# Capitec Bank Holdings Limited

## August 2021 (2nd 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 second quarter of the 28 February 2022 financial year end is set out below:

| Composition of qualifying regulatory capital | 2nd Quarter 2022 (31 Aug 2021) R'000 | 2nd Quarter 2022 (31 Aug 2021) Capital Adequacy Ratio % | 1st Quarter 2022 (31 May 2021) R'000 | 1st Quarter 2022 (31 May 2021) Capital Adequacy Ratio % |
|---|---|---|---|---|
| Ordinary share capital | **5 649 020** | | 5 649 020 | |
| Foreign Currency Translation Reserve | **31 199** | | 23 284 | |
| Other Reserves | **(53 151)** | | (62 599) | |
| Accumulated profit | **26 276 667** | | 24 299 849 | |
| | **31 903 735** | | 29 909 554 | |
| **Regulatory adjustments** | | | | |
| -Intangible assets, deferred tax assets excluding temporary differences and goodwill in terms of IFRS | **(1 445 323)** | | (1 425 522) | |
| -Cash flow hedge reserve and other regulatory adjustments | **20 669** | | 25 367 | |
| -Unappropriated profit | **(931 539)** | | (376 938) | |
| Common Equity Tier 1 capital (CET1) | **29 547 542** | **36.5** | 28 132 461 | 36.4 |
| Issued Preference share capital | **52 214** | | 53 835 | |
| Phase out - non loss absorbent (1) | **(26 317)** | | (27 938) | |
| Additional Tier 1 capital (AT1) (1) | **25 897** | **0.0** | 25 897 | 0.0 |
| **Tier 1 capital (T1)** | **29 573 439** | **36.5** | 28 158 358 | 36.4 |
| General allowance for credit impairment | **675 502** | | 648 295 | |
| **Tier 2 capital (T2)** | **675 502** | **0.9** | 648 295 | 0.9 |
| **Qualifying regulatory capital** | **30 248 941** | **37.4** | 28 806 653 | 37.3 |
| **Required regulatory capital (2)** | **8 901 223** | | 8 500 078 | |

(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%, disclosable in terms of Directive 4 issued by the Prudential Authority on 27 August 2020. Directive 4 has replaced Directive 6 of 2016 and requires banks to publicly disclose their D-SIB capital add-on as part of their composition of regulatory capital disclosure. 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. It is currently anticipated that the 1% Pillar 2A requirement will be reinstated on 1 January 2022.*

By order of the Board

Stellenbosch
30 September 2021

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## August 2021 (2nd quarter)

### OV1: Overview of Risk-Weighted Assets (RWA)

| Line # | R'000 | Total RWA<br>2nd Quarter 2022<br>(31 Aug 2021) | Total RWA<br>1st Quarter 2021<br>(31 May 2021) | Minimum capital requirements<br>2nd Quarter 2022<br>(31 Aug 2021) |
|---|---|---|---|---|
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 53 925 775 | 51 833 550 | 5 931 835 |
| 2 | Of which standardised approach (SA) | 53 925 775 | 51 833 550 | 5 931 835 |
| 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 | 114 402 | 151 752 | 12 584 |
| 7 | Of which standardised approach for counterparty credit risk (SA-CCR) | 114 402 | 151 752 | 12 584 |
| 8 | Of which internal model method (IMM) | - | - | - |
| 9 | Of which other CCR | - | - | - |
| 10 | Credit valuation adjustment | 17 422 | 8 835 | 1 916 |
| 11 | Equity positions in banking book under market-based approach | 2 110 173 | 1 860 570 | 232 119 |
| 12 | Equity investments in funds – look-through approach | 2 497 785 | 1 713 850 | 274 756 |
| 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 | 33 720 | 22 075 | 3 709 |
| 21 | Of which standardised approach (SA) | 33 720 | 22 075 | 3 709 |
| 22 | Of which internal model approaches (IMA) | - | - | - |
| 23 | Capital charge for switch between trading book and banking book | - | - | - |
| 24 | Operational risk | 9 710 427 | 9 272 811 | 1 068 147 |
| | Other risk | 5 905 975 | 6 141 279 | 649 657 |
| 25 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 6 604 546 | 6 268 704 | 726 500 |
| 26 | Floor adjustment | - | - | - |
| 27 | **Total** | 80 920 225 | 77 273 426 | 8 901 223 |