

## 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 #		31 Aug 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>	4 564 923	TABLE A
3	Accumulated other comprehensive income (and other reserves)	34 622	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>10 112 115</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)	208 061	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	34 622	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	119	TABLE B
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>242 802</b>	TABLE B
29	<b>CET1</b>	<b>9 869 313</b>	

Row #		31 Aug 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	207 175	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>10 076 488</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>	2 036 896	TABLE D
49	of which: instruments issued by subsidiaries subject to phase out	2 891 000	TABLE D
50	Provisions	362 810	TABLE D
51	<b>T2 capital before regulatory adjustments</b>	<b>2 399 706</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>2 399 706</b>	TABLE D
59	<b>Total capital (TC = T1 + T2)</b>	<b>12 476 194</b>	
	Risk Weighted Assets (RWAs) in respect of amounts subject to pre-Basel 3 treatment		
60	<b>Total RWAs</b>	<b>32 991 230</b>	

Row #		31 Aug 2014 BASEL 3	Reconciliation table reference <sup>(1)</sup>
<b>Capital ratios</b>			
61	CET1 (as a percentage of RWAs)	29,9	
62	T1 (as a percentage of RWAs)	30,5	
63	TC (as a percentage of RWAs)	37,8	
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)	209 175	
<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)	2 247 732	
77	Cap on inclusion of provisions in T2 under standardised approach	362 810	
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)	0	
84	Current cap on T2 instruments subject to phase out arrangements <sup>(3)</sup>	2 036 896	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) <sup>(3)</sup>	854 104	

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

<sup>(2)</sup> Retained earnings are stated net of unappropriated profits of R113 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 (R276 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%. In terms of South African Banks Act regulations, banks may not disclose their ICR requirement or D-SIB status.

<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 31 August 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	9 517 631	–	9 517 631	
Investments designated at fair value	2 887 229	–	2 887 229	
Fixed deposit investments	4 205 964	–	4 205 964	
Loans and advances to clients	31 322 897	–	31 322 897	
Other receivables	203 646	–	203 646	
Derivative assets	136 377	–	136 377	
Current income tax assets	70 270	–	70 270	
Interest in associates	1 962	–	1 962	
Property and equipment	811 186	–	811 186	
Intangible assets <sup>(2)</sup>	208 061	–	208 061	
Deferred income tax assets	209 175	–	209 175	
<b>Total assets</b>	<b>49 574 398</b>	<b>–</b>	<b>49 574 398</b>	
<b>Liabilities</b>				
Deposits and bonds at amortised cost	38 333 835	–	38 333 835	
of which retail savings	16 183 352	–	16 183 352	
of which retail fixed deposits	10 388 176	–	10 388 176	
of which wholesale	1 290 425	–	1 290 425	
of which subordinated debt- unlisted bonds	1 010 666	–	1 010 666	TABLE D
of which subordinated debt- listed bonds	1 927 739	–	1 927 739	TABLE D
of which listed senior bonds	5 040 438	–	5 040 438	
of which other unlisted negotiable instruments	1 820 152	–	1 820 152	
of which reserve bank settlement balance	672 887	–	672 887	
Other liabilities	786 947	–	786 947	
Provisions	21 615	–	21 615	
<b>Total liabilities</b>	<b>39 142 397</b>	<b>–</b>	<b>39 142 397</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	34 622	–	34 622	ROW 3, TABLE A
Retained earnings	4 677 634	–	4 677 634	TABLE A
<b>Share capital and reserves attributable to ordinary shareholders</b>	<b>10 224 826</b>	<b>–</b>	<b>10 224 826</b>	
Non-redeemable, non-cumulative, non-participating preference share capital and premium	207 175	–	207 175	TABLE C
<b>Total equity</b>	<b>10 432 001</b>	<b>–</b>	<b>10 432 001</b>	
<b>Total equity and liabilities</b>	<b>49 574 398</b>	<b>–</b>	<b>49 574 398</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	31 Aug 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	4 564 923	ROW 2
Retained earnings <sup>(2)</sup>	4 677 634	
Unappropriated profits	(112 711)	
	10 077 493	
Cash flow hedging reserves	34 622	ROW 3
<b>Total as per Transitional BASEL 3 Template</b>	<b>10 112 115</b>	ROW 6

Table B		
<b>Common Equity Tier 1 Regulatory Adjustments</b>		
Other intangibles	(208 061)	ROW 9
Disallowed hedging reserves	(34 622)	ROW 11
National specific regulatory adjustments	(119)	ROW 26
<b>Total as per Transitional BASEL 3 Template</b>	<b>(242 802)</b>	ROW 28

Table C		
<b>Additional Tier 1 capital</b>		
Non-redeemable, non-cumulative, non-participating preference shares <sup>(2)</sup>	207 175	ROW 33
Phase out (grandfathering) of AT1 in terms of Basel 3 ceiling <sup>(3)</sup>	-	
<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>	1 010 666	
Subordinated debt - listed bonds <sup>(2)</sup>	1 927 739	
	2 938 405	
Accrued interest not classified as T2 capital	( 47 405)	
Total subordinated debt	2 891 000	ROW 49
Phase out (grand fathering) of subordinated debt in terms of Basel 3 ceiling <sup>(3)</sup>	( 578 200)	
Haircut on amounts attributable to third parties <sup>(4)</sup>	( 275 904)	
<b>Tier 2 instruments issued by subsidiaries and held by third parties</b>	<b>2 036 896</b>	ROW 48
General allowance for credit impairment	362 810	ROW 50
<b>Total as per Transitional BASEL 3 Template</b>	<b>2 399 706</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.