



PILLAR 3 DISCLOSURES

JUNE 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		Jun-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 Jun 2019.

Regulatory Capital and Risk weighted assets – Table 2.2

	R'000
	30-Jun-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	(184,646)
Total common equity tier 1 capital after regulatory adjustments	375,913
Tier 2 capital	
Portfolio impairment	11,553
Long-term debt instrument (Debentures)	
Total qualifying capital and reserve funds	387,464
Risk Weighted Assets	1,846,110
Total Capital adequacy ratio	20.9882%
Tier 1 Capital adequacy ratio	20.3624%

Required capital adequacy ratios and amounts - Table 2.3

	30-Jun-19	
	Percentages	Rand amounts (R'000)
	Common Equity Tier 1	Common Equity Tier 1
Base minimum (2)	4.50%	83,075
Add-on: systemic risk add-on (Pillar 2A)	0.50%	9,231
Add-on: idiosyncratic requirement specified by the Registrar (3)	0.75%	13,846
Add-on: countercyclical buffer (5)	0.0025%	46
Add-on: conservation buffer (6)	2.500%	46,153
	8.2525%	152,350

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

Risk weighted exposure	30-Jun-19	
	Composition of Risk Weighted Assets	Base Minimum Required Regulatory Capital
	R'000	R'000
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 risks	63,880	5,749
Equity Risk	15	1
Total	1,846,110	166,150

RISK WEIGHTED ASSETS DISCLOSURE TEMPLATE

ANNEXURE A

Name of bank/ controlling company GroCapital Holdings (Group)

Period ended 2019-06-30

		T	d
		a	
		RWA	Minimum capital requirements = 8%
		Jun-19	Jun-19
1	Credit risk (excluding counterparty credit risk)	1,586,452	126,916
2	Of which: standardised approach (SA)	1,586,452	126,916
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)	43,221	3,458
7	Of which: standardised approach for counterparty credit risk	43,221	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		
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	2,562	205
21	Of which: standardised approach (SA)	2,562	205
22	Of which: internal model approaches (IMA)		
23	Capital charge for switch between trading book and banking book		
24	Operational risk	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)	1,846,110	147,689

COMPOSITION OF CAPITAL DISCLOSURE TEMPLATE

ANNEXURE A

Name of bank/ controlling company Grocapital Holdings Limited

(Group)

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		a	b
Common Equity Tier 1 capital: instruments and reserves		Amounts	reference
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	560,273	(h)
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves) (BA700 line 31 column 1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments (BA700 line 41 column 1)	560,559	
Common Equity Tier 1 capital: regulatory adjustments			
9	Other intangibles other than mortgage-servicing rights (net related tax liability)	86,573	(b) minus (e)
28	Total regulatory adjustments to Common equity Tier 1 (BA700 lines 42+55+57+58+59+61+63 column 1)	184,646	
29	Common Equity Tier 1 (CET1) (BA700 line 64 column 1)	375,913	
44	Additional Tier 1 capital (AT1) (BA700 line 76 column 1)	-	
45	Tier 1 capital (T1 = CET1 + AT1) (BA700 line 77 column 1)	375,913	
Tier 2 capital and provisions			
50	Provisions (BA700 line 84 column 1)	11,553	
51	Tier 2 capital before regulatory adjustments (BA700 line 78 column 1)	11,553	
Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital (BA700 line 86 column 1)	-	
58	Tier 2 capital (T2) (BA700 line 87 column 1)	11,553	
59	Total capital (TC = T1 + T2) (BA700 line 88 column 1)	387,465	
60	Total risk weighted assets (BA700 line 6 column 7)	1,846,110	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) (BA700 line 18 column 1)	20.36%	
62	Tier 1 (as a percentage of risk weighted assets) (BA700 line 18 column 2)	20.36%	
63	Total capital (as a percentage of risk weighted assets) (BA700 line 18 column 3)	20.99%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	12.11%	
National Minima (if different from Basel 3)			
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%	
Applicable caps 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)	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 Grocapital Holdings Limited (Group)

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	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	18,238	
Loans and advances to banks	251,680	251,680	
Loans and advances to customers	1,780,534	1,780,534	
Reverse repurchase agreements and other similar secured lending			
Available for sale financial instruments	443,767	443,767	
Current and deferred tax assets			
Prepayments, accrued income and other assets	44,266	44,522	
Investments in associates and joint ventures			
Other Investments	15	15	
Goodwill and intangible assets	86,573	122,461	
Of which: goodwill		35,888	(a)
Of which: other intangibles (excluding MSRs)	86,573	86,573	(b)
Of which: MSRs			(c)
Property, plant and equipment	19,358	19,358	
Total assets	2,767,734	2,803,878	

	a	b	c
	Balance sheet as in audited financial statements	Under regulatory scope of consolidation	Reference
	As @ end of period	As @ end of period	
Deposits from banks	364,223	364,223	
Items in the course of collection due to other banks		266,228	
Customer accounts	1,911,343	1,561,101	
Repurchase agreements and other similar secured borrowing			
Trading portfolio liabilities			
Financial liabilities designated at fair value			
Derivative financial instruments	17,409	17,409	
Debt securities in issue			
Accruals, deferred income and other liabilities	80,160	96,543	
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			
Total liabilities	2,373,136	2,305,505	
Shareholder's Equity			
Paid-in share capital	643,751	560,273	
Of which: amount eligible for CET1	643,751	560,273	(h)
Of which: amount eligible for AT1			(i)
Retained earnings / (Accumulated losses)	(249,152)	(62,185)	
Accumulated and other comprehensive income	-	286	
Total shareholder's equity	394,599	498,374	

MAIN FEATURES DISCLOSURE TEMPLATE

ANNEXURE B

Name of bank/ controlling company **Grocapital Holdings Limited (Group)**

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)
1	Issuer	GroCapital Holdings
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
Regulatory treatment		
4	Transitional Basel III rules	CET1
5	Post-transitional Basel III rules	CET1
6	Eligible at solo, group/group & solo	Group
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 498million
9	Par value of instrument	ZAR 1
10	Accounting classification	Equity attributable to ordinary shares
11	Original date of issuance	On-going
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
Coupons / dividends		
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

KEY METRICS DISCLOSURE TEMPLATE

ANNEXURE A - KM1

Name of bank/ controlling company GroCapital Holdings (Group)

Period ended 2019-06-30

		a	b	c
		T	T-1	T-2
		Jun-19	Mar-19	Dec-18
	Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	375,913	306,611	321,983
1a	Fully loaded ECL accounting model			
2	Tier 1	375,913	306,611	321,983
2a	Fully loaded ECL accounting model Tier 1			
3	Total capital	387,465	316,320	331,347
3a	Fully loaded ECL accounting model total capital			
	Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	1,846,110	1,755,109	1,725,147
	Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	20.36%	17.47%	18.66%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)			
6	Tier 1 ratio (%)	20.36%	17.47%	18.66%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)			
7	Total capital ratio (%)	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) (%)	2.500%	2.500%	1.875%
9	Countercyclical buffer requirement (%)	0.0025%	0.0025%	0.000%
10	Bank G-SIB and/or D-SIB additional requirements (%)			
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.503%	2.503%	1.875%
12	CET1 available after meeting the bank's minimum capital requirements (%)	12.11%	9.22%	10.54%
	Basel III leverage ratio			
13	Total Basel III leverage ratio exposure measure	2,899,751	2,818,571	3,377,924
14	Basel III leverage ratio (%) (row 2 / row 13)	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%
	Liquidity Coverage Ratio			
15	Total HQLA	409,183	513,841	1,195,761
16	Total net cash outflow	110,828	114,557	538,824
17	LCR ratio (%)	369.21%	448.55%	221.92%
	Net Stable Funding Ratio			
18	Total available stable funding	2,119,557	1,825,623	2,049,316
19	Total required stable funding	1,863,736	1,677,079	1,586,076
20	NSFR ratio	113.73%	108.86%	129.21%

Credit risk

CREDIT QUALITY OF ASSETS DISCLOSURE TEMPLATE

ANNEXURE A - CR1

Name of bank/ controlling company GroCapital Holdings (Group)

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	Total	125,452	2,488,402	34,583	23,030	11,553	-	2,579,271

CREDIT QUALITY OF ASSETS DISCLOSURE TEMPLATE
ANNEXURE B - CR2

Name of bank/ controlling company GroCapital Holdings (Group)

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 GroCapital Holdings (Group)

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 GroCapital Holdings
(Group)

Period ended 2019-06-30

No.	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount ²	Off-balance sheet amount ³	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	Total	2,455,500	354,970	2,477,107	115,983	1,522,557	58.72%

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

ANNEXURE E - CR5

Name of bank/ controlling companyGroCapital Holdings (Group)

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%		
Sovereigns and their central banks	443,767									443,767
Non-central government public sector entities (PSEs)										
Multilateral development banks (MDBs)										
Banks			173,312		22,469		-	835		196,616
Securities firms										
Corporates							102,213			102,213
Regulatory retail portfolios						43,790	300,768			344,558
Secured by residential property				663,021		63,563	10,270			736,853
Secured by commercial real estate							666,661			666,661
Equity										
Past-due loans					16,717		48,912	36,794		102,422
Higher-risk categories										
Other assets										-
Total	443,767	-	173,312	663,021	39,186	107,353	1,128,823	37,629		2,593,090

LEVERAGE RATIO DISCLOSURE TEMPLATE**LR 1 & LR 2**

Name of bank/ controlling company GroCapital Holdings (Group)

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	2,826,908	2,811,954
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	(122,461)	(121,226)
8	Leverage ratio exposure	2,922,781	2,844,515

Annexure A - LR2

Table 2

Leverage ratio common disclosure template		Leverage ratio framework	
		Jun-19	Mar-19
Item		R'000	R'000
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,785,640	2,772,114
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(122,461)	(121,226)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2,663,179	2,650,888
Derivative exposures			
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	Total derivative exposures (sum of lines 4 to 10)	32,580	23,904
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	357,631	295,017
18	(Adjustments for conversion to credit equivalent amounts)	(153,640)	(151,239)
19	Off-balance sheet items (sum of lines 17 and 18)	203,991	143,778
Capital and total exposures			
20	Tier 1 capital	375,913	306,611
21	Total exposures (sum of lines 3, 11, 16 and 19)	2,899,751	2,818,571
Leverage ratio			
22	Basel III leverage ratio	12.96%	10.88%