



PILLAR 3 DISCLOSURE  
JUNE 2019

grobank





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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**

Grobank was established in 1947 (formerly known as South African Bank of Athens Limited) and is a 99,93% subsidiary GroCapital Holdings Limited. The parent company's commitment to and close involvement with the Bank provides a solid foundation and supports the bank's strategy of being a niche bank in the food and agriculture value chain.

### **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.

Grobank met the minimum required capital adequacy ratio requirement as at the 30 June 2019 with a total capital adequacy of 17.31% and a Tier 1 capital adequacy of 16.68%, 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

Regulatory Capital and Risk weighted assets – Table 2.1		R'000
		30-Jun-19
Ordinary Share Capital		59,882
Share Premium		583,869
Revaluation Reserves		
<b>Total common equity tier 1 capital and unimpaired reserve funds</b>		<b>643,751</b>
Retained Earnings/(Loss)		(249,152)
Regulatory deductions against primary capital		(86,573)
<b>Total common equity tier 1 capital after regulatory adjustments</b>		<b>308,026</b>
<b>Tier 2 capital</b>		
Portfolio impairment		11,553
<b>Total qualifying capital and reserve funds</b>		
		<b>319,578</b>
<b>Risk Weighted Assets</b>		
		<b>1,845,855</b>
Total Capital adequacy ratio		17.3133%
Tier 1 Capital adequacy ratio		16.6875%

Required capital adequacy ratios and amounts - Table 2.2		30-Jun-19	
	Percentages	Rand amounts (R'000)	
	Common Equity Tier 1	Common Equity Tier 1	
Base minimum (2)	4.5000%	<b>83,063</b>	
Add-on: systemic risk add-on (Pillar 2A)	0.5000%	<b>9,229</b>	
Add-on: countercyclical buffer (5)	0.0025%	<b>46</b>	
Add-on: conservation buffer (6)	2.5000%	<b>46,146</b>	
	<b>8.2525%</b>	<b>152,329</b>	

Composition of risk weighted assets and required regulatory capital- Table 2.3	Composition of Risk Weighted Assets	Base Minimum Required Regulatory Capital
30-Jun-19	R'000	R'000
<b>Risk weighted exposure</b>		
Credit Risk *	1,522,557	137,030
Counter party risk****	43,221	3,890
Operational Risk **	213,875	19,249
Market Risk ***	2,562	231
Other Assets	63,624	5,726
Equity Risk	15	1
<b>Total</b>	<b>1,845,855</b>	<b>166,127</b>

\* 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 GroCapital Holdings, until the next Annual General Meeting.

Capital Structure – Table 2.4	30-Jun-19
	R'000
<b>Authorised</b>	
100 000 000 ordinary shares of R1 each (par value)	100,000
<b>Issued</b>	
Ordinary Share Capital	59,882
<b>Share Premium</b>	
Share Premium	583,869

## COMPOSITION OF CAPITAL DISCLOSURE TEMPLATE

## ANNEXURE A

Name of bank/ controlling company ..... GROBANK LIMITED

Six months ended ..... 2019-06-30

## TEMPLATE CC1: COMPOSITION OF REGULATORY CAPITAL

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from 1 June 2013 to 1 January 2018)		a	b
Common Equity Tier 1 capital: instruments and reserves		Amounts	reference of the balance sheet
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	643,751	(h)
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves) (BA700 line 31 column 1)	-	
6	<b>Common Equity Tier 1 capital before regulatory adjustments (BA700 line 41 column 1)</b>	643,751	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
9	Other intangibles other than mortgage-servicing rights (net related tax liability)	86,573	(b) minus (e)
28	<b>Total regulatory adjustments to Common equity Tier 1 (BA700 lines 42+55+57+58+59+61+63 column 1)</b>	335,725	
29	<b>Common Equity Tier 1 (CET1) (BA700 line 64 column 1)</b>	308,026	
44	<b>Additional Tier 1 capital (AT1) (BA700 line 76 column 1)</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1) (BA700 line 77 column 1)</b>	308,026	
<b>Tier 2 capital and provisions</b>			
50	Provisions (BA700 line 84 column 1)	11,553	
51	<b>Tier 2 capital before regulatory adjustments (BA700 line 78 column 1)</b>	11,553	
<b>Tier 2 capital: regulatory adjustments</b>			
57	<b>Total regulatory adjustments to Tier 2 capital (BA700 line 86 column 1)</b>	-	
58	<b>Tier 2 capital (T2) (BA700 line 87 column 1)</b>	11,553	
59	<b>Total capital (TC = T1 + T2) (BA700 line 88 column 1)</b>	319,579	
60	<b>Total risk weighted assets (BA700 line 6 column 7)</b>	1,845,855	
<b>Capital ratios</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) (BA700 line 18 column 1)	16.69	
62	Tier 1 (as a percentage of risk weighted assets) (BA700 line 18 column 2)	16.69	
63	Total capital (as a percentage of risk weighted assets) (BA700 line 18 column 3)	17.31	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	8.435	
<b>National Minima (if different from Basel 3)</b>			
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum) (BA700 Column 1 (lines 9 + 14 + 15)) Excluding ICR and DSIB	4.50	
70	National Tier 1 minimum ratio (if different from Basel 3 minimum) (BA700 Column 2 (lines 9 + 14 + 15)) Excluding ICR and DSIB	6.00	
71	National total capital minimum ratio (if different from Basel 3 minimum) (BA700 Column 3 (lines 9 + 14 + 15)) Excluding ICR and DSIB	8.00	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	19,400	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	11,553	



**COMPOSITION OF CAPITAL DISCLOSURE TEMPLATE**

**ANNEXURE A**

Name of bank/ controlling company ..... GROBANK LIMITED

Six months ended ..... 2019-06-30

**TEMPLATE CC2: RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET**

in 000's

a	b	c
Balance sheet as in audited financial statements	Under regulatory scope of consolidation	Reference
As @ end of period	As @ end of period	

Assets			
Cash and balances at central banks	123,303		
Items in the course of collection from other banks			
Trading portfolio assets			
Financial assets designated at fair value			
Derivative financial instruments	18,238		
Loans and advances to banks	251,680		
Loans and advances to customers	1,780,534		
Reverse repurchase agreements and other similar secured lending			
Available for sale financial instruments	443,767		
Current and deferred tax assets			
Prepayments, accrued income and other assets	44,266		
Investments in associates and joint ventures			
Other Investments	15		
Goodwill and intangible assets	86,573		
Of which: goodwill			(a)
Of which: other intangibles (excluding MSRs)	86,573		(b)
Of which: MSRs			(c)
Property, plant and equipment	19,358		
<b>Total assets</b>	<b>2,767,734</b>		
Deposits from banks	363,195		
Items in the course of collection due to other banks			
Customer accounts	1,912,371		
Repurchase agreements and other similar secured borrowing			
Trading portfolio liabilities			
Financial liabilities designated at fair value			
Derivative financial instruments	17,409		
Debt securities in issue			
Accruals, deferred income and other liabilities	80,160		
Current and deferred tax liabilities			

Of which: DTLs related to goodwill			(d)
Of which: DTLs related to intangible assets			(e)
Of which: DTLs related to MSRs			(f)
Subordinated liabilities	-		
Provisions			
Retirement benefit liabilities			
<b>Total liabilities</b>	<b>2,373,136</b>		
<b>Shareholder's Equity</b>			
Paid-in share capital	643,751		
Of which: amount eligible for CET1	643,751		(h)
Of which: amount eligible for AT1			(i)
Retained earnings/ (Accumulated losses)	-249,152		
Accumulated and other comprehensive income	0		
<b>Total shareholder's equity</b>	<b>394,599</b>		

## MAIN FEATURES DISCLOSURE TEMPLATE

### ANNEXURE B

Name of bank/ controlling company .....GROBANK LIMITED

Six months ended ..... 2019-06-30

TABLE CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Disclosure template for main features of regulatory capital instruments		Ordinary Share Capital (Including Share Premium)	Subordinated Debt
1	Issuer	GROBANK	
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	
3	Governing law(s) of the instrument	South African Banks Act 1990	
	<b>Regulatory treatment</b>		
4	Transitional Basel III rules	CET1	
5	Post-transitional Basel III rules	CET1	
6	Eligible at solo, group /group & solo	Solo	
7	instrument type (types to be specified by each jurisdiction)	Ordinary Share Capital and Share Premium	
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	ZAR 643million	
9	Par value of instrument	ZAR 1	
10	Accounting classification	Equity attributable to ordinary shares	
11	Original date of issuance	Ongoing	
12	Perpetual or dated	Perpetual	
13	Original maturity date	N/A	
14	Issuer call subject to prior supervisory approval	No	
15	Optional call date, contingent call dates and redemption amount	N/A	
16	Subsequent call date, if applicable	N/A	
	<b>Coupons / dividends</b>		
17	Fixed or floating dividend / coupon	N/A	
18	Coupon rate and any related index	N/A	
19	Existence of a dividend stopper	No	
20	Fully discretionary, partially discretionary or mandatory	Full Discretionary	
21	Existence of step up or other incentive to redeem	No	
22	Noncumulative or cumulative	Non-cumulative	
23	Convertible or non-convertible	Non-convertible	
24	If convertible, conversion trigger (s)	N/A	
25	If convertible, fully or partially	N/A	
26	If convertible, conversion rate	N/A	
27	If convertible, mandatory or optional conversion	N/A	
28	If convertible, specify instrument type convertible into	N/A	
29	If convertible, specify issuer of instrument it converts into	N/A	
30	Write-down feature	N/A	



31	If write-down, write-down trigger (s)	N/A	
32	If write-down, full or partial	N/A	
33	If write-down, permanent or temporary	N/A	
34	If temporary write-down, description of write-up mechanism	N/A	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Basel III Compliant	
36	Non-compliant transitioned features	No	
37	If yes, specify non-compliant features	N/A	

OVERVIEW OF RISK WEIGHTED ASSETS (OV1) DISCLOSURE TEMPLATE

ANNEXURE A

Name of bank/ controlling company ..... GROBANK

Period ended ..... 2019-06-30

	T	T - 90	T - 180	T - 270	T - 360	f	
	a	b	c	d	e		
	RWA					Minimum capital requirements = 8%	
	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Jun-19	
<b>1</b>	<b>Credit risk (excluding counterparty credit risk)</b>	<b>1,586,197</b>	<b>1,507,592</b>	<b>1,492,819</b>	<b>1,520,161</b>	<b>1,478,277</b>	<b>126,896</b>
2	Of which: standardised approach (SA)	1,586,197	1,507,592	1,492,819	1,520,161	1,478,277	126,896
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						
<b>6</b>	<b>Counterparty credit risk (CCR)</b>	<b>43,221</b>	<b>31,040</b>	<b>14,173</b>	<b>13,449</b>	<b>20,951</b>	<b>3,458</b>
7	Of which: standardised approach for counterparty credit risk	43,221	31,040	14,173	13,449	20,951	3,458
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						
<b>16</b>	<b>Securitisation exposures in banking book</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)						
<b>20</b>	<b>Market risk</b>	<b>2,562</b>	<b>2,049</b>	<b>1,327</b>	<b>3,035</b>	<b>304</b>	<b>205</b>
21	Of which: standardised approach (SA)	2,562	2,049	1,327	3,035	304	205
22	Of which: internal model approaches (IMA)						
23	Capital charge for switch between trading book and banking book						
<b>24</b>	<b>Operational risk</b>	<b>213,875</b>	<b>213,875</b>	<b>213,875</b>	<b>215,497</b>	<b>215,497</b>	<b>17,110</b>
25	Amounts below the thresholds for deduction (subject to 250% risk weight)						
26	Floor adjustment						
<b>27</b>	<b>Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26)</b>	<b>1,845,855</b>	<b>1,754,555</b>	<b>1,722,193</b>	<b>1,752,142</b>	<b>1,715,028</b>	<b>147,668</b>

**KEY METRICS DISCLOSURE TEMPLATE**

**ANNEXURE A - KM1**

Name of bank/ controlling company

.....GROBANK

Period ended ..... 2019-06-30

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	Available capital (amounts)	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
1	<b>Common Equity Tier 1 (CET1)</b>	308,026	239,937	206,808	180,473	179,975
1a	Fully loaded ECL accounting model					
2	<b>Tier 1</b>	308,026	239,937	206,808	180,473	179,975
2a	Fully loaded ECL accounting model Tier 1					
3	<b>Total capital</b>	<b>319,579</b>	<b>249,646</b>	<b>246,173</b>	<b>233,781</b>	<b>233,509</b>
3a	Fully loaded ECL accounting model total capital					
	<b>Risk-weighted assets (amounts)</b>					
4	Total risk-weighted assets (RWA)	1,845,855	1,754,555	1,722,193	1,752,142	1,715,028
	<b>Risk-based capital ratios as a percentage of RWA</b>					
5	Common Equity Tier 1 ratio (%)	16.69%	13.68%	12.01%	10.30%	10.49%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	Tier 1 ratio (%)	16.69%	13.68%	12.01%	10.30%	10.49%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	<b>Total capital ratio (%)</b>	<b>17.31%</b>	<b>14.23%</b>	<b>14.29%</b>	<b>13.34%</b>	<b>13.62%</b>
7a	Fully loaded ECL accounting model total capital ratio (%)					
	<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.680%	1.875%	1.875%
9	Countercyclical buffer requirement (%)	0.0025%	0.0025%	0%	0%	0%
10	Bank G-SIB and/or D-SIB additional requirements (%)					
11	<b>Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)</b>	<b>2.503%</b>	<b>2.503%</b>	<b>2.680%</b>	<b>1.875%</b>	<b>1.875%</b>
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.43%	5.42%	3.88%	4.05%	4.24%
	<b>Basel III leverage ratio</b>					
13	Total Basel III leverage ratio exposure measure	2,899,495	2,818,016	3,377,114	2,937,593	2,473,770



14	Basel III leverage ratio (%) (row 2 / row 13)	10.62%	8.51%	6.12%	6.14%	7.28%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13)					
	<b>Liquidity Coverage Ratio</b>					
15	Total HQLA	409,183	513,841	1,195,761	737,164	325,207
16	Total net cash outflow	110,828	114,557	538,824	193,275	97,959
17	LCR ratio (%)	369.21%	448.55%	221.92%	381.41%	331.98%
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	2,119,557	1,825,623	2,049,316	1,869,316	1,621,270
19	Total required stable funding	1,863,736	1,677,079	1,586,076	1,561,172	1,551,176
20	NSFR ratio	113.73%	108.86%	129.21%	119.74%	104.52%

LEVERAGE RATIO DISCLOSURE TEMPLATE

ANNEXURE A

Name of bank/ controlling company ..... GROBANK LIMITED

Period ended ..... 2019-06-30

Annexure A - LR1

Table 1

Summary comparison of accounting assets vs leverage ratio exposure measure		Jun-19	Mar-19
	Item	R'000	R'000
1	Total consolidated assets as per published financial statements	2,790,764	2,775,512
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	14,342	10,009
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)		
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	203,991	143,778
7	Other adjustments	(86,573)	(85,338)
8	<b>Leverage ratio exposure</b>	<b>2,922,525</b>	<b>2,843,961</b>



Table 2

Leverage ratio common disclosure template - LR2		Leverage ratio framework	
		Jun-19	Mar-19
Item		R'000	R'000
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,749,496	2,735,672
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(86,573)	(85,338)
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>2,662,924</b>	<b>2,650,334</b>
<b>Derivative exposures</b>			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	18,238	13,896
5	Add-on amounts for PFE associated with all derivatives transactions	14,342	10,009
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>32,580</b>	<b>23,904</b>
<b>Securities financing transaction exposures</b>			
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	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	357,631	295,017
18	(Adjustments for conversion to credit equivalent amounts)	(153,640)	(151,239)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>203,991</b>	<b>143,778</b>
<b>Capital and total exposures</b>			
20	Tier 1 capital	308,026	239,937
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>2,899,495</b>	<b>2,818,016</b>
<b>Leverage ratio</b>			
22	Basel III leverage ratio	10.62%	8.51%

3. Credit risk

CREDIT QUALITY OF ASSETS DISCLOSURE TEMPLATE

ANNEXURE A - CR1

Name of bank/ controlling company ..... GROBANK LIMITED

Period ended ..... 2019-06-30

		a	b	c	d	e	f	g
		Gross carrying values of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
1	Loans	125,452	1,689,665	34,583	23,030	11,553		1,780,534
2	Debt Securities		443,767					443,767
3	Off-balance sheet exposures		354,970					354,970
4	<b>Total</b>	<b>125,452</b>	<b>2,488,402</b>	<b>34,583</b>	<b>23,030</b>	<b>11,553</b>	<b>-</b>	<b>2,579,271</b>



CREDIT QUALITY OF ASSETS DISCLOSURE TEMPLATE

ANNEXURE B - CR2

Name of bank/ controlling company ..... GROBANK LIMITED

Period ended ..... 2019-06-30

		Jun-19
1	Defaulted loans and debt securities at end of the previous reporting period	122,747
2	Loans and debt securities that have defaulted since the last reporting period	25,006
3	Returned to non-defaulted status	-
4	Amounts written off	8,208
5	Other changes (Settlement of loans and advances)	14,092
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	125,452



CREDIT MITIGATION DISCLOSURE TEMPLATE  
ANNEXURE C - CR3

Name of bank/ controlling company .....

GROBANK  
LIMITED

Period ended ..... 2019-06-30

		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	74,161	1,740,956	1,740,956				
2	Debt securities							
3	Total	74,161	1,740,956	1,740,956	-	-	-	-
4	Of which defaulted	23,030	102,422	102,422				

STANDARDISED APPROACH : CREDIT RISK EXPOSURE AND CREDIT RISK  
MITIGATION (CRM) - DISCLOSURE TEMPLATE

ANNEXURE D - CR4

Name of bank/ controlling company ..... GROBANK LIMITED

Period ended ..... 2019-06-30

No.	Asset classes	a Exposures before CCF and CRM		c Exposures post-CCF and CRM		e RWA and RWA density	
		b On-balance sheet amount	d Off-balance sheet amount	On-balance sheet amount <sup>2</sup>	Off-balance sheet amount <sup>3</sup>	RWA	RWA density
1	Sovereigns and their central banks	443,767		443,767			0.00%
2	Non-central government public sector entities						
3	Multilateral development banks						
4	Banks	196,616		196,616		47,149	23.98%
5	Securities firms						
6	Corporates	67,294	67,674	65,997	36,216	102,213	100.00%
7	Regulatory retail portfolios	318,397	110,860	301,339	43,219	333,611	96.82%
8	Secured by residential property	714,555	44,596	736,853	-	260,463	35.35%
9	Secured by commercial real estate	589,419	131,840	630,113	36,548	666,661	100.00%
10	Equity						
11	Past-due loans	125,452		102,422		112,461	109.80%
12	Higher-risk categories						
13	Other assets						
14	<b>Total</b>	<b>2,455,500</b>	<b>354,970</b>	<b>2,477,107</b>	<b>115,983</b>	<b>1,522,557</b>	<b>58.72%</b>

STANDARDISED APPROACH: EXPOSURE BY ASSET CLASSES AND RISK WEIGHTS - DISCLOSURE  
 TEMPLATE  
 ANNEXURE E - CR5

Name of bank/ controlling company

GROBANK  
 LIMITED

Period ended

2019-06-30

Asset classes	Risk weight									Total credit exposures amount (post CCF and post-CRM)
	0%	10%	20%	35%	50%	75%	100%	150%		
1 Sovereigns and their central banks	443,767									443,767
2 Non-central government public sector entities (PSEs)										
3 Multilateral development banks (MDBs)										
4 Banks			173,312		22,469			-	835	196,616
5 Securities firms										
6 Corporates							102,213			102,213
7 Regulatory retail portfolios						43,790		300,768		344,558
8 Secured by residential property				663,021		63,563		10,270		736,853
9 Secured by commercial real estate							666,661			666,661
10 Equity										
11 Past-due loans					16,717			48,912	36,794	102,422
12 Higher-risk categories										
13 Other assets										-
14 Total	443,767	-	173,312	663,021	39,186	107,353	1,128,823	37,629		2,593,090

#### 4. 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 set at 100% for 2019.

Liquidity Coverage Ratio – Table 2.1

	R'000
	30-Jun-2019
High Quality Liquid Assets	552,295
Net Cash Outflows	107,681
Minimum Required Liquidity Coverage Ratio	100%
<b>Actual Liquidity Coverage Ratio</b>	<b>512.90%</b>

**LIQUIDITY COVERAGE RATIO (LCR) DISCLOSURE TEMPLATE**

**ANNEXURE A - LIQ1**

Name of bank/ controlling company ..... GROBANK LIMITED

Period ended ..... 2019-06-30

		a	b
		Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>			
1	Total HQLA	399,889	409,183
<b>Cash outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>		
3	Stable deposits		
4	Less stable deposits	618,575	61,858
5	<b>Unsecured wholesale funding, of which:</b>		
6	Operational deposits (all counter-parties) and deposits in networks of cooperative banks		
7	Non-operational deposits ( all counter-parties)	559,255	357,820
8	Unsecured debt		
9	<b>Secured wholesale funding</b>		
10	<b>Additional requirements, of which:</b>		
11	Outflows related to derivative exposures and other collateral requirements		
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	219,104	15,818
14	<b>Other contractual funding obligations</b>	-	-
15	<b>Other contingent funding obligations</b>	156,309	7,815
16	<b>TOTAL CASH OUTFLOWS</b>	<b>1,553,243</b>	<b>443,311</b>
17	Secured lending (e.g. reverse repos)		
18	Inflows from fully performing exposures	773,434	759,418
19	Other cash inflows	3,802	380
20	<b>TOTAL CASH INFLOWS</b>	<b>777,236</b>	<b>759,799</b>
			<b>Total adjusted value</b>
21	<b>Total HQLA</b>		<b>409,183</b>
22	<b>Total net cash outflows</b>		<b>110,828</b>
23	<b>Liquidity Coverage Ratio (%)</b>		<b>369.21%</b>

\* 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 ..... GROBANK

Period ended ..... 2019-06-30

	(In currency amount)	Unweighted value by residential maturity			Weighted value
		< 6 months	≥ 6 months to < 1 year	≥1 year	
	<b>Available stable funding (ASF) item</b>				
1	<b>Capital:</b>				
2	Regulatory capital			655,304	655,304
3	Other capital instruments				
4	<b>Retail deposits and deposits from small business customers</b>				
5	Stable deposits				
6	Less stable deposits	927,495	84,911	-	911,165
7	<b>Wholesale funding:</b>				
8	Operational deposits				
9	Other wholesale funding	924,823	338,338	-	540,576
10	<b>Liabilities with matching interdependent assets</b>				
11	<b>Other liabilities</b>				
12	NSFR derivative liabilities			17,409	-
13	All other liabilities and equity not included in the above categories	63,535	6,138	9,444	12,512
14	<b>TOTAL ASF</b>				<b>2,119,557</b>

	(In currency amount)	Unweighted value by residential maturity			Weighted value
		< 6 months	≥ 6 months to < 1 year	≥1 year	
	<b>Required stable funding (RSF) item</b>				
<b>15</b>	<b>Total NSFR High-quality liquid assets (HQLA)</b>	<b>567,070</b>			<b>34,752</b>
16	Deposits held with other financial institutions for operational purposes				
<b>17</b>	<b>Performing loans and securities:</b>	<b>337,539</b>	<b>89,766</b>	<b>1,313,558</b>	<b>1,106,188</b>
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	251,680			37,752
<b>20</b>	<b>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs of which:</b>	<b>74,224</b>	<b>72,649</b>	<b>634,050</b>	<b>612,379</b>
21	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk				
<b>22</b>	<b>Performing residential mortgages, of which:</b>	<b>11,635</b>	<b>17,117</b>	<b>679,508</b>	<b>456,056</b>
23	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk	11,635	17,117	679,508	456,056
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities				
<b>25</b>	<b>Assets with matching interdependent liabilities</b>				
<b>26</b>	<b>Other assets:</b>	-	-	<b>735,626</b>	<b>702,548</b>
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			35,647	2,570
30	NSFR derivative liabilities before deduction of variation margin posted				
31	All other assets not included in above categories			699,978	699,978
<b>32</b>	<b>Off-balance sheet items</b>				<b>20,248</b>
<b>33</b>	<b>TOTAL RSF</b>				<b>1,863,736</b>
<b>34</b>	<b>NET STABLE FUNDING RATIO %</b>				<b>113.73%</b>

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