

Section 1 - Transitional Basel 3 table

The capital disclosures detailed below address the prescribed transitional 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 - Regulatory Balance Sheet and section 3 - Reconciliation between transitional Basel 3 Table and the Regulatory Balance Sheet.

Row #		31 Aug 2015 Basel 3	Reconciliation table reference ⁽¹⁾
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	TABLE A
2	Retained earnings ⁽²⁾	6 317 877	TABLE A
3	Accumulated other comprehensive income (and other reserves)	35 746	TABLE A
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	12 002 643	TABLE A
CET1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	230 246	TABLE B
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	35 746	TABLE B
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	358	
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	266 350	TABLE B
29	CET1	11 736 293	

Row #		31 Aug 2015 Basel 3	Reconciliation table reference ⁽¹⁾
AT1 capital : instruments			
30	Directly issued qualifying AT1 instruments plus related stock surplus	181 278	TABLE C
31	of which: classified as equity under applicable accounting standards	181 278	TABLE C
32	of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from AT1	191 179	TABLE C
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	181 278	TABLE C
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	181 278	TABLE C
45	Tier 1 capital (T1 = CET1 + AT1)	11 917 571	
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) ⁽³⁾	1 723 270	TABLE D
49	of which: instruments issued by subsidiaries subject to phase out	2 891 000	TABLE D
50	Provisions	437 506	TABLE D
51	T2 capital before regulatory adjustments	2 160 776	TABLE D
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)	-	
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	2 160 776	TABLE D
59	Total capital (TC = T1 + T2)	14 078 347	
	Risk Weighted Assets (RWAs) in respect of amounts subject to pre-Basel 3 treatment		
60	Total RWAs	39 760 547	

Row #		31 Aug 2015 Basel 3	Reconciliation table reference ⁽¹⁾
Capital ratios			
61	CET1 (as a percentage of RWAs)	29.5	
62	T1 (as a percentage of RWAs)	30.0	
63	TC (as a percentage of RWAs)	35.4	
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) ⁽⁴⁾	–	
65	of which: capital conservation buffer requirement ⁽⁵⁾	–	
66	of which: bank specific countercyclical buffer requirement ⁽⁶⁾	–	
67	of which: G-SIB buffer requirement ⁽⁷⁾	–	
68	CET1 available to meet buffers (as a percentage of risk weighted assets) ⁽⁴⁾	–	
National Minima (if different from Basel 3)			
69	National CET1 minimum ratio (if different from Basel 3 minimum)	6.5	
70	National T1 minimum ratio	8.0	
71	National total capital minimum ratio	10.0	
Amounts below the threshold for deductions (before risk weighting)			
72	Non-significant investments in the capital of other financials	–	
73	Significant investments in the common stock of financials	–	
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	276 593	
Applicable caps on the 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)	2 719 527	
77	Cap on inclusion of provisions in T2 under standardised approach	437 506	
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	181 278	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	9 901	
84	Current cap on T2 instruments subject to phase out arrangements ⁽³⁾	1 723 270	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) ⁽³⁾	1 167 730	

⁽¹⁾ References are to tables in section 3.

⁽²⁾ Retained earnings are stated net of unappropriated profits of R183 million.

⁽³⁾ The amount excluded from Tier 2 capital due to the cap consists of two contributors. The first R867 million is the phase out of non-loss absorbent instruments calculated by applying the Basel 3 ceiling limits. The second haircut is for amounts attributable to third-parties (R300 million). The eligibility of subordinated debt issued out of the 100% owned bank subsidiary is limited as it is regarded as third-party capital. The haircuts that are applied against third-party capital issued by subsidiaries, phased in from 2013 at 20% per year.

⁽⁴⁾ Bank-specific buffers include the individual capital requirement (ICR) for specific bank risk and the domestically systemic important bank (D-SIB) buffers. Current regulations state that the 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 or D-SIB status.

⁽⁵⁾ The capital conservation buffer will be phased in 1 January 2016 becoming fully effective on 1 January 2018. Phase in will begin at 0.625% of RWAs on 1 January 2016 and increase each subsequent year by a additional 0.625%, to reach the final level of 2.5% of RWAs on 1 January 2019.

⁽⁶⁾ 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 3 timeline.

⁽⁷⁾ Capitec Bank is not classified as a Globally Systemic Important Bank (G-SIB).

Section 2 - Regulatory Balance Sheet as at 31 August 2015

	Group	Adjustment ⁽¹⁾	Component of regulatory capital reported by group	Transitional table/ Reconciling table Reference
	R'000	R'000	R'000	
Assets				
Cash, cash equivalents and money market funds	10 563 000	-	10 563 000	
Investments designated at fair value	1 448 765	-	1 448 765	
Investments designated at amortised cost	2 638 779	-	2 638 779	
Term deposit investments	8 188 383	-	8 188 383	
Loans and advances to clients	33 648 612	-	33 648 612	
Other receivables	389 703	-	389 703	
Derivative assets	103 644	-	103 644	
Current income tax assets	102 365	-	102 365	
Interest in subsidiaries	-	-	-	
Interest in associates	-	-	-	
Property and equipment	964 227	-	964 227	
Intangible assets ⁽²⁾	230 247	-	230 247	
Deferred income tax assets	276 593	-	276 593	
Total assets	58 554 318	-	58 554 318	
Liabilities				
Deposits and bonds at amortised cost	45 042 283	-	45 042 283	
of which retail savings	21 851 156	-	21 851 156	
of which retail fixed deposits	12 762 205	-	12 762 205	
of which wholesale	1 389 161	-	1 389 161	
of which subordinated debt- unlisted bonds	1 008 317	-	1 008 317	TABLE D
of which subordinated debt- listed bonds	1 928 551	-	1 928 551	TABLE D
of which listed senior bonds	4 554 153	-	4 554 153	
of which other unlisted negotiable instruments	1 548 740	-	1 548 740	
of which reserve bank settlement balance	-	-	-	
Other liabilities	1 067 972	-	1 067 972	
Current income tax liabilities	-	-	-	
Provisions	67 149	-	67 149	
Total liabilities	46 177 404	-	46 177 404	
Equity				
Capital and reserves				
Ordinary share capital and premium	5 649 020	-	5 649 020	ROW 1
Cash flow hedge reserve	35 746	-	35 746	ROW 3, TABLE A
Retained earnings	6 500 969	-	6 500 969	TABLE A
Share capital and reserves attributable to ordinary shareholders	12 185 735	-	12 185 735	
Non-redeemable, non-cumulative, non-participating preference share capital and premium	191 179	-	191 179	TABLE C
Total equity	12 376 914	-	12 376 914	
Total equity and liabilities	58 554 318	-	58 554 318	

⁽¹⁾ For consolidation purposes there is no difference in the IFRS and Regulatory Balance Sheet.

⁽²⁾ Other than mortgage-servicing-rights.

Section 3 - Reconciliation between transitional Basel 3 Table and the Regulatory Balance Sheet

Table A	31 Aug 2015 R'000	Transitional Basel 3 Table reference ⁽¹⁾
Common Equity Tier 1 Capital		
Share capital and premium ⁽²⁾	5 649 020	ROW 1
Adjusted retained earnings	6 317 877	ROW 2
Retained earnings ⁽²⁾	6 500 969	
Unappropriated profits	(183 092)	
	11 966 897	
Cash flow hedging reserves	35 746	ROW 3
Total as per Transitional Basel 3 Template	12 002 643	ROW 6

Table B		
Common Equity Tier 1 Regulatory Adjustments		
Other intangibles	(230 246)	ROW 9
Disallowed hedging reserves	(35 746)	ROW 11
National specific regulatory adjustments	(358)	ROW 26
Total as per Transitional Basel 3 Template	(266 350)	ROW 28

Table C		
Additional Tier 1 capital		
Non-redeemable, non-cumulative, non-participating preference shares ⁽²⁾	191 179	ROW 33
Phase out (grandfathering) of AT1 in terms of Basel 3 ceiling ⁽³⁾	(9 901)	
Total as per Transitional Basel 3 Template	181 278	ROW 30/31/36

Table D		
Tier 2 Capital		
Subordinated debt - unlisted bonds ⁽²⁾	1 008 317	
Subordinated debt - listed bonds ⁽²⁾	1 928 551	
	2 936 868	
Accrued interest not classified as T2 capital	(45 868)	
Total subordinated debt	2 891 000	ROW 49
Phase out (grand fathering) of subordinated debt in terms of Basel 3 ceiling ⁽³⁾	(867 300)	
Haircut on amounts attributable to third parties ⁽⁴⁾	(300 430)	
Tier 2 instruments issued by subsidiaries and held by third parties	1 723 270	ROW 48
General allowance for credit impairment	437 506	ROW 50
Total as per Transitional Basel 3 Template	2 160 776	ROW 51/58

⁽¹⁾ References are to the rows in section 1.

⁽²⁾ Represents the balance per Regulatory Balance Sheet, refer section 2.

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

⁽⁴⁾ 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.