Capitec Bank Holdings Limited

Transitional Basel III Template

Six Months Ended: 31/08/2013

CAPITEC BANK

Simplicity is the ultimate sophistication

	Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 June 2013 to 1 January 2018)		Amounts subject to pre-Basel III treatment
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	5 512 570	
2	Retained earnings [1]	3 112 291	
3	Accumulated other comprehensive income (and other reserves)	67 128	
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**	**8 691 989**	
	Common Equity Tier 1 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)	(200 801)	–
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	(67 128)	–
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	(4 030)	–
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-Basel III treatment	–	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–	
28	**Total regulatory adjustments to Common equity Tier 1**	**(271 959)**	
29	**Common Equity Tier 1 capital (CET1)**	**8 420 030**	
	Additional Tier 1 capital : instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	233 072	
31	of which: classified as equity under applicable accounting standards	233 072	
32	of which: classified as liabilities under applicable accounting standards	–	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	–	
34	Additional Tier 1 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	**Additional Tier 1 capital before regulatory adjustments**	**233 072**	

	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	–	–
38	Reciprocal cross-holdings in Additional Tier 1 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 Common Equity Tier 1 in respect of amounts subject to pre-Basel III treatment	–	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	
43	**Total regulatory adjustments to Additional Tier 1 capital**	–	
44	**Additional Tier 1 capital (AT1)**	**233 072**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**8 653 102**	
	Tier 2 capital and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47	Directly issued capital instruments subject to phase out from Tier 2	–	
48	Tier 2 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 Tier 2)	2 437 690	
49	of which: instruments issued by subsidiaries subject to phase out (2)	2 437 690	
50	Provisions	321 282	
51	Tier 2 capital before regulatory adjustments	**2 758 972**	
	Tier 2 capital : regulatory adjustments		
52	Investments in own Tier 2 instruments	–	–
53	Reciprocal cross-holdings in Tier 2 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 III treatment	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	**Tier 2 capital (T2)**	**2 758 972**	
59	**Total capital (TC = T1 + T2)**	**11 412 074**	
	Risk Weighted Assets		
60	**Total risk weighted assets**	**29 072 127**	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	29.0	
62	Tier 1 (as a percentage of risk weighted assets)	29.8	
63	Total capital (as a percentage of risk weighted assets)	39.3	
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 risk weighted assets) (3)	–	
65	of which: capital conservation buffer requirement (4)	–	
66	of which: bank specific countercyclical buffer requirement (5)	–	
67	of which: G-SIB buffer requirement (6)	–	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (3)	–	
	National Minima (if different from Basel 3)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	4.5	
70	National Tier 1 minimum ratio	6.0	
71	National total capital minimum ratio	9.5	

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)	213 064
Applicable caps on the on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2 155 980
77	Cap on inclusion of provisions in Tier 2 under standardised approach	321 282
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–
79	Cap for inclusion of provisions in Tier 2 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	233 072
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	25 897
84	Current cap on T2 instruments subject to phase out arrangements (2)	2 435 355
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (2)	455 645

(1) Retained Earnings are stated net of unappropriated profits of R198.1 million.

(2) The amount excluded from Tier 2 capital due to the cap consists of two contributors. The first is the 10% phase out at subsidiary level (R289 million) and the second the 20% haircut of amounts attributable to third-parties (R166 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 during 2013 at 20% per year.

(3) Bank-specific buffers include the individual capital requirement (ICR) for specific bank risk and the domestically 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%. The SARB is in the process of determining the D-SIB levels for individual banks. In terms of the regulations the ICR requirement is not disclosed.

(4) 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.

(5) 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 III timeline.

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