

Unaudited financial results
for the 6 months ended 31 August 2022



Capitec Bank Limited
(Capitec Bank or the company)

Condensed statement of financial position

As at 31 August 2022

R'000	August 2022	August 2021	August 2022/2021 %	Year ended February 2022
Assets				
Cash, cash equivalents and money market funds	26 591 619	31 768 126	(16)	34 224 374
Financial investments at amortised cost	64 112 114	60 175 079	7	62 939 724
Term deposit investments	3 317 147	1 208 428	>100	722 190
Net loans and advances	71 531 417	58 299 983	23	65 316 550
Other receivables	4 636 632	2 808 846	65	2 721 732
Derivative assets	26 280	68 779	(62)	14 586
Financial assets – equity instruments at fair value through other comprehensive income (FVOCI)	73 317	72 696	1	72 680
Current income tax asset	46 689	—	—	—
Group loans receivable	1 257 563	2 202 383	(43)	1 161 574
Interest in joint venture	194 302	132 502	47	132 502
Interest in subsidiaries	103 029	103 029	—	103 029
Property and equipment	3 157 647	2 883 583	10	2 975 946
Right-of-use assets	1 862 395	2 013 885	(8)	1 930 887
Intangible assets including goodwill	1 335 553	1 445 134	(8)	1 324 888
Deferred income tax asset	2 660 510	2 429 558	10	2 768 630
Total assets	180 906 214	165 612 011	9	176 409 292
Liabilities				
Derivative liabilities	24 947	77 152	(68)	33 848
Current income tax liability	—	163 638	(100)	303 371
Deposits	140 351 441	127 857 840	10	134 054 969
Wholesale funding	1 816 742	1 339 517	36	2 060 193
Other liabilities	3 887 794	2 929 916	33	5 004 277
Lease liabilities	2 399 783	2 505 260	(4)	2 451 114
Employee benefit liabilities	133 517	116 240	15	212 144
Group loans payable	—	—	—	2 891
Total liabilities	148 614 224	134 989 563	10	144 122 807
Equity				
Capital and reserves				
Ordinary share capital and premium	6 105 981	6 105 981	—	6 105 981
Cash flow hedge reserve	(207)	(24 049)	(99)	(12 405)
Other reserves	(28 575)	(29 510)	(3)	(29 033)
Share option reserve	23 831	—	—	23 831
Retained earnings	26 140 384	24 517 812	7	26 146 944
Share capital and reserves attributable to ordinary shareholders	32 241 414	30 570 234	5	32 235 318
Preference share capital and premium	50 576	52 214	(3)	51 167
Total equity	32 291 990	30 622 448	5	32 286 485
Total equity and liabilities	180 906 214	165 612 011	9	176 409 292

Condensed income statement

6 months ended 31 August 2022

R'000	August 2022	August 2021	August 2022/2021 %	Year ended February 2022
Lending and investment income	10 420 827	8 922 447	17	18 344 599
Interest income	9 888 340	8 441 440	17	17 375 743
Loan fee income	532 487	481 007	11	968 856
Lending and investment expenses	(3 082 560)	(2 331 389)	32	(4 857 784)
Interest expense	(3 071 235)	(2 317 580)	33	(4 839 537)
Loan fee expense	(11 325)	(13 809)	(18)	(18 247)
Net lending and investment income	7 338 267	6 591 058	11	13 486 815
Transaction fee income ⁽¹⁾	7 989 004	6 908 210	16	14 529 517
Transaction fee expense	(2 432 338)	(1 759 969)	38	(4 018 567)
Net transaction income	5 556 666	5 148 241	8	10 510 950
Foreign currency income	258 317	257 580		497 605
Foreign currency expense	(180 105)	(184 096)	(2)	(353 212)
Net foreign currency income	78 212	73 484	6	144 393
Dividend income	—	141 816	(100)	141 816
Other income	31 984	37 752	(15)	287 030
Credit impairments	(2 909 196)	(2 060 478)	41	(3 457 044)
Net income	10 095 933	9 931 873	2	21 113 960
Operating expenses	(5 778 120)	(5 784 659)		(12 684 699)
Impairment of investment in subsidiary	—	(141 745)	(100)	(141 745)
Operating profit before tax	4 317 813	4 005 469	8	8 287 516
Income tax expense	(1 218 350)	(1 150 366)	6	(2 413 583)
Profit for the period – continued operations	3 099 463	2 855 103	9	5 873 933
Profit for the period – discontinued operations	—	185 686	(100)	185 687
Total profit for the period	3 099 463	3 040 789	2	6 059 620

⁽¹⁾ Transaction fee income consists of: branch, cash and self-service transaction fees in the amount of R3.0 billion (August 2021: R2.7 billion; February 2022: R5.7 billion), digital transaction fees in the amount of R1.4 billion (August 2021: R1.0 billion; February 2022: R2.1 billion), monthly fees, debit orders fees and other transaction fees in the amount of R2.3 billion (August 2021: R2.1 billion; February 2022: R4.4 billion) and point-of-sale transaction fees in the amount of R1.3 billion (August 2021: R1.1 billion; February 2022: R2.3 billion).

Condensed statement of other comprehensive income

6 months ended 31 August 2022

R'000	August 2022	August 2021	August 2022/2021 %	Year ended February 2022
Profit for the period – continued operations	3 099 463	2 855 103	9	5 873 933
Other comprehensive income that may subsequently be reclassified to profit or loss	12 198	5 195	>100	16 839
Cash flow hedge reserve recognised	8 123	(6 308)		568
Cash flow hedge reclassified to profit or loss	8 819	13 524	(35)	22 819
Income tax relating to cash flow hedge	(4 744)	(2 021)	>100	(6 548)
Other comprehensive income that will not subsequently be reclassified to profit or loss	458	756	(39)	1 654
Remeasurement of defined benefit obligation	—	—		679
Profit on remeasurement to fair value of financial assets (FVOCI)	636	1 050	(39)	1 455
Income tax thereon	(178)	(294)	(39)	(480)
Comprehensive income for the period – continued operations	3 112 119	2 861 054	9	5 892 426
Comprehensive income for the period – discontinued operations	—	185 686	(100)	185 687
Total comprehensive income for the period	3 112 119	3 046 740	2	6 078 113

Condensed statement of changes in equity

6 months ended 31 August 2022

R'000	August 2022	August 2021	August 2022/2021 %	Year ended February 2022
Ordinary share capital and premium				
Balance at the beginning and end of the period	6 105 981	6 105 981		6 105 981
Cash flow hedge reserve				
Balance at the beginning of the period	(12 405)	(29 244)	(58)	(29 244)
Total comprehensive income	12 198	5 195	>100	16 839
Balance at the end of the period	(207)	(24 049)	(99)	(12 405)
Other reserves				
Balance at the beginning of the period	(29 033)	(30 687)	(5)	(30 687)
Total comprehensive income	458	756	(39)	1 654
Reclassified to profit and loss	—	421	(100)	—
Balance at the end of the period	(28 575)	(29 510)	(3)	(29 033)
Share option reserve				
Balance at the beginning of the period	23 831	—		—
Izindaba Ezinhle Employee Share Scheme	—	—		23 831
Balance at the end of the period	23 831	—		23 831
Retained earnings				
Balance at the beginning of the period	26 146 944	23 436 616	12	23 436 616
Total comprehensive income	3 099 463	3 040 789	2	6 059 620
Ordinary dividend	(3 104 101)	(1 958 031)	59	(3 346 085)
Preference dividend	(1 922)	(1 562)	23	(3 207)
Balance at the end of the period	26 140 384	24 517 812	7	26 146 944
Share capital and reserves attributable to ordinary shareholders				
	32 241 414	30 570 234	5	32 235 318
Preference share capital and premium				
Balance at the beginning of the period	51 167	55 641	(8)	55 641
Preference shares repurchased	(591)	(3 427)	(83)	(4 474)
Balance at the end of the period	50 576	52 214	(3)	51 167
Total equity	32 291 990	30 622 448	5	32 286 485

Condensed statement of cash flows

6 months ended 31 August 2022

R'000	August 2022	August 2021	August 2022/2021 %	Year ended February 2022
Cash flow from operating activities				
Cash flow from operations ⁽¹⁾	1 188 331	11 389 058	(90)	15 729 415
Income tax paid	(1 465 212)	(1 375 358)	7	(2 842 627)
	(276 881)	10 013 700		12 886 788
Cash flow from investing activities				
Acquisition of property and equipment	(492 502)	(389 673)	26	(745 660)
Disposal of property and equipment	13 826	6 633	>100	10 907
Acquisition of intangible assets	(83 339)	(78 876)	6	(93 954)
Loans to group companies – granted	—	(1 511 417)	(100)	(1 168 713)
Loans to group companies – repaid	—	393 846	(100)	1 165 929
Proceeds on disposal of investments	—	—		1 223 186
Investment in term deposit investments	(3 250 000)	(1 200 000)	>100	(1 200 000)
Redemption of term deposit investments	700 000	300 000	>100	800 000
Acquisition of financial investments at amortised cost	(26 218 507)	(36 798 538)	(29)	(63 671 460)
Redemption of financial investments at amortised cost	25 349 613	11 918 340	>100	36 477 246
Redemption of financial assets at fair value through profit or loss (FVTPL)	—	2 960 220	(100)	2 960 220
(Increase)/Decrease in short-term money market investments	—	(6 391)	(100)	11 511
Interest acquired in joint venture	(61 800)	—		—
Acquisition of financial investments at FVOCI	—	(1 725)	(100)	(1 725)
Insurance recovery – civil unrest	—	—		198 292
	(4 042 709)	(24 407 581)	(83)	(24 034 221)
Cash flow from financing activities				
Dividends paid	(3 105 784)	(1 959 815)	58	(3 349 569)
Loans from group companies – granted	95 242	—		—
Loans from group companies – repaid	(153 416)	—		—
Preference shares repurchased	(591)	(3 427)	(83)	(4 474)
Issue of institutional bonds and other funding	—	—		750 000
Redemption of institutional bonds and other funding	—	(1 000 000)	(100)	(1 000 000)
Payment of lease liabilities	(177 858)	(153 045)	16	(321 205)
	(3 342 407)	(3 116 287)	7	(3 925 248)
Effect of exchange rate changes on cash and cash equivalents	29 080	(34 233)		2 680
Net (decrease) in cash and cash equivalents	(7 632 917)	(17 544 401)	(56)	(15 070 001)
Cash and cash equivalents at the beginning of the period	34 225 374	49 295 375	(31)	49 295 375
Cash and cash equivalents at the end of the period⁽²⁾	26 592 457	31 750 974	(16)	34 225 374

⁽¹⁾ Includes: cash inflow from interest received of R9.5 billion (August 2021: R8.1 billion; February 2022: R16.7 billion), cash outflow from interest paid of R3.1 billion (August 2021: R2.3 billion; February 2022: R4.9 billion), cash outflow from loans and advances R10.2 billion (August 2021: R5.5 billion; February 2022: R15.1 billion), and cash inflow from deposits R6.0 billion (August 2021: R9.1 billion; February 2022: R15.3 billion).

⁽²⁾ Cash and cash equivalents before deduction of provision for impairments (expected credit loss (ECL)) and excluding money market funds in the amount of Rnil (August 2021: R18 million; February 2022: Rnil).

Notes to the condensed interim financial statements

6 months ended 31 August 2022

1. Basis of preparation

The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

The JSE Limited Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

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

In calculating the ECL for the 6 months ended 31 August 2022, key areas of significant management estimation and judgement included determining significant increase in credit risk (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 31 August 2022.

There were no new standards or amendments to existing standards that had a material impact on the condensed interim financial statements that became effective during the 6 months ended 31 August 2022.

The condensed interim financial statements were not reviewed or audited by the company's auditors.

The preparation of the unaudited condensed interim financial statements was supervised by the chief financial officer (CFO), Grant Hardy CA(SA).

Notes to the condensed interim financial statements continued

6 months ended 31 August 2022

2. Net loans and advances

Retail bank

R'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL			Stage 3 Lifetime ECL				Total	
	Up-to-date	Up-to-date loans with SICR and applied for debt review >6 months	Forward- looking SICR ⁽¹⁾	Up to 1 month in arrears	2 and 3 months in arrears	Resche- duled from up-to-date (not yet rehabi- litated)	Resche- duled from arrears (not yet rehabi- litated)	More than 3 months in arrears, legal statuses and applied for debt review <6 months		
Balance as at 31 August 2022										
Gross loans and advances	49 446 640	9 165 401	1 705 358	1 509 445	2 025 939	1 280 409	1 670 148	11 099 158	77 902 498	
Provision for credit impairments (ECL) ⁽²⁾	(4 884 712)	(1 928 569)	(390 014)	(750 588)	(1 385 428)	(362 253)	(411 589)	(8 185 766)	(18 298 919)	
Net loans and advances	44 561 928	7 236 832	1 315 344	758 857	640 511	918 156	1 258 559	2 913 392	59 603 579	
ECL coverage (%)	9.9	21.0	22.9	49.7	68.4	28.3	24.6	73.8	23.5	
% of gross loan book	63	12	2	2	3	2	2	14	100	
Balance as at 28 February 2022										
Gross loans and advances	44 587 906	8 327 424	3 059 184	1 372 452	1 743 375	1 174 535	1 634 095	9 311 632	71 210 603	
Provision for credit impairments (ECL) ⁽²⁾	(4 825 792)	(1 771 083)	(647 574)	(673 246)	(1 205 782)	(346 173)	(454 690)	(6 852 068)	(16 776 408)	
Net loans and advances	39 762 114	6 556 341	2 411 610	699 206	537 593	828 362	1 179 405	2 459 564	54 434 195	
ECL coverage (%)	10.8	21.3	21.2	49.1	69.2	29.5	27.8	73.6	23.6	
% of gross loan book	63	12	4	2	2	2	2	13	100	
Balance as at 31 August 2021										
Gross loans and advances	40 079 114	6 103 105	4 566 371	1 142 323	1 535 608	1 502 570	1 827 331	9 328 109	66 084 531	
Provision for credit impairments (ECL) ⁽²⁾	(4 739 372)	(1 493 074)	(918 405)	(610 085)	(1 123 568)	(552 776)	(531 386)	(7 515 128)	(17 483 794)	
Net loans and advances	35 339 742	4 610 031	3 647 966	532 238	412 040	949 794	1 295 945	1 812 981	48 600 737	
ECL coverage (%)	11.8	24.5	20.1	53.4	73.2	36.8	29.1	80.6	26.5	
% of gross loan book	61	9	7	2	2	2	3	14	100	

⁽¹⁾ Comprises loans where the forward-looking information indicates a SICR trigger.

⁽²⁾ 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.

Business bank

R'000	Stage 1 12-month ECL		Stage 2 Lifetime ECL				Stage 3 Lifetime ECL			Total
	Up-to-date	Up to 1 month in arrears	Up-to- date loans SICR	2 and 3 months in arrears	Resche- duled from up-to- date (not yet rehabi- litated)	Resche- duled from arrears (not yet rehabi- litated)	COVID-19 resche- dules ⁽¹⁾	COVID-19 resche- dules ⁽¹⁾	More than 3 months in arrears, legal statuses and applied for business rescue liqui- dations	
Balance as at 31 August 2022										
Gross loans and advances	10 471 745	74 220	374 819	34 367	141 491	110 588	463 130	—	900 994	12 571 354
Provision for credit impairments (ECL) ⁽²⁾⁽³⁾	(186 268)	(527)	(88 713)	(4 609)	(20 330)	(10 963)	(70 965)	—	(261 141)	(643 516)
Net loans and advances	10 285 477	73 693	286 106	29 758	121 161	99 625	392 165	—	639 853	11 927 838
ECL coverage (%) ⁽⁴⁾	1.8	0.7	23.7	13.4	14.4	9.9	15.3	—	29.0	5.1
% of gross loan book	83	1	3	—	1	1	4	—	7	100
Balance as at 28 February 2022										
Gross loans and advances	9 357 367	95 392	313 876	23 762	151 559	125 736	658 781	—	840 574	11 567 047
Provision for credit impairments (ECL) ⁽²⁾⁽³⁾	(159 763)	(725)	(69 209)	(5 156)	(15 730)	(9 294)	(112 424)	—	(312 391)	(684 692)
Net loans and advances	9 197 604	94 667	244 667	18 606	135 829	116 442	546 357	—	528 183	10 882 355
ECL coverage (%) ⁽⁴⁾	1.7	0.8	22.0	21.7	10.4	7.4	17.1	—	37.2	5.9
% of gross loan book	81	1	3	—	1	1	6	—	7	100
Balance as at 31 August 2021										
Gross loans and advances	8 134 624	49 733	322 729	60 838	147 929	83 396	798 092	35 408	685 019	10 317 768
Provision for credit impairments (ECL) ⁽²⁾⁽³⁾	(158 987)	(580)	(43 633)	(6 366)	(10 172)	(7 779)	(112 831)	(5 039)	(273 135)	(618 522)
Net loans and advances	7 975 637	49 153	279 096	54 472	137 757	75 617	685 261	30 369	411 884	9 699 246
ECL coverage (%) ⁽⁴⁾	2.0	1.2	13.5	10.5	6.9	9.3	14.1	14.2	39.9	6.0
% of gross loan book	79	—	3	1	1	1	8	—	7	100

⁽¹⁾ COVID-19-related reschedules prior to the Prudential Authority Directive 3 of 2020 were treated as stage 3 in terms of the existing policy. From 6 April 2020 to 19 July 2020, up-to-date loans that were rescheduled and met SICR criteria and have not yet rehabilitated or defaulted were classified as stage 2 COVID-19-related reschedules.

⁽²⁾ 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.

⁽³⁾ Business bank accepts collateral for secured funds advanced and this decreases the ECL.

⁽⁴⁾ The ECL coverage ratio is calculated before rounding, as derived from the unaudited condensed financial statements.

3. Commitments and contingent liabilities

R'000	August 2022	August 2021	August 2022/2021 %	Year ended February 2022
Capital commitments – approved by the board				
Contracted for:				
Property and equipment	141 419	207 339	(32)	180 622
Intangible assets	45 002	47 266	(5)	26 874
Not contracted for:				
Property and equipment	342 372	330 787	4	785 927
Intangible assets	132 186	296 972	(55)	243 393
Total capital commitments	660 979	882 364	(25)	1 236 816
Loan commitments	14 827 930	8 178 062	81	11 482 830
Retail bank	14 590 250	7 987 550	83	11 300 483
Business bank	237 680	190 512	25	182 347
Guarantees – Business bank	773 010	656 075	18	688 834
Letters of credit	11 398	28 689	(60)	12 330
Total loan commitments and guarantees	15 612 338	8 862 826	76	12 183 994
Contingent liabilities				
VAT	—	26 992	(100)	26 992

4. Fair value hierarchy and classification of financial assets and liabilities

Determination of fair values and valuation process

Fair values are market-based, calculated first with reference to observable inputs available in the market, then less observable 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 company's finance department performs the valuations of financial assets and financial 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. 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 those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the company's assessment of what inputs would likely be from the perspective of the market. The company first considers relevant and observable market inputs where these are available. Unobservable inputs are used in the absence of observable inputs. The company'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 period.

The fair value hierarchy is applied to both 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.

R'000	August 2022	August 2021	Year ended February 2022	Hierarchy of valuation technique
Financial assets				
Cash, cash equivalents and money market funds	26 591 619	31 768 126	34 224 374	Level 2
Term deposit investments	3 317 147	1 208 428	722 190	Level 2
Financial investments at amortised cost	63 191 442	60 175 079	62 796 629	Level 2
Financial assets – equity instruments at FVOCI	73 317	72 696	72 680	Level 3
Net loans and advances – Retail	62 043 104	49 661 773	55 988 561	Level 3
Net loans and advances – Business	4 782 245	4 405 405	4 335 790	Level 3
Net loans and advances – Mortgage	7 332 891	5 711 940	6 546 564	Level 3
Other receivables	4 376 137	2 610 662	2 569 584	Level 2
Derivative assets	26 280	68 779	14 586	Level 2
Group loan receivable	1 257 563	2 202 383	1 161 574	
Financial liabilities				
Deposits and bonds	141 553 775	129 276 968	137 666 870	Level 2
Derivative liabilities	25 988	77 152	33 848	Level 2
Group loan payable	—	—	2 891	
Trade and other payables	2 160 617	1 230 197	2 168 001	Level 2

5. Segment information

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

The CODM identified 2 operating segments within the South African economic environment – Retail and Business bank. The business is widely distributed with no reliance on any major clients. In addition, no client accounts for more than 10% of revenue.

During the previous financial year, the cell captive arrangements, which provide long-term insurance products to Retail bank clients, were transferred to Capitec Ins Proprietary Limited. The net profit from this segment is disclosed as a discontinued operation in the comparative period.

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.

Within the segments are a number of products and services that the company derives its revenue from. These include:

Retail bank

- Transactional banking services
- Loan products that are granted to Retail bank clients. There are 3 different loan products granted, namely term loans, credit cards and access facilities
- Flexible, fixed and tax-free savings accounts.

Business bank

- Loan products that are granted to Business bank 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 include foreign exchange spot trades and foreign exchange forward contracts.

Notes to the condensed interim financial statements continued

6 months ended 31 August 2022

5. Segment information continued

R'000	August 2022				August 2021			
	Retail bank	Business bank	Insurance	Total	Retail bank	Business bank	Insurance	Total
Lending and investment income	9 874 985	706 797	—	10 420 827	8 533 241	519 658	—	8 922 447
Interest income on lending	6 819 522	531 799	—	7 351 321	6 130 887	375 419	—	6 506 305
Interest income on investments ⁽¹⁾⁽²⁾	2 526 858	171 116	—	2 537 019	1 926 470	139 116	—	1 935 135
Loan fee income	528 605	3 882	—	532 487	475 884	5 123	—	481 007
Lending and investment expenses	(2 933 618)	(309 897)	—	(3 082 560)	(2 252 741)	(209 100)	—	(2 331 389)
Interest expense ⁽¹⁾⁽²⁾	(2 922 310)	(309 880)	—	(3 071 235)	(2 238 932)	(209 100)	—	(2 317 580)
Loan fee expense	(11 308)	(17)	—	(11 325)	(13 809)	—	—	(13 809)
Net lending and investment income	6 941 367	396 900	—	7 338 267	6 280 500	310 558	—	6 591 058
Transaction fee income ⁽¹⁾⁽³⁾	7 350 571	713 791	—	7 989 004	6 261 396	646 814	—	6 908 210
Transaction fee expense ⁽¹⁾⁽³⁾	(2 141 696)	(317 333)	—	(2 432 338)	(1 463 675)	(296 294)	—	(1 759 969)
Net transaction income	5 208 875	396 458	—	5 556 666	4 797 721	350 520	—	5 148 241
Foreign currency income	—	258 317	—	258 317	—	257 580	—	257 580
Foreign currency expense	—	(180 105)	—	(180 105)	—	(184 096)	—	(184 096)
Net foreign currency income	—	78 212	—	78 212	—	73 484	—	73 484
Dividend income	—	—	—	—	141 816	—	—	141 816
Other income/(expense)	36 754	(4 770)	—	31 984	39 889	(2 137)	—	37 752
Credit impairments	(2 846 728)	(62 468)	—	(2 909 196)	(1 990 753)	(69 725)	—	(2 060 478)
Net income	9 340 268	804 332	—	10 095 933	9 269 174	662 699	—	9 931 873
Operating expenses ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾	(4 733 640)	(505 625)	—	(5 190 598)	(4 720 846)	(447 766)	—	(5 168 612)
Depreciation ⁽⁵⁾	(478 908)	(35 954)	—	(514 862)	(465 309)	(36 007)	—	(501 316)
Amortisation ⁽⁵⁾	(58 287)	(7 282)	—	(65 569)	(90 705)	(16 935)	—	(107 640)
Amortisation of intangible assets – core deposits and client relationships ⁽¹⁾	—	—	—	(7 091)	—	—	—	(7 091)
Impairment of investment in subsidiary	—	—	—	—	(141 745)	—	—	(141 745)
Operating profit before tax⁽¹⁾	4 069 433	255 471	—	4 317 813	3 850 569	161 991	—	4 005 469
Income tax expense	(1 148 610)	(71 726)	—	(1 220 336)	(1 110 302)	(42 049)	—	(1 152 351)
Tax on amortisation of intangible assets ⁽¹⁾	—	—	—	1 986	—	—	—	1 985
Profit for the period – continued operations	2 920 823	183 745	—	3 099 463	2 740 267	119 942	—	2 855 103
Profit for the period – discontinued operations	—	—	—	—	—	—	185 686	185 686
Profit for the period⁽¹⁾	2 920 823	183 745	—	3 099 463	2 740 267	119 942	185 686	3 040 789
Assets								
Net loans and advances	59 603 579	11 927 838	—	71 531 417	48 600 737	9 699 246	—	58 299 983
Other ⁽²⁾	105 658 023	6 970 736	—	108 466 729	103 742 995	8 846 878	—	106 389 894
Acquisition of Mercantile	—	—	—	908 068	—	—	—	922 134
Goodwill ⁽¹⁾	—	—	—	849 487	—	—	—	849 487
Intangible asset – core deposit intangible ⁽¹⁾	—	—	—	48 042	—	—	—	59 578
Intangible asset – client relationships ⁽¹⁾	—	—	—	10 539	—	—	—	13 069
Total assets⁽¹⁾⁽²⁾	165 261 602	18 898 574	—	180 906 214	152 343 732	18 546 124	—	165 612 011

⁽¹⁾ Consolidation entries not included in either segment.

⁽²⁾ The Retail and Business bank assets include an amount of R4.5 billion (August 2021: R5.9 billion) in investments that eliminates against liabilities at a group level. Interest on the investments amounted to R157 million (August 2021: R131 million) and is disclosed in Retail bank interest expense and Business bank interest on investments.

⁽³⁾ The Business bank transaction income includes a net amount of R49 million that relates to collections undertaken for Retail bank. The expense is included in Retail bank's operating expenses.

⁽⁴⁾ Shared services costs have been included in the Retail bank segment as the most significant costs relate to this segment.

⁽⁵⁾ The disclosure of the depreciation and amortisation has been disaggregated in the current period segment information. The total as previously reported has not changed.

R'000	Year ended February 2022			Total
	Retail bank	Business bank	Insurance	
Lending and investment income	17 525 595	1 068 745	—	18 344 599
Interest income on lending	12 320 258	791 186	—	13 111 444
Interest income on investments ⁽¹⁾⁽²⁾	4 246 289	267 751	—	4 264 299
Loan fee income	959 048	9 808	—	968 856
Lending and investment expenses	(4 643 896)	(463 629)	—	(4 857 784)
Interest expense ⁽¹⁾⁽²⁾	(4 625 733)	(463 545)	—	(4 839 537)
Loan fee expense	(18 163)	(84)	—	(18 247)
Net lending and investment income	12 881 699	605 116	—	13 486 815
Transaction fee income	13 188 078	1 341 439	—	14 529 517
Transaction fee expense	(3 402 608)	(615 959)	—	(4 018 567)
Net transaction income	9 785 470	725 480	—	10 510 950
Foreign currency income	—	497 605	—	497 605
Foreign currency expense	—	(353 212)	—	(353 212)
Net foreign currency income	—	144 393	—	144 393
Dividend income	—	—	—	141 816
Other income/(expense)	288 229	(1 199)	—	287 030
Credit impairments	(3 333 244)	(123 800)	—	(3 457 044)
Net income	19 622 154	1 349 990	—	21 113 960
Operating expenses ⁽³⁾	(10 419 088)	(1 043 654)	—	(11 462 742)
Depreciation	(926 709)	(71 983)	—	(998 692)
Amortisation	(180 415)	(28 783)	—	(209 198)
Amortisation of intangible assets – core deposits and client relationships ⁽¹⁾	—	—	—	(14 067)
Impairment of investment in subsidiary	—	—	—	(141 745)
Operating profit before tax⁽¹⁾	8 095 942	205 570	—	8 287 516
Income tax expense	(2 366 768)	(50 754)	—	(2 417 522)
Tax on amortisation of intangible assets ⁽¹⁾	—	—	—	3 939
Profit for the year – continued operations	5 729 174	154 816	—	5 873 933
Profit for the year – discontinued operations	—	—	185 687	185 687
Profit for the year⁽¹⁾	5 729 174	154 816	185 687	6 059 620
Assets				
Net loans and advances	54 434 195	10 882 355	—	65 316 550
Other ⁽¹⁾⁽²⁾	107 128 278	3 212 392	—	110 177 583
Acquisition of Mercantile	—	—	—	915 159
Goodwill ⁽¹⁾	—	—	—	849 487
Intangible asset – core deposit intangible ⁽¹⁾	—	—	—	53 857
Intangible asset – client relationships ⁽¹⁾	—	—	—	11 815
Total assets⁽¹⁾⁽²⁾	161 562 473	14 094 747	—	176 409 292

⁽¹⁾ Consolidation entries not included in either segment.

⁽²⁾ The Retail and Business bank assets include an amount of R2.8 billion in investments that eliminates against liabilities at a group level. Interest on the investment amounted to R250 million and is disclosed in Retail bank interest expense and Business bank interest on investments.

⁽³⁾ Shared services costs have been included in the Retail bank segment as the most significant costs relate to this segment.

Statutory and contact information

Capitec Bank Limited

Registration number: 1980/003695/06
Incorporated in the Republic of South Africa
Company code: BICAP
Stock code: CBL29
ISIN code: ZAG000158874
Stock code: CBL30
ISIN code: ZAG000180977

Directors

SL Botha (chairman), GM Fourie (CEO)*, AP du Plessis (CFO)* (retired on 30 June 2022), SA du Plessis, CH Fernandez, GR Hardy (CFO)* (appointed on 1 July 2022), MS du Pré le Roux, V Mahlangu, TE Mashilwane, NS Mashiya (executive: risk management)*, DP Meintjes, PJ Mouton, CA Otto, JP Verster

** Executive*

Company secretary and registered office

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

Postal address

PO Box 12451, Die Boord, Stellenbosch, 7613

Sponsor

PSG Capital Proprietary Limited (Registration number: 2006/015817/07)

Website

www.capitecbank.co.za

Enquiries

enquiries@capitecbank.co.za

