Capitec Bank Holdings Limited

February 2021 (4th 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 fourth quarter of the 28 February 2021 financial year end is set out below:

Composition of qualifying regulatory capital	R'000	4th Quarter 2021 (28 February 2021) Capital Adequacy Ratio %	R'000	3rd Quarter 2021 (30 November 2020) Capital Adequacy Ratio %
Ordinary share capital	**5 649 020**		5 649 020	
Foreign Currency Translation Reserve	**50 291**		52 367	
Other Reserves	**(64 893)**		(45 830)	
Accumulated profit	**24 225 346**		22 239 119	
	29 859 764		27 894 676	
Regulatory adjustments				
-Intangible assets, deferred tax assets excluding temporary differences and goodwill in terms of IFRS	**(1 458 975)**		(1 471 079)	
-Specified advances & IFRS 9 phase-in	**187 890**		200 934	
-Unappropriated profit	**(716 053)**		(117 076)	
Common Equity Tier 1 capital (CET1)	**27 872 626**	**35.8**	26 507 455	30.7
Issued Preference share capital	**55 641**		62 347	
Phase out - non loss absorbant [(1)]	**(29 744)**		(10 553)	
Additional Tier 1 capital (AT1) [(1)]	**25 897**	**0.1**	51 794	0.0
Tier 1 capital (T1)	**27 898 523**	**35.9**	26 559 249	30.7
General allowance for credit impairment	**647 835**		774 832	
Tier 2 capital (T2)	**647 835**	**0.8**		0.9
Qualifying regulatory capital	**28 546 358**	**36.7**	27 334 081	31.6
Required regulatory capital [(2)]	**8 558 137**		9 513 242	

(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
13 April 2021

CAPITEC BANK HOLDINGS LIMITED

Capitec Bank Holdings Limited

February 2021 (4th quarter)

OV1: Overview of Risk-Weighted Assets (RWA)

Line #	R'000	Total RWA 4th Quarter 2021 (28 February 2021)	Total RWA 3rd Quarter 2021 (30 November 2020)	Minumum capital requirements 4th Quarter 2021 (28 February 2021)
1	Credit risk (excluding counterparty credit risk) (CCR) [1]	50 717 927	60 963 905	5 578 972
2	Of which standardised approach (SA) [1]	50 717 927	60 963 905	5 578 972
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	1 036 807	1 003 392	114 049
7	Of which standardised approach for counterparty credit risk (SA-CCR)	1 036 807	1 003 392	114 049
8	Of which internal model method (IMM)	-	-	-
9	Of which other CCR	-	-	-
10	Credit valuation adjustment	11 424	4 914	1 257
11	Equity positions in banking book under market-based approach	1 653 865	1 528 646	181 925
12	Equity investments in funds – look-through approach[1]	3 595 806	-	395 539
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 [1]	45 513	35 638	5 007
21	Of which standardised approach (SA)	45 513	35 638	5 007
22	Of which internal model approaches (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	9 336 148	10 955 984	1 026 976
	Other risk	5 980 536	6 631 295	657 859
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	5 423 206	5 360 242	596 553
26	Floor adjustment	-	-	-
27	**Total**	77 801 232	86 484 016	8 558 137

[1] *The new regulations relating to the capital requirements for banks' equity investments in funds became effective on 1 January 2021. In terms of the new regulations, banks are allowed to adopt a look-through approach to calculate the risk weighted asset exposures for equity investments in funds. Capitec invests in money market unit trust ("MMUT") investment funds, which are included in the scope of the new regulations. The underlying assets of MMUT investment funds are typically invested in a composition of Government Bonds, Treasury Bills and interest bearing deposits with banks. Up until 31 December 2020, the investments in these MMUT's were classified as corporate investments and included under credit risk, which were risk weighted at a 100% risk weight. From 1 January 2021, these investments were classified as equity investments in funds and now included under investment risk. Capitec adopted the look-through approach as outlined in the new regulations to calculate the risk weighted exposures of these investments, and the effective risk weight of these funds amounted to 55% for the month of February 2021.*