Unaudited financial results
for the 6 months ended 31 August 2024

2025
Igniting growth and opportunity

Capitec Bank Holdings Limited
(Capitec or the group or the company)

Highlights

Headline earnings
+36%
to R6.4 billion
(August 2023: R4.7 billion)

Value-added services (VAS) and Capitec Connect
+79%
to R2.0 billion
(August 2023: R1.1 billion)

Interim dividend per ordinary share
+36%
to 2 085 cents
(August 2023: 1 530 cents)

Annualised credit loss ratio
7.6%
(August 2023: 9.6%)

Personal banking	8.3%
Business banking	1.8%

Return on ordinary shareholders' equity (ROE)
29%
(August 2023: 24%)

Non-interest income to income from operations after credit impairments
67%
(August 2023: 74%)

Banking app clients
+21%
to 12.4 million
(August 2023: 10.3 million)

Net transaction and commission income
+19%
to R6.9 billion
(August 2023: R5.8 billion)

Key performance indicators

		6 months ended August 2024[1]	2023	% change August 2024/2023[2]	Year ended February 2024
Profitability					
Interest income	R'm	**14 703**	12 537	17	25 806
Interest income on lending	R'm	**10 277**	8 985	14	18 189
Interest income on investments and other financial instruments	R'm	**4 426**	3 552	25	7 617
Interest expense	R'm	**(5 053)**	(4 519)	12	(9 342)
Net interest income	R'm	**9 650**	8 018	20	16 464
Credit impairments	R'm	**(4 032)**	(4 761)	(15)	(8 725)
Net interest income after credit impairments	R'm	**5 618**	3 257	72	7 739
Net loan fee income	R'm	**625**	594	5	1 208
Total net transaction and commission income	R'm	**8 921**	6 913	29	14 787
Net transaction and commission income	R'm	**6 881**	5 775	19	12 038
VAS and Capitec Connect	R'm	**2 040**	1 138	79	2 749
Net insurance result	R'm	**1 633**	1 548	5	3 178
Credit life	R'm	**898**	912	(2)	1 882
Funeral plan and life cover	R'm	**735**	636	16	1 296
Net foreign currency income	R'm	**56**	82	(32)	161
Other income	R'm	**36**	77	(53)	245
Non-interest income	R'm	**11 271**	9 214	22	19 579
Income from operations after credit impairments	R'm	**16 889**	12 471	35	27 318
Operating expenses	R'm	**(8 614)**	(6 607)	30	(13 941)
Share of net profit of associates and joint ventures	R'm	**7**	29	(76)	71
Deemed disposal of investment in associate	R'm	**27**	—		—
Operating profit before tax	R'm	**8 309**	5 893	41	13 448
Income and deferred tax expense[3]	R'm	**(1 884)**	(1 197)	57	(2 881)
Profit for the period	R'm	**6 425**	4 696	37	10 567
Adjustments to basic earnings	R'm	**(5)**	(3)	67	(6)
Earnings attributable to ordinary shareholders of the group[4]					
Basic	R'm	**6 420**	4 693	37	10 561
Headline	R'm	**6 394**	4 697	36	10 578
Earnings per share					
Attributable	cents	**5 567**	4 068	37	9 156
Headline	cents	**5 544**	4 072	36	9 171
Number of shares for calculation	'000	**115 338**	115 352	<1	115 346
Diluted attributable	cents	**5 557**	4 062	37	9 137
Diluted headline	cents	**5 534**	4 066	36	9 152
Number of shares for calculation	'000	**115 537**	115 526	<1	115 589
Dividends per ordinary share					
Interim	cents	**2 085**	1 530	36	1 530
Final	cents				3 345
Total	cents	**2 085**	1 530	36	4 875
Number of shares for calculation	'000	**116 100**	116 100	—	116 100
Dividend cover	times	**2.6**	2.6		1.9
Non-interest income to income from operations after credit impairments	%	**67**	74		72
Cost-to-income ratio	%	**41**	38		39

(1) 2024 figures include a new foreign online consumer lending subsidiary, Avafin Holding Limited (AvaFin), for the 4 months ended August 2024. Prior to 1 May 2024, the entity was accounted for as an associate and Capitec's share of profit was included in the Share of net profit in associates and joint ventures line in the income statement.

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

(3) The increase in the income and deferred tax expense was due to the consolidation of AvaFin and the impact of selling credit life insurance on our own licence instead of through the cell captive. Tax on income from our own licence is reflected in the tax line while tax on income from the cell captives is netted against the cell captive income.

(4) Refer to the reconciliation of attributable earnings to headline earnings in the condensed consolidated financial statements for details regarding the difference between basic and headline earnings.

Key performance indicators continued

		6 months ended August 2024[1]	2023	% change August 2024/2023[2]	Year ended February 2024
Assets					
Total assets	R'm	**222 732**	200 503	11	207 579
Net loans and advances	R'm	**83 182**	78 965	5	80 552
Cash and financial investments[3]	R'm	**112 273**	102 005	10	105 477
Other[4]	R'm	**27 277**	19 533	40	21 550
Liabilities					
Total liabilities		**176 774**	161 150	10	164 048
Deposits and wholesale funding	R'm	**166 321**	154 201	8	156 015
Other	R'm	**10 453**	6 949	50	8 033
Equity					
Share capital and reserves attributable to ordinary shareholders of the group	R'm	**45 889**	39 307	17	43 488
Total equity	R'm	**45 958**	39 353	17	43 531
ROE	%	**29**	24		26
Capital adequacy ratio (CAR)	%	**37**	37		36
Net asset value per ordinary share	cents	**39 687**	33 995	17	37 611
Number of shares for calculation	'000	**115 627**	115 627	—	115 627
Share price	cents	**292 594**	158 470	85	201 777
Market capitalisation	R'm	**339 702**	183 984	85	234 263
Number of shares in issue per the shareholders' register	'000	**116 100**	116 100	—	116 100
Operations					
Branches		**873**	866	1	866
Employees		**16 603**	15 425	8	15 747
Active clients (including point-of-sale (POS) merchants)	'000	**23 199**	21 096	10	22 173
Cash devices[5]		**8 749**	8 044	9	8 382
Capital expenditure	R'm	**983**	567	73	1 157
Transact					
Transaction volumes (including VAS) by channel	'm	**5 405**	4 609	17	9 891
Digital including VAS	'm	**1 171**	959	22	1 994
Card payments	'm	**1 423**	1 133	26	2 537
Cash	'm	**295**	286	3	580
Branches	'm	**25**	24	4	33
System-generated	'm	**2 491**	2 207	13	4 747
Net transaction and commission, net foreign currency, funeral plan and life cover income to income from operations after credit impairments	%	**58**	61		59
Net transaction and commission, net foreign currency, funeral plan and life cover income to operating expenses	%	**113**	115		117
Credit					
Value of total loans advanced	R'm	**32 240**	28 228	14	57 358
Personal banking	R'm	**24 108**	24 225	<1	48 459
Business banking[6]	R'm	**5 043**	4 003	26	8 899
AvaFin	R'm	**3 089**	—		—

(1) 2024 figures include a new foreign online consumer lending subsidiary, AvaFin, for the 4 months ended August 2024. Prior to 1 May 2024, the entity was accounted for as an associate and Capitec's share of profit was included in the Share of net profit in associates and joint ventures line in the income statement.

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

(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) Automated teller machines and coin and note recyclers.

(6) Overdrafts are no longer measured gross of repayments. The value of overdraft limits granted has replaced this measure and comparatives have been amended.

Key performance indicators continued

		6 months ended August 2024[1]	2023	% change August 2024/2023[2]	Year ended February 2024
Loans and advances book					
Gross loans and advances	R'm	**108 849**	100 877	8	102 991
Personal banking	R'm	**85 433**	83 775	2	83 847
Business banking	R'm	**21 123**	17 102	24	19 144
AvaFin	R'm	**2 293**	—		—
Provision for credit impairments (expected credit losses (ECL))	R'm	**(25 667)**	(21 912)	17	(22 439)
Personal banking	R'm	**(23 717)**	(20 882)	14	(21 359)
Business banking	R'm	**(1 274)**	(1 030)	24	(1 080)
AvaFin	R'm	**(676)**	—		—
Net loans and advances	R'm	**83 182**	78 965	5	80 552
Personal banking	R'm	**61 716**	62 893	(2)	62 488
Business banking	R'm	**19 849**	16 072	24	18 064
AvaFin	R'm	**1 617**	—		—
Gross credit impairment charge on loans and advances	R'm	**4 255**	5 097	(17)	9 341
Personal banking	R'm	**3 753**	4 931	(24)	9 015
Business banking	R'm	**195**	166	17	326
AvaFin	R'm	**307**	—		—
Bad debts recovered	R'm	**(232)**	(331)	(30)	(601)
Personal banking	R'm	**(224)**	(330)	(32)	(597)
Business banking	R'm	**(6)**	(1)	>100	(4)
AvaFin	R'm	**(2)**	—		—
Net credit impairment charge on loans and advances[3]	R'm	**4 023**	4 766	(16)	8 740
Personal banking	R'm	**3 529**	4 601	(23)	8 418
Business banking	R'm	**189**	165	15	322
AvaFin	R'm	**305**	—		—
Net credit impairment charge on loans and advances to average gross loans and advances (annualised credit loss ratio)	%	**7.6**	9.6		8.7
Personal banking	%	**8.3**	11.0		10.1
Business banking	%	**1.8**	2.0		1.9
AvaFin	%	**42.3**	—		—
Total lending and credit life insurance income[4]	R'm	**11 800**	10 491	12	21 279
Personal banking	R'm	**9 700**	9 500	2	19 160
Business banking	R'm	**1 239**	991	25	2 119
AvaFin	R'm	**861**	—		—
Net credit impairment charge on loans and advances to total lending and credit life insurance income[4]	%	**34.1**	45.4		41.1
Personal banking	%	**36.4**	48.4		43.9
Business banking	%	**15.3**	16.6		15.2
AvaFin	%	**35.4**	—		—
Retail deposits and wholesale funding					
Retail deposits and wholesale funding	R'm	**166 321**	154 201	8	156 015
Wholesale funding	R'm	**3 789**	2 369	60	3 021
Retail call savings	R'm	**107 507**	100 512	7	102 269
Retail fixed savings	R'm	**53 458**	49 735	7	49 530
Foreign currency deposits	R'm	**1 567**	1 585	(1)	1 195

[1] *2024 figures include a new foreign online consumer lending subsidiary, AvaFin, for the 4 months ended August 2024. Prior to 1 May 2024, the entity was accounted for as an associate and Capitec's share of profit was included in the Share of net profit in associates and joint ventures line in the income statement.*

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

[3] *This charge is for loans and advances only. The income statement charge for the reporting period includes a charge of R9.2 million (August 2023: a release of R4.3 million; February 2024: a release of R14.7 million) related to other financial assets.*

[4] *Interest received on loans, initiation fees, monthly service fees and credit life insurance income.*

Commentary[1][2]

Igniting growth and opportunity in a challenging environment

The Capitec ecosystem that has been built over the past 5 years to meet the needs of our clients comprises personal banking, business banking, insurance, foreign online consumer lending (AvaFin) and strategic initiatives that go beyond banking. Our expanded service offering is delivered to new and existing clients through our digital channels and the branch network. The scale on which we provide services allows us to deliver products that are simple and easy to use in an affordable manner.

We will continue to leverage scale to enhance our product offering and unlock value for our clients beyond banking. During the tough economic times experienced since 2020, the group invested in data platforms, systems and technology as well as people to provide scalability and agility to understand our clients better so that we deliver on their needs and help them live better. As we increase volumes through our ecosystem, the incremental cost per transaction decreases allowing us to unlock value for our clients.

In August 2019, our ecosystem comprised mainly Personal banking (Retail bank). We had 12.6 million clients and offered the GlobalOne transacting and savings accounts and credit in the form of unsecured term loans, credit cards and a credit facility. We have been through COVID-19, war in Ukraine and the Middle East and poor global and South African macroeconomic conditions. Despite this we have grown our active client base to 23.2 million and have built an enhanced ecosystem.

Personal banking and the Strategic initiatives team have been optimising client value and growing the fully banked client base. Additional VAS were added to the prepaid and Send Cash offerings during 2023 and 2024 and VAS contributed R608 million after tax more to earnings in the 6 months ended August 2024 than in the 6 months ended August 2023. VAS will continue to be expanded in the future.

Capitec Connect was launched during September 2022 and during the 6 months to August 2024, airtime advances and new 1-, 7- and 30-day data and voice bundles at value-for-money prices were introduced.

During the past few years, a number of new payment channels were launched, and during the past 6 months, we introduced an international payment service on our app and replatformed the app for scalability and agility. Over time, the affordability of digital payment channels and card payments has continued to encourage clients to reduce cash transactions. Our growing ecosystem has provided data that is used to develop service offerings that will help our clients live better.

Credit risk management has become even more agile through the use of all available data, our enhanced data platforms, machine learning and artificial intelligence (AI). We assist our clients to build their credit scores for the future, while offering purpose-lending products that meet their needs. Since the outcome of the May 2024 elections in South Africa, we have reviewed our credit appetite for certain pockets of Personal banking clients.

The Insurance business, which began with the creation of credit life and funeral plan cell captives, is being built to provide our clients with insurance solutions that are easy to understand, affordable and accessible. We obtained our own insurance licence in October 2022 and by May 2023, we had migrated sales of the credit life product to this licence. Our innovative life cover product was introduced in June 2024 with 3 different payout types to meet client needs. Clients may choose whether to take a lump sum, provide for their children's needs or have a monthly income paid out for 24 months. There is no requirement for medical examinations and premiums do not increase annually. By the end of August 2024, we had 38 526 active policies. Our existing products will be optimised by the run-off of the credit life cell captive and the termination of our funeral cooperation agreement with Sanlam before new insurance products are introduced.

The Business bank was acquired in November 2019 and to date, we have established a brand and laid the foundations for the growth of our client base and service offering to businesses in South Africa. We aim to grow the business banking market by serving small and medium-sized enterprises (SMEs) and the under-banked emerging market. The GlobalBiz account, with fees aligned to Personal banking fees, digital banking on our new app and innovative solutions for merchants has grown active merchant clients by 31% to 47 267 since the end of August 2023. On average, 11 000 accounts were opened every month in the 6 months to August 2024.

[1] The percentage changes quoted in the commentary are based on figures denominated in R'million.
[2] Figures and comparisons relate to the 6 months ended 31 August 2024 and the 6 months ended 31 August 2023, unless stated otherwise.

In May 2024, we acquired AvaFin, previously an associate, as a subsidiary. AvaFin is a leading online consumer lender in Poland, Latvia, Czechia, Spain and Mexico. The acquisition gives the group growth opportunities through global reach and access to new markets and products.

The AvaFin management team is experienced and there is a strong cultural fit with Capitec. AvaFin generated profit after tax of R66 million during the period from May 2024 to August 2024.

Consistent growth

The group continues to produce double-digit growth. Headline earnings grew by 36% to R6.4 billion (August 2023: R4.7 billion) and by 9% compared to the 6 months ended February 2024 (February 2024: R5.9 billion).

Loan disbursements during the 6 months were muted because of tight lending criteria and non-interest income contributed 67% of operating profit after credit impairments (August 2023: 74%). The reduced contribution is due to lower credit impairments over the past 6 months.

Net transaction and commission income, including VAS and Capitec Connect, was one of the main drivers of growth. Net transaction income and commission excluding VAS grew by R1.1 billion while growth in VAS contributed R833 million more to profit before tax. Active Capitec Connect clients grew from 0.9 million to 1.2 million increasing income from this source. Digital and card payment volumes increased by 24% and now represent 89% of the total transaction volume excluding system-generated transactions (August 2023: 87%).

Total interest income net of interest expenses grew by 20% adding R1.6 billion to profit before tax. The current high interest rate environment in South Africa and a growing investment portfolio had a positive impact on interest on lending and investments.

Net credit life insurance income was impacted by the lower loan disbursements and remained stable while funeral plan income grew by 14%, adding R91 million to the net insurance result.

Credit impairments reduced by 15% and R729 million. The group annualised credit loss ratio (excluding AvaFin) decreased to 7.0% from 9.6% (including AvaFin: 7.6%).

The growth in headline earnings was exaggerated because headline earnings for the 6 months to August 2023 provided a low base on which to calculate growth. Headline earnings for the 6 months to August 2023 were impacted by the high credit impairments which started to improve during the second half of the 2024 financial year.

The group generated a ROE of 29% (August 2023: 24%). The increase in ROE was driven by the muted loan disbursements and the growing ROE on transaction and VAS income arising from economies of scale as volumes grow.

The composition of total headline earnings by business was as follows: Personal banking – 49% (August 2023: 45%), Strategic initiatives – 23% (August 2023: 18%), Insurance – 24% (August 2023: 32%), Business banking – 3% (August 2023: 5%) and AvaFin – 1% (August 2023: nil).

Personal banking (Retail bank)

Personal banking headline earnings grew from R2.1 billion to R3.1 billion. The drivers of the growth are detailed below.

Net interest income

Net interest income grew from R7.3 billion to R7.9 billion. The following table provides the composition of the income and the growth in the interest-bearing assets and liabilities.

	Interest			Interest-bearing portfolio		
	6 months ended			As at the end of		
	August 2024 R'm	**August 2023 R'm**	**% growth**	**August 2024 R'bn**	**August 2023 R'bn**	**% growth**
Interest income on lending	**8 184**	7 994	2	**85.4**	83.8	2
Interest income on investments and other financial instruments	**4 415**	3 557	24	**110.2**	101.6	8
Interest expense	**(4 658)**	(4 233)	10	**141.8**	133.7	6
Total net interest income	**7 941**	7 318	9			

The interest margin benefitted from the higher average repo rate of 8.25% for the 6 months ended August 2024 (August 2023: 7.92%). For interest income on lending, this effect was not as marked due to the low growth in gross loans and advances. As the economy recovers and repo rate cuts such as the 25 basis point cut in September 2024 continue, credit granting criteria will be eased responsibly and interest income on lending will reflect better growth.

The yield on investments and other financial instruments was also impacted by the higher average repo rate and as this rate begins to decrease and the loan book begins to grow, the average investment portfolio and yield will become lower and growth in interest income on investments will normalise.

The interest expense on deposits and wholesale funding was primarily impacted by growth in the portfolio. Notice deposits with higher interest rates were introduced in July 2024 and by the end of August 2024, balances totalled R1.2 billion.

Credit impairment charge and loans and advances

Credit impairment charge

The net credit impairment charge decreased by 23% to R3.5 billion (August 2023: R4.6 billion). Following the tightening of credit granting criteria during the 2024 financial year, the annualised credit loss ratio decreased to 8.3% (August 2023: 11.0%) and is below our through-the-cycle target of 8.5%. We now have the opportunity to continue building a high-quality loan book while easing credit granting criteria in a sustainable manner. We will focus on growing our newer purpose-lending products and remote lending through our app and telephonically.

The credit impairment charge was impacted by the following drivers:

- The tightening of credit granting criteria during the 2023 and 2024 financial years that led to a decrease in loan disbursements and a new business charge that did not grow;
- An improvement in arrears on the loan tranches granted following the tightening of credit granting criteria, which reduced the charge;
- The migration of older tranches of business through the loan book to default (more than 3 months in arrears, legal statuses and applied for debt review less than 6 months ago) which increased the charge;
- Refinements to the estimation of the write-off point and a move to through-the-cycle provision models; and
- A reduction in the forward-looking macroeconomic provision due to an improved outlook on the economy.

Loan disbursements

The tightening of credit granting criteria decreased loan disbursements. The mix of disbursements was also impacted.

Loan disbursements by product are detailed in the table below.

	6 months ended		
R'm	**August 2024**	**February 2024**	**August 2023**
Term loans	**10 450**	9 655	8 937
Access facilities	**3 913**	5 236	7 325
Credit cards	**9 745**	9 343	7 963
Total	**24 108**	24 234	24 225

Access facility disbursements decreased by 47%. The decrease was expected due to the discontinuation of short-term access facilities during the 2024 financial year and the downward adjustments to existing clients' limits. New limits granted for the 6 months ended August 2024 amounted to R1.6 billion compared to R3.8 billion in August 2023.

The stage 1 up-to-date loan book decreased by R1.6 billion due to the lower loan disbursements. Payments of R24.0 billion were received on these loans.

Arrears

The total amount migrating into arrears amounted to R3.2 billion, 11% lower than the amount of R3.6 billion for the 6 months to August 2023.

At the end of August 2024, balances up to 1 month in arrears had decreased by 14% and R190 million. Balances 2 and 3 months in arrears had decreased by 10% and R240 million. This positively impacted the arrears provision coverage ratios and they decreased to 47.0% and 63.5% for the 1 month in arrears and 2 and 3 months in arrears categories, respectively. The total provision on arrears decreased by R431 million to R2.0 billion (August 2023: R2.4 billion).

Migration of balances to default and the write-off point estimation

Although older tranches of business are still migrating through the loan book to default, the rate at which this is occurring has decreased. The total rolls into default amounted to R4.8 billion compared to R5.2 billion for the period ended August 2023. The rolls into debt review amounted to R1.8 billion (August 2023: R2.2 billion).

At the end of August 2024, balances in default were up by R3.8 billion to R18.2 billion. Due to a change in the write-off point estimation, loan balances are no longer written off based on an internal handover score or when they have missed 4 consecutive payments, but only when they have missed 4 consecutive payments. This means that write-offs occur based on actual behaviour and also that loan balances stay on the loan book for longer. Excluding the balances of R1.6 billion that remained in default because of the change in the write-off estimation, the balances in default grew by R2.2 billion.

The default book consists of balances more than 3 months in arrears (the holdback book) and balances in debt review and with other legal statuses. Balances in debt review increased by R0.1 billion to R6.1 billion (August 2023: R6.0 billion) and balances in the holdback book or with other legal statuses (excluding the write-off point estimation change balances) which did not qualify for write-off grew by R2.1 billion to R10.5 billion (August 2023: R8.4 billion). The growth in the hold back book was a result of the migration of older tranches of loans through the stages. These loans did not qualify for write-off as 4 consecutive payments had not been missed.

Through-the-cycle models

During the 6 months to August 2024, the ECL provision models for term loans and credit cards were changed from point-in-time models to through-the-cycle models. Our models now consider more historical data instead of only the data for the past 12 months. A through-the-cycle model has always been used for access facilities. The total expected loss on the loan book does not change, therefore a decrease of R691 million in the backward-looking model calculation due to the change resulted in a corresponding increase in the forward-looking macroeconomic model calculation. Thus, the total credit impairment charge was not affected. The benefits of having through-the-cycle models are stability and simplicity in understanding the provision for ECL.

Forward-looking macroeconomic provision for ECL

The forward-looking macroeconomic provision for ECL increased by R546 million to R1.2 billion (August 2023: R674 million; February 2024: R380 million). Removing the model change impact of R691 million mentioned above from the increase results in a reduction in the forward-looking macroeconomic provision for ECL of R145 million to R529 million. This reflects the year-on-year change in the outlook on the economy. We base our outlook on 3 scenarios supplied by the Bureau for Economic Research. As at August 2024, their outlook for the economy was more positive than at August 2023. This view is supported by the low inflation rate for August 2024 and the 25 basis point cut in the repo rate in September 2024.

Loans and advances

Personal banking gross loans and advances increased by 2% to R85.4 billion (August 2023: R83.8 billion), and the provision for ECL grew from R20.9 billion to R23.7 billion. The total ECL coverage ratio increased to 27.8% (August 2023: 24.9%; February 2024: 25.5%).

The Personal banking loan book is analysed by stage and category below.

R'm	Stage 1 12-month ECL Up-to-date	Stage 2 Lifetime ECL Up-to-date loans with SICR and applied for debt review >6 months	Stage 2 Lifetime ECL Up to 1 month in arrears	Stage 3 Lifetime ECL 2 and 3 months in arrears	Stage 3 Lifetime ECL Rescheduled from up-to-date (not yet rehabilitated)	Stage 3 Lifetime ECL Rescheduled from arrears (not yet rehabilitated)	Stage 3 Lifetime ECL More than 3 months in arrears, legal statuses and applied for debt review <6 months	Total
Balance as at 31 August 2024								
Gross loans and advances	**46 908**	**12 507**	**1 169**	**2 263**	**2 034**	**2 357**	**18 195**	**85 433**
Provision for credit impairments (ECL)[(1)]	**(3 689)**	**(2 934)**	**(549)**	**(1 438)**	**(541)**	**(678)**	**(13 888)**	**(23 717)**
Net loans and advances	**43 219**	**9 573**	**620**	**825**	**1 493**	**1 679**	**4 307**	**61 716**
ECL coverage (%)	**7.9**	**23.5**	**47.0**	**63.5**	**26.6**	**28.8**	**76.3**	**27.8**
% of gross loan book	**55**	**15**	**1**	**3**	**2**	**3**	**21**	**100**
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

[(1)] *For agreements that contain both a drawn and an 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 coverage ratios by stage are analysed in the table below.

%	As at the end of August 2024	February 2024	August 2023
Stage 1	**7.9**	7.4	7.5
Stage 2	**25.5**	27.1	26.2
Stage 3	**66.6**	63.8	63.7
Total	**27.8**	25.5	24.9

The total coverage ratio increased from 24.9% at the end of August 2023 to 27.8% at the end of August 2024. This increase was as a result of older tranches of loans migrating through the loan book stages which increased the coverage ratio by 1.4%. The change in the write-off point estimation mentioned above increased the coverage ratio by 1.3% because the coverage ratio on the balances held on the book for longer was over 90%. The remainder of the increase in the coverage ratio was due to model refinements offset by improvements in arrears on the newer tranches of business.

The increase in the stage 1 coverage ratio to 7.9% was the result of increases in the coverage ratios on all products. These ratios were affected by the change from point-in-time provision models to through-the-cycle provision models. The backward-looking provision is allocated to loan book stages and categories on a client and account level. This reduced the coverage ratio by 0.5%, however, the reduction was offset by a larger increase (0.8%) due to the allocation of the forward-looking macroeconomic provision which is allocated to stages proportionately according to balances. The high stage 1 balance therefore attracted more of the provision.

The decrease in the stage 2 coverage ratio from 26.2% to 25.5% was due to the improvement in the up to 1 month in arrears performance on term loans and credit cards. The credit card up-to-date loans with a significant increase in credit risk (SICR) and applied for debt review more than 6 months ago coverage ratio decreased due to the implementation of a stand-alone credit card provision model that no longer relies on any term loan data as a proxy for the lack of historical credit card data. The access facility up-to-date loans with SICR and applied for debt review more than 6 months ago coverage ratio decreased due to the higher quality of clients in the up-to-date loan category.

The increase in the stage 3 coverage ratio to 66.6% (August 2023: 63.7%) was because of a decrease in the 2 and 3 months in arrears ratio on term loans and credit cards and an increase in the default book coverage ratio on term loans. The coverage ratio on defaulted term loans was increased by the change in the write-off point estimation which added R1.4 billion in balances at high coverage ratios to the category. The access facility was impacted by the addition of R0.2 billion in balances with high coverage ratios. The default category's coverage ratio was also affected by the migration of the older, lower-quality tranches of business into the category.

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

Net transaction and commission income

Net transaction and commission income excluding VAS and Capitec Connect increased by 21% to R6.5 billion (August 2023: R5.4 billion). Transaction volumes increased by 14% due to an increase in active clients and fully banked clients. As the number of fully banked clients continued to grow, the number of transactions per client per month also grew.

The table below reflects the growth in client numbers.

	As at the end of		
'm	**August 2024**	**August 2023**	**% growth**
Active clients	**22.8**	20.9	9
Fully banked clients	**8.5**	7.5	13

Disrupting cash transacting

Our focus on transforming cash transacting to frictionless digital banking, as well as product acceptance by our clients, grew digital transaction volumes further. Increased client adoption of the new payment channels launched during the 2023 and 2024 financial years increased banking app and non-cash payment transactions. Cash and branch transaction income and volume growth were muted and the ratio of cash and branch transactions to total transaction volumes excluding system-generated transactions decreased to 11% (August 2023: 13%).

The following table reflects the net transaction volumes by channel (excluding system-generated transactions).

	6 months ended		
'm	**August 2024**	**August 2023**	**% growth**
Digital	**547**	454	20
Card	**1 336**	1 070	25
Cash and branch	**320**	310	3
Total (excluding system-generated transactions)	**2 203**	1 834	20

Transaction volumes (including VAS) on the banking app increased by 30% from 0.8 billion to 1.0 billion driven by client adoption of the new products launched during the 2023 and 2024 financial years. The banking app represents 88% of all digital transactions (August 2023: 83%).

The number of clients utilising our transacting channels are detailed in the following table.

	As at the end of		
'm	August 2024	August 2023	% growth
Digital clients	**13.7**	11.7	17
Banking app users	**12.3**	10.2	21
ApplePay, GarminPay, GooglePay and SamsungPay	**0.7**	0.3	>100
PayShap registrations	**2.3**	—	
Capitec Pay users	**6.2**	3.0	>100

Payments

Card payment transaction volumes increased by 25% to 1.3 billion (August 2023: 1.1 billion). Card payment income grew by 9% to R783 million (August 2023: R716 million). The growth in volume exceeded the growth in income because the value per transaction was lower. We expanded our app payments ecosystem and launched international payments with a flat fee of R175 and competitive exchange rates. International transaction income increased by 54% to R220 million (August 2023: R143 million) and is included in card payment income.

PayShap, which launched during August 2023, allows clients to make low-cost payments to a registered account or cellphone number. At the end of August 2024, we had a market share of 55% of all PayShap payments processed in the market. Receiving and sending payment volumes totalled 20.4 million and 32.2 million, respectively, for the 6 months to August 2024.

The spend by clients using ApplePay, GarminPay, GooglePay and SamsungPay increased to R13.7 billion (August 2023: R4.1 billion), while volumes increased to 68 million transactions (August 2023: 20 million).

Net income from Capitec Pay increased by 72% from R117 million to R202 million. At 31 August 2024, we had 34 active integrated payment providers, more than 16 000 merchants and 6.2 million unique digital clients making use of this new alternative payment method. A total of 95.4 million payments, with a value of R20.4 billion, were processed (August 2023: 52.0 million; R9.9 billion). The average transaction value was R214 with a successful conversion rate of 84% (August 2023: R189; 78%).

Strategic initiatives

Strategic initiatives which include VAS and Capitec Connect contributed R1.5 billion to group headline earnings (August 2023: R834 million). The drivers of the growth are detailed below.

Value-added services

VAS net income increased by 73% to R2.0 billion (August 2023: R1.1 billion). The VAS that were introduced during the past 2 years are maturing and the number of clients using VAS grew by 16% to 10.7 million (August 2023: 9.2 million). Volumes increased by 40% to 704 million (August 2023: 503 million).

The table below reflects the growth in VAS income and volumes.

	Net transaction income 6 months ended			Volumes 6 months ended		
	August 2024 R'm	**August 2023 R'm**	**% growth**	**August 2024 'm**	**August 2023 'm**	**% growth**
Prepaid data, airtime and electricity	**684**	600	14	**455**	393	16
Send Cash	**440**	265	66	**67**	44	52
Vouchers	**644**	137	>100	**132**	29	>100
Bill payments	**125**	86	45	**15**	10	50
Lotto	**73**	50	46	**35**	27	30
Vehicle licence renewals	**5**	—		**—**	—	
Total VAS	**1 971**	1 138	73	**704**	503	40

Income generated by Send Cash grew by 66%, primarily due to growth in distribution channels that resulted in increased volumes. A total of 1.2 million new clients used the service and the transactions per client increased.

A total of 132 million vouchers were sold and the number of unique clients purchasing vouchers increased by 1.1 million. There was an increase in the average transaction value from R73 in August 2023 to R78 in August 2024. Showmax streaming vouchers were successfully launched to our clients on 13 August 2024, with volumes reaching close to 50 000 for the month.

Vehicle licence renewal was introduced as a service to clients on 22 February 2024. Since inception, 174 000 vehicle licence renewals have been done on our app and our market share has grown to 15%.

Capitec Connect

Capitec Connect challenges the excessive pricing and lack of transparency in the prepaid data and airtime sector. We provide prepaid data, voice bundles and SMS bundles that are simple, affordable and transparent. The net income was R69 million, with data usage of 5.1 petabytes (5.1 billion megabytes) (August 2023: 1.4 petabytes) and voice usage of 95.1 million minutes (August 2023: 29.7 million). This increase resulted from growth in the number of subscribers, but more significantly, from an increase in adoption and activity levels. Clients with active SIM cards increased by 30% to 1.2 million (August 2023: 0.9 million).

Insurance

The Insurance business' headline earnings remained stable at R1.5 billion (August 2023: R1.5 billion). The net insurance result before operating expenses increased by 7% to R1.6 billion (August 2023: R1.5 billion). The drivers of this increase are detailed below.

Net credit life insurance income

The net credit life insurance result decreased by 2% to R898 million (August 2023: R912 million). The credit life insurance average sum assured decreased by 4% to R73 billion (August 2023: R76 billion). The net insurance result includes cell captive tax and investment returns.

The decrease in the insured book, together with lower collected premium rates, decreased the net insurance result by R70 million. The total claims incurred, retrenchment claims in particular, increased by 20%, resulting in a decrease of R38 million in the insurance result. Changes in the interest rates used to discount contract fulfilment cash flows and investment income added R47 million and R4 million, respectively, to the net insurance result. A decrease in cell captive tax increased the net insurance result by R71 million. The tax expense for new business on Capitec Life's licence is not included in the net insurance result but in the taxation line in profit or loss.

As at 31 August 2024, 42% of all active policies were on our own insurance licence.

Funeral

The net funeral insurance result increased by 14% to R727 million (August 2023: R636 million). The net insurance result includes cell captive tax and investment returns.

The robust performance is attributable to the product's all-inclusive offering and affordability. The total funeral book increased to 3.0 million active policies (August 2023: 2.5 million), while the number of lives assured increased to 13.6 million (August 2023: 11.2 million).

The cumulative effect of book growth added R166 million to the net insurance result. Average premium collection rates decreased slightly to 87.7% (August 2023: 88.8%), reducing the net insurance result by R25 million. The average claims ratio improved slightly to 45.8% (August 2023: 46.1%), adding R13 million to the net insurance result. Changes in the yield curves used to discount contract fulfilment cash flows decreased the insurance result by R146 million. This was partially offset by a R77 million increase from higher investment returns.

In March 2024, the Competition Commission approved the termination of the funeral cooperation arrangement with Sanlam. Capitec will underwrite all new funeral policies from 1 November 2024, the transaction date. As a result of the termination, a recapture amount of R1.9 billion will be paid to Sanlam. The transaction will not have a profit or loss impact on the transaction date.

Life cover income

Capitec launched the new life cover product in June 2024. As at 31 August 2024, the active policies and sum assured were 38 526 and R22 billion, respectively. The life cover product contributed R8 million to the insurance result.

Business banking

Business banking's headline earnings decreased by 12% to R214 million (August 2023: R242 million). The decrease in earnings was due to the deliberate drop in fees in March 2024, the reduction of POS commission rates, the sale instead of rental of POS machines and the impact of higher employee incentives which are based on group results.

Net interest income

Net interest income grew from R690 million to R882 million. The 28% growth was due to the higher average interest-bearing assets and an increase in the net interest margin.

Interest income on lending increased by 25% to R1.2 billion (August 2023: R991 million). The growth was attributable to the 24% growth in the gross loan book combined with a higher average repo rate. Interest income on investments and other financial instruments decreased by R13 million from R272 million to R259 million driven by a decrease in the overall average investment portfolio due to increased loan disbursements.

Interest expenses increased by 7% to R616 million (August 2023: R573 million). The deposit book grew by 13% to R21.2 billion from R18.8 billion.

Net transaction and commission income

Business banking's net transaction and commission income decreased by 2% to R409 million (August 2023: R419 million). The decrease was expected due to the repricing that occurred in March 2024 and the new merchant e-commerce strategy.

Business banking's fees were decreased to align to those of Personal banking. As a result, the total number of active Business banking clients, including rental finance clients, grew by 30%. This drove transaction volumes up by 24% compared to the 6 months ended August 2023.

Active merchants increased by 31%, with volumes on POS machines increasing by 38%. This reflects the impact of the new merchant e-commerce strategy. POS machines are sold to merchants for a once-off amount instead of being rented to them. From 1 September 2024, the commission percentage on merchant sales, which is based on the merchant's turnover, was also decreased to between 0.6% and 0.85% on debit cards and 1.6% and 1.85% on credit cards.

Credit impairment charge on loans and advances

Credit impairment charge

The credit impairment charge increased by 15% to R189 million (August 2023: R165 million). The annualised credit loss ratio was 1.8% compared to 2.0% in August 2023. The growth in the credit impairment charge was primarily attributable to the 24% growth in the gross loan book. Higher rolls of balances into stages 2 and 3 also contributed to the increase.

Total loan disbursements amounted to R5.0 billion (August 2023: R4.0 billion). The value of mortgages disbursed grew by 24% to R1.6 billion (August 2023: R1.3 billion), while disbursements of business loans excluding overdraft facilities grew to R2.2 billion (August 2023: R1.9 billion). New overdraft facility limits loaded grew to R1.2 billion (August 2023: R0.8 billion). In August 2024, loan disbursements reached R1.0 billion for the month for the first time.

The credit impairment charge on mortgages and business loans (excluding rental loans) grew by 34% to R153 million (August 2023: R114 million). The credit impairment charge on loans disbursed amounted to R43 million (August 2023: R36 million). The rolls into stages 2 and 3 amounted to R926 million, generating a charge of R144 million (August 2023: R69 million).

The rental finance (instalment sales and leases) credit impairment charge decreased by 28% to R35 million (August 2023: R49 million). The decrease in the charge was as a result of a healthier book created by the pullback in granting that occurred during the period from June 2023 to February 2024.

Loans and advances

The table below details the trend in the coverage ratios.

	As at the end of		
%	**August 2024**	**February 2024**	**August 2023**
Stage 1	**1.5**	1.6	1.9
Stage 2	**13.1**	13.4	13.0
Stage 3	**43.8**	44.1	43.7
Total	**6.0**	5.6	6.0

The overall coverage ratio was consistent. The increase of 0.4% since February 2024 is as a result of the increase in the proportion of the book in stage 3 from 8% to 9%.

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

The coverage ratio on mortgage loans increased from 3.2% in August 2023 to 3.4% in August 2024 as clients remained in default for longer. Provision percentages increase the longer that a client remains in default.

The coverage ratio on business loans decreased from 8.9% in August 2023 to 8.6% in August 2024 due to an improvement in the loss given default on merchant loans. Downgrades to default also had lower coverage ratios than the default book at the end of August 2023.

AvaFin

Effective 1 May 2024, Capitec acquired an additional shareholding in AvaFin. As a result, from this date, AvaFin was treated as a subsidiary and its profit for the period (excluding non-controlling interests) was included in the group's profit. Prior to 1 May 2024, AvaFin was equity accounted as an associate and Capitec's 40.66% share of profit was recognised in income from associates and joint ventures in profit or loss.

AvaFin operates online consumer lending businesses in Poland, Latvia, Czechia, Spain and Mexico. Loans are short-dated and unsecured and are issued at an average interest rate of 35%. AvaFin contributed R66 million to headline earnings from 1 May 2024 to 31 August 2024, and R504 million to net lending and investment income after credit impairments. The countries contributed to the headline earnings as follows: Poland – 64%, Mexico – negative 22%, Latvia – less than 1%, Czechia – 38% and Spain – 20%. The Mexican result was impacted by the material weakening of the Mexican peso.

Credit impairment charge on loans and advances

Credit impairment charge

AvaFin's credit impairment charge amounted to R305 million for the 4 months to the end of August 2024.

AvaFin's credit granting process is robust and automated, and the continuous development of the system keeps credit risk within appetite. The front-end of the credit granting system comprises websites and an app. The decision engine has access to the client's banking information as well as bureau data and performs client verification, profile and fraud checks. It scores the client and an automated decision is made on the loan disbursement. A risk engine and data warehouse support the constant improvement of risk decisions.

Loan disbursements amounted to EUR155.8 million (R3.1 billion) and the month of August 2024 produced the highest loan disbursements yet at over EUR41 million.

Loans and advances

Gross loans and advances were R2.3 billion at the end of August 2024, with a provision for ECL coverage ratio of 29.5%.

Group operating expenses

Group operating expenses including AvaFin's operating expenses for the period since it became a subsidiary on 1 May 2024 grew by 30% to R8.6 billion. Excluding AvaFin's operating expenses, group operating expenses grew by 24% from R6.6 billion to R8.2 billion. The commentary below excludes AvaFin's operating expenses to ensure the comparability of year-on-year expenses.

Employee benefits (excluding incentives) increased by 15%. The growth was attributable to the headcount that grew by 775 heads to 16 200 (August 2023: 15 425). Long-term incentive expenses were higher due to the 85% increase in the share price since August 2023. Short-term incentives and long-term incentives increased due to the 36% growth in headline earnings. Total operating expenses excluding incentives grew by 14%.

Information technology (IT) expenses (excluding salaries) grew to R1.2 billion, exceeding the prior year expense by 36% (August 2023: R0.9 billion). The growth stems from continuous investment in our platforms and systems. We have replatformed our banking app, placed significant focus on moving all remaining data to the cloud and are unlocking efficiencies in the systems.

Income and deferred tax expense

The income and deferred tax expense increased by 57% from R1.2 billion to R1.9 billion at an effective tax rate of 22.7% (August 2023: 20.3%). The reasons for the change in the effective tax rate are detailed below.

AvaFin income added R22 million to tax at an effective tax rate of 31%. Tax on income earned in the insurance cell captives is included in the net insurance result whereas the tax on income from our own insurance licence is recognised in the tax line. As the income from our own licence grew due to the sale of credit life insurance and life cover, R69 million, at an effective tax rate of 28.4%, was added to tax.

Excluding the impact of AvaFin, the income from our insurance licence and the impact of the cell captives, the effective tax rate was 26.7%.

Capital and liquidity

As at 31 August 2024, the group remains well capitalised with a CAR of 37% (August 2023: 37%). We comfortably comply with the Basel III liquidity coverage ratio (LCR) as well as the net stable funding ratio (NSFR). Our LCR is 2 944% (August 2023: 2 437%) and our NSFR is 224% (August 2023: 221%), within the regulatory requirement of 100% for both ratios.

The ROE of 29% (August 2023: 24%) is higher than our targeted sustainable ROE of 25%. There are various initiatives underway that will bring the ratio back towards the targeted level. As credit granting criteria are relaxed and loan disbursements increase we are also moving towards measuring ROE at a client level. This will allow us to give value to each and every client. We also have the opportunity to unlock group synergies by funding AvaFin in the future.

Credit ratings

On 28 May 2024, 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

Capitec's strategy is to unlock the growth potential in our ecosystem and to further diversify our income streams, both in South Africa and internationally.

Technology and data are central to our objectives for the future as we will utilise the data generated by our ecosystem to drive AI insights. Our technology investments in cloud infrastructure have allowed us to deliver more personalised services to our clients at scale. During the next 6 months, we plan to invest an additional R174 million over and above operating expenses in technology and cloud services to build scalability and agility. We plan to integrate our personal and business banking systems into one system to ensure a single view of clients across personal and business banking.

We will invest in our people, equipping them with the skills to serve our growing ecosystem and continue to drive innovation.

Personal banking's aim is to unlock value for its 23 million clients through product integration and the adoption of digital services by clients. The focus will be on driving cash to frictionless digital banking and growing product acceptance. This will provide us with data that can be used to expand our ecosystem.

Once we have optimised and grown our current insurance product offering, the Insurance business will unlock value by disrupting the traditional insurance industry with client-centric solutions and better client experiences.

Business banking will continue to grow and empower South African SMEs. By helping businesses move from cash to digital solutions, we can gather data that allows us to lend to them, enabling them to grow. Merchant services repriced downwards in September 2024 to make it easier for these businesses to operate digitally. The data that we gather from their digital transactions will enable us to grant loans to emerging businesses at lower rates.

The acquisition and growth of AvaFin forms part of Capitec's vision and is a step towards expanding our geographical footprint.

For the remainder of the 2025 financial year our focus will be on performance, service and the growth of our current suite of products.

Changes to the board

Jean Pierre Verster stepped down from the board on 31 May 2024. The board thanks him for his invaluable contribution to the business during his tenure on the board.

Interim dividend

The directors resolved that a gross interim dividend of 2 085 cents per ordinary share be declared for the 6 months ended 31 August 2024 (31 August 2023: 1 530 cents). The dividend will be paid on Monday, 21 October 2024. There are 116 099 843 ordinary shares in issue.

The dividend meets the definition of a dividend in terms of the Income Tax Act, Act 58 of 1962. The dividend amount, net of South African dividend tax of 20%, is 1 668 cents per share. The distribution is made from income reserves. Capitec's tax reference number is 9405376840.

Last day to trade *cum* dividend	Tuesday, 15 October 2024
Trading *ex*-dividend commences	Wednesday, 16 October 2024
Record date	Friday, 18 October 2024
Payment date	Monday, 21 October 2024

Share certificates may not be dematerialised or rematerialised from Wednesday, 16 October 2024 to Friday, 18 October 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
1 October 2024

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

Condensed consolidated statement of financial position

As at 31 August 2024

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Assets				
Cash and cash equivalents	**22 642**	25 663	(12)	29 021
Financial assets at fair value through profit or loss (FVTPL)	**786**	428	84	554
Financial investments at amortised cost	**76 840**	74 606	3	68 111
Term deposit investments	**12 005**	1 308	>100	7 791
Net loans and advances	**83 182**	78 965	5	80 552
Other receivables	**12 715**	7 138	78	8 407
Insurance contract assets	**3 577**	2 492	44	2 961
Reinsurance contract asset	**1**	—		—
Derivative assets	**65**	28	>100	34
Financial assets – equity instruments at fair value through other comprehensive income (FVOCI)	**82**	74	11	82
Interest in associates and joint ventures	**290**	677	(57)	727
Property and equipment	**4 037**	3 373	20	3 511
Right-of-use assets	**1 845**	1 814	2	1 857
Intangible assets including goodwill	**1 708**	1 486	15	1 402
Deferred income tax asset	**2 957**	2 451	21	2 569
Total assets	**222 732**	200 503	11	207 579
Liabilities				
Derivative liabilities	**74**	20	>100	21
Current income tax liability	**456**	102	>100	252
Deposits	**162 532**	151 832	7	152 994
Wholesale funding	**3 789**	2 369	60	3 021
Other liabilities	**7 526**	4 491	68	5 365
Lease liabilities	**2 382**	2 324	2	2 383
Employee benefit liabilities	**12**	12	—	12
Deferred income tax liability	**3**	—		—
Total liabilities	**176 774**	161 150	10	164 048
Equity				
Capital and reserves				
Equity attributable to ordinary shareholders of the group	**45 889**	39 307	17	43 488
Ordinary share capital and premium	**5 447**	5 419	1	5 457
Cash flow hedge reserve	**—**	2	(100)	7
Other reserves	**(23)**	(25)	(8)	(18)
Foreign currency translation reserve	**(20)**	94	>100	102
Share option reserve	**516**	516	—	516
Retained earnings	**39 969**	33 301	20	37 424
Equity attributable to other equity instrument holders of the group				
Preference share capital and premium	**42**	46	(9)	43
Equity attributable to non-controlling interest[(1)]	**27**	—		—
Total equity	**45 958**	39 353	17	43 531
Total equity and liabilities	**222 732**	200 503	11	207 579

[(1)] *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

Condensed consolidated income statement

6 months ended 31 August 2024

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Interest and similar income				
Interest income	**14 703**	12 537	17	25 806
Interest income calculated using the effective interest rate	**14 353**	12 206	18	25 118
Interest income on financial assets at FVTPL	**350**	331	6	688
Interest expense	**(5 053)**	(4 519)	12	(9 342)
Net interest income	**9 650**	8 018	20	16 464
Credit impairments	**(4 032)**	(4 761)	(15)	(8 725)
Net interest income after credit impairments	**5 618**	3 257	72	7 739
Non-interest income				
Loan fee income	**629**	600	5	1 219
Loan fee expense	**(4)**	(6)	(33)	(11)
Net loan fee income	**625**	594	5	1 208
Transaction fee and commission income	**11 944**	9 709	23	20 856
Transaction fee and commission expense	**(3 023)**	(2 796)	8	(6 069)
Net transaction and commission income	**8 921**	6 913	29	14 787
Insurance revenue	**2 581**	2 535	2	4 971
Insurance service expense	**(1 026)**	(1 092)	(6)	(1 977)
Net income from reinsurance contracts held	**1**	—		—
Insurance service result	**1 556**	1 443	8	2 994
Insurance finance income	**77**	105	(27)	184
Net insurance result	**1 633**	1 548	5	3 178
Foreign currency income	**283**	257	10	515
Foreign currency expense	**(227)**	(175)	30	(354)
Net foreign currency income	**56**	82	(32)	161
Other income	**36**	77	(53)	245
Net non-interest income	**11 271**	9 214	22	19 579
Income from operations after credit impairments	**16 889**	12 471	35	27 318
Operating expenses	**(8 614)**	(6 607)	30	(13 941)
Share of net profit of associates and joint ventures	**7**	29	(76)	71
Deemed disposal of investment in associate[1]	**27**	—		—
Operating profit before tax	**8 309**	5 893	41	13 448
Income and deferred tax expense	**(1 884)**	(1 197)	57	(2 881)
Profit for the period	**6 425**	4 696	37	10 567
Profit attributable to ordinary shareholders of the group	**6 423**	4 696	37	10 567
Profit attributable to non-controlling interest[1]	**2**	—		—
Earnings per share (cents)				
Basic	**5 567**	4 068	37	9 156
Diluted	**5 557**	4 062	37	9 137

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

Condensed consolidated statement of other comprehensive income

6 months ended 31 August 2024

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Profit for the period	**6 425**	4 696	37	10 567
Other comprehensive (loss)/income that may subsequently be reclassified to profit or loss	**(129)**	17	>100	30
Cash flow hedge reserve recognised	**(9)**	2	>100	11
Cash flow hedge reclassified to profit or loss	**(1)**	(1)	—	(3)
Income tax relating to cash flow hedge	**3**	—		(2)
Foreign currency translation reserve recognised	**(122)**	16	>100	24
Other comprehensive (loss)/income that will not subsequently be reclassified to profit or loss	**(5)**	1	—	7
Remeasurement of defined benefit obligation	**—**	—		(1)
Profit on remeasurement to fair value of financial assets (FVOCI)	**(7)**	1	>100	8
Income tax thereon	**2**	—		—
Total comprehensive income for the period	**6 291**	4 714	33	10 604
Attributable to ordinary shareholders of the group	**6 289**	4 714	33	10 604
Attributable to non-controlling interest[1]	**2**	—		—

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

Reconciliation of attributable earnings to headline earnings

6 months ended 31 August 2024

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Profit for the period attributable to ordinary shareholders of the group	**6 423**	4 696	37	10 567
Preference dividend	**(2)**	(2)	—	(5)
Discount on repurchase of preference shares	**(1)**	(1)	—	(1)
Net profit after tax attributable to ordinary shareholders of the group	**6 420**	4 693	37	10 561
Non-headline items:				
Deemed disposal of associate[1]	**(27)**	—		—
Remeasurement loss on deemed disposal of associate	**58**	—		—
Reclassification of other comprehensive income to profit or loss relating to deemed disposal of associate	**(85)**	—		—
Loss on disposal of property and equipment	**1**	4	(75)	17
Taxable loss	**1**	3	(67)	20
Income tax	**—**	(1)	(100)	(6)
Non-tax deductible loss	**—**	2	(100)	3
Headline earnings	**6 394**	4 697	36	10 578
Basic headline earnings per share (cents)	**5 544**	4 072	36	9 171
Diluted headline earnings per share (cents)	**5 534**	4 066	36	9 152
Number of shares ('000)				
Weighted average number of ordinary shares in issue ('000)	**115 627**	115 627	—	115 627
Adjustment for treasury shares	**(289)**	(275)	5	(281)
Weighted average number of ordinary shares in issue ('000)	**115 338**	115 352	<1	115 346
Adjustment for:				
Exercise of share options	**199**	174	14	243
Weighted average number of ordinary shares for diluted headline earnings per share	**115 537**	115 526	<1	115 589
Number of shares in issue per the shareholders' register	**116 100**	116 100	—	116 100

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

Condensed consolidated statement of changes in equity

6 months ended 31 August 2024

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Ordinary share capital and premium				
Balance at the beginning of the period	**5 457**	5 406	1	5 406
Shares acquired for employee share options at cost	**(49)**	(26)	88	11
Treasury shares	**39**	39	—	40
Balance at the end of the period	**5 447**	5 419	1	5 457
Cash flow hedge reserve				
Balance at the beginning of the period	**7**	1	>100	1
Total comprehensive (loss)/income	**(7)**	1	>100	6
Balance at the end of the period	**—**	2	(100)	7
Other reserves				
Balance at the beginning of the period	**(18)**	(25)	(28)	(25)
Total comprehensive (loss)/income	**(5)**	—		7
Balance at the end of the period	**(23)**	(25)	(8)	(18)
Foreign currency translation reserve				
Balance at the beginning of the period	**102**	78	31	78
Total comprehensive (loss)/income	**(122)**	16	>100	24
Balance at the end of the period	**(20)**	94	>100	102
Share option reserve				
Balance at the beginning of the period	**516**	516	—	516
Balance at the end of the period	**516**	516	—	516
Retained earnings				
Balance at the beginning of the period	**37 424**	31 895	17	31 895
Total comprehensive income for the period	**6 423**	4 696	37	10 567
Ordinary dividend	**(3 883)**	(3 244)	20	(5 011)
Preference dividend	**(2)**	(2)	—	(5)
Change in AvaFin shareholding	**(4)**	—		—
Employee share option scheme: value of employee services	**24**	31	(23)	60
Shares acquired for employee share options at cost	**(83)**	(70)	19	(85)
Proceeds on settlement of employee share options	**83**	34	>100	106
Tax effect on share options	**76**	(5)	>100	13
Fair value of shares utilised for net settlement	**(89)**	(34)	>100	(115)
Preference shares repurchased	**—**	—		(1)
Balance at the end of the period	**39 969**	33 301	20	37 424
Equity attributable to ordinary shareholders of the group	**45 889**	39 307	17	43 488
Equity attributable to other equity instrument holders of the group				
Balance at the beginning of the period	**43**	49	(12)	49
Preference shares repurchased	**(1)**	(3)	(67)	(6)
Balance at the end of the period	**42**	46	(9)	43
Equity attributable to non-controlling interest[(1)]				
Balance at the beginning of the period	**—**	—		—
Acquisition of subsidiary	**21**	—		—
Total comprehensive income for the period	**2**	—		—
Change in AvaFin shareholding	**4**	—		—
Balance at the end of the period	**27**	—		—
Total equity	**45 958**	39 353	17	43 531

[(1)] *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

Condensed consolidated statement of cash flows

6 months ended 31 August 2024

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Cash flows from operating activities				
Cash flow from operations	**4 799**	3 100	55	1 350
Income tax paid	**(1 962)**	(1 076)	82	(2 713)
Interest received	**13 254**	12 098	10	24 950
Interest paid	**(5 525)**	(4 468)	24	(9 301)
	10 566	9 654	9	14 286
Cash flows from investing activities				
Acquisition of property and equipment	**(932)**	(444)	>100	(1 038)
Disposal of property and equipment	**38**	9	>100	30
Acquisition of intangible assets	**(52)**	(123)	(58)	(119)
Investment in term deposit investments	**(4 890)**	(1 494)	>100	(7 864)
Redemption of term deposit investments	**1 094**	3 650	(70)	3 650
Acquisition of financial investments at amortised cost	**(36 242)**	(40 273)	(10)	(65 156)
Redemption of financial investments at amortised cost	**28 421**	27 218	4	58 959
Interest acquired in associates and joint ventures	**(15)**	(32)	(53)	(32)
Acquisition of subsidiary net of cash acquired[(1)]	**(99)**	—		—
	(12 677)	(11 489)	10	(11 570)
Cash flows from financing activities				
Dividends paid	**(3 886)**	(3 247)	20	(5 023)
Preference shares repurchased	**(1)**	(3)	(67)	(6)
Issue of institutional bonds and other funding	**—**	—		750
Payment of lease liabilities	**(215)**	(201)	7	(407)
Shares acquired for settlement of employee share options	**(80)**	(54)	48	(74)
Participants' contribution on settlement of options	**2**	—		10
Treasury shares repurchased	**(39)**	(36)	8	(37)
	(4 219)	(3 541)	19	(4 787)
Effect of exchange rate changes on cash and cash equivalents	**(54)**	24	>100	82
Net decrease in cash and cash equivalents	**(6 384)**	(5 352)	19	(1 989)
Cash and cash equivalents at the beginning of the period[(2)]	**29 026**	31 015	(6)	31 015
Cash and cash equivalents at the end of the period[(2)]	**22 642**	25 663	(12)	29 026

[(1)] *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

[(2)] *Balances at the beginning and end of the period are reported before the provision ECL.*

Notes to the condensed consolidated interim financial statements

6 months ended 31 August 2024

1. Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting, the* Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively the JSE Listings Requirements) and the South African Companies Act.

The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS® Accounting Standards and are consistent with those applied in the previous consolidated financial statements except for the following effective standards, interpretations and amendments to published standards applied for the first time during the current reporting period:

Title	Key requirements and effective date
Leases on sale and leaseback – amendments to IFRS 16	Effective for annual periods beginning on or after 1 January 2024, these amendments include the IFRS 16 requirements for accounting for a sale and leaseback transaction after the date of the transaction.
Non-current liabilities with covenants – amendments to IAS 1	Effective for annual periods commencing on or after 1 January 2024, the amendments deal with the classification of liabilities as current or non-current and clarify classification of a liability is affected by conditions that the entity must comply with within 12 months after the reporting period.
Supplier finance – amendments to IAS 7 and IFRS 7	The amendments, which are effective for annual periods commencing on or after 1 January 2024, require disclosures to enhance the transparency of supplier finance agreements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

The preparation of financial statements in conformity with IFRS Accounting Standards 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 condensed consolidated financial statements, did not change compared to the prior financial year.

In calculating the ECL for the 6 months ended 31 August 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 31 August 2024.

The ECL provision models for term loans and credit cards were amended from point-in-time models to through-the-cycle models. This change was treated as a change in an accounting estimate in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and was applied prospectively. The impact of the change was to release R691 million from the backward-looking provision for ECL and increase the forward-looking macroeconomic provision for ECL by a corresponding amount. It is impracticable to estimate the impact of the change on future periods.

The parameters used to calculate the write-off point of 5% were amended during the reporting period. This change was treated as a change in an accounting estimate in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and was applied prospectively. The handover score is no longer considered in estimating the write-off point and the impact was to reduce the provision for ECL by R112 million. It is impracticable to estimate the impact of the change on future periods.

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

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

2. Business combination achieved in stages – Avafin Holding Limited (AvaFin)

On 1 May 2024, the group increased its shareholding in AvaFin from 40.66% to 97.075%. A transaction of this nature is referred to as a business combination achieved in stages or a step acquisition. The acquisition resulted in the group obtaining control of AvaFin and changed the nature of the group's investment from an equity accounted associate to a subsidiary.

Subsidiaries are entities (including structured entities) that are controlled by the company. Control is achieved when the company has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power to affect returns.

AvaFin is an online non-bank consumer lender operating in multiple markets. The acquisition of a controlling interest allows the group to diversify income sources internationally and obtain insights into the international online consumer credit market including managing operations and risks in foreign markets. In the 4 months to 31 August 2024, AvaFin contributed profit after tax of R66 million and total revenue of R864 million to the group's results. If the acquisition had occurred on 1 March 2024, management estimates that consolidated total revenue would have increased by R432 billion and profit after tax by R34 million.

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The group concluded that AvaFin is a business as defined in IFRS 3 *Business Combinations* and that the AvaFin group is a separate reporting segment (AvaFin) in the group. Refer to note 6.

Consolidation begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. The group ceased equity accounting for its investment in AvaFin at the acquisition date and began consolidating AvaFin. This entailed recognising the following:

- 100% of the identifiable assets acquired and liabilities assumed at their acquisition date fair values
- any non-controlling interest measured at its acquisition date fair values
- 100% of the goodwill, not just the portion attributable to the controlling interest acquired
- the group's share of post-acquisition profits.

The acquirer's previously held equity interest is remeasured to fair value at the date the controlling interest is acquired. Any difference between the carrying value and the fair value is recognised as a gain or loss in profit or loss. On obtaining control, any amounts recognised in other comprehensive income related to the previously held equity interest are recognised on the same basis as would be required if the acquirer had disposed of the previously held equity interest directly. Therefore, when calculating the gain or loss to be recognised, any gains or losses previously recognised in other comprehensive income are included.

The group remeasured its 40.66% shareholding in AvaFin at fair value at the acquisition date. The remeasurement loss on the deemed disposal of an associate of R58 million and the reclassification of other comprehensive income on deemed disposal of an associate of R85 million were recognised in profit or loss. The net deemed gain on disposal of an associate of R27 million was excluded from headline earnings.

In an acquisition where control is obtained but not all the ownership interests are purchased, a non-controlling interest is recorded in equity at a proportionate share of the fair value of the at acquisition identifiable net assets. The non-controlling interest at acquisition date is not subsequently remeasured.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated.

2. Business combination achieved in stages – Avafin Holding Limited (AvaFin) continued

The consideration transferred in an acquisition of a business (acquiree) comprises the fair values of the assets transferred, the liabilities assumed and the equity interests issued by the group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair value at the date of acquisition, except for:

- deferred taxation assets or liabilities, which are recognised and measured in accordance with IAS 12 *Income Taxes*
- liabilities or assets related to employee benefit arrangements, which are recognised and measured in accordance with IAS 19 *Employee Benefits*
- liabilities or equity instruments that relate to the replacement, by the group, of an acquiree's share-based payment awards, which are measured in accordance with IFRS 2 *Share-based Payments*
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are measured in accordance with that standard.

The table below summarises the identifiable assets acquired and liabilities assumed at their acquisition date fair values.

R'm	Fair value
Assets	
Cash and cash equivalents	435
Loans and advances to clients	1 419
Other receivables	99
Prepaid expenses and accrued income	41
Current tax settlements	4
Other loans	68
Property, plant and equipment	10
Intangible assets	138
Deferred income tax assets	161
Liabilities	
Current tax settlements	(161)
Issued securities	(476)
Borrowings	(720)
Other liabilities	(199)
Financial leases	(6)
Employee-related public settlements	(6)
Provisions	(108)
Fair value of identifiable assets and liabilities at acquisition[(1)]	**699**
Non-controlling interest proportionate share of at acquisition identifiable net assets	21

[(1)] *At acquisition assets and liabilities were translated at a EUR/ZAR spot rate of R19.9442.*

2. Business combination achieved in stages – Avafin Holding Limited (AvaFin) continued

The loans and receivables acquired as part of the business combination are listed below.

R'm	Gross loans and advances	Provision for ECL	Net amount	Fair value
Loans and advances to clients	1 962	(543)	1 419	1 419
Other loans	121	(53)	68	68
Other receivables	99	—	99	99
Total	2 182	(596)	1 586	1 586

Management applied judgement in identifying intangible assets that may have resulted from the acquisition and no significant value was assigned to any intangible asset considered.

Goodwill in a business combination is recognised at the acquisition date when the consideration transferred and the recognised amount of non-controlling interest exceed the fair value of the net identifiable assets of the entity acquired.

Any cash, non-controlling interest and the fair value of previously held equity interests are regarded as consideration for the purpose of determining goodwill.

If the consideration transferred is lower than the fair value of the identifiable net assets of the acquiree (a bargain purchase), the difference is recognised in profit or loss. The gain or loss arising on the disposal of an entity is calculated after consideration of attributable goodwill. When control is obtained over a foreign entity, goodwill is remeasured at the end of each reporting period using the foreign exchange spot rate and a foreign currency translation reserve is created in equity.

Goodwill is tested annually for impairment unless there is an impairment indicator, in which case, the test is performed more than once a year. Should an impairment of goodwill be required, it will be recognised in profit or loss. Where goodwill is separately identified and reported, the impairment may not be reversed.

The group recognised goodwill of R241 million on the statement of financial position. As the non-controlling interest is measured at the proportionate share of AvaFin's identifiable net assets, any subsequent impairment of goodwill will be 100% attributed to the group.

The determination of goodwill recognised at acquisition is illustrated below.

	R'm
Consideration transferred	534
Non-controlling interest measured at proportionate share of identifiable net assets	21
Acquisition date fair value of previously held equity interest	385
Identifiable assets acquired and liabilities assumed	(699)
Goodwill	241

2. Business combination achieved in stages – Avafin Holding Limited (AvaFin) continued

Goodwill is attributed to the advantages to be gained for the group by geographical diversification from a single market to successful operations in multiple markets. The acquisition gives Capitec the ability to diversify income outside of South Africa and obtain market insight into credit performance in other markets and the management of businesses outside of South Africa. It allows the group to identify high-potential markets and provides a vehicle to export the Capitec business model to new markets in the future.

AvaFin is closely aligned to Capitec's client-centric personal banking business model and is well positioned for growth. There is a strong culture fit with Capitec – 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. The management and staff are innovative with a pragmatic approach and are responsive to changes in the diverse geographical environments in which they operate.

Goodwill recognised at acquisition will not be deductible for tax purposes.

The financial statement impacts have been summarised in the table below.

	R'm
Amounts recognised in the statement of financial position	
Goodwill	**241**
Non-controlling interest	**21**
Amounts recognised in profit or loss	
Deemed disposal of investment in associate	**27**
Remeasurement loss	**(58)**
Cumulative foreign currency translation reserve reclassified to profit or loss	**85**
Amounts recognised in the statement of cash flows	
Total cash outflow – investing activities	**99**
Consideration transferred	**534**
Less: Cash and cash equivalents acquired	**(435)**

3. Net loans and advances

Personal banking (Retail bank)

R'm	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL				
	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 31 August 2024								
Gross loans and advances	**46 908**	**12 507**	**1 169**	**2 263**	**2 034**	**2 357**	**18 195**	**85 433**
Term loan	**25 014**	**7 578**	**616**	**1 470**	**1 494**	**1 838**	**12 133**	**50 143**
Access facility	**14 218**	**3 843**	**309**	**629**	**540**	**519**	**4 719**	**24 777**
Credit card	**7 676**	**1 086**	**244**	**164**	**—**	**—**	**1 343**	**10 513**
Provision for credit impairments (ECL)[1]	**(3 689)**	**(2 934)**	**(549)**	**(1 438)**	**(541)**	**(678)**	**(13 888)**	**(23 717)**
Term loan	**(1 801)**	**(1 497)**	**(270)**	**(963)**	**(399)**	**(508)**	**(9 538)**	**(14 976)**
Access facility	**(1 396)**	**(1 166)**	**(182)**	**(396)**	**(142)**	**(170)**	**(3 475)**	**(6 927)**
Credit card	**(492)**	**(271)**	**(97)**	**(79)**	**—**	**—**	**(875)**	**(1 814)**
Net loans and advances	**43 219**	**9 573**	**620**	**825**	**1 493**	**1 679**	**4 307**	**61 716**
Term loan	**23 213**	**6 081**	**346**	**507**	**1 095**	**1 330**	**2 595**	**35 167**
Access facility	**12 822**	**2 677**	**127**	**233**	**398**	**349**	**1 244**	**17 850**
Credit card	**7 184**	**815**	**147**	**85**	**—**	**—**	**468**	**8 699**
ECL coverage (%)	**7.9**	**23.5**	**47.0**	**63.5**	**26.6**	**28.8**	**76.3**	**27.8**
Term loan	**7.2**	**19.8**	**43.8**	**65.5**	**26.7**	**27.6**	**78.6**	**29.9**
Access facility	**9.8**	**30.3**	**58.9**	**63.0**	**26.3**	**32.8**	**73.6**	**28.0**
Credit card	**6.4**	**25.0**	**39.8**	**48.2**	**—**	**—**	**65.2**	**17.3**
% of gross loan book	**55**	**15**	**1**	**3**	**2**	**3**	**21**	**100**
Term loan	**29**	**9**	**1**	**2**	**2**	**2**	**14**	**59**
Access facility	**17**	**5**	**—**	**1**	**—**	**1**	**5**	**29**
Credit card	**9**	**1**	**—**	**—**	**—**	**—**	**2**	**12**
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

[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

Personal banking (Retail bank) continued

	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 31 August 2023								
Gross loans and advances	48 486	12 595	1 359	2 503	2 422	2 003	14 407	83 775
Term loan	25 721	7 696	769	1 651	1 720	1 605	9 830	48 992
Access facility	16 306	4 198	422	702	702	398	3 476	26 204
Credit card	6 459	701	168	150	—	—	1 101	8 579
Provision for credit impairments (ECL)[(1)]	(3 644)	(2 972)	(678)	(1 740)	(766)	(554)	(10 528)	(20 882)
Term loan	(1 811)	(1 308)	(379)	(1 179)	(524)	(417)	(7 124)	(12 742)
Access facility	(1 412)	(1 461)	(224)	(478)	(242)	(137)	(2 502)	(6 456)
Credit card	(421)	(203)	(75)	(83)	—	—	(902)	(1 684)
Net loans and advances	44 842	9 623	681	763	1 656	1 449	3 879	62 893
Term loan	23 910	6 388	390	472	1 196	1 188	2 706	36 250
Access facility	14 894	2 737	198	224	460	261	974	19 748
Credit card	6 038	498	93	67	—	—	199	6 895
ECL coverage (%)	7.5	23.6	49.9	69.5	31.6	27.7	73.1	24.9
Term loan	7.0	17.0	49.3	71.4	30.5	26.0	72.5	26.0
Access facility	8.7	34.8	53.1	68.1	34.5	34.4	72.0	24.6
Credit card	6.5	29.0	44.6	55.3	—	—	81.9	19.6
% of gross loan book	58	15	2	3	3	2	17	100
Term loan	31	9	1	2	2	2	12	59
Access facility	19	5	1	1	1	—	4	31
Credit card	8	1	—	—	—	—	1	10

(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 banking

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	Rescheduled from up-to-date (not yet rehabilitated)	Rescheduled from arrears (not yet rehabilitated)	More than 3 months in arrears, legal statuses and applied for business rescue liquidations <6 months	Total
Balance as at 31 August 2024								
Gross loans and advances	**17 563**	**174**	**1 021**	**160**	**268**	**77**	**1 860**	**21 123**
Business loans	**8 824**	**88**	**499**	**74**	**216**	**26**	**910**	**10 637**
Mortgage loans	**8 739**	**86**	**522**	**86**	**52**	**51**	**950**	**10 486**
Provision for credit impairments (ECL)(1)(2)	**(255)**	**(4)**	**(146)**	**(24)**	**(20)**	**(10)**	**(815)**	**(1 274)**
Business loans	**(203)**	**(3)**	**(105)**	**(16)**	**(18)**	**(6)**	**(569)**	**(920)**
Mortgage loans	**(52)**	**(1)**	**(41)**	**(8)**	**(2)**	**(4)**	**(246)**	**(354)**
Net loans and advances	**17 308**	**170**	**875**	**136**	**248**	**67**	**1 045**	**19 849**
Business loans	**8 621**	**85**	**394**	**58**	**198**	**20**	**341**	**9 717**
Mortgage loans	**8 687**	**85**	**481**	**78**	**50**	**47**	**704**	**10 132**
ECL coverage (%)(3)	**1.5**	**2.1**	**14.4**	**15.0**	**7.2**	**12.4**	**43.8**	**6.0**
Business loans	**2.3**	**3.3**	**21.1**	**21.5**	**8.2**	**22.0**	**62.5**	**8.6**
Mortgage loans	**0.6**	**0.9**	**8.0**	**9.5**	**3.4**	**7.5**	**25.9**	**3.4**
% of gross loan book	**83**	**1**	**5**	**1**	**1**	**0**	**9**	**100**
Business loans	**42**	**1**	**2**	**—**	**1**	**—**	**4**	**50**
Mortgage loans	**41**	**—**	**3**	**1**	**—**	**—**	**5**	**50**
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

(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 in other liabilities in the statement of financial position.*

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

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

3. Net loans and advances continued

Business banking continued

R'm	Stage 1 12-month ECL: Up-to-date	Stage 1 12-month ECL: Up to 1 month in arrears	Stage 2 Lifetime ECL: Up-to-date loans SICR	Stage 2 Lifetime ECL: 2 and 3 months in arrears	Stage 2 Lifetime ECL: Rescheduled from up-to-date (not yet rehabilitated)	Stage 2 Lifetime ECL: Rescheduled from arrears (not yet rehabilitated)	Stage 3 Lifetime ECL: More than 3 months in arrears, legal statuses and applied for business rescue liquidations <6 months	Total
Balance as at 31 August 2023								
Gross loans and advances	14 302	141	776	62	380	108	1 333	17 102
Business loans	6 986	75	370	36	322	21	620	8 430
Mortgage loans	7 316	66	406	26	58	87	713	8 672
Provision for credit impairments (ECL)[(1)(2)]	(272)	(4)	(128)	(12)	(22)	(10)	(582)	(1 030)
Business loans	(204)	(3)	(103)	(11)	(18)	(5)	(408)	(752)
Mortgage loans	(68)	(1)	(25)	(1)	(4)	(5)	(174)	(278)
Net loans and advances	14 030	137	648	50	358	98	751	16 072
Business loans	6 782	72	267	25	304	16	212	7 678
Mortgage loans	7 248	65	381	25	54	82	539	8 394
ECL coverage (%)[(3)]	1.9	2.9	16.4	20.2	5.9	8.7	43.7	6.0
Business loans	2.9	4.3	28.0	31.1	5.6	22.3	65.8	8.9
Mortgage loans	0.9	1.3	5.9	5.5	7.4	5.3	24.5	3.2
% of gross loan book	84	1	4	—	2	1	8	100
Business loans	41	—	2	—	2	—	4	49
Mortgage loans	43	1	2	—	—	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 in other liabilities in the statement of financial position.
(2) Business banking accepts collateral for secured funds advanced and this decreases the ECL.
(3) The ECL coverage ratio is calculated in thousands before rounding to millions.

AvaFin

R'm	Stage 1 12-month ECL: Up-to-date	Stage 2 Lifetime ECL: Up to 60 days in arrears	Stage 3 Lifetime ECL: More than 60 days in arrears	Total
Balance as at 31 August 2024				
Gross loans and advances	**1 393**	**347**	**553**	**2 293**
Provision for credit impairments (ECL)	**(118)**	**(105)**	**(453)**	**(676)**
Net loans and advances	**1 275**	**242**	**100**	**1 617**
ECL coverage (%)[(1)]	**8.5**	**30.4**	**81.9**	**29.5**
% of gross loan book	**61**	**15**	**24**	**100**

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

4. Commitments and contingent liabilities

R'm	August 2024	August 2023	% change August 2024/2023	Year ended February 2024
Capital commitments – approved by the board				
Contracted for:				
Property and equipment[1]	**44**	507	(91)	745
Intangible assets	**34**	15	>100	11
Not contracted for:				
Property and equipment	**642**	411	56	729
Intangible assets	**222**	129	72	260
Total capital commitments	**942**	1 062	(11)	1 745
Loan commitments – gross of loss allowances[2]				
Personal banking loan commitments – off-balance sheet	**13 302**	15 011	(11)	13 759
Access facility	**10 166**	12 542	(19)	11 074
Credit card	**3 136**	2 469	27	2 685
Business banking loan commitments – off-balance sheet	**304**	341	(11)	401
Bonds	**218**	254	(14)	315
Credit card	**86**	87	(1)	86
Guarantees – Business banking	**705**	728	(3)	559
Letters of credit – Business banking	**46**	7	>100	55
Foreign currency-denominated loan commitments	**245**	—		—
Total loan commitments, guarantees and letters of credit	**14 602**	16 087	(9)	14 774

(1) *Contracted capital commitments for property and equipment include property amounting to Rnil for August 2024 (August 2023: R400 million; February 2024: 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.

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

Hierarchy of fair value of financial instruments

The hierarchy is based on the extent to which the inputs to 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 period.

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	Carrying value August 2024	Fair value August 2024	Fair value August 2023	Fair value February 2024	Hierarchy of valuation technique
Financial assets					
Cash and cash equivalents	**22 642**	**22 642**	25 663	29 021	Level 2
Financial assets at FVTPL	**786**	**786**	428	554	Level 1/Level 2
Term deposit investments	**12 005**	**12 005**	1 308	7 791	Level 2
Financial investments at amortised cost	**76 840**	**76 673**	73 758	67 459	Level 1/Level 2
Financial assets – equity instruments at FVOCI	**82**	**82**	74	82	Level 3
Net loans and advances – Term loans	**35 167**	**36 253**	35 541	35 641	Level 3
Net loans and advances – Access facility	**17 850**	**19 463**	21 243	20 760	Level 3
Net loans and advances – Credit card	**8 699**	**9 200**	7 296	8 417	Level 3
Net loans and advances – AvaFin(1)	**1 617**	**1 617**	—	—	Level 3
Net loans and advances – Business	**9 717**	**9 924**	7 879	8 951	Level 3
Net loans and advances – Mortgage	**10 132**	**10 185**	8 463	9 373	Level 3
Other receivables(2)	**12 161**	**12 161**	6 585	8 058	Level 2
Derivative assets	**65**	**65**	28	34	Level 2
Financial liabilities					
Deposits and bonds	**162 532**	**165 957**	154 588	155 996	Level 2
Derivative liabilities	**74**	**74**	20	21	Level 2
Trade and other payables(2)	**4 953**	**4 953**	3 262	3 439	Level 2

(1) *The group acquired a controlling interest in AvaFin on 1 May 2024; the results of AvaFin have been consolidated into the group from that date. Refer to note 2: Business combination achieved in stages – Avafin Holding Limited.*

(2) *Other receivables per the statement of financial position include non-financial receivables totalling R0.6 billion (August 2023: R0.6 billion; February 2024: R0.3 billion). Other payables per the statement of financial position include non-financial payables totalling R2.6 billion (August 2023: R1.2 billion; February 2024: R1.9 billion).*

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

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
Personal banking 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 banking 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.
AvaFin loans and advances	The expected present value technique was applied. Determination of expected future cash flows requires significant judgement. Foreign currency loans are translated to the reporting currency using market foreign exchange rates.
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 1/level 2 as the markets that they are quoted on are not considered to be active.
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 below.
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.

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
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 management 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 – Personal banking, Business banking and the Insurance business. Since the group has acquired a controlling interest in AvaFin, an additional operating segment has been identified – AvaFin. The business is widely distributed with no reliance on any major clients. In addition, no client accounts for more than 10% of revenue.

Within the segments, there are a number of products and services from which the group derives its revenue. These include:

Personal banking (Retail bank)

- Transactional banking services
- Loan products that are granted to Personal banking clients. There are 3 different loan products granted, namely term loans, credit cards and access facilities
- Flexible, notice, fixed and tax-free savings
- VAS including enabling clients to purchase prepaid mobile network services, electricity, national lottery tickets, vouchers, renew vehicle licences 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 banking

- Loan products that are granted to Business banking 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 Personal banking 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.

6. Segment information continued

Insurance continued

The following long-term insurance products are provided to Personal banking 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.

AvaFin

- Short-term loan products
- Credit line products – Revolving credit line with a perpetual contractual period and the option to reuse funds and repay the loan in multiple instalments
- Instalment loans – Loans that are repaid over time with a set number of scheduled payments.

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.

	August 2024				
R'm	Personal banking	Business banking	Insurance	AvaFin	Total
Interest and similar income					
Interest income[1]	12 599	1 498	25	857	14 703
Interest income on lending calculated using the effective interest rate	8 184	1 239	—	854	10 277
Interest income on investments calculated using the effective interest rate[1]	4 074	259	16	3	4 076
Interest income on financial assets at FVTPL	341	—	9	—	350
Interest expense[1][2]	(4 658)	(616)	—	(55)	(5 053)
Net interest income	7 941	882	25	802	9 650
Credit impairments	(3 538)	(189)	—	(305)	(4 032)
Net interest income after credit impairments	4 403	693	25	497	5 618
Non-interest income					
Loan fee income	622	—	—	7	629
Loan fee expense	(4)	—	—	—	(4)
Net loan fee income	618	—	—	7	625
Transaction fee and commission income[1]	11 189	796	—	—	11 944
Branch, cash and self-service transactions	3 865	13	—	—	3 878
Digital transactions	2 213	37	—	—	2 250
Monthly fees, debit orders and other transactions[1]	2 379	298	—	—	2 670
POS transactions[1]	1 474	52	—	—	1 492
Commission income	1 258	396	—	—	1 654
Transaction fee and commission expense[1]	(2 670)	(387)	—	—	(3 023)
Branch, cash and self-service transactions	(1 480)	(4)	—	—	(1 484)
Digital transactions	(284)	(18)	—	—	(302)
Monthly fees, debit orders and other transactions	(389)	(151)	—	—	(540)
POS transactions[1]	(474)	(214)	—	—	(654)
Commission expense	(43)	—	—	—	(43)
Net transaction and commission income[1]	8 519	409	—	—	8 921

(1) Consolidation entries are not included in the 4 segments.

(2) The Personal banking and Business banking assets include an amount of R11.1 billion (August 2023: R7.2 billion) in investments that eliminates against liabilities at group level. Interest on the investments amounted to R223 million (August 2023: R240 million) and is disclosed in the Personal banking interest expense and the Business banking interest on investments.

6. Segment information continued

R'm	Personal banking	Business banking	Insurance	AvaFin	Total
			August 2024		
Insurance revenue	—	—	2 581	—	2 581
Insurance service expense	—	—	(1 026)	—	(1 026)
Net expense from reinsurance contracts held	—	—	1	—	1
Insurance service result	—	—	1 556	—	1 556
Insurance finance income/(expense)	—	—	77	—	77
Net insurance result	—	—	1 633	—	1 633
Foreign currency income	—	283	—	—	283
Foreign currency expense	—	(227)	—	—	(227)
Net foreign currency income	—	56	—	—	56
Other income/(expense)[1]	—	7	56	(19)	36
Net non-interest income[1]	9 137	472	1 689	(12)	11 271
Income from operations after credit impairments[1]	13 540	1 165	1 714	485	16 889
Operating expenses[1]	(1 675)	(89)	(1)	(289)	(2 039)
IT expenses	(1 052)	(83)	(42)	(16)	(1 193)
Employee costs	(3 840)	(669)	(71)	(75)	(4 655)
Depreciation	(584)	(20)	—	(2)	(606)
Amortisation	(52)	(23)	(7)	(13)	(95)
Amortisation of intangible assets – core deposits and client relationships[1]	—	—	—	—	(26)
Share of net profit of associates and joint ventures	7	—	—	—	7
Deemed disposal of investment in associate	27	—	—	—	27
Operating profit before tax[1]	6 371	281	1 593	90	8 309
Income and deferred tax expense	(1 713)	(67)	(84)	(22)	(1 886)
Tax on amortisation of intangible assets[1]	—	—	—	—	2
Profit for the period[1]	4 658	214	1 509	68	6 425
Profit attributable to non-controlling interest	—	—	—	(2)	(2)
Profit attributable to ordinary shareholders of the group[1]	4 658	214	1 509	66	6 423
Assets					
Net loans and advances	61 716	19 849	—	1 617	83 182
Other[1][2]	130 243	14 198	4 259	863	138 449
Acquisition of AvaFin[1]	—	—	—	—	241
Goodwill[1]	—	—	—	—	241
Acquisition of Mercantile[1]	—	—	—	—	860
Goodwill[1]	—	—	—	—	849
Intangible asset – core deposit intangible[1]	—	—	—	—	6
Intangible asset – client relationships[1]	—	—	—	—	5
Total assets[1][2]	191 959	34 047	4 259	2 480	222 732

[1] Consolidation entries are not included in the 4 segments.
[2] The Personal banking and Business banking assets include an amount of R11.1 billion (August 2023: R7.2 billion) in investments that eliminates against liabilities at group level. Interest on the investments amounted to R223 million (August 2023: R240 million) and is disclosed in the Personal banking interest expense and the Business banking interest on investments.

6. Segment information continued

	August 2023				
R'm	**Personal banking**	**Business banking**	**Insurance**	**AvaFin**	**Total**
Interest and similar income					
Interest income(1)	11 551	1 263	10	—	12 537
Interest income on lending calculated using the effective interest rate	7 994	991	—	—	8 985
Interest income on investments calculated using the effective interest rate(1)	3 236	272	—	—	3 221
Interest income on financial assets at FVTPL	321	—	10	—	331
Interest expense(1)(2)	(4 233)	(573)	—	—	(4 519)
Net interest income	7 318	690	10	—	8 018
Credit impairments	(4 596)	(165)	—	—	(4 761)
Net interest income after credit impairments	2 722	525	10	—	3 257
Non-interest income					
Loan fee income	600	—	—	—	600
Loan fee expense	(6)	—	—	—	(6)
Net loan fee income	594	—	—	—	594
Transaction fee and commission income(1)(3)	8 995	748	—	—	9 709
Branch, cash and self-service transactions	3 644	7	—	—	3 651
Digital transactions	1 457	43	—	—	1 500
Monthly fees, debit orders and other transactions(1)	1 981	268	—	—	2 244
POS transactions(1)	1 182	74	—	—	1 227
Commission income	731	356	—	—	1 087
Transaction fee and commission expense(1)(3)	(2 496)	(329)	—	—	(2 796)
Branch, cash and self-service transactions	(1 389)	—	—	—	(1 389)
Digital transactions	(151)	(12)	—	—	(163)
Monthly fees, debit orders and other transactions	(520)	(138)	—	—	(658)
POS transactions(1)	(410)	(179)	—	—	(560)
Commission expense	(26)	—	—	—	(26)
Net transaction and commission income(1)	6 499	419	—	—	6 913

(1) Consolidation entries are not included in the 4 segments.

(2) The Personal banking and Business banking assets include an amount of R11.1 billion (August 2023: R7.2 billion) in investments that eliminates against liabilities at group level. Interest on the investments amounted to R223 million (August 2023: R240 million) and is disclosed in the Personal banking interest expense and the Business banking interest on investments.

(3) Transaction fee and commission income and transaction fee and commission expense has been reclassified for the period ended August 2023 to be consistent with the disaggregation for August 2024 and February 2024.

6. Segment information continued

			August 2023		
R'm	Personal banking	Business banking	Insurance	AvaFin	Total
Insurance revenue	—	—	2 535	—	2 535
Insurance service expense	—	—	(1 092)	—	(1 092)
Insurance service result	—	—	1 443	—	1 443
Insurance finance income	—	—	105	—	105
Net insurance and investment result	—	—	1 548	—	1 548
Foreign currency income	—	257	—	—	257
Foreign currency expense	—	(175)	—	—	(175)
Net foreign currency income	—	82	—	—	82
Other income	11	20	46	—	77
Net non-interest income[(1)]	7 104	521	1 594	—	9 214
Income from operations after credit impairments[(1)]	9 826	1 046	1 604	—	12 471
Operating expenses[(1)]	(1 508)	(121)	(10)	—	(1 634)
IT expenses	(799)	(63)	(18)	—	(880)
Employee costs	(2 921)	(492)	(41)	—	(3 454)
Depreciation	(533)	(34)	—	—	(567)
Amortisation	(55)	(9)	(1)	—	(65)
Amortisation of intangible assets – core deposits and client relationships[(1)]	—	—	—	—	(7)
Share of net profit of associates and joint ventures	29	—	—	—	29
Operating profit before tax[(1)]	4 039	327	1 534	—	5 893
Income and deferred tax expense	(1 104)	(87)	(8)	—	(1 199)
Tax on amortisation of intangible assets[(1)]	—	—	—	—	2
Profit for the period[(1)]	2 935	240	1 526	—	4 696
Profit attributable to non-controlling interest	—	—	—	—	—
Profit attributable to ordinary shareholders of the group[(1)]	2 935	240	1 526	—	4 696
Assets					
Net loans and advances	62 894	16 071	—	—	78 965
Other[(1)(2)]	115 050	9 929	2 861	—	120 644
Acquisition of Mercantile[(1)]	—	—	—	—	894
Goodwill[(1)]	—	—	—	—	849
Intangible asset – core deposit intangible[(1)]	—	—	—	—	37
Intangible asset – client relationships[(1)]	—	—	—	—	8
Total assets[(1)(2)]	177 944	26 000	2 861	—	200 503

[(1)] *Consolidation entries are not included in the 4 segments.*

[(2)] *The Personal banking and Business banking assets include an amount of R11.1 billion (August 2023: R7.2 billion) in investments that eliminates against liabilities at group level. Interest on the investments amounted to R223 million (August 2023: R240 million) and is disclosed in the Personal banking interest expense and the Business banking interest on investments.*

6. Segment information continued

R'm	Personal banking	Business banking	Insurance	AvaFin	Total
	Year ended February 2024				
Interest and similar income					
Interest income[(1)]	23 694	2 654	26	—	25 806
Interest income on lending calculated using the effective interest rate	16 071	2 118	—	—	18 189
Interest income on investments calculated using the effective interest rate[(1)]	6 954	536	7	—	6 929
Interest income on financial assets at FVTPL	669	—	19	—	688
Interest expense[(1)(2)]	(8 751)	(1 159)	—	—	(9 342)
Net interest income	14 943	1 495	26	—	16 464
Credit impairments	(8 403)	(322)	—	—	(8 725)
Net interest income after credit impairments	6 540	1 173	26	—	7 739
Non-interest income					
Loan fee income	1 218	1	—	—	1 219
Loan fee expense	(11)	—	—	—	(11)
Net loan fee income	1 207	1	—	—	1 208
Transaction fee and commission income[(1)]	19 357	1 573	—	—	20 856
Branch, cash and self-service transactions	7 491	16	—	—	7 507
Digital transactions	3 504	87	—	—	3 591
Monthly fees, debit orders and other transactions[(1)]	4 057	578	—	—	4 621
POS transactions[(1)]	2 542	148	—	—	2 630
Commission income	1 763	744	—	—	2 507
Transaction fee and commission expense[(1)]	(5 411)	(718)	—	—	(6 069)
Branch, cash and self-service transactions	(3 156)	—	—	—	(3 156)
Digital transactions	(521)	(30)	—	—	(551)
Monthly fees, debit orders and other transactions	(1 059)	(302)	—	—	(1 361)
POS transactions[(1)]	(605)	(386)	—	—	(931)
Commission expense	(70)	—	—	—	(70)
Net transaction and commission income[(1)]	13 946	855	—	—	14 787

(1) Consolidation entries are not included in the 4 segments.
(2) The Personal banking and Business banking assets include an amount of R10.5 billion in investments that eliminates against liabilities at a group level. Interest on the investment amounted to R469 million and is disclosed in Personal banking interest expense and Business banking interest on investments.

6. Segment information continued

	Year ended February 2024				
R'm	**Personal banking**	**Business banking**	**Insurance**	**AvaFin**	**Total**
Insurance revenue	—	—	4 971	—	4 971
Insurance service expense	—	—	(1 977)	—	(1 977)
Insurance service result	—	—	2 994	—	2 994
Insurance finance income	—	—	184	—	184
Net insurance result	—	—	3 178	—	3 178
Foreign currency income	—	515	—	—	515
Foreign currency expense	—	(354)	—	—	(354)
Net foreign currency income	—	161	—	—	161
Other income[1]	121	44	97	—	245
Net non-interest income[1]	15 274	1 061	3 275	—	19 579
Income from operations after credit impairments[1]	21 814	2 234	3 301	—	27 318
Operating expenses[1]	(3 261)	(228)	(41)	—	(3 499)
IT expenses	(1 725)	(135)	(38)	—	(1 898)
Employee costs	(6 023)	(1 066)	(88)	—	(7 177)
Depreciation	(1 090)	(125)	—	—	(1 215)
Amortisation	(106)	(30)	(2)	—	(138)
Amortisation of intangible assets – core deposits and client relationships[1]	—	—	—	—	(14)
Share of net profit of associates and joint ventures	71	—	—	—	71
Operating profit before tax[1]	9 680	650	3 132	—	13 448
Income and deferred tax expense	(2 653)	(172)	(60)	—	(2 885)
Tax on amortisation of intangible assets[1]	—	—	—	—	4
Profit for the period[1]	7 027	478	3 072	—	10 567
Profit attributable to non-controlling interest	—	—	—	—	—
Profit attributable to ordinary shareholders of the group[1]	7 027	478	3 072	—	10 567
Assets					
Net loans and advances	62 488	18 064	—	—	80 552
Other[1][2]	120 251	12 873	3 492	—	126 140
Acquisition of Mercantile[1]	—	—	—	—	887
Goodwill[1]	—	—	—	—	849
Intangible asset – core deposit intangible[1]	—	—	—	—	31
Intangible asset – client relationships[1]	—	—	—	—	7
Total assets[1][2]	182 739	30 937	3 492	—	207 579

[1] Consolidation entries are not included in the 4 segments.
[2] The Personal banking and Business banking assets include an amount of R10.5 billion in investments that eliminates against liabilities at a group level. Interest on the investment amounted to R469 million and is disclosed in Personal banking interest expense and Business banking interest on investments.

Statutory and contact information

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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

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NF Bhettay
SA du Plessis
CH Fernandez
N Ford-Hoon
GR Hardy (CFO)[(1)]
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