# Summary of the consolidated financial statements

for the year ended 28 February 2025




CAPITEC

Capitec Bank Holdings Limited

(Capitec or the group or the company)

# Highlights

Headline earnings
**+ 30%** to
**R13.7 billion**
(2024: R10.6 billion)

Net interest income after credit impairments
**+ 54%** to
**R11.9 billion**
(2024: R7.7 billion)

Full-year dividend per ordinary share
**+ 34% to**
**6 510 cents**
(2024: 4 875 cents)

Net transaction and commission income
**+ 17%** to
**R14.1 billion**
(2024: R12.0 billion)

Return on ordinary shareholders' equity (ROE)
**29%**
(2024: 26%)

Value-added services (VAS) and Capitec Connect
**+ 61%** to
**R4.4 billion**
(2024: R2.7 billion)

App clients
**+ 15%** to
**12.9 million**
(2024: 11.2 million)

Non-interest income to income from operations after credit impairments
**67%**
(2024: 72%)

Annualised credit loss ratio (CLR)
**7.5%**
(2024: 8.7%)

**Personal banking: 8.1%** (2024: 10.1%)
**Business banking: 1.7%** (2024: 1.9%)

# Key performance indicators

| | | 2025[1] | 2024 | % change 2025/2024[2] |
|---|---|---|---|---|
| **Profitability** | | | | |
| Interest income | R'm | **30 228** | 25 806 | 17 |
| Interest income on lending | R'm | **21 242** | 18 189 | 17 |
| Interest income on investments and other financial instruments | R'm | **8 986** | 7 617 | 18 |
| Interest expense | R'm | **(10 043)** | (9 342) | 8 |
| Net interest income | R'm | **20 185** | 16 464 | 23 |
| Credit impairments | R'm | **(8 258)** | (8 725) | (5) |
| **Net interest income after credit impairments** | R'm | **11 927** | 7 739 | 54 |
| Net loan fee income | R'm | **1 286** | 1 208 | 6 |
| Total net transaction and commission income | R'm | **18 535** | 14 787 | 25 |
| Net transaction and commission income | R'm | **14 117** | 12 038 | 17 |
| VAS | R'm | **4 225** | 2 714 | 56 |
| Capitec Connect | R'm | **193** | 35 | >100 |
| Net insurance result | R'm | **3 777** | 3 178 | 19 |
| Credit life | R'm | **1 905** | 1 882 | 1 |
| Funeral plan and life cover | R'm | **1 872** | 1 296 | 44 |
| Net foreign currency income | R'm | **136** | 161 | (16) |
| Other income | R'm | **148** | 245 | (40) |
| **Net non-interest income** | R'm | **23 882** | 19 579 | 22 |
| Income from operations after credit impairments | R'm | **35 809** | 27 318 | 31 |
| Operating expenses | R'm | **(18 099)** | (13 941) | 30 |
| Share of net profit/(loss) of associates and joint ventures | R'm | **3** | 71 | (96) |
| Deemed disposal of investment in associate | R'm | **27** | — | |
| **Operating profit before tax** | R'm | **17 740** | 13 448 | 32 |
| Income and deferred tax expense[3] | R'm | **(3 991)** | (2 881) | 39 |
| **Profit for the year** | R'm | **13 749** | 10 567 | 30 |
| Adjustments to basic earnings | R'm | **(11)** | (6) | 83 |
| **Earnings attributable to ordinary shareholders[4]** | | | | |
| Basic | R'm | **13 738** | 10 561 | 30 |
| Headline | R'm | **13 739** | 10 578 | 30 |
| **Earnings per share** | | | | |
| Attributable | cents | **11 911** | 9 156 | 30 |
| Headline | cents | **11 912** | 9 171 | 30 |
| Weighted average number of shares | '000 | **115 339** | 115 346 | |
| Diluted attributable | cents | **11 878** | 9 137 | 30 |
| Diluted headline | cents | **11 879** | 9 152 | 30 |
| Diluted weighted average number of shares | '000 | **115 659** | 115 589 | |
| **Dividends per ordinary share** | | | | |
| Full-year | cents | **6 510** | 4 875 | 34 |
| Interim | cents | **2 085** | 1 530 | 36 |
| Final | cents | **4 425** | 3 345 | 32 |
| Number of shares in issue per the shareholders' register | '000 | **116 100** | 116 100 | |
| Dividend cover | times | **1.8** | 1.9 | |
| Non-interest income to income from operations after credit impairments | % | **67** | 72 | |
| Cost-to-income ratio | % | **41** | 39 | |

[1] *The group acquired a controlling interest in Avafin Holding Limited (AvaFin) on 1 May 2024, and AvaFin's results were consolidated from that date.*

[2] *The percentage changes quoted above are based on figures denominated in R'million.*

[3] *The increase in the income and deferred tax expense was due to the consolidation of AvaFin and the impact of selling credit life insurance and funeral cover on our own licence instead of through the cell captive. Tax on income from our own licence is reflected in the tax line while tax on income from the cell captives is netted against the cell captive income.*

[4] *Refer to the reconciliation of attributable earnings to headline earnings in the summary financial statements for details regarding the difference between basic and headline earnings.*

| | | 2025[1] | 2024 | % change 2025/2024[2] |
|---|---|---|---|---|
| **Assets** | | | | |
| **Total assets** | R'm | **238 464** | 207 579 | 15 |
| Net loans and advances | R'm | **89 145** | 80 552 | 11 |
| Cash and financial investments[3][4] | R'm | **127 796** | 111 312 | 15 |
| Other[3][5] | R'm | **21 523** | 15 715 | 37 |
| **Liabilities** | | | | |
| **Total liabilities** | R'm | **187 550** | 164 048 | 14 |
| Deposits and wholesale funding | R'm | **175 541** | 156 015 | 13 |
| Other | R'm | **12 009** | 8 033 | 49 |
| **Equity** | | | | |
| Share capital and reserves attributable to ordinary shareholders of the group | R'm | **50 841** | 43 488 | 17 |
| Total equity | R'm | **50 914** | 43 531 | 17 |
| ROE | % | **29** | 26 | |
| Capital adequacy ratio (CAR) | % | **38** | 36 | |
| Net asset value per ordinary share | cents | **43 970** | 37 611 | 17 |
| Number of shares for calculation | '000 | **115 627** | 115 627 | |
| Share price | cents | **307 437** | 201 777 | 52 |
| Market capitalisation | R'm | **356 934** | 234 263 | 52 |
| **Operations** | | | | |
| Branches | | **880** | 866 | 2 |
| Employees | | **16 935** | 15 747 | 8 |
| Active clients (including point-of-sale (POS) merchants) | '000 | **24 132** | 22 173 | 9 |
| Cash devices[6] | | **8 798** | 8 382 | 5 |
| Capital expenditure | R'm | **1 373** | 1 157 | 19 |
| **Transact** | | | | |
| **Transaction volumes (including VAS) by channel** | 'm | **11 071** | 9 891 | 12 |
| Digital including VAS | 'm | **2 523** | 1 994 | 27 |
| Card payments | 'm | **3 045** | 2 537 | 20 |
| Cash | 'm | **596** | 580 | 3 |
| Branches | 'm | **51** | 33 | 55 |
| System-generated | 'm | **4 856** | 4 747 | 2 |
| Net transaction and commission, net foreign currency and funeral plan and life cover income to income from operations after credit impairments | % | **57** | 59 | |
| Net transaction and commission, net foreign currency and funeral plan and life cover income to operating expenses | % | **114** | 117 | |
| **Credit** | | | | |
| **Value of total loans advanced** | R'm | **73 192** | 57 358 | 28 |
| Personal banking | R'm | **53 909** | 48 459 | 11 |
| Business banking[7] | R'm | **11 447** | 8 899 | 29 |
| AvaFin | R'm | **7 836** | — | |

*(1) The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

*(2) The percentage changes quoted above are based on figures denominated in R'million.*

*(3) The group reclassified the South African Reserve Bank (SARB) settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this classification error. Refer to note 2.*

*(4) Cash, cash equivalents, money market funds, government bonds, term deposits and other financial investments.*

*(5) Insurance contract assets, other receivables, derivative assets, interest in associates and joint ventures, property, plant and equipment, right-of-use assets, intangible assets including goodwill and deferred income tax asset.*

*(6) Automated teller machines, dual note recyclers and coin and note recyclers.*

*(7) Overdrafts are no longer measured gross of repayments. The value of overdraft limits granted has replaced this measure and comparatives have been amended.*

| | | 2025[1] | 2024 | % change 2025/2024[2] |
|---|---|---|---|---|
| **Loans and advances book** | | | | |
| **Gross loans and advances** | R'm | **115 525** | 102 991 | 12 |
| Personal banking | R'm | **89 545** | 83 847 | 7 |
| Business banking | R'm | **23 339** | 19 144 | 22 |
| AvaFin | R'm | **2 641** | — | |
| **Provision for credit impairments (expected credit losses (ECL))** | R'm | **(26 380)** | (22 439) | 18 |
| Personal banking | R'm | **(24 161)** | (21 359) | 13 |
| Business banking | R'm | **(1 368)** | (1 080) | 27 |
| AvaFin | R'm | **(851)** | — | |
| **Net loans and advances** | R'm | **89 145** | 80 552 | 11 |
| Personal banking | R'm | **65 384** | 62 488 | 5 |
| Business banking | R'm | **21 971** | 18 064 | 22 |
| AvaFin | R'm | **1 790** | — | |
| **Gross credit impairment charge on loans and advances** | R'm | **8 820** | 9 341 | (6) |
| Personal banking | R'm | **7 607** | 9 015 | (16) |
| Business banking | R'm | **376** | 326 | 15 |
| AvaFin | R'm | **837** | — | |
| **Bad debts recovered** | R'm | **(584)** | (601) | (3) |
| Personal banking | R'm | **(568)** | (597) | (5) |
| Business banking | R'm | **(8)** | (4) | 100 |
| AvaFin | R'm | **(8)** | — | |
| **Net credit impairment charge on loans and advances[3]** | R'm | **8 236** | 8 740 | (6) |
| Personal banking | R'm | **7 039** | 8 418 | (16) |
| Business banking | R'm | **368** | 322 | 14 |
| AvaFin | R'm | **829** | — | |
| **Net credit impairment charge on loans and advances to average gross loans and advances (annualised CLR)** | % | **7.5** | 8.7 | |
| Personal banking | % | **8.1** | 10.1 | |
| Business banking | % | **1.7** | 1.9 | |
| AvaFin[4] | % | **42.6** | — | |
| **Total lending and credit life insurance income[5]** | R'm | **24 433** | 21 279 | 15 |
| Personal banking | R'm | **19 673** | 19 160 | 3 |
| Business banking | R'm | **2 590** | 2 119 | 22 |
| AvaFin | R'm | **2 170** | — | |
| **Net credit impairment charge on loans and advances to total lending and credit life insurance income[5]** | % | **33.7** | 41.1 | |
| Personal banking | % | **35.8** | 43.9 | |
| Business banking | % | **14.2** | 15.2 | |
| AvaFin | % | **38.2** | — | |
| **Retail deposits and wholesale funding** | | **175 541** | 156 015 | 13 |
| Wholesale funding | R'm | **2 906** | 3 021 | (4) |
| Personal and Business banking call deposits | R'm | **113 163** | 102 269 | 11 |
| Personal and Business banking fixed deposits | R'm | **58 056** | 49 530 | 17 |
| Foreign currency deposits | R'm | **1 416** | 1 195 | 18 |

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

[2] *The percentage changes quoted above are based on figures denominated in R'million.*

[3] *This charge is for loans and advances only. The income statement charge for the reporting period includes an expense of R21.5 million (2024: release of R14.7 million) related to other financial assets.*

[4] *AvaFin operates online, short-term, high-yield consumer lending businesses outside of the banking environment, therefore the CLR is higher than that of our other businesses.*

[5] *Interest received on loans, initiation fees, monthly service fees and net credit life insurance income.*

# Commentary[1][2]

## *Igniting growth and opportunity to make a meaningful difference in people's lives*

Capitec is a diversified financial services group with an ecosystem of solutions that ignite growth and unlock opportunities to make a meaningful difference in people's lives, empowering them to grow. Our journey over the past 5 years included the addition of Business banking, VAS, Capitec Connect and acquiring our own insurance licence to complement our Personal banking offering. The expansion of our product and service offering resulted in continued growth in our active client base to 24.1 million (2024: 22.2 million).

Our continued focus on and investment in technology and data have been pivotal in the creation of a business that can scale to the benefit of our clients. We have invested in best-in-class platforms and technology which have given management the ability to be agile and have enabled the business to scale. We replatformed our banking app and focused on moving all our data to the cloud and unlocking efficiencies in systems. This has allowed us to accelerate the time to market of new offerings and unlock value for clients by being able to rapidly analyse data and refine our offerings to meet client needs.

Capitec is a high-volume, low-margin business that provides access to simple, transparent and affordable products delivered with a personalised experience. The size of our client base means that we can continue to scale our operations and disrupt markets with our simplified pricing and product offering. As the volumes in our ecosystem increase, the incremental cost of transactions decreases, allowing us to continually deliver a price benefit to our clients.

From 1 March 2025, we further simplified our transaction pricing while reducing prices for Personal and Business banking clients. Our clients now only need to know 5 key fees: R1 for Capitec-to-Capitec payments, R2 for payments to other banks or cash withdrawals at till points, R3 for debit orders, R6 for immediate payments to other banks and R10 per R1 000 for cash withdrawals at any bank's cash devices. Capitec Connect bundles are simple and transparent and are priced below the rest of the market. Our POS business has an easily understandable commission structure with some of the lowest rates in the market. Our insurance products are priced approximately 30% below the market average, and we have developed purpose-lending products with lower interest rates.

Our distribution network gives clients a personalised experience when they interact with our businesses. Our branch network grew to 880 branches that are in the communities we serve. Transacting is performed at the branch self-service terminals, while consultants enable us to successfully sell new products into the market and grow client adoption. The app and Personal banking branches serve as the sales channels for VAS, Capitec Connect and insurance products using the capacity created by moving transactions to the app and self-service terminals. The adoption of digital transacting continued to grow, and the number of active app clients grew by 15% to 12.9 million (20% of the South African population).

All our businesses are aligned with Capitec's purpose and apply the same fundamentals. Personal banking has been optimising client value and as a result grew the fully banked client base by 13% to 8.8 million clients. The Strategic initiatives team has improved client adoption of our VAS offering and has grown income significantly as these products have matured. Capitec Connect continues to offer simplified solutions in the complex prepaid data and airtime market.

Business banking has laid the foundations to grow the business banking market by serving small- and medium-sized enterprises (SMEs). Our merchant commerce strategy led to an increase in the number of trading merchants to 63 054 (2024: 28 093). Transaction fees that match the Personal banking fees saw transaction volumes excluding Capitec Pay grow by 37% as the number of active GlobalBiz clients grew by 78% to 136 940.

Insurance business on our own licence grew well during 2025. Capitec Life's active credit life insurance book totalled 1.1 million policies at the end of 2025. From November 2024, we issued more than 600 000 funeral insurance policies on our own licence and at the end of February 2025, we had 96 307 active life cover policies.

Our strategic focus on becoming a trusted financial partner for our clients allowed us to grow in a subdued economic environment, and we will continue to invest in the future to meet our clients' financial needs.

*[1] The percentage changes quoted in the commentary are based on figures denominated in R'million.*
*[2] Figures and comparisons relate to the year ended 28 February 2025 and the year ended 29 February 2024, unless otherwise stated.*

## Growth

Headline earnings for 2025 increased by R3.1 billion (30%), reaching R13.7 billion (2024: R10.6 billion). The group achieved an ROE of 29% (2024: 26%), driven by a rising ROE on transaction and VAS income due to economies of scale, and by a decrease in the CLR to normalised levels.

Net interest income contributed R2.7 billion to the growth in headline earnings. Interest income from investments grew by 18%, attributed to a 14% increase in the average investment portfolio and a 0.2% rise in the yield on the investment portfolio. Growth in the interest expense was less pronounced than interest income growth due to the 75 basis point decrease in the repo rate since September 2024, which reduced the average rate paid on deposits. Interest income on lending increased by 17%, as credit granting criteria were eased for specific client segments during the year, leading to a 28% increase in loan disbursements. Business banking loan disbursements specifically grew by 29%.

Despite 12% growth in gross loans and advances, the credit impairment charge on loans and advances decreased by 6%. The group CLR (excluding AvaFin) decreased from 8.7% to 6.9% (including AvaFin: 7.5%). This contributed R973 million to the growth in headline earnings before the inclusion of the AvaFin credit impairment.

Net non-interest income contributed R3.1 billion to the increase in headline earnings, growing by 22%. Net transaction income and commission, including VAS and Capitec Connect, increased by 25%, with VAS contributing R1.5 billion of the increase (before tax). Digital transactions and card payments (including VAS and Capitec Pay) accounted for 90% (2024: 88%) of transaction volumes excluding system-generated transactions. We continued to invest in the future and gave back R289 million to Business banking clients and merchants by aligning transaction fees to the Personal banking fees and implementing a simplified merchant commission structure. The early implementation of PayShap payments resulted in cost savings of R107 million after tax, which will not recur in the next financial year as other financial institutions continue their implementation of PayShap.

The net insurance result contributed R437 million to the increase in headline earnings, with credit life insurance income growing by 1% and funeral and life cover results growing by 44%.

Operating expenses grew by 30%. Growth of 7% was due to the inclusion of AvaFin operating expenses not present in 2024. An increase in employee incentives due to high headline earnings growth contributed another 9% of the growth. Excluding AvaFin operating expenditure and the increase in employee incentives, operating expenses grew by 14%.

The composition of headline earnings by business was as follows: Personal banking – 45% (2024: 46%); Strategic initiatives – 23% (2024: 19%); Insurance – 25% (2024: 29%); Business banking – 5% (2024: 6%) and AvaFin – 2% (2024: nil).

## Personal banking

Personal banking has continued to optimise client value. During 2025, we continued using the growing amount of quality data that is available to grow client adoption of our ecosystem of products and to personalise our clients' experiences by prompting next best actions. As we migrated to the cloud, we developed the ability to leverage data more efficiently. Our aim is to be the most trusted financial partner.

Our target is also to be the leading payments provider in South Africa. In previous years, we introduced PayShap, Apple Pay, Garmin Pay, Google Pay and Samsung Pay and during 2025, we launched international payments on our app. The volume of transactions on these payment channels has grown significantly. Going forward, we will focus on the mass payments market and bring the cost of payments in South Africa down.

The credit business provides clients with next best actions and purpose-lending products that can be used for building, vehicle finance and education. We have developed our offer to multiple-income earners and encourage clients to use our direct loan and app channels to apply for credit. We are geared for growth and will launch Capitec-funded, secured home loans in the first half of the 2026 financial year. We will enable clients to build their credit scores with an accessible credit card with a limit of R600, repayable within 3 months. Multiple-income earners and SMEs will qualify for our new repay-as-you-earn loans that will promote their growth.

Personal banking headline earnings grew from R4.9 billion to R6.2 billion. The drivers of the growth are detailed as follows.

## Net interest income

Net interest income rose from R14.9 billion to R16.2 billion, driven by 18% growth in interest on investments.

The average investment portfolio grew by 14%, with a yield increase of 0.2% due to the inclusion of long-term floating-rate government bonds in the portfolio. The fixed-rate portion of the portfolio remained at higher interest rates, boosting yields. Portfolio growth was mainly due to 8% growth in the average deposit book which outpaced the 7% growth in gross loans and advances.

Interest income on lending grew by 3% due to stricter credit granting criteria in the first half of 2025, which were eased during the second half of the year post the outcome of the national election. This led to book growth despite limited interest growth following a 75 basis point reduction in the repo rate since September 2024.

Interest expense growth was lower than deposit growth due to lower repo rates in the second half of the year. The average interest rate on deposits decreased by 0.2%. Fixed savings products continued to drive good client savings behaviours, with fixed and notice deposits growing 18% year-on-year. Notice deposits, launched in July 2024, reached 1.2 million accounts with R7.3 billion in balances by the end of 2025.

## Credit impairment charge and ECL coverage ratios

The net credit impairment charge decreased by 16% to R7.0 billion (2024: R8.4 billion). The CLR decreased to 8.1% (2024: 10.1%) and was within the through-the-cycle target of 8.0% to 8.5%.

The following drivers impacted the credit impairment charge and provision for ECL:

- The easing of credit granting criteria during 2025 that led to higher loan disbursements
- A shift in the loan book distribution across the stages
- A change in the write-off point estimation that increased the proportion of the loan book in stage 3 by 2% with loans that were provided at 98% and the coverage ratio on the default book by 2.6%
- The movement in the forward-looking macroeconomic provision due to the outlook on the economy and a move to through-the-cycle provision models. Our through-the-cycle models use all available historical data when modelling the provision for ECL. The change to through-the-cycle models impacted the backward-looking provision for ECL and the forward-looking macroeconomic provision for ECL (FLI ECL) but not the total credit impairment charge
- The impact of the above changes on the ECL coverage ratios.

### Loan disbursements

Total loan disbursements grew by 11% to R53.9 billion. Term loan disbursements increased by 33% and credit card disbursements by 25%, due to eased credit granting criteria for certain clients.

Access facility disbursements decreased by 40% after short-term access facilities were discontinued. New limits granted totalled R2.7 billion, down from R5.1 billion in 2024. Following the cut-back, the access facility offering has been repositioned as an overdraft facility for higher-quality clients.

### Shift in loan book distribution and the change in the write-off point estimation

The gross loan book distribution shifted across the stages during 2025. The table below reflects the staging and composition of the gross loan book.

| | As at the end of | | | |
|---|---|---|---|---|
| | February 2025 | | February 2024 | |
| | R'm | % | R'm | % |
| Stage 1 | **50 393** | **56** | 48 583 | 58 |
| Stage 2 | **14 080** | **16** | 12 945 | 15 |
| Stage 3 | **25 072** | **28** | 22 319 | 27 |
| **Total** | **89 545** | **100** | 83 847 | 100 |

The proportion of balances in stage 1 remained stable while the proportion of balances in stage 2 grew by 1%. Loans up to 1 month in arrears in stage 2 remained stable at R1.6 billion while loans with significant increases in credit risk (SICR) since granting increased by 10% primarily due to an increase in the FLI ECL.

A supplement was added to the forward-looking macroeconomic model provision for ECL for the risk of the withdrawal of United States of America (USA) aid to South Africa, the possibility that South Africa might cease to be part of the African Growth and Opportunity Act (AGOA). As a result of the assessment of the impact of these factors on balances in stage 1, particularly the balances of clients employed in the agriculture, forestry, fishing, community organisation, social and personal services, and manufacturing sectors, R507 million in balances were moved into stage 2 due to SICR.

The table below analyses the movement in stage 3 balances.

| R'm | 2025 |
|---|---|
| Stage 3 opening balance | **22 319** |
| Decrease in balances 2 and 3 months in arrears | **(192)** |
| Decrease in rescheduled balances not yet rehabilitated | **(602)** |
| Decrease in debt review balances in the default book | **(500)** |
| Increase in balances in the default book due to the change in the write-off point estimation | **2 100** |
| Increase in other balances with legal statuses and more than 3 months in arrears in the default book | **1 947** |
| **Stage 3 closing balance** | **25 072** |

Stage 3 balances grew by 12%. Balances between 2 and 3 months in arrears decreased by R192 million or 8% due to the newer tranches of business granted during 2024 and 2025 slowing the roll into this loan category. Rescheduled balances that have not yet rehabilitated decreased by R602 million due to the improvement in the quality of the loan book which meant that the value of new reschedules during 2025 decreased.

Stage 3 balances in default (balances 3 or more months in arrears, with other legal statuses and where clients applied for debt review less than 6 months ago) grew by R3.6 billion from R15.3 billion in 2024 to R18.9 billion. The debt review balances in the default book decreased by R0.5 billion to R5.6 billion, as rolls into debt review decreased from R4.1 billion to R3.3 billion.

A change in the write-off point estimation resulted in the addition of R2.1 billion in balances to the default book at the end of 2025. These balances were provided for at 98%. The change entails that loan balances are no longer written off based on an internal handover score or when they have missed 4 consecutive payments, but only when they have missed 4 consecutive payments. This means that write-offs occur based on actual behaviour and that loan balances stay on the loan book for longer.

The table below represents the staging of the loan book if the additional balances had not remained on the loan book.

| | As at the end of | | | |
|---|---|---|---|---|
| | February 2025 | | February 2024 | |
| | R'm | % | R'm | % |
| Stage 1 | **50 393** | **58** | 48 583 | 58 |
| Stage 2 | **14 080** | **16** | 12 945 | 15 |
| Stage 3 | **22 972** | **26** | 22 319 | 27 |
| **Total** | **87 445** | **100** | 83 847 | 100 |

Other rolls into default decreased from R8.7 billion to R8.2 billion due to an improvement in the quality of the loan book. The newer tranches of business are rolling into default more slowly than older tranches of business and this contributed significantly to the reduction in the credit impairment charge and the decrease in the proportion of balances in stage 3 of the loan book.

### Forward-looking macroeconomic provision for ECL and through-the-cycle models

The FLI ECL accounts for the effects of future economic conditions on the provision for ECL using key economic indicators affecting the group's credit clients. The FLI ECL grew from R380 million to R877 million.

According to the economic outlook scenarios applied in the calculation, the FLI ECL would have decreased by R258 million, notwithstanding the following adjustments:

- During the first half of 2025, the provision models for term loans and credit cards were transitioned from point-in-time models to through-the-cycle models. A through-the-cycle model has historically been applied to access facilities. Although there was no impact on the total credit impairment charge, this change resulted in a decrease in the backward-looking model calculation and a corresponding increase in the forward-looking macroeconomic model calculation. Consequently, the FLI ECL at the end of 2025 increased by R490 million
- The forward-looking macroeconomic outlook will have an impact on the collections that can be made on balances that are in default. The 2025 FLI ECL model incorporated projections of this impact. Previously, the impact on future recoveries was not modelled. This adjustment increased the FLI ECL by R148 million because future expected recoveries were modelled as being lower due to macroeconomic factors
- The Bureau for Economic Research's (BER) economic scenarios used to determine the FLI ECL were supplemented by an FLI ECL of R117 million to account for the potential risk of the USA discontinuing aid to South Africa, the possibility that South Africa might cease to be part of AGOA. These risks arose after the determination of the BER scenarios.

### Changes in ECL coverage ratios

The total ECL coverage ratio increased to 27.0% (2024: 25.5%) and is analysed by stage in the table below.

| | As at the end of | |
|---|---|---|
| % | **February 2025** | **February 2024** |
| Stage 1 | **7.3** | 7.4 |
| Stage 2 | **24.5** | 27.1 |
| Stage 3 | **68.0** | 63.8 |
| **Total** | **27.0** | 25.5 |

The decrease in the stage 1 coverage ratio was the result of a decrease in the coverage ratio on the access facility product as the quality of the loan balances improved after the cut-back on loan disbursements. For term loan and credit card balances, there was an increase in coverage ratios because of the portion of the growth in the FLI ECL that was allocated to stage 1. The upfront provision on loans disbursed during 2025 was R3.1 billion.

The coverage ratio on balances showing a SICR decreased from 23.8% to 21.7%. The decrease in the coverage ratio was due to an improvement in the quality of the loan book in stage 2. This was offset by an increase in the coverage ratio due to the increase in the FLI ECL, particularly the R117 million supplement for the USA aid and AGOA risk which moved R507 million in balances into up-to-date loans with SICR. The coverage ratio on loans up to 1 month in arrears decreased from 51.1% to 46.5%.

The coverage ratios of all loan categories in stage 3, except for the default book, decreased due to an improvement in loan book quality. The principal reason for the increase in the default book coverage ratio from 73.6% to 77.3% was that balances stayed in the default category for longer due to the change in the write-off point estimation. If these balances and their provision for ECL are excluded, the default book coverage ratio was 74.7%. The remainder of the increase was a result of the inclusion of the FLI ECL provision of R148 million for the impact of future economic conditions on the expected recoveries on the default loan book.

Refer to note 3 to the summary of the consolidated financial statements for the loan book and coverage ratios by product.

## Net transaction and commission income

Net transaction and commission income excluding VAS and Capitec Connect increased by 17% to R12.8 billion (2024: R11.0 billion). Transaction volumes excluding system-generated transactions increased by 17% due to growth in client numbers.

### Disrupting cash transacting

Digital transaction volumes and card payments grew by 16% and 18%, respectively, as client adoption of these safer and more affordable payment channels continued to grow. The number of clients using digital transacting grew by 12% to 14.0 million while active app users grew by 14% to 12.8 million.

Cash transacting as a proportion of total transaction volumes excluding system-generated transactions decreased from 15% in 2024 to 14% in 2025 while card transactions contributed 66% to the total in 2025 (2024: 63%).

Card payment and other POS transaction volumes increased by 20% to 3.0 billion (2024: 2.5 billion). The growth in transaction volumes exceeded the income growth of 17% because average values per transaction were lower. Clients are making smaller, more frequent payments. During the year, we expanded our app payments ecosystem and launched international payments with a flat fee of R175 and competitive exchange rates. As a result, international transaction income increased by 51% to R483 million.

The group continues to lead the industry as a receiving bank of PayShap transactions. For 2025, we received 52% of all the PayShap transactions processed in the industry. Receiving volumes totalled 94 million for 2025 (2024: 9 million). The group continues to maintain the largest market share of 56% of all PayShap main bank registrations.

The spend by clients using Apple Pay, Garmin Pay, Google Pay and Samsung Pay increased by more than 2.5 times to R34.2 billion (2024: R13.1 billion), while volumes increased to 167.2 million transactions (2024: 64.5 million). A total of 1.0 million clients make use of these products (2024: 0.5 million).

## Strategic initiatives

Strategic initiatives which include VAS and Capitec Connect contributed R3.2 billion to group headline earnings (2024: R2.0 billion). The drivers of the growth are detailed below.

### Value-added services

Net income from VAS increased by 56% to R4.2 billion. This was due to higher client adoption as the VAS products mature, as well as an increase in the number of clients using VAS to 10.9 million. The growth in the number of clients that use our app provides a platform for growth in VAS transaction volumes as these transactions can only be performed on the app. A total of 85% of our app clients have performed a VAS transaction. As more clients transacted at greater frequency, volumes increased by 34% to 1.5 billion.

A total of 1.2 million new clients used send cash during 2025 and the transactions per client grew, increasing income generated by 61% to R973 million. The volumes of prepaid data, airtime and electricity sold increased by 14% and income on these transactions grew by 15% to R1.4 billion.

The number of unique clients purchasing vouchers increased by 1.0 million and 308 million vouchers were sold. Showmax streaming vouchers were successfully launched to our clients on 13 August 2024, with volumes reaching 437 336 for 2025. In February 2025, 75 000 Showmax vouchers were sold.

Since inception on 22 February 2024, 319 707 vehicle licence renewals have been done on our app and our market share has grown to 20%.

### Capitec Connect

In 2025, Capitec Connect expanded from offering 1 no-expiry data and voice bundle to providing various options for our mobile clients. We introduced 1-, 7- and 30-day validity bundles at the most affordable prices in the market. These bundles now account for over 60% of sales. Additionally, we launched streaming, WhatsApp and larger LTE data bundles. Capitec Connect cash vouchers are available, and clients can use advances to purchase airtime.

Capitec Connect data is part of the Live Better rewards programme, offering benefits like 1GB of free data per month for credit card holders with verified Capitec Connect numbers. More rewards will be added in the 2026 financial year to reward our clients for good banking behaviour.

Capitec Connect stands out as 80% of sales occur through the banking app, which was enhanced specifically for this service during 2025.

Net income for 2025 reached R193 million, up from R35 million. Subscribers with active SIM cards (active within the last 6 months) increased by 74% to 1.6 million, with data usage surpassing 13.4 petabytes and voice usage exceeding 306.9 million minutes.

## Insurance

Capitec is established as a fully fledged long-term insurer and our insurance business is poised for growth. We have built the platforms, systems and people capability to support growth. The transfer of the cell captive credit life insurance book has been approved by the regulator and the process is underway. We exited the funeral insurance arrangement with Sanlam from 1 November 2024.

On exit from the Sanlam arrangement, Capitec Life took over the administration of the policies issued through the cell captive. This entailed system development, a data migration and the appointment of an administration team. The funeral insurance data migration was one of the largest ever performed in South Africa.

With the data migration complete, we will be increasing the efficiency of our systems during the first half of the 2026 financial year following which we will optimise our current range of products using our insurance and banking data.

The client base for the insurance business is our 24.1 million active clients with the Personal banking distribution channels available in branches and on our app. This keeps distribution costs low and allows us to make insurance products affordable for our clients.

The Insurance business's headline earnings increased by 13% to R3.5 billion while the net insurance result increased by 19% to R3.8 billion.

### Net credit life insurance income

The net credit life insurance result remained stable at R1.9 billion despite a 2% decrease in the sum assured to R73.4 billion.

The contraction in the insured book, together with lower premium rates on a higher-quality credit book, decreased the net insurance result by R159 million. Retrenchment claims were higher during the first half of 2025 due to the mass retrenchments in the mining sector while death and disability claims experience improved, resulting in a R109 million decrease in the net insurance result. These decreases were offset by updated expectations of future experience.

As at 28 February 2025, we had 1.1 million active policies on our own insurance licence out of a total of 1.95 million active policies. The process to transfer the policies currently underwritten on the Guardrisk licence to the Capitec Life licence is in progress.

### Funeral cover income

The net funeral insurance result increased by 42% to R1.8 billion. This robust performance can be attributed to the book growth, combined with the impact of the termination of the funeral cooperation arrangement with Sanlam. From 1 November 2024, Capitec Life started underwriting all new funeral policies provided. We no longer pay a percentage of profit on new policies to Sanlam and this contributed to income growth. As a result of the termination of the cooperation arrangement, a recapture amount of R1.9 billion was paid to Sanlam. This did not impact income.

The total funeral book increased to 3.2 million active policies (2024: 2.7 million), while the number of lives assured grew to 14.7 million (2024: 12.1 million). The effect of book growth added R407 million pre-tax to the net insurance result. The claims ratio decreased slightly to 44.5% (2024: 44.7%).

### Life cover income

Capitec launched an innovative life cover product in June 2024. The product has 4 different payout types to meet client needs. Clients may choose whether to take a lump sum, provide for their children's needs, have a monthly income paid out for 24 months or a combination of these 3 options. There is no requirement for medical examinations and premiums do not increase annually.

As at February 2025, the active policies and sum assured were 96 307 and R47.2 billion, respectively. The life cover product contributed R29 million to the net insurance result.

## Business banking

Our strategy for Business banking has been to drive digital business banking using the best technology and leveraging our data. The initial focus was on implementing stable and secure new systems and platforms.

During 2024, we rebranded Mercantile to Capitec Business, introduced a new app and new online banking, and the ability to open an account online in minutes with no paperwork. We introduced scored business overdrafts and business, property and asset finance that is approved within days.

In 2025, we aligned transaction pricing for our Business banking clients with the Personal banking transaction pricing. A simplified forex offering resulted in over 482 000 forex transactions, an increase of 92% and scored loan balances grew by 111% to R1.3 billion. We implemented a new merchant strategy and POS machines are now sold to merchants for a once-off payment instead of being rented to them. From 1 September 2024, the commission percentages on merchant sales were also adjusted. The commission percentage on merchant sales, which is based on the merchant's turnover, was also decreased to between 0.6% and 0.85% on debit cards and 1.6% and 1.85% on credit cards. This pricing is published so that it is transparent. From 1 September 2024 to 30 November 2024, we held a POS machine sales promotion. We onboarded 39 367 merchants during the promotional period. This represented 69% of all new merchants onboarded during 2025.

Our service model consists of a relationship suite and 19 business centres. Through the relationship suite, virtual consulting is possible and our clients have a relationship banker available anytime through a call, online or on our app. Bankers have immediate access to the clients' full history.

We are in the process of building an enterprise payment system that will allow businesses to accept card payments, online payments and receive and make bulk payments. For this reason, the Capitec Pay system has become part of Business banking.

We are ready to scale and grow, and Capitec Business will be formally launched in the 2026 financial year.

Business banking's headline earnings, after accounting for the transfer of Capitec Pay in the current and prior year, increased by 13% to R727 million (2024: R641 million). Excluding Capitec Pay, headline earnings declined by 15%. The drivers of headline earnings are detailed below.

### Net interest income

Net interest income grew by 26% to R1.9 billion. Interest income on lending increased by 22% to R2.6 billion as loan disbursements increased by 29% and the gross loan book grew by 22%. Interest income on investments decreased by R28 million to R508 million driven by a decrease in the overall average investment portfolio due to increased loan disbursements. Interest expenses remained stable at R1.2 billion although the deposit book grew by 17% to R22.0 billion. Call deposits increased by 19% while fixed deposits grew by only 1.6%, changing the mix of the deposit book and thus the interest expense.

### Net transaction and commission income

Business banking's net transaction and commission income increased by 19% to R1.3 billion. Excluding Capitec Pay, net transaction and commission income remained flat, despite giving back R289 million to clients through reduced transaction fees and merchant commission.

No growth in transaction income was expected due to the repricing that occurred in March 2024 and the new merchant e-commerce strategy. The repricing brought transaction fees in line with those of Personal banking and saved our clients R66 million during 2025. Volume growth, excluding Capitec Pay, was, however, 37% and reflected the 11% growth in active Business banking clients because of the fee repricing.

Volumes on POS machines increased by 28% and the value of transactions grew by 28% to R64.2 billion. This reflects the impact of the new merchant e-commerce strategy which saved our merchants R223 million.

Net income from Capitec Pay increased by 89% to R433 million. As at February 2025, we had 27 active integrated payment providers, more than 17 000 merchants and 7.6 million unique clients. A total of 212 million payments, with a value of R47.5 billion, was processed (2024: 134 million; R26.7 billion) and the average transaction value was R224 with a successful conversion rate of 86% (August 2024: R206; 83%).

## Credit impairment charge and ECL coverage ratios

### Credit impairment charge

The credit impairment charge increased by 14% to R368 million and the CLR was 1.7% compared to 1.9% in 2024. The growth in the credit impairment charge was primarily attributable to the 22% growth in the gross loan book due to an increase of 29% in loan disbursements. The scored loan book grew by 111% to R1.3 billion and the intuitive loan book grew by 22%.

Our lending focus for 2025 was to start building our market share using rebuilt platforms and systems, and through our relationship suite and business bankers. Loan disbursements excluding overdrafts grew by 19% to R8.1 billion and new overdraft limits loaded amounted to R3.3 billion reflecting growth of 58%. Mortgage loan disbursements increased by 14% and business loan disbursements excluding overdrafts grew by 23%. The provision for ECL held on new loan disbursements for 2025 amounted to R213 million at the end of February 2025.

The rental finance credit impairment charge included in the total credit impairment charge was R69 million, a decrease of R38 million compared to 2024. The rental finance book grew by 8% to R1.9 billion. The model coverage ratio decreased from 9.8% to 9.3%. This was driven by a decrease in the loans in default as a percentage of the loan book.

### Coverage ratios

The table below details the trend in the coverage ratios.

| | As at the end of | |
|---|---|---|
| % | **February 2025** | **February 2024** |
| Stage 1 | **1.5** | 1.6 |
| Stage 2 | **11.8** | 13.4 |
| Stage 3 | **42.3** | 44.1 |
| **Total** | **5.9** | 5.6 |

The increase of 0.3% in the overall coverage ratio since 2024 was the result of the following factors:

- The shift in the composition of the loan book towards stage 3. Stage 3 balances now comprise 9% of the loan book compared to 8% in 2024 and balances in stage 3 grew by R686 million
- The shift in the proportion of the loan book that comprises mortgages at lower coverage ratios than business loans. Mortgages now comprise 48% of the loan book at a coverage ratio of 2.8% (2024: 50%; 3.0%). Business loans which now comprise 2% more of the loan book are held at an overall coverage ratio of 8.8%.

Refer to note 3 to the summary of the consolidated financial statements for the loan book and coverage ratios by product.

## AvaFin

AvaFin operates online consumer lending businesses in Poland, Latvia, Czechia, Spain and Mexico. Loans are short-dated and unsecured. It is a high-price, high-margin business with an ROE of more than 40%. Effective 1 May 2024, AvaFin became a subsidiary when Capitec increased its shareholding from 40.66% to 97.075%. Our strategy is to reduce loan pricing and start disbursing longer-term loans. To this end, approval was obtained from the South African regulator to start funding AvaFin. This will reduce their funding cost, and the funding will be used to drive this strategy.

AvaFin contributed R196 million to headline earnings from 1 May 2024 to February 2025, and R1.2 billion to net lending and investment income after credit impairments. Operating expenses totalled R895 million and consisted primarily of marketing and employee costs. The number of AvaFin clients increased by 37% to 220 000 from 1 May 2024 to February 2025.

AvaFin operates in 5 countries which contributed to net interest and investment income after credit impairments as follows: Poland – 30%; Czechia – 26%; Mexico – 24%; Spain –18%; and Latvia – 2%. Mexico did not contribute to headline earnings because its financial performance was impacted by a EUR2.2 million foreign exchange loss due to the weakening of the Mexican peso.

## Credit impairment charge and loans and advances

### Credit impairment charge

AvaFin's credit impairment charge amounted to EUR42.7 million (R830 million) for the 10 months ended February 2025. As AvaFin operates online, short-term, high-yield consumer lending businesses outside of the banking environment the CLR is higher than that of our other businesses at 42.6%. We price for the high CLR and make a higher ROE on these loans.

Loan disbursements amounted to EUR406.8 million (R7.8 billion) with a monthly average of EUR43.3 million (R832 million) for the last quarter of 2025. More than 90% of the loans issued were 1-month loans.

### Loans and advances

Gross loans and advances were EUR137 million (R2.6 billion) at the end of 2025, with a provision for ECL coverage ratio of 32.2% (August 2024: 29.5%). The coverage ratio on up-to-date loans was 9.5%, up from 8.5% at the end of August 2024 while the stage 2 coverage ratio grew from 30.4% in August 2024 to 33.2%. Balances outstanding for more than 60 days were provided at 81.6%.

The increase in the overall coverage ratio resulted from higher growth in the loan books in Mexico and Czechia with coverage ratios of 54% and 40%, respectively, compared to other markets. Although these coverage ratios increased during the year, the increase was in line with risk appetite.

Refer to note 3 to the summary of the consolidated financial statements for the loan book and coverage ratios.

## Group operating expenses

Group operating expenses, including AvaFin's operating expenses for the period since it became a subsidiary on 1 May 2024, grew by 30%. Excluding AvaFin, group operating expenses grew by 23% from R13.9 billion to R17.2 billion. The commentary below excludes AvaFin's expenses to ensure the comparability of expenses from 2024 to 2025.

Excluding employee incentives, operating expenses grew by 14%. Short-term incentives increased due to the high headline earnings growth percentage, and long-term incentives were higher due to the increase in the share price from R2 017.77 at the end of 2024 to R3 074.37 at the end of 2025. Employee costs excluding incentives grew by 14% mainly due to an 8% increase in headcount.

Information technology (IT) expenses (excluding salaries) grew to R2.5 billion, exceeding the 2024 expense by 34%. The increase stems from continued investment in systems and platforms. The cloud-based computing fees increased by 39% as we continued to invest in housing data in the cloud. This unlocks efficiencies in our systems and allows us to scale our operations more easily. As data infrastructure shifted to the cloud, depreciation expenses grew by only 2%.

Cash processing and distribution costs grew by only 4% as clients continued to migrate towards card and digital channels.

## Income and deferred tax expense

The income and deferred tax expense increased by 39% from R2.9 billion to R4.0 billion at an effective tax rate of 22.5% (2024: 21.4%) for the group.

The increase in the effective tax rate was due in part to AvaFin, which added R62 million to the tax expense at an effective tax rate of 23.5% and in part due to the growth in income from our own insurance licence. As the proportion of insurance income that is earned on our own licence grows, the effective tax rate increases because the tax on this income is included in the tax expense line whereas tax on income earned in the insurance cell captives is included in the net insurance result. Profit after tax is not affected by the difference in disclosure of the tax expense.

Capitec Bank Limited's stand-alone effective tax rate was 26.7%.

## Capital and liquidity

The group remains well capitalised with a CAR of 38% (2024: 36%) which was well above the group's regulatory requirement.

Our Basel III liquidity coverage ratio and net stable funding ratio were 3 085% and 225%, respectively. The regulatory requirement is 100% for both ratios.

## Credit ratings

Our ratings remain unchanged from the previous reporting period, however, on 20 November 2024, S&P Global revised its outlook on our global scale ratings from stable to positive. We have a global long-term rating of BB- and a short-term global rating of B. Our South African long-term national scale rating is zaAA and the short-term rating is zaA-1+.

## Opportunities

We have established a solid foundation for long-term growth and will continue innovating to help our clients grow. Optimising our ecosystem will enable us to scale our businesses, unlock value for our clients and ensure that we deliver a single service experience to all our clients.

The developments that we have made in the payment channels during the past few years are part of our goal to become the leading payment provider in South Africa.

We see growth potential in the informal economy (emerging market) in South Africa. There is a need for credit, insurance, VAS, payment channels, education and support that has not previously been addressed. We will work towards meeting this need. We have a large branch network in the right strategic locations, and we will leverage this.

Our focus on technology and data will allow us to continually enrich our understanding of our clients' needs and we will tailor solutions to fulfil their individual needs. We plan to use data to become an insights-driven organisation that delivers for our clients.

Based on our insights, we will be launching a number of new credit products in the coming year. In mid-2025, we will launch a secured home loan product through a special purpose vehicle with SA Home Loans, funded with R5 billion. We will also introduce a repay-as-you-earn loan for multiple-income earners and SMEs.

We took the first step in developing our international strategy when AvaFin became a subsidiary during 2025. We are currently integrating the business into the group and gaining deeper insight into the markets where AvaFin operates, and we plan to provide funding to AvaFin to support their strategy to move to longer-term, lower-priced loan products.

The cornerstones of our strategies for the future are applying the fundamentals that have made Capitec a success to our developing businesses, embodying the Capitec culture in everything we do and maintaining the trust that our clients have in us. We will do this with integrity, capability, consistency and compassion.

## Changes to the board

Raghuvir Malhotra was appointed to the board effective 1 March 2025. Raghuvir is an international business, technology and finance executive with a proven history of over 3 decades in driving organisational impact and elevating growth and profitability. He joined Mastercard in 2000 and was integral to Mastercard's growth and innovation journey, holding senior leadership roles across multiple geographies and functions. Raghuvir helped lead the transformation of Mastercard from a product-led credit card company into a multi-rail solution-oriented technology organisation.

Capitec's chief executive officer (CEO), Gerrie Fourie, will be retiring at the annual general meeting on 18 July 2025. Gerrie was pivotal in Capitec's evolution from an unsecured lender to a diversified financial group and the board thanks him for his leadership and dedication to the group.

Graham Lee will become the group's CEO on 19 July 2025. Graham has been with Capitec since 2003 and has been a member of the group executive team since 2022. He has held numerous strategic positions in credit, technology and data, and retail operations, and currently leads our Personal banking division. His leadership, deep understanding of our business and values-driven approach make him the ideal person to take us into the future.

## Ordinary dividends

The directors resolved that a final gross dividend of 4 425 cents per ordinary share (2024: 3 345 cents) be declared on 23 April 2025, bringing the total dividend for the 2025 financial year to 6 510 cents per share (2024: 4 875 cents). There are 116 099 843 ordinary shares in issue and the full-year dividend coverage was maintained at 1.8 times (2024: 1.9 times).

The annual dividend payout ratio was amended from 50% to 55%. The payout ratio for 2024 deviated from the board's determined ratio of 50% because of the restatement of headline earnings due to the implementation of IFRS 17 *Insurance Contracts*.

The final dividend meets the definition of a dividend in terms of the Income Tax Act, Act 58 of 1962. The dividend amount, net of South African dividend tax of 20%, is 3 540 cents per share. The distribution is made from income reserves. Capitec's tax reference number is 9405376840.

| | |
|---|---|
| Last day to trade *cum* dividend | Tuesday, 13 May 2025 |
| Trading *ex*-dividend commences | Wednesday, 14 May 2025 |
| Record date | Friday, 16 May 2025 |
| Payment date | Monday, 19 May 2025 |

Share certificates may not be dematerialised or rematerialised from Wednesday, 14 May 2025 to Friday, 16 May 2025, both days inclusive.

In terms of the company's memorandum of incorporation, dividends will only be transferred electronically to the bank accounts of certificated shareholders, as cheques are no longer issued. In instances where certificated shareholders do not provide the transfer secretary with their banking details, the dividend will not be forfeited but will be marked as 'unclaimed' in the dividend register until the shareholder provides the transfer secretary with the relevant banking details for payout.

This announcement was signed on behalf of the board by

**Santie Botha**
*Chairman*

**Gerrie Fourie**
*Chief executive officer*

Stellenbosch
22 April 2025

*We have removed all signatures from this document to protect the security and privacy of our signatories.*

# Summary of the consolidated statement of financial position

*As at 28 February 2025*

| R'm | Audited February 2025 | Audited February 2024 restated |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents[1] | **44 563** | 34 856 |
| Financial assets at fair value through profit or loss (FVTPL) | **1 349** | 554 |
| Financial investments at amortised cost | **76 337** | 68 111 |
| Term deposit investments | **5 547** | 7 791 |
| Loans and advances | **89 145** | 80 552 |
| Other receivables[1] | **6 025** | 2 572 |
| Insurance contract assets | **4 304** | 2 961 |
| Reinsurance contract assets | **1** | — |
| Derivative assets | **38** | 34 |
| Financial assets – equity instruments at fair value through other comprehensive income (FVOCI) | **82** | 82 |
| Interest in associates and joint ventures | **285** | 727 |
| Property and equipment | **3 979** | 3 511 |
| Right-of-use assets | **1 827** | 1 857 |
| Intangible assets including goodwill | **1 629** | 1 402 |
| Deferred income tax asset | **3 353** | 2 569 |
| **Total assets** | **238 464** | 207 579 |
| **Liabilities** | | |
| Derivative liabilities | **21** | 21 |
| Current income tax liability | **377** | 252 |
| Deposits | **172 635** | 152 994 |
| Wholesale funding | **2 906** | 3 021 |
| Other liabilities | **9 145** | 5 365 |
| Lease liabilities | **2 367** | 2 383 |
| Employee benefit liabilities | **11** | 12 |
| Deferred income tax liability | **88** | — |
| **Total liabilities** | **187 550** | 164 048 |
| **Equity** | | |
| **Equity attributable to ordinary shareholders of the group** | **50 841** | 43 488 |
| Ordinary share capital and premium | **5 475** | 5 457 |
| Cash flow hedge reserve | **—** | 7 |
| Other reserves | **(23)** | (18) |
| Foreign currency translation reserve | **(18)** | 102 |
| Share option reserve | **516** | 516 |
| Retained earnings | **44 891** | 37 424 |
| **Equity attributable to other equity instrument holders of the group** | | |
| Preference share capital and premium | **42** | 43 |
| **Equity attributable to non-controlling interest[2]** | **31** | — |
| **Total equity** | **50 914** | 43 531 |
| **Total equity and liabilities** | **238 464** | 207 579 |

[1] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this classification error. Refer to note 2.*

[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

# Summary of the consolidated income statement

*Year ended 28 February 2025*

| R'm | Audited February 2025 | Audited February 2024 |
|---|---|---|
| **Interest and similar income and expenses** | | |
| Interest income | **30 228** | 25 806 |
| Interest income calculated using the effective interest method | **29 367** | 25 118 |
| Interest income on financial assets at FVTPL | **861** | 688 |
| Interest expense | **(10 043)** | (9 342) |
| **Net interest income** | **20 185** | 16 464 |
| Credit impairments | **(8 258)** | (8 725) |
| **Net interest income after credit impairments** | **11 927** | 7 739 |
| **Non-interest income** | | |
| Loan fee income | **1 292** | 1 219 |
| Loan fee expense | **(6)** | (11) |
| **Net loan fee income** | **1 286** | 1 208 |
| Transaction fee and commission income | **24 852** | 20 856 |
| Transaction fee and commission expense | **(6 317)** | (6 069) |
| **Net transaction and commission income** | **18 535** | 14 787 |
| Insurance revenue | **7 368** | 4 971 |
| Insurance service expense | **(3 716)** | (1 977) |
| Net expense from reinsurance contracts held | **(1)** | — |
| **Insurance service result** | **3 651** | 2 994 |
| Insurance finance income | **127** | 184 |
| Reinsurance finance expense | **(1)** | — |
| **Net insurance result** | **3 777** | 3 178 |
| Foreign currency income | **568** | 515 |
| Foreign currency expense | **(432)** | (354) |
| **Net foreign currency income** | **136** | 161 |
| Other income | **148** | 245 |
| **Net non-interest income** | **23 882** | 19 579 |
| **Income from operations after credit impairments** | **35 809** | 27 318 |
| Operating expenses | **(18 099)** | (13 941) |
| Share of net profit of associates and joint ventures | **3** | 71 |
| Deemed disposal of investment in associate[1] | **27** | — |
| **Operating profit before tax** | **17 740** | 13 448 |
| Income tax expense | **(3 991)** | (2 881) |
| **Profit for the year** | **13 749** | 10 567 |
| **Profit attributable to:** | | |
| Ordinary shareholders | **13 742** | 10 567 |
| Non-controlling interest[1] | **7** | — |
| | **13 749** | 10 567 |
| **Earnings per share (cents)** | | |
| Basic | **11 911** | 9 156 |
| Diluted | **11 878** | 9 137 |

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

# Summary of the consolidated statement of other comprehensive income

*Year ended 28 February 2025*

| R'm | Audited February 2025 | Audited February 2024 |
|---|---|---|
| **Profit for the year** | **13 749** | 10 567 |
| **Other comprehensive (loss)/income that may subsequently be reclassified to profit or loss** | **(127)** | 30 |
| Cash flow hedge reserve recognised | **(9)** | 11 |
| Cash flow hedge reclassified to profit or loss | **(1)** | (3) |
| Income tax relating to cash flow hedge | **3** | (2) |
| Foreign currency translation reserve reclassified to profit or loss on deemed disposal of associate[1] | **(85)** | — |
| Foreign currency translation reserve recognised – attributable to ordinary shareholders | **(34)** | — |
| Foreign currency translation reserve recognised – attributable to non-controlling interest[1] | **(1)** | 24 |
| **Other comprehensive (loss)/income that will not subsequently be reclassified to profit or loss** | **(6)** | 7 |
| Remeasurement of defined benefit obligation | **—** | (1) |
| Profit on remeasurement to FVOCI | **(8)** | 8 |
| Income tax thereon | **2** | — |
| **Total comprehensive income for the year** | **13 616** | 10 604 |
| **Total comprehensive income attributable to:** | | |
| Ordinary shareholders | **13 610** | 10 604 |
| Non-controlling interest[1] | **6** | — |
| | **13 616** | 10 604 |

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

# Reconciliation of attributable earnings to headline earnings

*Year ended 28 February 2025*

| R'm | Audited February 2025 | Audited February 2024 |
|---|---|---|
| Profit for the year attributable to ordinary shareholders of the group | **13 742** | 10 567 |
| Preference dividend | **(4)** | (5) |
| Discount on repurchase of preference shares | **—** | (1) |
| **Net profit after tax attributable to ordinary shareholders of the group** | **13 738** | 10 561 |
| **Non-headline items:** | | |
| **Deemed disposal of associate**[1] | **(27)** | — |
| Remeasurement loss on deemed disposal of associate | **58** | — |
| Reclassification of other comprehensive income to profit or loss relating to deemed disposal of associate | **(85)** | — |
| **Loss on disposal of property and equipment** | **14** | 17 |
| Taxable loss | **18** | 20 |
| Income tax | **(5)** | (6) |
| Non-tax deductible loss | **1** | 3 |
| **Loss on disposal of intangible assets** | **14** | — |
| Taxable loss | **19** | — |
| Income tax | **(5)** | — |
| **Headline earnings** | **13 739** | 10 578 |
| **Basic headline earnings per share (cents)** | **11 912** | 9 171 |
| **Diluted headline earnings per share (cents)** | **11 879** | 9 152 |
| **Number of shares ('000)** | | |
| Weighted average number of ordinary shares in issue | **115 627** | 115 627 |
| Adjustment for treasury shares | **(288)** | (281) |
| **Weighted average number of ordinary shares in issue** | **115 339** | 115 346 |
| Adjustment for: | | |
| Exercise of share options | **320** | 243 |
| **Weighted average number of ordinary shares for diluted headline earnings per share** | **115 659** | 115 589 |
| **Number of shares in issue per the shareholders' register** | **116 100** | 116 100 |

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

# Summary of the consolidated statement of changes in equity

*Year ended 28 February 2025*

| R'm | Ordinary share capital and premium | Foreign currency translation reserve | Cash flow hedge reserve | Other reserves | Share option reserve | Retained earnings | Equity attributable to ordinary share-holders of the group | Preference share capital and premium | Non-controlling interest[1] | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 28 February 2023** | 5 406 | 78 | 1 | (25) | 516 | 31 895 | 37 871 | 49 | — | 37 920 |
| Total comprehensive income for the year | — | 24 | 6 | 7 | — | 10 567 | 10 604 | — | — | 10 604 |
| **Transactions with shareholders and directly recorded in equity** | 51 | — | — | — | — | (5 038) | (4 987) | (6) | — | (4 993) |
| Ordinary dividend | — | — | — | — | — | (5 011) | (5 011) | — | — | (5 011) |
| Preference dividend | — | — | — | — | — | (5) | (5) | — | — | (5) |
| Employee share option scheme: value of employee services | — | — | — | — | — | 60 | 60 | — | — | 60 |
| Employee share option scheme: value of employee services | 11 | — | — | — | — | (85) | (74) | — | — | (74) |
| Shares acquired for employee share options at cost | — | — | — | — | — | 106 | 106 | — | — | 106 |
| Tax effect on share options | — | — | — | — | — | 13 | 13 | — | — | 13 |
| Fair value of shares utilised for net settlement | — | — | — | — | — | (115) | (115) | — | — | (115) |
| Preference shares repurchased | — | — | — | — | — | (1) | (1) | (6) | — | (7) |
| Treasury shares | 40 | — | — | — | — | — | 40 | — | — | 40 |
| **Balance as at 29 February 2024** | **5 457** | **102** | **7** | **(18)** | **516** | **37 424** | **43 488** | **43** | **—** | **43 531** |
| Acquisition of subsidiary | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **21** | **21** |
| Total comprehensive income for the year | **—** | **(120)** | **(7)** | **(5)** | **—** | **13 742** | **13 610** | **—** | **6** | **13 616** |
| **Transactions with shareholders and directly recorded in equity** | **18** | **—** | **—** | **—** | **—** | **(6 275)** | **(6 257)** | **(1)** | **4** | **(6 254)** |
| Ordinary dividend | **—** | **—** | **—** | **—** | **—** | **(6 298)** | **(6 298)** | **—** | **—** | **(6 298)** |
| Preference dividend | **—** | **—** | **—** | **—** | **—** | **(4)** | **(4)** | **—** | **—** | **(4)** |
| Change in AvaFin shareholding – equity transactions[2] | **—** | **—** | **—** | **—** | **—** | **(4)** | **(4)** | **—** | **4** | **—** |
| Employee share option scheme: value of employee services | **—** | **—** | **—** | **—** | **—** | **86** | **86** | **—** | **—** | **86** |
| Shares acquired for employee share options at cost | **(21)** | **—** | **—** | **—** | **—** | **(121)** | **(142)** | **—** | **—** | **(142)** |
| Proceeds on settlement of employee share options | **—** | **—** | **—** | **—** | **—** | **136** | **136** | **—** | **—** | **136** |
| Tax effect on share options | **—** | **—** | **—** | **—** | **—** | **86** | **86** | **—** | **—** | **86** |
| Fair value of shares utilised for net settlement | **—** | **—** | **—** | **—** | **—** | **(156)** | **(156)** | **—** | **—** | **(156)** |
| Preference shares repurchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **(1)** | **—** | **(1)** |
| Treasury shares | **39** | **—** | **—** | **—** | **—** | **—** | **39** | **—** | **—** | **39** |
| **Balance as at 28 February 2025** | **5 475** | **(18)** | **—** | **(23)** | **516** | **44 891** | **50 841** | **42** | **31** | **50 914** |

*(1) The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

*(2) Shares were issued to AvaFin management for options exercised. The change in shareholding is an equity transaction that did not result in a loss of control.*

# Summary of the consolidated statement of cash flows

*Year ended 28 February 2025*

| R'm | Audited February 2025 | Audited February 2024 restated[1] |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash flow from operations | **9 647** | 4 181 |
| Income tax paid | **(4 456)** | (2 713) |
| Interest received | **29 757** | 24 950 |
| Interest paid | **(10 044)** | (9 301) |
| | **24 904** | 17 117 |
| **Cash flows from investing activities** | | |
| Acquisition of property and equipment | **(1 278)** | (1 038) |
| Disposal of property and equipment | **40** | 30 |
| Acquisition of intangible assets | **(95)** | (119) |
| Investment in term deposit investments | **(5 140)** | (7 864) |
| Redemption of term deposit investments | **7 664** | 3 650 |
| Acquisition of financial investments at amortised cost | **(71 068)** | (65 156) |
| Redemption of financial investments at amortised cost | **63 005** | 58 959 |
| Interest acquired in associates and joint ventures | **(15)** | (32) |
| Acquisition of a subsidiary net of cash acquired[2] | **(99)** | — |
| | **(6 986)** | (11 570) |
| **Cash flows from financing activities** | | |
| Dividends paid | **(6 304)** | (5 023) |
| Preference shares repurchased | **(2)** | (6) |
| Issue of institutional bonds and other funding | **—** | 750 |
| Redemption of institutional bonds and other funding | **(1 250)** | — |
| Payment of lease liabilities | **(441)** | (407) |
| Shares acquired for settlement of employee share options | **(142)** | (74) |
| Participants' contribution on settlement of options | **4** | 10 |
| Treasury shares repurchased | **(32)** | (37) |
| | **(8 167)** | (4 787) |
| Effect of exchange rate changes on cash and cash equivalents | **(48)** | 82 |
| **Net increase in cash and cash equivalents[1]** | **9 703** | 842 |
| Cash and cash equivalents at the beginning of the year[1][3] | **34 861** | 34 019 |
| **Cash and cash equivalents at the end of the year[1][3]** | **44 564** | 34 861 |

[1] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this classification error. This restatement impacted the group's cash flow from operating activities and cash and cash equivalents reported for the beginning and end of the year. Refer to note 2.*

[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

[3] *Cash and cash equivalents before deduction of provision for impairments (ECL).*

# Notes to the summary of the consolidated financial statements

*Year ended 28 February 2025*

## 1. Basis of preparation

The summary of the consolidated financial statements has been prepared in accordance with the requirements of the Johannesburg Stock Exchange Limited (JSE) for summary consolidated financial statements and the requirements of the Companies Act of South Africa, Act 71 of 2008. The JSE requires summary consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the 2025 consolidated and separate audited financial statements from which the summary of the consolidated financial statements was derived are in terms of IFRS Accounting Standards and are consistent with those applied in the 2024 consolidated and separate financial statements.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the summary of the consolidated financial statements, did not change compared to the prior financial year.

In calculating the ECL for the year ended 28 February 2025, key areas of significant management estimation and judgement included determining SICR thresholds, write-off being when there is no reasonable expectation of further recovery (5% of balance before write-off), assumptions used in the forward-looking economic model, event overlays and how historical data is used to project ECL. This was considered by applying macroeconomic information available up to 28 February 2025.

The summary of the consolidated financial statements has been extracted from the 2025 consolidated and separate audited financial statements and is not itself audited. The summary of the consolidated financial statements has been prepared under the supervision of the chief financial officer (CFO), Grant Hardy CA(SA), and is the full responsibility of the directors, including the accuracy of the extraction of the summary of the consolidated financial statements. The joint auditors, KPMG and Deloitte & Touche, also expressed an unmodified opinion on the consolidated and separate audited financial statements from which the summary of the consolidated financial statements was derived.

The consolidated and separate audited financial statements and the auditors' report thereon are available for inspection at the company's registered office and on the company's website at **www.capitecbank.co.za**.

## 2. Restatement – prior period error

### Reclassification to cash and cash equivalents

In prior years, the SARB settlement balance was presented and disclosed as part of other receivables on the consolidated statement of financial position and consolidated statement of cash flows and related notes. The SARB settlement balance has been reclassified to cash and cash equivalents and has been included in the line item other cash balances held with the central bank as it meets the definition of cash and cash equivalents under IAS 7 *Statement of Cash Flows.*

The group has restated the statement of financial position and the statement of cash flows together with related notes for this classification error. This restatement has no impact on the group's financial position, financial performance or any key ratios. The restatement has no tax implications.

The impact on the statement of financial position and statement of cash flows has been illustrated below. The restatement has no impact on the income statement.

### Restatement of the statements of financial position

| R'm | Year ended February 2024 as previously reported | Restatement | Year ended February 2024 restated | Year ended February 2023 as previously reported | Restatement | Year commencing 1 March 2023 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | 29 021 | 5 835 | 34 856 | 31 014 | 3 005 | 34 019 |
| Other receivables | 8 407 | (5 835) | 2 572 | 4 803 | (3 005) | 1 799 |

### Restatement of the statement of cash flows

| R'm | Year ended February 2024 as previously reported | Restatement | Year ended February 2024 restated |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash flow from operations | 1 350 | 2 830 | 4 181 |
| Net (decrease)/increase in cash and cash equivalents | (1 989) | 2 830 | 841 |
| Cash and cash equivalents at the beginning of the year | 31 015 | 3 005 | 34 019 |
| Cash and cash equivalents at the end of the year | 29 026 | 5 835 | 34 861 |

## 3. Loans and advances

### Personal banking

| R'm | Up-to-date | Stage 1 12-month ECL | Stage 2 Lifetime ECL: Up-to-date loans with SICR and applied for debt review >6 months | Stage 2 Lifetime ECL: Up to 1 month in arrears | Stage 3 Lifetime ECL: 2 and 3 months in arrears | Stage 3 Lifetime ECL: Rescheduled from up-to-date (not yet rehabilitated) | Stage 3 Lifetime ECL: Rescheduled from arrears (not yet rehabilitated) | Stage 3 Lifetime ECL: More than 3 months in arrears, legal statuses and applied for debt review <6 months | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 28 February 2025** | | | | | | | | | |
| Gross loans and advances | **50 393** | **12 483** | **1 597** | **2 233** | **1 810** | **2 137** | **18 892** | **89 545** |
| Term loan | **27 650** | **8 115** | **904** | **1 530** | **1 367** | **1 722** | **12 490** | **53 778** |
| Access facility | **13 711** | **3 213** | **400** | **502** | **443** | **415** | **4 928** | **23 612** |
| Credit card | **9 032** | **1 155** | **293** | **201** | **—** | **—** | **1 474** | **12 155** |
| Provision for credit impairments (ECL)[1] | **(3 656)** | **(2 712)** | **(744)** | **(1 406)** | **(458)** | **(585)** | **(14 600)** | **(24 161)** |
| Term loan | **(1 946)** | **(1 540)** | **(398)** | **(998)** | **(351)** | **(461)** | **(9 978)** | **(15 672)** |
| Access facility | **(1 127)** | **(892)** | **(234)** | **(311)** | **(107)** | **(124)** | **(3 641)** | **(6 436)** |
| Credit card | **(583)** | **(280)** | **(112)** | **(97)** | **—** | **—** | **(981)** | **(2 053)** |
| Net loans and advances | **46 737** | **9 771** | **853** | **827** | **1 352** | **1 552** | **4 292** | **65 384** |
| Term loan | **25 704** | **6 575** | **506** | **532** | **1 016** | **1 261** | **2 512** | **38 106** |
| Access facility | **12 584** | **2 321** | **166** | **191** | **336** | **291** | **1 287** | **17 176** |
| Credit card | **8 449** | **875** | **181** | **104** | **—** | **—** | **493** | **10 102** |
| ECL coverage (%)[2] | **7.3** | **21.7** | **46.5** | **63.0** | **25.3** | **27.4** | **77.3** | **27.0** |
| Term loan | **7.0** | **19.0** | **44.0** | **65.3** | **25.7** | **26.8** | **79.9** | **29.1** |
| Access facility | **8.2** | **27.8** | **58.5** | **62.0** | **24.2** | **29.8** | **73.9** | **27.3** |
| Credit card | **6.4** | **24.3** | **38.1** | **48.1** | **—** | **—** | **66.5** | **16.9** |
| % of gross loan book | **56** | **14** | **2** | **2** | **2** | **3** | **21** | **100** |
| Term loan | **31** | **9** | **1** | **1** | **2** | **2** | **14** | **60** |
| Access facility | **15** | **4** | **1** | **1** | **—** | **1** | **5** | **27** |
| Credit card | **10** | **1** | **1** | **—** | **—** | **—** | **2** | **13** |
| **Balance as at 29 February 2024** | | | | | | | | |
| Gross loans and advances | 48 583 | 11 370 | 1 575 | 2 425 | 2 249 | 2 300 | 15 345 | 83 847 |
| Term loan | 25 831 | 6 644 | 876 | 1 573 | 1 632 | 1 800 | 10 045 | 48 401 |
| Access facility | 15 506 | 3 988 | 451 | 687 | 617 | 500 | 4 067 | 25 816 |
| Credit card | 7 246 | 738 | 248 | 165 | — | — | 1 233 | 9 630 |
| Provision for credit impairments (ECL)[1] | (3 605) | (2 705) | (805) | (1 624) | (659) | (665) | (11 296) | (21 359) |
| Term loan | (1 648) | (1 261) | (434) | (1 124) | (483) | (490) | (7 452) | (12 892) |
| Access facility | (1 545) | (1 247) | (273) | (419) | (176) | (175) | (3 022) | (6 857) |
| Credit card | (412) | (197) | (98) | (81) | — | — | (822) | (1 610) |
| Net loans and advances | 44 978 | 8 665 | 770 | 801 | 1 590 | 1 635 | 4 049 | 62 488 |
| Term loan | 24 183 | 5 383 | 442 | 449 | 1 149 | 1 310 | 2 593 | 35 509 |
| Access facility | 13 961 | 2 741 | 178 | 268 | 441 | 325 | 1 045 | 18 959 |
| Credit card | 6 834 | 541 | 150 | 84 | — | — | 411 | 8 020 |
| ECL coverage (%)[2] | 7.4 | 23.8 | 51.1 | 67.0 | 29.3 | 28.9 | 73.6 | 25.5 |
| Term loan | 6.4 | 19.0 | 49.6 | 71.4 | 29.6 | 27.2 | 74.2 | 26.6 |
| Access facility | 10.0 | 31.3 | 60.3 | 61.1 | 28.5 | 35.0 | 74.3 | 26.6 |
| Credit card | 5.7 | 26.7 | 39.5 | 48.7 | — | — | 66.7 | 16.7 |
| % of gross loan book | 58 | 13 | 2 | 3 | 3 | 3 | 18 | 100 |
| Term loan | 31 | 8 | 1 | 2 | 2 | 2 | 12 | 58 |
| Access facility | 18 | 4 | 1 | 1 | 1 | 1 | 5 | 31 |
| Credit card | 9 | 1 | — | — | — | — | 1 | 11 |

[1] *For agreements that contain both a drawn and undrawn component where the group cannot separately identify the ECL on the undrawn component, the ECL on the undrawn component is recognised with the ECL on the loan component. To the extent that the ECLs exceed the gross carrying amount of the loans at a client level, the excess is recognised as a provision for ECL in other liabilities in the statement of financial position. The loss allowance on the undrawn loan commitments of clients that have no outstanding balances is also recognised as a provision for ECL in other liabilities.*

[2] *The ECL coverage ratio is calculated in thousands.*

## 3. Loans and advances continued

### Business banking

| R'm | Stage 1 12-month ECL | | Stage 2 Lifetime ECL | | | | Stage 3 Lifetime ECL | |
|---|---|---|---|---|---|---|---|---|
| | Up-to-date | Up to 1 month in arrears | Up-to-date loans with SICR | 2 and 3 months in arrears | Rescheduled from up-to-date (not yet rehabilitated) | Rescheduled from arrears (not yet rehabilitated) | More than 3 months in arrears, legal statuses and applied for business rescue liquidations <6 months | Total |
| **Balance as at 28 February 2025** | | | | | | | | |
| Gross loans and advances | **19 342** | **307** | **1 182** | **158** | **199** | **34** | **2 117** | **23 339** |
| Business loans | **9 794** | **192** | **621** | **90** | **174** | **14** | **1 140** | **12 025** |
| Mortgage loans | **9 548** | **115** | **561** | **68** | **25** | **20** | **977** | **11 314** |
| Provision for credit impairments (ECL)[1][2] | **(279)** | **(8)** | **(144)** | **(18)** | **(20)** | **(4)** | **(895)** | **(1 368)** |
| Business loans | **(250)** | **(7)** | **(110)** | **(15)** | **(19)** | **(2)** | **(653)** | **(1 056)** |
| Mortgage loans | **(29)** | **(1)** | **(34)** | **(3)** | **(1)** | **(2)** | **(242)** | **(312)** |
| Net loans and advances | **19 063** | **299** | **1 038** | **140** | **179** | **30** | **1 222** | **21 971** |
| Business loans | **9 544** | **185** | **511** | **75** | **155** | **12** | **487** | **10 969** |
| Mortgage loans | **9 519** | **114** | **527** | **65** | **24** | **18** | **735** | **11 002** |
| ECL coverage (%)[3] | **1.4** | **2.6** | **12.2** | **11.5** | **9.9** | **11.7** | **42.3** | **5.9** |
| Business loans | **2.5** | **3.7** | **17.9** | **16.3** | **10.9** | **15.9** | **57.3** | **8.8** |
| Mortgage loans | **0.3** | **0.8** | **6.0** | **5.0** | **3.0** | **8.9** | **24.8** | **2.8** |
| % of gross loan book | **83** | **1** | **5** | **1** | **1** | **—** | **9** | **100** |
| Business loans | **42** | **1** | **2** | **1** | **1** | **—** | **5** | **52** |
| Mortgage loans | **41** | **—** | **3** | **—** | **—** | **—** | **4** | **48** |
| **Balance as at 29 February 2024** | | | | | | | | |
| Gross loans and advances | 16 153 | 183 | 835 | 174 | 290 | 77 | 1 432 | 19 144 |
| Business loans | 8 061 | 79 | 395 | 67 | 236 | 9 | 683 | 9 530 |
| Mortgage loans | 8 092 | 104 | 440 | 107 | 54 | 68 | 749 | 9 614 |
| Provision for credit impairments (ECL)[1][2] | (260) | (4) | (138) | (23) | (17) | (7) | (631) | (1 080) |
| Business loans | (216) | (2) | (106) | (15) | (13) | (2) | (439) | (793) |
| Mortgage loans | (44) | (2) | (32) | (8) | (4) | (5) | (192) | (287) |
| Net loans and advances | 15 893 | 179 | 697 | 151 | 273 | 70 | 801 | 18 064 |
| Business loans | 7 845 | 77 | 289 | 52 | 223 | 7 | 244 | 8 737 |
| Mortgage loans | 8 048 | 102 | 408 | 99 | 50 | 63 | 557 | 9 327 |
| ECL coverage (%)[3] | 1.6 | 2.4 | 16.5 | 13.6 | 5.8 | 8.8 | 44.1 | 5.6 |
| Business loans | 2.7 | 3.1 | 26.9 | 22.2 | 5.6 | 24.3 | 64.2 | 8.3 |
| Mortgage loans | 0.5 | 1.8 | 7.2 | 8.2 | 6.7 | 6.8 | 25.7 | 3.0 |
| % of gross loan book | 84 | 1 | 4 | 1 | 2 | — | 8 | 100 |
| Business loans | 42 | — | 2 | — | 2 | — | 4 | 50 |
| Mortgage loans | 42 | 1 | 2 | 1 | — | — | 4 | 50 |

*(1) For agreements at a client level that contain both a drawn and an undrawn component, the combined ECL is recognised with the loan component. To the extent that the combined ECL exceeds the gross carrying amount, the excess is recognised as a provision for ECL in other liabilities in the statement of financial position.*

*(2) Business banking accepts collateral for secured funds advanced and this decreases the ECL.*

*(3) The ECL coverage ratio is calculated in thousands.*

## 3. Loans and advances continued

### AvaFin

| R'm | Stage 1 12-month ECL Up-to-date | Stage 2 Lifetime ECL 1 to 30 days in arrears | Stage 2 Lifetime ECL 31 to 60 days in arrears | Stage 3 Lifetime ECL More than 60 days in arrears | Total |
|---|---|---|---|---|---|
| **Balance as at 28 February 2025** | | | | | |
| Gross loans and advances | **1 548** | **241** | **145** | **707** | **2 641** |
| Provision for credit impairments (ECL) | **(147)** | **(69)** | **(58)** | **(577)** | **(851)** |
| **Net loans and advances** | **1 401** | **172** | **87** | **130** | **1 790** |
| ECL coverage (%)[1] | **9.5** | **28.6** | **40.4** | **81.6** | **32.2** |
| % of gross loan book | **59** | **9** | **5** | **27** | **100** |

[1] *The ECL coverage ratio is calculated in thousands before rounding to millions.*

## 4. Commitments and contingent liabilities

| R'm | Audited February 2025 | Audited February 2024 |
|---|---|---|
| **Capital commitments – approved by the board** | | |
| **Contracted for:** | | |
| Property and equipment[1] | **144** | 745 |
| Intangible assets | **61** | 11 |
| **Not contracted for:** | | |
| Property and equipment | **196** | 729 |
| Intangible assets | **186** | 260 |
| **Total capital commitments[2]** | **587** | 1 745 |
| **Loan commitments – gross of loss allowances** | | |
| **Personal banking loan commitments – off-balance sheet** | **13 893** | 13 759 |
| Access facility | **10 025** | 11 074 |
| Credit card | **3 868** | 2 685 |
| **Business banking loan commitments – off-balance sheet** | **374** | 401 |
| Mortgage bonds | **290** | 315 |
| Credit card | **84** | 86 |
| **Guarantees – Business banking** | **660** | 559 |
| **Letters of credit – Business banking** | **31** | 55 |
| **Foreign currency-denominated loan commitments[3]** | **339** | — |
| **Total loan commitments, guarantees and letters of credit** | **15 297** | 14 774 |

[1] *Contracted capital commitments for property and equipment include property amounting to Rnil million (2024: R400 million).*
[2] *As at the reporting date, total capital commitments include R61 million relating to AvaFin.*
[3] *Foreign currency-denominated loan commitments due to the AvaFin acquisition amounted to R339 million at the reporting date.*

## 5. Fair value hierarchy and classification of financial assets and liabilities

### Determination of fair values and valuation processes

Fair values are market-based, calculated with reference to observable inputs available in the market, then less observable inputs and finally, unobservable inputs only where observable inputs or less observable inputs are unavailable.

Fair values are calculated consistently with the unit of account used for the measurement of the asset or liability in the statement of financial position and income statement and assume an orderly market on a going concern basis.

The group finance department performs the valuations of financial assets and liabilities required for financial reporting purposes. Selecting the most appropriate valuation methods and techniques is an outcome of internal discussion and deliberation between members of the finance team who have modelling and valuation experience. The valuations are reported to the CFO and audit committee. Changes in fair values are analysed at each reporting date.

### Hierarchy of fair value of financial instruments

The hierarchy is based on the extent to which the inputs to valuation techniques are observable or unobservable. The hierarchy categorises the inputs to valuation techniques used to measure fair value into 3 levels.

Level 1 inputs reflect observable market data obtained from independent sources and consist of unadjusted quoted prices in active markets for assets and liabilities.

Level 2 inputs are inputs other than quoted market prices in level 1 that are directly or indirectly observable for the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the group's assessment of what inputs would likely be from the perspective of the market.

The group considers relevant and observable market inputs where these are available. Unobservable inputs are used in the absence of observable inputs.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the year.

The fair value hierarchy is applied to both those assets and liabilities measured at FVTPL and those measured using amortised cost. The table that follows summarises the classification of financial assets and financial liabilities and their fair values.

## 5. Fair value hierarchy and classification of financial assets and liabilities continued

### Hierarchy of fair value of financial instruments continued

The table below summarises the classification of financial assets and financial liabilities and their fair values.

| R'm | Carrying value February 2025 | Fair value February 2025 | Fair value February 2024 | Hierarchy of valuation technique |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents[1][2] | **44 563** | **44 563** | 34 856 | Level 2 |
| **Financial assets at FVTPL** | **1 349** | **1 349** | 554 | |
| Financial assets at FVTPL[3] – Income funds | **794** | **794** | 275 | Level 2 |
| Financial assets at FVTPL[3] – Term deposits | **200** | **200** | 72 | Level 2 |
| Financial assets at FVTPL[3] – Treasury bills | **355** | **355** | 207 | Level 2[6] |
| Term deposit investments | **5 547** | **5 547** | 7 791 | Level 2 |
| **Financial investments at amortised cost** | **76 337** | **76 372** | 67 459 | |
| Financial investments at amortised cost – Treasury bills[3] | **52 207** | **52 150** | 55 304 | Level 2[6] |
| Financial investments at amortised cost – Fixed-rate government bonds[3] | **13 033** | **13 037** | 12 155 | Level 1[6] |
| Financial investments at amortised cost – Corporate bonds[3][4] | **72** | **69** | — | Level 2 |
| Financial investments at amortised cost – Floating-rate government bonds[3] | **11 025** | **11 116** | — | Level 1 |
| Financial assets – equity instruments at FVOCI | **82** | **82** | 82 | Level 3 |
| **Loans and advances** | **89 145** | **93 605** | 83 761 | |
| Loans and advances Personal banking – Term loans[3] | **38 106** | **40 861** | 36 325 | Level 3 |
| Loans and advances Personal banking – Access facility[3] | **17 176** | **18 242** | 20 695 | Level 3 |
| Loans and advances Personal banking – Credit card[3] | **10 102** | **10 453** | 8 417 | Level 3 |
| Loans and advances AvaFin[1][4] | **1 790** | **1 790** | — | Level 3 |
| Loans and advances Business banking – Business | **10 969** | **11 227** | 8 951 | Level 3 |
| Loans and advances Business banking – Mortgage | **11 002** | **11 032** | 9 373 | Level 3 |
| Other receivables[1][2][5] | **5 582** | **5 582** | 2 223 | Level 2 |
| Derivative assets | **38** | **38** | 34 | Level 2 |
| **Financial liabilities** | | | | |
| Deposits and bonds | **175 541** | **168 330** | 155 996 | Level 2 |
| Derivative liabilities | **21** | **21** | 21 | Level 2 |
| Trade and other payables[1][5] | **5 783** | **5 783** | 3 439 | Level 2 |

*[1] The fair values of these assets and liabilities closely approximate their carrying amounts due to their short-term or on-demand repayment terms.*

*[2] The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this classification error. Refer to note 2.*

*[3] The fair value presentation of financial assets at FVTPL, financial investments at amortised cost and loans and advances for Personal banking has been disaggregated by nature. Comparatives have been updated to reflect the disaggregated presentation.*

*[4] The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

*[5] Other receivables per the statement of financial position include non-financial receivables totalling R0.4 billion (2024: R0.3 billion). Other payables per the statement of financial position include non-financial payables totalling R3.4 billion (2024: R1.9 billion).*

*[6] In the prior year, treasury bills were incorrectly classified as level 1. In the current year, they are appropriately classified as level 2. In the prior year, government bonds were incorrectly classified as level 2. In the current year, they have been classified as level 1 as they are priced to quoted prices in active markets.*

Fair values of assets and liabilities reported in this note were market-based to reflect the perspective of a market participant.

## 5. Fair value hierarchy and classification of financial assets and liabilities continued

### Hierarchy of fair value of financial instruments continued

| Item and description | Valuation technique |
|---|---|
| **Personal banking loans and advances** | The expected present value technique was applied, discounting probability-weighted cash flows at a discount rate that ensures that no day-1 fair value gain or loss arises on new loans. This considers that loans are granted at market-related rates at the time of initiation.<br><br>The level 3 fair value disclosed for loans and advances required the use of significant judgement by management in determining what a market-based valuation would be. An income approach was used, which calculated an expected present value in terms of a discount rate for a hypothetical market participant applied to the valuation cash flows. In summary, this approach calculates a discount rate which reflects the cost to the market participant plus that participant's required rate of return on investment. |
| **Business banking loans and advances** | The fair value of loans and advances that are carried at amortised cost approximates the fair value reported as they bear variable rates of interest. The fair value is adjusted for deterioration of the credit quality of the book. |
| **AvaFin loans and advances** | The expected present value technique was applied. Determination of expected future cash flows requires significant judgement. Foreign currency loans are translated to the reporting currency using market foreign exchange rates. |
| **Financial assets at FVTPL – Income funds** | Financial assets (income funds) with underlying debt securities are valued using DCF, external valuations and published price quotations on the JSE equity and debt interest rate market, or external valuations that are based on published market inputs with the main assumptions being market input, uplifted with inflation. These instruments are classified as level 2 as the markets that they are quoted on are not considered to be active. |
| **Financial assets at FVTPL – Term deposits** | Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. |
| **Financial assets at FVTPL – Treasury bills** | These instruments are classified as level 2 as the markets that they are quoted on are not considered to be active. |
| **Financial assets – Equity instruments at FVOCI – SWIFT** | The equity investment in SWIFT is valued based on the net asset value in the annual financial statements at the latest reporting date. No active market exists for these shares. |
| **Financial assets – Equity instruments at FVOCI – African Bank Holdings Limited** | The equity investment in African Bank Holdings Limited is valued based on the net asset value in the annual financial statements at the latest reporting date adjusted by a marketability discount of 45% because the shares are not listed and sale is restricted in terms of the rules of the consortium. |
| **Term deposit investments** | Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. |
| **Financial investments at amortised cost – Treasury bills** | These instruments are classified as level 2 as the markets that they are quoted in are not considered to be active. |
| **Financial investments at amortised cost – Fixed-rate government bonds, floating-rate government bonds** | The JSE debt market bond pricing model uses the JSE debt market mark-to-market bond yield. |
| **Financial investments at amortised cost – Corporate bonds** | The present value technique was applied. For fixed-rate instruments, future cash outflows were discounted using the rate adjusted by changes in market rates since origination. For floating-rate instruments, with rate recalculation periods not longer than 3 months, no adjustment of market rates was assumed. All instruments are reviewed for credit risk changes since origination. |

## 5. Fair value hierarchy and classification of financial assets and liabilities continued

### Hierarchy of fair value of financial instruments continued

| Item and description | Valuation technique |
|---|---|
| **Derivative assets and liabilities** | Derivatives, both assets and liabilities, were valued using the income approach. Derivatives comprise interest rate swaps and forward foreign exchange contracts. Interest rate swaps were fair valued on a discounted basis using forward interest rates and foreign currency rates extracted from observable yield and foreign currency market curves. Foreign exchange contracts were valued using applicable forward rates.<br><br>The fair value of publicly traded derivatives and securities is based on quoted market values at the reporting date. |
| **Deposits and bonds with call features** | Specified terms for future repayment as well as retail deposits with a call feature which allows them to be withdrawn on demand. The fair values of the retail call deposits closely approximate their carrying amounts due to their demand nature. |
| **Listed senior bonds** | A market approach was used. Calculations used the all-in closing bond prices provided by the JSE's Interest Rate and Currency debt market. The pricing method used by the JSE links the bond at issue to a liquid government bond (a companion bond). The companion is chosen so as to best fit the characteristics of the Capitec issue, with the time to maturity being the most important factor. Spread information is obtained from market participants and is used to adjust the price subsequent to issue. Very small and very large trades are excluded due to the inherent discounts associated with large trades as well as the premium often charged for odd-lot trades. |
| **Unlisted fixed-term institutional deposits** | These comprise unlisted bonds, unlisted fixed-term negotiable instruments and other unlisted fixed-term wholesale instruments. The income approach was used. Fair values were calculated by discounting the contractual cash flows using publicly quoted closing swap curve rates from a large bank market-maker with a risk premium adjustment to account for non-performance risk. The market rate on the curve was determined with reference to the remaining maturity of the liability. |
| **Personal banking fixed-term deposits** | An income approach was used. Fair values were calculated by discounting the contractual cash flows using publicly quoted, closing Capitec fixed-term deposit rates. The relevant rate used was that which matched the remaining maturity of the fixed deposit. |
| **Secured funding** | Is carried at amortised cost which approximates the fair value reported as they bear variable rates of interest. |

## 6. Segment information

Operating segments are identified based on internal reports about components of the group that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to the segments and to assess their performance. The group executive management committee (EXCO), headed by the CEO, has been identified as the CODM, which is responsible for assessing the performance of and allocating resources to the segments.

The CODM identified 3 operating segments within the South African economic environment – Personal banking, Business banking and the Insurance business. Since the group has acquired a controlling interest in AvaFin, an additional operating segment has been identified – AvaFin.

The group's business is widely distributed with no reliance on any major clients. In addition, no client accounts for more than 10% of revenue.

The CODM regularly reviews the operating results and gross loans and advances of Personal banking, Business banking, the Insurance business and AvaFin for which discrete financial information is made available on a monthly basis, and against which performance is measured, and resources are allocated across the segments.

## 6. Segment information continued

Within the segments, there are various products and services from which the group derives its revenue. These include:

### Personal banking

- Transactional banking services
- Loan products that are granted to Personal banking clients. There are 3 different loan products granted, namely term loans, credit cards and access facilities
- Flexible, notice, fixed and tax-free savings
- VAS including enabling clients to purchase prepaid mobile network services, electricity, national lottery tickets and vouchers and the ability to pay bills on the banking application
- Capitec Connect, a mobile virtual network operator using the mobile network infrastructure of Cell C, offering its own products and services.

### Business banking

- Loan products that are granted to Business banking clients. There are 5 different loan products granted, namely term loans, mortgage loans, overdrafts, instalment sales and leases, and credit cards
- Call and notice deposits
- Treasury products that comprise foreign currency exchange spot trades and foreign currency exchange forward contracts.

### Insurance

The following long-term insurance products are provided by the group:

- Credit life insurance which provides cover for the settlement of debt in the event of death, permanent disability, temporary disability and retrenchment
- Funeral plan and life cover (together life insurance). The funeral plan provides cover for funeral costs. Life cover provides cover in the event of death or disability by way of a lump sum, income over 24 months or other pre-selected needs (e.g. child's education).

All products are sold on our own Capitec Life Limited licence. Capitec Ins Proprietary Limited, by way of cell captive agreements with Guardrisk Life Limited and Centriq Life Insurance Company Limited, sold credit life and funeral plan policies, respectively. Since 7 May 2023, no new credit life policies have been sold in the Guardrisk cell and since 1 November 2024, no new funeral plan policies have been sold in the Centriq cell.

### AvaFin

- Short-term loan products
- Credit line products – A revolving credit line with a perpetual contractual period and the option to reuse funds and repay the loan in multiple instalments
- Instalment loans – Loans that are repaid over time with a set number of scheduled payments.

The revenue from external parties and all other items of income, expenses, profits and losses reported in the segment report are measured in a manner consistent with those in the income statement.

## 6. Segment information continued

| R'm | Personal banking | Business banking | Insurance | AvaFin | Total |
|---|---|---|---|---|---|
| | Year ended February 2025 | | | | |
| **Interest and similar income and expenses** | | | | | |
| **Interest income**[1] | 25 459 | 3 098 | 65 | 2 159 | 30 228 |
| Interest income on lending calculated using the effective interest method | 16 501 | 2 590 | — | 2 151 | 21 242 |
| Interest income on investments calculated using the effective interest method[1][2][3] | 8 160 | 508 | 2 | 8 | 8 125 |
| Interest income on financial assets at FVTPL | 798 | — | 63 | — | 861 |
| Interest expense and other similar charges[1][2][3] | (9 233) | (1 218) | — | (145) | (10 043) |
| **Net interest income** | 16 226 | 1 880 | 65 | 2 014 | 20 185 |
| **Credit impairments**[4] | (7 061) | (368) | — | (829) | (8 258) |
| Bad debts written off | (7 830) | (185) | — | (529) | (8 544) |
| Movement in provision for credit impairments | 201 | (191) | — | (308) | (298) |
| Bad debts recovered | 568 | 8 | — | 8 | 584 |
| **Net interest income after credit impairments** | 9 165 | 1 512 | 65 | 1 185 | 11 927 |
| **Non-interest income** | | | | | |
| Loan fee income | 1 273 | — | — | 19 | 1 292 |
| Loan fee expense | (6) | — | — | — | (6) |
| **Net loan fee income** | 1 267 | — | — | 19 | 1 286 |
| **Transaction fee and commission income**[1][5] | 22 761 | 2 190 | — | — | 24 852 |
| Branch, cash and self-service transactions | 7 849 | 30 | — | — | 7 879 |
| Digital transactions[5] | 4 695 | 263 | — | — | 4 958 |
| Monthly fees, debit orders and other transactions[1] | 4 679 | 628 | — | — | 5 290 |
| POS transactions[1] | 3 162 | 99 | — | — | 3 179 |
| Commission income[5] | 2 376 | 1 170 | — | — | 3 546 |
| **Transaction fee and commission expense**[1][5] | (5 496) | (903) | — | — | (6 317) |
| Branch, cash and self-service transactions | (2 987) | (7) | — | — | (2 994) |
| Digital transactions[5] | (568) | (63) | — | — | (631) |
| Monthly fees, debit orders and other transactions | (764) | (315) | — | — | (1 079) |
| POS transactions[1] | (1 083) | (518) | — | — | (1 519) |
| Commission expense | (94) | — | — | — | (94) |
| **Net transaction and commission income**[1] | 17 265 | 1 287 | — | — | 18 535 |
| Insurance revenue | — | — | 7 368 | — | 7 368 |
| Insurance service expense | — | — | (3 716) | — | (3 716) |
| Net expense from reinsurance contracts held | — | — | (1) | — | (1) |
| **Insurance service result** | — | — | 3 651 | — | 3 651 |
| Insurance finance income | — | — | 127 | — | 127 |
| Reinsurance finance expense | — | — | (1) | — | (1) |
| **Net insurance result** | — | — | 3 777 | — | 3 777 |
| Foreign currency income | — | 568 | — | — | 568 |
| Foreign currency expense | — | (432) | — | — | (432) |
| **Net foreign currency income** | — | 136 | — | — | 136 |
| Other income/(expense)[1] | 122 | (24) | 115 | (43) | 148 |
| **Net non-interest income**[1] | 18 654 | 1 399 | 3 892 | (24) | 23 882 |
| **Income from operations after credit impairments**[1] | 27 819 | 2 911 | 3 957 | 1 161 | 35 809 |

[1] *Consolidation entries are not included in the 4 segments.*

[2] *Personal banking provides revolving credit and an overdraft facility to Business banking. Interest on these facilities amounted to R104 million and is included in interest income on investments for Personal banking and interest expense for Business banking.*

[3] *Business banking assets include an amount of R11.1 billion in investments that are placed with Personal banking. Interest on the investments amounted to R448 million and is disclosed as interest income on investments calculated using the effective interest method in Business banking and as an interest expense in Personal banking.*

[4] *Previously, the credit impairment charge was reported as a single line item. The charge has been disaggregated to enhance disclosures. Comparatives have been updated to reflect this change.*

[5] *The Capitec Pay product offering was transferred from Personal banking to Business banking during the current financial year. Included in the prior year figures is a total of R301.6 million transaction fee and commission income and R73 million transaction fee and commission expense. Comparatives have not been restated.*

## 6. Segment information continued

| R'm | Year ended February 2025 Personal banking | Business banking | Insurance | AvaFin | Total |
|---|---|---|---|---|---|
| **Operating expenses**[1] | **(15 012)** | **(1 911)** | **(282)** | **(896)** | **(18 099)** |
| Other operating expenses[1] | **(522)** | **(83)** | **(37)** | **(53)** | **(673)** |
| Advertising and marketing expenses[2] | **(303)** | **(53)** | **(13)** | **(377)** | **(746)** |
| Bank charges and cash handling fees[1][2] | **(309)** | **(3)** | **(2)** | **(4)** | **(301)** |
| Consumables[2] | **(411)** | **(12)** | **—** | **(1)** | **(424)** |
| Communication expenses[2] | **(197)** | **(30)** | **—** | **(4)** | **(231)** |
| Equipment cost[2] | **(408)** | **(17)** | **—** | **(2)** | **(427)** |
| Premises expense[2] | **(241)** | **(12)** | **—** | **(9)** | **(262)** |
| Professional fees[2] | **(96)** | **(22)** | **(13)** | **(125)** | **(256)** |
| Subscriptions[2] | **(411)** | **(25)** | **(7)** | **(62)** | **(505)** |
| Security and cash-in-transit fees[2] | **(665)** | **(3)** | **—** | **—** | **(668)** |
| Attributable insurance service expenses[3] | **—** | **—** | **69** | **—** | **69** |
| IT expenses | **(2 259)** | **(188)** | **(99)** | **(14)** | **(2 560)** |
| Employee costs | **(7 917)** | **(1 377)** | **(166)** | **(206)** | **(9 666)** |
| Depreciation | **(1 180)** | **(41)** | **—** | **(6)** | **(1 227)** |
| Amortisation | **(93)** | **(45)** | **(14)** | **(33)** | **(185)** |
| Amortisation of intangible assets – core deposits and client relationships[1] | **—** | **—** | **—** | **—** | **(37)** |
| Share of net profit of associates and joint ventures | **3** | **—** | **—** | **—** | **3** |
| Deemed disposal of investment in associate | **27** | **—** | **—** | **—** | **27** |
| **Operating profit before tax**[1] | **12 837** | **1 000** | **3 675** | **265** | **17 740** |
| Income and deferred tax expense | **(3 450)** | **(273)** | **(215)** | **(62)** | **(4 001)** |
| Tax on amortisation of intangible assets[1] | **—** | **—** | **—** | **—** | **10** |
| **Profit for the year**[1] | **9 387** | **727** | **3 460** | **203** | **13 749** |
| **Profit attributable to:** | | | | | |
| Ordinary shareholders[1] | **9 387** | **727** | **3 460** | **196** | **13 742** |
| Non-controlling interest[4] | **—** | **—** | **—** | **7** | **7** |
| | **9 387** | **727** | **3 460** | **203** | **13 749** |

(1) *Consolidation entries are not included in the 4 segments.*
(2) *Operating expenses have been disaggregated to include all material operating expenses. The group has disclosed these operating expenses for each reportable segment as they are regularly reviewed by the CODM. Comparatives have been updated.*
(3) *Insurance operating expenses reallocated to insurance service expenses.*
(4) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

| R'm | Year ended February 2025 Personal banking | Business banking | Insurance | AvaFin | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Loans and advances | **65 384** | **21 971** | **—** | **1 790** | **89 145** |
| Other[1][2] | **138 720** | **14 138** | **5 504** | **912** | **148 229** |
| **Acquisition of AvaFin**[3] | **—** | **—** | **—** | **—** | **241** |
| Goodwill[1] | **—** | **—** | **—** | **—** | **241** |
| **Acquisition of Mercantile** | **—** | **—** | **—** | **—** | **849** |
| Goodwill[1] | **—** | **—** | **—** | **—** | **849** |
| Intangible asset – core deposit intangible[1] | **—** | **—** | **—** | **—** | **—** |
| Intangible asset – client relationships[1] | **—** | **—** | **—** | **—** | **—** |
| **Total assets**[1][2] | **204 104** | **36 109** | **5 504** | **2 702** | **238 464** |

(1) *Consolidation entries are not included in the 4 segments.*
(2) *Business banking assets include an amount of R11.1 billion (2024: R10.5 billion) in investments that are placed with Personal banking and are eliminated against liabilities on consolidation.*
(3) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

## 6. Segment information continued

| R'm | Personal banking | Business banking | Insurance | AvaFin | Total |
|---|---|---|---|---|---|
| | Year ended February 2024 | | | | |
| **Interest and similar income and expenses** | | | | | |
| **Interest income**[1] | 23 694 | 2 654 | 26 | — | 25 806 |
| Interest income on lending calculated using the effective interest method | 16 071 | 2 118 | — | — | 18 189 |
| Interest income on investments calculated using the effective interest method[1][2][3] | 6 954 | 536 | 7 | — | 6 929 |
| Interest income on financial assets at FVTPL | 669 | — | 19 | — | 688 |
| Interest expense and other similar charges[1][2][3] | (8 751) | (1 159) | — | — | (9 342) |
| **Net interest income** | 14 943 | 1 495 | 26 | — | 16 464 |
| **Credit impairments**[4] | (8 403) | (322) | — | — | (8 725) |
| Bad debts written off | (9 173) | (157) | — | — | (9 330) |
| Movement in provision for credit impairments | 172 | (168) | — | — | 4 |
| Bad debts recovered | 598 | 3 | — | — | 601 |
| **Net interest income after credit impairments** | 6 540 | 1 173 | 26 | — | 7 739 |
| **Non-interest income** | | | | | |
| Loan fee income | 1 218 | 1 | — | — | 1 219 |
| Loan fee expense | (11) | — | — | — | (11) |
| **Net loan fee income** | 1 207 | 1 | — | — | 1 208 |
| **Transaction fee and commission income**[1] | 19 357 | 1 573 | — | — | 20 856 |
| Branch, cash and self-service transactions | 7 491 | 16 | — | — | 7 507 |
| Digital transactions | 3 504 | 87 | — | — | 3 591 |
| Monthly fees, debit orders and other transactions[1] | 4 057 | 578 | — | — | 4 621 |
| POS transactions[1] | 2 542 | 148 | — | — | 2 630 |
| Commission income | 1 763 | 744 | — | — | 2 507 |
| **Transaction fee and commission expense**[1] | (5 411) | (718) | — | — | (6 069) |
| Branch, cash and self-service transactions | (3 156) | — | — | — | (3 156) |
| Digital transactions | (521) | (30) | — | — | (551) |
| Monthly fees, debit orders and other transactions | (1 059) | (302) | — | — | (1 361) |
| POS transactions[1] | (605) | (386) | — | — | (931) |
| Commission expense | (70) | — | — | — | (70) |
| **Net transaction and commission income**[1] | 13 946 | 855 | — | — | 14 787 |
| Insurance revenue | — | — | 4 971 | — | 4 971 |
| Insurance service expense | — | — | (1 977) | — | (1 977) |
| **Insurance service result** | — | — | 2 994 | — | 2 994 |
| Insurance finance income | — | — | 184 | — | 184 |
| **Net insurance result** | — | — | 3 178 | — | 3 178 |
| Foreign currency income | — | 515 | — | — | 515 |
| Foreign currency expense | — | (354) | — | — | (354) |
| **Net foreign currency income** | — | 161 | — | — | 161 |
| Other income[1] | 121 | 44 | 97 | — | 245 |
| **Net non-interest income**[1] | 15 274 | 1 061 | 3 275 | — | 19 579 |
| **Income from operations after credit impairments**[1] | 21 814 | 2 234 | 3 301 | — | 27 318 |

[1] *Consolidation entries are not included in the 4 segments.*

[2] *Personal banking provides revolving credit and an overdraft facility to Business banking. Interest on these facilities amounted to R96 million and is included in interest income on investments for Personal banking and interest expense for Business banking.*

[3] *Business banking assets include an amount of R10.5 billion in investments that are placed with Personal banking. Interest on the investments amounted to R469 million and is disclosed as interest income on investments calculated using the effective interest method in Business banking and as interest expense in Personal banking.*

[4] *Previously, the credit impairment charge was reported as a single line item. The charge has been disaggregated to enhance disclosures.*

## 6. Segment information continued

| R'm | Personal banking | Business banking | Insurance | AvaFin | Total |
|---|---|---|---|---|---|
| | Year ended February 2024 | | | | |
| **Operating expenses**[1] | (12 205) | (1 584) | (169) | — | (13 941) |
| Other operating expenses[1] | (546) | (98) | (31) | — | (661) |
| Advertising and marketing expenses[2] | (314) | (9) | — | — | (323) |
| Bank charges and cash handling fees[1][2] | (275) | (23) | — | — | (281) |
| Consumables[2] | (389) | (13) | — | — | (402) |
| Communication expenses[2] | (158) | (24) | — | — | (182) |
| Equipment cost[2] | (304) | (7) | — | — | (311) |
| Premises expense[2] | (237) | (11) | — | — | (248) |
| Professional fees[2] | (96) | (17) | (20) | — | (133) |
| Subscriptions[2] | (329) | (24) | (1) | — | (354) |
| Security and cash-in-transit fees[2] | (613) | (2) | — | — | (615) |
| Attributable insurance service expenses[3] | — | — | 11 | — | 11 |
| IT expenses | (1 725) | (135) | (38) | — | (1 898) |
| Employee costs | (6 023) | (1 066) | (88) | — | (7 177) |
| Depreciation | (1 090) | (125) | — | — | (1 215) |
| Amortisation | (106) | (30) | (2) | — | (138) |
| Amortisation of intangible assets – core deposits and client relationships[1] | — | — | — | — | (14) |
| Share of net profit of associates and joint ventures | 71 | — | — | — | 71 |
| **Operating profit before tax**[1] | 9 680 | 650 | 3 132 | — | 13 448 |
| Income and deferred tax expense | (2 653) | (172) | (60) | — | (2 885) |
| Tax on amortisation of intangible assets[1] | — | — | — | — | 4 |
| **Profit for the year**[1] | 7 027 | 478 | 3 072 | — | 10 567 |
| **Profit attributable to:** | | | | | |
| Ordinary shareholders[1] | 7 027 | 478 | 3 072 | — | 10 567 |
| Non-controlling interest[4] | — | — | — | — | — |
| | 7 027 | 478 | 3 072 | — | 10 567 |

[1] *Consolidation entries are not included in the 4 segments.*
[2] *Operating expenses have been further disaggregated to include all material operating expenses. The group has disclosed these operating expenses for each reportable segment as they are regularly reviewed by the CODM.*
[3] *Insurance operating expenses reallocated to insurance service expenses.*
[4] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

| R'm | Personal banking | Business banking | Insurance | AvaFin | Total |
|---|---|---|---|---|---|
| | Year ended February 2024 | | | | |
| **Assets** | | | | | |
| Loans and advances | 62 488 | 18 064 | — | — | 80 552 |
| Other[1][2] | 120 251 | 12 873 | 3 492 | — | 126 140 |
| **Acquisition of Mercantile** | — | — | — | — | 887 |
| Goodwill[1] | — | — | — | — | 849 |
| Intangible asset – core deposit intangible[1] | — | — | — | — | 31 |
| Intangible asset – client relationships[1] | — | — | — | — | 7 |
| **Total assets**[1][2] | 182 739 | 30 937 | 3 492 | — | 207 579 |

[1] *Consolidation entries are not included in the 4 segments.*
[2] *Business banking assets include an amount of R11.1 billion (2024: R10.5 billion) in investments that are placed with Personal banking and are eliminated against liabilities on consolidation.*

## 7. Events after the reporting period

In terms of IAS 10 *Events after the Reporting Period*, non-adjusting post-balance sheet events are events that are indicative of a condition that arose after the reporting period ended 28 February 2025. We have concluded that the uncertainty around USA tariff adjustments on the import of goods from numerous countries, including South Africa, and the potential termination of South Africa's Government of National Unity in its present form, are such events.

The forward-looking ECL model considers economic variables specific to South Africa that directly impact the group's clients. 4 forward-looking scenarios are incorporated into the range of reasonably possible outcomes (negative, baseline, positive and very positive scenarios). The negative scenario incorporated into the model at year-end specifically assumes that the economic conditions deteriorate further.

We believe that there may be further negative impacts on the South African economy and our business for the year ending 28 February 2026. However, it is not possible to accurately estimate the financial effect as the situation remains fluid.

# Statutory information

## 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

## Directors

SL Botha *(chairman)*
GM Fourie *(CEO)*[1]
NF Bhettay
SA du Plessis
CH Fernandez
N Ford-Hoon
GR Hardy *(CFO)*[1]
MSdP le Roux
V Mahlangu
RR Malhotra (appointed on 1 March 2025)
PJ Mouton
CA Otto
JP Verster (retired effective 31 May 2024)

[1] *Executive*

## Group company secretary and registered office

YM Mouton
5 Neutron Road, Techno Park, Stellenbosch, 7600

## Postal address

PO Box 12451, Die Boord, Stellenbosch, 7613

## Transfer secretary

**Computershare Investor Services Proprietary Limited**
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132

## Sponsor

**PSG Capital Proprietary Limited**
Registration number: 2006/015817/07
1st Floor, Ou Kollege Building
35 Kerk Street, Stellenbosch, 7600
and
1st Floor, The Place, 1 Sandton Drive, North Towers
Sandhurst, Sandton, 2196

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## Enquiries

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