



**PILLAR 3 DISCLOSURE
SEPTEMBER 2022**

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1. Introduction

The purpose of this document is to disclose both qualitative and quantitative information regarding the Bank's capital adequacy position, risk profile and risk management practices in terms of the Basel III requirements under Regulation 43 of the regulations relating to banks.

In terms of Regulation 43(1) (e) (iii) of regulations relating to banks, minimum disclosure on capital adequacy of the bank is required on a quarterly basis. This announcement meets the on-going report requirement for quarterly disclosure in terms of Pillar 3 of the Basel III capital accord.

The Pillar 3 report is produced and published quarterly. This report is verified and approved internally in line with the Bank's disclosure policy.

The Pillar 3 report has not been audited by the Bank's external auditors.

Business Profile

Access Bank (South Africa) Limited (The Bank) began in 1947 and is focused on developing and delivering banking services to corporates, medium-sized businesses and individuals, driven by a unique combination of retail, corporate, business and alliance banking.

Business and Commercial Banking is focused on the cornerstones of business banking (transactional banking, lending and deposit services) and targets the small and medium sized business customer. To facilitate international business transactions Business and Commercial banking is fully integrated with the Treasury and Global Transactional Services ("GTS") business (see below). Access Bank South Africa also offers risk and investment solutions from leading providers in the industry which includes short and long term insurance as well as investment management services. These solutions are delivered through three business suites situated in key business centres across South Africa.

The Bank's GTS business is focused on providing professional and personalised foreign exchange (import and export) services to the small and medium sized business customer. GTS's range of products include spot and forward contracts, foreign currency accounts, letters of credit, collection of foreign currency, cross border payments and exchange control applications.

Corporate Banking provides innovative financial solutions to their customers which include working capital facilities, long-term debt solutions, trade finance solutions and currency hedging solutions.

The Bank provides financing to importers and exporters of goods through letters of credit and other bespoke trade solutions.

Retail Banking is a new segment of the bank launched during the latter part of 2021 to provide transactional products to individuals and micro enterprises. The initial focus is on transactional banking and deposits, but loan financing will be introduced towards the end of 2022. Six retail branches were opened (three in Gauteng , one in Cape Town, one in Polokwane and another one in Durban) and one mobile banking unit was launched.

Restrictions on transfer of funds or regulatory capital

There are currently no restrictions or other major impediments on the transfer of funds or capital within the Bank.

2. Capital Management

The Bank is subject to minimum capital requirements as defined in the Banks Act and Regulations pertaining to Banks.

The Risk Management Committee considers the various risks faced by the Bank and analyses the need to hold capital against these risks whilst taking account of the regulatory requirements. In addition, the level of capital required to support the Bank's targeted business growth is taken into consideration.

The objective of the Bank's capital management approach is to ensure the maintenance of sound capital ratios, taking all the above requirements into account, whilst producing appropriate returns to shareholders. The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking industry in which the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The capital of the Bank consists of Tier 1 capital and Tier 2 in the form of IFRS general provision. Capital adequacy and the use of regulatory capital are monitored by ALCCO, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the South African Reserve Bank (SARB), for supervisory purposes. The required information is filed with the SARB on a monthly basis.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the SARB which takes into account the risk profile of the Bank.

The Bank met the minimum required capital adequacy ratio requirement as at the 30 September 2022 with a total capital adequacy of 18.83% and a Tier 1 capital adequacy of 14.81%, exceeding minimum regulatory requirements.

The regulatory capital requirements are strictly observed when managing economic capital. The Bank's regulatory capital comprises two tiers:

- Tier 1 capital: share capital and share premium, less accumulated losses. The book value of intangible assets is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: IFRS 9 general provisions and capital qualifying debt instruments

Regulatory Capital and Risk weighted assets – Table 2.1		R'000
		30-Sep-22
Ordinary Share Capital		1,909,971
Share Premium		-308,650
Revaluation Reserves		-45,554
Total common equity tier 1 capital and unimpaired reserve funds		1,555,767
Retained Earnings/(Loss)		(1,025,978)
Regulatory deductions against common equity tier 1 capital		(86,748)
Total common equity tier 1 capital after regulatory adjustments		443,040
Tier 2 capital		
Portfolio impairment		10,422
Long-term debt instrument (Debentures)		109,896
Regulatory deductions against Tier 2 capital		-
Total qualifying capital and reserve funds		563,359
Risk Weighted Assets		2,992,498
Total Capital adequacy ratio		18.8257%
Tier 1 Capital adequacy ratio		14.8050%

Required capital adequacy ratios and amounts - Table 2.2	30-Sep-22	
	Percentages	Rand amounts (R'000)
	Common Equity Tier 1	Common Equity Tier 1
Base minimum (2)	4.5000%	134,662
Add-on: systemic risk add-on (Pillar 2A)	0.5000%	14,962
Add-on: countercyclical buffer (5)	0.0000%	-
Add-on: conservation buffer (6)	2.5000%	74,812
	7.5000%	224,437

Composition of risk weighted assets and required regulatory capital- Table 2.3	Composition of Risk Weighted Assets	Base Minimum Required Regulatory Capital
30-Sep-22	R'000	R'000
Risk weighted exposure		
Credit Risk *	2,283,751	205,538
Counter party risk****	112,737	10,146
Operational Risk **	276,017	24,842
Market Risk ***	44,817	4,034
Other Assets	275,161	24,764
Equity Risk	15	1
Total	2,992,498	269,325

* RWA and required regulatory capital in terms of **credit risk** are measured using the standardised approach.

** RWA and required regulatory capital in terms of **operational risk** are measured using the standardised approach.

*** RWA and required regulatory capital in terms of **market risk** are measured using the standardised approach.

**** RWA and required regulatory capital in terms of **counterparty risk** are measured using the current exposure method under the standardised approach.

Capital Structure

The Bank has one class of ordinary shares which carry no right to fixed income. The unissued shares are under the control of the directors subject to notification to and specific approval by Access Bank, until the next Annual General Meeting.

Capital Structure – Table 2.4	Sep-22
	R'000
Authorised	
3 500 000 000 ordinary shares of R1 each (par value)	3,500,000
Issued	
Ordinary Share Capital	1,909,971
Share Premium	
Share Premium	(308,650)
Term-debt instruments	
Debentures	109,896

OVERVIEW OF RISK WEIGHTED ASSETS (OV1) DISCLOSURE TEMPLATE							
ANNEXURE A							
Name of bank/ controlling company ACCESS BANK (SOUTH AFRICA) LIMITED							
Period ended 2022-09-30							
	T	T - 90	T - 180	T - 270	T - 360	f	
	a	b	c	d	e		
	RWA					Minimum capital requirements = 8%	
	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Sep-22	
1	Credit risk (excluding counterparty credit risk)	2,558,927	1,757,033	1,756,086	1,752,929	1,711,162	204,714
2	Of which: standardised approach (SA)	2,558,927	1,757,033	1,756,086	1,752,929	1,711,162	204,714
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)	112,737	92,365	49,655	151,237	101,095	9,019
7	Of which: standardised approach for counterparty credit risk	112,737	92,365	49,655	151,237	101,095	9,019
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						
12	Equity investments in funds – look-through approach						
13	Equity investments in funds – mandate-based approach						
14	Equity investments in funds – fall-back approach						
15	Settlement risk						
16	Securitisation exposures in banking book	0	0	0	0	0	0
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)						
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)						
19	Of which: securitisation standardised approach (SEC-SA)						
20	Market risk	44,817	10,456	7,124	18,537	11,440	3,585
21	Of which: standardised approach (SA)	44,817	10,456	7,124	18,537	11,440	3,585
22	Of which: internal model approaches (IMA)						
23	Capital charge for switch between trading book and banking book						
24	Operational risk	276,017	276,017	276,017	276,017	259,568	22,081
25	Amounts below the 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)	2,992,498	2,135,871	2,088,883	2,198,721	2,083,265	239,400

KEY METRICS DISCLOSURE TEMPLATE
ANNEXURE A - KM1

Name of bank/ controlling companyACCESS BANK (SOUTH AFRICA) LIMITED

Period ended 2022-09-30

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
		Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	443,040	516,308	567,395	269,551	340,011
1a	Fully loaded ECL accounting model					
2	Tier 1	443,040	516,308	567,395	269,551	340,011
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	563,359	677,785	726,156	427,312	495,767
3a	Fully loaded ECL accounting model total capital					
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	2,992,498	2,135,871	2,088,883	2,198,721	2,083,265
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	14.81%	24.17%	27.16%	12.26%	16.32%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	Tier 1 ratio (%)	14.81%	24.17%	27.16%	12.26%	16.32%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	18.83%	31.73%	34.76%	19.43%	23.80%
7a	Fully loaded ECL accounting model total capital ratio (%)					
	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 (%)	0%	0%	0%	0%	0%
10	Bank G-SIB and/or 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 (%)	7.31%	16.67%	19.66%	5.26%	9.32%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	5,585,244	5,210,159	4,383,928	4,678,834	3,228,374
14	Basel III leverage ratio (%) (row 2 / row 13)	7.93%	9.91%	12.94%	5.76%	10.53%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)					
	Liquidity Coverage Ratio					
15	Total HQLA	2,022,250	1,922,987	1,718,332	1,038,149	477,785
16	Total net cash outflow	227,986	198,911	150,187	130,163	140,282
17	LCR ratio (%)	887.01%	966.76%	1144.13%	797.58%	340.59%
	Net Stable Funding Ratio					
18	Total available stable funding	3,929,465	3,686,126	3,600,504	3,601,478	3,103,280
19	Total required stable funding	3,391,856	2,940,219	2,736,899	2,585,151	2,463,551
20	NSFR ratio	115.85%	125.37%	131.55%	139.31%	125.97%

*** LCR UNWEIGHTED VALUE BASED ON 90DAYS AVERAGE**

- ❖ Minimum Regulatory requirement for Liquidity Coverage ratio = 100.00%
- ❖ Minimum Regulatory requirement for Leverage ratio = 4.00%
- ❖ Minimum Regulatory requirement for Net stable funding ratio = 100.00%

LEVERAGE RATIO DISCLOSURE TEMPLATE
ANNEXURE A
Name of bank/ controlling companyACCESS BANK (SOUTH AFRICA) LIMITED
Period ended 2022-09-30

Annexure A - LR1

Table 1

Summary comparison of accounting assets vs leverage ratio exposure measure		Sep-22	Jun-22
	Item	R'000	R'000
1	Total consolidated assets as per published financial statements	5,505,193	5,191,627
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	28,197	28,267
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)	136,552	73,889
7	Other adjustments	(84,698)	(83,624)
8	Leverage ratio exposure	5,585,244	5,210,159

Table 2

Leverage ratio common disclosure template - LR2		Leverage ratio framework	
		Sep-22	Jun-22
		R'000	R'000
Item			
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	5,425,736	5,129,171
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-84,698	-83,624
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	5,341,038	5,045,547
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	77,282	62,665
5	Add-on amounts for PFE associated with all derivatives transactions	30,372	28,058
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework		
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	Total derivative exposures (sum of lines 4 to 10)	107,654	90,723
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions		
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
14	CCR exposure for SFT assets		
15	Agent transaction exposures		
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	363,906	293,718
18	(Adjustments for conversion to credit equivalent amounts)	-227,354	-219,829
19	Off-balance sheet items (sum of lines 17 and 18)	136,552	73,889
Capital and total exposures			
20	Tier 1 capital	443,040	516,308
21	Total exposures (sum of lines 3, 11, 16 and 19)	5,585,244	5,210,159
Leverage ratio			
22	Basel III leverage ratio	7.93%	9.91%

* Minimum Regulatory requirement for Leverage ratio = 4.00%

3. Liquidity risk

The purpose of this document is to disclose both qualitative and quantitative information regarding the Bank's Liquidity position, in specific the Liquidity Coverage Ratio in terms of the Basel III requirements under Regulation 43 of the regulations relating to banks.

In terms of Regulation 43(1)(e)(iii)(F) of regulations relating to banks, minimum disclosure on the Liquidity Coverage Ratio of the bank is required on a quarterly basis. This announcement meets the on-going report requirement for quarterly disclosure in terms of Pillar 3 of the Basel III capital accord.

The Pillar 3 report is produced and published quarterly. This report is verified and approved internally in line with the Bank's disclosure policy.

The Pillar 3 report has not been audited by the Bank's external auditors.

Liquidity risk is defined as the risk of not being able to generate sufficient cash to meet the Bank's commitment to lenders, depositors and other creditors at any point in time. The management of liquidity is primarily designed to ensure that depositors' funding requirements can be met and that the Bank has sufficient funding in place to ensure payment of daily transactions.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short-, medium- and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Liquidity risk management is essentially inseparable from the core banking activities of advances growth and profitability management. Liquidity risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset, Liability and Capital Committee (ALCCO).

Stress scenarios and testing have been undertaken thereby allowing the Bank to identify and be prepared for such eventualities. These scenarios have ensured that the Bank is well prepared to manage any liquidity risks that may occur.

The Liquidity Ratios, i.e. Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), introduced by Basel III are monitored and managed by the Bank's Asset, Liability and Capital Committee (ALCCO). The Liquidity Coverage Ratio has been fully implemented from 01 January 2015 and the minimum requirement is back at 100% for September 2022 post the COVID pandemic for the LCR.

Liquidity Coverage Ratio – Table 2.1

	R'000
	30-Sep-22
High Quality Liquid Assets	2,027,533
Net Cash Outflows	285,556
Minimum Required Liquidity Coverage Ratio	100%
Actual Liquidity Coverage Ratio	710.03%

LIQUIDITY COVERAGE RATIO (LCR) DISCLOSURE TEMPLATE			
ANNEXURE A - LIQ1			
Name of bank/ controlling company ACCESS BANK (SOUTH AFRICA) LIMITED			
Period ended 2022-09-30			
		a	b
		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA	2,022,250	2,022,250
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits		
4	Less stable deposits	691,397	69,140
5	Unsecured wholesale funding, of which:		
6	networks of cooperative banks		
7	Non-operational deposits (all counter-parties)	1,120,178	824,554
8	Unsecured debt		
9	Secured wholesale funding		
10	Additional requirements, of which:		
11	requirements	3,838	3,838
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	221,800	12,965
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	28,956	1,448
16	TOTAL CASH OUTFLOWS	2,066,169	911,944
17	Secured lending (eg. reverse repos)		
18	Inflows from fully performing exposures	895,000	877,485
19	Other cash inflows	49,298	49,298
20	TOTAL CASH INFLOWS	944,299	926,784
			Total adjusted value
21	Total HQLA		2,022,250
22	Total net cash outflows		227,986
23	Liquidity Coverage Ratio (%)		887.01%

* Minimum Regulatory requirement for Liquidity Coverage ratio = 100.00%

*LCR UNWEIGHTED VALUE BASED ON 90DAYS AVERAGE BEFORE RUN-OFF FACTOR

NET STABLE FUNDING RATIO (NSFR) DISCLOSURE TEMPLATE

ANNEXURE B - LIQ2

Name of bank/ controlling company ACCESS BANK (SOUTH AFRICA) LIMITED

Period ended 2022-09-30

	(In currency amount)	Unweighted value by residential maturity			Weighted value
		< 6 months	≥ 6 months to < 1 year	≥1 year	
	Available stable funding (ASF) item				
1	Capital:				
2	Regulatory capital			1,676,085	1,676,085
3	Other capital instruments				
4	Retail deposits and deposits from small business customers				
5	Stable deposits				
6	Less stable deposits	1,148,439	72,971	10,221	1,109,490
7	Wholesale funding:				
8	Operational deposits				
9	Other wholesale funding	2,359,550	50,267	20,000	511,966
10	Liabilities with matching interdependent assets				
11	Other liabilities				
12	NSFR derivative liabilities			12,382	-
13	All other liabilities and equity not included in the above categories	37,140	898,700	182,574	631,924
14	TOTAL ASF				3,929,465

	(In currency amount)	Unweighted value by residential maturity			Weighted value
		< 6 months	≥ 6 months to < 1 year	≥ 1 year	
	Required stable funding (RSF) item				
15	Total NSFR High-quality liquid assets (HQLA)	377,712			99,224
16	Deposits held with other financial institutions for operational purposes				
17	Performing loans and securities:	588,879	484,341	1,286,969	1,362,450
18	Performing loans to financial institutions secured by Level 1 HQLA				
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	497,365			74,605
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs of which:	74,894	71,242	763,834	722,327
21	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk				
22	Performing residential mortgages, of which:	16,620	16,359	470,027	322,007
23	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk	16,620	16,359	470,027	322,007
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	396,741	53,108	243,512
25	Assets with matching interdependent liabilities				
26	Other assets:	-	-	1,936,355	1,911,592
27	Physical traded commodities, including gold				
28	Assets posted as initial margin for derivative contracts and distribution to default funds of CCPs				
29	NSFR derivative assets			91,838	67,075
30	NSFR derivative liabilities before deduction of variation margin posted				
31	All other assets not included in above categories			1,844,517	1,844,517
32	Off-balance sheet items				18,590
33	TOTAL RSF				3,391,856
34	NET STABLE FUNDING RATIO %				115.85%

*Minimum Regulatory Requirement for Net Stable Funding Ratio = 100%