Capitec Bank Holdings Limited Biannual Public Disclosures in terms of the Banks' Act, Regulation 43

2014

1. Basis of compilation

The following information is compiled in terms of Regulation 43 of the Banks' Act 1990 (as amended) ("the Regulations") which incorporates the Basel, Pillar Three requirements on market discipline. All disclosures presented below are consistent with those disclosed in terms of International Financial Reporting Standards ("IFRS") unless otherwise stated. In the main, differences between IFRS and information disclosed in terms of the Regulations relate to the definition of capital and the calculation and measurement thereof.

2. Period of reporting

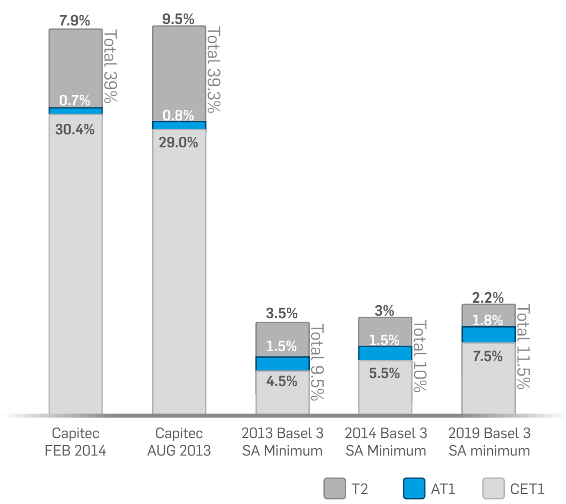
This report covers the six months ended 28 February 2014. Comparative information is presented for the previous six month period ended 31 August 2013.

3. Scope of reporting

This report covers the consolidated results of Capitec Bank Holdings Limited.

All subsidiaries are consolidated, in the same manner, for both accounting and supervisory reporting purposes. All companies are incorporated in the Republic of South Africa. The registered banking subsidiary of the group, Capitec Bank Limited has no subsidiaries.

CAPITAL ADEQUACY BY TIER



- *CET1 – Common Equity Tier 1 capital is ordinary share capital and reserves after Basel deductions.*
- *AT1 – Additional Tier 1 capital – Capitec's perpetual preference shares qualify as entry-level AT1 capital, and are subject to phasing-out in terms of Basel 3 as they do not meet new loss absorbency standards.*
- *T2 – Tier 2 capital – Capitec Bank's subordinated debt instruments qualify as entry-level T2 capital, and are subject to phasing-out in terms of Basel 3 as they do not meet new loss absorbency standards. Subordinated debt is issued by the bank subsidiary as the interest cost is offset against relative revenue and is regarded as third party capital, subject to additional phasing-out rules, at a consolidated level. No subordinated debt instruments were issued by Capitec during the reporting period.*
- *Globally, the Basel 3 minimum capital adequacy percentage is 8%.*
- *The 2014 Basel 3 SA minimum includes the SA country buffer of 2% (2013: 1.5%; 2019: 1%). The level of this buffer is at the discretion of the SARB and it is subject to periodic review.*
- *The 2019 Basel 3 SA minimum includes the capital conservation buffer of 2.5% which phases in from 2016. All banks must maintain this buffer to avoid regulatory restrictions on the payment of dividends and bonuses.*
- *Excluded from the SA minima are the Basel 3:*
  - *Bank-specific buffers. Bank-specific buffers include the Individual Capital Requirement (ICR) and the Domestic Systemically Important Bank (D-SIB) buffer. In terms of the Banks Act regulations, banks may not disclose their ICR requirement and D-SIB status. The D-SIB requirement will be phased in over four years commencing January 2016. Current regulations state that the South African country risk buffer and the D-SIB buffers on a combined basis will not be more than 3.5%.*
  - *Countercyclical buffer that 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 only when credit growth exceeds real economic growth. Implementation commences in January 2016.*
  - *Haircuts to be applied against minority and third-party capital issued by subsidiaries, which began phasing-in from 2013 at 20% per year.*

4. Detailed disclosures

4.1 Regulatory capital adequacy

R'000	28 Feb 2014	31 Aug 2013
Composition of qualifying regulatory capital		
Ordinary share capital[1]	**5 512 570**	5 512 570
Accumulated profit	**4 129 707**	3 310 347
	9 642 277	8 822 917
Regulatory adjustments		
– Intangible assets in terms of IFRS	**(201 318)**	(200 801)
– Specified advances	**-**	(4 030)
– Unappropriated profit	**(398 291)**	(198 056)
Common Equity Tier 1 capital (CET1)	**9 042 668**	8 420 030
Issued preference share capital[1]	**258 969**	258 969
Phase out – non-loss absorbent[2]	**(51 794)**	(25 897)
Additional Tier 1 capital (AT1)	**207 175**	233 072
Tier 1 capital (T1)	**9 249 843**	8 653 102
Issued subordinated debt[1]	**2 891 000**	2 891 000
Phase out – non-loss absorbent[2]	**(578 200)**	(289 100)
Third-party capital issued by bank subsidiary[3]	**(293 200)**	(164 210)
Total subordinated debt	**2 019 600**	2 437 690
Unidentified impairments	**328 328**	321 282
Tier 2 capital (T2)	**2 347 928**	2 758 972
Qualifying regulatory capital	**11 597 771**	11 412 074
CET1%	**30.4**	29.0
AT1%	**0.7**	0.8
T1%	**31.1**	29.8
T2%	**7.9**	9.5
Total capital adequacy %[4]	**39.0**	39.3
Composition of required regulatory capital		
On balance sheet	**2 623 523**	2 438 534
Off balance sheet	**263**	320
Credit risk	**2 623 786**	2 438 854
Operational risk	**197 119**	181 055
Equity risk in the banking book	**185**	141
Other assets	**155 526**	141 803
Total regulatory capital requirement[5]	**2 976 616**	2 761 853
Composition of risk-weighted assets[6]		
On balance sheet	**26 235 232**	25 666 777
Off balance sheet	**2 625**	3 369
Credit risk	**26 237 857**	25 672 146
Operational risk	**1 971 194**	1 905 838
Equity risk in the banking book	**1 850**	1 484
Other assets	**1 555 263**	1 492 659
Total risk-weighted assets	**29 766 164**	29 072 127
Total assets based on IFRS	**46 190 966**	42 858 138
Total risk-weighted assets – adjustments[7]	**(16 424 802)**	(13 786 011)
Total risk-weighted assets – regulatory	**29 766 164**	29 072 127

[1] For further details of the main features of these instruments, please refer to the Main Features of Capital Instruments and Transitional Basel 3 template on the Capitec Bank website.
[2] Starting 2013, the non loss absorbant AT1 and T2 capital is subject to a 10% per annum phase-out in terms of Basel 3.
[3] Starting 2013, a deemed surplus attributable to T2 capital of subsidiaries issued to outside third parties, is excluded from group qualifying capital in terms of the accelerated adoption of Basel 3. This deduction phases in at 20% per annum.
[4] The total capital adequacy ratio percentage is determined by dividing the total qualifying regulatory capital by total risk-weighted assets.
[5] This value is 10% (2013: 9.5%) of risk-weighted assets, being the Basel global minimum requirement of 8% and a South African country-specific buffer of 2% (2013: 1.5%). In terms of the regulations the Individual Capital Requirement (ICR) is excluded.
[6] Risk-weighted assets are calculated by using regulatory percentages (regulatory risk adjustments) applied to the balance sheet, in order to establish the base for calculating the required regulatory capital.
[7] The adjustments reflect mainly the impact of the regulatory percentages and the addition of a risk-weighted equivalent for operational risk.

4.2 Credit Risk

4.2.1 Gross credit risk exposures by sector

Gross regulatory credit exposures at balance sheet date are reflected below.

Basel 3 exposure categories R'000	Average gross exposure[1] 28 Feb 2014	31 Aug 2013	Aggregate gross year-end exposure[2] [4] 28 Feb 2014	31 Aug 2013	Exposure post risk mitigation[2] [3] [4] 28 Feb 2014	31 Aug 2013	Risk weights[5] %
On balance sheet							
Corporate[6]	**865 198**	795 296	**577 009**	1 146 591	**577 009**	1 146 591	100
Sovereign[7]	**4 790 835**	4 645 992	**5 342 807**	4 212 993	**5 342 807**	4 212 993	0
Banks (claims < 3mths original maturity)	**4 265 805**	2 357 801	**3 677 372**	2 689 232	**3 677 372**	2 689 232	20
Banks (claims >3mths original maturity)	**306 222**	–	**777 079**	–	**777 079**	–	50
Banks (Derivatives >3mths Aaa to Aa3)	**–**	56 263	**–**	–	**–**	–	20
Banks (Derivatives >3mths A1 toBaa3)	**177 802**	38 485	**223 746**	183 208	**223 746**	183 208	50
Retail personal loans							
– performing	**31 267 030**	30 434 010	**30 754 437**	30 830 143	**30 754 437**	30 830 143	75
– impaired[8]	**2 417 236**	1 862 401	**2 921 125**	1 799 292	**2 921 125**	1 799 292	100
Subtotal	**44 090 128**	40 190 248	**44 273 575**	40 861 459	**44 273 575**	40 861 459	
Off balance sheet							
Retail personal loans							
– retail guarantees	**–**	214	**–**	–	**–**	–	75
– committed undrawn facilities	**5 398**	3 627	**5 250**	6 739	**5 250**	6 739	75
– conditionally revocable commitments[9]	**398 689**	504 162	**440 423**	471 460	**440 423**	471 460	0
Total exposure	**44 494 215**	40 698 251	**44 719 248**	41 339 658	**44 719 248**	41 339 658	

As required by the regulations (which incorporate Basel requirements):
[1] Average gross exposure is calculated using daily balances for the last six months.
[2] Items represent exposure before the deduction of qualifying impairments on advances.
[3] Represents exposure after taking into account any qualifying collateral. Amounts are shown gross of impairments, which are deducted to calculate risk-weighted assets.
[4] 'Corporate' and 'Bank' exposures were calculated based on an average, using daily balances for month six of the respective reporting periods. All other items are the balances at the respective month-ends.
[5] The risk weightings reflected are the standard risk weightings applied to exposures, as required by the regulations. Risk weights for exposures (other than retail) are determined by mapping the exposure's Moody's International grade rating to a risk-weight percentage using the mapping table (shown on page 4). The risk weightings for retail exposures are specified directly in the banking regulations. A standard risk weight of 75% is applied to performing retail exposures while impaired exposures attract a standard 100% risk weight, net of allowed impairments.
[6] 94% (Aug 2013: 99%) of corporate aggregate gross period-end exposure relates to investments in money market unit trusts.
[7] Sovereign comprises investments in RSA treasury bills and SARB debentures. These exposures are zero risk weighted.
[8] An ageing of impaired advances is shown in 4.2.2.
[9] These commitments are a result of undrawn loan amounts. The loans are approved with a contractual repayment period of one month or less. The bank's contractual commitment is revocable should a client not meet his contractual obligations or where the bank has determined that the client's credit risk profile has changed. 21.3% (Aug 2013: 20.6%) is expected to be drawn down within one month. As these commitments are revocable, there is no capital charge in terms of the standardised approach for credit risk.

MAPPING MOODY'S INTERNATIONAL RATING GRADES TO RELATED RISK WEIGHTS

Long-term credit assessment	Aaa to Aa3 %	A1 to A3 %	Baa1 to Baa3 %	Ba1 to B3 %	Below B3 %	Unrated %
Sovereigns	0	20	50	100	150	100
Public sector entities	20	50	50	100	150	50
Banks	20	50	50	100	150	50
Security firms	20	50	50	100	150	50
Banks: short-term claims	20	20	20	50	150	20
Security firms: short-term claims	20	20	20	50	150	20
Long-term credit assessment	**Aaa to Aa3**	**A1 to A3**	**Baa1 to Baa3**	**Below B3**		
Corporate entities	20	50	100	150		100
Short-term credit assessment	**P-1**	**P-2**	**P-3**	**Other**		
Banks and corporate entities	20	50	100	150		

4.2.2 Age analysis of arrears

R'000	28 Feb 2014	31 Aug 2013
Ageing		
< 60 days	**1 791 273**	1 483 832
60 – 90 days	**382 590**	315 460
Total arrears	**2 173 863**	1 799 292

4.2.3 Write-offs and recoveries reflected in the income statement

R'000	SIX MONTHS 28 Feb 2014	SIX MONTHS 31 Aug 2013
Net impairment charge on loans and advances:		
Bad debts (write-offs)	**1 837 766**	1 657 830
Movement in impairment allowance	**452 873**	461 489
Bad debts recovered	**(269 848)**	(163 940)
Net impairment charge	**2 020 791**	1 955 379

4.2.4 Analysis of credit impairments

All impairments presented below relate to retail personal loans.

R'000	SIX MONTHS 28 Feb 2014	SIX MONTHS 31 Aug 2013
Movement in impairments:		
Balance at beginning of period	**3 184 303**	2 722 814
Unidentified Losses	**2 155 980**	1 859 324
Identified Losses	**1 028 323**	863 490
Movement	**452 873**	461 489
Unidentified Losses	**163 526**	296 656
Identified Losses	**289 347**	164 833
Balance at end of period	**3 637 176**	3 184 303
Unidentified Losses	**2 319 506**	2 155 980
Identified Losses	**1 317 670**	1 028 323

4.3 Liquidity measurements

4.3.1 Liquidity maturity analysis (mismatch)

The table below analyses assets and liabilities of the group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The table was prepared on the following basis:

- Asset and liability cash flows are presented on an undiscounted basis with an adjustment to reflect the total discounted result.
- The cash flows of floating rate financial instruments are calculated using published forward market rates at balance sheet date.
- The cash flows of the derivative financial instruments are included on a gross basis.
- Contractual cash flows with respect to off-balance sheet items which have not yet been recorded on the balance sheet, are excluded (Refer to page 7 for details of off-balance sheet items).
- Adjustments to loans and advances to clients relate to initiation fee income.
- Non-cash liabilities, representing leave pay and the straight-lining of operating leases, are disclosed as adjustments to trade and other payables.

Maturities of financial assets and financial liabilities	Demand to one month R'000	One to three months R'000	Three months to one year R'000	More than one year R'000	Adjustment R'000	Total R'000
FEB 2014						
Undiscounted assets						
Cash and cash equivalents - sovereigns	715 825	–	–	–	–	715 825
Cash and cash equivalents - banks	7 714 844	1 246 239	–	–	–	8 961 083
Cash and cash equivalents - corporate money markets unit trusts	2 278	–	–	–	–	2 278
Investments designated at fair value - sovereigns	695 330	285 000	3 791 580	–	–	4 771 910
Loans and advances to clients - retail personal	2 201 252	3 059 347	12 798 287	39 901 710	(368 304)	57 592 292
Loans and advances to clients - retail other	5 307	–	–	–	–	5 307
Loans and advances to clients - corporate other	14 466	–	–	–	–	14 466
Other receivables	118 464	51	–	2 197	–	120 712
Derivative Assets	–	(3 251)	17 932	230 057	–	244 738
Current income tax assets	–	–	22 529	–	–	22 529
Undiscounted assets	11 467 766	4 587 386	16 630 328	40 133 964	(368 304)	72 451 140
Discounting adjustment	(839 285)	(1 466 995)	(6 591 606)	(15 095 506)	–	(23 993 392)
Loan impairment provision	(317 583)	(134 230)	(568 546)	(2 616 817)	–	(3 637 176)
Total discounted assets	10 310 898	2 986 161	9 470 176	22 421 641	(368 304)	44 820 572
Undiscounted liabilities						
Deposits and bonds at amortised cost	15 315 786	1 739 300	5 137 338	18 217 404	-	40 409 828
Trade and other payables	385 846	118 914	32 762	92 348	118 863	748 733
Current income tax liabilities	–	–	–	–	–	–
Provisions	–	–	–	11 451	–	11 451
Undiscounted liabilities	15 701 632	1 858 214	5 170 100	18 321 203	118 863	41 170 012
Discounting adjustment	(24 714)	(191 151)	(920 600)	(3 824 685)	–	(4 961 150)
Total discounted liabilities	15 676 918	1 667 063	4 249 500	14 496 518	118 863	36 208 862
Discounted net liquidity (shortfall)/excess	(5 366 020)	1 319 098	5 220 676	7 925 123	(487 167)	8 611 710
Discounted cumulative liquidity (shortfall)/excess	(5 366 020)	(4 046 922)	1 173 754	9 098 877	8 611 710	8 611 710

The investments designated at fair value – sovereigns, can be sold at short notice, with no or minimal loss in value, to meet any unexpected demand for cash. If these investments with maturities greater than three months were reflected in less than three months, the cumulative short-term gap would narrow.

The definitions of sovereign, corporate and retail are aligned with the Banks Act regulations.

Maturities of financial assets and financial liabilities (discounted cash flows)	Demand to one month R'000	One to three months R'000	Three months to one year R'000	More than one year R'000	Adjustment R'000	Total R'000
AUG 2013						
Undiscounted assets						
Cash and cash equivalents - sovereigns	1 109 035	–	–	–	–	1 109 035
Cash and cash equivalents - banks	7 541 448	100 560	–	–	–	7 642 008
Cash and cash equivalents - corporate money markets unit trusts	4 978	–	–	–	–	4 978
Investments designated at fair value - sovereigns	440 000	341 000	2 364 510	–	–	3 145 510
Loans and advances to clients - retail personal	2 184 952	2 885 689	12 041 829	39 301 831	(413 780)	56 000 521
Loans and advances to clients - retail other	3 066	–	–	–	–	3 066
Loans and advances to clients - corporate other	14 946	–	–	–	–	14 946
Other receivables	71 951	6 752	30 686	129 691	–	239 080
Current income tax assets	–	–	37 473	–	–	37 473
Undiscounted assets	11 370 376	3 334 001	14 474 498	39 431 522	(413 780)	68 196 617
Discounting adjustment	(949 126)	(1 559 057)	(6 271 211)	(14 677 097)	–	(23 456 491)
Loan impairment provision	(238 395)	(103 782)	(428 375)	(2 413 751)	–	(3 184 303)
Total discounted assets	10 182 855	1 671 162	7 774 912	22 340 674	(413 780)	41 555 823
Undiscounted liabilities						
Deposits and bonds at amortised cost	12 851 320	1 667 124	5 209 613	18 365 930	–	38 093 987
Trade and other payables	347 946	20 254	146 874	84 329	118 307	717 710
Provisions	–	–	–	11 711	–	11 711
Undiscounted liabilities	13 199 266	1 687 378	5 356 487	18 461 970	118 307	38 823 408
Discounting adjustment	(6 201)	(157 315)	(768 947)	(4 182 075)	–	(5 114 538)
Total discounted liabilities	13 193 065	1 530 063	4 587 540	14 279 895	118 307	33 708 870
Discounted net liquidity (shortfall)/excess	(3 010 210)	141 099	3 187 372	8 060 779	(532 087)	7 846 953
Discounted cumulative liquidity (shortfall)/excess	(3 010 210)	(2 869 111)	318 261	8 379 040	7 846 953	7 846 953

Off-balance sheet items

The following off balance sheet items will result in a future outflow of cash, subsequent to reporting date. These cash flows are regarded as transactions relating to future reporting periods and are therefore excluded from the static maturity analysis above. As a going concern, these outflows will be offset by future cash inflows .

(a) Operating lease commitments

Operating lease committments relate mainly to property operating lease commitments. The future minimum lease payments under non-cancellable operating leases, will result in an outflow of cash subsequent to the reporting date. The future obligations measured on a straight-lined basis are as follows:

R'000	28 Feb 2014	31 Aug 2013
Property operating lease commitments		
The future aggregate minimum lease payments under non-cancellable leases are as follows:		
Within one year	**255 012**	235 914
From one to five years	**738 757**	713 354
After five years	**215 552**	220 836
Total future cash flows	**1 209 321**	1 170 104
Straight lining accrued	**(57 201)**	(51 198)
Future expenses	**1 152 120**	1 118 906

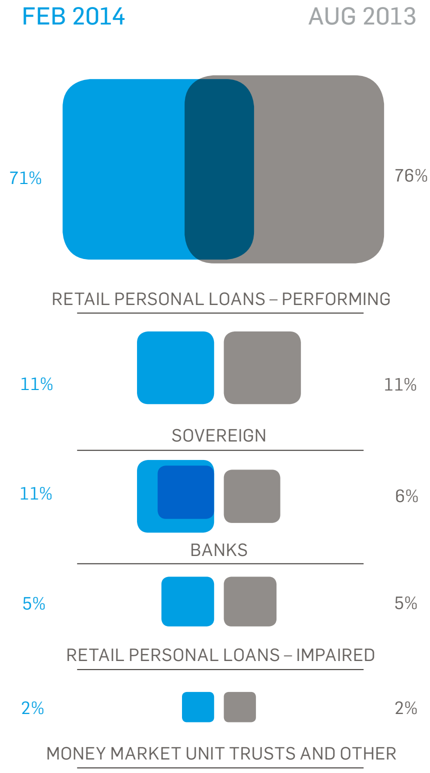
R'000	28 Feb 2014	31 Aug 2013
Other operating lease commitments		
Within one year	**2 023**	2 144
From one to five years	**1 472**	2 432
	3 495	4 576

(b) Capital commitments

Capital commitments for the acquisition of information technology hardware, improvements to leased premises and support services, expected to result in cash outflows by the end of the 2015 financial year, are as follows:

R'000	28 Feb 2014	31 Aug 2013
Capital commitments – approved by the board		
Contracted for:	**35 078**	67 090
Property and equipment	**26 622**	52 264
Intangible assets	**8 456**	14 826
Non contracted for:	**536 419**	429 869
Property and equipment	**397 505**	325 475
Intangible assets	**138 914**	104 394
	571 497	496 959

CREDIT EXPOSURE BY TYPE
(NET OF RISK MITIGATION)



(c) Conditionally revocable retail loan commitments

Conditionally, revocable, retail loan commitments totalled R440 million (Aug 2013: R471 million). These commitments are a result of undrawn loan amounts. The loans are advanced with a contractual repayment period of one month or less. The bank's contractual commitment is revocable should a client not meet their contractual obligations or where the bank has determined that the client's credit risk profile has changed. 21.3% (Aug 2013: 20.6%) of the value of these commitments is expected to be drawn down within one month. As these are one month loans, repayment of any future drawn downs must also occur within the month.

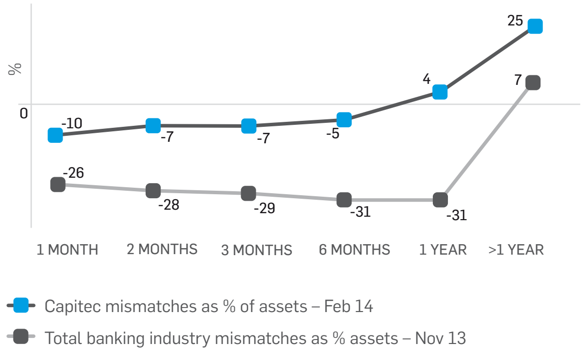
4.3.2 Liquidity mismatches

Contractual and behavioural liquidity mismatches

Both the contractual and behavioural mismatches benefit positively from the high component of equity funding. This creates a greater surplus of asset cash flows over liability cash flows than at banks with lower capital ratios.

The main difference between the behavioural and contractual mismatches relates to the treatment of retail call deposits. 92% (Aug 2013: 91%) of retail demand deposits are reflected as stable based on a one standard deviation measure of volatility, which is considered reasonable for business as usual conditions.

INDUSTRY COMPARISON – CUMULATIVE CONTRACTUAL LIQUIDITY MISMATCHES



4.3.3 Liquidity ratios

The liquidity coverage ratio (LCR)

The LCR is a 30-day stress test that requires banks to hold sufficient high-quality liquid assets to cover envisaged net outflows. These outflows are calibrated using prescribed Basel factors applied to assets and liabilities in a static run-off model. Basel definitions are used to identify high-quality liquid assets.

A ratio of 100% or more represents compliance in terms of Basel 3 requirements. The requirement to comply is being phased in and a ratio of 60% is required by 2015.

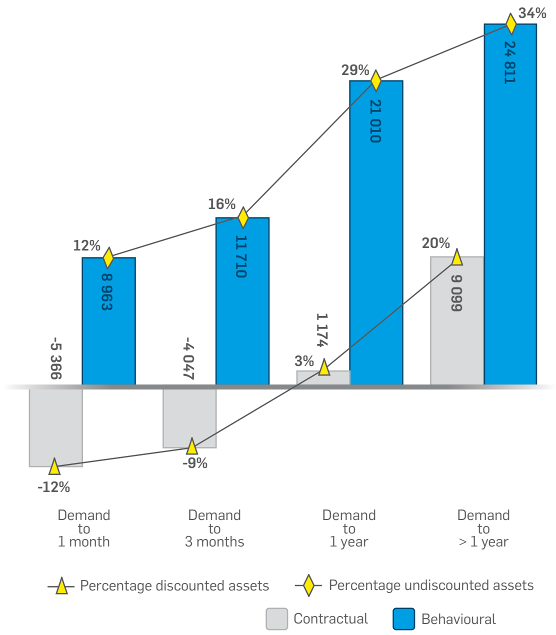
	28 Feb 2014	31 Aug 2013
LCR		
LCR%	**1 689**	1 400
High-quality liquid assets (R'm)	**6 753**	5 338
Net outflow [1] (R'm)	**400**	381

(1) *As Capitec has a net cash inflow after applying the run-off factors, outflows for the purpose of the ratio are deemed to be 25% of gross outflows.*

Basel has changed the calibration of the LCR, effective January 2015. If these changes were applied as at 28 February 2014 it would have had an immaterial effect on the LCR% as disclosed.

CONTRACTUAL AND BEHAVIOURAL LIQUIDITY MISMATCHES R'm

The contractual mismatch is reported on a discounted basis whereas the behavioural mismatch is reported on an undiscounted basis.



Industry comparison

The industry comparison shows that Capitec's contractual mismatch as a percentage of assets is prudent relative to the total industry mismatch. The source data is as reported on the SARB BA 300 returns, which exclude the impact of loan impairments.

The net stable funding ratio (NSFR)

The NSFR is designed to ensure closer matching of long-term asset cash flows with long-term funding cash flows. A ratio of 100% or more represents compliance. Compliance is required by 2018.

	28 Feb 2014	31 Aug 2013
NSFR		
NSFR%	**132**	123
Required stable funding (R'm)	**29 272**	29 277
Available stable funding (R'm)	**38 631**	35 902

Early compliance with these two new Basel ratios underscores Capitec's conservative approach to liquidity management. Our NSFR% is calculated as per the SARB rules in force. Basel has proposed adjustments to the calibration of the ratio. These changes make it easier to comply. If these changes were applied at 28 February 2014 the NSFR% ratio would have been 155%.

DIVERSIFICATION OF FUNDING SOURCES

FEB 2014	AUG 2013	
36%	30%	Demand deposits – retail
22%	22%	Fixed-term deposits – retail
13%	14%	Equity – ordinary shareholders (listed)
13%	14%	Fixed-term deposits – wholesale (listed)
5%	5%	Fixed-term deposits – wholesale (listed subordinated debt)
5%	7%	Fixed-term deposits – wholesale (negotiable instruments)
3%	4%	Fixed-term deposits – wholesale (other)
2%	3%	Fixed-term deposits – wholesale (subordinated debt)
1%	1%	Equity – preference shareholders (listed)

- Capitec has no exposure to institutional or corporate call accounts.
- Wholesale (listed and subordinated debt listed) comprises domestic medium term notes listed on the JSE Limited. Investors in these bonds comprise: banks, insurance companies, fund managers and pension and provident funds.
- Wholesale (other) comprises deposits negotiated through bilateral agreements, including those with European development finance institutions (DFIs).
- Retail refers to individuals/natural persons.

4.4 Interest rate risk

The equity sensitivity analysis below shows how the value of equity would be impacted by a 200 basis point increase or decrease in interest rates. The resulting values are expressed as a percentage of equity before applying the change in rates. The analysis is performed on a discounted, run-off basis in line with the regulations.

Sensitivity of equity	28 Feb 2014		31 Aug 2013	
	R'000	%	R'000	%
200 basis points shift				
Increase	**(317 959)**	(3.3)	(318 801)	(3.0)
Decrease	**321 189**	3.3	316 289	3.0

4.5 Equity risk in the banking book

Capitec Bank Holdings Limited is not an investment bank and does not maintain proprietary positions in equity investments. The group has a 28% shareholding in a non listed entity Key Distributors (Pty) Ltd. The equity accounted value of the investment was R1.85 million as at 28 February 2014.

5. Qualitative disclosures and accounting policies

The regulations require that certain qualitative disclosures and statements on accounting policy be made. These were made in the group annual report for the financial year ended 28 February 2014, in the remuneration report, corporate governance and risk management review and statements on group accounting policy. The disclosures in this report should be read together with the Group Annual Report, Main Features of Capital Instruments and Transitional Basel 3 Template. These disclosures can be found on the Capitec Bank website under Investor relations, Financial results, Banks Act Public Disclosure.