

## Section 1 - TRANSITIONAL BASEL 3 TABLE

The capital disclosures detailed below address the prescribed transitional BASEL 3 template requirements. The Group is applying the BASEL 3 regulatory adjustments in full as implemented by the South African Reserve Bank (SARB). These tables should be read in conjunction with section 2 - Regulatory Balance Sheet and section 3 - Reconciliation between transitional BASEL 3 Table and the Regulatory Balance Sheet.

Row #		28 Feb 2014 BASEL 3	Reconciliation table reference <sup>(1)</sup>
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	5 512 570	TABLE A
2	Retained earnings <sup>(2)</sup>	3 731 416	TABLE A
3	Accumulated other comprehensive income (and other reserves)	80 865	TABLE A
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) Public sector capital injections grandfathered until 1 January 2018	–	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>9 324 851</b>	TABLE A
<b>CET1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	–	
8	Goodwill (net of related tax liability)	–	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	201 318	TABLE B
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	–	
11	Cash-flow hedge reserve	80 865	TABLE B
12	Shortfall of provisions to expected losses	–	
13	Securitisation gain on sale	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined-benefit pension fund net assets	–	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in common equity	–	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	–	
20	Mortgage servicing rights (amount above 10% threshold)	–	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	
22	Amount exceeding the 15% threshold	–	
23	of which: significant investments in the common stock of financials	–	
24	of which: mortgage servicing rights	–	
25	of which: deferred tax assets arising from temporary differences	–	
26	National specific regulatory adjustments Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel 3 treatment	–	
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 (AT1) and Tier 2 (T2) to cover deductions	–	
28	<b>Total regulatory adjustments to CET1</b>	<b>282 183</b>	TABLE B
29	<b>CET1</b>	<b>9 042 668</b>	

Row #		28 Feb 2014 BASEL 3	Reconciliation table reference <sup>(1)</sup>
<b>AT1 capital : instruments</b>			
30	Directly issued qualifying AT1 instruments plus related stock surplus	207 175	TABLE C
31	of which: classified as equity under applicable accounting standards	207 175	TABLE C
32	of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from AT1	258 969	TABLE C
34	AT1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	<b>AT1 capital before regulatory adjustments</b>	<b>207 175</b>	TABLE C
<b>AT1 capital: regulatory adjustments</b>			
37	Investments in own AT1 instruments	-	
38	Reciprocal cross-holdings in AT1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel 3 treatment	-	
42	Regulatory adjustments applied to AT1 due to insufficient T2 to cover deductions	-	
43	<b>Total regulatory adjustments to AT1 capital</b>	<b>-</b>	
44	<b>AT1 capital</b>	<b>207 175</b>	TABLE C
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>9 249 843</b>	
<b>T2 capital and provisions</b>			
46	Directly issued qualifying T2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from T2	-	
48	T2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2) <sup>(3)</sup>	2 019 600	TABLE D
49	of which: instruments issued by subsidiaries subject to phase out	2 891 000	TABLE D
50	Provisions	328 328	TABLE D
51	<b>T2 capital before regulatory adjustments</b>	<b>2 347 928</b>	TABLE D
<b>T2 capital : regulatory adjustments</b>			
52	Investments in own T2 instruments	-	
53	Reciprocal cross-holdings in T2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments Regulatory adjustments applied to Common Equity Tier 2 in respect of amounts subject to pre-Basel 3 treatment	-	
57	<b>Total regulatory adjustments to T2 capital</b>	<b>-</b>	
58	<b>T2 capital</b>	<b>2 347 928</b>	TABLE D
59	<b>Total capital (TC = T1 + T2)</b>	<b>11 597 771</b>	
	Risk Weighted Assets (RWAs) in respect of amounts subject to pre-Basel 3 treatment		
60	<b>Total RWAs</b>	<b>29 766 164</b>	

Row #		28 Feb 2014 BASEL 3	Reconciliation table reference <sup>(1)</sup>
<b>Capital ratios</b>			
61	CET1 (as a percentage of RWAs)	30.4	
62	T1 (as a percentage of RWAs)	31.1	
63	TC (as a percentage of RWAs)	39.0	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of RWAs) <sup>(4)</sup>	–	
65	of which: capital conservation buffer requirement <sup>(5)</sup>	–	
66	of which: bank specific countercyclical buffer requirement <sup>(6)</sup>	–	
67	of which: G-SIB buffer requirement <sup>(7)</sup>	–	
68	CET1 available to meet buffers (as a percentage of risk weighted assets) <sup>(4)</sup>	–	
<b>National Minima (if different from Basel 3)</b>			
69	National CET1 minimum ratio (if different from Basel 3 minimum)	5.5	
70	National T1 minimum ratio	7.0	
71	National total capital minimum ratio	10.0	
<b>Amounts below the threshold for deductions (before risk weighting)</b>			
72	Non-significant investments in the capital of other financials	–	
73	Significant investments in the common stock of financials	–	
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	212 108	
<b>Applicable caps on the on the inclusion of provisions in T2</b>			
76	Provisions eligible for inclusion in T2 in respect of exposures subject to standardised approach (prior to application of cap)	2 073 214	
77	Cap on inclusion of provisions in T2 under standardised approach	328 328	
78	Provisions eligible for inclusion in T2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	
79	Cap for inclusion of provisions in T2 under internal ratings-based approach	–	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements	–	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	
82	Current cap on AT1 instruments subject to phase out arrangements	207 175	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	51 794	
84	Current cap on T2 instruments subject to phase out arrangements <sup>(3)</sup>	2 019 600	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) <sup>(3)</sup>	871 400	

<sup>(1)</sup> References are to tables in section 3.

<sup>(2)</sup> Retained earnings are stated net of unappropriated profits of R398.3 million.

<sup>(3)</sup> The amount excluded from Tier 2 capital due to the cap consists of two contributors. The first R578 million is the phase out of non-loss absorbent instruments calculated by applying the BASEL 3 ceiling limits. The second haircut is for amounts attributable to third-parties (R293 million). The eligibility of subordinated debt issued out of the 100% owned bank subsidiary is limited as it is regarded as third-party capital. The haircuts that are applied against third-party capital issued by subsidiaries, phased in from 2013 at 20% per year.

<sup>(4)</sup> Bank-specific buffers include the individual capital requirement (ICR) for specific bank risk and the domestically systemic important bank (D-SIB) buffers. Current regulations state that the South African country risk buffer and the D-SIB on a combined basis cannot be more than 3.5%. The SARB is in the process of determining the D-SIB levels for individual banks. In terms of South African Banks Act regulations, banks may not disclose their ICR requirement.

<sup>(5)</sup> The capital conservation buffer will be phased in 1 January 2016 becoming fully effective on 1 January 2018. Phase in will begin at 0.625% of RWAs on 1 January 2016 and increase each subsequent year by a additional 0.625%, to reach the final level of 2.5% of RWAs on 1 January 2019.

<sup>(6)</sup> The countercyclical buffer can range between 0% and 2.5% at the discretion of the monetary authorities. It is not expected that this buffer will be applied on a permanent basis and would only be applied when credit growth exceeds real economic growth. This requirement is only expected to be introduced in 2016 in line with the Basel 3 timeline.

<sup>(7)</sup> Capitec Bank is not classified as a Globally Systemic Important Bank (G-SIB).

## Section 2 - Regulatory Balance Sheet as at 28 February 2014

	Group	Adjustment <sup>(1)</sup>	Component of regulatory capital reported by group	Transitional table/ Reconciling table Reference
	R'000	R'000	R'000	
<b>Assets</b>				
Cash, cash equivalents and money market funds	9 665 611	–	9 665 611	
Investments designated at fair value	4 757 036	–	4 757 036	
Loans and advances to clients	30 052 850	–	30 052 850	
Other receivables	219 596	–	219 596	
Derivative assets	202 816	–	202 816	
Current income tax assets	22 529	–	22 529	
Interest in subsidiaries	–	–	–	
Interest in associates	1 850	–	1 850	
Property and equipment	855 251	–	855 251	
Intangible assets <sup>(2)</sup>	201 319	–	201 319	
Deferred income tax assets	212 108	–	212 108	
<b>Total assets</b>	<b>46 190 966</b>	<b>–</b>	<b>46 190 966</b>	
<b>Liabilities</b>				
Deposits and bonds at amortised cost	35 448 678	–	35 448 678	
of which retail savings	14 616 509	–	14 616 509	
of which retail fixed deposits	8 984 370	–	8 984 370	
of which wholesale	1 363 714	–	1 363 714	
of which subordinated debt- unlisted bonds	1 006 352	–	1 006 352	TABLE D
of which subordinated debt- listed bonds	1 925 517	–	1 925 517	TABLE D
of which listed senior bonds	5 488 667	–	5 488 667	
of which other unlisted negotiable instruments	1 879 011	–	1 879 011	
of which reserve bank settlement balance	184 538	–	184 538	
Other liabilities	748 726	–	748 726	
Current income tax liabilities	–	–	–	
Provisions	11 451	–	11 451	
<b>Total liabilities</b>	<b>36 208 855</b>	<b>–</b>	<b>36 208 855</b>	
<b>Equity</b>				
<b>Capital and reserves</b>				
Ordinary share capital and premium	5 512 570	–	5 512 570	ROW 1
Cash flow hedge reserve	80 865	–	80 865	ROW 3, TABLE A
Retained earnings	4 129 707	–	4 129 707	TABLE A
<b>Share capital and reserves attributable to ordinary shareholders</b>	<b>9 723 142</b>	<b>–</b>	<b>9 723 142</b>	
Non-redeemable, non-cumulative, non-participating preference share capital and premium	258 969	–	258 969	TABLE C
<b>Total equity</b>	<b>9 982 111</b>	<b>–</b>	<b>9 982 111</b>	
<b>Total equity and liabilities</b>	<b>46 190 966</b>	<b>–</b>	<b>46 190 966</b>	

<sup>(1)</sup> For consolidation purposes there is no difference in the IFRS and Regulatory Balance Sheet.

<sup>(2)</sup> Other than mortgage - servicing-rights

## Section 3 - Reconciliation between transitional BASEL 3 Table and the Regulatory Balance Sheet

Table A	28 Feb 2014 R'000	Transitional BASEL 3 Table reference <sup>(1)</sup>
<b>Common Equity Tier 1 Capital</b>		
Share capital and premium <sup>(2)</sup>	5 512 570	ROW 1
Adjusted retained earnings	3 731 416	ROW 2
Retained earnings <sup>(2)</sup>	4 129 707	
Unappropriated profits	(398 291)	
	9 243 986	
Cash flow hedging reserves	80 865	ROW 3
<b>Total as per Transitional BASEL 3 Template</b>	<b>9 324 851</b>	ROW 6

Table B		
<b>Common Equity Tier 1 Regulatory Adjustments</b>		
Other intangibles	(201 318)	ROW 9
Disallowed hedging reserves	(80 865)	ROW 11
<b>Total as per Transitional BASEL 3 Template</b>	<b>(282 183)</b>	ROW 28

Table C		
<b>Additional Tier 1 capital</b>		
Non-redeemable, non-cumulative, non-participating preference shares <sup>(2)</sup>	258 969	ROW 33
Phase out (grandfathering) of AT1 in terms of Basel 3 ceiling <sup>(3)</sup>	(51 794)	
<b>Total as per Transitional BASEL 3 Template</b>	<b>207 175</b>	ROW 30/31/36

Table D		
<b>Tier 2 Capital</b>		
Subordinated debt - unlisted bonds <sup>(2)</sup>	1 006 352	
Subordinated debt - listed bonds <sup>(2)</sup>	1 925 517	
	2 931 869	
Accrued interest not classified as T2 capital	(40 869)	
Total subordinated debt	2 891 000	ROW 49
Phase out (grandfathering) of subordinated debt in terms of Basel 3 ceiling <sup>(3)</sup>	(578 200)	
Haircut on amounts attributable to third parties <sup>(4)</sup>	(293 200)	
<b>Tier 2 instruments issued by subsidiaries and held by third parties</b>	<b>2 019 600</b>	ROW 48
General allowance for credit impairment	328 328	ROW 50
<b>Total as per Transitional BASEL 3 Template</b>	<b>2 347 928</b>	ROW 51/58

<sup>(1)</sup> References are to the rows in section 1.

<sup>(2)</sup> Represents the balance per Regulatory Balance Sheet, refer section 2.

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

<sup>(4)</sup> 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.