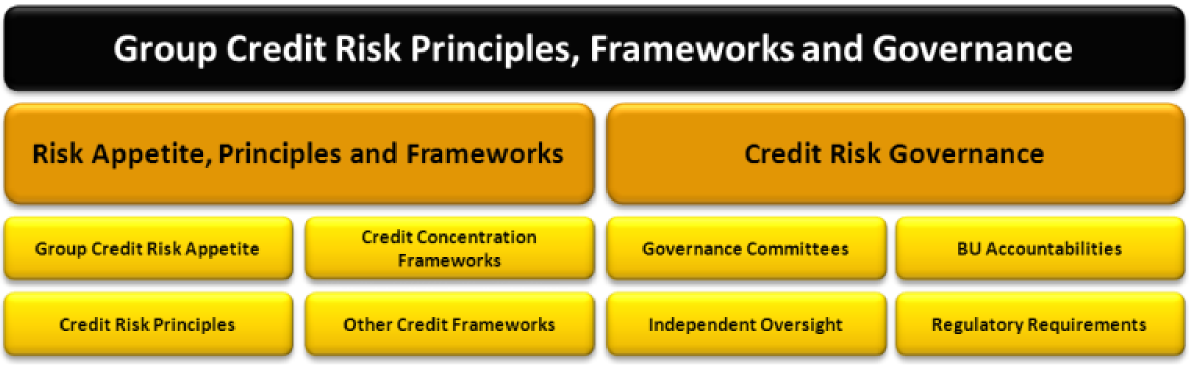
- credit risk
- market risk
- liquidity risk
- operational risk
- reputational risk
- compliance risk
- cyber risk
- systemic risk,

to ensure it will remain a going concern considering measurable and non-measurable risk types reported on a daily and monthly basis. CBSA considers non-financial risks and considers the ‘customer voice’ when it makes decisions and designing products.

3. Credit Risk

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

The CRF is depicted in the following diagram:



At a portfolio level, credit risk includes concentration risk arising from interdependencies between customers (large credit exposures), and concentrations of exposures to geographical regions, industry sectors, and products/portfolio types.

On a daily basis, CBSA 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 Large Credit Exposure Policy (LCEP). These exposures are reported daily, monthly, and quarterly internally to the Asset and Liability Committee (ALCO) as well as to the Regulator in line with regulatory requirements and the CRF.

Credit Risk *(Continued)*

Credit risk arises from CBSA's current activities, which are limited to interbank placements, minimum reserving requirements, and investing in Treasury Bills for liquid asset requirements. This is generally the biggest risk in banking, but currently contributes less than operation risk to the consolidated RWA as the bank has not yet extended credit to customers. Credit extension will be launched during 2019.

For regulatory capital purposes, CBSA has adopted the standardised approach to determine its risk weighted assets on credit exposure. CBSA is in the process of building a robust credit risk model and constantly revising reporting standards in order to comply with the latest regulatory and financial reporting requirements, including IFRS 9.

3.1 Credit Quality of Assets

The following tables reflect the credit quality of both on- and off-balance sheet assets and the impact of impairments as at 31 December 2017.

		Group			
		a	b	c	d
		Carrying values of		Allowances/impairments	Net values (a+b-c)
R'000		Defaulted exposures	Non-defaulted exposures		
1	Loans	0	812 828	0	812 828
2	Debt securities	0	68 681		68 681
4	Total	0	881 509	0	881 509

		Bank			
		a	b	c	d
		Carrying values of		Allowances/impairments	Net values (a+b-c)
R'000		Defaulted exposures	Non-defaulted exposures		
1	Loans	0	724 326	0	724 326
2	Debt securities	0	68 681	0	68 681
4	Total	0	793 007		793 007

There is no credit risk mitigation currently being considered in the calculation of the RWAs, therefore pre- & post-mitigation exposures are identical.

All credit risk ratings applied to interbank exposures are based on the Short-Term Credit assessment ratings required by Regulation 23, on the basis that all banking exposures are denominated and funded in South African rand and relate to claims with an original maturity of three months or less, which are not renewed or rolled, resulting in an effective maturity of more than three months.

Credit Risk *(Continued)*

3.2 Credit Exposures by Asset Class

The following tables reflect the credit exposure per asset class, pre and post Credit Conversion Factors (CCF) and Credit Risk Mitigation (CRM) as at 31 December 2017.

		Group					
		a	b	c	d	e	f
R'000		**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**RWA and RWA density**	
Asset classes		**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	68 681	0	68 681	0	0	0.00%
4	Banks	812 828		812 828	0	162 566	20.00%
13	Other assets	153 753		153 753	0	153 753	100.00%
14	Total	1 035 262	0	1 035 262	0	316 319	30.99%

		Bank					
		a	b	c	d	e	f
R'000		**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**RWA and RWA density**	
Asset classes		**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	68 681	0	68 681	0	0	0.00%
4	Banks	724 326	0	724 326	0	144 865	20.00%
13	Other assets	146 204	0	146 204	0	146 204	100.00%
14	**Total**	939 211	0	939 211	0	291 069	30.55%

All exposures attracting credit risk, are South African rand denominated, placed with South African counterparts and within South Africa. Due to the building phase the bank is currently in, placements are short-dated to ensure an optimal and efficient cashflow position.

Credit Risk *(Continued)*

3.3 Credit Exposures by Asset Class and Risk Weights

The following table reflects the risk weights per asset class, post Credit Conversion Factors (CCF) and Credit Risk Mitigation (CRM) as at 31 December 2017.

R'000		Group									
		a	b	c	d	e	f	g	h	i	j
		Risk Weight									Total credit exposures amount (post CCF and post-CRM)
	Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1	Sovereigns and their central banks	68 681									68 681
4	Banks			812 828							812 828
13	Other assets							153 753			153 753
14	**Total**	68 681	0	812 828	0	0	0	153 753	0	0	1 035 262

R'000		Bank									
		a	b	c	d	e	f	g	h	i	j
		Risk Weight									Total credit exposures amount (post CCF and post-CRM)
	Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1	Sovereigns and their central banks	68 681									68 681
4	Banks			724 326							724 326
13	Other assets							146 204			146 204
14	**Total**	68 681		724 326				146 204			939 211

As noted previously the bank has not provided any secured or unsecured credit related facilities and currently has no off-balance sheet credit exposure. End-to-end credit risk processes are being built and tested pre-implementation.

4. 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 reputation risk. Operational risk can widely occur in banks due to human error or mistakes. Examples of operational risk may be incorrect information filled in during the client on-boarding process or confidential information leaked due to system failure.

Operational risk can be categorized 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.

CBSA has in place a comprehensive and integrated Operational Risk Management Framework (ORMF) 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, and reporting
- people and culture.

CBSA's board and senior management shall remain ultimately responsible for ensuring that the bank's system of internal control is adequate and operating effectively.

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

The CBSA Executive Risk Committee (ERC) is the primary committee that has oversight of operational risk management and is supported by the CBSA Chief Risk Officer (CRO) and the Head of Operational Risk CBSA. The ERC reports to and receives its mandate from the board Risk Committee. The CBSA ERC & Executive Committee (EXCO) are responsible for the oversight of operational risk management and measurement for the CBSA business.

Operational Risk *(Continued)*

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 CBSA.

There are currently no mitigation techniques applied within the ORMF. This function and risk mitigation techniques will grow in line with the business requirements and demands. These will be subjected to Line 1 and Line 2 controls and processes.

As referenced in **Table 1 Risk Measurement Approaches** on page 8, under the "Overview of Risk Management", the bank applies the Basic Indicator Approach in calculating its Standardised Operational Risk RWA.

Group

R'000	31-Dec-17
Relevant risk exposure	321 932
Capital requirements	48 290
Risk-weighted exposure equivalent amount	603 623

Bank

R'000	31-Dec-17
Relevant risk exposure	316 409
Capital requirements	47 461
Risk-weighted exposure equivalent amount	593 268

5. Key metrics

Due to CBSA only commencing banking operations on 20 November 2017, the current report does not provide prior period comparisons.

All key metrics are being monitored on a daily basis, together with additional early warning indicators (EWI) 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) and the Business Continuity Plan (BCP).

The following table reflects the capital adequacy ratios for the Group and Bank respectively.

		Group	Bank
R'000		**31-Dec-17**	**31-Dec-17**
Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	552 978	582 103
2	Tier 1	552 978	582 103
3	Total capital	552 978	582 103
Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	919 942	884 337
Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	60.11	65.82
6	Tier 1 ratio (%)	60.11	65.82
7	Total capital ratio (%)	60.11	65.82

6. Composition of Risk Weighted Assets (RWA)

The following table reflects the composition of the risk-weighted assets (RWA) and the related minimum capital requirements.

R'000		Group	
		RWA	Minimum capital requirements*
		31-Dec-17	31-Dec-17
1	Credit risk (excluding counterparty credit risk)	316 319	34 004
2	Of which: standardised approach (SA)	316 319	34 004
19	Operational risk	603 623	63 889
25	**Total**	**919 942**	**98 893**

R'000		Bank	
		RWA	Minimum capital requirements*
		31-Dec-17	31-Dec-17
1	Credit risk (excluding counterparty credit risk)	291 069	31 290
2	Of which: standardised approach (SA)	291 069	31 290
19	Operational risk	593 268	63 776
25	**Total**	**884 337**	**95 066**

* The minimum capital requirement per risk category for 2017 is 10.75% which comprises the base minimum (8.00%) plus the Pillar 2A systemic risk add-on (1.50%) plus the capital conservation buffer (1.25%).

7. Market Risk

Market risk is the potential of an adverse impact on CBSA's 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 it 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;
- **Currency 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 (e.g. wheat, copper and natural gas).

CBSA 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.

CBSA is currently only 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 CBSA Market Risk Framework consists of a policy which outlines the overall market risk requirements for the bank and is supported by the Market Risk Standards, which outlines how policy requirements are implemented for market risks across the bank. This policy is also the Market Risk Standard for CBSA and details the IRRBB and FX risk measurement methodologies and limit structures, including excess notification/escalation/approval levels, supporting controls, and definitions.

7.1 Interest rate risk in the banking book (IRRBB)

The bank is monitoring the net interest exposures at risk (NIER) as a percentage of its twelve-month forecasted Net Interest Income (NII).

Description	31-Dec-17
Percentage impact of a parallel rate shock on forecasted NII	47.18%
Twelve-month Forecasted NII	23 783
Cumulative total for 12 months post 2% Parallel Rate shock (R'000)	11 221

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.

In addition to the NIER limits, CBSA ALCO will establish interest rate repricing gap limits, which will be documented in the CBSA Treasury Delegations Manual.

8. Composition of Capital

The following table reflects the capital adequacy ratios (CAR) for CBSA, Group and Bank respectively.

R'000	Group 31-Dec-17	Bank 31-Dec-17
Credit	162 566	144 865
Counterparty credit risk	0	-
Operational	603 623	593 268
Market	0	-
Equity	0	-
Other	153 753	146 204
Total RWA	**919 942**	**884 337**
Qualifying Capital & Reserves		
Total CET1	**1 668 011**	**1 502 010**
Shareholders' Equity	1 668 011	1502 010
Deductions against CET1	**1 115 033**	**919 907**
Intangibles assets, other than goodwill, net of related DTL	391 928	391 928
Deferred tax assets, net of related DTL	66 615	66 615
Other regulatory adjustments	656 490	461 364
AT1	0	-
Deductions against AT1	**0**	**-**
Total T1	**552 978**	**582 103**
T2	**0**	**0**
Deductions against T2	**0**	**0**
Total QCR prior to deductions	**552 978**	**582 103**
CET1 %	60.11%	65.82%
T1 %	60.11%	65.82%
T2 %	0.00%	0.00%
Total CAR	**60.11%**	**65.82%**
Required capital	**250 000**	**250 000**

The regulatory capital consists of shareholders equity qualifying as Common Equity (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. Refer to the Main Features table included under the appendices for a detailed breakdown.

Regulatory deductions are made in line with Basel III definition of capital and the specific prescription outlined in Regulation 38.

Composition of Capital *(Continued)*

8.1 Reconciliation of regulatory capital to balance sheet

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

Refer to Appendix B for a detailed disclosure of the reconciliation between the regulatory capital and balance sheet.

9. Leverage ratio

The Leverage Ratio is defined, as Tier 1 capital as a percentage of total exposures.

The total exposures utilised in the calculation has no differences to 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 following table reflects a summary of the leverage ratio per Group and Bank respectively.

R'000	Group 31-Dec-17	Bank 31-Dec-17
Total Basel III leverage ratio measure	1 040 262	944 211
Tier 1 Capital	552 978	582 103
Basel III leverage ratio (%)	53.16	61.65

There are no comparative periods contained in this disclosure as the bank only started operating on 20 November 2017. There is therefore no comparative period against which the bank can explain major movements or variances.

Refer to Appendix D for more a detailed Leverage Ratio disclosure breakdown.

10. Liquidity

CBSA calculates its Liquidity Coverage Ratio (LCR) position daily, ensuring a buffer is maintained over the minimum regulatory requirement and CBSA's risk appetite limit. CBSA's High Quality Liquid Assets (HQLA) as defined by the Banks Act Regulations consist of Treasury Bills and central bank deposits.

CBSA 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 and Business Continuity Plans (CFP & 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 will be tested annually, or as frequently as required, to ensure the bank's processes and plans are robust enough to test the bank's risk management capabilities 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 and 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.

The bank will also consider more appropriate risk mitigation techniques in line with balance sheet growth and maturity.

10.1 Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) requires institutions to hold sufficient liquid assets to meet 30-day net cash outflows projected under SARB's prescribed stress scenario.

CBSA maintained an average daily LCR of >1000% for the reporting period to 31 December 2017.

The daily average used to calculate the above percentage consisted of 30 datapoints representative of the number of workings days since the bank commenced operations to the end of the required reporting period

Liquidity *(Continued)*

CBSA regularly benchmarks and aligns its policy framework against existing prudential and regulatory standards. Potential developments in South African and international standards and global best practice are also considered.

The following table reflects a summary of the LCR per Group and Bank respectively.

R'000	Group 31-Dec-17	Bank 31-Dec-17
Average HQLA	24 635	24 635
Average net cash outflow (weighted)	0.016	0.016
LCR ratio (%)	158 569 277	158 569 277

The High-Quality Liquid Assets (HQLA) consist of the bank's initial purchase of a Treasury Bill (TB), as well as additional cash placed with the Prudential Authority (PA); in the bank's Reserving account.

Net cash outflows are limited to a select few accounts opened for testing purposes only during the period under review. These test accounts were limited to staff members as the bank has not launched any of its products to the public. All in- and outflows within a 21-day horizon have been considered, with the exclusion of operational expenses.

10.2 Net Stable Funding Ratio

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 (NSFR) per Group and Bank respectively.

R'000		Group 31-Dec-17	Bank 31-Dec-17
Net Stable Funding Ratio			
18	Total available stable funding	1 668 011	1 502 010
19	Total required stable funding	1 191 469	1 178 194
20	NSFR ratio (%)	140	127

Appendix A – Composition of Regulatory Capital (Group)

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018) R'000		Group		
		31-Dec-17	Amounts subject to pre-Basel III treatment	Reference
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	1 668 011		(a)
2	Retained earnings	0		
3	Accumulated other comprehensive income (and other reserves)	0		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
	Public sector capital injections grandfathered until 1 January 2018			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	Common Equity Tier 1 capital before regulatory adjustments	**1 668 011**		
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)	0		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	391 928		(c)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	66 615		(d)
11	Cash-flow hedge reserve	0		
12	Shortfall of provisions to expected losses	0		
13	Securitisation gain on sale	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0		
15	Defined-benefit pension fund net assets	0		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0		
17	Reciprocal cross-holdings in common equity	0		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0		
20	Mortgage servicing rights (amount above 10% threshold)	0		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0		
22	Amount exceeding the 15% threshold	0		
23	of which: significant investments in the common stock of financials			
24	of which: mortgage servicing rights			
25	of which: deferred tax assets arising from temporary differences			
26	National specific regulatory adjustments	656 490		(b)
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**0**		
	OF WHICH:			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0		
28	Total regulatory adjustments to Common equity Tier 1	1 115 033		
29	Common Equity Tier 1 capital (CET1)	**552 978**		
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0		
31	of which: classified as equity under applicable accounting standards	0		
32	of which: classified as liabilities under applicable accounting standards	0		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0		

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018) R'000		Group 31-Dec-17	Amounts subject to pre-Basel III treatment	Reference
34	Additional Tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0		
35	of which: instruments issued by subsidiaries subject to phase out	0		
36		0		
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	0	0	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0	0	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		0	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		0	
41	National specific regulatory adjustments			
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**0**		
	OF WHICH:			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0		
43	Total regulatory adjustments to Additional Tier 1 capital	0		
44	Additional Tier 1 capital (AT1)	0		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**552 978**		
Tier 2 capital and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0		
47	Directly issued capital instruments subject to phase out from Tier 2	0		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0		
49	of which: instruments issued by subsidiaries subject to phase out	0		
50	Provisions	0		
51	Tier 2 capital before regulatory adjustments	0		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	0	0	
53	Reciprocal cross-holdings in Tier 2 instruments	0	0	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0	0	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	0	
56	National specific regulatory adjustments	0		
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	0		
	OF WHICH: [INSERT NAME OF ADJUSTMENT]			
	OF WHICH:			
57	Total regulatory adjustments to Tier 2 capital	0		
58	Tier 2 capital (T2)	0		
59	**Total capital (TC = T1 + T2)**	**552 978**		
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	0		
	OF WHICH:			
60	**Total risk-weighted assets**	**919 942**		(e)
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	60.1		
62	Tier 1 (as a percentage of risk-weighted assets)	60.1		

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018) R'000		Group		
		31-Dec-17	Amounts subject to pre-Basel III treatment	Reference
63	Total capital (as a percentage of risk-weighted assets)	60.1		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk-weighted assets)	7.25		
65	of which: capital conservation buffer requirement	2.5		
66	of which: bank specific countercyclical buffer requirement	0		
67	of which: G-SIB buffer requirement	0		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	27.18		
National Minima (if different from Basel 3)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	7.25		
70	National Tier 1 minimum ratio	8.50		
71	National total capital minimum ratio	10.750		
Amounts below the threshold for deductions (before risk weighting)				
72	Non-significant investments in the capital of other financials			
73	Significant investments in the common stock of financials			
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 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)	0		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,032		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements	0		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements	0		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

Appendix B – Composition of Regulatory Capital (Bank)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018) R'000	Bank 31-Dec-17	Amounts subject to pre-Basel III treatment	Reference
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	1 502 010		(a)
2	Retained earnings	0		
3	Accumulated other comprehensive income (and other reserves)	0		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
	Public sector capital injections grandfathered until 1 January 2018			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	Common Equity Tier 1 capital before regulatory adjustments	1 502 010		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)	0		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	391 928		(c)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	66 615		(d)
11	Cash-flow hedge reserve	0		
12	Shortfall of provisions to expected losses	0		
13	Securitisation gain on sale	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0		
15	Defined-benefit pension fund net assets	0		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0		
17	Reciprocal cross-holdings in common equity	0		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0		
20	Mortgage servicing rights (amount above 10% threshold)	0		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0		
22	Amount exceeding the 15% threshold	0		
23	of which: significant investments in the common stock of financials			
24	of which: mortgage servicing rights			
25	of which: deferred tax assets arising from temporary differences			
26	National specific regulatory adjustments	461 364		(b)
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**0**		
	OF WHICH:			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0		
28	Total regulatory adjustments to Common equity Tier 1	919 907		
29	Common Equity Tier 1 capital (CET1)	582 103		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0		
31	of which: classified as equity under applicable accounting standards	0		
32	of which: classified as liabilities under applicable accounting standards	0		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0		

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018) R'000		Bank 31-Dec-17	Amounts subject to pre-Basel III treatment	Reference
34	Additional Tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0		
35	of which: instruments issued by subsidiaries subject to phase out	0		
36		0		
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	0	0	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0	0	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		0	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		0	
41	National specific regulatory adjustments			
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**0**		
	OF WHICH:			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0		
43	Total regulatory adjustments to Additional Tier 1 capital	0		
44	Additional Tier 1 capital (AT1)	0		
45	Tier 1 capital (T1 = CET1 + AT1)	582 103		
Tier 2 capital and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0		
47	Directly issued capital instruments subject to phase out from Tier 2	0		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0		
49	of which: instruments issued by subsidiaries subject to phase out	0		
50	Provisions	0		
51	Tier 2 capital before regulatory adjustments	0		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	0	0	
53	Reciprocal cross-holdings in Tier 2 instruments	0	0	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0	0	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	0	
56	National specific regulatory adjustments	0		
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**0**		
	OF WHICH:			
57	Total regulatory adjustments to Tier 2 capital	0		
58	Tier 2 capital (T2)	0		
59	**Total capital (TC = T1 + T2)**	**582 103**		
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**0**		
	OF WHICH:			
60	**Total risk-weighted assets**	**884 337**		(e)
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	65.8		
62	Tier 1 (as a percentage of risk-weighted assets)	65.8		
63	Total capital (as a percentage of risk-weighted assets)	65.8		

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018) R'000		Bank 31-Dec-17	Amounts subject to pre-Basel III treatment	Reference
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk-weighted assets)	7.25		
65	of which: capital conservation buffer requirement	2.5		
66	of which: bank specific countercyclical buffer requirement	0		
67	of which: G-SIB buffer requirement	0		
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)**	**28.27**		
National Minima (if different from Basel 3)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	7.25		
70	National Tier 1 minimum ratio	8.50		
71	National total capital minimum ratio	10.750		
Amounts below the threshold for deductions (before risk weighting)				
72	Non-significant investments in the capital of other financials			
73	Significant investments in the common stock of financials			
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 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)	0		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1,811		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements	0		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements	0		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

Appendix C – Capital Reconciliation of Regulatory Capital to Balance Sheet (Group)

	Group	
	a	
	Balance sheet as in published financial statements	Reference
R'000	**31-Dec-17**	
Assets		
Cash and balances at central banks	5,000	
Items in the course of collection from other banks		
Trading portfolio assets		
Financial assets designated at fair value		
Derivative financial instruments		
Loans and advances to banks	812,828	(e)
Loans and advances to customers		
Reverse repurchase agreements and other similar secured lending		
Available for sale financial investments	68,681	(e)
Current and deferred tax assets	66,615	(d)
Prepayments, accrued income and other assets	107,812	(e)
Investments in associates and joint ventures		
Goodwill and other intangible assets	391,928	(c)
Of which: goodwill		
Of which: intangibles (excluding MSRs)	391,928	
Property, plant and equipment	45,941	(e)
Total assets	**1,498,805**	
Liabilities		
Deposits from banks		
Items in the course of collection due to other banks		
Customer accounts	1	
Repurchase agreements and other similar secured borrowing		
Trading portfolio liabilities		
Financial liabilities designated at fair value		
Derivative financial instruments		
Debt securities in issue		
Accruals, deferred income and other liabilities	487,284	
Current and deferred tax liabilities		
Of which: DTLs related to goodwill		
Of which: DTLs related to intangible assets (excluding MSRs)		
Of which: DTLs related to MSRs		
Subordinated liabilities		
Provisions		
Retirement benefit liabilities		
Total liabilities	**487,285**	
Shareholders' equity		
Paid-in share capital	1,668,011	(a)
Of which: amount eligible for CET1	1,668,011	
Of which: amount eligible for AT1		
Retained earnings	(656,490)	(b)
Accumulated other comprehensive income		
Total shareholders' equity	**1,011,521**	

Appendix D – Capital Reconciliation of Regulatory Capital to Balance Sheet (Bank)

	Bank	
	a Balance sheet as in published financial statements	Reference
R'000	**31-Dec-17**	
Assets		
Cash and balances at central banks	5 000	
Items in the course of collection from other banks		
Trading portfolio assets		
Financial assets designated at fair value		
Derivative financial instruments		
Loans and advances to banks	724 326	(e)
Loans and advances to customers		
Reverse repurchase agreements and other similar secured lending		
Available for sale financial investments	68 681	(e)
Current and deferred tax assets	66 615	(d)
Prepayments, accrued income and other assets	100 263	(e)
Investments in associates and joint ventures		
Goodwill and other intangible assets	391 928	(c)
Of which: goodwill		
Of which: intangibles (excluding MSRs)	391 928	
Of which: MSRs		
Property, plant and equipment	45 941	(e)
Total assets	1 402 754	
Liabilities		
Deposits from banks		
Items in the course of collection due to other banks		
Customer accounts	1	
Repurchase agreements and other similar secured borrowing		
Trading portfolio liabilities		
Financial liabilities designated at fair value		
Derivative financial instruments		
Debt securities in issue		
Accruals, deferred income and other liabilities	350 834	
Current and deferred tax liabilities		
Of which: DTLs related to goodwill		
Of which: DTLs related to intangible assets (excluding MSRs)		
Of which: DTLs related to MSRs		
Subordinated liabilities		

R’000	Bank a Balance sheet as in published financial statements 31-Dec-17	Reference
Provisions	11 273	
Retirement benefit liabilities		
Total liabilities	362 108	
Shareholders' equity		
Paid-in share capital	1 502 010	(a)
Of which: amount eligible for CET1	1 502 010	
Of which: amount eligible for AT1		
Retained earnings	(461 364)	(b)
Accumulated other comprehensive income		
Total shareholders' equity	1 040 646	

Appendix E – Main features disclosure

Disclosure template for main features of regulatory capital instruments		CBSA Banking Group	CBSA Bank
1	Issuer	Commonwealth Bank of Australia (CBA)	Commonwealth Bank of South Africa (Holding Company)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	A1	A2
3	Governing law(s) of the instrument	South Africa	South Africa
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo/group/group & solo	CBSA Group	CBSA Bank Solo
7	Instrument type (types to be specified by each jurisdiction)	CET1	CET1
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1 668	1 502
9	Par value of instrument	1 668	1 502
10	Accounting classification	Shareholders' Equity	Shareholders' Equity
11	Original date of issuance	Various dates between 26/08/2015 to 30/10/2017	Various dates between 26/08/2015 to 30/10/2017
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	Not Applicable	Not Applicable
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	Not Applicable	Not Applicable
22	Noncumulative or cumulative	Non-Cumulative	non-Cumulative
23	Convertible or non-convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger (s)	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable
30	Write-down feature	Not Applicable	Not Applicable
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable

Disclosure template for main features of regulatory capital instruments		CBSA Banking Group	CBSA Bank
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not Applicable	Not Applicable
36	Non-compliant transitioned features	Not Applicable	Not Applicable
37	If yes, specify non-compliant features	Not Applicable	Not Applicable

Appendix F – Leverage Ratio

Summary of comparison, accounting assets vs. leverage ratio exposure measure

31-Dec-17		Group	Bank
		R'000	R'000
1	Total consolidated assets as per published financial statements	1 498 805	1 402 754
2	Adjustment 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	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off- balance sheet exposures)		
7	Other adjustments	458 543	458 543
8	**Leverage ratio exposure measure**	**1 040 262**	**944 211**

Leverage ratio common disclosure template

31-Dec-17		Group	Bank
R'000		Leverage ratio framework	Leverage ratio framework
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1 498 805	1 402 754
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-458 543	-458 543
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1 040 262	944 211
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	0	0
5	Add-on amounts for PFE associated with all derivatives transactions	0	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
8	(Exempted CCP leg of client-cleared trade exposures)	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
11	Total derivative exposures (sum of lines 4 to 10)	0	0
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
14	CCR exposure for SFT assets	0	0
15	Agent transaction exposures	0	0
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0	0
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	0	0
18	(Adjustments for conversion to credit equivalent amounts)	0	0
19	Off-balance sheet items (sum of lines 17 and 18)	0	0
Capital and total exposures			
20	Tier 1 capital	552 978	582 103
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	1 040 262	944 211
Leverage ratio			
22	Basel III leverage ratio	53.16%	61.65%

Appendix G – Liquidity Coverage Ratio (LCR)

31-Dec-17 **R'000**		**a** **Total unweighted value (average)**	**b** **Total weighted value (average)**
High-quality liquid assets			
1	Total HQLA		24 635
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	1	0.0621
3	Stable deposits		
4	Less stable deposits	1	0.0621
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		0.000
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		
16	**TOTAL CASH OUTFLOWS**		**0**
Cash inflows			
17	Secured lending (eg reverse repo)		
18	Inflows from fully performing exposures	826 337	826 337
19	Other cash inflows		
20	TOTAL CASH INFLOWS	826 337	826 337
			Total adjusted value
21	Total HQLA		24 635
22	Total net cash outflows		0.016
23	Liquidity coverage ratio (%)		158 569 277

Appendix H – Glossary

Terms specific to this version of the document are:

Term	Description
ALCO	Asset and Liability Committee
ASF	Available Stable Funding
AT1	Additional Tier 1
BANK	CBSA
BCBS	Basel Committee on Banking Supervision
BCP	Business Continuity Plan
BIA	Basic Indicator Approach
CAR	Capital Adequacy Ratio
CBA	Commonwealth Bank of Australia
CBSA	Commonwealth Bank of South Africa
CCF	Credit Conversion Factor
CCP	Central Clearing Party
CCR	Counter Party Credit Risk
CEO	Chief Executive Officer
CET	Common Equity Capital
CFO	Chief Financial Officer
CFP	Contingency Funding Plan
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
ERC	Enterprise Risk Committee
EWI	Early Warning Indicator/s
EXCO	Executive Committee
HQLA	High Quality Liquid Assets
GROUP	CBSA Group
IFS	International Financial Services
IFS Risk	International Financial Services Risk Management
LCR	Liquidity Coverage Ratio
LMS	Liquidity Management Standard
NSFR	Net Stable Funding Ratio
MRO	Market Risk officer
OTC	Over the Counter
RAS	Risk Appetite Statement
RSF	Required Stable Funding
RWA	Risk Weighted Asset/s
T1	Tier 1 Capital
T2	Tier 2 Capital
TSA	The Standardised Approach
SARB	South African Reserve Bank
PA	Prudential Authority