

August 2016 (second 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 2017 financial year end is set out below:

Composition of qualifying regulatory capital	2nd Quarter 2017 (31 Aug 2016)		1st Quarter 2016 (31 May 2016)	
	R'000	Capital Adequacy Ratio %	R'000	Capital Adequacy Ratio %
Common Equity Tier 1 capital (CET1)	13 796 552	29.9	13 144 403	28.9
Additional Tier 1 capital (AT1) ⁽¹⁾	155 381	0.3	155 381	0.3
Tier 1 capital (T1)	13 951 933	30.2	13 299 784	29.2
Subordinated debt ⁽¹⁾⁽²⁾	1 279 716		1 456 443	
Unidentified impairments	475 526		470 241	
Tier 2 capital (T2)	1 755 242	3.8	1 926 684	4.2
Total qualifying regulatory capital	15 707 175	34.0	15 226 468	33.4
Required regulatory capital ⁽³⁾	4 503 732		4 438 756	

⁽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⁾ 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.

⁽³⁾ This value is 9.75% of risk-weighted assets, being the Basel global minimum requirement of 8% and a South African country-specific buffer of 1.75%. In terms of the regulations the Individual Capital Requirement (ICR) is excluded. Operational risk disclosure changed from 01 March 2016, per the SA Reserve Bank's instruction. The operational risk capital add-on, in accordance with the ASA method, has been converted to an equivalent Risk Weighted Asset (RWA). This reduced the Capital Adequacy Ratio by approximately 1.9% in March 2016, as qualifying capital remains the same but is divided by a higher RWA amount.

By order of the Board

Stellenbosch
 27 September 2016

	RWA	RWA	Minumum capital requirements
	2nd Quarter 2017 (31 Aug 2016)	1st Quarter 2016 (1 May 2016)	2nd Quarter 2017 (31 Aug 2016)
OV1: Overview of RWA			
1 Credit risk (excluding counterparty credit risk) (CCR)	37 894 469	37 463 305	3 694 710
2 Of which standardised approach (SA)	37 894 469	37 463 305	3 694 710
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	91 370	117 099	8 909
5 Of which standardised approach for counterparty credit risk (SA-CCR)	91 370	117 099	8 909
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	169 072	100 000	16 485
8 Equity investments in funds – look-through approach	-	-	-
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach	-	-	-
11 Settlement risk	-	-	-
12 Securitisation exposures in banking book	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	-	-	-
17 Of which standardised approach (SA)	-	-	-
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	5 543 054	5 463 084	540 448
20 Of which Basic Indicator Approach	-	-	-
21 Of which Standardised Approach	5 543 054	5 463 084	540 448
22 Of which Advanced Measurement Approach	-	-	-
Other risk	1 630 743	1 533 923	158 997
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	863 413	848 289	84 183
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	46 192 121	42 525 700	4 503 732