

Capitec Bank Holdings Limited

August 2019 (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 2nd quarter of the 29 Feb 2020 financial year end is set out below:

| Composition of qualifying regulatory capital | 2nd Quarter 2020 (31 Aug 2019) | | 1st Quarter 2020 (31 May 2019) | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | R'000 | Capital Adequacy Ratio % | R'000 | Capital Adequacy Ratio % |
| Common Equity Tier 1 capital (CET1) | 22 563 756 | 32.6 | 21 585 401 | 31.5 |
| Additional Tier 1 capital (AT1) ⁽¹⁾ | 74 370 | 0.1 | 77 691 | 0.2 |
| Tier 1 capital (T1) | 22 638 126 | 32.7 | 21 663 092 | 31.7 |
| Unidentified impairments | 647 418 | | 642 200 | |
| Tier 2 capital (T2) | 647 418 | 0.9 | 642 200 | 0.9 |
| Total qualifying regulatory capital | 23 285 544 | 33.6 | 22 305 292 | 32.6 |
| Required regulatory capital ⁽²⁾ | 7 970 042 | | 7 870 871 | |

⁽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 11.500% (2018: 11.125%) of risk-weighted assets, being the Basel global minimum requirement of 8.000%, the South African country-specific buffer of 1.000% (2018: 1.250%) and the Capital Conservation Buffer of 2.500% (2018: 1.875%) (disclosable in terms of SARB November 2016 directive in order to standardise reporting across banks).

In terms of the regulations the Individual Capital Requirement (ICR) is excluded.

By order of the Board

Stellenbosch
26 September 2019

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OV1: Overview of Risk-Weighted Assets (RWA)

| Line # | R'000 | RWA | RWA | Minumum capital requirements |
|--------|--|--------------------------------------|-----------------------------------|--------------------------------------|
| | | 2nd Quarter 2020 (31 August 2019) | 1st Quarter 2020 (31 May 2019) | 2nd Quarter 2020 (31 August 2019) |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 51 036 635 | 50 866 885 | 5 869 213 |
| 2 | Of which standardised approach (SA) | 51 036 635 | 50 866 885 | 5 869 213 |
| 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 | 133 947 | 44 253 | 15 404 |
| 7 | Of which standardised approach for counterparty credit risk (SA-CCR) | 133 947 | 44 253 | 15 404 |
| 8 | Of which internal model method (IMM) | - | - | - |
| 9 | Of which other CCR | - | - | - |
| 10 | Credit valuation adjustment | 6 968 | 5 885 | 801 |
| 11 | Equity positions in banking book under market-based approach | 493 984 | 674 950 | 56 808 |
| 12 | Equity investments in funds – look-through approach | - | - | - |
| 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 | - | - | - |
| 21 | Of which standardised approach (SA) | - | - | - |
| 22 | Of which internal model approaches (IMA) | - | - | - |
| 23 | Capital charge for switch between trading book and banking book | - | - | - |
| 24 | Operational risk | 8 316 566 | 8 213 083 | 956 405 |
| | Other risk | 5 490 707 | 5 208 718 | 631 430 |
| 25 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 3 825 909 | 3 428 588 | 439 981 |
| 26 | Floor adjustment | - | - | - |
| 27 | Total | 69 304 716 | 68 442 362 | 7 970 042 |