

BIDVEST BANK LIMITED
RISK MANAGEMENT REPORT
as at 31 December 2010



Risk Management Report

Introduction and overview

Bidvest Bank (the Bank) has exposure to the following major risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks
- reputational risk

This report presents information about the Bank's exposure to each of the above-mentioned risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The board of directors of the Bank (the Board) has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Risk and Capital Management Committee, Asset and Liability Committee, and Credit Committee, which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. The Risk and Capital Management Committee comprises non-executive directors, and executives attend by invitation. The Asset and Liability Committee and the Credit Committee each have a non-executive chairman and executives as members.

In addition, an Operational Risk Committee comprises executive members from key business areas in the Bank, and reports quarterly to the Risk and Capital Management Committee.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in strategy and products and services offered. The Bank, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Risk and Capital Management Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee assesses the appropriateness of risk-related provisions.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers.

Management of credit risk

The Board has delegated responsibility for the management of credit risk to its Credit Committee, which is chaired by a non-executive director. The Credit Committee assesses counterparty credit risk by reviewing published financial statements which are available to the public. A separate Credit Department is responsible for oversight of the Bank's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure for the approval and renewal of credit facilities.* All facilities require approval by the Head of Credit, Credit Committee or the Board according to authorisation limits.
- *Reviewing and assessing credit risk.* The Credit Department assesses all credit exposures prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure* to counterparties, geographies, products and industries.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Credit Committee on the credit quality of portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk.

Risk Management Report

Exposure to credit risk

	Gross maximum exposure		Loans and advances		Other financial assets	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<i>Individually impaired</i>						
Gross amount						
Exceptional credit quality	-	-	-	-	-	-
Good credit quality	-	-	-	-	-	-
Average credit quality	689	1 588	689	1 588	-	-
Deteriorated credit quality	1 010	1 504	1 010	1 504	-	-
Unrated	-	44	-	44	-	-
Total	1 699	3 136	1 699	3 136	-	-
Allowance for impairment	(1 127)	(1 243)	(1 127)	(1 243)	-	-
Carrying amount	572	1 893	572	1 893	-	-
<i>Loans and advances collectively impaired</i>						
Gross amount						
Exceptional credit quality	-	31 663	-	31 663	-	-
Good credit quality	57 771	55 689	57 771	55 689	-	-
Average credit quality	105 556	84 974	105 556	84 974	-	-
Deteriorated credit quality	17 468	12 848	17 468	12 848	-	-
Unrated	-	15 860	-	15 860	-	-
Total	180 795	201 034	180 795	201 034	-	-
Allowance for impairment	(4 624)	(6 939)	(4 624)	(6 939)	-	-
Carrying amount	176 171	194 095	176 171	194 095	-	-
<i>Neither past due nor impaired</i>						
Gross amount						
Exceptional credit quality	253 891	502 311	109 604	306 742	144 287	195 569
Exceptional credit quality (banks)	535 056	639 259	8 637	18 333	526 419	620 926
Good credit quality	462 933	129 354	153 244	9 284	309 689	120 070
Average credit quality	7 272	94 109	7 272	94 109	-	-
Carrying amount	1 259 152	1 365 033	278 757	428 468	980 395	936 565
Total carrying amount	1 435 895	1 561 021	455 500	624 456	980 395	936 565
Less financial instruments not exposed to credit risk	(144 287)	(195 569)				
1 291 608	1 365 452					
Represented by the following statement of financial position items:						
Balance with banks	526 419	620 926				
Derivative financial assets	74 174	28 695				
Loans and advances	455 500	624 456				
Investment securities	66 895	58 874				
Other assets	168 620	32 501				
1 291 608	1 365 452					

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The maximum exposure to credit risk is represented by the carrying amount of each financial asset including derivatives in the statement of financial position. Instalment sales and finance lease agreements have been included in the above credit risk analysis.

Where a company has a rating issued by a recognised rating agency, that rating has been applied. If not, an internal risk-based rating process has been applied.

On 1 June 2010, the Bank acquired a 100% interest in a leasing business from The Bidvest Group Limited. At date of acquisition, the exposure to credit risk in the leasing business was warranted by The Bidvest Group Limited. All warranted loans are reflected as unimpaired, good credit quality. No impairment provision has been raised in the financial statements during the period ended 31 December 2010 for any pre-acquisition warranted exposures, as the full carrying value is anticipated to be received.

Leased assets

The leased assets are moveable assets rented to customers under operating leases. This is in the range of 3 – 5 years tenor. The leased assets are depreciated over the shortest period of the lease or the useful life of the asset. The maintenance costs are borne by the Bank and are expensed as they are incurred.

Leased assets are disclosed at fair value, and tested for impairment on a bi-annual basis. The carrying value of leased assets at 31 December 2010 amounted to R1.6 billion (2009: R92 million). The Bank acquired a leasing business with the effective date of 1 June 2010. The financial risk in relation to these leased assets has been adjudicated by the Board.

Impaired loans

An impaired loan is a loan which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement.

Impairment policy

The Bank writes off a loan (and any related allowances for impairment losses) when the Credit Committee determines that the loan is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance loans, impairment decisions generally are based on a product specific past due status.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The past due not impaired balance equals R6 136 436 at December 31 2010 (2009: RNil) up to 30 days which relates to loans and advances to customers only. The carrying amount of renegotiated loans at December 31 2010 was R1 310 304 (2009: RNil). Adequate security exists to cover capital and interest and have thus not been impaired.

Security held

The Bank holds financial collateral and other security against loans and advances to customers in the form of mortgage bonds over property, assets financed, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of security assessed at the time of borrowing, and are updated regularly, and are reported on the following page:

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Security value

Against individually impaired

Movable assets
Cash, debtors, stock
Property
Unsecured

Total

Collectively impaired

Movable assets
Cash, debtors, stock
Property
Equity
Guarantees
Unsecured

Total

Neither past due nor impaired

Movable assets
Guarantees

Carrying amount

Loans and advances

	2010 R'000	2009 R'000
	-	253
	-	-
	24	35
	548	1 605
Total	572	1 893
	68 949	51 660
	14 356	50 704
	44 676	42 001
	-	1 193
	24 439	40 297
	23 751	8 240
Total	176 171	194 095
	43 371	75 469
	235 386	352 999
Total	455 500	624 456

Security valuation

Type	Tangible value
Rand Cash (cession over deposit account)	100%
Foreign cash (cession over CFC account)	90%
Pledge of Shares (JSE top 100) Quarterly statements are obtained from the customer's Broker	50%
Cession of Unit Trusts Monthly statements are obtained from the customer's Broker	50%
Gold coins	50%
Cession of Insurance / Endowment Policy Valued at the time the cession is signed by obtaining surrender values directly from the Assurance company	Extra security, no commercial value
Cession of Debtors Valued monthly upon submission of debtor lists to the Bank	25% excluding arrears, depending on the quality of the book
General Notarial Bond over Stock Valued monthly upon submission of stock lists to the Bank	25%
Mortgage Bonds over property Valuation conducted by an independent Valuator approved by the Bank when the deal is initiated	60%
A1 rated bank guarantee	100%
Suretyships	0%
Estimated market values per asset for asset based finance	100%

The above table represents the method applied by the Credit Committee in determining the value of security. It would be impractical to disclose the fair value of security based on the type and nature of the security. Guarantees are obtained in the normal course of business in assessing client credit worthiness. The majority of guarantees held are from listed entities with an official agency rating.

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Credit risk by sector

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown hereafter:

	Loans and advances		Investment securities	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Concentration by sector				
Agriculture, Hunting, Forestry & Fishing	1 942	-	-	-
Manufacturing	11 318	25 564	-	-
Mining & Quarrying	14 595	1 607	-	-
Construction	16 593	13 981	-	-
Wholesale	160 937	320 546	-	-
Transport, storage and communication	87 303	30 943	-	-
Financial intermediation and insurance	65 970	42 606	20 813	20 711
Real estate	39 081	21 783	-	-
Business services	26 319	145 107	-	-
Community, social and personal services	10 225	14 745	-	-
Private households	19 559	7 574	-	-
Utilities	448	-	-	-
Other	1 210	-	46 082	38 163
Total	455 500	624 456	66 895	58 874
Of which:				
Sovereign (central government and central bank)	6 699	12 622	-	-

The Bank also monitors concentrations of credit risk by geographical area and apart from a number of small accounts at foreign banks has exposure in South Africa only.

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, or other assets as contractually agreed.

External credit assessment

It is the policy of the Bank to only place funds on deposit with A1 rated Banks.

Counterparty credit risk

The Bank nets its exposures with counterparty banks where there are formal legal netting agreements in place.

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Carrying value (gross less impairment) of banking and other advances for which collateral is held

	Gross R'000	(Impairment) R'000	Net R'000	Guarantees & suretyship R'000	Pledge of assets and other R'000	Total collateral R'000	Carrying value for which no collateral is held R'000	Net R'000
2010								
Not past due	459 552	(4 624)	454 928	165 671	265 506	431 177	23 751	454 928
Past due 0-30 days	26	-	26	-	-	-	26	26
Past due 31-180 days	609	(63)	546	-	24	24	522	546
Past due 181-365 days	1 064	(1 064)	-	-	-	-	-	-
Total	461 251	(5 751)	455 500	165 671	265 530	431 201	24 299	455 500
							Carrying value for which no collateral is held R'000	Net R'000
2009								
Not past due	629 502	(6 939)	622 563	301 114	313 209	614 323	8 240	622 563
Past due 0-30 days	932	(558)	374	-	288	288	86	374
Past due 31-180 days	1 104	(208)	896	-	-	-	896	896
Past due 181-365 days	1 100	(477)	623	-	-	-	623	623
Total	632 638	(8 182)	624 456	301 114	313 497	614 611	9 845	624 456

Capital requirements for credit risk are calculated by making use of daily average balances for all overdraft, corporate, money market and overnight loan exposures as required in terms of Regulation 23(3) of the Regulations relating to Banks. The gross month end exposures reflected above are representative of these average balances.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The daily liquidity position is monitored daily. All liquidity policies and procedures are subject to review and approval by the Asset and Liability Committee (ALCO). Daily reports cover the liquidity position of the Bank and are submitted regularly to ALCO. The maturities of financial liabilities are presented to ALCO on a regular basis.

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Residual contractual maturities of financial liabilities

	Carrying amount R'000	Less than 1 month R'000	1-3 months R'000	3 months to 1 year R'000	1-5 years R'000
31 December 2010					
<i>Non-derivative liabilities</i>					
Intergroup loan	(325 400)	-	-	-	(325 400)
Other liabilities	(345 937)	(345 937)	-	-	-
Deposits	(1 200 361)	(749 194)	(190 708)	(260 459)	-
<i>Derivative liabilities</i>					
Trading: outflow (liabilities)	(66 889)	(26 043)	(33 355)	(7 491)	-
Trading: inflow assets	74 174	20 103	34 875	19 196	-
	<u>(1 864 413)</u>	<u>(1 101 071)</u>	<u>(189 188)</u>	<u>(248 754)</u>	<u>(325 400)</u>
31 December 2009					
<i>Non-derivative liabilities</i>					
Other liabilities	(117 080)	(117 080)	-	-	-
Deposits	(931 305)	(743 664)	(135 077)	(52 342)	(222)
<i>Derivative liabilities</i>					
Trading: outflow (liabilities)	(23 680)	(6 745)	(10 354)	(6 581)	-
Trading: inflow assets	28 695	6 738	12 251	9 190	516
	<u>(1 043 370)</u>	<u>(860 751)</u>	<u>(133 180)</u>	<u>(49 733)</u>	<u>294</u>

The aforementioned table shows the carrying value of cashflows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity.

Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in ALCO. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

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Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cashflows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by the Risk Department in its day-to-day monitoring activities. A summary of the Bank's interest rate gap position on non-trading portfolios is shown on the following page:

	Carrying amount R'000	Less than 3 months R'000	3-12 months R'000	1-5 years R'000	More than 5 years R'000
31 December 2010					
Cash and balances with banks	670 706	670 706	-	-	-
Loans and advances	455 500	198 980	146 053	94 056	16 411
Leased assets	1 602 311	262 661	349 124	973 939	16 587
Investment securities	66 895	20 813	44 611	1 471	-
Other assets	98 151	98 151	-	-	-
Intergroup loan	(325 400)	-	-	(325 400)	-
Deposits	(1 200 361)	(939 902)	(260 459)	-	-
	1 367 802	311 409	279 329	744 066	32 998
31 December 2009					
Cash and balances with banks	816 495	816 495	-	-	-
Loans and advances	624 456	378 128	50 587	185 066	10 675
Leased assets	92 183	92 183	-	-	-
Investment securities	58 874	20 711	5 062	5 283	27 817
Deposits	(931 305)	(878 741)	(52 342)	(222)	-
	660 703	428 776	3 307	190 127	38 492

Stress test

The management of interest rate risk against interest rate gaps is accomplished through monitoring the sensitivity of the Bank's financial assets and liabilities to various standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 200 basis point (bp) parallel fall or rise. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates for a six month period (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as follows:

	200bp parallel increase R'000	200bp parallel decrease R'000
As at 31 December 2010		
Monthly impact before tax on net interest income	2 280	(2 280)
As at 31 December 2009		
Monthly impact before tax on net interest income	1 101	(1 101)

Overall non-trading interest rate risk positions are managed by the Treasury Department, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

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Foreign exchange rate sensitivities

Currency profile R'000

2010

Assets

	ZAR	GBP	USD	EUR	OTHER	TOTAL
Cash and balances with banks	530 075	39 371	41 681	43 506	16 073	670 706
Derivative financial assets	74 174	-	-	-	-	74 174
Loans and advances	441 949	-	13 524	-	27	455 500
Leased assets	1 602 311	-	-	-	-	1 602 311
Investment securities	66 895	-	-	-	-	66 895
Other assets	168 620	-	-	-	-	168 620
Equipment	67 788	-	-	-	-	67 788
Intangible assets	31 196	-	-	-	-	31 196
	2 983 008	39 371	55 205	43 506	16 100	3 137 190
Commitment to purchase forward exchange contracts	-	68 752	1 235 548	210 178	95 573	1 610 051
Total assets	2 983 008	108 123	1 290 753	253 684	111 673	4 747 241

2009

Commitments to purchase forward exchange contracts	-	63 076	678 133	166 127	48 013	955 349
Total assets	1 518 192	82 912	823 349	190 162	66 567	2 681 182

2010

Equity and liabilities

Share capital	1 980	-	-	-	-	1 980
Share premium	435 799	-	-	-	-	435 799
Reserves	686 009	-	-	-	-	686 009
Intergroup loan	325 400	-	-	-	-	325 400
Derivative financial liabilities	66 889	-	-	-	-	66 889
Deposits	853 059	62 244	196 777	64 112	24 169	1 200 361
Other liabilities	279 048	-	-	-	-	279 048
Taxation	141 704	-	-	-	-	141 704
	2 789 888	62 244	196 777	64 112	24 169	3 137 190
Commitments to sell forward exchange contracts	-	42 994	1 090 280	193 161	94 098	1 420 533
Total equity and liabilities	2 789 888	105 238	1 287 057	257 273	118 267	4 557 723
2009	1 479 931	32 515	174 472	28 226	10 689	1 725 833
Commitments to sell forward exchange contracts	-	51 733	646 934	165 226	49 053	912 946
Total equity and liabilities	1 479 931	84 248	821 406	193 452	59 742	2 638 779

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	GBP R'000	USD R'000	EUR R'000	OTHER R'000	TOTAL R'000
Net open position					
31 December 2010	2 885	3 696	(3 589)	(6 594)	(3 602)
31 December 2009	(1 336)	1 943	(3 290)	6 825	4 142
Closing spot exchange rate					
31 December 2010	R10,29	R6,65	R8,87		
31 December 2009	R11,90	R7,38	R10,63		
Average exchange rate					
For the period ended 31 December 2010	R11,13	R7,11	R9,42		
For the period ended 31 December 2009	R12,14	R7,48	R10,93		

This currency profile analyses the assets and liabilities in terms of their originating currencies. These totals are then expressed in South African Rand at the closing spot exchange rate.

Foreign currency sensitivity based on a 10% movement in exchange rate

	2010 R'000	2009 R'000
GBP	288	(134)
USD	369	194
EUR	(359)	(329)
Other	(658)	683
	(360)	414

Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses not part of operational risk with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The Operational Risk Committee is responsible for oversight of the Bank's operational risks.

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The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Reputational risk

The Bank manages reputational risk by an integrated strategy, understanding the correlation between sustainable performance and reputation, and between corporate image and corporate reputation.

The following basic strategies are followed to manage reputational risk:

- fostering a reputation-conscious culture
- linking corporate social responsibility to reputation
- measuring the impact of media coverage, perceptions and stakeholder impressions
- developing plans to develop and protect reputation
- monitoring potential reputation-damaging issues
- proactively exploiting good news and having a crisis communication plan to respond in times of bad news
- transforming potential disasters into opportunities

Capital management

Regulatory capital

The Bank's regulator, The South African Reserve Bank ("SARB"), sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements the SARB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets, market risk exposure and operational risk exposure. The Bank follows the Standardised approach under Basel II and calculates requirements for market risk in its banking portfolios based upon the Bank's market risk models and uses both external and internal gradings as the basis for risk weightings for credit risk.

The Bank's regulatory capital is analysed into two categories:

- Primary capital, which includes ordinary share capital, share premium and retained earnings.
- Secondary capital, which includes collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-statement of financial position exposures.

The Bank's internal capital adequacy assessment process (ICAAP) is formalised and approved by the Board. The Bank's policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business. The impact

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of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank and its operations have complied with all externally imposed capital requirements throughout the period and previous period.

There have been no material changes in the Bank's management of capital during the period.

The Bank's ICAAP reflects its internal assessment of risk. The ICAAP determines the most suitable level of economic capital, i.e. the capital required to remain solvent under conditions that are extreme in nature. For potential losses arising from risk types that are statistically quantifiable, economic capital reflects the worst case loss taking risk-adjusted returns on capital (RAROC) into account.

The final economic capital level determined through the ICAAP reflects the capital to be held for risks as assessed by management instead of implicated by a prescribed regulatory formula. The economic capital requirement is then compared to the regulatory capital requirement to determine the buffer to be held for uncertainties to ensure adequate capitalisation for the Bank.

Statement of financial position forecasting based on business and strategy planning allows management to ensure that minimum required capital ratios are adhered to.

Basel III Liquidity Coverage Ratio (LCR)

The Bank currently complies with the Basel III LCR requirement. At 31 December 2010, the Bank's position is:

	R'000
High quality liquid assets	135 283
Net cash outflows over the following 30 calendar days	64 821
LCR	209%
Minimum Basel III LCR requirement	100%

Basel III Net Stable Funding Ratio (NSFR)

The Bank currently complies with the Basel III NSFR requirement. At 31 December 2010, the Bank's position is:

	R'000
NSFR	101%
Minimum Basel III NSFR requirement	100%

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The Bank's regulatory capital position at 31 December was as follows:

	2010 R'000	2009 R'000
Net qualifying capital and reserves		
Primary capital	755 112	485 112
Share capital	1 980	1 800
Share premium	435 799	165 979
Appropriated retained earnings	317 333	317 333
Less impairment	(54 220)	(49 010)
Total qualifying capital and reserves	700 892	436 102
Non qualifying capital and reserves	422 896	216 427
Retained earnings not formally appropriated	368 676	167 417
Impairment	54 220	49 010
Total capital and reserves	1 123 788	652 529

	Capital requirement 2010 R'000	Risk-weighted exposure 2010 R'000	Capital requirement 2009 R'000	Risk-weighted exposure 2009 R'000
Risk-weighted exposure				
Credit risk				
Retail bank, corporate bank and central treasury	65 697	677 426	205 269	2 105 322
Market risk				
Retail bank, corporate bank and central treasury	1 178	12 091	1 019	10 450
Operational risk				
Retail bank, corporate bank and central treasury	107 175	1 107 169	64 376	660 263
Equity risk				
Retail bank, corporate bank and central treasury	3 327	17 889	157	1 611
Other assets	452 528	1 903 588	7 746	79 448
Total	629 905	3 718 163	278 567	2 857 094
Capital ratios	2010		2009	
Total capital adequacy ratio	18,85%		15,26%	
Total primary capital adequacy ratio	18,85%		15,26%	