CAPITEC

Capitec

Unaudited financial results

August 2024

2025 Igniting growth and opportunity

hello

Please send any questions to **InvestorRelations@capitecbank.co.za**
Questions will be answered at the end of the presentation.

Igniting growth and opportunity in a challenging environment

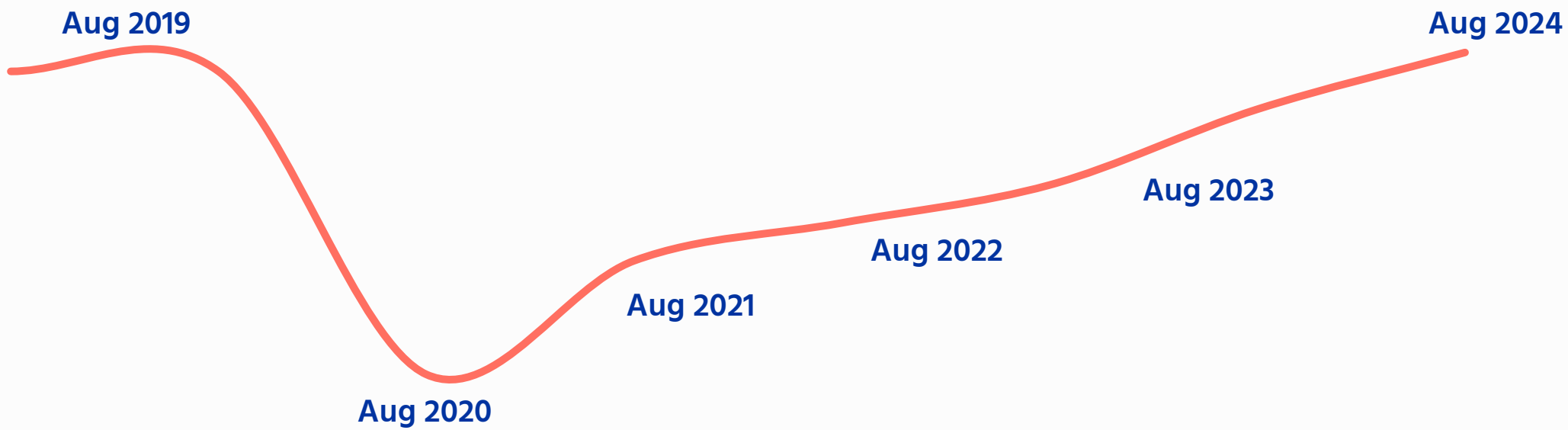
Global outlook

- Low interest and inflation
- Economic stability

- Covid-19
- High inflation
- Global uncertainty

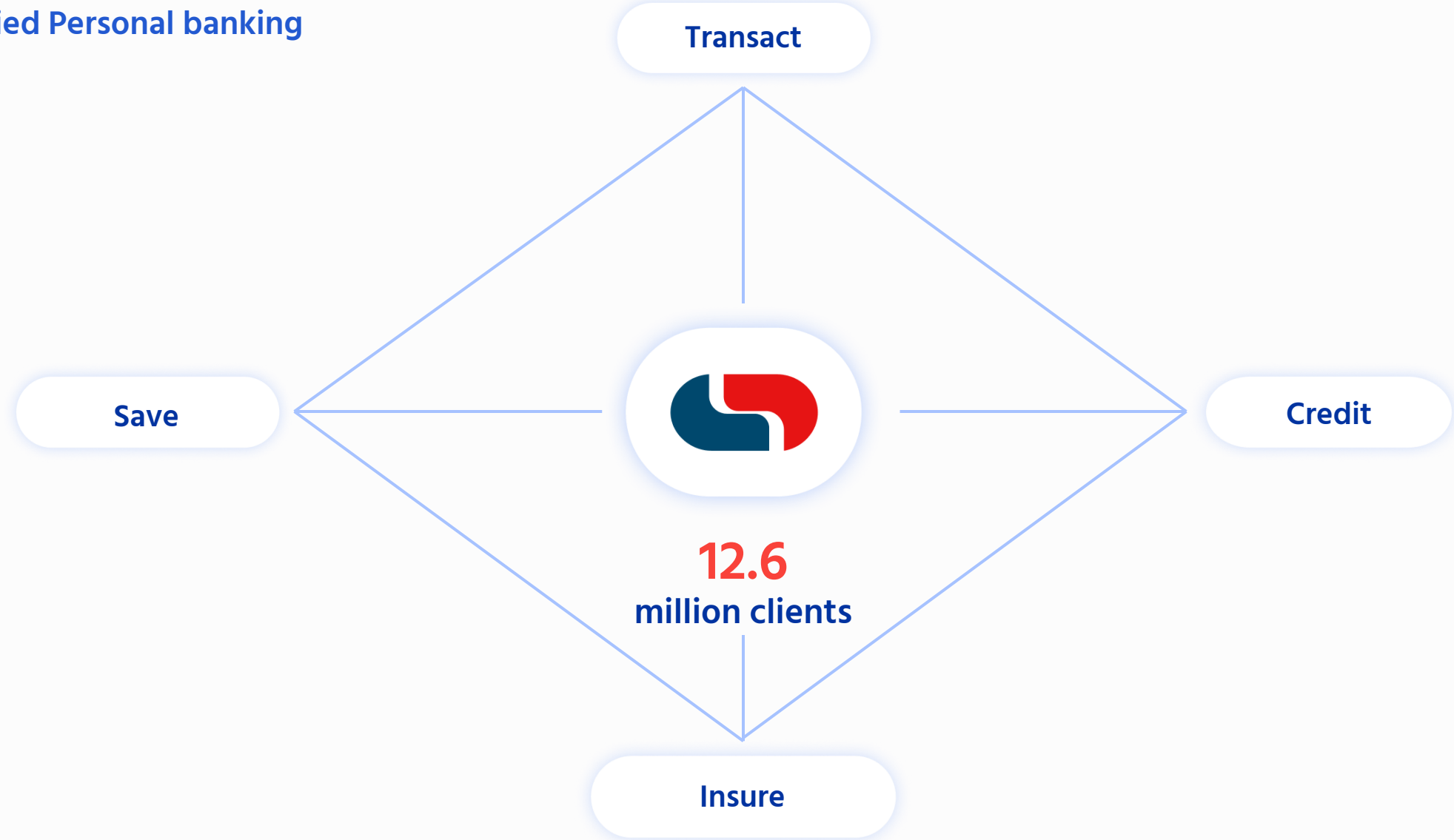
- Persistent inflation
- Rising interest rates
- Russia / Ukraine war

- GNU optimism
- Normalised inflation
- Interest rate decrease



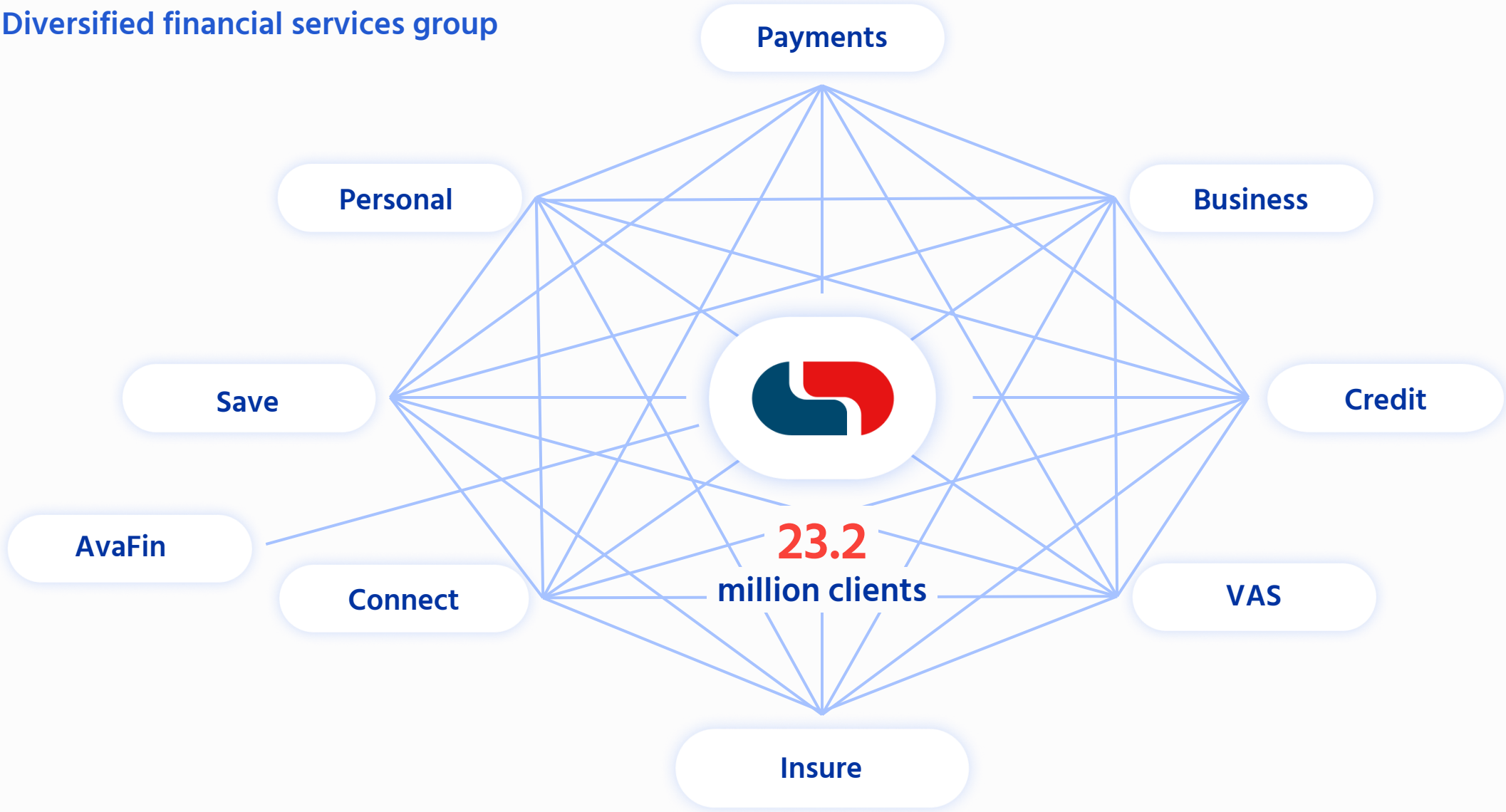
2019

Simplified Personal banking



2024

Diversified financial services group



Turning challenges into growth

How did we accomplish this?

Cloud technology and architecture

aws

Amazon Connect

ncino

salesforce

Microsoft

SAP

Agile delivery on client needs

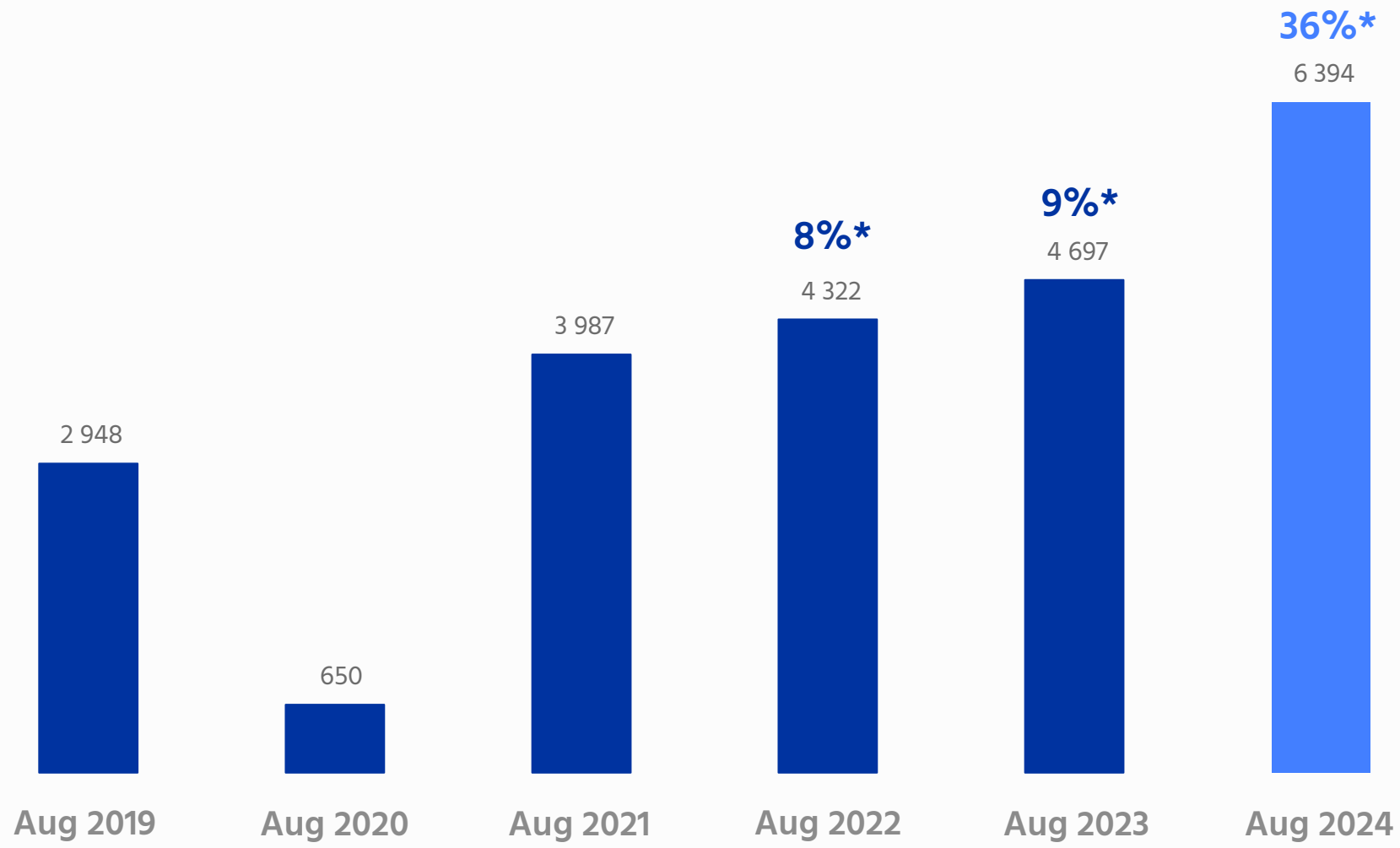
- Digital channels
- Innovative value-added products
- Payment solutions
- Insurance
- New Business banking system

Data, machine learning and AI

- More than 2.5 trillion data points
- 80% faster decisions
- Added value for clients

Resilient headline earnings

From a retail bank to a diversified financial offering



*Percentage growth year on year calculated based on Rand million figures shown above

Capitec Group – Consolidated income statement

Diversification drives growth in headline earnings

6 months ended R' million	Aug 23	Aug 24 (excl. AvaFin)	YoY Change (excl. AvaFin)	Aug 24 (incl. AvaFin)	YoY Change (incl. AvaFin)
Net interest income	8 018	8 848	10%	9 650	20%
Credit impairment charge	(4 761)	(3 727)	(22)%	(4 032)	(15)%
Net interest income after credit impairments	**3 257**	**5 121**	**57%**	**5 618**	**72%**
Net transaction and commission income (incl. VAS)	6 913	8 921	29%	8 921	29%
Total net insurance income	1 548	1 633	5%	1 633	5%
Other income (incl. monthly fees, forex and sundry income)	753	728	(3)%	717	(5)%
Non-interest income	**9 214**	**11 282**	22%	**11 271**	**22%**
Income from operations after credit impairments	**12 471**	**16 403**	**32%**	**16 889**	**35%**
Operating expenses	(6 607)	(8 219)	24%	(8 613)	30%
Taxation	(1 197)	(1 862)	55%	(1 884)	57%
Other items and headline earnings adjustments [1]	30	4	(87)%	2	(93)%
Headline earnings attributable to group shareholders	**4 697**	**6 326**	**35%**	**6 394**	**36%**

[1] Includes our share of net profit of associates and JVs, preference dividends, the discount on repurchase of preference shares and other headline earnings adjustments

Capitec Group – Key performance indicators

Positioned for growth

Non-interest income to income from operations after credit impairments

67%

(August 2023: 74%)

Annualised credit loss ratio

7.6%

(August 2023: 9.6%)

Return on ordinary shareholders' equity

29%

(August 2023: 24%)

Net transaction and commission income

+19%

to R6.9 billion

(August 2023: 5.8 billion)

Banking app clients

+21%

to 12.4 million

(August 2023: 10.3 million)

Value-added services (VAS) and Capitec Connect

+79%

to R2.0 billion

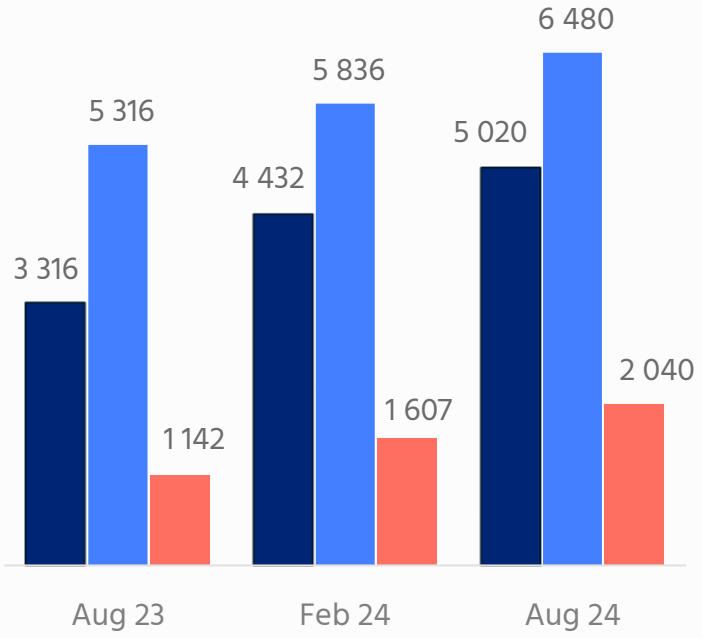
(August 2023: R1.1 billion)

Business income statements

Diversified income streams

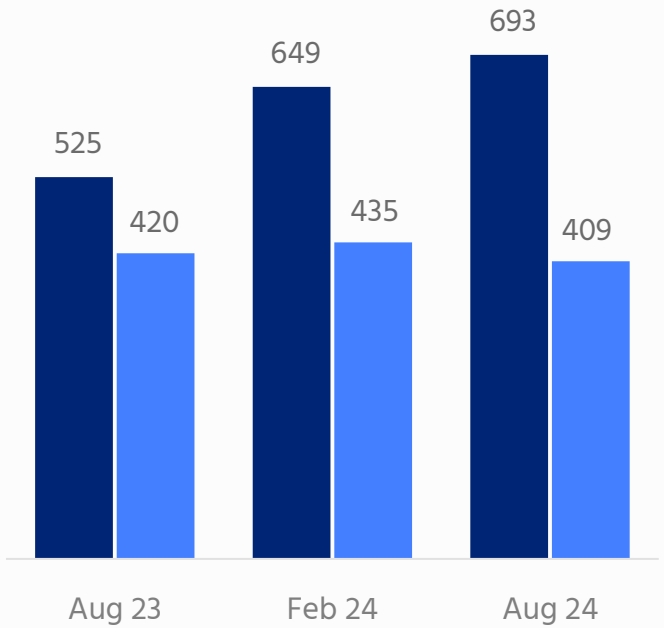
Personal banking

Headline earnings R4 631 million



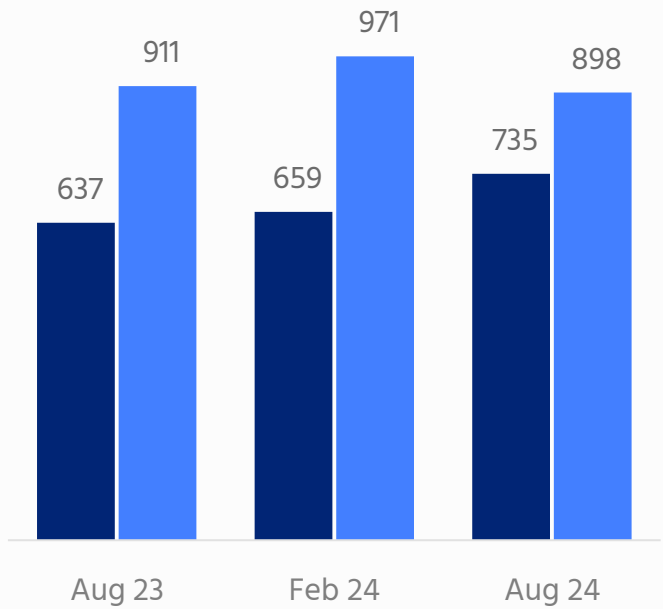
Business banking

Headline earnings R214 million



Insurance

Headline earnings R1 509 million

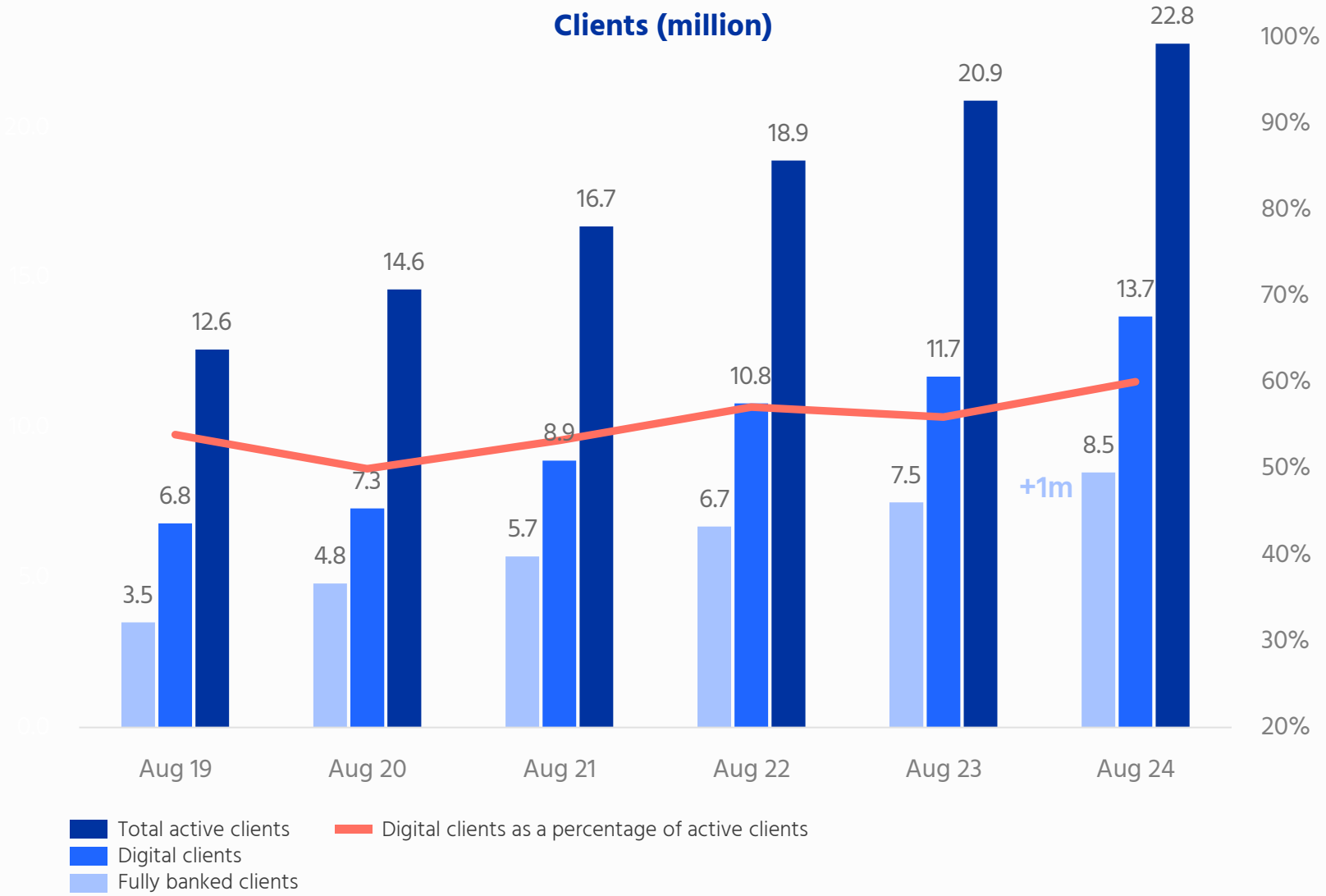


Personal banking

Unlocking value for 23 million clients

Opportunities to grow the Capitec ecosystem

The power of scale



Client metrics

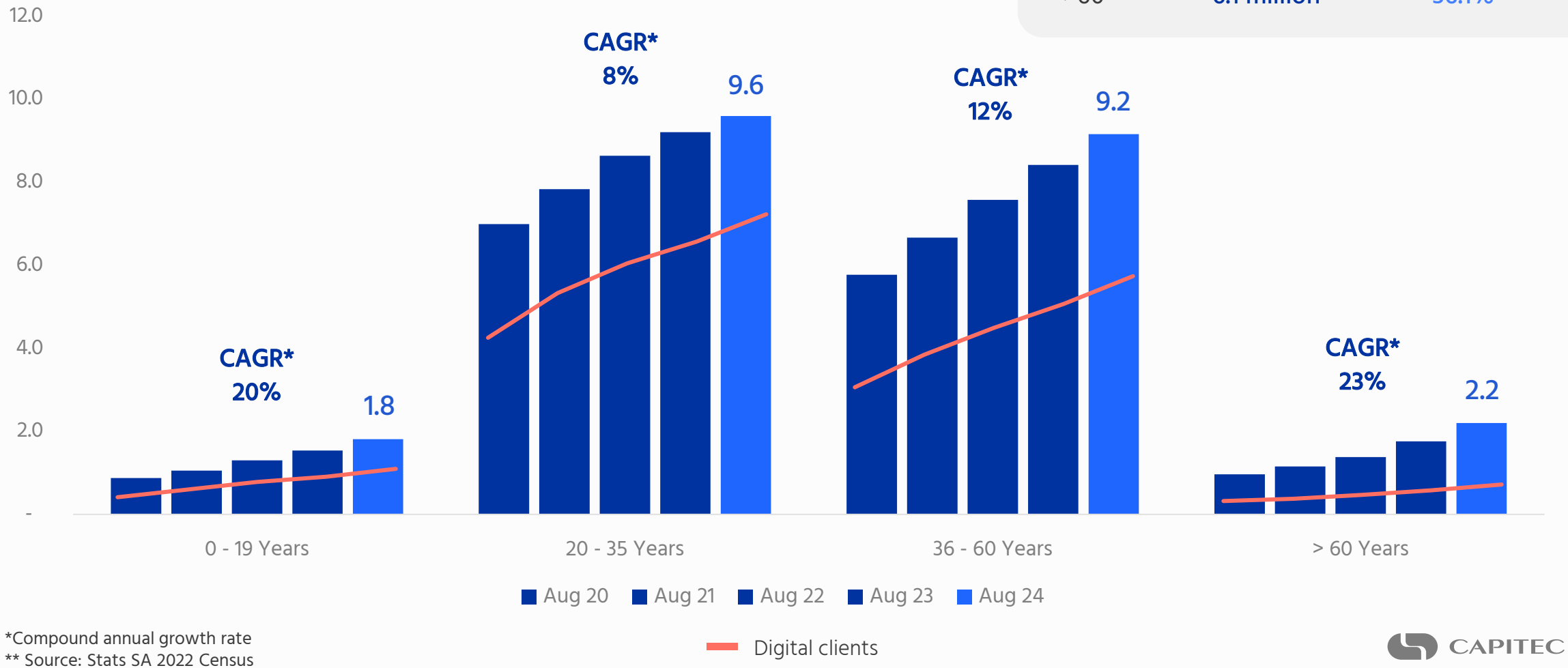
- Clients with inflows* over R50 000 pm up 26% since Aug 2023
- Credit clients stable at 1.3 million
- Narrowing gap between active and fully banked digital clients

*Excludes credit inflows

Age ranges of our clients

18.8 million active clients 20 – 60 years old

Age range	SA population**	Capitec share
0-19	21.3 million	8.5%
20-35	17.9 million	53.6%
36-60	16.9 million	54.4%
>60	6.1 million	36.1%



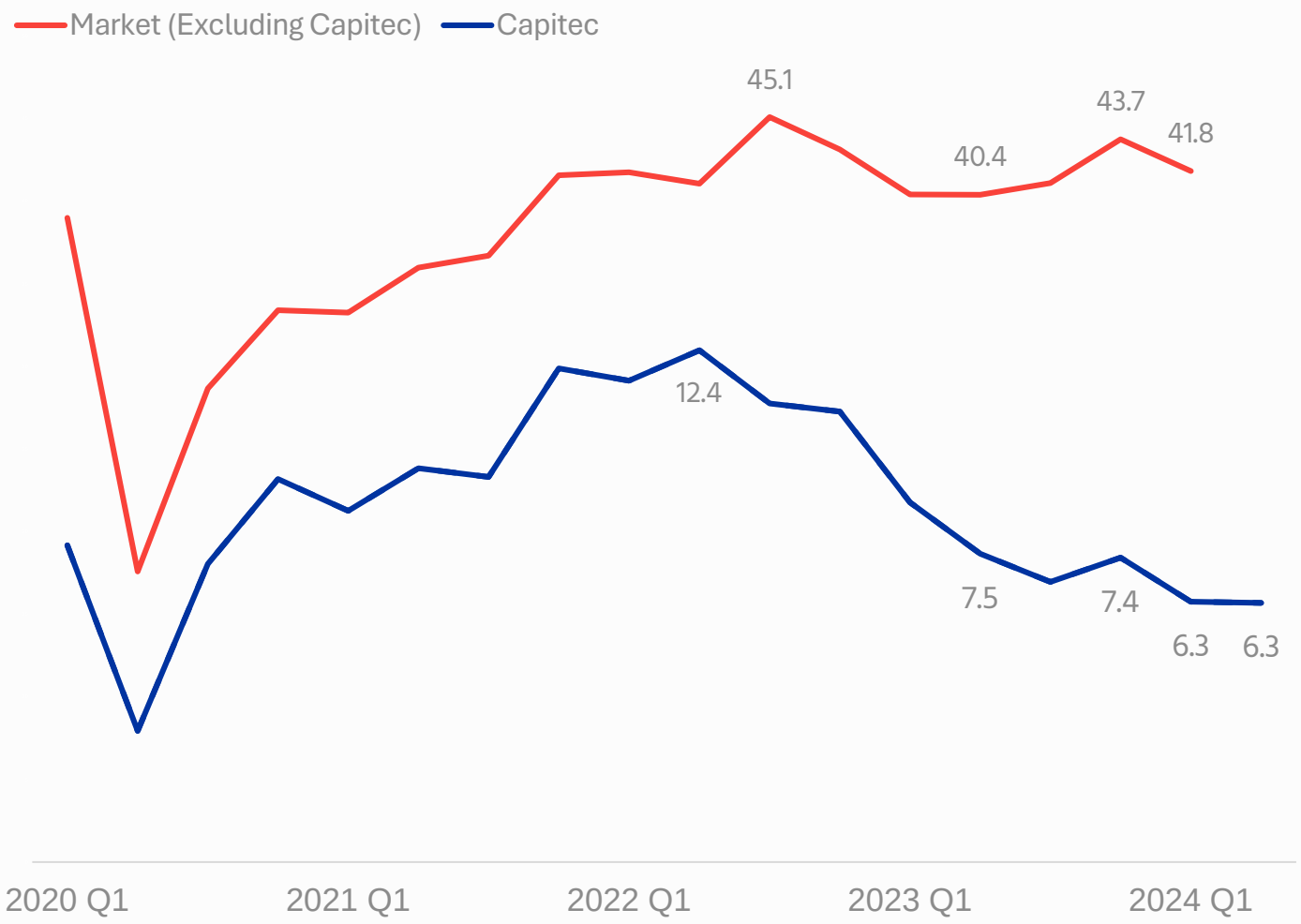
*Compound annual growth rate
** Source: Stats SA 2022 Census

Credit

Managing through tough economic times

Credit agility

Unsecured credit sales R' billion

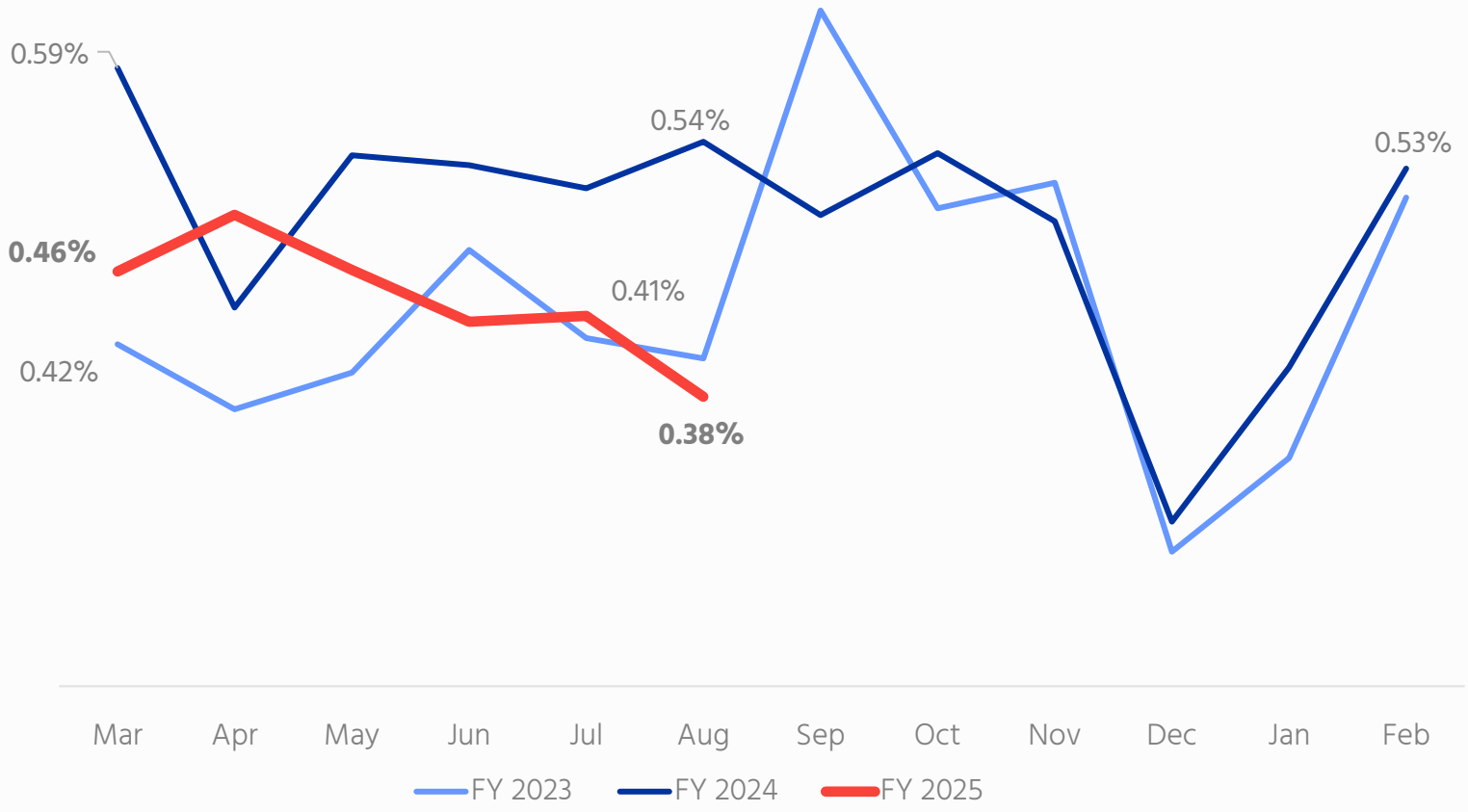


Ahead of the market to 2024 Q1

- Credit market stagnant
- Capitec cuts 28%
- Focus on collections

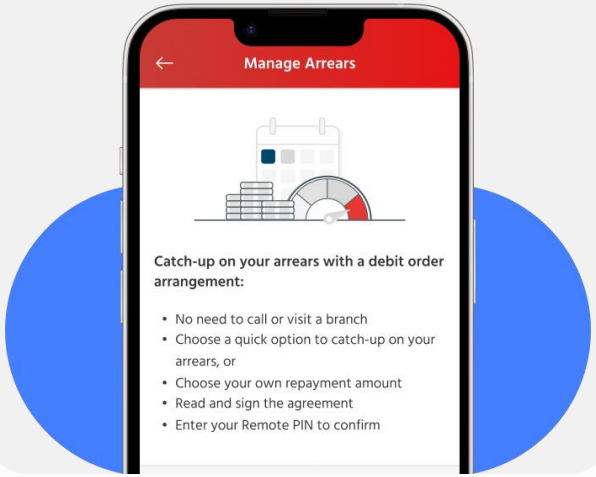
Credit agility

Debt review roll-ins % of book*



Decisive action cuts debt review

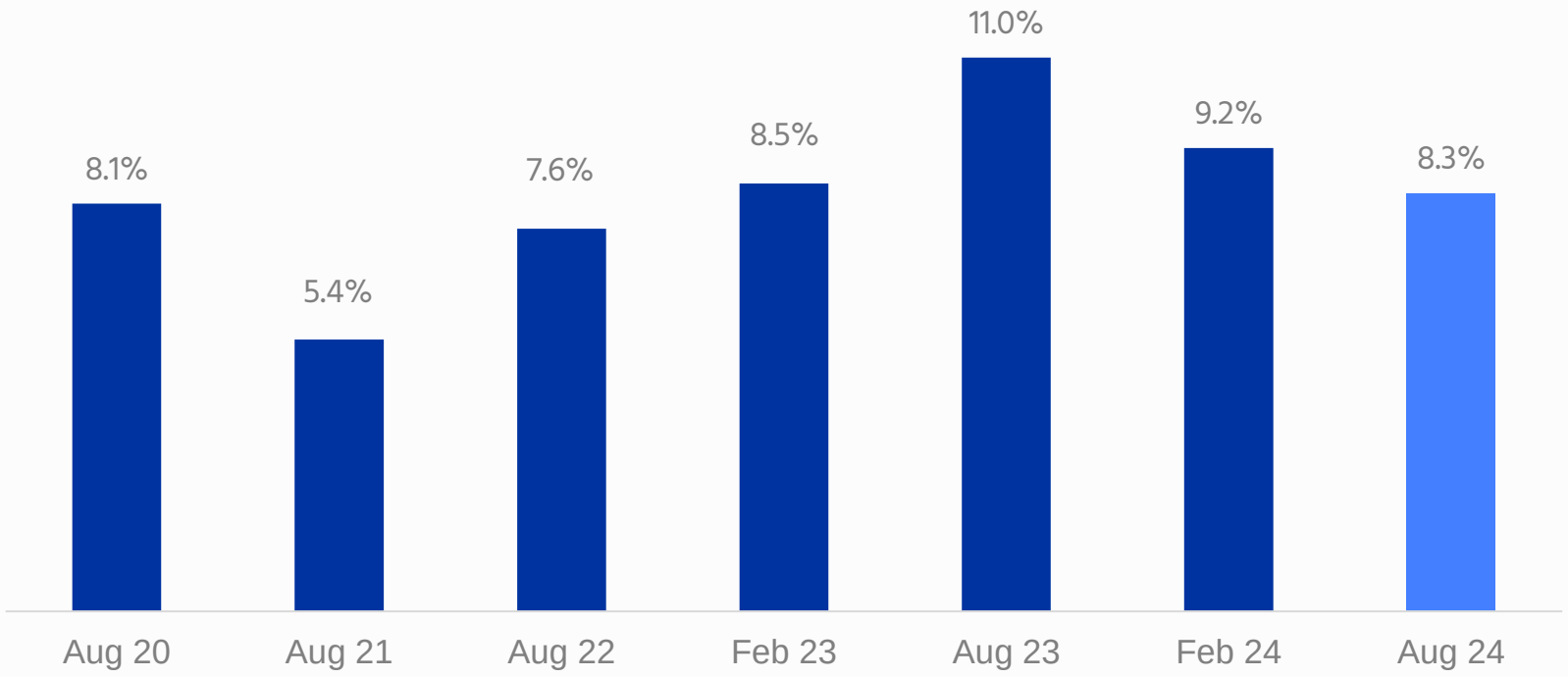
- Continuous debt review education
- Pre-delinquency campaigns
- Access to better treatments



*Performing book (excludes balances more than 3 months in arrears and legal statuses)

Credit loss ratio

Returns to through-the-cycle target of 8.5%



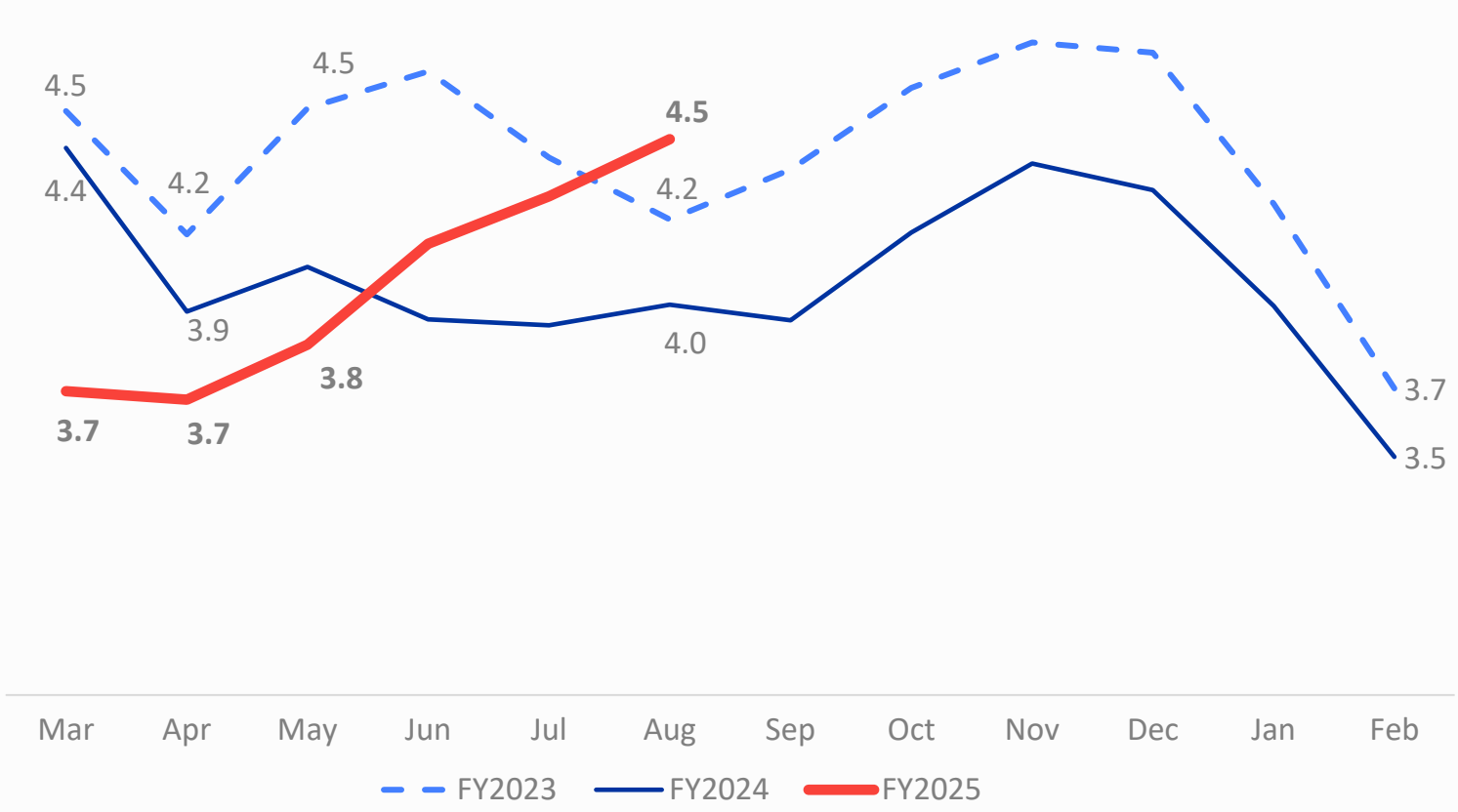
Delivered results

- Proactive strategies
- Agile granting management
- Book management



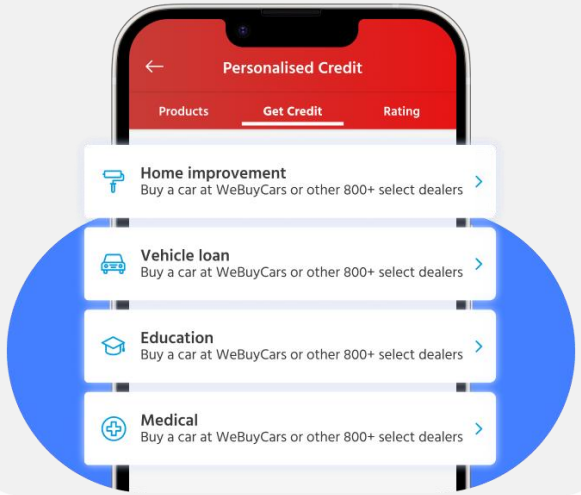
Strategic sales growth

Loan sales and disbursements (including facility drawdowns) R' billions



Focus

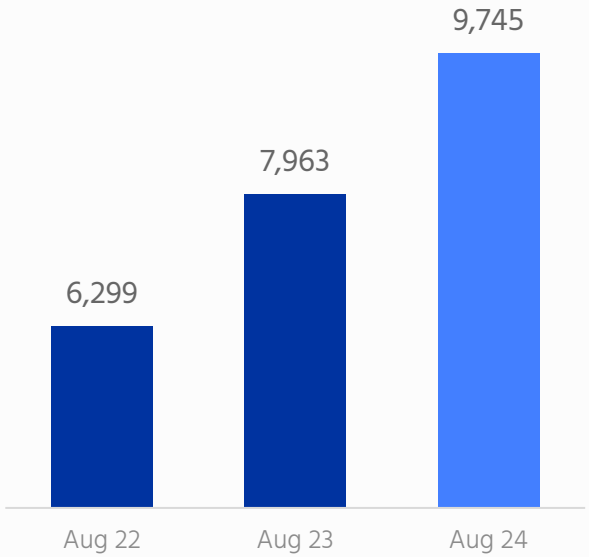
- Products our clients need
- Diversified offering
- Digital channels



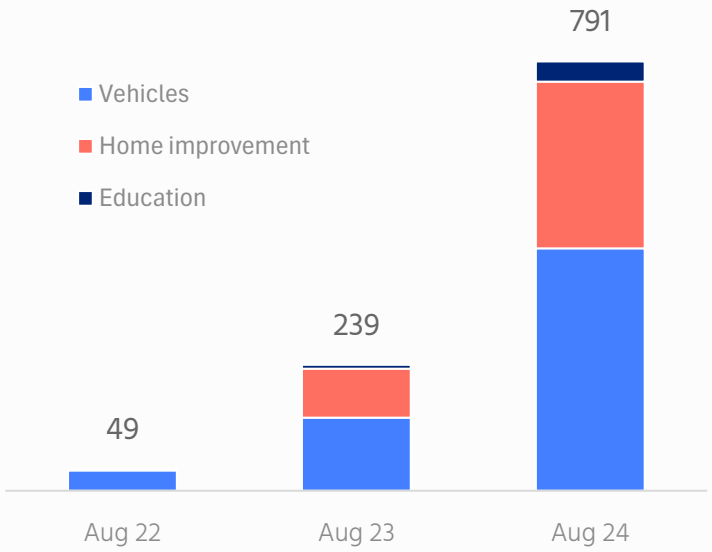
Diversified credit income streams

Growing a healthy book

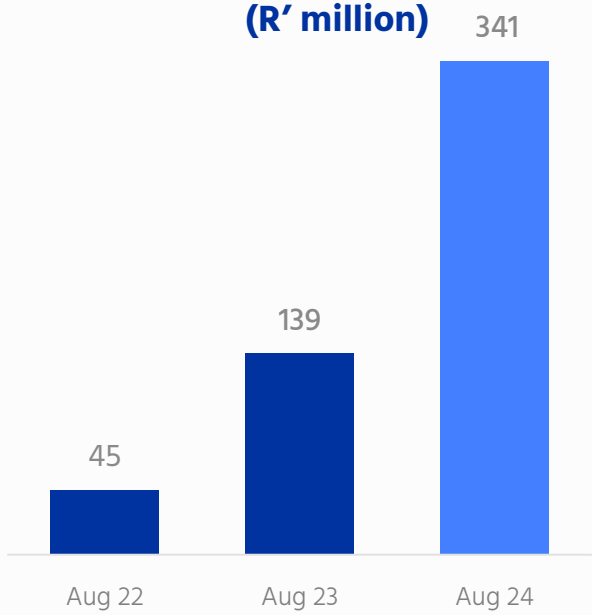
Credit Card loan sales and disbursements (R' million)



Purpose lending loan sales and disbursements (R' million)



App sales (R' million)



Credit card

- Increase 55% over the last 2 years
- 31% increase in number of clients earning more than R25k

Purpose loan sales

- Vehicle sales increased 215%
- Home improvement increased 240%
- Education increased 429%

New SPV with SA Home Loans

App sales

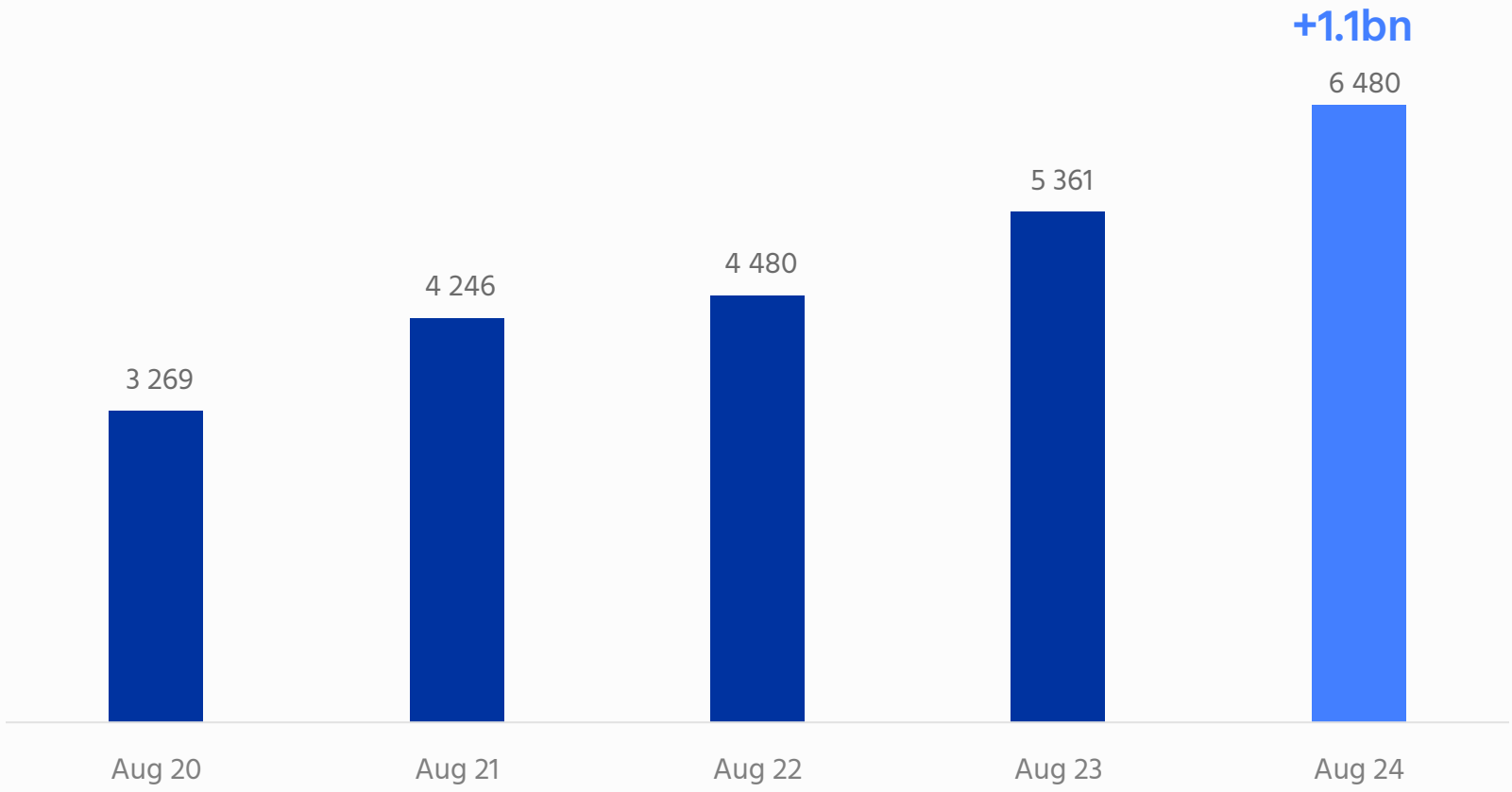
- Increased 145% year-on-year

Net transaction income

Driving growth

21% growth from August 2023*

Growth in net transaction and commission income reflects our ability to adapt to client needs



Net transaction and commission income (R' million)*

Cash and branch transactions are down to 11% of total transactions (August 2023: 13%)

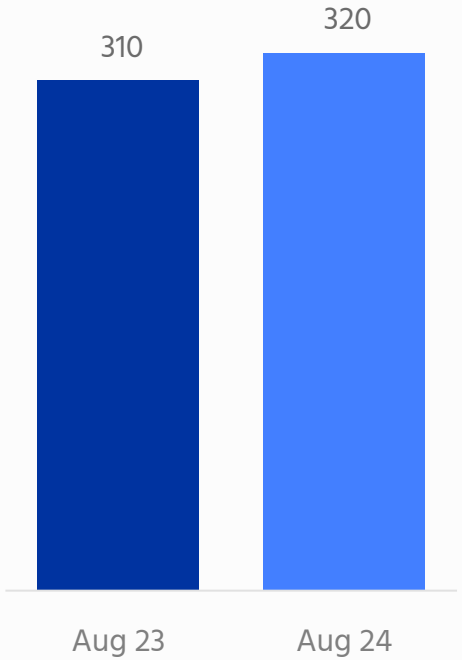
*Excludes Value-added services and Capitec Connect. Percentage changes are calculated in Rand million.

Card and digital payment options

Frictionless digital banking

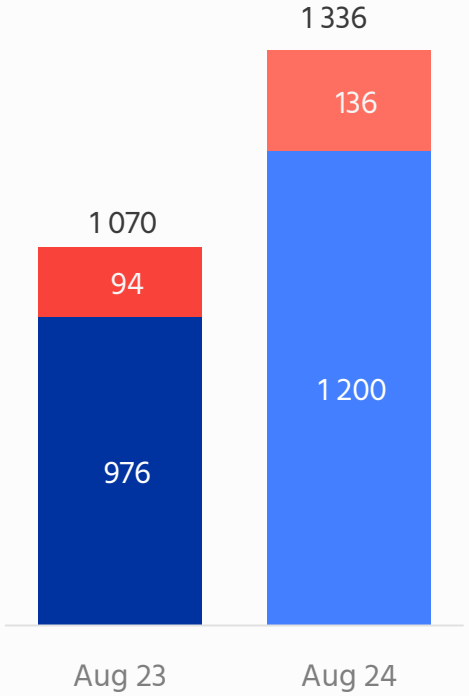
Cash & branch volumes

(million)



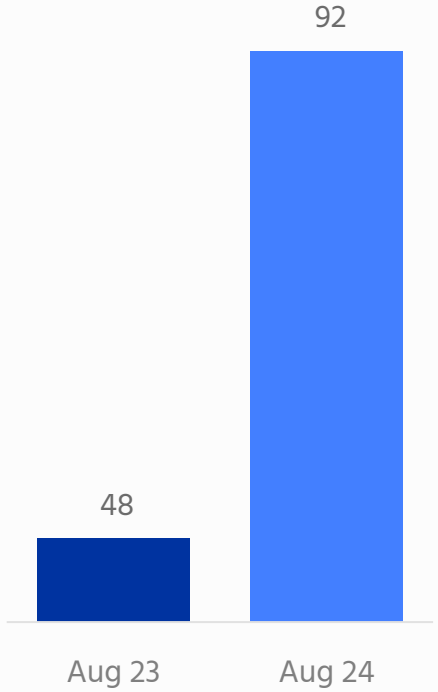
Card volumes

(million)



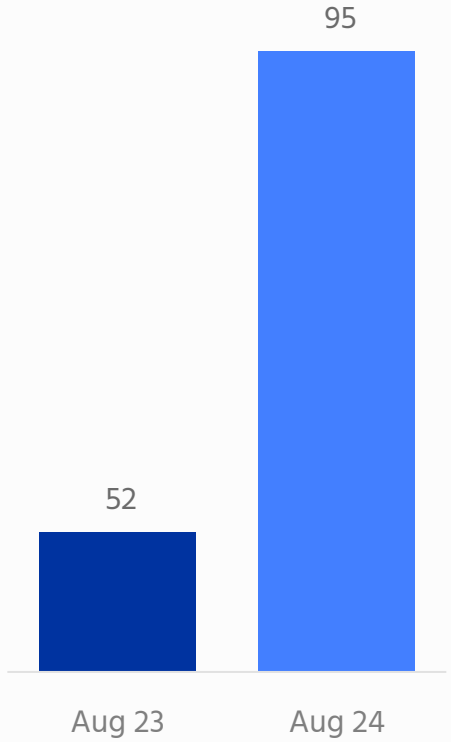
PayShap & Pay to Cell volumes*

(million)



Capitec Pay volumes

(million)



Data-driven decisions

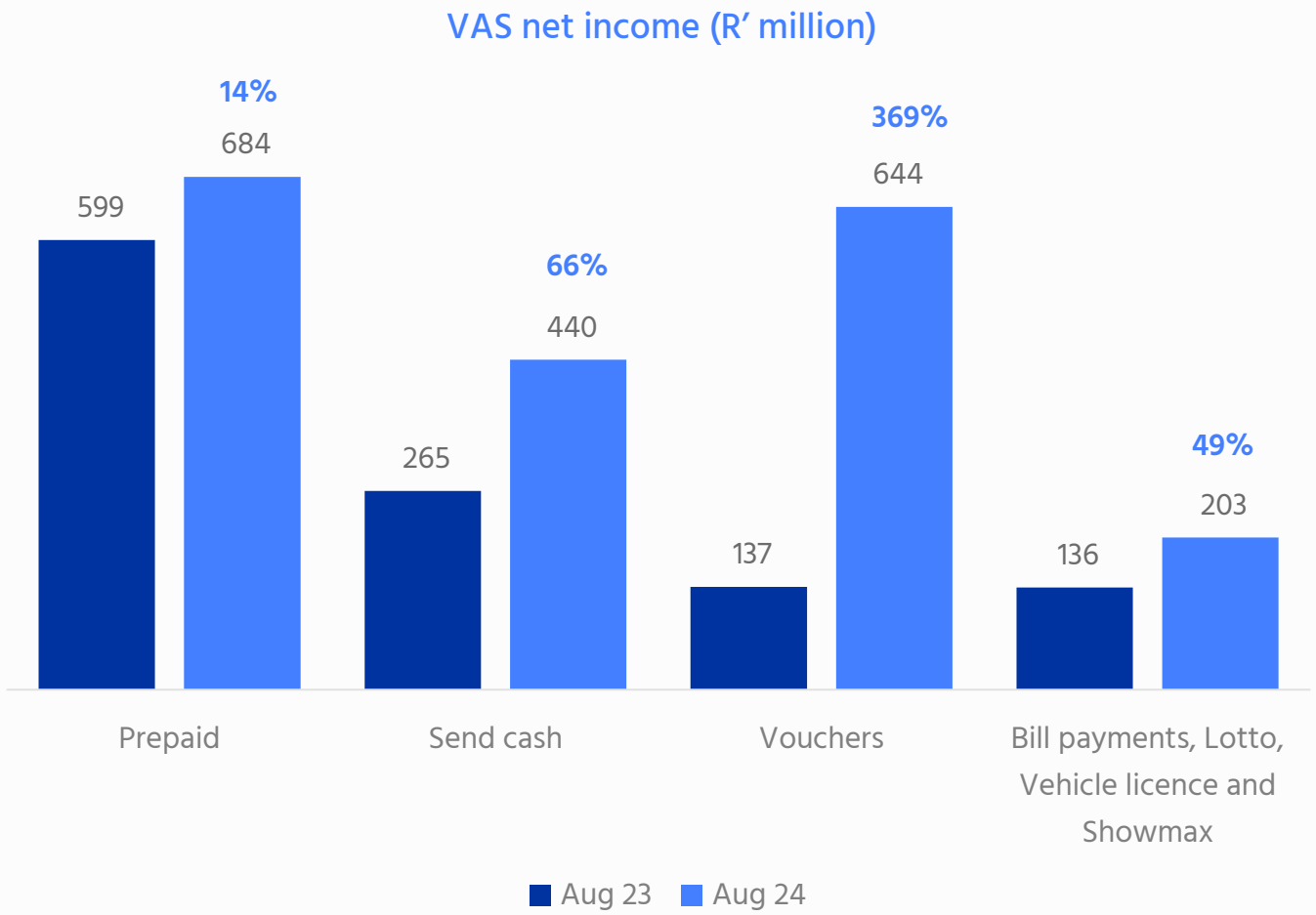
*Includes incoming and outgoing volumes

Strategic initiatives

Delivering value within our ecosystem

Digital products drive growth

Value-added services net income grew 73% to R2.0 billion*



Data-driven decisions

Market share

- Prepaid data & airtime – 40%
- Prepaid electricity – 24%
- Lotto – 16%
- Vehicle licence disc renewal – 15%
- Bill payments – 34%

New product highlights

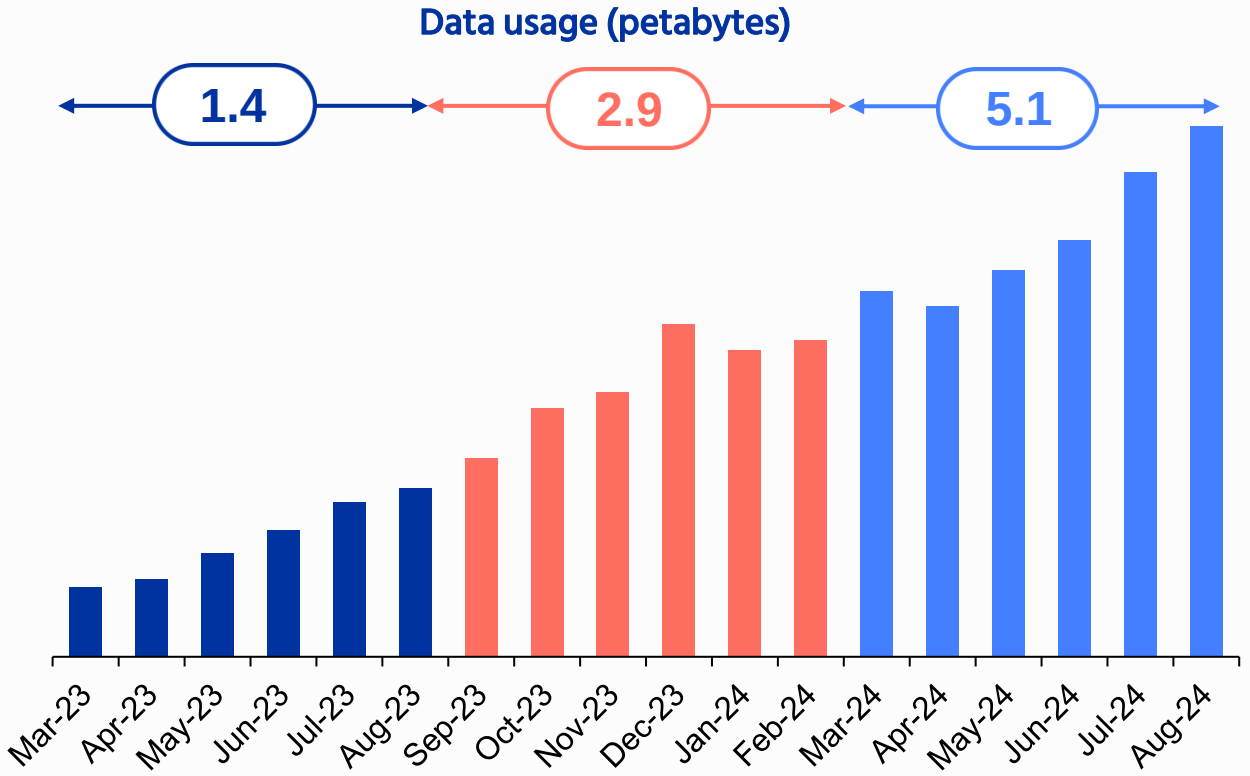
- 47 387 Showmax vouchers sold since launch on 13 August 2024
- **DStv Stream launch in October 2024**
- 174 050 licence disc renewals since 22 February 2024

*Net income and volume growth compares the 6 months ended August 2023 to August 2024, percentage changes are calculated in Rand million.

Evolution of Capitec Connect

Net income contribution R69 million – up from R4 million at August 2023

New expiring bundles launched		Price (R)
1 day	30 MB	0.90
	50 MB	1.50
	100 MB	3.00
	500 MB	13.00
7 days	250 MB	7.50
	1 GB	29.00
30 days	2 GB	59.00
	5 GB	135.00
7 days	30 minutes	7.50
	50 minutes	15.00
	100 minutes	25.00
30 days	100 minutes	33.00
	1 000 minutes	225.00



5 petabytes is equivalent to streaming 1.7m rugby games

1.2 million active SIMs at August 2024

- 50% generated revenue in last 30 days

Mobile prepaid bundles

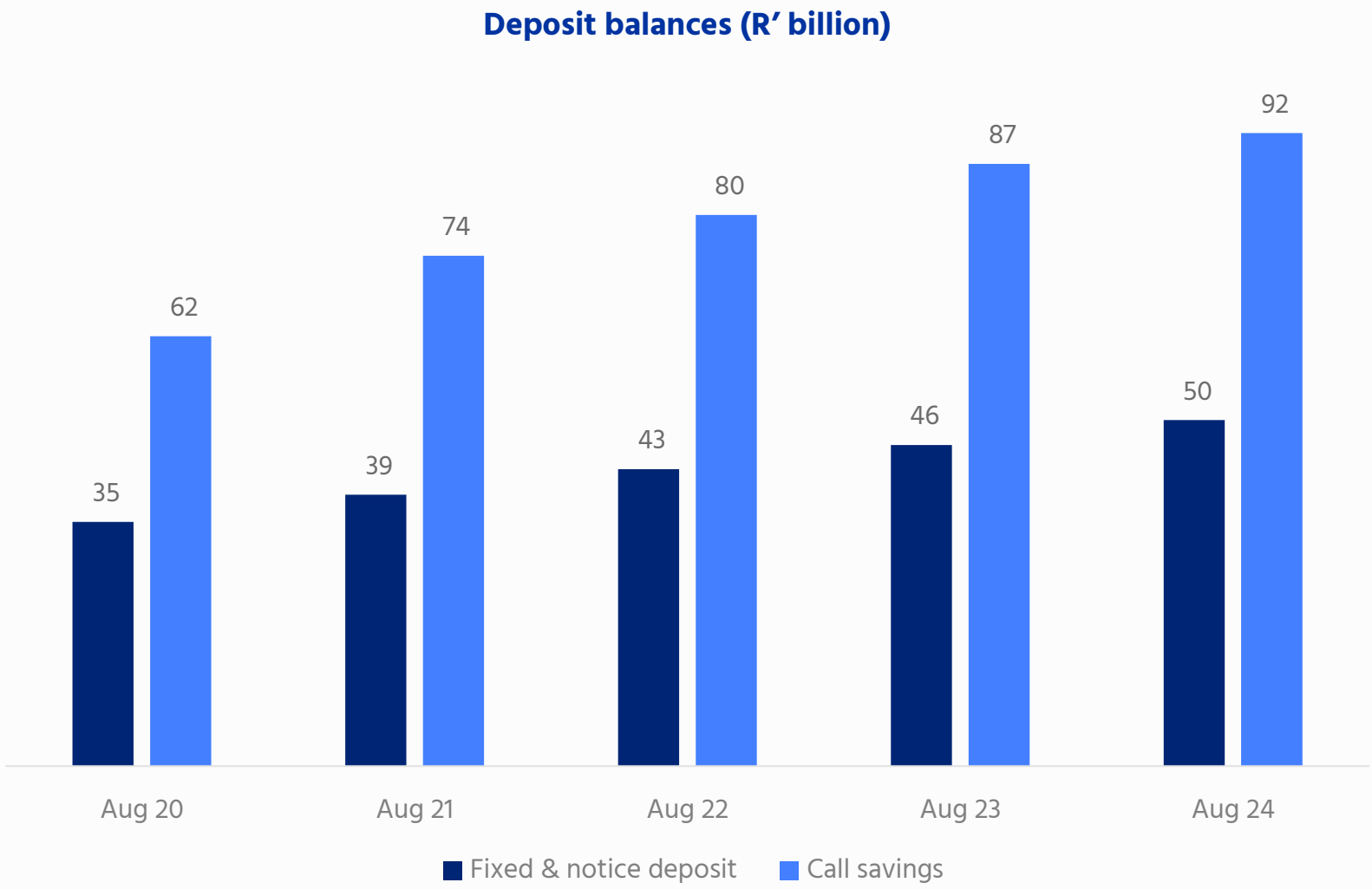
- Competitive pricing
- 1-day bundles last 24 hours, no automatic midnight expiry

Savings

New competitive savings options

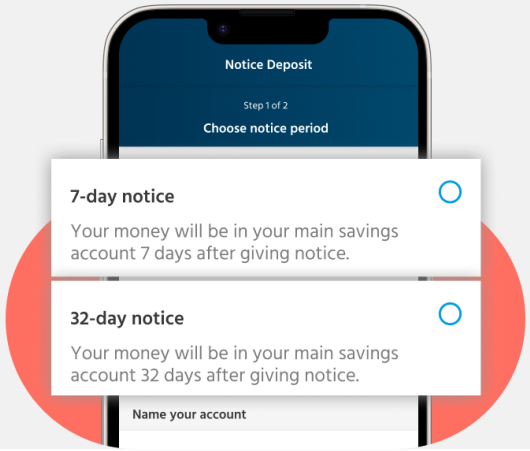
Savings

Interest paid to clients has increased 9% to R4.1 billion*



New notice deposits

- Launched July 2024 – balance already R1.2 billion (included in fixed deposits)
- Over 226 000 notice deposit accounts opened
- Fixed and notice deposit accounts grew 19% since August 2023



*Interest paid growth compares the 6 months ended August 2023 to August 2024, percentage changes are calculated in Rand million.

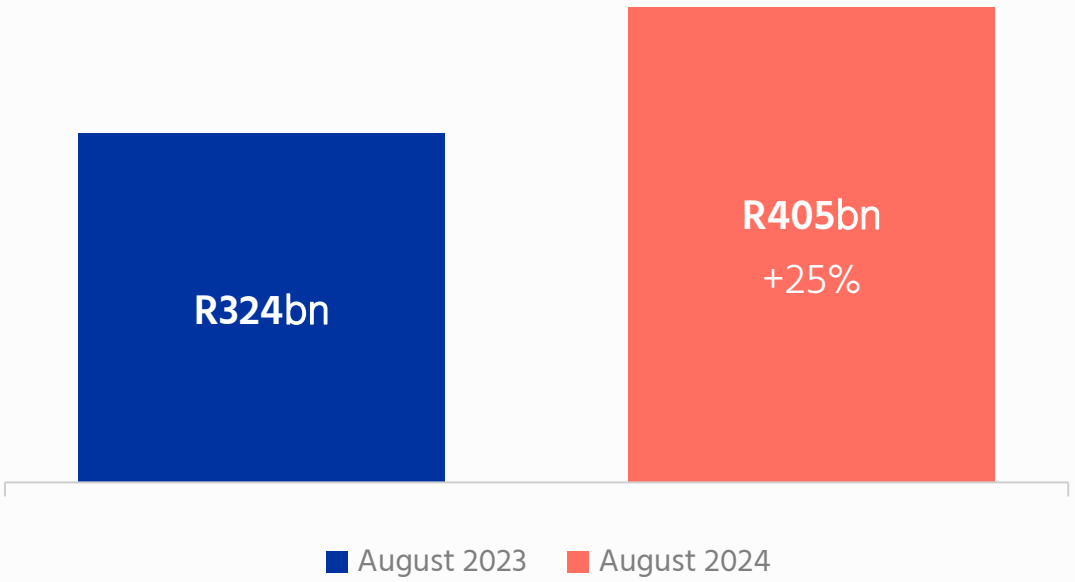
Insurance

Laying foundations for future growth

Capitec Insurance

Funeral net income grew 14% and contributes 11% to group headline earnings

Funeral sum assured



Funeral performance indicators

- Total active policies **3.0 million** **+22%**
- Lives covered **13.6 million** **+2.5 million**
- Average policy sum assured **R135 583** **+3%**
- Average policy premium **R270** **+3%**
- Policies issued through app **25%** **+3%**
- Sales market share by sum assured **36%***

Strategic update

- Sanlam termination on **1 November 2024**
  - New policies on our own licence

*Swiss Re individual volume survey

Capitec life cover

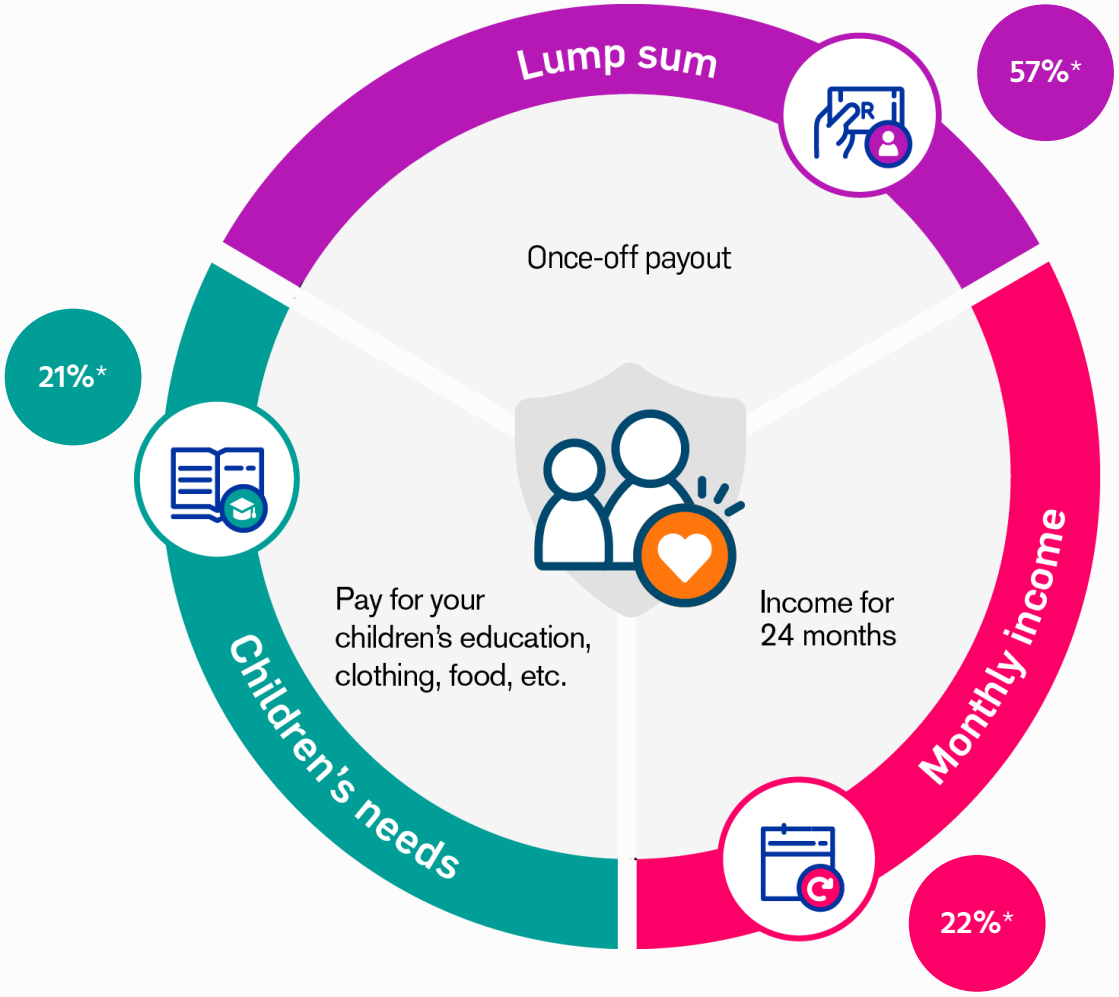
Our unique product launched in June

Simple and accessible life cover experience

- No annual premium increases
- 7 simple health questions with no blood tests
- Get cover in less than 10 minutes
- Pricing & risk scoring uses transaction data and credit data
- Clients control how their cover is paid out

Results

- Total active policies **38 526**
- Average policy premium **R221**
- Average policy sum assured **R557 815**
- Total sum assured **R21.5 billion**



Needs-based **life cover benefit payouts**

*Covered amount split by benefit

Business bank

Empowering South African SMEs

Business banking transformed

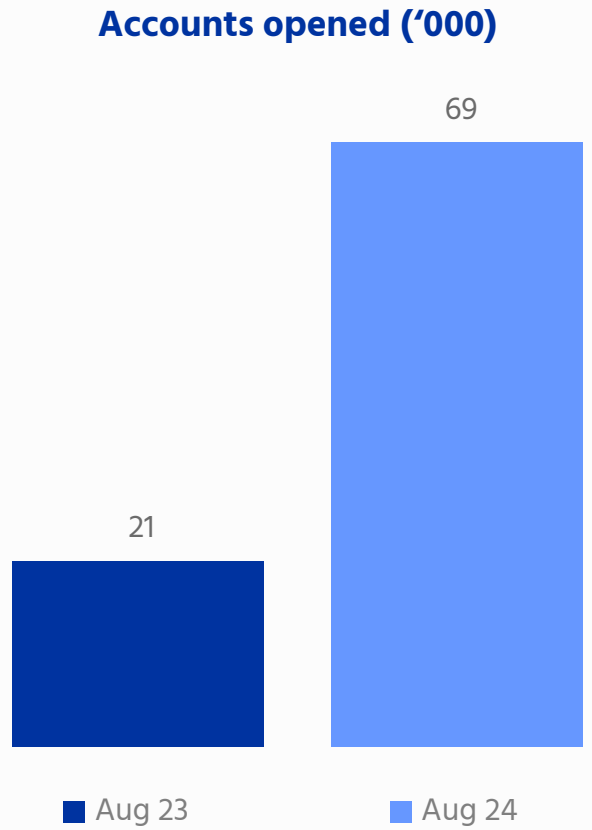
A digitally-led, relationship-based solution

Business banking headline earnings decreased 12%

- Fees reduced to align with Personal banking
- Merchant commission rate decreased permanently
- Card machine rental replaced by card machine sales

Relaunching resulted in:

- Record R1 billion disbursements for month August 2024
- 77% increase in accounts opened compared to February 2024
- Transactional deposit balances up 21% to R5.2 billion from February 2024



Service to business clients

- Monthly converted lead volume up 92% since February 2024
- Average online account opening time: 37 mins (fastest 4 mins sole proprietor, 7 mins private company)
- Time to contact leads down from 4 hours in February 2024 to 2 hours in August 2024
- System stability
- Client satisfaction up to 95%

Digital merchant commerce

Empowering our merchant clients through innovative and integrated solutions



Disruptive sales

- Special prices September to November
- Only available if settled into a Capitec account
- 5 000 machines sold in first 10 days
- **10 868 new merchants since 1 September 2024**

Permanent decrease in commission rates (if settled into a Capitec account)

Turnover bracket	Debit card rate*	Credit card rate*
Under 499k	0.85%	1.85%
500k – 999k	0.70%	1.70%
Over 1 million	0.60%	1.60%

Total merchant clients up 17% since February 2024

- 26% increase in transaction volumes on Capitec terminals since February 2024 to August 2024
- Pricing first to market, lowest maximum rates in SA

* Excluding VAT

AvaFin

Establishing our global footprint

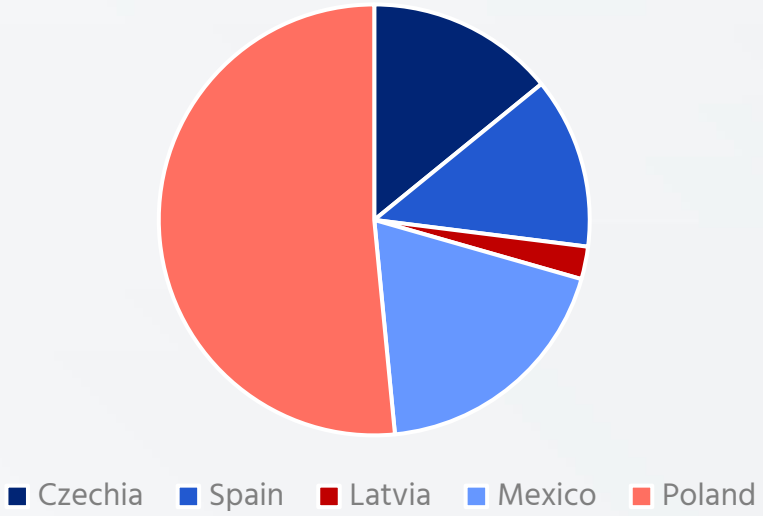
Operational overview

AvaFin contributed R66 million to group net profit for the 6 months ended 31 August 2024

Key KPIs

- Over 197 000 active clients
- €156 million value of loans advanced since 1 May 2024
- 8% of total group gross interest income on lending

Value of loans advanced



Strategic focus

- Potential Capitec funding
- Competitive credit pricing
- Replicate the Capitec story

CAPITEC

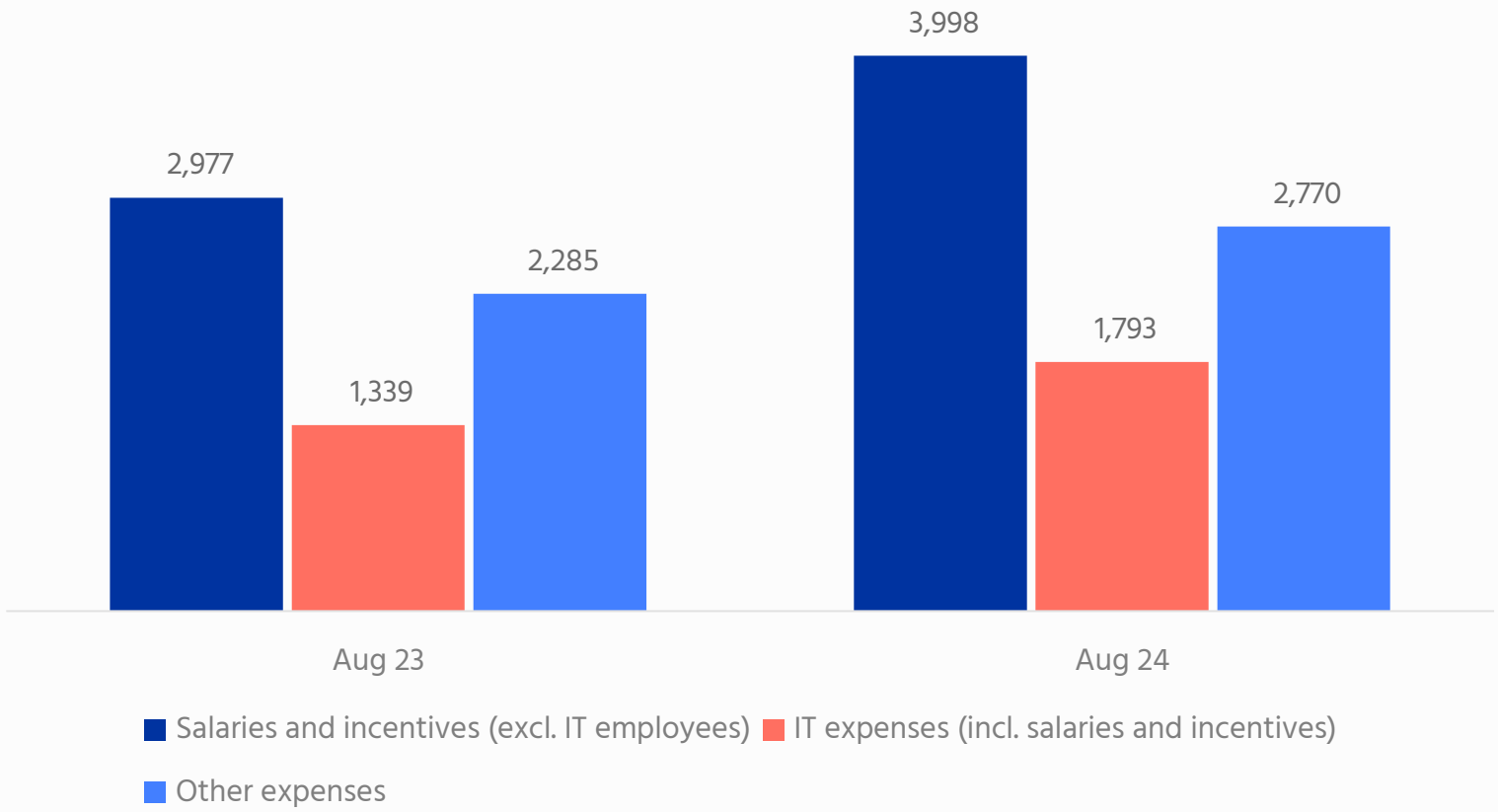
Group operating expenses

Digitally enabled human-led growth

Total expenses increased by 24% to R8.2 billion*

Short-term impact on profitability gears the group for long-term growth

Operating expenses (R' million)



Growth in operating expenses excluding salary incentives was 14%

- The share appreciation right expense was impacted by share price growth of 85%
- Performance bonuses of the group were impacted by 35% growth in headline earnings

Headcount grew from 15 425 to 16 200**

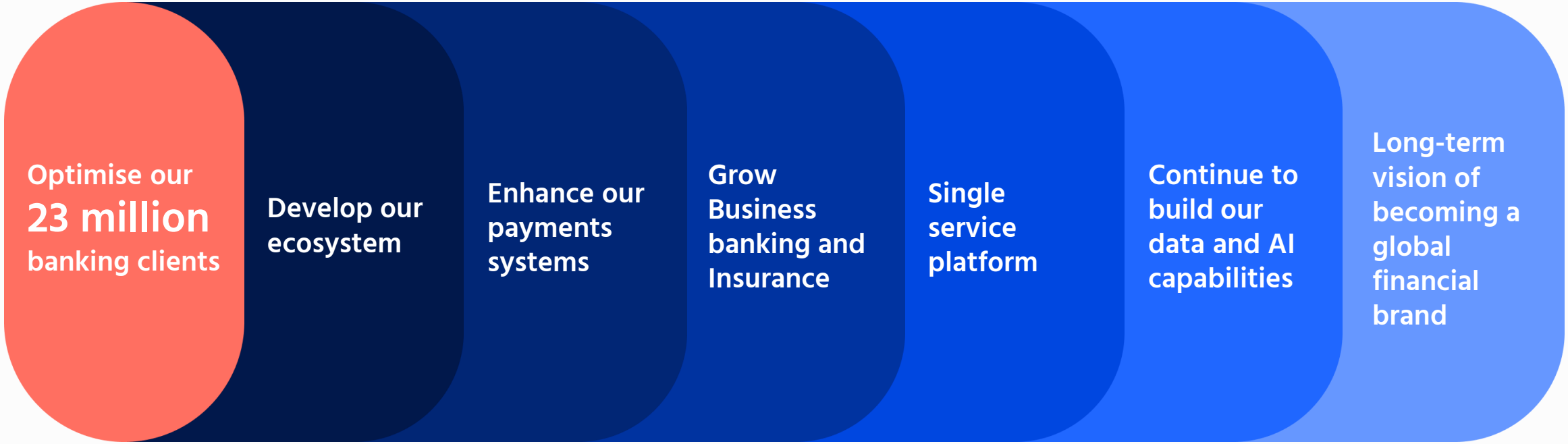
* Excluding AvaFin. Percentage changes are calculated in Rand million.
** Excludes AvaFin headcount of 403

The future

Unlocking potential and helping South Africa grow

Future

Leverage the platform we built



Thank you

Please send any questions to
InvestorRelations@capitecbank.co.za

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