

Capitec Bank Holdings Limited
 Registration number: 1999/025903/06



Unaudited financial results for the 6 months ended 31 August 2017

Condensed statement of financial position

	Unaudited August 2017 R'000	Unaudited August 2016 R'000	6 months August 2017/2016 %	Audited Year ended February 2017 R'000
Assets				
Cash, cash equivalents and money market funds	23 897 531	15 085 236	58	18 671 294
Held-to-maturity investments	6 700 962	5 349 813	25	5 326 724
Available-for-sale financial assets	102 000	100 000	2	100 000
Term deposit investments	5 603 470	7 040 588	(20)	6 600 749
Loans and advances to clients	40 602 702	36 934 708	10	39 202 053
Other receivables	1 583 279	594 560	166	1 125 558
Derivative assets	46 730	142 645	(67)	58 113
Current income tax asset	52 027	111 448	(53)	-
Group loans receivable	134 190	101 259	33	112 486
Equipment	1 606 413	1 309 409	23	1 413 773
Intangibles	271 421	400 405	(32)	279 946
Deferred income tax asset	400 282	346 387	16	458 270
Total assets	81 001 007	67 516 458	20	73 348 966
Liabilities				
Deposits and bonds	62 405 637	51 383 628	21	55 582 271
Derivative liabilities	73 593	25 274	191	45 598
Other Liabilities	1 767 875	1 595 983	11	1 771 989
Provisions	41 949	64 488	(35)	81 024
Current income tax liability	-	-	-	30 341
Group loans payable	7 829	9 846	(20)	11 130
Total liabilities	64 296 883	53 079 219	21	57 522 353
Equity				
Capital and reserves				
Ordinary share capital and premium	6 105 981	6 105 981	-	6 105 981
Cash flow hedge reserve	(45 455)	23 473	(294)	(11 736)
Retained earnings	10 505 111	8 134 263	29	9 581 370
Share capital and reserves attributable to ordinary shareholders	16 565 637	14 263 717	16	15 675 615
Non-redeemable, non-cumulative, non-participating preference share capital and premium	138 487	173 522	(20)	150 998
Total equity	16 704 124	14 437 239	16	15 826 613
Total equity and liabilities	81 001 007	67 516 458	20	73 348 966

Condensed income statement

	Unaudited August 2017 R'000	Unaudited August 2016 <i>Restated</i> R'000	6 months August 2017/2016 %	Audited Year ended February 2017 R'000
Lending and investment income	8 626 050	7 926 499	9	16 070 739
Interest income	7 758 080	7 430 684	4	14 933 918
Loan fee income	867 970	495 815	75	1 136 821
Lending and investment expenses	(2 243 305)	(2 107 867)	6	(4 194 266)
Interest expense	(2 015 357)	(1 708 284)	18	(3 551 821)
Loan fee expense	(227 948)	(399 583)	(43)	(642 445)
Net lending and investment income	6 382 745	5 818 632	10	11 876 473
Transaction fee income	3 233 608	2 601 846	24	5 499 858
Transaction fee expense	(847 414)	(751 106)	13	(1 576 435)
Net transaction income	2 386 194	1 850 740	29	3 923 423
Net impairment charge on loans and advances to clients	(2811 434)	(2 600 247)	8	(5 121 177)
Other income	(680)	31		54
Net income	5 956 825	5 069 156	18	10 678 773
Operating expenses	(3 266 317)	(2 677 181)	22	(5 591 429)
Operating profit before tax	2 690 508	2 391 975	12	5 087 344
Income tax expense	(735 273)	(669 752)	10	(1 390 435)
Profit for the year	1 955 235	1 722 223	14	3 696 909

Reclassification:

As part of the review of the group's basis of preparation policy to consistently comply with IFRS and interpretation issued by the IFRS Interpretation Committee (IFRIC), in February 2017 we reclassified loan origination fees to be included in interest income and not form part of loan fee income as previously presented.

The portion of loan origination fees that relate to the creation of a financial asset are amortised over the term of the loan on an effective interest rate basis, with the unamortised portion of the fees recorded as deferred loan fee income contained within net loans and advances to clients.

The impact of this reclassification for August 2016 is presented as follows:

R'm	2016 Restated	Reported previously	Impact
Total interest income	7 431	7 017	414
Total loan fee income	496	910	(414)
Total lending and investment income	7 927	7 927	-

Condensed statement of comprehensive income

	Unaudited August	Unaudited August	6 months August	Audited Year ended February
	2017 R'000	2016 R'000	2017/2016 %	2017 R'000
Profit for the year	1 955 235	1 722 223	14	3 696 909
Cash flow hedge recognised during the year	(21 260)	(72 800)	(71)	(211 809)
Cash flow hedge reclassified to profit and loss for the year	(25 572)	17 751	(244)	107 867
Cash flow hedge before tax	(46 832)	(55 049)	(15)	(103 942)
Income tax relating to cash flow hedge	13 113	14 375	(9)	28 059
Other comprehensive income that will be reclassified to profit or loss for the year net of tax	(33 719)	(40 674)	(17)	(75 883)
Total comprehensive income for the year	1 921 516	1 681 549	14	3 621 026

Condensed statement of changes in equity

	Unaudited August	Unaudited August	6 months August	Audited Year ended February
	2017 R'000	2016 R'000	2017/2016 %	2017 R'000
Equity at the beginning of the period	15 826 613	13 550 786	17	13 550 786
Total comprehensive income for the year	1 921 516	1 681 549	14	3 621 026
Ordinary dividend	(1 024 765)	(786 264)	30	(1 306 584)
Preference dividend	(6 730)	(8 460)	(20)	(15 719)
Shares repurchased	(12 510)	(372)	3 263	(22 896)
Equity at the end of the period	16 704 124	14 437 239	16	15 826 613

Condensed statement of cash flows

	Unaudited August 2017 R'000	Unaudited August 2016 <i>Restated</i> R'000	6 months August 2017/2016 %	Audited Year ended February 2017 R'000
Cash flow from operating activities	7 661 932	4 943 403	55	9 481 491
Cash flow from investing activities	(865 353)	(2 358 036)	(63)	(2 180 649)
Cash flow from financing activities	(1 576 282)	(1 657 212)	(5)	(2 784 761)
Net increase / (decrease) in cash and cash equivalents	5 220 297	928 155	(462)	4 516 081
Cash and cash equivalents at the beginning of the year	18 664 439	14 148 357	32	14 148 358
Cash and cash equivalents at the end of the year	23 884 736	15 076 512	58	18 664 439

As part of the JSE proactive monitoring of financial statements, issuers were advised that classification of an item within the statement of cash flows, i.e. whether it relates to operating, financing or investing activities, is equally important to users as the final net cash position. For this purpose, during 2017 we have split the funding of our deposits and wholesale funding to reclassify the movement of bonds (subordinated debt and listed bonds) under financing activities and not under operating activities as previously disclosed.

Reclassification of August 2016:

R'm	2016 Restated	Reported previously	Impact
Cash flow from operations	4 943	4 087	856
Cash flow from financing activities	(1 657)	(801)	(856)
Net increase in cash and cash equivalents	3 286	3 286	-

Commitments

	Unaudited August 2017 R'000	Unaudited August 2016 R'000	6 months August 2017/2016 %	Audited Year ended February 2017 R'000
Capital commitments approved by the board				
Contracted for:				
• Property and equipment	87 042	244 699	(64)	196 414
• Intangible assets	27 124	53 790	(50)	35 609
Not contracted for:				
• Property and equipment	572 122	461 487	24	923 647
• Intangible assets	254 659	182 798	39	392 979
	940 947	942 774	(0)	1 548 649
Property and other operating lease commitments				
Future aggregate minimum lease payments				
• Within one year	451 864	392 885	15	421 522
• From one to five years	1 285 801	1 210 789	6	1 244 708
• After five years	288 342	299 799	(4)	298 150
Total future cash flows	2 026 007	1 903 473	6	1 964 380
Straight-lining accrued	(125 017)	(103 324)	21	(113 997)
Future expenses	1 900 990	1 800 149	6	1 850 383