

Capitec Bank Holdings Limited

February 2021 (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 2021 Basel 3
roO	nmon 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	23 509 293
3	Accumulated other comprehensive income (and other reserves)	(14 602)
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	29 143 711
CE.	[1 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)	609 488
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	(29 244)
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 18	Reciprocal cross-holdings in common equity 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	(158 646)
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	1 271 085
29	CET1	27 872 626

Row # 28 Feb 2021 Basel 3

		Basel 3
AT1	capital : instruments	
30	Directly issued qualifying AT1 instruments plus related stock surplus	25 897
31	of which: classified as equity under applicable accounting standards	25 897
32	of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from AT1	55 641
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	25 897
AT1	capital: regulatory adjustments	
37	Investments in own AT1 instruments	-
38 39	Reciprocal cross-holdings in AT1 instruments 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	25 897
45	Tier 1 capital (T1 = CET1 + AT1)	27 898 523
46 47	Capital and provisions Directly issued qualifying T2 instruments plus related stock surplus 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 To a stable for a second stable at the s	647 835
51	T2 capital before regulatory adjustments	647 835
T2	capital : regulatory adjustments	
52	Investments in own T2 instruments	_
53	Reciprocal cross-holdings in T2 instruments	_
54	1 0,	
	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	capital of the entity (amount above the 10% threshold) 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	-
	capital of the entity (amount above the 10% threshold) Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of	-
55	capital of the entity (amount above the 10% threshold) 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) Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory	-
55	capital of the entity (amount above the 10% threshold) 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) Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
55 56	capital of the entity (amount above the 10% threshold) 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) Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments	-
55 56 57	capital of the entity (amount above the 10% threshold) 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) Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments Regulatory adjustments applied to Common Equity Tier 2 in respect of amounts subject to pre-Basel 3 treatment	- - - - 647 835
55 56 57 58	capital of the entity (amount above the 10% threshold) 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) Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments Regulatory adjustments applied to Common Equity Tier 2 in respect of amounts subject to pre-Basel 3 treatment Total regulatory adjustments to T2 capital	- - - - 647 835 28 546 358
54a 55 56 57 58 59	capital of the entity (amount above the 10% threshold) 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) Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments Regulatory adjustments applied to Common Equity Tier 2 in respect of amounts subject to pre-Basel 3 treatment Total regulatory adjustments to T2 capital T2 capital	

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Ca	pital ratios	
61	CET1 (as a percentage of RWAs)	35.8
62	T1 (as a percentage of RWAs)	35.9
63	TC (as a percentage of RWAs)	36.7
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 (5)	-
68	CET1 available to meet buffers (as a percentage of risk weighted assets) (3)	28.7
Na	cional Minima (if different from Basel 3)	
69	National CET1 minimum ratio (if different from Basel 3 minimum)	7.25
70	National T1 minimum ratio	8.875
71	National total capital minimum ratio	11.00
Am	ounts below the threshold for deductions (before risk weighting)	
72	Non-significant investments in the capital of other financials	1 653 949
73	Significant investments in the common stock of financials	217 391
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2 144 620
Ар	olicable 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)	7 454 408
77	Cap on inclusion of provisions in T2 under standardised approach	647 835
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	-
	oital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and an 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	25 897
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	29 744
84	Current cap on T2 instruments subject to phase out arrangements	-
0.5		

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 R716 million.

⁽²⁾ Bank-specific buffers include the Pillar 2B individual 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 requirement.

⁽⁹⁾ 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. This requirement is only expected to be introduced in 2016 in line with the Basel III timeline.

⁽⁴⁾ 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.

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

Linkages between financial statements and regulatory exposures

This section outlines the treatment and the carrying values as published in the financial statements and used for the various regulatory risk categories, along with the carrying values of the items for the calculation of regulatory capital. Certain differences arise as a result of differing treatment under regulatory and IFRS rules. The carrying values of the items subject to the regulatory framework are based on average daily balances (where applicable) as required in terms of the Regulations relating to banks (Reg 23 & Reg 24). The Off-Balance Sheet amounts are post application of Credit Conversion Factors (CCF) and Credit Risk Mitigation (CRM) to derivative exposures under counterparty credit risk.

28 Feb 2021	Carrying values as reported in	lues as Regulatory exposure carrying values of items: orted in					s:	
R'000	publishded financial statements & under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	framework	Subject to the market risk framework	Subject to deductions from capital	Subject to equity/ other risk	Total
Assets					,		,	
Cash, cash equivalents and money market funds	49 318 269	35 488 191	1 836 628	-	-	-	5 245 432	42 570 251
Financial assets at FVTPL	2 969 740	-	-	-	-	-	6 499 380	6 499 380
Financial investments at amortised cost	34 993 528	34 993 528	-	-	-	-	-	34 993 528
Term deposit investments	312 859	312 276	_	_	_	_	_	312 276
Net loans and advances	57 188 755	59 488 868	-	-	_	-	-	59 488 868
Other receivables	1 637 278	-	-	-	-	-	1 637 278	1 637 278
Net insurance receivable	987 116		-	-	-	-	987 116	987 116
Derivative assets	28 011	14 467	_	_	_	_	_	14 467
Financial assets - equity instruments at FVOCI	69 340	-	-	-	-	-	69 340	69 340
Interest in joint venture	377 009	_	_	_	_	_	377 009	377 009
Property and equipment	2 946 158	_	_	_	_	_	2 946 158	2 946 158
Right-of-use asset	2 052 985	_	_	-	_	_	2 052 985	2 052 985
Intangible asset including goodwill	1 481 302	_	_	-	_	1 481 302	_	1 481 302
Deferred income tax asset	2 144 636	_	_	_	_	_	2 144 636	2 144 636
Total assets	156 506 986	130 297 330	1 836 628	-	-	1 481 302	21 959 334	155 574 594
Liabilities								
Derivative liabilities	65 589	-	-	-	-	-	-	-
Current income tax liability	159 520	-	-	-	-	-	-	-
Deposits	118 532 382	-	-	-	-	-	-	-
Wholesale funding	2 376 046	-	-	-	-	-	-	-
Other liabilities	2 817 641	-	-	-	-	-	-	-
Lease liability	2 500 977	-	-	-	-	-	-	-
Provisions	139 426	-	-		-		-	-
Total liabilities	126 591 581	-	-	-	-		-	-
Equity								
Capital and reserves								
Ordinary share capital and premium	5 649 020	-	-	-	-	-	-	-
Cash flow hedge reserve	(29 244)	-	-	-	-	-	-	-
Other reserves	(35 649)	-	-	-	-	-	-	-
Foreign currency translation reserve	50 291	-	-	-	-	-	-	-
Retained earnings	24 225 346							
Share capital and reserves	29 859 764	_	_	_	_	_	_	_
attributable to ordinary shareholders	20 300 104							
Non-redeemable, non-cumulative, non-participating preference share capital and premium	55 641	-	-	-	-	-	-	-
Total equity	29 915 405	-	-	-	-	_	-	_
Total equity and liabilities	156 506 986	_	_	_	-	_	_	_

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

28 Feb 2021			ues 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	156 506 986	130 297 330	1 836 628	-	-	21 959 334
Liabilities carrying value amount under scope of regulatory consolidation	126 591 581	-	-	-	-	-
Total net amount under regulatory scope of consolidation	29 915 405	130 297 330	1 836 628	-	-	21 959 334
Off-balance sheet amounts	7 063 759	1 090 895	-	-	-	-
Exposure amounts considered for regulatory purposes	-	-	1 836 628	-	-	21 959 334