

Capitec Bank Holdings Limited

February 2022 (4th quarter)

CC1 - Composition of Regulatory Capital

The capital disclosures detailed below address the prescribed Basel 3 template requirements. The Group is applying the Basel 3 regulatory adjustments in full as implemented by the South African Reserve Bank (SARB). These tables should be read in conjunction with section 2 - Linkages between financial statements and regulatory exposures.

Row #	R'000	28 Feb 2022 Basel 3
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	5 649 020
2	Retained earnings	26 367 529
3	Accumulated other comprehensive income (and other reserves)	506 217
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	32 522 766
CET1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	849 487
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	480 130
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 fair 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 the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related 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 Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel 3 treatment	3 403
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 (AT1) and Tier 2 (T2) to cover deductions	-
28	Total regulatory adjustments to CET1	1 333 020
29	CET1	31 189 746

AT1 capital : instruments

30	Directly issued qualifying AT1 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 AT1	51 167
34	AT1 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	AT1 capital before regulatory adjustments	-
AT1 capital: regulatory adjustments		
37	Investments in own AT1 instruments	-
38	Reciprocal cross-holdings in AT1 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 CET1 in respect of amounts subject to pre-Basel 3 treatment	-
42	Regulatory adjustments applied to AT1 due to insufficient T2 to cover deductions	-
43	Total regulatory adjustments to AT1 capital	-
44	AT1 capital	-
45	Tier 1 capital (T1 = CET1 + AT1)	31 189 746

T2 capital and provisions

46	Directly issued qualifying T2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from T2	-
48	T2 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 T2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Provisions	749 377
51	T2 capital before regulatory adjustments	749 377

T2 capital : regulatory adjustments

52	Investments in own T2 instruments	-
53	Reciprocal cross-holdings in T2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does own more than 10% of the issued common share capital of the entity: amount previously designated for a 5% threshold but no longer meets the conditions (for G-SIBs only)	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of 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 3 treatment	-
57	Total regulatory adjustments to T2 capital	-
58	T2 capital	749 377
59	Total capital (TC = T1 + T2)	31 939 123
	Risk Weighted Assets (RWAs) in respect of amounts subject to pre-Basel 3 treatment	
60	Total RWAs	88 054 092

Row #

28 Feb 2022
Basel 3**Capital ratios**

61	CET1 (as a percentage of RWAs)	35.4
62	T1 (as a percentage of RWAs)	35.4
63	TC (as a percentage of RWAs)	36.3
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 RWAs) ⁽²⁾	-
65	of which: capital conservation buffer requirement ⁽³⁾	2.5
66	of which: bank specific countercyclical buffer requirement ⁽⁴⁾	-
67	of which: G-SIB buffer requirement ⁽⁴⁾	-
68	CET1 available to meet buffers (as a percentage of risk weighted assets) ⁽³⁾	27.4

National Minima (if different from Basel 3)

69	National CET1 minimum ratio (if different from Basel 3 minimum)	8.00
70	National T1 minimum ratio	9.75
71	National total capital minimum ratio	12.00

Amounts below the threshold for deductions (before risk weighting)

72	Non-significant investments in the capital of other financials	133 922
73	Significant investments in the common stock of financials	222 722
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2 787 799

Applicable caps on the inclusion of provisions in T2

76	Provisions eligible for inclusion in T2 in respect of exposures subject to standardised approach (prior to application of cap)	8 337 725
77	Cap on inclusion of provisions in T2 under standardised approach	749 377
78	Provisions eligible for inclusion in T2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in T2 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)	51 167
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)	-

⁽¹⁾ Retained earnings are stated net of unappropriated profits of R3.192 billion.

⁽²⁾ Bank-specific buffers include the Pillar 2B idiosyncratic capital requirement (ICR) for specific bank risk and the Domestic Systemically Important Bank (D-SIB) buffers. Current regulations state that the Pillar 2A South African country risk buffer and the D-SIB on a combined basis cannot be more than 3.5%. In terms of South African Banks Act regulations, banks may not disclose their ICR.

⁽³⁾ The countercyclical buffer can range between 0% and 2.5% at the discretion of the monetary authorities. It is not expected that this buffer will be applied on a permanent basis and would only be applied when credit growth exceeds real economic growth.

⁽⁴⁾ Capitec Bank is classified as a Domestic Systemically Important Bank (D-SIB) but not as a Global Systemically Important Bank (G-SIB).

Main sources of differences between regulatory amounts and carrying values in financial statements

28 Feb 2022	Regulatory exposure carrying values of items:					
R'000	Total	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	Other risk framework
Asset carrying value amount under scope of regulatory consolidation	177 942 781	144 966 318	249 847	-	-	23 305 579
Liabilities carrying value amount under scope of regulatory consolidation	142 177 066	-	-	-	-	-
Total net amount under regulatory scope of consolidation	35 765 715	144 966 318	249 847	-	-	23 305 579
Off-balance sheet amounts	13 451 302	13 660 403	-	-	-	-
Exposure amounts considered for regulatory purposes		158 626 721	249 847	-	-	23 305 579