Bidvest Bank Limited

(Registration No. 2000/006478/06)

Public Disclosure as at

June 30 2015

Financial risk management

Introduction and overview

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 note 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 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 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 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.

Credit risk is managed within the risk appetite of the Bank. Acceptable credit risk identified in a credit application is mitigated through sufficient underlying security. To enhance the return on funds, and therefore shareholder value, a certain amount of risk has to be taken in the lending activities of the Bank. The risk tolerance of the Bank is, however, low and therefore all credit is mitigated through sound credit principles, and all lending done against appropriate security, except where other factors deem it not necessary to obtain specific security.

The basic principle governing the Bank's lending philosophy is the need for management to satisfy themselves that the business of the borrower has the capacity to deploy its assets in a way that will generate the earnings/cash flows on a sustainable basis to facilitate the repayment of any facilities granted.

Credit risk (continued)

Management of credit risk

The Bank's Board of Directors is ultimately responsible for the maintenance of effective risk management in the Bank. In discharging its responsibilities, the Board has to play a critical role in overseeing the credit granting and credit risk management functions of the Bank. The Board, as a minimum:

- approves the credit risk management policy and review it at least annually;
- ensures that the Bank operates within sound and well-defined credit-granting criteria;
- ensures the senior management is fully capable of managing credit activities conducted by the Bank;
- ensures through independent inspection and audit adherence to the policy, techniques, controls, procedures and information systems;
- reviews all significant credit exposure of the Bank;
- reviews all significant delinquent credits and management's actions taken or contemplated for their recovery;
- reviews any credit granted in conflict of the written credit risk management policy;
- reviews trends in the quality of, and concentration in the Bank's credit portfolio, to identify emerging problems and take action to deal with the problems; and
- ensures that the Bank's remuneration policy is in line with the credit risk strategy and does not reward imprudent activities of credit staff.

The Board has delegated responsibility for the management of credit risk to its Credit Committee, which is chaired by a non-executive director. The role and responsibilities of the Credit Committee, as reported in the Credit Committee Charter, is to support the Board in fulfilling its duties and responsibilities regarding the management of credit risk. Senior management who are members of the Credit Committee have the responsibility of implementing the credit risk strategy approved by the Board and of developing policies and processes for identifying, measuring, monitoring and controlling credit risk. Such policies and processes address credit risk in all of the Bank's credit activities and at both the individual credit and portfolio levels. 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 of Directors 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 concentration 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; and
- *providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk.

The Bank operates within sound, well-defined credit granting criteria. These criteria include a clear indication of the Bank's target market and a thorough understanding of the borrower or counterparty.

The Bank adopted the standardised approach for the measurement of its exposure to credit risk and applies the requirements of Regulation 23 and 24 of the Regulations relating to Banks to its credit exposures. Information disclosed is consistent with the manner in which the Board of Directors and senior management assess and manage risk exposures.

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Credit risk (continued)

Exposure to credit risk

The following table provides a breakdown of the Bank's assets that are considered for credit risk:

Exposure to credit risk	**Gross maximum exposure**	
	2015	2014
Loans and advances (excluding banks)	**R'000**	R'000
Non performing book		
Deteriorated credit quality	**9 892**	14 865
Total	**9 892**	14 865
Specific allowance for impairment	**(4 309)**	(8 213)
Carrying amount	**5 583**	6 652
Performing book – collectively impaired		
Good and average credit quality	**781 393**	684 331
Deteriorated credit quality	**11 110**	23 895
Total	**792 503**	708 226
Portfolio allowance for impairment	**(1 136)**	(1 364)
Carrying amount	**791 367**	706 862
Performing book - neither past due nor impaired		
Net exceptional credit quality	**423 800**	434 257
Exceptional credit quality	**423 832**	434 600
Specific allowance for impairment – warranted debt (see commentary below)	**(32)**	(343)
Exceptional credit quality (banks)	**11 296**	9 118
Good and average credit quality	**8 125**	6 891
Total	**443 221**	450 266
Total carrying amount of loans and advances	**1 240 171**	1 163 780
Negotiable securities		
Exceptional credit quality	**12 806**	2 013 418
Good and average credit quality	**226 261**	126 034
	239 067	2 331 210
Other financial assets		
Exceptional credit quality	**235 235**	191 758
Exceptional credit quality (banks)	**2 265 509**	2 013 418
Good credit quality	**162 882**	123 341
Total of other financial assets	**2 663 626**	2 328 517
Non-financial assets as per statement of financial position		
Leased assets	**1 851 857**	995 188
Equipment	**74 545**	62 713
Intangible assets	**84 914**	46 977
Current taxation	**30 885**	29 099
Inventory	**15 440**	16 327
Total of non-financial assets	**2 057 641**	1 150 304
Total assets	**6 200 505**	4 642 601

Credit risk (continued)

Exposure to credit risk (continued)

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. In the latter case, the Bank determines the financial condition of a borrower by calculating certain financial ratios and changes to certain ratios in order to determine the Internal Credit Rating allocated to the borrower.

Leased assets

The leased assets are moveable assets rented to customers under operating leases. The majority of the leases are in the range of 3 to 5 years tenor. The leased assets are depreciated over the period of the lease or the useful life of the asset, whichever is the lesser period. The maintenance costs are borne by the Bank and are expensed as they are incurred. The leased assets' residual values are reviewed and adjusted if appropriate, at each reporting date.

Trade Finance and negotiable securities

Trade finance includes such activities as lending, issuing letters of credit, factoring, export credit and insurance. Companies involved with trade finance include importers and exporters, banks and financiers, insurers and export credit agencies, as well as other service providers. The Bank applies the standard credit assessment in line with Bidvest Bank's Credit Policy in the granting of trade finance with the main reason to assist business's to grow or meet specific contracts.

Impaired loans

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

Impairment policy

The Bank writes off loans (and any related allowance for impairment losses) when the Credit Committee determines that the loan is uncollectible. This determination is reached after considering information such as 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 anticipated losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significance 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.

Credit risk (continued)

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, and 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. The Bank applies the comprehensive approach for credit risk mitigation as set out in Regulation 23 of the Regulations relating to banks.

Security value		**Loans and advances**	
		2015	**2014**
	Note	**R'000**	R'000
Non performing book: individually impaired			
Secured: Movable assets		**5 583**	6 325
Unsecured		**-**	327
Total		**5 583**	6 652
Performing Book: collectively Impaired			
Secured			
Moveable assets		**448 195**	493 987
Cash, debtors, stock		**24 376**	17 684
Property		**274 779**	182 691
Guarantees		**35 986**	-
Total secured		**783 336**	694 362
Unsecured		**8 031**	12 500
Total		**791 367**	706 862
Performing book: neither past due nor impaired			
Secured			
Moveable assets		**183 975**	191 815
Property		**45 109**	44 603
Guarantees		**198 442**	203 401
Total secured		**427 526**	439 819
Unsecured		**15 695**	10 447
Total		**443 221**	450 266
Carrying value	*13*	**1 240 171**	1 163 780

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Credit risk (continued)

Security valuation

Type	Tangible value
Rand Cash (Cession over deposit account)	100%
Foreign cash (cession over CFC account)	85%
Pledge of Shares (JSE top 100) Quarterly statements are obtained from the customer's Broker.	50%
Cession of Collective Investment Schemes Monthly statements are obtained from the customer's Broker.	50%
Gold coins	50%
Cession of Insurance / Endowment Policy Valuated at the time the Cession is signed by obtaining surrender values directly from the Assurance company.	Extra security, no commercial value
Cession of Debtors Valuated monthly upon submission of debtor lists to the Bank.	25% excluding arrears, depending on the quality of the book
General Notarial Bond over Stock Valuated monthly upon submission of stock lists to the Bank.	25%
Residential Mortgage Bonds over property Valuation conducted by an independent Valuator approved by the Bank when the deal is initiated.	65%
Commercial Mortgage Bonds over property Valuation conducted by an independent Valuator approved by the Bank when the deal is initiated	70%
A1 rated Bank guarantees	100%
Suretyships	0%

*** Indicates the percentage value of the security that will be considered for mitigation purposes. The riskier the type of security, the lower the percentage that will be applied to the value of the security.

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

Credit Risk by Sector

	Loans and Advances		Negotiable Securities		Other Financial Assets	
Concentration by sector	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Agriculture, Hunting, Forestry And Fishing	**4,034**	5,023	**298**	-	**-**	-
Business Services	**-**	-	**-**	-	**-**	-
Community, Social And Personal Services	**137,091**	137,139	**-**	-	**-**	-
Construction	**57,238**	55,299	**-**	-	**2**	3
Electricity, Gas And Water Supply	**56**	234	**-**	-	**6**	933
Financial Intermediation And Insurance	**622,738**	546,869	**15,201**	-	**2,657,527**	2,322,273
Manufacturing	**161,726**	130,779	**114,680**	-	**679**	1,981
Mining And Quarrying	**4,248**	19,700	**-**	-	**-**	214
Private Households	**15,615**	14,485	**1,889**	-	**-**	-
Real Estate	**-**	-	**-**	-	**-**	-
Transport, Storage And Communication	**94,580**	140,115	**2,014**	-	**21**	55
Wholesale And Retail Trade	**142,845**	114,137	**104,985**	-	**5,391**	3,058
Grand Total	**1,240,171**	**1,163,780**	**239,067**	**-**	**2,663,626**	**2,328,517**
Of which Sovereign	**119,819**	124,419	-	-	**212,967**	139,293

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Credit risk (continued)

Average gross exposure for each major type of credit exposure

	June 2015	June 2014
Corporate	**383 072**	500 872
SME corporate	**646 461**	510 414
Public sector entities	**8 502**	14 418
Sovereign (including central government and central bank)	**120 654**	123 968
Banks	**17 244**	9 206
Residential mortgage advances	**273**	770
SME retail	**43 763**	24 398
Retail - other	**15 882**	15 894
Total average gross credit exposure	**1 235 851**	1 199 940

The Bank also monitors concentration of credit risk by geographical area and apart from accounts at foreign banks, the majority of all other credit exposure is in South Africa.

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

In calculating the required amount of capital to be held against credit risk, the Bank applies the long term, international credit ratings as published by the Moody's Investors Services.

Counterparty credit risk

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

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

2014	**Gross R'000**	**(Impairment) R'000**	**Net R'000**	**Guarantees & suretyships R'000**	**Pledge of assets R'000**	**Total R'000**	**Carrying value for which no collateral is held R'000**	**Net R'000**
Not past due	**1 219 154**	**(1 136)**	**1 218 018**	**234 428**	**959 864**	**1 194 292**	**23 726**	**1 218 018**
Past due 0-30 days	**370**	**(32)**	**338**	**-**	**338**	**338**	**-**	**338**
Past due 31-180 days	**17 143**	**(614)**	**16 529**	**-**	**16 529**	**16 529**	**-**	**16 529**
Past due 181-365 days	**8 981**	**(3 695)**	**5 286**	**-**	**5 286**	**5 286**	**-**	**5 286**
Total	**1 245 648**	**(5 477)**	**1 240 171**	**234 428**	**982 017**	**1 216 445**	**23 726**	**1 240 171**

2014	Gross	(Impairment)	Net	Guarantees & suretyships	Pledge of assets	Total	Carrying value for which no collateral is held	Net
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Not past due	1 158 996	(1 707)	1 157 289	203 401	937 105	1 140 506	22 947	1 163 453
Past due 0-30 days	-	-	-	-	-	-	-	-
Past due 31-180 days	1 338	(767)	571	-	-	-	-	-
Past due 181-365 days	13 366	(7 446)	5 920	-	-	-	327	327
Total	1 173 700	(9 920)	1 163 780	203 401	937 105	1 140 506	17 894	1 163 780

Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn without incurring unacceptable losses. Liquidity risk can be divided into 2 sub-categories:

2.1 *Market Liquidity Risk*: The ease with which assets can be liquidated;
2.2 *Funding Liquidity Risk*: The ease with which additional funding can be raised e.g. in the interbank or wholesale markets.

Effective liquidity risk management is a daily process to monitor and project cash flows to ensure adequate liquidity is maintained. The mismatch of cash flows could lead to situations where cash outflows exceed cash inflows in a given period. This may result in the Bank's failure to meet its obligations to pay creditors, repay depositors and fulfil commitments to lend.

In summary, liquidity management is the process to meet the Bank's commitments as they fall due, at an appropriate cost, whilst maintaining market confidence in the Bank.

Management of liquidity risk

Active management of liquidity is critical to the continued solvency of the Bank. At all times, the Bank must be able to meet its financial commitments as they fall due. In this context, the Bank is concerned with the management of future cash flows so that at no stage is the Bank unable to fund net cash outflows from either the market or through the sale of liquid assets.

Liquidity management is applied on an overall balance sheet approach, which consolidates all sources and uses of liquidity and aims to maintain a balance between liquidity and cost of funding. The Bank measures, monitors and manages on-balance sheet and off-balance sheet liquidity mismatch risk taking cognisance of contractual and business-as-usual liquidity conditions, stress liquidity scenarios, guidelines and limits as set by the Asset and Liability Committee (ALCO), regulatory requirements and requirements in terms of best practice liquidity risk management.

The Bank recognises that the analysis of net funding requirements is only one aspect of a sound liquidity management framework. The Bank's ability to withstand a net funding requirement in a liquidity crisis also depends on the calibre of its formal contingency plans. Another critical liquidity management practice is the maintenance of sufficiently diversified sources of funding to limit the exposure to any particular segment of the market. The Bank distinguishes between day-to-day and stress liquidity management.

At June 30 2015, the Bank holds a committed borrowing facility of R150 million (2014: R125 million) from The Bidvest Group Limited. This facility is contractually repayable in equal annual instalments of R150 million on June 30 of each year. Any unutilised portion of this committed facility remains available on demand and can be accessed to meet liquidity needs.

The Bank also has a standing internal limit (referred to as the Liquidity Cushion) that the greater of R200 million, or 25% of its call deposits plus next day notice deposits pay-outs, will be covered at all times by immediately available funds. At June 30 2015, immediately available funds (comprising central bank, interbank and intergroup call and current accounts) totalled R2, 2.09 million.

Liquidity risk (continued)

Management of liquidity risk (continued)

There are a number of other liquidity management techniques, which contribute to the overall soundness of the Bank's liquidity. These include daily monitoring of the liquidity position, adequate diversification of funding, building strong relationships with providers of funding, investment of surplus liquidity, and internal control processes and contingency plans for managing liquidity risk.

Management, in conjunction with ALCO, recommends changes to the Bank's liquidity risk policy documents and these policy changes are reviewed by the Risk and Capital Management Committee for recommendation to the Board for approval. All policy and strategy changes require Board approval prior to implementation.

Residual contractual maturities of financial liabilities

June 30 2015	**Gross value R'000**	**Contractual undiscounted cash flows R'000**	**6 months or less R'000**	**6 – 12 months R'000**	**1-5 years R'000**
Non-derivative liabilities					
Intergroup loans	**(149 550)**	**(184 421)**	**(184 421)**	**-**	**-**
Other liabilities	**(893 413)**	**(893 413)**	**(893 413)**	**-**	**-**
Deposits	**(2 830 773)**	**(2 820 601)**	**(2 586 043)**	**(233 722)**	**(836)**
Derivative liabilities					
Trading: outflow (liabilities)	**(6 996)**	**(6 996)**	**(6 966)**	**(30)**	**-**
	(3 880 732)	**(3 905 431)**	**(3 670 873)**	**(233 752)**	**(836)**
June 30 2014					
Non-derivative liabilities					
Intergroup loans	(122 504)	(131 006)	(1 763)	(129 243)	-
Other liabilities	(190 429)	(190 429)	(190 429)	-	-
Deposits	(2 141 298)	(2 157 627)	(2 081 775)	(75 852)	-
Derivative liabilities					
Trading: outflow (liabilities)	(8 361)	(8 361)	(8 302)	(59)	-
	(2 462 592)	(2 487 423)	(2 282 269)	(205 154)	-

The cash flows are included as per the contract and are not discounted for the time value of money. The gross value of the liabilities will therefore differ from the total contractual cash flows. In circumstances where there are no fixed terms of repayment, the liability is included on the basis of the earliest date on which the operation can be required to pay.

Liquidity risk (continued)

Maturity analysis of financial assets held for managing liquidity risk

June 30 2015	**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**
Cash and balances with banks	**2 387 550**	**2 387 550**	**-**	**-**	**-**
Loans and advances	**1 240 171**	**279 194**	**44 172**	**625 865**	**290 940**
Negotiable securities	**239 067**	**239 067**	**-**	**-**	**-**
Derivative financial assets	**9 844**	**9 844**	**-**	**-**	**-**
Investment securities	**116 184**	**41 382**	**-**	**74 802**	**-**
Other assets#	**150 048**	**150 048**	**-**	**-**	**-**
	4 142 864	**3 107 085**	**44 172**	**700 667**	**290 940**
June 30 2014					
Cash and balances with banks	2 128 203	2 128 203	-	-	-
Loans and advances	1 163 780	240 329	95 881	621 661	205 909
Derivative financial assets	8 796	8 796	-	-	-
Investment securities	95 286	23 058	15 230	56 998	-
Other assets#	96 232	96 232	-	-	-
	3 492 297	2 496 618	111 111	678 659	205 909

Market risk

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.

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 cash flows 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 as follows:

	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**
June 30 2015					
Financial assets/(liabilities)@					
Cash and balances with banks	**2 387 550**	**2 387 550**	**-**	**-**	**-**
Loans and advances	**1 240 171**	**1 111 907**	**8 491**	**119 773**	**-**
Negotiable securities	**239 067**	**239 067**	**-**	**-**	**-**
Investment securities	**116 184**	**41 382**	**-**	**74 802**	**-**
Net Intergroup loans	**(149 550)**	**450**	**(150 000)**	**-**	**-**
Deposits	**(2 830 773)**	**(1 964 933)**	**(865 004)**	**(836)**	**-**
	1 002 649	**1 815 423**	**(1 006 513)**	**193 739**	**-**

Other assets excludes inventory
@ Only interest bearing assets and liabilities have been considered

Market risk (continued)

Exposure to interest rate risk – non-trading portfolios (continued)

	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
June 30 2014					
Financial assets/(liabilities)@					
Cash and balances with banks	2 128 203	2 128 203	-	-	-
Loans and advances	1 163 780	1 032 806	23 932	107 042	-
Investment securities	95 286	23 058	15 230	56 998	-
Net Intergroup loans	(122 504)	2 018	(124 522)	-	-
Deposits	(2 141 298)	(1 541 939)	(599 359)	-	-
	1 123 467	1 644 146	(684 719)	164 040	-

Analysis based on interest terms	**2015** Effective rate of interest	2014 Effective rate of interest	**2015 R'000**	2014 R'000
Loans and advances				
Loans and advances with floating interest rates*	**8,75%**	8,28%	**1 115 847**	1 041 527
Loans and advances with fixed interest rates	**11,35%**	11,11%	**129 802**	132 173
			1 245 649	1 173 700
Less: impairment provisions			**(5 478)**	(9 920)
			1 240 171	1 163 780
Deposits				
Deposits with floating interest rates*	**3,57%**	3,69%	**(2 503 328)**	(2 058 972)
Deposits with fixed interest rates	**4,77%**	4,79%	**(327 445)**	(82 326)
			(2 803 773)	(2 141 298)

* The current floating interest rate as at June 30 2015

Interest rate sensitivities

The Bank performs well in an environment of high interest rates (increasing the return on its lending book). As this market indicator has a significant impact on the Bank, fluctuations in the Bank's prime lending rates are closely monitored.

Average prime lending rate	**2015**	2014
For the current year ended June 30	**9.24%**	8.70%
For the prior year ended June 30	**8,70%**	8,52%
Interest rate sensitivity based on movements in prime lending of 25bp rate:	**R'000**	R'000
(Decrease) before tax in net interest income for the year#	**(6 411)**	(4 532)

@ Only interest bearing assets and liabilities have been considered

Effect of year on year prime rate changes on a constant balance sheet.

Market risk (continued)

Interest rate sensitivities (continued)

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:

Monthly impact on interest income before tax	**200 bp parallel increase**	**200 bp parallel decrease**
	R'000	**R'000**
As at June 30 2015	**4 127**	**(4 127)**
As at June 30 2014	2 838	(2 838)

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.

Foreign exchange rate sensitivities

Currency profile

R'000	**ZAR**	**GBP**	**USD**	**EUR**	**OTHER**	**TOTAL**
2015						
Assets						
Cash and balances with banks	**1 833 830**	**19 201**	**408 588**	**57 675**	**68 256**	**2 387 550**
Derivative financial assets	**9 844**	**-**	**-**	**-**	**-**	**9 844**
Negotiable Securities	**239 067**	**-**	**-**	**-**	**-**	**239 067**
Loans and advances	**1 223 664**	**-**	**142**	**12 566**	**3 799**	**1 240 171**
Leased assets	**1 851 857**	**-**	**-**	**-**	**-**	**1 851 857**
Investment securities	**116 184**	**-**	**-**	**-**	**-**	**116 184**
Other assets	**487**	**17 686**	**137 548**	**9 690**	**77**	**165 488**
Equipment	**74 545**	**-**	**-**	**-**	**-**	**74 545**
Intangible assets	**84 914**	**-**	**-**	**-**	**-**	**84 914**
Current taxation	**30 885**	**-**	**-**	**-**	**-**	**30 885**
	5 465 277	**36 887**	**546 278**	**79 931**	**72 132**	**6 200 505**
Commitments to purchase foreign currency	**-**	**74 772**	**848 141**	**374 749**	**125 310**	**1 422 972**
Total assets	**5 465 277**	**111 659**	**1 394 419**	**454 680**	**197 442**	**7 623 477**
2014	4 417 723	36 274	103 113	61 047	24 444	4 642 601
Commitments to purchase	-	89 587	1 065 321	287 136	102 307	1 544 351
Total assets	4 417 723	125 861	1 168 434	348 183	126 751	6 186 952

Foreign exchange rate sensitivities (continued)

Currency profile

R'000	**ZAR**	**GBP**	**USD**	**EUR**	**OTHER**	**TOTAL**
2015						
Equity and liabilities						
Share capital	**2 070**	**-**	**-**	**-**	**-**	**2 070**
Share premium	**525 709**	**-**	**-**	**-**	**-**	**525 709**
Reserves	**1 609 062**	**-**	**-**	**-**	**-**	**1 609 062**
Intergroup loans	**149 550**	**-**	**-**	**-**	**-**	**149 550**
Derivative financial liabilities	**6 996**	**-**	**-**	**-**	**-**	**6 996**
Deposits	**2 093 356**	**94 491**	**418 327**	**141 886**	**82 713**	**2 830 773**
Other liabilities	**892 098**	**27**	**548**	**663**	**77**	**893 413**
Defined benefit liability	**482**	**-**	**-**	**-**	**-**	**482**
Deferred taxation	**182 450**	**-**	**-**	**-**	**-**	**182 450**
	5 461 773	**94 518**	**418 875**	**142 549**	**82 790**	**6 200 505**
Commitments to sell foreign currency	**-**	**16 728**	**970 044**	**308 505**	**120 699**	**1 415 976**
Total equity and liabilities	**5 461 773**	**111 246**	**1 388 919**	**451 054**	**203 488**	**7 616 481**
2014	4 069 836	96 165	294 816	136 057	45 727	4 642 601
Commitments to sell Foreign currency	-	22 153	867 040	215 808	91 327	1 196 328
Total equity and liabilities	4 069 836	118 318	1 161 856	351 865	137 054	5 838 929

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.

Net open position	**GBP R'000**	**USD R'000**	**EUR R'000**	**OTHER R'000**	**TOTAL R'000**
June 30 2015	**413**	**5 499**	**3 626)**	**(6 047)**	**3 492**
June 30 2014	**7 543**	**6 578**	**(3 682)**	**(10 302)**	**137**

Closing spot exchange rate	**GBP**	**USD**	**EUR**
June 30 2015	**R19,17**	**R12,17**	**R13,63**
June 30 2014	**R18,09**	**R10,61**	**R14,49**

Average exchange rate	**GBP**	**USD**	**EUR**
For the year ended June 30 2015	**R17,95**	**R11,46**	**R13,78**
For the year ended June 30 2014	R16,92	R10,39	R14,11
For the year ended June 30 2013	R13,88	R8,86	R11,47

	2015 R'000	2014 R'000
Foreign currency sensitivity based on movements in exchange rate:		
Increase before tax in operating income for the year #	**19 940**	**34 253**

Effect of foreign exchange rate fluctuations on a constant balance sheet

Bidvest Bank Limited

Market risk (continued)

Foreign exchange rate sensitivities (continued)

Foreign currency net open position sensitivity based on a 10% movement on the current exchange rates:

	2015	**2014**
	R'000	**R'000**
GBP	**41**	**754**
USD	**550**	**658**
EUR	**363**	**(368)**
Other	**(605)**	**(1 030)**
	349	**14**

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.

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 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 III and calculates requirements for market risk in its banking portfolios based upon the Bank's market risk models and uses both external and internal grading as the basis for risk weightings for credit risk.

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

- Tier I capital, which includes ordinary share capital, share premium and appropriated retained earnings.
- Tier II capital, which includes collective impairment allowances.

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 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 year and previous year.

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 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.

Bidvest Bank Limited

COMPOSITION OF CAPITAL DISCLOSURE
BIDVEST BANK LIMITED: CONSOLIDATED

	Basel III common disclosure used during the transition of regulatory adjustments from 1 June 2013 to 1 January 2018	R'000	R'000 Amounts subject to pre-Basel III treatment
	Common Equity Tier I capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	527,779	
2	Retained earnings	593,958	
3	Accumulated other comprehensive income (and other reserves)	16,303	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
	Public sector capital injections grandfathered until 1 January 2018		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	**1,138,040**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	14,831	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	70,081	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on faie valued liabilities		
15	Defined benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	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)		
19	Significant investments in 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)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of relaed tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financials		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments	16,740	
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
	OF WHICH:		
	OF WHICH:		

Bidvest Bank Limited

27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	**Total regulatory adjustments to Common equity Tier 1**	**101,652**
29	**Common Equity Tier 1 capital (CET1)**	**1,036,388**
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
34	Additional Tier 1 instruments (and CET1) instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	Of which: instruments issued by subsidiaries subject to phase out	
36	**Additional Tier 1 capital before regulatory adjustments**	
	Additional Tier 1 capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	
39	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)	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41	National specific regulatory adjustments	
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	
	OF WHICH:	
	OF WHICH:	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	**Total regulatory adjustments to Additional Tier 1 capital**	
44	**Additional Tier 1 capital (AT1)**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,036,388**
	Tier 2 capital and provisions	
46	**Directly issued qualifying Tier 2 instruments plus related stock surplus**	
47	**Directly issued capital instruments subject to phase out from Tier 2**	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions	1,136
51	Tier 2 capital before regulatory adjustments	**1,136**
	Tier 2 capital: regulatory adjustments	
52	Investment in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments	
54	Investments in 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 won more than 10% of the issued common share capital of the entitiy (amount above the 10% threshold)	
55	regulatory consolidation (net of eligible short positions)	
56	National specific regulatory adjustments	
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	
	OF WHICH:	
	OF WHICH:	
57	**Total regulatory adjustments to Tier 2 capital**	
58	**Tier 2 capital (T2)**	**1,136**
59	**Total capital (TC = T1 + T2)**	**1,037,524**

	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	5,706,166
	OF WHICH:	
	OF WHICH:	
60	**Total risk weighted assets**	
	Capital ratios	
61	Common Equity Tier 1 (as percentage of risk weighted assets)	18.16%
62	Tier 1 (as percentage of risk weighted assets)	18.16%
63	Total capital (as percentage of risk weighted assets)	18.18%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	0.25%
65	of which: capital conservation buffer requirements	0%
66	of which: bank-specific countercyclical buffer requirement	0%
67	of which: G-SIB buffer requirement	0%
68	Common Equity Tier 1 available to meet buffers (as percentage of risk weighted assets)	18.16%
	National Minima (if different from Basel 3)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	6.5%
70	National Tier 1 minimum ratio	8.0%
71	National total capital minimum ratio	10.0%
	Amounts below the threshold for deductions (before risk weighting)	
72	Non-significant investments in the capital of other financials	
73	Significant investments in the common stock of financials	
74	Mortgage servicing rights (net of related tax liability)	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	
	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 the application of cap)	1,136
77	Cap on inclusion of provisions in Tier 2 under standardised approach)	23,803
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

Bidvest Bank Limited

CAPITAL DISCLOSURE

BIDVEST BANK LIMITED

Disclosure for main features of regulatory capital instruments		
1	Issuer	The Bidvest Group Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo / group / group & solo	Group & Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	R528m
9	Par value of instrument	R0.01
10	Accounting classification	Shareholder's equity
11	Original date of issuance	April 2000
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	N/A
18	Coupn rate and any realted index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Concumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
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, specifiy instrument type convertible into	N/A
29	If convertible, specifiy 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)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Bidvest Bank Limited

COMPOSITION OF CAPITAL DISCLOSURE

BIDVEST BANK LIMITED: SOLO

	Basel III common disclosure used during the transition of regulatory adjustments from 1 June 2013 to 1 January 2018	R'000	R'000 Amounts subject to pre-Basel III treatment
	Common Equity Tier I capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	527,779	
2	Retained earnings	593,958	
3	Accumulated other comprehensive income (and other reserves)	16,303	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
	Public sector capital injections grandfathered until 1 January 2018		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	**1,138,040**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	14,831	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	70,081	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on faie valued liabilities		
15	Defined benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	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)		
19	Significant investments in 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)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of relaed tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financials		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments	16,740	
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		

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	OF WHICH:	
	OF WHICH:	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	**Total regulatory adjustments to Common equity Tier 1**	**101,652**
29	**Common Equity Tier 1 capital (CET1)**	**1,036,388**
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
34	Additional Tier 1 instruments (and CET1) instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	Of which: instruments issued by subsidiaries subject to phase out	
36	**Additional Tier 1 capital before regulatory adjustments**	
	Additional Tier 1 capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	
39	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)	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41	National specific regulatory adjustments	
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	
	OF WHICH:	
	OF WHICH:	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	**Total regulatory adjustments to Additional Tier 1 capital**	
44	**Additional Tier 1 capital (AT1)**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,036,388**
	Tier 2 capital and provisions	
46	**Directly issued qualifying Tier 2 instruments plus related stock surplus**	
47	**Directly issued capital instruments subject to phase out from Tier 2**	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions	1,136
51	Tier 2 capital before regulatory adjustments	**1,136**
	Tier 2 capital: regulatory adjustments	
52	Investment in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments	
54	Investments in 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 won more than 10% of the issued common share capital of the entitiy (amount above the 10% threshold)	
55	regulatory consolidation (net of eligible short positions)	
56	National specific regulatory adjustments	
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	
	OF WHICH:	
	OF WHICH:	
57	**Total regulatory adjustments to Tier 2 capital**	
58	**Tier 2 capital (T2)**	**1,136**

Bidvest Bank Limited

59	**Total capital (TC = T1 + T2)**	**1,037,524**
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	5,762,810
	OF WHICH:	
	OF WHICH:	
60	**Total risk weighted assets**	
	Capital ratios	
61	Common Equity Tier 1 (as percentage of risk weighted assets)	17.98%
62	Tier 1 (as percentage of risk weighted assets)	17.98
63	Total capital (as percentage of risk weighted assets)	18.00%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	0.25%
65	of which: capital conservation buffer requirements	0%
66	of which: bank-specific countercyclical buffer requirement	0%
67	of which: G-SIB buffer requirement	0%
68	Common Equity Tier 1 available to meet buffers (as percentage of risk weighted assets)	17.98%
	National Minima (if different from Basel 3)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	6.5%
70	National Tier 1 minimum ratio	8.0%
71	National total capital minimum ratio	10.0%
	Amounts below the threshold for deductions (before risk weighting)	
72	Non-significant investments in the capital of other financials	
73	Significant investments in the common stock of financials	
74	Mortgage servicing rights (net of related tax liability)	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	
	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 the application of cap)	1,136
77	Cap on inclusion of provisions in Tier 2 under standardised approach)	24,508
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

Bidvest Bank Limited

Leverage ratio common disclosure template

Summary comparison of accounting assets vs leverage ratio exposure measure

	Item	R'000
1	Total consolidated assets as per published financial statements	6,190,661
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	- 16,740
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	6,173,921
4	Adjustments for derivative financial instruments	9,844
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off- balance sheet exposures)	179,503
7	Other adjustments	
8	**Leverage ratio exposure**	6,363,268

	Item	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	6,190,661
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	16,740
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	6,173,921
	Derivative exposures	
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	30,871
5	Add-on amounts for PFE associated with *all* derivatives transactions	16,786
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)**	47,657
	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)**	-

Bidvest Bank Limited

Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	897,680
18	(Adjustments for conversion to credit equivalent amounts)	718,177
19	**Off-balance sheet items (sum of lines 17 and 18)**	179,503 -
Capital and total exposures		
20	**Tier 1 capital**	1,036,388
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	6,353,424
Leverage ratio		
22	**Basel III leverage ratio**	16.31%

Bidvest Bank Limited

LCR common disclosure template

(R'000)

		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		259,670
			CASH OUTFLOWS
2	Retail deposits and deposits from small business customers, of which:	1,589,485	158,948
3	Stable deposits		
4	Less stable deposits	1,589,485	158,948
5	Unsecured wholesale funding, of which:	1,040,593	565,114
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	1,040,593	565,114
8	Unsecured debt		
9	Secured wholesale funding		200,696
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	9,469	9,469
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities		
14	Other contractual funding obligations	282,134	28,213
15	Other contingent funding obligations	718,178	35,909
16	**TOTAL CASH OUTFLOWS**		1,001,047
			CASH INFLOWS
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	2,228,002	2,176,640
19	Other cash inflows		
20	**TOTAL CASH INFLOWS**		2,176,640
			TOTAL ADJUSTED VALUE
21	**TOTAL HQLA**		259,670
22	**TOTAL NET CASH OUTFLOWS**		250,262
23	**LIQUIDITY COVERAGE RATIO (%)**		103.76%

Bidvest Bank Limited

PILLAR III – DISCLOSURE REQUIREMENTS FOR REMUNERATION – 30 JUNE 2015

The Basel Committee on Banking Supervision's guidance to improve compensation practices and strengthen supervision in this area incorporates the Financial Stability Board's Principles for Sound Compensation Practices. In terms of this requirement firms are required to disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders, including in particular shareholders.

The requirements have been designed to be sufficiently granular and detailed to allow meaningful assessment by market participants of a bank's compensation practices, while not requiring disclosure of sensitive or confidential information. As a result, banks will be required to disclose qualitative and quantitative information about their remuneration practices and policies covering the following areas:

- The governance / committee structures
- The design / operation of remuneration structure, frequency of review
- The independence of remuneration for risk / compliance staff
- The risk adjustment methodologies
- The link between remuneration and performance
- The long-term performance measures (deferral, malus, clawback)
- The types of remuneration (cash / equity, fixed / variable).

The Bank is expected to publish the disclosure on an annual basis at a minimum. The disclosure should be incorporated in the Bank's Pillar III public disclosure, or may refer to a different site or document if an equivalent disclosure has already been made under an accounting or listing requirement relating to the same time period.

The quantitative remuneration disclosure only covers senior management and other material risk takers as required.

To this end, Bidvest Bank Limited's remuneration disclosure is set out in the table below.

Requirement		**Bidvest Bank Limited disclosure**
Qualitative disclosures		
(a)	Information relating to the bodies that oversee remuneration. Disclosures should include: • Name, composition and mandate of the main body overseeing remuneration. • External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process. • A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches. • A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	Stated in section 2.4 of the Bank's Annual Financial Statements. No external consultants were approached for advice regarding remuneration during the 2015 financial year ending 30 June 2015. The Bank's remuneration policy sets out the rules, regulations, procedures, forms and standard documents relating to remuneration. Remuneration is determined and agreed on the concept of Cost to Employer (CTE). The Bank considers the senior staff and other risk takers to be limited to the board of directors.
(b)	Information relating to the design and structure of remuneration processes. Disclosures should include: • An overview of the key features and objectives of remuneration policy.	Remuneration is discussed in section 8.1 of the Bank's Annual Financial Statements. Key features of the Bank's remuneration policy include: - Compliance with labour legislation, the Income tax Act, Occupational Health and

Bidvest Bank Limited

<table>
<tr><th colspan="2">Requirement</th><th>Bidvest Bank Limited disclosure</th></tr>
<tr><td colspan="3">Qualitative disclosures</td></tr>
<tr><td></td><td>Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.
A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</td><td>Safety Act and any other applicable legislation.
- Consultation with a Workplace Forum set up to represent employees and communicate remuneration-related matters to the applicable authorities.
- Remuneration levels, grading and determination of CTE and structuring of the CTE.
- Statutory payments in terms of the Unemployment Insurance Fund (UIF), Skills Development levy, Compensation for Occupational Injuries and Diseases Act (COIDA), Employee's tax, Leave and notice payments and overtime payments
- Part time and permanent employees
- Remuneration increases
- Termination of employment
- Fixed term employment
- Employment equity
- Labour brokers and Independent contractors.

The Bank's remuneration functions fall under the ambit of the Remuneration Committee. The Bank's remuneration policy was reviewed in January 2015.

Remuneration of Risk and Compliance staff is based on TCE as agreed upon at the time of employment. Any additional remuneration in the form of performance bonus is based on an individual's performance and the overall performance of the Bank. There is no link between the remuneration of compliance and risk staff and the performance of the business units they oversee.</td></tr>
<tr><td>(c)</td><td>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include:
An overview of the key risks that the bank takes into account when implementing remuneration measures.
An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).
A discussion of the ways in which these measures affect remuneration.
A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</td><td>Remuneration of employees is based on regular performance reviews and is informed by industry guidelines and prevailing market conditions. Executive directors' employment contracts do not contain unusual leave or other benefit provisions, and are terminable on reasonable notice. Directors' and senior management's remuneration is approved by the Remuneration. The Bank does not offer a share incentive scheme but executives participate in the share incentive scheme of The Bidvest Group Limited. There has been no change in the measurement of performance for remuneration purposes over the past year.</td></tr>
<tr><td>(d)</td><td>Description of the ways in which the bank seeks to link performance during</td><td></td></tr>
</table>

Bidvest Bank Limited

Requirement		Bidvest Bank Limited disclosure
Qualitative disclosures		
	a performance measurement period with levels of remuneration. Disclosures should include: • An overview of main performance metrics for bank, top-level business lines and individuals. • A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance. • A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Disclosed in section 8.1 of the Bank's AFS. Disclosed in section 8.1 of the Bank's AFS. Disclosed in section 8.1 of the Bank's AFS.
(e)	Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include: • A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance. • A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	The Bank's remuneration is based on CTE. The Bank has no deferrals or vesting of variable remuneration across employees. N/A
(f)	Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include: • An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms). • A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description the factors that determine the mix and their relative importance.	Remuneration in the Bank is based on cash. N/A
Quantitative Disclosure – Senior management and material risk takers		
(g)	• Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its members.	Refer section 2.3 of the Bank's AFS.
(h)	• Number of employees having received a variable remuneration award during the financial year. • Number and total amount of guaranteed bonuses awarded during the financial year. • Number and total amount of sign-on awards made during the financial year. • Number and total amount of severance	N/A The Bank does not offer guaranteed bonuses. N/A None

Bidvest Bank Limited

Requirement		Bidvest Bank Limited disclosure
Qualitative disclosures		
	payments made during the financial year.	
(i)	• Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. • Total amount of deferred remuneration paid out in the financial year.	None None
(j)	• Breakdown of amount of remuneration awards for the financial year to show: - fixed and variable. - deferred and non-deferred. - different forms used (cash, shares and share-linked instruments, other forms).	Refer to note 7 of the AFS. The Bank does not have deferred and non-deferred remuneration. All bonuses are paid in cash.
(k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: • Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. • Total amount of reductions during the financial year due to ex post explicit adjustments. • Total amount of reductions during the financial year due to ex post implicit adjustments.	N/A N/A N/A N/A