Capitec Bank Holdings Limited

August 2021 (2nd 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 Prudential Authority.

Row #	R'000	31 Aug 2021 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	25 345 128
3	Accumulated other comprehensive income (and other reserves)	(21 952)
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**	30 972 196
	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)	595 836
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	(24 049)
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	3 380
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**	1 424 654
29	**CET1**	29 547 542

Row #		31 Aug 2021 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	52 214
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	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**	25 897
45	**Tier 1 capital (T1 = CET1 + AT1)**	29 573 439
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	675 502
51	**T2 capital before regulatory adjustments**	675 502
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 desiginated 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**	675 502
59	**Total capital (TC = T1 + T2)**	30 248 941
	Risk Weighted Assets (RWAs) in respect of amounts subject to pre-Basel 3 treatment	
60	**Total RWAs**	80 920 225

Row #		31 Aug 2021 Basel 3
Capital ratios		
61	CET1 (as a percentage of RWAs)	36.5
62	T1 (as a percentage of RWAs)	36.5
63	TC (as a percentage of RWAs)	37.4
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	2.5
66	of which: bank specific countercyclical buffer requirement [3]	-
67	of which: G-SIB buffer requirement [4]	-
68	CET1 available to meet buffers (as a percentage of risk weighted assets) [3]	29.3
National 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
Amounts below the threshold for deductions (before risk weighting)		
72	Non-significant investments in the capital of other financials	130 297
73	Significant investments in the common stock of financials	208 129
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2 433 689
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)	8 672 543
77	Cap on inclusion of provisions in T2 under standardised approach	675 502
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	25 897
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	26 317
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 R1.376 billion.*

[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.*

[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. Implementation commenced in January 2016 with a rate of 0%.*

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