



PILLAR 3 DISCLOSURES

SEPTEMBER 2019

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Capital Management

GroCapital Holdings 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 shareholders, until the next Annual General Meeting.

Capital Structure – Table 2.1		Sep-19
Group		R'000
Authorised		
1 000 000 ordinary shares of R1 each (par value)		1,000
Issued		
Ordinary Share Capital		149
Share Premium		
Share Premium		560,123

The Group'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 Grouping industry in which the Group operates
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by The South African Reserve Group, for supervisory purposes.

The required information is filed with The South African Reserve Group on a monthly and quarterly basis. The Group maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with The South African Reserve Group which takes into account the risk profile of the Group. The regulatory capital requirements are strictly observed when managing capital.

The Group's regulatory capital comprises two tiers:

- Tier 1 capital: share capital, share premium. The book value of goodwill and intangible assets is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: collective impairment allowances.

Shortfalls of value adjustments and provisions as compared to expected losses are deducted from Tier 1 and Tier 2 capital to calculate regulatory capital.

"The risk-weighted assets are measured using the 'standardised approach' (SA) for credit risk. Risk weights are assigned to assets and off balance sheet items according to their asset class and credit assessment. For the determination of credit assessments the Fitch rating agency is nominated. Any eligible collateral and netting agreements are taken into account for calculating risk-weighted assets"

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended 30 Sep 2019.

Regulatory Capital and Risk weighted assets – Table 2.2

	R'000
	30-Sep-19
Ordinary Share Capital	149
Share Premium	560,123
Revaluation Reserves	
Total common equity tier 1 capital and unimpaired reserve funds	560,273
Minority Interest held	286
Regulatory deductions against primary capital	(207,400)
Total common equity tier 1 capital after regulatory adjustments	353,159
Tier 2 capital	
Portfolio impairment	13,274
Total qualifying capital and reserve funds	366,431
Risk Weighted Assets	2,080,008
Total Capital adequacy ratio	17.6169%
Tier 1 Capital adequacy ratio	16.9787%

Required capital adequacy ratios and amounts - Table 2.3

	30-Sep-19	
	Percentages	Rand amounts (R'000)
	Common Equity Tier 1	Common Equity Tier 1
Base minimum (2)	4.50%	93,600
Add-on: systemic risk add-on (Pillar 2A)	0.50%	10,400
Add-on: idiosyncratic requirement specified by the Registrar (3)	0.75%	15,600
Add-on: countercyclical buffer (5)	0.0025%	52
Add-on: conservation buffer (6)	2.500%	52,000
	8.2525%	171,652

Composition of risk weighted assets and required regulatory capital- Table 2.4

30-Sep-19		
Risk weighted exposure	Composition of Risk Weighted Assets	Base Minimum Required Regulatory Capital
	R'000	R'000
Credit Risk *	1,735,144	156,163
Counter party risk****	64,189	5,777
Operational Risk **	213,875	19,249
Market Risk ***	1,609	145
Other risks	65,177	5,866
Equity Risk	15	1
Total	2,080,008	187,201

RISK WEIGHTED ASSETS DISCLOSURE TEMPLATE
ANNEXURE A

 Name of bank/ controlling company **GroCapital Holdings (Group)**

Period ended 2019-09-30

		T	T - 90	T - 180	d
		a	b	c	
		RWA			Minimum capital requirements = 8%
		Sep-19	Jun-19	Mar-19	Sep-19
1	Credit risk (excluding counterparty credit risk)	1,800,336	1,586,452	1,508,146	144,027
2	Of which: standardised approach (SA)	1,800,336	1,586,452	1,508,146	144,027
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)	64,189	43,221	31,040	5,135
7	Of which: standardised approach for counterparty credit risk	64,189	43,221	31,040	5,135
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	-	-	-	-
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	1,609	2,562	2,049	129
21	Of which: standardised approach (SA)	1,609	2,562	2,049	129
22	Of which: internal model approaches (IMA)				
23	Capital charge for switch between trading book and banking book				
24	Operational risk	213,875	213,875	213,875	17,110
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)	2,080,008	1,846,110	1,755,109	166,401

KEY METRICS DISCLOSURE TEMPLATE
ANNEXURE A - KM1

 Name of bank/ controlling company **GroCapital Holdings (Group)**

 Period ended **2019-09-30**

		a	b	c	d
		T	T-1	T-2	T-3
		Sep-19	Jun-19	Mar-19	Dec-18
	Available capital (amounts)				
1	Common Equity Tier 1 (CET1)	353,159	375,913	306,611	321,983
1a	Fully loaded ECL accounting model				
2	Tier 1	353,159	375,913	306,611	321,983
2a	Fully loaded ECL accounting model Tier 1				
3	Total capital	366,432	387,465	316,320	331,347
3a	Fully loaded ECL accounting model total capital				
	Risk-weighted assets (amounts)				
4	Total risk-weighted assets (RWA)	2,080,008	1,846,110	1,755,109	1,725,147
	Risk-based capital ratios as a percentage of RWA				
5	Common Equity Tier 1 ratio (%)	16.98%	20.36%	17.47%	18.66%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)				
6	Tier 1 ratio (%)	16.98%	20.36%	17.47%	18.66%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)				
7	Total capital ratio (%)	17.62%	20.99%	18.02%	19.21%
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%	1.875%
9	Countercyclical buffer requirement (%)	0.0025%	0.0025%	0.0025%	
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%	1.875%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.73%	12.11%	9.22%	10.54%
	Basel III leverage ratio				
13	Total Basel III leverage ratio exposure measure	3,044,447	2,899,751	2,818,571	3,377,924
14	Basel III leverage ratio (%) (row 2 / row 13)	11.60%	12.96%	10.88%	9.53%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13)	0.00%	0.00%	0.00%	0.00%
	Liquidity Coverage Ratio				
15	Total HQLA	258,400	409,183	513,841	1,195,761
16	Total net cash outflow	104,273	110,828	114,557	538,824
17	LCR ratio (%)	247.81%	369.21%	448.55%	221.92%
	Net Stable Funding Ratio				
18	Total available stable funding	2,214,460	2,119,557	1,825,623	2,049,316
19	Total required stable funding	2,058,535	1,863,736	1,677,079	1,586,076
20	NSFR ratio	107.57%	113.73%	108.86%	129.21%

LEVERAGE RATIO DISCLOSURE TEMPLATE**LR 1 & LR 2**Name of bank/ controlling company **GroCapital Holdings (Group)**

Period ended 2019-09-30

Annexure A - LR1**Table****1**

Summary comparison of accounting assets vs leverage ratio exposure measure		Sep-19	Jun-19
	Item	R'000	R'000
1	Total consolidated assets as per published financial statements	2,978,243	2,826,908
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	21,130	14,342
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)	169,838	203,991
7	Other adjustments	(124,764)	(122,461)
8	Leverage ratio exposure	3,044,447	2,922,781

Table 2

Leverage ratio common disclosure template		Leverage ratio framework	
		Sep-19	Jun-19
Item		R'000	R'000
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,950,476	2,785,640
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(124,764)	(122,461)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2,825,712	2,663,179
Derivative exposures			
4	Replacement-cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	27,767	18,238
5	Add-on amounts for PFE associated with all derivatives transactions	21,130	14,342
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)	48,897	32,580
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	336,684	357,631
18	(Adjustments for conversion to credit equivalent amounts)	(166,846)	(153,640)
19	Off-balance sheet items (sum of lines 17 and 18)	169,838	203,991
Capital and total exposures			
20	Tier 1 capital	353,159	375,913
21	Total exposures (sum of lines 3, 11, 16 and 19)	3,044,447	2,899,751
Leverage ratio			
22	Basel III leverage ratio	11.60%	12.96%