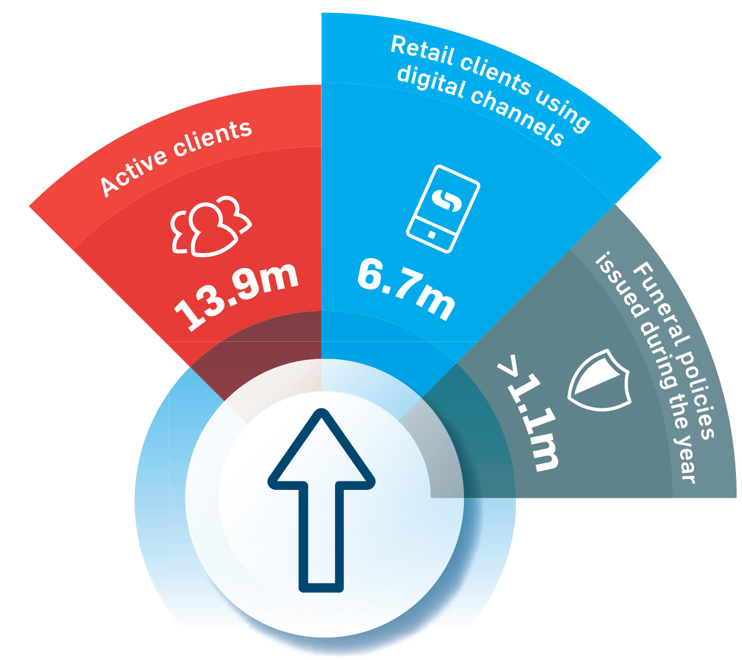
summarised audited financial results

for the year ended 29 February 2020

+19% to 5 428 cents **Headline earnings per share**

+19% to R6.277 billion **Headline earnings**

28% **Return on equity**



Simplified banking in difficult times

Socio-economic conditions are severely impacted by the onset of the COVID-19 pandemic and people from all walks of life in South Africa are affected. This has highlighted the importance of standing together to overcome this threat. During March 2020, Capitec responded quickly and implemented several initiatives to support employees and clients. This includes procuring and distributing over 2 000 computers to allow client care and key support service personnel to work from home. 50% of branches are kept open during the lockdown period while employees continued to earn their full salaries.

Capitec committed substantial donations to various organisations for disaster relief during this pandemic, and contributed to client savings through the industry-wide waiver of SASWITCH fees to all clients, as well as waiving the full cash withdrawal fees for SASSA clients. We continually review the financial position of our credit clients on an individual basis and implement the necessary remedies where possible to assist clients with their cash flow during this difficult period. Executive management monitors the national crisis and adapt our response on a daily basis.

Capitec remains committed to its founding fundamentals of simplicity, accessibility, affordability and personalised service. We believe that these fundamentals will support Capitec and its clients through the current turmoil and ensure that we are well positioned for a future South African renaissance. In our endeavour to put the client first we constantly diversify our product offering to meet clients' needs. The acquisition of Mercantile Bank is another step in our journey. We will grow business banking guided by the same fundamentals.

19% growth in earnings

Headline earnings grew to R6.28 billion (2019: R5.29 billion). Return on shareholders' equity remained consistent at 28% for the 2020 financial year. Our client base grew by 22% to 13.9 million active clients (2019: 11.4 million). On average 200 000 clients joined us per month during the year.

Our retail net transaction fees and funeral income cover 93% of retail operating expenses (2019: 87%) and contribute 47% of retail net income (2019: 45%)

Focus on fundamentals

Our brand promise is to make banking simple, more affordable, accessible and personalised. The client is central to our decision-making process. This single-minded focus on addressing client needs is reflected in Capitec's rating by global brand research group, Brand Finance, as the strongest banking brand in South Africa and the 3rd strongest banking brand in the world in its 2020 Global 500 Banking report.

Capitec offers clients access to a range of products via digital banking, internet banking, self-service terminals and the branch network. Our focus on personalised client service and client experience has prompted us to innovate in the field of digital banking. Our systems are designed to process high volumes of transactions.

We encourage clients to use digital channels through relevant engagement on SMS, e-mail, call, in-app and social media. This is enabled through advanced data capabilities and machine learning models and is executed with an integrated client engagement system to ensure that we speak to the right client at the right time on the most relevant channel.

The branch focus is on client interaction and more complex, specific banking needs. We now have 6.7 million retail clients making use of our digital channels (banking app and USSD) up from 5.2 million in 2019. Some clients prefer to visit branches and have face-to-face interactions with service consultants. There are 852 retail branches across the country in convenient locations. Approximately 7.8 million (2019: 6.6 million) retail clients visit our retail branches every month.

We maintain a simple fee structure. Our affordable fees maximise client value. In March 2019, we lowered our digital transaction fees and tiered our withdrawal fee to make withdrawals of less than R1 000 more affordable. The Global One monthly administration fee, along with digital banking and debit order fees were not increased on 1 March 2020, as part of our strategy to pass volume benefits through to our clients. Digital and self-service banking saved our clients R474 million during the year whilst the migration created more capacity in our branch network.

Change in behaviour

Transacting

Digital banking has transformed the way people manage their money. Our digital strategy allows clients to perform their banking activities remotely at their own convenience. We continuously look for ways to take the complexity out of banking and have designed a new app with our clients' convenience in mind. The new app allows for more personalisation and customisation. It improves our clients' ability to track their spending and manage their monthly expenses. A brand new innovative platform was implemented that allows us to address the needs of clients and to support collaboration with other Fintech companies. We also introduced a new bank card that enables all our clients to make contact-less payments.

Total retail net transaction fee income increased by 14% from R6.46 billion to R7.36 billion. The net retail fee income from our digital channels increased by 12% from R722 million to R809 million. An increase in the volume of banking app transactions by 69% to 327 million for the 2020 financial year (2019: 193 million) illustrates a change in client behaviour. Despite digital banking earning a lower fee than cash or in-branch banking, it is more profitable and in the client's best interest. App users grew to 3.3 million (2019: 2.2 million) and USSD users to 4.9 million (2019: 4.1 million).

The risk and cost associated with cash utilisation in South Africa is prohibitive. We encourage our clients to use their cards at point of sale terminals instead of cash. We are an industry leader in the pricing of immediate payments and charge our clients only R8 for this service. Our "Send cash" product (via the banking app) enables clients to send money quickly and conveniently to people who may not have a bank account. Recipients can collect the cash at selected retailers.

Saving

Saving is essential and Capitec rewards clients by paying interest from the first cent on positive balances. During the 2020 financial year we paid retail clients R4.7 billion (2019: R3.9 billion) in interest on retail call, fixed deposits and credit card accounts. Our retail clients currently earn between 3.5% and 4.25% interest per annum on any positive balance on their debit or credit cards, while on fixed term savings they can earn up to 9.00% per annum. Despite the poor current economic conditions, retail call savings and fixed deposits increased by 23% to R87.5 billion (2019: R71.4 billion). This highlights Capitec's brand acceptance and our healthy client growth.

Credit

26% growth in retail loan sales and credit card disbursements

Growth in our loan book is underpinned by our focus on our clients' stability of income, behaviour and affordability. We promote purpose-driven lending, prompting clients to only take credit for the right reasons.

Innovative technology such as sophisticated data analytics and artificial intelligence allows us to understand clients better and tailor our credit offering to the clients' needs. Improved insight into our clients' behaviour has allowed us to offer lower interest rate loans to certain client segments while remaining within our profitability matrices. Given the tougher trading conditions we tightened our affordability criteria and raised our minimum living expense thresholds.

We offer reduced interest rates on loans that are lower than the maximum amount or shorter than the maximum term offered by Capitec which reduces the cost of credit for clients. This led to an increase of 30% (2019: 20%) in 13 – 36 month loans advanced during the year.

During the 2020 financial year, growth in the unsecured lending market occurred in the higher income segment. Capitec attracted higher-income clients and advanced better quality loans. This was the driver of a 19% increase (2019: 2% decrease) in 37-84 month loans advanced during the year.

Currently, clients can qualify for credit limits of up to R250 000 on our credit card, with interest rates as low as prime. They are able to perform free cashless payments worldwide at Mastercard® card machines, online and for telephone and mail orders.

17% growth in retail loan book

The retail loan book increased to R65.4 billion as at 29 February 2020 (2019: R55.9 billion).

The retail gross credit card book grew by 61% to R5.8 billion (2019: R3.6 billion) and comprises approximately 4.4% of the total South African retail credit card market. An average of 17 000 new credit cards were issued per month.

Up-to-date term loan and credit card balances comprise 84.6% (2019: 85.2%) of the gross retail loan book. Gross loans and credit cards in arrears by 3 months or more (including debt review and handed over loans) grew to R7.4 billion from R5.7 billion in 2019. Loans are written off when there is no reasonable expectation of recovery of more than 5% of the gross balance before write-off. Loans now remain on book for longer than they did before the implementation of the current write-off policy under IFRS 9, and this resulted in an increase in stage 3 loans. These loans are provided for at 85.0% (2019: 90.2%) based on historical data and forward-looking information. The provision percentage is lower than in the previous year because there is a higher proportion of debt review clients included in the stage 3 loan balance. We recover more on debt review clients and therefore the provision percentage applied to debt review loan balances is lower.

Retail net credit impairment charge of R4.4 billion

The gross credit impairment charge increased by 14% from R4.9 billion to R5.6 billion during this financial year. The gross credit impairment charge as a percentage of average gross loans and advances was 9.3% (2019: 9.5%). This reflects the agility with which we are able to adjust credit granting criteria in changing circumstances. We are able to do this based on a thorough understanding of our clients and the industries in which they operate. Our understanding is informed by strong data driven analytics, leveraging external market information and the risk awareness of our branch network.

It is now 24 months since the implementation of the new write-off policy and loans have moved out of default, debt review and handed over categories into write-off, therefore increasing the bad debts written off compared to the previous year when the policy had been in place for 12 months only.

Bad debts written-off amounted to R5.1 billion (2019: R1.3 billion; 2018: R6.7 billion). Concurrently, the movement in the credit impairment provision decreased to R0.5 billion (2019: R3.6 billion) as the default, debt review and handed over books stabilised. Refer to the table below.

In conjunction with the increase in bad debt recoveries, the net credit impairment charge decreased by 2%. Bad debts recovered increased from R467 million in the previous year to R1.3 billion. The prior year figure was net of the R906 million in expected recoveries held on balance sheet as at 1 March 2018, in accordance with IAS 39. These recoveries realised during the 2019 financial year and the amount on book was netted to bad debt recoveries.

The table below represents the change in write-off, movement in credit impairment and bad debts recovered for retail banking:

		2020	2019	2018
Bad debts written off[1]	R'm	**5 106**	1 268	6 663
Movement in provision for credit impairment[1]	R'm	**517**	3 649	(103)
Gross credit impairment charge[2]	R'm	**5 623**	4 917	6 560
Bad debts recovered[3]	R'm	**(1 263)**	(467)	(1 280)
Recoveries	R'm	**(1 263)**	(1 373)	(1 280)
Expected recoveries realised	R'm	**–**	906	–
Net credit impairment charge[2]	R'm	**4 360**	4 450	5 280

(1) Due to the transtion to IFRS 9, the bad debts written off and the movement in credit impairment lines should be considered together
(2) Under IFRS 9, the credit impairment charge is recognised on a net basis for all loans classified as stage 3, reducing interest received and the credit impairment charge by R1 526 million for this year (February 2019: R1 073 million)
(3) Bad debts recovered includes R67 million (2019: R6.1 million) in recoveries on loans written off since 1 March 2018 under the write-off policy adopted at transition to IFRS 9

In total the net credit impairment charge to average gross loans and advances (credit loss ratio) decreased to 7.2% (2019: 8.6%). This is an indication of the better quality loan book and reflects the success of continual adjustments to the credit granting criteria.

Although it was a non-adjusting post balance sheet event, the expected impact of the COVID-19 pandemic based on information available at 29 February 2020 was considered by stressing the loan book and the economic impairment model. Based on the information at the time, we concluded that the group held sufficient provisions.

The continued migration of our book towards the responsible use of credit by our clients, positions us strongly for the future.

Diversification

The Capitec funeral product was launched in May 2018. The product is personalised according to our clients' needs. Our clients choose a premium that fits their budget, putting them in control of this important decision. When our clients make use of our banking app to purchase funeral cover, their premiums are lower.

During this period, the first full financial year since the product launched, more than 1.1 million funeral policies were issued. Since inception 85% of the more than 1.6 million funeral policies were issued in the branches.

Of the total funeral plan policies issued since inception, 58% are active. This is in line with our expectations and market trends. The claims experience is lower than expected due to the book still maturing.

New opportunities

Acquisition of Mercantile Bank

We have a new opportunity to offer a digitally led business banking solution for small to medium size enterprises and entrepreneurs, based on the same fundamentals that made us successful in the retail banking sector.

On 7 November 2019, Capitec acquired Mercantile. Mercantile offers a comprehensive range of products that cater to the banking needs of businesses and entrepreneurs. Mercantile's business model is based on personalised client service and client experience, making it an ideal fit for the Capitec business bank.

Currently the two banks run independently with retail banking clients served in Capitec branches and business banking clients in Mercantile's 12 business centres.

Mercantile has 68 000 clients and 561 employees. For the 4 months since Mercantile became a wholly-owned subsidiary of Capitec Bank, total lending and investment income was R479 million with a net profit of R3 million. Post its acquisition, Mercantile adopted Capitec's conservative credit loss provision philosophy leading to a net credit impairment charge of R114 million for the 4 months. In February 2020, long-term funding in the amount of R874 million was settled and once-off early settlement fees of R26.4 million before tax were incurred.

At the end of February 2020, the Mecantile gross loan book amounted to R10.3 billion with a credit loss provision of R315 million. The net credit impairment charge to average gross loans and advances, after taking all security into consideration, was 1.1% at year end.

Deposits at year end totalled R12.2 billion and comprised R7.4 billion in call savings, R3.8 billion in fixed savings and R884 million in foreign currency deposits.

We believe the acquisition of Mercantile creates exciting opportunities for both Capitec and Mercantile employees. The need for skilled people will increase significantly as we scale to achieve our desired growth.

Although it was a non-adjusting post balance sheet event, the expected impact of the COVID-19 pandemic based on information available at 29 February 2020 was considered by stressing the loan book and provisions model. Based on the information at the time, we concluded that Mercantile held sufficient provisions.

Investing for the future

Retail operating expenses increased by 12% from R7.5 billion to R8.4 billion in the current year. The retail cost-to-income ratio is 40%. Operating expenses increased mainly due to an increase in the number of employees in the digital and credit teams, as well as information technology costs to build the bank of the future.

To date R200 million was spend on the implementation of a SAP general ledger, human resources and procurement system. Costs are included in operating expenses and capital expenditure.

Retail capital expenditure increased to R1.4 billion (2019: R1.1 billion). The increase is mainly attributable to the building of our new head office campus. The total cost of the new head office, which will be completed during the 2021 financial year, will be approximately R900 million. This head office will improve levels of interaction and collaboration between business units. We will all be housed in one building for the first time.

Credit ratings

S&P Global Ratings affirmed Capitec Bank's ratings on 18 December 2019 with a negative outlook. We have a global long-term rating of BB and a short-term global rating of B. The South African long-term national scale rating is zaAA and the short-term rating is zaA-1+. Our global long-term rating is the same as the sovereign rating, as well as those of other large South African banks.

The recent downgrade to counterparty credit ratings will cause risk-weighted asset levels to increase. This will be managed in future by allocating a greater portion of the investment portfolio to sovereign assets which carry a zero risk-weighting. There will be a small decrease in yield earned on this portfolio as a result.

Capital and liquidity

We remain well capitalised with a capital adequacy ratio (CAR) of 30.5% for the group. The acquisition of Mercantile had a significant impact on our capital adequacy ratio as our qualifying capital is measured against the combined risk-weighted assets of Capitec and Mercantile. The impact of the inclusion of Mercantile's risk-weighted assets resulted in a decrease of 5.5% in the group capital adequacy ratio. R12.3 billion of the total group risk-weighted assets is attributable to Mercantile.

International Financial Reporting Standard (IFRS) 16, which relates to leases, was adopted on 1 March 2019 and reduced the CAR by 1.2%. IFRS 16 brings operating leases onto the balance sheet as right-of-use assets with a corresponding lease liability.

We comfortably comply with the Basel 3 liquidity coverage ratio (LCR) as well as the net stable funding ratio (NSFR). Our LCR is 1 696% and NSFR is 195.6% as a result of our conservative liquidity strategy. The Basel 3 requirement is 100% for both ratios as at 29 February 2020.

The group complies, in all material respects, with the King IV™ requirements. Basel disclosures, in terms of Regulation 43 of the Banks Act, Act 94 of 1990, are available on the Capitec Bank website.

Tax

Net insurance and funeral income is received and recorded from cell captives as a dividend. This income is stated after the tax charge. As net insurance and funeral income increases, the impact on the effective tax rate grows. For the year ended 29 February 2020, tax in the cell captives decreased the income tax expense for retail banking by R402 million (2019: R237 million). As a result, the effective tax rate decreased to 22.4% (2019: 25.2%). Together with the tax paid in the cell captives, net of learnership allowances, the effective tax rate for the bank is 27.4% (2019: 28.5%).

Prospects

We will continue to offer more diversified, responsible credit products focusing on the purpose of the loan. An Access Facility which offers clients revolving credit of up to R250 000 with interest rates linked to prime will be launched early in the 2021 financial year. The facility can be accessed via the banking app and clients can choose the payment terms that suit them best. Clients will only pay the monthly administration fee and interest in months when they utilise the facility. This product provides the framework to develop tailored solutions in future to meet other client needs such as funding for education or home improvement.

We have an opportunity to disrupt the business banking market and improve the way in which businesses bank in South Africa. We will continue to make use of technology to understand our clients better and further improve credit quality and client experience.

The COVID-19 pandemic will have a massive impact on South Africa's economy. The severity of the impact on the economy will depend on the length of the national lockdown. We are working together with the South African Reserve Bank and other stakeholders in an attempt to minimise the financial impact on our clients and employees.

Changes in board and executive management

On 6 March 2020, the board appointed Emma Mashilwane as an independent non-executive director. Emma brings with her a wealth of audit, risk and other management knowledge. We look forward to her contribution and welcome her to the board.

Leon Venter and Andre Olivier retire effective 31 March 2020 and 31 May 2020, respectively. Both were part of the executive management team when the retail bank started in 2000. We thank them for their contribution in building the bank to where it is today.

Dividend

Capitec's ordinary dividend policy is to pay out 40% of headline earnings. As Capitec's capital base and liquidity ratios remain strong, it was the intention of the board to declare the final dividend this year. The South African Reserve Bank published Guidance Note 4/2020 on 6 April 2020 in which banks are directed to act prudently in preserving capital and focusing on financial and economic stability. This is due to the absence of appropriate factual information to determine the full impact of the COVID-19 pandemic on the South African economy. There is a clear expectation communicated in the Guidance Note that banks should not declare ordinary dividends for the time being. The board therefore considered the guidance of the Reserve Bank as well as the expectation of ordinary shareholders regarding the dividend declaration. After extensive deliberation, the board decided to support the guidance of the Reserve Bank and decided against the declaration of the final ordinary dividend.

Annual General Meeting

The notice of the annual general meeting of shareholders, scheduled to be held on 29 May 2020, will be available on the Capitec website from 29 April 2020 at https://www.capitecbank.co.za/investor-relations/shareholder-centre/. To the extent that the meeting may have to be held entirely through electronic media, shareholders will be advised of this by announcement on SENS on the week of 18 to 22 May 2020.

The chief financial officer's review will be available in the Integrated Annual Report at www.capitecbank.co.za.

On behalf of the board

Santie Botha
Chairman

Gerrie Fourie
Chief executive officer

Stellenbosch

14 April 2020

This short-form press announcement is the responsibility of the directors. The information in this short-form announcement has been extracted from, and is only a summary of, the audited information in the full announcement published on SENS and on the Capitec Bank website, but this announcement itself is not audited and does not contain full or complete details. Investment decisions should be based on a review of the full SENS announcement. The full announcement may be requested and obtained, at no charge, from the company at InvestorRelations@capitecbank.co.za and from PSG Capital.

CAPITEC BANK HOLDINGS LIMITED

Key performance indicators

			2020 Group	2020 Retail	2019 Retail*	Change % 2020/2019 Group	Change % 2020/2019 Retail
Profitability							
Interest income on loans[1]		R'm	**13 552**	**13 196**	12 723	7	4
Interest income on investments		R'm	**3 489**	**3 385**	2 778	26	22
Total interest income		R'm	**17 041**	**16 581**	15 501	10	7
Net loan fee and insurance income		R'm	**1 871**	**1 866**	1 507	24	24
Total lending, investment and insurance income less loan fee expense		R'm	**18 912**	**18 447**	17 008	11	8
Interest expense[1]		R'm	**(5 680)**	**(5 444)**	(4 510)	26	21
Net lending, investment and insurance income		R'm	**13 232**	**13 003**	12 498	6	4
Net transaction fee income		R'm	**7 416**	**7 359**	6 464	15	14
Other income		R'm	**32**	**19**	3		
Foreign currency income		R'm	**38**	**–**	–		
Funeral income		R'm	**413**	**413**	54		
Income from operations		R'm	**21 131**	**20 794**	19 019	11	9
Credit impairment charge[1]		R'm	**(4 474)**	**(4 360)**	(4 450)	1	(2)
Net income		R'm	**16 657**	**16 434**	14 569	14	13
Income from associates and joint ventures		R'm	**11**	**11**	2		
Operating expenses[1]		R'm	**(8 612)**	**(8 392)**	(7 494)	15	12
Income before tax		R'm	**8 056**	**8 053**	7 077	14	14
Tax		R'm	**(1 805)**	**(1 802)**	(1 781)	1	1
Preference dividend		R'm	**(7)**	**(7)**	(9)	(22)	(22)
Discount on repurchase of preference shares		R'm	**(1)**	**(1)**	(2)	(50)	(50)
Earnings attributable to ordinary shareholders							
Basic		R'm	**6 243**	**6 243**	5 285	18	18
Headline		R'm	**6 277**	**6 277**	5 292	19	19
Net transaction fee and funeral income to net income[1]		%	**47**	**47**	45		
Net transaction fee and funeral income to operating expenses[1]		%	**91**	**93**	87		
Cost-to-income ratio[1]		%	**41**	**40**	39		
Return on ordinary shareholders equity		%	**28**	**28**	28		
Earnings per share							
Attributable		cents	**5 400**	**5 400**	4 571	18	18
Headline		cents	**5 428**	**5 428**	4 577	19	19
Diluted attributable		cents	**5 391**	**5 391**	4 562	18	18
Diluted headline		cents	**5 420**	**5 420**	4 568	19	19
Dividends per share							
Interim		cents	**755**		630	20	
Final		cents	**–**		1 120		
Total		cents	**755**		1 750	(57)	
Dividend cover		times	**7.2**		2.6		
Assets							
Net loans and advances		R'm	**62 043**	**52 013**	44 515	39	17
Financial instruments at amortised cost[2]		R'm	**59 439**	**56 491**	49 208	21	15
Financial instruments at fair value through profit and loss		R'm	**1 504**	**1 504**	–		
Financial assets – equity instruments at fair value through other comprehensive income		R'm	**101**	**100**	100	1	0
Right-of-use asset (IFRS 16)		R'm	**2 460**	**2 448**	–		
Other		R'm	**7 153**	**9 028**	4 723	51	91
Current income tax asset		R'm	**5**	**–**	286	(98)	
Deferred income tax asset		R'm	**1 863**	**1 838**	1 596	17	15
Total assets[9]		R'm	**134 568**	**123 422**	100 428	34	23
Liabilities							
Deposits and wholesale funding		R'm	**103 343**	**90 833**	76 443	35	19
Lease liability (IFRS 16)		R'm	**2 795**	**2 782**	–		
Other		R'm	**2 835**	**4 208**	2 309	23	82
Current income tax liability		R'm	**14**	**14**	–		
Total liabilities		R'm	**108 987**	**97 837**	78 752	38	24
Equity							
Shareholders' funds		R'm	**25 581**	**25 585**	21 676	18	18
Capital adequacy ratio		%	**31**		34		
Net asset value per ordinary share		cents	**22 061**		18 676	18	
Share price		cents	**129 999**		130 621	(0)	
Market capitalisation		R'm	**150 314**		151 033	(0)	
Number of shares in issue		'000	**115 627**		115 627	0	
Share options							
Number outstanding		'000	**491**	**482**	640	(23)	(25)
Number outstanding to shares in issue		%	**0.4**	**0.4**	0.6		
Average strike price		cents	**70 889**	**69 670**	50 644	40	38
Average time to maturity		months	**21**	**20**	18		
Operations							
Branches			**864**	**852**	840	3	1
Employees			**14 590**	**14 029**	13 774	6	2
Active clients		'000	**13 887**	**13 819**	11 386	22	21
ATMs and DNRs							
Own			**2 388**	**2 380**	2 090	14	14
Partnership			**3 264**	**3 264**	2 921	12	12
Total			**5 652**	**5 644**	5 011	13	13
Capital expenditure		R'm	**1 403**	**1 396**	1 141	23	22
Credit sales							
Value of credit card disbursements/drawdowns		R'm	**9 934**	**9 799**	6 193	60	58
Value of term loans advanced[3]		R'm	**28 809**	**28 666**	23 475	23	22
Value of credit facility disbursements/drawdowns		R'm	**651**	**651**	1 300	(50)	(50)
Value of mortgage loans advanced		R'm	**509**	**–**	–		
Value of other loans advanced[8]		R'm	**14 855**	**–**	–		
Value of total loans advanced		R'm	**54 758**	**39 116**	30 968	77	26
Number of total loans advanced[4][8]		'000	**5 938**	**5 921**	4 889	21	21
Average credit card disbursement/drawdown		R	**2 220**	**2 195**	1 974	12	11
Average term loan advanced		R	**27 553**	**27 419**	26 181	5	5
Average credit facility disbursement/drawdown		R	**1 583**	**1 583**	1 521	4	4
Average mortgage loan advanced		R	**3 977 984**	**–**	–		
Average other loan advanced[8]		R	**2 373 719**	**–**	–		
Average loan advanced[8]		R	**9 222**	**6 606**	6 334	46	4
Credit book							
Gross loans and advances[5]		R'm	**75 783**	**65 438**	55 895	36	17
Up-to-date	Stage 1	R'm	**57 626**	**48 311**	41 587	39	16
Up-to-date with SICR	Stage 2	R'm	**4 570**	**4 446**	3 765	21	18
Total up-to-date		R'm	**62 196**	**52 757**	45 352	37	16
Arrears	Stage 2	R'm	**1 200**	**1 172**	1 087	10	8
Arrears[5]	Stage 3	R'm	**1 550**	**1 550**	1 483	5	5
Total arrears		R'm	**2 750**	**2 722**	2 570	7	6
Application for debt review within 6 months	Stage 3	R'm	**83**	**83**	70	19	19
Up-to-date that rescheduled from up-to-date (not yet rehabilitated)	Stage 2	R'm	**226**	**–**	–		
Up-to-date that rescheduled from up-to-date (not yet rehabilitated)[5][6]	Stage 3	R'm	**1 130**	**1 130**	900	26	26
Up-to-date that rescheduled from arrears (not yet rehabilitated)	Stage 2	R'm	**71**	**–**	–		
Up-to-date that rescheduled from arrears (not yet rehabilitated)[5][6]	Stage 3	R'm	**1 471**	**1 471**	1 354	9	9
Total up-to-date that rescheduled (not yet rehabilitated)		R'm	**2 672**	**2 601**	2 255	18	15
More than 3 months in arrears and legal status	Stage 3	R'm	**7 856**	**7 275**	5 649	39	29
Total provision for credit impairments[5]		R'm	**13 740**	**13 425**	11 380	21	18
Net loans and advances		R'm	**62 043**	**52 013**	44 515	39	17
Total provision for credit impairments to Stage 3 and Stage 2 (excluding SICR) coverage[5]		%	**101**	**106**	108		
Repayments		R'm	**58 834**	**42 836**	38 100	54	12
Gross credit impairment charge[1]		R'm	**5 737**	**5 623**	4 917	17	14
Bad debts recovered		R'm	**1 263**	**1 263**	467		
Net credit impairment charge[1]		R'm	**4 474**	**4 360**	4 450	1	(2)
Net credit impairment charge to average gross loans and advances (credit loss ratio)[1]		%	**6.3**	**7.2**	8.6		
Total lending and insurance income (excluding investment income)[7]		R'm	**15 517**	**15 152**	14 448	7	5
Net credit impairment charge to total lending and insurance income (excluding investment income)[1][7]		%	**28.8**	**28.8**	30.8		
Deposits and wholesale funding							
Wholesale funding		R'm	**3 694**	**3 336**	5 078	(27)	(34)
Call savings		R'm	**62 582**	**55 160**	45 141	39	22
Fixed savings		R'm	**36 183**	**32 337**	26 224	38	23
Foreign currency deposits		R'm	**884**	**–**	–		

** In 2019 the group comprised only retail banking*
(1) Under IFRS 9, the credit impairment charge is recognised on a net basis for all loans classified as stage 3, reducing interest received and bad debt written off by R1 526 million for this year (February 2019: R1 073 million). Under IFRS 16, interest expense increased by R256 million, depreciation increased by R421 million and premises rental decreased by R460 million
(2) Cash, cash equivalents, money market funds, term deposits and other financial investments
(3) Net of loans settled through loan consolidation
(4) Includes credit card. For the number of loans advanced, a month in which the credit card is utilised is counted as a single loan
(5) At 28 February 2019, the gross carrying amount disclosed above did not include impaired interest on Stage 3 advances. The gross carrying amount comprised of the principal debt component and the expected recoverable interest. Gross carrying amount was presented in this manner to align to the income statement presentation under IFRS 9 which requires interest to be recognised on a net basis i.e. after expected credit loss (ECL). In the current year, the gross carrying amount was updated to include all contractual cash flows before ECL. This is consistent with the definition of gross carrying amount in IFRS 9 and is aligned to industry practice under IFRS 9 to apply the definition not only to Stage 1 and 2 advances, but also to Stage 3 advances regardless of the income statement presentation. The gross carrying amount at 28 February 2019 has therefore been grossed up by R1 016 million. There is no impact on nett loans and advances
(6) Not yet rehabilitated – Clients are deemed to be rehabilitated once they have made contractual payments for 6 consecutive months . Once rehabilitated, the loan is classified as up-to-date
(7) Interest received on loans, initiation fees, monthly service fee and net insurance income
(8) The value of other loans advanced includes all disbursements from overdraft facilities and the full number of disbursements are included in number of total loans advanced in order to calculate the average other loan advanced and the total average loan advanced
(9) Total assets for retail include the investment of R3 556 million in Mercantile, which is consolidated out at a group level.

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 ('Capitec' or 'the company' or 'the group')
Company secretary and registered office YM Mouton, 5 Neutron Road, Techno Park, Stellenbosch 7600; PO Box 12451, Die Boord, Stellenbosch 7613

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