

COMMONWEALTH BANK OF SOUTH AFRICA GROUP

(Incorporated in the Republic of South Africa)

('Group' or 'the group')

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BASEL III PILLAR 3 DISCLOSURE AS AT 30 SEPTEMBER 2018

This document is prepared in accordance with policy approved by the board of directors and complies both with regulation 43 of the Regulations relating to Banks and with the Basel Committee on Banking Supervision's Pillar 3 disclosure requirements.

It presents information on the Group's capital adequacy, risk-weighted assets (RWA), and leverage and liquidity ratios as at 30 September 2018. The numbers published are representative of the Group's structures, board-approved policies, and risk appetite as at the reporting date. The Group continues to be well capitalised above the minimum regulatory capital requirements and above or within board-approved target capital ranges.

African Rainbow Capital's (ARC) proposed acquisition received all necessary regulatory approvals, and ARC became the sole shareholder in Commonwealth Bank of South Africa, through the bank's controlling company. The acquisition by ARC, which comprises the Group's operations and all related intellectual property was concluded on 1 November 2018. The name of the bank will also be amended, effective 27 November 2018 to Tyme Bank Limited.

Capital Adequacy
OV1: Overview of Risk-weighted assets

R'000	Group			Bank		
	RWA		* MCR	RWA		* MCR
	30-Sep-18	30-Jun-18	30-Sep-18	30-Sep-18	30-Jun-18	30-Sep-18
1 Credit risk (excluding counterparty credit risk)	239 420	330 879	26 635	234 793	309 437	26 121
2 Of which: standardised approach (SA)	239 420	330 879	26 635	234 793	309 437	26 121
6 Counterparty credit risk (CCR)						
11 Equity positions under the simple risk weight approach						
16 Securitisation exposures in the banking book						
20 Market risk	0	19 593	0	0	19 593	0
24 Operational risk	315 423	316 993	35 091	308 128	309 698	34 279
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)	554 843	667 465	61 726	542 921	638 728	60 400

* Minimum capital requirements (MCR) - Base requirement (8%); Pillar 2A add-on (1.50%) & Conservation buffer (1.875%)

KM1: Key metrics (at consolidated group level)

At 30 September 2018

R'000

	Group				
	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	660 343	978 766	599 809	552 978	
2 Tier 1	660 343	978 766	599 809	552 978	
3 Total capital	660 343	978 766	599 809	552 978	
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	554 843	667 466	856 384	919 942	
Risk-based capital ratios as a % of RWA					
5 Common Equity Tier 1 ratio (%)	119.01	146.64	70.04	60.11	
6 Tier 1 ratio (%)	119.01	146.64	70.04	60.11	
7 Total capital ratio (%)	119.01	146.64	70.04	60.11	
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	1.88	1.88	1.88	1.25	
9 Countercyclical buffer requirement (%)	0.00	0.00	0.00	0.00	
10 Bank D-SIB additional requirements (%)	0.00	0.00	0.00	0.00	
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	1.88	1.88	1.88	1.25	
12 CET1 available after meeting the bank's minimum capital requirements (%)	109.14	144.76	60.16	50.86	
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	829 296	1 168 192	769 221	1 040 262	
14 Basel III leverage ratio (%) (row 2/row 13)	79.63	83.78	77.98	53.16	
Liquidity Coverage Ratio					
15 Total HQLA	121 125	94 044	74 207	73 681	
16 Total net cash outflow	0.399	0.138	0.141	0.013	
17 LCR ratio (%)	30 344 685	68 152 505	52 550 062	555 935 687	

Leverage ratio

The leverage ratios for Group and Bank have remained well above the regulatory minimum requirements as at 30 September 2018.

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

At 30 September 2018 R'000	Group		Bank	
	30-Sep-18		30-Sep-18	
1 Total consolidated assets as per published financial statements	1 469 939		1 461 047	
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	640 643		640 643	
8 Leverage ratio exposure measure	829 296		820 404	

LR2: Leverage ratio common disclosure template

At 30 September 2018 R'000	Group		Bank	
	30-Sep-18	30-Jun-18	30-Sep-18	30-Jun-18
On-balance-sheet exposures				
1 On-balance-sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 469 939	1 716 518	1 461 047	1 623 200
2 (Asset amounts deducted in determining Basel III tier 1 capital)	640 643	548 326	640 643	548 326
3 Total on-balance-sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	829 296	1 168 192	820 404	1 074 874
Derivative exposures				
11 Total derivative exposures (sum of rows 4 to 10)				
Securities financing transactions				
16 Total securities financing transaction exposures (sum of rows 12 to 15)				
Other off-balance-sheet exposures				
19 Off-balance-sheet items (sum of rows 17 and 18)				
Capital and total exposures				
20 Tier 1 capital	660 344	978 766	651 840	885 900
21 Total exposures (sum of rows 3, 11, 16 and 19)	829 296	1 168 192	820 404	1 074 874
Leverage ratio				
22 Basel III leverage ratio	79.63	83.78	79.45	82.42

Liquidity Coverage Ratio (LCR)

Group and Bank have maintained an average daily LCR of >1000% for the reporting period to 30 September 2018. The daily average used to calculate the above percentage consisted of 60 data points representative of the number of workings days during the last 3-month period of banking operations. The ratio is currently decreasing, in line with forecasts, as the Bank starts to accept more retail deposits.

LIQ1: Liquidity Coverage Ratio (LCR)

At 30 September 2018
R'000

	Group		Bank	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets				
1 Total HQLA		121 125		121 125
Cash outflows				
2 Retail deposits and deposits from small business customers, of which:	15.967	1.597	15.967	1.597
3 Stable deposits				
4 Less stable deposits	15.967	1.597	15.967	1.597
5 Unsecured wholesale funding, of which:				
9 Secured wholesale funding		0.000		0.000
10 Additional requirements, of which:				
14 Other contractual funding obligations				
15 Other contingent funding obligations	200 000	0	200 000	0
16 TOTAL CASH OUTFLOWS		1.597		1.597
Cash inflows				
17 Secured lending (eg reverse repo)				
18 Inflows from fully performing exposures	555 440	555 440	490 940	490 940
19 Other cash inflows				
20 TOTAL CASH INFLOWS	555 440	555 440	490 940	490 940
		Total adjusted value		Total adjusted value
21 Total HQLA		121 125		121 125
22 Total net cash outflows		0.399		0.399
23 Liquidity coverage ratio (%)		30 344 685		30 344 685