

Capitec Bank Holdings Limited  
 Registration number: 1999/025903/06  
 Registered bank controlling company  
 Incorporated in the Republic of South Africa  
 JSE ordinary share code: CPI ISIN code: ZAE000035861  
 JSE preference share code: CPIP ISIN code: ZAE000083838  
 ("Capitec")

QUARTERLY DISCLOSURE IN TERMS OF REGULATION 43 OF THE REGULATIONS RELATING TO BANKS

Capitec and its subsidiaries ("the group") have complied with Regulation 43 of the Regulations relating to banks, which incorporates the requirements of Basel.

In terms of Pillar 3 of the Basel rules, the consolidated group is required to disclose quantitative information on its capital adequacy, leverage and liquidity ratios on a quarterly basis.

The group's consolidated capital and liquidity positions at the end of the second quarter of the 28 February 2021 financial year end are set out below:

	2nd Quarter 2021 31 August 2020		1st Quarter 2021 31 May 2020	
	R'000	Capital Adequacy Ratio %	R'000	Capital Adequacy Ratio %
COMMON EQUITY TIER 1 CAPITAL (CET1)	24 638 904	29.5	23 660 789	28.4
Additional Tier 1 capital (AT1) <sup>(1)</sup>	51 794	0.1	51 794	0.1
TIER 1 CAPITAL (T1)	24 690 698	29.6	23 712 583	28.5
General allowance for credit impairment	721 072		752 664	
TIER 2 CAPITAL (T2)	721 072	0.8	752 664	0.9
TOTAL QUALIFYING REGULATORY CAPITAL	25 411 770	30.4	24 465 247	29.4
REQUIRED REGULATORY CAPITAL <sup>(2)</sup>	9 187 290		8 742 528	

<sup>(1)</sup> Starting 2013, the non-loss absorbent AT1 and T2 capital is subject to a 10% per annum phase-out in terms of Basel 3.

<sup>(2)</sup> This value is currently 11.000% (May 2020: 10.500%) of risk-weighted assets, being the Basel global minimum requirement of 8.000%, the Capital Conservation Buffer of 2.500% and the Domestic Systemically Important Bank ("D-SIB") capital add-on of 0.500%, 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 1.00% 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.

	2nd Quarter 2021 31 August 2020 R'000	1st Quarter 2021 31 May 2020 R'000
LIQUIDITY COVERAGE RATIO (LCR)		
High-Quality Liquid Assets <sup>(1)</sup>	37 955 609	37 327 479
Net Cash Outflows <sup>(2)</sup>	2 051 309	2 085 404
Actual LCR Ratio	1 850%	1 790%
Required LCR Ratio <sup>(3)</sup>	80%	80%

<sup>(1)</sup> As at 31 August 2020, R906.2 million (31 May 2020: R987.9 million) of the total High-Quality Liquid Assets is attributable to Mercantile Bank Limited.

<sup>(2)</sup> Capitec has a net cash inflow after applying the run-off weightings, therefore outflows for the purpose of the ratio are deemed to be 25% of gross outflows. As at 31 August 2020, R534.8 million (31 May 2020: R563.6 million) of the total net cash outflows is attributable to Mercantile Bank Limited.

<sup>(3)</sup> The Prudential Authority issued Directive 1 of 2020 on 31 March 2020 and decreased the minimum LCR requirement on 1 April 2020 from 100% to 80%. The reason for the decrease is attributable to the current financial market turmoil where market liquidity has decreased, and banks expected to be under increased pressure to comply with the currently prescribed LCR requirements.

	2nd Quarter 2021 31 August 2020 R'000	1st Quarter 2021 31 May 2020 R'000
NET STABLE FUNDING RATIO ("NSFR")		
Total Available Stable Funding <sup>(1)</sup>	130 457 121	126 572 021
Total Required Stable Funding <sup>(2)</sup>	59 504 018	59 955 245
Actual NSFR Ratio	219.2%	211.1%
Required NSFR Ratio	100%	100%

<sup>(1)</sup> As at 31 August 2020, R10.9 billion (31 May 2020: R10.4 billion) of the Total Available Stable Funding is attributable to Mercantile Bank Limited.

<sup>(2)</sup> As at 31 August 2020, R10.2 billion (31 May 2020: R10.2 billion) of the Total Required Stable Funding is attributable to Mercantile Bank Limited.

	2nd Quarter 2021 31 August 2020 R'000	1st Quarter 2021 31 May 2020 R'000
LEVERAGE RATIO		
Tier 1 Capital	24 690 698	23 712 583
Total Exposures <sup>(1)</sup>	144 709 567	140 850 287
Leverage Ratio	17.1%	16.8%

<sup>(1)</sup> As at 31 August 2020, R14.5 billion (31 May 2020: R14.1 billion) of the total exposures is attributable to Mercantile Bank Limited.

For the detailed LCR, NSFR and leverage ratio calculations refer to the "Banks Act Public Disclosure" section on our website at [www.capitecbank.co.za/investor-relations](http://www.capitecbank.co.za/investor-relations)

By order of the Board  
Stellenbosch  
30 September 2020  
Sponsor - PSG Capital Proprietary Limited