summarised financial results

for the year ended 28 February 2021

Headline earnings	Return on equity	Dividend per share
- 27%	**17%**	**1 600**
to R4.586 billion		cents

Our agility and embracing digitalisation allowed us to be more innovative and we continue to make banking easier for our clients during the lockdown and ensured that they would experience permanent benefits from the difficult time experienced during the past year.

Headline earnings

Headline earnings decreased by 27% to R4.6 billion (2020: R6.3 billion) and we generated a return on equity of 17% for our ordinary shareholders (2020: 28%). Headline earnings comprised R4.6 billion for the Retail bank and a loss of R1.0 million for the Business bank. The amortisation of the intangible assets created on acquisition of the Mercantile Bank group totalled R10 million and is included in the Business bank headline earnings.

For the first 6 months of the financial year, while the country was in lockdown, headline earnings decreased by 78% to R650 million compared to the prior year comparative period. During the second 6 months of the year ended February 2021, headline earnings amounted to R3.9 billion against our target of achieving similar headline earnings as during the 6 months to February 2020 (R3.3 billion). Headline earnings for the 6-month period ended February 2021 increased by 18% compared to the prior year comparative period.

Net transaction fee income increased by 17% year-on-year as our digital transformation journey continued despite the COVID-19 pandemic. Our credit life insurance product performed well and generated R965 million profit after tax, a decrease of only 2% compared to the prior year despite the increase in claims that resulted from the COVID-19 pandemic and not reinsuring the retrenchment risk since 1 May 2020. Funeral plan income increased by 57% year-on-year and totalled R650 million after tax as the number of active policies continued to increase and premium collections improved.

Our total active client base grew by approximately 160 000 clients per month and as at 28 February 2021, was 15.8 million (2020: 13.9 million).

Retail bank

Clients

The number of active Retail bank clients grew by 1.1 million during the 6 months ended February 2021, bringing the total number of Retail bank clients to 15.7 million. This represents an increase of 14% over the previous year (2020: 13.8 million).

Transact

Total net transaction fee income increased by 9% year-on-year from R7.4 billion to R8.1 billion. Transaction volumes increased by 17% to 5.3 billion. The average cost per transaction decreased from R1.62 in the comparative year to R1.52 for the 2021 financial year.

The COVID-19 pandemic presented the biggest challenge since our inception but it also gave us an opportunity to adapt and think differently. We saw a fundamental shift in how clients do their banking and we proactively enhanced our banking app with new functionalities.

A virtual card was designed for safer online shopping and there are no virtual card fees. The necessity for our clients to carry cash has been reduced. Using the Scan to pay functionality on our banking app to scan a QR code is easier, quicker and safer. Send Cash allows clients to send funds to anyone who doesn't have a bank account. The cash is conveniently collectable at any Capitec ATM or partner store.

We are the biggest digital bank in South Africa with 8.6 million active users of either the Capitec banking app, USSD channel or a combination of digital channels. As at the end of February 2021, active Capitec banking app users totalled 5.3 million. Active USSD users increased from 4.9 million users as at the end of February 2020 to 5.0 million users as at the end of February 2021. The total number of digital transactions performed grew by 36% to 1.1 billion. Clients performed 526 million banking app transactions (2020: 327 million) and 536 million USSD transactions (2020: 454 million) during the 2021 financial year.

Although card machine transaction volumes decreased by 6% for the 6 months ended August 2020 due to the lockdown, a recovery occurred during the 6 months ended February 2021. The number of transactions increased year-on-year by 6% to 1.0 billion (2020: 940 million).

We maintained the affordability of our products by not increasing digital transaction costs, debit order fees or the monthly administration fee on our Global One account in March 2021. This is the 3rd consecutive year without an increase. The cost of immediate payments via our app was reduced from R8.00 to R7.50 so that clients can conveniently perform instant realtime payments to clients of other banks.

We have partnered with Shell. All Capitec clients get 20 cents per litre back on fuel and 0.5% cash back on selected items in-store at participating Shell service stations when paying with a Capitec card.

Save

Retail deposits grew by R17.8 billion to R105.3 billion (2020: R87.5 billion). As a result, interest paid to clients on retail call deposits, fixed deposits and credit cards amounted to R4.1 billion (2020: R4.7 billion) despite the significant decrease in the repo rate from 6.25% per annum in March 2020 to 3.50% as at the end of February 2021. Our clients still earn a minimum of 2.25% on call savings and positive balances on credit cards. Fixed deposits earn up to 7.71%.

Credit

Despite a challenging year, we continued innovating. The access facility, launched in May 2020, provides clients with access to revolving credit whenever they need it. It is an affordable alternative to a term loan as clients only pay when they use it. There is no interest or monthly service fee if the access facility has not been used. The product is more flexible than a traditional term loan as the repayment amount or period can be increased or decreased.

Capitec Home Loans, in association with SA Home Loans, provides clients with competitive interest rates and a discount of up to 50% on lawyers' fees. The application process has been simplified with an online application that can be tracked in real time. The product was launched in November 2020 and 300 loans were granted and booked in SA Home loans by the end of February 2021.

Loan sales and disbursements

Total loans advanced and disbursements made decreased by 25% year-on-year to R29.3 billion (2020: R39.1 billion). Term loan sales decreased by 55% to R13.0 billion, while credit card disbursements decreased by 1% to R9.7 billion. Disbursements of the new access facility totalled R6.4 billion for the 10 months since launch and credit facility sales amounted to R0.2 billion.

Credit granting criteria were tightened during lockdown and, as a result, only 40% of total sales for the financial year were made in the 6 months ended August 2020 (August 2019: 46%). As lockdown restrictions eased and economic activity began to increase, lending criteria were proactively managed. Combined with increased accessibility to the branch network for clients following lockdown, this led to improved sales during the 6 months ended February 2021. During the initial lockdown, only 50% of branches were open but by the end of August 2020, all branches had resumed operations.

Economic indicators, media reports, credit bureau data and branch area intelligence will continue to be closely monitored by sector, industry and income level to manage lending criteria and credit risk.

Net credit impairment charge

Payment relief was granted to clients affected by the lockdown from 27 March 2020 to 19 July 2020. COVID-19-related reschedules took the form of payment breaks and variable payment reschedules. Relief was granted based on predetermined criteria and balances of R7.5 billion were rescheduled. Subsequent to the middle of July 2020, rescheduling rules were tightened and the value of reschedules granted during the rest of the financial year normalised.

It was anticipated that COVID-19-related rescheduled clients' payment behaviour would be better than that of other rescheduled clients. This was in fact the case, with payment success on payment breaks and variable reschedules exceeding 80% and 90%, respectively, in the first month in which payments were due.

In order to manage risk proactively and encourage good payment behaviour by clients who took payment relief, we undertook an interest refund programme. An interest refund of 50% of the interest charged during the 3-month payment break or variable payment term was refunded into the client's loan account if 6 consecutive successful payments were made.

If 12 consecutive successful payments are made, the remaining 50% of the interest charged during the 3-month period will be refunded in the same way. The total amount currently included in the credit impairment charge in respect of these refunds is R404 million. In terms of IFRS 9 *Financial Instruments*, this amount was treated as a loan modification loss. An amount of R211 million has already been refunded to clients.

The impact of the COVID-19 pandemic on the South African economy was taken into consideration in our forward-looking view. The forward-looking adjustments in our models therefore considered uncertainty surrounding the timing of future defaults related to the pandemic's impact on the economy, increased default due to unemployment and other macroeconomic variables. Negative, baseline and positive scenarios were determined based on independently sourced economic data and these scenarios were weighted in order to determine a probabalistic view of the economy going forward. This view was used in calculating the expected credit loss (ECL) charged to the income statement.

An amount of R2.5 billion of the gross credit impairment charge for the year relates to our forward-looking view of the economy. For the 6 months ended August 2020, this amount was R4.2 billion. As the COVID-19-related reschedules rehabilitated, payment behaviour remained good and the collections environment stabilised. The required credit impairment provision therefore decreased during the 6 months ended February 2021.

The table below reflects the change in write-off, movement in credit impairment provision and bad debts recovered on loans and advances.

	Full year ended		6 Months ended		
R'm	Feb 2021	Feb 2020	Feb 2021	Aug 2020	Feb 2020
Bad debts written off[(1)]	**6 311**	5 106	**3 427**	2 884	3 007
Movement in provision for credit impairment[(1)]	**1 978**	517	**(1 434)**	3 412	(187)
Gross credit impairment charge[(2)]	**8 289**	5 623	**1 993**	6 296	2 820
Bad debts recovered[(3)]	**(929)**	(1 263)	**(454)**	(475)	(575)
Net credit impairment charge	**7 360**	**4 360**	**1 539**	**5 821**	**2 245**

(1) *Due to the transition 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 779 million for this year (February 2020: R1 526 million).*
(3) *Bad debts recovered include R199 million (2020: R67 million) in recoveries on loans written off since 1 March 2018 under the write-off policy adopted on transition to IFRS 9.*

Loan book

The gross loan book decreased by 2% from R65.4 billion to R64.0 billion. The gross credit card book grew by 17% to R6.8 billion (2020: R5.8 billion).

The coverage ratio on the total loan book was 26.9% (2020: 20.5%).

	Stage 1	Stage 2				Stage 3					
R'000	Up-to-date	Up-to-date loans with SICR and applied for debt review >6 months	Forward-looking SICR[(2)]	Up to 1 month in arrears	COVID-19 reschedules[(1)]	COVID-19 reschedules[(1)]	2 and 3 months in arrears	Rescheduled from up-to-date (not yet rehabilitated)	Rescheduled from arrears (not yet rehabilitated)	More than 3 months in arrears, legal statuses and applied for debt review <6 months	Total
Balance as at 28 February 2021											
Gross loans and advances	38 711	4 220	4 564	1 008	392	24	1 904	2 105	2 403	8 655	63 986
Provision for credit impairments (ECL)	(3 638)	(1 262)	(1 037)	(701)	(136)	(7)	(1 578)	(894)	(837)	(7 094)	(17 184)
Net loans and advances	35 073	2 958	3 527	307	256	17	326	1 211	1 566	1 561	46 802
ECL coverage (%)	9.4	29.9	22.7	69.5	34.7	29.2	82.9	42.5	34.8	82.0	26.9
Balance as at 29 February 2020											
Gross loans and advances	48 311	3 492	954	1 172	–	–	1 550	1 130	1 471	7 358	65 438
Provision for credit impairments (ECL)	(3 304)	(863)	(198)	(651)	–	–	(1 130)	(455)	(567)	(6 257)	(13 425)
Net loans and advances	45 007	2 629	756	521	–	–	420	675	904	1 101	52 013
ECL coverage (%)	6.8	24.7	20.8	55.5	–	–	72.9	40.3	38.5	85.0	20.5

(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 were classified as stage 2 COVID-19-related reschedules.*
(2) *Comprises loans where the forward-looking information indicates a SICR trigger.*

The stage 1 up-to-date book decreased to R38.7 billion (2020: R48.3 billion). Balances in arrears by between 1 to 3 months increased to R2.9 billion (2020: R2.7 billion). Balances in arrears by more than 3 months (including debt review and other legal recovery states) amounted to R8.7 billion (2020: R7.4 billion). The coverage ratio on these loans decreased to 82.0% (2020: 85.0%).

As at February 2021, unrehabilitated COVID-19-related reschedules amounted to R416 million and were provided at an average provision percentage of 34.4% (August 2020: 32.2%). Further balances of R1.9 billion relating to COVID-19-related reschedules that were subsequently rescheduled again are included in reschedules not yet rehabilitated in stage 3.

Following a drop to 58.8% of the total gross loan book as at August 2020, the stage 1 book now comprises 60.5% of the total loan book (2020: 73.8%). Balances in arrears comprise 4.6% of the book as at February 2021 compared to 4.2% as at February 2020. Loans in default, at 13.5%, comprise a higher percentage of the book (2020: 11.2%).

Credit life insurance

Credit life policies cover clients against the risk of retrenchment, death, permanent or temporary disability and the inability to earn an income. Net insurance income decreased by 2% to R965 million (2020: R981 million).

Premium income increased by 17% from R2.4 billion to R2.8 billion. The increase is attributable to an increase in premium rates. The premium rates were increased in response to the increased risk of retrenchment and death created by the COVID-19 pandemic.

We did not renew the retrenchment reinsurance agreements that were in place to the end of April 2020. As a result, we are responsible for settling retrenchment claims with a retrenchment date subsequent to 30 April 2020. All valid claims with a retrenchment date before 1 May 2020 were and will be settled by the reinsurer.

For the period from 1 May 2020 to 31 July 2020, we were not reinsured for death risk and we are therefore also responsible for settling all death claims with a death event date during this period. We reinsured the entire loan book for death events from 1 August 2020 to 30 April 2021.

Going forward, we will assess the relative benefits of self-insurance versus reinsurance.

The change in the insurance model resulted in the reinsurance premium expense decreasing by 55% from R918 million to R416 million.

Total claims paid for the year, before reinsurance recoveries, amounted to R1 443 million (2020: R779 million). Reinsurance recoveries totalled R546 million (2020: R715 million). We therefore carried R897 million in claims.

Retrenchment claims amounted R1.0 billion compared to R498 million for the year ended February 2020. The number of claims was affected by the COVID-19 pandemic which resulted in an increase in business failures and retrenchments in South Africa. Death claims increased from R253 million to R414 million partly due to the impact of the pandemic.

As at the end of February 2021, we hold an incurred but not yet reported (IBNR) provision of R267 million for retrenchments. Due to the uncertainty surrounding the timing of the full impact of the pandemic, a cautious approach was applied in determining the IBNR.

Capitec funeral plan

Funeral plan income increased by 57% year-on-year to R650 million (2020: R413 million). Active policies numbered 1.2 million as at the end of February 2021 (2020: 0.9 million). We issued on average 85 000 policies per month during the year.

Clients are offered lower premiums on policies issued via the banking app. In total, 16% of policies were issued via the banking app during the 2021 financial year (2020: 15%).

The average premiums and collections are in line with our expectations. Persistency is calculated using the number of policies that remain active 3 months after commencement date. Persistency is at 41% (February 2020: 48%; August 2020: 42%).

Business bank

The year under review was one of consolidation, integration and investment to drive the future sustainable growth of the Business bank. This, combined with the negative impact of the COVID-19 pandemic, and our cautious approach to raising credit losses, resulted in the Business bank making a loss of R1.0 million for the year.

Clients

The Business bank's client base increased by 33% to 90 534 as our strategy to build the bank got underway.

Credit

The Business bank's loan book remained static given the prevailing economic environment exacerbated by the COVID-19 pandemic.

A total of 1 017 clients were assisted with payment breaks and moratoriums on balances totalling R4.2 billion. As at the end of February 2021, the outstanding balance on the payment breaks and moratoriums amounted to R3.6 billion.

We participated in the COVID-19 Loan Guarantee Scheme through which loans, substantially guaranteed by government, were advanced to eligible businesses to assist them during the COVID-19 pandemic. Funds borrowed from this scheme, through the banking industry, can be used by the client for operational expenses such as salaries, rent and lease agreements and contracts with suppliers. A total of R659 million was disbursed to eligible clients. As at the end of February, outstanding balances amounted to R636 million.

The net credit impairment charge for the 12 months ended 28 February 2021 amounted to R405 million. This includes a COVID-19 forward-looking charge of R89 million. The provision coverage ratio is 5.9% (2020: 3.0%).

Cost-to-income ratio

The cost-to-income ratio remained at 41% despite the impact of the COVID-19 pandemic on income. Operating expenses increased by 10% compared to the comparative period. The year ended February 2020 included Business bank expenses for 4 months compared to 12 months for the year ended February 2021.

Cash handling and cash-in-transit expenses decreased by 10% year-on-year due to diminished demand for cash during the pandemic as well as the switch to digital banking by clients. We implemented paperless banking and this resulted in efficiencies and a cost saving of R60 million on printing.

All employees were considered for salary increases during the 2021 financial year and there were no retrenchments. The number of employees remained stable at 14 672 (2020: 14 590). Due to the decrease in headline earnings and the small increase in the share price during the year (2021: R1 338.75; 2020: R1 299.99), the incentive expense reduced by 38%.

Credit ratings

S&P Global ratings affirmed the sovereign rating together with the ratings of Capitec and other South African banks with a stable outlook on 20 November 2020. 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+.

Capital and liquidity

As at 28 February 2021, we remain well capitalised with a CAR of 36.7%.

We comply with the Basel 3 liquidity coverage ratio (LCR) as well as the net stable funding ratio (NSFR). Our LCR is 2 459% and the NSFR is 221% as a result of our conservative liquidity strategy. The Basel 3 requirement for the NSFR is 100%.

The Prudential Authority issued Directive 1 of 2020 on 31 March 2020 temporarily relaxing the minimum LCR requirement from 100% to 80%.

Tax

The tax attributable to the profits on cell captives is deducted from the net insurance income and funeral plan income and excluded from the tax expense line. This has resulted in the reported effective tax rate decreasing to 20.2% for the current year (2020: 22.4%). Together with the tax paid in the cell captives, the effective tax rate for the group is 28.3% (2020: 27.4%).

Employees

We pay tribute to all employees who had to work, in a tough physical environment, despite the COVID-19 pandemic. The courageous and selfless behaviour of our client-facing employees is truly appreciated.

Many employees worked from home during the COVID-19 pandemic period and call centres were operated remotely using laptops. Employees are returning to the office in a responsible manner.

Prospects

On 1 March 2021, we officially celebrated our 20th anniversary. We look back on how we have transformed banking and it inspires us to continue to improve the financial lives of our clients. Agility and digitalisation will be the focus of our efforts to make banking simpler, more affordable, more accessible and more personalised.

Our strategy remains to shift clients towards a digital banking platform, underpinned by self-service. Our focus will be on digital e-commerce product opportunities and driving client behaviour. We are excited about the Business bank offering being enhanced into a more efficient, client-friendly market competitor.

Dividend

A final gross dividend of 1 600 cents per ordinary share (2020: Rnil) was declared on 12 April 2021, bringing the total dividend for the 2021 financial year to 1 600 cents per share (2020: 755 cents per share). There are 115 626 991 ordinary shares in issue.

The final dividend meets the definition of a dividend in terms of the Income Tax Act, Act 58 of 1962. The dividend amount, net of South African dividend tax of 20%, is 1 280 cents per share. The distribution is made from income reserves. Capitec's tax reference number is 9405376840.

Last day to trade *cum* dividend	Tuesday, 4 May 2021
Trading *ex*-dividend commences	Wednesday, 5 May 2021
Record date	Friday, 7 May 2021
Payment date	Monday, 10 May 2021

Share certificates may not be dematerialised or rematerialised from Wednesday, 5 May 2021 to Friday, 7 May 2021, both days inclusive.

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

The report from the chief financial officer is available at **www.capitecbank.co.za.**

On behalf of the board

Santie Botha
Santie Botha
Chairman

Gerrie Fourie
Chief executive officer

Stellenbosch
13 April 2021

CAPITEC BANK HOLDINGS LIMITED

Key performance indicators

			2021	2020	% change 2021/2020
Profitability					
Interest income on loans[(1)]		R'm	**13 401**	13 552	(1)
Interest income on investments		R'm	**3 143**	3 489	(10)
Total interest income		R'm	**16 544**	17 041	(3)
Net loan fee and insurance income		R'm	**1 863**	1 871	–
Total lending, investment and insurance income less loan fee expense		R'm	**18 407**	18 912	(3)
Interest expense		R'm	**(4 985)**	(5 680)	(12)
Net lending, investment and insurance income		R'm	**13 422**	13 232	1
Net transaction fee income		R'm	**8 708**	7 416	17
Other income		R'm	**114**	32	>100
Net foreign currency income		R'm	**111**	38	>100
Funeral plan income		R'm	**650**	413	57
Income from operations		R'm	**23 005**	21 131	9
Credit impairment charge[(1)]		R'm	**(7 825)**	(4 474)	75
Net income		R'm	**15 180**	16 657	(9)
Operating expenses		R'm	**(9 463)**	(8 612)	10
(Loss)/income from associates and joint venture		R'm	**(7)**	11	
Impairment of investment in associate		R'm	**(122)**	–	
Income before tax		R'm	**5 588**	8 056	(31)
Tax		R'm	**(1 130)**	(1 805)	(37)
Preference dividend		R'm	**(4)**	(7)	(43)
Discount on repurchase of preference shares		R'm	**(2)**	(1)	100
Earnings attributable to ordinary shareholders					
Basic		R'm	**4 452**	6 243	(29)
Headline		R'm	**4 586**	6 277	(27)
Net transaction fee and funeral plan income to net income		%	**62**	47	
Net transaction fee and funeral plan income to operating expenses		%	**99**	91	
Cost-to-income ratio		%	**41**	41	
Return on ordinary shareholders equity		%	**17**	28	
Earnings per share					
Attributable		cents	**3 850**	5 400	(29)
Headline		cents	**3 966**	5 428	(27)
Diluted attributable		cents	**3 848**	5 391	(29)
Diluted headline		cents	**3 963**	5 420	(27)
Dividends per share					
Interim		cents	**–**	755	
Final		cents	**1 600**	–	
Total		cents	**1 600**	755	
Dividend cover		times	**2.5**	7.2	
Assets					
Net loans and advances		R'm	**57 189**	62 043	(8)
Financial instruments at amortised cost[(2)]		R'm	**84 312**	59 439	42
Financial instruments at fair value through profit and loss (FVTPL)		R'm	**2 970**	1 504	97
Financial assets – equity instruments at fair value through other comprehensive income (FVOCI)		R'm	**69**	101	(32)
Other		R'm	**11 967**	11 481	4
Total assets		R'm	**156 507**	134 568	16
Liabilities					
Deposits and wholesale funding		R'm	**120 908**	103 343	17
Other		R'm	**5 684**	5 644	1
Total liabilities		R'm	**126 592**	108 987	16
Equity					
Shareholders' funds (total equity)		R'm	**29 915**	25 581	17
Capital adequacy ratio (CAR)		%	**37**	31	
Net asset value per ordinary share		cents	**25 872**	22 061	17
Share price		cents	**133 875**	129 999	3
Market capitalisation		R'm	**154 796**	150 314	3
Number of shares in issue		'000	**115 627**	115 627	–
Share options					
Number outstanding		'000	**552**	491	12
Number outstanding to shares in issue		%	**0.5**	0.4	
Average strike price		cents	**91 395**	70 889	29
Average time to maturity		months	**30**	21	
Operations					
Branches			**857**	864	(1)
Employees			**14 672**	14 590	1
Active clients		'000	**15 829**	13 887	14
ATMs, DNRs and NCRs					
Own			**2 660**	2 388	11
Partnership			**4 065**	3 264	25
Total			**6 725**	5 652	19
Capital expenditure		R'm	**837**	1 403	(40)
Credit sales					
Value of credit card disbursements/drawdowns		R'm	**10 039**	9 934	1
Value of access facility disbursements/drawdowns		R'm	**6 398**	–	
Value of term loans advanced[(3)]		R'm	**14 262**	28 809	(50)
Value of credit facility disbursements/drawdowns		R'm	**206**	651	(68)
Value of mortgage loans advanced		R'm	**1 553**	509	>100
Value of other loans advanced		R'm	**674**	531	27
Value of overdraft disbursements/drawdowns		R'm	**45 120**	14 324	>100
Value of total loans advanced		R'm	**78 252**	54 758	43
Credit book					
Gross loans and advances		R'm	**75 026**	75 783	(1)
Up-to-date	Stage 1	R'm	**47 696**	57 626	(17)
Up-to-date with significant increase in credit risk (SICR)	Stage 2	R'm	**4 349**	3 616	20
Forward-looking SICR	Stage 2	R'm	**4 564**	954	>100
Total up-to-date		R'm	**56 609**	62 196	(9)
Arrears	Stage 1 Stage 2	R'm	**1 034**	1 200	(9)
Arrears	Stage 3	R'm	**1 904**	1 550	23
Total arrears		R'm	**2 938**	2 750	7
Application for debt review within 6 months	Stage 3	R'm	**137**	83	66
COVID-19 reschedules	Stage 2	R'm	**1 267**	–	
COVID-19 reschedules	Stage 3	R'm	**61**	–	
Up-to-date that rescheduled from up-to-date (not yet rehabilitated)	Stage 2	R'm	**172**	226	(24)
Up-to-date that rescheduled from up-to-date (not yet rehabilitated)[(4)]	Stage 3	R'm	**2 105**	1 130	86
Up-to-date that rescheduled from arrears (not yet rehabilitated)	Stage 2	R'm	**92**	71	30
Up-to-date that rescheduled from arrears (not yet rehabilitated)[(4)]	Stage 3	R'm	**2 403**	1 471	63
Total up-to-date that rescheduled (not yet rehabilitated)		R'm	**6 100**	2 898	>100
More than 3 months in arrears and legal status	Stage 3	R'm	**9 242**	7 856	18
Total provision for credit impairment		R'm	**17 837**	13 740	30
Net loans and advances		R'm	**57 189**	62 043	(8)
Total provision for credit impairments (excluding SICR) coverage	Stage 2 Stage 3	%	**97**	101	
Gross credit impairment charge[(1)]		R'm	**8 757**	5 737	53
Bad debts recovered		R'm	**932**	1 263	(26)
Net credit impairment charge[(1)]		R'm	**7 825**	4 474	75
Net credit impairment charge to average gross loans and advances (credit loss ratio)[(1)]		%	**10.4**	6.3	
Total lending and insurance income (excluding investment income)[(5)]		R'm	**15 335**	15 517	(1)
Net credit impairment charge to total lending and insurance income (excluding investment income)[(1)(5)]		%	**51.0**	28.8	
Deposits and wholesale funding					
Wholesale funding		R'm	**2 376**	3 694	(36)
Call savings		R'm	**78 113**	62 582	25
Fixed savings		R'm	**39 176**	36 183	8
Foreign currency deposits		R'm	**1 243**	884	41

**2020 figures include Business bank for the 4 months ended February 2020. Business bank figures for 12 months are included in 2021.*
(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 debts written off by R1 779 million for this year (2020: R1 526 million).*
(2) *Cash, cash equivalents, money market funds and other financial investments are included here.*
(3) *Net of loans settled through loan consolidation.*
(4) *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.*
(5) *Interest received on loans, initiation fees, monthly service fees and net insurance income.*

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

Transfer secretary Computershare Investor Services Proprietary Limited (Registration number: 2004/003647/07) Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196; Private Bag X9000, Saxonwold, 2132
Sponsor PSG Capital Proprietary Limited (Registration number: 2006/015817/07)
Directors SL Botha (Chairman), GM Fourie* (CEO), AP du Plessis* (CFO), SA du Plessis, CH Fernandez, MS du Pré le Roux, V Mahlangu, TE Mashilwane, NS Mashiya* (CRO), JD McKenzie, DP Meintjes, PJ Mouton, CA Otto, JP Verster *Executive director.