



CAPITAL ADEQUACY

Capital Management

"The bank's objectives when managing capital, which is a broader concept than the 'equity' on statement of financial position, are to:

- Comply with the capital requirements set by the regulators of the banking markets the entity operates;
- Safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- Maintain a strong capital base to support the development of its business.

Other reserves and portion of general provisions relating to Instalment loans were excluded from capital adequacy ratio calculation."

Common Equity Tier I Capital: instruments and reserves		Tier II Capital: regulatory adjustments	
Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	230,000.00	Investments in own Tier II instruments	-
Retained earnings	76,362	Reciprocal cross-holdings in Tier II instruments	-
Accumulated other comprehensive income (and other reserves)	-	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold).	-
Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)	-	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	-
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL)	-	National specific regulatory adjustments	-
Common Equity Tier I capital before regulatory adjustments	306,362	Total regulatory adjustments to Tier II capital	-
Common Equity Tier I capital: regulatory adjustments		Tier II capital (T2)	161,592
Prudential valuation adjustments	-	Total capital (TC = T1 + T2)	467,954
Goodwill (net of related tax liability)	-	Total risk-weighted assets	2,707,861
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	Capital ratios and buffers	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	Common Equity Tier I (as a percentage of risk weighted assets)	11.31%
Cash-flow hedge reserve	-	Tier I (as a percentage of risk-weighted assets)	11.31%
Shortfall of provisions to expected losses	-	Total capital (as a percentage of risk weighted assets)	17.28%
Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	Institution specific buffer requirement (minimum CET1 CAPITAL requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	of which: capital conservation buffer requirement	2.5%
Defined-benefit pension fund net assets	-	of which: bank specific countercyclical buffer requirement	-
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	of which: G-SIB buffer requirement	-
Reciprocal cross-holdings in common equity	-	Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets)	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	National Common Equity Tier I minimum ratio (if different from Basel III minimum)	10%
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	National Tier I minimum ratio (if different from Basel III minimum)	10%
Mortgage servicing rights (amount above 10% threshold)	-	National total capital minimum ratio (if different from Basel III minimum)	15%
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	Amounts below the thresholds for deduction (before risk-weighting)	
Amount exceeding the 15% threshold	-	Non-significant investments in the capital of other financials	-
of which: significant investments in the common stock of financials	-	Significant investments in the common stock of financials	-
of which: mortgage servicing rights	-	Mortgage servicing rights (net of related tax liability)	-
of which: deferred tax assets arising from temporary differences	-	Deferred tax assets arising from temporary differences (net of related tax liability)	-
National specific regulatory adjustments	-	Applicable caps on the inclusion of provisions in Tier II	-
Regulatory adjustments applied to Common Equity Tier I due to insufficient Additional Tier I and Tier II to cover deductions	-	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)	21,592.00
Total regulatory adjustments to Common equity Tier I	-	Cap on inclusion of provisions in Tier II under standardised approach	-
Common Equity Tier I capital (CET1 CAPITAL)	306,362	Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Additional Tier I capital: instruments		Cap for inclusion of provisions in Tier II under internal ratings-based approach	-
Directly issued qualifying Additional Tier I instruments plus related stock surplus	-	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)	
of which: classified as equity under applicable accounting standards	-	Current cap on CET1 CAPITAL instruments subject to phase out arrangements	40,000.00
of which: classified as liabilities under applicable accounting standards	-	Amount excluded from CET1 CAPITAL due to cap (excess over cap after redemptions and maturities)	-
Directly issued capital instruments subject to phase out from Additional Tier I	-	Current cap on AT1 instruments subject to phase out arrangements	-
Additional Tier I instruments (and CET1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
of which: instruments issued by subsidiaries subject to phase out	-	Current cap on T2 instruments subject to phase out arrangements	-
Additional Tier I capital before regulatory adjustments	-	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-
Additional Tier I capital: regulatory adjustments		Capital Requirements for credit risk	
Investments in own Additional Tier I instruments	-	Risk weighted assets	2,539,039
Reciprocal cross-holdings in Additional Tier I instruments	-	Capital required	380,856
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	Capital Requirements for market risk	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	Risk weighted assets	17,428
National specific regulatory adjustments	-	Capital required	2,614
Regulatory adjustments applied to Additional Tier I due to insufficient Tier II to cover deductions	-	Capital Requirements for operational risk	
Total regulatory adjustments to Additional Tier I capital	-	Risk weighted assets	151,394
Additional Tier I capital (AT1)	-	Capital required	22,709
Tier I capital (T1 = CET1 CAPITAL + AT1)	306,362	Total Capital Ratio	
Tier II capital: instruments and provisions		Tier I Capital	306,362
Directly issued qualifying Tier II instruments plus related stock surplus	100,000	Tier II Capital	161,593
Directly issued capital instruments subject to phase out from Tier II	40,000	Total Capital	467,955
Tier II instruments (and CET1 CAPITAL and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier II)	-	Total Risk weighted assets	2,707,861
of which: instruments issued by subsidiaries subject to phase out	-	Total Capital Ratio	17.28%
Unpublished profits	-	Tier 1 Capital Ratio	
Provisions	21,592	Tier I Capital	306,362
Tier II capital before regulatory adjustments	161,592	Total Risk weighted assets	2,707,861
		Tier I Capital Ratio	11.31%


S A Coetzee
Managing Director


PCG Collins
Chairman