Capitec Bank Holdings Limited

November 2019 (3rd quarter)

KM1 - Key Metrics

Line#	Available capital (amounts in R'000)	30 Nov 2019	31 Aug 2019	31 May 2019	28 Feb 2019	30 Nov 2018
1	Common Equity Tier 1 (CET1) [4]	**22 571 738**	22 563 756	21 585 401	20 911 742	20 266 512
1a	Fully loaded ECL accounting model[1]	***22 247 719***	22 239 736	21 261 382	20 425 713	19 780 483
2	Tier 1	**22 645 089**	22 638 126	21 663 092	20 989 433	20 361 616
2a	Fully loaded ECL accounting model Tier 1[1]	***22 321 070***	22 314 106	21 339 073	20 503 404	19 875 587
3	Total Capital	**23 396 771**	23 285 544	22 305 292	21 614 195	21 047 833
3a	Fully loaded ECL accounting model total capital[1]	***23 073 673***	22 962 445	21 982 194	21 129 547	20 568 192
	Risk-weighted assets (amounts) [5]					
4	Total risk-weighted assets (RWA)	**82 403 943**	69 304 716	68 442 362	63 717 824	60 710 662
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**27.4%**	32.6%	31.5%	32.8%	33.4%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	***26.6%***	31.6%	30.6%	31.3%	31.7%
6	Tier 1 ratio (%)	**27.5%**	32.7%	31.7%	32.9%	33.5%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	***26.7%***	31.7%	30.7%	31.4%	31.9%
7	Total capital ratio (%) [6]	**28.4%**	33.6%	32.6%	33.9%	34.7%
7a	Fully loaded ECL accounting model total capital ratio (%)	***27.6%***	32.6%	31.6%	32.4%	33.1%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	**2.500%**	2.500%	2.500%	2.500%	1.875%
9	Countercyclical buffer requirement (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%) [3]	**-**	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	**2.500%**	2.500%	2.500%	2.500%	1.875%
12	CET1 available after meeting the bank's minimum capital requirements (%)	**19.9%**	25.1%	24.0%	25.3%	26.0%
	Basel 3 leverage ratio					
13	Total Basel 3 leverage ratio exposure measure [7]	**136 377 222**	114 226 273	108 523 925	100 801 802	99 206 342
14	Basel 3 leverage ratio (%) (row 2 / row 13)	**16.6%**	19.8%	20.0%	20.8%	20.5%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)	***16.4%***	19.6%	19.7%	20.4%	20.1%
	Liquidity Coverage Ratio					
15	Total High Quality Liquid Assets (HQLA) [8]	**32 586 019**	26 628 505	19 259 374	16 352 197	17 221 301
16	Total net cash outflow[2][9]	**2 256 754**	1 252 413	1 183 119	1 127 690	1 075 499
17	LCR ratio (%)	**1 444%**	2 126%	1 628%	1 450%	1 601%
	Net Stable Funding Ratio					
18	Total available stable funding [10]	**120 498 615**	103 892 429	98 640 822	91 043 608	89 937 489
19	Total required stable funding [11]	**64 628 215**	51 546 784	47 794 908	46 548 253	44 775 231
20	NSFR ratio	**186.4%**	201.5%	206.4%	195.6%	200.9%

[1] *Capitec Bank Holdings Limited ("Capitec") formally transitioned to IFRS 9 on 1 March 2018. The IFRS 9 Transitional Report was presented based on the group's 28 February 2018 financial information to illustrate the impact of implementing IFRS 9 on 1 March 2018. The transitional report is available on Capitec's website at: https://resources.capitecbank.co.za/Capitec_-_IFRS9_transitional_report.pdf*

[2] *As Capitec has a net cash inflow after applying the run-off factors, outflows for the purpose of the ratio are deemed to be 25% of gross outflows.*

[3] *In terms of Banks Act regulations, banks may not disclose their D-SIB requirement.*

[4] *Mercantile Bank Limited ("Mercantile") is consolidated in the disclosures as at 30 November 2019.*

In terms of the Regulations relating to banks, goodwill and intangible assets, net of related deferred tax liability, are treated as specified adjustments and are deducted from Common Equity Tier 1 ("CET1") capital and reserve funds. The goodwill originating on the acquisition of Mercantile and Mercantile's intangible assets acquired therefore also reduce the qualifying CET1 capital of Capitec on consolidation. Mercantile Bank Holdings Limited's net asset value acquired amounted to R2.761 billion and the final purchase price amounted to R3.558 billion, which resulted in goodwill of R794.5 million. Intangible assets of R155.5 million (which includes core deposit and client relationship intangibles) have been consolidated into Capitec, further reducing the group's CET1 capital.

[5] *The acquisition of Mercantile has a significant impact on Capitec's capital adequacy ratio, as Capitec's qualifying capital is measured against the combined risk weighted assets of Mercantile and Capitec. Of the total risk weighted assets as at 30 November 2019, R13.0 billion is attributable to Mercantile.*

[6] *The impact of the inclusion of Mercantile's risk weighted assets resulted in a decrease of 5.5% in the group capital adequacy ratio. The deduction of goodwill and intangible assets relating to the acquisition of Mercantile from CET1 capital decreased the group capital adequacy ratio by a further 1.2% Of the total Tier 2 capital as at 30 November 2019, R124.8 million relates to the general allowance for credit impairment attributable to Mercantile.*

[7] *All Mercantile's assets and liabilities are consolidated. Of the total Basel III Leverage ratio exposure measure of R136.4 billion, R14.3 billion is attributable to the acquisition of Mercantile.*

[8] *The group's total HQLA is equal to that of Capitec and Mercantile combined. Of the total HQLA as at 30 November 2019, R935.8 million is attributable to Mercantile.*

[9] *Both Capitec and Mercantile, on an individual basis, have a net cash inflow after applying the run-off weightings applicable to calculate the ratio, therefore outflows for the purpose of the ratio are deemed to be 25% of gross outflows. Of the total net cash outflows as at 30 November 2019, R599.9 million is attributable to Mercantile.*

[10] *Mercantile's at acquisition equity eliminates against Capitec Bank Limited's investment in the subsidiary. Assets and liabilities of Mercantile have been aggregated in the disclosure above. As at 30 November 2019, R10.6 billion of the Total Available Stable Funding is attributable to Mercantile.*

[11] *As at 30 November 2019, R8.5 billion of the Total Required Stable Funding is attributable to Mercantile.*