Audited summary consolidated financial statements

for the year ended 29 February 2024

2024

better never rests

CAPITEC

Capitec Bank Holdings Limited

(Capitec or the group or the company)

Highlights

Headline earnings

+16%

to **R10.6 billion**

Retail bank	**+17%**
Insurance	**+12%**
Business bank	**+23%**

Full-year dividend per ordinary share

+16%

4 875 cents

Return on ordinary shareholders' equity

26%

(2023: 25%)

Live Better cash back

R375 million

(2023: R256 million)

Transaction and commission income

+29%

to **R14.8 billion**

Credit loss ratio

8.7%

(2023: 7.0%)

Retail bank	**10.1%**
Business bank	**1.9%**

Net non-interest income to income from operations after credit impairments

72%

(2023: 66%)

App clients

+19%

to **11.2 million**

Key performance indicators

		2024	Restated[1] 2023	% change[2] 2024/2023
Profitability				
Interest income	R'm	**25 806**	21 199	22
Interest income on lending	R'm	**18 189**	15 799	15
Interest income on investments and other financial instruments	R'm	**7 617**	5 400	41
Interest expense	R'm	**(9 342)**	(6 993)	34
Net interest income	R'm	**16 464**	14 206	16
Credit impairments	R'm	**(8 725)**	(6 329)	38
Net interest income after credit impairments	R'm	**7 739**	7 877	(2)
Net loan fee income	R'm	**1 208**	1 079	12
Net transaction and commission income	R'm	**14 787**	11 461	29
Net insurance result[4]	R'm	**3 178**	2 685	18
Credit life	R'm	**1 882**	1 667	13
Funeral plan	R'm	**1 296**	1 018	27
Net foreign currency income	R'm	**161**	162	(1)
Other income	R'm	**245**	158	55
Net non-interest income	R'm	**19 579**	15 545	26
Income from operations after credit impairments	R'm	**27 318**	23 422	17
Operating expenses	R'm	**(13 941)**	(11 877)	17
Share of net profit/(loss) of associates and joint ventures	R'm	**71**	98	(28)
Operating profit before tax	R'm	**13 448**	11 643	16
Income tax expense	R'm	**(2 881)**	(2 492)	16
Profit for the year	R'm	**10 567**	9 151	15
Preference dividend	R'm	**(5)**	(4)	25
Discount on repurchase of preference shares	R'm	**(1)**	—	
Net non-interest income to income from operations after credit impairments	%	**72**	66	
Cost-to-income ratio	%	**39**	40	
Earnings attributable to ordinary shareholders[3]				
Basic	R'm	**10 561**	9 147	15
Headline	R'm	**10 578**	9 153	16
Earnings per share				
Attributable	cents	**9 156**	7 933	15
Headline	cents	**9 171**	7 938	16
Number of shares for calculation	'000	**115 346**	115 309	
Diluted attributable	cents	**9 137**	7 911	15
Diluted headline	cents	**9 152**	7 917	16
Number of shares for calculation	'000	**115 589**	115 617	
Dividends per ordinary share				
Interim	cents	**1 530**	1 400	9
Final	cents	**3 345**	2 800	19
Total	cents	**4 875**	4 200	16
Number of shares for calculation	'000	**116 100**	116 100	
Dividend cover	times	**1.9**	1.9	

[1] *The percentage changes quoted in the commentary are based on figures denominated in R'million.*

[2] *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 to the summary consolidated financial statements.*

[3] *Refer to the reconciliation of attributable earnings to headline earnings in the summary financial statements for detail regarding the difference between basic and headline earnings.*

Key performance indicators continued

		2024	Restated[1] 2023	% change[2] 2024/2023
Assets				
Total assets	R'm	**207 579**	190 636	9
Net loans and advances	R'm	**80 552**	78 168	3
Cash and financial investments[3]	R'm	**105 477**	95 965	10
Other[4]	R'm	**21 550**	16 503	31
Liabilities				
Total liabilities	R'm	**164 048**	152 716	7
Deposits and wholesale funding	R'm	**156 015**	146 498	6
Other	R'm	**8 033**	6 218	29
Equity				
Shareholders' funds (total equity)	R'm	**43 531**	37 920	15
Return on ordinary shareholders' equity	%	**26**	25	
Capital adequacy ratio (CAR)	%	**36**	34	
Net asset value per ordinary share	cents	**37 611**	32 753	15
Number of shares for calculation	'000	**115 627**	115 627	
Share price	cents	**201 777**	175 451	15
Market capitalisation	R'm	**234 263**	203 699	15
Number of shares in issue per the shareholders' register	'000	**116 100**	116 100	
Operations				
Branches		**866**	860	1
Employees		**15 747**	15 451	2
Active clients (including POS merchants)[5]	'000	**22 173**	20 105	10
ATMs, DNRs and CNRs[6]		**8 382**	7 898	6
Capital expenditure	R'm	**1 157**	1 163	(1)
Transact				
Transaction volumes by channel	'm	**9 891**	8 199	21
Digital	'm	**1 994**	1 641	22
Card payments	'm	**2 537**	1 949	30
Cash	'm	**580**	562	3
Branches	'm	**33**	47	(30)
System generated	'm	**4 747**	4 000	19
Net transaction and commission, net foreign currency and funeral plan income to income from operations after credit impairments	%	**59**	54	
Net transaction and commission, net foreign currency and funeral plan income to operating expenses	%	**117**	106	

(1) *The percentage changes quoted in the commentary are based on figures denominated in R'million.*

(2) *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 to the summary consolidated financial statements.*

(3) *Cash, cash equivalents, money market funds, government bonds, term deposits and other financial investments.*

(4) *Insurance contract assets, other receivables, derivative assets, interest in associates and joint ventures, property and equipment, right-of-use assets, intangible assets including goodwill and deferred income tax asset.*

(5) *Point-of-sale merchants.*

(6) *Automated teller machines, dual note recyclers and coin and note recyclers.*

Key performance indicators continued

		2024	Restated[1] 2023	% change[2] 2024/2023
Credit				
Value of total loans advanced	R'm	**124 313**	118 412	5
Retail bank	R'm	**48 459**	52 928	(8)
Business bank	R'm	**75 854**	65 484	16
Loans and advances book				
Gross loans and advances	R'm	**102 991**	97 815	5
Retail bank	R'm	**83 847**	82 297	2
Business bank	R'm	**19 144**	15 518	23
Provision for credit impairments (expected credit losses (ECL))	R'm	**(22 439)**	(19 647)	14
Retail bank	R'm	**(21 359)**	(18 806)	14
Business bank	R'm	**(1 080)**	(841)	28
Net loans and advances	R'm	**80 552**	78 168	3
Retail bank	R'm	**62 488**	63 491	(2)
Business bank	R'm	**18 064**	14 677	23
Net credit impairment charge on loans and advances[3]	R'm	**8 740**	6 334	38
Retail bank	R'm	**8 418**	6 126	37
Business bank	R'm	**322**	208	55
Gross credit impairment charge on loans and advances	R'm	**9 341**	7 041	33
Retail bank	R'm	**9 015**	6 828	32
Business bank	R'm	**326**	213	53
Bad debts recovered	R'm	**(601)**	(707)	(15)
Retail bank	R'm	**(597)**	(702)	(15)
Business bank	R'm	**(4)**	(5)	(20)
Net credit impairment charge on loans and advances to average gross loans and advances (credit loss ratio)	%	**8.7**	7.0	
Retail bank	%	**10.1**	8.0	
Business bank	%	**1.9**	1.5	
Total lending and credit life insurance income[4]	R'm	**21 279**	18 545	15
Retail bank	R'm	**19 160**	17 123	12
Business bank	R'm	**2 119**	1 422	49
Net credit impairment charge on loans and advances to total lending and credit life insurance income[4]	%	**41.1**	34.2	
Retail bank	%	**43.9**	35.8	
Business bank	%	**15.2**	14.6	
Retail deposits and wholesale funding				
Retail deposits and wholesale funding	R'm	**156 015**	146 498	6
Wholesale funding	R'm	**3 021**	2 439	24
Retail call savings	R'm	**102 269**	96 252	6
Retail fixed savings	R'm	**49 530**	46 533	6
Foreign currency deposits	R'm	**1 195**	1 274	(6)

(1) *The percentage changes quoted in the commentary are based on figures denominated in R'million.*

(2) *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 to the summary consolidated financial statements.*

(3) *This charge is for loans and advances only. The income statement charge for the reporting period includes a release of R14.7 million (2023: release of R4.3 million) related to other financial assets.*

(4) *Interest received on loans, initiation fees, monthly service fees and net insurance income.*

Commentary[1]

Evolution into a diversified financial services group

Our focus during the past 3 years has been on growth and investment for the future. Our investment has created a diversified financial services group that offers innovative personal and business banking, value-added services (VAS), insurance, a prepaid mobile service, secure payment solutions and the Live Better rewards programme.

Our long-term strategy to diversify our income streams and grow quality clients produced double-digit growth in a financial year where external economic events placed pressure on our credit business. Non-interest income made a significant contribution to the 16% growth in headline earnings for the 2024 financial year and increased to 72% of income from operations after credit impairments (2023: 66%).

The diversification of the Retail bank driven by the introduction of new products yielded positive results in 2024. Retail bank active clients grew to 22.0 million (2023: 19.9 million), 11.2 million of whom use the banking app (2023: 9.4 million). Fully banked clients, who perform more transactions and therefore contribute more to income, increased to 7.8 million from 6.9 million in 2023. The number of clients using our VAS grew by 17% to 9.8 million, contributing to an increase in income from VAS. A total of 4.6 million unique digital clients utilised Capitec Pay and more than 500 000 clients made use of ApplePay, GarminPay, GooglePay and SamsungPay. Agile, proactive and conservative management of credit granting resulted in more recent tranches of business performing better.

The Business bank strives to offer accessible digitally-led, relationship-based business banking to businesses in South Africa. We offer one solution for small- and medium-sized entities (SMEs) that is simple to use and transparent, at the most affordable price with a focus on the client experience. It was relaunched as Capitec Business in the 2024 financial year and now offers the GlobalBiz account (the Business bank equivalent of the GlobalOne account). Part of the rebrand is a repricing of business banking fees to align to the wider Capitec strategy of offering a world-class service at an affordable price. The new fees for the 2025 financial year are aligned to the Retail bank's fees.

Our Insurance business is in an implementation and building phase. We obtained our own long-term insurance licence during the 2023 financial year and began issuing credit life insurance policies in May 2023. By the end of February 2024, we had 558 417 active policies issued using our own bespoke system. We are also in the process of transferring the policies of our credit life cell captive to our own insurance licence. Our cooperation arrangement with Sanlam that operates through the funeral cell captive terminates on 31 October 2024 and we expect to begin issuing funeral policies on our own licence from 1 November 2024.

We will continue to invest in the future to exceed our clients' expectations.

The drivers of our double-digit growth

Headline earnings grew to R10.6 billion from the restated headline earnings of R9.2 billion for the comparative period[2]. Headline earnings for the 6 months ended February 2024 (H2 2024) grew by 25% to R5.9 billion compared to the headline earnings of R4.7 billion for the 6 months ended August 2023 (H1 2024).

Net transaction and commission income grew by 29% year-on-year to R14.8 billion (2023: R11.5 billion) and contributed R675 million after tax to the R1.2 billion increase in headline earnings for H2 2024 compared to H1 2024. Income from VAS contributed 52% of the increase in group transaction and commission income after tax from H1 2024 to H2 2024 as these services were rapidly adopted by our clients. Digital and POS transactions grew by 27% due to client behaviour that continued to shift away from branch and cash transacting to the digital and card-based payment channels.

[1] *The percentage changes quoted in the commentary are based on figures denominated in R'million.*

[2] *Shareholders were informed in a Stock Exchange News Service announcement published on 4 July 2023 that the group had implemented the IFRS 17* Insurance Contracts *standard on 1 March 2023. IFRS 17 replaced IFRS 4* Insurance Contracts *for annual periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and in-substance reinsurance contracts issued through its cell captive arrangements. The implementation of IFRS 17 necessitated the restatement of the group earnings and headline earnings per share for the previous financial year. Any adjustments to the carrying amounts of assets or liabilities prior to the 2023 financial year were recognised as an adjustment to retained earnings on 1 March 2022.*

The drivers of our double-digit growth continued

Net interest income grew by 16% to R16.5 billion from R14.2 billion in 2023 and by 5% in H2 2024 compared to H1 2024. It contributed R312 million after tax to the growth in headline earnings during H2 2024 compared to H1 2024. Yields as well as net interest-bearing assets grew. The yield on the loan book and investment portfolio increased based on the 100 basis point increase in the repo rate in 2024 and the annuity impact of the 325 basis point increase in 2023. Net interest-bearing assets grew by 9%.

The net insurance result grew by 18% to R3.2 billion from R2.7 billion for the restated comparative period. Income for H2 2024 exceeded income for H1 2024 by R82 million. Funeral insurance income grew by 27% to R1.3 billion (2023: R1.0 billion), while credit life insurance income increased by 13% to R1.9 billion from R1.7 billion in 2023.

Retail bank

Retail bank profit after tax increased by 17% to R7.0 billion (2023: R6.0 billion). The drivers of the increase are detailed below.

Net interest income

Net interest income grew by 13% from R13.2 billion to R14.9 billion. The growth was attributable to an increase of 425 basis points in the repo rate in the 2023 and 2024 financial years, an increase in the proportion of the gross loan book that comprised variable interest rate-linked balances, and the growth in the cash and the financial investment portfolio.

Interest income on lending increased by 12% to R16.1 billion (2023: R14.4 billion). The repo rate increases combined with a greater proportion of the gross loans and advances being variable interest rate-linked increased the average yield on the loan book. As at 29 February 2024, the variable interest rate-linked book comprised 42% (2023: 39%) of gross loans and advances. Interest income on lending amounted to R8.0 billion for H1 2024 and R8.1 billion for H2 2024.

Interest income on investments and other financial instruments grew by 40% from R5.4 billion to R7.6 billion. The average investment portfolio grew by 6.0% year-on-year. The yield on the portfolio increased due to the higher repo rates in 2024 although the composition of the portfolio means that it takes longer to reprice than the deposit book which is principally call deposits. The income of R4.0 billion for H2 2024 exceeded the income for H1 2024 by R0.4 billion as the average portfolio grew.

The interest expense on deposits and wholesale funding increased by 32% to R8.8 billion (2023: R6.6 billion). The growth was driven by the 6% growth in deposits and wholesale funding and the repo rate increases. The deposit and wholesale funding book grew to R137.7 billion at the end of February 2024 (2023: R128.6 billion). We changed our pricing tiers and still paid R4.1 billion on call savings accounts (2023: R3.1 billion) to our clients. The total interest expense of R4.2 billion for H1 2024 increased to R4.6 billion in H2 2024 as deposits and wholesale funding grew.

Net transaction and commission income

Net transaction and commission income including VAS income produced double-digit growth of 30% and grew to R13.9 billion for 2024 (2023: R10.7 billion). The growth in income was attributable to transaction volumes which grew by 21% to 9.6 billion (2023: 8.0 billion). Growth in client numbers and client adoption of our VAS and new payment services contributed to the increase in volumes.

From cash and branch transacting to card and digital transacting

Our long-term strategy to move clients away from cash transacting to card and digital transacting continued to yield positive results. Digital transaction volumes increased by 22% to 2.0 billion (2023: 1.6 billion). The banking app represented 84% of all digital transactions (2023: 68%). Active banking app users grew to 11.2 million (2023: 9.4 million) and transaction volumes grew by 49% from 1.1 billion to 1.7 billion. Card payment volumes grew by 32% from 1.8 billion in 2023 to 2.4 billion in 2024. Income was affected by a decrease in the average transaction value, based on which interchange is calculated, from 2023 to 2024 (2024: R255.50; 2023: R269.50).

Retail bank continued

Net transaction and commission income continued

From cash and branch transacting to card and digital transacting continued

Cash-related transaction volumes grew by a muted 3% to 580 million (2023: 562 million). Although many clients are embracing digital banking, there are still clients that are reliant on cash. The ratio of cash transactions to total transaction volumes decreased to 12% (2023: 14%). Cash withdrawals at Capitec devices grew by 5% because of the installation of lithium batteries on our devices which combated load shedding and improved device uptime.

The volume of branch transactions decreased by 30% to 33 million (2023: 47 million). Transactions at consultant terminals decreased by 46% as transactions migrated to the banking app and self-service terminals. The branches will increasingly focus on the 1-to-1 interactions with clients that present selling opportunities.

Value-added services

VAS transaction volumes grew by 30% year-on-year to 1.1 billion (2023: 0.9 billion) and the number of clients using VAS increased by 17% to 9.8 million (2023: 8.4 million).

Net transaction and commission income from VAS, which includes Send Cash payments, prepaid purchases of electricity, data and airtime, national lottery ticket purchases, bill payments and voucher purchases, grew by 75% to R2.7 billion (2023: R1.6 billion). The net transaction and commission income for the 2024 financial year included the first full year of income for the VAS products launched during the 2023 financial year, and growth was exponential. VAS products contributed 19% of the total net transaction and commission income.

Payments

Card payment income grew by 15% to R1.5 billion (2023: R1.3 billion) while volumes increased by 32% to 2.4 billion (2023: 1.8 billion). Capitec Pay, launched in early 2023, is a digital payment solution that allows clients to make safe and secure online payments using their cellphone number. Capitec Pay removes the need to share sensitive bank login credentials or card information. A total of 134 million payments with a value of R26.7 billion have been processed.

PayShap, a low-cost, immediate, digital payments solution that reduces the risks associated with cash usage, was launched in August 2023. At the end of February 2024, we had 1.7 million main-banked registrations and were the largest receiving bank with a 59% market share of all PayShap payments processed in the market.

Live Better

The Live Better programme rewards clients for transacting with their debit and credit cards instead of cash. A total of 19.7 million clients are registered for the Live Better programme, 90% of our total active clients. Qualifying participants received R375 million cash back during the year (2023: R256 million). They also received Spend Better cash back rewards in the amount of R166 million (2023: R106 million) from our rewards partners.

Credit impairment charge and loans and advances

Credit impairment charge

The net credit impairment charge on gross loans and advances increased by 37% to R8.4 billion (2023: R6.1 billion). The credit loss ratio was 10.1% compared to 8.0% for 2023. The H1 2024 annualised credit loss ratio was 11.0%, which improved to 9.2% annualised for H2 2024.

For the past 2 years, we have been building a higher-quality loan book that we expect will perform better than the older tranches of business that have migrated through stages 2 and 3 and into default during the 2023 and 2024 financial years.

In November 2021, we relaxed credit granting criteria for certain pockets of clients that had begun showing recovery after the COVID-19 pandemic. This led to book growth, particularly in the access facility book. Due to the impact of the negative economic conditions after February 2022, when the war in Ukraine began, we started tightening credit granting criteria in June 2022 and continued to do so for the remainder of the 2023 financial year. We adjusted access facility limits down by R3.5 billion during H2 2023. By the end of February 2023, there had been an increase in clients going into debt review and rolling into arrears and default. The stage 3 loan book had grown to R18.5 billion from R13.9 billion at the end of February 2022.

Retail bank continued

Credit impairment charge and loans and advances continued

Credit impairment charge continued

The credit granting criteria for all retail products were tightened further during the 2024 financial year. Income to instalment criteria were made stricter and the average term offered decreased. A total of 141 unique granting changes were made in 2024. Net loan sales and disbursements for 2024 were R48.5 billion, a decrease of 8% compared to 2023 net loan sales of R52.9 billion.

Loan disbursements by product are detailed in the table below.

	6 months ended		Full year ended	6 months ended		Full year ended
R'm	February 2024 H2 2024	August 2023 H1 2024	February 2024 FY 2024	February 2023 H2 2023	August 2022 H1 2023	February 2023 FY 2023
Term loans	9 655	8 937	**18 592**	9 239	10 377	19 616
Access facilities	5 236	7 325	**12 561**	9 969	9 852	19 821
Credit cards	9 343	7 963	**17 306**	7 192	6 299	13 491
Total	24 234	24 225	**48 459**	26 400	26 528	52 928

Access facility disbursements decreased by 37% compared to 2023. Total new limits granted decreased to R5.6 billion from R18.7 billion in 2023. During 2024, the short-term access facilities were discontinued, and the limits of existing facility holders were adjusted downwards by more than R3.0 billion. Cutbacks were also implemented based on stricter affordability criteria. Limits granted for H1 2024 amounted to R3.8 billion. Disbursements decreased further during H2 2024 as only clients that met stricter affordability criteria could draw down on their facilities. Limits granted for H2 2024 were R1.8 billion.

Credit card disbursements increased by 28% to R17.3 billion (2023: R13.5 billion) as the lower-risk clients that qualify for credit card limits were not impacted as severely by the stricter credit granting criteria as other clients.

The credit impairment charge for 2024 reflected the continued migration of the pre-June 2022 loan book to stages 2 and 3. The total migration of balances into default for the 2024 financial year amounted to R12.8 billion, with R4.1 billion relating to clients that went into debt review (2023: R3.5 billion). The remaining roll into default of R8.7 billion comprises balances that are subject to collection activities and do not meet the write-off requirements (2023: R7.0 billion). The migration into debt review in H2 2024 was R303 million lower than in H1 2024 and contributed to the credit impairment charge for H2 2024 being R643 million lower than the charge for H1 2024.

Our monitoring data indicates that the tranches of loan sales after June 2022 are performing better than the pre-June 2022 tranches.

The forward-looking macroeconomic information provision decreased by R373 million because of a higher backward-looking provision and a more positive outlook on the economy going forward. To capture the effects of changes to the economic environment in the future, the forward-looking model for Retail bank considers economic variables specific to South Africa that directly impact the group's clients. 3 forward-looking scenarios supplied by the Bureau for Economic Research are incorporated into the range of reasonably possible outcomes (negative, positive and baseline scenarios). Based on these scenarios, the forward-looking macroeconomic provision requirement decreased from R753 million in 2023 to R380 million in 2024 (August 2023: R674 million).

Loans and advances

The Retail bank's gross loans and advances increased by 2% to R83.8 billion (2023: R82.3 billion) and the provision for ECL grew from R18.8 billion to R21.4 billion.

The trend in the composition of the loan book since August 2022 in the table that follows illustrates the incremental impact of the macroeconomy and the decrease in loan disbursements on the gross loan book.

Retail bank continued

Credit impairment charge and loans and advances continued

Loans and advances continued

%	As at the end of February 2024	August 2023	February 2023	August 2022
Stage 1	**58**	58	62	63
Stage 2	**15**	17	15	16
Stage 3	**27**	25	23	21

The stage 3 loan book grew by R3.9 billion to R22.3 billion at the end of February 2024 (2023: R18.5 billion). Arrears contributed R223 million to the growth, up-to-date reschedules that have not rehabilitated contributed R717 million and the default book contributed R2.7 billion. The default book at the end of February 2024 comprised R6.0 billion in debt review balances and R10.5 billion in balances more than 3 months in arrears or with other legal statuses which do not qualify for write-off. A total of R2.1 billion was collected on these balances in default during the financial year (2023: R1.7 billion).

The stage 2 loan book decreased from R13.5 billion at the end of the 2023 financial year to R12.9 billion primarily because balances migrated to stage 3 but also because the migration from stage 1 to stage 2 slowed during H2 2024.

The coverage ratios by stage are analysed in the table below.

%	As at the end of February 2024	August 2023	February 2023	August 2022
Stage 1	**7.4**	7.5	7.2	9.9
Stage 2	**27.1**	26.2	26.2	24.8
Stage 3	**63.8**	63.7	63.0	64.4
Total	**25.5**	24.9	22.9	23.5

The total coverage ratio increased from 22.9% at the end of February 2023 to 25.5% at the end of February 2024.

The change in book distribution and provision percentages by loan book category increased the coverage ratio by 3.5%. The provision percentages applied to the loan book categories also increased in 2024 because the probabilities of default used in the calculations are at their highest level in the cycle. Model refinements to backward-looking models decreased the coverage ratio by 0.5%. The recovery given default model was updated and now utilises historical data for a longer period. Changes to the access facility model were implemented because the product has matured, and more data is now available. The credit card model was amended to use only credit card data now that sufficient data is available. The more positive forward-looking macroeconomic information decreased the ratio by 0.4%.

Refer to note 3 to the summary consolidated financial statements for the loan book and coverage ratios by product.

The overall coverage of the term loan book increased from 24.4% for 2023 to 26.6% for 2024. The coverage of up-to-date loans with significant increases in credit risk (SICR) since initial recognition increased from 16.9% to 19.0% due to the deterioration of the loan book. The more than 3 months in arrears, legal statuses and applied for debt review less than 6 months ago loan category coverage increased from 72.2% to 74.2%. The increase was attributable to deterioration in the default book quality, specifically driven by a higher distribution towards the book held back and not handed over which has a lower yield than the debt review book. Refinement of the backward-looking model resulted in an additional provision of R129 million.

The overall coverage of the access facility book increased from 21.0% to 26.6%. This increase was mainly due to book deterioration. As the access facility matures more data becomes available for use in the ECL model and in 2024 this enabled us to refine the model.

Retail bank continued

Credit impairment charge and loans and advances continued

Loans and advances continued

The overall credit card coverage ratio decreased from 18.5% to 16.7%. In 2024, we had enough credit card data available to create a credit card-specific recoveries model. Credit card recoveries show better performance and therefore this resulted in a decrease in the coverage ratios for all credit card product loan book categories. The decreases were partially offset by increases in the coverage ratios due to deterioration in the quality of the book.

The split of the retail loan book by stage and category is reflected below.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL				
R'm	Up-to-date	Up-to-date loans with SICR and applied for debt review >6 months	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	Total
Balance as at 29 February 2024								
Gross loans and advances	**48 583**	**11 370**	**1 575**	**2 425**	**2 249**	**2 300**	**15 345**	**83 847**
Provision for credit impairments (ECL)[1]	**(3 605)**	**(2 705)**	**(805)**	**(1 624)**	**(659)**	**(665)**	**(11 296)**	**(21 359)**
Net loans and advances	**44 978**	**8 665**	**770**	**801**	**1 590**	**1 635**	**4 049**	**62 488**
ECL coverage (%)	**7.4**	**23.8**	**51.1**	**67.0**	**29.3**	**28.9**	**73.6**	**25.5**
% of gross loan book	**58**	**13**	**2**	**3**	**3**	**3**	**18**	**100**
Balance as at 31 August 2023								
Gross loans and advances	48 486	12 595	1 359	2 503	2 422	2 003	14 407	83 775
Provision for credit impairments (ECL)[1]	(3 644)	(2 972)	(678)	(1 740)	(766)	(554)	(10 528)	(20 882)
Net loans and advances	44 842	9 623	681	763	1 656	1 449	3 879	62 893
ECL coverage (%)	7.5	23.6	49.9	69.5	31.6	27.7	73.1	24.9
% of gross loan book	58	15	2	3	3	2	17	100
Balance as at 28 February 2023								
Gross loans and advances	50 320	11 754	1 764	2 202	1 917	1 915	12 425	82 297
Provision for credit impairments (ECL)[1]	(3 634)	(2 687)	(851)	(1 493)	(584)	(527)	(9 030)	(18 806)
Net loans and advances	46 686	9 067	913	709	1 333	1 388	3 395	63 491
ECL coverage (%)	7.2	22.9	48.2	67.8	30.5	27.5	72.7	22.9
% of gross loan book	62	14	2	3	2	2	15	100

[1] *For agreements that contain both a drawn and undrawn component where the group cannot separately identify the ECL on the undrawn component, the ECL on the undrawn component is recognised with the ECL on the loan component. To the extent that the ECLs exceed the gross carrying amount of the loans at a client level, the excess is recognised as a provision in other liabilities in the statement of financial position. The loss allowance on the undrawn loan commitments of clients that have no outstanding balances is also recognised as a provision in other liabilities.*

The forward-looking SICR loan balances that form part of the stage 2 up-to-date loans with SICR were negative for all products by a total amount of R505 million. This is because the balances included in backward-looking SICR are expected to decrease during the coming 12 months based on the macroeconomic forecast used to calculate the forward-looking macroeconomic information provision.

Insurance

Insurance profit after tax increased by 12% to R3.1 billion (2023: R2.7 billion). The drivers of the increase are detailed below.

Net credit life insurance income

The net credit life insurance result increased by 13% to R1.9 billion (2023: R1.7 billion). The credit life insurance average sum assured increased by 3% to R75.2 billion (2023: R73.2 billion).

Growth in the insured book accounted for R36 million of the growth in the net credit life insurance result. The total claims incurred increased by 3%, resulting in a decrease in income of R18 million. Changes in the interest rates used to discount contract fulfilment cash flows added R29 million and investment income represented R43 million of the growth in the result.

From May 2023, credit life insurance policies were underwritten by Capitec Life on its own long-term insurance licence, while the in-force book in the cell captive began to run off. As at 29 February 2024, we had 558 417 active policies on our own insurance licence. The process to transfer the policies currently underwritten on the Guardrisk licence to the Capitec Life licence has been initiated.

Funeral income

The net funeral insurance result increased by 27% to R1.3 billion (2023: R1.0 billion). The robust performance is attributable to the product's all-inclusive offering and affordability. The total funeral book increased from 2.2 million policies at the end of February 2023 to 2.7 million policies at the end of February 2024. Currently, 12.1 million (2023: 9.9 million) lives are covered by our funeral product.

The cumulative effect of book growth contributed R305 million to the growth in the net funeral insurance result. Average premium collection rates decreased slightly from 89% for 2023 to 88% for 2024, decreasing the result by R40 million. The average claims ratio for the year was 45% (2023: 42%). The increase in the average claims ratio decreased the result by R92 million. Changes in the interest rates used to discount contract fulfilment cash flows added R20 million to the result. The investment portfolio held in the cell captive grew substantially during the period, and investment income represented R116 million of the growth in the result.

Capitec gave notice to Sanlam of the termination of the funeral cooperation arrangement, effective 31 October 2024. As a result of the termination, a reinsurance recapture amount of R1.9 billion will be incurred. The transaction will not have a profit or loss impact on the transaction date. Refer to note 8 to the summary consolidated financial statements for more detail on the transaction.

Business bank

Business bank profit after tax increased by 23% to R478 million (2023: R388 million). The drivers of the increase are detailed below.

During the 2024 financial year, the Business bank implemented a new online banking platform, introduced a single Capitec app for business and personal banking, changed the platform for its systems and implemented cloud-based software such as Salesforce and nCino.

Net interest income

The division's net interest income grew from R1.0 billion to R1.5 billion. The 50% growth was due to the higher average interest-bearing assets and an increase in the net interest margin.

Interest income on lending increased by 49% to R2.1 billion (2023: R1.4 billion). The growth was attributable to the 23% growth in the gross loan book combined with the 100 basis point increase in the repo rate which resulted in a higher average yield on the business and mortgage loan books for the reporting period.

Business bank continued

Net interest income continued

Interest income on investments and other financial instruments grew by R135 million from R402 million to R536 million. The growth was driven by the 13% increase in the average investment portfolio and an increase in the average yield.

The interest expense on deposits increased by 41% to R1.2 billion (2023: R821 million). As at 29 February 2024, the Business bank deposits were R18.4 billion (February 2023: R18.2 billion). Repo rate increases contributed to the interest expense growth being more than the deposit book growth.

Net transaction and commission income

The Business bank's net transaction and commission income increased by 8% to R855 million (2023: R795 million) supported by a 16% increase in transaction volumes. This was offset by a change in the merchant services business model which saw POS device rentals being replaced by the once-off purchase of affordable POS devices and a reduction in merchant commission rates.

The Capitec payment services volumes and income grew by 23% to 119 million and R271 million, respectively. Debit order volumes grew in excess of 100%, while income grew by 30%. Transfer fees on transactions from Capitec accounts to other banks saw a volume increase of 18% which resulted in income growth of 71% to R44 million (2023: R26 million).

Net foreign currency income contributed R161 million to net non-interest income (2023: R162 million).

Credit impairment charge and loans and advances

Credit impairment charge

Business bank loans comprise business loans (including rental finance) and mortgage loans. The net credit impairment charge on Business bank loans and advances increased by 55% to R322 million (2023: R208 million). Gross loan balances increased by 23% from R15.5 billion to R19.1 billion. The coverage ratio increased from 5.4% to 5.6% resulting in an ECL provision balance of R1.1 billion (2023: R0.8 billion) as the gross loan book shifted to stages 2 and 3.

The rental finance (instalment sales agreements) credit impairment charge amounted to R107 million (2023: R74 million). We saw continued strain in the rental finance loan book from the second half of the 2023 financial year due to the increases in the repo rate. This led to a pullback in granting during the reporting period resulting in a decrease in sales. Sales for the year amounted to R732 million (2023: R825 million). Business banking's credit impairment charge on mortgage and business loans (excluding rental finance) grew from R134 million to R215 million due to growth in the loan book and changes in the composition of the loan book.

New loan sales for the year increased by 16%. Business loans excluding overdrafts but including rental finance grew by 26% to R3.8 billion. Overdraft disbursements grew by 15% while mortgage loan sales grew by 14%. The growth in unsecured business loans and overdrafts was primarily the result of business clients utilising these products to finance working capital requirements.

Loans and advances

The table below details the trend in the coverage ratios.

	As at the end of			
%	**February 2024**	**August 2023**	**February 2023**	**August 2022**
Stage 1	**1.6**	1.9	1.7	1.9
Stage 2	**13.4**	13.0	14.6	17.8
Stage 3	**44.1**	43.7	38.7	32.7
Total	**5.6**	6.0	5.4	5.3

The stage 1 book grew by 24% and the coverage ratio decreased to 1.6% (2023: 1.7%). The business loans coverage ratio decreased from 3.2% to 2.7%. Business loans are carrying lower provisions for ECL than a year ago because our forward-looking macroeconomic information model is predicting an improved future default experience on these loans.

Business bank continued

Credit impairment charge and loans and advances continued

Loans and advances continued

The stage 2 book grew by 13% primarily driven by mortgages categorised as showing forward-looking SICR. Higher interest rates continue to put pressure on property owners and their collateral. The decrease in the coverage ratio resulted from business loans rolling from stage 2 to stage 3.

The stage 3 gross loan book grew by 27% and the coverage ratio increased by 5% illustrating the continued economic pressure on SMEs. The increase in the coverage ratio was due to business loans comprising a greater proportion of the stage 3 loan book. Mortgage loans are secured against property and therefore carry a lower coverage ratio.

The split of the Business bank loan book by stage and category is reflected below.

	Stage 1 12-month ECL		Stage 2 Lifetime ECL				Stage 3 Lifetime ECL	
R'm	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)	More than 3 months in arrears, legal statuses and applied for business rescue liquidations <6 months	Total
Balance as at 29 February 2024								
Gross loans and advances	**16 153**	**183**	**835**	**174**	**290**	**77**	**1 432**	**19 144**
Provision for credit impairments (ECL)[(1)(2)]	**(260)**	**(4)**	**(138)**	**(23)**	**(17)**	**(7)**	**(631)**	**(1 080)**
Net loans and advances	**15 893**	**179**	**697**	**151**	**273**	**70**	**801**	**18 064**
ECL coverage (%)[(3)]	**1.6**	**2.4**	**16.5**	**13.6**	**5.8**	**8.8**	**44.1**	**5.6**
% of gross loan book	**84**	**1**	**4**	**1**	**2**	**—**	**8**	**100**
Balance as at 31 August 2023								
Gross loans and advances	14 302	141	776	62	380	108	1 333	17 102
Provision for credit impairments (ECL)[(1)(2)]	(272)	(4)	(128)	(12)	(22)	(10)	(582)	(1 030)
Net loans and advances	14 030	137	648	50	358	98	751	16 072
ECL coverage (%)[(3)]	1.9	2.9	16.4	20.2	5.9	8.7	43.7	6.0
% of gross loan book	84	1	4	—	2	1	8	100
Balance as at 28 February 2023								
Gross loans and advances	13 043	134	678	90	346	99	1 128	15 518
Provision for credit impairments (ECL)[(1)(2)]	(225)	(3)	(127)	(21)	(17)	(12)	(436)	(841)
Net loans and advances	12 818	131	551	69	329	87	692	14 677
ECL coverage (%)[(3)]	1.7	2.1	18.8	23.6	5.0	11.7	38.6	5.4
% of gross loan book	84	1	4	1	2	1	7	100

(1) 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 within other liabilities.

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

(3) The ECL coverage ratio is calculated in thousands before rounding to millions.

Group operating expenses

Despite growth of 17% in group operating expenditure to R13.9 billion (2023: R11.9 billion), the group's cost-to-income ratio decreased to 39% (2023: 40%) because of the 17% growth in income from operations after credit impairments.

Information technology (IT) is critical to the group's long-term strategy, and we continue to invest for future growth, therefore IT costs increased by 27% to R1.9 billion (2023: R1.5 billion), excluding any employee costs. We have rebuilt our IT platforms to allow us to scale products to higher volumes. We are focusing on moving all our data to the cloud and on increasing the stability of all our critical systems.

Total employee costs increased by 15% from R6.2 billion to R7.2 billion. The number of group employees increased by 296 to 15 747 (2023: 15 451) and long-term incentive expenses were higher due to the 15% year-on-year increase in the share price.

Capital and liquidity

The group's common equity tier 1 ratio of 36% (2023: 34%) and CAR of 36% (2023: 34%) are well above the group's regulatory requirements. As such, Capitec continues to be well capitalised and positioned for future growth opportunities.

We comfortably comply with the Basel III liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Our LCR is 2 398% (2023: 2 191%) and our NSFR is 216% (2023: 215%), while the regulatory requirement for both is 100%.

Credit ratings

Our credit ratings remain unchanged from the previous reporting period. In March 2023, S&P Global affirmed the South African Sovereign rating together with the ratings of Capitec and other South African banks with a stable outlook. We have a global long-term rating of BB- and a short-term global rating of B. Our South African long-term national scale rating is zaAA and the short-term rating is zaA-1+.

The future

The group will remain future-focused and we will build on the initiatives that have already been undertaken. Capitec has become a data-driven company with 22 million clients. We have almost 2 trillion data points that will continue to be used in the future to exceed our clients' expectations and create value beyond banking.

Capitec retail banking will focus on optimisation in all areas of its business during the 2025 financial year. The VAS that we offer will be expanded and diversified with offerings that meet our clients' needs. For example, a vehicle licence disk renewal service was launched during the last week of February 2024. Our clients can now renew their vehicle licence on our app and have the disc delivered within 3 to 5 working days. Clients are charged a fixed service and delivery fee regardless of the number of disc renewals in the transaction.

Capitec business banking has been rebranded and our new GlobalBiz account was launched on 1 March 2024 with a revised pricing structure similar to that of Capitec retail banking. During the 2025 financial year, our new platform will be used to expand digital capabilities for our clients. We aim to be digitally-led with relationship-based solutions for our clients. We will also begin exploring opportunities in the less formal domestic economy.

The building of Capitec's insurance business will continue. During the 2025 financial year, we will add life cover to our insurance product offering. The transfer of the credit life insurance policies from the Guardrisk cell captive to Capitec Life Limited is expected to be completed in the second half of the 2025 financial year and from November 2024, we expect to write funeral policies on our own insurance licence.

For the 2025 financial year, we have made the following strategic decisions:

- The alignment of cash withdrawal fees at Capitec and non-Capitec devices means that our clients can now use non-Capitec devices without incurring additional costs. Over the longer term, we expect this to reduce the number of cash devices that we roll out
- The introduction of PayShap in 2024, and increased adoption in 2025, will lead to to a reduction in the volume of realtime clearing and electronic funds transfer payments as these migrate to PayShap. In line with our emphasis on affordability, we have priced competitively to grow volumes in the long term.

The future continued

- The alignment of Business bank fees to Retail bank fees drives an affordable, simplified business banking solution. This is expected to drive volume growth and increase our market share
- The decrease in merchant commission and the change in our business model from renting to purchasing POS devices will reduce net transaction and commission income in the short term but this is expected to increase our market share.

On 11 March 2024, the South African Reserve Bank approved a transaction in which Capitec will increase its shareholding in Avafin Holdings Limited (Avafin), an international online consumer lending group, from 40.66% to 97.69% at a purchase price of EUR26.3 million. Avafin management will continue to hold the residual interest in the business, in line with Capitec's philosophy of management ownership. By 15 April 2024, all the required regulatory approvals for the transaction had been obtained.

Avafin provides online consumer loan products in several countries, including Poland, Latvia, Spain, the Czech Republic and Mexico. The key reasons for acquiring the controlling interest in Avafin are the strong culture fit, geographical diversification and an excellent management team. Avafin is closely aligned with Capitec's client-centric retail business philosophy and is well positioned for growth.

Ordinary dividends

The directors resolved that a final gross dividend of 3 345 cents per ordinary share (2023: 2 800 cents) be declared on 22 April 2024, bringing the total dividend for the 2024 financial year to 4 875 cents per share (2023: 4 200 cents). There are 116 099 843 ordinary shares in issue and the full-year dividend coverage was maintained at 1.9 times (2023 restated: 1.9 times).

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 2 676 cents per share. The distribution is made from income reserves. Capitec's tax reference number is 9405376840.

Last day to trade *cum* dividend	Tuesday, 14 May 2024
Trading *ex*-dividend commences	Wednesday, 15 May 2024
Record date	Friday, 17 May 2024
Payment date	Monday, 20 May 2024

Share certificates may not be dematerialised or rematerialised from Wednesday, 15 May 2024 to Friday, 17 May 2024, 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 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.

This announcement was signed on behalf of the board by

Santie Botha
Chairman

Gerrie Fourie
Chief executive officer (CEO)

Stellenbosch
22 April 2024

We have removed all signatures from this document to protect the security and privacy of all our signatories.

Summary consolidated statement of financial position

As at 29 February 2024

R'm	Audited February 2024	Audited February 2023 restated[(1)]	1 March 2022 restated[(1)]
Assets			
Cash and cash equivalents	**29 021**	31 014	34 239
Financial assets at fair value through profit or loss (FVTPL)	**554**	289	—
Financial investments at amortised cost	**68 111**	61 034	62 940
Term deposit investments	**7 791**	3 628	722
Net loans and advances	**80 552**	78 168	66 549
Other receivables	**8 407**	4 803	2 807
Insurance contract assets	**2 961**	1 970	745
Derivative assets	**34**	34	15
Financial assets – equity instruments at fair value through other comprehensive income (FVOCI)	**82**	74	73
Current income tax asset	**—**	41	—
Interest in associates and joint ventures	**727**	600	394
Property and equipment	**3 511**	3 292	3 022
Right-of-use assets	**1 857**	1 821	1 909
Intangible assets including goodwill	**1 402**	1 436	1 348
Deferred income tax asset	**2 569**	2 432	2 769
Total assets	**207 579**	190 636	177 532
Liabilities			
Derivative liabilities	**21**	24	34
Current income tax liability	**252**	—	302
Deposits	**152 994**	144 059	132 398
Wholesale funding	**3 021**	2 439	2 060
Other liabilities	**5 365**	3 874	4 747
Insurance contract liabilities	**—**	—	198
Lease liabilities	**2 383**	2 305	2 425
Employee benefit liabilities	**12**	15	212
Total liabilities	**164 048**	152 716	142 376
Equity			
Capital and reserves			
Ordinary share capital and premium	**5 457**	5 406	5 649
Cash flow hedge reserve	**7**	1	(12)
Other reserves	**(18)**	(25)	(29)
Foreign currency translation reserve	**102**	78	31
Share option reserve	**516**	516	516
Retained earnings	**37 424**	31 895	28 950
Share capital and reserves attributable to ordinary shareholders	**43 488**	37 871	35 105
Preference share capital and premium	**43**	49	51
Total equity	**43 531**	37 920	35 156
Total equity and liabilities	**207 579**	190 636	177 532

(1) *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 Restatement – adoption of IFRS 17 and related assessments.*

Summary consolidated income statement

Year ended 29 February 2024

R'm	Audited February 2024	Audited February 2023 restated[(1)]
Interest and similar income[(2)]		
Interest income	**25 806**	21 199
Interest income calculated using the effective interest rate	**25 118**	20 783
Interest income on financial assets at FVTPL	**688**	416
Interest expense	**(9 342)**	(6 993)
Net interest income	**16 464**	14 206
Credit impairments[(3)]	**(8 725)**	(6 329)
Net interest income after credit impairments	**7 739**	7 877
Non-interest income[(2)]		
Loan fee income	**1 219**	1 088
Loan fee expense	**(11)**	(9)
Net loan fee income	**1 208**	1 079
Transaction fee and commission income	**20 856**	16 562
Transaction fee and commission expense	**(6 069)**	(5 101)
Net transaction and commission income	**14 787**	11 461
Insurance revenue	**4 971**	4 675
Insurance service expense	**(1 977)**	(1 889)
Insurance service result	**2 994**	2 786
Insurance finance income/(expense)	**184**	(101)
Net insurance result[(4)]	**3 178**	2 685
Foreign currency income	**515**	495
Foreign currency expense	**(354)**	(333)
Net foreign currency income	**161**	162
Other income	**245**	158
Net non-interest income	**19 579**	15 545
Income from operations after credit impairments	**27 318**	23 422
Operating expenses	**(13 941)**	(11 877)
Share of net profit of associates and joint ventures	**71**	98
Operating profit before tax	**13 448**	11 643
Income tax expense	**(2 881)**	(2 492)
Profit for the year	**10 567**	9 151
Earnings per share (cents)		
Basic	**9 156**	7 933
Diluted	**9 137**	7 911

(1) *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 Restatement – adoption of IFRS 17 and related assessments.*

(2) *The group reviewed its presentation of the consolidated income statement and considers it more appropriate to disclose income and expenses as either interest and similar income/expenses or non-interest income/expenses on the face of the consolidated income statement. Comparatives have been updated to reflect this change in presentation.*

(3) *Credit impairments were previously presented after other income but following the change in presentation mentioned in (2), management considers it more appropriate to present credit impairments after net interest income. Comparatives have been updated to reflect this change in presentation.*

(4) *Insurance income and expenses have been separately disclosed following the adoption of IFRS 17* Insurance Contracts. *Refer to note 2 Restatement – adoption of IFRS 17 and related assessments.*

Summary consolidated statement of other comprehensive income

Year ended 29 February 2024

R'm	Audited February 2024	Audited February 2023 restated[(1)]
Profit for the year	**10 567**	9 151
Other comprehensive income that may subsequently be reclassified to profit or loss	**30**	60
Cash flow hedge reserve recognised	**11**	8
Cash flow hedge reclassified to profit or loss	**(3)**	10
Income tax relating to cash flow hedge	**(2)**	(5)
Foreign currency translation reserve recognised	**24**	47
Other comprehensive income that will not subsequently be reclassified to profit or loss	**7**	4
Remeasurement of defined benefit obligation	**(1)**	4
Profit on remeasurement to FVOCI	**8**	1
Income tax thereon	**—**	(1)
Total comprehensive income for the year	**10 604**	9 215

(1) *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 Restatement – adoption of IFRS 17 and related assessments.*

Reconciliation of attributable earnings to headline earnings

Year ended 29 February 2024

R'm	Audited February 2024	Audited February 2023 restated[(1)]
Net profit after tax	**10 567**	9 151
Preference dividend	**(5)**	(4)
Discount on repurchase of preference shares	**(1)**	—
Net profit after tax attributable to ordinary shareholders	**10 561**	9 147
Non-headline items:		
Loss on disposal of property and equipment	**17**	6
Taxable loss	**20**	4
Income tax	**(6)**	(1)
Non-tax deductible loss	**3**	3
Headline earnings	**10 578**	9 153
Basic headline earnings per share (cents)	**9 171**	7 938
Diluted headline earnings per share (cents)	**9 152**	7 917
Number of shares ('000)		
Weighted average number of ordinary shares in issue ('000)	**115 627**	115 627
Adjustment for treasury shares	**(281)**	(318)
Weighted average number of ordinary shares in issue ('000)	**115 346**	115 309
Adjustment for:		
Exercise of share options	**243**	308
Weighted average number of ordinary shares for diluted headline earnings per share	**115 589**	115 617
Number of shares in issue per the shareholders' register	**116 100**	116 100

(1) *Headline earnings has been restated due to the restatement of net profit after tax attributable to ordinary equity shareholders arising from the adoption of IFRS 17. Refer to note 2 Restatement – adoption of IFRS 17 and related assessments.*

Summary consolidated statement of changes in equity

Year ended 29 February 2024

R'm	Ordinary share capital and premium	Preference share capital and premium	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Share option reserve	Retained earnings	Total
Balance as at 28 February 2022	5 649	51	31	(12)	(29)	516	29 559	35 765
Restatements – transition to IFRS 17	–	–	–	–	–	–	(609)	(609)
Restated balance as at 28 February 2022[1]	5 649	51	31	(12)	(29)	516	28 950	35 156
Restated total comprehensive income for the year[1]	–	–	47	13	4	–	9 151	9 215
Transactions with shareholders and directly recorded in equity	(243)	(2)	–	–	–	–	(6 206)	(6 451)
Ordinary dividend	–	–	–	–	–	–	(6 187)	(6 187)
Preference dividend	–	–	–	–	–	–	(4)	(4)
Employee share option scheme: value of employee services	–	–	–	–	–	–	165	165
Shares acquired for employee share options at cost	(16)	–	–	–	–	–	(157)	(173)
Proceeds on settlement of employee share options	–	–	–	–	–	–	79	79
Tax effect on share options	–	–	–	–	–	–	(42)	(42)
Fair value of shares utilised for net settlement	–	–	–	–	–	–	(59)	(59)
Preference shares repurchased	–	(2)	–	–	–	–	(1)	(3)
Treasury shares	(227)	–	–	–	–	–	–	(227)
Restated balance as at 28 February 2023[1]	**5 406**	**49**	**78**	**1**	**(25)**	**516**	**31 895**	**37 920**
Total comprehensive income for the year	**–**	**–**	**24**	**6**	**7**	**–**	**10 567**	**10 604**
Transactions with shareholders and directly recorded in equity	**51**	**(6)**	**–**	**–**	**–**	**–**	**(5 038)**	**(4 993)**
Ordinary dividend	**–**	**–**	**–**	**–**	**–**	**–**	**(5 011)**	**(5 011)**
Preference dividend	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Employee share option scheme: value of employee services	**–**	**–**	**–**	**–**	**–**	**–**	**60**	**60**
Shares acquired for employee share options at cost	**11**	**–**	**–**	**–**	**–**	**–**	**(85)**	**(74)**
Proceeds on settlement of employee share options	**–**	**–**	**–**	**–**	**–**	**–**	**106**	**106**
Tax effect on share options	**–**	**–**	**–**	**–**	**–**	**–**	**13**	**13**
Fair value of shares utilised for net settlement	**–**	**–**	**–**	**–**	**–**	**–**	**(115)**	**(115)**
Preference shares repurchased	**–**	**(6)**	**–**	**–**	**–**	**–**	**(1)**	**(7)**
Treasury shares	**40**	**–**	**–**	**–**	**–**	**–**	**–**	**40**
Balance as at 29 February 2024	**5 457**	**43**	**102**	**7**	**(18)**	**516**	**37 424**	**43 531**

[1] *The financial statements have been restated for the adoption of IFRS 17* Insurance Contracts *and related assessments. Refer to note 2 Restatement – Transition to IFRS 17* Insurance Contracts *and related assessments.*

Summary consolidated statement of cash flows

Year ended 29 February 2024

R'm	Audited February 2024	Audited February 2023
Cash flows from operating activities		
Cash flow from operations	**1 350**	(6 680)
Income tax paid	**(2 713)**	(2 546)
Interest received	**24 950**	20 439
Interest paid	**(9 301)**	(6 958)
	14 286	4 255
Cash flows from investing activities		
Acquisition of property and equipment	**(1 038)**	(934)
Disposal of property and equipment	**30**	17
Acquisition of intangible assets	**(119)**	(229)
Investment in term deposit investments	**(7 864)**	(3 650)
Redemption of term deposit investments	**3 650**	900
Acquisition of financial investments at amortised cost	**(65 156)**	(47 217)
Redemption of financial investments at amortised cost	**58 959**	49 653
Interest acquired in associates and joint ventures	**(32)**	(62)
	(11 570)	(1 522)
Cash flows from financing activities		
Dividends paid	**(5 023)**	(6 189)
Preference shares repurchased	**(6)**	(3)
Issue of institutional bonds and other funding	**750**	750
Payment of lease liabilities	**(407)**	(370)
Shares acquired for settlement of employee share options	**(74)**	(111)
Participants' contribution on settlement of options	**10**	34
Treasury shares repurchased	**(37)**	(121)
	(4 787)	(6 010)
Effect of exchange rate changes on cash and cash equivalents	**82**	52
Net decrease in cash and cash equivalents	**(1 989)**	(3 225)
Cash and cash equivalents at the beginning of the year	**31 015**	34 240
Cash and cash equivalents at the end of the year	**29 026**	31 015

Notes to the summary consolidated financial statements

Year ended 29 February 2024

1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the 2024 consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those applied in the 2023 consolidated financial statements with the exception of the adoption of IFRS 17 and related assessments.

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 group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the summary consolidated financial statements, did not change compared to the prior financial year with the exception of the assumptions and judgements required in the application of IFRS 17.

In calculating the ECL for the year ended 29 February 2024, key areas of significant management estimation and judgement included determining 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 29 February 2024.

The summary consolidated statement of financial position, summary consolidated income statement, summary consolidated statement of other comprehensive income, reconciliation of attributable earnings to headline earnings, summary consolidated statement of cash flows, summary consolidated statement of changes in equity and notes to the summary consolidated financial statements are audited.

The directors take full responsibility for the preparation of the summary consolidated financial statements and these summary consolidated financial statements were correctly derived from the annual financial statements. These summary consolidated financial statements for the year ended 29 February 2024 have been audited jointly by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. The joint auditors also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

The audited financial statements and the auditors' report thereon are available for inspection at the company's registered office and on the company's website at **www.capitecbank.co.za**.

The preparation of the audited summary consolidated financial statements was supervised by the chief financial officer (CFO), Grant Hardy CA(SA).

2. Restatement – Adoption of IFRS 17 and related assessments

The International Accounting Standards Board issued IFRS 17 *Insurance Contracts* (IFRS 17) to replace IFRS 4 *Insurance Contracts* (IFRS 4) for annual periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The group has applied IFRS 17 for the annual reporting period beginning on 1 March 2023. Any adjustments to the carrying amounts of assets or liabilities were recognised as an adjustment to retained earnings on 1 March 2022, and the 2023 comparatives were restated.

The group offers funeral and credit life insurance to clients through contractual cell captive arrangements with registered insurance companies (cell captive insurers). These arrangements transfer significant insurance risk to the group due to the group's contractual obligation to maintain the capital requirements of the cells. The cell captive arrangements create an in-substance insurance contract between the group and the cell insurers, with the group acting as a reinsurer to the cell captive arrangements.

Previously, it was concluded that only Capitec's credit life business passed significant insurance risk to the group. Capitec's funeral cell held with Centriq Life Insurance Company Limited was accounted for in the scope of IFRS 9 and included in other receivables on the basis that the group did not have significant insurance risk. With the application of IFRS 17, the group reassessed the cell captive agreements with Guardrisk Life Limited and Centriq Life Insurance Company Limited to determine whether significant insurance risk had passed to the group. On conclusion of this assessment, the group determined that both cell captive agreements passed significant insurance risk to the group under IFRS 17.

Accordingly, the accounting for the funeral business, which carried significant insurance risk historically based on the current year assessment performed, should have always been in terms of IFRS 4 instead of IFRS 9. This was corrected as part of the transition to IFRS 17. Accounting for the funeral business under IFRS 9 as opposed to IFRS 4 had no impact, other than for the changes in presentation on Capitec's consolidated statement of financial position and consolidated income statement between other receivables and net insurance receivables and funeral plan income and net insurance income, respectively.

The amended accounting for the funeral business resulted in funeral plan income now being accounted for in accordance with IFRS 17.

The restatement to other income relates to commission earned by Capitec on the sale of funeral policies which remains in the scope of IFRS 15. This income was previously disclosed as part of funeral plan income. The restatements to net insurance receivable/net insurance income and other receivables/funeral plan income relate to the credit life and funeral business, respectively.

From 7 May 2023, the group has offered credit life insurance to clients through its subsidiary, Capitec Life Limited. IFRS 17 has been applied to these contracts from initial recognition. The same accounting policies have been adopted for credit life contracts issued through the cell captive and Capitec Life Limited.

2. Restatement – Transition to IFRS 17 and related assessments continued

Restatement of statements of financial position

R'm	Audited February 2023 as previously reported	Restatement	Audited February 2023 restated	Audited February 2022 as previously reported	Restatement	Year commencing 1 March 2022 restated
Assets						
Cash and cash equivalents	31 014	—	31 014	34 239	—	34 239
Financial assets at FVTPL	289	—	289	—	—	—
Financial investments at amortised cost	61 034	—	61 034	62 940	—	62 940
Term deposit investments	3 628	—	3 628	722	—	722
Net loans and advances	78 168	—	78 168	66 549	—	66 549
Other receivables	6 429	(1 626)	4 803	3 285	(478)	2 807
Insurance contract assets	—	1 970	1 970	—	745	745
Net insurance receivable	1 509	(1 509)	—	678	(678)	—
Derivative assets	34	—	34	15	—	15
Financial assets – equity instruments at FVOCI	74	—	74	73	—	73
Current income tax asset	41	—	41	—	—	—
Interest in associates and joint ventures	600	—	600	394	—	394
Property and equipment	3 292	—	3 292	3 022	—	3 022
Right-of-use assets	1 821	—	1 821	1 909	—	1 909
Intangible assets including goodwill	1 436	—	1 436	1 348	—	1 348
Deferred income tax asset	2 432	—	2 432	2 769	—	2 769
Total assets	191 801	(1 165)	190 636	177 943	(411)	177 532
Liabilities						
Derivative liabilities	24	—	24	34	—	34
Current income tax liability	—	—	—	302	—	302
Deposits	144 059	—	144 059	132 398	—	132 398
Wholesale funding	2 439	—	2 439	2 060	—	2 060
Other liabilities	3 874	—	3 874	4 747	—	4 747
Insurance contract liabilities	—	—	—	—	198	198
Lease liabilities	2 305	—	2 305	2 425	—	2 425
Employee benefit liabilities	15	—	15	212	—	212
Total liabilities	152 716	—	152 716	142 178	198	142 376
Equity						
Capital and reserves						
Ordinary share capital and premium	5 406	—	5 406	5 649	—	5 649
Cash flow hedge reserve	1	—	1	(12)	—	(12)
Other reserves	(25)	—	(25)	(29)	—	(29)
Foreign currency translation reserve	78	—	78	31	—	31
Share option reserve	516	—	516	516	—	516
Retained earnings	33 060	(1 165)	31 895	29 559	(609)	28 950
Share capital and reserves attributable to ordinary shareholders	39 036	(1 165)	37 871	35 714	(609)	35 105
Preference share capital and	49	—	49	51	—	51
Total equity	39 085	(1 165)	37 920	35 765	(609)	35 156
Total equity and liabilities	191 801	(1 165)	190 636	177 943	(411)	177 532

2. Restatement – Transition to IFRS 17 and related assessments continued

Restatement of income statements

R'm	Audited February 2023 as previously reported	Restatement	Audited February 2023 restated
Interest and similar income			
Interest income	21 199	—	21 199
Interest income calculated using the effective interest rate	20 783	—	20 783
Interest income on financial assets at FVTPL	416	—	416
Interest expense	(6 993)	—	(6 993)
Net interest income	14 206	—	14 206
Credit impairments	(6 329)	—	(6 329)
Net interest income after impairment of advances	7 877	—	7 877
Non-interest income			
Loan fee income	1 088	—	1 088
Loan fee expense	(9)	—	(9)
Net loan fee income	1 079	—	1 079
Transaction fee and commission income	16 562	—	16 562
Transaction fee and commission expense	(5 101)	—	(5 101)
Net transaction and commission income	11 461	—	11 461
Insurance revenue	—	4 675	4 675
Insurance service expense	—	(1 889)	(1 889)
Insurance service result	—	2 786	2 786
Insurance finance income/(expense)	—	(101)	(101)
Net insurance result	—	2 685	2 685
Foreign currency income	495	—	495
Foreign currency expense	(333)	—	(333)
Net foreign currency income	162	—	162
Net insurance income	1 889	(1 889)	—
Funeral plan income	1 431	(1 431)	—
Other income	79	79	158
Net non-interest income	16 101	(556)	15 545
Income from operations after impairment of advances	23 978	(556)	23 422
Operating expenses	(11 877)	—	(11 877)
Share of net profit of associates and joint ventures	98	—	98
Operating profit before tax	12 199	(556)	11 643
Income tax expense	(2 492)	—	(2 492)
Profit for the year	9 707	(556)	9 151

3. Net loans and advances

Retail bank

	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL				
R'm	Up-to-date	Up-to-date loans with SICR and applied for debt review >6 months	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	Total
Balance as at 29 February 2024								
Gross loans and advances	**48 583**	**11 370**	**1 575**	**2 425**	**2 249**	**2 300**	**15 345**	**83 847**
Term loan	**25 831**	**6 644**	**876**	**1 573**	**1 632**	**1 800**	**10 045**	**48 401**
Access facility	**15 506**	**3 988**	**451**	**687**	**617**	**500**	**4 067**	**25 816**
Credit card	**7 246**	**738**	**248**	**165**	**—**	**—**	**1 233**	**9 630**
Provision for credit impairments (ECL)[1]	**(3 605)**	**(2 705)**	**(805)**	**(1 624)**	**(659)**	**(665)**	**(11 296)**	**(21 359)**
Term loan	**(1 648)**	**(1 261)**	**(434)**	**(1 124)**	**(483)**	**(490)**	**(7 452)**	**(12 892)**
Access facility	**(1 545)**	**(1 247)**	**(273)**	**(419)**	**(176)**	**(175)**	**(3 022)**	**(6 857)**
Credit card	**(412)**	**(197)**	**(98)**	**(81)**	**—**	**—**	**(822)**	**(1 610)**
Net loans and advances	**44 978**	**8 665**	**770**	**801**	**1 590**	**1 635**	**4 049**	**62 488**
Term loan	**24 183**	**5 383**	**442**	**449**	**1 149**	**1 310**	**2 593**	**35 509**
Access facility	**13 961**	**2 741**	**178**	**268**	**441**	**325**	**1 045**	**18 959**
Credit card	**6 834**	**541**	**150**	**84**	**—**	**—**	**411**	**8 020**
ECL coverage (%)	**7.4**	**23.8**	**51.1**	**67.0**	**29.3**	**28.9**	**73.6**	**25.5**
Term loan	**6.4**	**19.0**	**49.5**	**71.5**	**29.6**	**27.2**	**74.2**	**26.6**
Access facility	**10.0**	**31.3**	**60.5**	**61.0**	**28.5**	**35.0**	**74.3**	**26.6**
Credit card	**5.7**	**26.7**	**39.5**	**49.1**	**—**	**—**	**66.7**	**16.7**
% of gross loan book	**58**	**13**	**2**	**3**	**3**	**3**	**18**	**100**
Term loan	**31**	**8**	**1**	**2**	**2**	**2**	**12**	**58**
Access facility	**18**	**4**	**1**	**1**	**1**	**1**	**5**	**31**
Credit card	**9**	**1**	**—**	**—**	**—**	**—**	**1**	**11**
Balance as at 28 February 2023								
Gross loans and advances	50 320	11 754	1 764	2 202	1 917	1 915	12 425	82 297
Term loan	27 836	7 269	1 032	1 589	1 515	1 653	9 213	50 107
Access facility	16 599	3 866	554	485	402	262	2 291	24 459
Credit card	5 885	619	178	128	—	—	921	7 731
Provision for credit impairments (ECL)[1]	(3 634)	(2 687)	(851)	(1 493)	(584)	(527)	(9 030)	(18 806)
Term loan	(1 855)	(1 231)	(498)	(1 103)	(452)	(441)	(6 649)	(12 229)
Access facility	(1 385)	(1 276)	(276)	(317)	(132)	(86)	(1 675)	(5 147)
Credit card	(394)	(180)	(77)	(73)	—	—	(706)	(1 430)
Net loans and advances	46 686	9 067	913	709	1 333	1 388	3 395	63 491
Term loan	25 981	6 038	534	486	1 063	1 212	2 564	37 878
Access facility	15 214	2 590	278	168	270	176	616	19 312
Credit card	5 491	439	101	55	—	—	215	6 301
ECL coverage (%)	7.2	22.9	48.2	67.8	30.5	27.5	72.7	22.9
Term loan	6.7	16.9	48.3	69.4	29.8	26.7	72.2	24.4
Access facility	8.3	33.0	49.8	65.4	32.8	32.8	73.1	21.0
Credit card	6.7	29.1	43.3	57.0	—	—	76.7	18.5
% of gross loan book	62	14	2	3	2	2	15	100
Term loan	34	9	1	2	2	2	11	61
Access facility	21	4	1	1	—	—	3	30
Credit card	7	1	—	—	—	—	1	9

[1] *For agreements that contain both a drawn and undrawn component where the group cannot separately identify the ECL on the undrawn component, the ECL on the undrawn component is recognised with the ECL on the loan component. To the extent that the ECLs exceed the gross carrying amount of the loans at a client level, the excess is recognised as a provision in other liabilities in the statement of financial position. The loss allowance on the undrawn loan commitments of clients that have no outstanding balances is also recognised as a provision in other liabilities.*

3. Net loans and advances continued

Business bank

R'm	Stage 1 12-month ECL		Stage 2 Lifetime ECL				Stage 3 Lifetime ECL	
	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)	More than 3 months in arrears, legal statuses and applied for business rescue liquidations <6 months	Total
Balance as at 29 February 2024								
Gross loans and advances	**16 153**	**183**	**835**	**174**	**290**	**77**	**1 432**	**19 144**
Business loans	**8 061**	**79**	**395**	**67**	**236**	**9**	**683**	**9 530**
Mortgage loans	**8 092**	**104**	**440**	**107**	**54**	**68**	**749**	**9 614**
Provision for credit impairments (ECL)[(1)(2)]	**(260)**	**(4)**	**(138)**	**(23)**	**(17)**	**(7)**	**(631)**	**(1 080)**
Business loans	**(216)**	**(2)**	**(106)**	**(15)**	**(13)**	**(2)**	**(439)**	**(793)**
Mortgage loans	**(44)**	**(2)**	**(32)**	**(8)**	**(4)**	**(5)**	**(192)**	**(287)**
Net loans and advances	**15 893**	**179**	**697**	**151**	**273**	**70**	**801**	**18 064**
Business loans	**7 845**	**77**	**289**	**52**	**223**	**7**	**244**	**8 737**
Mortgage loans	**8 048**	**102**	**408**	**99**	**50**	**63**	**557**	**9 327**
ECL coverage (%)[(3)]	**1.6**	**2.4**	**16.5**	**13.6**	**5.8**	**8.8**	**44.1**	**5.6**
Business loans	**2.7**	**3.1**	**26.9**	**22.2**	**5.6**	**24.3**	**64.2**	**8.3**
Mortgage loans	**0.5**	**1.8**	**7.2**	**8.2**	**6.7**	**6.8**	**25.7**	**3.0**
% of gross loan book	**84**	**1**	**4**	**1**	**2**	**—**	**8**	**100**
Business loans	**42**	**—**	**2**	**—**	**2**	**—**	**4**	**50**
Mortgage loans	**42**	**1**	**2**	**1**	**—**	**—**	**4**	**50**
Balance as at 28 February 2023								
Gross loans and advances	13 043	134	678	90	346	99	1 128	15 518
Business loans	6 142	82	362	40	312	28	496	7 462
Mortgage loans	6 901	52	316	50	34	71	632	8 056
Provision for credit impairments (ECL)[(1)(2)]	(225)	(3)	(127)	(21)	(17)	(12)	(436)	(841)
Business loans	(196)	(3)	(105)	(17)	(14)	(7)	(291)	(633)
Mortgage loans	(29)	—	(22)	(4)	(3)	(5)	(145)	(208)
Net loans and advances	12 818	131	551	69	329	87	692	14 677
Business loans	5 946	79	257	23	298	21	205	6 829
Mortgage loans	6 872	52	294	46	31	66	487	7 848
ECL coverage (%)[(3)]	1.7	2.1	18.8	23.6	5.0	11.7	38.6	5.4
Business loans	3.2	3.0	29.0	44.1	4.6	23.6	58.6	8.5
Mortgage loans	0.4	0.6	7.0	7.5	7.9	7.1	22.9	2.6
% of gross loan book	84	1	4	1	2	1	7	100
Business loans	40	1	3	—	2	—	3	49
Mortgage loans	44	—	1	1	—	1	4	51

(1) 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 within other liabilities.

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

(3) The ECL coverage ratio is calculated in thousands before rounding to millions.

4. Commitments and contingent liabilities

R'm	Audited February 2024	Audited February 2023
Capital commitments – approved by the board		
Contracted for:		
Property and equipment[(1)]	**745**	672
Intangible assets	**11**	3
Not contracted for:		
Property and equipment	**729**	1 034
Intangible assets	**260**	206
Total capital commitments	**1 745**	1 915
Loan commitments – gross of loss allowances[(2)]		
Retail bank loan commitments – off-balance sheet	**13 759**	15 800
Access facility	**11 074**	13 710
Credit card	**2 685**	2 090
Business bank loan commitments – off-balance sheet	**401**	304
Bonds	**315**	220
Credit card	**86**	84
Guarantees – Business bank	**559**	771
Letters of credit – Business bank	**55**	32
Total loan commitments, guarantees and letters of credit	**14 774**	16 907

(1) *Contracted capital commitments for property and equipment include property amounting to R400 million (2023: R400 million).*

(2) *For agreements that contain both a drawn and undrawn component where the group cannot separately identify the ECL on the undrawn component, the ECL on the undrawn component is recognised with the ECL on the loan component. To the extent that the ECLs exceed the gross carrying amount of the loans at a client level, the excess is recognised as a provision in other liabilities in the statement of financial position. The loss allowance on the undrawn loan commitments of clients that have no outstanding balances is also recognised as a provision in other liabilities.*

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

Determination of fair values and valuation process

Fair values are market-based, calculated with reference to observable inputs available in the market, then less observable inputs 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 group finance department performs the valuations of financial assets and 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. The valuations are reported to the CFO and audit committee. 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 group's assessment of what inputs would likely be from the perspective of the market. The group considers relevant and observable market inputs where these are available. Unobservable inputs are used in the absence of observable inputs. The group'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 year.

5. Fair value hierarchy and classification of financial assets and liabilities continued

Hierarchy of fair value of financial instruments continued

The fair value hierarchy is applied to both those assets and liabilities measured at FVTPL and those measured using amortised cost.

The table below summarises the classification of financial assets and financial liabilities and their fair values.

R'm	Audited February 2024	Audited February 2023 restated	Classification	Hierarchy of valuation technique
Financial assets				
Cash and cash equivalents	**29 021**	31 015	At amortised cost	Level 2
Financial assets at FVTPL	**554**	289	At FVTPL	Level 1/Level 2
Term deposit investments	**7 791**	3 628	At amortised cost	Level 2
Financial investments at amortised cost	**67 459**	60 390	At amortised cost	Level 1/Level 2
Financial assets – Equity instruments at FVOCI	**82**	74	At FVOCI	Level 3
Net loans and advances – Term loans	**35 641**	36 986	At amortised cost	Level 3
Net loans and advances – Access facility	**20 760**	20 756	At amortised cost	Level 3
Net loans and advances – Credit card	**8 417**	6 684	At amortised cost	Level 3
Net loans and advances – Business	**8 951**	7 027	At amortised cost	Level 3
Net loans and advances – Mortgage	**9 373**	7 877	At amortised cost	Level 3
Other receivables	**8 058**	4 558	At amortised cost	Level 2
Derivative assets	**34**	34	At FVTPL	Level 2
Financial liabilities				
Deposits and bonds	**155 996**	146 185	At amortised cost	Level 2
Derivative liabilities	**21**	24	At FVTPL	Level 2
Trade and other payables	**3 439**	2 447	At amortised cost	Level 2

Fair values of assets and liabilities reported in this note were market-based to reflect the perspective of a market participant.

Item and description	Valuation technique
Retail loans and advances	The expected present value technique was applied, discounting probability-weighted cash flows at a discount rate that ensures that no day-1 fair value gain or loss arises on new loans. This considers that loans are granted at market-related rates at the time of initiation. The level 3 fair value disclosed for loans and advances required the use of significant judgement by management in determining what a market-based valuation would be. An income approach was used, which calculated an expected present value in terms of a discount rate for a hypothetical market participant applied to the valuation cash flows. In summary, this approach calculates a discount rate which reflects the cost to the market participant plus that participant's required rate of return on investment. The cash flows used were probability-weighted and were generated by the same model that was used to generate the impairments on loans and advances.
Business bank loans and advances	The fair value of loans and advances that are carried at amortised cost approximates the fair value reported as they bear variable rates of interest. The fair value is adjusted for deterioration of the credit quality of the book.
Financial assets at FVTPL	Financial assets (income funds) with underlying debt securities are valued using discounted cash flow, external valuations and published price quotations on the JSE equity and debt interest rate market, or external valuations that are based on published market inputs with the main assumptions being market input, uplifted with inflation. These instruments are classified as level 2 as the markets that they are quoted on are not considered to be active.

5. Fair value hierarchy and classification of financial assets and liabilities continued

Hierarchy of fair value of financial instruments continued

Item and description	Valuation technique
Term deposit investments	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period.
Financial investments at amortised cost – treasury bills	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period.
Financial investments at amortised cost – government bonds	The JSE debt market bond pricing model uses the JSE debt market mark-to-market bond yield.
Derivative assets and liabilities	Derivatives, both assets and liabilities, were valued using the income approach. Derivatives comprise interest rate swaps and forward foreign exchange contracts. Interest rate swaps were fair valued on a discounted basis using forward interest rates and foreign currency rates extracted from observable yield and foreign currency market curves. Foreign exchange contracts were valued using applicable forward rates. The fair value of publicly traded derivatives and securities is based on quoted market values at the reporting date.
Deposits and bonds with call features	Specified terms for future repayment as well as retail deposits with a call feature which allows them to be withdrawn on demand. The fair values of the retail call deposits closely approximate their carrying amounts due to their demand nature. The fair values for instruments with specified future repayment terms were calculated as described as follows.
Listed senior bonds	A market approach was used. Calculations used the all-in closing bond prices provided by the JSE's Interest Rate and Currency market. The pricing method used by the JSE links the bond at issue to a liquid government bond (a companion bond). The companion is chosen so as to best fit the characteristics of the Capitec issue, with the time to maturity being the most important factor. Spread information is obtained from market participants and is used to adjust the price subsequent to issue. Very small and very large trades are excluded due to the inherent discounts associated with large trades as well as the premium often charged for odd-lot trades.
Unlisted fixed-term institutional deposits	These comprise unlisted bonds, unlisted fixed-term negotiable instruments and other unlisted fixed-term wholesale instruments. The income approach was used. Fair values were calculated by discounting the contractual cash flows using publicly quoted closing swap curve rates from a large bank market-maker with a risk premium adjustment to account for non-performance risk. The market rate on the curve was determined with reference to the remaining maturity of the liability.
Retail fixed-term deposits	An income approach was used. Fair values were calculated by discounting the contractual cash flows using publicly quoted, closing Capitec fixed-term deposit rates. The relevant rate used was that which matched the remaining maturity of the fixed deposit.
Secured funding	Is carried at amortised cost which approximates the fair value reported as they bear variable rates of interest.

6. Segment information

Operating segments are identified on the basis of internal reports about components of the group 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 group executive committee, headed by the CEO, has been identified as the CODM, which is responsible for assessing the performance of and allocating resources to the segments.

The CODM identified 3 operating segments within the South African economic environment – Retail bank, Business bank and the Insurance business. The business is widely distributed with no reliance on any major clients. In addition, no client accounts for more than 10% of revenue.

Although the group operates within the South African economic environment, the group does hold an investment in Avafin, an online lender that is located in Cyprus, with subsidiaries based in a number of European and North American countries. At year-end, Avafin was an associate over which the group did not have control.

Within the segments, there are a number of products and services from which the group derives its revenue. 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
- VAS including enabling clients to purchase prepaid mobile network services, electricity, national lottery tickets and vouchers and the ability to pay bills on the banking application
- Capitec Connect, a mobile virtual network operator using the mobile network infrastructure of Cell C, offering its own products and services.

Business bank

- Loan products that are granted to Business bank clients. There are 2 categories of loans, namely mortgage loans and business loans. Business loans include term loans, overdrafts, instalment sales, leases and credit cards
- Call and notice deposits
- Treasury products that comprise foreign exchange spot trades and foreign exchange forward contracts.

Insurance

For several years, 2 cell captive arrangements have enabled the group to provide long-term insurance products to Retail bank clients. Capitec Ins Proprietary Limited is the shareholder of the cells and participates in the operating results in the form of an attribution of profit.

The following long-term insurance products are provided to Retail bank clients:

- Prior to 7 May 2023, credit insurance, underwritten by Guardrisk Life Limited, provided cover for the settlement of debt in the event of death, permanent disability, temporary disability or retrenchment
- From 7 May 2023, the group has offered credit life insurance to clients through its subsidiary, Capitec Life Limited. The transfer of the existing credit life policies that are held with Guardrisk Life Limited to Capitec Life Limited has been initiated
- The Capitec funeral plan, underwritten by Centriq Life Insurance Company Limited, is a policy that provides cover for funeral costs.

6. Segment information continued

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.

R'm	Year ended February 2024 Retail bank	Business bank	Insurance	Total	Year ended February 2023 restated Retail bank	Business bank	Insurance	Total
Interest and similar income								
Interest income	23 694	2 654	26	25 806	19 822	1 819	7	21 199
Interest income on lending calculated using the effective interest rate	16 071	2 118	—	18 189	14 382	1 417	—	15 799
Interest income on investments calculated using the effective interest rate	6 954	536	7	6 929	5 031	402	—	4 984
Interest income on financial assets at FVTPL	669	—	19	688	409	—	7	416
Interest expense[1][2]	(8 751)	(1 159)	—	(9 342)	(6 621)	(821)	—	(6 993)
Net interest income	14 943	1 495	26	16 464	13 201	998	7	14 206
Credit impairments	(8 403)	(322)	—	(8 725)	(6 121)	(208)	—	(6 329)
Net interest income after credit impairments	6 540	1 173	26	7 739	7 080	790	7	7 877
Non-interest income								
Loan fee income	1 218	1	—	1 219	1 083	5	—	1 088
Loan fee expense	(11)	—	—	(11)	(9)	—	—	(9)
Net loan fee income	1 207	1	—	1 208	1 074	5	—	1 079
Transaction fee and commission income	19 357	1 573	—	20 856	15 235	1 442	—	16 562
Branch, cash and self-service transactions	7 491	16	—	7 507	6 723	11	—	6 734
Digital transactions	3 504	87	—	3 591	2 184	67	—	2 251
Monthly fees, debit orders and other transactions[1]	4 057	578	—	4 621	3 388	481	—	3 809
POS transactions[1]	2 542	148	—	2 630	2 005	150	—	2 100
Commission income	1 763	744	—	2 507	935	733	—	1 668
Transaction fee and commission expense	(5 411)	(718)	—	(6 069)	(4 509)	(647)	—	(5 101)
Branch, cash and self-service transactions	(3 156)	—	—	(3 156)	(2 860)	—	—	(2 860)
Digital transactions	(521)	(30)	—	(551)	(286)	(29)	—	(315)
Monthly fees, debit orders and other transactions[1]	(1 059)	(302)	—	(1 361)	(936)	(265)	—	(1 201)
POS transactions[1]	(605)	(386)	—	(931)	(376)	(353)	—	(674)
Commission expense	(70)	—	—	(70)	(51)	—	—	(51)
Net transaction and commission income	13 946	855	—	14 787	10 726	795	—	11 461

[1] *Consolidation entries are not included in the 3 segments.*

[2] *The Business bank assets include an amount of R10.5 billion (2023: R5.6 billion) in investments that are placed with Retail bank and are eliminated against liabilities. Interest on the investments amounted to R469 million (2023: R382 million) and is disclosed as interest income on investments calculated using the effective interest rate in Business bank and as interest expense in Retail bank which is eliminated on consolidation.*

6. Segment information continued

R'm	Year ended February 2024 Retail bank	Business bank	Insurance	Total	Year ended February 2023 restated Retail bank	Business bank	Insurance	Total
Insurance revenue	–	–	4 971	4 971	–	–	4 675	4 675
Insurance service expense	–	–	(1 977)	(1 977)	–	–	(1 889)	(1 889)
Insurance service result	–	–	2 994	2 994	–	–	2 786	2 786
Insurance finance income/(expense)	–	–	184	184	–	–	(101)	(101)
Net insurance result	–	–	3 178	3 178	–	–	2 685	2 685
Foreign currency income	–	515	–	515	–	495	–	495
Foreign currency expense	–	(354)	–	(354)	–	(333)	–	(333)
Net foreign currency income	–	161	–	161	–	162	–	162
Other income	121	44	97	245	50	29	79	158
Net non-interest income	15 274	1 061	3 275	19 579	11 850	991	2 764	15 545
Income from operations after credit impairments	21 814	2 234	3 301	27 318	18 930	1 781	2 771	23 422
Operating expenses[1]	(3 261)	(228)	(41)	(3 499)	(2 859)	(207)	(6)	(3 013)
IT expenses[3]	(1 725)	(135)	(38)	(1 898)	(1 366)	(110)	(9)	(1 485)
Employee costs	(6 023)	(1 066)	(88)	(7 177)	(5 358)	(851)	(19)	(6 228)
Depreciation	(1 090)	(125)	–	(1 215)	(939)	(71)	–	(1 010)
Amortisation	(106)	(30)	(2)	(138)	(114)	(13)	–	(127)
Amortisation of intangibles – core deposits and client relationships[1]	–	–	–	(14)	–	–	–	(14)
Share of net profit of associates and joint ventures	71	–	–	71	98	–	–	98
Operating profit before tax[1]	9 680	650	3 132	13 448	8 392	529	2 737	11 643
Income tax expense	(2 653)	(172)	(60)	(2 885)	(2 362)	(141)	7	(2 496)
Tax on amortisation of intangible assets[1]	–	–	–	4	–	–	–	4
Profit for the year	7 027	478	3 072	10 567	6 030	388	2 744	9 151
Assets								
Net loans and advances	62 488	18 064	–	80 552	63 491	14 677	–	78 168
Other[4]	120 251	12 873	3 492	126 140	107 143	7 932	2 124	111 568
Acquisition of Mercantile	–	–	–	887	–	–	–	900
Goodwill[1]	–	–	–	849	–	–	–	849
Intangible asset – core deposit intangible[1]	–	–	–	31	–	–	–	42
Intangible asset – client relationships[1]	–	–	–	7	–	–	–	9
Total assets[1][2]	182 739	30 937	3 492	207 579	170 634	22 609	2 124	190 636

[1] *Consolidation entries are not included in the 3 segments.*

[2] *The Retail bank and Business bank assets include an amount of R10.5 billion (2023: R5.6 billion) in investments that eliminates against liabilities at group level. Interest on the investments amounted to R469 million (2023: R382 million) and is disclosed in the Retail bank interest expense and the Business bank interest on investments.*

[3] *Prior year IT expenses do not include outsourced services.*

7. Events after the reporting period

There have been no material changes in the group's affairs or financial position since the statement of financial position date with the exception of the matters detailed below.

Acquisition of Avafin Holdings Limited

On 11 March 2024, the South African Reserve Bank approved a transaction in which Capitec will increase its shareholding in Avafin, an international online consumer lending group, from 40.66% to 97.69% at a purchase price of EUR26.3 million. Avafin management will continue to hold the residual interest in the business, in line with Capitec's philosophy of management ownership.

The key reasons for acquiring the controlling interest in Avafin are as follows:
- Strong culture fit – Avafin is a small business, taking on large market leaders by focusing on niche solutions for clients through the efficient use of a sophisticated, scalable, technology-driven online consumer credit platform and sound credit risk management principles
- Geographical diversification - The business model developed from a high dependency on a single market to successful operations in multiple markets. Avafin provides online consumer loan products in Poland, the Czech Republic, Latvia, Spain and Mexico
- Excellent management team – Management and staff are innovative with a pragmatic approach and are responsive to changes in the diverse geographical environments in which they operate.

Avafin is closely aligned to Capitec's client-centric retail business philosophy and is well positioned for growth.

On 15 April 2024, the Polish competition authority approved the transaction. Due to the proximity of the acquisition to the publication date of the financial statements, the initial accounting for the business combination, including the purchase price allocation, has not been completed

The summarised financial statements of Avafin as an associate are included in note 12 to the audited annual financial statements.

Reinsurance recapture from Sanlam Developing Markets Limited

Capitec gave notice of the termination of the funeral product cooperation arrangement (the arrangement), effective 1 November 2024, at which point Sanlam Developing Markets Limited (Sanlam) will cease to provide reinsurance and any administration services to the Centriq cell captive held by Capitec Ins Proprietary Limited. Capitec Life Limited (Capitec Life) will take over the administration of the in-force insurance book and will commence writing new funeral business on its own insurance licence from that date. The policies in force on the termination date will remain on the Centriq cell captive licence and will be transferred to the Capitec Life licence at a later date.

As a result of the termination, a reinsurance recapture amount of R1.9 billion is payable to Sanlam on or before the termination date. The reinsurance recapture amount represents the loss of expected profits due to the Sanlam group for the policies expected to be in force in terms of the arrangement up to 31 October 2024.

The transaction is subject to certain conditions, including approval from the relevant authorities. On 14 March 2024, Capitec received confirmation from the Competition Commission that the transaction had been approved. Other regulatory approvals, notably regarding licensing conditions to provide the administration services, are still pending.

7. Events after the reporting period continued

Reinsurance recapture from Sanlam Developing Markets Limited continued

Financial impact

Capitec recognises its rights and obligations in the arrangement as an in-substance inward reinsurance contract. Capitec applies IFRS 17 *Insurance Contracts* to all in-substance reinsurance arrangements. The insurance contract is currently measured with reference to Capitec's 70% participation in the arrangement. The R1.9 billion (R1.4 billion after tax) consideration entitles Capitec to an additional 30% participation in the in-force book. Consequently, the projected cash flows from the in-substance reinsurance contract will increase by the additional participation rights acquired but will decrease by the consideration paid. To the extent that there is a difference between the increase in the fulfilment cash flows from the additional participation and the consideration paid it will increase or decrease the CSM depending on whether the fulfilment cash flows are more/less than the consideration paid. The transaction does not have a profit or loss impact on transaction date. Current estimates indicate that it is not likely that there will be a material difference on 1 November 2024, but this is subject to actual performance over the period to 31 October 2024.

Capitec Bank Limited v Commissioner for the South African Revenue Service

On 12 April 2024, the Constitutional Court of South Africa decided on the matter between Capitec Bank Limited and the Commissioner for the South African Revenue Service (SARS) which was heard on 5 September 2023. The orders of the Tax Court and Supreme Court of Appeal were set aside and assessment for Capitec Bank Limited's November 2017 value-added tax period was remitted to SARS for examination and assessment in accordance with the principles set out in the judgement.

Based on the judgement, Capitec Bank and SARS are required to re-engage to determine the apportionment of input tax deducted by Capitec Bank Limited. Based on the fact that Capitec Bank and SARS have yet to engage, there is no additional certainty to quantify the impact of the decision and the judgement is therefore a non-adjusting event.

Independent auditors' report on the summary consolidated financial statements

To the Shareholders of Capitec Bank Holdings Limited

Opinion

The summary consolidated financial statements of Capitec Bank Holdings Limited, set out on pages 17 to 35 of the preliminary report titled "*Audited summary consolidated financial statements for the year ended 29 February 2024*", which comprise the summary consolidated statement of financial position as at 29 February 2024, the summary consolidated income statement and the summary consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Capitec Bank Holdings Limited for the year ended 29 February 2024.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 April 2024. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

DocuSigned by:
PricewaterhouseCoopers Inc
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PricewaterhouseCoopers Inc.
Director: Dale Stonebridge
Registered Auditor

Johannesburg
4 Lisbon Lane, Waterfall City, South Africa

22 April 2024

DocuSigned by:
DELOITTE & TOUCHE
8053906C2EC4428...

Deloitte & Touche
Per Partner: Lito Nunes
Registered Auditor

Johannesburg
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22 April 2024

Statutory and contact information

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

Directors

SL Botha *(chairman)*
GM Fourie *(CEO)*[(1)]
NF Bhettay (appointed on 7 September 2023)
Z Bulbulia (appointed on 28 March 2023 and resigned effective 24 April 2023)
SA du Plessis
CH Fernandez
N Ford-Hoon (appointed on 7 September 2023)
GR Hardy *(CFO)*[(1)]
MSdP le Roux
V Mahlangu
TE Mashilwane (resigned effective 30 September 2023)
NS Mashiya *(executive: risk management)*[(1)] (resigned on 31 March 2023)
DP Meintjes (resigned effective 26 May 2023)
PJ Mouton
CA Otto
JP Verster

[(1)] *Executive*

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Transfer secretary

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Sponsor

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and
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