CAPITEC BANK HOLDINGS LIMITED

Capitec Bank Holdings Limited

November 2021 (3rd quarter)

Capitec Bank Holdings Limited and its subsidiaries ("group"), have complied with Regulation 43 of the Regulations relating to banks, which incorporates the requirements of Basel.

In terms of Pillar 3 under Basel, the consolidated group is required to disclose quantitative information on its capital adequacy ratios on a quarterly basis.

The group's consolidated capital position at the end of the third quarter of the 28 February 2022 financial year end is set out below:

Composition of qualifying regulatory capital	R'000	3rd Quarter 2022 (30 Nov 2021) Capital Adequacy Ratio %	R'000	2nd Quarter 2022 (31 Aug 2021) Capital Adequacy Ratio %
Ordinary share capital	5 649 020		5 649 020	
Foreign Currency Translation Reserve	49 927		31 199	
Other Reserves	(44 656)		(53 151)	
Accumulated profit	27 130 022		26 276 667	
	32 784 313		31 903 735	
Regulatory adjustments				
-Intangible assets, deferred tax assets excluding temporary differences and goodwill in terms of IFRS	(1 424 757)		(1 445 323)	
-Cash flow hedge reserve and other regulatory adjustments	12 345		20 669	
-Unappropriated profit	(814 838)		(931 539)	
Common Equity Tier 1 capital (CET1)	30 557 063	36.5	29 547 542	36.5
Issued Preference share capital	51 356		52 214	
Phase out - non loss absorbent [(1)]	(25 459)		(26 317)	
Additional Tier 1 capital (AT1) [(1)]	25 897	0.0	25 897	0.0
Tier 1 capital (T1)	30 582 960	36.5	29 573 439	36.5
General allowance for credit impairment	715 172		675 502	
Tier 2 capital (T2)	715 172	0.9	675 502	0.9
Qualifying regulatory capital	31 298 132	37.4	30 248 941	37.4
Required regulatory capital [(2)]	9 214 280		8 901 223	

(1) *Starting 2013, the non loss absorbent AT1 and T2 capital is subject to a 10% per annum phase-out in terms of Basel 3.*

(2) *This value is currently 11% of risk-weighted assets, being the Basel global minimum requirement of 8%, the Capital Conservation Buffer of 2.5% and the Domestic Systemically Important Bank("D-SIB") capital add-on of 0.5%. In terms of the regulations relating to banks the Individual Capital Requirement ("ICR") is excluded.*

The Prudential Authority issued Directive 2 on 6 April 2020 and temporarily relaxed the Pillar 2A South African country-specific buffer of 1% to provide temporary capital relief to banks during this time of financial stress following the outbreak of the Covid-19 pandemic, in a manner that ensures South Africa's continued compliance with the relevant internationally agreed capital framework. Per Directive 5 of 2021 issued on 20 May 2021, the 1% Pillar 2A requirement will be reinstated on 1 January 2022.

By order of the Board

Stellenbosch
15 December 2021

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OV1: Overview of Risk-Weighted Assets (RWA)

Line #	R'000	Total RWA 3rd Quarter 2022 (30 Nov 2021)	Total RWA 2nd Quarter 2021 (31 Aug 2021)	Minimum capital requirements 3rd Quarter 2022 (30 Nov 2021)
1	Credit risk (excluding counterparty credit risk) (CCR)	56 698 589	53 925 775	6 236 845
2	Of which standardised approach (SA)	56 698 589	53 925 775	6 236 845
3	Of which internal rating-based (IRB) approach	-	-	-
4	Of which supervisory slotting approach	-	-	-
5	Of which advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk	82 775	114 402	9 105
7	Of which standardised approach for counterparty credit risk (SA-CCR)	82 775	114 402	9 105
8	Of which internal model method (IMM)	-	-	-
9	Of which other CCR	-	-	-
10	Credit valuation adjustment	13 204	17 422	1 452
11	Equity positions in banking book under market-based approach	1 894 221	2 110 173	208 364
12	Equity investments in funds – look-through approach	1 958 332	2 497 785	215 417
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which securitisation internal ratings-based approach (Sec-IRBA)	-	-	-
18	Of which securitisation external ratings-based approach (Sec-ERBA), including internal assessment approach (IAA)	-	-	-
19	Of which securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	31 968	33 720	3 516
21	Of which standardised approach (SA)	31 968	33 720	3 516
22	Of which internal model approaches (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	10 051 943	9 710 427	1 105 714
	Other risk	5 708 602	5 905 975	627 946
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	7 326 557	6 604 546	805 921
26	Floor adjustment	-	-	-
27	**Total**	83 766 191	80 920 225	9 214 280