Integrated annual report

for the year ended 28 February 2025

2025 Igniting growth and opportunity

CAPITEC

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

Contents

Igniting growth and opportunity

Capitec's vision is to be the most trusted brand in South Africa. We aim to make a meaningful difference in people's lives, empowering them to grow. Our simple, accessible and affordable solutions, delivered with a personalised experience, ignite growth and unlock opportunities for individuals and businesses, helping them contribute to South Africa's economy.

About this report

Capitec is listed on the Johannesburg Stock Exchange Limited (JSE). The company's subsidiaries conduct personal and business banking, online consumer lending, rental financing, hold insurance cell captives and have an insurance licence for life products.

Scope

This report provides information about Capitec's operational and financial performance for the financial year 1 March 2024 to 28 February 2025. Any material events after this date and up to the board approval date have also been included.

We demonstrate how we will continue to add value for our stakeholders through our business model, strategies, innovations and responsible approach to governance.

Materiality

The integrated annual report focuses on matters that have the potential to materially impact our ability to create and sustain value over the short, medium and long term.

Management is not aware of any material information that was unavailable or any legal prohibitions to the publication of any information in this report.

Guidance applied

This report was compiled in accordance with:

- the Companies Act of South Africa, Act 71 of 2008, as amended (Companies Act)
- IFRS® Accounting Standards as issued by the International Accounting Standards Board, including IFRIC® interpretations issued by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee
- the International Integrated Reporting Framework of the International Integrated Reporting Council
- the JSE Listings Requirements
- the King IV Report on Corporate Governance for South Africa, 2016™ (King IV™)
- the United Nations Sustainable Development Goals (UN SDGs).

Forward-looking statements

Certain statements in this report may be regarded as forward-looking statements or forecasts about the group's strategy, performance and operations but do not represent an earnings forecast or guarantee. Actual results and outcomes may differ materially from those expressed in or implied by these statements as they relate to future events and circumstances. All forward-looking statements are based solely on the views and considerations of the directors. These forward-looking statements have not been reviewed and reported on by the external auditors.

Assurance

Our joint external auditors, KPMG Inc. (KPMG) and Deloitte & Touche (Deloitte), provided independent assurance on the fair presentation of the financial statements for the year ended 28 February 2025. The external auditors also read the integrated annual report and considered whether any information provided in it is materially inconsistent with the financial statements or their knowledge obtained during the course of their audit or otherwise appears to be materially misstated. No such misstatement was reported.

Board approval

The Capitec board is responsible for overseeing the integrity and completeness of this report. The board, the audit committee, the human resources and remuneration committee (REMCO) and the social, ethics and sustainability committee (SESCO) considered the accuracy and completeness of the report and are satisfied with the reliability of all data and information. In the board's opinion, this report addresses all matters that are material to the group's ability to create value. The board is satisfied that the report fairly presents the integrated performance of the group for the reporting period. It was approved and signed on behalf of the board on 22 April 2025 by:

Santie Botha
Chairman

Gerrie Fourie
Chief executive officer (CEO)

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

We appreciate your feedback

If you would like to know more about us, please visit our website at **www.capitecbank.co.za.**

We welcome any feedback stakeholders may have on this report. Kindly email us at **enquiries@capitecbank.co.za.**

Navigation tools

Capitals

- Financial
- Social and relationship
- Human
- Intellectual
- Natural
- Manufactured

Strategic objectives

- Capitec culture
- SME growth
- Single service experience
- Build an ecosystem
- Payment provider
- Insights-driven
- International strategy

Alignment with the UN Sustainable Development Goals (UN SDGs)

We are creating long-term value by contributing to positive outcomes towards the UN SDGs. We identified the 9 goals below as those where we believe we can have the most meaningful impact.

1 No poverty | 2 Zero hunger | 3 Good health and well-being | 4 Quality education | 5 Gender equality | 8 Decent work and economic growth | 10 Reduced inequalities | 12 Responsible consumption and production | 13 Climate action

Our reporting suite

Our **summary of the consolidated financial statements** is available on our website at: **www.capitecbank.co.za/financial-results/2025/**

Our **remuneration report** is available on our website at: **www.capitecbank.co.za/financial-results/2025/**

Our **risk management report** is available on our website at: **www.capitecbank.co.za/financial-results/2025/**

Our **sustainability report** will be available by the end of June 2025 on our website at: **www.capitecbank.co.za/esg/**

Our **Pillar 3 disclosure report** is available on our website at: **www.capitecbank.co.za/investor-relations/**

01 Performance and outlook

Headline earnings

+ 30% to

R13.7 billion

(2024: R10.6 billion)

Net interest income after credit impairments

+ 54% to

R11.9 billion

(2024: R7.7 billion)

Full-year dividend per ordinary share

+ 34% to

6 510 cents

(2024: 4 875 cents)

Net transaction and commission income

+ 17% to

R14.1 billion

(2024: R12.0 billion)

Return on ordinary shareholders' equity (ROE)

29%

(2024: 26%)

Value-added services (VAS) and Capitec Connect

+61% to

R4.4 billion

(2024: R2.7 billion)

App clients

+ 15% to

12.9 million

(2024: 11.2 million)

Non-interest income to income from operations after credit impairments

67%

(2024: 72%)

Annualised credit loss ratio (CLR)

7.5%

(2024: 8.7%)

Personal banking: **8.1%** (2024: 10.1%)
Business banking: **1.7%** (2024: 1.9%)

5 years at a glance

		2025[1]	2024	% change 2025/2024[2]	2023	2022	2021
Profitability							
Interest income	R'm	**30 228**	25 806	17	21 199	17 454	16 544
Interest income on lending	R'm	**21 242**	18 189	17	15 799	13 247	13 401
Interest income on investments and other financial instruments	R'm	**8 986**	7 617	18	5 400	4 207	3 143
Interest expense	R'm	**(10 043)**	(9 342)	8	(6 993)	(4 838)	(4 985)
Net interest income	R'm	**20 185**	16 464	23	14 206	12 616	11 559
Credit impairments	R'm	**(8 258)**	(8 725)	(5)	(6 329)	(3 508)	(7 825)
Net interest income after credit impairments	R'm	**11 927**	7 739	54	7 877	9 108	3 734
Net loan fee income	R'm	**1 286**	1 208	6	1 079	951	898
Total net transaction and commission income	R'm	**18 535**	14 787	25	11 461	10 515	8 708
Net transaction and commission income	R'm	**14 117**	12 038	17	9 909	10 515	8 708
VAS	R'm	**4 225**	2 714	56	1 552	—	—
Capitec Connect	R'm	**193**	35	>100	—	—	—
Net insurance result	R'm	**3 777**	3 178	19	2 685	2 446	1 615
Credit life	R'm	**1 905**	1 882	1	1 667	1 540	965
Funeral plan and life cover	R'm	**1 872**	1 296	44	1 018	906	650
Net foreign currency income	R'm	**136**	161	(16)	162	144	111
Other income	R'm	**148**	245	(40)	158	290	114
Net non-interest income	R'm	**23 882**	19 579	22	15 545	14 346	11 446
Income from operations after credit impairments	R'm	**35 809**	27 318	31	23 422	23 454	15 180
Operating expenses	R'm	**(18 099)**	(13 941)	30	(11 877)	(12 555)	(9 463)
Share of net profit/(loss) of associates and joint ventures	R'm	**3**	71	(96)	98	36	(7)
Deemed disposal of investment in associate	R'm	**27**	—		—	—	—
Impairment of investments	R'm	**—**	—		—	—	(122)
Operating profit before tax	R'm	**17 740**	13 448	32	11 643	10 935	5 588
Income and deferred tax expense[3]	R'm	**(3 991)**	(2 881)	39	(2 492)	(2 408)	(1 130)
Profit for the year	R'm	**13 749**	10 567	30	9 151	8 527	4 458
Adjustments to basic earnings	R'm	**(11)**	(6)	83	(4)	(4)	(6)
Earnings attributable to ordinary shareholders[4]							
Basic	R'm	**13 738**	10 561	30	9 147	8 523	4 452
Headline	R'm	**13 739**	10 578	30	9 153	8 440	4 586
Earnings per share							
Attributable	cents	**11 911**	9 156	30	7 933	7 371	3 850
Headline	cents	**11 912**	9 171	30	7 938	7 300	3 966
Weighted average number of shares	'000	**115 339**	115 346		115 309	115 627	115 627
Diluted attributable	cents	**11 878**	9 137	30	7 911	7 360	3 848
Diluted headline	cents	**11 879**	9 152	30	7 917	7 289	3 963
Diluted weighted average number of shares	'000	**115 659**	115 589		115 617	115 800	115 698
Dividends per ordinary share							
Full-year	cents	**6 510**	4 875	34	4 200	3 640	1 600
Interim	cents	**2 085**	1 530	36	1 400	1 200	—
Final	cents	**4 425**	3 345	32	2 800	2 440	1 600
Number of shares in issue per the shareholders' register	'000	**116 100**	116 100		116 100	116 100	115 627
Dividend cover	times	**1.8**	1.9		1.9	2.0	2.5
Special dividend	cents	**—**	—		—	1 500	—
Non-interest income to income from operations after credit impairments	%	**67**	72		66	61	75
Cost-to-income ratio	%	**41**	39		40	47	41

(1) *The group acquired a controlling interest in Avafin Holding Limited (AvaFin) on 1 May 2024, and AvaFin's results were consolidated from that date.*

(2) *The percentage changes quoted above 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 and funeral cover 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 note 34 to the financial statements for details regarding the difference between basic and headline earnings.*

		2025[1]	2024	% change 2025/2024[2]	2023	2022	2021
Assets							
Total assets	R'm	**238 464**	207 579	15	190 636	177 943	156 507
Net loans and advances	R'm	**89 145**	80 552	11	78 168	66 549	57 189
Cash and financial investments[3][4]	R'm	**127 796**	111 312	15	98 969	99 460	85 022
Other[3][5]	R'm	**21 523**	15 715	37	13 499	11 934	14 296
Liabilities							
Total liabilities	R'm	**187 550**	164 048	14	152 716	142 178	126 592
Deposits and wholesale funding	R'm	**175 541**	156 015	13	146 498	134 458	120 908
Other	R'm	**12 009**	8 033	49	6 218	7 720	5 684
Equity							
Share capital and reserves attributable to ordinary shareholders of the group	R'm	**50 841**	43 488	17	37 871	35 715	29 860
Total equity	R'm	**50 914**	43 531	17	37 920	35 765	29 915
ROE	%	**29**	26		25	26	17
Capital adequacy ratio (CAR)	%	**38**	36		34	36	37
Net asset value per ordinary share	cents	**43 970**	37 611	17	32 753	30 888	25 824
Number of shares for calculation	'000	**115 627**	115 627		115 627	115 627	115 627
Share price	cents	**307 437**	201 777	52	175 451	207 435	133 875
Market capitalisation	R'm	**356 934**	234 263	52	203 699	240 832	154 796
Operations							
Branches		**880**	866	2	860	853	857
Employees		**16 935**	15 747	8	15 451	14 758	14 672
Active clients (including point-of-sale (POS) merchants)	'000	**24 132**	22 173	9	20 105	18 104	15 829
Cash devices[6]		**8 798**	8 382	5	7 898	7 178	6 725
Capital expenditure	R'm	**1 373**	1 157	19	1 163	863	837
Transact							
Transaction volumes (including VAS) by channel	'm	**11 071**	9 891	12	8 199	5 508	5 463
Digital including VAS	'm	**2 523**	1 994	27	1 641	1 095	1 094
Card payments	'm	**3 045**	2 537	20	1 949	1 092	1 061
Cash	'm	**596**	580	3	562	472	472
Branches	'm	**51**	33	55	47	48	48
System-generated	'm	**4 856**	4 747	2	4 000	2 801	2 788
Net transaction and commission, net foreign currency and funeral plan and life cover income to income from operations after credit impairments	%	**57**	59		54	49	62
Net transaction and commission, net foreign currency and funeral plan and life cover income to operating expenses	%	**114**	117		106	92	100
Credit							
Value of total loans advanced	R'm	**73 192**	57 358	28	60 042	49 744	34 283
Personal banking	R'm	**53 909**	48 459	11	52 928	43 932	29 334
Business banking[7]	R'm	**11 447**	8 899	29	7 114	5 812	4 949
AvaFin	R'm	**7 836**	—		—	—	—

(1) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date.*

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

(3) *The group reclassified the South African Reserve Bank (SARB) settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. Refer to note 3 to the financial statements.*

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

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

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

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

		2025[1]	2024	% change 2025/2024[2]	2023	2022	2021
Loans and advances book							
Gross loans and advances	R'm	**115 525**	102 991	12	97 815	84 108	75 026
Personal banking	R'm	**89 545**	83 847	7	82 297	71 214	63 986
Business banking	R'm	**23 339**	19 144	22	15 518	12 894	11 040
AvaFin	R'm	**2 641**	—		—	—	—
Provision for credit impairments (expected credit losses (ECL))	R'm	**(26 380)**	(22 439)	18	(19 647)	(17 559)	(17 837)
Personal banking	R'm	**(24 161)**	(21 359)	13	(18 806)	(16 776)	(17 184)
Business banking	R'm	**(1 368)**	(1 080)	27	(841)	(783)	(653)
AvaFin	R'm	**(851)**	—		—	—	—
Net loans and advances	R'm	**89 145**	80 552	11	78 168	66 549	57 189
Personal banking	R'm	**65 384**	62 488	5	63 491	54 438	46 802
Business banking	R'm	**21 971**	18 064	22	14 677	12 111	10 387
AvaFin	R'm	**1 790**	—		—	—	—
Gross credit impairment charge on loans and advances	R'm	**8 820**	9 341	(6)	7 041	4 286	8 697
Personal banking	R'm	**7 607**	9 015	(16)	6 828	4 107	8 289
Business banking	R'm	**376**	326	15	213	179	408
AvaFin	R'm	**837**	—		—	—	—
Bad debts recovered	R'm	**(584)**	(601)	(3)	(707)	(818)	(932)
Personal banking	R'm	**(568)**	(597)	(5)	(702)	(815)	(929)
Business banking	R'm	**(8)**	(4)	100	(5)	(3)	(3)
AvaFin	R'm	**(8)**	—		—	—	—
Net credit impairment charge on loans and advances[3]	R'm	**8 236**	8 740	(6)	6 334	3 468	7 765
Personal banking	R'm	**7 039**	8 418	(16)	6 126	3 292	7 360
Business banking	R'm	**368**	322	14	208	176	405
AvaFin	R'm	**829**	—		—	—	—
Net credit impairment charge on loans and advances to average gross loans and advances (annualised CLR)	%	**7.5**	8.7		7.0	4.4	10.3
Personal banking	%	**8.1**	10.1		8.0	4.9	11.4
Business banking	%	**1.7**	1.9		1.5	1.5	3.8
AvaFin[4]	%	**42.6**	—		—	—	—
Total lending and credit life insurance income[5]	R'm	**24 433**	21 279	15	18 545	15 756	15 335
Personal banking	R'm	**19 673**	19 160	3	17 123	14 819	14 461
Business banking	R'm	**2 590**	2 119	22	1 422	937	874
AvaFin	R'm	**2 170**	—		—	—	—
Net credit impairment charge on loans and advances to total lending and credit life insurance income[5]	%	**33.7**	41.1		34.2	22.0	50.6
Personal banking	%	**35.8**	43.9		35.8	22.2	50.9
Business banking	%	**14.2**	15.2		14.6	18.8	46.3
AvaFin	%	**38.2**	—		—	—	—
Retail deposits and wholesale funding	R'm	**175 541**	156 015	13	146 498	134 458	120 908
Wholesale funding	R'm	**2 906**	3 021	(4)	2 439	2 060	2 376
Personal and Business banking call deposits	R'm	**113 163**	102 269	11	96 252	89 167	78 113
Personal and Business banking fixed deposits	R'm	**58 056**	49 530	17	46 533	41 928	39 176
Foreign currency deposits	R'm	**1 416**	1 195	18	1 274	1 303	1 243

(1) The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.

(2) The percentage changes quoted above 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 an expense of R21.5 million (2024: release of R14.7 million; 2023: release of R4.3 million; 2022: expense of R39.6 million; 2021: expense of R59.9 million) related to other financial assets.

(4) AvaFin operates online, short-term, high-yield consumer lending businesses outside of the banking environment, therefore the CLR is higher than that of our other businesses.

(5) Interest received on loans, initiation fees, monthly service fees and net credit life insurance income.

Chairman's and chief executive officer's report

Igniting growth and opportunity to make a meaningful difference in people's lives[(1)(2)]

Capitec is a diversified financial services group with an ecosystem of solutions that ignites growth and unlock opportunities to make a meaningful difference in people's lives, empowering them to grow. Our journey over the past 5 years included the addition of Business banking, VAS, Capitec Connect and acquiring our own insurance licence to complement our Personal banking offering. The expansion of our product and service offering resulted in continued growth in our active client base to 24.1 million (2024: 22.2 million).

Our continued focus on and investment in technology and data has been pivotal in the creation of a business that can scale to the benefit of our clients. We have invested in best-in-class platforms and technology which have given management the ability to be agile and have enabled the business to scale. We replatformed our banking app and focused on moving all our data to the cloud and unlocking efficiencies in systems. This has allowed us to accelerate the time to market of new offerings and unlock value for clients by being able to rapidly analyse data and refine our offerings to meet client needs.

Capitec is a high-volume, low-margin business that provides access to simple, transparent and affordable products delivered with a personalised experience. The size of our client base means that we can continue to scale our operations and disrupt markets with our simplified pricing and product offering. As the volumes in our ecosystem increase the incremental cost of transactions decreases allowing us to continually deliver a price benefit to our clients.

From 1 March 2025, we further simplified our transaction pricing while reducing prices for Personal and Business banking clients. Our clients now only need to know 5 key fees: R1 for Capitec-to-Capitec payments, R2 for payments to other banks or cash withdrawals at till points, R3 for debit orders, R6 for immediate payments to other banks and R10 per R1 000 for cash withdrawals at any bank's cash devices. Capitec Connect bundles are simple and transparent and are priced below the rest of the market.

Our POS business has an easily understandable commission structure with some of the lowest rates in the market. Our insurance products are priced approximately 30% below the market average, and we have developed purpose-lending products with lower interest rates.

Our distribution network gives clients a personalised experience when they interact with our businesses. Our branch network grew to 880 branches that are in the communities we serve. Transacting is performed at the branch self-service terminals, whilst consultants enable us to successfully sell new products into the market and grow client adoption. The app and Personal banking branches serve as the sales channels for VAS, Capitec Connect and insurance products using the capacity created by moving transactions to the app and self-service terminals. The adoption of digital transacting continued to grow, and the number of active app clients grew by 15% to 12.9 million (20% of the South African population).

All our businesses are aligned to Capitec's purpose and apply the same fundamentals.

Our strategic focus on becoming a trusted financial partner for our clients allowed us to grow in a subdued economic environment, and we will continue to invest in the future to meet our clients' financial needs.

(1) *The percentage changes quoted are based on figures denominated in R'million.*
(2) *Figures and comparisons relate to the year ended 28 February 2025 and the year ended 29 February 2024, unless otherwise stated.*

Growth

Headline earnings for 2025 increased by R3.1 billion (30%), reaching R13.7 billion (2024: R10.6 billion). The group achieved an ROE of 29% (2024: 26%), driven by a rising ROE on transaction and VAS income due to economies of scale, and by a decrease in the CLR to normalised levels.

Net interest income contributed R2.7 billion to the growth in headline earnings. Interest income from investments grew by 18%, attributed to a 14% increase in the average investment portfolio and a 0.2% rise in the yield on the investment portfolio.

Growth in the interest expense was less pronounced than interest income growth due to the 75 basis point decrease in the repo rate since September 2024, which reduced the average rate paid on deposits.

Interest income on lending increased by 17%, as credit granting criteria were eased for specific client segments during the year, leading to a 28% increase in loan disbursements. Business banking loan disbursements specifically grew by 29%.

Interest income on lending increased by 17%, as credit granting criteria were eased for specific client segments during the year, leading to a 28% increase in loan disbursements. Business banking loan disbursements specifically grew by 29%.

Despite 12% growth in gross loans and advances, the credit impairment charge on loans and advances decreased by 6%. The group CLR (excluding AvaFin) decreased from 8.7% to 6.9% (including AvaFin: 7.5%). This contributed R973 million to the growth in headline earnings before the inclusion of the AvaFin impairment.

Net non-interest income contributed R3.1 billion to the increase in headline earnings, growing by 22%. Net transaction income and commission, including VAS and Capitec Connect, increased by 25%, with VAS contributing R1.5 billion of the increase (before tax). Digital transactions and card payments (including VAS and Capitec Pay) accounted for 90% (2024: 88%) of transaction volumes excluding system-generated transactions. We continued to invest in the future and gave back R289 million to Business banking clients and merchants by aligning transaction fees to the Personal banking fees and implementing a simplified merchant commission structure. The early implementation of PayShap payments resulted in cost savings of R107 million after tax, which will not recur in the next financial year as other financial institutions continue their implementation of PayShap

The net insurance result contributed R437 million to the increase in headline earnings, with credit life insurance income growing by 1% and funeral and life cover results growing by 44%.

Operating expenses grew by 30%. Growth of 7% was due to the inclusion of AvaFin operating expenses not present in 2024. An increase in employee incentives due to high headline earnings growth contributed another 9% of the growth. Excluding AvaFin operating expenditure and the increase in employee incentives, group operating expenses grew by 14%.

Personal banking

Personal banking has continued to optimise client value. During 2025, we continued using the growing amount of quality data that is available to grow client adoption of our ecosystem of products and to personalise our clients' experiences by prompting next best actions. As we migrated to the cloud we developed the ability to leverage data more efficiently. Our aim is to be the most trusted financial partner.

Our target is also to be the leading payments provider in South Africa. In previous years we introduced PayShap, Apple Pay, Garmin Pay, Google Pay and Samsung Pay and during 2025 we launched international payments on our app. The volume of transactions on these payment channels has grown significantly. Going forward we will focus on the mass payments market and bring the cost of payments in South Africa down.

The credit business provides clients with next best actions and purpose lending products that can be used for building, vehicle finance and education. We have developed our offer to multiple income earners and encourage clients to use our direct loan and app channels to apply for credit. We are geared for growth and will launch Capitec-funded, secured home loans in the first half of the 2026 financial year. We will enable clients to build their credit scores with an accessible credit card with a limit of R600, repayable within 3 months. Multiple-income earners and small- and medium-sized enterprises (SMEs) will qualify for our new repay-as-you-earn loans that will promote their growth.

Strategic initiatives

The Strategic initiatives team has improved client adoption of our VAS offering and has grown income significantly as these products have matured.

In 2025, Capitec Connect expanded from offering 1 no-expiry data and voice bundle to providing various options for our mobile clients. We introduced 1-, 7- and 30-day validity bundles at the most affordable prices in the market.

These bundles now account for over 60% of sales. Additionally, we launched streaming, WhatsApp and larger LTE data bundles. Capitec Connect cash vouchers are available, and clients can use advances to purchase airtime.

Capitec Connect data is part of the Live Better rewards programme, offering benefits like 1GB of free data per month for credit card holders with verified Capitec Connect numbers. More rewards will be added in the 2026 financial year to reward our clients for good banking behaviour.

Capitec Connect stands out as 80% of sales occur through the banking app, which was enhanced specifically for this service during 2025.

Insurance

Capitec is established as a fully fledged long-term insurer and our insurance business is poised for growth.

We have built the platforms, systems and people capability to support growth. The transfer of the cell captive credit life insurance book has been approved by the regulator and the process is underway. We exited the funeral insurance arrangement with Sanlam from 1 November 2024.

On exit from the Sanlam arrangement, Capitec Life Proprietary Limited (Capitec Life) took over the administration of the policies issued through the cell captive. This entailed system development, a data migration, and the appointment of an administration team. The funeral insurance data migration was one of the largest ever performed in South Africa.

With the data migration complete, we will be increasing the efficiency of our systems during the first half of the 2026 financial year following which we will optimise our current range of products using our insurance and banking data.

The client base for the insurance business is our 24.1 million active clients with the Personal banking distribution channels available in branches and on our app. This keeps distribution costs low and allows us to make insurance products affordable for our clients.

Insurance business on our own licence grew well during 2025. Capitec Life's active credit life insurance book totalled 1.1 million policies at the end of 2025. From November 2024 we issued more than 600 000 funeral insurance policies on our own licence and at the end of February 2025 we had 96 307 active life cover policies.

Capitec launched an innovative life cover product in June 2024. The product has 4 different payout types to meet client needs. Clients may choose whether to take a lump sum, provide for their children's needs, have a monthly income paid out for 24 months or a combination of these 3 options. There is no requirement for medical examinations and premiums do not increase annually.

Business banking

Our strategy for Business banking has been to drive digital business banking using the best technology and leveraging our data. The initial focus was on implementing stable and secure new systems and platforms.

During 2024, we rebranded Mercantile to Capitec Business, introduced a new app and new online banking, and the ability to open an account online in minutes with no paperwork. We introduced scored business overdrafts and business, property and asset finance that is approved within days.

In 2025, we aligned transaction pricing for our Business banking clients with the Personal banking transaction pricing. A simplified forex offering resulted in over 482 000 forex transactions, an increase of 92%, and scored loan balances grew by 111% to R1.3 billion. We implemented a new merchant strategy and POS machines are now sold to merchants for a once-off payment instead of being rented to them. From 1 September 2024, the commission percentages on merchant sales were also adjusted. 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. This pricing is published so that it is transparent. From 1 September 2024 to 30 November 2024, we held a POS machine sales promotion. We onboarded 39 367 merchants during the promotional period. This represented 69% of all new merchants onboarded during 2025.

Our service model consists of a relationship suite and 19 business centres. Through the relationship suite, virtual consulting is possible and our clients have a relationship banker available anytime through a call, online or on our app. Bankers have immediate access to the clients' full history.

We are in the process of building an enterprise payment system that will allow businesses to accept card payments, online payments and receive and make bulk payments. For this reason, the Capitec Pay system has become part of Business banking.

We are ready to scale and grow, and Capitec Business will be formally launched in the 2026 financial year.

AvaFin

AvaFin is an international fintech company that leverages an in-house cutting-edge financial technology platform to offer convenient loan products with minimal time-to-cash and maximum client convenience. It provides smart consumer loans to underbanked consumers in 5 markets, empowering its clients to reach their financial objectives with ease and convenience.

AvaFin's lending process is fully automated encompassing the front-end, back-end as well as the risk engine. The platform is ready to scale for new markets and increasing loan volumes.

AvaFin operates in Poland, Latvia, Czechia, Spain and Mexico. It is a high-price, high-margin business with an ROE in excess of 40%.

AvaFin was founded in 2012 in Latvia and began its lending operations the same year. In 2013, the company expanded into Czechia and Poland. Further expansion followed, with operations launched in Mexico in 2016 and Spain in 2017.

The acquisition of a minority interest in AvaFin in 2017 and a further investment in 2018 provided Capitec with the opportunity to gain experience in the international online consumer credit market, and in the management of operations and risk in foreign markets. It was the beginning of the international diversification of Capitec's income sources.

Effective 1 May 2024, AvaFin became a subsidiary when Capitec increased its shareholding from 40.66% to 97.075%. During the subsequent 10 months, AvaFin contributed R196 million to group headline earnings.

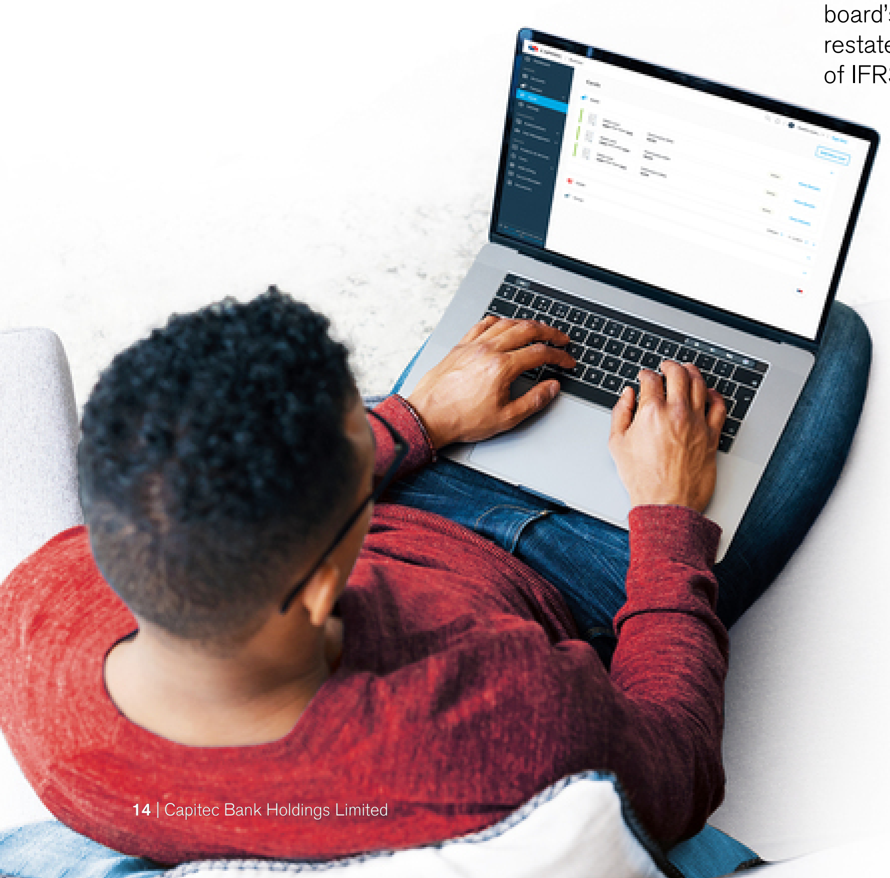
During the next few years, AvaFin will be focused on the transition from higher-risk, short-term loan products to lower-risk, longer-term loan products like instalment loans and credit lines. Loan pricing will thus be reduced. To this end, approval was obtained from the regulator for Capitec to start funding AvaFin. This will reduce their funding cost, and the funding will be used to drive this strategy.

In order to ensure the scalability, the development of AvaFin's platform will be a priority. Capitec's standards will be adopted and the business will be integrated into Capitec.

Ordinary dividends declared

The board approved a final gross dividend of 4 425 cents per ordinary share (2024: 3 345 cents), bringing the total dividend for the 2025 financial year to 6 510 cents per share (2024: 4 875 cents). Post the distribution, the group's capital ratios will remain healthy and this will position us well for the future.

The annual dividend payout ratio was amended from 50% to 55%. The payout ratio for 2024 deviated from the board's determined ratio of 50% because of the restatement of headline earnings due to implementation of IFRS 17 *Insurance contracts*.



Opportunities

We have established a solid foundation for long-term growth and will continue innovating to help our clients grow. Optimising our ecosystem will enable us to scale our businesses, unlock value for our clients and ensure that we deliver a single service experience to all our clients.

The developments that we have made in the payment channels during the past few years are part of our goal to become the leading payment provider in South Africa.

We see growth potential in the informal economy (emerging market) in South Africa. There is a need for credit, insurance, VAS, payment channels, education and support that has not previously been addressed. We will work towards meeting this need. We have a large branch network in the right strategic locations, and we will leverage this.

Our focus on technology and data will allow us to continually enrich our understanding of our clients' needs and we will tailor solutions to fulfill their individual needs. We plan to use data to become an insights-driven organisation that delivers for our clients.

Based on our insights we will be launching a number of new credit products in the coming year. In mid-2025, we will launch a secured home loan product through an SPV with SA Home Loans, funded with R5 billion. We will also introduce a repay as you earn loan for multiple income earners and SMEs.

We took the first step in developing our international strategy when AvaFin became a subsidiary during 2025. We are currently integrating the business into the group and gaining deeper insight into the markets where AvaFin operates, and we plan to provide funding to AvaFin to support their strategy to move to longer-term, lower-priced loan products.

The cornerstones of our strategies for the future are applying the fundamentals that have made Capitec a success to our developing businesses, embodying the Capitec culture in everything we do and maintaining the trust that our clients have in us. We will do this with integrity, capability, consistency and compassion.

Read more on our strategies in the 'Our strategy' section of this report.

Our people

Our focus on our people and culture has been a driver of employee engagement and productivity, ensuring that our people are motivated, purpose-driven and committed to achieving shared goals.

Our emphasis on alignment between culture and strategy ensures that all our people understand how their role contributes to our purpose. By nurturing our culture, we not only empower our employees but also ensure that we remain a trusted partner to our clients, an employer of choice and a sustainable business that delivers lasting value to all our stakeholders.

Read more on our strategies in the 'People and culture – our competitive advantage' section of this report.

Governance

We welcome Raghuvir Malhotra who was appointed as a non-executive director to the board effective 1 March 2025.

We also welcome Graham Lee who has been appointed as the group CEO and an executive director effective from 19 July 2025.

We would like to thank Gerrie Fourie, who will retire as the group CEO, and from the board on 18 July 2025, for his leadership and immense contribution to Capitec's success during his tenure.

Appreciation

Thank you to our employees for their continued commitment to building Capitec as the best financial services brand in the world.

Santie Botha
Chairman

Gerrie Fourie
Chief executive officer

Stellenbosch
22 April 2025

Chief financial officer's report

Igniting growth[(1)(2)]

Capitec's mission is to innovate with the purpose of helping South Africa grow. By applying our fundamentals and our CEO behaviours of being client-obsessed, being energised and inspired and taking ownership of everything we do, our businesses grew despite subdued economic conditions.

Headline earnings increased by 30% to R13.7 billion (2024: R10.6 billion). The composition of headline earnings by business was as follows: Personal banking – 44% (2024: 46%); Strategic initiatives – 25% (2024: 19%); Insurance – 25% (2024: 29%); Business banking – 5% (2024: 6%) and AvaFin – 1% (2024: nil).

Financial performance

Personal banking

Personal banking headline earnings grew from R4.9 billion to R6.3 billion. The drivers of the growth are detailed below.

Net interest income

Net interest income rose from R14.9 billion to R16.2 billion, driven by 18% growth in interest on investments.

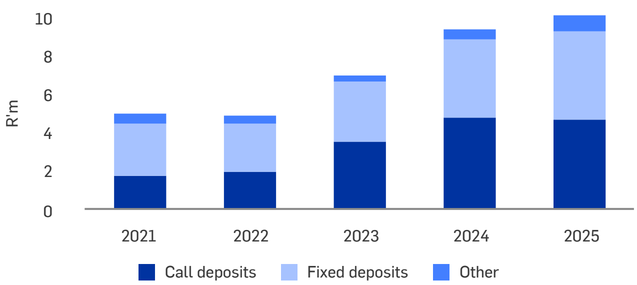
	Interest Year ended February 2025 R'm	February 2024 R'm	% growth
Interest income on lending	**16 501**	16 071	3
Interest income on investments and other financial instruments	**8 958**	7 623	18
Interest expense	**(9 233)**	(8 751)	6
Total net interest income	**16 226**	14 943	9

The average investment portfolio grew by 14%, with a yield increase of 0.2% due to the inclusion of longer-term floating rate government bonds in the portfolio. The fixed-rate portion of the portfolio remained at higher interest rates, boosting yields. Portfolio growth was mainly due to 8% growth in the average deposit book which outpaced the 7% growth in gross loans and advances.

Interest income on lending grew by 3% due to stricter credit granting criteria in the first half of 2025, which were eased during the second half of the year post the outcome of the national election. This led to book growth despite limited interest growth following a 75 basis point reduction in the repo rate since September 2024.

Interest expense growth was lower than deposit growth due to lower repo rates in the second half of the year. The average interest rate on deposits decreased by 0.2%. Fixed savings products continued to drive good client savings behaviours, with fixed and notice deposits growing 18% year-on-year. Notice deposits, launched in July 2024, reached 1.2 million accounts with R7.3 billion in balances by the end of 2025.

Interest expense by nature



Credit impairment charge and ECL coverage ratios

The net credit impairment charge decreased by 16% to R7.0 billion (2024: R8.4 billion). The CLR decreased to 8.1% (2024: 10.1%) and was within the through-the-cycle target of 8.0% to 8.5%.

The following drivers impacted the credit impairment charge and provision for ECL:

- The easing of credit granting criteria during 2025 that led to higher loan disbursements
- A shift in the loan book distribution across the stages
- A change in the write-off point estimation that increased the proportion of the loan book in stage 3 by 2% with loans that were provided at 98% and the coverage ratio on the default book by 2.6%

(1) *The percentage changes quoted are based on figures denominated in R'million.*
(2) *Figures and comparisons relate to the year ended 28 February 2025 and the year ended 29 February 2024, unless otherwise stated.*

- The movement in the forward-looking macroeconomic provision due to the outlook on the economy and a move to through-the-cycle provision models. Our through-the-cycle models use all available historical data when modelling the provision for ECL. The change to through-the-cycle models impacted the backward-looking provision for ECL and the forward-looking macroeconomic provision for ECL (FLI ECL) but not the total credit impairment charge
- The impact of the above changes on the ECL coverage ratios.

Loan disbursements

Total loan disbursements grew by 11% to R53.9 billion.

	As at the end of		
R'm	**February 2025**	**February 2024**	**% growth**
Term loans	**24 735**	18 592	33
Access facilities	**7 595**	12 561	(40)
Credit cards	**21 579**	17 306	25
Total	**53 909**	48 459	11

Term loan disbursements increased by 33% and credit card disbursements by 25%, due to eased credit granting criteria for certain clients.

Access facility disbursements decreased by 40% after short-term access facilities were discontinued. New limits granted totalled R2.7 billion, down from R5.1 billion in 2024. Following the cut-back, the access facility offering has been repositioned as an overdraft facility for higher-quality clients.

Shift in loan book distribution and the change in the write-off point estimation

The gross loan book distribution shifted across the stages during 2025. The table below reflects the staging and composition of the gross loan book.

	As at the end of			
	February 2025		**February 2024**	
	R'm	**%**	**R'm**	**%**
Stage 1	**50 900**	**57**	48 583	58
Stage 2	**13 573**	**15**	12 945	15
Stage 3	**25 072**	**28**	22 319	27
Total	**89 545**	**100**	83 847	100

The proportion of balances in stage 1 remained stable while the proportion of balances in stage 2 grew by 1%. Loans up to 1 month in arrears in stage 2 remained stable at R1.6 billion while loans with significant increases in credit risk (SICR) since granting increased by 10% primarily due to an increase in the forward-looking macroeconomic provision for ECL.

A supplement was added to the forward-looking macroeconomic model provision for ECL for the risk of the withdrawal of United States of America (USA) aid to South Africa, the possibility that South Africa might cease to be part of the African Growth and Opportunity Act (AGOA). As a result of the assessment of the impact of these factors on balances in stage 1, particularly the balances of clients employed in the agriculture, forestry, fishing, community organisation, social and personal services, and manufacturing sectors, R507 million in balances were moved into stage 2 due to SICR.

The table below analyses the movement in stage 3 balances.

R'm	**2025**
Stage 3 opening balance	**22 319**
Decrease in balances 2 and 3 months in arrears	**(192)**
Decrease in rescheduled balances not yet rehabilitated	**(602)**
Decrease in debt review balances in the default book	**(500)**
Increase in balances in the default book due to the change in the write-off point estimation	**2 100**
Increase in other balances with legal statuses and more than 3 months in arrears in the default book	**1 947**
Stage 3 closing balance	**25 072**

The stage 3 balances grew by 12%. Balances between 2 and 3 months in arrears decreased by R192 million or 8% due to the newer tranches of business granted during 2024 and 2025 slowing the roll into this loan category. Rescheduled balances that have not yet rehabilitated decreased by R602 million due to the improvement in the quality of the loan book which meant that the value of new reschedules during 2025 decreased.

Stage 3 balances in default (balances 3 or more months in arrears, with other legal statuses and where clients applied for debt review less than 6 months ago) grew by R3.6 billion from R15.3 billion in 2024 to R18.9 billion. The debt review balances in the default book decreased by R0.5 billion to R5.6 billion, as rolls into debt review decreased from R4.1 billion to R3.3 billion.

A change in the write-off point estimation resulted in the addition of R2.1 billion in balances to the default book at the end of 2025. These balances were provided for at 98%. The change entails that 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 that loan balances stay on the loan book for longer.

The table below represents the staging of the loan book if the additional balances had not remained on the loan book.

	As at the end of			
	February 2025		February 2024	
	R'm	%	R'm	%
Stage 1	**50 393**	**58**	48 583	58
Stage 2	**14 080**	**16**	12 945	15
Stage 3	**22 972**	**26**	22 319	27
Total	**87 445**	**100**	83 847	100

Other rolls into default decreased from R8.7 billion to R8.2 billion due to an improvement in the quality of the loan book. The newer tranches of business are rolling into default more slowly than older tranches of business and this contributed significantly to the reduction in the credit impairment charge and the decrease in the proportion of balances in stage 3 of the loan book.

Forward-looking macroeconomic provision for ECL and through-the-cycle models

The FLI ECL accounts for the effects of future economic conditions on the provision for ECL using key economic indicators affecting the group's credit clients. The FLI ECL grew from R380 million to R877 million.

According to the economic outlook scenarios applied in the calculation, the FLI ECL would have decreased by R258 million, notwithstanding the following adjustments:

- During the first half of 2025, the provision models for term loans and credit cards were transitioned from point-in-time models to through-the-cycle models. A through-the-cycle model has historically been applied to access facilities. Although there was no impact on the total credit impairment charge, this change resulted in a decrease in the backward-looking model calculation and a corresponding increase in the forward-looking macroeconomic model calculation. Consequently, the FLI ECL at the end of 2025 increased by R490 million
- The forward-looking macroeconomic outlook will have an impact on the collections that can be made on balances that are in default. The 2025 FLI ECL model incorporated projections of this impact. Previously, the impact on future recoveries was not modelled. This adjustment increased the FLI ECL by R148 million because future expected recoveries were modelled as being lower due to macroeconomic factors
- The Bureau for Economic Research's (BER) economic scenarios used to determine the FLI ECL were supplemented by a FLI ECL of R117 million to account for the potential risk of the USA discontinuing aid to South Africa, the possibility that South Africa might cease to be part of the AGOA. These risks arose after the determination of the BER scenarios.

Changes in ECL coverage ratios

The total ECL coverage ratio increased to 27.0% (2024: 25.5%) and is analysed by stage in the table below.

	As at the end of	
%	February 2025	February 2024
Stage 1	**7.3**	7.4
Stage 2	**24.5**	27.1
Stage 3	**68.0**	63.8
Total	**27.0**	25.5

The decrease in the stage 1 coverage ratio was the result of a decrease in the coverage ratio on the access facility product as the quality of the loan balances improved after the cut-back on loan disbursements. For term loan and credit card balances, there was an increase in coverage ratios because of the portion of the growth in the FLI ECL that was allocated to stage 1. The upfront provision on loans disbursed during 2025 was R3.1 billion.

The coverage ratio on balances showing a SICR decreased from 23.8% to 21.7%. The decrease in the coverage ratio was due to an improvement in the quality of the loan book in stage 2. This was offset by an increase in the coverage ratio due to the increase in the FLI ECL, particularly the R117 million supplement for the USA aid and AGOA risk which moved R507 million in balances into up-to-date loans with SICR. The coverage ratio on loans up to 1 month in arrears decreased from 51.1% to 46.5%.

The coverage ratios of all loan categories in stage 3, except for the default book, decreased due to an improvement in loan book quality. The principal reason for the increase in the default book coverage ratio from 73.6% to 77.3% was that balances stayed in the default category for longer due to the change in the write-off point estimation. If these balances and their provision for ECL are excluded, the default book coverage ratio was 74.7%. The remainder of the increase was a result of the inclusion of the FLI ECL provision of R148 million for the impact of future economic conditions on the expected recoveries on the default loan book.

The table below reflects the split of the loan book by product and loan category.

R'm	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL				Total
	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	Rescheduled from up-to-date (not yet rehabilitated)	Rescheduled from arrears (not yet rehabilitated)	More than 3 months in arrears, legal statuses and applied for debt review <6 months	
Balance as at 28 February 2025								
Gross loans and advances	**50 393**	**12 483**	**1 597**	**2 233**	**1 810**	**2 137**	**18 892**	**89 545**
Term loan	**27 650**	**8 115**	**904**	**1 530**	**1 367**	**1 722**	**12 490**	**53 778**
Access facility	**13 711**	**3 213**	**400**	**502**	**443**	**415**	**4 928**	**23 612**
Credit card	**9 032**	**1 155**	**293**	**201**	**—**	**—**	**1 474**	**12 155**
Provision for credit impairments (ECL)[1]	**(3 656)**	**(2 712)**	**(744)**	**(1 406)**	**(458)**	**(585)**	**(14 600)**	**(24 161)**
Term loan	**(1 946)**	**(1 540)**	**(398)**	**(998)**	**(351)**	**(461)**	**(9 978)**	**(15 672)**
Access facility	**(1 127)**	**(892)**	**(234)**	**(311)**	**(107)**	**(124)**	**(3 641)**	**(6 436)**
Credit card	**(583)**	**(280)**	**(112)**	**(97)**	**—**	**—**	**(981)**	**(2 053)**
Net loans and advances	**46 737**	**9 771**	**853**	**827**	**1 352**	**1 552**	**4 292**	**65 384**
Term loan	**25 704**	**6 575**	**506**	**532**	**1 016**	**1 261**	**2 512**	**38 106**
Access facility	**12 584**	**2 321**	**166**	**191**	**336**	**291**	**1 287**	**17 176**
Credit card	**8 449**	**875**	**181**	**104**	**—**	**—**	**493**	**10 102**
ECL coverage (%)[2]	**7.3**	**21.7**	**46.5**	**63.0**	**25.3**	**27.4**	**77.3**	**27.0**
Term loan	**7.0**	**19.0**	**44.0**	**65.3**	**25.7**	**26.8**	**79.9**	**29.1**
Access facility	**8.2**	**27.8**	**58.5**	**62.0**	**24.2**	**29.8**	**73.9**	**27.3**
Credit card	**6.4**	**24.3**	**38.1**	**48.1**	**—**	**—**	**66.5**	**16.9**
% of gross loan book	**56**	**14**	**2**	**2**	**2**	**3**	**21**	**100**
Term loan	**31**	**9**	**1**	**1**	**2**	**2**	**14**	**60**
Access facility	**15**	**4**	**1**	**1**	**—**	**1**	**5**	**27**
Credit card	**10**	**1**	**1**	**—**	**—**	**—**	**2**	**13**
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 (%)[2]	7.4	23.8	51.1	67.0	29.3	28.9	73.6	25.5
Term loan	6.4	19.0	49.6	71.4	29.6	27.2	74.2	26.6
Access facility	10.0	31.3	60.3	61.1	28.5	35.0	74.3	26.6
Credit card	5.7	26.7	39.5	48.7	—	—	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 for ECL 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 for ECL in other liabilities.*

[2] *The ECL coverage ratio is calculated in thousands before rounding to millions.*

Net transaction income and commission

Net transaction and commission income excluding VAS and Capitec Connect increased by 17% to R12.8 billion (2024: R11.0 billion). Transaction volumes excluding system-generated transactions increased by 17% due to growth in client numbers.

Disrupting cash transacting

Digital transaction volumes and card payments grew by 17% and 20%, respectively, as client adoption of these safer and more affordable payment channels continued to grow. The number of clients using digital transacting grew by 12% to 14.0 million while active app users grew by 14% to 12.8 million.

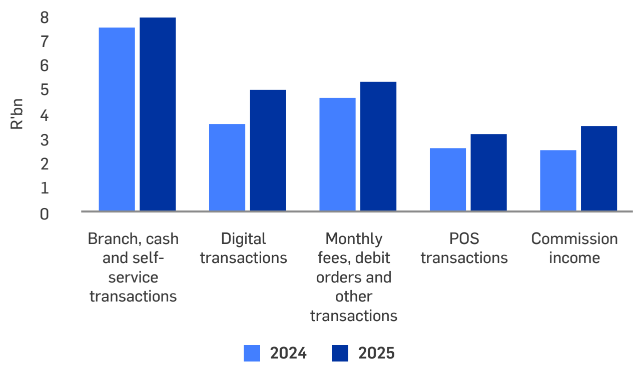
Cash transacting as a proportion of total transaction volumes excluding system-generated transactions decreased from 14% in 2024 to 13% in 2025 while card transactions contributed 64% to the total in 2025 (2024: 63%).

Card payment and other POS transaction volumes increased by 20% to 3.0 billion (2024: 2.5 billion). The growth in transaction volumes exceeded the income growth of 17% because average values per transaction were lower. Clients are making smaller, more frequent payments. During the year, we expanded our app payments ecosystem and launched international payments with a flat fee of R175 and competitive exchange rates. As a result, international transaction income increased by 51% to R483 million.

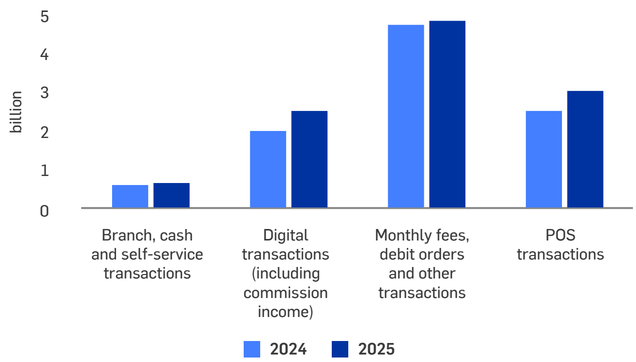
The group continues to lead the industry as a receiving bank of PayShap transactions. For 2025, we received 52% of all the PayShap transactions processed in the industry. Receiving volumes totalled 94 million for 2025 (2024: 9 million). The group continues to maintain the largest market share of 56% of all PayShap main bank registrations.

The spend by clients using Apple Pay, Garmin Pay, Google Pay and Samsung Pay increased by more than 2.5 times to R34.2 billion (2024: R13.1 billion), while volumes increased to 167.2 million transactions (2024: 64.5 million). A total of 1.0 million clients make use of these products (2024: 0.5 million).

Transaction income per category



Transaction volumes per category



Strategic initiatives

Strategic initiatives which include VAS and Capitec Connect contributed R3.1 billion to group headline earnings (2024: R2.0 billion). The drivers of the growth are detailed below.

Value-added services

Net income from VAS increased by 56% to R4.2 billion. This was due to higher client adoption as the VAS products mature, as well as an increase in the number of clients using VAS to 10.9 million. The growth in the number of clients that use our app provides a platform for growth in VAS transaction volumes as these transactions can only be performed on the app. A total of 85% of our app clients have performed a VAS transaction. As more clients transacted at greater frequency, volumes increased by 34% to 1.5 billion.

A total of 1.2 million new clients used send cash during 2025 and the transactions per client grew, increasing income generated by 61% to R973 million. The volumes of prepaid data, airtime and electricity sold increased by 14% and income on these transactions grew by 15% to R1.4 billion.

The number of unique clients purchasing vouchers increased by 1.0 million and 308 million vouchers were sold. Showmax streaming vouchers were successfully launched to our clients on 13 August 2024, with volumes reaching 437 336 for 2025. In February 2025, 75 000 Showmax vouchers were sold.

Since inception on 22 February 2024, 319 707 vehicle licence renewals have been done on our app and our market share has grown to 20%.

Capitec Connect

Net income for 2025 reached R193 million, up from R35 million. Subscribers with active SIM cards (active within the last 6 months) increased by 74% to 1.6 million, with data usage surpassing 13.4 petabytes and voice usage exceeding 306.9 million minutes.

Insurance

The Insurance business's headline earnings increased by 13% to R3.5 billion while the net insurance result increased by 19% to R3.8 billion.

Net credit life insurance income

The net credit life insurance result remained stable at R1.9 billion despite a 2% decrease in the sum assured to R73.4 billion.

The contraction in the insured book, together with lower premium rates on a higher-quality credit book, decreased the net insurance result by R159 million. Retrenchment claims were higher during the first half of 2025 due to the mass retrenchments in the mining sector while death and disability claims experience improved, resulting in a R109 million decrease in the net insurance result. These decreases were offset by updated expectations of future experience.

Changes in the yield curves used to discount contract fulfilment cash flows added R22 million to the net insurance result, while updated expectations of future experience added R85 million to profits. Lower cell captive investment returns, driven by the cell being in run-off, reduced the net insurance result by R15 million. A decrease in cell captive taxation increased the net insurance result by R219 million. Income tax on business written on the Capitec Life licence is recognised as part of the income tax expense, and not as part of the net insurance result.

As at 28 February 2025, we had 1.1 million active policies on our own insurance licence out of a total of 1.95 million active policies. The process to transfer the policies currently underwritten on the Guardrisk licence to the Capitec Life licence is in progress.

Funeral income

The net funeral insurance result increased by 42% to R1.8 billion. This robust performance can be attributed to the book growth, combined with the impact of the termination of the funeral cooperation arrangement with Sanlam. From 1 November 2024, Capitec Life started underwriting all new funeral policies provided. We no longer pay a percentage of profit on new policies to Sanlam and this contributed to income growth. As a result of the termination of the cooperation arrangement, a recapture amount of R1.9 billion was paid to Sanlam. This did not impact income.

The total funeral book increased to 3.2 million active policies (2024: 2.7 million), while the number of lives assured grew to 14.7 million (2024: 12.1 million). The effect of book growth added R407 million pre-tax to the net insurance result.

The expiry of the reinsurance agreement on new policies added R20 million to the net insurance result in 2025. The claims ratio decreased slightly to 44.5% (2024: 44.7%), adding R36 million to income and changes in the yield curves used to discount contract fulfilment cash flows decreased income by R158 million. Updated expectations of future experience added R157 million to the net insurance result. Higher cell captive investment returns contributed R166 million, while higher cell captive taxation decreased the net insurance result by R128 million.

Life cover

As at February 2025, the active policies and sum assured were 96 307 and R47.2 billion, respectively. The life cover product contributed R29 million to the net insurance result.

Business banking

Business banking's headline earnings, after accounting for the transfer of Capitec Pay in the current and prior year, increased by 13% to R727 million (2024: R641 million).

We are in the process of building an enterprise payment system. For this reason, the Capitec Pay system has become part of Business banking. Excluding Capitec Pay, headline earnings declined by 15%. The drivers of headline earnings are detailed below.

Net interest income

The interest income grew by 26% to R1.9 billion. Interest income on lending increased by 22% to R2.6 billion as loan disbursements increased by 29% and the gross loan book grew by 22%. Interest income on investments decreased by R28 million to R508 million driven by a decrease in the overall average investment portfolio due to increased loan disbursements. Interest expenses remained stable at R1.2 billion although the deposit book grew by 17% to R22.0 billion. Call deposits increased by 19% while fixed deposits grew by only 1.6%, changing the mix of the deposit book and thus the interest expense.

Net transaction and commission income

Business banking's net transaction and commission income increased by 19% to R1.3 billion. Excluding Capitec Pay, net transaction and commission income remained flat, despite giving back R289 million to clients through reduced transaction fees and merchant commission.

No growth in transaction income was expected due to the repricing that occurred in March 2024 and the new merchant e-commerce strategy. The repricing brought transaction fees in line with those of Personal banking and saved our clients R66 million during 2025. Volume growth, excluding Capitec Pay, was, however, 37% and reflected the 11% growth in active Business banking clients because of the fee repricing.

Volumes on POS machines increased by 28% and the value of transactions grew by 28% to R64.2 billion. This reflects the impact of the new merchant e-commerce strategy which saved our merchants R223 million.

Net income from Capitec Pay increased by 89% to R433 million. As at February 2025, we had 27 active integrated payment providers, more than 17 000 merchants and 7.6 million unique clients. A total of 212 million payments, with a value of R47.5 billion, was processed (2024: 134 million; R26.7 billion) and the average transaction value was R224 with a successful conversion rate of 86% (August 2024: R206; 83%).

Credit impairment charge and ECL coverage ratios

Credit impairment charge

The credit impairment charge increased by 14% to R368 million and the CLR was 1.7% compared to 1.9% in 2024. The growth in the credit impairment charge was primarily attributable to the 22% growth in the gross loan book due to an increase of 29% in loan disbursements. The scored loan book grew by 111% to R1.3 billion and the intuitive loan book grew by 22%.

Our lending focus for 2025 was to start building our market share using rebuilt platforms and systems, and through our relationship suite and business bankers. Loan disbursements excluding overdrafts grew by 19% to R8.1 billion and new overdraft limits loaded amounted to R3.3 billion reflecting growth of 58%. Mortgage loan disbursements increased by 14% and business loan disbursements excluding overdrafts grew by 23%. The provision for ECL held on new loan disbursements for 2025 amounted to R213 million at the end of February 2025.

The rental finance credit impairment charge included in the total credit impairment charge was R69 million, a decrease of R38 million compared to 2024. The rental finance book grew by 8% to R1.9 billion. The model coverage ratio decreased from 9.8% to 9.3%. This was driven by a decrease in the loans in default as a percentage of the loan book.

ECL coverage ratios

The table below details the trend in the coverage ratios.

	As at the end of	
%	February 2025	February 2024
Stage 1	**1.5**	1.6
Stage 2	**11.8**	13.4
Stage 3	**42.3**	44.1
Total	**5.9**	5.6

The increase of 0.3% in the overall coverage ratio since 2024 was the result of the following factors:

- The shift in the composition of the loan book towards stage 3. Stage 3 balances now comprise 9% of the loan book compared to 8% in 2024 and balances in stage 3 grew by R686 million
- The shift in the proportion of the loan book that comprises mortgages at lower coverage ratios than business loans. Mortgages now comprise 48% of the loan book at a coverage ratio of 2.8% (2024: 50%; 3.0%). Business loans which now comprise 2% more of the loan book are held at an overall coverage ratio of 8.8%.

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

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 with 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 28 February 2025								
Gross loans and advances	**19 342**	**307**	**1 182**	**158**	**199**	**34**	**2 117**	**23 339**
Business loans	**9 794**	**192**	**621**	**90**	**174**	**14**	**1 140**	**12 025**
Mortgage loans	**9 548**	**115**	**561**	**68**	**25**	**20**	**977**	**11 314**
Provision for credit impairments (ECL)[(1)(2)]	**(279)**	**(8)**	**(144)**	**(18)**	**(20)**	**(4)**	**(895)**	**(1 368)**
Business loans	**(250)**	**(7)**	**(110)**	**(15)**	**(19)**	**(2)**	**(653)**	**(1 056)**
Mortgage loans	**(29)**	**(1)**	**(34)**	**(3)**	**(1)**	**(2)**	**(242)**	**(312)**
Net loans and advances	**19 063**	**299**	**1 038**	**140**	**179**	**30**	**1 222**	**21 971**
Business loans	**9 544**	**185**	**511**	**75**	**155**	**12**	**487**	**10 969**
Mortgage loans	**9 519**	**114**	**527**	**65**	**24**	**18**	**735**	**11 002**
ECL coverage (%)[(3)]	**1.4**	**2.6**	**12.2**	**11.5**	**9.9**	**11.7**	**42.3**	**5.9**
Business loans	**2.5**	**3.7**	**17.9**	**16.3**	**10.9**	**15.9**	**57.3**	**8.8**
Mortgage loans	**0.3**	**0.8**	**6.0**	**5.0**	**3.0**	**8.9**	**24.8**	**2.8**
% of gross loan book	**83**	**1**	**5**	**1**	**1**	**—**	**9**	**100**
Business loans	**42**	**1**	**2**	**1**	**1**	**—**	**5**	**52**
Mortgage loans	**41**	**—**	**3**	**—**	**—**	**—**	**4**	**48**
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 for ECL within other liabilities.*

(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

AvaFin contributed R196 million to headline earnings from 1 May 2024 to February 2025, and R1.2 billion to net lending and investment income after credit impairments. Operating expenses totalled R895 million and consisted primarily of marketing and employee costs. The number of AvaFin clients increased by 37% to 220 000 from 1 May 2024 to February 2025.

AvaFin operates in 5 countries which contributed to net interest and investment income after credit impairments as follows: Poland – 30%; Czechia – 26%; Mexico – 24%; Spain –18%; and Latvia – 2%. Mexico did not contribute to headline earnings because its financial performance was impacted by a EUR2.2 million foreign exchange loss due to the weakening of the Mexican peso.

Credit impairment charge and loans and advances

Credit impairment charge

AvaFin's credit impairment charge amounted to EUR42.7 million (R829 million) for the 10 months ended February 2025. As AvaFin operates online, short-term, high-yield consumer lending businesses outside of the banking environment the CLR is higher than that of our other businesses at 42.6%. We price for the high CLR and make a higher ROE on these loans.

Loan disbursements amounted to EUR406.8 million (R7.9 billion) with a monthly average of EUR43.3 million (R832 million) for the last quarter of 2025. More than 90% of the loans issued were 1-month loans.

Loans and advances

Gross loans and advances were EUR137 million (R2.6 billion) at the end of 2025, with a provision for ECL coverage ratio of 32.2% (August 2024: 29.5%). The coverage ratio on up-to-date loans was 9.5%, up from 8.5% at the end of August 2024 while the stage 2 coverage ratio grew from 30.4% in August 2024 to 33.2%. Balances outstanding for more than 60 days were provided at 81.6%.

The increase in the overall coverage ratio resulted from higher growth in the loan books in Mexico and Czechia with coverage ratios of 54% and 40%, respectively, compared to other markets. Although these coverage ratios increased during the year, the increase was in line with risk appetite.

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%. Excluding AvaFin, group operating expenses grew by 23% from R13.9 billion to R17.2 billion. The commentary below excludes AvaFin's expenses to ensure the comparability of expenses from 2024 to 2025.

Excluding employee incentives, operating expenses grew by 14%. Short-term incentives increased due to the high headline earnings growth percentage, and long-term incentives were higher due to the increase in the share price from R2 017.77 at the end of 2024 to R3 074.37 at the end of 2025. Employee costs excluding incentives grew by 14% mainly due to an 8% increase in headcount.

Information technology (IT) expenses (excluding salaries) grew to R2.5 billion, exceeding the 2024 expense by 34%. The increase stems from continued investment in systems and platforms. The cloud-based computing fees increased by 39% as we continued to invest in housing data in the cloud. This unlocks efficiencies in our systems and allows us to scale our operations more easily. As data infrastructure shifted to the cloud, depreciation expenses grew by only 2%.

Cash processing and distribution costs grew by only 4% as clients continued to migrate towards card and digital channels.

Income and deferred tax expense

The income and deferred tax expense increased by 39% from R2.9 billion to R4.0 billion at an effective tax rate of 22.5% (2024: 21.4%) for the group.

The increase in the effective tax rate was due in part to AvaFin, which added R62 million to the tax expense at an effective tax rate of 23.5%, and in part due to the growth in income from our own insurance licence. As the proportion of insurance income that is earned on our own licence grows, the effective tax rate increases because the tax on this income is included in the tax expense line whereas tax on income earned in the insurance cell captives is included in the net insurance result. Profit after tax is not affected by the difference in disclosure of the tax expense.

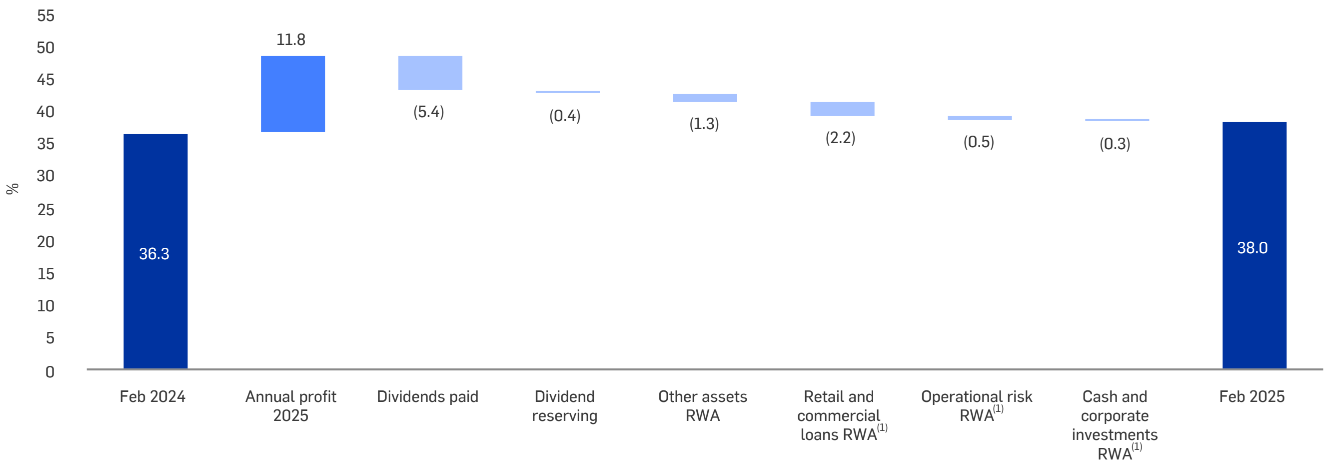
Capitec Bank Limited's stand-alone effective tax rate was 26.7%.

Capital and liquidity

The group remains well capitalised with a CAR of 38% (2024: 36%) which was well above the group's regulatory requirement.

Our Basel III liquidity coverage ratio and net stable funding ratio were 3 085% and 225%, respectively. The regulatory requirement is 100% for both ratios.

Year-to-date change in CAR



(1) We use the standardised approach in calculating our risk-weighted assets (RWA) i.e. we apply standardised risk weightings per the regulations to the various asset classes. RWAs are used to calculate the minimum amount of capital a bank must maintain in relation to the riskiness of its lending activities and other assets.

Internal financial control responsibility

The group has an established internal control framework in place, which includes adequate and effective internal financial controls, to ensure that the group's financial statements are fairly presented, in all material respects, and that no facts have been omitted, or any untrue statements made, that would result in the financial statements being false or misleading.

For our full chief executive officer and chief financial officer internal control responsibility statement, please refer to **page 125** in the financial statements.

Appreciation

I would like to thank all our stakeholders for their continued support and feedback during the 2025 financial year.

Our focus will remain on creating value for our stakeholders into the future.

Grant Hardy
Chief financial officer (CFO)

Stellenbosch
22 April 2025

02 Creating value

Our purpose

To make a meaningful difference in people's lives, empowering them to grow.

Our core values

Client obsessed

Energised and inspired

Ownership

Our 4 fundamentals

Simplicity

Affordability

Accesibility

Personal experience

Our strategic objectives

Capitec culture

SME growth

Single service experience

Build an ecosystem

Payment provider

Insights-driven

International strategy

Our purpose and business model
page 28

Our **strategy**
page 33

Our **stakeholders**
page 30

Our purpose and business model

Our purpose is to make a meaningful difference in people's lives, empowering them to grow. Our business model ignites growth and opportunities for our clients and other stakeholders.

We use the 6 capitals to provide simple, accessible and affordable financial solutions, foster financial literacy and inspire innovation to help South Africans achieve their dreams and contribute to the economy. Through innovative services and partnerships, we help businesses grow, create jobs and shape a sustainable, prosperous future for South Africa. Trust is the foundation of everything we do and we build it with all our stakeholders through integrity, capability, consistency and compassion. Our strategies are informed by the needs of our clients and other stakeholders, and our agility and innovative execution of strategies create sustainable value.

6 capitals

Financial capital comprises the funds that are available to us to provide products and services. It is derived from retained earnings, shareholder funds, wholesale funding and deposits.

Social and relationship capital encompasses the relationships established with our stakeholders to improve individual and collective well-being. This capital includes shared norms, values and behaviours.

Human capital consists of the skills, abilities and experience of people and their motivation to innovate. We employ people for their potential and fit with our culture and values.

Intellectual capital comprises assets based on Capitec-specific knowledge, operating systems and processes. We have bespoke technology, extensive data collection and analysis capabilities and use artificial intelligence (AI).

Natural capital is all renewable and non-renewable environmental resources that support the current and future success of our business.

Manufactured capital consists of produced physical objects, as opposed to natural objects, that are available to use in our business activities. It includes our branch and device infrastructure.

6 capitals

Financial capital | Social and relationship capital | Human capital
Intellectual capital | Natural capital | Manufactured capital

Stakeholders

Clients | Employees | Our planet | Government and regulators | Society | Investors and analysts

Our strategy

Why we exist

To make a meaningful difference in people's lives, empowering them to grow.

How we behave

Fundamentals

Simplicity
Affordability
Accessibility
Personal experience

CEO

Client obsessed
Energise and inspire
Ownership

What we do

Personal banking

Digital, app and card transactions
Save | Credit | Capitec Connect
Live Better

Business banking

Digital, app and card transactions | Save
Credit | Insure | Payment services
Merchant services | Forex

Insurance

Capitec funeral plan
Life cover | Credit life insurance

Strategic initiatives

Value-added services
Emerging markets

AvaFin

Short-term loan products
Instalment loans | Revolving credit

Our stakeholders

Proactive stakeholder engagement ensures that we are well acquainted with our stakeholders' expectations. Our strategies are informed by these expectations.

The group executive committee (EXCO) and the board's SESCO are responsible for our relationships with stakeholders. The board understands stakeholders' requirements and considers their legitimate needs and interests in the performance of its duties.

Clients

Their needs	Our response to their needs	Value created for them
• An ecosystem of financial solutions that make a meaningful difference in their lives • Financial solutions that are easily accessible • Simple, affordable and transparent products and pricing • Excellent client service experience • Development and inclusivity for SMEs to empower them to grow • Education to improve financial well-being	• Value-added services and Capitec Connect • Easy-to-use banking app • 880 branches and 8 798 cash devices • Digital onboarding, payment solutions and applications for credit • R1, R2, R3, R6 and R10 simplified transaction pricing • Merchant services and loans • Rental finance • The Capitec Foundation	Interest paid to clients **R9.2 billion** (2024: R8.8 billion) Loan disbursements **R73.2 billion** (2024: R57.4 billion)
Capitals	**UN SDGs**	

Employees

Their needs	Our response to their needs	Value created for them
• An exceptional employee experience • Meaningful work and growth opportunities • A sense of value and recognition • A healthy working environment • An inclusive culture and diversity • Job security and fair remuneration	• Creating a great place to work through our culture • Employee development through structured learning programmes that create clear career progression paths • A deliberate income progression strategy • A benefits programme that supports employees' financial security • Specialised financial wellness support, including credit health education and rehabilitation services	Employee remuneration and benefits (excluding Unemployment Insurance Fund contributions and skills development levies) **R9.5 billion** (2024: R7.0 billion)
Capitals	**UN SDGs**	

Our planet

Its needs	Our response to its needs	Value created
• Protection against the impacts of climate change • Responsible and sustainable business activities	• The SESCO monitors the company's activities with regard to the environment and sustainability • The stand-alone sustainability report, which will be available by the end of June 2025 can be accessed by following the link to the Capitec website: **www.capitecbank.co.za/esg/**	Refer to the stand-alone sustainability report, which will be available by the end of June 2025 can be accessed by following the link to the Capitec website: **www.capitecbank.co.za/esg/**
Capitals	**UN SDGs**	

Government and regulators

Their needs	Our response to their needs	Value created for them
• Commitment to economic development • Transformation i.e. broad-based black economic empowerment (B-BBEE) • Regulatory and statutory compliance • Public-private partnerships	• A level 1 B-BBEE scorecard • Compliance with regulatory requirements • Active participation in regulatory workshops • Compliance with relevant legislation • A responsible taxpayer • Working with government through business forums	Income and other taxes **R7.0 billion** (2024: R4.9 billion)
Capitals	**UN SDGs**	

Society (suppliers, communities and civil society)

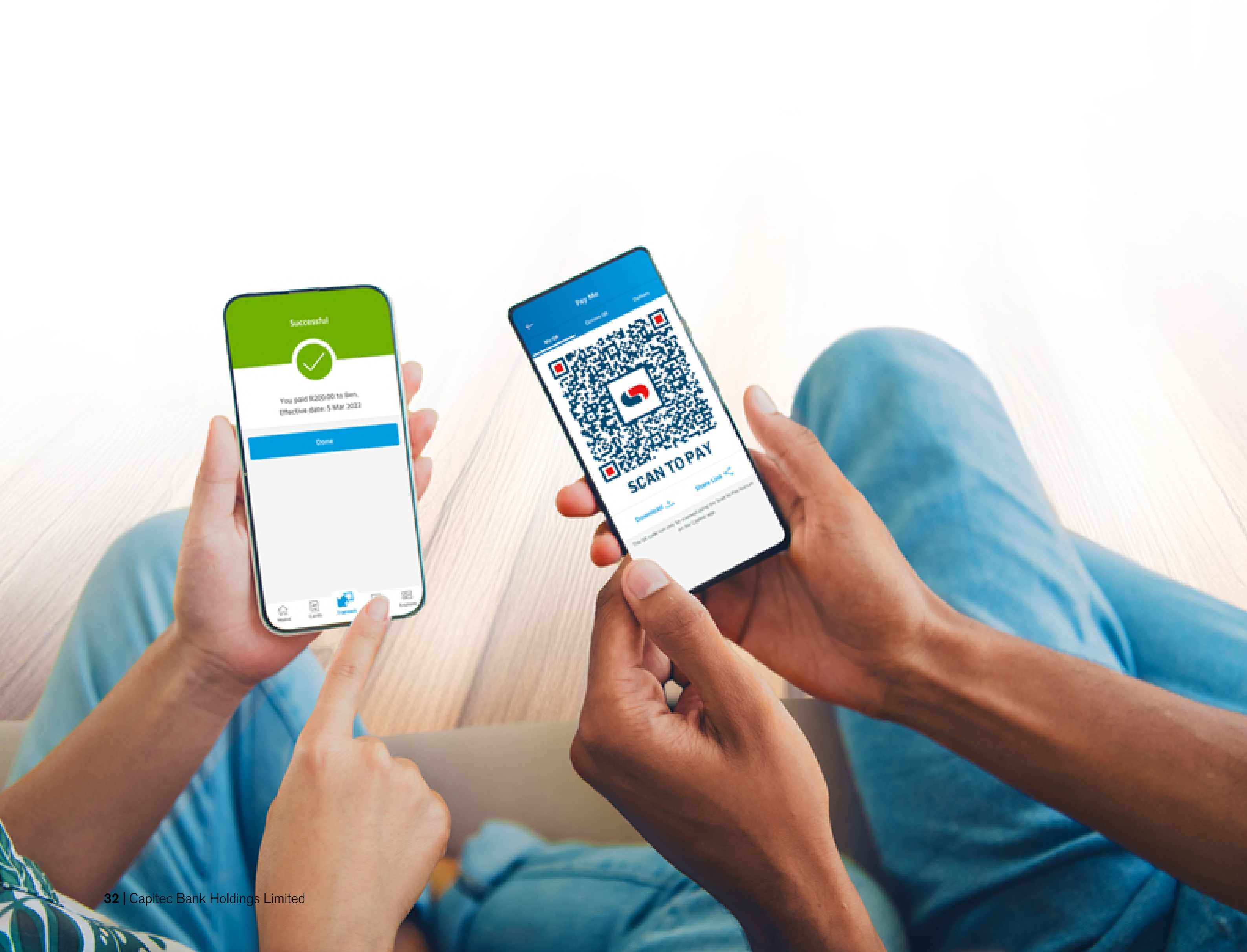
Their needs	Our response to their needs	Value created for them
• Transformation i.e. B-BBEE • Job creation • Active participation in corporate social investment (CSI) opportunities • Education and skills development	• A level 1 B-BBEE scorecard • Branch employees are recruited from the communities that are served by our branches • Services for the emerging market • The Capitec Foundation • Opportunities for financial education	Consumer financial education and CSI **R131.2 million** (2024: R104.7 million) Supply of goods and services **R11.3 billion** (2024: R10.1 billion)
Capitals	**UN SDGs**	

Investors and analysts

Their needs	Our response to their needs	Value created for them
• Expert, experienced management • Sustainable growth and financial returns • A sound balance sheet to protect against any downside risk • Transparent reporting and disclosure • Clear and concise strategic objectives • Sound environmental, social and governance (ESG) practices	• A diversified organisation using data and technology to create sustainable value • CAR maintained above regulatory minimum • Conservative liquidity management • Agile and innovative execution of strategies	Dividends paid **R6.3 billion** (2024: R5.0 billion) Interest paid to wholesale funders **R816 million** (2024: R515 million) Value retained for growth **R8.0 billion** (2024: R6.3 billion)

Capitals

UN SDGs



Our strategy

Capitec is geared for growth and creating opportunities by becoming the most trusted brand in South Africa.

We build solutions that ignite growth and unlock opportunities to make a meaningful difference in people's lives and to contribute to South Africa's economic progress. We provide simple, accessible financial solutions, foster financial literacy and inspire innovation to help South Africans achieve their dreams. Through innovative services and partnerships, we help businesses grow, create jobs and shape a sustainable, prosperous future for South Africa.

Our overarching strategic intent for the short to medium term is reflected in the strategies of our business units for the coming financial year. Our objectives are as follows: to embody the Capitec culture in everything we do; drive growth for SMEs; deliver a single, seamless service experience; build an ecosystem that unlocks value for all; be the leading payment provider; use data to become an insights-driven organisation; and develop our international strategy.

Personal banking

To be the most trusted financial partner for everyone

Most trusted • Consistently meet and exceed our clients' expectations with simplicity and transparency • Instil security considerations into every aspect of our design processes and culture to ensure a secure and trustworthy user experience • Achieve the highest standards of digital and physical safety • Continuously improve resilience, supportability and scalability	**Excellent client service experience** • Create a single view of the client and deliver a seamless experience for Personal and Business banking • Empower clients to take control and effortlessly navigate their financial needs through enhanced self-service capabilities that provide transparency • Broaden and enrich the conversational banking service so that it becomes the preferred channel for service support, both in-app and on WhatsApp • Optimise and extend branch and cash distribution and accessibility • Improve client communication and service level agreement management for all service requests in our central service centre
Credit aspiration • Optimise the credit flow and ensure a seamless interaction across all channels • Improve the current product offering by developing new characteristics to better understand our clients	**Business beyond banking** • Launch our ecosystem client experience approach on the app • Expand and diversify VAS that meet clients' needs • Encourage clients to Bank Better and Live Better through a personalised and fun rewards and loyalty programme • Reinforce our leadership in the communities we serve by supporting meaningful CSI projects and through our employee volunteerism

Personal banking continued

Bank Better	People at the heart of our business
• Next best action automated decisions delivered on all channels to optimise client engagement • Foster positive client behaviour by promoting digital transactions and elevating the Live Better experience • Establish family banking to cater for the unique financial needs of families and expand our range of savings products • Simplify and appropriately reduce our banking fees	• Place deliberate emphasis on the Capitec culture to scale leadership and ensure consistency of excellent decision-making and leadership • Invest in improving safety and security • Significantly improve onboarding, both to the company and new roles, to ensure consistency, culture and leadership • Continue to equip our leaders to #LeadBETTER through our leadership academies • Transform towards a skills-based organisation • Upskill and reskill our people in key technology skill sets through functional academics • Enable our #BeHealthy wellness promise • Reward and recognise #LeadBETTER and CEO (client obsessed, energise and inspire, ownership) values
Capitals	**UN SDGs**

Insurance

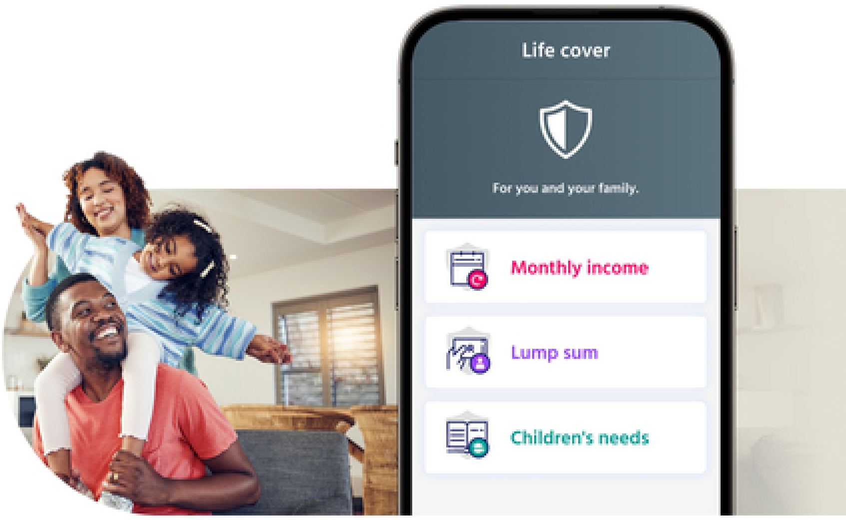
Uplift society by providing accessible, simple and trustworthy insurance solutions that promote financial inclusion and contribute to South Africa's growth

Optimise the claims experience	Stabilisation
• Make the process simpler, quicker and more secure	• Update and critically review current IT systems for resilience, security and supportability • Enhance data access and usability
Product competitiveness	**Effective client engagement**
• Continually review products to stay competitive, focusing on the moments that matter to our clients	• Enhanced client engagement • Retention strategies tailored to clients' specific needs
Capitals	**UN SDGs**

Business banking

Building the Business bank of choice for SMEs

Business banking • Grow quality clients • Implement the relationship suite of the future • Ensure a single, seamless client experience • Deliver sales growth • Launch the Training Academy for Business banking	**Credit** • Grow the scored loan disbursements • Drive service levels
Data and technology • Launch Next Best Actions • Provide data to enable greater use of digital capabilities e.g. the use of the marketing cloud • Ensure stability of the core banking and online platforms • Step up authentication • Build self-service capabilities • Build the best fraud management system in South Africa	**Capitec payments** • Create a seamless and consistent onboarding process across all channels • Offer VAS • Launch new collections and bulk payments offerings • Grow the merchant base and Capitec Pay
Client experience • Prepare for credit granting at scale • Standardise and optimise processes to create consistency in client experiences • Launch more offerings on the app e.g. VAS	**Rental finance and foreign exchange services** • Cross-selling the Business banking offering to rental finance clients • Expand the rental financing range • Upgrade the rental finance system • Simplify onboarding of foreign exchange transacting clients • Build a foreign exchange transacting capability on the Business banking app
Capitals	**UN SDGs**



Strategic initiatives

To exceed our clients' needs by forging new paths

Capitec Connect

- Implement a simple and affordable data and airtime product offering
- Enable clients who use cash to stay connected
- Enable clients to get airtime advances to stay connected
- Make quality handsets available to our clients through competitive pricing and device financing
- Use data as an incentive to drive and reward behaviour

Payments

- Ensure always-on payment services for business continuity
- Implement fraud mitigation strategies to protect our clients when transacting online and in-store
- Leverage the latest technology to ensure an exceptional client experience
- Implement efficient operating and client engagement models
- Influence the direction of the Payments Ecosystem Modernisation programme led by the SARB

Live Better

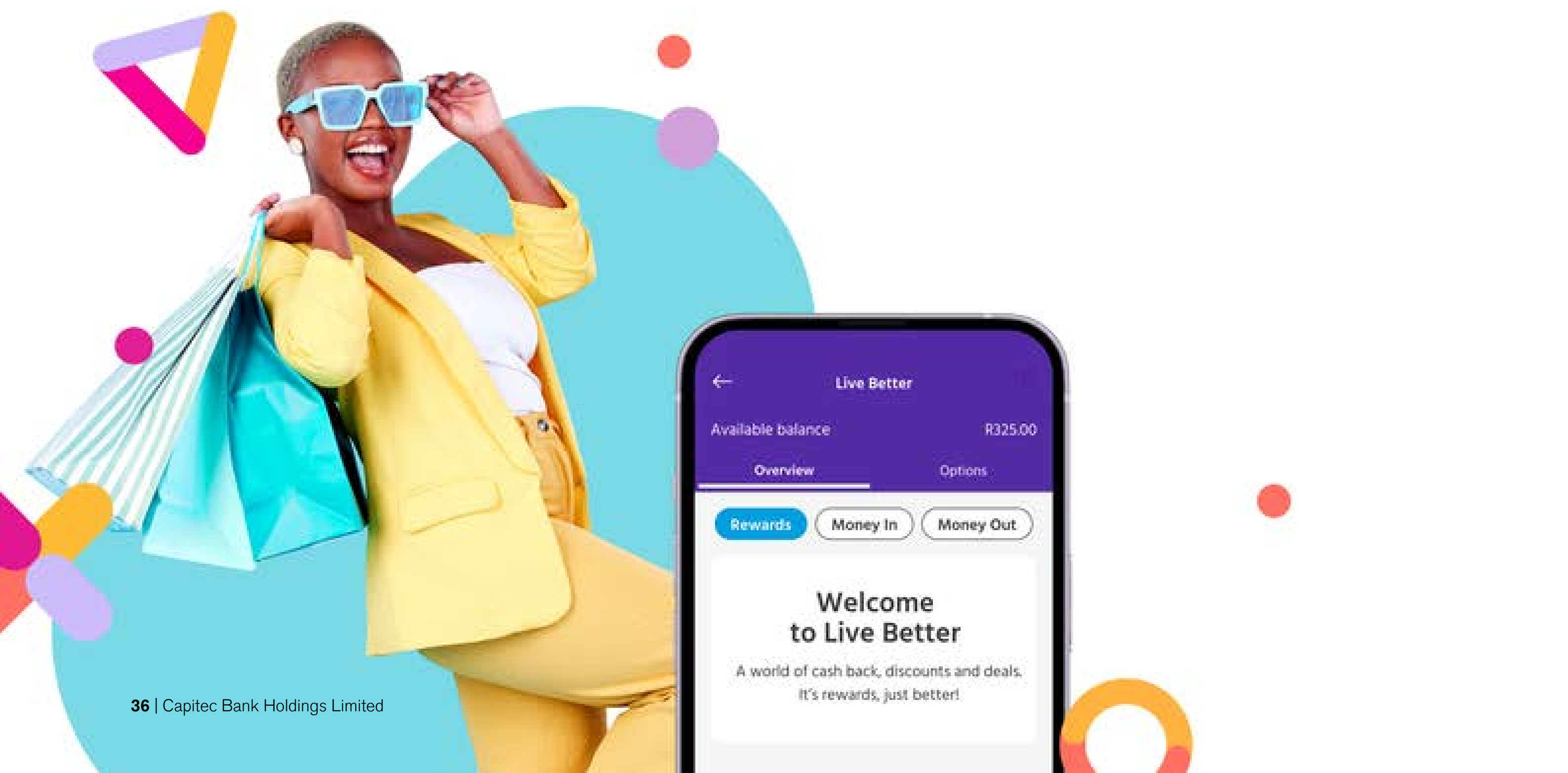
- Rewards as a service to all partners (internal and external)
- Change client behaviour by utilising relevant, meaningful, fun and significant rewards

Value-added services

- Optimise client uptake
- Advances for prepaid offering
- Cross-border remittances

Capitals

UN SDGs



Shared services

Technology and data

- Transform the digital banking experience
- Enhance security infrastructure
- Build trust through improved data quality
- Optimise the use of cloud services
- Maintain a unified view of client structures while ensuring data integrity and quality

Risk management

- Future-fit and agile risk management function with appropriate risk coverage by ensuring that the bank has the appropriate people, processes and systems
- Facilitate an integrated risk management approach
- Enhance the risk data strategy
- Develop the people strategy to ensure that risk as a service is future-fit
- Develop a metrically orientated risk maturity capability
- Build trust and credibility

Finance

- Drive automation to increase efficiency and provide better business insights
- Optimise capital and capital planning
- Enhance financial models to support strategic decision-making
- Improve financial oversight and analysis

People

- Move towards a skills-driven organisation to build capacity and performance
- Build capability
- Codify our culture
- Elevate employee experiences through technology

Marketing

- World-class marketing team
- Leading brand
- Leading market share
- Help people grow

Capitals

UN SDGs

AvaFin

Replicate the Capitec story abroad

Transition to long-term lender

- Phase out single-payment loans
- Launch instalment loans and credit line in all markets
- Maximise profitability in current markets

Scalability

- Focus on data accessibility, agility and operational leverage by integrating new systems and platforms like Salesforce
- Utilise Capitec resources to reduce cost of funding
- Automate governance and control frameworks
- Adopt Capitec standards

Capitals

UN SDGs

03 Environmental, social and governance


CAPITEC

Group structure

Capitec Bank Holdings Limited
1999/025903/06
Registered bank controlling company incorporated in the Republic of South Africa and listed on the JSE

100%
Capitec Properties Proprietary Limited
1998/007658/07
Property holding company incorporated in the Republic of South Africa

100%
Capitec Ins Proprietary Limited
1984/010303/07
Investment holding company incorporated in the Republic of South Africa

100%
Capitec Bank Limited
1980/003695/06
Bank incorporated in the Republic of South Africa

- **Personal banking**
- **Business banking**

100%
Capitec Rental Finance Proprietary Limited
2011/001582/07
Rental finance vehicle company incorporated in the Republic of South Africa

17.5%[(2)]
Imvelo Ventures Proprietary Limited
2017/207086/07
Supplier development vehicle company incorporated in the Republic of South Africa

97.075%
Avafin Holding Limited
HE335345
International online consumer lending company incorporated in Cyprus[(1)]

33.33%
Praelexis Proprietary Limited
2012/149960/07
Machine learning company incorporated in the Republic of South Africa

100%
Capitec Insurance Holdings Proprietary Limited
2021/926983/07
Investment holding company incorporated in the Republic of South Africa

100%
Capitec Life Limited
2021/924456/06
Licensed life insurer incorporated in the Republic of South Africa

[(1)] *The Prudential Authority (PA) has granted approval to relocate Avafin Holding Limited to Poland.*
[(2)] *Capitec Bank Group Employee Empowerment Trust has an indirect holding of 31.5% in the ordinary shares of Imvelo Ventures Proprietary Limited.*

People and culture – our competitive advantage

Our culture is the source of our competitive advantage. It is deeply ingrained, difficult to replicate and is the driving force of exceptional service delivery to 24 million clients.

Headcount
16 525

Leadership development
R33 million

Skills development
R16 million

Employee engagement score
77.14%

External hires
1 588

Graduate Development Programme participants
31

At Capitec, our culture is the foundation of our success and a vital driver of our competitive advantage. Our culture, rooted in our CEO behaviours of being client-obsessed, energised and inspired and taking ownership, empowers our people to collaborate, innovate and deliver exceptional service. This alignment between our values and our operations ensures that our culture is not only a reflection of who we are but also a key differentiator in a highly competitive market.

As we grow and innovate, we recognise that fostering a culture of inclusivity, agility and collaboration is critical to delivering on our fundamentals: simplicity, accessibility, affordability and personalised service. We encourage our people to challenge norms, think differently and continuously develop solutions that enable our clients to live better.

Our focus on our people and culture has been a driver of employee engagement and productivity, ensuring that our people are motivated, purpose-driven and committed to achieving shared goals. Furthermore, our culture plays a pivotal role in attracting and retaining top talent. This is evident as individuals are drawn to our values-driven approach and inclusive work environment.

Our emphasis on alignment between culture and strategy ensures that all our people understand how their role contributes to our purpose. This drives consistent performance and enhances execution across all levels. By nurturing our culture, we not only empower our employees but also ensure that we remain a trusted partner to our clients, an employer of choice and a sustainable business that delivers lasting value to all our stakeholders.

During the 2025 financial year, our people strategy[1] focused on:

- unlocking **capacity** with the right people in the right roles, at the right time
- building **capability** by investing in the future of our people
- creating a great place to work through our **culture**.

[1] AvaFin is excluded from this section.

Unlocking capacity

Attracting and retaining the best talent

Attracting and retaining the best talent is critical to our strategy as it enables us to deliver an exceptional client experience and strengthen our culture. Through our talent strategy, we ensure that we remain well positioned to meet evolving market needs while delivering value to our stakeholders.

Our strategy to become an employer of choice continues and reinforces our commitment to attracting top talent with scarce and critical skills in areas such as technology and data, credit, fraud and financial crime, while ensuring a healthy fusion of fresh ideas and expertise within our organisation.

This financial year, we have adopted a more targeted approach, leveraging strategic partnerships, direct sourcing, AI-driven talent matching and enhanced employer branding to attract the right talent more efficiently. As a result, we have seen improved hiring quality and process efficiencies, ensuring we engage with the most relevant candidates while optimising recruitment efforts.

We remain steadfast in our goal to build an effective and dynamic workforce, reflecting our commitment to delivering value to our stakeholders and maintaining a competitive edge in the market.

Our strategy to become an employer of choice has proven successful as it creates a healthy fusion of fresh ideas and skills in our organisation.

This financial year, we received 851 808 (2024: 582 082) external applications through all sourcing channels which include job boards, social media and professional networks. This represents a 46.3% increase compared to the previous financial year.

In 2025, 1 588 new or vacant job opportunities were filled by external applicants; 91% of new appointments were black, reflecting our commitment to fostering diversity and inclusion in the workplace. In line with our technology and data-driven strategy, 22% of the external appointments filled technology and data roles.

The table below provides a breakdown of all external appointments.

Occupational level[1]	Female Black[2]	Female White	Male Black[2]	Male White	Total
Top management	—	—	—	—	—
Senior management	2	2	2	3	9
Middle management	89	18	144	39	290
Junior management	158	24	152	27	361
Other	642	4	277	5	928
Total	891	48	575	74	1 588

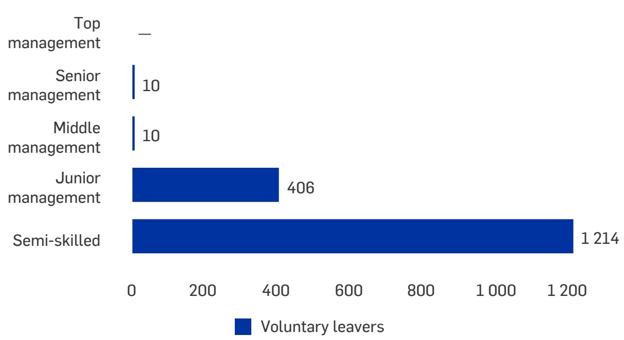
(1) Following the rebaseline of our job architecture in line with international standards.
(2) Black = African, Indian and Coloured as per South Africa's Employment Equity Act, Act 55 of 1998.

Our total headcount for the financial year increased to 16 525 (2024: 15 747) and voluntary attrition continues to trend downwards to 11.6% (2024: 12.5%), which is below the industry benchmark of 15.6% (Source: REMChannel® 2024).

Understanding and addressing the needs of our people are at the heart of our strategy. By actively listening to their feedback and recognising their motivations for staying or leaving, we ensure that our people feel valued and supported. This approach not only reinforces our commitment to our employees but also enables us to create a more dynamic and effective workplace.

The attrition dashboard below provides an overview of voluntary leavers per occupational level.

Voluntary leavers per occupational level[1]



(1) Following the rebaseline of our job architecture in line with international standards.

Appointing from within

Our strategic focus on balancing external appointments with internal promotions demonstrates our commitment to cultivating a diverse and dynamic talent pipeline.

This year, we prioritised internal growth opportunities, aligning with our objective to achieve a 60% internal hire rate. We are proud to announce that we have exceeded our target and achieved a 63% internal hire rate. This commitment underscores our effective people strategy, ensuring robust development and retention of our talent.

The Internal Mobility Initiative (IMI) creates a clear pathway for our branch and business support centre people to find their next role and grow their careers within Capitec. The IMI was launched in March 2023 and has proven successful in providing employees in client-facing roles with the support and skills required to move into specialised head office roles.

This financial year, 48 of our people (62% from branches, 24% from business support and 14% from other areas) participated in the programme and were successfully placed in technology and data roles. We continue to drive transformation through this programme with 36% female and 92% black participants.

This programme is a strong driver of retention, workforce agility and our culture.

Below is an overview of internal appointments made during the financial year.

	Female		Male		
Occupational level[(1)]	**Black**[(2)]	**White**	**Black**[(2)]	**White**	**Total**
Top management	–	–	–	–	–
Senior management	2	–	4	–	6
Middle management	112	52	160	122	446
Junior management	591	37	457	61	1 146
Other	779	2	341	4	1 126
Total	1 484	91	962	187	2 724

(1) Following the rebaseline of our job architecture in line with international standards.

(2) Black = African, Indian and Coloured as per South Africa's Employment Equity Act, Act 55 of 1998.

Building a pipeline for the future

At Capitec, we believe that empowering young talent is not only essential for addressing South Africa's youth unemployment crisis but also a catalyst for innovation, economic growth and long-term success. By investing in the growth of these young professionals, we position Capitec to benefit from their fresh perspectives and innovative ideas, ensuring sustained success and competitiveness in an evolving market. Throughout the year, our focus has been on building a dynamic pipeline of young talent that aligns with the evolving needs of our business through our early careers initiatives.

Our flagship Future Leaders Graduate Development Programme attracts, develops and retains the brightest minds from diverse backgrounds. This 24-month programme equips graduates with the skills and behaviours needed to thrive within Capitec's culture and achieve business objectives. Currently, the programme includes 31 delegates (100% black, 65% female), strengthening our leadership pipeline while reflecting our commitment to transformation and gender equity. In September 2024, 16 of our future leaders completed the 2023 programme, with placements from risk management, payments and credit management. Notably, 3 of these graduates were appointed to middle management roles.

Aligned with our commitment to future growth, our external bursary programme focuses on building a strong pipeline of scarce and critical skills by supporting the tertiary education of current and prospective students. In 2025, we awarded 13 bursaries (100% black, 54% female), prioritising areas such as risk management, credit management and data and technology. This brings the total number of students supported through the bursary programme to 33 (91% black, 50% female).

Our collaborations with leading academic institutions are shaping the future of young talent and helping us address critical skills shortages. Through partnerships with the University of the Western Cape and North-West University, 3 students (33% black, 33% female) completed the Business Mathematics and Informatics Master's Programme in Data Science and joined Capitec. Similarly, our Work Integrated Learning Initiative with the Cape Peninsula University of Technology provided 6 IT engineering students (67% black, 33% female) with hands-on technical experience, while our partnership with Eduvos onboarded 6 trainee software engineers (100% black) to strengthen our critical skills pipeline. These impactful initiatives not only advance our business objectives but also position Capitec as a leader in industry-academic collaboration and an employer of choice.

Building capability

Igniting opportunities for lifelong learning

Access to learning opportunities is essential for fostering individual growth and development. At Capitec, we leverage digital technology to democratise learning, ensuring that all our people have the opportunity to develop their skills and contribute meaningfully.

Our 2025 agenda focused on providing access to and cultivating a culture of lifelong learning. This has been achieved through the SAP learning management system which has proven to be an efficient tool to provide our people with access to learning material.

Below is an overview of the number of learning interventions that our employees attended both in person and virtually.

Learning focus	Female		Male		Total
	Black[1]	White	Black[1]	White	
Compliance[2]	94 180	5 246	49 583	8 464	157 473
Functional and technical	265 795	6 556	117 656	6 805	396 812
Management and leadership	65 436	564	26 669	559	93 228
Onboarding	16 737	962	7 638	1 015	26 352
Competency-based	10 150	394	3 958	320	14 822
Other[3]	50 757	2 025	23 581	2 797	79 160
Total	503 055	15 747	229 085	19 960	767 847

(1) *Black = African, Indian and Coloured as per South Africa's Employment Equity Act, Act 55 of 1998.*

(2) *Includes ethics training, whistle-blowing, gifts and invitations, anti-money laundering (AML) and the Financial Intelligence Centre Act, Act 38 of 2001 (FICA).*

(3) *Includes role-based learning and self-initiated learning for development purposes.*

Our learnership programmes offer our people the opportunity to undertake learnerships, empowering them with skills and providing them with an opportunity to get a formal qualification. Our unemployed youth strategy transformed the lives of 628 black matriculants by providing banking learnership qualifications and workplace onboarding, giving them economic freedom (136 learners have received permanent placement to date). This strategic transformation enhances our young talent pool in retail branches and contact centre operations while addressing national youth unemployment.

The table below reflects the number of new enrolments for learnerships in 2025.

Learnership programme	Female		Male		Total
	Black[1]	White	Black[1]	White	
Core Banking and Financial Services (NQF level 4)	149	–	58	1	208
Core Banking and Financial Services – BBCUL (NQF level 4)	426	–	169	1	596
FETC: Contact Centre Operations (NQF level 4)	14	–	9	–	23
Agile Banking Professional programme (NQF level 4)	191	2	63	3	259
Generic Management in Banking programme (NQF level 5)	11	–	13	–	24
National certificate: Information Technology – Systems Development (NQF level 5)	6	–	18	3	27
Total	797	2	330	8	1 137

(1) *Black = African, Indian and Coloured as per South Africa's Employment Equity Act, Act 55 of 1998.*

Growing effective leaders through our leadership academy

We ignite opportunities for growth by enabling our people across all levels to build leadership capabilities. To date, the focus has been on building the management and leadership capabilities of existing leaders, developing future bench strength at senior and executive level and transforming our culture through embedding our newly defined Lead BETTER principles.

The Capitec leadership academy aims to build foundational competence in people management and business management, equipping our people to Lead BETTER regardless of their level while accelerating their development. In the 2025 financial year, we continued our programmes aimed at improving the leadership capabilities of our people across all levels.

- Accelerator leadership development programmes aim to accelerate the readiness of high-potential candidates.
  - The **Executive Development Programme** aims to enhance personal mastery and the strategic capacity of our senior leaders to deal with the uncertainty and complexity associated with a global context. The programme also included the completion of strategic business projects, as well as a 2-week immersion to India and Singapore. The 2025 cohort consisted of 16 delegates (56% black, 31% female) and achieved a net promoter score of 77
  - **FutureShift** aimed at transitioning our middle managers into senior leadership roles and exposed the delegates to personal mastery, leading and developing diverse teams, translating business strategy and influencing and collaboration at an organisational level. This year had an intake of 25 middle managers (50% black, 30% female and achieved a net promoter score of 70).

Lead with the why

B Build one Capitec team

E Energise and inspire

T Trust, earn and protect

T Think big and innovate

E Execute with speed and agility

R Raise the bar, continuously

- Leadership Mastery Programmes are aimed at equipping our existing leaders with the skills required to excel in their roles. The programme is focused on themes like sustainable business leadership (I own my business), ethical leadership, shaping our organisational culture, creating inclusive environments and development of team members:
  - The **Team Leader Mastery Programme** aimed at branch and operations employees was piloted this financial year to 100 employees and will be scaled during the new year
- Generic management programmes enable our people to build foundational competence in people and business management:
  - **LeadUP** is an organisation-wide foundational programme covering business and people management and covers topics such as mental health, employee engagement and coaching. In 2025, 1 688 employees (64% delegates from our branch operations and 36% from business support) attended the 4-day workshop which achieved a net promoter score of +76
  - We introduced 2 bespoke leadership programmes ('LeadUP' Business Support Centre and 'LeadUP' Operations) for our call centre and branch environments, collectively improving the employee engagement levels of 11 400 employees. These initiatives were driven by employee engagement surveys and data insights, highlighting the need to support our employees with the skills to tackle daily challenges while embodying our CEO values. This has fostered team cohesion, psychological safety and collective accountability, improving engagement scores by 14% for our branches and call centres.

Below is an overview of our Capitec leadership academy.

Capitec leadership academy
Unlocking potential - Shaping a greater future together

Leadership levels	Management Build foundational competence in people and business management	Mastery Build capability to lead BETTER at the current level	Accelerate Develop readiness to transition to the next level
Executive leaders		Executive coaching	Executive Development Programme
Senior leaders	LeadUP Unlock Potential Academy	Senior leaders mastery journey	
Middle management		Middle management mastery journey	FutureShift
Team leaders		Team leaders mastery journey	Planned for the 2027 financial year
Emerging leaders		Self-mastery	Future Leaders Programme
	Lead BETTER principles		

Creating a robust learning ecosystem with the iAcademy

29 887
hours of learning completed on Udemy Business

2 362
Udemy Business courses completed

765
hours of learning completed on Cloud Guru

212
courses completed

933
employees attended Capitec Cloud Masters

8
Lunch and learn events hosted

Our people are able to take ownership of their own development journeys with the support of their line managers. This ensures that individuals and leaders collaborate in curating relevant and impactful learning experiences that are practical and tailored to our specific needs. This is where the iAcademy plays a significant role as a technology and data skills engine for our organisation and a critical enabler for developing capability and bridging the skills gap. Bespoke learning paths have been crafted across various platforms such as Udemy Business, Cloud Guru and Salesforce. These pathways enable our community to engage in continuous learning and remain relevant in an ever-evolving industry.

The iAcademy has played a pivotal role in fostering a culture of continuous learning and development within our organisation. By leveraging technology and data skills, the iAcademy has enabled our people to stay relevant in a rapidly evolving industry.

- Our **learning philosophy** emphasises experiential learning through customised learning paths across various leading platforms such as Udemy Business, Cloud Guru, Kubicle and Salesforce. These cater to both proficient professionals and those wanting to gain a foundational understanding of technology and data
- **Payments Academy**: Over 590 people attended our payments week which focused on providing Payment Association of South Africa certified learning to our people. Monthly payments masterclasses are run to reinforce the learning
- **Certify to amplify:** A Cloud Certification Initiative resulting in 84 employees becoming certified, enhancing cloud proficiency
- **Thought leadership**: Contribution to external thought leadership in collaboration with Hugging Face, AWS and other partners
- The iAcademy underscores our commitment to empowering our employees through targeted learning opportunities, fostering a culture of innovation and maintaining a competitive advantage. The iAcademy is integral to our strategy of becoming technology and data-focused, ensuring our people are equipped with skills to drive future growth and success.

Furthermore, we are proud to announce that our learning and development initiatives received the 2024 Chief Human Resource Officer (CHRO) Award for Learning and Development from the CHRO Awards institute. The award recognised the work that has been done in the development of critical skills and leadership capabilities at Capitec, as well as our contribution to internal pipeline development and reinforcing talent mobility.

The LeadUP Operations Programme won a Gold Brandon Hall Group™ Excellence Award for Learning Programmes that delivered the best business impact. These accolades highlight the exceptional quality and impact of our leadership development efforts. We remain committed to investing in our people. This financial year, we invested over R33 million in leadership development in support of creating effective leaders and providing our people with an opportunity to ignite their careers.

Creating a great place to work through our culture

Driving transformation and an inclusive culture

Capitec is creating an inclusive culture through a dedicated focus on diversity, equity, inclusion and belonging, where a variety of backgrounds, perspectives and experiences are not only present but celebrated.

We have been driving transformation through the following inclusive culture interventions:

- Our focus on achieving racial equity, gender balance, and disability inclusion continues. Total black representation grew by 347 employees at junior management, and by 129 employees at middle management and senior management. Representation of persons with disabilities grew by over 30 employees from 57 employees to 93 because of our disability inclusion interventions. On aggregate, black, gender and persons with disabilities representation has increased over the past financial year
- Our aggregate workplace profile as at 30 September 2024, in line with our Employment Equity Report submission, can be seen below.

	Male				Female				Foreign nationals		
Occupational level	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Male**	**Female**	**Total**
Top management	—	—	1	6	—	—	1	—	1	—	9
Senior management	8	6	6	59	12	5	8	22	3	1	130
Middle management	249	202	109	530	186	107	75	220	25	10	1 713
Junior management	817	502	135	311	1 445	602	96	266	15	11	4 200
Semi-skilled and discretionary decision-making	2 302	534	73	94	5 790	1 008	120	106	2	3	10 032
Unskilled and defined	—	—	—	—	—	—	—	—	—	—	—
Total permanent	3 376	1 244	324	1 000	7 433	1 722	300	614	46	25	16 084
Temporary employees	—	—	—	—	—	—	—	—	—	—	—
Total	3 376	1 244	324	1 000	7 433	1 722	300	614	46	25	16 084

- Employee resource group (ERG) focus sessions were held with employees to obtain insights and suggestions on specific measures that can be adopted by Capitec to improve their lived experiences and to instil a sense of inclusion and belonging. Out of these sessions, the initial 3 ERGs established were: Women@Capitec was created to foster gender balance through initiatives that build a supportive community where women can share their lived experiences and support one another; ReThink DisAbility@Capitec was created to foster disability inclusion, making colleagues feel supported whether their disabilities are visible or not; and Relocation@Capitec seeks to ensure an equitable and pleasant experience for all employees relocating to the Western Cape
- We maintain a positive relationship with our union SASBO as 49% of our employees are SASBO members. We value our people's freedom of association and provide unlimited time off for those selected as shop stewards to fulfil their union-related duties. Additionally, we allow a limited number of leave days for attending union meetings (8 days), training (5 days) and union negotiations (6 days)
- The people living with disabilities contact centre learnership programme is aimed at empowering unemployed youth in Cape Town and Johannesburg. We enrolled 28 young people living with disabilities on a Contact Centre Operations learnership as an enabler for talent pipeline building into permanent jobs in the Personal and Business banking divisions
- The Inclusive Leaders Programme is a leader-led initiative aimed at driving inclusive behaviour and helping our leaders identify unconscious biases. Over the past year, 102 of Capitec's senior leaders have enhanced their leadership skills with inclusive mindset character traits to lead diverse teams. Priority was given to self-awareness, creating psychological safety, valuing diversity and allyship and advocacy.

Empowering our people to own their well-being

We empower our people to take charge of their well-being. We foster an environment that prioritises and sustains holistic welfare. We aim to build a cohesive workforce that ensures the continued success of our business.

This year, we offered the following support programmes aimed at improving the overall wellness of our people:

- Given the rate of gender-based violence (GBV) in the country, we have established a GBV Programme in our branches to support our people who have been affected by GBV
- We trained our branch managers through a certified Psychological First Aid training course to equip them

with the skills to de-escalate and support anyone experiencing a mental health crisis

- We piloted a programme to provide personalised holistic wellness support to all 12 500 branch and business centre employees. So far, 383 employees have received in-branch wellness screenings and support
- We supported our people with skills to make good personal financial decisions through our Financial Well-being Programme. The programme offers our people the tools to improve their financial lives through personalised support, coaching and webinars. The programme has had a 72% completion rate among 10 304 branch employees
- We launched our #BeHealthy campaign as part of our employee assistance programme. The programme is available 24/7/365 to our people as well as their immediate family and offers support and counselling services including mental health, stress management, legal and financial advice as well as trauma support.

Listening to our people

Our October 2024 Employee Pulse Survey, designed to track and measure the employee experience against our people strategy and core values, delivered strong and consistent results.

We achieved a 77.14% employee engagement score which is above the benchmark. Our operations score increased by 14% to 65.3%. The survey had a 67% response rate at an aggregated group level.

Key highlights from the survey include:

Employee engagement score: 77.14% of our people are engaged, reinforcing the strength of our culture and our ongoing commitment to create a meaningful experience.

Employee retention: 63.28% of employees expressed their willingness to stay with Capitec and recommend us as a great place to work – a testament to our commitment to building an environment where people thrive.

Living our values: The impact of our R33 million investment in leadership skills development is evident in our results, with line managers scoring an outstanding 80.73% and team members an even stronger 82.86% in demonstrating our Lead BETTER principles. These scores highlight the effectiveness of our leadership programmes and the continued growth of a values-driven culture.

Leveraging technology to elevate employee experiences

Over the past year, we have made significant strides in strengthening our technology foundation, completing the implementation of key SAP SuccessFactors modules and advancing our human resources (HR) data migration to AWS.

The roll-out of SAP Onboarding, Crossboarding and Offboarding has improved operational efficiency. The Compensation module has automated previously manual processes and enabled seamless bonus and increase cycles. This transformation has integrated performance and compensation data. Additionally, the transition from SAGE to SAP Employee Central Payroll and Time has streamlined payroll operations, reducing reliance on manual calculations and enforcing greater process discipline.

The migration of all SAP SuccessFactors data to AWS has laid the foundation for a scalable and future-proof HR data strategy with a clear roadmap to move our people data to the cloud. These advancements have not only modernised our HR technology landscape but have also empowered our leaders and people with intuitive, automated and data-driven tools. The insights gained from this transformation will be the foundation for future technology advancement, driving smarter, more agile people solutions that fuel our growth and success. Capitec achieved the CHRO Award for HR Technology from the CHRO Awards institute fuelling our fire to leverage technology to create differentiated experiences.

Looking ahead

Our people have demonstrated their commitment in the pursuit of making financial solutions simple and transparent to improve our clients' lives. This year, we focused on unlocking capacity and equipping our people with the skills needed to thrive. Our culture has forged a workplace where our people feel valued, engaged and equipped.

The initiatives and programmes we have implemented this year have substantially contributed to the overall wellness and satisfaction of our people. By addressing critical areas, such as mental health, financial well-being and employee engagement, we have fortified our commitment to creating a supportive and thriving workplace. The integration of advanced technology has further enhanced our operational efficiency and provided our people with the tools they need to succeed. As we continue to invest in the development of our people and the enhancement of their experience, we look forward to even greater milestones in the future.


I'm a
Uplifter

Protecting our planet

Capitec is committed to minimising any negative impacts emanating from its business activities to protect our planet against the impacts of climate change and the deterioration of biodiversity.

We therefore aim to consider climate- and nature-related risks and opportunities as part of our core business strategy.

The board is ultimately responsible for ensuring that we operate responsibly and sustainably. The board has delegated the execution of its mandate to senior management. The SESCO, a board subcommittee, is mandated by its charter to monitor the company's activities with regard to matters relating to social and economic development, good corporate citizenship, health and public safety, consumer relationships, labour and employment, and sustainability in the context of the environmental, and social and governance principles to promote the collective well-being of society, thereby facilitating the sustainable growth of the group.

In the 2025 financial year, the following sustainability-related milestones were achieved:

- Publication of an environmental report which considered both climate- and nature-related risks and opportunities
- Participation in the PA climate risk stress test
- Performance of a first double materiality assessment
- Further improvement of the alignment between our core business strategy and our approach to sustainability
- Expansion of our institutional knowledge and skills in the field of sustainability.

Our latest stand-alone sustainability report, which will be available by end June 2025, and earlier climate-related financial disclosure and environmental reports, can be accessed by following the link to the Capitec website: **www.capitecbank.co.za/esg/**.

To start its journey towards target-setting, we continued to improve and standardise our carbon accounting practices and processes during the year, improving the underlying data accuracy and completeness.

Looking ahead

In the coming year, we aim to further mature our greenhouse gas (GHG) accounting practices especially as they pertain to Scope 3 emissions to allow us to start our journey of target-setting and in so doing, draft an actionable transition plan.

Waste management

Recycling (kg)		**2025**	**2024**	**2023**
Recycled paper	Employees at our head office and regional offices are encouraged to recycle in special paper bins distributed on all floors, as well as special bins for other recyclable material such as glass and tins	**18 043**	26 726	12 368
Recycled beverage cans		**1 955**	3 447	731
Recycled electronic equipment	Disposed of and recycled by accredited third parties	**21 344**	17 741	26 897

GHG inventory[(1)]

Carbon footprint (tCO_2e)

GHG Protocol scope	2025	2024	2023
Scope 1: Direct emissions from:			
Fuel used in owned or controlled equipment	**109**	1 546	475
Fuel used in owned or controlled vehicles	**18**	29	16
Air-conditioning and refrigeration gas refills	**912**	996	859
Scope 2: Indirect emissions from purchased electricity:			
Purchased electricity – Eskom	**36 968**	28 065	31 284
Total Scope 1 and 2	**38 007**	30 636	32 634
Scope 3: Indirect emissions from:			
Business travel	**2 453**	2 068	2 054
Product distribution – cash-in-transit	**2 217**	2 501	1 935
Paper usage	**658**	406	429
Total Scope 1, 2 and 3	**43 335**	35 611	37 052
Electricity consumed (MWh)	**35 546**	28 065	28 967

Carbon intensity footprint (tCO_2e)

	2025		2024		2023	
GHG Protocol scope	Per full-time employee	Per m^2 floor space	Per full-time employee	Per m^2 floor space	Per full-time employee	Per m^2 floor space
Scope 1 emissions	**0.06**	**0.00**	0.16	0.01	0.09	0.00
Scope 2 emissions	**2.23**	**0.10**	1.78	0.08	2.02	0.11
Total	**2.29**	**0.10**	1.94	0.09	2.11	0.11

Methodology

We use the following:

- GHG Protocol – Corporate Accounting and Reporting Standard (revised edition), specifically the operational control approach to determine scope i.e. the calculation of our carbon footprint represents Capitec and its 100%-owned and controlled subsidiaries
- Emission conversion factors as published by the UK Department for Environment, Food and Rural Affairs 2024, version 1.1 (for Scope 1 and 3 emissions) and as published in Eskom's integrated report for the year ended 31 March 2024 (for Scope 2 emissions)
- The 2020 financial year as the base year.

Assumptions

- Third-party data used in the calculation of the GHG inventory is deemed to be accurate, complete and valid
- Some limited and immaterial instances required the use of averages or estimates based on historical values due to actual data not being available or verifiable.

Targets

Our initial operations target was to reduce, or at least maintain, our Scope 1 and 2 emissions per full-time employee and floor space occupied from our base year (2020). We are of the opinion that using only intensity-based targets is not sufficient. As a firm supporter of science-based targets, we continue our journey towards setting targets aligned with the goals set by the Paris Agreement. This will enable us to create a meaningful and actionable transition plan to reduce our impact on the environment towards the goal of net zero by latest 2050.

The GHG inventory was not subject to independent third-party assurance.

(1) Refer to the sustainability report for more details on the assumptions made in the calculation of Capitec's GHG inventory.


capitec
foundation
WIN PRIZES WITH MATHS!

Contributing to society

We are dedicated to improving the lives of South Africans and supporting the UN SDGs through our social impact initiatives. Through partnerships, our volunteer programme, technology and financial education, we aim to uplift the communities we serve.

Corporate social investment

During the year, we launched Capitec Uplift as the new positioning platform of our social impact initiatives.

Education

Education remains our primary CSI focus, with a total investment of R59.7 million this year (89% of total CSI spend). This includes a leading investment in the Capitec Foundation to support access to quality mathematics education.

Category	Organisation	2025 spend	SDG
Early childhood development	Afrika Tikkun Foundation NPC	R2.8 million	4 Quality education
	Indaba Institute	R1 million	
	Employee volunteer programme	R0.8 million	
Primary school	Other <R500 000 per organisation	R0.5 million	
	Employee volunteer programme	R1.6 million	
High school	Ashton in Action	R0.5 million	
	Calling Education	R1 million	
	Capitec Foundation	R46.4 million	
	Leva Foundation	R0.6 million	
	Employee volunteer programme	R1.4 million	
Combined school	Christel House	R0.8 million	
	Employee volunteer programme	R0.3 million	
After-school programme	Employee volunteer programme	R0.7 million	
Other	<R500 000 per organisation	R1.3 million	

Total education spend
R59.7 million

Education feature

Afrika Tikkun Bambanani (ATB)

ATB's mission is that no child should be left behind. The organisation aims to provide our nation's children with access to quality education through the standardisation of the Early Childhood Development (ECD) curriculum across South Africa. Their vision is to uplift the lives of children and to improve the quality of ECD teaching.

Our partnership with ATB and Think Equal (TEB) focuses on providing essential resources, teacher training and a social-emotional learning curriculum. It fosters holistic child development and improves educational outcomes. The Capitec Bank TEB ECD projects in Orange Farm, Gauteng and Kuruman, Northern Cape, focused on enhancing teacher competency, learner development and the integration of technology. They collectively impacted 85 ECD centres, 434 teachers and over 4 000 children. Through structured activities and training, teachers have been equipped with innovative methods to enhance cognitive and emotional development in children.

To bolster our investment, 75 Capitec volunteers participated in 3 Health Day initiatives at Afrika Tikkun's hubs in Gauteng and the Western Cape, focusing on health and wellness for children and youth. Volunteers led learning sessions using our Budget Champs card game to instil financial literacy from a young age, facilitated life skills sessions to impart essential skills to grade 11 learners and helped youth prepare for job applications through CV writing support and mock interviews.

"The real measure of our work lies in the impact on the lives of the children we serve. This year, we celebrated a 99.2% school readiness rate – a number that reflects more than statistics. It reflects the spark in a child's eye when they master something new, the confidence in their step as they step into a classroom ready to take on the world." – Theresa Michael, CEO of Afrika Tikkun Bambanani

Thembelihle Zwane, a teacher participating in the programme, said: "The programme boosted our teaching skills, and it made implementing the curriculum easier and fun for our children. Our work is simpler now because we were given term manuals which provided planned activities for each day of the week."

Other categories

Besides contributing to quality education, we supported other UN SDGs, including good health and well-being, gender equality, decent work and economic growth and reduced inequalities. We also partnered with organisations to offer relief in communities affected by natural disasters.

Category	Organisation	2025 spend	SDG
School community well-being	Community Keepers	R2 million	3
Gender-based violence	Tears Foundation	R1 million	5
Child and youth care	UNICEF	R2 million	1, 2, 3, 4
	Employee volunteer programme	R0.5 million	
Community development	Khaya Lam	R0.5 million	4, 8, 10
	Employee volunteer programme	R0.5 million	
Disaster relief	Gift of the Givers	R1.1 million	1, 2

Total spend
R7.6 million

Capitec employee volunteer programme

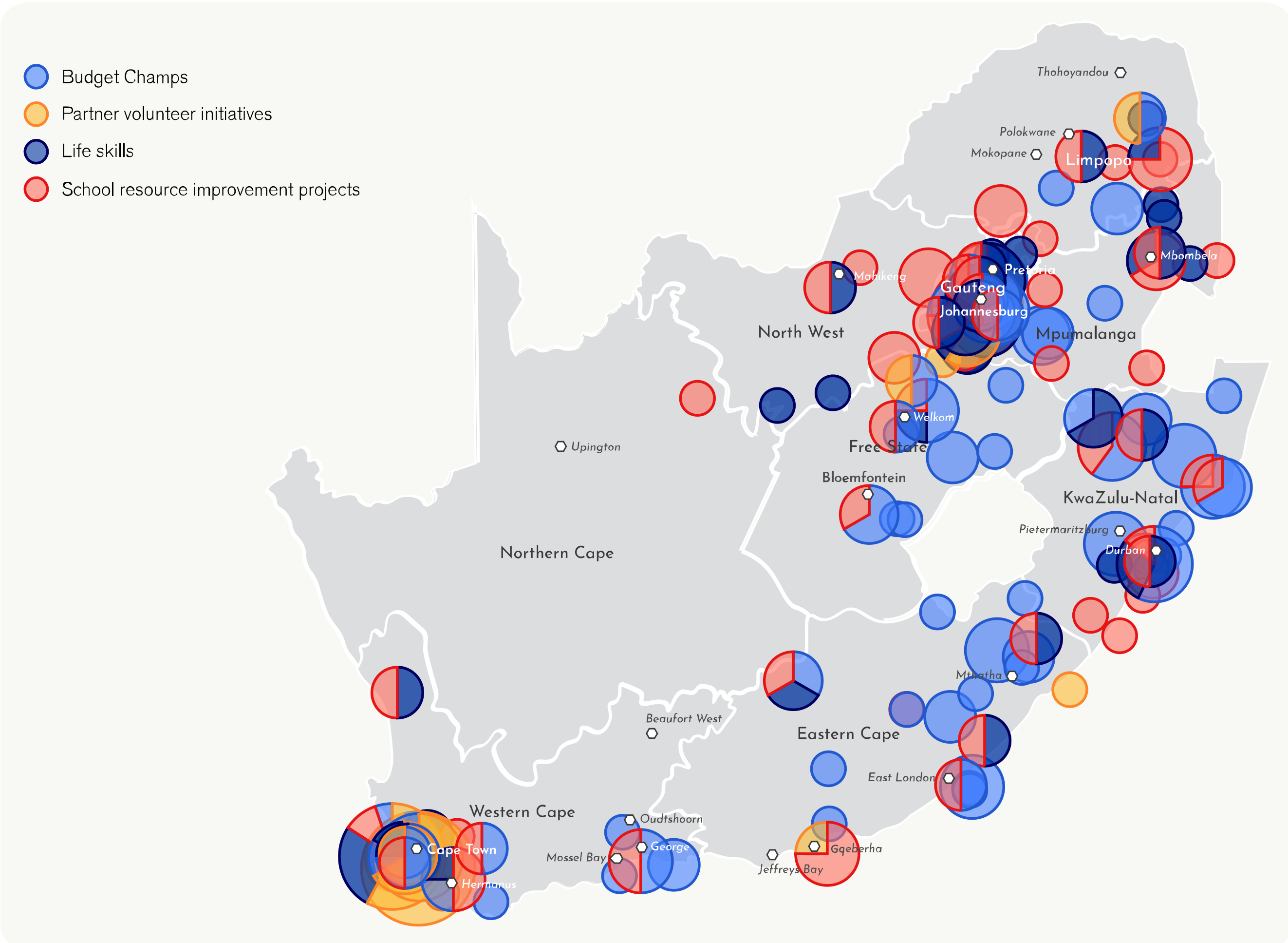
Employee community involvement is enabled through our employee volunteer programme, which grants each employee 3 volunteer leave days per year. In the past year, 4 110 Capitec employees participated in 345 volunteer initiatives. The equivalent cost to the company of volunteer leave submitted by employees was R3.5 million. Our cash investment in initiatives and projects through the employee volunteer programme amounted to R7.9 million.

The volunteer approach provides a range of engagement opportunities and allows us to reach communities across South Africa leveraging our extensive operations and branch network.

We offer several skills-based volunteering opportunities. These include the upskilling of branch managers to facilitate invaluable life skills sessions at public high schools benefitting grade 11 and 12 learners. We reached 12 995 learners at 62 schools through 444 branch managers and other volunteers in the first year of this initiative. The sessions focus on the development of growth mindsets, and branch managers, who often grew up in the same community, bring their personal stories of growth and overcoming obstacles. Lesson plans and facilitator guides were developed by Capitec's learning and development team, leveraging the MyNext magazine, which is an initiative by Ruda Landman and Study Trust in partnership with Van Schaik Publishers and sponsored by Capitec.

Capitec divisions engaged in a new initiative to collaborate with non-profit organisations to co-create projects aimed at contributing to their sustainability or enhancing their impact. Partnerships were established with 9 organisations, focusing on areas such as after-school care, youth development, education, special needs education and food security.

The following image shows the distribution of our volunteer activities across South Africa in the past financial year.



Capitec's branch network tapped into opportunities to improve resources at educational and care facilities. We completed 82 projects at ECD centres, schools, aftercare centres and children's homes in 9 provinces.

Leva Foundation

The Leva Foundation focuses on the development of 4 key pillars being education, skills, technology and sustainability to empower and prepare individuals for future employment. The foundation's Tangible project teaches children coding concepts through entertaining games. Their platform is designed to facilitate group problem-solving and promote digital competency. The project blends offline and online learning, and coding tokens enable learning in an unplugged environment.

Capitec volunteers in the technology, data and delivery teams joined forces with Tangible to facilitate Let's Play activities on Mandela Day at 16 schools in the Western Cape as part of a subsequent roll-out plan. The target audience is grade 9 learners, being an opportune audience, given the requirement to select subjects at the end of the school year for grade 10. Activities involved 34 volunteers at 3 locations on Mandela Day and 90 trained volunteers participated in the subsequent sessions at schools reaching 3 842 learners.

"This is a fantastic initiative! I've never seen the children so engaged and excited about learning. This demonstrates the importance of investing in future capabilities at the school level. Expanding these educational efforts will not only benefit our children but also strengthen the community. Thank you for your commitment to making a real difference!" – Teacher feedback.

Divisional project features

Heartlands Baby Sanctuary

Heartlands Baby Sanctuary, established in May 2015, provides a safe haven for orphaned and vulnerable children from birth to 6 years. Through their programmes, children are temporarily placed under care until they are reunited with their families, placed in foster care, or adopted.

Capitec's Insurance division collaborated with Heartlands to support an initiative designed to diversify the organisation's income streams. Our investment enabled the launch of the 'Seeds of Hope' organic food garden and hydroponic farm. 21 Capitec employees played an integral role in contributing towards the hydroponic facility and other care initiatives.

Volunteers were trained in farming activities and childcare and participated throughout the year in both these activities. The hydroponic farm has transformed Heartlands' sustainability model, ensuring continued care for vulnerable children.

Consumer financial education

Our financial education mission is to promote a culture of financial well-being for our employees, clients and communities. This mission drives us to create a widely used source of continuous learning and inspiration. We create learning experiences that are ongoing, multichannel and cover topics that are relevant, top of mind and that speak to the individual needs of consumers.

Name	What	Target audience	Reach
MoneyUp Chat	Fully automated chat-based financial education on WhatsApp. Engages users with bite-sized, conversational content. Users interact with a chatbot named Moola through a menu-driven interface	Consumers aged 18 to 35	• 543 193 total registered users (2024: 144 331) • 398 862 new users registered (2024: 115 341) • 1 423 183 micro-learning experiences completed (2024: 371 517) • 275 765 unique users completed 1 or more learning modules (2024: 97 148) • 5 average learning experiences per user (2024: 4)
MoneyUp Academy	Free online financial education learning platform offering interactive courses with personal financial information and strategies	Consumers aged 18 to 45	• 751 122 total registered users (2024: 585 051) • 166 071 new users registered (2024: 152 683) • 186 690 courses completed (2024: 89 945) • 73 040 unique users completed 1 or more courses (2024: 39 997)
Budget Champs 	Interactive card game to engage learners in schools within our communities. It teaches budgeting and saving concepts interactively to groups of up to 5 learners	Grade 7 school learners	• 280 schools (2024: 215) • 7 provinces (2024: 7) • 30 923 learners (2024: 24 184) • 1 000 Capitec volunteers (2024: 634)

MoneyUp Academy (previously Live Better Academy)

Our accessible and free online financial education platform offers courses that cover fundamental money concepts and topics in the categories of budgeting, saving, investing and debt. Users do not incur data costs on the platform.

We introduced an enhanced gamification experience featuring randomised, automated, instant rewards that incentivise users who achieve their weekly learning engagement targets. This contributed to a substantial increase in course completions and a second independent implementation evaluation of the Academy confirmed the effectiveness of the platform.

Participants highlighted how the courses opened their eyes to new financial strategies and provided them with the confidence to improve their financial health.

MoneyUp Chat on WhatsApp

Users complete micro-learning experiences, which take between 5 and 20 minutes each. An important feature of the solution is the ability to re-engage users through highly structured messages on WhatsApp, introducing new learning experiences or sharing topical money information.

The solution now presents 25 learning experiences, including 9 focused on money safety.

An independent evaluation to measure the effectiveness of the platform concluded that outcomes of the content were highly positive as individuals reported positive improvements in their financial attitude, confidence, knowledge and behaviours.

Self-reported feedback by participants includes behaviour shifts such as beginning to save and improving their credit score.

Budget Champs

The Budget Champs programme aligns with the grade 7 Economic and Management Sciences (EMS) curriculum. Teachers and learners received games and guides to continue learning in the classroom and at home.

Capitec volunteers and an implementation partner that employs job-seeking teaching assistants support learners as facilitators. Capitec employees receive comprehensive training to facilitate the lessons.

An independent evaluation of the programme's implementation effectiveness, concluded in August 2024, stated the programme effectively addresses the gap between financial inclusion and effective financial usage in South Africa, offering practical financial literacy in support of the EMS curriculum. Challenges relating to implementation were noted and several implementation recommendations have been implemented subsequent to the evaluation.

Fraud awareness and money safety

As part of a collective strategy to respond to the increasing attacks and sophistication of fraud *modus operandi*, we increased our fraud awareness and money safety message cadence to weekly Thursdays from August 2024. Delivery channels included 3 national African language radio stations, Ukhozi FM (Zulu), Umhlobo Wenene FM (Xhosa) and Lesedi FM (Sotho), reaching up to 15.2 million listeners per month, in-app messages to over 12 million active app clients each week and boosted social media posts with a monthly reach of 6.8 million consumers.

Our weekly education features on radio started during Money Smart Week South Africa in the last week of August 2024 and ran until the beginning of December. A new campaign commenced at the beginning of February 2025. We also added another series of Slam the Scam mini-challenges on MoneyUp Chat to engage clients and the public in fraud education through an interactive approach. More than 800 000 Slam the Scam challenges have been completed since the launch of MoneyUp Chat.

MoneyUp for communities

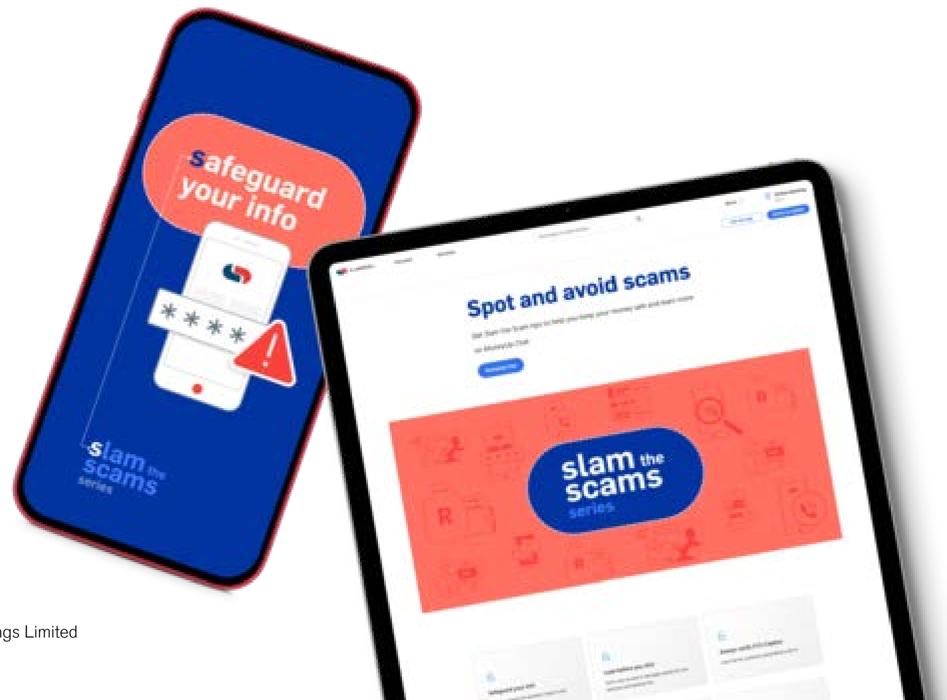
We developed 2 new resources for community-based financial wellness presentations. The new MoneyUp guides cover important themes and topics related to financial wellness and control. Relationship managers in our branch network have been trained through a train-the-trainer programme to conduct financial wellness workshop presentations. The new programme will be implemented on an iterative basis in the next financial year.

Other initiatives

GRAD, GRADnext and MyNext magazines

We continued our sponsorship of the printing and distribution of 128 000 copies of the GRAD magazine to 17 universities. The magazine targets first-generation, first-year students and contains articles to help them navigate their first year at university. The articles cover topics such as money management, time management, nutrition, study methods and goal setting. GRAD is an initiative by Ruda Landman and Study Trust in partnership with Van Schaik Publishers.

Additionally, we sponsored the printing and distribution of 75 000 copies of GRADnext, a spin-off from GRAD. This magazine targets graduates and career starters and contains topics that help them transition to the next phase of their life.



The latest magazine in the series is MyNext. Aimed at matriculants, it focuses on essential life skills including study methods, stress management and money management. We have piloted life skills presentations leveraging MyNext through trained branch managers in our branch network.

EMS video lessons

Thuma Mina Teaching, a non-profit company and public benefit organisation, exists to enrich teaching and learning through captivating video lessons and materials.

Following Capitec's sponsorship of the translation of the grade 7 to 9 EMS financial literacy, economics and entrepreneurship lessons into video lessons, we sponsored a pilot to train EMS teachers to utilise these resources. After a successful pilot in the Overberg, Eden and Central Karoo districts, Capitec will sponsor the training of EMS teachers in the remaining 6 Western Cape districts in the next financial year.

The video lessons are free to watch on YouTube. The EMS video lessons had 1.6 million total views and an average watch time of 3.5 minutes in the period from 1 January to 30 November 2024.

The Capitec Foundation

Established in 2014, the Capitec Foundation is affiliated with and funded by Capitec, but functions as an independent public benefit organisation.

Our purpose

The Capitec Foundation's purpose is to empower high school learners to access career opportunities, by improving the quality of pure mathematics education.

Key factors that enable sustainability

- **Holistic approach to learning:** A key advantage of our offering is the holistic solution we provide. By addressing the underlying barriers to learning, we help learners become stronger scholars and more capable in their academic pursuits
- **Efficient implementation system:** We have established a highly efficient implementation system across all schools, blending online and in-person delivery to seamlessly integrate technology. Technology is integrated into schools by installing fully equipped technology hubs. The technology hubs are fully renovated rooms which are converted into safe, clinical spaces for independent learning. Each technology hub can accommodate up to 60 learners and is fitted with high-speed Wi-Fi and devices like Chromebooks and headsets. In the 2025 financial year, the Capitec Foundation introduced a qualified mathematics teacher to every technology hub. Having a full-time foundation teacher in each technology hub elevated the programme's impact, making the Capitec Foundation a game-changer in public schools by offering both technological integration and continuous support, review and feedback
- **Aligned performance and incentive scheme:** The performance of each school is aligned with a robust incentive scheme that fosters engagement and collaboration across all stakeholders, driving performance improvements
- **Highly specialised mathematics team:** The Capitec Foundation boasts a highly specialised mathematics team with extensive experience in creating and executing large-scale community development projects focused on learning. Our in-house-developed programmes are based on evidence from research and our implementation experience, ensuring they meet the developmental needs of our stakeholders.

Navigating South Africa's mathematics education backlog

The Trends in International Mathematics and Science Study is a global assessment conducted every 4 years to measure students' knowledge in mathematics and science across various countries. In the 2023 study, which included 67 participating countries, South Africa once again ranked poorly. Grade 5 learners were placed last, while grade 9 learners ranked fifth from the bottom.

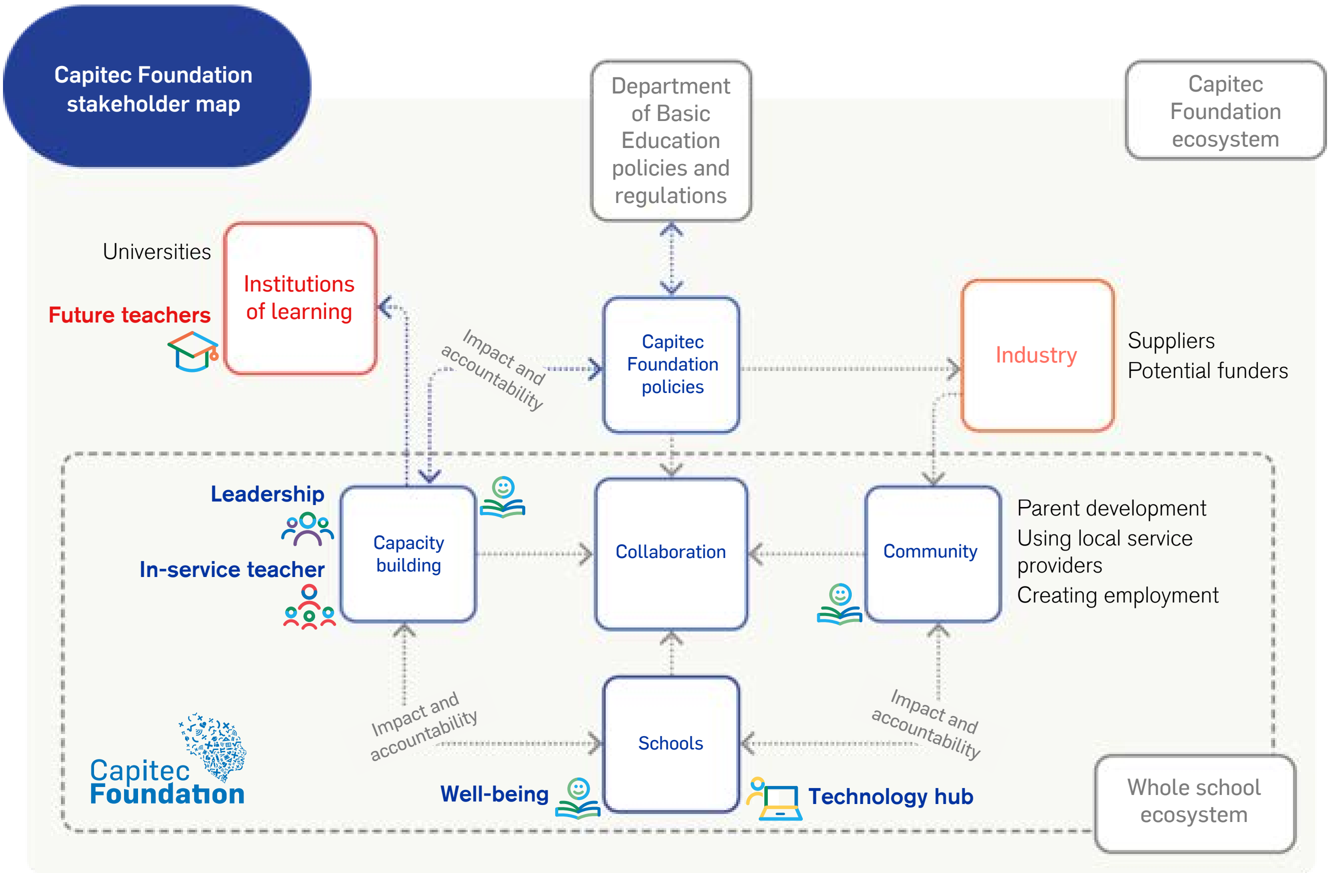
Understanding the intricacies of South Africa's education system is essential for addressing the distinctive hurdles within mathematics education. Proficiency in mathematics relies on mastering a sequence of fundamental skills that advance incrementally. However, South Africa's policy of promoting learners regardless of their competency has led to learning gaps and multigrade classrooms, contributing to very poor performance in mathematics. Teachers are required to follow grade-level teaching plans, regardless of students' competency levels. As a result, learners fall behind, as teachers lack the resources and time to address foundational gaps, causing the learning gaps to widen.

The Capitec Foundation implements a whole school approach to enhance the quality of mathematics education in South African schools.

A holistic intervention

The Capitec Foundation's whole school approach is a comprehensive multifaceted intervention aimed at improving mathematic results in South Africa. The Capitec Foundation operates in a viable system of moving parts. To successfully implement programmes at Capitec Foundation schools, the ecosystem the Capitec Foundation operates in is collaborative and supportive and aligned with education practice and policy.

The figure below indicates the larger education system and the whole school system implemented at Capitec Foundation schools.



The approach primarily aims to enhance mathematics education, while also supporting the development of teachers and leaders and addressing contextual challenges that may impact learning at partner schools. A whole school approach addresses holistic ecosystem development in schools and surrounding communities.

Delivering sustainable quality education

The table below shows how selected programmes support UN SDG 4: Quality Education.

Sub-goal	Programmes offered/interventions	Stakeholders
Target 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes **Target 4.4:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	• Hubs that prioritise the integration of technology. Learners can equip themselves with the skills necessary to navigate the Fourth Industrial Revolution by accessing and engaging in our hubs. Simultaneously, teachers can upskill themselves in this area during hub engagement, impacting more learners	• Learners • In-service teachers
Target 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous people and children in vulnerable situations	• Strategic partnerships with schools in historically marginalised communities aiming to empower those in need	• Learners • Schools • Communities
Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy	• Closing far-reaching learning gaps helping learners achieve basic numeracy skills in preparation for more advanced mathematical skills • Saturday tutorials in the Future Teachers programme offer sessions dedicated to closing learning gaps to grade 9 learners	• Learners
Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development	• The Capitec Foundation prioritises well-being to enhance teaching and learning, with programmes that engage all stakeholders across the entire school ecosystem. These initiatives foster a culture of positive thinking, growth mindset, collaboration and mutual respect	• Leadership • In-service teachers • Pre-service teachers • Learners

Sub-goal	Programmes offered/interventions	Stakeholders
Target 4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all	• Technology hubs at partner schools, equipping them with Wi-Fi and devices to enable access to online learning platforms • The Capitec Foundation sponsors stakeholders who have direct contact with learners to attend a Peace Discipline course. This course equips parents, teachers and caregivers with non-violent discipline techniques, further promoting safe and inclusive educational environments	• In-service teachers • Pre-service teachers • Learners • Life coaches • Mentors
Target 4.c: By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states	• Investment in the development of pre-service teachers by offering practical teaching experience and mentorship from seasoned teachers in our Future Teachers programme • The Capitec Foundation upskills teachers in partner schools by training them to effectively integrate technology into their teaching. This includes using digital tools and online platforms to enhance student engagement and learning outcomes, ensuring teachers are equipped to create dynamic, technology-driven learning experiences. In-service teachers are sponsored to attend the WITS Transition Mathematics course to effect quality mathematics teaching • Teacher Appreciation Day to recognise and celebrate the dedication of teachers. By acknowledging their efforts, the Capitec Foundation helps improve teacher morale and motivation, which contributes to better teacher retention, professional growth and overall quality of education	• In-service teachers • Pre-service teachers

The Capitec Foundation's unique implementation of learning through information and communication technology (ICT) at schools

Over the past 2 years, the Capitec Foundation has developed a highly efficient implementation model to drive learner transformation in mathematics across 3 provinces and 25 schools. This model integrates ICT into mathematics teaching and learning to enhance student outcomes.

Key deliverables that drive integration at schools:

- **Dedicated hub facilitator**: A hub facilitator is stationed at each school to oversee and integrate all Capitec Foundation activities throughout the year
- **Teacher upskilling:** Providing training to teachers on using digital platforms and leveraging their benefits in the classroom
- **Learner motivation:** Encouraging learners to meet prescribed online targets through incentive schemes, while emphasising the importance of mathematics for achieving career goals
- **Collaboration with education authorities:** Working closely with the Department of Basic Education and school leadership to ensure alignment and support
- **School staff appreciation:** Recognising and motivating school staff to support the successful implementation of whole school programmes.

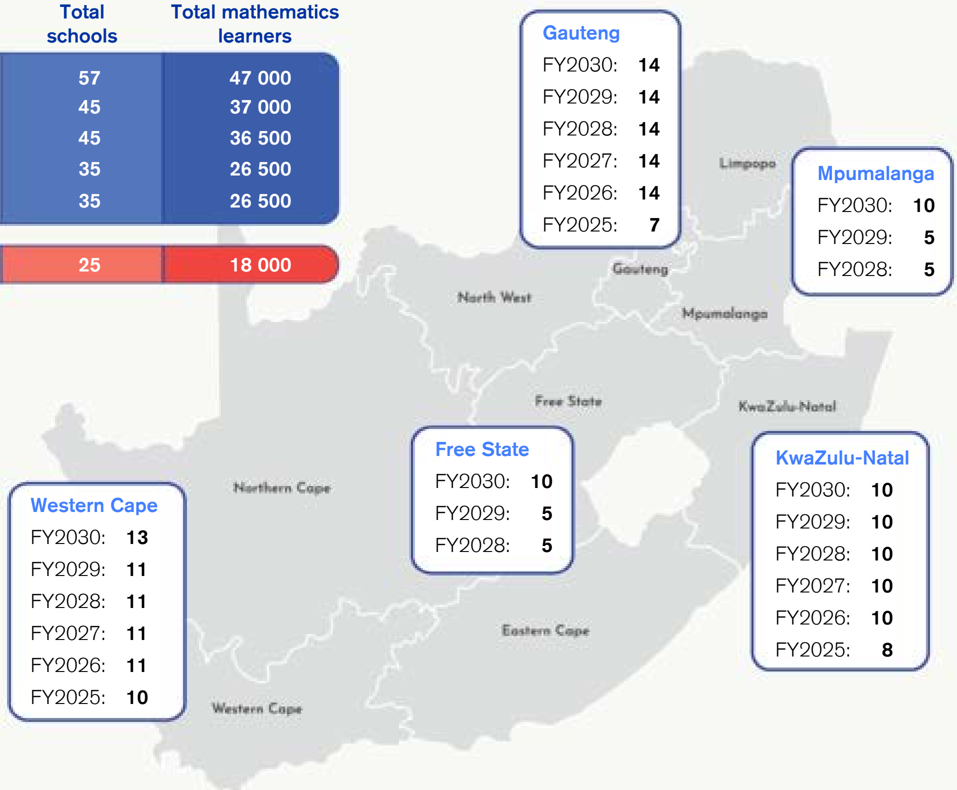
Our impact in the 2024 academic year

In the 2025 financial year, the Capitec Foundation invested R46.5 million in mathematics education in South Africa.

Current and future footprint

In the 2025 financial year, the Capitec Foundation laid the groundwork to expand from 25 to 35 schools. The map below illustrates the footprint of our future growth plans.

	Total schools	Total mathematics learners
FY2030	57	47 000
FY2029	45	37 000
FY2028	45	36 500
FY2027	35	26 500
FY2026	35	26 500
FY2025	25	18 000



Whole school programme focus

Learning spaces	Number of programmes 2025	Target 2025	Impact 2025
Leadership development	1	• 54 principals • 66 senior management team members	• 162 000 school community members
In-service teacher professional development	4	• 1 000 teachers	• 350 000 learners
Learner development (blended learning and face-to-face)	3	• 19 779 learners	• 19 779 learners
Pre-service teacher development[(1)]	5	• 54 pre-service teachers	• 530 learners
Community (only tutorial schools)	1	• 530 parents	• 530 learners
Well-being	5	• 1 000 teachers • 19 779 learners • Whole school community	• 29 779 stakeholders
Total	**19**		

[(1)] *Free tuition worth R12 million (3 240 hours of tuition at R500 per hour to 530 learners).*

Technology hub investment in schools

- More than 18 000 learners attending technology hubs
- 940 Chromebooks at 25 schools
- 24 hub facilitators
- 6 hours of technology hub per day (07:00 – 16:00)
- 1 128 000 hours on hub activities per school
- 28 200 000 hours on hub activities at 25 schools.

Impact on student performance

Baseline and endline

%	Baseline	Endline	Increase
Grade 8	40	48	8
Grade 9	43	51	8

Pass rate and performance[1]

% of learners in level 3 – 7 (40% – 100%).

%	Term 1	Term 4	Increase
Grade 8	33	49	16
Grade 9	38	49	11

[1] *Pass mark: 40%.*

Transformation of the financial sector in South Africa

Transformation is a critical driver of economic growth. To this end, we adhere to the transformation requirements and targets as set out in the amended Financial Sector Code, which actively promote a transformed and globally competitive financial sector. This contributes to the establishment of an equitable society by providing accessible financial services to black people and by directing investments into targeted sectors of the economy.

Our most recent verification completed confirmed the bank's B-BBEE status as a Level 1 contributor.

Embedding diversity and inclusion

We continue to make progress with our diversity and inclusion initiatives and have facilitated inclusive leadership workshops with management.

Socio-economic development

We invested R131.2 million towards socio-economic development (CSI) and consumer financial education combined.

Empowerment financing

We fulfil our empowerment financing objectives by providing funding for affordable housing and black small and medium enterprises, consistently outperforming the sectoral allocated target.

Enterprise and supplier development

We invested in excess of R329.5 million in enterprise and supplier development through Imvelo Ventures, our joint venture with Empowerment Capital.

Access to financial services

We provide access to affordable financial products and services that are easily accessible through our branch network, call centre and digital channels. Through these channels, previously disadvantaged areas continue to be the beneficiaries of our efforts to make financial services accessible to all racial groups, people living with disabilities and to areas of low-income households. We continue to see an increase in clients using remote banking services.

Summary of Capitec Bank's B-BBEE scorecard

Element	Financial year 2024[1]
Equity ownership	23.69
Management control	10.30
Skills development	15.15
Procurement enterprise and supplier development	27.17
Socio-economic development and consumer education	5.45
Empowerment financing	15.00
Access to financial services	11.62
Total points	108.38

[1] *The 2024 figures were updated with the final scorecard figures.*

The B-BBEE scores for the 2025 financial year are currently in the process of the verification.

Social, ethics and sustainability committee report

The SESCO monitors the group's activities in relation to:

- social and economic development
- corporate citizenship
- the environment, health and safety
- consumer relations and consumer protection regulation
- labour and employment relations
- sustainability practices
- ethics.

The committee functions within the scope of an annually reviewed board-approved charter and meets 3 times a year. A record of meeting attendance can be found on **page 75**.

The members of the SESCO are:

- Cora Fernandez (independent non-executive director and the chairman)
- Nadya Bhettay (independent non-executive director)
- Stan du Plessis (independent non-executive director)
- Ismail Moola (executive: risk management).

Read more about the committee members' qualifications and experience in their profiles on **pages 80** to **84**.

The following individuals attend the SESCO meetings as standing invitees:

- Executive: human resources
- Head of operational risk
- Group company secretary
- Head of CSI
- Executive: insurance
- Heads of compliance (Capitec Bank and Capitec Life).

The chairman may invite such executives and senior managers as appropriate to attend and be heard at meetings of the committee.

Key focus areas

Social and economic development	Human rights – Refer to the human rights policy statement at **www.capitecbank.co.za/esg/social/** Zero tolerance for fraud and corruption – refer to the risk management report at **www.capitecbank.co.za/investor-relations/** Employment equity – from **pages 43** to **50** B-BBEE – **page 66**
Corporate citizenship	Social responsibility – from **pages 55** to **66** Our business model – from **page 28** Ethics - Refer to the ethics policy statement at **www.capitecbank.co.za/esg/governance/**
The environment, health and safety	**Pages 52** and **53** Refer to the sustainability report which will be available by the end June 2025 at **www.capitecbank.co.za/esg/**
Consumer relations and commitment to consumer protection laws	Refer to the detailed risk management report at **www.capitecbank.co.za/investor-relations/** The committee is satisfied that appropriate systems and internal controls are in place to facilitate compliance with relevant legislation and prevailing codes of best practice.
Labour and employment	**Pages 42** to **50**

Planned areas of focus for the 2026 financial year

- Mature the sustainability risk management framework
- Expand and refine sustainability reporting requirements
- Monitor and mature market conduct outcomes
- Assess and monitor the social impact of Capitec.

Report

Based on the reports submitted to the committee and discussions with management, the committee is of the view that appropriate policies, systems and internal controls are in place to promote ethical conduct, good corporate citizenship, environmental consciousness, fair labour practices and sound consumer relations.

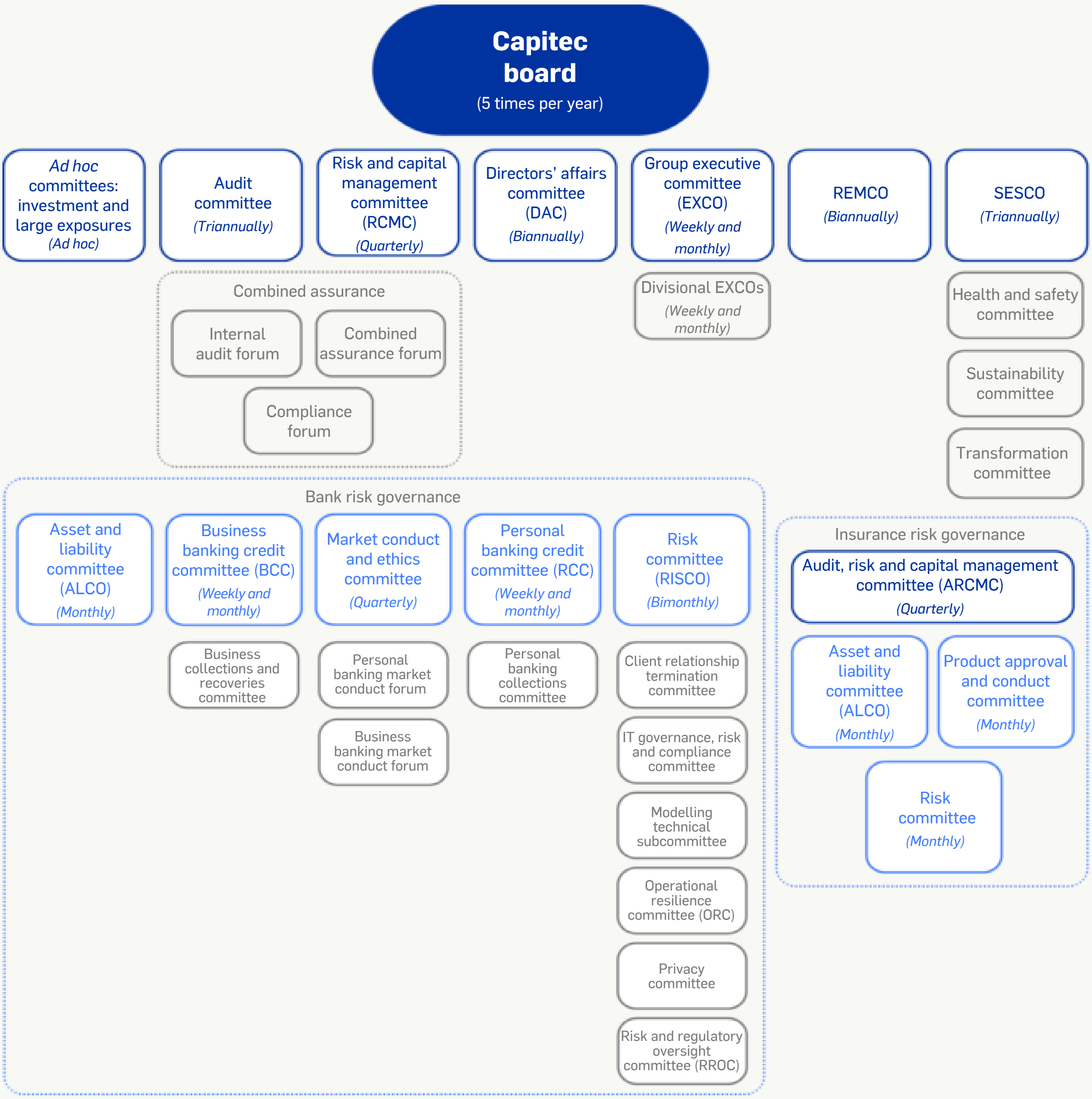
The committee is of the opinion that the group complies, in all material respects, with legislation and regulations relevant to the committee's mandate. The committee is satisfied that it has fulfilled its responsibilities in accordance with its charter for the year and confirms that there were no instances of material non-compliance to disclose.

Cora Fernandez
Chairman of the SESCO

22 April 2025

Corporate governance

Our board provides oversight of the fulfilment of the company's purpose and strategic direction, and the implementation of the approved strategy. A high standard of governance, ethics and integrity is entrenched in our business practices and our dealings with stakeholders.



The directors of Capitec confirm that Capitec has complied with its memorandum of incorporation and the Companies Act.

We applied the King IV™ principles, explained our arrangements on our website and have made the related disclosures in this report. The online register at **www.capitecbank.co.za/investor-relations/** contains a summary and references.

Our risk management approach and arrangements are set out in the risk management report from **page 85** of this report and also in our detailed risk management report available at **www.capitecbank.co.za/investor-relations/**.

Maintaining an ethical culture

We do business responsibly and ethically and treat our clients fairly. Ethical banking involves being conscious of how our banking practices affect society and the environment.

Our working environment demands high ethical standards and our rules apply equally to all, regardless of position. Ethical practices pervade our business dealings and our interactions with stakeholders. Our leadership team is committed to the continuous enhancement and maintenance of an ethical culture.

Our ethics management framework, supported by a range of policies including our ethics statement, anti-bribery and corruption, whistle-blowing, conflicts of interest and gifts and invitations policies and code of conduct, that guide employees on ethical conduct, sets ethical standards to promote consistency in behaviour across all levels of the organisation. These policies are available from the company's ethics hub to which all employees have access.

Employees are encouraged to live the Capitec CEO behaviours: to put the client first, act with energy and take ownership. Ethical conduct is driven by behaviour and manifests in our individual and collective actions and decisions. This is done by challenging upwards and downwards to ensure robust decision-making and by reporting suspicious behaviour to management. Employees can also use Tip-offs Anonymous – the contact details are on the company's intranet.

The SESCO monitors compliance with ethical practices and the implementation of the ethics and anti-bribery and corruption programmes. No material ethical and no bribery and corruption breaches were reported this year.
The committee's report can be found from **page 67**.

Measuring good performance

The Capitec CEO behaviours create ownership and these are used as a measurement of performance.

Management identifies issues on a timely basis at twice-weekly group EXCO meetings and acts accordingly. Our board approves the business plan for each year and tracks performance against key indicators at each board meeting.

Our performance track record supports this; we have been creating value for our stakeholders since Capitec was established in 2001.

Read more about our stakeholders and the value we create on **pages 30** to **32**.

Ensuring effective control

Good governance practice and management requirements direct us to implement control measures and report accordingly. The board is ultimately responsible for effective control through its committee structure and approved policies, supported by the management operating system (MOS) and the collaborative risk, compliance and internal audit functions.

Our MOS offers an integrated review system to manage objectives, business plans, budgets and risk. The MOS measures operational and resource efficiency at all levels of the business. This supports effective decision-making based on accurate and realtime data.

Our ability to identify the correct data through the implementation of risk data aggregation and risk reporting, and report accordingly to the respective board committees, provides the board with the comfort that they have oversight of data that they can trust.

Maintaining legitimacy

To strengthen our drive to improve people's lives and make banking better, we foster strong relationships with all stakeholders through pre-arranged meetings. We interact with regulators to find industry solutions and meet with investors to help them understand our financial performance, our remuneration policy as well as our sustainability performance. The annual general meeting (AGM) is held in hybrid form and shareholders can attend the meeting in person or virtually. Voting on resolutions is conducted electronically and the results of shareholders' meetings are published on the Stock Exchange News Service (SENS).

Capitec strives to lay the foundation for everything that it builds based on integrity (trusted to do the right thing), capability (trusted to do things right), consistency (trusted to do the right thing over time) and compassion (trusted to do the right thing because we care).

The DAC is tasked with monitoring corporate governance. The key focus for the past financial year was performance of the executive directors, executive succession planning, board continuity and succession, including further improvement in diversity, board effectiveness and ongoing refinement of the group corporate governance framework and processes. The DAC has confirmed it is satisfied that the governance structure continues to support adequate and effective processes that are consistent with the nature, complexity and risk inherent in Capitec's business. There were no material breaches during the year.

Responsibility for overall stakeholder engagement resides with the group EXCO which relies on different functions to engage with specific stakeholders. Our stakeholder group remains constant, and the topics of engagement in any year is aligned with our operating environment and client offering.

Tax policy

We are fully committed to complying with South African tax laws and regulations. The CFO, an executive director, is accountable for tax accuracy, completeness and transparency. Our tax policy is based on:

- being a responsible corporate citizen by complying with tax legislation, and acting with integrity when engaging with tax authorities
- being transparent about taxes paid
- not transferring value created to low-tax jurisdictions or secrecy jurisdictions for tax avoidance, or using tax structures without commercial substance
- undertaking transfer pricing where applicable, using the arm's-length principle
- managing tax risks within risk appetite and in the context of our enterprise risk management framework
- ensuring the integrity of all reported tax data.

Our board

The board of directors is ultimately responsible for the group in its entirety. It instructs and oversees a management and control structure that directs and executes all functions within the group.

Our directors have a fiduciary duty to act with care and skill, and to exercise their powers and perform their functions as directors in the best interests of the company.

Each director has declared that they undertake to:

- act in good faith towards the company
- avoid conflict between their personal interests and the interests of the company
- in the case of the bank, to place the interest of Capitec Bank and its depositors above all other interests.

Directors are required to disclose matters that may potentially result in a conflict of interest. A comprehensive declaration of interest is circulated for sign-off by each director at all board meetings. No director may offer a service, product or cooperation agreement to the group on behalf of any organisation outside the group in which they have a direct or indirect interest at a meeting of the board or its committees. Such service, product or agreement may be offered to the management of the company, by the management of the related organisation. If a decision to acquire the service or product or conclude the agreement is ultimately referred to the board, interested directors are required to recuse themselves.

The fitness and propriety of directors is reviewed annually through a process of formal background screening and declarations by directors in this regard.

Directors, the group EXCO and all employees with access to key management reports have to obtain clearance to trade in Capitec shares. The chairman of the board, the CEO, CFO and the group company secretary are mandated to authorise clearance to deal in Capitec shares.

No trading is allowed during closed periods or when information exists that may affect the share price that has not been disclosed to the public. Director trading as well as trading by the group company secretary and prescribed officers of Capitec and any of their associates is published on SENS in accordance with regulatory requirements.

Our board takes responsibility as the governing body of Capitec and is satisfied that it fulfilled its responsibilities in accordance with its charter, King IV™, the JSE Listings Requirements, the Companies Act and applicable statutory and regulatory requirements for the financial year.

How the board functions

Through appropriate corporate governance, an acceptable risk profile is established within which efficiency and profitability can be maximised.

The board remains ultimately responsible for ensuring that its approved strategy is implemented and that the group's purpose is fulfilled. The board also accepts its responsibility to ensure that risks are adequately identified, measured, managed and monitored and that good governance is maintained. The board discharges its duty through policies and frameworks supported by 8 board committees.

Comprehensive management reports are distributed to the board for each meeting and relevant reports are distributed to the committees to facilitate in-depth perspectives. These reports include industry matters and external factors that may affect us. The annual board conference addresses pertinent matters and future strategy.

The group EXCO, together with a number of subcommittees, manages the business through a system of internal controls that function throughout the group. This promotes the awareness of risk and good governance in every area of the business and instils a culture of ethical behaviour and compliance.

Our board-approved delegation of authority framework consists of charters and policies. Detailed roles and responsibilities, as well as authority limits, have been assigned to individuals and committees. The board has confirmed, based on the recommendation of its subcommittees and reports provided by management, the internal and external auditors and policies and procedures implemented at Capitec, that it is satisfied that internal controls are appropriate and that the duties of employees are sufficiently segregated to support the strength of internal controls. High ethical standards are entrenched with a top-down approach, ensuring that business practices are conducted in a manner that is above reproach.
The board is satisfied that it has fulfilled its responsibilities in accordance with its charter.

Board composition and diversity

We follow a 1-tier system and our board consists of independent non-executive, non-executive and executive directors.

We support the principle of diversity to enhance the board's perspective. The composition of the board is reviewed continuously by the DAC to facilitate an appropriately diverse and effective board, including a relevant range of expertise, experience, industry knowledge, age, gender, race and cultural background. The target for independence on the board is at least 50% of the board. The majority of the board comprises independent non-executive directors (55%). An independent majority enhances independent and objective decision-making, facilitates enhanced accountability and broadens the insight of the board. It minimises the potential for conflict of interest to arise and ensures that the best interests of the company and thus stakeholders are considered. The DAC sets the following targets for gender and race diversity in accordance with the board policy on the promotion of broader diversity. The enhancement of broader diversity at board level will continue.

%	Actual 2025[1]	Actual 2024	Target 2025
Race diversity	**36**	33	40
Gender diversity	**36**	33	35

[1] *This was determined based on the board of directors as at 28 February 2025.*

Our board is comfortable that the collective expertise and diversity in culture and experience of the board are appropriate to oversee the implementation of the approved strategy and to facilitate long-term value for stakeholders.

Directors are appointed according to a policy that prescribes a transparent process. The DAC, under leadership of the chairman of the board, presides over board appointments. When specific skills are required, candidates are identified and must pass fit and proper assessments. If the PA does not object, the appointment is then recommended to the full board for approval. In terms of the approved current board appointment policy, the candidate must have appropriate time available to prepare for meetings. If the individual is in full-time employment, then he/she may sit on a maximum of 2 listed company boards, in addition to Capitec's, on condition that he/she will be able to spend the required time to prepare for Capitec board meetings. Shareholders have the opportunity at the AGM, following the appointment of a new director, to endorse or veto the appointment. The board appointment policy is available on the company's website at **www.capitecbank.co.za/esg/governance/.**

Newly appointed board members are formally inducted through a programme comprising reading, discussions with the various divisional heads and exposure to bank operations, such as visits to call centres and branches. Additional training is presented to directors in-house on an *ad hoc* but ongoing basis. Training covers topics associated with risk and AML and in the past financial year, the risk topics focused on technology, specifically cybersecurity and payment systems. In addition, management delivers presentations at board meetings, aimed at enhancing directors' insights into strategic developments at the bank, and legislation and regulations that affect the group. In the past year, presentations were arranged to broaden the board's insight into the extensive developments in fraud prevention, marketing strategy and technology-related matters.

The board is satisfied that its composition reflects an appropriate mix of independence, knowledge, skills, experience, diversity and culture, and that the board and its respective committees function effectively.

The board nevertheless continuously reflects on its composition to ensure it has the required qualities to facilitate appropriate supervision.

Read more about the diversity in skills and experience of our board members in the profiles from **page 80**.

Board performance and independence evaluations

The effectiveness of the board is managed throughout the year and any areas of concern are addressed as they arise. The board and its various committees are assessed annually in accordance with a formal board evaluation policy. Individual director performance is evaluated by the chairman of the board on an ongoing basis throughout the year to ensure that requisite action is taken timeously when necessary.

Board performance is assessed by an independent external party every second year. In the past year, the board conducted an internal self-evaluation by completing a questionnaire. The chairman's performance was evaluated by the lead independent director and the chairman of the board had one-on-one discussions with each director. The results of the board evaluation confirmed that the board and its committees are competent and effective. The board is satisfied that its composition is appropriate and that it and its committees function well. The board culture is appropriate and the board fulfils its role and responsibilities. The structure, proceedings of and debate at the meetings facilitate effectiveness. The tone at top executive management level is appropriate and aligned with the board's expectations. There is a healthy and transparent relationship between the board and the CEO with a formal delegation framework that effectively separates duties and responsibilities.

The evaluation confirmed that the chairman of the board fulfils her role as chairman of the board appropriately and that her leadership of the board is valued.

The board is satisfied that the annual performance assessment contributes to continuous improvement of the board's performance and effectiveness.

The independence of non-executive directors and factors that may impair their independence are evaluated annually against a list of specified characteristics defining independence. The board is satisfied that the independence of Santie Botha, Nadya Bhettay, Stan du Plessis, Cora Fernandez, Naidene Ford-Hoon and Vusi Mahlangu is unfettered and there is no relationship, association or interest that affects their independence or that may unduly influence or cause bias in their decision-making.

The average tenure of the independent non-executive directors is 3.9 years, and for the non-executive directors it is 22 years.

No director is appointed for life and at every AGM, at least a third of the independent and non-executive directors of the board retire by rotation, but they are eligible for re-election taking into account past performance and contribution. Each director appointment or reappointment is conducted by a separate vote.

The retirement age for non-executive directors is 70 years, subject to the discretion of the DAC, based on the continued contribution of such directors. The DAC accordingly considered the contributions of Michiel le Roux and Chris Otto and being satisfied with same, resolved that they should remain on the board.

Capitec's criteria for independence of non-executive directors are aligned with King IV™ and the narrower criteria as set out in Directive 4 published by the PA in 2018. A non-executive director will not be considered independent under the following circumstances:

- A direct or indirect shareholding in excess of 5% in Capitec or an executive officer of such a shareholder
- A principal of a material professional advisor or a material consultant to Capitec or Capitec Bank within the past 3 years
- A significant or ongoing professional advisor to, or an internal auditor of the company within the past 3 years
- A significant provider of equity or other sources of capital, or a material provider of funding to a company in the group
- Remuneration, other than standard directors' fees, linked to, or contingent on the performance of the company, such as a share-based incentive scheme
- A member of the immediate family of an individual who falls within any of the aforementioned categories of persons
- An executive director, the CEO or an executive officer of the company at any time during the preceding 3 years
- Service as an independent non-executive director of the company for a period more than 9 years
- Having been the designated external auditor, or a key member of the audit team, directly or indirectly responsible for performing the statutory audit for the company at any time during the preceding 3 financial years.

When considering the independence of a director, the board considers whether there is an interest, association or relationship which is likely, when judged from the perspective of a reasonable and informed third party, to influence unduly or cause bias in decision-making in the best interests of the company.

The chairman

We have an independent non-executive chairman and a lead independent director. The lead independent director's role is determined by the board charter. According to the charter, the lead independent director, among others, will provide leadership in situations where the chairman may be deemed to have conflicting interests and he leads the performance appraisal of the chairman when the evaluation is conducted internally. A board-approved policy specifies how we ensure a balance of power and authority at board level. No one individual has unfettered decision-making powers. Each director has 1 vote and a majority of votes must be cast in favour of a resolution to approve same. The chairman may not cast a deciding vote in addition to any deliberative vote.

The chief executive officer

Our CEO is appointed by the board. He is responsible for leading the group EXCO in formulating and developing the group objectives and implementing the strategies approved by the board. The roles and duties of the chairman and the CEO are separated.

The CEO chairs the group EXCO, thereby leading the implementation and execution of approved strategy, policy and operational planning. The CEO is accountable and reports to the board on the progress made on the approved business plan at every board meeting.

The REMCO formally evaluates the performance of the CEO against agreed performance measures and targets at least annually and reports on the outcome of the performance assessment to the DAC. The DAC oversees the succession planning for the CEO.

The group company secretary

Yolande Mouton is the group company secretary. The group company secretary acts as a conduit between the board and the organisation and is responsible for board administration, liaising with the Companies and Intellectual Property Commission, the JSE and providing corporate governance advisory services to the board.

Board members have access to legal and other independent professional expertise when required. This is at the cost of the group through the group company secretary. The DAC has expressed its satisfaction with this arrangement.

The DAC reviewed the qualifications, experience and competence of the group company secretary through discussion and assessment and noted that she had performed all formalities and substantive duties timeously and in an appropriate manner. The committee confirmed its satisfaction in all instances.

The group company secretary is not a director of any company in the group and has, to date, maintained a professional relationship with board members. She has given direction on good governance as and when required. The committee is satisfied that she maintains an arm's-length relationship with the board.

Board committees

Apart from the DAC, which is required in terms of the Banks Act, Act 94 of 1990 (Banks Act) to comprise only non-executive directors, the composition of all committees is reviewed annually by the DAC and approved by the board.

All committees comprise at least 3 members, are chaired by independent non-executive directors and include a minimum of 2 independent non-executive directors so as to enable the appointment of a lead independent director under circumstances where the chairman of a committee becomes conflicted on a specific matter or non-independent for a period of time. All board members are welcome to attend committee meetings, although they do not have voting rights in committees of which they are not members.

Attendance of board and committee meetings

The board meets 5 times a year. The average attendance of board meetings for the year was 98% (against a target of 100%). *Ad hoc* meetings may be held during the year as required. A quorum comprises a majority of directors of which at least 50% must be non-executive.

The board is satisfied with the level of attendance of meetings, which enabled it to fulfil its responsibilities in accordance with its charter.

	Board	Audit committee	DAC	RCMC	REMCO	SESCO	*Ad hoc* investment committee
Number of meetings	**5**	**3**	**2**	**6**	**2**	**3**	**1**
NF Bhettay[2]	5	3	2	2		3	1
SL Botha	5	3[1]	2	6[1]	2	3[1]	1
SA du Plessis	5	3	2	6		3	
CH Fernandez	5	3	2			3	1
N Ford-Hoon	5	3	2	6			
GM Fourie	5	3[1]		6[1]	2[1]		1
GR Hardy	5	3[1]		6			1
MSdP le Roux	4	2[1]	2		2[1]		1
V Mahlangu	5	3[1]	2	6	2		1
PJ Mouton	5	3[1]	2	6	2		—
CA Otto	5	3[1]	2	6	2[1]		1
JP Verster[3]	1	1		2			

[1] *Attendance by invitation.*
[2] *Ms NF Bhettay was appointed as a member of the RCMC on 30 September 2024.*
[3] *Mr JP Verster retired from the board on 31 May 2024.*

Group executive committee

Composition

As per **pages 82** to **84** and the 2 annually elected development members.

Quorum
At least 3 of the following:
CEO, CFO, executive: risk management, executive: Personal banking and executive: Business banking (quorum members) or replacement members as appointed by the group EXCO, subject to at least 2 being quorum members.

Purpose

- Conducts operational decision-making
- Implements board-approved strategic decisions
- Conducts ongoing approvals of an administrative nature

Meeting frequency
Meets twice a week with an extended monthly meeting.

2025/2026 focus areas

- Be the most trusted financial services provider in South Africa
- Superior service experience through the Capitec ecosystem
- Enhanced value beyond banking
- Elevate the Live Better experience
- Be better for our people

Audit committee

Composition	Purpose	2025/2026 focus areas
Independent non-executive directors • N Ford-Hoon *(chairman)* • NF Bhettay • SA du Plessis • CH Fernandez **Management attendees** • GR Hardy • GM Fourie • I Moola • J de Beer (acting head: compliance) (from 5 June 2024) • D Flannery (head: internal audit) **By invitation** • All directors • External auditors **Quorum** At least 50%, but not fewer than 2 members.	• Considers the combined assurance arrangements with a focus on internal audit, compliance and external audit • Evaluates the adequacy and efficiency of the internal control systems and accounting practices, information systems and auditing processes applied within the group companies in the day-to-day management of the business • Evaluates the going concern status of the group • Considers the continuous independence of the external auditors • Considers the integrity of the financial statements and the sustainability matters forming part of the integrated annual report • Considers reports dealing with the requisite disclosures in the financial statements • Reviews the financial statements for correctness and recommends these to the board for approval • Considers the CEO's and CFO's responsibility statement	• Continuous monitoring of the Sanlam recapture transaction • Monitor the take-on of the administration of the funeral insurance business • Regular engagement with all assurance functions to maintain comfort regarding appropriate financial controls across the group The audit committee is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2025 financial year.

Refer to the audit committee's report for the year from **page 126**.

Directors' affairs committee

Composition	Purpose	2025/2026 focus areas
• SL Botha *(chairman)* • All non-executive and independent non-executive directors **Quorum** At least 50%.	• Monitors the effectiveness of corporate governance • Deals with matters relating to the nomination of new directors according to a board-approved policy • Evaluates the performance of the board and its committees	• Executive succession planning • Performance of the executive directors • Board continuity, including further improvement in diversity • Board effectiveness • Ongoing refinement of the Capitec group's corporate governance framework and processes given the increasing complexity of the group's business The DAC is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2025 financial year.

Human resources and remuneration committee

Composition	Purpose	2025/2026 focus areas
Independent non-executive directors • V Mahlangu *(chairman)* • SL Botha **Non-executive director** • PJ Mouton **Management attendees** • GM Fourie • R Butler **By invitation** • MSdP le Roux • CA Otto **Quorum** At least 50%, but not fewer than 2 members.	• Ensures that remuneration policies and practices are established in accordance with the provisions of the Banks Act, Insurance Act, Act 18 of 2017 and regulations • Ensures that practices are observed to attract and retain individuals to create sustainable value for all stakeholders	Refer to the remuneration report from **page 94** for the focus areas. The REMCO is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2025 financial year.

Refer to the remuneration report from **page 94** for more information on the REMCO's activities.

Risk and capital management committee

Composition	Purpose	2025/2026 focus areas
Independent non-executive directors • SA du Plessis *(chairman)* • N Ford-Hoon • V Mahlangu • N Bhettay (from 30 September 2024) **Non-executive directors** • PJ Mouton • CA Otto **Executive director** • GR Hardy **Management attendees** • M Boshoff (insurance) • D Flannery • GM Fourie • I Moola • J de Beer **Quorum** At least 50%, but not fewer than 2 members.	• Assists the board in evaluating the adequacy and efficiency of risk and capital management • Monitors risk management systems and processes as well as key risks	• Credit risk • IT risk (including system stability and resilience) • Financial crime risk • Capital and liquidity management (including the impact of the Financial Sector Laws Amendment Act, Act 23 of 2021 and the introduction of financial loss-absorbing capacity • Regulatory and compliance risk • Climate risk • Capitec Life and insurance: impact on the group risk profile and capital position • Market risk, including forex risk The RCMC is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2025 financial year.

Refer to the risk management report from **page 85** as well as the detailed risk management report available at **www.capitecbank.co.za/financial-results/2025/** for more information on Capitec's risk management.

Social, ethics and sustainability committee

Composition	Purpose	2025/2026 focus areas
Independent non-executive directors • CH Fernandez *(chairman)* • NF Bhettay • SA du Plessis **Management member** • I Moola **Management attendees** • KE Barker • R Butler • J Rossouw (CSI and financial education) • L Moodley (Capitec Foundation) • YM Mouton • J de Beer • W Redcliffe (compliance: insurance) • R Wentzel (operational risk and sustainability) **Quorum** At least 50%, but not fewer than 2 members.	• Monitors activities relating to social and economic development, good corporate citizenship and the environment to promote the collective well-being of society, thereby facilitating the sustainable growth of the group • Tracks the impact of the group's activities and services, with specific focus on client and employee relations and monitors ethics in the group • Sets strategic objectives for sustainability and monitors ESG management in the context of ESG principles • Monitors efficiency and performance of occupational health and safety programmes	• Mature the sustainability risk management framework • Expand and refine sustainability reporting requirements • Monitor and mature market conduct outcomes • Assess and monitor the social impact of Capitec The SESCO is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2025 financial year.

Refer to the SESCO report from **page 67** for the SESCO's contribution.

Ad hoc committees

Large exposures committee

The committee approves counterparty exposures in excess of 10% of bank capital on an *ad hoc* basis, as may be required.

Investment committee

The committee considers management proposals for equity investments and the acquisition of going concern operations by the group in excess of R50 million.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Our leadership

Our leaders are committed to creating sustainable value for our stakeholders and are guided by our purpose in determining strategy and leading our people.

Independent non-executive directors

Nadya Fatima Bhettay (51)

BBusSc (Finance), PGDip (Accounting), CA(SA)

Board tenure: *1 year and 7 months*

Nadya has extensive experience in mergers and acquisitions, strategic implementation and business operations management in the telecommunications and technology industries. She has served as the financial director for Vodafone Ireland, the chief strategy and business development officer for the Vodacom Group and the chief operations officer for Vodacom Business Ventures and Strategic Partnerships. She currently serves on the board of Endeavour South Africa and the investment committee of the 27four Nebula Fund.

Nadya was appointed to the boards of Capitec and Capitec Bank on 7 September 2023.

Skills:

Susan Louise Botha (60) (Santie)

BEcon (Hons)

Chairman of the boards and the DAC

Board tenure: *5 years and 10 months*

Santie has vast business experience having started her career at Unilever, working in both South Africa and the United Kingdom (UK), and then served as an executive director at both Absa Bank and MTN Group. She was Chancellor of Nelson Mandela University from 2011 until 2017. Santie retired as chairman from the boards of both Curro Holdings and Famous Brands in 2024. Santie has received a number of awards, including Business Woman of the Year (2010).

Santie was appointed to the boards of Capitec and Capitec Bank as well as the chairman of the boards on 1 June 2019. She was appointed as the chairman of Capitec Life on 26 October 2022.

Skills:

Stanislaus Alexander du Plessis (52) (Stan)

BCom (Mathematics), BCom Hons (Economics), MPhil (Economics), PhD (Economics), AMP

Chairman of the RCMC

Board tenure: *4 years and 6 months*

Stan is the chief operating officer of, and a professor of economics at, Stellenbosch University. He will retire from these roles and has been appointed as the CEO of Stadio Higher Education effective 1 August 2025. He is a specialist in macroeconomics and monetary policy and has been an advisor to the SARB and National Treasury on macroeconomic policy. Previous positions include economist at Prescient Securities and Old Mutual Asset Managers (UK). He is the chairman of the Bureau for Economic Research governance committee and a past president of the Economic Society of South Africa.

Stan was appointed to the boards of Capitec and Capitec Bank on 25 September 2020.

Skills:

Cora Hedwick Fernandez (51)

BCom, BCompt (Hons), CA

Chairman of the SESCO

Board tenure: *4 years and 6 months*

Cora has extensive experience in investment management and private equity. She serves on the boards of Curro Holdings, Redefine Properties, Sphere Private Equity, Spur Corporation and Stormers Rugby. She also serves on the investment committee of the 27four Black Business Growth Fund. She previously served as the chief executive: institutional business at Sanlam Investment Holdings, the managing director of Sanlam Investment Management and the CEO of Sanlam Private Equity.

Cora was appointed to the board of Capitec on 25 September 2020 and to the board of Capitec Life on 26 October 2022.

Skills:

Note: The tenure is calculated as at 23 April 2025 (date of publication of the integrated annual report).

Banking industry · Corporate memory · Credit · Finance · Health and safety
Insurance industry · Mobile · Risk management · Technology
Environmental · Social · Governance

Naidene Ford-Hoon (57)

BCom, BCompt (Hons), CA(SA)

Chairman of the audit committee (1 June 2024)

Board tenure: *1 year and 7 months*

Naidene has over 25 years' experience, mainly in finance divisions as head of finance functions, ensuring sound governance and accountability. She has extensive experience in the financial services sector. She has served as the group CFO of the SARB and Alexander Forbes Group Holdings, the financial director of AFGRI Financial Services and has served on the board of Telkom SOC. She currently serves on the boards of SA Corporate Real Estate and the Independent Regulatory Board for Auditors.

Naidene was appointed to the boards of Capitec and Capitec Bank on 7 September 2023 and the board of Capitec Life on 3 June 2024.

Skills:

Vusumuzi Mahlangu (54) (Vusi)

BSc (Chemical Engineering), MBA

Lead independent director and chairman of the REMCO

Board tenure: *4 years and 6 months*

Vusi is the co-founder and director of Tamela. He has extensive experience in finance and investment banking. He serves on the boards of Emira Property Fund, Cure Day Hospitals and Aon South Africa. Previous positions include CEO (and co-founder) of Makalani Holdings, investment banker at Investec Bank and production manager at Afrox.

Vusi was appointed to the boards of Capitec and Capitec Bank on 25 September 2020.

Skills:

Raghuvir Rai Malhotra (55) (Raghu)

BCom (Hons), MBA

Board tenure: *2 months*

Raghu is an international business, technology and finance executive with a proven track record of over 3 decades in driving organisational impact and elevating growth and profitability. He joined Mastercard in 2000 and was integral to Mastercard's growth and innovation journey, holding senior leadership roles across multiple geographies and functions. Raghu helped lead the transformation of Mastercard from a product-led credit card company into a multi-rail solution-oriented technology organisation. Raghu was a member of Mastercard's executive leadership team, which sets and oversees the company's strategy and Mastercard's management committee which ensures the implementation and delivery of the company's strategic priorities at a global scale. He recently retired as president of global enterprise growth at Mastercard.

He was appointed to the boards of Capitec and Capitec Bank on 1 March 2025.

Skills:

Non-executive directors

Michiel Scholtz du Pré le Roux (75)

BCom LLB, DCom (hc)

Board tenure: *24 years and 5 months*

Michiel was chairman of Capitec and Capitec Bank from 2007 until 31 May 2016 when he stepped down. He continues to serve on the boards as a non-executive director. He was the bank's CEO until 2004.

Michiel was appointed to Capitec's board on 1 March 2001 and to Capitec Bank's board on 6 April 2000.

Skills:

Petrus Johannes Mouton (48) (Piet)

BCom (Mathematics)

Board tenure: *17 years and 6 months*

Piet serves as a non-executive director on the boards of various companies, including Curro Holdings, PSG Group, PSG Financial Services, Stadio Holdings and Zeder Investments. Piet was previously the CEO of PSG Group.

Piet was appointed to the boards of Capitec and Capitec Bank on 5 October 2007.

Skills:

Chris Adriaan Otto (75)

BCom LLB

Board tenure: *25 years and 11 months*

Chris was a founding director of the PSG Group, Capitec and Zeder Investments. He continues to serve on the boards of the latter 2 companies.

Chris was appointed to the boards of Capitec and Capitec Bank on 6 April 2000.

Skills:

Jean Pierre Verster (44)

BCompt (Hons), CA(SA), CFA, CAIA

Chairman of the audit committee (until 31 May 2024)

Jean Pierre stepped down from the boards of Capitec and Capitec Bank on 31 May 2024.

Executive directors

Gerhardus Metselaar Fourie (61) (Gerrie)

BCom (Hons), MBA

CEO (outgoing CEO)

Board tenure: *11 years and 4 months*

Gerrie was head: operations at Capitec Bank from 2000 until his appointment as the CEO of Capitec and Capitec Bank effective 1 January 2014. He started his career at Stellenbosch Farmers' Winery in 1987 in the financial planning department and was later appointed as the area general manager of KwaZulu-Natal and later Gauteng. He serves on the Mastercard MEA advisory board as well as on the board of AvaFin. Gerrie was named the 2019 Business Leader of the Year at the Sunday Times Top 100 Companies Awards.

Gerrie was appointed to the boards of Capitec and Capitec Bank on 20 September 2013 and will be retiring on 18 July 2025.

Skills

Grant Robert Hardy (43)

BCom (Hons), CA(SA)

CFO

Board tenure: *2 years and 9 months*

Grant joined Capitec Bank in 2015. He is a chartered accountant who completed his articles with Deloitte in their financial services team following which he spent 8 years working in the banking sector in the UK. He has fulfilled various roles in the financial management division at Capitec Bank and was serving as group services financial head when he was appointed as CFO with effect from 1 July 2022.

Grant was appointed to the boards of Capitec and Capitec Bank on 1 July 2022.

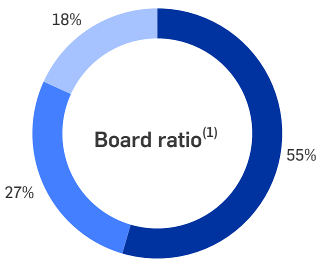
Skills:

Group company secretary

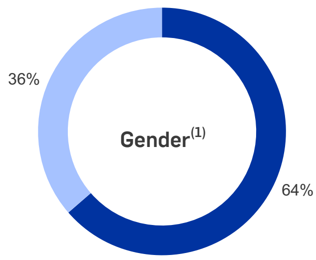
Yolande Mariana Mouton (58)

BSc (Hons), MSc

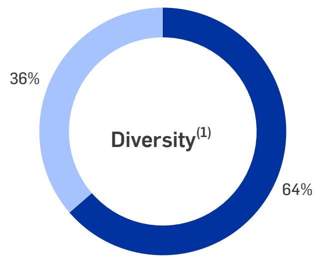
Yolande joined the Capitec group in 2000 and served as the assistant company secretary from 2001 until November 2015, when she was appointed as the company secretary of the Capitec group.



■	Independent non-executive	6
■	Non-executive	3
■	Executive	2



■	Male	7
■	Female	4



■	White	7
■	Black	4

(1) *This was determined based on the board of directors as at 28 February 2025.*

Group executive committee

In addition to the CEO and CFO, the group EXCO comprises the following members:

Katherine Elizabeth Barker (39)

BCom (Actuarial Science), PGDip (ActSci), Fellow of the Institute and Faculty of Actuaries

Executive: insurance

Katherine joined Capitec on 1 June 2021. Before joining Capitec, she was the head of the life and health business for Southern Africa at Swiss Re. Katherine has 16 years' experience in the insurance and reinsurance industry in South Africa. She has extensive knowledge in micro-insurance, group and individual life insurance pricing and product development and has been accountable for various end-to-end insurance value chain operations during her career. Katherine is a director of Capitec Life.

Rizwana Butler (50)

BSocSc (Hons)

Executive: human resources

Rizwana joined Capitec Bank on 1 March 2021. Before joining Capitec Bank, she was the head of HR: Nordics and head of HR: East Europe across 20 countries at Unilever. Her tenure at Unilever stretched over more than 20 years and she served in a number of local South African roles, regional roles across Africa, the Middle East and Turkey leading talent, culture and organisational transformation. Rizwana started her career in 1997 as an HR management trainee at Tavistock Collieries, a coal mine subsidiary of JCI Limited.

Willem de Bruyn (54) (Wim)

BSc (Hons) (Computer Science)

Executive: technology and data

Wim joined Capitec Bank on 1 November 2014. He was the chief information officer at Standard Bank until 2014, responsible for personal and business banking in South Africa and across 18 African countries. He has been extensively involved in personal banking strategy, has international experience in IT management and has implemented large-scale projects during his career. He started his career with Standard Bank as a software developer in 1992.

Karl Rainer Kumbier (53)

BCompt, PGDA, CA(SA), CFA

Executive: Business banking

Karl joined Capitec Bank in 2020 as the executive of the Business bank, following the acquisition of Mercantile where he was the CEO. Before joining Mercantile in 2010, he worked for the Standard Bank group for 9 years in various positions, including provincial director: Western Cape and chief operating officer of Stanbic Bank Ghana Limited.

Graham Roy Lee (50)

BBusSci (Hons), CGMA, MBA

Executive: Personal banking (incoming CEO)

Graham joined Capitec Bank in January 2003. He has performed a number of leadership roles at Capitec in various divisions including finance, IT, credit, digital and data.

He has over 25 years of working experience in financial and technology businesses in 5 different countries; Zimbabwe, the UK, Australia and Nigeria in addition to South Africa. He started his career in investment banking in Zimbabwe in 1997 before continuing in London with Morgan Stanley International. His career outside of Capitec includes financial software development and data analytics in Australia and leading a micro-finance bank in Nigeria. He also lectured part-time for the MBA programme of the University of Stellenbosch Business School.

Graham has been appointed as group CEO and executive director of Capitec Bank and Capitec effective from 19 July 2025.

Hendrik Albertus Jacobus Lourens (59) (Henk)

BCom (Hons), CA(SA)

Executive: strategic initiatives

Henk joined Capitec Bank's predecessor in 1999 as head of the branch acquisitions department. He was appointed as Capitec's operations manager responsible for the Northern Cape, Western Cape, Eastern Cape, Free State and KwaZulu-Natal in 2001. He held this position until 2007 when he became the national sales manager. After the incorporation of Mercantile into Capitec Bank, his role was changed to executive: Personal banking and after a restructure of the executive committee, he was appointed as the executive: strategic initiatives, in charge of VAS, business solutions, emerging markets, Live Better and Capitec Connect. Henk started his career with Ernst & Young.

Basani Maluleke (47)

BCom (Accounting), LLB, MBA

Incoming executive: Personal banking

Basani joined Capitec Bank on 1 October 2021 and became the divisional executive of operations in July 2022. Prior to joining Capitec Bank, she served as a non-executive director and subsequently became the CEO of African Bank. She has more than 20 years' experience in banking, law and finance. She is a member of the African Leadership Initiative and the Aspen Global Leadership Network.

Basani is a director of Capitec Life and has been appointed as executive: Personal banking effective from 1 April 2025.

Ismail Moola (47)

BSocSc, LLB

Executive: risk management

Ismail joined Capitec on 1 October 2023. He has more than 15 years' experience in banking and risk management at FNB, where he served as the chief risk officer of various segments. Ismail's experience extends to developing risk management programmes for large digital transformation initiatives, technology enablement and embedment of enterprise risk capabilities within various lines of business. He started his career with a strong focus on social justice initiatives, later serving the University of KwaZulu-Natal's School of Law with an interest in commercial and intellectual property law. He thereafter occupied the role of legal advisor to the University of the Witwatersrand to further his interest in contract and intellectual property law.

Francois Viviers (42)

BCom (Hons)

Executive: marketing and communications

Francois joined Capitec Bank as the national brand manager in 2011. He served on the group EXCO as a development member during 2015. During 2015 and 2016, he fulfilled various positions at Capitec Bank, namely head: client relationship marketing and head: marketing and corporate affairs. He was appointed as the executive: marketing and communications on 1 June 2016. He started his career at the Shoprite Group where he fulfilled various roles including marketing manager for Shoprite Africa and Indian Ocean Islands.

Development members

There are 2 development seats on the group EXCO to provide senior employees with the opportunity to gain experience at an executive level. The incumbents rotate annually. The seats were filled by Basani Maluleke, divisional executive: operations and Azhar Said, chief data officer during the 2025 financial year. The development members for the 2026 financial year are Rachael Murove, head: Personal banking marketing and Ravi Govender, head: product line.

Risk management report

Despite a challenging economic environment, an evolving regulatory landscape and the rising prevalence of sophisticated fraud and cyber threats, the group remained committed to robust risk management practices. We are continuously enhancing and maturing our risk capabilities, aligning them with best practices and maintaining a proactive and integrated approach to risk identification and mitigation, resilience and sustainability.

The South African economy was characterised by 2 distinct periods during the 2025 financial year. Each period presented its own challenges and opportunities. The first half was characterised by elevated inflation, high interest rates, persistent power outages and infrastructure bottlenecks which weighed heavily on economic activity. However, the second half brought improved energy reliability, easing inflationary pressures and the start of an interest rate reduction cycle, paving the way for a more optimistic economic outlook.

Against this backdrop, the financial services industry faced an increasingly stringent regulatory environment, driven by implementation of the Basel IV regulations and heightened compliance expectations. These developments make it imperative that we strengthen our risk management capabilities, drive trust with our clients and adhere to our CEO values of client obsessed, energise and inspire and ownership.

We remain steadfast in our commitment to maturing our risk management capabilities and advancing our compliance frameworks.

Embedding risk culture and conduct accountability

Central to our risk management strategy is fostering a mature risk culture that embeds conduct accountability across the group. The effective management of conduct risk is not only vital to safeguarding client trust –one of our key values – but is also integral to mitigating reputational risk and aligning our operations with regulatory standards and stakeholder expectations. By reinforcing ethical behaviour, promoting accountability and cultivating a proactive risk culture, we ensure that the group remains resilient and trusted as an industry leader.

Our risk universe

Our risk universe reflects the pertinent current risks (known risks) and emerging risks. Risks are reviewed on a continuous basis in pace with the ever-changing macro and micro-economic environment in which we operate.

Strategic risks	Financial risks	Non-financial risks
• Business risk • Reputational risk	• Credit • Capital management • Funding and liquidity • Market • Insurance	• Operational • Technology and data • Information and cybersecurity • Regulatory and compliance • Financial crime

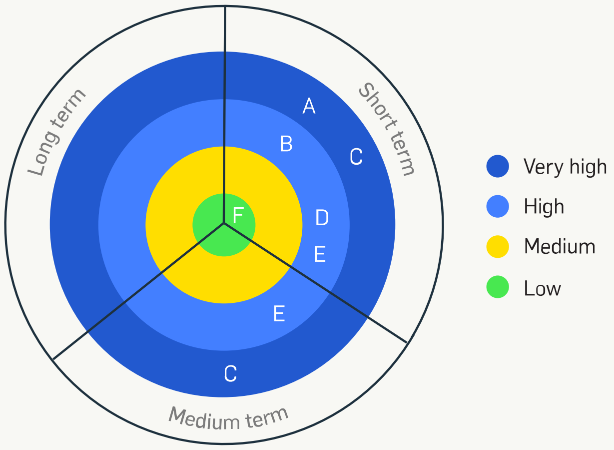
New and emerging risks that continue to evolve may potentially have a material impact on the business. The following forward-looking emerging risks have been identified and we monitor our current and future exposure to them:

- Increased unregulated entrants into the banking and payments ecosystem
- Technology concentration risk
- Contagion geopolitical risk, fiscal downgrades, trade wars and sanctions
- Misuse of generative AI
- Adapting to evolving and multi-juristic regulations
- Pandemic and endemic risk.

Addressing emerging risks and opportunities

The financial services sector faces persistent and evolving threats, particularly in the form of financial crime, fraud and increasingly sophisticated cyberattacks. To mitigate these risks, we leverage our fintech expertise and invest in infrastructure and technology to safeguard our operations. Disintermediation within the payments ecosystem presents the group with an opportunity to continue evolving its business model.

Sustainability risk requires constant attention as stakeholders increasingly prioritise ESG considerations. By integrating ESG principles into our decision-making, we aim to create long-term value while effectively managing the associated risks.



Emerging risks

- A Increased unregulated entrants into the banking and payments ecosystem
- B Technology concentration risk
- C Contagion geopolitical risk, fiscal downgrades, trade wars and sanctions(1)
- D Misuse of generative AI
- E Adapting to evolving and multi-juristic regulations(1)
- F Pandemic and endemic risk(2)

(1) Risks which may emanate in different time frames.
(2) Identified for Capitec Life.

Our approach to risk management

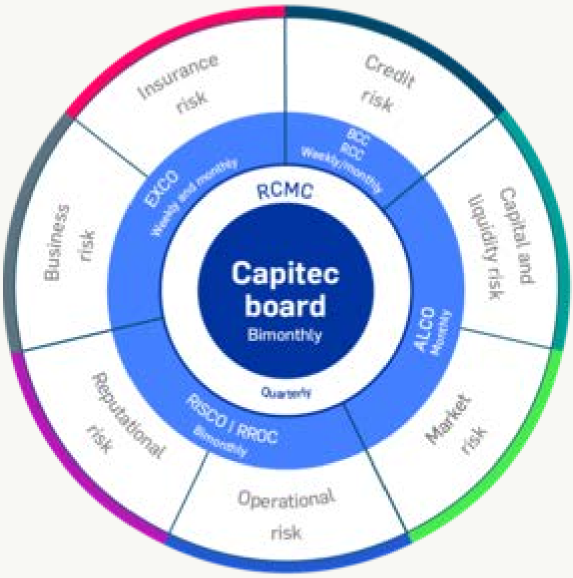
Our integrated risk management approach is designed to ensure that the diverse range of risks and opportunities faced by the group are proactively and effectively identified, quantified and managed within acceptable parameters. This is managed through clear business ownership of risks supported by governance structures, processes, policies, frameworks and board oversight.

The board is accountable for risk management and defining and setting the group's risk appetite. It also approves the policies and risk-appropriate tolerance limits and structures that are applied across the group.

The RCMC, group EXCO, ALCO, RISCO and the BCC support the board in fulfilling these responsibilities.

Risk culture

The group's risk management foundation is built on first-line risk ownership and robust risk management processes to ensure effectiveness. This is supported by a mature, embedded risk culture – a critical success factor. Cultivating a strong risk culture within the group is an ongoing process which is supported by living the CEO values and ensuring that it is continuously measured.



1st line of assurance

Risk ownership

Every employee is considered a risk manager and therefore should, on an ongoing basis, participate in risk management activities. Each business area has the responsibility to own and manage the day-to-day risks within its environment which if not identified, assessed and treated or mitigated, could potentially prevent the achievement of Capitec's strategic objectives and ultimately the delivery of products and/or services to our clients.

2nd line of assurance

Risk control

Risk disciplines provide a consolidated view and validation of risks for all levels of the business. They enable the first-line risk owners to manage their risks by providing standardised controls, structures and frameworks, processes and procedures to ensure risks are identified and managed within approved risk appetite and tolerance levels. They therefore provide an oversight function through ongoing monitoring and reporting, as well as sharing of knowledge and expertise in support of first-line risk management efforts.

3rd line of assurance

Assurance (internal)

Internal audit provides independent assurance over the internal control environment including independent validation and review of risk management and compliance processes across the business. They provide an annual independent assurance opinion on the adequacy and effectiveness of controls, including risk management processes and practices by ensuring associated policies and processes are executed in line with key performance indicators (KPIs) and within approved risk appetite and tolerance levels.

Top risk themes

Credit risk

The risk of loss arising out of the failure of our Personal and Business banking clients to meet their financial or contractual obligations when due. It is composed of default risk, concentration risk and counterparty credit risk.

Risk drivers

- Macroeconomic factors
- Sectoral and industry concentration
- Personal and Business banking lending

Our response

- Leveraging transactional data and advanced machine learning to drive credit decisions and actions
- Robust credit policies, frameworks and processes

Opportunity

- Comprehending the variety of risks and managing them to reduce and mitigate risk ensures that returns are maximised within risk appetite

Link to strategic priority

Board oversight: RCMC | RCC | BCC

Current exposure:[1] | **Future exposure:**[1]

Capital management risk

The risk of potential losses due to having inadequate capital to cover liabilities or unexpected losses.

Risk drivers

- Macroeconomic conditions
- Unexpected credit losses
- Insurance claims
- Changes in PA regulations and standards
- Growth in RWA
- Insufficient capital which can lead to liquidity issues, regulatory penalties and erosion of investor confidence
- Factors such as cybersecurity threats, fraud and market fluctuations which impact earnings and capital reserves

Our response

- Maintaining capital efficiency with sufficient risk capital and a capital buffer to support the growth of the business and allow for future unexpected losses
- Return on capital targets that are achieved through efficient capital management
- Ensuring alignment with the SARB's capital requirements, Basel III guidelines, the PA's Financial Soundness Standards for insurance and evolving prudential regulations
- Adjusting lending, insurance and investment strategies to optimise risk-adjusted returns and preserve capital

Opportunity

- Optimising the group's capital structure
- Enhancing operational efficiency to sustain profitability and increase our capital reserves
- Higher capital buffers can lead to better credit ratings, reducing funding costs

Link to strategic priority

Board oversight: RCMC | ALCO | Insurance risk committee Insurance ALCO

Current exposure:[1] | **Future exposure:**[1]

[1] *Current exposure is Capitec's exposure to the risk in the current financial year. Future exposure is Capitec's perceived exposure in the short to medium term. This may vary depending on the risk type and Capitec's strategic objectives.*

Very high | High | Medium | Low

Liquidity and funding risk

The risk that the group may not be able to meet its financial obligations due to an inability to convert assets into cash or obtain funding in the market.

Risk drivers

- Macroeconomic conditions
- Market shocks, financial crises or geopolitical instability
- Rising non-performing loans reducing available liquidity reserves
- Rising insurance claims

Our response

- A low appetite for liquidity risk and a conservative maturity profile which is monitored by the ALCO in terms of an approved dynamic liquidity management asset and liability management policy
- Ensuring that we have access to a sufficient level of cash and cash equivalents to fund an increase in assets and meet our obligations as they become due, without incurring unacceptable losses
- The maturity profile reflects the deliberate strategy of funding longer-term assets with a significant portion of long-term funding with limited use of core call deposit funding
- The management of liquidity takes preference over the optimisation of profits
- Regular liquidity stress tests to assess resilience under different economic scenarios
- Ensuring adherence to SARB and Basel III liquidity requirements
- Capitec Life conducts an own risk and solvency assessment regularly as required but at least annually

Opportunity

- A strong liquidity position assures stakeholders of the group's stability
- Compliance with liquidity requirements can lead to better credit ratings and lower borrowing costs
- A well-managed liquidity strategy allows the group to seize growth opportunities and navigate through financial disruptions

Link to strategic priority

Board oversight: RCMC | ALCO | Insurance risk committee Insurance ALCO

Current exposure:[1] Low | **Future exposure:**[1] Low

[1] *Current exposure is Capitec's exposure to the risk in the current financial year. Future exposure is Capitec's perceived exposure in the short to medium term. This may vary depending on the risk type and Capitec's strategic objectives.*

Operational risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes, people and systems or external events.

Risk drivers
- Increasing business and operational complexity
- Increased use of integrated third parties

Our response	**Opportunity**
• Improving integrated risk management • Driving more granular setting of risk appetite • Improving economic capital modelling for operational risk • Implementing the Basel Committee on Banking Supervision (BCBS) Principles for Operational Resilience (POR)	• Continuous improvement of risk management processes, policies and systems • Maturing the risk tools and underlying processes • Creating rails that aggregate and integrate risk components • Ensuring efficient regulatory capital management

Link to strategic priority

Board oversight: RCMC | RISCO | ORC	**Current exposure:**[1] | **Future exposure:**[1]

[1] *Current exposure is Capitec's exposure to the risk in the current financial year. Future exposure is Capitec's perceived exposure in the short to medium term. This may vary depending on the risk type and Capitec's strategic objectives.*

Financial crime

Financial crime risk refers to the potential for financial losses and reputational damage that an organisation faces due to illegal activities such as fraud, money laundering, bribery and other financial crimes.

Risk drivers
- Administrative sanction received under FICA
- Prevalent traditional fraud schemes such as vishing, account takeovers, social engineering and card not present fraud
- Increased incidents involving crimes under duress and Ponzi scheme platforms

Our response	**Opportunity**
• Refining the compliance framework and ensuring alignment with global standards and regulatory expectations • Implementing cutting-edge technology to detect and prevent illicit financial flows • Continuing collaboration with regulatory authorities • Establishing a financial crime intelligence centre to combat syndicated activities	• Leveraging data science and machine learning to scale efforts to enhance efficiency of prevention and detection mechanisms • Continued investment in scalable data platforms and advanced models to address financial crime

Link to strategic priority

Board oversight: RCMC | RISCO	**Current exposure:** | **Future exposure:**

Very high High Medium Low

Regulatory compliance risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or reputational damage that the group may suffer as a result of failing to comply with laws, regulations, related self-regulatory organisational standards and codes of conduct which are applicable to its activities.

Risk drivers

- South Africa's greylisting following the Financial Action Task Force mutual evaluation report
- Administrative sanction for non-compliance relating to aspects of client due diligence, governance and regulatory reporting
- Evolving regulatory landscape to which the group must adhere

Our response

- Further maturing and investment into various programmes such as financial crime, market conduct, payments and ethics
- Bolstering the market conduct and ethics programme to include a market conduct and ethics committee
- Constructive regulatory engagements

Opportunity

- Improving the scope of automated and continuous testing of compliance controls
- Involvement during industry engagements to be at the forefront of regulatory changes
- Continuous improvement of our relationships with regulators
- Diversifying skills within the regulatory risk team

Link to strategic priority

Board oversight: RCMC | RISCO | Compliance forum

Current exposure: | **Future exposure:**

Information and cybersecurity risk

Information and cybersecurity risk refers to the potential for unauthorised access, use, disclosure, disruption, modification or destruction of information and information systems.

Risk drivers

- Increased sophistication of cyberattacks targeting Capitec and its clients
- Data privacy incidents experienced and reported to the Information Regulator

Our response

- Employing a multilayered best of breed approach to cyber controls
- Dedicated cybersecurity team which is adequately qualified and skilled in cybersecurity practices
- Rolling out of cybersecurity awareness campaigns

Opportunity

- Implementation of data and product health scores
- Continued improvement of cybersecurity awareness campaigns

Link to strategic priority

Board oversight: RCMC | IT governance risk and compliance committee

Current exposure: | **Future exposure:**

Very high | High | Medium | Low

Technology and data risk

Data risk refers to the potential threats and vulnerabilities associated with the collection, storage and management of data.

Risk drivers
- Continuous improvement and investment in new technology
- Resilience and availability of critical IT systems to support core business operations

Our response
- Adoption of cloud technology and architectural improvements to the available on-premises system support
- Setting of appropriate recovery time objectives and recovery point objectives for systems supporting critical operations
- Complying with resilience requirements of the BCBS POR

Opportunity
- Review and revision of critical systems and infrastructure to remove or limit interdependencies to be resilient by design

Link to strategic priority

Board oversight: RCMC | IT governance risk and compliance committee

Current exposure: Medium | **Future exposure:** Medium

Business risk

The risk of non-performance against planned strategic objectives or of executing inappropriate strategies, increased competition, changes in government policy or changing stakeholder expectations that will negatively impact profitability and threaten the business's long-term sustainability.

Risk drivers
- Geopolitical instability
- Challenging economic environment
- Effectiveness of the Government of National Unity

Our response
Management priorities are determined by value generators: transacting, saving, insurance, credit and strategic initiatives. Business strategy and performance reporting on these activities focuses on applying key business drivers:
- The client is always at the centre of our decision-making process
- Delivery of appropriate products and services
- People and capacity management
- Tracking of MOS measures

Opportunity
- Diversification of country risk through the acquisition of AvaFin
- Introduction of additional products and services
- Creating operational efficiency

Link to strategic priority

Board oversight: RCMC | RISCO

Current exposure: Medium | **Future exposure:** Medium

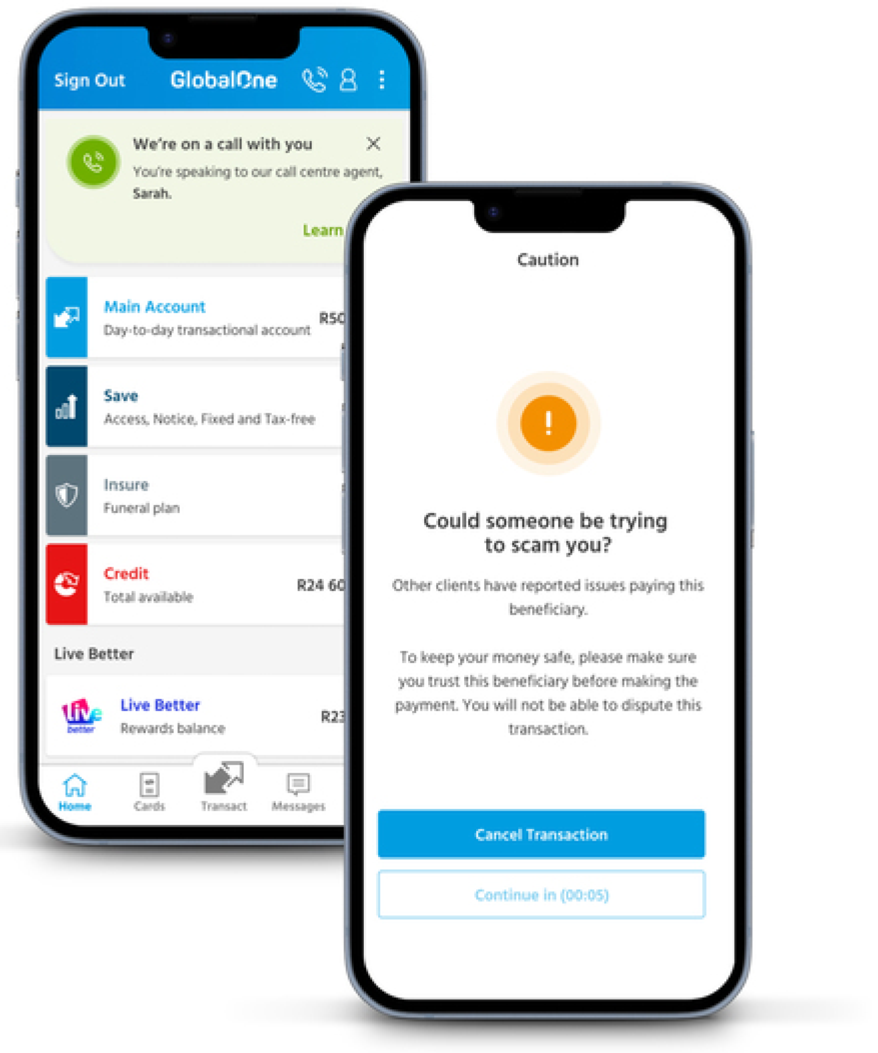
Looking ahead

As we move into the 2026 financial year, risk management remains a key strategic enabler, guiding decision-making and ensuring accountability at every level.

Our strong capital position, stable deposit base and high liquidity provide a solid foundation for sustainable growth. In addition, our expanded stake in AvaFin and the continued growth of our long-term insurance offerings present new opportunities to diversify revenue streams and deliver enhanced value to our clients.

Data is envisaged to play a transformative role as we evolve as a data-centric organisation. By harnessing data analytics, we aim to enhance our risk management capabilities, improve operational efficiency and unlock deeper insights to serve our clients better. However, we remain acutely aware of the risks associated with data use, including privacy, security and ethical considerations and are committed to managing these responsibly.

Our latest detailed risk management report can be accessed on the Capitec website at **www.capitecbank.co.za/investor-relations/**.



Remuneration report

Our remuneration report comprises the following sections:

I. Remuneration at a glance
II. REMCO chairman's background statement
III. Fair and responsible remuneration
IV. Executive remuneration policy
V. Implementation report: Executive and non-executive directors
VI. Succession in action.

Section I: Remuneration at a glance

Our strategic focus on delivering value to our clients remains the main driver behind our success.

The success of our client-centric approach was showcased in our 2025 performance results through our ability to turn challenges into growth opportunities and through the delivery of the following key strategic drivers and initiatives:

- Growth in migration of clients to digital banking
- Providing a wide variety of lending and non-lending products to our clients which sustains diversification of our revenue streams
- Continued use of data and AI to better understand our client needs with the aim of driving the acceleration of client-centric decision-making processes
- Agile response to our clients' needs with a focus on delivery of VAS.

These strategic highlights resulted in the group EXCO's non-financial scorecard being achieved, in excess of 90%, resulting in no downward modifier being applied in the short-term incentive (STI).

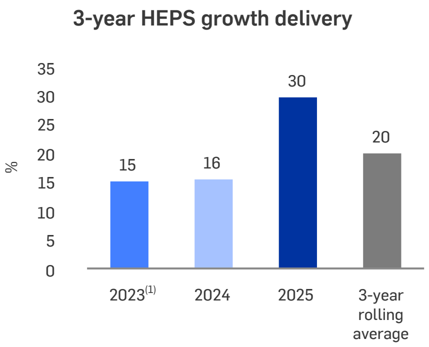
The value outcome of our strategic execution is our ability to provide our shareholders with a significant differentiated return.

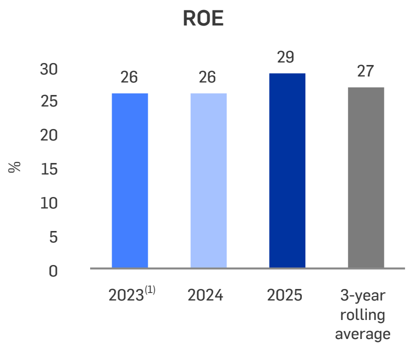
Our remuneration policy has been carefully designed to ensure that our total executive remuneration is aligned with long-term shareholder value creation. Our variable pay focused on 3 core metrics being headline earnings per share (HEPS), ROE and client-centric objectives.

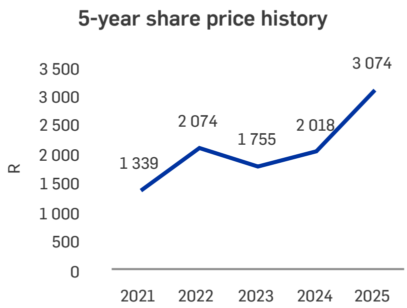
Our 'Remuneration at a glance' dashboard, as follows, demonstrates the geared nature of our variable pay approach. The dashboard shows how our executive total remuneration outcomes are closely aligned with shareholder value delivery, and how our share price growth is correlated with the key metrics used in our incentive design.

The dashboard also demonstrates the gearing of our pay mix towards delivery in shares, emphasising our focus on long-term value creation. It should be noted that due to the CFO only having been in the role for 3 years, his long-term incentive (LTI) balance is still in a build-up phase due to our 6-year tranche vesting approach to LTI.

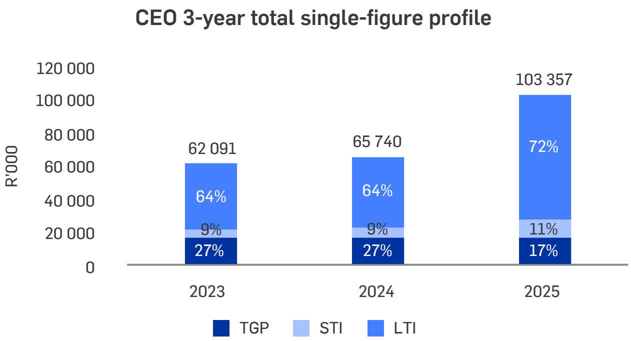
Remuneration at a glance dashboard

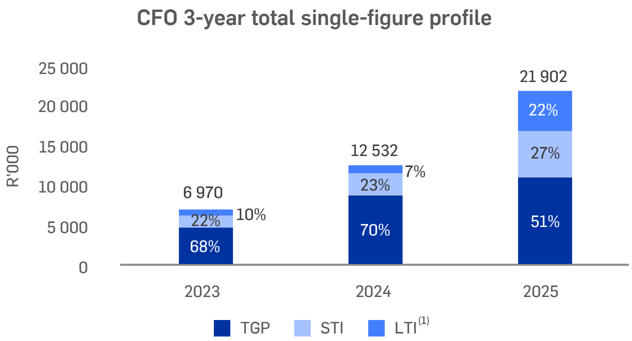






[1] *Calculated before the restatement for the adoption of IFRS 17* Insurance Contracts *and related assessments.*





[1] *Due to the CFO only being in the role for 3 years, his LTI balance is in a build-up phase due to our 6-year tranche vesting approach to LTI.*

Section II: REMCO chairman's background statement

Letter from the REMCO chairman

On behalf of the REMCO, I present Capitec's remuneration report for the 2025 financial year. I am pleased to report that the 2025 financial year has been a positive year of stability for our remuneration policy and a year of strong performance for Capitec.

Following a few policy refinements as communicated in our previous remuneration policy, the REMCO is comfortable that the remuneration framework is optimally designed to serve our business needs, ensuring a strong long-term focus on sustainable performance outcomes. This is achieved through a pay mix which is weighted towards the long term, and an STI which is unique in the banking environment, requiring considerable outperformance on earnings targets before market-related levels of bonuses are paid out. We received strong shareholder support for the remuneration policy at last year's AGM, and with no significant changes proposed, we hope we can look forward to similar support at this year's AGM.

The past year has allowed us to see the benefits of previous decisions come to fruition and allowed us to focus on embedding these changes and ensuring their effective implementation. The introduction of the conditional share right (CSR) plan, which replaced the deferred portion of the STI, was a particular area of focus and provided us with the opportunity to introduce a definitive share-linked LTI at our strategic and senior management levels (direct reports to executives) and the flexibility to provide sign-on awards on a like-for-like basis when executive, strategic and senior leadership vacancies are filled.

We are confident that our remuneration policy strikes the right balance between driving performance and promoting long-term value creation. The structure of our variable pay continues to align executive outcomes with shareholder interests, with our broader remuneration framework effectively supporting sustainable business growth across all employee levels.

This alignment with long-term sustainable value creation remains a cornerstone of our policy.

Our strategic objectives have been met, delivering sustainable value for all stakeholders i.e. delivering a world-class client experience and providing our shareholders with a significantly differentiated return.

A year of achieving key milestones

Our strategic commitment to creating a single banking ecosystem for our clients has yielded results, and we have been able to successfully transform challenges into growth opportunities. During the financial year, we achieved some key milestones which directly contributed to our strong financial performance.

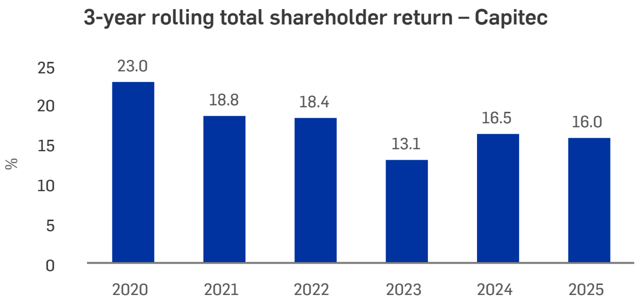
- **Digital banking migration:** We have successfully transitioned a significant portion of our client base from traditional to digital banking channels growing our digital user base from 12.5 million clients to 14.0 million clients, a 12% increase that reflects our clients' growing confidence in engaging with our digital solutions
- **Revenue stream diversification:** We have made major strides in diversifying our revenue streams. Non-interest income now comprises 67% of income from operations after credit impairments, while maintaining strong net interest income growth of 23%. This diversification has strengthened our resilience and expanded our market presence
- **Value-added services:** Our VAS have been particularly successful, recording a 56% increase in revenue. Our ability to rapidly deploy these services while maintaining top-quality client experience demonstrates some of our key strategic cornerstones – agility and a deep understanding and care for client needs
- **Data-driven decision-making:** Underpinning our achievements is our sophisticated approach to data analytics, which enables us to make well informed decisions across our service spectrum. This data-driven strategy has been crucial in optimising our business operations and enhancing client value further.

These strategic initiatives have translated directly into exceptional financial outcomes, underscoring the tangible value we are creating for our stakeholders:

- Headline earnings growth of 30%
- Share price growth of 52%
- Market capitalisation increase of 52%.

Executive remuneration outcomes reflect our pay-for-performance philosophy

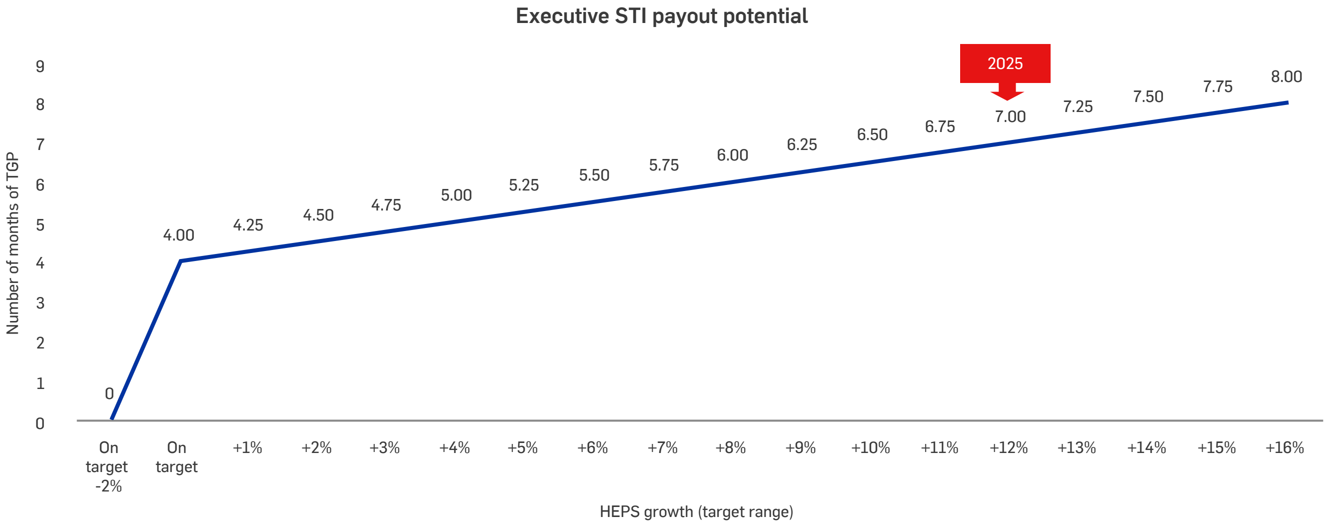
The exceptional business achievements of the 2025 financial year have translated into strong executive remuneration outcomes, demonstrating the effectiveness of our pay-for-performance philosophy.



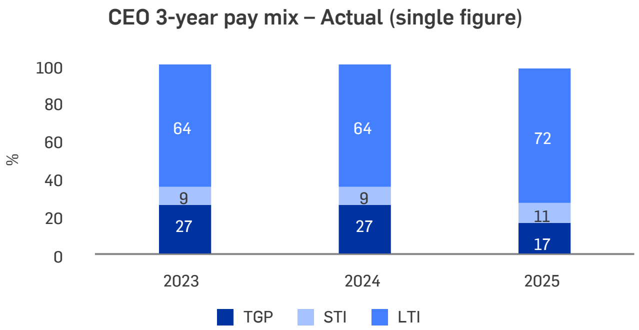
Our robust share price growth of 52% during the period, underpinned by outstanding headline earnings on the back of the successful execution of prioritised strategic initiatives, resulted in above-target STI payments to our executives for the 2025 financial year. While the design of the STI focuses primarily on the achievement of stretching earnings targets, a downward modifier is applied if the group strategic and sustainability scorecard is not met (i.e. achievement of a score of below 90%) and if an individual's personal performance rating is unsatisfactory.

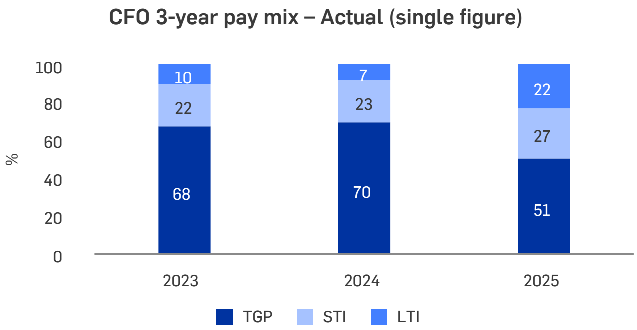
While our STI scheme is technically uncapped, it operates within our carefully designed variable pay framework for executive directors and prescribed officers. This structure ensures that sustainable high performance is required to drive headline earnings growth, allowing our executives to share in the value they create while maintaining alignment with shareholder interests. The REMCO carefully monitors STI outcomes relative to the caps imposed by comparator companies, in particular in the banking sectors, and is satisfied that the levels of STI paid for the levels of outperformance achieved are both appropriate and significantly below the typical market caps of 200% to 300% of annual total guaranteed pay (TGP) that are observed in the banking industry.

We are comfortable that our pay mix approach, which reduces exposure to STI in favour of a more geared LTI, remains fit for purpose as it keeps the executive focused on long-term sustainable value delivery rather than short-term cash bonus outcomes.

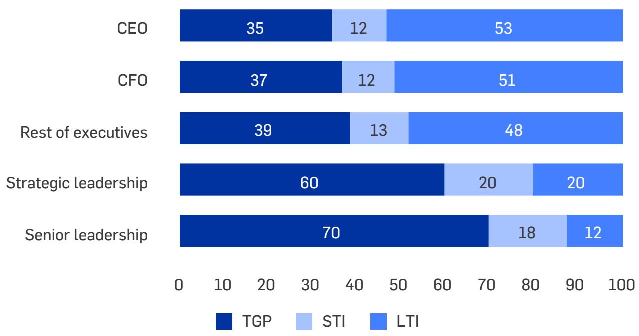


Our commitment to fostering an ownership culture remains strong through our comprehensive share-based incentive structure. The staggered vesting profile of share options and share appreciation rights (SAR) - spanning years 3, 4, 5 and 6 after award, reinforces our focus on sustainable long-term value creation.





On-target pay mix LTI tranches fully build up over the vesting period (%)



The introduction of the CSR plan during the 2025 financial year proved particularly effective. By replacing a portion of STI potential with these rights, we have strengthened the alignment between our leadership pipeline and shareholder interests. This medium- to long-term share price exposure ensures our strategic and senior leadership teams maintain a strong focus on long-term sustainable value creation.

This year's exceptional performance demonstrates how our remuneration framework effectively balances immediate business priorities with long-term value creation. Our executive team has successfully delivered strong earnings while executing strategic initiatives that position Capitec for sustainable future growth.

Fair and responsible remuneration as part of the exceptional employee experience

We strongly believe in investing in exceptional employee experiences in the way we attract, hire, onboard, develop, recognise and reward people. Our remuneration philosophy supports this approach through a foundation of fair and equitable remuneration practices, enhanced by a strong focus on performance-based awards.

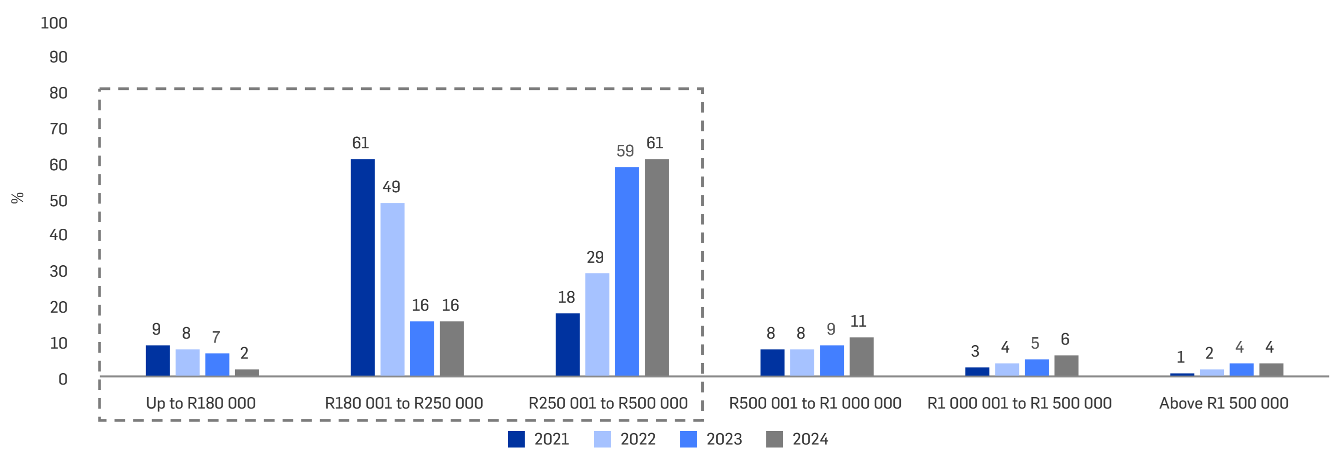
Our commitment to pay equity is based on remuneration analytics which, *inter alia*, involves:

- continuously tracking pay ratios across gender and racial demographics
- dedicated focus on elevating remuneration for junior and semi-skilled employees.

We believe in developing talent and have many programmes which we have designed to further this goal, including our internal career mobility programme, proactive succession planning and talent programmes and our esteemed Graduate Development Programme.

We are proud of our pay improvements over the past few years. Where 9% of Capitec's employee population was earning below R180 000 in 2021, today this has been reduced to only 2% below R180 000 representing our graduates and learnership interns. In addition, we have also made great progress in moving a large component of our employees who were earning between R180 000 and R250 000 in 2021 to beyond R250 000 per annum in 2024 (i.e. an increase in the R250 000 to R500 000 earning bracket from 18% in 2021 to 62% in 2024).

Earnings breakdown of Capitec's workforce per remuneration interval (total remuneration)



Fairness is also reflected in the way that we structure pay for executives and higher earners. At this level, we manage fairness by a higher weighting of pay towards variable pay.

Shareholder engagement, remuneration design and voting outcomes

Our approach to remuneration continues to be anchored in sustainable growth principles that serve all stakeholders. We are particularly proud of the strong shareholder support that we received this year, with our remuneration policy garnering 97.10% approval at the last AGM (up from 96.57% in 2023). There was also improvement in support for our implementation report, which received 98.33% approval, a significant increase from 75.42% in 2023.

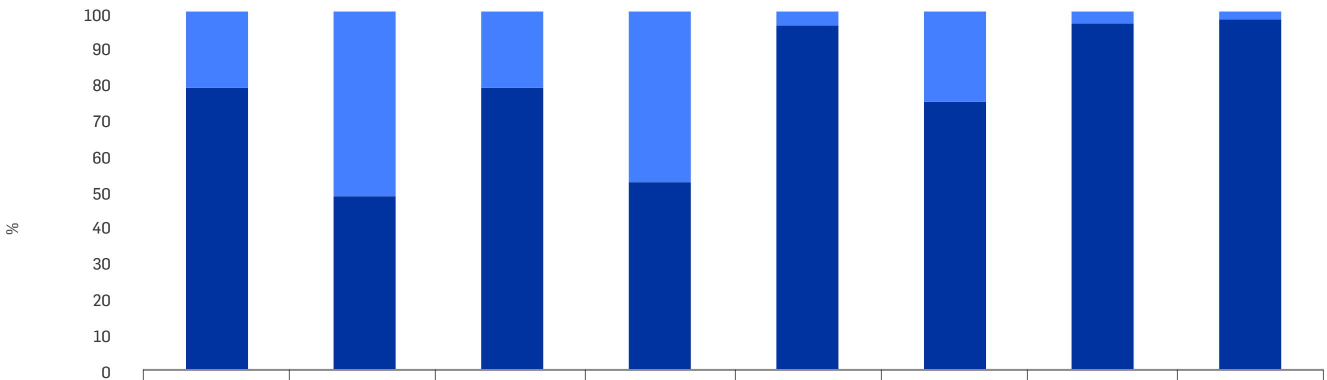
This level of support reflects our commitment to designing remuneration structures that effectively balance multiple priorities:

- Rewarding performance that advances stakeholder interests
- Maintaining alignment with market best practices and regulatory requirements
- Enabling us to attract and retain top talent in a highly competitive labour market.

Shareholder engagement continues to be valuable, providing opportunities for open dialogue, constructive feedback and ensuring our remuneration approaches remain aligned with shareholder expectations. These conversations help us refine our strategies and maintain strong governance in our remuneration practices.

In the table below, we outline a summary of the shareholder feedback we received during the 2025 financial year including our response.

Remuneration policy voting history



	2021 Remuneration policy	2021 Remuneration implementation	2022 Remuneration policy	2022 Remuneration implementation	2023 Remuneration policy	2023 Remuneration implementation	2024 Remuneration policy	2024 Remuneration implementation
Voted against	20.84	51.25	20.92	47.46	3.46	24.58	2.90	1.67
Voted in favour	79.16	48.75	79.08	52.54	96.54	75.42	97.10	98.33

Summary of the 2024 shareholder comments and our responses thereto

Shareholder comments	Our response
• Shareholders expressed a desire for pay to be linked to performance • Simplification and transparency were highlighted as essential elements • There were requests to include non-financial measures for the LTI plans, as well as a tiered vesting approach • Concerns were raised regarding the use of headline earnings in the STI plans. The preference is for HEPS in STI • Suggestions were made to incorporate ESG metrics into the LTI plans • A request was made to enhance the disclosure on the following: – Clearer distinction in measurement of performance between share options, SAR and CSR – Measurement of client satisfaction	Our remuneration policy has been carefully designed to ensure that our executive total remuneration drives long-term sustainable performance, with the following critical components embedded in our policy: • Executive targeted total remuneration consists of approximately one-third fixed pay and approximately two-thirds variable pay. Variable pay is heavily weighted towards LTI • Our STI is measured on the following 3 tiers of performance: – Tier 1: Group earnings performance – measured on group HEPS delivery (applied as an STI driver) – Tier 2: Executive performance – measured on collective performance as an executive team on a balanced scorecard of non-financial strategic and sustainability measures (applied as an STI downward modifier) – Tier 3: Personal performance – measured on an individual basis for each executive relative to critical execution of functional strategy (applied as an STI downward modifier) • Share options and SAR are measured over 3 explicit layers of performance and 2 implicit layers of performance, namely: – Explicit layers ◦ 3-year average normalised growth in HEPS ◦ 3-year average normalised ROE ◦ 3-year average client satisfaction measure – Implicit layers ◦ The LTI takes the form of an option-type instrument that only entitles executives to the growth in share price above a 30-day volume-weighted average price (VWAP) strike price determined at date of grant ◦ Tranche vesting of LTI awards over a 6-year period, in equal portions from years 3 to 6. This requires delivery of sustained share price growth • CSR is measured over 2 explicit layers of performance, namely: – Growth in average normalised 3-year rolling HEPS – Personal performance measured over a 3-year rolling basis • Client satisfaction is a key metric that shows how satisfied our clients are with a specific feature, service or interaction. It provides a clear picture of how well we are meeting our client expectations. This is done through effectively measuring our active voice of client and passive voice of client which collectively helps us map our overall client experience. This method of measurement is preferred over a typical net promoter score which focuses purely on the measurement of client loyalty and advocacy

At the 2025 AGM, shareholders will have the opportunity to vote on our remuneration policy and implementation report. If 25% or more of the shareholders vote against either or both, the REMCO will ensure that the result is communicated in a SENS announcement and that further shareholder engagement processes take place. In the following year's remuneration report, we will provide details on the engagement and steps taken to address legitimate and reasonable objections and concerns. The REMCO is cognisant of the impending Companies Act amendments and the associated changes in the remuneration voting landscape introduced by the amendments. As a result of these impending changes, we expect the content and structure of this report to change in future iterations and look forward to working with our shareholders to refine our reporting going forward.

Confirmation of implementation by the REMCO

The REMCO is satisfied with the implementation of the remuneration policy during the year. More details about the implementation of the remuneration policy are set out in Part V of this remuneration report.

Looking forward: Investing in the future

Looking ahead, Capitec aims to continue strengthening its position as a comprehensive financial services provider. Our remuneration framework remains a crucial enabler of this growth, helping us to attract and retain the exceptional talent needed to drive our strategic initiatives. The REMCO has carefully crafted policies that reward excellence while supporting our business evolution, creating the strong foundation for sustainable long-term growth.

As we look towards the 2026 financial year, we anticipate a period of stability in our remuneration policy. Having established a robust and effective framework, our focus will now be on consistent implementation rather than more major changes. This stability will allow us to concentrate on executing our strategic objectives while maintaining the strong alignment between performance, reward and value creation that has served us well.

During the 2026 financial year, the REMCO and management will focus on the following:

Remuneration aspect	Forward-looking approach for the 2026 financial year
Further alignment of pay for performance	The REMCO will continue to monitor both the STI and LTI offerings to ensure that group and divisional executives' performance is aligned with their pay outcomes. We will regularly assess the performance conditions relevant to the LTI and continuously monitor the structure of the STI to ensure both motivate incumbents to perform.
Fair and responsible remuneration	The REMCO will closely monitor the Companies Amendment Act, Act 16 of 2024, deployment and the timing of when the provisions relating to fair pay disclosures become effective.
Companies Amendment Act compliance	The advent of the Companies Amendment Act and specifically those provisions which pertain to remuneration will bring in a new era in remuneration reporting. The REMCO is cognisant of the changes that will be required, and we are ready to adapt as needed.

Concluding remarks

As I conclude this report, I can confirm that throughout the 2025 financial year, the REMCO has fully discharged its responsibilities in line with regulatory requirements and governance standards. Our decisions have been supported by input from independent remuneration advisors, whose objectivity and expertise have added valuable perspective to our deliberations.

Our remuneration framework has proven its effectiveness in driving exceptional performance while maintaining strong governance. The results speak for themselves – we have seen outstanding leadership performance, the achievement of key strategic milestones and sustainable value creation.

Looking ahead, we remain committed to ensuring our remuneration practices continue to evolve with our business, while honouring stability through maintaining the elements which have served us well.

We are confident that our framework will continue to attract and retain exceptional talent, drive strategic execution and support Capitec's journey as a leading diversified financial services group. We look forward to our stakeholders' continued support as we move forward.

Vusi Mahlangu
Chairman of the REMCO

Section III: Fair and responsible remuneration

General remuneration principles

The following remuneration principles support our remuneration philosophy.

Fair and responsible remuneration: Creating meaningful employment opportunities

At Capitec, we believe in transforming South African society not just through our banking services, but through meaningful employment opportunities that enable long-term personal growth and salary progression. Our approach to fair and responsible remuneration extends beyond competitive pay to encompass comprehensive development and holistic employee well-being. This is all anchored in our concept of 'exceptional employee experience' – echoing our commitment to an exceptional client experience.

Driving income progression

We are proud of our progress in elevating our employees' earning potential. Our focused initiatives have helped transition a substantial portion of our workforce from earnings below R250 000 to the R250 000 to R500 000 annual income bracket. This deliberate income progression strategy ensures that Capitec's success translates into tangible financial benefits for our employees at all levels.

Professional development and career growth

Our commitment to employee development is demonstrated through structured learning programmes that create clear career progression paths:

- Our ATM assistant and Bank Better champion
- Roles (encompassing 900 positions within our 16 525-strong workforce) offer comprehensive skills development
- Our service consultants undergo a structured 18-month progression programme enabling them to advance to an experienced service consultant level or be absorbed into branch manager positions
- Clear career and salary progression milestones provide transparency and motivation.

Comprehensive employee benefits

We have developed a tailored benefits programme that supports employees' overall well-being and financial security. Our approach ensures that every employee, regardless of their position, receives both financial and non-financial benefits that contribute to meaningful employment.

Advancing fair pay practices

Our commitment to fair remuneration includes:

- regular job evaluations and market benchmarking to ensure competitive remuneration
- a commitment to 'equal pay for work of equal value', eliminating disparities based on gender, race or other discriminatory factors
- enhanced focus on benefit awareness and utilisation, particularly at lower employment levels
- specialised financial wellness support, including credit health education and rehabilitation services.

Looking ahead

We continue to monitor regulatory developments, including the upcoming Companies Amendment Act, to ensure our remuneration practices remain compliant while advancing our fair pay objectives. However, our commitment to fair and responsible remuneration does not stop there. We see fair and equitable remuneration as central to our role as a transformative force in South African society.

Section IV: Executive remuneration policy

The remuneration policy in this section applies to group and divisional executives and non-executive directors and is subject to a non-binding vote at the AGM to be held on 18 July 2025. The remuneration policy will apply for the 2026 financial year.

Remuneration principles

Benchmarking

Executive remuneration is benchmarked externally at least every 2 years against the following companies:

- Absa Limited
- Discovery Limited
- FirstRand Limited
- Nedbank Group Limited
- Old Mutual Limited
- Sanlam Limited
- Shoprite Holdings Limited
- Vodacom Group Limited.

Below executive level, the competitiveness of employees' total reward is monitored through appropriate benchmarking to the market.

Elements of remuneration: Driving long-term value creation

Our remuneration philosophy is built on a fundamental principle: encouraging and rewarding sustainable, long-term performance. We have carefully structured our pay mix to achieve this, implementing a framework that provides modest STIs at target performance levels, but offers superior rewards when stretch goals are achieved and outperformance is delivered.

Safeguarding sustainable performance

To promote responsible decision-making and prevent excessive risk-taking, we have implemented robust safeguards across our variable incentive schemes:

- STI controls:
  - Individual STI targets can be reduced to zero if an executive's personal KPIs are not met
  - A comprehensive 'group non-financial scorecard' incorporates risk, strategic and sustainability measures and can modify the HEPS-based STI outcome downwards by up to 30% if not fully met
  - All leadership team members share collective accountability for group non-financial scorecard outcomes
- LTI structure:
  - Share options and SARs feature staggered vesting over years 3, 4, 5 and 6 (25% tranches). This extended vesting period smooths out share price benefits, reducing short-term optionality
  - Vested share options and SARs are subject to a short exercise period of 9 months
  - The structure reinforces focus on sustainable value creation, rather than outcomes based on short-term share price movements.

Our remuneration offering is set out in the table below.

Element of remuneration	Key features	Purpose and link to strategy	Performance measures
Salary and benefits	• Reviewed in May 2024 • Benchmarked to market and considered against internal equity • Benefits are structured to be market-competitive/leading and cost-effective • Group and divisional executive benefits include (but are not limited to): – Risk benefit cover – Health subsidy – Preferential home loan rate and discounted banking fees • The REMCO may determine that executives may receive additional benefits (informed by market practice or other strategic factors) where deemed necessary	Market-competitive salary and benefits support the attraction, development, reward and retention of exceptional employees. Appropriate quanta ensure that overreliance is not placed on variable pay outcomes, mitigating against risky behaviour.	n/a
STIs	Group and divisional executives receive an annual cash bonus, which is primarily linked to achievement of a HEPS target. Bonuses are paid in April after the financial year-end. These bonuses are cash payments with no deferral in shares. Downward modifiers apply on 2 levels. Firstly, on a group and divisional executives' non-financial scorecard where all executive bonuses can be downward modified by up to 30%. Secondly, on a personal basis, where an individual STI may be modified down to zero where personal performance is unsatisfactory. Malus and clawback provisions apply. The REMCO has discretion to modify the outcome of the formula downward where the outcome is not deemed to fairly reflect overall business performance in the wider relevant context.	To drive superior earnings growth during the year through a requirement for outperformance of the HEPS target before market-competitive bonuses are payable. To ensure a strong focus on annually prioritised strategic and sustainability measures through the application of a downward modifier if these non-financial measures are not met (despite the HEPS target being met). To ensure consistent personal performance relative to an individual's balanced scorecard is maintained.	The primary measure of HEPS, as a lagging financial reporting measure, ensures that the output of achieving our strategic and sustainability measures, being increased earnings for our shareholders, is rewarded. Ensuring a clear focus on our leading/input measures (through the non-financial scorecard and the downward modifier) ensures that the behaviour of the executives is aligned with our clear and concise strategic objectives, setting us up to deliver above-target HEPS in future years. Further details on our strategic objectives can be found on **page 33**. The strategic and sustainability measures link to our strategic objectives and include a blend of measures relevant across our diversified group services. Each executive is assigned the relevant objectives, but all executives are held accountable for the joint outcome, ensuring a cohesive effort and approach.

Element of remuneration	Key features	Purpose and link to strategy	Performance measures
LTIs	Group and divisional executives receive annual awards of both: • cash-settled SARs • equity-settled options. The vesting of these awards is subject to prospective performance conditions over a 3-year performance period. They vest over years 3, 4, 5 and 6. Equity-settled CSRs are also used on an *ad hoc* basis as sign-on awards for newly recruited group and divisional executives. These are used to match forfeited awards from existing LTI arrangements or as a lock-in mechanism for newly promoted group and divisional executives. Malus and clawback provisions apply to all LTIs.	To align the interests of executives with those of shareholders through the linking of pay outcomes to the share price. To drive an ownership mindset in the group and divisional executive teams.	The key financial metrics measured over the 3-year performance period are HEPS and ROE growth, representing our key lagging financial indicators, at 40% each. The remaining 20% is allocated towards exceptional client experience as one of our key strategic objectives and a key leading indicator.

Strategic pay mix design

Our remuneration framework carefully balances TGP, STI and LTI according to 3 key factors:

- Strategic influence of the role
- Time horizon of decision-making impact
- Level of organisational responsibility.

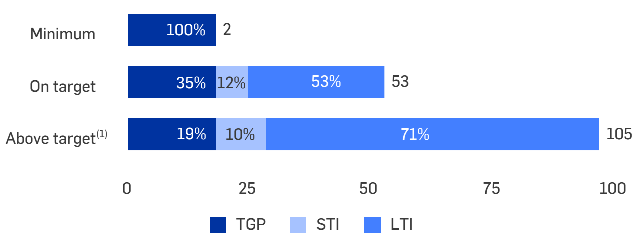
The principles which determine the balance between the 3 elements of remuneration are:

- TGP is market-competitive, ensuring that inappropriate risk-taking behaviour is not encouraged through an overreliance on variable pay outcomes
- The STI is low relative to the market at target level, with the opportunity to align with the market when HEPS growth is in excess of 35%. No artificial caps are placed on the performance potential, in keeping with our earnings growth focus – meaning there is a direct correlation between company success and individual reward. This means that outperformance is required to receive a market-competitive STI
- LTIs do not provide for stretch vesting modifiers, and due to their nature as option-type instruments, significant value is only seen by executives where there has been significant share price growth created.

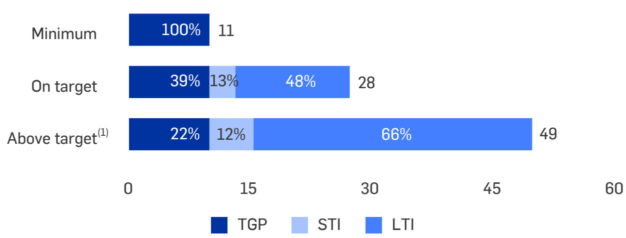
The graphs setting out the pay mix for the executive directors depicting minimum, on-target and above-target performance are included purely for illustrative purposes. These graphs rely on certain assumptions, outlined below.

Element	Calculation minimum	On target	Above target
TGP	TGP as at 1 March 2025 (refer to **page 107**). Benefits in line with those paid in the 2025 financial year and assumed that no TGP is converted into shares.		
STI	Nil	33% of annual TGP	54% of annual TGP
LTI	Nil	The maximum number of instruments granted in the 2026 financial year that might vest multiplied by the fair value on grant.	The maximum number of instruments granted in the 2026 financial year that might vest multiplied by a simulated share price growth between date of grant to vesting.

GM Fourie (million)



GR Hardy (million)



[1] *The LTI 'above target' is calculated as the number of share options that Capitec anticipates granting multiplied by a simulated share price which grows at a rate which resembles the targeted headline earnings.*

Group and divisional executives' remuneration

A summary of group and divisional executives' remuneration is set out below.

Total guaranteed pay

Element	Description
Overview and positioning	**Group and divisional executives** TGP for group and divisional executives is informed by: • the Capitec approach to the group and divisional executives' pay mix described above • how TGP forms part of total remuneration at the market median (or the upper quartile in instances where this is warranted). Executive directors are remunerated for services as employees of Capitec Bank. No fees are paid for their services as directors of any other companies in the group.
Components of TGP	TGP consists of guaranteed pay as well as benefits. In line with our employer value proposition, employees are guided on package structuring, but have options which can be adapted to suit their unique circumstances. Key employee benefits include: • risk benefits • funeral cover • medical aid and health insurance • gap cover • retirement planning • discounts on loan interest and banking fees • favourable home loan interest rates.
Annual review and increases	As a general principle, increases are determined by taking the following factors into account: • Performance of the individual, team and company • Competence • The outcomes of benchmarking exercises • Economic factors, including the Consumer Price Index (CPI). The REMCO annually reviews and approves the salary increases of each individual member of the group EXCO. Increases are typically effective from May.

STI settled in cash

Element	Description
Overview	The group and divisional executives' STI is focused primarily on the achievement of HEPS, and the calculation of STI is primarily based on the outperformance of the HEPS target. This *pro forma* calculation can be modified downwards by up to 30% where selected group-wide non-financial measures are not met. On an individual basis, it may be further modified (down to zero) where personal KPIs are not met. The HEPS target is set by the REMCO annually and represents a true stretch outcome. At the achievement of this target performance, STI outcomes are structured to be low relative to the market with significant outperformance required to unlock market-competitive STI levels. While the STI is not artificially performance-capped, incremental rewards for exceeding the HEPS target are modest. The steps below outline the process followed: **Step 1: Calculation of target STI levels based on HEPS performance** This is evaluated on HEPS performance as set out in the 'target STI' section below. **Step 2: Assessment of group EXCO non-financial scorecard (strategic/sustainability measures)** To ensure that there is sufficient focus on all strategic objectives, there is a 'group non-financial scorecard' consisting of risk, strategic and sustainability measures, within which individual items are weighted and assigned to each group EXCO member, but all members are held equally accountable for the outcome of the scorecard. The quantum of the bonus for all participants can be reduced by up to 30% if the strategic/sustainability measures were not successfully met. This is a downward modifier only, with no upwards modification possible.

Strategic/ sustainability measure	Weighting	Details of the measures holistically assessed
Strategic	8% – 12%	A holistic assessment of the overall strategic performance of the group delivered during the financial year, which assesses performance relative to strategic priorities identified, is performed to ensure appropriate and good-quality clients enter and remain in the Capitec ecosystem.
Risk and control	8% – 12%	The risk and control performance of the group is assessed based on measures such as maintaining optimum business and market conduct standards, proactively managing net operational risk losses to within risk appetite and minimising the risk of credit loss/impairments.
ESG	8% – 12%	The ESG performance of the group is assessed based on measures such as accelerated B-BBEE transformation, accelerating diversity, equity and inclusion and year-on-year improvement in the S&P Global Corporate Sustainability Assessment overall ESG score.

Step 3: Personal performance
The final modification applied is a potential downwards modifier for individual performance which is below the level of 'consistent performer', as indicated below.

Personal KPI score	Needs support	Consistent performer	Exceptional performer
% of STI paid	0% – 70%	100%	100%

Element	Description
Target STI	• At HEPS performance at or below on target -2%: Participants will not receive any STI • On-target HEPS performance: Participants will receive 4 months of TGP • For every 1% increase in HEPS growth above the targeted growth: Participants will receive a further 0.25 months in TGP. This outcome is then subject to modification as outlined in steps 2 and 3.

LTI

SARs and share options

Element	Description
Instrument mix	Awards are subject to performance conditions and consist of 50% share options and 50% SARs.
Instrument	**Share options** With a share option, employees are entitled, but not obliged, to purchase a number of Capitec ordinary shares at an agreed date in the future for a predetermined price. The share option price is set equal to the market value of the share, being the 30-day volume-weighted average share price on the JSE immediately preceding the day on which the share options are granted. The number of shares the employee can purchase is determined by company performance measures and with reference to the growth in share price above the share option price over the vesting period. **Share appreciation rights** SARs operate similarly to the share options detailed above in terms of the price, performance measures and vesting and exercise periods. SARs are settled in cash as opposed to equity. The amount settled is equal to the growth in share price above the SAR price. The SARs are simple, effective instruments and do not dilute issued share capital. SARs are granted at the same time and on the same terms (other than settlement) as the share options.
Allocations	LTIs for group and divisional executives are awarded annually as a percentage of TGP and consist of share options and SARs that are granted equally (i.e. each 50%).
Performance period	Performance measured over a 3-year period.

Element	Description
Performance measures, weightings, targets, vesting outcomes	Beyond the minimum personal performance measures for participation (KPIs contracted with the REMCO), vesting is subject to the following company performance measures for all LTI awards:

SARs and share options				
Measure	**Weighting**	**Threshold (50%)**	**Intermediate (75%)**	**Target (100%)**
Normalised HEPS over a 3-year average	40%	≥ CPI + gross domestic product (GDP) + 2%	≥ CPI + GDP + 4%	≥ CPI + GDP + 6%
Normalised ROE over a 3-year average	40%	≥ Cost of equity (COE) + 4%	≥ COE + 6%	≥ COE + 8%
Client satisfaction over a 3-year average	20%	75% – 77%	78% – 80%	>80%
Share price growth dependency	SAR and share option instruments only entitle participants to growth in the share price above a 30-day VWAP strike price determined at date of grant. Accordingly, in instances where the above performance conditions are delivered, and the share price at point of exercise did not appreciate above the 30-day VWAP price on date of grant, no value is delivered to group and divisional executives for the respective vested tranche.			

Unpacking the client satisfaction score (CSAT):

- The client satisfaction metric is tested with reference to an annual CSAT
- CSAT is a key metric that shows how satisfied our clients are with a specific feature, service or interaction. It provides a clear picture of how well we are meeting our client expectations
- This is done through effectively measuring our active voice of client and passive voice of client which collectively helps us map our overall client experience
- The score is measured across both Personal banking and Business banking touchpoints with each survey touchpoint receiving its own weighting according to the percentage of survey responses per touchpoint
- Clients can rate their Capitec experience as good, neutral or bad through WhatsApp. Good is weighted 1, neutral is rated 0.5 and bad is rated as 0
- The sum of the ratings at each touchpoint is then measured over the total number of ratings which is then reflected as a percentage
- The threshold, intermediate and target ratings for the client satisfaction measure have been set with reference to the American customer satisfaction index where a good score ranges between 75% and 85%
- This method of measurement is preferred over a typical net promoter score which focuses purely on the measurement of client loyalty and advocacy.

Further notes:

- Linear vesting will occur between vesting levels of each measure
- The HEPS and ROE calculations take into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes or IFRS Accounting Standards changes
- It is important to note that the 6% spread applicable to HEPS and the 8% spread applicable to ROE are set at the award date, taking into account business plans, macroeconomic conditions and relative assumptions appropriate at the point of award.

Element	Description
Vesting	The share options and SARs vest in 25% tranches in years 3, 4, 5 and 6 after grant, depending on the achievement of the performance measures over the relevant performance period. Participants have a 9-month period after the date on which the share options vest to exercise their right to purchase the shares.
Dilution	The past dilutive effect of issues of ordinary shares, for purposes of the Capitec Bank Holdings Share Trust since the inception of Capitec, remains at 5.04% of the issued ordinary share capital of Capitec as at 28 February 2025. The potential future dilutive effect is limited to 4.93% of the issued ordinary share capital of Capitec as at 28 February 2025.

Conditional share rights

Element	Description
Eligibility	Strategic and senior leadership (annual awards) Group and divisional executives (only for sign-on awards or lock-in award purposes)
Operation	Annual allocations for strategic and senior leadership, subject to delivery of targeted HEPS and personal performance. *Ad hoc* allocation for newly appointed or promoted group and divisional executives subject to delivery of targeted HEPS, CSAT and personal performance.
Instrument	Full shares
Allocations	The full LTI allocation for this level of employee is made in CSRs.
Performance measures	**CSR** **Measure** – **Performance hurdles** **Average normalised 3-year rolling HEPS** – ≥ CPI + GDP + 6% **Personal performance over a 3-year rolling basis** – Consistent performer **Further notes:** • The HEPS calculation takes into consideration normalised adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes or IFRS Accounting Standards changes and will serve as a disqualifier in the event that the condition is not met • Personal performance will serve as a downward modifier if not met (ranging between 0% to 50% of award).
Vesting	The CSRs will vest in equal tranches in years 3 and 4 from date of grant.

Co-investment plan (by invitation only)

Element	Description
Eligibility	Participation on a selection basis and can include group and divisional executives and strategic leadership. This plan does not form part of Capitec's annual total reward. The co-investment plan is structured in such a way as to incentivise participants to remain invested in the business over an 8-year period.
Operation	Eligible participants are invited to participate in the co-investment plan. In order to accept the invitation, participants are required to meet the investment condition by investing their own funds in Capitec through the purchase of shares (investment shares) in respect of which the participants then subsequently receive awards of leveraged equity-settled share options. The purchase of these investment shares can be done through the Capitec Employee Share Purchase Scheme by using all or a portion of an employee's STI after tax (in the case of group and divisional executives). For strategic leadership employees, investment shares can be acquired through the Capitec Employee Share Purchase Scheme by using the cash portion of the bonus on an after-tax basis. Participants are required to retain their purchased shares over a set investment period of 3 years, failing which their award of equity-settled share options will be forfeited proportionally. Eligibility to participate is limited to select participants identified by Capitec on predetermined criteria.
Instrument	Leveraged equity-settled share option with a strike price which reduces by 5% on an annual basis over the 8-year exercise period.
Gatekeeper for entry to plan and quantum of awards	Upon the acquisition of these investment shares, participants then receive an award of leveraged equity-settled share options at a multiple of up to 3 times that of their pre-tax investment quantum. There are no sale or forfeiture restrictions applied to the investment shares, however, where a participant has disposed of the investment shares prior to the vesting of the net-settled share options, the award of equity-settled share options will be reduced proportionately.

Element	Description
Reducing strike price	The strike price of unvested equity-settled share options will be adjusted downwards annually by 5% over a period of 8 years. This ensures that participants are incentivised to both grow the company's share price and remain invested in the co-investment plan over a longer period of time.
Vesting and exercise	The vesting of equity-settled share options will be subject to continued employment and the equity-settled SARs will vest and become exercisable in 3 equal tranches on the fourth, sixth and eighth anniversaries from the award date. Following vesting, participants have until the tenth anniversary of the award date to exercise their SARs. The strike price reduction applicable at exercise is determined with reference to the number of complete years which have passed from the award date.
Lifespan of plan	The co-investment plan is not intended for long-term use or for making annual awards. It is proposed to make 3 awards in terms of this plan whereafter the plan can be used on an as-needed basis.
Dilution	Exercised share options will be settled in Capitec shares which will be purchased on the market. The co-investment structure is therefore not dilutive to shareholders.

Termination of employment

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>STI</td><td>No payment on termination of employment other than formal retirement, death, permanent disability or retrenchment. For formal retirement, 100% payment is made at the normal retirement age of 65, as well as on early retirement (from 60 to 64 years).</td></tr>
<tr><td>LTI</td><td>SARs and share options

Fault termination: In the case of just-cause dismissal or resignation, all unvested LTIs are forfeited.

No fault termination: In the case of death or ill health, the REMCO has discretion to allow automatic vesting of all unvested LTIs. The following table sets out the vesting of an LTI on retirement, subject to the REMCO's discretion:
<table>
<tr><th>Retirement age</th><th>Share options and SARs</th></tr>
<tr><td>Before retirement (60 years)</td><td>Forfeit all non-vested share options and SARs</td></tr>
<tr><td>Early retirement (60 years to 64 years)</td><td>75% of share options and SARs awards will vest at the original future vesting dates</td></tr>
<tr><td>At retirement (65 years)</td><td>100% vesting of all share options and SARs awards at the original future vesting dates</td></tr>
</table>
Conditional share rights

Fault termination: In the event of an employee's resignation, abscondment or dismissal, all unvested awards will be forfeited in their entirety and lapse on termination of employment.

No fault termination: In the case of death, retrenchment, ill health or disability, a pro rata portion of the unvested awards will vest subject to the early testing of performance conditions. The pro rata factor will be quantified as the total number of months lapsed from date of award until the date of termination of employment over the total number of months earmarked in the original vesting period of the award.

Co-investment plan

If the participant's employment terminates before the vesting date of an award, all unvested SARs will be forfeited upon such termination.

Where employment is terminated after the vesting date of an award, participants may exercise all vested SARs before the end of the relevant notice period. To the extent that an SAR is not exercised during this period, it will lapse.</td></tr>
</table>

Minimum shareholding requirement

Element	Description
Requirement	Minimum shareholding requirements (MSRs) expose group executives to the same risks and rewards faced by Capitec's shareholders. Capitec's group executives voluntarily hold an outright share ownership (through direct shareholding and not unvested LTIs) that is not less than the value of the following proportion of their respective TGP as at 28 February 2025:

Position	Minimum holding in proportion to TGP
CEO	300%
CFO	300%
Group executives	100%

The percentage shareholding should be achieved within 5 years from 1 March 2016 or within 5 years of a group executive's appointment. The minimum holding, once achieved, should be retained until termination of employment. The group executive directors' holdings relative to the required percentages are disclosed in Section V of this report.

Executive director contract terms

Element	Description
Terms	Executive directors and other group executives do not have fixed-term or bespoke group executive agreements, but are employed in terms of the group's standard employment agreement. For all group and divisional executives, the notice period for termination of service is 6 months. Normal retirement age ranges from 60 to 65 years, unless the board requests to extend this term. **Payments on loss of office** No additional payments are made to group executives upon termination of employment (apart from those required in terms of labour legislation). Upon termination of employment, all STIs are forfeited. Unvested LTIs will be treated in accordance with the LTI policy which is dealt with above.

Alignment of remuneration with risk

The REMCO forms part of the formal risk governance framework and its charter mandates it to assess the appropriateness of the risk/reward relationship in remuneration structures. The REMCO is guided by the following:

- Inherent risks in the business model
- The risk-taking and delegation structure
- The status of the risk barometer as an indicator of the existence and management of risk.

The REMCO reviews variable remuneration and incentive plans to ensure that they are based on a measurable outcome.

Malus and clawback

The REMCO has adopted a malus and clawback policy with a view to further aligning the interests of executive directors with the long-term interests of Capitec and all its stakeholders and to ensure that excessive risk-taking is mitigated. The malus and clawback policy applies to all group and divisional executives and strategic leadership participants and is applicable to all prospective STI and LTI awards.

Following recommendations from the REMCO, the board may act to adjust (malus) or recover (clawback) any STI or LTI paid/settled on the occurrence of a trigger event. Trigger events include (but are not limited to):

- material misstatement of financial statements
- dishonesty, fraud or gross misconduct.

Risk and compliance employees' remuneration

Remuneration levels and structures for risk and compliance employees are determined as part of the annual budget process and are subject to oversight by the REMCO. This happens independently of the relevant risk departments.

The audit committee ensures that these employees are correctly and fairly remunerated. A bonus cap ensures that the remuneration of employees in internal audit roles is in line with best practice. Bonuses for internal audit employees are capped at 5 times an employee's monthly salary (41.67% of their annual salary).

Non-executive director fees

Non-executive director remuneration is based on a fixed-fee structure not related to meeting attendance. The chairman of the board is paid a retainer and receives no further payment for committee membership. Board members receive a retainer for board membership and for each board committee on which they serve. No fee is paid to members of the DAC.

Capitec's approach is to benchmark board and committee fees to the median of the comparator group.

Non-executive directors do not qualify for any STI.

No new LTI allocations are made to non-executive directors, however, previous tenure as a member of the group executive may result in legitimate vesting of a previously awarded LTI. Non-executive directors are reimbursed for their direct and/or indirect expenses reasonably and properly incurred in the performance of their duties. Non-executive directors who, in terms of tax requirements, supply a tax invoice with value added tax (VAT), receive their approved non-executive director fees accordingly.

Proposed 2026 financial year non-executive director fees

The following proposed 2026 financial year non-executive director fees will be tabled for approval by shareholders (in terms of the Companies Act) at the AGM to be held on 18 July 2025. Refer to special resolution number 1 in the notice of the AGM.

Directors' fees (South African non-executive directors)	2026 R	Change %	2025 R
Chairman of the board[(1)]	**6 635 000**	18.7	5 590 000
Lead independent director[(2)]	**376 650**	5.5	357 000
Directors	**594 000**	5.5	563 000
Chairman of the audit committee[(3)]	**1 021 250**	5.5	968 000
Audit committee member	**408 300**	5.5	387 000
Chairman of the DAC	**—**	—	—
DAC member	**—**	—	—
Chairman of the RCMC[(3)]	**973 800**	5.5	923 000
RCMC member	**385 000**	5.5	365 000
Chairman of the REMCO	**463 150**	5.5	439 000
REMCO member	**218 400**	5.5	207 000
Chairman of the SESCO	**417 800**	5.5	396 000
SESCO member	**166 700**	5.5	158 000
Subcommittee of the board	**91 900**	5.5	87 100

(1) This is an all-inclusive figure and includes the fee for Capitec Life. The chairman received a higher increase to ensure alignment with the median of the comparator group.
(2) The total lead independent director's fees amount to R1.82 million.
(3) The chairman of the audit committee and chairman of the RCMC's fees are being aligned with the 75th percentile of the comparator group due to the complexity in the banking environment.

Directors' fees (international non-executive directors)	2026 USD	Change %	2025 USD
Director	**100 000**	—	—

(1) Mr RR Malhotra was appointed to the boards of Capitec and Capitec Bank on 1 March 2025.

Section V: Implementation report: Executive and non-executive directors

This section of the report provides insight into the implementation of our remuneration policy during the year ended 28 February 2025.

This section details the remuneration paid to executive and non-executive directors, in particular:

- the TGP increases approved in line with the Capitec total remuneration policy approach
- STI performance versus the targets set
- the LTI awards granted in the reporting year to eligible employees ensuring continued retention and alignment with shareholders' interests and the pay-for-performance philosophy
- the LTI awards vesting in the reporting year
- the fair value of unvested LTI awards remaining, which demonstrated alignment between executive directors and shareholders' interests
- an overview of the incremental total remuneration growth over the past 5 years compared to key financial metrics (being the value added to shareholders in terms of metrics such as headline earnings, ROE and share price growth)
- a single remuneration figure for the value of actual TGP paid, STI paid and any LTIs vesting in the 12 months following year-end
- the executive directors' shareholding compared to MSRs
- the non-executive director fees paid to individuals for their services as board and committee members as approved by shareholders.

Total guaranteed pay

For the 2025 financial year, the average increase for employees was 6.5%, 8% for the CEO and 15% for the CFO. The CFO adjustment was primarily attributable to ensuring that the CFO, who was recently promoted to this role, is competitively positioned to the market. The outcome of the above resulted in the following levels of TGP for the 2025 financial year:

- CEO – R18 780 000
- CFO – R9 965 000.

Short-term incentive

As set out in Section IV, in order for a member of the group executive to receive an STI, the group headline earnings target must have been achieved. Capitec does not have a set stretch target in place. Rather, the STI bonus pool allows for the pool to be incrementally uplifted on a sliding scale in the event of outperformance in group headline earnings relative to target which correlates directly with the percentage of the STI payable. In order to determine the STI payable to the executive directors, performance measurement for determining the STI outcome is done in a stepped approach.

Step 1: The group financial performance is measured in terms of headline earnings against the targets set at the beginning of the year. This provides a potential earning pool.
Step 2: The result from step 1 can then be adjusted downward by up to 30% for all group executives, based on non-financial sustainability measures.
Step 3: The result from step 2 is then subject to personal performance measures on an individual basis which may result in as much as the entire STI not being paid out to that individual.

Step 1: Group financial performance measurement

The table below sets out an overview of the sliding scale used to determine the STIs payable in respect of the headline earnings target achieved.

	Performance targets			Actual performance
	Below target %	Target %	Above target	%
Headline earnings per share (% of target achieved)	<100	100	Tier 1: 100% – 109.9% of target Tier 2: 110% of target Tier 3: >110% of target	180
% of annual gross remuneration package (GRP)	–	33.3	Tier 1: 33.3% plus 1.67% for every 1.2% of headline earnings achieved above target Tier 2: 50% Tier 3: 50% plus 1.67% for every 1.2% of headline earnings achieved above 110% of target	58.33 (7 months)

Linear interpolation applies between performance levels.

Step 2: Non-financial sustainability measures

All measures were sufficiently met resulting in no downward adjustment of earnings based on non-financial sustainability measures.

The following table sets out the performance assessment against the KPIs set at the start of the year:

Performance category	Overall weighting %	Strategic objectives	Overall assessment
Strategic	10	• Key strategic growth initiatives unlocking client value • Digital transformation – data migration to the cloud and digital commerce initiatives • Client service delivery	Overall achieved
Risk and control	10	• Maintain optimum business and market conduct standards • Manage risk appetite and volatility • Minimise the risk of credit loss/impairment	Overall achieved
ESG	10	• Expedite B-BBEE transformation • Accelerate diversity, equity and inclusion • Effective management of our environmental footprint	Overall achieved

Step 3: Personal performance

The REMCO reviewed the personal performance of group executives with regard to the non-financial strategic initiatives, which included measures in respect of efficiency, business delivery, diversification of income streams, people, quality clients, innovative digital and data and service experience, and is satisfied with each member of the group executive's performance.

As such, no downward adjustment was made to the STI based on individual performance.

STI outcomes

Group executives	Guaranteed pay R'000	% payable as an STI	STI payable R'000
GM Fourie	18 662	59	11 022
GR Hardy	9 844	60	5 870

Long-term incentive

The following section sets out details of the instruments granted during the year, instruments vesting during the year (included in the single-figure table) and instruments that remain unvested at the end of the financial year. For instruments exercised during the year, we set out the cash value received on exercise.

LTI awards granted in the reporting year

In line with our remuneration policy as set out in Section IV (from **page 104**), grants of share options and SARs were made to executive directors during the year. Share options and SARs are subject to performance measures. Details of the number of shares and the share options price are set out in the unvested awards table on **pages 118** and **119**.

LTI awards vesting in the reporting year

For the financial year ended 28 February 2025, Capitec only has share options and SARs with performance measures vesting. Performance measures were introduced for all LTIs granted from 2016 onwards. All awards vest in equal tranches in years 3, 4, 5 and 6. Capitec has reviewed the methodology set out in the King IV™ guidance notes issued by the South African Reward Association (SARA) and the Institute of Directors South Africa (IoDSA).

For share options and SARs that have performance measures, the guidance notes suggest that the value of share options and SARs is included in the single-figure table at year-end aligned with when the performance period ends. As Capitec uses tranche vesting, there is a significant timing misalignment between the end of the performance period (3 years) and the achievement of the employment condition and resultant vesting (years 3, 4, 5 and 6). For this reason, the REMCO has taken the decision to report the value in the single-figure table in respect of the share options and SARs that are due to vest within 12 months of the financial year-end as this accurately reflects the economic value to participants at the time of vesting.

Achievement of performance measures

All executive directors achieved their personal performance targets (KPIs contracted with the REMCO) over the reporting year.

Beyond the minimum personal performance measures for participation, vesting was subject to company performance for all awards of SARs and share options.

The table below sets out the vesting performance measures for the March 2022 share options and March 2022 SARs.

Performance measure	Weighting %	Performance target	Actual performance %	Actual vesting %
HEPS	50	3-year average growth exceeding the 3-year average of CPI + GDP + 4% Target: 10.0%	18	50
ROE	50	3-year average ROE exceeding the 3-year average ROE of the big 4 traditional banks in South Africa by 2% Target: 17.1%	27	50
Total				100

Group executive LTIs are aimed at driving company performance and share price growth over the long term, with the LTI outcomes being directly linked to the growth in Capitec Bank Holdings Limited's share price, and employees only receiving the growth in share price above the strike price. In addition to meeting both the ROE and HEPS performance targets in full, Capitec also delivered outstanding share price growth of 49% over the performance period above the strike price of R2 067.19, which is reflected in the LTI outcomes set out in the following table.

The following table sets out the resultant number of shares available for vesting based on the achievement of performance measures.

Executive	Type of instrument	Shares awarded	Performance condition achievement %	Strike price R	Number of shares vesting
GM Fourie	Share options	18 513	100	2 067.19	18 513
	SARs	18 513	100	2 067.19	18 513
	Total				**37 026**
GR Hardy	Share options	4 535	100	2 067.19	4 535
	SARs	4 535	100	2 067.19	4 535
	Total				**9 070**

The table below sets out details of the value of awards included in the single-figure table on **page 119**. We used a year-end share price of R3 074.37.

Executive	Type of instrument	2020 awards R'000	2021 awards R'000	2022 awards R'000	2023 awards R'000	Value of shares included in single-figure table R'000
GM Fourie	Share options	5 107	6 676	5 420	4 629	21 832
	SARs	5 107	6 676	5 420	4 629	21 832
	Total					43 664
GR Hardy	Share options	—	411	—	1 547	1 958
	SARs	—	411	—	1 547	1 958
	Total					3 916

LTI unvested awards

The following table sets out the unvested instruments remaining for each executive director. It includes a calculation of the indicative value of unvested instruments at the end of the 2025 financial year and a calculation of the cash value of instruments exercised in the 2025 financial year. The methodology used in determining these values is in line with the guidance notes issued by SARA and the IoDSA.

Before studying the table, it is important to consider the following:

- The indicative value of unvested instruments is an estimated value and is not an actual reflection of the value of the award that will vest in future. This estimated value takes into account the expected level of vesting and the 2025 financial year-end share price
- The cash value of instruments exercised in the year represents the gain made on the exercise of instruments during the year
- The indicative value of unvested instruments and the cash value of instruments exercised in the year should not be added together.

Date of award	Number of instruments awarded	Strike price R	Number of instruments vested and exercised	Number of instruments lapsed	Closing number of unvested instruments	Indicative value of unvested and/or unexercised instruments R'000	Number exercised in the year	Share price at which instruments were exercised R	Cash value of instruments exercised in the year R'000
	A	B	C	D	E = A-C-D	F	G	H	I = G x (H-B)
GM Fourie									
Options									
2019	22 957	881.76	22 957	—	—	—	5 739	2 294.37	8 107
2020	20 428	1 175.01	15 321	—	5 107	9 700	5 107	2 294.37	5 717
2021	26 703	973.05	13 352	—	13 351	28 054	6 676	2 294.37	8 821
2022	21 681	1 392.19	5 421	—	16 260	27 352	5 421	2 294.37	4 891
2023	18 513	2 067.19	—	—	18 513	18 646	—	—	—
2024	23 681	1 828.19	—	—	23 681	29 511	—	—	—
2025	**22 754**	**2 056.24**	**—**	**—**	**22 754**	**23 167**	**—**	**—**	**—**
SARs									
2019	22 957	881.76	22 957	—	—	—	5 739	2 305.17	8 169
2020	20 428	1 175.01	15 321	—	5 107	9 700	5 107	2 305.17	5 772
2021	26 703	973.05	13 352	—	13 351	28 054	6 676	2 305.17	8 893
2022	21 681	1 392.19	5 421	—	16 260	27 352	5 421	2 305.17	4 949
2023	18 513	2 067.19	—	—	18 513	18 646	—	—	—
2024	23 681	1 828.19	—	—	23 681	29 511	—	—	—
2025	**22 753**	**2 056.24**	**—**	**—**	**22 753**	**23 167**	**—**	**—**	**—**
GR Hardy									
Options									
2021	1 646	911.63	412	—	1 234	1 780	412	2 173.14	520
2023	4 535	2 067.19	—	—	4 535	3 426	—	—	—
2023	1 646	2 106.13	—	—	1 646	1 195	—	—	—
2024	11 053	1 828.19	—	—	11 053	13 774	—	—	—
2025	**16 156**	**5 056.24**	**—**	**—**	**16 156**	**16 449**	**—**	**—**	**—**
SARs									
2021	1 646	911.63	824	—	822	1 780	412	3 090.60	898
2023	4 535	2 067.19	—	—	4 535	3 426	—	—	—
2023	1 646	2 106.13	—	—	1 646	1 195	—	—	—
2024	11 053	1 828.19	—	—	11 053	13 774	—	—	—
2025	**16 156**	**2 056.24**	**—**	**—**	**16 156**	**16 449**	**—**	**—**	**—**

Executive director single figure

The following table illustrates a single remuneration figure for the value of guaranteed pay (cash salary and provident fund), benefits, STIs and LTIs. The corresponding value for the preceding year is included.

Executive director R'000	Cash salary and provident fund	Benefits	TGP	STI	LTI[1]	Total remuneration for the year
2025						
GM Fourie	**18 662**	**118**	**18 780**	**11 022**	**75 016**	**104 818**
GR Hardy	**9 844**	**121**	**9 965**	**5 870**	**4 862**	**20 697**
Total	**28 506**	**239**	**28 745**	**16 892**	**79 878**	**125 515**
2024						
GM Fourie	17 280	133	17 496	5 866	42 378	65 740
GR Hardy	8 458	109	8 750	2 870	912	12 532
Total	25 738	242	26 246	8 736	43 290	78 272

[1] *The LTI included in the single figure takes into consideration both the delivery on the underlying ROE and HEPS performance measures, and the significant growth in Capitec's share price from date of award up to the end of the 2025 financial year.*

Executive director shareholding

In the 2017 financial year, the REMCO introduced MSRs for executive directors and other group executives (refer to Section IV from **page 104**).

The REMCO is satisfied that the CEO and CFO continue to meet their MSRs and exhibit a strong buy-in to the principle of alignment with shareholder interests.

The percentage shareholding as at financial year-end is:

Position	% of TGP
CEO	4 982
CFO[1]	36

[1] *The CFO is within the 5-year window period after appointment to the position.*

Non-executive director actual fees (as approved at the previous AGM)

Non-executive directors received no other remuneration or benefits beside directors' fees. Non-executive directors are reimbursed for their direct and/or indirect expenses reasonably and properly incurred in the performance of their duties. Non-executive directors who, in terms of tax requirements supply a tax invoice with VAT, receive their approved non-executive director fees accordingly.

For the financial year, non-executive director fees were as follows (excluding any reimbursement and VAT):

Non-executive director R'000	2025	2024	Change %
NF Bhettay[1]	**1 259**	413	205
SL Botha (chairman)	**5 590**	5 300	5
SA du Plessis	**2 031**	1 725	18
CH Fernandez	**1 346**	1 418	(5)
N Ford-Hoon[2]	**1 750**	413	324
MSdP le Roux	**650**	616	6
V Mahlangu	**1 724**	1 482	16
TE Mashilwane[3]	**—**	712	(100)
DP Meintjes[4]	**—**	275	(100)
PJ Mouton	**1 222**	1 093	12
CA Otto	**1 049**	897	17
JP Verster[5]	**1 244**	2 166	(43)
Total	**17 865**	16 510	8

[1] *Ms NF Bhettay was appointed on 7 September 2023.*
[2] *Ms N Ford-Hoon was appointed on 7 September 2023.*
[3] *Ms TE Mashilwane resigned on 30 September 2023.*
[4] *Mr DP Meintjes retired on 26 May 2023.*
[5] *Mr JP Verster retired on 31 May 2024.*

Section VI: Succession in action

Acknowledging Gerrie and welcoming Graham

As our shareholders will now be aware, our CEO, Gerrie Fourie, will be retiring at the AGM to be held on 18 July 2025, after 25 years on the executive management team, 11 of which were as CEO. His remuneration for the 2026 financial year and post retirement will be detailed in next year's remuneration report. The board is grateful to Gerrie for the incredible leadership role that he has played, and his entrenched legacy of a high-performance culture in the business will live on, especially through our approach to remuneration strategy within the organisation.

With his retirement, the question of succession in our executive team was a priority. As Capitec has diversified over the past 4 years, Gerrie expanded the executive structure to include divisional executive teams responsible for Personal banking, Business banking, Insurance and Strategic initiatives. This change built a strong senior leadership team enriched with expertise, experience and deep institutional knowledge, and also enabled us to identify and develop his successor, Graham Lee, who will transition from executive: Personal banking to his role as the new CEO and as a member of the board on 19 July 2025.

Building a talent pipeline

We remain focused on nurturing a diverse pool of talent that is ready to lead our business into the future, and we rely on our proactive succession planning and talent programmes to groom our top talent, ensuring a strong team of leaders is ready for new opportunities.

One of the success stories of this approach has been the identification of Basani Maluleke to succeed Graham as executive: Personal banking and as a group EXCO member. Basani joined Capitec in 2021, having previously served as CEO of African Bank, and brings extensive experience from her role as divisional executive: operations over the past 4 years. With her appointment to the group EXCO, we now have 3 of our 10 group EXCO members being female, with 3 of the 10 group EXCO members also being black. This is positive progress as we continue on our growth journey.

With these 2 roles being filled with internal candidates, we are satisfied that our succession strategy is working. We are also confident in the quality and strength of our internal succession pipeline and continue to place strong emphasis on growing our black management appointments as we expand. This was evident in the 2025 financial year where, of the 751 headcount growth in the middle and senior management bands collectively, more than two-thirds of these appointments were black. A further breakdown of this detail can be found in the 'People and culture – our competitive advantage' section of this report from **page 42**.

Building on these successes, we continue to plan ahead for effective succession transitions to develop a diverse group of internal talent ready to take on future leadership roles.

Tying it back to the remuneration strategy

It is critical that where we identify and appoint successors at any level, but particularly at the executive level, we ensure that talent is appropriately locked in and aligned with share price exposure over the long term – both to increase our chances of retention in this critical talent pool and to ensure that when the replacements become effective we are able to avoid the high costs of external hires for these senior roles.

Capitec's executive lock-in strategy is carried out through a gradual build-up process, meaning that there is no need for drastic resetting of pay or for large sign-on awards for these roles at the effective date of the replacement. This strategy affords us the opportunity to appoint from our ready pool of talent which we have groomed for leadership aligned with our Capitec culture.

04 Annual financial statements

The preparation of the Capitec Bank Holdings Limited audited consolidated and separate annual financial statements was supervised by the chief financial officer (CFO), Grant Hardy CA(SA).

17%

5-year compound annual growth

Headline earnings

+ 30%

R13.739 billion

Directors' responsibility statement

Capitec Bank Holdings Limited and its subsidiaries (Capitec or the group)

The directors are responsible for the preparation, integrity and fair presentation of Capitec's consolidated and separate annual financial statements, comprising the statements of financial position as at 28 February 2025, the income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and the notes to the financial statements which include material accounting policy information and other explanatory notes.

The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the Financial Pronouncements as issued by the Financial Reporting Standards Council and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (collectively the JSE financial reporting requirements), the Banks Act, Act 94 of 1990 (Banks Act) and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended (Companies Act).

The directors consider that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that all IFRS Accounting Standards that are considered applicable have been applied. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group and company at year-end.

The directors' responsibilities include maintaining adequate accounting records. The accounting records should disclose, with reasonable accuracy, the financial position of the group and company to enable the directors to ensure that the financial statements comply with relevant legislation.

Capitec operates in a well-established control environment, which is documented and regularly reviewed. The control environment incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are mitigated.

The consolidated financial statements were prepared on a going concern basis. Based on their assessment, the directors have no reason to believe that the group or any company in the group will not continue as a going concern in the foreseeable future. The directors reviewed the group budget and cash flow forecasts for the next 3 years and considered current and anticipated economic conditions. The impact of the macroeconomic environment on the group's capital, and funding and liquidity requirements, which remained within internal targets and above regulatory requirements, was considered.

The directors also prepared the directors' report and the other information included in the integrated annual report and are responsible for both their accuracy and consistency with the financial statements.

The group adhered to the Code of Corporate Practices and Conduct as per the King IV Report on Corporate Governance for South Africa, 2016™ (King IV™).

The group's external auditors, Deloitte & Touche (Deloitte) and KPMG Inc. (KPMG), audited the financial statements and their report is presented on **pages 129** to **135**.

The financial statements set out on **pages 136** to **363** were approved by the board of directors and signed on its behalf on 22 April 2025 by:

Santie Botha
Chairman

Gerrie Fourie
Chief executive officer (CEO)

Chief executive officer's and chief financial officer's responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

- the financial statements set out on **pages 136** to **363**, fairly present, in all material respects, the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards
- to the best of our knowledge and belief, no facts have been omitted, or untrue statements made, that would make the financial statements false or misleading
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer
- the internal financial controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies
- we are not aware of any fraud involving directors.

Gerrie Fourie
Chief executive officer

Grant Hardy
Chief financial officer

22 April 2025

Certificate by the group company secretary

I hereby confirm, in my capacity as group company secretary of Capitec, that for the year ended 28 February 2025, the company has filed all required returns and notices in terms of the Companies Act, and that all such returns and notices are to the best of my knowledge and belief true, correct and up-to-date.

Yolande Mouton
Group company secretary

22 April 2025

Audit committee's report

Capitec Bank Holdings Limited and its subsidiaries (Capitec or the group)

Capitec's audit committee (the committee) is an independent statutory committee appointed by the board of directors in terms of section 64 of the Banks Act and section 94 of the Companies Act, to the extent applicable.

The committee comprises 4 independent non-executive directors. The members have the necessary experience and expertise to direct the committee in the execution of its duties. The committee met 3 times during the year and attendance was 100%.

The committee's responsibilities include statutory duties in terms of the Companies Act, as well as responsibilities assigned to it by the group's board of directors. The committee's terms of reference are set out in a board-approved charter and are detailed in the corporate governance review.

The committee conducted its affairs in compliance with and discharged its responsibilities in terms of its charter for the year ended 28 February 2025.

The committee performed the following statutory duties during the year under review:

- Satisfied itself that the external audit firms and designated audit partners are independent of the group or any company in the group, as set out in section 94(8) of the Companies Act, and are suitable for reappointment by considering, *inter alia*, the latest Independent Regulatory Board for Auditors inspection findings report and information stated in paragraph 3.84(g) of the JSE Listings Requirements
- Satisfied itself that the appointment of the auditors complied with the Companies Act and any other legislation relating to the appointment of auditors
- In consultation with executive management, agreed to the auditors' engagement letter, terms, audit plan and budgeted fees for the 2025 financial year
- Approved the nature and extent of non-audit services that the external auditors may provide and confirmed that the non-audit services did not compromise the external auditors' independence
- Nominated, for election at the annual general meeting (AGM), Deloitte & Touche and KPMG Inc. as the external audit firms
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditors and internal auditors, that the system of internal financial controls of all the companies included in the consolidated financial statements is effective and forms a basis for the preparation of reliable financial statements
- Reviewed the accounting policies and the consolidated and separate financial statements for the year ended 28 February 2025 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, the Code of Corporate Practices and Conduct and IFRS Accounting Standards
- Undertook the prescribed functions in terms of section 94(7) of the Companies Act on behalf of the subsidiary companies of the group
- Approved the key audit matters
- Satisfied itself as to the performance of the external auditors and the quality of the external audit after due consideration and with reference to the audit quality indicators.

The committee performed the following duties assigned by the board during the year under review:

- Considered the information disclosed in the integrated annual report and satisfied itself that the information is reliable and consistent with the financial results. The committee, at its meeting held on 22 April 2025, recommended the integrated annual report for approval by the board of directors
- Satisfied itself that the group's internal audit function is independent and has the necessary resources and authority to enable it to discharge its duties
- Approved the internal audit charter and the annual internal audit plan
- Considered the internal audit reports submitted to the committee and noted the annual conclusion on the adequacy and effectiveness of the system of internal controls, risk management and governance
- Reviewed the reports from the external auditors and reported on the findings at board meetings
- Satisfied itself, as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements, that appropriate financial reporting procedures exist and are working, including consideration of all the entities included in the consolidated financial statements
- Met with the external auditors and with the heads of the internal audit function and compliance function without management being present
- Satisfied itself, in terms of JSE Listings Requirement 3.84(g)(i), that the group financial director has appropriate expertise and experience.

Naidene Ford-Hoon
Chairman of the audit committee

22 April 2025

Directors' report

To the shareholders of Capitec Bank Holdings Limited (Capitec or the group)

The directors present their report for the year ended 28 February 2025 to shareholders.

Nature of the business

Capitec was incorporated in South Africa on 23 November 1999 and registered as a bank controlling company, as envisaged by the Banks Act on 29 June 2001. Capitec was listed on the JSE on 18 February 2002.

Capitec is a diversified financial services group that provides personal and business banking as well as insurance, value-added services and online consumer lending products.

The company holds 100% of its principal subsidiaries, Capitec Bank Limited (Capitec Bank), Capitec Ins Proprietary Limited (Capitec Ins) and Capitec Bank Insurance Holdings Limited. Capitec Bank is a leading provider of personal and business banking products to individuals and small- and medium-sized businesses in South Africa. The cell captive arrangements, which were transferred to Capitec Ins Proprietary Limited by Capitec Bank effective 31 March 2021, enable Capitec Ins to provide long-term insurance products to Personal banking clients. Capitec Bank Insurance Holdings Limited holds 100% of Capitec Life Limited (Capitec Life). Capitec Life holds a long-term insurance licence and operated as an insurance company during the 2024 and 2025 financial years.

In May 2024, Avafin Holding Limited (AvaFin), previously an associate, became a subsidiary. Capitec holds an interest of 97.075% in AvaFin's equity. AvaFin is an 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.

Review of operations

The operating results and the state of affairs of the company and the group are fully disclosed in the financial statements, and commentary is provided in the reports from the chairman, the chief executive officer and the chief financial officer, which are included in the integrated annual report.

Ordinary and preference shares issued

No ordinary shares were issued during the year (2024: Nil). The number of shares in issue per the shareholders' register amounted to 116 099 843 (2024: 116 099 843). No ordinary shares were repurchased for cancellation during the current or prior year. At the reporting date, the group held 277 289 treasury shares (2024: 292 246) in Capitec Bank Holdings Limited.

No preference shares were issued during the year. A total of 15 643 (2024: 62 758) preference shares were repurchased.

Dividends to shareholders

The following dividends were declared for the current and previous financial years:

	Dividends per share (cents) 2025	Dividends per share (cents) 2024
Ordinary dividend		
Interim	**2 085**	1 530
Final	**4 425**	3 345
Preference dividend		
Interim	**493.59**	480.35
Final	**469.00**	488.22

The final preference dividend was declared on 28 February 2025. The directors resolved that the final ordinary dividend for 2025 be declared on 23 April 2025.

The directors performed the solvency and liquidity tests required by the Companies Act and after the declaration of the dividend, the group remains liquid and solvent.

Subsidiaries, associates and joint ventures

Information relating to the company's financial interest in its subsidiaries, associates and joint ventures is presented in the notes to the annual financial statements.

Notice in terms of section 45(5) of the Companies Act

Capitec is required, as an essential part of conducting the business of the group, to provide financial assistance to foreign group companies as part of its day-to-day operations in the form of loan funding, guarantees or general financial assistance as contemplated in section 45 of the Companies Act.

In accordance with section 45(5) of the Companies Act, shareholders will be given notice in the notice of annual general meeting to be dated 20 June 2025 that the board approved that the company may, in accordance with and subject to the provisions of section 45 of the Companies Act, and in terms of the special resolution passed, provide such direct or indirect financial assistance to foreign related and interrelated companies as described in section 45 of the Companies Act.

Auditors' remuneration

The audit fee per audit firm is reflected below.

R'000	GROUP Deloitte	GROUP KPMG[1]	GROUP BDO[2]	GROUP PwC	COMPANY Deloitte	COMPANY KPMG[1]	COMPANY PwC
2025							
Financial statements audit							
– current year	**30 533**	**26 616**	**5 374**	**—**	**270**	**363**	**—**
– prior year	**1 632**	**—**	**115**	**—**	**—**	**—**	**—**
Other services	**2 001**	**562**	**778**	**—**	**—**	**—**	**—**
	34 166	**27 178**	**6 267**	**—**	**270**	**363**	**—**
2024							
Financial statements audit							
– current year	25 260	—	—	23 326	170	—	170
– prior year	1 876	—	—	1 278	—	—	—
Other services	613	—	—	—	—	—	—
	27 749	—	—	24 604	170	—	170

(1) *KPMG was appointed as the joint auditor for the 2025 financial year at the AGM on 31 May 2024.*
(2) *BDO is the auditor of the newly acquired subsidiary Avafin Holding Limited.*

Segment information

Refer to note 36 in the notes to the financial statements for the segment information.

Events after the reporting period

In terms of IAS 10 *Events after the Reporting Period,* non-adjusting post-balance sheet events are events that are indicative of a condition that arose after the reporting period ended 28 February 2025. We have concluded that the uncertainty around United States of America (USA) tariff adjustments on the import of goods from numerous countries, including South Africa; and the potential termination of South Africa's Government of National Unity in its present form, are such events.

The forward-looking ECL model considers economic variables specific to South Africa that directly impact the group's clients. 4 forward-looking scenarios are incorporated into the range of reasonably possible outcomes (negative, baseline, positive and very positive scenarios). The negative scenario incorporated into the model at year-end specifically assumes that the economic conditions deteriorate further. Refer to the Critical accounting estimates and judgements in applying accounting policies section in note 9.

We believe that there may be further negative impacts on the South African economy and our business for the year ending 28 February 2026. However, it is not possible to accurately estimate the financial effect as the situation remains fluid.

Directors and group company secretary

Information relating to the directors and group company secretary is included on **pages 80** to **82** of the integrated annual report.

The directors' interest in share capital and agreements and directors' remuneration are disclosed in note 39 to the financial statements.

Board changes

Jean Pierre Verster retired from the board on 31 May 2024. There were no new appointments to the board during the 2025 financial year.

Raghuvir Malhotra was appointed to the boards of Capitec and Capitec Bank as an independent non-executive director, effective 1 March 2025.

Independent auditors' report

To the shareholders of Capitec Bank Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Capitec Bank Holdings Limited (the group and company) set out on **pages 136** to **363**, which comprise the statements of financial position as at 28 February 2025; and the income statements; the statements of other comprehensive income; the statements of changes in equity; and the statements of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Capitec Bank Holdings Limited as at 28 February 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The audit was influenced by our application of materiality. We define materiality as the magnitude of a misstatement in the consolidated and separate financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the effect of misstatements, both individually and in the aggregate, on the consolidated and separate financial statements as a whole.

Based on our professional judgement, we determined certain quantitative thresholds for materiality for the consolidated and separate financial statements as a whole as follows:

	Group	**Company**
Overall materiality	R886 million	R71 million
How we determined it	5% of operating profit before tax	1% of total assets
Rationale for the materiality benchmark and percentage applied	We identified operating profit before tax as the most appropriate benchmark to determine materiality given that it is a key performance metric of users and the benchmark on which returns are generated for the benefit of shareholders.	We identified total assets as the most appropriate benchmark to determine materiality given that the company is an investment holding company that holds the investments for generating returns.
	The percentages applied to the benchmarks were based on our professional judgement after consideration of qualitative factors that impact both the group and company.	

Group audit scope

We tailored the scope of our audit to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We have performed risk assessment procedures to determine which of the group's components are likely to include risks of material misstatement to the consolidated financial statements and we determined the type of work needed to be performed at those components to address the risks. Our judgements included assessing the size of the components, nature of assets, liabilities, and transactions within the component, as well as specific risks.

In total, we identified 5 components requiring an audit response. Of those, we identified 4 components at which audit procedures were performed on the entire financial information of the component, either because audit evidence was needed to be obtained on all or a significant proportion of the components' financial information, or that the components included pervasive risks of material misstatement to the consolidated financial statements.

For the remaining component, our audit procedures were focused on certain classes of transactions, account balances or disclosures in which we considered risks of material misstatement to have been identified. For the remaining financial information where audit procedures were not performed, we performed analytical procedures at the group to assess the risk of a material misstatement in the remaining financial information.

In respect of the reporting components where audit procedures were performed, 92.6% of the group's operating profit before tax and 97.9% of total assets were covered by the audit of the 5 components scoped in.

We considered the scope of the audit, as communicated to the audit committee, to be an appropriate basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The valuation of insurance contract assets

Key audit matter	How our audit addressed the key audit matter
Refer to note 11 (insurance and reinsurance contract assets) to the consolidated financial statements for the related disclosures. The insurance contract assets are measured for insurance policies sold in respect of credit life insurance and life insurance which includes funeral plan and life cover. We determined the valuation of the insurance contract assets to be a matter of most significance to our audit of the consolidated financial statements and a key audit matter due to the judgement and estimation applied by management in measuring the group's insurance contract assets, as well as the impact of applying incorrect data inputs used in the valuation of the insurance contract asset. As at 28 February 2025, the group recognised insurance contract assets with a carrying value of R4.3 billion. The valuation of the group's insurance contract assets is measured in terms of IFRS 17 *Insurance Contracts* (IFRS 17). The key areas of significant management judgement and estimation included in the valuation of insurance contract assets include: • The estimation of fulfilment cash flows, specifically the present value of future cash flows and risk adjustment for non-financial risk (RA), as well as the contractual service margin (CSM); • Establishing the key assumptions relating to future events within complex models requires expert judgement. Changes in the key assumptions can have material impacts on the present value of future cash flows and consequently the CSM. The key assumptions include: – mortality and morbidity rates; – expenses; – lapse rates; – retrenchment rates; and – discount rates.	Together with our actuarial specialists, we performed the following procedures to assess the reasonableness of the valuation of the insurance contract assets: • Obtained an understanding of the group's actuarial internal control environment including its governance processes and tested the design and implementation of key controls identified. • We assessed the appropriateness of the significant model and assumptions changes, as well as the logic of the models against the requirements of IFRS 17. • We challenged the key assumptions applied in the determination of the present value of the future cash flows and the CSM by comparing management's assumptions with externally observable data and our assessment of the group's analysis of experience to date together with allowance for future uncertainty. • For a sample of management's past claims experience investigations, we performed a look-back analysis using actual policy administration data to assess that the experience assumptions align to actual past performance. • By assessing the appropriateness of the method applied and the release of the RA, we evaluated the accuracy of the adjustments made to the fulfilment cash flows. • The reasonableness of the unwinding of the CSM was assessed by: – Testing the methodology and logic of models used through independent recalculations on a sample of models; and – Testing the appropriateness of management's data and assumptions, including the coverage units, used in the release of the CSM. • We assessed the reasonability of the CSM build-up from opening balance to closing balance, focusing on new business, interest accretion and changes in assumptions that impact future service, amongst others. • We assessed the profitability group allocations for new business against the requirements of IFRS 17.

The valuation of insurance contract assets

Key audit matter	How our audit addressed the key audit matter
• The past claims experience investigations that management performs annually to understand the actual claims experience compared to the basis used in the valuations	• We assessed the completeness and accuracy of policyholder data transferred from policy administration systems to the actuarial models for use in the determination of the insurance contract assets. • We evaluated the appropriateness of the disclosures made in note 11 to the consolidated financial statements in terms of the requirements of IFRS 17. Based on the procedures performed, we did not identify any significant matter requiring further consideration in concluding on the valuation of the insurance contract assets.

Expected credit losses (ECL) on loans and advances

Key audit matter	How our audit addressed the key audit matter
Refer to note 9 (loans and advances) and note 30 (credit impairments) to the consolidated financial statements for the related disclosures. We considered the ECL for loans and advances pertaining to the personal banking and business banking segments to be a matter of most significance to our audit of the consolidated financial statements due to: • the degree of subjective judgement and estimation applied by management in determining the ECL; and • the magnitude of the ECL recognised in relation to gross loans and advances. The ECL for loans and advances was determined in terms of IFRS 9 *Financial Instruments* (IFRS 9). ***Personal banking segment*** As at 28 February 2025, gross loans and advances for the personal banking segment amounted to R89.5 billion, against which an ECL of R24.2 billion was recognised. The key areas of significant management judgement and estimation included: ***Evaluation of significant increase in credit risk (SICR)*** • Determining whether evidence exists that there has been a SICR since initial recognition by considering if clients have reached certain behaviour risk thresholds or where specific events have occurred that indicate a SICR. ***Determination of the write-off point*** • Considering the point at which there is no reasonable expectation of further recovery to be made, when the expected present value of projected future recoveries are less than 5% of the gross balance before write-off. This point is estimated based on recovery estimates that are driven by account status and consecutive missed payments. ***Inclusion of the impact of forward-looking information and macroeconomic variables in the ECL calculation*** • Utilising macroeconomic outlooks for four scenarios (negative, baseline, positive and very positive) and associated probability weightings to project future changes in the selected macroeconomic variables. These scenarios are provided by the Bureau for Economic Research (BER) and approved by the Asset and Liability Committee (ALCO). The scenarios are then linked to the Probability of Default (PD) to derive a forward-looking ECL.	We obtained an understanding and evaluated the design and implementation, as well as the operating effectiveness of the relevant controls relating to the origination and approval of credit facilities. ***Personal banking segment*** Together with our credit specialist and economics expert, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on loans and advances, as follows: • We assessed the associated impairment methodologies and practices applied by management against the requirements of IFRS 9. ***Evaluation of SICR*** • We recalculated the application of management's SICR thresholds and triggers including the corresponding impact on the ECL by applying the assumptions and data included in management's model. • We assessed the appropriateness of the SICR methodology and tested the resultant transfer rate of SICR accounts into stage 2. This included benchmarking the transfer rate against the volume of up-to-date accounts that went into arrears based on historical trends, as well as increases in risk determined by management's forward-looking macroeconomic model. • We performed a sensitivity analysis of SICR to assess the impact of change in SICR thresholds on the ECL recognised. • We evaluated management's validation of the performance of behavioural scores, scores at initial recognition and the correlation of these to default rates. • We obtained an understanding of management's process for identifying employer groups under stress and observed that these identified employer groups have been considered in management's calculation of the behavioural scores. ***Determination of the write-off point*** • We considered the present value of the historical post write-off recoveries to evaluate the reasonableness of management's assessment which indicates that the current write-off point is still the point at which there was no reasonable expectation of further recovery and is in accordance with the group's defined threshold • Using the group's data, we reperformed the group's application of the IFRS 9 write-off policy as defined by the group. • Through recalculation, we evaluated whether post write-off recoveries have been excluded from the LGD calculation and therefore do not impact the ECL

Expected credit losses (ECL) on loans and advances

Key audit matter	How our audit addressed the key audit matter
Calibrating of ECL statistical model components (PD, EAD, LGD) • Calibrating of the ECL statistical model components PD, Exposure At Default (EAD) and Loss Given Default (LGD) used to estimate the timing and amount of the forecast cash flows based on historical default data and recoveries. The group stratifies aspects such as client risk groups, time on book, product term, payment frequency, default statuses, employment, industry, rescheduling status and the behaviour score of the client. Management judgement is required to consider how historical data is used to project ECL.	***Inclusion of the impact of forward-looking information and macroeconomic variables in the ECL calculation*** • We inspected ALCO approval of the use of the BER variables and weightings. • We considered the appropriateness of the assumptions used in the forward-looking macroeconomic model, specifically around the forward-looking scenarios used, the macroeconomic variables and outlook considered for each scenario, as well as the probability weighting of each scenario for reasonableness. We discussed these with management and compared these to our own benchmarked economic forecasts and independent market data. ***Calibrating of ECL statistical model components (PD, EAD, LGD)*** • Through discussion with management and inspection of documentation, we obtained an understanding of the methodologies and assumptions used by management in the various ECL model components. • Through our independent reperformance and reasonability assessment of the ECL model, we assessed the model components and how these were calibrated to use historical information to estimate future cash flows. • On a sample basis, we compared input data into the impairment models to source systems for critical input data fields.
Business banking segment As at 28 February 2025, gross loans and advances for the business banking segment amounted to R23.3 billion, against which an ECL of R1.4 billion was recognised. The key areas of significant management judgement and estimation included: ***Evaluation of SICR*** • Determining whether evidence exists that there has been a SICR since initial recognition of the financial instrument, by considering adverse changes in the performance or business of borrowers. ***Inclusion of the impact of forward-looking information and macroeconomic variables in the ECL calculation*** • Utilising macroeconomic outlooks of four scenarios (negative, baseline, positive and very positive) and associated probability weightings to project future changes in the selected macroeconomic variables. These are provided by the BER and approved by the ALCO. The scenarios are then linked to PD to derive a forward-looking ECL. • Selection of macroeconomic variables and correlation of changes and lags in these variables, along with their associated weighting, to forecast default rates to derive a forward-looking ECL. • In respect of the LGD parameter, LGDs are stressed using historically observed losses to apply specific collateral haircuts to estimated projected collateral values. ***Determination of management overlays in the ECL*** • Management adjusts the results produced by the modelled output for events that influence the ECL, which are not yet captured by the model after significant expert consultation which is subject to a governance process.	**Business banking segment** Together with our actuarial and economics specialists, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on loans and advances, as follows: ***Evaluation of SICR*** • We recalculated the impact of SICR, applying the assumptions and data included in management's model by considering adverse changes in the performance or business of borrowers. • We tested the SICR triggers applied and the resultant transfer into stage 2 for SICR. This included benchmarking of the volume of up-to-date accounts transferred to stage 2 based on history. • Through discussion with management, we obtained an understanding of management's process for identifying adverse changes in the performance or business of borrowers and how these drive additional ECL overlays and/or stage migrations. ***Inclusion of the impact of forward-looking information and macroeconomic variables in the ECL calculation*** • We considered the assumptions used in the forward-looking macroeconomic model, specifically around the forward-looking scenarios used, the macroeconomic variables and outlook considered for each scenario, as well as the probability weighting of each scenario for reasonableness. We discussed these with management and compared these to our own and benchmarked economic forecasts and independent market data. • We tested the performance and sensitivity of the forward-looking macroeconomic model in order to evaluate whether the chosen macroeconomic factors and model structure provides a reasonable representation of the impact of macroeconomic changes on the ECL and baseline information built into the forward-looking macroeconomic model. • We assessed the reasonableness of collateral recovery rates and performed haircut stresses on the collateral to estimate projected collateral values.

Expected credit losses (ECL) on loans and advances

Key audit matter	How our audit addressed the key audit matter
Calibrating of ECL statistical model components (PD, EAD, LGD) • Calibrating of the ECL statistical model components PD, EAD, and LGD used to estimate the timing and amount of the forecast cash flows based on historical default data, roll rates and recoveries. The group stratifies aspects such as client risk segments, product type, behaviour score of the client, collateral type and time to recovery. Management judgement is required to consider how historical data is used to project ECL. ***Disclosures for personal and business banking segments*** Financial reporting requires inclusion of disclosures that provide an adequate level of transparency regarding judgements made and assumptions applied.	***Determination of management overlays in the ECL*** • We assessed the reasonableness of the management overlays through inspection of documentation, historical data and independent reperformance to assess appropriateness and evaluated whether the modelled ECL did not already cater for the risk being addressed by the overlays. We further evaluated whether the overlays were subject to an appropriate governance process. ***Calibrating of ECL statistical model components (PD, EAD, LGD)*** • Through discussion with management and inspection of documentation, we obtained an understanding of the methodologies and assumptions used by management in the various ECL model components and how these were calibrated to use historical information to estimate future cash flows. • Through our independent reperformance and reasonability assessment of the ECL model, we assessed the accuracy of model components and how these were calibrated using historical information to estimate expected credit losses. • On a sample basis, we compared input data into the impairment models to source systems for critical input data fields. ***Disclosures for personal and business banking segments*** We evaluated the adequacy of the disclosures made in terms of the requirements of IFRS 9. Based on the procedures performed over the ECL for loans and advances in respect of the personal and business banking segments, we did not identify material misstatements in the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Integrated annual report for the year ended 28 February 2025 Capitec Bank Holdings Limited”, which includes the Directors’ report, the Audit committee’s report and the Certificate by the group company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditors’ reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. and Deloitte & Touche have been the joint auditors of Capitec Bank Holdings Limited for 1 year. Prior to the commencement of this joint audit relationship, Deloitte & Touche were the joint auditors of Capitec Bank Holdings Limited for 4 years.

KPMG Inc.
Registered Auditor

Per Gawie Kolbé
Chartered Accountant (SA)
Registered Auditor
Director

The Haylard
4 Christiaan Barnard Street
Cape Town
8000
South Africa

Deloitte & Touche
Registered Auditor

Per Lito Nunes
Chartered Accountant (SA)
Registered Auditor
Director

5 Magwa Crescent
Waterfall City
Midrand
2090
South Africa

22 April 2025

Statements of financial position

As at 28 February 2025

R'000	Note	GROUP 2025	GROUP Restated[1] 2024	GROUP Restated[1] 1 March 2023	COMPANY 2025	COMPANY 2024
Assets						
Cash and cash equivalents[1]	5	**44 563 334**	34 856 386	34 018 677	**18 512**	310 196
Financial assets at fair value through profit or loss (FVTPL)	6	**1 349 010**	553 980	289 051	**—**	—
Financial investments at amortised cost	7	**76 336 706**	68 110 551	61 034 237	**—**	—
Term deposit investments	8	**5 546 480**	7 791 467	3 628 162	**—**	—
Loans and advances	9	**89 145 478**	80 551 697	78 167 803	**—**	—
Other receivables[1]	10	**6 025 185**	2 571 704	1 798 526	**2 740**	254 840
Insurance contract assets	11	**4 304 064**	2 960 944	1 970 734	**—**	—
Reinsurance contract assets	11	**1 380**	—	—	**—**	—
Derivative assets	46	**37 614**	33 604	33 555	**—**	9 206
Financial assets – equity instruments at fair value through other comprehensive income (FVOCI)	12	**81 886**	82 415	73 880	**—**	—
Current income tax asset	40.3	**—**	—	40 701	**—**	—
Interest in associates and joint ventures	13	**285 341**	727 056	600 068	**25 000**	308 073
Interest in subsidiaries	13	**—**	—	—	**7 028 891**	6 212 518
Property and equipment	14	**3 978 491**	3 511 330	3 291 918	**—**	—
Right-of-use assets	15	**1 827 237**	1 856 615	1 821 415	**—**	—
Intangible assets including goodwill	16	**1 628 713**	1 401 975	1 435 629	**—**	—
Deferred income tax asset	17	**3 352 753**	2 568 902	2 431 699	**—**	—
Total assets		**238 463 672**	207 578 626	190 636 055	**7 075 143**	7 094 833
Liabilities						
Derivative liabilities	46	**21 140**	20 602	23 683	**—**	—
Current income tax liability	40.3	**377 124**	251 977	—	**—**	—
Deposits	18	**172 635 487**	152 994 134	144 059 409	**—**	—
Wholesale funding	18	**2 905 615**	3 020 834	2 438 794	**—**	—
Other liabilities	19	**9 144 613**	5 364 933	3 874 119	**14 061**	10 657
Lease liabilities	20	**2 367 195**	2 383 183	2 305 062	**—**	—
Employee benefit liabilities	21	**10 770**	12 370	14 622	**—**	—
Group loans payable	22	**—**	—	—	**39 238**	37 791
Deferred income tax liability	17	**88 433**	—	—	**—**	2 486
Total liabilities		**187 550 377**	164 048 033	152 715 689	**53 299**	50 934
Equity						
Equity attributable to ordinary shareholders of the group		**50 840 517**	43 487 333	37 871 442	**6 979 996**	7 000 639
Ordinary share capital and premium	23	**5 475 346**	5 456 540	5 406 108	**5 649 020**	5 649 020
Izindaba Ezinhle Employee Share Scheme	43.2	**—**	—	—	**491 978**	491 978
Cash flow hedge reserve	24	**—**	7 244	1 544	**—**	6 720
Other reserves	24	**(23 292)**	(17 661)	(25 371)	**—**	—
Foreign currency translation reserve	24	**(18 310)**	101 574	77 610	**—**	—
Share option reserve	24	**515 809**	515 809	515 809	**23 831**	23 831
Retained earnings		**44 890 964**	37 423 827	31 895 742	**815 167**	829 090
Equity attributable to other equity instrument holders of the group						
Preference share capital and premium	23	**41 848**	43 260	48 924	**41 848**	43 260
Equity attributable to non-controlling interest[2]		**30 930**	—	—	**—**	—
Total equity		**50 913 295**	43 530 593	37 920 366	**7 021 844**	7 043 899
Total equity and liabilities		**238 463 672**	207 578 626	190 636 055	**7 075 143**	7 094 833

[1] *The group reclassified the South African Reserve Bank (SARB) settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. Refer to note 3.*

[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Income statements

Year ended 28 February 2025

R'000	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Interest and similar income and expenses					
Interest income		**30 228 358**	25 805 800	**676**	579
Interest income calculated using the effective interest method	25.1	**29 367 763**	25 118 273	**676**	579
Interest income on financial assets at FVTPL	25.2	**860 595**	687 527	**—**	—
Interest expense and other similar charges	25.3	**(10 042 710)**	(9 341 813)	**—**	—
Net interest income		**20 185 648**	16 463 987	**676**	579
Credit impairments	30	**(8 258 386)**	(8 725 334)	**—**	—
Net interest income after credit impairments		**11 927 262**	7 738 653	**676**	579
Non-interest income					
Loan fee income		**1 292 328**	1 219 308	**—**	—
Loan fee expense		**(6 393)**	(11 140)	**—**	—
Net loan fee income	26	**1 285 935**	1 208 168	**—**	—
Transaction fee and commission income		**24 851 856**	20 855 906	**—**	—
Transaction fee and commission expense		**(6 317 004)**	(6 068 779)	**—**	—
Net transaction and commission income	27	**18 534 852**	14 787 127	**—**	—
Insurance revenue		**7 368 483**	4 971 208	**—**	—
Insurance service expense		**(3 716 043)**	(1 977 268)	**—**	—
Net expense from reinsurance contracts held		**(1 454)**	—	**—**	—
Insurance service result		**3 650 986**	2 993 940	**—**	—
Insurance finance income		**126 834**	183 612	**—**	—
Reinsurance finance expense		**(463)**	—	**—**	—
Net insurance result	28	**3 777 357**	3 177 552	**—**	—
Foreign currency income		**567 550**	514 554	**—**	—
Foreign currency expense		**(431 956)**	(354 041)	**—**	—
Net foreign currency income		**135 594**	160 513	**—**	—
Dividend income	29	**—**	—	**6 308 697**	5 781 886
Other income		**147 991**	245 492	**6 236**	6 113
Net non-interest income		**23 881 729**	19 578 852	**6 314 933**	5 787 999
Income from operations after credit impairments		**35 808 991**	27 317 505	**6 315 609**	5 788 578
Operating expenses	31	**(18 099 565)**	(13 940 885)	**(6 912)**	(6 692)
Share of net profit of associates and joint ventures	13	**2 994**	71 124	**—**	—
Reversal of impairment in associate	13	**—**	—	**—**	65 682
Deemed disposal of investment in associate[1]	4	**27 245**	—	**—**	—
Operating profit before tax		**17 739 665**	13 447 744	**6 308 697**	5 847 568
Income and deferred tax expense	32	**(3 990 549)**	(2 880 807)	**(13 742)**	(12 786)
Profit for the year		**13 749 116**	10 566 937	**6 294 955**	5 834 782
Profit attributable to					
Ordinary shareholders		**13 742 245**	10 566 937	**6 294 955**	5 834 782
Non-controlling interest[1]		**6 871**	—	**—**	—
		13 749 116	10 566 937	**6 294 955**	5 834 782
Earnings per share (cents)					
Basic	33	**11 911**	9 156		
Diluted	33	**11 878**	9 137		

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Statements of other comprehensive income

Year ended 28 February 2025

R'000	Note	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Profit for the year		**13 749 116**	10 566 937	**6 294 955**	5 834 782
Other comprehensive income that may subsequently be reclassified to profit or loss		**(127 957)**	29 664	**(9 001)**	6 720
Cash flow hedge reserve recognised	24	**(9 190)**	10 986	**(12 330)**	9 206
Cash flow hedge reclassified to profit or loss	24	**(733)**	(3 178)	**—**	—
Income tax relating to cash flow hedge	24	**2 679**	(2 108)	**3 329**	(2 486)
Foreign currency translation reserve reclassified to profit or loss on deemed disposal of associate[1]	24	**(85 535)**	—	**—**	—
Foreign currency translation reserve recognised – attributable to ordinary shareholders	24	**(34 349)**	23 964	**—**	—
Foreign currency translation reserve recognised – attributable to non-controlling interest		**(829)**	—	**—**	—
Other comprehensive income that will not subsequently be reclassified to profit or loss		**(5 631)**	7 710	**2 281**	—
Remeasurement of defined benefit obligation	21	**347**	(824)	**—**	—
Cash flow hedge released to hedged item	24	**—**	—	**2 281**	—
(Loss)/Profit on remeasurement to FVOCI	24	**(8 061)**	8 535	**—**	—
Income tax thereon	24	**2 083**	(1)	**—**	—
Total comprehensive income for the year		**13 615 528**	10 604 311	**6 288 235**	5 841 502
Total comprehensive income attributable to					
Ordinary shareholders		**13 609 486**	10 604 311	**6 288 235**	5 841 502
Non-controlling interest[1]		**6 042**	—	**—**	—
		13 615 528	10 604 311	**6 288 235**	5 841 502

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Statements of changes in equity

Year ended 28 February 2025

		GROUP									
R'000	Note	Ordinary share capital and premium	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Share option reserve	Retained earnings	Equity attributable to ordinary share-holders of the group	Preference share capital and premium	Non-controlling interest[1]	Total
Balance as at 28 February 2023		5 406 108	77 610	1 544	(25 371)	515 809	31 895 742	37 871 442	48 924	—	37 920 366
Total comprehensive income for the year		—	23 964	5 700	7 710	—	10 566 937	10 604 311	—	—	10 604 311
Transactions with shareholders and directly recorded in equity		50 432	—	—	—	—	(5 038 852)	(4 988 420)	(5 664)	—	(4 994 084)
Ordinary dividend	40.5	—	—	—	—	—	(5 011 260)	(5 011 260)	—	—	(5 011 260)
Preference dividend	40.5	—	—	—	—	—	(4 763)	(4 763)	—	—	(4 763)
Employee share option scheme: value of employee services	31	—	—	—	—	—	60 102	60 102	—	—	60 102
Shares acquired for employee share options at cost		10 846	—	—	—	—	(84 857)	(74 011)	—	—	(74 011)
Proceeds on settlement of employee share options		—	—	—	—	—	105 908	105 908	—	—	105 908
Tax effect on share options		—	—	—	—	—	12 683	12 683	—	—	12 683
Fair value of shares utilised for net settlement		—	—	—	—	—	(115 969)	(115 969)	—	—	(115 969)
Preference shares repurchased		—	—	—	—	—	(696)	(696)	(5 664)	—	(6 360)
Treasury shares		39 586	—	—	—	—	—	39 586	—	—	39 586
Balance as at 29 February 2024		**5 456 540**	**101 574**	**7 244**	**(17 661)**	**515 809**	**37 423 827**	**43 487 333**	**43 260**	**—**	**43 530 593**
Acquisition of subsidiary		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**20 434**	**20 434**
Total comprehensive income for the year		**—**	**(119 884)**	**(7 244)**	**(5 631)**	**—**	**13 742 245**	**13 609 486**	**—**	**6 042**	**13 615 528**
Transactions with shareholders and directly recorded in equity		**18 806**	**—**	**—**	**—**	**—**	**(6 275 108)**	**(6 256 302)**	**(1 412)**	**4 454**	**(6 253 260)**
Ordinary dividend	40.5	**—**	**—**	**—**	**—**	**—**	**(6 297 739)**	**(6 297 739)**	**—**	**—**	**(6 297 739)**
Preference dividend	40.5	**—**	**—**	**—**	**—**	**—**	**(4 476)**	**(4 476)**	**—**	**—**	**(4 476)**
Change in AvaFin shareholding – equity transactions[2]		**—**	**—**	**—**	**—**	**—**	**(4 436)**	**(4 436)**	**—**	**4 454**	**18**
Employee share option scheme: value of employee services	31	**—**	**—**	**—**	**—**	**—**	**86 258**	**86 258**	**—**	**—**	**86 258**
Shares acquired for employee share options at cost		**(20 638)**	**—**	**—**	**—**	**—**	**(120 824)**	**(141 462)**	**—**	**—**	**(141 462)**
Proceeds on settlement of employee share options		**—**	**—**	**—**	**—**	**—**	**136 110**	**136 110**	**—**	**—**	**136 110**
Tax effect on share options		**—**	**—**	**—**	**—**	**—**	**85 660**	**85 660**	**—**	**—**	**85 660**
Fair value of shares utilised for net settlement		**—**	**—**	**—**	**—**	**—**	**(155 480)**	**(155 480)**	**—**	**—**	**(155 480)**
Preference shares repurchased		**—**	**—**	**—**	**—**	**—**	**(181)**	**(181)**	**(1 412)**	**—**	**(1 593)**
Treasury shares	23	**39 444**	**—**	**—**	**—**	**—**	**—**	**39 444**	**—**	**—**	**39 444**
Balance as at 28 February 2025		**5 475 346**	**(18 310)**	**—**	**(23 292)**	**515 809**	**44 890 964**	**50 840 517**	**41 848**	**30 930**	**50 913 295**
Note		23	24	24	24	24			23		

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

[2] *Shares were issued to AvaFin management for options exercised. The change in shareholding is an equity transaction that did not result in a loss of control.*

R'000	Note	Ordinary share capital and premium	Cash flow hedge reserve	Share option reserve	Izindaba Ezinhle Employee Share Scheme	Retained earnings	Preference share capital and premium	Total
		COMPANY						
Balance as at 28 February 2023		5 649 020	—	23 831	491 978	22 067	48 924	6 235 820
Total comprehensive income for the year		—	6 720	—	—	5 834 782	—	5 841 502
Transactions with shareholders and directly recorded in equity		—	—	—	—	(5 027 759)	(5 664)	(5 033 423)
Ordinary dividend	40.5	—	—	—	—	(5 022 300)	—	(5 022 300)
Preference dividend	40.5	—	—	—	—	(4 763)	—	(4 763)
Preference shares repurchased		—	—	—	—	(696)	(5 664)	(6 360)
Balance as at 29 February 2024		**5 649 020**	**6 720**	**23 831**	**491 978**	**829 090**	**43 260**	**7 043 899**
Total comprehensive income for the year		**—**	**(6 720)**	**—**	**—**	**6 294 955**	**—**	**6 288 235**
Transactions with shareholders and directly recorded in equity		**—**	**—**	**—**	**—**	**(6 308 878)**	**(1 412)**	**(6 310 290)**
Ordinary dividend	40.5	**—**	**—**	**—**	**—**	**(6 304 221)**	**—**	**(6 304 221)**
Preference dividend	40.5	**—**	**—**	**—**	**—**	**(4 476)**	**—**	**(4 476)**
Preference shares repurchased		**—**	**—**	**—**	**—**	**(181)**	**(1 412)**	**(1 593)**
Balance as at 28 February 2025		**5 649 020**	**—**	**23 831**	**491 978**	**815 167**	**41 848**	**7 021 844**
Note		23	24	24	43.2		23	

Statements of cash flows

Year ended 28 February 2025

		GROUP		COMPANY	
R'000	Note	2025	Restated[1] 2024	2025	2024
Cash flows from operating activities					
Cash flow from operations[1]	40.1	**9 647 337**	4 180 694	**251 926**	(252 338)
Income tax paid	40.3	**(4 455 654)**	(2 712 640)	**(13 742)**	(12 786)
Interest received	40.9	**29 757 053**	24 950 193	**676**	579
Interest paid	40.10	**(10 043 815)**	(9 301 372)	**—**	—
Dividend received		**—**	—	**6 308 697**	5 781 886
		24 904 921	17 116 875	**6 547 557**	5 517 341
Cash flows from investing activities					
Acquisition of property and equipment	14	**(1 278 434)**	(1 038 114)	**—**	—
Disposal of property and equipment	40.4	**39 449**	29 817	**—**	—
Acquisition of intangible assets	16	**(94 568)**	(119 269)	**—**	—
Disposal of preference shares in subsidiary	13	**—**	—	**1 409**	5 664
Investment in term deposit investments	8	**(5 140 000)**	(7 864 000)	**—**	—
Redemption of term deposit investments	8	**7 664 000**	3 650 000	**—**	—
Acquisition of financial investments at amortised cost	7	**(71 068 030)**	(65 156 207)	**—**	—
Redemption of financial investments at amortised cost	7	**63 005 472**	58 959 433	**—**	—
Interest acquired in associates and joint ventures	13	**(15 000)**	(31 900)	**—**	—
Acquisition of subsidiary net of cash acquired[2]	4	**(99 495)**	—	**(534 708)**	(200 000)
		(6 986 606)	(11 570 240)	**(533 299)**	(194 336)
Cash flows from financing activities					
Dividends paid	40.5	**(6 303 954)**	(5 023 115)	**(6 305 796)**	(5 029 468)
Loans from group companies – granted	40.6	**—**	—	**10 029**	26 164
Loans from group companies – repaid	40.6	**—**	—	**(8 582)**	(12 778)
Preference shares repurchased		**(1 593)**	(6 360)	**(1 593)**	(6 360)
Issue of institutional bonds and other funding	18	**—**	750 000	**—**	—
Redemption of institutional bonds and other funding	18	**(1 250 000)**	—	**—**	—
Payment of lease liabilities	40.7	**(441 214)**	(406 560)	**—**	—
Shares acquired for settlement of employee share options	40.8	**(141 669)**	(74 080)	**—**	—
Participants' contribution on settlement of share options	40.8	**4 155**	10 135	**—**	—
Treasury shares repurchased	23	**(32 411)**	(36 854)	**—**	—
		(8 166 686)	(4 786 834)	**(6 305 942)**	(5 022 442)
Effect of exchange rate changes on cash and cash equivalents		**(48 771)**	81 507	**—**	—
Net increase/(decrease) in cash and cash equivalents[1]		**9 702 858**	841 308	**(291 684)**	300 563
Cash and cash equivalents at the beginning of the year[1][3]	5	**34 860 733**	34 019 425	**310 196**	9 633
Cash and cash equivalents at the end of the year[1][3]	5	**44 563 591**	34 860 733	**18 512**	310 196

[1] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. This restatement impacted the group's cash flow from operating activities and cash and cash equivalents reported at the beginning and end of the year. Refer to note 3.*

[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

[3] *Cash and cash equivalents before deduction of provision for impairments (ECL).*

Notes to the financial statements

Year ended 28 February 2025

1. General information

1.1 Nature of the business

The company's main business is that of a bank controlling company as envisaged in the Banks Act. The company's subsidiaries conduct personal and business banking, online consumer lending, rental financing, hold insurance cell captives and have an insurance licence for life products.

1.2 Review of operations

The operating results and the state of affairs of the company and the group are fully set out in the statements of financial position, income statements, statements of other comprehensive income, statements of changes in equity, statements of cash flows and the notes thereto.

The group's profit attributable to ordinary and preference shareholders of the group amounted to R13 742 million (2024: R10 567 million).

1.3 Overall application of the going concern principle

The directors reviewed the group and company budgets and considered the group and company's ability to continue as a going concern in light of current and anticipated economic conditions. The budget took the impact of the current global macroeconomic environment into consideration, including projections of the impact on the group and company's capital, funding and liquidity requirements, all of which have remained within internal targets and above regulatory requirements.

Forecast earnings growth and risk-weighted assets are based on the group and company's macroeconomic outlook and are evaluated against available financial resources, considering the requirements of capital providers, regulators and rating agencies.

The expected outcomes and constraints are then stress tested and the group and company set targets through different business cycles and scenarios. On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the group and company have adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and has been adopted in the preparation of the financial statements.

1.4 Directors and group company secretary

Information relating to the directors and group company secretary is presented in the directors' report and statutory information.

1.5 Group details

The group's place of domicile and country of incorporation is the Republic of South Africa, and it has a primary listing on the JSE.

Registered office: 5 Neutron Road, Techno Park, Stellenbosch, 7600.

2. Accounting policies

The financial statements include the material accounting policies that relate to each note to the financial statements in the applicable note with the exception of the policies that are included in notes 2.1 to 2.5 that follow. These policies were applied consistently to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with IFRS Accounting Standards

The group's consolidated and the company's separate annual financial statements for the year ended 28 February 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the IASB, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA

Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, the Banks Act and the requirements of the South African Companies Act.

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 consolidated financial statements, are disclosed in the notes to the financial statements.

The accounting policies applied are consistent with the prior year financial statements with the exception of the addition of policies to account for the step acquisition of AvaFin in accordance with IFRS 3 *Business Combinations.* Refer to note 4.

Refer to note 2.6 for standards, interpretations and amendments to published standards applied for the first time during the current year and to note 2.7 for details on the group's implementation of standards, interpretations and amendments to published standards not yet effective.

In the notes to the financial statements, amounts denoted as current are expected to be recovered/settled no more than 12 months after the reporting period. Amounts denoted as non-current are expected to be recovered/settled more than 12 months after the reporting period.

2.1.2 Historical cost convention

The consolidated and separate financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments held at FVTPL and instruments carried at FVOCI.

2.1.3 Global minimum top-up tax

The group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) issued on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, applies retrospectively and requires new disclosures about the Pillar Two exposure to be made to investors for annual reporting purposes. The adoption of the amendments results in the group not having to account for any deferred tax impact as a result of the tax reform at 28 February 2025.

As no new legislation to implement the top-up was enacted or substantively enacted in prior years in any jurisdictions in which the group operates, and no related deferred tax was recognised, the retrospective application of the temporary mandatory exception from deferred tax accounting has no impact on the group's consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company, its subsidiaries, associates, joint ventures and trusts.

2.2.1 Subsidiaries

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
- has the ability to use its power to affect returns.

Consolidation begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated in the consolidated financial statements.

2. Accounting policies continued

2.2 Basis of consolidation continued

2.2.1 Subsidiaries continued

The company accounts for investments in subsidiaries at cost less an allowance for impairment. The carrying amounts of these investments are reviewed annually and written down for impairment where considered necessary.

The group measures non-controlling interests at their proportionate share of the subsidiary's identifiable net assets and the non-controlling interest at acquisition is not subsequently remeasured.

Investments in subsidiaries are denominated in South African Rand.

2.2.2 Associates and joint arrangements

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. Significant influence is generally accompanied by a shareholding that entitles the group to between 20% and 50% of the voting rights of the associate. Where the group's shareholding is less than 20%, other indicators, such as the right to representation on decision-making boards or committees, are considered.

The group's investment in associates includes the difference in initial cost versus its share of net assets acquired and any accumulated impairment loss.

A joint arrangement is an arrangement in terms of which the group and the other contracting parties have joint control as defined in IFRS 11 *Joint Arrangements*. Joint ventures are those joint arrangements where the group has rights to the net assets of the arrangement.

An investment in an associate or joint venture is recognised at cost by the company and is incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, an investment is initially recognised at cost and the carrying amount is subsequently adjusted to recognise the group's share of post-acquisition profits or losses and other comprehensive income. Distributions received from the associate or joint venture reduce the carrying amount of the investment.

In applying the equity method, the group uses the financial statements of the associate as of the same date as the financial statements of the group unless it is impracticable to do so. If this is impracticable, the most recent available financial statements of the associate are used. Adjustments are made for significant transactions and events that occur between these periods. The difference between the reporting date of the associate and the group is no longer than 3 months.

When the group's share of losses of an associate or joint venture equals or exceeds its interest, including any other unsecured long-term receivables in the associate or joint venture, the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group incurs legal or constructive obligations or makes payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment.

The group determines at each reporting date whether there is objective evidence that any investment in the associates or joint ventures is impaired. If this is the case, the difference between the recoverable amount of the associate or joint venture and its carrying value is recognised in profit or loss. Impairments that have been recognised are reversed if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised. The increased carrying amount of the associate or joint venture shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

When significant influence ceases or the investments are held with the intention that they will be disposed of within 12 months, the investments are accounted for and classified as non-current assets held for sale in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* if the relevant requirements are met.

Investments in associates and joint arrangements are denominated in South African Rand.

2.3 Business combinations

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 activities and assets acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Consolidation of controlled businesses entails recognising the following:

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

In an acquisition where a controlling interest is obtained but not all the ownership interests are purchased, the remaining 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.

The consideration transferred in a business combination comprises the fair values of the assets transferred, the liabilities assumed, the equity interests issued by the group and the fair value of any contingent consideration arrangements.

Acquisition costs, other than those associated with the issue of debt or equity securities, are recognised in profit or loss as incurred.

The identifiable assets acquired and the liabilities and contingent liabilities assumed that meet the conditions for recognition in accordance with IFRS 3 *Business Combinations* are recognised at their fair value at the date of acquisition, except for:

- deferred tax assets or liabilities, which are recognised and measured in accordance with IAS 12 *Income Taxes* and 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 acquired entity's share-based payment awards, which are measured in accordance with IFRS 2 *Share-based Payment*
- 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.

2.3.1 Goodwill

Goodwill in a business combination is recognised at the acquisition date when the consideration transferred exceeds the fair value of the identifiable net 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 acquired entity (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.

Goodwill arising on the acquisition of subsidiaries is reported in the statement of financial position as part of intangible assets including goodwill. Goodwill arising on the acquisition of associates and joint ventures is reported in the statement of financial position as part of 'interest in associates and joint ventures'.

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.

2. Accounting policies continued

2.4 Financial instruments

2.4.1 Financial assets

The group recognises financial assets in the statement of financial position when it becomes a party to the contractual terms of the financial instrument.

Major categories of financial assets include cash and cash equivalents, financial assets at FVTPL, financial investments at amortised cost, term deposit investments, loans and advances, other receivables, derivative assets and financial assets at FVOCI.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs on financial assets carried at FVTPL are recognised immediately in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or where the group has transferred substantially all risks and rewards of ownership of the asset to another entity.

The group classifies its financial assets on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The group assesses its business model by portfolio of financial assets that are managed together and evaluates the following factors:

- How the performance of the portfolio is evaluated and reported to group management
- How the portfolio managers (if applicable) are compensated, including whether management is compensated based on the fair value of the assets or the contractual cash flow collected
- The risks that affect the performance of the business model and how those risks are managed
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectation of future sale activities.

The contractual cash flow characteristics are evaluated based on whether the contractual cash flows consist of solely payments of principal and interest (SPPI). This assessment includes assessing whether the financial asset has a contractual term that would change the timing or amount of contractual cash flows. The group considers whether the contractual cash flows are subject to any contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and features that would modify the consideration of the time value of money.

The group classifies its financial assets into the following categories:

- Measured at amortised cost
- Fair value through other comprehensive income
- Fair value through profit or loss.

Subsequent to initial measurement, financial assets are classified into categories and measured at either amortised cost or fair value.

Financial assets are measured at amortised cost if they are held to collect contractual cash flows which represent SPPI. Interest income on these financial assets is included in interest income calculated using the effective interest method in profit or loss. Impairment losses form part of the net credit impairment charge in profit or loss. Financial assets measured at amortised cost include cash and cash equivalents, financial investments at amortised cost, term deposit investments, loans and advances and other receivables.

Financial assets measured at FVOCI comprise equity investments. Refer to note 12.

Financial instruments not measured at amortised cost or FVOCI are measured at FVTPL. These assets include financial assets at FVTPL and derivative assets. Refer to notes 6 and 46.

2.4.2 Financial liabilities

The group recognises a financial liability once it becomes a party to the contractual terms of the financial instrument.

Major categories of financial liabilities include derivative liabilities, deposits, wholesale funding and other liabilities.

Financial liabilities, other than those held at FVTPL, are initially recognised at fair value, generally being their issue proceeds net of transaction costs incurred and are subsequently stated at amortised cost using the effective interest method.

A financial liability, or part of a financial liability, is derecognised once the obligation specified in the agreement relating to the financial liability is discharged, cancelled or has expired.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rand, which is the group's presentation currency. The financial statements of the subsidiaries, with the exception of foreign subsidiaries, are also presented in South African rand, which is their functional and presentation currency.

The monetary assets and liabilities of foreign subsidiaries are translated to South African rand at the exchange rate prevailing at the reporting date. Non-monetary items are translated at the exchange rate prevailing on the date of the transaction. Items measured at fair value are translated at the exchange rate prevailing on the date that the fair value was determined.

The earnings of foreign subsidiaries are translated to South African rand at the average exchange rate for the period. Gains or losses on translation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Foreign currency balances are translated into rand at the exchange rate prevailing at the reporting date. Exchange gains and losses on such balances are recognised in profit or loss.

2.6 Effective standards, interpretations and amendments to published standards applied for the first time during the current financial year

Title	Effective date	Impact
Leases on sale and leaseback – amendments to IFRS 16	Annual periods beginning on or after 1 January 2024 (published September 2022)	These amendments include the IFRS 16 requirements for accounting for a sale and leaseback transaction after the date of the transaction. Sale and leaseback transactions where some or all of the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact on the group was not material.
Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1	Annual periods beginning on or after 1 January 2024 (published January 2020 and November 2022)	The amendments deal with the classification of liabilities as current or non-current and clarify how the classification of a liability is affected by conditions that the entity must comply with within 12 months after the reporting period. The impact on the group was not material.
Supplier finance – amendments to IAS 7 and IFRS 7	Annual periods beginning on or after 1 January 2024 with transitional relief in the first year (published May 2023)	The amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The impact on the group was not material.

2. Accounting policies continued

2.7 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2025, or later periods, but which the group has not early adopted.

Title	Effective date	Impact
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – sale or contribution of assets between an investor and its associates or joint ventures	The effective date for these amendments was deferred indefinitely	The IASB has made limited scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 *Business Combinations*). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The impact on the group would be minimal.
Lack of exchangeability – amendments to IAS 21	Annual periods beginning on or after 1 January 2025 (early adoption is available) (published August 2023)	The amendments impact entities that have transactions or operations in a foreign currency that are not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The group is not operating nor conducting business in jurisdictions that currently have lack of exchangeability. Accordingly, it has been assessed that these amendments do not have an impact on the group.
Classification and measurement of financial instruments – amendments to IFRS 7 and IFRS 9	Annual periods beginning on or after 1 January 2026 (early adoption is available) (published May 2024)	These amendments clarify the timing of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system. Further clarity and guidance for assessing whether a financial asset meets the SPPI criterion is provided. New disclosure is added for certain instruments with contractual terms that can change cash flows and disclosures for equity instruments designated at FVOCI are updated. The impact on the group is still being assessed.
Presentation and disclosure in financial statements – IFRS 18	Annual periods beginning on or after 1 January 2027 (published April 2024)	IFRS 18 replaces IAS 1 and focuses on updates to the statements of profit or loss and other comprehensive income with particular focus on the structure of the statements; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. Many existing principles in IAS 1 are retained. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. Retrospective application is required. The group is yet to assess the impact of IFRS 18.

Title	Effective date	Impact
Subsidiaries without public accountability – IFRS 19	Annual periods beginning on or after 1 January 2027 (early adoption is available) (published May 2024)	An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. A subsidiary is eligible if it does not have public accountability and it has an ultimate or intermediate parent that produces consolidated financial statements for public use that comply with IFRS Accounting Standards. The group is still assessing the impact of IFRS 19 on the financial statements of subsidiaries.
Annual Improvements to IFRS Accounting Standards Amendments – Volume 11	Annual periods beginning on or after 1 January 2026 (early adoption is available) (published July 2024)	Amendments to: First-time Adoption of International Financial Reporting Standards – IFRS 1 Financial Instruments: Disclosures and the accompanying guidance on implementing IFRS 7 – IFRS 7 Financial Instruments – IFRS 9 Consolidated Financial Statements – IFRS 10 Statement of Cash Flows – IAS 7 The group is still assessing the impact of the amendments.

3. Restatement – prior period error

Reclassification to cash and cash equivalents

In prior years, the SARB settlement balance was presented and disclosed as part of other receivables in the consolidated statement of financial position, the consolidated statement of cash flows and related notes. The SARB settlement balance has been reclassified, to cash and cash equivalents and has been included in the line item ‘other cash balances held with the central bank’ as it meets the definition of cash and cash equivalents under IAS 7 *Statement of Cash Flows.*

The group has restated the statement of financial position and the statement of cash flows together with related notes for this classification error. This restatement has no impact on the group’s financial position, financial performance or any key ratios. The restatement has no tax implications.

The restatement has no impact on amounts reported by the company.

The impact on the statement of financial position and statement of cash flows has been illustrated as follows. The restatement has no impact on the income statement.

3. Restatement – prior period error continued

Restatement of the statements of financial position

	GROUP					
R'000	Year ended February 2024 as previously reported	Restatement	Year ended February 2024 restated	Year ended February 2023 as previously reported	Restatement	Year commencing 1 March 2023
Assets						
Cash and cash equivalents	29 021 223	5 835 163	34 856 386	31 013 939	3 004 738	34 018 677
Other receivables	8 406 867	(5 835 163)	2 571 704	4 803 264	(3 004 738)	1 798 526

Restatement of the statements of cash flows

	GROUP		
R'000	Year ended February 2024 as previously reported	Restatement	Year ended February 2024 restated
Cash flows from operating activities			
Cash flow from operations	1 350 269	2 830 425	4 180 694
Net (decrease)/increase in cash and cash equivalents	(1 989 117)	2 830 425	841 308
Cash and cash equivalents at the beginning of the year	31 014 687	3 004 738	34 019 425
Cash and cash equivalents at the end of the year	29 025 570	5 835 163	34 860 733

4. Business combination achieved in stages – Avafin Holding Limited

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.

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 10 months to 28 February 2025, AvaFin contributed profit after tax of R196 million and total revenue of R2.1 billion to the group's results. If the acquisition had occurred on 1 March 2024, management estimates that consolidated total revenue would have increased by R2.5 billion and profit after tax by R235 million.

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 36.

The group's previously held equity interest was remeasured to fair value at the date the controlling interest was acquired. Any difference between the carrying value and the fair value was 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 were recognised on the same basis as would be required if the group 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 were 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.

A non-controlling interest was recorded in equity at a proportionate share of the fair value of AvaFin's at acquisition identifiable net assets. The non-controlling interest at acquisition date was not subsequently remeasured.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated in the consolidated financial statements.

Costs related to the acquisition were expensed as incurred.

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

R'000	Fair value
Assets	
Cash and cash equivalents	435 213
Financial investments at amortised cost	61 365
Loans and advances to clients	1 419 140
Other receivables	149 410
Property, plant and equipment	4 473
Right-of-use assets	5 269
Intangible assets	138 216
Deferred income tax assets	160 561
Liabilities	
Derivative liabilities	(4 499)
Current income tax liabilities	(121 469)
Wholesale funding	(926 564)
Other liabilities	(616 372)
Lease liabilities	(5 950)
Deferred income tax liabilities	(179)
Fair value of identifiable assets and liabilities at acquisition[1]	**698 614**
Non-controlling interest proportionate share of at acquisition identifiable net assets	20 434

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

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

R'000	Gross balance	Provision for ECL	Net amount	Fair value
Loans and advances to clients	1 962 215	(543 075)	1 419 140	1 419 140
Other receivables	203 357	(53 948)	149 410	149 410
Total	**2 165 572**	**(597 022)**	**1 568 550**	**1 568 550**

Management applied judgement in identifying intangible assets that may have resulted from the acquisition.

The AvaFin group's business model, business plans, existing rights or licences and value drivers were analysed. To be recognised, the intangible asset had to be separately identifiable, controlled by the business, be a probable source of future economic benefits and have a fair value that could be reliably measured.

Software and client relationship intangibles were considered. AvaFin's core software system is bespoke and its contribution to revenue was assessed by performing a valuation using the multiperiod excess earnings method. The value determined was insignificant. The value of client relationships was considered by reviewing client retention data but due to the monoline business model and online nature of the business, no significant value was identified.

Goodwill was recognised at the acquisition date because the consideration transferred and the recognised amount of the non-controlling interest exceeded the fair value of the net identifiable assets of the entity acquired. As control was 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.

4. Business combination achieved in stages – Avafin Holding Limited continued

The group recognised goodwill of R242 million on the statement of financial position. Goodwill was determined in the functional currency of the group, the South African rand. 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 reflected below.

R'000	GROUP 2025
Consideration transferred	534 708
Non-controlling interest measured at the proportionate share of the AvaFin identifiable net assets	20 434
Acquisition date fair value of previously held equity interest in AvaFin of 40.66%	385 380
Identifiable assets acquired and liabilities assumed	(698 614)
Goodwill	**241 908**

Goodwill was 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 with 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 employees 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'000	GROUP 2025
Amounts recognised in the statement of financial position	
Goodwill	241 908
Non-controlling interest	20 434
Amounts recognised in profit or loss	
Deemed disposal of investment in associate	27 245
Remeasurement loss	(58 290)
Cumulative foreign currency translation reserve reclassified to profit or loss	85 535
Amounts recognised in the statement of cash flows	
Total cash outflow – investing activities	99 495
Consideration transferred	534 708
Less cash and cash equivalents acquired	(435 213)

R'000	COMPANY 2025
Amounts recognised in the statement of cash flows	
Total cash outflow – investing activities	
Consideration transferred	(534 708)

5. Cash and cash equivalents

	GROUP		COMPANY	
R'000	2025	Restated[5] 2024	2025	2024
Coins and banknotes[1][2]	**4 483 669**	3 830 473	—	—
Rand-denominated bank balances	**1 582 874**	125 942	18 512	310 196
Foreign currency-denominated bank balances[1][3]	**1 801 726**	1 501 063	—	—
Resale agreements: Banks	**23 400 922**	20 014 434	—	—
Restricted cash balances[4]	**106 512**	—	—	—
Other balances with the central bank[5]	**9 437 838**	5 835 163	—	—
Mandatory reserve deposits with the central bank	**3 750 050**	3 553 658	—	—
Cash and cash equivalents	**44 563 591**	34 860 733	18 512	310 196
Non-cash adjustment: Provision for ECL	**(257)**	(4 347)	—	—
Cash and cash equivalents	**44 563 334**	34 856 386	18 512	310 196
Maximum exposure to credit risk	**40 079 922**	31 030 260	18 512	310 196
Current portion	**44 563 334**	34 856 386	18 512	310 196

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*
[2] *As at the reporting date, coins and banknotes include R80.6 million relating to AvaFin.*
[3] *Foreign currency-denominated bank balances include R194.2 million relating to AvaFin at the reporting date.*
[4] *The restricted cash balances relate to Capitec Life, a wholly-owned subsidiary of the group. These cash balances can only be utilised to fulfil Capitec Life's obligations in terms of a binder agreement.*
[5] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. Refer to note 3.*

Accounting policies

Cash consists of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise balances with less than 3 months' maturity from the date of acquisition and are stated at amortised cost which approximates fair value due to the short-term nature of these instruments.

Cash and cash equivalents can include coins and banknotes, amounts due from local and foreign banks, resale agreements, fixed and notice deposits with original maturities of less than 3 months and balances with central banks, that are highly liquid investments, readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments purchased from external banks for cash under short-term agreements to resell, at either a fixed price or the purchase price plus a lender's rate of return, with an original maturity date of less than 3 months, including government bonds, are included under cash and cash equivalents. Resale agreements are actively used to manage the liquidity and operating commitments of the group. These agreements are readily convertible to known amounts of cash given their short-dated maturities and are not subject to significant changes in value as they are held with other reputable financial institutions. The difference between the purchase and sales price is treated as interest and amortised over the life of the resale agreement using the effective interest method.

5. Cash and cash equivalents continued

Impairment recognition and measurement

Cash and cash equivalents comprise stage 1 balances with no movement between the stages during the current and prior financial years. The balances are subject to the impairment requirements of IFRS 9, therefore the group recognised a loss allowance. It was measured as a 12-month ECL because the credit risk has not increased significantly since initial recognition and no balances are credit-impaired at the statement of financial position date.

The SARB settlement balance comprises stage 1 balances with no movements between the stages during the current and the prior financial years. The impairment loss calculated on the SARB settlement balance was not material given the short-dated maturity of the balances. The impairment loss was measured as a 12-month ECL because the credit risk has not increased significantly since initial recognition and no balances were credit-impaired at the statement of financial position date.

The ECL statistical model components (EAD, LGD and PD) were determined using an appropriate model. The PD was determined with reference to the favourable credit ratings of the banking institutions and the LGD was determined based on whether the financial instruments are secured by recognised collateral. The resale agreements with banks are secured by recognised collateral. The securities received as collateral are government bonds and treasury bills with a fair value of R23.7 billion (2024: R20.1 billion). The group does not sell or repledge any of the collateral held and has an obligation to return it.

The group did not apply the low credit risk exception in determining whether credit risk has increased significantly since initial recognition. The SICR thresholds applied are the same as those applied within the Business banking portfolio to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures.

Mandatory reserve deposits with the central bank (the SARB)

Banks are required to deposit a minimum average balance, calculated monthly, with the central bank, which is available for use by the group subject to certain restrictions and limitations imposed by the central bank. This deposit bears no interest and may be used to manage significant intraday and inter-day cash outflows but is not considered as available for normal cash planning purposes. A total of 70% of the balance is available without requiring prior regulatory approval. The restrictions and limitations imposed by the central bank do not preclude the group from requesting access to the remaining 30% of the mandatory reserve deposit. Although the availability of the remaining 30% is subject to regulatory approval, should the group request it, the funds would be available on demand.

Credit risk

The group only invests centrally managed cash surpluses and liquidity buffers in cash and liquid assets with the SARB, National Treasury and South African registered banking entities of high credit standing. AvaFin cash balances are held with European banks and payment institutions with good credit ratings. Potential exposure to concentration credit risk exists principally in cash and cash equivalents and interest-bearing instruments. Concentrations are controlled using ALCO recommended limits which are monitored and enforced by the Personal banking credit committee (RCC) and the Business banking credit committee (BCC) and monitored and approved by the risk and capital management committee (RCMC). This ensures that the financial assets that the group may place with any one counterparty are limited by reference to the long-term and short-term credit ratings assigned to that counterparty by Moody's Ratings (Moody's).

Credit quality of cash and cash equivalents

At the statement of financial position date, the international long-term credit ratings of cash and cash equivalents, using Moody's ratings, were as follows:

	GROUP						
R'000	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	Not rated	ECL	Total carrying amount
2025							
Bank balances – local and foreign[1]	**1 306 487**	**1 937 929**	**93 300**	**39**	**46 845**	**(13)**	**3 384 587**
Resale agreements	**—**	**—**	**23 400 922**	**—**	**—**	**(244)**	**23 400 678**
Restricted cash balances	**—**	**—**	**—**	**106 512**	**—**	**—**	**106 512**
Other balances with the central bank	**—**	**—**	**—**	**9 437 838**	**—**	**—**	**9 437 838**
Mandatory reserve deposits with the central bank	**—**	**—**	**—**	**3 750 050**	**—**	**—**	**3 750 050**
	1 306 487	**1 937 929**	**23 494 222**	**13 294 439**	**46 845**	**(257)**	**40 079 665**
Restated[2] 2024							
Bank balances – local and foreign[1]	1 151 596	359 172	960	115 277	—	(4 044)	1 622 961
Resale agreements	—	—	—	20 014 434	—	(303)	20 014 131
Other balances with the central bank [2]	—	—	—	5 835 163	—	—	5 835 163
Mandatory reserve deposits with the central bank	—	—	—	3 553 658	—	—	3 553 658
	1 151 596	359 172	960	29 518 532	—	(4 347)	31 025 913

(1) *A national credit rating was used to rate the PSG call accounts included in bank balances.*
(2) *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. The restatement impacts the credit quality of cash and cash equivalents and other receivables. Comparatives have been restated. Refer to note 3.*

Bank balances and resale agreements are with 43 institutions (2024: 15) of high credit standing. The maximum exposure to a single institution is R8.0 billion (2024: R13.6 billion). Balances are rand and foreign currency-denominated.

The credit ratings determine the ECL.

	COMPANY[1]						
R'000	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	Not rated	ECL	Total carrying amount
2025							
Bank balances – local and foreign	—	—	12 914	5 598	—	—	18 512
2024							
Bank balances – local and foreign	—	—	—	310 196	—	—	310 196

(1) *A national credit rating was used to rate the PSG call accounts included in bank balances.*

Bank balances are with 2 institutions (2024: 2) of high credit standing. The maximum exposure to a single institution is R10.7 million (2024: R308.1 million). Balances are rand-denominated.

The credit ratings determine the ECL.

6. Financial assets at fair value through profit or loss

R'000	GROUP 2025	2024
Balance at the beginning of the year	**553 980**	289 051
Additions – capital	**250 400 739**	250 401 063
Accrued interest	**860 595**	687 527
Maturities – interest received	**(828 189)**	(670 261)
Disposal – capital	**(249 638 115)**	(250 153 400)
Balance at the end of the year[1]	**1 349 010**	553 980
Maximum exposure to credit risk	**1 349 010**	553 980
Current portion	**1 349 010**	553 980

[1] *Financial assets at FVTPL comprise investments in money market funds held by Capitec Bank Limited and treasury bills and term deposit investments held by Capitec Life. Both entities are wholly-owned subsidiaries of the group.*

Accounting policies

Financial assets at FVTPL consist of interest-bearing investments in money market funds, treasury bills and term deposits which are classified and measured at FVTPL. The investments are initially recognised at fair value excluding transaction costs that are directly attributable to the acquisition of the investment and are subsequently remeasured at fair value.

The interest income received on the investments is accounted for in the income statement line item 'Interest income on financial assets at FVTPL'.

Cash flows generated from the investments are classified as operating cash flows as these cash flows are used to fund the entity's short-term operating commitments.

Measurement

The fair value of financial assets that are not listed or quoted in an active market is determined using valuation techniques.

The money market funds with underlying debt securities are valued using external discounted cash flow (DCF) 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 assumption being market input, uplifted by inflation. The money market funds are classified as level 2 on the fair value hierarchy as the markets that they are quoted in are not considered to be active.

The fair value of term deposit investments is determined by discounting future cash flows using market-related interest rates adjusted for credit inputs over the contractual period. Term deposit investments are classified as level 2 in the fair value hierarchy.

The fair value of treasury bills is determined by the prices for these instruments from the SARB. These instruments are not exchange traded and therefore the market is not considered active. They are classified as level 2 in the fair value hierarchy.

Credit quality of financial assets at FVTPL

At the statement of financial position date, the international long-term credit ratings, using Moody's ratings, were as follows:

	GROUP					
R'000	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	Not rated	Total carrying amount
2025						
Financial assets at FVTPL – Money market funds	**—**	**—**	**—**	**—**	**793 671**	**793 671**
Financial assets at FVTPL – Treasury bills	**—**	**—**	**—**	**354 873**	**—**	**354 873**
Financial assets at FVTPL – Term deposits	**—**	**64 053**	**—**	**136 413**	**—**	**200 466**
	—	**64 053**	**—**	**491 286**	**793 671**	**1 349 010**
2024						
Financial assets at FVTPL – Money market funds	—	—	—	—	275 510	275 510
Financial assets at FVTPL – Treasury bills	—	—	—	206 760	—	206 760
Financial assets at FVTPL – Term deposits	—	61 357	—	10 353	—	71 710
	—	61 357	—	217 113	275 510	553 980

7. Financial investments at amortised cost

	GROUP				
R'000	Corporate bonds[(1)]	Treasury bills	Fixed-rate government bonds	Floating-rate government bonds[(4)]	Total
2025					
Balance at the beginning of the year	**—**	**55 262 386**	**12 848 165**	**—**	**68 110 551**
Acquisition of subsidiary[(2)]	**61 365**	**—**	**—**	**—**	**61 365**
Additions	**38 306**	**60 134 821**	**—**	**10 894 903**	**71 068 030**
Interest accrued	**9 034**	**5 006 575**	**1 219 322**	**208 744**	**6 443 675**
Movement in provision for ECL	**—**	**(95)**	**(408)**	**(23 961)**	**(24 464)**
Maturities – capital	**(39 248)**	**(62 966 224)**	**—**	**—**	**(63 005 472)**
Maturities – interest received	**(8 033)**	**(5 230 346)**	**(1 034 029)**	**(54 865)**	**(6 327 273)**
Foreign currency translation gain	**10 294**	**—**	**—**	**—**	**10 294**
Balance at the end of the year	**71 718**	**52 207 117**	**13 033 050**	**11 024 821**	**76 336 706**
Cost	**71 718**	**52 260 412**	**13 061 816**	**11 048 782**	**76 442 728**
Provision for ECL	**—**	**(53 295)**	**(28 766)**	**(23 961)**	**(106 022)**
Balance at the end of the year[(3)]	**71 718**	**52 207 117**	**13 033 050**	**11 024 821**	**76 336 706**
Maximum exposure to credit risk	**71 718**	**52 260 412**	**13 061 816**	**11 048 782**	**76 442 728**
Current portion	**—**	**52 207 117**	**—**	**—**	**52 207 117**
Non-current portion	**71 718**	**—**	**13 033 050**	**11 024 821**	**24 129 589**

(1) *Corporate bonds comprise bonds held by AvaFin in Multitude SE and Innovatio Risk Solutions Limited (Innovatio). Multitude bonds are not exposed to credit risk as the bonds are unsecured and have been purchased and pledged as collateral for securities issued by AvaFin to Multitude Bank PLC that are included in wholesale funding. Refer to note 18. The bonds can be used to settle the balance owing to Multitude Bank PLC. Innovatio bonds are not exposed to credit risk as Innovatio is the counterparty to AvaFin's credit default swap agreements.*

(2) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

(3) *The balance at the end of the year has been disaggregated to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

(4) *Floating-rate government bonds fully comprise government bond instruments that are exposed to the Johannesburg Interbank Average Rate (JIBAR). These bonds are exposed to interest rate risk. Refer to note 37.1.*

7. Financial investments at amortised cost continued

	GROUP				
R'000	Corporate bonds	Treasury bills	Fixed-rate government bonds	Floating-rate government bonds	Total
2024					
Balance at the beginning of the year	—	48 364 819	12 669 418	—	61 034 237
Additions	—	65 156 207	—	—	65 156 207
Interest accrued	—	4 794 292	1 201 148	—	5 995 440
Movement in provision for ECL	—	10 598	11 627	—	22 225
Maturities – capital	—	(58 959 433)	—	—	(58 959 433)
Maturities – interest received	—	(4 104 097)	(1 034 028)	—	(5 138 125)
Balance at the end of the year	—	55 262 386	12 848 165	—	68 110 551
Cost	—	55 315 586	12 876 523	—	68 192 109
Provision for ECL	—	(53 200)	(28 358)	—	(81 558)
Balance at the end of the year[(1)]	—	55 262 386	12 848 165	—	68 110 551
Maximum exposure to credit risk	—	55 315 586	12 876 523	—	68 192 109
Current portion	—	55 262 386	—	—	55 262 386
Non-current portion	—	—	12 848 165	—	12 848 165

(1) *The balance at the end of the year has been disaggregated to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

Accounting policies

These financial investments consist of corporate bonds, treasury bills and government bonds with a maturity greater than 3 months from the date of acquisition and carry a lower credit risk.

They are held for the collection of their contractual cash flows which represent SPPI. Interest income from these financial assets is included in interest income calculated using the effective interest method in the income statement.

For cash flow purposes, these investments are classified as investing activities as they are held to maturity and minimal amounts are held to meet the liquid asset requirement.

Impairment recognition and measurement

Financial investments at amortised cost comprise stage 1 balances with no movement between the stages during the current and prior financial years. The balances are subject to the impairment requirements of IFRS 9, therefore the group recognised a loss allowance of R106.0 million (2024: R81.6 million) measured as a 12-month ECL because a SICR has not taken place since initial recognition and no balances are credit-impaired at the statement of financial position date.

In assessing whether the credit risk of investments in government interest-bearing debt instruments has increased significantly since initial recognition, the group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields
- The rating agencies' assessment of creditworthiness
- The country's ability to access the capital markets for a new debt issuance
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to the country as well as the intention, communicated in public statements, of governments and agencies to access those mechanisms, including an assessment of the depth of mechanisms and the capacity to fulfil the required criteria.

The ECL statistical model components (EAD, LGD and PD) were determined using an appropriate model. The PD was determined with reference to the favourable credit rating of the issuer and the LGD was determined based on the fact that the financial instruments are not secured by recognised collateral. The group did not apply the low credit risk exception in determining whether credit risk has increased significantly since initial recognition.

Credit quality of financial investments at amortised cost

At the statement of financial position date, the international long-term credit ratings, using Moody's ratings, were as follows:

	GROUP			
R'000	Ba1 to Ba3	Not rated	ECL	Total carrying amount
2025				
Floating-rate government bonds	**11 048 782**	**—**	**(23 961)**	**11 024 821**
Fixed-rate government bonds	**13 061 816**	**—**	**(28 766)**	**13 033 050**
Treasury bills	**52 260 412**	**—**	**(53 295)**	**52 207 117**
Corporate bonds[1]	**—**	**71 718**	**—**	**71 718**
	76 371 010	**71 718**	**(106 022)**	**76 336 706**
2024				
Fixed-rate government bonds	12 876 523	—	(28 358)	12 848 165
Treasury bills	55 315 586	—	(53 200)	55 262 386
	68 192 109	—	(81 558)	68 110 551

[1] *Financial investments at amortised cost that are not rated comprise corporate bonds held by AvaFin, a subsidiary of the group.*

8. Term deposit investments

	GROUP	
R'000	2025	2024
Balance at the beginning of the year	**7 791 467**	3 628 162
Additions	**5 140 000**	7 864 000
Interest accrued	**943 866**	176 987
Movement in provision for ECL	**4 455**	(3 834)
Maturities – capital	**(7 664 000)**	(3 650 000)
Maturities – interest received	**(669 308)**	(223 848)
Balance at the end of the year[1]	**5 546 480**	7 791 467
Cost	**5 546 805**	7 796 246
Provision for ECL	**(325)**	(4 779)
Balance at the end of the year	**5 546 480**	7 791 467
Maximum exposure to credit risk	**5 546 805**	7 796 246
Current portion	**5 546 480**	7 791 467

[1] *The balance at the end of the year has been disaggregated to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

8. Term deposit investments continued

Accounting policies

Term deposit investments comprise certain notice deposits and fixed-term non-derivative financial assets with fixed or determinable payments. They arise when the group invests cash with other banking institutions. They are fixed deposits with original maturity dates of more than 3 months but less than 1 year, deposit investments and deposits that have effective contractual notice periods greater than 3 months.

Cash flows derived from term deposits are classified as investing activities on the statement of cash flows.

Impairment recognition and measurement

Term deposit investments comprise stage 1 balances with no movement between the stages during the current and prior financial years. The balances are subject to the impairment requirements of IFRS 9, therefore the group recognised a loss allowance of R0.3 million (2024: R4.8 million) measured as a 12-month ECL because the credit risk has not increased significantly since initial recognition and no balances are credit-impaired at the statement of financial position date.

The ECL statistical model components (EAD, LGD and PD) were determined using an appropriate model. The PD was determined with reference to the favourable credit rating of the issuers and the LGD was determined based on the fact that the financial instruments are not secured by recognised collateral. The group did not apply the low credit risk exception in determining whether credit risk has increased significantly since initial recognition. The SICR thresholds applied are the same as those applied within the Business banking portfolio to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures.

Credit quality of term deposit investments

At the statement of financial position date, the international long-term credit ratings, using Moody's ratings, were as follows:

	GROUP				
R'000	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to Ba3**	**ECL**	**Total carrying amount**
2025					
Term deposit investments	**2 020 877**	**3 525 928**	**—**	**(325)**	**5 546 480**
2024					
Term deposit investments	3 860 514	—	3 935 732	(4 779)	7 791 467

9. Loans and advances

R'000	GROUP 2025	2024
Loans and advances to clients		
Gross loans and advances	**115 525 892**	102 990 453
Rand-denominated gross loans and advances	**112 884 660**	102 990 453
Personal banking	**89 545 182**	83 846 410
Term loans	**53 778 436**	48 400 551
Access facility	**23 612 152**	25 816 027
Credit card	**12 154 594**	9 629 832
Business banking	**23 339 478**	19 144 043
Business loans	**12 025 456**	9 530 125
Mortgage loans	**11 314 022**	9 613 918
Foreign currency-denominated gross loans and advances – AvaFin[1]	**2 641 232**	–
Provision for credit impairments (ECL)	**(26 380 414)**	(22 438 756)
Personal banking	**(24 160 660)**	(21 358 427)
Term loans	**(15 672 167)**	(12 891 719)
Access facility	**(6 436 233)**	(6 857 065)
Credit card	**(2 052 260)**	(1 609 643)
Business banking	**(1 368 142)**	(1 080 329)
Business loans	**(1 056 354)**	(793 353)
Mortgage loans	**(311 788)**	(286 976)
Foreign currency-denominated provision for ECL – AvaFin[1]	**(851 612)**	–
Net loans and advances	**89 145 478**	80 551 697
Maturity analysis		
Current portion	**29 571 329**	26 744 084
Gross loans and advances	**36 479 338**	30 955 615
Demand to 1 month	**10 247 821**	6 644 039
1 to 3 months	**5 672 132**	5 196 194
3 months to 1 year	**20 559 385**	19 115 382
Provision for credit impairments (ECL)	**(6 908 009)**	(4 211 531)
Non-current portion	**59 574 149**	53 807 613
Gross loans and advances	**79 372 173**	72 319 127
1 to 2 years	**20 548 626**	19 373 948
2 to 5 years	**31 106 505**	30 108 384
More than 5 years	**6 846 854**	6 223 196
Non-contractual[2]	**20 870 188**	16 613 599
Provision for credit impairments (ECL)	**(19 798 024)**	(18 511 514)
Total gross loans and advances	**115 851 511**	103 274 742
Loan origination fees – deferred	**(325 619)**	(284 289)
Gross loans and advances	**115 525 892**	102 990 453

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4. Gross loans and advances comprise online consumer loans.*

[2] *Non-contractual gross loans and advances consist of stage 3 loans more than 3 months in arrears and stage 3 loans with legal statuses or balances with regard to which the client applied for debt review in the last 6 months.*

9. Loans and advances continued

Accounting policies

Recognition and measurement of loans and advances to clients

Loans and advances to clients are debt instruments that are recognised when the group becomes a party to the contractual terms of the debt instrument/credit agreement and funds are advanced to borrowers.

Personal banking grants unsecured term loans, revolving access and credit card facilities to individuals. Business banking grants business and mortgage loans to small and medium enterprises. Business loans comprise term loans, rental finance, structured loans, overdrafts and credit card advances. Mortgage loans consist of loans where Capitec is the credit provider. These do not include loans provided in association with SA Home Loans as Capitec is the originator and not the credit provider and does not service these loans. AvaFin grants unsecured online consumer loans.

Loans and advances are initially recognised at fair value plus directly attributable transaction costs. Loans and advances to clients are held for the collection of their contractual cash flows which represent SPPI and are measured at amortised cost after initial recognition. Interest income from these financial assets is recognised in interest income and is calculated using the effective interest method on the group's consolidated income statement. Impairment charges are presented as part of the impairment charge in profit or loss.

Derecognition

Loans and advances are derecognised when:

- the contractual rights or obligations expire or are extinguished, discharged or cancelled, for example, an outright sale or settlement
- the group has transferred substantially all risk and rewards of ownership of the asset to another entity and the derecognition criteria of IFRS 9 are met
- they are transferred and the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

If the contractual cash flows of a financial asset measured at amortised cost are modified (renegotiated or rescheduled), the group considers whether this is a substantial modification to the original terms, or if the modification is merely an attempt to recover the original contractual amounts outstanding as part of a distressed modification.

If the changes are considered to be a substantial modification, the group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates the effective interest rate for the asset. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

Loan consolidations are treated as substantial modifications to the original loans as the contractual cash flows from the financial assets expire.

Modifications

If the contractual cash flows of a financial asset measured at amortised cost are modified (renegotiated or rescheduled) to recover the original contractual amounts outstanding as part of a distressed modification, the group does not derecognise the original financial asset.

The group recalculates the gross carrying amount of the financial asset as the present value of the modified contractual cash flows discounted at the loan's original effective interest rate. The difference between the recalculated gross carrying amount and the gross carrying amount before the modification is recognised as a modification gain or loss.

In instances where the group reschedules a credit agreement, the cash flows are renegotiated with the client. If the internal rate of return is affected by the modification of the agreement, a modification gain or loss is recognised. If the internal rate of return remains the same, there are no gains or losses. Rescheduled loans and advances are classified as stage 3 and monitored separately until the client has made 6 consecutive payments in terms of the modified agreement.

When a client goes into debt review, cash flows are renegotiated. If the internal rate of return is affected by the modification of the agreement, a modification gain or loss is recognised. Loans and advances are classified as stage 3 for the full period that the client is in debt review and are monitored separately.

R'000	2025 Amortised cost before modification[(1)]	2025 Modification losses/(gains)	2025 Gross carrying amount at year-end of loans that cured to stage 1[(2)]	2024 Amortised cost before modification	2024 Modification losses/(gains)	2024 Gross carrying amount at year-end of loans that cured to stage 1
Modifications on loans and advances						
Term loans						
Debt review	**1 499 759**	**452 314**	**45**	1 769 934	586 177	–
Interest rate change	**4 624**	**(149)**	**2 044**	3 001	(36)	1 835
Total modified loans	**1 504 383**	**452 165**	**2 089**	1 772 935	586 141	1 835
Access facility						
Debt review	**866 064**	**247 231**	**–**	1 021 817	317 874	–
Total modified loans	**866 064**	**247 231**	**–**	1 021 817	317 874	–
Credit card						
Debt review	**367 228**	**80 870**	**446**	247 551	47 990	101
Total modified loans	**367 228**	**80 870**	**446**	247 551	47 990	101

(1) *Includes only loans and advances on which a modification gain or loss has been recognised in the current year.*
(2) *The gross carrying amount at year-end of loans on which a modification loss occurred during the year that rolled back into stage 1.*

Loan write-offs

Write-off is a derecognition event. Loans and advances are written off when it has been determined that no reasonable expectation of recovery exists.

Personal banking considers the point at which there is no reasonable expectation of further recovery to be when the loan has a present value of projected future recoveries that approximates 5% of the gross balance before write-off. This is currently estimated based on recovery estimates that are driven by account status and consecutive missed payments.

This point is currently estimated as:

- loans terminated from debt review:
  - 4 consecutive missed payments (after allowing 3 months for administration)
- loans that have been handed over/other legal status:
  - 4 consecutive missed payments (after allowing 3 months for administration).

Cash inflows after write-off are disclosed as bad debts recovered.

Business banking writes loans and advances off when the group has no reasonable expectation of recovering the financial asset. This is the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A judgemental approach to write-off is followed, based on a case-by-case assessment by a credit committee. Each credit portfolio has a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account. The portfolio policies are applied to each loan in the portfolio on an individual basis.

AvaFin writes off loans and advances when there is no reasonable expectation of recovery. Classification for derecognition is made according to criteria specific to each location in which AvaFin operates.

9. Loans and advances continued

Accounting policies continued

Loan write-offs continued

The criteria for write-off by country are provided below:

Poland

AvaFin does not expect any further recoveries from the portfolio when the remaining debt for a single loan is <= 10 Polish złoty (PLN).

Czechia

The loan is 3 years past due or 3 years have lapsed since the last payment. The loan is waived on agreement with the client and this occurs in one of the following instances:

- When AvaFin has lost an arbitration case (approximately 50% waiver)
- When AvaFin signed a restructuring agreement with the client (approximately 50% waiver)
- When the remaining debt for a single loan is negligible.

Latvia

Write-off occurs when there is formal confirmation that no recovery is possible, for instance, upon death of the debtor or when the debtor declares bankruptcy.

Spain

When the loan is 2 years past due or the loan is waived after AvaFin has lost the arbitration case.

Mexico

When the loan is 1 year past due or the remaining debt for a single loan is negligible.

The group may apply enforcement activities to written-off financial assets. Recoveries resulting from the group's enforcement activities are disclosed as bad debts recovered. Refer to note 30.

Balances written off during the current year that are still subject to enforcement activities are:

- Term loans: R4.9 billion (2024: R6.6 billion)
- Access facility: R2.1 billion (2024: R1.9 billion)
- Credit cards: R1.1 billion (2024: R0.6 billion)
- Business loans: R146.1 million (2024: R86.0 million)
- Mortgages: R36.1 million (2024: R19.5 million)
- AvaFin: R5.9 million.

As the access facility product has matured and the macroeconomic environment has affected our access facility clients, the balances subject to enforcement have increased.

Recognition and measurement of ECL

IFRS 9's ECL model requires the classification and measurement of ECL using the general model for loans and advances measured at amortised cost. The general model is a 3-stage model. Loans and advances in stage 1 are measured based on a 12-month ECL and a lifetime ECL is determined for loans and advances in stage 2 and stage 3. The group applied the ECL model to loans and advances to clients as well as to undrawn commitments.

The provision for ECL is calculated as an unbiased, probability-weighted amount which is determined by evaluating the range of reasonably possible outcomes, the time value of money and considering all reasonable and supportable information including forward-looking information. The period over which the provision for ECL is calculated is based on the behavioural life of the product.

The provision for ECL calculation is estimated as the present value of the expected loss associated with defaults, discounted using the effective interest rate on the financial instrument as calculated at initial recognition (initiation fee plus interest).

The key inputs used for measuring ECL are:
- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD).

PD is an estimate of the likelihood of default over a given time horizon. The estimation is based on historical performance, adjusted to take into account estimates of future conditions that will impact the PD.

The calculation is based on regression modelling techniques applied to historical trends that predict the future repayment performance of clients based on their model segment and forecast economic conditions. The allocation of a client to a particular segment is determined by a client's behavioural score and arrears status.

LGD is an estimate of the loss arising on default. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a DCF basis. LGD models for secured Business banking products are based on the difference between the contractual cash flows due and those that the group expects to receive, taking into account cash flows from any collateral.

EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities.

The group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in the utilisation of undrawn commitments and changes or modifications to original contractual agreements taken before default.

The group uses EAD models that reflect the characteristics of the portfolios.

The development of the group's processes for measuring ECL, including the monitoring of SICR, the incorporation of economic forward-looking information and the methods used to calculate ECL, and ensuring that policies and procedures are in place to appropriately maintain and validate models used to measure ECL, is overseen by the group's credit committees. The internal audit function performs regular audits to ensure that established controls and procedures are both adequately designed and implemented.

9. Loans and advances continued

Credit risk exposure

Credit risk is the possibility of a loss happening due to a borrower's failure to repay a loan or satisfy contractual obligations.

	GROUP	
R'000	**2025**	**2024**
Maximum exposure to credit risk		
Loans and advances	**115 851 511**	103 274 742
Personal banking – on-balance sheet	**89 870 801**	84 130 699
Term loans[1]	**54 083 885**	48 650 519
Access facility[1]	**23 632 322**	25 850 348
Credit card	**12 154 594**	9 629 832
Business banking – on-balance sheet	**23 339 478**	19 144 043
Business loans	**12 025 456**	9 530 125
Mortgage loans	**11 314 022**	9 613 918
AvaFin	**2 641 232**	–
Personal banking loan commitments – off-balance sheet	**13 893 431**	13 759 275
Access facility	**10 024 759**	11 074 493
Credit card	**3 868 672**	2 684 782
Business banking loan commitments – off-balance sheet	**374 293**	400 706
Mortgage loans	**289 943**	315 153
Credit card	**84 350**	85 553
Guarantees – Business banking	**659 843**	558 626
Letters of credit – Business banking	**30 529**	54 928
Foreign currency-denominated loan commitments	**338 607**	–
Maximum exposure to credit risk	**131 148 214**	118 048 277

(1) *This figure is stated gross of deferred loan origination fees of R305.4 million (2024: R250 million) for term loans and R20.2 million (2024: R34.3 million) for access facility.*

The gross carrying amount of on-balance sheet loans and advances represents the group's maximum exposure to credit risk on these assets.

Loan commitments are irrevocable commitments and guarantees that may be drawn down without any credit intervention. These commitments are not immediately revocable but may, however, be revoked within a period of less than a month by following due process.

Personal banking

Credit risk exposure

Personal banking grants unsecured loans and the clients' loan balances as per the statement of financial position are exposed to credit risk. Exposure to systemic credit risk is regarded as being potentially higher due to the credit characteristics of the client base. Exposure to single-name concentration credit risk is, however, low due to the nature (smaller average loan sizes) and distribution (numerous individuals across the spectrum of economic sectors and provinces) of the loan book.

Gross loans and advances exposures by economic sector are as follows:

R'000	GROUP 2025	2024
Personal banking[(1)]		
Agriculture, hunting, forestry and fishing	**1 561 957**	4 200 756
Community, social and personal services	**33 798 790**	26 202 405
Construction	**1 303 749**	1 122 431
Electricity, gas and water supply	**1 063 919**	1 022 252
Financial intermediation, insurance, real estate and business services	**10 346 389**	9 120 057
Government	**14 686 451**	13 853 616
Manufacturing	**5 431 971**	4 912 694
Mining and quarrying	**8 570 379**	7 789 659
Private households, exterritorial organisation, representatives of foreign governments and other activities	**517 483**	4 624 142
Transport, storage and communication	**4 304 194**	4 088 906
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods, hotel and restaurants	**7 959 900**	6 909 492
Gross loans and advances	**89 545 182**	83 846 410

(1) *The gross loans and advances exposures by economic sector have been disaggregated further in the current year to be more representative of the loan book. Comparatives have been disaggregated on the same basis. Totals have remained unchanged.*

Credit risk management

Credit risk is managed through every stage of the credit life cycle by following a combination of governance, decision support and business support. Governance includes regulators, industry associations, the group's financial governance and committees which support and influence credit strategy. Decision support is a specialist credit risk statistical analysis team that develops credit models and scorecards that are aligned with business strategies and credit risk appetite for unsecured personal lending. Credit risk management is provided by other areas of the business to ensure optimisation of the granting, collection and recovery models and systems.

Measures taken by the group to limit credit risk for unsecured personal lending to acceptable levels include, *inter alia*, the application of standard credit acceptance procedures to assess potential clients, daily monitoring of collectible balances at both branch and head office level and monitoring by the RCMC. The key consideration regarding credit risk management is to maintain the Personal banking lending book within the group's credit risk appetite through customised acquisition, retention and rehabilitation strategies.

The reason clients approach credit providers for credit is that they have specific requirements. These requirements include the need for home improvements, education, second-hand vehicles and medical expenses.

We encourage clients to match the term of the loan to the requirement for funds. Thus, short-term loans and facilities (similar to overdrafts) are used for cash flow reasons, while medium-term loans are matched against appliances and education. The predominant use of long-term loans is for housing. By continuously refining our credit offering, we can provide clients with unsecured credit solutions that best suit their personal needs and at competitive interest rates compared to the secured credit market.

9. Loans and advances continued

Personal banking continued

Credit risk management continued

To execute this solution, we incorporate a comprehensive assessment of the client's behaviour, affordability and source of income. For the assessment, we use information from credit bureaus, bank statements and pay slips. We apply 3 parallel disposable income calculations i.e. the National Credit Act, Act 34 of 2005 (NCA) affordability calculation, a Capitec client disposable income calculation that maintains buffers for conservatism and the client's own calculation. We then apply the most stringent of the 3. Branch employees have no credit granting discretion and all exceptions are managed and monitored by a centralised credit specialist team.

During the loan application process, we present the maximum loan amount, maximum term and maximum instalment to the client. Within these constraints, the client may select any combination that best suits them. We encourage clients to take up credit for shorter periods of time and for smaller amounts. This is done through a pricing model that discounts the interest rate in instances where clients select a term that is shorter than the maximum for which they qualify. This is due to the way the pricing for risk model reacts to the lower default rates for such clients.

When existing clients apply for further credit, we conduct a full credit assessment. If a client qualifies for further credit, it can be extended as a further agreement in addition to the current credit, or the client can have the existing credit consolidated into a new credit agreement. This is only available for clients if instalments are up-to-date on all Capitec loans and to clients who have a satisfactory credit risk.

Our scoring models react to instances where a client repeatedly takes up credit, and when their debt-to-income ratio becomes too high. In such instances, we limit the term and amount of credit offered to clients or we decline the application for credit.

Acquisition and retention strategies are built on the principles of the client's credit behaviour (willingness to pay), affordability and source of income. Rehabilitation strategies are need-driven to assist clients based on their unique circumstances.

Unforeseen circumstances may lead to reduced income or increased expenditure for the client. These circumstances may include:

- employers who reduce overtime and bonuses or place employees on short pay due to difficult economic conditions
- strikes
- clients who may be forced to change employment at reduced salaries due to poor performance or health problems
- financial problems faced by employers.

These instances may result in a client missing an instalment on a loan and being in arrears.

If the client is in arrears due to challenges regarding the client's inability to repay the debt, we either negotiate with the client to immediately bring the arrears instalments up-to-date, or we attempt to help and manage the situation through agreeing a course of action with the client by amending the loan agreement (loan reschedule).

The first solution is preferable as it:

- reduces arrears if the client pays on the same date
- improves our cash flow
- helps restore the client to a creditworthy position
- limits the overall cost of credit for clients.

Practically, there is a risk that placing too much pressure on clients (such as expecting clients in financial distress to repay 2 instalments in a single month when they cannot afford to do so) can be counterproductive. In such a case, clients could refuse to cooperate, stop communicating with us and stop paying instalments.

We have extensive history that measures the yields we can receive by handing clients over to external debt collectors. We monitor the cash flow yields that we receive from this process against internal collection processes, including rescheduling. We optimise the strategy for different client groups and use handover samples for each strategy to monitor the relative performance and validate the strategy for each client group.

Factors that we consider in delivering the optimal strategy for a client include:

- the risk profile and payment history of the client
- the arrears status of the client
- whether the client's loans were rescheduled previously
- the credit exposure amount
- free cash flow estimates derived from clients' bank accounts or credit bureau records (salary less debit orders)
- any information we have about the client's employer.

Depending on a combination of factors, the optimal strategy is to encourage clients with some free cash flow or limited credit exposure to bring arrears instalments up-to-date or assist clients who have cash flow difficulty but have good behaviour history to reduce their instalments and extend the term of the credit agreement (i.e. reschedule). When there is a clear temporary interruption of income such as a strike or a client is on maternity leave, we may allow a reduced instalment for a short period (typically 3 months) with subsequent increased instalments, to assist the client through this period (i.e. variable reschedule). We write the loan off when the problem appears to relate to the client's unwillingness or inability to pay.

We use system-based rules to limit instances where we allow rescheduling. Rescheduling is aligned with the group's policy. The rules engine determines whether clients are eligible for rescheduling as well as the maximum term for which the loan can be extended. We do not reschedule all loans that meet our criteria, as this depends on the individual circumstances of each client applying to reschedule. We treat, monitor and separately disclose the performance of clients who were in arrears when applying for rescheduling.

We monitor the performance and cure rate of rescheduled loans using a segmented approach to ensure that these remain within the bank's risk appetite.

This process allows us to optimise collections and reduce clients' debt levels. Our aim is always to partner with our clients through both good and tough times and act in their best interests.

Credit risk mitigation

Interest rate limits and fees for credit agreements were changed on 6 May 2016 by the National Credit Regulator. Prior to this date, we charged our Personal banking clients an all-inclusive rate and Capitec insured the loan book against death and retrenchment. From May 2016, all loans granted with terms that are greater than 6 months require our Personal banking clients to take out credit life insurance. This protects them against the unfortunate event of retrenchment, temporary or permanent disability and loss of income, and in the case of death, there is no claim against their deceased estate for any amount outstanding. Prior to May 2023, we provided our clients with the option to take out the appropriate credit life insurance through a third-party cell captive. From May 2023, our clients have had the option to take out the appropriate credit life insurance through Capitec Life.

9. Loans and advances continued

Personal banking continued

Terminology used to discuss the credit quality of loans and advances

Application for debt review	Clients that apply for debt review are identified as credit-impaired, and the related loans are classified as stage 3 for the first 6 months following application. Clients who applied for debt review more than 6 months ago who are up-to-date are identified as SICR and the related loan is classified as stage 2 between 6 and 12 months following application. If clients applied for debt review more than 12 months ago and remained up-to-date, the related loan is classified as stage 1 subject to the SICR assessment.
Arrears	Arrears comprise the outstanding balances, where 1 or more instalments (or part of an instalment) on any of the client's loans and advances remain unpaid past the contractual payment date. The arrears balance therefore includes rescheduled loans when the amended instalment was not paid in full.
Default	The point at which a client is more than 3 months past due on contractual payments.
Forward-looking macroeconomic assumptions	IFRS 9 requires that forward-looking macroeconomic assumptions be applied to both 12-month and lifetime ECL calculations.
Loan consolidations	Loan consolidations occur when a client with an existing Personal banking unsecured loan applies for further credit. A consolidation loan is always the result of the full credit assessment process that all clients (both new and existing) go through when applying for new credit. The outcome of the full credit assessment process is either a consolidation loan, a new separate loan or no new loan granted. These loans are not seen as modifications.
Rehabilitated	Clients with rescheduled loans are deemed to be rehabilitated once they have made contractual payments for 6 consecutive months post rescheduling and are up-to-date with their amended contractual obligations. This is supported by statistical analysis.
Rescheduling	Rescheduling refers to an amendment of the original terms of a loan agreement, as formally agreed between the group and the client. Rescheduling is used as a rehabilitation mechanism for clients in arrears who are contacted successfully by centralised collections. It is also used as a proactive mechanism to assist up-to-date clients who contact the bank when wanting to reschedule their loans due to changes in their circumstances. No initiation fee is charged on a rescheduled loan as no new credit is granted. Rescheduled loans do not form part of loan sales.
Rescheduled from up-to-date not rehabilitated	These are loans and advances relating to clients who were fully up-to-date with their original contractual obligations, have contacted the group to reschedule the original terms of their loan due to a change in their circumstances and have made payments under the rescheduled terms. These clients are up-to-date with their amended contractual obligations post rescheduling but have not yet made payments for 6 consecutive months under the amended agreement. Loans rescheduled from up-to-date are considered to be stage 1 once they have rehabilitated, unless their behaviour score indicates a SICR, in which case the loan will be in stage 2. The loans are seen as stage 3 until they have rehabilitated.
Rescheduled from arrears not rehabilitated	These are loans and advances relating to clients who were in arrears and were subsequently rescheduled and have made payments under the rescheduled terms. These clients are up-to-date with their amended contractual obligations but have not yet made payments for 6 consecutive months under the amended agreement. Loans rescheduled from arrears are considered to be stage 1 once these loans have rehabilitated, unless their behaviour scores indicate a SICR, where the loan will be in stage 2. The loans are seen as stage 3 until they have rehabilitated.
Up-to-date loans and advances, rehabilitated rescheduled loans	Clients who are fully up-to-date with their original contractual obligations, or clients with amended contractual obligations and who have rehabilitated post rescheduling, are classified as up-to-date. SICR is identified for loans and advances that are up-to-date but have reached certain behaviour risk thresholds, or specific events have occurred that indicate a SICR.

Analysis of net loans and advances by stage

The following tables contain an analysis of the credit risk exposure of loans and advances for which an ECL allowance is recognised.

Term loans

R'000	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	Rescheduled from up-to-date (not yet rehabilitated)	Rescheduled from arrears (not yet rehabilitated)	More than 3 months in arrears, legal statuses and applied for debt review <6 months	Total
2025								
Gross loans and advances	**27 650 447**	**8 115 428**	**903 430**	**1 529 780**	**1 366 951**	**1 722 329**	**12 490 071**	**53 778 436**
Provision for credit impairments (ECL)	**(1 946 156)**	**(1 540 056)**	**(397 334)**	**(998 396)**	**(350 944)**	**(461 018)**	**(9 978 263)**	**(15 672 167)**
Net loans and advances	**25 704 291**	**6 575 372**	**506 096**	**531 384**	**1 016 007**	**1 261 311**	**2 511 808**	**38 106 269**
ECL coverage by category (%)	**7.0**	**19.0**	**44.0**	**65.3**	**25.7**	**26.8**	**79.9**	**29.1**
ECL coverage by stage (%)								
Stage 1	**7.0**							
Stage 2	**21.5**							
Stage 3	**68.9**							
2024								
Gross loans and advances	25 831 034	6 643 767	875 569	1 573 232	1 631 568	1 800 092	10 045 289	48 400 551
Provision for credit impairments (ECL)	(1 647 998)	(1 260 685)	(434 291)	(1 123 934)	(482 699)	(490 200)	(7 451 912)	(12 891 719)
Net loans and advances	24 183 036	5 383 082	441 278	449 298	1 148 869	1 309 892	2 593 377	35 508 832
ECL coverage by category (%)	6.4	19.0	49.6	71.4	29.6	27.2	74.2	26.6
ECL coverage by stage (%)								
Stage 1	6.4							
Stage 2	22.5							
Stage 3	63.4							

Analysis of up-to-date loans and advances in stage 1

R'000	2025	2024
Stage 1 – up-to-date		
Up-to-date not previously rescheduled	**24 860 515**	23 657 121
Rescheduled from up-to-date and rehabilitated	**1 888 961**	1 338 007
Rescheduled from arrears and rehabilitated	**900 971**	835 906
Gross loans and advances – stage 1	**27 650 447**	25 831 034

9. Loans and advances continued

Personal banking continued

Analysis of net loans and advances by stage continued

Access facility

R'000	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	Rescheduled from up-to-date (not yet rehabilitated)	Rescheduled from arrears (not yet rehabilitated)	More than 3 months in arrears, legal statuses and applied for debt review <6 months	Total
2025								
Gross loans and advances	**13 711 341**	**3 212 704**	**400 769**	**501 870**	**442 678**	**414 718**	**4 928 072**	**23 612 152**
Provision for credit impairments (ECL)	**(1 126 833)**	**(892 184)**	**(234 375)**	**(311 246)**	**(107 303)**	**(123 551)**	**(3 640 741)**	**(6 436 233)**
Net loans and advances	**12 584 508**	**2 320 520**	**166 394**	**190 624**	**335 375**	**291 167**	**1 287 331**	**17 175 919**
ECL coverage by category (%)	**8.2**	**27.8**	**58.5**	**62.0**	**24.2**	**29.8**	**73.9**	**27.3**
ECL coverage by stage (%)								
Stage 1	**8.2**							
Stage 2	**31.2**							
Stage 3	**66.5**							
2024								
Gross loans and advances	15 506 557	3 987 878	451 456	686 279	616 958	499 933	4 066 966	25 816 027
Provision for credit impairments (ECL)	(1 544 977)	(1 247 056)	(272 427)	(419 261)	(176 118)	(175 011)	(3 022 215)	(6 857 065)
Net loans and advances	13 961 580	2 740 822	179 029	267 018	440 840	324 922	1 044 751	18 958 962
ECL coverage by category (%)	10.0	31.3	60.3	61.1	28.5	35.0	74.3	26.6
ECL coverage by stage (%)								
Stage 1	10.0							
Stage 2	34.2							
Stage 3	64.6							

Analysis of up-to-date loans and advances in stage 1

R'000	2025	2024
Stage 1 – up-to-date		
Up-to-date not previously rescheduled	**11 738 916**	14 813 831
Rescheduled from up-to-date and rehabilitated	**1 494 641**	491 607
Rescheduled from arrears and rehabilitated	**477 784**	201 119
Gross loans and advances – stage 1	**13 711 341**	15 506 557

Credit card

R'000	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 More than 3 months in arrears, legal statuses and applied for debt review <6 months	Total
2025						
Gross loans and advances	**9 031 941**	**1 154 645**	**293 019**	**201 109**	**1 473 880**	**12 154 594**
Provision for credit impairments (ECL)	**(582 518)**	**(280 506)**	**(111 585)**	**(96 825)**	**(980 826)**	**(2 052 260)**
Net loans and advances	**8 449 423**	**874 139**	**181 434**	**104 284**	**493 054**	**10 102 334**
ECL coverage by category (%)	**6.4**	**24.3**	**38.1**	**48.1**	**66.5**	**16.9**
ECL coverage by stage (%)						
Stage 1	**6.4**					
Stage 2	**27.1**					
Stage 3	**64.3**					
2024						
Gross loans and advances	7 245 718	738 466	247 465	165 265	1 232 918	9 629 832
Provision for credit impairments (ECL)	(412 213)	(197 082)	(97 792)	(80 506)	(822 050)	(1 609 643)
Net loans and advances	6 833 505	541 384	149 673	84 759	410 868	8 020 189
ECL coverage by category (%)	5.7	26.7	39.5	48.7	66.7	16.7
ECL coverage by stage (%)						
Stage 1	5.7					
Stage 2	29.9					
Stage 3	64.6					

Analysis of up-to-date loans and advances in stage 1

R'000	2025	2024
Stage 1 – up-to-date		
Up-to-date not previously rescheduled	**9 031 941**	7 245 718
Gross loans and advances – stage 1	**9 031 941**	7 245 718

9. Loans and advances continued

Personal banking continued

Analysis of net loans and advances by stage continued

Definition of stages

Stage 1

These are loans and advances which are up-to-date with no indication of SICR as well as loans that have been rescheduled from either up-to-date or arrears and have rehabilitated. Clients who applied for debt review more than 12 months ago and remained up-to-date are classified as stage 1 subject to the SICR assessment.

An ECL representing the lifetime cash shortfall arising from possible default events up to 12 months into the future from the reporting date is recognised at the time of initial recognition of the financial debt instruments.

An ECL continues to be determined on this basis until there is a SICR or the financial debt instrument becomes credit-impaired.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the financial debt instrument and the cash flows that the group expects to receive over the contractual life of the financial debt instrument.

Stage 2

The group monitors financial debt instruments subject to the impairment requirements at each reporting date to determine whether evidence exists that there has been a SICR since initial recognition of the financial instrument. The 12-month ECL is extended to a lifetime ECL for these clients.

The following loans and advances are included in stage 2:

- Up-to-date loans with SICR
- Loans where the forward-looking information indicates SICR
- Loans up to 1 month in arrears (1 contractual payment in arrears)
- Loans where clients applied for debt review between 6 and 12 months ago and which are up-to-date.

The group identifies SICR for clients who are up-to-date on their loans, but who have reached certain behaviour risk thresholds or where specific events have occurred that indicate a SICR.

Personal banking considers the following to be a SICR for all loans and advances extended to the client:

- Where a client has been reported as being retrenched or unemployed
- Where a client has a product that is in arrears or has been rescheduled, all products held by the client are identified as subject to a SICR
- Where a client has a behaviour score that has decreased below the internal SICR threshold set by the bank
- Where a client's employer has been deemed as high risk.

Stage 3 (credit-impaired assets)

The group defines loans and advances as being credit-impaired when 1 or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Interest on loans and advances categorised as stage 3 is recognised in profit or loss net of ECL impairments. A lifetime ECL is applied to stage 3 (credit-impaired) loans.

Loans and advances are considered to be credit-impaired upon the occurrence of any of the following events:

- The client is 2 or 3 months past due on contractual payments (2 or 3 contractual payments in arrears)
- The client is placed under debt review
- The client is handed over for collection or has another legal status
- The client is in default. Default is defined as the point at which a client is more than 3 months past due on contractual payments or has a legal status but has not been written off
- The client applied for debt review less than 6 months ago and the loans are currently performing
- The loan was rescheduled from up-to-date and is up-to-date but not yet rehabilitated
- The loan is currently up to 1 month in arrears and was previously rescheduled but has not rehabilitated
- The loan was rescheduled from arrears and is up-to-date but not yet rehabilitated.

Implementation of ECL measurement

Loans and advances comprise many small, homogeneous assets.

To determine the ECLs on all portfolios, the group models the probability of an account entering default, the average exposure when an account enters default and the LGD based on historical trends. Clients are grouped together according to similar risk characteristics, and historical default performance is projected into the future on the current non-default portfolio. The expected future incremental loss is discounted to a present value and is used as the impairment on the portfolio.

For loan commitments 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 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. Refer to note 19.

Credit quality

The group adapted its internal credit rating policy to the Basel PD master scale as required by Basel III. The Basel PD master scale is a list of prescribed risk grades which classify a borrower based on their PD. The mapping process is comprehensive and allows the group to rate all borrowers on a uniform scale regardless of the product. Since all borrowers are represented on a uniform scale, it enables the group to compare various portfolios consistently and accurately.

The Capitec PD master scale ranges from Capitec Bank (CB) bands 1 – 25 depending on the product and reporting segment. Borrower PDs (which are based on a combination of factors) are determined at each reporting date and mapped to the Capitec PD master scale.

The lower the CB band, the lower the PD and the higher the probability of the borrower meeting their financial obligations. Conversely, the higher the CB band, the higher the probability that the borrower will default and not be able to meet their financial obligations.

The CB bands per product and risk-based scorecards used in the Capitec PD master scale are by reporting segment and presented based on reporting date CB bands.

Material product group	Capitec PD master rating scale	Scorecard
Term loans	CB1 – 25	Term loan behaviour score
Access facility	CB1 – 25	Access facility behaviour score
Credit card	CB1 – 25	Credit card behaviour score

9. Loans and advances continued

Personal banking continued

Credit quality continued

Term loans

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
CB15	**1 131 269**	**47 068**	**2 767**	**1 181 104**
CB16	**1 930 558**	**151 145**	**9 231**	**2 090 934**
CB17	**2 116 405**	**256 648**	**18 704**	**2 391 757**
CB18	**2 795 120**	**399 557**	**41 576**	**3 236 253**
CB19	**3 425 460**	**661 149**	**91 224**	**4 177 833**
CB20	**4 853 927**	**1 137 445**	**155 483**	**6 146 855**
CB21	**3 391 994**	**1 128 709**	**246 866**	**4 767 569**
CB22	**4 901 535**	**2 207 311**	**445 328**	**7 554 174**
CB23	**2 388 605**	**1 407 975**	**756 700**	**4 553 280**
CB24	**638 023**	**741 661**	**960 397**	**2 340 081**
CB25	**77 551**	**880 190**	**1 978 652**	**2 936 393**
Default	**—**	**—**	**12 402 203**	**12 402 203**
On-balance sheet	**27 650 447**	**9 018 858**	**17 109 131**	**53 778 436**
2024				
CB1 – 14	595 349	21 303	209	616 861
CB15	772 633	41 470	675	814 778
CB16	1 985 846	160 016	5 517	2 151 379
CB17	2 854 478	305 210	13 885	3 173 573
CB18	4 974 559	758 542	61 606	5 794 707
CB19	5 959 897	1 323 068	162 466	7 445 431
CB20	4 804 201	1 654 663	335 561	6 794 425
CB21	2 636 479	1 151 121	525 009	4 312 609
CB22	991 298	937 699	861 837	2 790 834
CB23	188 750	329 250	613 431	1 131 431
CB24	60 165	328 143	701 930	1 090 238
CB25	7 379	508 851	1 822 075	2 338 305
Default	—	—	9 945 980	9 945 980
On-balance sheet	25 831 034	7 519 336	15 050 181	48 400 551

Access facility

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
CB1 – 14	327 966	14 150	2 302	344 418
CB15	486 132	26 893	8 313	521 338
CB16	1 072 012	91 088	19 890	1 182 990
CB17	1 387 850	154 416	32 193	1 574 459
CB18	1 729 242	231 164	62 598	2 023 004
CB19	2 167 063	388 267	88 636	2 643 966
CB20	2 093 343	456 366	127 144	2 676 853
CB21	1 910 054	574 440	153 055	2 637 549
CB22	1 378 603	566 564	172 354	2 117 521
CB23	869 124	478 445	156 061	1 503 630
CB24	287 765	305 708	104 189	697 662
CB25	2 187	325 972	469 621	797 780
Default	—	—	4 890 982	4 890 982
On-balance sheet	13 711 341	3 613 473	6 287 338	23 612 152
CB1 – 14	2 159 437	48 141	826	2 208 404
CB15	1 307 279	41 380	1 355	1 350 014
CB16	1 733 586	63 554	1 403	1 798 543
CB17	1 396 425	51 862	3 167	1 451 454
CB18	1 128 030	45 715	5 045	1 178 790
CB19	1 236 203	50 978	5 360	1 292 541
CB20	392 086	14 930	5 475	412 491
CB21	197 135	9 815	5 151	212 101
CB22	78 569	4 034	4 641	87 244
CB23	21 983	2 150	3 268	27 401
CB24	3 735	719	1 283	5 737
CB25	3	26	10	39
Off-balance sheet	9 654 471	333 304	36 984	10 024 759

9. Loans and advances continued

Personal banking continued

Credit quality continued

Access facility continued

R'000	Stage 1	Stage 2	Stage 3	Total
2024				
CB1 – 14	357 137	8 956	3 005	369 098
CB15	552 419	24 393	6 580	583 392
CB16	1 168 130	81 549	16 926	1 266 605
CB17	1 473 720	159 230	38 679	1 671 629
CB18	1 881 749	270 470	55 169	2 207 388
CB19	2 285 731	451 542	94 989	2 832 262
CB20	2 327 501	553 638	134 140	3 015 279
CB21	2 228 622	705 915	189 877	3 124 414
CB22	1 685 375	709 337	212 658	2 607 370
CB23	1 140 499	695 201	240 567	2 076 267
CB24	400 066	431 889	208 520	1 040 475
CB25	5 608	347 214	654 173	1 006 995
Default	—	—	4 014 853	4 014 853
On-balance sheet	15 506 557	4 439 334	5 870 136	25 816 027
CB1 – 14	1 975 795	43 870	427	2 020 092
CB15	1 340 024	50 050	509	1 390 583
CB16	1 855 578	84 800	891	1 941 269
CB17	1 644 378	80 444	2 766	1 727 588
CB18	1 404 036	84 134	2 944	1 491 114
CB19	1 291 385	94 772	2 633	1 388 790
CB20	560 759	53 793	4 060	618 612
CB21	280 027	36 351	4 013	320 391
CB22	100 862	20 331	3 989	125 182
CB23	30 357	10 398	2 245	43 000
CB24	4 137	2 403	1 200	7 740
CB25	88	13	31	132
Off-balance sheet	10 487 426	561 359	25 708	11 074 493

Credit card

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
CB1 – 14	188 290	2 386	—	190 676
CB15	390 166	8 327	169	398 662
CB16	589 472	15 490	256	605 218
CB17	1 204 613	67 545	511	1 272 669
CB18	1 640 964	129 514	1 654	1 772 132
CB19	1 718 777	224 712	2 142	1 945 631
CB20	1 603 773	270 631	2 455	1 876 859
CB21	1 067 353	249 420	2 520	1 319 293
CB22	390 497	155 728	4 099	550 324
CB23	156 188	122 879	10 167	289 234
CB24	51 753	81 175	18 665	151 593
CB25	30 095	119 857	172 496	322 448
Default	—	—	1 459 855	1 459 855
On-balance sheet	9 031 941	1 447 664	1 674 989	12 154 594
CB1 – 14	532 005	7 310	—	539 315
CB15	242 538	4 999	11	247 548
CB16	581 354	16 841	19	598 214
CB17	664 935	33 890	23	698 848
CB18	666 656	43 331	53	710 040
CB19	477 461	36 972	67	514 500
CB20	333 266	27 851	91	361 208
CB21	128 998	20 709	70	149 777
CB22	19 848	8 800	32	28 680
CB23	6 363	4 753	41	11 157
CB24	2 273	1 687	12	3 972
CB25	1 928	3 472	13	5 413
Off-balance sheet	3 657 625	210 615	432	3 868 672

9. Loans and advances continued

Personal banking continued

Credit quality continued

Credit card continued

R'000	Stage 1	Stage 2	Stage 3	Total
2024				
CB1 – 14	134 828	2 314	—	137 142
CB15	291 292	4 183	152	295 627
CB16	436 872	11 356	132	448 360
CB17	909 725	28 428	654	938 807
CB18	1 379 497	75 188	1 654	1 456 339
CB19	1 467 838	113 999	2 467	1 584 304
CB20	1 202 049	144 908	2 212	1 349 169
CB21	883 481	183 090	1 704	1 068 275
CB22	348 572	133 374	2 759	484 705
CB23	129 210	109 412	7 254	245 876
CB24	39 700	75 380	14 234	129 314
CB25	22 654	104 299	144 063	271 016
Default	—	—	1 220 898	1 220 898
On-balance sheet	7 245 718	985 931	1 398 183	9 629 832
CB1 – 14	404 220	10 240	—	414 460
CB15	179 835	4 030	20	183 885
CB16	390 105	18 621	8	408 734
CB17	377 062	25 755	67	402 884
CB18	469 764	53 802	56	523 622
CB19	339 315	48 256	109	387 680
CB20	156 141	26 496	49	182 686
CB21	104 461	26 135	56	130 652
CB22	21 268	9 979	34	31 281
CB23	5 003	4 194	14	9 211
CB24	1 761	1 806	13	3 580
CB25	1 851	4 244	12	6 107
Off-balance sheet	2 450 786	233 558	438	2 684 782

Analysis of gross loans and advances

Term loans

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at 1 March 2024	**25 831 034**	**7 519 336**	**15 050 181**	**48 400 551**
Net loan sales	**26 400 974**	**(1 377 265)**	**(289 144)**	**24 734 565**
New loan sales[1]	**32 599 466**	**—**	**—**	**32 599 466**
Loans derecognised (other than write-offs)	**(6 198 492)**	**(1 377 265)**	**(289 144)**	**(7 864 901)**
Income accrued for the year[2]	**9 187 520**	**2 066 423**	**3 865 652**	**15 119 595**
Transfers				
Stage 1 to stage 2	**(9 897 852)**	**9 897 852**	**—**	**—**
Stage 1 to stage 3	**(6 525 677)**	**—**	**6 525 677**	**—**
Stage 2 to stage 3	**—**	**(2 058 997)**	**2 058 997**	**—**
Stage 3 to stage 2	**—**	**582 975**	**(582 975)**	**—**
Stage 3 to stage 1	**915 819**	**—**	**(915 819)**	**—**
Stage 2 to stage 1	**3 295 347**	**(3 295 347)**	**—**	**—**
Repayments	**(21 556 718)**	**(4 316 119)**	**(4 079 040)**	**(29 951 877)**
Modifications	**—**	**—**	**73 061**	**73 061**
Write-offs	**—**	**—**	**(4 597 459)**	**(4 597 459)**
Balance as at 28 February 2025	**27 650 447**	**9 018 858**	**17 109 131**	**53 778 436**
2024				
Balance as at 1 March 2023	27 835 934	8 301 808	13 970 090	50 107 832
Net loan sales	19 617 597	(774 324)	(250 688)	18 592 585
New loan sales[1]	24 465 751	—	—	24 465 751
Loans derecognised (other than write-offs)	(4 848 154)	(774 324)	(250 688)	(5 873 166)
Income accrued for the year[2]	9 184 622	1 713 738	3 609 245	14 507 605
Transfers				
Stage 1 to stage 2	(5 285 176)	5 285 176	—	—
Stage 1 to stage 3	(7 632 741)	—	7 632 741	—
Stage 2 to stage 3	—	(1 876 011)	1 876 011	—
Stage 3 to stage 2	—	544 481	(544 481)	—
Stage 3 to stage 1	883 869	—	(883 869)	—
Stage 2 to stage 1	1 962 398	(1 962 398)	—	—
Repayments	(20 735 469)	(3 713 134)	(3 958 071)	(28 406 674)
Modifications	—	—	214 170	214 170
Write-offs	—	—	(6 614 967)	(6 614 967)
Balance as at 29 February 2024	25 831 034	7 519 336	15 050 181	48 400 551

[1] *New loan sales are originated in stage 1 with a subsequent change in staging to year-end reflected under transfers. New loan sales include new loans issued on consolidating pre-existing loans. The loans settled on consolidation are disclosed separately as loans derecognised (other than write-offs).*

[2] *Income accrued for the year comprises interest received on loans, initiation fees, monthly service fees and credit life premiums.*

9. Loans and advances continued

Personal banking continued

Analysis of gross loans and advances continued

Access facility

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at 1 March 2024	**15 506 557**	**4 439 334**	**5 870 136**	**25 816 027**
Net loan sales	**6 573 660**	**984 165**	**37 405**	**7 595 230**
New loan sales and further drawdowns[1]	**7 792 302**	**1 176 350**	**77 667**	**9 046 319**
Loans derecognised (other than write-offs)	**(1 218 642)**	**(192 185)**	**(40 262)**	**(1 451 089)**
Income accrued for the year[2]	**4 121 176**	**969 795**	**1 297 305**	**6 388 276**
Transfers				
Stage 1 to stage 2	**(2 113 755)**	**2 113 755**	**—**	**—**
Stage 1 to stage 3	**(2 229 447)**	**—**	**2 229 447**	**—**
Stage 2 to stage 3	**—**	**(1 132 665)**	**1 132 665**	**—**
Stage 3 to stage 2	**—**	**149 469**	**(149 469)**	**—**
Stage 3 to stage 1	**498 202**	**—**	**(498 202)**	**—**
Stage 2 to stage 1	**1 785 993**	**(1 785 993)**	**—**	**—**
Repayments	**(10 431 045)**	**(2 124 387)**	**(1 443 106)**	**(13 998 538)**
Modifications	**—**	**—**	**(65 886)**	**(65 886)**
Write-offs	**—**	**—**	**(2 122 957)**	**(2 122 957)**
Balance as at 28 February 2025	**13 711 341**	**3 613 473**	**6 287 338**	**23 612 152**
2024				
Balance as at 1 March 2023	16 598 589	4 420 206	3 439 580	24 458 375
Net loan sales	11 316 556	1 189 099	55 847	12 561 502
New loan sales and further drawdowns[1]	12 352 589	1 189 099	55 847	13 597 535
Loans derecognised (other than write-offs)	(1 036 033)	—	—	(1 036 033)
Income accrued for the year[2]	4 958 239	883 068	1 139 729	6 981 036
Transfers				
Stage 1 to stage 2	(2 823 024)	2 823 024	—	—
Stage 1 to stage 3	(3 556 169)	—	3 556 169	—
Stage 2 to stage 3	—	(1 615 432)	1 615 432	—
Stage 3 to stage 2	—	98 737	(98 737)	—
Stage 3 to stage 1	276 768	—	(276 768)	—
Stage 2 to stage 1	1 323 514	(1 323 514)	—	—
Repayments	(12 587 916)	(2 035 854)	(1 372 970)	(15 996 740)
Modifications	—	—	(235 250)	(235 250)
Write-offs	—	—	(1 952 896)	(1 952 896)
Balance as at 29 February 2024	15 506 557	4 439 334	5 870 136	25 816 027

(1) *Access facility disbursements are included in new loan sales. Amounts are transferred immediately to the staging of the existing balances for drawdowns.*
(2) *Income accrued for the year comprises interest received on loans, initiation fees, monthly service fees and credit life premiums.*

Credit card

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at 1 March 2024	7 245 718	985 931	1 398 183	9 629 832
Net loan sales	19 959 468	1 294 984	324 713	21 579 165
New loan sales and further drawdowns[1]	19 959 468	1 294 984	324 713	21 579 165
Loans derecognised (other than write-offs)	—	—	—	—
Income accrued for the year[2]	2 187 641	247 732	264 364	2 699 737
Transfers				
Stage 1 to stage 2	(1 154 442)	1 154 442	—	—
Stage 1 to stage 3	(830 249)	—	830 249	—
Stage 2 to stage 3	—	(276 757)	276 757	—
Stage 3 to stage 2	—	19 101	(19 101)	—
Stage 3 to stage 1	26 384	—	(26 384)	—
Stage 2 to stage 1	536 196	(536 196)	—	—
Repayments	(18 938 775)	(1 441 573)	(257 116)	(20 637 464)
Modifications	—	—	(23 862)	(23 862)
Write-offs	—	—	(1 092 814)	(1 092 814)
Balance as at 28 February 2025	9 031 941	1 447 664	1 674 989	12 154 594
2024				
Balance as at 1 March 2023	5 884 980	796 471	1 049 086	7 730 537
Net loan sales	16 071 059	1 038 826	195 624	17 305 509
New loan sales and further drawdowns[1]	16 071 059	1 038 826	195 624	17 305 509
Loans derecognised (other than write-offs)	—	—	—	—
Income accrued for the year[2]	1 826 058	187 599	260 213	2 273 870
Transfers				
Stage 1 to stage 2	(551 471)	551 471	—	—
Stage 1 to stage 3	(773 481)	—	773 481	—
Stage 2 to stage 3	—	(126 802)	126 802	—
Stage 3 to stage 2	—	13 402	(13 402)	—
Stage 3 to stage 1	23 286	—	(23 286)	—
Stage 2 to stage 1	309 769	(309 769)	—	—
Repayments	(15 544 482)	(1 165 267)	(386 229)	(17 095 978)
Modifications	—	—	(24 604)	(24 604)
Write-offs	—	—	(559 502)	(559 502)
Balance as at 29 February 2024	7 245 718	985 931	1 398 183	9 629 832

[1] *Credit card disbursements are included in new loan sales. Amounts are transferred immediately to the staging of the existing balances for drawdowns.*
[2] *Income accrued for the year comprises interest received on loans, initiation fees, monthly service fees and credit life premiums.*

9. Loans and advances continued

Personal banking continued

Analysis of provision for ECL

Term loans

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at 1 March 2024	1 647 998	1 694 976	9 548 745	12 891 719
Movement in the income statement[1]				
New loan sales	1 227 273	1 042 095	1 722 156	3 991 524
Stage 1 to stage 2	(206 700)	415 274	—	208 574
Stage 1 to stage 3	(305 530)	—	2 133 386	1 827 856
Stage 2 to stage 3	—	(529 693)	1 323 373	793 680
Stage 2 to stage 1	102 489	(546 040)	—	(443 551)
Stage 3 to stage 1	43 124	—	(259 515)	(216 391)
Stage 3 to stage 2	—	109 951	(201 888)	(91 937)
Remain in same stage	(382 181)	35 817	1 229 533	883 169
Loans and advances settled in the current year	(433 454)	(307 788)	(2 222 716)	(2 963 958)
Modifications	—	—	73 061	73 061
Write-offs	(2 546)	(61 722)	(1 599 523)	(1 663 791)
Change in forward-looking information[2]	255 683	84 520	42 009	382 212
Balance as at 28 February 2025	**1 946 156**	**1 937 390**	**11 788 621**	**15 672 167**
2024				
Balance as at 1 March 2023	1 854 723	1 729 577	8 646 052	12 230 352
Movement in the income statement[1]				
New loan sales	1 008 854	950 889	1 817 109	3 776 852
Stage 1 to stage 2	(165 806)	436 126	—	270 320
Stage 1 to stage 3	(359 344)	—	2 326 533	1 967 189
Stage 2 to stage 3	—	(432 555)	970 232	537 677
Stage 2 to stage 1	65 838	(349 184)	—	(283 346)
Stage 3 to stage 1	52 329	—	(261 495)	(209 166)
Stage 3 to stage 2	—	105 460	(204 668)	(99 208)
Remain in same stage	(425 125)	(62 543)	450 975	(36 693)
Loans and advances settled in the current year	(354 193)	(213 173)	(2 006 808)	(2 574 174)
Modifications	—	—	214 170	214 170
Write-offs	(59 448)	(193 519)	(2 387 601)	(2 640 568)
Change in forward-looking information[2]	30 170	(276 102)	(15 754)	(261 686)
Balance as at 29 February 2024	1 647 998	1 694 976	9 548 745	12 891 719

(1) *Movement in the income statement is based on the loan stage at the beginning of the year. Where loans were settled or written off during the year, the individual lines in the table have not been grossed up to reflect the movement in the ECL provision during the year up to that point.*

(2) *Changes in forward-looking SICR are detailed in the 'Critical accounting estimates and judgements in applying accounting policies' section in this note.*

Access facility

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at 1 March 2024	**1 544 977**	**1 519 483**	**3 792 605**	**6 857 065**
Movement in the income statement[(1)]				
New loan sales and further drawdowns	**108 603**	**33 154**	**26 082**	**167 839**
Stage 1 to stage 2	**(159 596)**	**560 754**	**—**	**401 158**
Stage 1 to stage 3	**(186 661)**	**—**	**1 331 213**	**1 144 552**
Stage 2 to stage 3	**—**	**(325 686)**	**700 872**	**375 186**
Stage 2 to stage 1	**137 811**	**(485 268)**	**—**	**(347 457)**
Stage 3 to stage 1	**36 895**	**—**	**(150 454)**	**(113 559)**
Stage 3 to stage 2	**—**	**44 349**	**(51 372)**	**(7 023)**
Remain in same stage	**(19 808)**	**39 291**	**370 810**	**390 293**
Loans and advances settled in the current year	**(125 520)**	**(88 521)**	**(351 172)**	**(565 213)**
Modifications	**—**	**—**	**(65 886)**	**(65 886)**
Write-offs	**(4 525)**	**(46 043)**	**(1 389 323)**	**(1 439 891)**
Change in forward-looking information[(2)]	**(205 343)**	**(124 954)**	**(30 534)**	**(360 831)**
Balance as at 28 February 2025	**1 126 833**	**1 126 559**	**4 182 841**	**6 436 233**
2024				
Balance as at 1 March 2023	1 385 293	1 551 359	2 209 876	5 146 528
Movement in the income statement[(1)]				
New loan sales and further drawdowns	236 296	82 312	156 076	474 684
Stage 1 to stage 2	(161 815)	936 539	—	774 724
Stage 1 to stage 3	(155 871)	—	1 958 893	1 803 022
Stage 2 to stage 3	—	(357 294)	719 385	362 091
Stage 2 to stage 1	121 591	(427 658)	—	(306 067)
Stage 3 to stage 1	22 710	—	(103 345)	(80 635)
Stage 3 to stage 2	—	29 428	(39 956)	(10 528)
Remain in same stage	61 916	59 046	345 010	465 972
Loans and advances settled in the current year	(132 638)	(65 698)	(396 162)	(594 498)
Modifications	—	—	(235 250)	(235 250)
Write-offs	(7 979)	(75 914)	(848 839)	(932 732)
Change in forward-looking information[(2)]	175 474	(212 637)	26 917	(10 246)
Balance as at 29 February 2024	1 544 977	1 519 483	3 792 605	6 857 065

[(1)] *Movement in the income statement is based on the loan stage at the beginning of the year. Where loans were settled or written off during the year, the individual lines in the table have not been grossed up to reflect the movement in the ECL provision during the year up to that point.*

[(2)] *Changes in forward-looking SICR are detailed in the 'Critical accounting estimates and judgements in applying accounting policies' section in this note.*

9. Loans and advances continued

Personal banking continued

Analysis of provision for ECL continued

Credit card

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at 1 March 2024	**412 213**	**294 874**	**902 556**	**1 609 643**
Movement in the income statement[1]				
New loan sales and further drawdowns	**164 015**	**37 308**	**50 977**	**252 300**
Stage 1 to stage 2	**(53 900)**	**229 637**	**—**	**175 737**
Stage 1 to stage 3	**(45 708)**	**—**	**456 423**	**410 715**
Stage 2 to stage 3	**—**	**(72 681)**	**186 286**	**113 605**
Stage 2 to stage 1	**36 094**	**(138 431)**	**—**	**(102 337)**
Stage 3 to stage 1	**3 188**	**—**	**(16 225)**	**(13 037)**
Stage 3 to stage 2	**—**	**18 453**	**(15 779)**	**2 674**
Remain in same stage	**(62 663)**	**(2 407)**	**(3 094)**	**(68 164)**
Loans and advances settled in the current year	**(22 608)**	**(15 157)**	**(125 792)**	**(163 557)**
Modifications	**—**	**—**	**(23 862)**	**(23 862)**
Write-offs	**(1 767)**	**(12 321)**	**(337 660)**	**(351 748)**
Change in forward-looking information[2]	**153 654**	**52 816**	**3 821**	**210 291**
Balance as at 28 February 2025	**582 518**	**392 091**	**1 077 651**	**2 052 260**
2024				
Balance as at 1 March 2023	393 602	256 815	778 401	1 428 818
Movement in the income statement[1]				
New loan sales and further drawdowns	122 738	98 948	60 606	282 292
Stage 1 to stage 2	(30 643)	122 964	—	92 321
Stage 1 to stage 3	(43 595)	—	437 120	393 525
Stage 2 to stage 3	—	(60 308)	141 855	81 547
Stage 2 to stage 1	26 589	(89 134)	—	(62 545)
Stage 3 to stage 1	3 760	—	(17 847)	(14 087)
Stage 3 to stage 2	—	13 591	(13 982)	(391)
Remain in same stage	26 190	10 951	89 893	127 034
Loans and advances settled in the current year	(17 934)	(13 580)	(66 721)	(98 235)
Modifications	—	—	(24 604)	(24 604)
Write-offs	(1 464)	(12 592)	(480 359)	(494 415)
Change in forward-looking information[2]	(67 030)	(32 781)	(1 806)	(101 617)
Balance as at 29 February 2024	412 213	294 874	902 556	1 609 643

(1) *Movement in the income statement is based on the loan stage at the beginning of the year. Where loans were settled or written off during the year, the individual lines in the table have not been grossed up to reflect the movement in the ECL provision during the year up to that point.*

(2) *Changes in forward-looking SICR are detailed in the 'Critical accounting estimates and judgements in applying accounting policies' section in this note.*

Factors impacting and contributing to significant changes in the ECL during the year

The net credit impairment charge decreased by 16% to R7.1 billion (2024: R8.4 billion). The credit loss ratio decreased to 8.1% (2024: 10.1%) and was within our through-the-cycle target of 8.0% to 8.5%.

The following drivers impacted the credit impairment charge and provision for ECL:

- The easing of credit granting criteria during 2025 that led to higher loan disbursements
- A shift in the loan book distribution across the stages
- A change in the write-off point estimation
- The movement in the forward-looking macroeconomic provision due to the outlook on the economy and a move to through-the-cycle provision models. Our through-the-cycle models use all available historical data when modelling the provision for ECL. The change to through-the-cycle models impacted the backward-looking provision for ECL and the forward-looking macroeconomic provision for ECL (FLI ECL) but not the total credit impairment charge
- The impact of the above changes on the ECL coverage ratios.

Loan disbursements

Total loan disbursements grew by 11% to R53.9 billion. Term loan disbursements increased by 33% and credit card disbursements by 25% due to eased credit granting criteria for certain clients.

Access facility disbursements decreased by 40% after short-term access facilities were discontinued. New limits granted totalled R2.7 billion, down from R5.1 billion in 2024. Following the cut-back, the access facility offering has been repositioned as an overdraft facility for higher-quality clients.

Shift in loan book distribution and the change in the write-off point estimation

The gross loan book distribution shifted across the stages during 2025. The table below reflects the staging and composition of the gross loan book.

	As at the end of			
	February 2025		February 2024	
	R'm	%	R'm	%
Stage 1	**50 393**	**56**	48 583	58
Stage 2	**14 080**	**16**	12 945	15
Stage 3	**25 072**	**28**	22 319	27
Total	**89 545**	**100**	83 847	100

The proportion of balances in stage 1 remained stable while the proportion of balances in stage 2 grew by 1%. Loans up to 1 month in arrears in stage 2 remained stable at R1.6 billion, while loans with significant increases in credit risk (SICR) since granting increased by 10% primarily due to an increase in the forward-looking macroeconomic provision for ECL.

A supplement was added to the forward-looking macroeconomic model provision for ECL for the risk of the withdrawal of USA aid to South Africa, the possibility that South Africa might cease to be part of the African Growth and Opportunity Act (AGOA). As a result of the assessment of the impact of these factors on balances in stage 1, particularly the balances of clients employed in the agriculture, forestry, fishing, community organisation, social and personal services, and manufacturing sectors, R507 million in balances were moved into stage 2 due to SICR.

Stage 3 balances grew by 12%. Balances between 2 and 3 months in arrears decreased by R192 million or 8% due to the newer tranches of business granted during 2024 and 2025 slowing the roll into this loan category. Rescheduled balances that have not yet rehabilitated decreased by R602 million due to the improvement in the quality of the loan book which meant that the value of new reschedules during 2025 decreased.

Stage 3 balances in default (balances 3 or more months in arrears, with other legal statuses and where clients applied for debt review less than 6 months ago) grew by R3.6 billion from R15.3 billion in 2024 to R18.9 billion. The debt review balances in the default book decreased by R0.5 billion to R5.6 billion, as rolls into debt review decreased from R4.1 billion to R3.3 billion.

9. Loans and advances continued

Personal banking continued

Factors impacting and contributing to significant changes in the ECL during the year continued

Shift in loan book distribution and the change in the write-off point estimation continued

A change in the write-off point estimation resulted in the addition of R2.1 billion in balances to the default book at the end of 2025. These balances were provided for at 98%. The change entails that 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.

The table below represents the staging of the loan book if the additional balances had not remained on the loan book.

	As at the end of			
	February 2025		February 2024	
	R'm	%	R'm	%
Stage 1	**50 393**	**58**	48 583	58
Stage 2	**14 080**	**16**	12 945	15
Stage 3	**22 972**	**26**	22 319	27
Total	**87 445**	**100**	83 847	100

Other rolls into default decreased from R8.7 billion to R8.2 billion due to an improvement in the quality of the loan book. The newer tranches of business are rolling into default more slowly than older tranches of business and this contributed significantly to the reduction in the credit impairment charge and the decrease in the proportion of balances in stage 3 of the loan book.

Forward-looking macroeconomic provision for ECL and through-the-cycle models

The FLI ECL accounts for the effects of future economic conditions on the provision for ECL using key economic indicators affecting the group's credit clients. The FLI ECL grew from R380 million to R877 million.

According to the economic outlook scenarios applied in the calculation, the FLI ECL would have decreased by R258 million, notwithstanding the following adjustments:

- During the first half of 2025, the provision models for term loans and credit cards were transitioned from point-in-time models to through-the-cycle models. A through-the-cycle model has historically been applied to access facilities. Although there was no impact on the total credit impairment charge, this change resulted in a decrease in the backward-looking model calculation and a corresponding increase in the forward-looking macroeconomic model calculation. Consequently, the FLI ECL at the end of 2025 increased by R490 million
- The forward-looking macroeconomic outlook will have an impact on the collections that can be made on balances that are in default. The 2025 FLI ECL model incorporated projections of this impact. Previously, the impact on future recoveries was not modelled. This adjustment increased the FLI ECL by R148 million because future expected recoveries were modelled as being lower due to macroeconomic factors
- The Bureau for Economic Research's (BER) economic scenarios used to determine the FLI ECL were supplemented by a FLI ECL of R117 million to account for the potential risk of the USA discontinuing aid to South Africa, the possibility that South Africa might cease to be part of AGOA. These risks arose after the determination of the BER scenarios.

Changes in ECL coverage ratios

The total ECL coverage ratio increased to 27.0% (2024: 25.5%) and is analysed by stage in the table below.

	As at the end of	
%	February 2025	February 2024
Stage 1	**7.3**	7.4
Stage 2	**24.5**	27.1
Stage 3	**68.0**	63.8
Total	**27.0**	25.5

The decrease in the stage 1 coverage ratio was the result of a decrease in the coverage ratio on the access facility product as the quality of the loan balances improved after the cut-back on loan disbursements. For term loan and credit card balances, there was an increase in coverage ratios because of the portion of the growth in the FLI ECL that was allocated to stage 1. The upfront provision on loans disbursed during 2025 was R3.1 billion.

The coverage ratio on balances showing a SICR decreased from 23.8% to 21.7%. The decrease in the coverage ratio was due to an improvement in the quality of the loan book in stage 2. This was offset by an increase in the coverage ratio due to the increase in the FLI ECL, particularly the R117 million supplement for the USA aid and AGOA risk which moved R506 million in balances into up-to-date loans with SICR. The coverage ratio on loans up to 1 month in arrears decreased from 51.1% to 46.5%.

The coverage ratios of all loan categories in stage 3, except for the default book, decreased due to an improvement in loan book quality. The principal reason for the increase in the default book coverage ratio from 73.6% to 77.3% was that balances stayed in the default category for longer due to the change in the write-off point estimation. If these balances and their provision for ECL are excluded, the default book coverage ratio would be 74.7%. The remainder of the increase was a result of the inclusion of the FLI ECL provision of R148 million for the impact of future economic conditions on the expected recoveries on the default loan book.

Critical accounting estimates and judgements in applying accounting policies

The preparation of the group's annual financial statements requires management to make estimates that affect the amounts reported in the annual financial statements and accompanying notes. Management applies their judgement based on historical evidence, current events and actions that may be undertaken in future. Actual results may differ from estimates.

The measurement of the loss allowance for ECL on loans and advances represents the most material assumptions, estimates and judgements applied in preparing the consolidated financial statements.

Judgements

Significant increase in credit risk (SICR)

In terms of IFRS 9, all loans and advances exposures that are up-to-date are assessed at each reporting date to determine whether there has been a SICR since initial recognition of the instrument, in which case an impairment equal to the lifetime ECL is recognised. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the group recognises a 12-month ECL.

The group identifies SICR for clients who are up-to-date on their credit product but who have reached certain behaviour risk thresholds or where specific events have occurred that automatically trigger a SICR.

9. Loans and advances continued

Personal banking continued

Critical accounting estimates and judgements in applying accounting policies continued

Judgements continued

Significant increase in credit risk (SICR) continued

The group considers reasonable and supportable information based on the group's historical experience, credit risk assessment and forward-looking information (including macroeconomic factors) when determining whether the credit risk (i.e. the risk of default) of loans and advances has increased significantly since initial recognition. The assessment of SICR is key in determining when to move from measuring an impairment provision for ECL based on a 12-month ECL to one that is based on a lifetime ECL (the move from stage 1 to stage 2).

The group uses behaviour score thresholds to identify a SICR. If a client's behaviour score reduced to such an extent that it breaches the predetermined threshold, the client will be placed in SICR. The SICR thresholds are reviewed monthly to ensure that they can identify SICR throughout the lifetime of the credit product.

The purpose of the behaviour score in the ECL model is to determine homogenous risk segments used to estimate a client's default risk. Separate scorecards are used for the different products, each utilising Capitec product-specific behaviour and savings account information as well as the credit exposure and repayment behaviour at external credit providers. The behaviour score is updated monthly on all existing credit clients to ensure that Capitec has a consistently updated view of the client.

The volume of up-to-date accounts that rolled into stage 3 based on historical trends is considered in determining the empirical SICR requirement. This is then adjusted by considering future default rates based on forward-looking information (including macroeconomic factors).

The following events will result in a term loan client being automatically classified as having a SICR:

- The client is employed by an employer subject to a loan stop or granting pullback
- The client has an access facility that has been rescheduled and has not yet rehabilitated
- The client is unemployed or has been retrenched
- The client has a pay-date managed credit card 1 month in arrears or worse, or a non-pay-date managed credit card 2 months in arrears or worse.

The following events will result in an access facility client being automatically classified as having a SICR:

- The client is unemployed or has been retrenched
- The client has a term loan that is up-to-date but classified as stage 3
- The client has a pay-date managed credit card 1 month in arrears or worse, or a non-pay-date managed credit card 2 months in arrears or worse
- The client transfers more than 70% of their access facility or term loan instalments to their savings account 3 days prior or post the collection date for 3 consecutive months
- The client has utilised 90% of their access facility limit and transferred an amount from their access facility to their savings account 3 days prior or post collection date for the last 3 consecutive months.

The following events will result in a credit card client being automatically classified as having a SICR:

- The client has a term loan that is 3 months or more in arrears or is up-to-date but classified as stage 3
- The client is unemployed or has been retrenched.

Sensitivity analysis

The analysis below reflects the stage 2 ECL on up-to-date loans with SICR and applied for debt review more than 6 months ago if the deterioration or improvement in the factor used as a behavioural or granting score threshold is stressed by 5%.

For categories of SICR, other than forward-looking SICR, the sensitivity analysis is as follows:

Impact of SICR on provision for ECL	Positive	Base	Negative
2025			
Shifting of the SICR threshold by 5% (R'm)	**2 374**	**2 486**	**2 725**
Percentage on total SICR ECL (%)	**(4.7)**	**—**	**9.5**
2024			
Shifting of the SICR threshold by 5% (R'm)	2 526	2 779	3 099
Percentage on total SICR ECL (%)	(7.6)	—	13.2

The base in the table above is the balance that is currently included in the provision for ECL. The positive column represents the provision for ECL balance if there was a favourable shift in the SICR threshold that resulted in fewer clients being placed in the SICR loan category, and the negative column represents the provision for ECL balance if there was an unfavourable shift in the SICR threshold that resulted in more clients being placed in the SICR loan category.

The sensitivity analysis of 'forward-looking SICR' is included in the 'forward-looking information incorporated in the impairment of loans and advances' section below.

Estimates

Forward-looking information incorporated in the impairment of loans and advances

It is a fundamental principle of IFRS 9 that the group's loss allowance for ECL against potential future losses should consider changes in the economic environment in the future. Forward-looking information has been incorporated in measuring the loss allowance for ECL through the application of quantitative modelling and expert judgement-based adjustments.

To capture the effects of changes to the economic environment in the future, the forward-looking model for Personal banking considers economic variables specific to South Africa that directly impact the group's clients. 4 forward-looking scenarios are incorporated into the range of reasonably possible outcomes (negative, baseline, positive and very positive scenarios).

The methodology for incorporating the forward-looking information has not changed from the prior year except for the addition of a fourth scenario (very positive), changes to the inputs and the probabilities assigned to the economic scenarios used and the addition of the LGD, a component of the ECL calculation. A fourth scenario was added because the ALCO felt that 3 scenarios did not fully capture the current global and local economic uncertainty The relationship between recoveries past the point of default and the economy necessitated the incorporation of the LGD into the model. In the prior year, only the PD and EAD were incorporated.

The BER provided management with a set of 4 forward-looking macroeconomic scenarios. The ALCO reviewed the scenarios and agreed that the negative scenario should be used as the baseline scenario, the severe scenario as the negative scenario, the baseline scenario as the positive scenario and the positive scenario as the very positive scenario for the bank. The scenarios were approved and used accordingly.

9. Loans and advances continued

Personal banking continued

Critical accounting estimates and judgements in applying accounting policies continued

Estimates continued

Forward-looking information incorporated in the impairment of loans and advances continued

The main considerations of the BER and the ALCO in setting the scenarios are outlined below. These impact the forecast macroeconomic variables.

- The very positive scenario assumes real gross domestic product (GDP) growth of between 2.5% and 3% in 2025. It includes drivers such as global geopolitical stability that boosts trade confidence, China's fiscal stimulus that drives commodity demand and higher export revenues strengthening government finances. It further assumes that an appreciation of the rand and lower oil prices will ease inflation, allowing the SARB to cut rates. In addition, it assumes that unemployment will improve significantly with better economic conditions and increased investment
- The positive scenario assumes real GDP growth will improve to 2% with cyclical support from consumer spending and private sector investment during 2025. It further assumes moderate inflation (around 4.2% in 2025) and improved consumer momentum. The SARB is expected to maintain a cautious stance, with the repo rate projected to remain relatively stable, with minor adjustments based on global monetary policy trends. Growth will remain moderate unless fast structural reforms occur. However, this scenario fails to capture the high real interest rates and the USA monetary policy uncertainty impacting the rand
- The baseline scenario assumes economic stagnation with real GDP growth stalling below 1% in 2025. It assumes weakening exports, inflationary pressures and a tighter monetary policy. Without decisive reforms in energy, logistics, and water infrastructure, South Africa faces persistent low growth and high unemployment risks. In addition, it assumes that the SARB adopts a tighter monetary policy, not implementing any planned rate cuts
- The negative scenario assumes that if economic conditions deteriorate further, they will deteriorate rapidly. It assumes that the ZAR/USD exchange rate will deteriorate to ZAR21/USD1 early in 2025. It further assumes a sharp increase in the crude oil price to USD90 leading to increased inflation until the end of 2025. It assumes that as a result, the SARB increases the repo rate and South African banks are forced to immediately pull back on credit granting.

The most important variables used in the forward-looking information models include inflation, private sector credit extension to households, the unemployment rate and the repo rate. The BER's unemployment rate was replaced by Econometrix's rate, as the ALCO deemed the BER's rate to be too bullish and felt that it contains unrealistic seasonality factors.

The aforementioned scenarios did not capture the possibility that the USA would discontinue financial aid to South Africa or the risk that South Africa might in future no longer form part of AGOA. The balances of clients employed by specific employers that could potentially be affected by this and that are currently in stage 1 were moved to the SICR category in stage 2.

The probability weightings for the 12-month forecast period, which drive most of the forward-looking information impact, for each of the scenarios, as set out in the table below, were accepted by management.

Scenario probability (%)	2025	2024
Negative	**15**	21
Baseline	**55**	54
Positive	**25**	25
Very positive	**5**	—

The relevance of the outlook to Capitec's loan book is proven by a historical linear relationship to a change in a basket of macroeconomic variables. These variables are:

	2024				2025				2026			
Macroeconomic variable	Negative	Baseline	Positive	Very positive	Negative	Baseline	Positive	Very positive	Negative	Baseline	Positive	Very positive
2025												
Unemployment rate (%) Econometrix	**32.63**	**32.63**	**32.63**	**32.63**	**34.40**	**33.73**	**32.75**	**32.37**	**34.60**	**33.63**	**33.10**	**32.37**
Unemployment rate (%) BER	**32.50**	**32.50**	**32.50**	**32.50**	**34.10**	**33.30**	**32.40**	**32.00**	**33.50**	**32.60**	**32.10**	**31.00**
Headline inflation Consumer Price Index (CPI)[1]	**4.45**	**4.45**	**4.45**	**4.45**	**7.12**	**4.85**	**4.24**	**3.51**	**7.72**	**5.79**	**4.33**	**3.45**
Petrol price cents per litre[1]	**(0.13)**	**(0.13)**	**(0.13)**	**(0.13)**	**12.88**	**(4.62)**	**(4.86)**	**(12.54)**	**10.12**	**6.36**	**0.51**	**(1.98)**
CPI: Electricity[1]	**13.41**	**13.41**	**13.41**	**13.41**	**22.22**	**14.72**	**14.72**	**14.72**	**20.29**	**14.04**	**14.04**	**14.04**
CPI: Petrol[1]	**(0.49)**	**(0.49)**	**(0.49)**	**(0.49)**	**12.76**	**(4.74)**	**(4.98)**	**(12.66)**	**9.83**	**6.07**	**0.22**	**(2.27)**
CPI: Food and non-alcoholic beverages[1]	**4.55**	**4.55**	**4.55**	**4.55**	**7.17**	**6.01**	**4.67**	**4.63**	**7.58**	**6.31**	**4.51**	**4.30**
Real private sector credit extension[1]	**(0.05)**	**(0.05)**	**(0.05)**	**(0.05)**	**(5.36)**	**(0.08)**	**1.42**	**1.71**	**(5.44)**	**(0.52)**	**2.71**	**4.17**
Real private sector credit extension to households[1]	**(1.03)**	**(1.03)**	**(1.03)**	**(1.03)**	**(3.57)**	**(0.86)**	**0.38**	**0.82**	**(4.05)**	**(0.96)**	**1.70**	**3.40**
Real GDP[1]	**0.80**	**0.80**	**0.80**	**0.80**	**(4.41)**	**(1.90)**	**2.03**	**2.48**	**(0.06)**	**0.09**	**2.09**	**3.06**
Total employment[1]	**2.28**	**2.28**	**2.28**	**2.28**	**(1.00)**	**0.07**	**1.62**	**1.80**	**0.27**	**0.59**	**1.76**	**2.20**
Real disposable income[1]	**0.99**	**0.99**	**0.99**	**0.99**	**(1.78)**	**0.15**	**2.19**	**2.83**	**(0.16)**	**0.51**	**2.20**	**2.99**
Real wage rate[1]	**(2.92)**	**(2.92)**	**(2.92)**	**(2.92)**	**(3.39)**	**(1.82)**	**0.59**	**0.86**	**(0.29)**	**(0.16)**	**1.20**	**1.79**
Repo rate (%)	**8.15**	**8.15**	**8.15**	**8.15**	**8.78**	**7.65**	**7.35**	**7.09**	**9.70**	**8.23**	**7.25**	**6.75**
2024												
Unemployment rate (%)	32.26	32.25	32.25	—	31.97	31.62	31.03	—	31.64	31.30	30.10	—
Headline inflation CPI[1]	5.94	5.92	5.91	—	6.61	4.99	4.76	—	4.69	4.56	4.22	—
Petrol price cents per litre[1]	2.08	1.88	1.86	—	16.21	(0.21)	(1.14)	—	(5.61)	(1.03)	(1.19)	—
CPI: Electricity[1]	11.62	11.62	11.62	—	14.32	14.32	14.32	—	12.93	12.93	10.65	—
CPI: Petrol[1]	1.31	1.11	1.09	—	18.51	2.03	1.11	—	(5.62)	(1.03)	(1.19)	—
Real private sector credit extension[1]	0.05	0.09	0.09	—	(1.49)	(0.02)	0.65	—	0.72	1.87	3.56	—
Real private sector credit extension to households[1]	0.02	0.05	0.05	—	(1.37)	(1.14)	(0.75)	—	(0.63)	0.91	2.25	—
Real GDP[1]	0.51	0.56	0.57	—	0.63	1.54	2.74	—	2.52	2.16	3.97	—
Total employment[1]	6.12	6.14	6.14	—	1.96	2.49	3.01	—	1.69	1.67	2.47	—
Real disposable income[1]	(0.35)	(0.31)	(0.31)	—	0.31	1.25	1.91	—	2.20	2.05	3.08	—
Real wage rate[1]	(7.34)	(7.31)	(7.31)	—	(0.92)	(0.52)	0.13	—	1.55	1.28	2.41	—
Repo rate (%)	7.93	7.91	7.91	—	8.73	8.00	7.83	—	7.67	7.02	6.96	—

[1] *Year-on-year percentage change, unless otherwise stated.*

9. Loans and advances continued

Personal banking continued

Critical accounting estimates and judgements in applying accounting policies continued

Estimates continued

Impact of forward-looking information on ECL – 2025

The economic variables are correlated to determine the impact of forward-looking macroeconomic information on the provision for ECL for term loans, access facilities and credit cards grouped into different internally developed client behaviour score segments. Macroeconomic variables are correlated with historical client default data per risk segment. This relationship is used to determine the impact of forward-looking macroeconomic information on expected default rates and recoveries and the provision for ECL is adjusted accordingly.

The correlation included the selection of the most appropriate macroeconomic variables per segment including the related delay lags. Based on the segmentation, management determined a range of PD values and recovery rates for each of the risk segments that would be impacted by a change in specific macroeconomic variables under each of the 4 scenarios (negative, baseline, positive and very positive).

Impact of forward-looking information on ECL – 2024

The risk segmentation of the forward-looking macroeconomic model was expanded to use the most appropriate macroeconomic variables. The variables are correlated to determine the impact of forward-looking macroeconomic information on the ECL for loans, access facilities and credit cards grouped into 14 internally developed client behaviour score segments. Macroeconomic variables are correlated with historical client default data per risk segment. This relationship is used to determine the impact of forward-looking macroeconomic information on expected default rates and the ECL is adjusted accordingly.

The correlation included the selection of the most appropriate macroeconomic variables per segment including the related delay lags. Based on the segmentation, management determined a range of PD values for each of the 14 risk segments that would be impacted by a change in specific macroeconomic variables under each of the 3 scenarios (baseline, negative, positive).

Macroeconomic variables relating to changes in CPI, the petrol price, unemployment and the absolute repo rate were seen to be important variables across most segments.

The impact of forward-looking information on the ECL based on the 4 scenarios is reflected below.

Impact of forward-looking information on the provision for ECL	R'm	Percentage (%) change
2025		
Probability-weighted impact of all 4 scenarios	**877**	
100% negative	**1 693**	**93.0**
100% baseline	**894**	**1.9**
100% positive	**461**	**(47.4)**
100% very positive	**326**	**(62.9)**
2024		
Probability-weighted impact of all 3 scenarios	380	
100% negative	670	76.4
100% baseline	321	(15.5)
100% positive	261	(31.3)

Event-driven management credit estimates

Certain events/risks that may not be incorporated into the statistical forward-looking model arise from time to time. In such instances, the additional inclusions in the provision for ECL over and above the adjustment to the provision for ECL arising from forward-looking information are reviewed and approved by the credit committee monthly.

In the current and comparative years, an amount was added to the provision for ECL to consider the impact on the provision for ECL of a change in the retrenchment cover. The retrenchment insurance changed from covering the full outstanding balance to covering 24 instalments for new loans originated from 10 May 2020.

Modelling assumptions

Historical data may not always be reflective of the future. The way in which it is used by the statistical models (PD, EAD and LGD) to estimate the timing and amount of the forecast cash flows, based on historical default data, roll rates and recoveries, requires consideration of subsegments.

These include aspects such as client risk groups, time on book, product term, payment frequency, default statuses, employment, industry and rescheduling status as well as the behaviour score of the client.

Business banking

Credit risk exposure

Business banking offers a spread of business banking products common to the banking industry. The core market focus is established small- to medium-sized businesses across a wide variety of industries as well as personal banking to the respective entrepreneurs. A group subsidiary, Capitec Rental Finance, provides rental finance solutions with its core focus being the office automation, telecommunications and information technology (IT) sectors.

Gross loans and advances exposures by economic sector are as follows:

	GROUP	
R'000	**2025**	**2024**
Business banking		
Real estate	**5 090 296**	4 141 150
Manufacturing and logistics	**1 832 987**	1 256 179
Retail and wholesale	**4 577 594**	5 042 357
Financial and business	**6 155 754**	3 561 529
Construction and transport	**2 798 579**	1 741 120
Mining and agricultural	**399 523**	388 795
Education and community	**1 739 473**	2 789 242
Other	**745 272**	223 671
Gross loans and advances	**23 339 478**	19 144 043

9. Loans and advances continued

Business banking continued

Credit risk management

Credit risk is managed through every stage of the credit life cycle by following a combination of governance, decision support and business support. The types and levels of security taken to mitigate credit-related risks depend on the risk profile, track record and payment history of the client as well as the risk inherent in the product offering.

The group adopts a measured approach to credit granting for its Business banking clients, within a specifically defined and structured approval process. The granting of credit is managed via a mandated approval process automated on the bank's workflow system. Levels of credit approval mandates are determined by the experience of the mandated individual, with dual or multiple sign-off on all material values. Mandates have also been accorded to frontline management within predetermined rules and parameters as approved by the RCMC, which approvals are evaluated and monitored by the BCC on an ongoing basis.

An ongoing weekly review is undertaken by the BCC of all new and renewal proposals for lending in excess of R2 million (in aggregate per client). This meeting covers a wide variety of topics, including reporting on excess and arrear positions, security-related matters, possible changes in risk grades, the bank's advances portfolio composition and performance and any other relevant credit-related matters requiring specific mention or discussion. Adverse behavioural patterns, such as continual excesses above approved limits and arrears on loan facilities, are monitored closely by the credit department and are discussed at the weekly BCC meeting with appropriate actions being taken.

Identified accounts with continued behavioural concerns and/or financial underperformance are monitored by way of monthly 'watch list' meetings and reporting. To protect the group, prompt action is taken by senior internal stakeholders, including the Business banking executive, on large defaults. This action has seen a good measure of historical success given our flat structure that drives agility.

Collateral and other credit enhancements

The group employs a range of policies and practices to mitigate credit risk for its Business banking clients. The most common of these is accepting collateral for funds advanced. The group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. Business banking prepares a valuation of the collateral obtained as part of the loan origination process and this assessment is reviewed periodically. The principal collateral types for loans and advances are:

- mortgages over residential and commercial properties
- pledge and cession over business assets, such as stock and accounts receivable
- pledge and cession over financial instruments, such as pledge of call and savings accounts, fixed and notice deposits.

Longer-term finance and lending to small- to medium-sized businesses are generally secured, while credit card facilities are generally unsecured. Business banking's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by Business banking since the acquisition of the collateral.

A portion of Business banking's financial assets originated by the mortgage business has sufficiently low loan-to-value ratios. The loss allowance would be reduced because of collateral held.

Business banking closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the bank will take possession of collateral to mitigate potential credit losses.

The fair value of collateral and other credit enhancements is determined by referencing the realisable value of security held before adjusting for expected recoveries.

All Business banking clients are accorded a risk grading. The risk grading is dependent on the client's creditworthiness and standing with the group and is subject to ongoing assessment of the client's financial standing and the acceptability of their dealings with the group, including adherence to repayment terms and compliance with other set conditions.

Terminology used to discuss the credit quality of loans and advances

Rehabilitated	Clients with rescheduled loans are deemed to be rehabilitated once they have made contractual payments for 6 consecutive months post rescheduling and are up-to-date with their amended contractual obligations. This is supported by statistical analysis.
Rescheduling	Rescheduling refers to an amendment of the original terms of a loan agreement. This can be done in the normal course of business (defined as a restructure). Rescheduling can also be used as a rehabilitation mechanism for clients who would otherwise not be able to meet their commitments (defined as distressed restructure). A reschedule is classified as stage 1 when there is no indication of SICR, as stage 2 when there is an indication of SICR and as stage 3 where the borrower is in arrears.
Rescheduled from up-to-date not rehabilitated	These are loans and advances relating to clients who were fully up-to-date with their original contractual obligations, have contacted the group to reschedule the original terms of their loan due to a change in their circumstances and have made payments under the rescheduled terms. These clients are up-to-date with their amended contractual obligations post rescheduling but have not yet made payments for 6 consecutive months under the amended agreement. Loans rescheduled from up-to-date are considered to be stage 1 once these loans have rehabilitated, unless there is an indication of SICR, in which case the loan will be in stage 2. The loans are seen as stage 2 until they have rehabilitated.
Rescheduled from arrears not rehabilitated	These are loans and advances relating to clients who were in arrears and were subsequently rescheduled and have made payments under the rescheduled terms. These clients are up-to-date with their amended contractual obligations but have not yet made payments for 6 consecutive months under the amended agreement. Loans rescheduled from arrears are considered to be stage 1 once these loans have rehabilitated, unless there is an indication of SICR, in which case the loan will be in stage 2. The loans are seen as stage 2 until they have rehabilitated.
Up-to-date loans and advances, rehabilitated rescheduled loans	Clients who are fully up-to-date with their original contractual obligations, or clients with amended contractual obligations and who have rehabilitated post rescheduling, are classified as up-to-date. SICR is identified for loans and advances that are up-to-date but have reached certain behaviour risk thresholds, or specific events have occurred that indicate a SICR.

9. Loans and advances continued

Business banking continued

Analysis of net loans and advances by stage

The tables that follow contain an analysis of the credit risk exposure of loans and advances for which an ECL allowance is recognised. The gross carrying amount of the financial assets below also represents the group's maximum exposure to credit risk on these assets.

Business loans[1]

	Stage 1 12-month ECL		Stage 2 Lifetime ECL				Stage 3 Lifetime ECL	
R'000	Up-to-date	Up to 1 month in arrears	Up-to-date loans with 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	Total
2025								
Gross loans and advances	**9 793 220**	**192 107**	**621 040**	**90 559**	**174 290**	**13 906**	**1 140 334**	**12 025 456**
Provision for credit impairments (ECL)	**(248 614)**	**(7 029)**	**(110 957)**	**(14 804)**	**(19 004)**	**(2 216)**	**(653 731)**	**(1 056 355)**
Net loans and advances	**9 544 606**	**185 078**	**510 083**	**75 755**	**155 286**	**11 690**	**486 603**	**10 969 101**
ECL coverage by category (%)	**2.5**	**3.7**	**17.9**	**16.3**	**10.9**	**15.9**	**57.3**	**8.8**
ECL coverage by stage (%)								
Stage 1	**2.6**							
Stage 2	**16.3**							
Stage 3	**57.3**							
2024								
Gross loans and advances	8 060 991	79 123	395 543	66 746	236 653	8 521	682 548	9 530 125
Provision for credit impairments (ECL)	(215 805)	(2 458)	(106 495)	(14 827)	(13 296)	(2 069)	(438 403)	(793 353)
Net loans and advances	7 845 186	76 665	289 048	51 919	223 357	6 452	244 145	8 736 772
ECL coverage by category (%)	2.7	3.1	26.9	22.2	5.6	24.3	64.2	8.3
ECL coverage by stage (%)								
Stage 1	2.7							
Stage 2	19.3							
Stage 3	64.2							

[1] *Business loans include leases.*

Analysis of up-to-date loans and advances in stage 1

R'000	2025	2024
Stage 1 – up-to-date		
Up-to-date not previously rescheduled	**9 790 692**	8 049 916
Rescheduled from up-to-date and rehabilitated	**2 528**	593
Rescheduled from arrears and rehabilitated	**—**	10 482
Gross loans and advances – stage 1	**9 793 220**	8 060 991

Analysis of up to 1 month in arrears loans and advances in stage 1[1]

R'000	2025	2024
Stage 1 – up to 1 month in arrears		
Up to 1 month in arrears not previously rescheduled	**192 107**	79 123
Gross loans and advances – stage 1	**192 107**	79 123

[1] *The analysis of loans and advances in stage 1 has been enhanced to include loans and advances up to 1 month in arrears. Comparatives have been updated for this change in presentation.*

Mortgage loans

R'000	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 with 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	Total
2025								
Gross loans and advances	**9 548 074**	**115 083**	**560 999**	**67 732**	**24 649**	**20 692**	**976 793**	**11 314 022**
Provision for credit impairments (ECL)	**(29 246)**	**(871)**	**(33 630)**	**(3 360)**	**(739)**	**(1 836)**	**(242 106)**	**(311 788)**
Net loans and advances	**9 518 828**	**114 212**	**527 369**	**64 372**	**23 910**	**18 856**	**734 687**	**11 002 234**
ECL coverage by category (%)	**0.3**	**0.8**	**6.0**	**5.0**	**3.0**	**8.9**	**24.8**	**2.8**
ECL coverage by stage (%)								
Stage 1	**0.3**							
Stage 2	**5.9**							
Stage 3	**24.8**							
2024								
Gross loans and advances	8 091 955	104 239	439 498	107 179	53 689	68 038	749 320	9 613 918
Provision for credit impairments (ECL)	(43 986)	(1 897)	(31 545)	(8 799)	(3 613)	(4 640)	(192 496)	(286 976)
Net loans and advances	8 047 969	102 342	407 953	98 380	50 076	63 398	556 824	9 326 942
ECL coverage by category (%)	0.5	1.8	7.2	8.2	6.7	6.8	25.7	3.0
ECL coverage by stage (%)								
Stage 1	0.6							
Stage 2	7.3							
Stage 3	25.7							

Analysis of up-to-date loans and advances in stage 1

R'000	2025	2024
Stage 1 – up-to-date		
Up-to-date not previously rescheduled	**9 539 878**	8 072 930
Rescheduled from up-to-date and rehabilitated	**8 196**	10 564
Rescheduled from arrears and rehabilitated	**—**	2 321
Rehabilitated COVID-19 reschedules	**—**	6 140
Gross loans and advances – stage 1	**9 548 074**	8 091 955

Analysis of up to 1 month in arrears loans and advances in stage 1[(1)]

R'000	2025	2024
Stage 1 – up to 1 month in arrears		
Up to 1 month in arrears not previously rescheduled	**115 083**	104 239
Gross loans and advances – stage 1	**115 083**	104 239

(1) *The analysis of loans and advances in stage 1 has been enhanced to include loans and advances up to 1 month in arrears. Comparatives have been updated for this change in presentation.*

9. Loans and advances continued

Business banking continued

Analysis of net loans and advances by stage continued

Definition of stages

Stage 1

These are loans and advances which are up-to-date or up to 1 month in arrears with no indication of SICR. This includes distressed restructured loans that have rehabilitated.

An ECL representing the lifetime cash shortfall arising from possible default events up to 12 months into the future from the reporting date is recognised at the time of initial recognition of the financial debt instruments.

An ECL continues to be determined on this basis until there is a SICR or the financial debt instrument becomes credit-impaired.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the financial debt instrument and the cash flows that the group expects to receive over the contractual life of the financial debt instrument.

Stage 2

The group monitors financial debt instruments subject to the impairment requirements at each reporting date to determine whether evidence exists that there has been a SICR since initial recognition of the financial instrument. The 12-month ECL is extended to a lifetime ECL for these clients.

The following loans and advances are included in stage 2:

- Loans that have experienced a SICR since initial recognition
- Loans where the forward-looking information indicates SICR
- Loans that are between 2 and 3 months in arrears
- Up-to-date loans that restructured from up-to-date (not yet rehabilitated)
- Up-to-date loans that restructured from arrears (not yet rehabilitated).

The Business banking segment considers a loan to have experienced a SICR if the borrower is on the watch list or meets 1 or more of the following criteria:

- Significant adverse changes in the business, financial or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- An actual or expected significant adverse change in the operating results of the borrower
- Early signs of cash flow/liquidity problems such as a delay in the servicing of trade creditors/loans.

Irrespective of the outcome of the assessment according to the above-mentioned criteria, Business banking considers a loan to have experienced a SICR if the borrower is more than 1 month past due on their contractual payments.

Stage 3 (credit-impaired assets)

The group defines loans and advances as being credit-impaired when 1 or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Interest on loans and advances categorised as stage 3 is recognised in profit or loss net of ECL impairments. A lifetime ECL is applied to stage 3 (credit-impaired) loans. A financial instrument is defined as being in default, which is aligned with the definition of credit-impaired, when it meets 1 or more of the following criteria:

Quantitative criteria

The borrower is more than 3 months past due on contractual payments.

The borrower meets 'unlikeliness to pay' criteria, which indicate that the borrower is in significant financial difficulty. These are instances where, *inter alia*:

- the borrower is in long-term forbearance
- the borrower is deceased
- the borrower is insolvent
- the borrower is in breach of financial covenant(s)
- an active market for the financial assets has disappeared because of financial difficulty/inability to meet contractual obligations and the borrower is in arrears
- it is becoming probable that the borrower may enter bankruptcy.

Implementation of the ECL measurement

The extent of the ECL allowance for financial assets measured at amortised cost is calculated using complex models and significant assumptions about future economic conditions and credit behaviour.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These 3 components are multiplied and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

This effectively calculates an ECL for each future month, which is then discounted to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The portfolios are based on product type. The product types include mortgage loans, current accounts, credit cards, instalment sales and leases, structured loans and medium-term loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis
- For revolving products, the EAD is predicted by adding a 'credit conversion factor' to the current drawn balance, which allows for the expected drawdown of the remaining limit by the time of default.

9. Loans and advances continued

Business banking continued

Implementation of the ECL measurement continued

The 12-month and lifetime LGDs are determined based on the factors that impact the recoveries made post default:

- For secured products, this is primarily based on collateral type, projected collateral values and time to recovery
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs changes, are monitored and reviewed periodically.

The current risk assessment framework for Business banking includes stringent credit risk assessments that are performed during the lifetime of the exposures and it is believed that these will incorporate enough forward-looking assessment. Additional ECLs are recognised by way of a management overlay after significant expert consultation with executive management and seasoned credit professionals.

Credit quality

The group adapted its internal credit rating policy to the Basel PD master scale as required by Basel III. The Basel PD master scale is a list of prescribed risk grades which classify a borrower based on their PD. The mapping process is comprehensive and allows the group to rate all borrowers on a uniform scale regardless of the product. Since all borrowers are represented on a uniform scale, it enables the group to compare various portfolios consistently and accurately.

The Capitec PD master scale ranges from Capitec Bank (CB) bands 1 – 25 depending on the product and reporting segment. Borrower PDs are determined at each reporting date and mapped to the Capitec PD master scale.

The lower the CB band, the lower the PD and the higher the probability of the borrower meeting their financial obligations. Conversely, the higher the CB band, the higher the probability that the borrower will default and not be able to meet their financial obligations.

The CB bands per product and risk-based scorecards used in the Capitec PD master scale are by reporting segment and presented based on reporting date CB bands.

Material product group	Capitec PD master rating scale	Scorecard
Business banking portfolio	CB1 – 25	Business banking client level behaviour score

Business loans[1]

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
CB1 – 11	307 746	—	—	307 746
CB12	166 791	—	—	166 791
CB13	433 302	—	—	433 302
CB14	697 310	—	—	697 310
CB15	642 476	—	—	642 476
CB16	1 157 193	—	—	1 157 193
CB17	1 488 058	—	—	1 488 058
CB18	2 503 753	—	—	2 503 753
CB19	604 580	—	—	604 580
CB20	432 211	—	—	432 211
CB21	678 399	—	—	678 399
CB22	409 380	—	—	409 380
CB23	227 000	268 644	—	495 644
CB24	146 711	585 171	—	731 882
CB25	90 417	45 980	—	136 397
Default	—	—	1 140 334	1 140 334
On-balance sheet	9 985 327	899 795	1 140 334	12 025 456
CB1 – 11	316 966	—	—	316 966
CB12	9 228	—	—	9 228
CB13	3 807	—	—	3 807
CB14	31 900	—	—	31 900
CB15	44 791	—	—	44 791
CB16	84 751	—	—	84 751
CB17	17 469	—	—	17 469
CB18	116 289	—	—	116 289
CB19	21 403	—	—	21 403
CB20	21 404	—	—	21 404
CB21	44 570	—	—	44 570
CB22	84 585	—	—	84 585
CB23	600	212	—	812
CB24	123	4 823	—	4 946
CB25	—	—	—	—
Default	—	—	14 547	14 547
Off-balance sheet	797 886	5 035	14 547	817 468

(1) *Business loans include leases.*

9. Loans and advances continued

Business banking continued

Credit quality continued

Business loans[1] continued

R'000	Stage 1	Stage 2	Stage 3	Total
2024				
CB1 – 11	467 597	—	—	467 597
CB12	349 904	—	—	349 904
CB13	491 302	—	—	491 302
CB14	550 521	—	—	550 521
CB15	1 380 677	—	—	1 380 677
CB16	900 473	—	—	900 473
CB17	759 126	—	—	759 126
CB18	2 187 491	—	—	2 187 491
CB19	360 062	—	—	360 062
CB20	233 148	—	—	233 148
CB21	204 916	—	—	204 916
CB22	160 824	—	—	160 824
CB23	42 320	666 930	—	709 250
CB24	21 636	—	—	21 636
CB25	30 117	40 533	—	70 650
Default	—	—	682 548	682 548
On-balance sheet	8 140 114	707 463	682 548	9 530 125
CB1 – 11	602 961	—	—	602 961
CB12	1 234	—	—	1 234
CB13	17 760	—	—	17 760
CB14	157 062	—	—	157 062
CB15	75 411	—	—	75 411
CB16	26 559	—	—	26 559
CB17	5 328	—	—	5 328
CB18	1 911	—	—	1 911
CB19	768	—	—	768
CB20	588	—	—	588
CB21	4	—	—	4
CB22	897	—	—	897
CB23	4 142	1 238	—	5 380
CB24	—	—	—	—
CB25	—	—	—	—
Default	—	—	9 032	9 032
Off-balance sheet	894 625	1 238	9 032	904 895

[1] *Business loans include leases.*

Mortgage loans

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
CB1 – 11	882 583	—	—	882 583
CB12	537 568	—	—	537 568
CB13	783 825	—	—	783 825
CB14	2 169 868	—	—	2 169 868
CB15	1 541 993	—	—	1 541 993
CB16	992 076	—	—	992 076
CB17	513 866	—	—	513 866
CB18	745 052	—	—	745 052
CB19	503 744	—	—	503 744
CB20	723 524	—	—	723 524
CB21	62 154	—	—	62 154
CB22	144 175	—	—	144 175
CB23	31 402	240 351	—	271 753
CB24	7 386	433 721	—	441 107
CB25	23 941	—	—	23 941
Default	—	—	976 793	976 793
On-balance sheet	9 663 157	674 072	976 793	11 314 022
CB1 – 11	236 871	—	—	236 871
CB12	—	—	—	—
CB13	—	—	—	—
CB14	—	—	—	—
CB15	2 990	—	—	2 990
CB16	609	—	—	609
CB17	—	—	—	—
CB18	—	—	—	—
CB19	7	—	—	7
CB20	6 720	—	—	6 720
CB21	—	—	—	—
CB22	—	—	—	—
CB23	—	—	—	—
CB24	—	—	—	—
CB25	—	—	—	—
Default	—	—	—	—
Off-balance sheet	247 197	—	—	247 197

9. Loans and advances continued

Business banking continued

Credit quality continued

Mortgage loans continued

R'000	Stage 1	Stage 2	Stage 3	Total
2024				
CB1 – 11	602 096	—	—	602 096
CB12	735 780	—	—	735 780
CB13	567 831	—	—	567 831
CB14	1 740 157	—	—	1 740 157
CB15	2 050 151	—	—	2 050 151
CB16	698 867	—	—	698 867
CB17	419 667	—	—	419 667
CB18	198 873	—	—	198 873
CB19	190 934	—	—	190 934
CB20	252 459	—	—	252 459
CB21	186 923	—	—	186 923
CB22	494 757	—	—	494 757
CB23	37 770	668 404	—	706 174
CB24	11 599	—	—	11 599
CB25	8 330	—	—	8 330
Default	—	—	749 320	749 320
On-balance sheet	8 196 194	668 404	749 320	9 613 918
CB1 – 11	93 584	—	—	93 584
CB12	—	—	—	—
CB13	731	—	—	731
CB14	8 133	—	—	8 133
CB15	323	—	—	323
CB16	641	—	—	641
CB17	3 824	—	—	3 824
CB18	123	—	—	123
CB19	—	—	—	—
CB20	—	—	—	—
CB21	—	—	—	—
CB22	—	—	—	—
CB23	—	300	—	300
CB24	—	—	—	—
CB25	—	—	—	—
Default	—	—	1 706	1 706
Off-balance sheet	107 359	300	1 706	109 365

Analysis of gross loans and advances

Business loans[1]

	GROUP			
R'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2025				
Balance as at 1 March 2024	**8 140 114**	**707 463**	**682 548**	**9 530 125**
New loan sales and further drawdowns[2]	**50 078 373**	**865 340**	**21 917**	**50 965 630**
Income accrued for the year[3]	**1 231 591**	**34 887**	**116 937**	**1 383 415**
Transfers				
Stage 1 to stage 2	**(535 243)**	**535 243**	**—**	**—**
Stage 1 to stage 3	**(440 073)**	**—**	**440 073**	**—**
Stage 2 to stage 3	**—**	**(141 925)**	**141 925**	**—**
Stage 3 to stage 2	**—**	**32**	**(32)**	**—**
Stage 3 to stage 1	**5 260**	**—**	**(5 260)**	**—**
Stage 2 to stage 1	**26 432**	**(26 432)**	**—**	**—**
Repayments	**(48 521 127)**	**(1 074 813)**	**(111 632)**	**(49 707 572)**
Write-offs	**—**	**—**	**(146 142)**	**(146 142)**
Balance as at 28 February 2025	**9 985 327**	**899 795**	**1 140 334**	**12 025 456**
2024				
Balance as at 1 March 2023	6 224 961	741 594	496 330	7 462 885
New loan sales and further drawdowns[2][4]	37 738 643	747 018	27 831	38 513 492
Income accrued for the year[3]	942 382	70 471	81 901	1 094 754
Transfers				
Stage 1 to stage 2	(198 378)	198 378	—	—
Stage 1 to stage 3	(266 537)	—	266 537	—
Stage 2 to stage 3	—	(76 122)	76 122	—
Stage 3 to stage 2	—	715	(715)	—
Stage 3 to stage 1	3 304	—	(3 304)	—
Stage 2 to stage 1	36 876	(36 876)	—	—
Repayments[4]	(36 341 137)	(937 715)	(125 789)	(37 404 641)
Write-offs	—	—	(136 365)	(136 365)
Balance as at 29 February 2024	8 140 114	707 463	682 548	9 530 125

(1) *Business loans include leases.*

(2) *Monthly credit card and overdraft disbursements are included in new loan sales and further drawdowns. Amounts are transferred immediately to the staging of the existing balances for drawdowns.*

(3) *Income accrued for the year comprises interest received on loans, initiation fees and monthly service fees.*

(4) *New loan sales and further drawdowns as well as repayments have been restated due to a disclosure error. The change in disclosure resulted in a R34.4 billion reduction in both the stage 1 drawdowns and repayments, and had no net impact on the total gross loans and advances balance..*

9. Loans and advances continued

Business banking continued

Analysis of gross loans and advances continued

Mortgage loans

	GROUP			
R'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2025				
Balance as at 1 March 2024	**8 196 194**	**668 404**	**749 320**	**9 613 918**
New loan sales and further drawdowns	**3 367 053**	**—**	**—**	**3 367 053**
Income accrued for the year[1]	**1 035 488**	**56 085**	**114 612**	**1 206 185**
Transfers				
Stage 1 to stage 2	**(220 349)**	**220 349**	**—**	**—**
Stage 1 to stage 3	**(148 801)**	**—**	**148 801**	**—**
Stage 2 to stage 3	**—**	**(137 073)**	**137 073**	**—**
Stage 3 to stage 2	**—**	**—**	**—**	**—**
Stage 3 to stage 1	**2 226**	**—**	**(2 226)**	**—**
Stage 2 to stage 1	**36 003**	**(36 003)**	**—**	**—**
Repayments	**(2 604 657)**	**(97 690)**	**(134 660)**	**(2 837 007)**
Write-offs	**—**	**—**	**(36 127)**	**(36 127)**
Balance as at 28 February 2025	**9 663 157**	**674 072**	**976 793**	**11 314 022**
2024				
Balance as at 1 March 2023	6 952 130	470 883	631 829	8 054 842
New loan sales and further drawdowns	2 941 868	—	—	2 941 868
Income accrued for the year[1]	894 970	40 845	87 039	1 022 854
Transfers				
Stage 1 to stage 2	(403 350)	403 350	—	—
Stage 1 to stage 3	(98 627)	—	98 627	—
Stage 2 to stage 3	—	(48 662)	48 662	—
Stage 3 to stage 2	—	—	—	—
Stage 3 to stage 1	5 309	—	(5 309)	—
Stage 2 to stage 1	149 545	(149 545)	—	—
Repayments	(2 245 651)	(48 467)	(91 209)	(2 385 327)
Write-offs	—	—	(20 319)	(20 319)
Balance as at 29 February 2024	8 196 194	668 404	749 320	9 613 918

[1] *Income accrued for the year comprises interest received on loans, initiation fees and monthly service fees.*

Analysis of provision for ECL

Business loans[1]

	GROUP			
R'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2025				
Balance as at 1 March 2024	**218 263**	**136 687**	**438 403**	**793 353**
Movement in the income statement[2]				
New loan sales and further drawdowns	**98 760**	**59 427**	**35 957**	**194 144**
Stage 1 to stage 2	**(3 993)**	**23 935**	**—**	**19 942**
Stage 1 to stage 3	**(11 755)**	**—**	**199 475**	**187 720**
Stage 2 to stage 3	**—**	**(20 432)**	**50 511**	**30 079**
Stage 2 to stage 1	**252**	**(5 072)**	**—**	**(4 820)**
Stage 3 to stage 1	**126**	**—**	**(2 998)**	**(2 872)**
Stage 3 to stage 2	**—**	**7**	**(19)**	**(12)**
Remain in same stage	**(24 885)**	**3 425**	**102 587**	**81 127**
Loans and advances settled in the current year	**(23 275)**	**(53 828)**	**(63 204)**	**(140 307)**
Write-offs	**(337)**	**(160)**	**(109 648)**	**(110 145)**
Change in forward-looking information[3]	**2 487**	**2 992**	**2 667**	**8 146**
Balance as at 28 February 2025	**255 643**	**146 981**	**653 731**	**1 056 355**
2024				
Balance as at 1 March 2023	198 825	143 529	291 059	633 413
Movement in the income statement[2]				
New loan sales and further drawdowns	78 028	8 446	22 763	109 237
Stage 1 to stage 2	(2 071)	15 535	—	13 464
Stage 1 to stage 3	(6 206)	—	141 560	135 354
Stage 2 to stage 3	—	(19 589)	48 760	29 171
Stage 2 to stage 1	707	(7 518)	—	(6 811)
Stage 3 to stage 1	47	—	(2 454)	(2 407)
Stage 3 to stage 2	—	20	(460)	(440)
Remain in same stage	(3)	5 971	31 783	37 751
Loans and advances settled in the current year	(26 012)	(7 585)	(6 868)	(40 465)
Write-offs	(359)	(4 797)	(86 126)	(91 282)
Change in forward-looking information[3]	(24 693)	2 675	(1 614)	(23 632)
Balance as at 29 February 2024	218 263	136 687	438 403	793 353

[1] Business loans include leases.

[2] Movement in the income statement is based on the loan stage at the beginning of the year. Where loans were settled or written off during the year, the individual lines in the table have not been grossed up to reflect the movement in the provision for ECL during the year up to that point.

[3] Changes in forward-looking SICR are detailed in the 'Critical accounting estimates and judgements in applying accounting policies' section in this note.

9. Loans and advances continued

Business banking continued

Analysis of provision for ECL continued

Mortgage loans

	GROUP			
R'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2025				
Balance as at 1 March 2024	**45 883**	**48 597**	**192 496**	**286 976**
Movement in the income statement[1]				
New loan sales and further drawdowns	**13 671**	**4 586**	**1 065**	**19 322**
Stage 1 to stage 2	**(1 284)**	**5 163**	**—**	**3 879**
Stage 1 to stage 3	**(595)**	**—**	**24 510**	**23 915**
Stage 2 to stage 3	**—**	**(6 228)**	**16 448**	**10 220**
Stage 2 to stage 1	**75**	**(1 738)**	**—**	**(1 663)**
Stage 3 to stage 1	**3**	**—**	**(194)**	**(191)**
Stage 3 to stage 2	**—**	**—**	**—**	**—**
Remain in same stage	**(8 947)**	**(3 313)**	**30 198**	**17 938**
Loans and advances settled in the current year	**(8 002)**	**(1 381)**	**(3 435)**	**(12 818)**
Write-offs	**—**	**(47)**	**(21 095)**	**(21 142)**
Change in forward-looking information[2]	**(10 687)**	**(6 074)**	**2 113**	**(14 648)**
Balance as at 28 February 2025	**30 117**	**39 565**	**242 106**	**311 788**
2024				
Balance as at 1 March 2023	29 434	33 618	144 505	207 557
Movement in the income statement[1]				
New loan sales and further drawdowns	21 940	4 297	—	26 237
Stage 1 to stage 2	(792)	7 917	—	7 125
Stage 1 to stage 3	(334)	—	8 888	8 554
Stage 2 to stage 3	—	(2 426)	6 669	4 243
Stage 2 to stage 1	1 983	(8 811)	—	(6 828)
Stage 3 to stage 1	6	—	(372)	(366)
Stage 3 to stage 2	—	—	—	—
Remain in same stage	(5 875)	(314)	39 600	33 411
Loans and advances settled in the current year	(2 129)	(435)	(2 549)	(5 113)
Write-offs	—	—	(13 312)	(13 312)
Change in forward-looking information[2]	1 650	14 751	9 067	25 468
Balance as at 29 February 2024	45 883	48 597	192 496	286 976

[1] *Movement in the income statement is based on the loan stage at the beginning of the year. Where loans were settled or written off during the year, the individual lines in the table have not been grossed up to reflect the movement in the provision for ECL during the year up to that point.*

[2] *Changes in forward-looking SICR are detailed in the 'Critical accounting estimates and judgements in applying accounting policies' section in this note.*

Factors impacting and contributing to significant changes in the ECL during the year

The credit impairment charge increased by 14% to R368 million and the credit loss ratio was 1.7% compared to 1.9% in 2024. The growth in the credit impairment charge was primarily attributable to the 22% growth in the gross loan book due to an increase of 29% in loan disbursements. The scored loan book grew by 111% and the intuitive loan book grew by 22%.

Our lending focus for 2025 was to start building our market share using rebuilt platforms and systems, and our relationship suite and business bankers. Loan disbursements excluding overdrafts grew by 19% to R8.1 billion and new overdraft limits loaded amounted to R3.3 billion reflecting growth of 58%. Mortgage loan disbursements increased by 14% and business loan disbursements excluding overdrafts grew by 23%. The provision for ECL held on new loan disbursements for 2025 amounted to R213 million at the end of February 2025. The FLI ECL provision decreased by R10 million due to an improved economic outlook compared to 2024. The rental finance credit impairment charge included in the total credit impairment charge was R69 million, a decrease of R38 million compared to 2024. The rental finance book grew by 8% to R1.9 billion. The model coverage ratio decreased from 9.76% to 9.31%. This is driven by a decrease in the loans in default as a percentage of the loan book.

Coverage ratios

The table below details the trend in the coverage ratios.

	As at the end of	
%	February 2025	February 2024
Stage 1	**1.5**	1.6
Stage 2	**11.8**	13.4
Stage 3	**42.3**	44.1
Total	**5.9**	5.6

The increase of 0.3% in the overall coverage ratio was the result of the following factors:

- The shift in the composition of the loan book towards stage 3. Stage 3 balances now comprise 9% of the loan book compared to 8% in 2024 and balances in stage 3 grew by R686 million
- The shift in the proportion of the loan book that comprises mortgages at lower coverage ratios than business loans. Mortgages now comprise 48% of the loan book at a coverage ratio of 2.8% (2024: 50%; 3.0%). Business loans which now comprise 2% more of the loan book are held at an overall coverage ratio of 8.8%. Due to the higher proportion of business loans at a higher coverage ratio, the overall coverage ratio increased.

Business loans coverage ratio

The total ECL coverage ratio on the business loans book increased from 8.3% at the end of 2024 to 8.8%. The increase was principally due to the following factors:

- Growth of 57% in up-to-date balances with SICR to R621 million which comprised 3% of the total loan book (2024: 2%). The decrease in the coverage ratio to 17.9% (2024: 26.9%) is attributable to rolls into this loan category having lower coverage ratios than in 2024 and a change in the product mix
- Growth of 67% in stage 3 loans to R1.1 billion which comprised 5% of the total loan book compared to 4% in 2024. 50% of the stage 3 book consists of clients that were downgraded in 2025. These balances have lower coverage ratios than loans that have been in stage 3 for longer. This resulted in a decrease in the coverage ratio from 64.2% to 57.3%. Despite this decrease, the significant increase in stage 3 balances resulted in an increase in the overall coverage ratio.

Mortgage loan coverage ratios

The total ECL coverage ratio on the mortgage loan book decreased from 3.0% at the end of 2024 to 2.8%. The change was principally due to:

- The proportion of balances in each loan book category which remained stable
- The decrease in the individual coverage ratios of each client included in each stage compared to 2024.

9. Loans and advances continued

Business banking continued

Critical accounting estimates and judgements in applying accounting policies

The preparation of the group's annual financial statements requires management to make estimates that affect the amounts reported in the annual financial statements and accompanying notes. Management applies its judgement based on historical evidence, current events and actions that may be undertaken in future. Actual results may ultimately differ from estimates.

The measurement of the loss allowance for ECL on loans and advances represents the most material assumptions, estimates and judgements applied in preparing the consolidated annual financial statements.

Judgements

Significant increase in credit risk (SICR)

In terms of IFRS 9, all loans and advances exposures that are up-to-date are assessed at each reporting date to determine whether there has been a SICR since initial recognition of the instrument, in which case an impairment equal to the lifetime ECL is recognised. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the group recognises a 12-month ECL.

The group identifies SICR for clients who are up-to-date on their credit product but who have reached certain behaviour risk thresholds or where specific events have occurred that automatically trigger a SICR.

The group considers reasonable and supportable information based on the group's historical experience, credit risk assessment and forward-looking information (including macroeconomic factors) when determining whether the credit risk (i.e. the risk of default) of loans and advances has increased significantly since initial recognition. The assessment of SICR is key in determining when to move from measuring an impairment provision for ECL based on a 12-month ECL to one that is based on a lifetime ECL (the move from stage 1 to stage 2). The group's ECL framework aligns with the group's credit granting strategy.

The group considers a loan for its Business banking clients to have experienced a SICR if the borrower is on the watch list or meets at least 1 of the following criteria:

- Significant adverse changes in business, financial or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in the operating results of the borrower
- Early signs of cash flow or liquidity problems such as a delay in servicing of trade creditors and loans.

Irrespective of the outcome of the assessment according to the above criteria, Business banking considers a loan to have experienced a SICR if the borrower is more than 1 month past due on their contractual payments.

Sensitivity analysis

The ECL would increase by R97 million (2024: R61 million) if a lifetime ECL was applied to 5% of the current stage 1 portfolio. If we applied a lifetime provision for ECL to accounts that are between 1 and 30 days in arrears at the reporting date, the ECL would increase by R2 million (2024: R2 million).

Estimates

Forward-looking information incorporated in the impairment of loans and advances

It is a fundamental principle of IFRS 9 that the group's loss allowance for ECL against potential future losses should take into account changes in the economic environment in the future. Forward-looking information has been incorporated in measuring the loss allowance for ECL through the application of quantitative modelling and expert judgement-based adjustments.

To capture the effects of changes to the economic environment in the future, the forward-looking model for Business banking considers economic variables specific to South Africa that directly impact the group's clients. 4 forward-looking scenarios are incorporated into the range of reasonably possible outcomes (negative, baseline, positive and very positive scenarios).

The methodology for incorporating the forward-looking information has not changed from the prior year except for the addition of a fourth scenario (very positive) and changes to the inputs and the probabilities assigned to the economic scenarios used.

The BER provided management with a set of 4 forward-looking macroeconomic scenarios. The ALCO reviewed the scenarios and agreed that the negative scenario should be used as the baseline scenario, the severe scenario as the negative scenario, the baseline scenario as the positive scenario and the positive scenario as the very positive scenario for the bank. The scenarios where approved and used accordingly.

The main considerations of the BER and the ALCO in setting the scenarios are outlined below. These impact the forecast macroeconomic variables.

- The very positive scenario assumes real GDP growth of between 2.5% and 3% in 2025. It includes drivers such as global geopolitical stability that boosts trade confidence, China's fiscal stimulus that drives commodity demand and higher export revenues strengthening government finances. It further assumes that an appreciation of the rand and lower oil prices will ease inflation, allowing the SARB to cut rates. In addition, it assumes that unemployment will improve significantly with better economic conditions and increased investment
- The positive scenario assumes real GDP growth will improve to 2% with cyclical support from consumer spending and private sector investment during 2025. It further assumes moderate inflation (around 4.2% in 2025) and improved consumer momentum. The SARB is expected to maintain a cautious stance, with the repo rate projected to remain relatively stable, with minor adjustments based on global monetary policy trends. Growth will remain moderate unless fast structural reforms occur. However, this scenario fails to capture the high real interest rates and the USA monetary policy uncertainty impacting the rand
- The baseline scenario assumes economic stagnation with real GDP growth stalling below 1% in 2025. It assumes weakening exports, inflationary pressures and a tighter monetary policy. Without decisive reforms in energy, logistics and water infrastructure, South Africa faces persistent low growth and high unemployment risks. In addition, it assumes that the SARB adopts a tighter monetary policy, not implementing any planned rate cuts
- The negative scenario assumes that if economic conditions deteriorate further, they will deteriorate rapidly. It assumes that the ZAR/USD exchange rate will deteriorate to ZAR21/USD1 early in 2025. It further assumes a sharp increase in the crude oil price to USD90 leading to increased inflation until the end of 2025. It assumes that as a result, the SARB increases the repo rate and South African banks are forced to immediately pull back on credit granting.

The probability weightings for the 12-month forecast period for each of the scenarios, as set out in the following table, were accepted by management.

Scenario probability (%)	2025	2024
Negative	15	21
Baseline	55	54
Positive	25	25
Very positive	5	—

9. Loans and advances continued

Business banking continued

Critical accounting estimates and judgements in applying accounting policies continued

Estimates continued

Forward-looking information incorporated in the impairment of loans and advances continued

The relevance of the outlook to Capitec's Business banking loan book is proven by a historical linear relationship to a change in a basket of macroeconomic variables. These variables, which were increased in the current year following the expansion of the segmentation of the forward-looking macroeconomic model, are:

	2024				2025				2026			
Macroeconomic variable[(1)]	Negative	Baseline	Positive	Very positive	Negative	Baseline	Positive	Very positive	Negative	Baseline	Positive	Very positive
2025												
Private sector credit	0.19	0.19	0.19	0.19	(4.35)	0.15	1.46	1.8	(4.04)	(0.05)	2.65	3.78
Household sector credit	(0.8)	(0.8)	(0.8)	(0.8)	(2.54)	(0.64)	0.42	0.91	(2.63)	(0.49)	1.65	3.01
Firm sector credit	(1.33)	(1.33)	(1.33)	(1.33)	(8)	0.2	1.62	2.31	(7.83)	(0.79)	2.38	3.81
Unemployment rate (%) Econometrix	32.63	32.63	32.63	32.63	34.44	33.73	32.75	32.37	34.57	33.63	33.08	31.95
Unemployment rate (%) BER	32.46	32.46	32.46	32.46	34.05	33.35	32.38	32.01	33.53	32.61	32.07	30.98
Household debt of disposable income (%)	62.01	62.01	62.01	62.01	61.54	61.53	60.93	60.85	60.03	60.92	60.6	60.86
Headline inflation (CPI)	4.45	4.45	4.45	4.45	7.12	4.85	4.24	3.51	7.72	5.79	4.33	3.45
Producer price index	3.05	3.05	3.05	3.05	4.92	2.94	2.88	2.01	5.44	4.35	4.17	3.6
House price index	(3.02)	(3.02)	(3.02)	(3.02)	(6.98)	(1.85)	0.46	1.8	(6.95)	(3.46)	0.32	3.11

	2023				2024				2025			
Macroeconomic variable[(1)]	Negative	Baseline	Positive	Very positive	Negative	Baseline	Positive	Very positive	Negative	Baseline	Positive	Very positive
2024												
Private sector credit	(0.53)	(0.53)	(0.53)	—	0.19	0.19	0.19	—	(4.35)	0.15	1.46	—
Household sector credit	(0.29)	(0.29)	(0.29)	—	(0.8)	(0.8)	(0.8)	—	(2.54)	(0.64)	0.42	—
Firm sector credit	(2.17)	(2.17)	(2.17)	—	(1.33)	(1.33)	(1.33)	—	(8)	0.2	1.62	—
Unemployment rate (%) Econometrix	32.38	32.38	32.38	—	32.63	32.63	32.63	—	34.44	33.73	32.75	—
Unemployment rate (%) BER	32.38	32.38	32.38	—	32.46	32.46	32.46	—	34.05	33.35	32.38	—
Household debt of disposable income (%)	62.43	62.43	62.43	—	62.01	62.01	62.01	—	61.54	61.53	60.93	—
Headline inflation (CPI)	5.92	5.92	5.92	—	4.45	4.45	4.45	—	7.12	4.85	4.24	—
Producer price index	6.88	6.88	6.88	—	3.05	3.05	3.05	—	4.92	2.94	2.88	—
House price index	(4.58)	(4.58)	(4.58)	—	(3.02)	(3.02)	(3.02)	—	(6.98)	(1.85)	0.46	—

[(1)] *Year-on-year percentage change, unless otherwise stated.*

Impact of forward-looking information on ECL – 2025

The forward-looking macroeconomic information in the previous table has been incorporated into ECL estimates through the application of quantitative modelling and expert judgement-based post-model adjustments. The group stratifies aspects such as client risk segments, product type and the behaviour score of the client. The risk segmentation of the forward-looking macroeconomic model was expanded to use the most appropriate macroeconomic variables. These are correlated to determine the impact of forward-looking macroeconomic information on the ECL for loans grouped into 7 internally developed risk segments.

Impact of forward-looking information on ECL – 2024

The forward-looking macroeconomic information in the previous table has been incorporated into ECL estimates through the application of quantitative modelling and expert judgement-based post-model adjustments. The group stratifies aspects such as client risk segments, product type and the behaviour score of the client. The risk segmentation of the forward-looking macroeconomic model was expanded to use the most appropriate macroeconomic variables. These are correlated to historical experience to determine the impact of forward-looking macroeconomic information on the ECL for loans grouped into 7 segments.

The impact of forward-looking information on the ECL, based on the 4 scenarios, is reflected below.

Impact of forward-looking information on the provision for ECL	**R'm**	**Percentage (%) change**
2025		
Probability-weighted impact of all 4 scenarios	**91**	
100% negative scenario	**157**	**72.9**
100% baseline scenario	**96**	**5.0**
100% positive scenario	**56**	**(39.0)**
100% very positive scenario	**39**	**(57.7)**
2024		
Probability-weighted impact of all 4 scenarios	93	
100% negative scenario	103	11.7
100% baseline scenario	91	(1.6)
100% positive scenario	87	(6.5)
100% very positive scenario	0	—

Event-driven management credit estimates

A management overlay on certain stage 3 loans is determined on a client-by-client basis after considering client-specific circumstances and significant expert consultation with executive management and seasoned credit professionals.

Modelling assumptions

Management judgement is required to consider how historical data is used to project ECL. In response to this, all components of the ECL statistical model (PD, EAD and LGD) used to estimate the timing and amount of forecast cash flows based on historical default data and recoveries have been recalibrated.

9. Loans and advances continued

Business banking continued

Detailed analysis of leases (rental assets) included in business loans

R'000	GROUP 2025	2024
Gross investment in lease receivables		
Less than 1 year	**878 954**	783 345
1 to 2 years	**669 468**	612 022
2 to 3 years	**477 442**	464 714
3 to 4 years	**261 806**	279 009
4 to 5 years	**100 071**	82 570
More than 5 years	**11 930**	10 370
Gross investment in lease receivables	**2 399 671**	2 232 030
Unearned finance income	**(470 328)**	(463 823)
Net investment in lease receivables	**1 929 343**	1 768 207
Net lease receivables		
Less than 1 year	**855 212**	564 506
1 to 5 years	**1 069 457**	1 189 232
More than 5 years	**4 674**	14 469
Net investment in lease receivables	**1 929 343**	1 768 207
Less: ECL	**(200 163)**	(194 326)
Net lease receivable	**1 729 180**	1 573 881

The accumulated allowance for uncollectible minimum lease payments receivable included in the allowance for impairments at the reporting date is R200.2 million (2024: R194.3 million). The reconciliation of the provision for ECL forms part of the business loans reconciliation.

Accounting policies

Leases consist of rental finance agreements regarded as finance leases. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Rental finance agreements are typically granted to Business banking clients to lease security equipment, copiers and telecommunication equipment.

The provision for ECL is measured as either a 12-month or lifetime ECL depending on whether a SICR has occurred since initial recognition, or a lease is credit-impaired. Measurement considers forward-looking information. The ECL is the discounted result of PD, EAD and LGD without factoring in any collateral or residual values in the LGD.

Rights are accorded to suppliers and business partners to buy back the assets on termination of the lease agreement once the last rental has been paid. Buy-backs occur at nominal values as invariably the life of the asset equates to the period of the lease or close thereto. Evergreen arrangements can be made where the client continues to utilise the asset after the term of the agreement is concluded and continues to pay rental. When an evergreen lease is cancelled the ownership of the asset passes to the client for a nominal amount. If the rental agreement does not proceed to term due to arrears on the account, the asset is repossessed and disposed of at market-related prices. A condition of the rental agreement is that the client is accountable for insuring the asset over the term of the rental agreement against loss, theft or destruction.

Analysis of the amounts recognised in profit or loss for rental finance

Leases included in business loans

R'000	GROUP 2025	2024
Selling profit or loss	**4 667**	4 959
Finance income on the net investment in leases	**269 817**	257 954
Income relating to variable lease payments not included in the measurement of the net investment in leases	**28 761**	31 902

Significant changes in the carrying amount of the net investment in finance leases for the year

New rental agreements amounted to R783.6 million (2024: R688.0 million), while the cost of early-settled deals was R84.1 million (2024: R60.0 million). The capital portion of bad debts written off was R31.1 million (2024: R28.9 million).

Collateral held as security and other credit enhancements relating to credit-impaired financial assets in stage 3

R'000	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
2025				
Business loans	**1 140 334**	**(653 731)**	**486 603**	**486 603**
Mortgage loans	**976 793**	**(242 106)**	**734 687**	**734 687**
	2 117 127	**(895 837)**	**1 221 290**	**1 221 290**
2024				
Business loans	682 548	(438 403)	244 145	244 145
Mortgage loans	749 320	(192 496)	556 824	556 824
	1 431 868	(630 899)	800 969	800 969

Where the fair value of the collateral is greater than the carrying amount, the fair value of the collateral has been limited to the carrying amount. The total fair value of collateral held on stage 3 loans is R1.6 billion (2024: R1.1 billion).

The fair value of collateral and other credit enhancements is determined by referencing the realisable value of security held before adjusting for expected recoveries.

Description of collateral held as security and other credit enhancements	Method of valuation
Cession of debtors	15% – 75% of debtors due and payable under 90 days and depending on debtor credit quality
Pledge of shares	50% of listed shares value, zero for unlisted shares
Pledge and cession of assets (specific and general)	Variable depending on asset type and value
Cession of life and endowment policies	100% of surrender value
Pledge of call and savings accounts, fixed and notice deposits	100% of asset value
Vacant land	50% of professional valuation
Residential properties	60% – 80% of professional valuation
Commercial and industrial properties	55% – 70% of professional valuation
Catering, industrial and office equipment	Variable depending on asset type and depreciated value
Trucks	Variable depending on asset type and depreciated value
Earthmoving equipment	Variable depending on asset type and depreciated value
Motor vehicles	Variable depending on asset type and depreciated value
General notarial bond	Variable depending on asset type and depreciated value
Special notarial bond	Variable depending on asset type and depreciated value

9. Loans and advances continued

Accounting policies continued

Collateral held as security and other credit enhancements relating to credit-impaired financial assets in stage 3 continued

All collateral held by the bank in respect of a loan or advance can be realised in accordance with the terms of the agreement or the facility conditions applicable thereto. Cash collateral and pledged assets that can be realised in accordance with the terms of the pledge and cession or suretyship are applied in reduction of related exposures. Pledged assets, other than cash or cash equivalent collateral and tangible security articles, are appropriated and disposed of, where necessary, after legal action and in compliance with the applicable Court rules and directives.

A client in default will be advised of the default and afforded an opportunity to regularise the arrears. Failing normalisation of the account, legal action and repossession procedures will be followed and all attached assets will be disposed of in accordance with the applicable legislation. In the case of insolvent and deceased estates, the duly appointed liquidator or trustee will dispose of all assets.

At the end of the financial year ended 28 February 2025, the EAD for loans in all stages where the collateral held exceeded the carrying amount of the advance amounted to R10.1 billion (2024: R8.5 billion).

AvaFin

Credit risk exposure

AvaFin offers unsecured online consumer loans to its clients in Poland, Czechia, Latvia, Spain and Mexico and is therefore exposed to credit risk. Concentration credit risk exposure has been presented by geographical location as clients are dispersed across a number of countries.

Gross loans and advances exposure by geographical location is as follows:

R'000	GROUP 2025
AvaFin	
Poland	**677 998**
Latvia	**340 343**
Czechia	**583 672**
Spain	**367 146**
Mexico	**671 098**
Other	**975**
Gross loans and advances	**2 641 232**

Credit risk management

Credit risk management processes require that decisions, especially policy changes, be agreed upon by all teams in the various countries and the AvaFin group. At the AvaFin group level, various teams play distinct roles in supporting decision-making and ensuring portfolio quality:

- Credit risk analyst team – This team provides daily support to the country heads of risk, monitoring key performance indicators to drive process improvements and stability. They are the primary counterpart in decision-making processes
- Debt collection analyst team – This team supports the head of debt collection in managing the entire debt collection process, from early-stage collections to non-performing loan portfolio management, including portfolio sales
- Data science team – This team offers technical support to teams, develops scorecards and conducts complex analyses
- Profitability/pricing and portfolio management teams – These teams provide a high-level overview of portfolio performance and offer guidance to credit risk analysts and the country teams, ensuring that portfolios align with the risk appetite of the AvaFin group.

At a country level, 2 departments are responsible for credit risk management:

- Credit risk – Manages processes related to loan origination
- Debt collection – Manages processes related to the collection of overdue loans.

Credit risk mitigation

Credit risk policy and profitability monitoring are designed to maintain controlled default rates and accurate pricing across risk score bands. We adopt a risk-adjusted approach to minimise exposure to clients for whom we have less data available and provide the borrower with credit they can repay. The non-performing loan portfolio is managed through regular monthly portfolio sales to ensure stable and predictable provisions for ECL over the long term. Portfolio sales or forward flow agreements are in place in Latvia and Spain. The agreements are concluded with external counterparties and the sales occur when the portfolio has reached the contracted days past due. The Polish portfolio is settled based on credit default swap agreements. Portfolio sales in Czechia and Mexico are not regular occurrences.

Terminology used to discuss the credit quality of loans and advances

Up-to-date loans and advances	Loans which are up-to-date or up-to-date with an extension of not more than 60 days are classified as stage 1.
1 to 30 days in arrears	Loans up to 30 days in arrears with or without extensions of not more than 60 days are classified as stage 2.
31 to 60 days in arrears	Loans between 31 and 60 days in arrears with or without extensions of not more than 60 days are classified as stage 2.
More than 60 days in arrears	Loans more than 60 days in arrears and loans with extensions of more than 60 days are classified as stage 3.

Analysis of net loans and advances by stage

The following tables contain an analysis of the credit risk exposure of loans and advances for which an ECL allowance is recognised.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL		Stage 3 Lifetime ECL	
R'000	**Up-to-date**	**1 to 30 days in arrears**	**31 to 60 days in arrears**	**More than 60 days in arrears**	**Total**
2025					
Gross loans and advances	1 548 215	241 086	144 798	707 133	2 641 232
Provision for credit impairments (ECL)	(147 234)	(68 912)	(58 528)	(576 938)	(851 612)
Net loans and advances	1 400 981	172 174	86 270	130 195	1 789 620
ECL coverage by category (%)	9.5	28.6	40.4	81.6	32.2

Analysis of up-to-date loans and advances in stage 1

R'000	2025
Stage 1 – up-to-date	
Up-to-date not previously rescheduled	1 096 463
Rescheduled from up-to-date and rehabilitated	228 197
Rescheduled from arrears and rehabilitated	223 555
Gross loans and advances – stage 1	1 548 215

9. Loans and advances continued

AvaFin continued

Analysis of net loans and advances by stage continued

Definition of stages

Stage 1

Stage 1 loans are exposures which are up-to-date or up-to-date with up to 60 days' extension. These loans have no indication of a SICR.

An ECL representing the lifetime cash shortfall arising from possible default events up to 12 months into the future from the reporting date is recognised at the time of initial recognition of the financial debt instruments.

An ECL continues to be determined on this basis until there is a SICR or the financial debt instrument becomes credit-impaired.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the financial debt instrument and the cash flows that the group expects to receive over the contractual life of the financial debt instrument.

Stage 2

Stage 2 loans are exposures between 1 and 30 days in arrears and 31 to 60 days in arrears or between 1 and 30 days in arrears and 31 to 60 days in arrears with up to 60 days' extension.

The group monitors financial debt instruments subject to the impairment requirements at each reporting date to determine whether evidence exists that there has been a SICR since initial recognition of the financial instrument. The 12-month ECL is extended to a lifetime ECL for these clients.

Stage 3

Stage 3 loans are exposures more than 60 days in arrears or with extensions of more than 60 days. A financial instrument is defined as being in default and credit-impaired when it is more than 60 days past due. A lifetime ECL is applied to stage 3 (credit-impaired) loans.

Implementation of ECL measurement

ECL measurement is underpinned by the principles of IFRS 9. AvaFin uses the Markov chain method and migration matrices to calculate a 12-month PD. Loans and advances at stage 1 are measured based on a 12-month ECL and a lifetime ECL is determined for loans and advances at stage 2 and stage 3. AvaFin applies the ECL model to loans and advances to clients as well as to undrawn commitments.

To calculate ECL with higher accuracy, AvaFin established a 3-tier approach to define homogenous groups in terms of client default and recovery behaviour.

Tier 1: Each country is assessed separately.

Tier 2: Each brand and product in-country is assessed separately as client profiles, loan sizes and maturities vary, however, in some instances, risk profiles are very similar and/or data availability is limited, which is the case for recently launched brands/products. When this occurs, specific brands/products are grouped together or specific brands/products are used as a proxy for others.

Tier 3: Each risk category is determined based on an internal credit scoring. The staging and delay buckets are assessed separately as risk profiles and ECL are usually different.

The key inputs used for measuring ECL are:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD).

PD is an estimate of the likelihood that a borrower will default on a loan within a certain period. The PD is applied to each homogenous group separately and is based on the migration of the loan book. Due to the homogenous nature of the loan book, the PD is assessed individually for each borrower. This means that the risk of default is evaluated specifically for each borrower based on their financial situation, credit history and other relevant factors. Markov chain modelling is used to derive migration matrices that track loan portfolio movements between the stages.

PD may be adjusted to reflect the forecast of future conditions and to remove the effects of the conditions in the historical periods that are not relevant to the future contractual cash flows. Thus, forward-looking factors are incorporated into the PD calculation.

PD is discounted with an effective interest rate proxy to represent the time value of money.

LGD is an estimate of the loss arising on default. It is calculated as the difference between contractual cash flows and the discounted recovery rate, which includes all expected cash recoveries after default.

EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities.

EAD is calculated for each product, risk grade and loan age combination.

Credit quality

The internal credit rating scale used to classify clients as low, medium and high risk was determined with reference to the client's credit granting score at grant date. Risk bands range from grade 1 (lowest risk) to grade 9 (highest risk). Low-risk bands apply to clients with a grade of 1 to 3, medium-risk band 4 to 6 and high-risk band 7 to 9.

AvaFin

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Grade 1	419 422	54 107	84 733	558 262
Grade 2	359 514	75 233	122 652	557 399
Grade 3	231 562	66 618	113 255	411 435
Grade 4	160 539	51 184	96 949	308 672
Grade 5	119 452	40 900	87 582	247 934
Grade 6	85 862	29 121	70 955	185 938
Grade 7	104 151	42 062	83 537	229 750
Grade 8	42 227	20 001	38 927	101 155
Grade 9	25 486	6 658	8 543	40 687
On-balance sheet	1 548 215	385 884	707 133	2 641 232
Grade 1	190 093	—	—	190 093
Grade 2	81 358	—	—	81 358
Grade 3	31 614	—	—	31 614
Grade 4	15 537	—	—	15 537
Grade 5	8 450	—	—	8 450
Grade 6	3 822	—	—	3 822
Grade 7	4 610	—	—	4 610
Grade 8	2 660	—	—	2 660
Grade 9	463	—	—	463
Off-balance sheet	338 607	—	—	338 607

9. Loans and advances continued

AvaFin continued

Analysis of gross loans and advances

AvaFin

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at the acquisition date 1 May 2024	1 204 813	306 761	383 861	1 895 435
Net loan sales	7 836 257	—	—	7 836 257
New loan sales and further drawdowns[1]	7 836 257	—	—	7 836 257
Loans derecognised (other than write-offs)	—	—	—	—
Income accrued for the year[2]	1 934 930	180 574	42 441	2 157 945
Transfers				
Stage 1 to stage 2	(1 609 346)	1 609 346	—	—
Stage 1 to stage 3	—	—	—	—
Stage 2 to stage 3	—	(1 043 544)	1 043 544	—
Stage 3 to stage 2	—	—	—	—
Stage 3 to stage 1	—	—	—	—
Stage 2 to stage 1	52 594	(52 594)	—	—
Repayments	(7 871 033)	(604 525)	(106 826)	(8 582 384)
Portfolio sales	—	(10 134)	(614 120)	(624 254)
Modifications	—	—	—	—
Write-offs	—	—	(41 767)	(41 767)
Balance as at 28 February 2025	1 548 215	385 884	707 133	2 641 232

(1) *New loan sales are originated in stage 1 with a subsequent change in staging to year-end reflected under transfers.*
(2) *Income accrued for the year comprises interest received on loans and initiation fees.*

Analysis of provision for ECL

AvaFin

R'000	Stage 1	Stage 2	Stage 3	Total
2025				
Balance as at the acquisition date 1 May 2024	103 393	101 604	319 592	524 589
Movement in the income statement[1]				
New loan sales and further drawdowns	809 131	—	—	809 131
Stage 1 to stage 2	(145 576)	531 970	—	386 394
Stage 1 to stage 3	—	—	—	—
Stage 2 to stage 3	—	(345 155)	864 756	519 601
Stage 2 to stage 1	4 758	(17 396)	—	(12 638)
Stage 3 to stage 1	—	—	—	—
Stage 3 to stage 2	—	—	—	—
Remain in same stage	—	—	(6 412)	(6 412)
Loans and advances settled in the current year	(624 472)	(143 583)	(559 239)	(1 327 294)
Write-offs	—	—	(41 759)	(41 759)
Balance as at 28 February 2025	147 234	127 440	576 938	851 612

(1) *Movement in the income statement is based on the loan stage at the beginning and end of the year. Where loans were settled or written off during the year, the individual lines in the table have not been grossed up to reflect the movement in the provision for ECL during the year up to that point.*

Factors impacting and contributing to significant changes in the ECL during the year

AvaFin's credit impairment charge amounted to EUR42.7 million (R830 million) for the 10 months ended February 2025. AvaFin operates online, short-term, high-yield consumer lending businesses outside of the banking environment and as a consequence, the credit loss ratio is higher than that of our other businesses at 42.6%. The business, however, also operates at an return on equity (ROE) in excess of 40%.

Loan disbursements amounted to EUR406.8 million (R7.9 billion) with the average for the last quarter being EUR43.3 million. In excess of 90% of the loans issued were 1-month loans.

Gross loans and advances were EUR137 million (R2.6 billion) at the end of 2025, with a provision for ECL coverage ratio of 32.2% (August 2024: 29.5%). The coverage ratio on up-to-date loans was 9.5%, up from 8.5% at the end of August 2024 while the stage 2 coverage ratio grew from 30.4% in August 2024 to 33.2%. Balances outstanding for more than 60 days were provided at 81.6%.

The increase in the overall coverage ratio resulted from higher growth in the loan books in Mexico and Czechia with coverage ratios of 54% and 40%, respectively, compared to other markets. Although these coverage ratios increased during the year, the increase was in line with risk appetite.

Critical accounting estimates and judgements in applying accounting policies

Judgements

Significant increase in credit risk (SICR)

At each reporting date, all loans and advances classified as stage 1 are assessed to determine if there has been a SICR since initial recognition of the instrument, in which case an impairment equal to the lifetime ECL is recognised.

If at the reporting date the credit risk on a financial instrument has not increased significantly since the last assessment, a 12-month ECL is recognised.

AvaFin identifies SICR for clients where specific events have occurred that trigger a SICR.

Estimates

Forward-looking information incorporated in the impairment of loans and advances

It is a fundamental principle of IFRS 9 that AvaFin's loss allowance for ECL against potential future losses should consider changes in the economic environment in the future. Forward-looking information has been incorporated in measuring the loss allowance for ECL through the application of quantitative modelling and expert judgement-based adjustments.

Forward-looking information analysed when considering the necessity to adjust the PD when measuring the loss allowance includes:

External variables

- Real GDP growth rate
- Inflation rate
- Unemployment rate
- Regulatory changes
- Other events that may have an impact on the general economy (e.g. pandemia, war in adjacent countries).

Internal variables

- Underwriting assumptions (changing risk appetite)
- Internal processes expected improvements.

AvaFin's product portfolio includes short-term products where macroeconomic factors have minimal impact due to their limited duration. For the longer-term products in Latvia, with tenures of up to 84 months, the risk team conducts an annual review to assess the influence of key macroeconomic indicators on the PD. Based on this analysis, the potential long-term effects on credit losses are assessed. Thus far, no significant correlations between macroeconomic factors and PD have been identified. Instead, observed variations are more strongly linked to changes in risk policies and adjustments to risk appetite. The Latvian gross loan book comprises 12.9% of AvaFin's gross loan book.

9. Loans and advances continued

AvaFin continued

Critical accounting estimates and judgements in applying accounting policies continued

Modelling assumptions

Historical data may not always be reflective of the future. The way in which it is used by the statistical models (PD, EAD and LGD) to estimate the timing and amount of the forecast cash flows, based on historical default data, roll rates and recoveries, requires the consideration of subsegments.

These include aspects such as client risk groups, time on book, product term, payment frequency, default statuses, employment, industry and rescheduling status as well as the behaviour score of the client.

10. Other receivables

R'000	GROUP 2025	GROUP Restated[1] 2024	COMPANY 2025	COMPANY 2024
Financial receivables	**5 581 838**	2 223 290	**2 174**	254 830
Deposits	**2 022**	1 992	**—**	—
CODI loan facility	**2 724 583**	—	**—**	—
Cost[2]	**2 730 201**	—	**—**	—
Provision for ECL	**(5 618)**	—	**—**	—
Other receivables	**2 855 233**	2 221 298	**2 174**	254 830
Accrued income	**254 810**	312 377	**—**	—
Clearing accounts	**1 223 227**	696 240	**—**	—
Sundry receivables[3]	**1 377 196**	1 212 681	**2 174**	254 830
Non-financial receivables	**443 347**	348 414	**566**	10
Prepayments[4]	**443 347**	348 414	**566**	10
Other receivables	**6 025 185**	2 571 704	**2 740**	254 840
Current portion	**5 644 815**	2 544 868	**2 740**	254 840
Non-current portion	**380 370**	26 836	**—**	—
Maximum exposure to credit risk	**6 025 185**	2 571 704	**2 740**	254 840

(1) The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. Refer to note 3.

(2) The CODI loan facility includes an amount of R182 million relating to an obligation arising from the balance of covered deposits at the reporting date. The corresponding accrual is included in other liabilities. Refer to note 19.

(3) Sundry receivables acquired through the AvaFin acquisition amounted to R133.3 million at the reporting date.

(4) Prepayments acquired through the AvaFin acquisition amounted to R63.5 million at the reporting date.

Accounting policies

Other receivables comprise the facility held with the Corporation for Deposit Insurance (CODI), Capitec Connect airtime advances, prepayments which comprise IT and business development expenses, other deposits that meet the definition of financial assets and other receivables.

These classes of debt instruments are held for the collection of their contractual cash flows which represent SPPI and they are measured at amortised cost. Interest income from these financial assets is included in interest income on the group's income statements using the effective interest method.

Capitec Connect airtime advances

Capitec Bank commenced providing airtime advances to Capitec Connect clients from July 2024. Connect advances is a self-service option available on the Capitec banking app and via USSD that allows Capitec Connect clients to receive an airtime advance and repay it within 30 days of the advance.

The client is charged a fee every time an advance is made. This fee is added to the advance amount. The advance is repaid when the client purchases airtime and clients will not be able to make any additional purchases of data, voice or SMS bundles until the outstanding advance is settled in full.

Advances can only be made if the client's advance balance is sufficient to cover the advance including the advance fee. A client's available advance balance changes based on their usage and repayment behaviour.

Capitec has partnered with a third party to provide this product offering to Capitec Connect clients. Capitec will control client interactions and the client experience while the third party will develop and maintain the credit scoring and granting model.

CODI loan facility

South Africa's Deposit Insurance Scheme (DIS) is administered by CODI. The CODI's purpose is to safeguard eligible bank depositors in the rare event of a bank failure. It operates as a subsidiary of the SARB and began its operations on 1 April 2024.

The DIS loan is a compulsory loan that all registered banks must provide to CODI. The loan balance must be kept at 3% of the covered deposit balances on a monthly basis. Member banks are required to top up the facility should the covered deposit balances increase, conversely CODI will repay the member bank should covered deposit balances decrease. The loan is only settled when the member bank relinquishes its banking licence or when CODI determines that the liquidity tier in the DIS is no longer needed.

The CODI loan facility was initially recognised at fair value plus or minus any transaction costs in terms of IFRS 9 and is subsequently measured at amortised cost. Interest income on the CODI facility is calculated at a rate lower than the current repo rate and a uniform rate is applied to all member banks. For this reason, the interest rate is considered to be a market rate.

Refer to note 25: Interest and similar income and expenses for the accounting policy relating to interest income on the CODI loan facility and CODI premiums and subscriptions included in the interest expense.

Impairment recognition

Other receivables are subject to the impairment requirements of IFRS 9. Impairment losses are presented as part of the credit impairment charge in profit or loss.

The CODI loan facility comprises stage 1 balances with no movements between the stages. The impairment loss was measured as a 12-month ECL because the credit risk has not increased significantly since initial recognition and no balances were credit-impaired at the statement of financial position date.

ECL on the other financial receivables is calculated using the simplified approach. This results in a lifetime ECL being recognised. The impairment losses calculated were not material given the short-dated maturity of the balances.
No balances were credit-impaired at the statement of financial position date.

10. Other receivables continued

Accounting policies continued

Credit quality of other receivables

At the statement of financial position date, the international long-term credit ratings, using Moody's ratings, were as follows:

	GROUP			
R'000	Ba1 to Ba3	Not rated	ECL	Total carrying amount
2025				
Financial receivables	**2 730 201**	**2 857 255**	**(5 618)**	**5 581 838**
Restated[1]				
2024				
Financial receivables	—	2 223 290	—	2 223 290

[1] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. The restatement impacts the credit quality of cash and cash equivalents and other receivables. Comparatives have been restated. Refer to note 3.*

	COMPANY			
R'000	Ba1 to Ba3	Not rated	ECL	Total carrying amount
2025				
Financial receivables	**—**	**2 174**	**—**	**2 174**
2024				
Financial receivables	252 490	2 340	—	254 830

11. Insurance contract assets

The group sells credit life insurance, funeral plan (from November 2024) and life cover (from June 2024) policies on its own licence, via Capitec Life. The group also has in-force funeral and credit life insurance policies through contractual cell captive arrangements with registered insurance companies (cell captive insurers). The cell captive arrangements are currently closed to new business.

The insurance contracts issued and reinsurance contracts held are disclosed by product lines, namely life insurance (funeral plan and life cover policies) and credit life insurance policies. The in-substance reinsurance contracts created by the 2 cell captive arrangements are not consolidated but are recognised as insurance contracts issued. The accounting policies for insurance contracts issued are also applicable to in-substance reinsurance contracts issued, unless otherwise specified.

The results of the in-substance reinsurance contracts created by the cell captive arrangements are net of any tax that the cell insurer is liable to pay and net of any reinsurance agreement the cell insurer may have.

The following is a reconciliation of the insurance contract asset position of the product lines:

R'000	2025[1]	2024[1]
Life insurance	**3 639 926**	1 911 837
Credit life	**664 138**	1 049 107
Insurance contract assets	**4 304 064**	2 960 944
Current portion	**5 981 720**	5 388 861
Non-current portion	**(1 677 656)**	(2 427 917)

[1] *The total insurance contract assets have been disaggregated into current and non-current. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

The following is a reconciliation of the reinsurance contract asset position of the product lines:

R'000	2025	2024
Life insurance	1 380	—
Current portion	2 659	—
Non-current portion	(1 279)	—

Accounting policies

Transition approach

IFRS 17 requires the group to apply the standard retrospectively unless it is impracticable to do so. Given that the accounting policies previously applied by the group did not require performing best estimate valuations of the insurance contract assets, the company concluded that it would be impracticable to apply IFRS 17 retrospectively for periods prior to the transition date (i.e. 1 March 2022). The group elected to apply the modified retrospective approach (MRA) to groups of contracts before the transition date.

The group applied modifications in the following areas:

- The profitability assessment was based on the profitability at the transition date rather than the initial recognition date. There were no onerous groups of contracts at the transition date
- All contracts issued before the transition date were included in a single cohort for each portfolio
- The group estimated the future cash flows at the initial recognition date as the future cash flows at the transition date, adjusted for the actual cash flows that occurred between these 2 dates
- The locked-in and current discount rates were based on the government bond yield curve
- The group estimated the RA by adjusting the risk adjustment at the date of transition by the expected release of risk before the transition date
- The CSM remaining at the transition date was determined by comparing the remaining coverage units at the transition date with the coverage units provided before the transition date.

Scope

The group accepts significant insurance risk from its policyholders when issuing insurance contracts and in-substance reinsurance contracts in the normal course of business. All the group's insurance contracts are classified as insurance contracts without direct participation features and there are no investment components within the insurance contracts issued.

The cell captive arrangements transfer significant insurance risk to the group due to the group's contractual obligation to maintain the capital requirements of the cell captives. These arrangements create in-substance insurance contracts between the group and the cell insurers, with the group acting as a reinsurer to the cell captive arrangements.

For the current period, the group also holds reinsurance contracts in the ordinary course of business to compensate for claims arising relating to the life cover product line.

The group recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group of contracts becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received)
- The date when a group of contracts becomes onerous.

The group recognises groups of reinsurance contracts held that cover the losses of separate insurance contracts on a proportionate basis at the later of:

- The beginning of the coverage period of the group of contracts
- The initial recognition of any underlying insurance contract.

11. Insurance contract assets continued

Accounting policies continued

Level of aggregation

The group allocates insurance contracts issued and reinsurance contracts held that are managed together and are subject to similar risks to portfolios. The group has defined portfolios of insurance contracts issued and reinsurance contracts held based on its product lines, namely credit life and life insurance (funeral plan and life cover) contracts. For determining the level of aggregation of insurance contracts issued and reinsurance contracts held, the group identifies a contract as the smallest unit of account. The same unit of account applies to the in-substance reinsurance agreements, since the group's rights and obligations extend to the policyholders in the cell captives.

Each portfolio of insurance contracts issued and reinsurance contracts held is further disaggregated into groups of contracts that are issued within a financial year (annual cohorts).

Portfolios of insurance contracts issued are further divided into 3 categories based on the expected profitability at initial recognition: onerous contracts, contracts with no significant risk of becoming onerous and the remainder.

Portfolios of reinsurance contracts held are further divided into 3 categories based on the expected profitability at initial recognition: net gain contracts, contracts with no significant possibility of becoming a net gain and the remainder.

For each portfolio, the group considers whether reasonable and supportable information is available to conclude that a set of contracts will all be in the same profitability group. The sets of contracts are based on the rating factors used to determine the premium rates at initial recognition. The expected profitability of sets of contracts at inception is determined based on the existing measurement models and assumptions.

The group elected to include, in the same group, contracts where its ability to set prices for clients with different characteristics is constrained by regulation, for instance, premium ceilings.

Separating components of an insurance contract

The group assessed its products to determine whether they contain components which must be accounted for under another IFRS Accounting Standard rather than IFRS 17. Currently, the product lines do not include any distinct components that require separation.

Contract boundary

The measurement of a group of insurance contracts includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay the premiums, or in which the group has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the group has the practical ability to reassess the risks of an individual client and reprice the insurance contracts to fully reflect those reassessed risks
- the group has the practical ability to reassess the risks of a portfolio and reprice the portfolio to fully reflect those reassessed risks, and the pricing of premiums up to the date when the risks are reassessed does not allow for risks after that date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

The group determined the contract boundaries for its current product lines. The contract boundaries are consistent with the policy periods.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer. The substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract.

Measurement of insurance and reinsurance contracts – initial recognition

The group applies the General Measurement Model to all insurance contracts issued and reinsurance contracts held.

A group of insurance contracts is measured as the total of fulfilment cash flows and a CSM. Fulfilment cash flows are probability-weighted estimates of future cash flows, discounted to the present value to reflect the time value of money and financial risks (i.e. a best estimate liability), plus an RA. In the case of reinsurance contracts held, the effect of any risk, where material, of non-performance by the reinsurer is included in the fulfilment cash flows.

The discount rates reflect the characteristics of the cash flows including timing, currency and liquidity of cash flows.

The CSM at initial recognition represents the unearned profit that will be recognised as the insurance contract services are provided under the insurance contracts in the group. The CSM on initial recognition is measured at an amount which, unless the group of contracts is onerous, results in no income or expenses arising on that initial recognition.

For reinsurance contracts held, the CSM at initial recognition represents the unearned gain or loss that will be recognised as the group receives reinsurance services under the reinsurance contract.

For a group of insurance contracts that are onerous at initial recognition, a loss is recognised in profit or loss immediately with no CSM recognised on initial recognition. For a group of reinsurance contracts held on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group, the group establishes a loss recovery component and, as a result, recognises a gain in profit or loss.

The RA represents the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts that arise from non-financial risk. For reinsurance contracts held, the RA is adjusted to reflect the non-performance uncertainty that is ceded to the reinsurer.

When estimating future cash flows, the group includes all cash flows that are within the contract boundary including:
- premiums
- expected future claims and benefits
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- claims handling costs
- policy administration and maintenance costs
- an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts.

Measurement of insurance and reinsurance contracts – subsequent to initial recognition

For insurance contracts issued, the carrying amount of a group of contracts is measured at the end of each reporting period as the sum of:
- the liability for remaining coverage (LFRC), comprising the fulfilment cash flows relating to future service, the CSM at that date and other cell captive net assets which reflect the group's contribution to the cell captive arrangements as well as cash retained in the cell captive arrangements which has not yet been distributed to the group
- the liability for incurred claims (LIC), comprising the fulfilment cash flows relating to incurred but not yet paid claims at that date.

For reinsurance contracts held, the carrying amount of a group of contracts is measured at the end of each reporting period as the sum of:
- the asset for remaining coverage (ARC), comprising the fulfilment cash flows relating to future service and the CSM at that date
- amounts recoverable on incurred claims (ARIC), comprising the fulfilment cash flows relating to incurred but not yet recovered claims at that date.

11. Insurance contract assets continued

Accounting policies continued

Measurement of insurance and reinsurance contracts – subsequent to initial recognition continued

Changes in fulfilment cash flows

The fulfilment cash flows are updated by the group for current assumptions at the end of every reporting period using the current estimates of the amount, timing and uncertainty of future cash flows and discount rates. How the changes in estimates of the fulfilment cash flows are treated depends on which estimates are being updated:

- Changes that relate to current or past service are recognised in profit or loss
- Changes that relate to future service are recognised by adjusting the CSM or the loss component of the LFRC/ARC.

The following adjustments relate to future service and therefore adjust the CSM:

- Changes in estimates of the present value of future cash flows in the LFRC/ARC, except for the following adjustments which do not relate to future service and therefore do not adjust the CSM:
  - Changes in the fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereto
  - Changes in the fulfilment cash flows relating to the LIC
  - Experience adjustments that relate to current service
- Changes in the RA that relate to future service.

The changes in estimates that relate to future service are measured at locked-in discount rates per group.

Contractual service margin

The CSM at the end of the reporting period represents the profit (gain or loss in the case of reinsurance contracts held) in the group of contracts that has not yet been recognised in profit or loss because it relates to future services to be provided.

At the end of each reporting period, the CSM is adjusted by group to reflect the effect of the following changes:

- The effect of any new contracts added to the group of contracts
- Interest accreted on the carrying amount of the CSM measured at locked-in discount rates
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss
  - such decreases in the fulfilment cash flows are allocated to the loss component of the LFRC/ARC
- The amount recognised as insurance revenue for services provided during the reporting period determined after all other adjustments above.

The amount of the CSM released in the period is determined by allocating the CSM at the end of the period equally to each coverage unit provided in the current period and expected to be provided in the future and recognising in profit or loss the amount allocated to coverage units provided in the current period. The number of coverage units in a group of contracts is the quantity of insurance or reinsurance contract services provided by the contracts in the group of contracts, determined by considering the quantity of the benefits provided and the expected coverage period.

Loss component

Where, during the coverage period, a group of insurance contracts becomes onerous, the group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the group in the LFRC for such onerous group depicting the losses recognised.

For reinsurance contracts held, the loss recovery component is adjusted based on the corresponding adjustments to any loss component of the underlying insurance contracts and the reinsured portion of these underlying insurance contracts. The loss recovery component is not adjusted for any material increases in the loss component related to any cash flows that are not reinsured.

Measurement of insurance and reinsurance contracts – modification and derecognition

The group derecognises insurance contracts issued and reinsurance contracts held when:

- the rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired)
- the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract substantially changes the contract boundary or requires the modified contract to be included in a different group. In such cases, the group derecognises the initial contract and recognises the modified contract as a new contract.

The group treats all other contract modifications as changes in estimates of the fulfilment cash flows.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The group does not pay insurance acquisition cash flows before the related group of contracts is recognised.

Insurance revenue

As the group provides services under a group of contracts, it reduces the LFRC and recognises insurance revenue, which is measured at the amount of consideration the group expects to be entitled to in exchange for those services.

The insurance revenue consists of the sum of the changes in the LFRC due to:

- Insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period
- Changes in the RA recognised for the risk expired
- Amounts of the CSM recognised in profit or loss for the services provided in the period
- Experience adjustments for premium receipts and insurance acquisition cash flows relating to current or past service
- An allocation of premiums for the recovery of insurance acquisition cash flows.

For in-substance reinsurance contracts, the acquisition and maintenance expenses incurred within the cell arrangements are treated as a reduction in insurance revenue and presented as part of the experience adjustments.

Insurance service expenses

Insurance service expenses arising from a group of contracts issued comprise:

- Incurred claims and other directly attributable expenses incurred in the current period
- Amortisation of insurance acquisition cash flows
- Changes relating to past service (i.e. changes in the fulfilment cash flows relating to the LIC for prior periods)
- Changes relating to future service (i.e. losses on onerous contracts and reversals of those losses).

For in-substance reinsurance contracts, the insurance service expenses include the actual tax incurred during the reporting period.

11. Insurance contract assets continued

Accounting policies continued

Reinsurance income/expenses

Reinsurance income and expenses arising from a group of contracts held comprise:

- Changes in the RA recognised for the risk expired
- Amounts of the CSM recognised in profit or loss for the services received in the period
- Experience adjustments for premium payments and reinsurance claims
- Changes in the non-performance risk of the reinsurer where material
- Changes in the incurred claims for past service recoverable from the reinsurance contracts held.

Insurance and reinsurance finance income/expenses

Insurance and reinsurance finance income and expenses comprise the change in the carrying amount of the group of contracts arising from:

- the effect of the time value of money and changes in the time value of money
- the effect of financial risk and changes in financial risk.

For in-substance reinsurance contracts, the insurance finance income/expenses include the interest earned by other cell captive net assets.

The group elected to disaggregate the change in the RA between the insurance service result and insurance finance income or expenses.

Loss components

The group aggregates contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience change.

The group does not currently have any loss components as none of the groups of contracts were onerous at initial recognition nor have they become onerous subsequently.

Insurance and reinsurance cash flows

For insurance contracts issued on the group's own licence, the cash flows consist of premiums received, claims and directly attributable expenses.

For reinsurance contracts held by the group, the cash flows consist of reinsurance premiums paid and reinsurance recoveries.

For in-substance reinsurance contracts, the cash flows consist of the following items:

- Premiums received are presented net of directly attributable maintenance and acquisition expenses incurred in the cell captives
- For credit life insurance, claims and other expenses represent claims and tax incurred in the cell captives
- For funeral insurance, claims and other expenses represent claims from 1 November 2024 and tax incurred during the year since all claims were settled by the reinsurer as per the reinsurance agreement up to 31 October 2024
- Distribution received represents any cash distribution received by the company from the cell captives
- Cell captive cash flows represent the undistributed cash flows above for the year.

Life insurance

Roll-forward of the net asset for life insurance contracts issued showing the asset/(liability) for remaining coverage and the LIC. Included in the asset/(liability) for remaining coverage are the other cell captive net assets of R4 466 million (2024: R3 653 million).

R'000	Asset for remaining coverage	Liability for incurred claims	Total asset
Insurance contract assets as at 1 March 2024	**1 911 837**	**—**	**1 911 837**
Insurance revenue			
Contracts under the MRA	**1 714 169**	**—**	**1 714 169**
Contracts written after transition	**2 468 717**	**—**	**2 468 717**
Insurance service expense			
Incurred claims and other expenses	**—**	**(2 314 872)**	**(2 314 872)**
Amortisation of insurance acquisition cash flows	**(583)**	**—**	**(583)**
Adjustment to liabilities for past claims	**—**	**(61 779)**	**(61 779)**
Insurance service result	**4 182 303**	**(2 376 651)**	**1 805 652**
Interest accreted	**(223 541)**	**—**	**(223 541)**
Effect of changes in interest rates and other financial assumptions	**(93 216)**	**—**	**(93 216)**
Net cell captive interest income	**385 186**	**—**	**385 186**
Insurance finance income	**68 429**	**—**	**68 429**
Total changes in the income statement	**4 250 732**	**(2 376 651)**	**1 874 081**
Cash flows			
Premiums received	**(4 575 326)**	**—**	**(4 575 326)**
Claims and other expenses paid	**—**	**2 094 905**	**2 094 905**
Insurance acquisition cash flows paid	**6 411**	**—**	**6 411**
Cell captive cash flows	**2 328 018**	**—**	**2 328 018**
Total cash flows	**(2 240 897)**	**2 094 905**	**(145 992)**
Insurance contract assets as at 28 February 2025	**3 921 672**	**(281 746)**	**3 639 926**
Insurance contract assets as at 1 March 2023	616 176	—	616 176
Insurance revenue			
Contracts under the MRA	963 153	—	963 153
Contracts written after transition	744 027	—	744 027
Insurance service expense			
Incurred claims and other expenses	—	(529 594)	(529 594)
Insurance service result	1 707 180	(529 594)	1 177 586
Interest accreted	(165 990)	—	(165 990)
Net cell captive interest income	219 190	—	219 190
Effect of changes in interest rates and other financial assumptions	64 875	—	64 875
Insurance finance income	118 075	—	118 075
Total changes in the income statement	1 825 255	(529 594)	1 295 661
Cash flows			
Premiums received	(2 149 528)	—	(2 149 528)
Claims and other expenses paid	—	529 594	529 594
Cell captive cash flows	1 619 934	—	1 619 934
Total cash flows	(529 594)	529 594	—
Insurance contract assets as at 29 February 2024	1 911 837	—	1 911 837

11. Insurance contract assets continued

Accounting policies continued

Life insurance continued

Roll-forward of the net asset for life reinsurance contracts held showing the ARC and the ARIC. No reinsurance contracts were held on Capitec Life's own licence prior to the transition to IFRS 17.

R'000	Liability for remaining coverage	Amounts recoverable on incurred claims	Total asset
Reinsurance contract assets as at 1 March 2024	—	—	—
Allocation of reinsurance premiums	(7 407)	—	(7 407)
Amounts recoverable from reinsurers			
Amounts recoverable for claims and other expenses	—	5 953	5 953
Reinsurance expense	(7 407)	5 953	(1 454)
Interest accreted	7	—	7
Effect of changes in interest rates and other financial assumptions	(470)	—	(470)
Reinsurance finance expense	(463)	—	(463)
Total changes in the income statement	(7 870)	5 953	(1 917)
Cash flows			
Premiums paid	4 927	—	4 927
Reinsurance claims received	—	(1 630)	(1 630)
Total cash flows	4 927	(1 630)	3 297
Reinsurance contract assets as at 28 February 2025	(2 943)	4 323	1 380

Roll-forward of the net asset for life insurance contracts issued showing the estimates of the present value of future cash flows, the RA and CSM. Included in the estimates of the present value of future cash flows are the other cell captive net assets of R4 466 million (2024: R3 653 million).

R'000	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total asset
Insurance contract assets as at 1 March 2024	6 359 786	(1 057 143)	(3 390 806)	1 911 837
Changes that relate to current services				
CSM recognised for current service provided	—	—	1 060 827	1 060 827
RA recognised for the risk expired	—	396 675	—	396 675
Experience adjustments	409 929	—	—	409 929
Changes that relate to future services				
Contracts initially recognised in the period	2 474 816	(646 490)	(1 828 326)	—
Changes in estimates that adjust the CSM	598 684	(551 786)	(46 898)	—
Changes that relate to past services				
Adjusted to liabilities for past claims	(61 779)	—	—	(61 779)
Insurance service result	3 421 650	(801 601)	(814 397)	1 805 652
Interest accreted	268 098	(104 309)	(387 330)	(223 541)
Effect of changes in interest rates and other financial assumptions	(38 380)	(54 836)	—	(93 216)
Net cell captive interest income	385 186	—	—	385 186
Insurance finance income	614 904	(159 145)	(387 330)	68 429
Total changes in the income statement	4 036 554	(960 746)	(1 201 727)	1 874 081
Cash flows				
Premiums received	(4 575 326)	—	—	(4 575 326)
Claims and other expenses paid	2 094 905	—	—	2 094 905
Insurance acquisition cash flows paid	6 411	—	—	6 411
Cell captive cash flows	2 328 018	—	—	2 328 018
Total cash flows	(145 992)	—	—	(145 992)
Insurance contract assets as at 28 February 2025	10 250 348	(2 017 889)	(4 592 533)	3 639 926

Recapture fee

Capitec Ins gave notice of the termination of the funeral product cooperation arrangement (the arrangement) during the 2024 financial year. On 1 November 2024, the effective date, Sanlam ceased to provide reinsurance and any administration services to the Centriq cell captive held by Capitec Ins. Capitec Life has taken over the administration of the in-force insurance book and commenced writing new funeral business on its own insurance licence from the effective date. The policies in force on the effective date remain on the Centriq cell captive licence and will be transferred to the Capitec Life licence at a later date, subject to regulatory approval.

As a result of the termination, a reinsurance recapture amount of R1.9 billion was paid to Sanlam on 1 November 2024. The reinsurance recapture amount represents the loss of future expected profits due to the Sanlam group for the policies in force in terms of the arrangement up to 31 October 2024. The R1.9 billion is included in the changes that adjust the CSM.

11. Insurance contract assets continued

Accounting policies continued

Life insurance continued

Recapture fee continued

Financial impact

The financial impact of the recapture transaction is disclosed in the table below.

Prior to 1 November 2024, the in-substance reinsurance contract was measured with reference to Capitec's 70% participation in the arrangement. The R1.9 billion consideration entitles Capitec to an additional 30% participation in the in-force book from 1 November 2024. From 1 November 2024, the funeral product is no longer reinsured.

Consequently, the projected cash flows from the in-substance reinsurance contract were increased by the additional participation rights acquired but also decreased by the consideration paid. To the extent that there was a difference between the increase in the fulfilment cash flows from the additional participation and the consideration paid, it adjusted the CSM. The transaction resulted in a profit of R2.3 million through profit or loss for 2025 and its impact is detailed in the table below.

R'000	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total impact on profit or loss
CSM recognised for current service provided	—	—	(67 319)	(67 319)
Experience adjustments	(10 144)	—	—	(10 144)
Changes in estimates that adjust the CSM	183 577	(509 798)	326 221	—
Effect of changes in interest rates and other	106 504	(26 741)	—	79 763
Total impact	279 937	(536 539)	258 902	2 300

Roll-forward of the CSM disaggregated between groups of insurance contracts measured under the MRA and those that are not, for the year ended 28 February 2025.

R'000	Contracts written after transition	Contracts under MRA	Total CSM
CSM as at 1 March 2024	(1 552 114)	(1 838 692)	(3 390 806)
Changes that relate to current services			
CSM recognised for current service provided	665 132	395 695	1 060 827
Changes that relate to future services			
Contracts initially recognised in the period	(1 828 326)	—	(1 828 326)
Changes in estimates that adjust the CSM	124 968	(171 866)	(46 898)
	(1 038 226)	223 829	(814 397)
Interest accreted	(198 921)	(188 409)	(387 330)
Total changes in the income statement	(1 237 147)	35 420	(1 201 727)
CSM as at 28 February 2025	(2 789 261)	(1 803 272)	(4 592 533)

R'000	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total asset
Insurance contract assets as at 1 March 2023	4 306 793	(818 502)	(2 872 115)	616 176
Changes that relate to current services				
CSM recognised for current service provided	—	—	748 374	748 374
RA recognised for the risk expired	—	311 777	—	311 777
Experience adjustments	117 435	—	—	117 435
Changes that relate to future services				
Contracts initially recognised in the period	1 438 921	(349 527)	(1 089 394)	—
Changes in estimates that adjust the CSM	(4 002)	(127 766)	131 768	—
Insurance service result	1 552 354	(165 516)	(209 252)	1 177 586
Interest accreted	217 066	(73 617)	(309 439)	(165 990)
Effect of changes in interest rates and other financial assumptions	64 383	492	—	64 875
Net cell captive interest income	219 190	—	—	219 190
Insurance finance income	500 639	(73 125)	(309 439)	118 075
Total changes in the income statement	2 052 993	(238 641)	(518 691)	1 295 661
Cash flows				
Premiums received	(2 149 528)	—	—	(2 149 528)
Claims and other expenses paid	529 594	—	—	529 594
Distribution received	—	—	—	—
Cell captive cash flows	1 619 934	—	—	1 619 934
Total cash flows	—	—	—	—
Insurance contract assets as at 29 February 2024	6 359 786	(1 057 143)	(3 390 806)	1 911 837

Roll-forward of the CSM disaggregated between groups of insurance contracts measured under the MRA and those that are not, for the year ended 29 February 2024.

R'000	Contracts written after transition	Contracts under MRA	Total CSM
CSM as at 1 March 2023	(797 661)	(2 074 454)	(2 872 115)
Changes that relate to current services			
CSM recognised for current service provided	343 828	404 546	748 374
Changes that relate to future services			
Contracts initially recognised in the period	(1 089 394)	—	(1 089 394)
Changes in estimates that adjust the CSM	95 778	35 990	131 768
	(649 788)	440 536	(209 252)
Interest accreted	(104 665)	(204 774)	(309 439)
Total changes in the income statement	(754 453)	235 762	(518 691)
CSM as at 29 February 2024	(1 552 114)	(1 838 692)	(3 390 806)

11. Insurance contract assets continued

Accounting policies continued

Life insurance continued

Recapture fee continued

Financial impact continued

The balance of the CSM as at 28 February 2025 is expected to unwind as follows:

R'000	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	>10 years
Opening balance	(4 592 533)	(3 976 501)	(3 539 020)	(3 189 034)	(2 894 502)	(2 641 436)	(1 683 046)
CSM released	1 066 355	852 517	748 073	676 607	620 252	2 440 352	3 974 908
Interest accretion	(450 323)	(415 036)	(398 087)	(382 075)	(367 186)	(1 481 962)	(2 291 862)
Closing balance	(3 976 501)	(3 539 020)	(3 189 034)	(2 894 502)	(2 641 436)	(1 683 046)	—

The balance of the CSM as at 29 February 2024 was expected to unwind as follows:

R'000	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	>10 years
Opening balance	(3 390 806)	(3 002 256)	(2 700 067)	(2 440 462)	(2 216 020)	(2 021 293)	(1 278 039)
CSM released	709 661	603 703	546 667	502 411	462 707	1 808 490	2 825 645
Interest accretion	(321 111)	(301 514)	(287 062)	(277 969)	(267 980)	(1 065 236)	(1 547 606)
Closing balance	(3 002 256)	(2 700 067)	(2 440 462)	(2 216 020)	(2 021 293)	(1 278 039)	—

The components of new business for life insurance policies issued are disclosed in the table below.

R'000	2025	2024
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	(3 252 951)	(543 643)
Estimates of insurance acquisition cash flows	(89 436)	—
Estimate of present value of future cash outflows	(3 342 387)	(543 643)
Estimates of present value of future cash inflows	5 817 203	1 982 564
Risk adjustment for non-financial risk	(646 490)	(349 527)
Contractual service margin	(1 828 326)	(1 089 394)
Total income statement impact	—	—

Roll-forward of the net asset for life reinsurance contracts held showing the estimates of the present value of future cash flows, the RA and CSM. No reinsurance contracts were held on Capitec Life's own licence prior to the transition to IFRS 17.

R'000	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total asset
Reinsurance contract assets as at 1 March 2024	—	—	—	—
Changes that relate to current services				
CSM recognised for current service received	—	—	(1 306)	(1 306)
RA recognised for the risk expired	—	352	—	352
Experience adjustments	(500)	—	—	(500)
Changes that relate to future services				
Contracts initially recognised in the period	(11 197)	4 614	6 583	—
Changes in estimates that adjust the CSM	(4 066)	1 381	2 685	—
Reinsurance expense	(15 763)	6 347	7 962	(1 454)
Interest accreted	(366)	151	222	7
Effect of changes in interest rates and other	(785)	315	—	(470)
Reinsurance finance expense	(1 151)	466	222	(463)
Total changes in the income statement	(16 914)	6 813	8 184	(1 917)
Cash flows				
Premiums paid	4 927	—	—	4 927
Reinsurance claims received	(1 630)	—	—	(1 630)
Total cash flows	3 297	—	—	3 297
Insurance contract assets as at 28 February 2025	(13 617)	6 813	8 184	1 380

The balance of the reinsurance CSM as at 28 February 2025 is expected to unwind as follows:

R'000	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	>10 years
Opening balance	8 184	6 920	6 074	5 391	4 803	4 297	2 722
CSM released	(2 020)	(1 534)	(1 355)	(1 233)	(1 127)	(4 362)	(7 865)
Interest accretion	756	688	672	645	621	2 787	5 143
Closing balance	6 920	6 074	5 391	4 803	4 297	2 722	—

The components of new business for life reinsurance policies issued are disclosed in the table below.

R'000	2025	2024
Estimate of present value of future cash inflows	(104 501)	—
Estimates of present value of future cash outflows	93 304	—
Risk adjustment for non-financial risk	4 614	—
Contractual service margin	6 583	—
Total income statement impact	—	—

11. Insurance contract assets continued

Accounting policies continued

Credit life

Roll-forward of the net asset for credit life insurance contracts issued showing the ARC and the LIC. Included in the ARC is the investment balance and the other cell captive net assets of R1 371 million (2024: R1 641 million).

R'000	Asset for remaining coverage	Liability for incurred claims	Total asset
Insurance contract assets as at 1 March 2024	1 497 885	(448 778)	1 049 107
Insurance revenue			
Contracts under the MRA	1 108 302	—	1 108 302
Contracts written after transition	2 077 295	—	2 077 295
Insurance service expense			
Incurred claims and other expenses	—	(1 422 516)	(1 422 516)
Amortisation of insurance acquisition cash flows	(1 480)	—	(1 480)
Adjustment to liabilities for past claims	—	85 187	85 187
Insurance service result	3 184 117	(1 337 329)	1 846 788
Interest accreted	(74 685)	—	(74 685)
Effect of changes in interest rates and other financial assumptions	17 629	—	17 629
Net cell captive interest income	115 461	—	115 461
Insurance finance income	58 405	—	58 405
Total changes in the income statement	3 242 522	(1 337 329)	1 905 193
Cash flows			
Premiums received	(3 137 363)	—	(3 137 363)
Claims and other expenses paid	—	1 228 124	1 228 124
Insurance acquisition cash flows paid	4 774	—	4 774
Distribution received	(1 300 000)	—	(1 300 000)
Cell captive cash flows	914 303	—	914 303
Total cash flows	(3 518 286)	1 228 124	(2 290 162)
Insurance contract assets as at 28 February 2025	1 222 121	(557 983)	664 138

R'000	Asset for remaining coverage	Liability for incurred claims	Total asset
Insurance contract assets as at 1 March 2023	1 792 241	(437 683)	1 354 558
Insurance revenue			
Contracts under the MRA	1 627 637	—	1 627 637
Contracts written after transition	1 636 391	—	1 636 391
Insurance service expense			
Incurred claims and other expenses	—	(1 553 595)	(1 553 595)
Amortisation of insurance acquisition cash flows	(163)	—	(163)
Adjustment to liabilities for past claims	—	106 084	106 084
Insurance service result	3 263 865	(1 447 511)	1 816 354
Interest accreted	(60 718)	—	(60 718)
Effect of changes in interest rates and other financial assumptions	(3 912)	—	(3 912)
Net cell captive interest income	130 167	—	130 167
Insurance finance income	65 537	—	65 537
Total changes in the income statement	3 329 402	(1 447 511)	1 881 891
Cash flows			
Premiums received	(3 274 939)	—	(3 274 939)
Claims and other expenses paid	—	1 436 416	1 436 416
Insurance acquisition cash flows paid	701	—	701
Distribution received	(1 875 000)	—	(1 875 000)
Cell captive cash flows	1 525 480	—	1 525 480
Total cash flows	(3 623 758)	1 436 416	(2 187 342)
Insurance contract assets as at 29 February 2024	1 497 885	(448 778)	1 049 107

11. Insurance contract assets continued

Accounting policies continued

Credit life continued

Roll-forward of the net asset for credit life insurance contracts issued showing the estimates of the present value of future cash flows, the RA and CSM. Included in the estimates of the present value of future cash flows are the other cell captive net assets of R1 371 million (2024: R1 641 million).

R'000	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total asset
Insurance contract assets as at 1 March 2024	4 415 867	(663 258)	(2 703 502)	1 049 107
Changes that relate to current services				
CSM recognised for current service provided	—	—	1 377 420	1 377 420
RA recognised for the risk expired	—	213 046	—	213 046
Experience adjustments	171 135	—	—	171 135
Changes that relate to future services				
Contracts initially recognised in the period	1 373 002	(213 284)	(1 159 718)	—
Changes in estimates that adjust the CSM	109 033	32 327	(141 360)	—
Changes that relate to past services				
Adjusted to liabilities for past claims	36 716	48 471	—	85 187
Insurance service result	1 689 886	80 560	76 342	1 846 788
Interest accreted	272 925	(53 911)	(293 699)	(74 685)
Effect of changes in interest rates and other financial assumptions	21 668	(4 039)	—	17 629
Net cell captive interest income	115 461	—	—	115 461
Insurance finance income	410 054	(57 950)	(293 699)	58 405
Total changes in the income statement	2 099 940	22 610	(217 357)	1 905 193
Cash flows				
Premiums received	(3 137 363)	—	—	(3 137 363)
Claims and other expenses paid	1 228 124	—	—	1 228 124
Insurance acquisition cash flows paid	4 774	—	—	4 774
Distribution from cell captive	(1 300 000)	—	—	(1 300 000)
Cell captive cash flows	914 303	—	—	914 303
Total cash flows	(2 290 162)	—	—	(2 290 162)
Insurance contract assets as at 28 February 2025	4 225 645	(640 648)	(2 920 859)	664 138

Roll-forward of the CSM disaggregated between groups of insurance contracts measured under the MRA and those that are not, for the year ended 28 February 2025.

R'000	Contracts written after transition	Contracts under MRA	Total CSM
CSM as at 1 March 2024	**(1 504 384)**	**(1 199 118)**	**(2 703 502)**
Changes that relate to current services			
CSM recognised for current service provided	**934 341**	**443 079**	**1 377 420**
Changes that relate to future services			
Contracts initially recognised in the period	**(1 159 718)**	**—**	**(1 159 718)**
Changes in estimates that adjust the CSM	**(138 636)**	**(2 724)**	**(141 360)**
	(364 013)	**440 355**	**76 342**
Interest accreted	**(174 741)**	**(118 958)**	**(293 699)**
Total changes in the income statement	**(538 754)**	**321 397**	**(217 357)**
CSM as at 28 February 2025	**(2 043 138)**	**(877 721)**	**(2 920 859)**

R'000	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total asset
Insurance contract assets as at 1 March 2023	4 425 273	(692 866)	(2 377 849)	1 354 558
Changes that relate to current services				
CSM recognised for current service provided	—	—	1 236 715	1 236 715
RA recognised for the risk expired	—	247 342	—	247 342
Experience adjustments	226 213	—	—	226 213
Changes that relate to future services				
Contracts initially recognised in the period	977 256	(156 506)	(820 750)	—
Changes in estimates that adjust the CSM	563 475	(63 067)	(500 408)	—
Changes that relate to past services				
Adjustment to liabilities for past claims	54 335	51 749	—	106 084
Insurance service result	1 821 279	79 518	(84 443)	1 816 354
Interest accreted	232 321	(51 829)	(241 210)	(60 718)
Effect of changes in interest rates and other financial	(5 831)	1 919	—	(3 912)
Net cell captive interest income	130 167	—	—	130 167
Insurance finance income	356 657	(49 910)	(241 210)	65 537
Total changes in the income statement	2 177 936	29 608	(325 653)	1 881 891
Cash flows				
Premiums received	(3 274 939)	—	—	(3 274 939)
Claims and other expenses paid	1 436 416	—	—	1 436 416
Insurance acquisition cash flows paid	701	—	—	701
Distribution from cell captive	(1 875 000)	—	—	(1 875 000)
Cell captive cash flows	1 525 480	—	—	1 525 480
Total cash flows	(2 187 342)	—	—	(2 187 342)
Insurance contract assets as at 29 February 2024	4 415 867	(663 258)	(2 703 502)	1 049 107

11. Insurance contract assets continued

Accounting policies continued

Credit life continued

Roll-forward of the CSM disaggregated between groups of insurance contracts measured under the MRA and those that are not, for the year ended 29 February 2024.

R'000	Contracts written after transition	Contracts under MRA	Total CSM
CSM as at 1 March 2023	(848 336)	(1 529 513)	(2 377 849)
Changes that relate to current services			
CSM recognised for current service provided	625 117	611 598	1 236 715
Changes that relate to future services			
Contracts initially recognised in the period	(820 750)	—	(820 750)
Changes in estimates that adjust the CSM	(363 001)	(137 407)	(500 408)
	(558 634)	474 191	(84 443)
Interest accreted	(97 414)	(143 796)	(241 210)
Total changes in the income statement	(656 048)	330 395	(325 653)
CSM as at 29 February 2024	(1 504 384)	(1 199 118)	(2 703 502)

The balance of the CSM as at 28 February 2025 is expected to unwind as follows:

R'000	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	>10 years
Opening balance	**(2 920 859)**	**(2 036 872)**	**(1 468 401)**	**(1 093 723)**	**(837 365)**	**(658 929)**	**(231 796)**
CSM released	**1 166 641**	**782 526**	**545 381**	**393 649**	**290 780**	**734 435**	**400 110**
Interest accretion	**(282 654)**	**(214 055)**	**(170 703)**	**(137 291)**	**(112 344)**	**(307 302)**	**(168 314)**
Closing balance	**(2 036 872)**	**(1 468 401)**	**(1 093 723)**	**(837 365)**	**(658 929)**	**(231 796)**	**—**

The balance of the CSM as at 29 February 2024 was expected to unwind as follows:

R'000	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	>10 years
Opening balance	(2 703 502)	(1 924 680)	(1 412 163)	(1 066 130)	(827 492)	(656 985)	(239 995)
CSM released	1 026 251	703 504	498 375	364 866	275 945	719 034	410 167
Interest accretion	(247 429)	(190 987)	(152 342)	(126 228)	(105 438)	(302 044)	(170 172)
Closing balance	(1 924 680)	(1 412 163)	(1 066 130)	(827 492)	(656 985)	(239 995)	—

The components of new business for credit life insurance policies issued are disclosed in the table below.

R'000	2025	2024
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	**(1 138 037)**	(850 208)
Estimates of insurance acquisition cash flows	**(5 264)**	(4 624)
Estimate of present value of future cash outflows	**(1 143 301)**	(854 832)
Estimates of present value of future cash inflows	**2 516 303**	1 832 088
Risk adjustment for non-financial risk	**(213 284)**	(156 506)
Contractual service margin	**(1 159 718)**	(820 750)
Total income statement impact	**—**	—

Critical estimates and judgements

Critical estimates and judgements concerning the carrying amounts of insurance assets and liabilities are those that, within the next 12 months, may result in a material change to the group's financial statements. The group based its assumptions, estimates and judgements on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

Estimates of future cash flows

The group uses deterministic projections to estimate the present value of future cash flows. The following assumptions were used when estimating future cash flows:

Mortality and morbidity rates

Experience analysis is used to derive the mortality and morbidity assumptions. These assumptions are reviewed annually by considering the most recent experience. Changes are made to the mortality and morbidity assumptions where it is likely that the experience will persist in the future.

The group uses an internally constructed mortality table when deriving mortality and morbidity assumptions. The internal curve is constructed using 5 years of historical mortality experience from June 2018 to May 2023, stripping out the impact of COVID-19 on mortality. An internally constructed table is used because it more accurately reflects the insurance book's experience and considers recent trends in mortality.

Across all products, the expected mortality rate for the next financial year is 1.3 per 100 lives (2024: 1.4 per 100 lives). For credit life insurance, the expected morbidity rate for the next financial year is 1.2 per 1 000 lives (2024: 1.4 per 1 000 lives).

Expenses

Attributable expense assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The projected expense cash flows allow for expected inflation if appropriate. Expenses incorporate information from the annual business plans, which include estimates of future expenses expected to be incurred.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

For the in-substance reinsurance contracts issued, expense assumptions are based on the third-party cell captive agreements.

Across all products, the expected expenses for the next financial year are 3.6% of premiums (2024: 3.3%).

Lapse rates

Lapses relate to the termination of policies due to non-payment of premiums or voluntary termination of policies by policyholders. Lapse rates are determined using statistical measures based on the group's recent experience and vary by product type, policy duration and the risk category used in pricing.

Across all products, the expected lapse rate for the next financial year is 25.3% of policies in force at year-end (2024: 23.3%).

Retrenchment rates

Retrenchment relates to the policyholder suffering a loss of employment or the inability to earn an income. The retrenchment rates are determined using statistical measures based on the group's recent experience. The assumption for credit life insurance varies by the risk category used in pricing.

For credit life insurance, the expected number of retrenchments for the next financial year is 1.2 per 100 lives (2024: 1.2 per 100 lives).

Liability for incurred claims and amounts recoverable on incurred claims

An LIC is set up to cover the ultimate cost of settling all claims incurred in the past but unpaid at the reporting date plus an RA. The group's approach is to separately calculate the LIC for each risk decrement i.e. death, permanent disability, temporality disability, retrenchment lump sum and retrenchment monthly instalment.

11. Insurance contract assets continued

Critical estimates and judgements continued

Estimates of future cash flows continued

Liability for incurred claims and amounts recoverable on incurred claims continued

The group applies the Bornhuetter-Ferguson method to estimate the ultimate cost of settling all claims incurred. This technique uses a combination of historical claim payment patterns and the expected loss ratio to determine the total expected claims related to events that have already occurred.

The main assumption underlying this technique is that the group's past claims development experience can be used to project future claims development and hence ultimate claims costs.

The same methodology is applied to calculate the ARIC for reinsurance contracts held.

Discount rates

Insurance contract assets and liabilities are calculated by discounting expected future cash flows at a risk-free rate. The risk-free rate is determined by reference to the nominal government bond yield curves published by the Prudential Authority (PA). The PA publishes the risk-free forward rates. All insurance products use the same risk-free forward rate.

Management uses judgement to assess liquidity characteristics of the asset/liability cash flows. The group's insurance contracts are not considered to be less liquid than the financial assets used to derive the risk-free forward yield curve. As such, the group did not adjust the risk-free forward yield for an illiquidity premium. The group did not make any other adjustments to the risk-free yield. The table below contains the risk-free forward rates used.

	Portfolio duration									
	1 year		3 years		5 years		10 years		20 years	
%	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Risk-free forward curve	**7.4**	8.3	**9.7**	10.6	**11.7**	12.4	**14.9**	16.4	**11.3**	12.5

Risk adjustment for non-financial risk

The main sources of non-financial risk are mortality risk and lapse risk. Other risks included in the RA are disability, expenses and retrenchment. The group has estimated the RA using a Value at Risk (VaR) methodology. The VaR methodology requires the group to compute the reduction in profits that it can possibly incur on the insurance book at a confidence level that meets the risk appetite.

The RA is calculated as the difference between a stressed liability and the best estimate liability, using stresses based on the regulatory underwriting stresses, calibrated to the confidence level detailed below.

The RA for insurance and reinsurance contracts corresponds to an 80% confidence level over a 1-year period (2024: 80%). The RA is applied to both the LFRC and LIC for insurance contracts issued and the ARC and ARIC for reinsurance contracts held.

Coverage units

For groups of insurance contracts, the quantity of benefits is the contractually agreed sum assured over the period of the contracts. The coverage units for the current period are based on the actual coverage units for the current period. The coverage units for future periods are based on the discounted value of the expected coverage units over the remaining expected coverage period after allowing for reassessments at the end of the current period.

Model and assumption changes

During the current year, the group implemented the following model and assumption changes:

- The RA was recalibrated to allow for the current business mix, resulting in an increase in the risk adjustment for the life insurance business relative to the credit life insurance business
- Alignment of the valuation basis to actual experience for the year changed the estimates of the present value of future cash flows that adjusted the CSM for credit life insurance and life insurance.

Risk management

Insurance and reinsurance risk

The group is exposed to insurance risk through its 2 third-party cell captive agreements as well as through the writing of insurance contracts on its own licence.

The in-force funeral policies in the cell captives are no longer reinsured because of a recapture transaction effective 1 November 2024. Life cover written on Capitec Life's own licence is reinsured. The group does not hold any reinsurance on the credit life policies nor on funeral policies written on Capitec Life's own licence.

Risk governance – cell captives

The insurance risk on the policies in the cell captives is twofold:

- The risk that the group has insufficient capital to settle valid claims made by policyholders
- The group has a contractual obligation to maintain the solvency of the cell captives and ensure that sufficient capital exists to meet their obligations.

The group's board of directors is responsible for risk management and views it as an integral part of providing a responsible return on shareholders' equity. To assist the board, the group is managed through a system of internal controls functioning throughout the entities. Risk awareness pervades every aspect of the business and is the responsibility of each employee of the group.

The group's RCMC assists the board in reviewing the processes followed to identify risk and assesses their impact on the cell captives. The committee includes independent non-executive directors and operates in compliance with a formal charter.

The RCMC provides oversight over risk management for the cell captives and is responsible for the following insurance operations:

- Providing oversight of the product types
- Financial resource management
- Approving new products.

The licensed cell captive insurers have robust corporate governance and regulatory frameworks in place to manage insurance risk. The cell captive insurers have the following subcommittees in place which govern and challenge inputs, models and the results of valuations:

- Audit and risk committee
- Risk management function
- Internal audit function
- Compliance function
- Actuarial control function.

The licensed cell captive insurers perform various functions, including (but not limited to) premium rating, capital and reserving requirements and risk mitigating strategies.

Senior management of the group actively monitor and review the work performed by the licensed cell captive insurers. Items such as monthly results, premium turnover, claims experience, solvency and provision for ECL calculations are discussed and debated in detail to ensure that they are reasonable and align with the group's risk appetite. Any material changes to calculations and/or identified risks are summarised and presented to the RCMC.

Risk governance – Capitec Life

Capitec Life's audit, risk and capital management committee (ARCMC) assists the board in reviewing the processes followed to identify risk and in assessing the potential impact of identified risks in Capitec Life's environment. The committee is comprised of 3 independent non-executive directors. The committee's terms of reference are detailed in a board-approved charter.

The ARCMC ensures that risk assessment is an ongoing process and that a formal risk assessment is undertaken at least quarterly. The company operates in a structured manner with defined processes and procedures enabling risk assessment within a controlled environment. An assessment of key risks is performed and weightings are assigned to risks based on impact and probability. Existing controls are assessed and, if necessary, adjusted. Thereafter, reports are generated at regular intervals to enable monitoring of risk levels.

11. Insurance contract assets continued

Risk management continued

Risk governance – Capitec Life continued

The Insurance executive committee (EXCO) sets the tone, for day-to-day risk management, by managing risks as part of managing and monitoring the achievement of Capitec Life's strategic objectives. In addition to the Insurance EXCO, Capitec Life has 3 risk management committees which report into the ARCMC.

- The risk committee (RISCO) provides a forum for the discussion, coordination and direction of management's efforts in mitigating operational, business and reputational risks to acceptable levels and for providing oversight over compliance-related matters, including, inter alia, overseeing and monitoring that it meets its legal and regulatory obligations. It promotes and sustains a sound risk culture
- The ALCO provides a forum for the discussion, coordination and direction of management's approach to capital management, reinsurance management and the management of underwriting (insurance) risk, market risk (including asset-liability management), credit risk and liquidity risk
- The product approval and conduct committee provides a forum for the discussion, coordination and direction of policies and required procedures to ensure that products that go to market are appropriate, that fair treatment of clients is embedded and maintained as part of product development and to direct management's approach to the management of market conduct risk.

General risk management

The insurance risk is managed in 2 key processes:

- The pricing of the insurance business
- Management of the in-force book.

Product design and pricing

The group ensures that the insurance portfolio is priced correctly and understood in detail by following the steps below:

- Rigorous and proactive risk management ensures sound product design and accurate pricing. This includes:
  - challenging assumptions, methodologies and results
  - debating and challenging product relevance, the target market, market competitiveness and treating clients fairly
  - identifying potential risk
  - thoroughly reviewing policy terms and conditions
- Risk-based pricing is applied and the mix of business by channel is also monitored
- Maintaining the appropriate reinsurance cover where necessary is an important component of the pricing and product design to keep the insurance risk within appetite.

Management of the in-force book

The group assesses and manages the insurance risk relating to the in-force book as follows:

- Monitoring and reporting claims experience by considering incidence rates and claims ratios
- The actuarial valuation process involves the long-term projection of expected future cash flows arising from in-force policies and the setting up of insurance liabilities
- Experience investigations are performed annually to understand the actual experience compared to the basis used in valuations and pricing. These investigations are signed off by the head of actuarial function. Where required, changes are made to pricing and product design
- Asset liability management is performed to ensure that assets backing insurance liabilities are appropriate and liquid
- Stress and scenario analyses are performed and provide insights into the insurance risk and future capital position.

Assessment and management

The assessment and management of insurance risk are influenced by the frequency and severity of claims, especially to the extent that claims paid are more frequent and/or greater than originally estimated. The group manages insurance risk through monitoring incidence rates, claims ratios and the business mix.

Detailed risk management per risk type

Insurance risk is the risk of losses due to experience being different from the assumptions used in pricing or reserving such as severity, frequency, trend, volatility or level of occurrence rates. The insurance products expose the group to insurance risks such as:

Mortality (death) and morbidity risk

The risk that mortality and morbidity rates and the associated cash flows are different from those assumed is managed as follows:

- Monitoring of trends and experience of the insurance portfolio
- Validation and fraud checks are performed at the claim stage to ensure that only valid claims in line with the terms and conditions of the policy are paid
- Reinsurance is used within the group's appetite in some cases.

Retrenchment risk

The risk that retrenchment rates and the associated cash flows are different from those assumed is managed as follows:

- Identification of retrenchment risk is controlled by the bank's credit scoring
- Monitoring of trends and experience of the insurance portfolio
- Validation and fraud checks are performed at the claim stage to ensure that only valid claims in line with the terms and conditions are paid.

Catastrophe risk

The risk that stems from extreme or irregular events contingent on mortality, morbidity or retrenchment whose effects are not expected. The risk is managed as follows:

- Monitoring of trends and experience of the insurance portfolio.

Lapse and cancellation risk

The risk that lapse rates and the associated cash flows are different from those assumed as well as the risk of mass lapse are managed as follows:

- Monitoring of lapse, cancellation and collection rates is regularly reviewed to ensure they remain optimal.

Reinsurance non-performance risk

The risk that the reinsurer is unable to pay eligible claims is managed as follows:

- Applying principles outlined in the company's reinsurance and other risk transfer policy, including minimum credit ratings of reinsurers.

Expense risk

The risk that expense and/or expense inflation is different from that assumed in pricing and valuations. It is managed through the group's rigorous budgeting process.

The insurance risk for credit life contracts is primarily linked to credit risk which is disclosed in detail in note 8.

11. Insurance contract assets continued

Risk management continued

Exposure by sum assured

The following tables demonstrate the insurance exposure by sum assured. For in-substance reinsurance contracts issued, the group applied a look-through approach detailing the sum assured gross of any reinsurance.

Total exposure by size of sum assured for life insurance

	Age of life assured					
	0 to 18		19 to 65		>65	
Funeral plan sum assured at risk	Balance R'000	%	Balance R'000	%	Balance R'000	%
2025						
R0 – R50 000	**113 455 893**	**98.4**	**222 927 418**	**63.3**	**21 311 015**	**97.6**
R50 001 – R100 000	**1 787 843**	**1.6**	**83 050 830**	**23.6**	**531 821**	**2.4**
R100 001 – R500 000	**28 526**	**—**	**14 977 801**	**4.2**	**—**	**—**
R500 001 – R3 000 000	**4 750**	**—**	**31 385 673**	**8.9**	**—**	**—**
Total sum assured	**115 277 012**	**100.0**	**352 341 722**	**100.0**	**21 842 836**	**100.0**
2024						
R0 – R50 000	92 908 003	98.4	179 805 444	73.0	16 387 635	98.0
R50 001 – R100 000	1 481 961	1.6	66 345 583	27.0	339 578	2.0
Total sum assured	94 389 964	100.0	246 151 027	100.0	16 727 213	100.0

Total exposure by sum assured for credit life insurance

	Death		Retrenchment		Permanent disability		Temporary disability	
Retail sums assured at risk	Balance R'000	%	Balance R'000	%	Balance R'000	%	Balance R'000	%
2025								
R0 – R50 000	**22 387 924**	**29.6**	**21 899 218**	**34.0**	**22 387 924**	**29.6**	**24 251 455**	**58.4**
R50 001 – R100 000	**16 323 141**	**21.6**	**16 973 968**	**26.4**	**16 323 141**	**21.6**	**15 248 084**	**36.7**
R100 001 – R150 000	**13 264 245**	**17.6**	**13 458 606**	**20.9**	**13 264 245**	**17.6**	**1 956 052**	**4.7**
R150 001 – R200 000	**10 710 566**	**14.2**	**8 975 795**	**14.0**	**10 710 566**	**14.2**	**83 202**	**0.2**
R200 001 – R250 000	**7 206 338**	**9.5**	**2 151 967**	**3.4**	**7 206 338**	**9.5**	**13 418**	**—**
>R250 000	**5 692 041**	**7.5**	**867 698**	**1.3**	**5 692 041**	**7.5**	**12 961**	**—**
Total sum assured	**75 584 255**	**100.0**	**64 327 252**	**100.0**	**75 584 255**	**100.0**	**41 565 172**	**100.0**
2024								
R0 – R50 000	21 016 606	28.5	20 582 714	32.8	21 016 606	28.5	23 337 936	58.1
R50 001 – R100 000	15 859 436	21.5	16 688 886	26.6	15 859 436	21.5	15 138 196	37.7
R100 001 – R150 000	13 216 602	18.0	13 745 873	21.9	13 216 602	18.0	1 607 335	4.0
R150 001 – R200 000	11 365 309	15.4	9 269 422	14.7	11 365 309	15.4	72 700	0.2
R200 001 – R250 000	7 964 385	10.8	1 884 331	3.0	7 964 385	10.8	14 765	—
>R250 000	4 297 093	5.8	666 800	1.0	4 297 093	5.8	8 645	—
Total sum assured	73 719 431	100.0	62 838 026	100.0	73 719 431	100.0	40 179 577	100.0

The insurance exposure is based on the outstanding loan balance that is payable on the occurrence of an insured event.

Interest rate risk

The group is exposed to interest rate risk on insurance contracts. Fulfilment cash flows are measured using current discount rates, and changes in the carrying amount of groups of contracts due to changes in discount rates are recognised in profit or loss. The underlying other cell captive net assets, which consist of cash and money market funds, are exposed to interest rate risk. The impact of changes in interest rates is included in the sensitivity analysis.

The group monitors exposure to interest rate risks by performing regular scenario analysis and comparing results to internal thresholds. The current exposure is considered within the internally determined thresholds. Should thresholds be approached, management will respond with an appropriate strategy, which could include financial hedging strategies or alternative reporting measures which isolate temporary volatility in the results.

Liquidity risk

Capital and liquidity management

Capital and liquidity management is governed by a capital management policy setting out the requirements pertaining to capital management, liquidity management, investment and asset liability management. The Insurance business division has its own ALCO which meets monthly and provides oversight over these matters.

The group's licensed insurer, Capitec Life, performs quarterly as well as annual reporting of its solvency position on the regulatory basis (as set out in the Prudential Standards and Financial Soundness Standards for Insurers) to the PA, in line with regulatory requirements.

Capital and liquidity levels are monitored against targets to ensure that appropriate management action is taken within acceptable time frames to maintain capital and liquidity at acceptable levels.

Capitec Life conducts an own risk and solvency assessment on an annual basis.

Claims development tables

The following tables show the estimates of cumulative incurred claims, including both reported but not yet paid and incurred but not yet reported for each successive event year at each reporting date, together with cumulative payments to date.

As required by IFRS 17 *Insurance Contracts*, in setting claims provisions, the group considers the probability and magnitude of future experience being more adverse than assumed which is reflected in the RA. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

Credit life insurance – undiscounted liabilities for incurred claims

R'000	Event year 2024	Event year 2025	Total
2025			
Estimate of ultimate claims cost (undiscounted)			
At the end of the event year	871 473	920 542	
1 year later	835 181		
Cumulative claims and other directly attributable expenses paid	(749 283)	(477 762)	(1 227 045)
Gross cumulative claims liabilities – event years from 2024 and 2025	85 898	442 780	528 678
Cumulative claims liabilities – prior event years			199
Effect of the RA			29 106
Total gross liabilities for incurred claims			**557 983**

11. Insurance contract assets continued

Risk management continued

Liquidity risk continued

Claims development tables continued

R'000	Event year 2023	Event year 2024	Total
2024			
Estimate of ultimate claims cost (undiscounted)			
At the end of the event year	842 730	871 473	
1 year later	785 575	—	
Cumulative claims and other directly attributable expenses paid	(719 216)	(513 729)	(1 232 945)
Gross cumulative claims liabilities – event years from 2023 and 2024	66 359	357 744	424 103
Cumulative claims liabilities – prior event years			170
Effect of the RA			24 505
Total gross liabilities for incurred claims			448 778

Life insurance – undiscounted liabilities for incurred claims gross of reinsurance

R'000	Event year 2024	Event year 2025	Total
2025			
Estimate of ultimate claims cost (undiscounted)			
At the end of the event year	—	4 345 577	
1 year later	3 400 887		
Cumulative claims and other directly attributable expenses paid	(3 394 721)	(4 097 581)	(7 492 302)
Gross cumulative claims liabilities – event years from 2024 and 2025	6 166	247 996	254 162
Cumulative claims liabilities – prior event years			193
Effect of the RA			27 391
Total gross liabilities for incurred claims			281 746

Life insurance – undiscounted liabilities for incurred claims net of reinsurance

R'000	Event year 2024	Event year 2025	Total
2025			
Estimate of ultimate claims cost (undiscounted)			
At the end of the event year	—	4 340 253	
1 year later	3 400 887		
Cumulative claims and other directly attributable expenses paid	(3 394 721)	(4 095 951)	(7 490 672)
Gross cumulative claims liabilities – event years from 2024 and 2025	6 166	244 302	250 468
Cumulative claims liabilities – prior event years			193
Effect of the RA			26 762
Total gross liabilities for incurred claims			277 423

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, detailing the impact on profit after tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in assumptions, assumptions have been changed on an individual basis. The table below contains the impact of insurance contracts issued net of reinsurance contracts held.

R'000	Change in assumptions %	Impact on profit after tax	Impact on equity
2025			
Mortality rates	**10**	**(277 637)**	**(277 637)**
Morbidity rates	**10**	**(5 683)**	**(5 683)**
Lapse and cancellation rates: Increase	**10**	**(2 497)**	**(2 497)**
Lapse and cancellation rates: Decrease	**(10)**	**1 031**	**1 031**
Retrenchment rate	**10**	**(31 019)**	**(31 019)**
Expenses	**10**	**(23 790)**	**(23 790)**
Valuation discount rate: Increase	**1**	**(35 548)**	**(35 548)**
Valuation discount rate: Decrease	**(1)**	**29 997**	**29 997**
2024			
Mortality rates	10	(127 927)	(127 927)
Morbidity rates	10	(5 259)	(5 259)
Lapse and cancellation rates: Increase	10	(3 793)	(3 793)
Lapse and cancellation rates: Decrease	(10)	6 078	6 078
Retrenchment rate	10	(24 980)	(24 980)
Expenses	10	(7 212)	(7 212)
Valuation discount rate: Increase	1	(2 145)	(2 145)
Valuation discount rate: Decrease	(1)	1 281	1 281

An increase in mortality, morbidity, expense and retrenchment rates results in a reduction in profit and equity, while the other sensitivities could either reduce or increase profit and equity depending on the economic conditions and business profiles.

Credit risk

The group is exposed to credit risk because it holds a reinsurance contract for life cover policies as well as through the other cell captive net assets which reflect the group's contribution to the cell captive arrangements as well as cash retained in the cell captive arrangements which has not yet been distributed to the group.

Reinsurance credit risk

The group only holds reinsurance contracts with the Reinsurance Group of America which has a credit rating of Baa1. The table below details the group's maximum exposure to credit risk arising from reinsurance contracts held.

R'000	2025	2024
Liability for remaining coverage	**(2 943)**	—
Amounts recoverable on incurred claims	**4 323**	—
Total credit risk exposure arising from reinsurance contracts	**1 380**	—

11. Insurance contract assets continued

Risk management continued

Credit risk continued

Cell captive counterparty credit risk

The table below details the group's maximum exposure to credit risk arising from the other cell captive net assets, cell insurer and corresponding credit rating.

R'000	Other net asset balance	Credit rating
2025		
Centriq Life Insurance Company Limited (Sanlam Limited)	**4 465 913**	**Ba1 to Ba3**
Guardrisk Life Limited (Momentum Metropolitan Holdings Limited)	**1 371 199**	**Ba1 to Ba3**
2024		
Centriq Life Insurance Company Limited (Sanlam Limited)	3 652 709	Ba1 to Ba3
Guardrisk Life Limited (Momentum Metropolitan Holdings Limited)	1 641 435	Ba1 to Ba3

12. Financial assets – equity instruments at fair value through other comprehensive income

	GROUP		
R'000	African Bank Holdings Limited	SWIFT	Total
2025			
Balance at the beginning of the year	**69 340**	**13 075**	**82 415**
Fair value adjustment (loss on remeasurement to FVOCI)	**—**	**(529)**	**(529)**
Balance at the end of the year	**69 340**	**12 546**	**81 886**
Cost	**69 340**	**2 306**	**71 646**
Fair value adjustment (profit on remeasurement to FVOCI)	**—**	**10 240**	**10 240**
Balance at the end of the year[1]	**69 340**	**12 546**	**81 886**
2024			
Balance at the beginning of the year	69 340	4 540	73 880
Fair value adjustment (profit on remeasurement to FVOCI)	—	8 535	8 535
Balance at the end of the year	69 340	13 075	82 415
Cost	69 340	2 306	71 646
Fair value adjustment (profit on remeasurement to FVOCI)	—	10 769	10 769
Balance at the end of the year[1]	69 340	13 075	82 415

[1] *The balance at the end of the year has been disaggregated to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

Accounting policies

Financial assets at FVOCI comprise unlisted equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category because they are strategic investments.
The group holds an equity instrument in African Bank Holdings Limited and is a participant in a consortium that recapitalised African Bank Holdings Limited. The other members of the consortium comprise the Public Investment Corporation and 5 other South African banks.

The group also holds an equity investment in the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the global cooperative that facilitates international banking transactions of which almost all banks worldwide are members.

The group's election results in fair value gains and losses being recognised in other comprehensive income and not subsequently being reclassified to profit or loss, including on disposal. Impairment losses and reversals of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on these investments, are recognised through profit or loss when the group's right to receive such payments is established.

The cash flows are classified as investing activities.

Measurement

The fair value of financial assets that are not listed or quoted in an active market is determined using valuation techniques. Refer to note 37.8.

13. Interest in subsidiaries, associates and joint ventures

Interest in subsidiaries

	COMPANY	
R'000	**2025**	**2024**
Interest in subsidiaries		
Investment in unlisted subsidiaries at cost	**7 028 891**	6 212 518
Capitec Bank Limited		
Opening balance	**5 720 518**	5 726 182
Preference shares repurchased	**(1 409)**	(5 664)
Closing balance	**5 719 109**	5 720 518
Capitec Ins Proprietary Limited		
Opening balance	**108 000**	108 000
Interest acquired	**—**	—
Closing balance	**108 000**	108 000
Capitec Insurance Holdings Proprietary Limited		
Opening balance	**384 000**	184 000
Interest acquired	**—**	200 000
Closing balance	**384 000**	384 000
Avafin Holding Limited		
Opening balance	**—**	—
Carrying value of previously held interest	**283 073**	—
Interest acquired(1)	**534 708**	—
Closing balance	**817 781**	—

(1) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

13. Interest in subsidiaries, associates and joint ventures continued

Investments in subsidiaries

Subsidiaries	Domicile	Holding	Direct/ Indirect	Nature of business
Capitec Bank Limited[1]	South Africa	100% (2024: 100%)	Direct	Banking
Capitec Properties Proprietary Limited[2]	South Africa	100% (2024: 100%)	Direct	Property
Capitec Ins Proprietary Limited	South Africa	100% (2024: 100%)	Direct	Investment holding – insurance cell captives
Capitec Insurance Holdings Proprietary Limited	South Africa	100% (2024: 100%)	Direct	Investment holding – insurance
Capitec Bank Holdings Share Trust[2]	South Africa	Nil (100% effective interest) (2024: Nil (100% effective interest))	Direct	Share incentive trust
Capitec Bank Group Employee Empowerment Trust	South Africa	Nil (100% effective interest) (2024: Nil (100% effective interest))	Direct	Employee empowerment trust
Capitec Life Limited	South Africa	100% (2024: 100%)	Indirect	Holder of life insurance licence
Capitec Rental Finance Proprietary Limited	South Africa	100% (2024: 100%)	Indirect	Rental finance
CB Employee Holdings Proprietary Limited	South Africa	100% (2024: 100%)	Indirect	Investment holding
Capitec Foundation Trust	South Africa	Nil (100% effective interest) (2024: Nil (100% effective interest))	Indirect	Corporate social investment
Avafin Holding Limited	Cyprus	97.075% (2024: 40.66% (associate))	Direct	Foreign lending

(1) *All holdings are in the ordinary and preference share capital of the subsidiaries.*
(2) *The carrying amount of the investments in Capitec Properties Proprietary Limited and Capitec Bank Holdings Share Trust is R1 000 or less.*

All material subsidiaries were reviewed in the current year for indicators of impairment. Indicators of impairment would be, for example, loss-making and/or negative net asset value. No indicators were noted, which is consistent with the prior year.

Interest in associates and joint ventures

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Interest in associates and joint ventures				
Investment in associates and joint ventures	**285 341**	727 056	**25 000**	308 073
Avafin Holding Limited				
Opening balance	**417 292**	332 101	**283 073**	217 391
Share of profit[1]	**42 417**	61 227	**—**	—
Impairment reversal of investment in associate	**—**	—	**—**	65 682
Foreign currency translation reserve	**(16 039)**	23 964	**—**	—
Remeasurement loss on deemed disposal[2]	**(160 597)**	—	**—**	—
Fair value of associate prior to step acquisition[2]	**(283 073)**	—	**—**	—
Derecognition of associate[2]	**—**	—	**(283 073)**	—
Closing balance	**—**	417 292	**—**	283 073
Praelexis Proprietary Limited				
Opening balance	**20 518**	21 321	**25 000**	25 000
Share of profit/(loss)	**308**	(803)	**—**	—
Closing balance	**20 826**	20 518	**25 000**	25 000
Interest in joint ventures				
Imvelo Ventures Proprietary Limited				
Opening balance	**289 246**	246 646	**—**	—
Interest acquired[3]	**15 000**	31 900	**—**	—
Share of (loss)/profit	**(39 731)**	10 700	**—**	—
Closing balance	**264 515**	289 246	**—**	—
Interest in associates and joint ventures	**285 341**	727 056	**25 000**	308 073
Share of net profit of associates and joint ventures	**2 994**	71 124	**—**	—

[1] *The group equity accounted the investment in AvaFin for the period 1 March 2024 to 30 April 2024.*
[2] *AvaFin is no longer an associate. The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*
[3] *Class B ordinary shares were acquired during the year at a cost of R15 million (2024: R31.9 million).*

Investments in associates and joint ventures

Associates/joint ventures	Domicile	Holding	Nature of business
Avafin Holding Limited	Cyprus	Nil (2024: 40.66%)	Lending
Praelexis Proprietary Limited	South Africa	33.33% (2024: 33.33%)	Artificial intelligence
Imvelo Ventures Proprietary Limited	South Africa	49% (2024: 49%)	Broad-based black economic empowerment (B-BBEE) investment

13. Interest in subsidiaries, associates and joint ventures continued

Analysis of investments in associates and joint ventures

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Avafin Holding Limited[1]				
Income statement				
Revenue	–	1 967 427	–	1 967 427
Interest income	–	43 803	–	43 803
Interest expense	–	(5 328)	–	(5 328)
Depreciation and amortisation	–	(44 790)	–	(44 790)
Income tax expense	–	(76 885)	–	(76 885)
Profit from continuing operations after tax	–	159 665	–	159 665
Other comprehensive income	–	26 644	–	26 644
Total comprehensive income	–	186 309	–	186 309
Reconciliation to carrying amounts				
Non-current assets	–	410 868	–	410 868
Current assets	–	1 901 026	–	1 901 026
Cash and cash equivalents	–	399 108	–	399 108
Non-current liabilities	–	(312 319)	–	(312 319)
Non-current liabilities (excluding trade payables and provisions)	–	(312 319)	–	(312 319)
Current liabilities	–	(1 343 377)	–	(1 343 377)
Current liabilities (excluding trade payables and provisions)	–	(1 120 670)	–	(1 120 670)
Net assets at 100%	–	656 198	–	656 198
The group's share of net assets at acquisition	–	86 713	–	86 713
Difference in initial cost versus share of net assets acquired	–	196 360	–	196 360
Cost of investment in Avafin Holding Limited	–	283 073	–	283 073
Cumulative share of profit and foreign currency translation reserve	–	256 421	–	–
Cumulative impairment of investment in associate	–	(122 202)	–	–
Carrying amount of investment in Avafin Holding Limited	–	417 292	–	283 073

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Praelexis Proprietary Limited				
Income statement				
Revenue	**39 697**	34 977	**39 697**	36 084
Profit/(Loss) from continuing operations after tax	**2 109**	(2 424)	**2 109**	(2 424)
Total comprehensive income/(loss)	**2 109**	(2 424)	**2 109**	(2 424)
Reconciliation to carrying amounts				
Non-current assets	**8 051**	3 080	**8 051**	3 899
Current assets	**15 492**	18 002	**15 492**	18 002
Current liabilities	**(1 693)**	(1 340)	**(1 693)**	(1 328)
Net assets at 100%	**21 850**	20 573	**21 850**	20 573
The group's share of net assets at acquisition	**11 374**	11 374	**11 374**	11 374
Difference in initial cost versus share of net assets acquired	**13 626**	13 626	**13 626**	13 626
Cost amount of investment in Praelexis Proprietary Limited	**25 000**	25 000	**25 000**	25 000
Cumulative share of loss	**(4 174)**	(4 482)	**—**	—
Carrying amount of investment in Praelexis Proprietary Limited	**20 826**	20 518	**25 000**	25 000
Imvelo Ventures Proprietary Limited				
Income statement				
Revenue	**28 139**	23 106	**—**	—
Interest income	**1**	799	**—**	—
Interest expense	**3 666**	1 800	**—**	—
Depreciation	**142**	142	**—**	—
Income tax expense	**13 349**	(9 217)	**—**	—
(Loss)/Profit from continuing operations after tax	**(47 562)**	30 517	**—**	—
Total comprehensive (loss)/income	**(47 562)**	30 517	**—**	—
Reconciliation to carrying amounts				
Non-current assets	**340 948**	403 843	**—**	—
Current assets	**—**	257	**—**	—
Cash and cash equivalents	**—**	12	**—**	—
Non-current liabilities	**(25 241)**	(18 000)	**—**	—
Current liabilities	**(2 911)**	(40 682)	**—**	—
Net assets at 100%	**312 796**	345 418	**—**	—
The group's share of net assets at acquisition	**82 073**	82 073	**—**	—
Difference in initial cost versus share of net assets acquired	**159 129**	144 129	**—**	—
Cost of investment in Imvelo Ventures Proprietary Limited	**241 202**	226 202	**—**	—
Cumulative share of profit	**23 313**	63 044	**—**	—
Carrying amount of investment in Imvelo Ventures Proprietary Limited	**264 515**	289 246	**—**	—

The group considered all impairment indicators as at 28 February 2025 and concluded that no investments were impaired at the reporting date.

14. Property and equipment

R'000	Land and buildings	Computer equipment	Office equipment and vehicles	Total
	GROUP			
2025				
Carrying amount at the beginning of the year[1]	**900 378**	**1 574 985**	**1 035 967**	**3 511 330**
Cost	**991 045**	**3 650 441**	**2 728 539**	**7 370 025**
Accumulated depreciation	**(90 667)**	**(2 075 456)**	**(1 692 572)**	**(3 858 695)**
Additions	**400 860**	**540 247**	**337 327**	**1 278 434**
Acquisition of subsidiary[2]	**532**	**3 047**	**894**	**4 473**
Foreign currency translation loss	**(16)**	**(407)**	**(129)**	**(552)**
Disposals	**—**	**(54 129)**	**(4 605)**	**(58 734)**
Depreciation charge	**(25 584)**	**(389 462)**	**(341 414)**	**(756 460)**
Carrying amount at the end of the year	**1 276 170**	**1 674 281**	**1 028 040**	**3 978 491**
Cost	**1 391 586**	**3 722 734**	**2 600 413**	**7 714 733**
Accumulated depreciation	**(115 416)**	**(2 048 453)**	**(1 572 373)**	**(3 736 242)**
Carrying amount at the end of the year	**1 276 170**	**1 674 281**	**1 028 040**	**3 978 491**
Non-current portion	**1 276 170**	**1 674 281**	**1 028 040**	**3 978 491**
2024				
Carrying amount at the beginning of the year[1]	923 425	1 441 107	927 386	3 291 918
Cost	993 569	3 322 342	2 674 867	6 990 778
Accumulated depreciation	(70 144)	(1 881 235)	(1 747 481)	(3 698 860)
Additions	387	605 546	432 181	1 038 114
Disposals	—	(37 450)	(14 653)	(52 103)
Depreciation charge	(23 434)	(434 218)	(308 947)	(766 599)
Carrying amount at the end of the year	900 378	1 574 985	1 035 967	3 511 330
Cost	991 045	3 650 441	2 728 539	7 370 025
Accumulated depreciation	(90 667)	(2 075 456)	(1 692 572)	(3 858 695)
Carrying amount at the end of the year	900 378	1 574 985	1 035 967	3 511 330
Non-current portion	900 378	1 574 985	1 035 967	3 511 330

[1] *The carrying amount at the beginning of the year has been disaggregated into cost and accumulated depreciation to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Accounting policies

Land and buildings comprise owner-occupied properties and completed buildings. All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate costs to their residual values over their estimated useful lives, which currently are as follows:

Asset description	Asset class	Estimated useful life
• Automated teller machines (ATMs)	Computer equipment	10 years
• Banking application hardware	Computer equipment	3 – 5 years
• Buildings	Land and buildings	50 years
• Computer equipment	Computer equipment	3 – 7 years
• Motor vehicles	Office equipment and vehicles	5 years
• Office equipment	Office equipment and vehicles	5 – 10 years
• Leasehold improvements	Land and buildings	5 – 10 years

The assets' residual values and useful lives are annually reviewed and adjusted, if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss. Assets destroyed in insured events are derecognised when it is not probable that future economic benefits from the destroyed asset will flow to the group. Compensation from insurance companies is included in profit or loss when it becomes receivable.

Property and equipment are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and/or if there is any indication that the asset may be impaired.

If there is an indication of impairment, the group estimates the recoverable amount of the asset. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGUs)). Previously impaired assets are reviewed for possible reversal of impairment at each reporting date. Impairment reversals may not result in the asset's carrying value being higher than the carrying value had the asset not been impaired in previous years.

15. Right-of-use assets

R'000	GROUP Premises
2025	
Carrying amount at the beginning of the year[1]	**1 856 615**
Cost	**3 914 773**
Accumulated depreciation	**(2 058 158)**
Additions	**547 312**
Acquisition of subsidiary[2]	**5 269**
Foreign currency translation loss	**(26)**
Terminations	**(111 223)**
Depreciation charge	**(470 710)**
Carrying amount at the end of the year	**1 827 237**
Cost	**4 362 389**
Accumulated depreciation	**(2 535 152)**
Carrying amount at the end of the year	**1 827 237**
Current portion	**344 157**
Non-current portion	**1 483 080**
Future cash outflows to which the group is potentially exposed that are not reflected in the measurement of lease liabilities:	
Leases not yet commenced to which the group is committed	**145 192**
2024	
Carrying amount at the beginning of the year[1]	1 821 415
Cost	3 468 205
Accumulated depreciation	(1 646 790)
Additions	576 207
Terminations	(93 123)
Depreciation charge	(447 884)
Carrying amount at the end of the year	1 856 615
Cost	3 914 773
Accumulated depreciation	(2 058 158)
Carrying amount at the end of the year	1 856 615
Current portion	299 855
Non-current portion	1 556 760
Future cash outflows to which the group is potentially exposed that are not reflected in the measurement of lease liabilities:	
Leases not yet commenced to which the group is committed	172 507

(1) The carrying amount at the beginning of the year has been disaggregated into cost and accumulated depreciation to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.

(2) The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.

Accounting policies

At the inception of an agreement, the group assesses whether an agreement is, or contains, a lease. If the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is, or contains, a lease. An agreement conveys the right to control the use of an identified asset if:

- the agreement involves the use of an identified asset – this may be specified explicitly or implicitly and should be a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not an identified asset
- the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- the group has the right to direct the use of the asset. The group has the right to direct use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either (i) the group has the right to operate the asset; or (ii) the group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception, or on reassessment of an agreement that contains a lease component, the group allocates the consideration in the agreement to each lease component on the basis of its relative stand-alone price.

Where the group is the lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (which is equal to the lease liability adjusted for upfront deposits) and increased by initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

The group applies the cost model subsequent to the initial measurement of the right-of-use asset.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The group enters into leases for branches, off-site ATM locations, office space and storage facilities.

Where the group is the lessor

Subletting is incidental to the group's occupation of certain properties. Rental from the subletting of leased premises is recognised on a straight-line basis over the lease term.

16. Intangible assets including goodwill

R'000	Computer software[(1)]	Internally generated intangible assets[(2)]	Core deposit intangible	Client relationships	Goodwill	Total
	GROUP					
2025						
Carrying value at the beginning of the year[(3)]	249 851	265 100	30 784	6 753	849 487	1 401 975
Cost	975 114	323 179	80 780	17 721	849 487	2 246 281
Accumulated amortisation	(725 263)	(58 079)	(49 996)	(10 968)	—	(844 306)
Additions	34 867	59 701	—	—	—	94 568
Acquisition of subsidiary[(4)]	138 216	—	—	—	241 908	380 124
Foreign currency translation loss	(4 905)	—	—	—	(693)	(5 598)
Disposals	(19 624)	—	—	—	—	(19 624)
Amortisation	(105 662)	(79 533)	(30 784)	(6 753)	—	(222 732)
Carrying value at the end of the year	292 743	245 268	—	—	1 090 702	1 628 713
Cost	1 039 110	382 880	80 780	17 721	1 090 702	2 611 193
Accumulated amortisation	(746 367)	(137 612)	(80 780)	(17 721)	—	(982 480)
Carrying value at the end of the year	292 743	245 268	—	—	1 090 702	1 628 713
2024						
Carrying value at the beginning of the year[(3)]	314 350	220 187	42 321	9 284	849 487	1 435 629
Cost	1 007 049	245 591	80 780	17 721	849 487	2 200 628
Accumulated amortisation	(692 699)	(25 404)	(38 459)	(8 437)	—	(764 999)
Additions	41 636	77 633	—	—	—	119 269
Disposals	—	—	—	—	—	—
Amortisation	(106 135)	(32 720)	(11 537)	(2 531)	—	(152 923)
Carrying value at the end of the year	249 851	265 100	30 784	6 753	849 487	1 401 975
Cost	975 114	323 179	80 780	17 721	849 487	2 246 281
Accumulated amortisation	(725 263)	(58 079)	(49 996)	(10 968)	—	(844 306)
Carrying value at the end of the year	249 851	265 100	30 784	6 753	849 487	1 401 975

(1) *The remaining estimated useful life of banking application software included in computer software as at 28 February 2025 is 4 years.*
(2) *The remaining estimated useful life of the SAP software included in internally generated assets as at 28 February 2025 is 1 year.*
(3) *The carrying value at the beginning of the year has been disaggregated into cost and accumulated amortisation to enhance presentation. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*
(4) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Accounting policies

Computer software

Computer software comprises the main banking infrastructure applications, which are purchased from vendors, and software licences which are acquired and capitalised based on the costs incurred to acquire and bring to use the specific software. Computer software is carried at cost less accumulated amortisation and impairment losses.

Costs associated with developing and maintaining computer software programs are recognised as an expense when incurred apart from development costs that meet the criteria for internally generated intangible assets.

Amortisation is calculated using the straight-line method to allocate costs to the residual values over the estimated useful lives, which currently are as follows:

- Banking application software 8 – 10 years
- Desktop application software 2 – 4 years
- Server software 3 – 5 years

The assets' useful lives are reviewed annually and adjusted where appropriate.

The group recognises monthly subscription fees for the use of software that is stored in the cloud (software as a service) as an expense if the software:

- is not specifically customised for the group's purpose
- is an off-the-shelf software package that is available on a subscription basis, or for purchase by any other user
- at the end of the agreement period, the right to access and use the service terminates. As the supplier or its licensors retain all ownership and intellectual property rights to the services, including the programs and ancillary software, as well as anything developed or delivered in terms of the agreement, the group does not consider having a right to access the supplier's application software as sufficient to indicate that at the agreement's inception the group controls a resource that meets the definition of an intangible asset.

The group recognises the monthly subscription fee paid upfront as a prepaid asset until the point that the group has received the related services.

Internally generated intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- The expenditure attributable to the software product during its development can be reliably measured.

Development expenditure that does not meet these criteria is recognised as an expense when incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is calculated using the straight-line method to allocate costs to the residual values over the estimated useful lives, which are currently as follows:

- Internally generated intangible assets 3 – 10 years

The assets' useful lives are reviewed annually and adjusted where appropriate.

Core deposit intangibles

The core deposit intangible asset represents the benefit of having acquired a readily available source of lower-cost funding rather than having to source funding from the open market. The lower-cost funds provide a substantial economic benefit that is recognised as an intangible asset.

Core deposits are valued using the income approach (cost savings method), where savings in funding costs are considered as notional income and are capitalised over the useful life of deposits.

Amortisation of the core deposit intangible is calculated using the straight-line method to allocate cost over the estimated useful life, which is currently 5 years. The asset's useful life is reviewed annually and adjusted where appropriate.

16. Intangible assets including goodwill continued

Accounting policies continued

Client relationships

The client relationship intangible asset is measured as the benefits of future business with a client beyond the amount secured by any current contractual arrangements.

Client relationships are valued using the multiperiod excess earnings method.

Amortisation of client relationships is calculated using the straight-line method to allocate costs over the estimated useful life, which is currently 5 years.

The asset's useful life is reviewed annually and adjusted where appropriate.

Impairment of intangible assets with finite useful lives

Computer software, internally generated intangible assets, core deposits and client relationships are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or if there is any indication that the asset may be impaired.

If there is an indication of impairment, the group estimates the recoverable amount of the asset. The recoverable amount is the higher of the asset's fair value less cost to sell and its value in use. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. These groupings are CGUs. Previously impaired assets are reviewed for possible reversal of impairment at each reporting date. An impairment reversal may not result in the asset's carrying value being higher than the carrying value had the asset not been impaired in previous years.

Goodwill

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.

Critical accounting estimates and judgements in applying accounting policies

Judgements

Intangible assets: Goodwill impairment determination – Business banking

Goodwill is tested annually for impairment unless there is an indicator of impairment, in which case the test is performed more than once a year. Mercantile was acquired in the 2020 financial year as a business bank and its operations and goodwill are monitored by Capitec management as a separate CGU from Capitec's Personal banking operations.

The goodwill allocated to the Business banking CGU as at 28 February 2025 is R849 million (2024: R849 million). As at 28 February 2025, management reviewed the assumptions and estimates used in the impairment calculation and determined that the recoverable amount exceeds the carrying amount.

The fair value less cost to sell is calculated using a free cash flow to equity model taking into account cash flows for a 7-year forecast period. A forecast period of greater than 5 years was used to consider the impact of the rebranding of Business banking to Capitec Business as well as the initial effect of reduced pricing that was implemented on 1 March 2024. A terminal value is determined using the Gordon Growth Model calculation.

The calculation used cash flow projections based on financial budgets approved by management and other management assumptions as per the following table. These projections consider actual growth in transactional volumes and in clients for certain business lines over the past year. The risks associated with the impact of the ongoing global geopolitical tension and current macroeconomic conditions were considered by stressing the variables as per the table. The various growth rates applied to the variables are consistent with forecasts included in industry reports specific to the industry in which the CGU operates, historical performance, management's expectation of market developments and management's forecast of new client revenues, which management believes will result from leveraging the Capitec Bank brand and the business banking process. The terminal growth rate does not exceed the historical long-term average growth rate for the country.

Stressing any one of the key assumptions as per the following table will not result in an impairment as the recoverable amount is sufficiently more than the carrying amount.

The table below sets out the key assumptions and the related stress.

Key assumptions (%)	Value	Stressed value
2025		
Compound growth rate – credit business	**14.5**	**13.5**
Compound growth rate – other business	**11.4**	**10.5**
Terminal growth rate	**4.5**	**3.5**
Capital asset pricing model (CAPM) discount rate	**13.7**	**14.6**
2024		
Compound growth rate – credit business	23.3	20.5
Compound growth rate – other business	14.9	12.4
Terminal growth rate	4.5	3.5
CAPM discount rate	15.5	16.4

The compound growth rate projected for the credit business decreased in the current year as the rebrand took place at the start of the 2025 financial year and has had its year 1 growth incorporated in the actual results of 2025. The rebrand has allowed Capitec Business bank to capture a greater share of the business banking market with its simple and affordable offering.

In the fair value hierarchy, these unobservable inputs would be described as level 3.

The future cash flows, which reflect specific risks relating to the CGU, were discounted using the expected rate of return while maximising the use of market observable data. The expected rate of return was calculated using the CAPM.

For purposes of the calculation of the CAPM discount rate, the following assumptions were used:

Key assumptions	Approach to determining value	Value
2025		
Risk-free rate (%)	10-year South African government bond rate	**9.5**
Equity risk premium (%)	Available studies from Ibbotson, the Stocks, Bonds, Bills and Inflation® (SBBI®) Yearbook, Damodaran studies, equity risk premium implied by stock markets and others	**4.5**
Beta coefficient	Listed South African banks based on 5 years of monthly returns regressed against local index returns	**0.93**
Cost of equity (%)		**13.7**
2024		
Risk-free rate (%)	10-year South African government bond rate	11.7
Equity risk premium (%)	Available studies from Ibbotson, the SBBI® Yearbook, Damodaran studies, equity risk premium implied by stock markets and others	4.3
Beta coefficient	Listed South African banks based on 5 years of monthly returns regressed against local index returns	0.89
Cost of equity (%)		15.5

A post-tax discount rate was used to discount post-tax cash flows in the determination of the fair value less cost to sell.

16. Intangible assets including goodwill continued

Critical accounting estimates and judgements in applying accounting policies continued

Judgements continued

Intangible assets: Goodwill impairment determination – Avafin Holding Limited (AvaFin)

Goodwill is tested annually for impairment unless there is an indicator of impairment, in which case the test is performed more than once a year. AvaFin was acquired on 1 May 2024 and consolidated as of that date. Refer to note 4. AvaFin's operations and goodwill are monitored by Capitec management as a separate CGU from Capitec's Personal and Business banking operations. The group considered the economic environment in which AvaFin operates to be an indicator of potential impairment in terms of IAS 36 *Impairment of Assets.*

The goodwill allocated to the AvaFin CGU as at 28 February 2025 is R242 million (2024: Rnil million). As at 28 February 2025, management reviewed the assumptions and estimates used in the impairment calculation and determined that the recoverable amount exceeds the carrying amount.

The value in use is calculated using a dividend discount model taking into account assumed dividend flows for the 10-year forecast period. A forecast period of more than 5 years was used to take into account the level of development expected from leveraging the Capitec brand and funding and AvaFin's processes. A terminal value is determined using the Gordon's Growth Model.

Each country within the AvaFin group is affected by different factors such as government regulations, markets, economic and legal environments, and each country's future cash flows are determined using the most appropriate method taking into consideration the factors that specifically affect it. The impact of the global geopolitical tension on the financial performance was taken into account by adjusting future cash flows based on actual performance over the recent impacted period.

The future dividend cash flows were discounted using the expected rate of return. The expected rate of return was calculated using the CAPM.

The table below sets out the key assumptions and related stress. The rates consider that this investment is in euro.

Key assumptions	Value	Stressed value
2025		
Net growth rate (%)	**5.4**	**5.2 – 5.6**
Dividend payout rate (%)	**84.2**	**75 – 95**
Beta coefficient	**0.98**	**0.96 – 1**
Terminal growth rate (%)	**1.8**	**1.6 – 2**
CAPM discount rate (%)	**25**	**24 – 26**
2024		
Net growth rate (%)	10.3	10.1 – 10.5
Dividend payout rate (%)	92.7	80 – 100
Beta coefficient	1.1	1.08 – 1.12
Terminal growth rate (%)	2.5	2.3 – 2.7
CAPM discount rate (%)	11.2	11.1 – 11.3

In the fair value hierarchy, these unobservable inputs would be described as level 3.

Based on the assumptions above, the value in use was calculated by applying Capitec's shareholding (97.075%) and the exchange rate as at financial year-end.

The decrease in the net growth rate is as a result of the normalisation of growth. Actual growth from 2024 to 2025 of AvaFin's underlying results was 57% which contributed to a higher net growth rate in 2024. The geopolitical situation in Eastern Europe remains complex and volatile. The group continues to monitor this closely. Stress of any one of the key assumptions as per the previous table would not have resulted in a difference of more than R52 million to the recoverable amount (2024: R20 million).

For purposes of the calculation of the CAPM discount rate, the following assumptions were used:

Key assumptions	Approach to determining value	Value
2025		
Risk-free rate (%)	The risk-free rate is extracted (market-risk-premium.com) per country and apportioned by the country's contribution to the total value of the loan book	**5.4**
Equity risk premium (%)	The risk premium is extracted (market-risk-premium.com) per country and apportioned by the country's contribution to the total value of the loan book	**5.9**
Beta coefficient	Available studies published by the NYU Stern School of Business for the 3-year average beta for banks in Western Europe and for financial services	**0.98**
Small stock premium[1] (%)	A combined small stock premium and firm-specific risk have been determined based on AvaFin specific factors such as size, management, strategy and financing	**14.0**
Cost of equity (%)		**25.0**
2024		
Risk-free rate (%)	The risk-free rate is extracted (market-risk-premium.com) per country and apportioned by the country's contribution to the total value of the loan book	**4.1**
Equity risk premium (%)	The risk premium is extracted (market-risk-premium.com) per country and apportioned by the country's contribution to the total value of the loan book	**6.5**
Beta coefficient	Available studies published by the NYU Stern School of Business for the 3-year average beta for banks in Western Europe and for financial services	**1.10**
Small stock premium[1] (%)	A combined small stock premium and firm-specific risk have been determined based on AvaFin specific factors such as size, management, strategy and financing	**0.0**
Cost of equity (%)		**11.2**

[1] *A small stock premium has been included as an assumption in 2025 to calculate the CAPM discount rate. This has been included to take into account the specific risk associated with AvaFin in relation to the market.*

17. Deferred income tax asset/liability

Deferred income tax asset

R'000	Impairments, provisions and accruals	Share-based payments	Other reserves	Cash flow hedge	Capital allowances[1]	Lease liability	Intangible assets	Pre-payments	Total
	GROUP								
2025									
Balance at the beginning of the year	2 456 068	18 172	(1 965)	(2 778)	(558 878)	649 060	(10 510)	19 733	2 568 902
Acquisition of subsidiary[2]	160 422	—	—	—	(1 033)	1 172	—	—	160 561
Income statement charge	520 647	—	—	—	19 730	(7 444)	10 510	8 853	552 296
Debited directly to equity	—	86 093	—	—	—	—	—	—	86 093
Debited to equity through other comprehensive income	—	—	2 083	2 778	—	—	—	—	4 861
Foreign currency translation loss	(19 957)	—	—	—	3	(6)	—	—	(19 960)
Balance at the end of the year	3 117 180	104 265	118	—	(540 178)	642 782	—	28 586	3 352 753
Estimated to be recovered within 1 year									1 443 733
Estimated to be recovered after 1 year									1 909 020
Balance at the end of the year									3 352 753
2024									
Balance at the beginning of the year	2 306 003	20 017	(1 964)	(670)	(547 457)	626 911	(14 449)	43 308	2 431 699
Income statement charge	150 065	—	—	—	(11 421)	22 149	3 939	(23 575)	141 157
Credited directly to equity	—	(1 845)	—	—	—	—	—	—	(1 845)
Credited to equity through other comprehensive income	—	—	(1)	(2 108)	—	—	—	—	(2 109)
Balance at the end of the year	2 456 068	18 172	(1 965)	(2 778)	(558 878)	649 060	(10 510)	19 733	2 568 902
Estimated to be recovered within 1 year									850 509
Estimated to be recovered after 1 year									1 718 393
Balance at the end of the year									2 568 902

[1] *Capital allowances include the deferred tax related to right-of-use-assets.*
[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Deferred income tax liability

R'000	Impair-ments, provisions and accruals	Share-based payments	Insurance contract zerori-sation	Capital allow-ances[1]	Lease liability	Intangible assets	Pre-payments	Total
				GROUP				
2025								
Balance at the beginning of the year	—	—	—	—	—	—	—	—
Acquisition of subsidiary[2]	179	—	—	—	—	—	—	179
Income statement charge	95 338	(27 546)	31 323	(12 105)	1 375	(328)	92	88 149
Credited directly to equity	—		—	—	—	—	—	—
Foreign currency translation gain	105	—	—	—	—	—	—	105
Balance at the end of the year	**95 622**	**(27 546)**	**31 323**	**(12 105)**	**1 375**	**(328)**	**92**	**88 433**
Estimated to be recovered within 1 year								88 433
Estimated to be recovered after 1 year								—
end of the year								**88 433**
2024								
Balance at the beginning of the year	—	—	—	—	—	—	—	—
Income statement charge	—	—	—	—	—	—	—	—
Credited directly to equity	—	—	—	—	—	—	—	—
Balance at the end of the year	—	—	—	—	—	—	—	—
Estimated to be recovered within 1 year								—
Estimated to be recovered after 1 year								—
end of the year								—

(1) *Capital allowances include the deferred tax related to right-of-use-assets.*
(2) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

R'000	COMPANY Cash flow hedge
2025	
Balance at the beginning of the year	2 486
Credited to equity through other comprehensive income	(2 486)
Balance at the end of the year	**—**
2024	
Balance at the beginning of the year	—
Debited to equity through other comprehensive income	2 486
Balance at the end of the year	2 486

Accounting policies

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax laws and rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property and equipment, ECLs, revaluation of certain financial assets and liabilities, prepaid expenses and tax losses carried forward. Deferred tax assets are raised only to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group, and it is probable that the temporary difference will not reverse in the foreseeable future.

17. Deferred income tax asset/liability continued

Accounting policies continued

Deferred income tax assets and liabilities are only offset when the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

18. Deposits and wholesale funding

	GROUP	
R'000	**2025**	**2024**
Deposits		
By maturity		
Within 1 month	**119 869 801**	107 101 672
1 to 3 months	**11 837 729**	6 139 686
3 months to 1 year	**20 684 585**	20 352 431
1 to 2 years	**9 281 570**	7 957 774
2 to 5 years	**10 961 802**	11 442 571
Total deposits	**172 635 487**	152 994 134
Wholesale funding		
By maturity		
Within 1 month	**207 231**	3 927
1 to 3 months	**212 393**	526 520
3 months to 1 year	**1 333 969**	841 117
1 to 2 years	**974 817**	808 193
2 to 5 years	**177 205**	841 077
Total wholesale funding	**2 905 615**	3 020 834
By nature		
Deposits		
Call accounts	**99 949 640**	91 592 645
Current accounts	**13 213 078**	10 676 556
Term and notice deposits	**3 356 715**	3 250 663
Foreign currency deposits	**1 416 578**	1 195 332
Fixed deposits	**54 699 476**	46 278 938
Total deposits	**172 635 487**	152 994 134
Wholesale funding		
Listed senior bonds[(1)]	**1 506 121**	2 766 277
Unlisted negotiable instruments[(2)]	**1 308 216**	—
Other wholesale funding	**91 278**	254 557
Total wholesale funding	**2 905 615**	3 020 834
Total deposits and wholesale funding	**175 541 102**	156 014 968

[(1)] *Comprises notes listed in terms of Capitec Bank's domestic medium-term note (DMTN) programme registered on the JSE's Debt Board.*

[(2)] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4. AvaFin's unlisted negotiable instruments include bonds issued to external parties and financing raised via the loan marketplace platform and crowdfunding platform. Covenants are in place for the bonds issued and crowdfunding. Refer to* ***page 274****.*

Description	Nominal amount	Issue date	Term	Rate
2025				
Listed senior bonds				
Senior debt – listed bonds – floating rate[1]	**R750 million**	**21 November 2022**	**3 years**	**3-month JIBAR plus 1.30%[3]**
Senior debt – listed bonds – floating rate[1]	**R750 million**	**31 October 2023**	**3 years**	**3-month JIBAR plus 1.08%[3]**
Unlisted negotiable instruments				
Zero coupon bonds	**EUR11 million**	**Various in 2024**	**1 year**	**Discount equal to 13% of issue price**
Bonds – floating rate	**EUR15 million**	**Various between 2022 – 2023**	**4 years**	**3-month EURIBOR plus 9.30%**
Other wholesale funding				
COVID-19 SME Loan Guarantee Scheme	**R620 million[4]**	**Various between 2020 – 2021**	**5 years**	**Repo rate**
Crowdfunding platform	**EUR5 million**	**Various between 2023 – 2024**	**1 year**	**Various between 13.5% – 14%**
Crowdfunding platform – Japan	**JPY2.54 billion**	**Various between 2023 – 2024**	**1 year**	**Various between 10.5% – 12.5%**
Marketplace platform loan – Czechia	**EUR9 million**	**19 September 2024**	**Various**	**11%**
Marketplace platform loan – Spain	**EUR9 million**	**19 September 2024**	**Various**	**11%**
Marketplace platform loan – Mexico	**EUR0.2 million**	**19 September 2024**	**Various**	**10%**
2024				
Listed senior bonds				
Senior debt – listed bonds – floating rate[1]	R500 million[2]	30 April 2019	5 years	3-month JIBAR plus 1.50%[3]
Senior debt – listed bonds – floating rate[1]	R750 million	2 November 2021	3 years	3-month JIBAR plus 1.20%[3]
Senior debt – listed bonds – floating rate[1]	R750 million	21 November 2022	3 years	3-month JIBAR plus 1.30%[3]
Senior debt – listed bonds – floating rate[1]	R750 million	31 October 2023	3 years	3-month JIBAR plus 1.08%[3]
Unlisted negotiable instruments				
None	—	—	—	—
Other wholesale funding				
Bilateral loan – fixed rate	R90 million	1 December 2004	20 years	Fixed rate of 11% nominal annual compounded monthly
Call deposit – floating rate	R28 million	26 January 2018	Call	Repo rate
COVID-19 SME Loan Guarantee Scheme	R620 million[4]	Various between 2020 – 2021	5 years	Repo rate

(1) Comprises notes listed in terms of Capitec Bank's DMTN programme registered on the JSE's Debt Board.

(2) Wholesale funding issued at variable rates is hedged through interest rate swap agreements as set out in note 46. The nominal value of hedged funding totalled Rnil billion (2024: R0.5 billion) and consists of listed senior bonds: Rnil billion (2024: R0.5 billion).

(3) JIBAR is to be amended to the South African Rand Overnight Index Average (ZARONIA) at a date to be advised by the Financial Stability Board.

(4) Nominal amount at the grant date which will amortise over a period of 5 years.

18. Deposits and wholesale funding continued

Covenants

The table below reflects the covenants that exist on unlisted negotiable instruments acquired via the acquisition of AvaFin. Refer to note 4.

AvaFin has covenants over bonds issued to external parties and financing raised via its crowdfunding platform. The conditions of the covenants include maintaining certain loan-to-value ratios (LTV), advance rates (ratio of issued bonds to pledged assets), net debt ratios and levels of total consolidated assets and equity. If AvaFin breaches any of these covenants, the lender has the right to terminate the funding and immediately call for full payment of the outstanding debt balance.

EUR'000 **Unlisted negotiable instruments**	**At acquisition**	**At 28 February 2025**
2025		
Fixed bonds	**8 888**	**11 194**
Floating bonds	**15 000**	**20 000**
Loan platforms	**22 569**	**36 710**
	46 457	**67 904**
Current portion	**31 457**	**47 904**
Non-current portion	**15 000**	**20 000**
	46 457	**67 904**

R'000 **Unlisted negotiable instruments**[1]	**At acquisition**	**At 28 February 2025**
2025		
Fixed bonds	**177 273**	**215 668**
Floating bonds	**299 163**	**385 306**
Loan platforms	**450 128**	**707 242**
	926 564	**1 308 216**
Current portion	**627 401**	**922 910**
Non-current portion	**299 163**	**385 306**
	926 564	**1 308 216**

[1] *The unlisted negotiable instruments were translated at the spot rate at the acquisition date of R19.9442 and R19.2653 at the reporting date.*

Bonds issued – INVL Bridge Finance

The bonds were issued and approved by AvaFin Latvia SIA. The bonds are secured by a registered pledge established by AvaFin Latvia and a guarantee by AvaFin to secure the fulfilment of all present and future obligations arising from the issued bonds.

Bonds issued	**Nominal amount EUR**	**Issued bonds**	**Issue date**	**Issue price per bond EUR**	**Interest rate**	**Maturity date**
2025						
INVL Bridge Finance	**1 000**	**8 937**	**5 June 2024**	**884.96**	**— %**	**5 June 2025**
	1 000	**2 400**	**30 August 2024**	**885.24**	**— %**	**29 August 2025**

Covenant	**Limit**	**LTV 2025**	**Covenant met**
LTV	**75%**	**71.41%**	**Yes**

Bonds issued – Multitude Bank PLC

The bonds were issued and approved by AvaFin under Polish law. The bonds are secured by a pledge established by KIM Finance and MDP Finance (subsidiaries of the AvaFin group) to secure the fulfilment of the obligations of the issuer (AvaFin).

Bonds issued	Nominal amount EUR	Issued bonds	Issue date	Issue price per bond EUR	Interest rate	Maturity date
2025						
Multitude – Series C bonds	**100 000**	**100**	**13 June 2022**	**100 000**	**3-month EURIBOR plus 9.3%**	**14 June 2026**
Multitude – Series D bonds	**100 000**	**50**	**23 June 2023**	**100 000**	**3-month EURIBOR plus 9.3%**	**14 June 2027**
Multitude – Series E bonds	**100 000**	**50**	**28 October 2024**	**100 000**	**3-month EURIBOR plus 9.3%**	**28 October 2028**

Covenant	Limit	2025	Covenant met
Advance rate[(1)]	**90%**	**69.90%**	**Yes**
Net debt	**2.75**	**1.22**	**Yes**

[(1)] *Ratio of issued bonds to pledged assets.*

Crowdfunding platform

AvaFin engages the services of a crowdfunding platform company which acts as an intermediary between AvaFin and investors to raise financing using online platforms. In terms of the agreement, AvaFin must comply with facility limits that are dependent on its consolidated total assets and equity.

Consolidated total assets	Consolidated total equity	Facility limit
2025		
More than EUR120 million	More than EUR31 million	**EUR47 million**
More than EUR110 million	More than EUR28 million	**EUR43 million**
More than EUR100 million	More than EUR25 million	**EUR39 million**
More than EUR90 million	More than EUR20 million	**EUR35 million**
More than EUR80 million	More than EUR18 million	**EUR30 million**

Loan marketplace platform

AvaFin acquires part of its financing via a loan marketplace platform which assigns claims arising out of the loans originated by its subsidiaries to investors in exchange for cash transfers with buy-back guarantees for unpaid loans. In such cases, AvaFin must buy back the loan from investors together with accrued interest calculated at the agreed rate.

No covenants exist for the financing obtained by the loan marketplace platform.

18. Deposits and wholesale funding continued

R'000	GROUP Senior listed bonds	Total
2025		
Reconciliation of movements in cash flows arising from financing activities		
Opening balance as at 1 March 2024	**2 766 278**	**2 766 278**
Initiation fees	**571**	**571**
Redemption of institutional bonds and other funding	**(1 250 000)**	**(1 250 000)**
Interest expense accrued	**196 659**	**196 659**
Swap interest accrued	**733**	**733**
Interest paid	**(208 121)**	**(208 121)**
Balance as at 28 February 2025	**1 506 120**	**1 506 120**
COVID-19 SME Loan Guarantee Scheme		**91 279**
Other funding (operating activities: unlisted negotiable instruments and other wholesale funding)[1]		**1 308 216**
Total wholesale funding		**2 905 615**
2024		
Reconciliation of movements in cash flows arising from financing activities		
Opening balance as at 1 March 2023	2 008 902	2 008 902
Initiation fees	(48)	(48)
Issue of institutional bonds and other funding	750 000	750 000
Interest expense accrued	209 658	209 658
Swap interest accrued	3 178	3 178
Interest paid	(205 412)	(205 412)
Balance as at 29 February 2024	2 766 278	2 766 278
COVID-19 SME Loan Guarantee Scheme		202 871
Other funding (operating activities: unlisted negotiable instruments and other wholesale funding)[1]		51 685
Total wholesale funding		3 020 834

[1] *Cash flows from unlisted negotiable instruments and other wholesale funding are classified as operating cash flows for cash flow purposes as this funding finances the group's day-to-day operations. Refer to note 40.*

Treatment of the COVID-19 SME Loan Guarantee Scheme

In terms of an arrangement facilitated by The Banking Association South Africa, between the SARB and participating banks in South Africa, the SARB committed to provide dedicated funding at the repo rate to the banks who elected to participate in the SME Loan Guarantee Scheme (the scheme). The group is a participant in the scheme.

In terms of the scheme, the group will utilise the dedicated funding obtained from the SARB to lend to qualifying small- and medium-sized enterprise clients at the prime interest rate (ring-fenced portfolio). The loans are repayable over 5 years. Banks may not profit from these loans and any surpluses generated will accrue to National Treasury. As part of the scheme, commercial banks are sharing in 6% of the risk of non-repayment if the advances in the portfolio were to default.

The loans granted under the scheme are recognised in loans and advances (note 9). The limited guarantee arrangement entered into with the SARB is viewed as a credit enhancement integral to the loans advanced, and the cost of the limited guarantee is adjusted to the effective interest rate of the loans advanced under the scheme.

19. Other liabilities

	GROUP		COMPANY	
R'000	2025	2024	2025	2024
Financial liabilities				
Trade payables[1]	**5 683 637**	3 299 086	**1 376**	946
Dividends payable	**1 284**	3 023	**12 544**	9 643
Accruals[2]	**2 640 716**	1 616 977	**141**	68
ECL for undrawn loan commitments[3]	**97 832**	81 463	**—**	—
Non-financial liabilities				
Bonus accruals	**181 676**	45 121	**—**	—
Share appreciation rights (SARs) (note 45)	**494 547**	263 459	**—**	—
Restricted share plan (RSP) (note 43.4)	**44 921**	55 804	**—**	—
Total other liabilities	**9 144 613**	5 364 933	**14 061**	10 657
Current portion	**8 423 456**	4 940 007	**14 061**	10 657
Non-current portion	**721 157**	424 926	**—**	—

(1) *Trade payables acquired through the AvaFin acquisition amounted to R249.9 million at the reporting date.*
(2) *Accruals acquired through the AvaFin acquisition amounted to R152.3 million at the reporting date.*
(3) *For loan commitments, detailed in note 9, the loss allowance is recognised as a provision for ECL to the extent that the ECLs exceed the gross carrying amount of the loans at a client level.*

Accounting policy

Other liabilities are measured at amortised cost.

20. Lease liabilities

R'000	GROUP 2025	2024
Lease liabilities	**2 367 195**	2 383 183
Total lease liabilities	**2 367 195**	2 383 183
Reconciliation of lease liabilities		
Balance at the beginning of the year	**2 383 183**	2 305 062
Additions	**543 826**	579 323
Acquisition of subsidiary[(1)]	**5 950**	—
Foreign exchange translation loss	**6 752**	—
Terminations and lease modifications	**(131 204)**	(97 128)
Interest	**226 110**	213 122
Lease payments	**(667 422)**	(617 196)
Balance at the end of the year	**2 367 195**	2 383 183
Maturity analysis – contractual undiscounted cash flows		
Less than 1 year	**643 203**	590 246
1 to 5 years	**1 924 338**	1 954 801
More than 5 years	**734 155**	825 705
Total undiscounted lease liabilities at year-end	**3 301 696**	3 370 752
Lease liabilities included in the statement of financial position at year-end		
Current portion	**337 140**	349 253
Non-current portion	**2 030 055**	2 033 930
Amounts recognised in profit or loss		
Interest on lease liability	**226 110**	213 122
Sublease rental income	**1 291**	2 272
Expense relating to short-term leases	**340**	394
Rental refunds	**78**	390
Amounts recognised in the statement of cash flows		
Total cash flow for leases	**667 422**	617 196
– Portion included in operating activities	**226 208**	210 636
– Portion included in financing activities	**441 214**	406 560

[(1)] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Accounting policies

The group enters into premises and other leases. Premises leases are leases for branches, off-site ATM locations, office space and storage facilities. Other leases are short-term or leases of low-value items.

A lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be determined, the lessee uses the lessee's incremental borrowing rate.

The incremental borrowing rate is applied on a portfolio basis where it is not expected that the effect on the financial statements would differ materially from the rate for an individual lease. The rate is based on the 3-month swap curve and the basis for this curve is the 3-month JIBAR. The term structures of base rates and spreads are solved to a single rate for each lease maturity, to take into account the fixed-rate nature of the incremental borrowing rates in IFRS 16. Inputs considered include a Capitec-specific margin, aligning the maturities of our bonds in issue to the cash flows of the lease portfolio, adjusting the curve to reflect a secured lending rate and updating the convention of the curve to a monthly convention.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments; variable lease payments that depend on an index or a rate; amounts payable under a residual value guarantee; and the exercise price under a purchase option that the group is certain to exercise.

Rental agreements are typically for fixed periods of 5 years but may include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Most of the premises leases include an option to renew the lease for an additional period of the same duration after the end of the agreement term. The group includes extension options when determining the lease term as branches are a strategic part of the business.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases – extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of branches, the following factors are the most relevant:

- Where there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The assessment is reviewed if a significant event or a significant change in circumstances that is within the control of the group occurs.

Short-term and low-value leases

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term shorter than 12 months and leases of low-value assets.

Low-value assets comprise IT equipment.

The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

21. Employee benefit liabilities

R'000	Performance incentive scheme	Post-retirement medical benefits	Total
	GROUP		
2025			
Balance at the beginning of the year	**781**	**11 589**	**12 370**
Additions	**—**	**1 099**	**1 099**
Used during the year	**(721)**	**(1 978)**	**(2 699)**
Balance at the end of the year	**60**	**10 710**	**10 770**
2024			
Balance at the beginning of the year	3 387	11 235	14 622
Additions	—	1 068	1 068
Used during the year	(2 606)	(714)	(3 320)
Balance at the end of the year	781	11 589	12 370

R'000	2025	2024
Non-current portion	**10 770**	12 370

Accounting policies

Performance incentive scheme

The group operates a performance incentive scheme for management and other employees who are seen to be in leadership roles critical to the current and future success of the group's business (leadership).

Leadership qualifies for a cash-settled performance bonus scheme. The scheme rewards leadership based on the growth in headline earnings and, to foster a long-term approach by management, the bonus vests over a 3-year period. Recipients may elect to receive the second and third tranches of their bonus in the form of shares (refer to note 43.4) or cash.

The performance incentive scheme included in employee benefit liabilities represents the non-current portion of the cash election. The current portion of the performance bonuses to be paid in the 2026 financial year is included in accruals. Refer to note 19. The balance above represents the non-current portion.

The amount recognised as a liability is the present value of the obligation at the end of the reporting period.

The rate used to discount the obligation is determined by reference to market yields on government bonds at the end of the reporting period. The currency and term of the bonds are consistent with the currency and term of the obligation.

The employee service cost is recognised in profit or loss as the obligation arises. The cash flows relating to the performance incentive schemes are included in cash flows from operations.

Post-retirement medical benefits

Capitec Bank Limited (Business banking division) provides for post-retirement medical benefits to certain retired employees. These benefits are only applicable to employees who were members of the Mercantile Bank Limited medical aid scheme prior to May 2000, who elected to retain benefits in 2005, and are based on these employees remaining in service up to retirement age.

The costs of the defined benefit plan are assessed using the projected unit credit method. Under this method, the current service costs of providing post-retirement medical benefits are recognised in profit or loss.

The effect of settlements on the liability is recognised in profit or loss and any remeasurement of the defined benefit liability (which includes actuarial gains and losses) is recognised in other comprehensive income. The net post-retirement liability recognised in the consolidated statement of financial position reflects the full value of the plan deficit. The liability is non-current. The cash flows relating to settlement of the liability are included in cash flows from operations.

The scheme is valued annually by independent actuaries and was last valued on 28 February 2025. It is the actuaries' opinion that the plan is in a sound financial position.

A reconciliation of the opening to closing balance of the post-retirement medical benefits, cash flow, income statement and other comprehensive income impacts, as well as the principal actuarial assumptions used in determining the defined benefit value, is detailed below.

	GROUP	
R'000	**2025**	**2024**
Present value of total service liabilities	**10 710**	11 589
Liability in the statement of financial position	**10 710**	11 589
The amounts recognised in total profit for the year are as follows:		
Net interest cost	**1 093**	1 062
Employee cost	**(1 625)**	(1 532)
Current service cost	**6**	6
Employer benefits payments	**(1 631)**	(1 538)
Total included in total profit for the year	**(532)**	(470)
The amounts recognised in the statements of other comprehensive income are as follows:		
Remeasurement of defined benefit obligation	**(347)**	824
Total included in other comprehensive income	**(347)**	824
Reconciliation of the movement in the present value of total service liabilities:		
Balance at the beginning of the year	**11 589**	11 235
Current service cost	**6**	6
Interest costs	**1 093**	1 062
Remeasurement of defined benefit obligation	**(347)**	824
Employer benefits payments	**(1 631)**	(1 538)
Balance at the end of the year	**10 710**	11 589
The principal actuarial assumptions used were as follows:		
Discount rate (%)	**9.8**	10.2
Rate of medical inflation (%)	**5.7**	6.5
Salary inflation (%)	**5.2**	6.0

The effect of a 1% increase/decrease on the assumed rate of medical inflation would be an increase in the liability in the amount of R0.6 million (2024: R0.6 million) or a decrease of R0.6 million (2024: R0.6 million).

22. Group loans payable

R'000	COMPANY 2025	2024
Loan owing to group subsidiary	39 238	37 791
Total group loan payable	**39 238**	37 791
Current	**39 238**	37 791

Accounting policy

All loans to group companies bear interest as agreed by the parties from time to time and have no fixed repayment terms, unless otherwise stated, in which case they are viewed to be repayable on demand.

23. Share capital and premium

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Authorised				
Ordinary shares[1]				
500 000 000 shares of R0.01 each	**5 000**	5 000	**5 000**	5 000
Non-redeemable, non-cumulative and non-participating preference shares				
100 000 000 shares of R0.01 each	**1 000**	1 000	**1 000**	1 000
Loss-absorbent preference shares (conversion)[2]				
100 000 000 shares of R0.01 each	**1 000**	1 000	**1 000**	1 000
Loss-absorbent preference shares (write-off)[2]				
100 000 000 shares of R0.01 each	**1 000**	1 000	**1 000**	1 000

(1) *At the AGM held on 31 May 2024, the shareholders authorised that 5 804 992 shares equal to 5% of the issued ordinary shares of the company be placed under the control of the directors until the next AGM.*

(2) *At the AGM held on 31 May 2024, the shareholders authorised that loss-absorbent convertible capital securities to a maximum aggregate issue price not exceeding R1.5 billion, but subject to a conversion into ordinary shares not exceeding 5 000 000 ordinary shares (over and above the authority reflected in (1)), be placed under the control of the directors until the next AGM.*

	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Number of shares issued[(1)]				
Number of shares in issue per the shareholders' register	**116 099 843**	116 099 843	**116 099 843**	116 099 843
Number of shares in issue for accounting purposes[(2)]	**115 626 991**	115 626 991	**115 626 991**	115 626 991
Treasury shares	**(277 289)**	(292 246)	**—**	—
Issued share capital – R'000				
Shares of R0.01	**1 156**	1 156	**1 156**	1 156
Share premium	**5 647 864**	5 647 864	**5 647 864**	5 647 864
Treasury shares	**(173 674)**	(192 480)	**—**	—
Ordinary share capital and premium	**5 475 346**	5 456 540	**5 649 020**	5 649 020
463 612 (2024: 479 255) shares of R0.01 each at par	**5**	5	**5**	5
Share premium	**41 843**	43 255	**41 843**	43 255
Preference share capital and premium – non-redeemable, non-cumulative and non-participating[(3)]	**41 848**	43 260	**41 848**	43 260
Total issued share capital and premium[(3)(4)]	**5 517 194**	5 499 800	**5 690 868**	5 692 280
Reconciliation – preference share capital and premium				
Opening balance	**43 260**	48 924	**43 260**	48 924
Shares repurchased	**(1 412)**	(5 664)	**(1 412)**	(5 664)
Closing balance	**41 848**	43 260	**41 848**	43 260
Reconciliation – treasury shares[(5)]				
Opening balance	**192 479**	242 912	**—**	—
Treasury shares repurchased – RSP	**32 411**	36 854	**—**	—
Treasury shares repurchased – Share options	**141 462**	74 010	**—**	—
Shares acquired for employee share options at cost	**(120 824)**	(84 857)	**—**	—
Vested shares	**(71 854)**	(76 440)	**—**	—
Closing balance	**173 674**	192 479	**—**	—
Reconciliation – number of treasury shares				
Opening balance	**292 246**	313 979	**—**	—
Repurchased shares and restricted shares	**77 323**	66 053	**—**	—
Shares delivered to option holders	**(92 280)**	(87 786)	**—**	—
Closing balance	**277 289**	292 246	**—**	—

(1) *All issued ordinary and preference shares are fully paid up. No ordinary shares were cancelled in the current or prior year. Preference shares with an original value of R1.4 million (par and premium) (2024: R5.7 million) were repurchased and cancelled during the year. The preference shares have been repurchased over several years due to the Basel III phase-out of qualifying preference share capital. From 1 January 2022, none of the preference share capital qualifies for regulatory purposes in accordance with the Basel III phase-out timeline. The average price paid was R101.84 (2024: R101.36) per share.*

(2) *The 472 852 shares that were issued in terms of the Izindaba Ezinhle Employee Share Scheme during the year ended February 2022 are deemed unissued for accounting purposes at a group level. At a company level, to the extent that cash was received for 50% of the subscription price related to the 472 852 shares issued, these shares were recorded separately in equity. The additional share capital and share premium will be recognised for accounting purposes on expiry of the 5-year trade restriction. Full details are set out in note 43.2 to the financial statements. These shares are not included in treasury shares as they are deemed to be unissued for accounting purposes.*

(3) *The preference shares carry a coupon rate of 83.33% (2024: 83.33%) of the prime rate on a face value of R100 per share. At year-end, 83.84% (2024: 83.3%) of these shares had been repurchased. The total amount paid for the preference shares repurchased during the year was R1.6 million (2024: R6.4 million).*

(4) *Refer to note 43 for details regarding the acquisition of shares to settle share options. During the year, a net debit of R140.2 million (R102.3 million after tax) to retained earnings was realised on settlement of share options as reflected in the statement of changes in equity (2024: R94.9 million (R69.3 million after tax)).*

(5) *A reconciliation of the value of treasury shares has been included to enhance presentation. Comparatives have been included and amounts previously reported have remained unchanged.*

23. Share capital and premium continued

Accounting policies

Categories of share capital

Authorised share capital consists of:

- ordinary shares
- non-redeemable, non-cumulative and non-participating preference shares
- convertible or written off loss-absorbent preference shares.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Where the company or other group entities purchase the company's equity share capital, the consideration paid is deducted from total shareholders' equity as shares held by the group until they are cancelled or sold.

Preference shares

As the preference shares are non-redeemable, non-cumulative and non-participating, they are included in equity.

24. Reserves

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Cash flow hedge reserve[(1)]				
Balance at the beginning of the year	**7 244**	1 544	**6 720**	—
Amount recognised in other comprehensive income during the year	**(9 190)**	10 986	**(12 330)**	9 206
Amount released to hedged item during the year	**—**	—	**2 281**	—
Amount reclassified from other comprehensive income to profit or loss for the year	**(733)**	(3 178)	**—**	—
	(2 679)	9 352	**(3 329)**	9 206
Deferred tax recognised in other comprehensive income during the year	**2 679**	(2 108)	**3 329**	(2 486)
Balance at the end of the year	**—**	7 244	**—**	6 720
Other reserves[(2)]				
Balance at the beginning of the year	**(17 661)**	(25 371)	**—**	—
Amount recognised in other comprehensive income during the year	**(7 714)**	7 711	**—**	—
Employee benefits reserve	**347**	(824)	**—**	—
Other reserves	**(8 061)**	8 535	**—**	—
	(25 375)	(17 660)	**—**	—
Deferred tax recognised in other comprehensive income during the year	**2 083**	(1)	**—**	—
Balance at the end of the year	**(23 292)**	(17 661)	**—**	—
Foreign currency translation reserve[(4)]				
Balance at the beginning of the year	**101 574**	77 610	**—**	—
Amount reclassified to profit or loss on deemed disposal of associate[(3)]	**(85 535)**	—	**—**	—
Amount recognised in other comprehensive income during the year	**(34 349)**	23 964	**—**	—
Balance at the end of the year	**(18 310)**	101 574	**—**	—
Share option reserve[(5)]				
Balance at the beginning and end of the year	**515 809**	515 809	**23 831**	23 831

(1) The cash flow hedge reserve is released to the income statement on realisation of the interest expense on the hedged items. The hedged items are detailed in note 18 and comprise variable-rate bonds. Refer to note 46 for additional disclosure relating to the hedging instruments.

(2) The other reserves include the employee benefit reserve and a reserve relating to an equity investment.

(3) The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.

(4) The foreign currency translation reserve relates to the gain or loss on translation of the group's investment in a foreign subsidiary (2024: foreign associate). Details of the investment are set out in note 13.

(5) The details of the Izindaba Ezinhle Employee Share Scheme and the co-investment plan and SARs scheme are set out in note 43.

25. Interest and similar income and expenses

25.1 Interest income calculated using the effective interest method

	GROUP		COMPANY	
R'000	**2025**	**2024**	**2025**	**2024**
Interest income				
Loans and advances	**19 180 706**	17 695 816	**—**	—
Loan origination fees	**2 061 595**	493 153	**—**	—
Term deposit investments	**943 866**	176 987	**—**	—
Bank balances[(1)]	**126 537**	327 154	**676**	579
Resale agreements	**209 424**	261 196	**—**	—
SARB settlement balances	**231 837**	168 526	**—**	—
Fixed-rate government bonds	**1 219 322**	1 201 149	**—**	—
Floating-rate government bonds	**208 744**	—	**—**	—
Treasury bills	**5 006 575**	4 794 292	**—**	—
Corporate bonds[(2)]	**9 035**	—	**—**	—
CODI loan facility	**170 122**	—	**—**	—
Total interest income calculated using the effective interest method	**29 367 763**	25 118 273	**676**	579

(1) *Other interest income has been aggregated with bank balances in the current year. Comparatives have been updated to reflect this change. Total interest income has remained unchanged.*

(2) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Accounting policies

Interest income on instruments measured at amortised cost

Interest income is recognised in profit or loss for all instruments measured at amortised cost using the effective interest method. Interest income is considered revenue for the group.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The original effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the original effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options). The calculation includes all fees paid or received between parties to the agreement that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss, which is the effective interest rate calculated at origination of the financial asset measured at amortised cost.

Loan origination fees that relate to the creation of a financial asset are amortised over the expected term of the loan using the effective interest method and are included in interest income.

Interest income is calculated on the carrying amount for credit-impaired (stage 3) instruments and is calculated on the gross carrying amount prospectively if these instruments subsequently cure. Suspended interest increases the loss allowance and will be released through credit impairments over time.

Interest income on the CODI loan facility

Interest income on the CODI loan facility is calculated at the current repo rate. A uniform rate is applied to all member banks. For this reason, the interest rate is considered to be a market rate. Interest income is recognised in profit or loss and included in interest income calculated using the effective interest method.

25.2 Interest income from financial assets at FVTPL

R'000	GROUP 2025	2024
Financial assets at FVTPL	**860 595**	687 527

Accounting policies

Interest income on instruments measured at FVTPL

Financial assets at FVTPL consist of interest-bearing investments in money market funds, treasury bills and term deposits. The financial assets are held with the objective of collecting contractual cash flows and selling the financial assets, and fair value movements are thus classified as interest income in profit or loss.

Interest income on the investments is determined based on the movement in the fair value of the investment for the accounting period. Refer to note 6 for details regarding the valuation of the investments.

Cash flows generated from the investments are classified as operating cash flows as these cash flows are used to fund short-term operating commitments.

25.3 Interest expense and other similar charges

R'000	GROUP 2025	2024
Interest expense and other similar charges		
Call and current accounts	**(4 714 598)**	(4 808 087)
Notice, term, foreign and fixed deposits	**(4 511 749)**	(4 018 935)
Listed senior bonds	**(197 231)**	(210 258)
Unlisted negotiable instruments	**—**	(430)
Unlisted wholesale funding(1)	**(212 248)**	(67 662)
Interest (IFRS 16 *Leases*)	**(226 110)**	(213 122)
CODI interest expense	**(164 971)**	—
COVID-19 SME Loan Guarantee Scheme(1)	**(14 514)**	(22 376)
Bank balances(1)	**(1 289)**	(943)
Total interest expense	**(10 042 710)**	(9 341 813)

(1) *Other interest expense has been disaggregated in the current year. Previously, interest relating to unlisted wholesale funding, the loan guarantee scheme and bank balances was included and reported as part of other interest expense. Comparatives have been updated to reflect this change. Total interest expense remains unchanged.*

Accounting policies

Interest expense on instruments measured at amortised cost

Interest expense is recognised in profit or loss for all instruments measured at amortised cost using the effective interest method. Interest expense is recognised separately from other fair value movements.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The original effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the original effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options). The calculation includes all fees paid or received between parties to the agreement that are an integral part of the effective interest rate.

25. Interest and similar income and expenses continued

25.3 Interest expense and other similar charges continued

Accounting policies continued

CODI interest expense

All registered banks that hold deposits are required to participate in the DIS. Member banks are mandated to advance a loan to the CODI (refer to the accounting policy included in note 10) and to pay a premium and levy based on the level of deposits held.

DIS premiums are charged monthly at a rate of 0.02% of the bank's covered deposits, while the levy is charged annually at 0.015% of the bank's covered deposits. These expenses must be paid by the bank indefinitely unless the bank voluntarily surrenders its banking licence to the PA or goes bankrupt. These costs are not capitalised to the facility but are charged to profit or loss and form part of the interest expense line on the income statement.

26. Net loan fee income

	GROUP	
R'000	**2025**	**2024**
Loan fee income		
Monthly service fee	**1 292 328**	1 219 308
Loan fee expense		
Credit life insurance claims paid for loans issued prior to May 2016	**(6 393)**	(11 140)
Total net loan fee income	**1 285 935**	1 208 168

Accounting policies

Service-related loan fee income is recognised when the services are provided.

Loan fee expenses comprise credit life insurance claims paid and are recognised when the claims are paid.

27. Net transaction and commission income

	GROUP	
R'000	**2025**	**2024**
Transaction fee and commission income		
Branch, cash and self-service transactions	**7 878 814**	7 506 528
Digital transactions	**4 957 219**	3 591 256
Monthly fees, debit orders and other transactions	**5 290 199**	4 621 117
Point-of-sale (POS) transactions	**3 179 253**	2 629 640
Commission income	**3 546 371**	2 507 365
Total transaction fee and commission income	**24 851 856**	20 855 906
Transaction fee and commission expense		
Branch, cash and self-service transactions	**(2 994 171)**	(3 156 231)
Digital transactions	**(630 865)**	(551 298)
Monthly fees, debit orders and other transactions	**(1 079 194)**	(1 361 151)
POS transactions	**(1 519 157)**	(930 248)
Commission expense	**(93 617)**	(69 851)
Total transaction fee and commission expense	**(6 317 004)**	(6 068 779)
Net transaction and commission income	**18 534 852**	14 787 127

Accounting policies

Transaction income and expenses are recognised when the performance obligations are met at a point in time. Card commission income and expenses and POS transactions are from the group's ATM and card machine networks. Branch, cash and self-service transaction income, digital transaction income and related expenses arise due to the group's branch network and various electronic banking channels that the group has, namely the banking app, USSD and the internet banking platform. Transaction income also includes monthly fees and fees on debit orders and other transactions.

Transaction fee income and commission income are based on a single performance obligation per transaction and therefore no significant judgements are made when allocating the transaction price to performance obligations.

Transaction fee and commission expenses are incremental and directly attributable to the generation of transaction fee and commission income.

Commission income

The group is entitled to commission income for providing the service of arranging for other parties to transfer services to its clients. The group is an agent as its performance obligation is to arrange for the provision of the specified service by another party. The group does not control the specified service provided by another party before that service is transferred to the client. When (or as) the group as an agent satisfies a performance obligation, revenue is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party. The group's commission might be the net amount of consideration that is retained after paying the other party the consideration received in exchange for the services to be provided by that party. The revenue is recognised at a point in time and includes commission income from the sale of prepaid mobile network services, electricity, national lottery tickets, vouchers and enabling clients to pay bills on the banking application.

Commission expenses

Commission expenses are incremental and directly attributable to the generation of commission income. Commission expenses include service fees which are recognised as an expense when the services are received.

Live Better rewards programme

Bank Better rewards

Bank Better rewards represent a single performance obligation that is satisfied at a point in time. Revenue is recognised when the performance obligation is satisfied by the granting of a cash back benefit to clients.

The cash back granted to clients is recognised in profit or loss as a transaction fee expense that is included in monthly fees, debit orders and other transactions.

Spend Better partners

The agreement that the group has with the benefits partners for the partner-funded cash back stipulates that the benefits partners will reimburse the group for the funded payment of the cash back into clients' Live Better accounts.

The group has no performance obligation regarding partner-funded cash backs.

Save Better tools

Round-up

The Round-up amounts from qualifying transactions are transferred to clients' Live Better savings accounts when each transaction clears.

Interest Sweep

The monthly interest clients earn on their main transactional savings account balance is transferred to their Live Better savings account at the end of each month.

The Round-up and Interest Sweep amounts from qualifying transactions that are transferred to clients' Live Better savings accounts when each transaction clears merely represent transfers between clients' main transactional accounts into their Live Better savings accounts.

27. Net transaction and commission income continued

Capitec Connect

Capitec is a mobile virtual network operator using the mobile network infrastructure of Cell C. The Capitec Connect client offering enables clients to subscribe for mobile network services, namely prepaid airtime, minutes, data and SMSes on the Capitec banking application. In terms of the client offering, clients with a Capitec GlobalOne transaction account can become a Capitec Connect subscriber through connecting to the mobile virtual network by purchasing a SIM card from Capitec that has been provisioned and activated on the mobile network.

The group is acting as the principal as it is primarily responsible for fulfilling the promise to provide the mobile network services. When Capitec satisfies a performance obligation, the revenue it recognises is the gross amount of the consideration to which it expects to be entitled in exchange for the SIM cards and mobile network services.

SIM cards

A SIM card fee, determined by Capitec, is deducted from the client's main transactional savings account when the client becomes a Capitec Connect subscriber. The SIM cards are distinct goods and represent a single performance obligation. The group satisfies the performance obligation at a point in time and recognises revenue when it satisfies the performance obligation by delivering the SIM card to a subscriber.

The cost of SIM cards is recognised in the statement of financial position until the cards are issued to clients. The costs of the purchase of SIM cards comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the group from South African Revenue Service (SARS)) and transport, handling and other costs directly attributable to the acquisition of the SIM cards, materials and services. Trade discounts, rebates and other similar items will be deducted in determining the costs of purchase.

Initial fees payable to Cell C per subscriber are recognised as an expense as incurred as the fee is not explicitly chargeable to the subscriber.

When the SIM cards are sold, the cost of those SIM cards is recognised as an expense in the period in which the related revenue is recognised.

Mobile network services

The Capitec Connect mobile network services (prepaid airtime, minutes, data and SMSes) are considered separate performance obligations.

Management considers the terms of the agreement and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which Capitec expects to be entitled in exchange for transferring the mobile network services to a subscriber, excluding amounts collected on behalf of third parties (for example, value added tax).

The group transfers control of the mobile network services over time and therefore satisfies a performance obligation and recognises revenue over time as the services are provided, as clients simultaneously receive and consume the benefits provided by the group's performance as the group performs.

Revenue is recognised based on actual units of mobile network services provided during the reporting period as a proportion of the total units of network services to be provided and is accounted for in transaction fee and commission income in profit or loss.

Usage fees are payable by Capitec to Cell C for the usage or consumption of the bearers on the Cell C network by Capitec's clients. Usage fees are recognised in transaction fee and commission expenses in profit or loss.

Management cannot distinguish whether the monthly general and administration fees payable to Cell C for subscribers relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations) and therefore recognise these fees as transaction fee and commission expenses in profit or loss when incurred.

Capitec Connect airtime advances

The client is charged a fee every time an advance is made. The group recognises its share of the advance fee as part of transaction fee and commission income in profit or loss.

Capitec pays the third party a service fee as consideration for operating the offering through their system. The service fee is recognised as part of transaction fee and commission expenses in profit or loss.

28. Net insurance result

	GROUP		
R'000	Life insurance	Credit life	Total
2025			
Insurance revenue			
Experience adjustments for premium receipts	2 170 674	10 789	2 181 463
Expected insurance service expenses incurred in the period	525 157	1 532 123	2 057 280
Change in the RA	424 066	266 118	690 184
Amount of CSM recognised in profit or loss	1 060 827	1 377 420	2 438 247
Allocation of premiums for the recovery of insurance acquisition cash flows	2 162	(853)	1 309
Total insurance revenue	4 182 886	3 185 597	7 368 483
Disaggregated between pre- and post-transition			
Contracts under the MRA	1 714 169	1 108 302	2 822 471
Contracts written after transition	2 468 717	2 077 295	4 546 012
Total insurance revenue	4 182 886	3 185 597	7 368 483
Insurance service expense			
Incurred claims and other expenses	(2 314 872)	(1 422 516)	(3 737 388)
Insurance acquisition costs	(583)	(1 480)	(2 063)
Changes to liabilities for incurred claims	(61 779)	85 187	23 408
Total insurance service expenses	(2 377 234)	(1 338 809)	(3 716 043)
Reinsurance income/(expense)			
Experience adjustments for premium payments	138	—	138
Expected recovery on insurance service expenses	(5 962)	—	(5 962)
Change in the RA	(277)	—	(277)
CSM recognised in the current period	(1 306)	—	(1 306)
Claims recovered	5 953	—	5 953
Total reinsurance expense	(1 454)	—	(1 454)
Insurance service result	1 804 198	1 846 788	3 650 986
Insurance finance income/(expense)			
Interest accreted	(223 541)	(74 685)	(298 226)
Effect of changes in financial assumptions	(93 216)	17 629	(75 587)
Net cell captive interest income	385 186	115 461	500 647
Total insurance finance income	68 429	58 405	126 834
Reinsurance finance income/(expense)			
Interest accreted	7	—	7
Effect of changes in financial assumptions	(470)	—	(470)
Total reinsurance finance expense	(463)	—	(463)
Net insurance result	1 872 164	1 905 193	3 777 357

28. Net insurance result continued

	GROUP		
R'000	**Life insurance**	**Credit life**	**Total**
2024			
Insurance revenue			
Experience adjustments for premium receipts	225 388	110 029	335 417
Expected insurance service expenses incurred in the period	421 640	1 621 009	2 042 649
Change in the RA	311 778	296 112	607 890
Amount of CSM recognised in profit or loss	748 374	1 236 715	1 985 089
Allocation of premiums for the recovery of insurance acquisition cash flows	—	163	163
Total insurance revenue	1 707 180	3 264 028	4 971 208
Disaggregated between pre- and post-transition			
Contracts under the MRA	963 153	1 627 637	2 590 790
Contracts written after transition	744 027	1 636 391	2 380 418
Total insurance revenue	1 707 180	3 264 028	4 971 208
Insurance service expense			
Incurred claims and other expenses	(529 594)	(1 553 595)	(2 083 189)
Insurance acquisition costs	—	(163)	(163)
Changes to liabilities for incurred claims	—	106 084	106 084
Total insurance service expenses	(529 594)	(1 447 674)	(1 977 268)
Insurance service result	1 177 586	1 816 354	2 993 940
Insurance finance income/(expense)			
Interest accreted	(165 990)	(60 718)	(226 708)
Effect of changes in financial assumptions	64 875	(3 912)	60 963
Net cell captive interest income	219 190	130 167	349 357
Total insurance finance income	118 075	65 537	183 612
Total net insurance result	1 295 661	1 881 891	3 177 552

Refer to note 11 for the accounting policies.

29. Dividend income

	COMPANY	
R'000	**2025**	**2024**
Ordinary dividends	**6 304 221**	5 777 123
Preference dividends	**4 476**	4 763
Dividend income[1]	**6 308 697**	5 781 886

[1] *Dividend income is considered revenue for the company.*

Accounting policies

Dividend income is recognised in profit or loss when the entity's right to receive payment is established. Dividends on listed preference shares accrue on a day-to-day basis based on the terms of the underlying instruments.

Dividend income is recognised separately from other fair value movements.

30. Credit impairments

	GROUP	
R'000	2025	2024
Bad debts written off	**8 543 461**	9 329 727
Movement in provision for credit impairments	**298 172**	(3 445)
Gross credit impairment charge	**8 841 633**	9 326 282
Bad debts recovered	**(583 247)**	(600 948)
Net credit impairment charge	**8 258 386**	8 725 334

Accounting policies

Credit impairments are recognised in profit or loss as per IFRS 9's requirements for recognising ECL.

The gross credit impairment charge is split between the gross value of loans written off during the year (including the gross reduction in the balance owed as a result of loan modifications) and the movement in the provision for credit impairments (ECL). For details on the write-off point and loan modifications, refer to note 9.

The movement in the provision for credit impairments comprises all elements in the movement in provision for ECL as disclosed in note 9 other than the ECL raised directly against the interest received for loans in stage 3. It also includes the ECL raised directly in other liabilities for undrawn loan commitments where the ECL exceeds the gross carrying amount of the loans at a client level. As such, it includes the new ECL raised as well as the ECL released on loans settled and written off during the year.

The table below shows the interest accrued on stage 3 loans and advances as well as the ECL raised directly to other liabilities.

	GROUP	
R'000	2025	2024
Elimination of interest on loans in stage 3	**(3 138 315)**	(2 741 386)
Movement in excess ECL on undrawn commitments	**16 369**	(39 415)

Included in bad debts recovered are recoveries of R192 million (2024: R274 million) on loans and advances written off after 1 March 2018 under the IFRS 9 write-off policy.

31. Operating expenses

	GROUP		COMPANY	
R'000	**2025**	**2024**	**2025**	**2024**
The following items are included in operating profit before tax:				
Loss on disposal of property and equipment	**19 285**	22 286	**—**	—
Loss on disposal of intangible assets	**19 624**	—	**—**	—
Depreciation on property and equipment	**756 460**	766 599	**—**	—
Depreciation charge on right-of-use assets – premises	**470 710**	447 884	**—**	—
Amortisation of intangible assets	**222 732**	152 923	**—**	—
Advertising and marketing expenses	**746 113**	322 819	**2 729**	2 561
Bank charges and cash handling fees	**300 681**	283 211	**4**	3
Consumables	**424 122**	401 939	**—**	—
Communication expenses	**231 822**	181 854	**—**	—
Security and cash-in-transit fees	**667 650**	615 493	**—**	—
IT expenses	**2 559 376**	1 897 851	**—**	—
Equipment cost[(1)]	**426 865**	311 358	**—**	—
Premises expense[(1)]	**262 526**	248 618	**—**	—
Professional fees[(1)]	**255 323**	149 829	**2 333**	1 750
Subscriptions[(1)]	**505 413**	353 450	**1 193**	1 998
Auditors' remuneration[(2)]				
Financial statement audit fees – current year[(3)]	**62 523**	48 586	**633**	340
Financial statement audit fees – prior year[(3)]	**1 747**	3 154	**—**	—
Other services	**3 341**	613	**—**	—
Total auditors' remuneration	**67 611**	52 353	**633**	340
Attributable insurance service expenses	**(68 846)**	(10 912)	**—**	—
Employee costs				
Salaries and bonus costs	**8 966 536**	6 853 590	**—**	—
Equity-settled share-based payment (per notes 43.1, 43.3, 43.4 and 43.5)	**86 258**	60 102	**—**	—
Cash-settled share-based payment (per notes 43.4 and 43.5)	**111 181**	96 558	**—**	—
Cash-settled SARs (per note 43.1)	**407 443**	119 296	**—**	—
Training cost	**122 396**	74 958	**—**	—
Training refund	**(27 996)**	(27 219)	**—**	—
Total employee costs	**9 665 818**	7 177 285	**—**	—

(1) *Additional operating expenses have been disclosed separately in the current year due to materiality. Prior year figures have been updated to enhance presentation.*
(2) *The audit fee disclosure by auditor is disclosed in the Directors' report.*
(3) *Included in the audit fee are disbursements and costs for work required by regulations.*

Accounting policy

Operating expenses are classified by nature and measured using the accrual principle.

32. Income and deferred tax expense

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Current tax	**4 454 693**	3 021 964	**13 742**	12 786
Current year – local taxes	**4 346 132**	3 004 529	**13 742**	12 786
Current year – foreign taxes	**113 163**	—	**—**	—
Adjustment for prior years – local taxes	**(5 021)**	17 435	**—**	—
Adjustment for prior years – foreign taxes	**419**	—	**—**	—
Deferred tax	**(464 144)**	(141 157)	**—**	—
Current year – local taxes	**(417 102)**	(144 376)	**—**	—
Current year – foreign taxes	**(51 830)**	—	**—**	—
Adjustment for prior years – local taxes	**4 854**	3 219	**—**	—
Adjustment for prior years – foreign taxes	**(66)**	—	**—**	—
Income tax expense[1]	**3 990 549**	2 880 807	**13 742**	12 786
Effective tax rate (%)	**22**	21	**—**	—
The tax on profit before tax differs from the theoretical amount that would arise using the basic normal company tax rate as follows:				
Operating profit before tax	**17 739 665**	13 447 744	**6 308 697**	5 847 568
Tax calculated at the local tax rate of 27%	**4 718 796**	3 630 891	**1 703 348**	1 578 843
Tax calculated at the foreign tax rates applicable to profits in the country concerned	**70 548**	—	**—**	—
Adjustments for prior years	**186**	20 654	**—**	—
Local taxes	**(160)**	20 654	**—**	—
Foreign taxes	**346**	—	**—**	—
Income not subject to tax[2]	**(710 275)**	(825 740)	**(1 703 346)**	(1 578 843)
Local taxes	**(706 430)**	(825 740)	**(1 703 346)**	(1 578 843)
Foreign taxes	**(3 845)**	—	**—**	—
Expenses not deductible for tax purposes[3]	**(50 418)**	62 614	**13 740**	12 786
Local taxes	**(74 006)**	62 614	**13 740**	12 786
Foreign taxes	**23 588**	—	**—**	—
Allowances not in income statement[4]	**(26 929)**	(23 315)	**—**	—
Local taxes	**(23 161)**	(23 315)	**—**	—
Foreign taxes	**(3 768)**	—	**—**	—
Movement in unutilised tax losses	**(143)**	(116)	**—**	—
Local taxes	**(143)**	(116)	**—**	—
Tax refund	**(25 182)**	—	**—**	—
Foreign taxes	**(25 182)**	—	**—**	—
Statutory rate differential between trust and company	**13 966**	15 819	**—**	—
Income tax expense	**3 990 549**	2 880 807	**13 742**	12 786

[1] Foreign taxes relate to the AvaFin group. The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.

[2] Income not subject to tax relates to a distribution received from the cell captive, dividends received from group subsidiaries and the group's share of profit of associates and joint ventures.

[3] Expenses not deductible for tax purposes relate to fair value adjustments, capital expenditure and SARS interest and penalties.

[4] The adjustment regarding allowances not in the income statement relates to learnership agreements as per section 12H of the Income Tax Act, Act 58 of 1962 (Income Tax Act).

32. Income and deferred tax expense continued

Accounting policies

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the date of the statement of financial position. Current tax and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The group has determined that the global minimum top-up tax, which it is required to pay under Pillar Two legislation, is an income tax in the scope of IAS 12. The group has applied temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 *Income Taxes* and IFRIC 23 *Uncertainty over Income Tax Treatments*, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax in the period in which such determination is made.

The group recognises and measures uncertain tax positions on non-income-based taxes according to the IFRS Accounting Standards applicable to the uncertain tax position.

International tax reform – Pillar Two

Capitec Bank Holdings Limited is the ultimate parent entity of the Capitec Bank Holdings Group. The group has exposure to the Global Anti-Base Erosion (GloBE) – Pillar Two model rules since obtaining control of AvaFin, which operates in a number of different tax jurisdictions. Refer to note 4. The group is within scope of the Pillar Two global minimum tax rules as the group is a multinational enterprise (MNE) as defined with consolidated group revenue exceeding the required EUR750 million threshold in at least 2 of the 4 immediately preceding financial years.

The Organisation for Economic Co-operation and Development released the Global Anti-Base Erosion Model Rules (GloBE – Pillar Two model rules) in December 2021. The objective of the rules is to ensure that large MNEs that are within scope, have a minimum GloBE effective tax rate of 15% in each jurisdiction in which the MNE operates.

6 of the jurisdictions in which the group operates, South Africa, Poland, Austria, Cyprus, Czechia and Spain, have enacted or substantively enacted Pillar Two legislation to implement the global minimum top-up tax at 28 February 2025.

The South African global minimum tax legislation was enacted during December 2024 and is retrospectively effective from 1 January 2024 for groups with fiscal years commencing on or after that date. Accordingly, Capitec has a related current tax impact for the year ended 28 February 2025.

The group determined that the global minimum top-up tax, which it is required to pay under the Pillar Two legislation, is an income tax in the scope of IAS 12 *Income Taxes*.

The group has applied the exception in the amendments to IAS 12 *Income Taxes* issued in May 2023 relating to the recognition and disclosure of deferred tax assets and liabilities arising from Pillar Two income taxes. Under the legislation, the group will be liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The group has performed an initial impact assessment of its potential exposure in relation to the Pillar Two legislation. Based on the outcome of the assessment, the group does not anticipate being subject to a material top-up tax exposure in any of the jurisdictions in which it operates.

33. Earnings per share attributable to ordinary shareholders

R'000	GROUP 2025	2024
Net profit attributable to ordinary shareholders of the group	**13 742 245**	10 566 937
Preference dividend	**(4 476)**	(4 763)
Discount on repurchase of preference shares	**(181)**	(696)
Net profit after tax attributable to ordinary shareholders of the group	**13 737 588**	10 561 478
Weighted average number of ordinary shares in issue ('000)	**115 627**	115 627
Adjustment for average treasury shares	**(288)**	(281)
Weighted average number of ordinary shares in issue ('000)	**115 339**	115 346
Adjustment for:		
Exercise of share options	**320**	243
Weighted average number of ordinary shares for diluted earnings per share ('000)	**115 659**	115 589
Basic earnings per share (cents)	**11 911**	9 156
Diluted earnings per share (cents)	**11 878**	9 137

Accounting policies

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share

To calculate diluted earnings per share, the net profit after tax attributable to ordinary equity shareholders is divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares.

Potentially dilutive shares consist of share options as detailed in the notes. The number of shares that could have been acquired at fair value (the average annual share price of the company's shares) is determined based on the monetary value of the subscription rights attached to outstanding share options. The result is compared to the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the weighted average number of shares as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

To calculate the impact on diluted earnings and diluted headline earnings per share (HEPS), the shares issued in terms of the Izindaba Ezinhle Employee Share Scheme are accounted for as share options for which the treasury stock method per IAS 33 *Earnings per Share* is applied.

34. Headline earnings per share attributable to ordinary shareholders

	GROUP	
R'000	**2025**	**2024**
Net profit after tax attributable to ordinary shareholders of the group	**13 737 588**	10 561 478
Non-headline items:		
Deemed disposal of associate[1]	**(27 245)**	—
Remeasurement loss on deemed disposal of associate	**58 290**	—
Reclassification of other comprehensive income to profit or loss relating to deemed disposal of associate	**(85 535)**	—
Loss on disposal of property and equipment	**13 949**	16 758
Taxable loss	**18 388**	19 742
Income tax	**(5 336)**	(5 528)
Non-deductible loss	**897**	2 544
Loss on disposal of intangible assets	**14 326**	—
Taxable loss	**19 624**	—
Income tax	**(5 298)**	—
Headline earnings	**13 738 618**	10 578 236
Basic headline earnings per share (cents)	**11 912**	9 171
Diluted headline earnings per share (cents)	**11 879**	9 152

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

Accounting policies

Headline earnings per share

Headline earnings per share is calculated subject to the SAICA Headline Earnings Circular 1/2023. Headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year.

Headline earnings takes the net profit after tax attributable to ordinary equity shareholders, used in the calculation of basic earnings, and excludes all separately identifiable remeasurements net of tax. Excluded remeasurements include profit/loss on disposal of property and equipment and intangible assets and the deemed disposal of an associate.

35. Dividends declared

The company declared the following dividends for the current and previous financial years:

R'000	Dividends per share (cents)	R'000	Declared	Last day of trade	Payment date
2025					
Ordinary dividend					
Interim	**2 085**	**2 420 682**	**1 Oct 2024**	**15 Oct 2024**	**21 Oct 2024**
Final	**4 425**	**5 137 418**	**23 Apr 2025**	**13 May 2025**	**19 May 2025**
Preference dividend					
Interim	**493.59**	**2 302**	**31 Aug 2024**	**17 Sep 2024**	**23 Sep 2024**
Final	**469.00**	**2 174**	**28 Feb 2025**	**17 Mar 2025**	**24 Mar 2025**
2024					
Ordinary dividend					
Interim	1 530	1 776 328	28 Sep 2023	17 Oct 2023	23 Oct 2023
Final	3 345	3 883 540	22 Apr 2024	14 May 2024	20 May 2024
Preference dividend					
Interim	480.35	2 423	31 Aug 2023	19 Sep 2023	26 Sep 2023
Final	488.22	2 340	29 Feb 2024	18 Mar 2024	25 Mar 2024

Accounting policies

Dividends on ordinary shares and preference shares that are classified as equity are recognised in equity in the period in which they are approved by the group's directors. Dividends received on treasury shares are eliminated on consolidation. Dividends for the year that are declared after the statement of financial position date are dealt with in the directors' report.

36. Segment information

Operating segments are identified based on internal reports about components of the group that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to the segments and to assess their performance. The group EXCO, 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.

The CODM regularly reviews the operating results and gross loans and advances of Personal banking, Business banking, the Insurance business and AvaFin for which detailed financial information is made available on a monthly basis and against which performance is measured, and resources are allocated across the segments.

36. Segment information continued

Within the segments there are various products and services from which the group derives its revenue. These include:

Personal banking

- 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
- Value-added services including enabling clients to purchase prepaid mobile network services, electricity, national lottery tickets and vouchers and the ability to pay bills on the banking application
- Capitec Connect, a mobile virtual network operator using the mobile network infrastructure of Cell C, offering its own products and services.

Business banking

- Loan products that are granted to Business banking clients. There are 5 different loan products granted, namely term loans, mortgage loans, overdrafts, instalment sales and leases, and credit cards
- Call and notice deposits
- Treasury products that comprise foreign currency exchange spot trades and foreign currency exchange forward contracts.

Insurance

The following long-term insurance products are provided by the group:

- Credit life insurance which provides cover for the settlement of debt in the event of death, permanent disability, temporary disability and retrenchment
- Funeral plan and life cover (together life insurance). The funeral plan provides cover for funeral costs. Life cover provides cover in the event of death or disability by way of a lump sum, income over 24 months or other pre-selected needs (e.g. a child's education).

All products are sold on our own Capitec Life licence. Capitec Ins, by way of cell captive agreements with Guardrisk Life Limited and Centriq Life Insurance Company Limited, sold credit life and funeral plan policies, respectively. Since 7 May 2023, no new credit life policies have been sold in the Guardrisk cell and since 1 November 2024, no new funeral plan policies have been sold in the Centriq cell.

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 or losses reported in the segment report are measured in a manner consistent with that in the income statement. The fees from external clients for each major group of products and services are disclosed in notes 25 to 28.

R'000	Personal banking	Business banking	GROUP 2025 Insurance	AvaFin	Total
Interest and similar income and expenses					
Interest income[1]	25 459 006	3 097 941	65 159	2 159 062	30 228 358
Interest income on lending calculated using the effective interest method	16 501 110	2 589 600	—	2 151 590	21 242 300
Interest income on investments calculated using the effective interest method[1]	8 160 203	508 341	2 257	7 472	8 125 463
Interest income on financial assets at FVTPL	797 693	—	62 902	—	860 595
Interest expense and other similar charges[1][2]	(9 233 387)	(1 217 425)	—	(144 708)	(10 042 710)
Net interest income	16 225 619	1 880 516	65 159	2 014 354	20 185 648
Credit impairments[3]	(7 060 856)	(367 897)	—	(829 633)	(8 258 386)
Bad debts written off	(7 829 918)	(184 753)	—	(528 790)	(8 543 461)
Movement in provision for credit impairments	201 182	(190 817)	—	(308 537)	(298 172)
Bad debts recovered	567 880	7 673	—	7 694	583 247
Net interest income after credit impairments	9 164 763	1 512 619	65 159	1 184 721	11 927 262
Non-interest income					
Loan fee income	1 273 561	64	—	18 703	1 292 328
Loan fee expense	(6 036)	(357)	—	—	(6 393)
Net loan fee income	1 267 525	(293)	—	18 703	1 285 935
Transaction fee and commission income[1][4]	22 760 677	2 189 895	—	—	24 851 856
Branch, cash and self-service transactions	7 848 910	29 903	—	—	7 878 813
Digital transactions[4]	4 694 378	262 841	—	—	4 957 219
Monthly fees, debit orders and other transactions[1]	4 678 998	628 176	—	—	5 290 200
POS transactions[1]	3 162 203	98 792	—	—	3 179 253
Commission income[4]	2 376 188	1 170 183	—	—	3 546 371
Transaction fee and commission expense[1][4]	(5 495 179)	(903 567)	—	—	(6 317 004)
Branch, cash and self-service transactions	(2 986 998)	(7 174)	—	—	(2 994 172)
Digital transactions[4]	(567 805)	(63 060)	—	—	(630 865)
Monthly fees, debit orders and other transactions	(763 870)	(315 324)	—	—	(1 079 194)
POS transactions[1]	(1 082 889)	(518 009)	—	—	(1 519 156)
Commission expense	(93 617)	—	—	—	(93 617)
Net transaction and commission income	17 265 498	1 286 328	—	—	18 534 852
Insurance revenue	—	—	7 368 483	—	7 368 483
Insurance service expense	—	—	(3 716 043)	—	(3 716 043)
Net expense from reinsurance contracts held	—	—	(1 454)	—	(1 454)
Insurance service result	—	—	3 650 986	—	3 650 986
Insurance finance income	—	—	126 834	—	126 834
Reinsurance finance expense	—	—	(463)	—	(463)
Net insurance result	—	—	3 777 357	—	3 777 357
Foreign currency income	—	567 550	—	—	567 550
Foreign currency expense	—	(431 956)	—	—	(431 956)
Net foreign currency income	—	135 594	—	—	135 594
Other income/(expense)[1]	122 314	(24 473)	115 279	(42 952)	147 991
Net non-interest income[1]	18 655 337	1 397 156	3 892 636	(24 249)	23 881 729
Income from operations after credit impairments[1]	27 820 100	2 909 775	3 957 795	1 160 472	35 808 991

(1) *Consolidation entries are not included in the 4 segments. Refer to the table on Intersegmental revenue and expenses on* ***page 306****.*

(2) *Business banking assets include an amount of R11.1 billion in investments that are placed with Personal banking. Interest on the investments amounted to R448 million and is disclosed as interest income on investments calculated using the effective interest method in Business banking and as interest expense in Personal banking.*

(3) *Previously, the credit impairment charge was reported as a single line item. The charge has been disaggregated to enhance disclosures. Comparatives have been updated to reflect this change.*

(4) *The Capitec Pay product offering was transferred from Personal banking to Business banking during the current financial year. Included in the prior year figures is a total of R301.6 million transaction fee and commission income and R73 million transaction fee and commission expense. Comparatives have not been restated.*

36. Segment information continued

R'000	Personal banking	Business banking	Insurance	AvaFin	Total
	GROUP 2025				
Operating expenses[1]	(15 013 627)	(1 909 340)	(282 906)	(895 305)	(18 099 565)
Other operating expenses[1]	(522 952)	(82 307)	(37 429)	(52 288)	(672 799)
Advertising and marketing expenses[2]	(302 743)	(53 034)	(12 870)	(377 466)	(746 113)
Bank charges and cash handling fees[1][2]	(308 868)	(3 280)	(1 897)	(3 610)	(300 681)
Consumables[2]	(411 121)	(12 181)	—	(820)	(424 122)
Communication expenses[2]	(197 479)	(30 330)	—	(4 013)	(231 822)
Equipment cost[2]	(408 143)	(16 594)	(9)	(2 119)	(426 865)
Premises expense[2]	(241 227)	(12 240)	—	(9 059)	(262 526)
Professional fees[2]	(95 675)	(21 670)	(12 771)	(125 208)	(255 324)
Subscriptions[2]	(410 845)	(25 250)	(7 081)	(62 237)	(505 413)
Security and cash-in-transit fees[2]	(665 059)	(2 571)	—	(20)	(667 650)
Attributable insurance service expenses[2][3]	—	—	68 846	—	68 846
IT expenses	(2 258 730)	(187 661)	(99 366)	(13 619)	(2 559 376)
Employee costs	(7 917 178)	(1 376 924)	(166 078)	(205 638)	(9 665 818)
Depreciation	(1 180 377)	(40 738)	—	(6 055)	(1 227 170)
Amortisation	(93 230)	(44 560)	(14 251)	(33 153)	(185 194)
Amortisation of intangible assets – core deposits and client relationships[1]	—	—	—	—	(37 538)
Share of net profit of associates and joint ventures	2 994	—	—	—	2 994
Deemed disposal of investment in associate[4]	27 245	—	—	—	27 245
Operating profit before tax[1]	12 836 712	1 000 435	3 674 889	265 167	17 739 665
Income and deferred tax expense	(3 450 091)	(273 087)	(215 208)	(62 298)	(4 000 684)
Tax on amortisation of intangible assets[1]	—	—	—	—	10 135
Profit for the year[1]	9 386 621	727 348	3 459 681	202 869	13 749 116
Profit attributable to					
Ordinary shareholders[1]	9 386 621	727 348	3 459 681	195 998	13 742 245
Non-controlling interest[4]	—	—	—	6 871	6 871
	9 386 621	727 348	3 459 681	202 869	13 749 116

(1) *Consolidation entries are not included in the 4 segments. Refer to the table on Intersegmental revenue and expenses on* ***page 306****.*
(2) *Operating expenses have been disaggregated to include all material operating expenses. The group has disclosed these operating expenses for each reportable segment as they are regularly reviewed by the CODM. Comparatives have been updated.*
(3) *Insurance operating expenses reallocated to insurance service expenses.*
(4) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

R'000	Personal banking	Business banking	Insurance	AvaFin	Total
	GROUP 2025				
Intersegmental revenue[(6)]					
Interest income on investments calculated using the effective interest method[(1)(2)]	104 408	447 953	—	—	552 361
Interest expense and other similar charges[(1)(2)]	(447 953)	(104 408)	—	—	(552 361)
Monthly fees, debit orders and other transactions[(3)]	—	16 974	—	—	16 974
Bank charges and cash handling fees[(3)]	(16 974)	—	—	—	(16 974)
Transaction fee and commission income – POS transactions[(4)]	79 439	2 303	—	—	81 742
Transaction fee and commission expense – POS transactions[(4)]	(2 303)	(79 439)	—	—	(81 742)
Other income[(5)]	22 177	—	—	—	22 177
Other operating expenses[(5)]	—	—	(22 177)	—	(22 177)

(1) Personal banking provides revolving credit and an overdraft facility to Business banking. Interest on these facilities amounted to R104 million and is included in interest income on investments for Personal banking and interest expense for Business banking.

(2) Business banking assets include an amount of R11.1 billion in investments that are placed with Personal banking. Interest on the investments amounted to R448 million and is disclosed as interest income on investments calculated using the effective interest method in Business banking and as interest expense in Personal banking.

(3) Business banking provides payment solutions to Personal banking as part of its product offering. Business banking earns transaction fee income and Personal banking incurs bank charges as these services are provided.

(4) POS transactions comprise interchange transactions between Personal and Business banking.

(5) Personal banking provides outsourced services and devices to Insurance. The transaction is disclosed as other income for Personal banking and services received for Insurance.

(6) Intersegmental revenue has been included in the current year and prior year as required by IFRS 8 Operating Segments*. Intersegmental revenue and expenses are eliminated upon consolidation.*

36. Segment information continued

R'000	Personal banking	Business banking	Insurance	AvaFin	Total
			GROUP 2024		
Interest and similar income and expenses					
Interest income[1]	23 694 276	2 653 725	25 512	—	25 805 800
Interest income on lending calculated using the effective interest method	16 071 361	2 117 608	—	—	18 188 969
Interest income on investments calculated using the effective interest method[1]	6 954 215	536 117	6 685	—	6 929 304
Interest income on financial assets at FVTPL	668 700	—	18 827	—	687 527
Interest expense and other similar charges[1][2]	(8 751 207)	(1 158 319)	—	—	(9 341 813)
Net interest income	14 943 069	1 495 406	25 512	—	16 463 987
Credit impairments[3]	(8 402 977)	(322 357)	—	—	(8 725 334)
Bad debts written off	(9 173 050)	(156 677)	—	—	(9 329 727)
Movement in provision for credit impairments	172 553	(169 108)	—	—	3 445
Bad debts recovered	597 520	3 428	—	—	600 948
Net interest income after credit impairments	6 540 092	1 173 049	25 512	—	7 738 653
Non-interest income					
Loan fee income	1 218 637	671	—	—	1 219 308
Loan fee expense	(11 120)	(20)	—	—	(11 140)
Net loan fee income	1 207 517	651	—	—	1 208 168
Transaction fee and commission income[1]	19 356 790	1 573 479	—	—	20 855 906
Branch, cash and self-service transactions	7 490 331	16 197	—	—	7 506 528
Digital transactions	3 504 842	86 414	—	—	3 591 256
Monthly fees, debit orders and other transactions[1]	4 056 780	578 713	—	—	4 621 117
POS transactions[1]	2 541 986	147 641	—	—	2 629 640
Commission income	1 762 851	744 514	—	—	2 507 365
Transaction fee and commission expense[1]	(5 410 615)	(718 151)	—	—	(6 068 779)
Branch, cash and self-service transactions	(3 155 560)	(671)	—	—	(3 156 231)
Digital transactions	(521 593)	(29 705)	—	—	(551 298)
Monthly fees, debit orders and other transactions	(1 059 457)	(301 694)	—	—	(1 361 151)
POS transactions[1]	(604 154)	(386 081)	—	—	(930 248)
Commission expense	(69 851)	—	—	—	(69 851)
Net transaction and commission income	13 946 175	855 328	—	—	14 787 127
Insurance revenue	—	—	4 971 208	—	4 971 208
Insurance service expense	—	—	(1 977 268)	—	(1 977 268)
Insurance service result	—	—	2 993 940	—	2 993 940
Insurance finance income	—	—	183 612	—	183 612
Net insurance result	—	—	3 177 552	—	3 177 552
Foreign currency income	—	514 554	—	—	514 554
Foreign currency expense	—	(354 041)	—	—	(354 041)
Net foreign currency income	—	160 513	—	—	160 513
Other income[1]	121 290	44 541	96 737	—	245 492
Net non-interest income[1]	15 274 982	1 061 033	3 274 289	—	19 578 852
Income from operations after credit impairments[1]	21 815 074	2 234 082	3 299 801	—	27 317 505

[1] *Consolidation entries are not included in the 4 segments. Refer to the table on Intersegmental revenue and expenses on* ***page 306****.*
[2] *Business banking assets include an amount of R10.5 billion in investments that are placed with Personal banking. Interest on the investments amounted to R469 million and is disclosed as interest income on investments calculated using the effective interest method in Business banking and as interest expense in Personal banking.*
[3] *Previously, the credit impairment charge was reported as a single line item. The charge has been disaggregated to enhance presentation.*

R'000	GROUP 2024 Personal banking	Business banking	Insurance	AvaFin	Total
Operating expenses[1]	(12 206 077)	(1 583 827)	(168 366)	—	(13 940 885)
Other operating expenses[1]	(546 288)	(97 670)	(30 314)	—	(657 196)
Advertising and marketing expenses[2]	(313 968)	(8 800)	(51)	—	(322 819)
Bank charges and cash handling fees[1][2]	(274 720)	(22 859)	(8)	—	(283 211)
Consumables[2]	(389 201)	(12 736)	(2)	—	(401 939)
Communication expenses[2]	(157 738)	(24 116)	—	—	(181 854)
Equipment cost[2]	(304 600)	(6 754)	(4)	—	(311 358)
Premises expense[2]	(237 395)	(11 223)	—	—	(248 618)
Professional fees[2]	(95 953)	(17 369)	(19 995)	—	(133 317)
Subscriptions[2]	(328 830)	(24 040)	(580)	—	(353 450)
Security and cash-in-transit fees[2]	(613 116)	(2 377)	—	—	(615 493)
Attributable insurance service expenses[2][3]	—	—	10 912	—	10 912
IT expenses	(1 724 852)	(135 084)	(37 915)	—	(1 897 851)
Employee costs	(6 023 272)	(1 066 196)	(87 817)	—	(7 177 285)
Depreciation	(1 089 944)	(124 539)	—	—	(1 214 483)
Amortisation	(106 200)	(30 064)	(2 592)	—	(138 856)
Amortisation of intangible assets – core deposits and client relationships[1]	—	—	—	—	(14 067)
Share of net profit of associates and joint ventures	71 124	—	—	—	71 124
Operating profit before tax[1]	9 680 121	650 255	3 131 435	—	13 447 744
Income and deferred tax expense	(2 652 726)	(172 168)	(59 711)	—	(2 884 605)
Tax on amortisation of intangible assets[1]	—	—	—	—	3 798
Profit for the year[1]	7 027 395	478 087	3 071 724	—	10 566 937
Profit attributable to					
Ordinary shareholders[1]	7 027 395	478 087	3 071 724	—	10 566 937
Non-controlling interest[4]	—	—	—	—	—
	7 027 395	478 087	3 071 724	—	10 566 937

(1) Consolidation entries are not included in the 4 segments. Refer to the table on Intersegmental revenue and expenses on ***page 306****.*

(2) Operating expenses have been further disaggregated to include all material operating expenses. The group has disclosed these operating expenses for each reportable segment as they are regularly reviewed by the CODM.

(3) Insurance operating expenses reallocated to insurance service expenses.

(4) The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.

36. Segment information continued

R'000	Personal banking	Business banking	Insurance	AvaFin	Total
			GROUP 2024		
Intersegmental revenue[(6)]					
Interest income on investments calculated using the effective interest method[(1)(2)]	96 152	469 462	—	—	565 614
Interest expense and other similar charges[(1)(2)]	(469 462)	(96 152)	—	—	(565 614)
Monthly fees, debit orders and other transactions[(3)]	—	14 376	—	—	14 376
Bank charges and cash handling fees[(3)]	(14 376)	—	—	—	(14 376)
Transaction fee and commission income – POS transactions[(4)]	57 396	2 591	—	—	59 987
Transaction fee and commission expense – POS transactions[(4)]	(2 591)	(57 396)	—	—	(59 987)
Other income[(5)]	17 076	—	—	—	17 076
Other operating expenses[(5)]	—	—	(17 076)	—	(17 076)

(1) *Personal banking provides revolving credit and an overdraft facility to Business banking. Interest on these facilities amounted to R96 million and is included in interest income on investments for Personal banking and interest expense for Business banking.*

(2) *Business banking assets include an amount of R10.5 billion in investments that are placed with Personal banking. Interest on the investments amounted to R469 million and is disclosed as interest income on investments calculated using the effective interest method in Business banking and as interest expense in Personal banking.*

(3) *Business banking provides payment solutions to Personal banking as part of its product offering. Business banking earns transaction fee income and Personal banking incurs bank charges as these services are provided.*

(4) *POS transactions comprise interchange transactions between Personal and Business banking.*

(5) *Personal banking provides outsourced services and devices to Insurance. The transaction is disclosed as other income for Personal banking and services received for Insurance.*

(6) *Intersegmental revenue has been included in the current year and prior year as required by IFRS 8* Operating Segments. *Intersegmental revenue and expenses are eliminated upon consolidation.*

R'000	Personal banking	Business banking	Insurance	AvaFin	Total
			GROUP		
2025					
Assets					
Loans and advances	**65 384 522**	**21 971 336**	**—**	**1 789 620**	**89 145 478**
Other[(1)(2)]	**138 719 782**	**14 137 670**	**5 503 941**	**912 389**	**148 227 492**
Acquisition of AvaFin[(3)]	**—**	**—**	**—**	**—**	**241 215**
Goodwill	**—**	**—**	**—**	**—**	**241 215**
Acquisition of Mercantile	**—**	**—**	**—**	**—**	**849 487**
Goodwill[(1)]	**—**	**—**	**—**	**—**	**849 487**
Total assets[(1)(2)]	**204 104 304**	**36 109 006**	**5 503 941**	**2 702 009**	**238 463 672**
2024					
Assets					
Loans and advances	62 487 983	18 063 714	—	—	80 551 697
Other[(1)(2)]	120 250 907	12 872 732	3 492 401	—	126 139 905
Acquisition of Mercantile	—	—	—	—	887 024
Goodwill[(1)]	—	—	—	—	849 487
Intangible asset – core deposit intangible[(1)]	—	—	—	—	30 784
Intangible asset – client relationships[(1)]	—	—	—	—	6 753
Total assets[(1)(2)]	182 738 890	30 936 446	3 492 401	—	207 578 626

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

(2) *Business banking assets include an amount of R11.1 billion (2024: R10.5 billion) in investments that are placed with Personal banking and are eliminated against liabilities on consolidation.*

(3) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

37. Financial risk management

An extensive, multilayered structure governs risk, however, the board is ultimately responsible for risk management and views it as an integral part of providing a responsible return on shareholders' equity. This includes ensuring that risks are adequately identified, measured, mitigated and monitored and that good governance is maintained. The board monitors the implementation of the risk strategy, approves the risk appetite and ensures that risks are managed within tolerance levels.

The enterprise risk management policy provides the governance structure, risk appetite and approach for the board's risk management discipline and ingrains a prudent risk culture. It defines the risk management universe, structure, policies and processes. An integrated approach in all business areas enables effective risk management processes from identification through to mitigation.

A 5-step iterative process consisting of risk identification, risk evaluation, risk treatment, risk monitoring and risk reporting is used to manage risk. A system of internal control functions throughout the entities in the group and the risk universe is managed by the group EXCO, the RCMC, the RISCO, the RCC, the BCC, the ALCO and the data steering committee (Data Steerco). These committees report to the RCMC, which is mandated by the board to oversee risk management. The RCMC, which comprises 4 independent non-executive directors, 2 non-executive directors and 1 executive director, oversees risk management according to a board-approved charter.

The specific risks dealt with by the RCMC's subcommittees, which comprise executive and senior management, are as follows:

- RISCO – legal, compliance, operational and reputational risk
- RCC and BCC – credit and counterparty risk
- ALCO – interest rate, market, currency, liquidity, counterparty and capital adequacy risk
- Data Steerco – technology and information risk.

37.1 Interest rate risk

The exposure to interest rate risk is managed within board-approved tolerances. These tolerances are monitored by the RCMC and ALCO and escalated according to tolerance bands. The current group interest rate profile is monitored by the ALCO, which meets monthly and considers the results of management's analysis of the impact of interest rates on the group, including, *inter alia*, the results of various models. The risk arising from volatility in interest rates is lower on a relative basis when compared to other risks in the business due to the higher net interest income margin earned on the Personal banking unsecured lending portfolio.

Cash flow interest rate risk – hedging

There are no derivatives designated as cash flow hedges as at 28 February 2025. The only derivative designated as a cash flow hedge in the comparative period was a R500 million interest rate swap used to hedge the listed floating-rate bonds. Refer to note 18.

The group applies cash flow hedge accounting to mitigate changes in future cash flows on certain variable-rate financial instruments with the objective of mitigating variability in future cash flows resulting from changes in market rates. The following are the identified hedged items subject to cash flow hedge accounting:

- Floating-rate bonds (cash flow interest rate risk).

Cash flow hedges of interest rate risk relate to exposures to the variability in future interest cash flows due to the movement of benchmark interest rates on recognised financial assets and financial liabilities. The change in the interest cash flows attributable to the change in benchmark rate is designated as the hedged risk for hedge accounting purposes. The variability in cash flows is hedged by cash collateralised vanilla interest rate swaps.

37. Financial risk management continued

37.1 Interest rate risk continued

Cash flow interest rate risk – hedging continued

To manage the cash flow risk, the group enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rates, reset dates, payment dates, maturities and notional amounts. Variable-rate assets are hedged with float-for-fixed interest rate swaps, and variable-rate liabilities are hedged with fixed-for-float interest rate swaps. The changes in the cash flows on the hedging instruments are therefore expected to offset the changes in the cash flows on hedged items, resulting in an economic relationship.

A 1:1 hedge ratio is applied as the nominal amount of the hedging instruments and the designated hedged item is the same. The nominal amounts and the payment dates of the hedging instrument match the hedged item exactly from the date of the hedge and, as a consequence, there is 100% hedge effectiveness.

In the cash flow hedge of interest rate risk, the main source of ineffectiveness is the fee that is paid upfront, however, as the fee is immaterial, it does not have a material impact on the hedge effectiveness.

Monitoring of interest rate risk

To measure interest rate risk, the group aggregates interest rate-sensitive assets and liabilities into defined time bands, in accordance with the respective interest repricing dates.

Various reports are prepared taking alternative strategies and interest rate forecasts into consideration. These reports are presented to the ALCO and RCMC on a regular basis.

The Financial Stability Board initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace the existing Interbank Offered Rates with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The SARB published the ZARONIA as the official successor rate to JIBAR.

The Market Practitioners Group published an update on the transition from JIBAR to ZARONIA on 6 May 2024. The JIBAR cessation announcement will likely come in 2025 followed by the formal cessation date at the end of 2026. The bank will ensure compliance with the transition framework.

The bank has limited exposure to JIBAR, with only 2 listed bonds and government bonds that reference this rate. The listed bonds will mature by November 2025 and November 2026, respectively. Refer to note 18 for details regarding the listed bonds linked to JIBAR. Refer to note 7 for details regarding the government bonds linked to JIBAR.

Cash flow interest rate risk

The group actively manages interest rate risk with the objective to match certain fixed-rate assets with fixed-rate liabilities and floating-rate assets with floating-rate liabilities. The group reduced its exposure to fixed-rate financial assets by, in part, cash flow hedging elements of its variable-rate funding book to a fixed rate. An amount of Rnil billion (2024: R0.5 billion) is designated for hedge accounting. Interest rate swaps have the economic effect of converting floating-rate debt to fixed-rate debt. The net unmatched position, resulting from the group's exposure to variable-rate funding from its Personal banking deposits, exposes the group to cash flow interest rate risk.

Sensitivity analysis

The ALCO meets monthly and considers the results of management's analysis of the impact of interest rates on the group which includes, *inter alia*, the results of various models and the impact of interest rate strategy on the gross margin. The following sensitivity analysis is a run-off analysis and reflects the interest rate repricing impact in the static balances of the statement of financial position of a 400 basis point interest rate shock over 12 months. Variable-rate-sensitive items would be impacted immediately by the interest rate shock. The net variable-rate exposure amounts to a R36.6 billion liability position (2024: R45.9 billion liability position). Fixed-rate items would not be impacted and funds received from maturing items are assumed to be reinvested at variable market interest rates. Net fixed-rate exposures maturing within 12 months amount to an asset position of R69.9 billion (2024: R70.8 billion asset position) and net fixed-rate exposures maturing after 12 months amount to an asset position of R19.4 billion (2024: R17.5 billion asset position).

Currently, our profit before tax is expected to increase by R580.4 million (2024: R49.0 million) in the case of a 400 basis point upward shock and decrease by R580.4 million (2024: R49.0 million) in the case of a 400 basis point downward shock.

	Impact on income statement	
400 basis points R'000	**2025 Pre-tax**	**2024 Pre-tax**
Increase	**580 398**	49 001
Decrease	**(580 398)**	(49 001)

Currently, our equity is expected to increase by R423.7 million (2024: R35.8 million) in the case of a 400 basis point upward shock and decrease by R423.7 million (2024: R35.8 million) in the case of a 400 basis point downward shock.

	Impact on equity[1]	
400 basis points R'000	**2025 Post-tax**	**2024 Post-tax**
Increase	**423 691**	35 771
Decrease	**(423 691)**	(35 771)

[1] *Previously, the group only presented the interest rate sensitivity on a pre-tax basis. The sensitivity has been expanded in the current year to include the analysis on a post-tax basis. Comparatives have been updated for this change in presentation.*

37. Financial risk management continued

37.1 Interest rate risk continued

Interest rate gap[1]

The table below illustrates the group's interest rate gap on its interest-bearing assets and liabilities. The table is a summary of the interest rate mismatches within the group's statement of financial position arising from interest rate repricing and varying maturity dates on fixed-rate and floating-rate assets and liabilities.

		GROUP						
R'000	**Note**	**Carrying amount**	**Demand to 1 month**	**1 to 3 months**	**3 months to 1 year**	**More than 1 year**	**Non-contractual**	**ECL**
2025								
Cash and cash equivalents – Sovereigns	5	**13 187 888**	**13 187 888**	**—**	**—**	**—**	**—**	**—**
Cash and cash equivalents – banks	5	**31 375 447**	**31 375 704**	**—**	**—**	**—**	**—**	**(257)**
Financial investments at amortised cost	7	**76 336 706**	**5 399 857**	**13 640 700**	**33 435 845**	**23 966 326**	**—**	**(106 022)**
Term deposit investments	8	**5 546 480**	**3 537 801**	**960 750**	**1 048 254**	**—**	**—**	**(325)**
Loans and advances Personal banking	9	**89 545 182**	**3 439 794**	**4 963 837**	**18 288 329**	**44 425 780**	**18 753 061**	**(325 619)**
Loans and advances Business banking – Business	9	**12 025 456**	**4 517 734**	**331 143**	**1 479 624**	**4 556 621**	**1 140 334**	**—**
Loans and advances Business banking – Mortgage	9	**11 314 022**	**125 269**	**165 619**	**659 671**	**9 386 670**	**976 793**	**—**
Loans and advances AvaFin	9	**2 641 232**	**2 165 026**	**211 533**	**131 759**	**132 914**	**—**	**—**
Derivative assets	46	**37 614**	**20 709**	**4 401**	**12 457**	**47**	**—**	**—**
		242 010 027	**63 769 782**	**20 277 983**	**55 055 939**	**82 468 358**	**20 870 188**	**(432 223)**
Deposits	18	**172 635 487**	**119 869 802**	**11 837 729**	**20 684 584**	**20 243 372**	**—**	**—**
Wholesale funding	18	**2 905 615**	**207 231**	**212 393**	**1 333 969**	**1 152 022**	**—**	**—**
Derivative liabilities	46	**21 140**	**4 913**	**4 230**	**11 996**	**1**	**—**	**—**
		175 562 242	**120 081 946**	**12 054 352**	**22 030 549**	**21 395 395**	**—**	**—**
Restated[2] 2024								
Cash and cash equivalents – Sovereigns[2]	5	9 388 821	9 388 821	—	—	—	—	—
Cash and cash equivalents – banks	5	25 467 565	25 471 913	—	—	—	—	(4 348)
Financial investments at amortised cost	7	68 110 551	7 850 978	11 398 221	36 086 166	12 856 744		(81 558)
Term deposit investments	8	7 791 467	—	—	7 796 247	—	—	(4 780)
Loans and advances Personal banking	9	83 846 410	3 118 979	4 760 213	17 379 667	43 690 109	15 181 731	(284 289)
Loans and advances Business banking – Business	9	9 530 125	3 459 124	296 761	1 245 749	3 845 943	682 548	—
Loans and advances Business banking – Mortgage	9	9 613 918	65 936	139 220	489 966	8 169 476	749 320	—
Loans and advances AvaFin	9	—	—	—	—	—	—	—
Derivative assets	46	33 604	15 016	6 714	8 806	3 068	—	—
		213 782 461	49 370 767	16 601 129	63 006 601	68 565 340	16 613 599	(374 975)
Deposits	18	152 994 134	106 701 672	6 139 686	19 952 431	20 200 345	—	—
Wholesale funding	18	3 020 834	3 927	526 520	841 117	1 649 270	—	—
Derivative liabilities	46	20 602	7 245	4 489	6 726	2 142	—	—
		156 035 570	106 712 844	6 670 695	20 800 274	21 851 757	—	—

[1] *This disclosure has been included to enhance presentation. Comparatives have been updated for this change in presentation.*

[2] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. The restatement does not impact the interest rate sensitivity above as the SARB settlement balance was treated as an interest-bearing asset in the prior year. Refer to note 3.*

Compliance with the prescribed maximum interest rates

The NCA prescribes the ceilings for the maximum interest rates that may be charged for Personal banking lending. The group operates within the ambit of the NCA ceilings when pricing its Personal banking loans and advances to clients.

37.2 Other market risk

Market prices and rates typically include equity, bond and commodity prices, currency exchange and interest rates.

The board determines market risk limits, which are reviewed at least annually or depending on prevailing market conditions.

The group does not currently take proprietary trading positions and, therefore, has minimal exposure to market risk. Should the group consider entering into a proprietary trading position, the ALCO and RCMC would have to evaluate and approve such action. The ALCO will ensure that the group is sensibly positioned, taking into account agreed limits, policies, prevailing market conditions, available liquidity and the risk-reward trade-off, mainly in respect of changes in foreign currency exchange rates and interest rates.

Market risk reports are produced on a daily basis, which allows for monitoring against prescribed prudential and regulatory limits. In the event of a limit violation, the asset and liability management (ALM) forum records this and it is immediately corrected and reported to the ALCO. Controls are in place to monitor foreign exchange exposures on a realtime basis through the bank's treasury system. Various conservative prudential risk limits are in place and associated exposures relating thereto are reported to the ALCO, RCMC and the board on a regular basis.

37.3 Currency risk

Business banking

Business banking, in terms of approved limits, manages short-term foreign currency exposures relating to clients' trade imports, exports and interest flows on foreign liabilities. Business banking also enters into forward exchange contracts to limit the group's foreign currency exposure on foreign currency purchases.

The group has conservative net open foreign currency position limits that are well below the limits allowed by the SARB. For the year under review, the highest net open position recorded, for any single day, was R165.9 million (2024: R149.5 million).

Sensitivity analysis on equity with all other variables held constant:

Post-tax[(1)]

R'000	US dollar	Euro	Pound sterling	Other	Total
2025					
Rand weakens by 10%	**184**	**66**	**400**	**(85)**	**565**
Rand strengthens by 10%	**(184)**	**(66)**	**(400)**	**85**	**(565)**
2024					
Rand weakens by 10%	(520)	(312)	289	(87)	(630)
Rand strengthens by 10%	520	312	(289)	87	630

[(1)] *Previously, the group only presented the sensitivity for currency risk on a pre-tax basis. The sensitivity has been expanded in the current year to include the analysis on a post-tax basis. Comparatives have been updated for this change in presentation.*

Sensitivity analysis on pre-tax profit with all other variables held constant:

Pre-tax

R'000	US dollar	Euro	Pound sterling	Other	Total
2025					
Rand weakens by 10%	**252**	**90**	**548**	**(116)**	**774**
Rand strengthens by 10%	**(252)**	**(90)**	**(548)**	**116**	**(774)**
2024					
Rand weakens by 10%	(712)	(427)	396	(119)	(862)
Rand strengthens by 10%	712	427	(396)	119	862

37. Financial risk management continued

37.3 Currency risk continued

Business banking continued

The transaction exposures and foreign exchange contracts at the reporting date are summarised as follows:

R'000	US dollar	Euro	Pound sterling	Other	Total
2025					
Total foreign exchange assets	**1 006 433**	**321 476**	**89 061**	**27 650**	**1 444 620**
Total foreign exchange liabilities	**(999 634)**	**(312 440)**	**(87 184)**	**(25 261)**	**(1 424 519)**
Commitments to purchase foreign currency	**1 086 559**	**278 142**	**52 947**	**53 047**	**1 470 695**
Commitments to sell foreign currency	**(1 095 880)**	**(288 078)**	**(60 299)**	**(54 277)**	**(1 498 534)**
Year-end effective net open foreign currency positions	**(2 522)**	**(900)**	**(5 475)**	**1 159**	**(7 738)**
2024					
Total foreign exchange assets	914 418	304 998	108 857	84 289	1 412 562
Total foreign exchange liabilities	(847 179)	(194 411)	(84 728)	(74 916)	(1 201 234)
Commitments to purchase foreign currency	1 014 240	923 167	22 234	22 404	1 982 045
Commitments to sell foreign currency	(1 074 255)	(1 029 424)	(50 380)	(30 565)	(2 184 624)
Year-end effective net open foreign currency positions	7 224	4 330	(4 017)	1 212	8 749

AvaFin

AvaFin has foreign currency exposure resulting from commercial transactions and recognised assets and liabilities denominated in a currency other than its presentation currency, which is the euro.

Sensitivity analysis

A 10% weakening or strengthening of the euro against the following currencies at the reporting date would increase/(decrease) equity and profit or loss by the amounts illustrated below. This analysis is based on the assumption that all variables are held constant.

Sensitivity in rand

R'000	Polish złoty	Czech koruna	Danish krone	Mexican peso	US dollar	Japanese yen	Total
Impact on equity							
2025							
Euro weakens by 10%	**92 132**	**37 254**	**13**	**44 919**	**3**	**(6 085)**	**168 236**
Euro strengthens by 10%	**(92 132)**	**(37 254)**	**(13)**	**(44 919)**	**(3)**	**6 085**	**(168 236)**
2024							
Euro weakens by 10%	–	–	–	–	–	–	–
Euro strengthens by 10%	–	–	–	–	–	–	–
Impact on profit							
2025							
Euro weakens by 10%	**42 710**	**22 641**	**13**	**36 242**	**3**	**(6 072)**	**95 537**
Euro strengthens by 10%	**(42 710)**	**(22 641)**	**(13)**	**(36 242)**	**(3)**	**6 072**	**(95 537)**
2024							
Euro weakens by 10%	–	–	–	–	–	–	–
Euro strengthens by 10%	–	–	–	–	–	–	–

The foreign currency-denominated monetary assets and liabilities at the reporting date are summarised as follows:

Sensitivity in rand

R'000	Polish złoty	Czech koruna	Danish krone	Mexican peso	US dollar	Japanese yen	Total
2025							
Foreign currency-denominated assets	**1 292 016**	**405 935**	**119**	**472 829**	**28**	**257 357**	**2 428 284**
Foreign currency-denominated liabilities	**(462 830)**	**(70 649)**	**—**	**(68 560)**	**—**	**(312 122)**	**(914 161)**
	829 186	**335 286**	**119**	**404 269**	**28**	**(54 765)**	**1 514 123**

37.4 Liquidity risk

The group manages liquidity cautiously with a low appetite for liquidity risk and operates a conservative maturity profile which is monitored by the ALCO in terms of an approved ALM policy. The maturity profile reflects the deliberate strategy of funding longer-term assets with a significant portion of long-term funding with limited use of core call deposit funding. Our conservative approach at times results in the holding of cash in excess of immediate operational requirements. Funding that is surplus to operational requirements is managed in terms of the liquidity philosophy to ensure that obligations can be met as they become due without incurring unacceptable losses.

The following table analyses the group's assets and liabilities into maturity groupings based on the remaining period, at the statement of financial position date, to the contractual maturity date. The table was prepared on the following basis:

- Asset and liability cash flows are presented on an undiscounted basis with an adjustment to reflect the total discounted result
- The cash flows of floating-rate financial instruments are calculated using published forward market rates at the statement of financial position date
- The cash flows of the derivative financial instruments are included on a gross basis
- Contractual cash flows with respect to items which have not yet been recorded in the statement of financial position are excluded. Refer to note 41
- Adjustments to loans and advances to clients relate to initiation fee income
- Non-contractual loans comprise discounted stage 3 loans and advances that are more than 3 months in arrears and have legal statuses (including debt review) but exclude loans where debt review was applied for less than 6 months ago. They are shown as non-contractual because they are subject to legal collection processes.

37. Financial risk management continued

37.4 Liquidity risk continued

Maturities of assets and liabilities[(1)(2)]

		GROUP						
R'000	**Note**	**Demand to 1 month**	**1 to 3 months**	**3 months to 1 year**	**More than 1 year**	**Non-contractual**	**Adjust-ment[(3)]**	**Total**
2025								
Undiscounted assets								
Cash and cash equivalents – Sovereigns[(4)]	5	13 187 888	—	—	—	—	—	13 187 888
Cash and cash equivalents – banks[(4)(8)]	5	31 375 704	—	—	—	—	(257)	31 375 447
Financial assets at FVTPL	6	1 349 010	—	—	—	—	—	1 349 010
Financial investments at amortised cost	7	5 463 117	13 809 372	36 445 578	35 572 029	—	(106 022)	91 184 074
Term deposit investments	8	3 542 602	971 230	1 085 476	—	—	(325)	5 598 983
Financial assets – equity instruments at FVOCI	12	—	—	—	81 886	—	—	81 886
Loans and advances Personal banking	9	4 860 969	7 431 079	27 886 904	72 200 542	18 753 061	(325 619)	130 806 936
Loans and advances Business banking – Business	9	4 586 821	463 953	1 963 903	5 501 530	1 140 334	—	13 656 541
Loans and advances Business banking – Mortgage	9	221 470	354 654	1 474 929	16 321 496	976 793	—	19 349 342
Loans and advances AvaFin	9	2 334 068	278 653	172 636	292 293	—		3 077 650
Other receivables[(8)]	10	4 056 219	462 255	494 995	380 370	187 999	—	5 581 838
Derivative assets	46	20 707	4 401	12 457	47	—	—	37 612
Undiscounted assets		70 998 575	23 775 597	69 536 878	130 350 193	21 058 187	(432 223)	315 287 207
Adjustments for undiscounted assets		(2 631 913)	(3 052 630)	(13 999 709)	(47 431 804)	—	—	(67 116 056)
Discounted assets								
Loan impairment provision for ECL		(950 553)	(604 065)	(2 281 006)	(6 256 074)	(15 437 105)	—	(25 528 803)
Total discounted assets		67 416 109	20 118 902	53 256 163	76 662 315	5 621 082	(432 223)	222 642 348

*Refer to the footnotes on **page 317**.*

R'000	Note	Demand to 1 month	1 to 3 months	3 months to 1 year	GROUP More than 1 year	Non-contractual	Adjustment[3]	Total
2025								
Undiscounted liabilities								
Deposits	18	**120 007 429**	**11 539 937**	**22 233 436**	**24 122 293**	**—**	**—**	**177 903 095**
Wholesale funding	18	**208 683**	**242 867**	**1 451 676**	**1 300 436**	**—**	**—**	**3 203 662**
Lease liability	20	**37 519**	**111 878**	**493 806**	**2 658 493**	**—**	**—**	**3 301 696**
Current income tax liabilities		**—**	**377 124**	**—**	**—**	**—**	**—**	**377 124**
Other liabilities	19	**6 026 014**	**1 773 266**	**624 176**	**515 984**	**205 175**	**—**	**9 144 615**
Derivative liabilities	46	**4 912**	**4 230**	**11 996**	**1**	**—**	**—**	**21 139**
Employee benefit liabilities	21	**—**	**—**	**—**	**10 770**	**—**	**—**	**10 770**
Undiscounted liabilities		**126 284 557**	**14 049 302**	**24 815 090**	**28 607 977**	**205 175**	**—**	**193 962 101**
Adjustments for undiscounted liabilities		**(139 083)**	**265 193**	**(1 698 093)**	**(4 928 171)**	**—**	**—**	**(6 500 154)**
Total discounted liabilities		**126 145 474**	**14 314 495**	**23 116 997**	**23 679 806**	**205 175**	**—**	**187 461 947**
Net liquidity excess/(shortfall)[5][6]		**(56 236 535)**	**9 122 230**	**42 440 782**	**95 486 142**	**5 415 907**	**(432 223)**	**95 796 303**
Cumulative liquidity excess/ (shortfall)[6][7]		**(56 236 535)**	**(47 114 305)**	**(4 673 523)**	**90 812 619**	**96 228 526**	**95 796 303**	**95 796 303**
Restated[8] **2024**								
Undiscounted assets								
Cash and cash equivalents – Sovereigns[4][8]	5	9 388 821	—	—	—	—	—	9 388 821
Cash and cash equivalents – banks[4]	5	25 471 912	—	—	—	—	(4 347)	25 467 565
Financial assets at FVTPL	6	553 980	—	—	—	—	—	553 980
Financial investments at amortised cost	7	7 877 870	11 544 150	39 039 310	20 790 050	—	(81 558)	79 169 822
Term deposit investments	8	—	—	8 333 308	—	—	(4 780)	8 328 528
Financial assets – equity instruments at FVOCI	12	—	—	—	82 415	—	—	82 415
Loans and advances Personal banking	9	4 804 852	7 196 597	26 778 878	69 547 477	15 181 731	(284 289)	123 225 246
Loans and advances Business banking – Business	9	3 525 054	416 037	1 699 639	4 707 586	682 548	—	11 030 864
Loans and advances Business banking – Mortgage	9	157 603	312 833	1 241 043	14 847 133	749 320	—	17 307 932
Other receivables[8]	10	1 469 699	106	23 331	26 836	703 318	—	2 223 290
Derivative assets	46	15 016	6 729	8 806	3 068	—	—	33 619
Undiscounted assets		53 264 807	19 476 452	77 124 315	110 004 565	17 316 917	(374 974)	276 812 082
Adjustments for undiscounted assets		(1 870 363)	(2 875 218)	(14 094 383)	(41 329 974)	—	—	(60 169 938)
Discounted assets								
Loan impairment provision for ECL		(684 678)	(637 140)	(2 378 895)	(6 885 779)	(11 852 264)	—	(22 438 756)
Total discounted assets		50 709 766	15 964 094	60 651 037	61 788 812	5 464 653	(374 974)	194 203 388

*Refer to the footnotes on **page 317**.*

37. Financial risk management continued

37.4 Liquidity risk continued

Maturities of assets and liabilities[1][2] continued

		GROUP						
R'000	**Note**	**Demand to 1 month**	**1 to 3 months**	**3 months to 1 year**	**More than 1 year**	**Non-contractual**	**Adjustment[3]**	**Total**
2024								
Undiscounted liabilities								
Deposits	18	108 762 093	9 406 704	20 460 689	19 680 169	—	—	158 309 655
Wholesale funding	18	5 372	578 239	997 850	1 838 780	—	—	3 420 241
Lease liability	20	29 473	105 270	455 503	2 780 506	—	—	3 370 752
Current income tax liabilities		—	251 977	—	—	—	—	251 977
Other liabilities	19	3 878 994	903 874	157 139	271 656	153 270	—	5 364 933
Derivative liabilities	46	7 245	4 489	6 726	2 142	—	—	20 602
Employee benefit liabilities	21	—	—	—	12 370	—	—	12 370
Undiscounted liabilities		112 683 177	11 250 553	22 077 907	24 585 623	153 270	—	170 750 530
Adjustments for undiscounted liabilities		(2 061 866)	(3 320 624)	(693 056)	(626 952)	—	—	(6 702 498)
Total discounted liabilities		110 621 311	7 929 929	21 384 851	23 958 671	153 270	—	164 048 032
Net liquidity excess/(shortfall)[5][6]		(60 103 048)	7 588 759	52 667 513	78 533 163	5 311 383	(374 974)	83 622 796
Cumulative liquidity excess/ (shortfall)[6][7]		(60 103 048)	(52 514 289)	153 224	78 686 387	83 997 770	83 622 796	83 622 796

*Refer to the footnotes on **page 317**.*

		GROUP						
R'000	**Note**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**5 to 10 years**	**More than 10 years**	**Total**
2025								
Undiscounted assets								
Financial investments at amortised cost	7	**1 996 821**	**2 845 903**	**1 986 537**	**2 676 158**	**26 066 610**	**—**	**35 572 029**
Financial assets – equity instruments at FVOCI	12	**—**	**—**	**—**	**81 886**	**—**	**—**	**81 886**
Loans and advances Personal banking	9	**27 410 919**	**19 176 782**	**13 120 184**	**9 438 938**	**3 053 719**	**—**	**72 200 542**
Loans and advances Business banking – Business	9	**2 216 106**	**1 635 938**	**1 004 607**	**476 276**	**155 489**	**13 114**	**5 501 530**
Loans and advances Business banking – Mortgage	9	**1 791 172**	**1 712 534**	**1 666 572**	**1 505 699**	**5 816 019**	**3 829 500**	**16 321 496**
Loans and advances AvaFin	9	**134 144**	**77 832**	**41 093**	**23 985**	**15 239**	**—**	**292 293**
Other receivables[8]	10	**194 216**	**81 925**	**56 323**	**47 906**	**—**	**—**	**380 370**
Derivative assets	46	**47**	**—**	**—**	**—**	**—**	**—**	**47**
Undiscounted assets		**33 743 425**	**25 530 914**	**17 875 316**	**14 250 848**	**35 107 076**	**3 842 614**	**130 350 193**
Adjustments for undiscounted assets		**(12 982 973)**	**(10 211 636)**	**(7 543 899)**	**(7 356 223)**	**(8 224 375)**	**(1 112 698)**	**(47 431 804)**
Discounted assets								
Loan impairment provision for ECL		**(2 356 101)**	**(1 764 371)**	**(1 243 236)**	**(717 676)**	**(159 681)**	**(15 009)**	**(6 256 074)**
Total discounted assets		**18 404 351**	**13 554 907**	**9 088 181**	**6 176 949**	**26 723 020**	**2 714 907**	**76 662 315**
Undiscounted liabilities								
Deposits	18	**10 576 060**	**5 866 783**	**4 123 376**	**3 556 074**	**—**	**—**	**24 122 293**
Wholesale funding	18	**1 064 769**	**130 170**	**105 497**	**—**	**—**	**—**	**1 300 436**
Lease liability	20	**598 580**	**513 357**	**433 270**	**379 131**	**726 574**	**7 581**	**2 658 493**
Other liabilities	19	**155 152**	**175 148**	**58 690**	**34 788**	**92 551**	**(345)**	**515 984**
Derivative liabilities	46	**1**	**—**	**—**	**—**	**—**	**—**	**1**
Employee benefit liabilities	21	**3 630**	**3 570**	**3 570**	**—**	**—**	**—**	**10 770**
Undiscounted liabilities		**12 398 192**	**6 689 028**	**4 724 403**	**3 969 993**	**819 125**	**7 236**	**28 607 977**
Adjustments for undiscounted liabilities		**(1 454 476)**	**(1 175 685)**	**(954 286)**	**(860 351)**	**(478 025)**	**(5 348)**	**(4 928 171)**
Total discounted liabilities		**10 943 716**	**5 513 343**	**3 770 117**	**3 109 642**	**341 100**	**1 888**	**23 679 806**
Net liquidity excess/(shortfall)[5][6]		**18 989 132**	**17 077 515**	**11 907 677**	**9 563 179**	**34 128 270**	**3 820 369**	**95 486 142**
Cumulative liquidity excess/ (shortfall)[6][7]		**14 315 609**	**31 393 124**	**43 300 801**	**52 863 980**	**86 992 250**	**90 812 619**	**90 812 619**

*Refer to the footnotes on **page 317**.*

R'000	Note	GROUP 1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
2024								
Undiscounted assets								
Financial investments at amortised cost	7	561 705	1 034 030	1 506 355	1 034 030	16 653 930	—	20 790 050
Financial assets – equity instruments at FVOCI	12	—	—	—	82 415	—	—	82 415
Loans and advances Personal banking	9	26 402 723	18 767 277	12 564 597	8 899 212	2 913 668	—	69 547 477
Loans and advances Business banking – Business	9	1 896 824	1 410 879	865 914	341 220	168 236	24 513	4 707 586
Loans and advances Business banking – Mortgage	9	1 601 285	1 555 594	1 478 412	1 331 785	5 163 260	3 716 797	14 847 133
Other receivables[8]	10	17 427	9 409	—	—	—	—	26 836
Derivative assets	46	2 993	75	—	—	—	—	3 068
Undiscounted assets		30 482 957	22 777 264	16 415 278	11 688 662	24 899 094	3 741 310	110 004 565
Adjustments for undiscounted assets		(11 088 590)	(8 443 776)	(6 643 763)	(5 593 382)	(8 357 198)	(1 203 265)	(41 329 974)
Discounted assets								
Loan impairment provision for ECL		(2 491 284)	(1 918 704)	(1 382 200)	(848 464)	(229 323)	(15 804)	(6 885 779)
Total discounted assets		16 903 083	12 414 784	8 389 315	5 246 816	16 312 573	2 522 241	61 788 812
Undiscounted liabilities								
Deposits	18	9 996 891	4 074 602	3 204 005	2 404 671	—	—	19 680 169
Wholesale funding	18	940 442	869 863	28 475	—	—	—	1 838 780
Lease liability	20	575 696	510 827	463 163	405 115	816 752	8 953	2 780 506
Other liabilities	19	97 706	61 627	24 517	11 401	76 405	—	271 656
Derivative liabilities	46	2 142	—	—	—	—	—	2 142
Employee benefit liabilities	21	4 584	3 923	3 863	—	—	—	12 370
Undiscounted liabilities		11 617 461	5 520 842	3 724 023	2 821 187	893 157	8 953	24 585 623
Adjustments for undiscounted liabilities		(1 836 500)	561 377	614 794	571 559	(531 749)	(6 433)	(626 952)
Total discounted liabilities		9 780 961	6 082 219	4 338 817	3 392 746	361 408	2 520	23 958 671
Net liquidity excess/(shortfall)[5][6]		16 374 212	15 337 718	11 309 055	8 019 011	23 776 614	3 716 553	78 533 163
Cumulative liquidity excess/(shortfall)[6][7]		16 527 436	31 865 154	43 174 209	51 193 220	74 969 834	78 686 387	78 686 387

(1) For the company, the contractual maturities of the financial assets and liabilities are all on demand to 1 month.

(2) Assets and liabilities other than financial assets and liabilities are included in the analysis to provide a holistic view of liquidity management.

(3) The adjustment includes adjustments to loan origination fees, deferred income and ECL.

(4) The definitions of Sovereign, banks, corporate and retail are aligned with the Banks Act Regulations.

(5) Calculated as undiscounted assets net of the loan impairment provision for ECL less undiscounted liabilities.

(6) Off-balance sheet guarantees and letters of credit for Business banking to the value of R660 million (2024: R559 million) and R31 million (2024: R55 million), respectively, and irrevocable loan commitments to the value of R14 268 million (2024: R14 160 million) that have a maturity of demand to 1 month have not been included above.

(7) Much of the liquidity shortfall in the demand to 3-month categories results from the investment of excess cash in treasury bills and government bonds with maturities in excess of 3 months. These instruments are highly liquid and can be converted to cash should the need arise, adjusted for fair value movements since purchase. Refer to note 37.8.

(8) The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Restatement impacts the maturity analysis of other receivables. Comparatives have been restated. Refer to note 3.

37. Financial risk management continued

37.5 Capital adequacy risk

The ALCO oversees the activities of treasury, which operates in terms of an approved ALM policy. The ALCO assesses capital adequacy monthly and manages it daily as necessary. This includes a historical and future capital positioning review and a quarterly report to the RCMC. Capital adequacy is reported to the PA monthly in line with the requirements of the regulations.

Risk management and capital management are interdependent. The group holds risk capital as a reserve in line with regulatory requirements. This allows for all residual risks that remain after cost-effective risk management techniques, impairment provisioning and risk mitigation have been applied. Residual risk exists as there is potential for unexpected losses and volatility in expected future losses that are not captured in terms of IFRS Accounting Standards.

The group has complied with all regulatory capital requirements.

37.6 Gains and losses per category of financial assets and financial liabilities

		GROUP					
		At FVTPL		At FVOCI	At amortised cost		
R'000	Note	Held for trading	Financial assets	Designated as hedges	Financial assets	Financial liabilities	Total
2025							
Interest income calculated using the effective interest method	25.1	**—**	**—**	**—**	**29 367 763**	**—**	**29 367 763**
Interest income on financial assets at FVTPL	25.2	**—**	**860 595**	**—**	**—**	**—**	**860 595**
Interest expense	25.3	**—**	**—**	**—**	**—**	**(10 042 710)**	**(10 042 710)**
Loan fee income	26	**—**	**—**	**—**	**1 292 328**	**—**	**1 292 328**
Loan fee expense	26	**—**	**—**	**—**	**(6 393)**	**—**	**(6 393)**
Transaction fee and commission income	27	**—**	**—**	**—**	**—**	**24 851 856**	**24 851 856**
Transaction fee and commission expense	27	**—**	**—**	**—**	**—**	**(6 317 004)**	**(6 317 004)**
Fair value gains on derivatives designated as hedges	24	**—**	**—**	**(733)**	**—**	**—**	**(733)**
Foreign currency income		**567 550**	**—**	**—**	**—**	**—**	**567 550**
Foreign currency expense		**(431 956)**	**—**	**—**	**—**	**—**	**(431 956)**
Credit impairments	30	**—**	**—**	**—**	**(8 258 386)**	**—**	**(8 258 386)**
2024							
Interest income calculated using the effective interest method	25.1	—	—	—	25 118 273	—	25 118 273
Interest income on financial assets at FVTPL	25.2	—	687 527	—	—	—	687 527
Interest expense	25.3	—	—	—	—	(9 341 813)	(9 341 813)
Loan fee income	26	—	—	—	1 219 308	—	1 219 308
Loan fee expense	26	—	—	—	(11 140)	—	(11 140)
Transaction fee and commission income	27	—	—	—	—	20 855 906	20 855 906
Transaction fee and commission expense	27	—	—	—	—	(6 068 779)	(6 068 779)
Fair value gains on derivatives designated as hedges	24	—	—	(3 178)	—	—	(3 178)
Foreign currency income		514 554	—	—	—	—	514 554
Foreign currency expense		(354 041)	—	—	—	—	(354 041)
Credit impairments	30	—	—	—	(8 725 334)	—	(8 725 334)

37.7 Fair value hierarchy and classification of financial assets and financial liabilities

Valuation processes

Determination of fair values and valuation processes

Fair values are market-based, calculated with reference to observable inputs available in the market, then less observable inputs and finally unobservable inputs only where observable inputs or less observable inputs are unavailable.

Fair values are calculated consistently with the unit of account used for the measurement of the asset or liability in the statement of financial position and income statement and assume an orderly market on a going concern basis.

The group finance department performs the valuations of financial assets and liabilities required for financial reporting purposes. Selecting the most appropriate valuation methods and techniques is an outcome of internal discussion and deliberation between members of the finance team who have modelling and valuation experience. The valuations are reported to the CFO and audit committee. Changes in fair values are analysed at each reporting date.

Hierarchy of fair value of financial instruments

The hierarchy is based on the extent to which the inputs to valuation techniques are observable or unobservable. The hierarchy categorises the inputs to valuation techniques used to measure fair value into 3 levels.

Level 1 inputs reflect observable market data obtained from independent sources and consist of unadjusted quoted prices in active markets for assets and liabilities.

Level 2 inputs are inputs other than quoted market prices in level 1 that are directly or indirectly observable for the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the group's assessment of what inputs would likely be from the perspective of the market.

The group considers relevant and observable market inputs where these are available. Unobservable inputs are used in the absence of observable inputs.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the year.

The fair value hierarchy is applied to both those assets and liabilities measured at FVTPL and those measured using amortised cost. The table that follows summarises the classification of financial assets and financial liabilities and their fair values.

37. Financial risk management continued

37.7 Fair value hierarchy and classification of financial assets and financial liabilities continued

Valuation processes continued

Hierarchy of fair value of financial instruments continued

GROUP

R'000	Note	At FVTPL Financial assets	At FVTPL Held for trading	At FVTPL As hedging instruments	At FVOCI Financial assets	At amortised cost Financial assets	Total	Fair value	Hierarchy of valuation technique
2025									
Financial assets									
Cash and cash equivalents[1]	5	–	–	–	–	44 563 334	44 563 334	44 563 334	Level 2
Financial assets at FVTPL		1 349 010	–	–	–	–	1 349 010	1 349 010	
Financial assets at FVTPL – Income funds	6	793 671	–	–	–	–	793 671	793 671	Level 2
Financial assets at FVTPL – Term deposits	6	200 466	–	–	–	–	200 466	200 466	Level 2
Financial assets at FVTPL – Treasury bills	6	354 873	–	–	–	–	354 873	354 873	Level 2[6]
Term deposit investments	8	–	–	–	–	5 546 480	5 546 480	5 546 480	Level 2
Financial investments at amortised cost		–	–	–	–	76 336 706	76 336 706	76 371 657	
Financial investments at amortised cost – Treasury bills[2]	7	–	–	–	–	52 207 117	52 207 117	52 149 950	Level 2[6]
Financial investments at amortised cost – Fixed-rate government bonds[2]	7	–	–	–	–	13 033 050	13 033 050	13 036 602	Level 1[6]
Financial investments at amortised cost – Floating-rate government bonds[2]	7	–	–	–	–	11 024 821	11 024 821	11 115 798	Level 1
Financial investments at amortised cost – Corporate bonds[2][3]	7	–	–	–	–	71 718	71 718	69 307	Level 2
Financial assets – Equity instruments at FVOCI	12	–	–	–	81 886	–	81 886	81 886	Level 3
Loans and advances		–	–	–	–	89 145 478	89 145 478	93 604 789	
Loans and advances Personal banking – Term loans[2]	9	–	–	–	–	38 106 269	38 106 269	40 860 607	Level 3
Loans and advances Personal banking – Access facility[2]	9	–	–	–	–	17 175 919	17 175 919	18 241 781	Level 3
Loans and advances Personal banking – Credit card[2]	9	–	–	–	–	10 102 334	10 102 334	10 452 999	Level 3
Loans and advances Business banking – Business	9	–	–	–	–	10 969 102	10 969 102	11 227 431	Level 3
Loans and advances Business banking – Mortgage	9	–	–	–	–	11 002 234	11 002 234	11 032 351	Level 3
Loans and advances AvaFin[1][3]	9	–	–	–	–	1 789 620	1 789 620	1 789 620	Level 3
Other receivables[1][4]	10	–	–	–	–	5 581 838	5 581 838	5 581 838	Level 2
Derivative assets[5]	46	–	37 614	–	–	–	37 614	37 614	Level 2

[1] *The fair values of these assets and liabilities closely approximate their carrying amounts due to their short-term or on-demand repayment terms.*
[2] *The fair value presentation of financial assets at FVTPL, financial investments at amortised cost and loans and advances for Personal banking has been disaggregated by nature. Comparatives have been updated to reflect the disaggregated presentation.*
[3] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*
[4] *Other receivables per the statement of financial position include non-financial receivables totalling R0.4 billion.*
[5] *Cash flow hedges.*
[6] *In the prior year, treasury bills were incorrectly classified as level 1. In the current year, they are appropriately classified as level 2. In the prior year, government bonds were incorrectly classified as level 2. In the current year, they have been classified as level 1 as they are priced to quoted prices in active markets.*

		GROUP				
		At FVTPL	At amortised cost			
R'000	Note	Held for trading	Financial liabilities	Total	Fair value	Hierarchy of valuation technique
2025						
Financial liabilities						
Deposits and bonds		—	175 541 102	175 541 102	168 329 790	
Listed bonds	18	—	1 506 121	1 506 121	1 510 815	Level 2
Unlisted fixed-term institutional deposits	18	—	1 399 494	1 399 494	1 398 468	Level 2
Deposits	18	—	172 635 487	172 635 487	165 420 507	Level 2
Derivative liabilities(1)	46	21 140	—	21 140	21 140	Level 2
Trade and other payables(2)(3)	19	—	5 782 753	5 782 753	5 782 753	Level 2

(1) *Cash flow hedges.*
(2) *The fair values of these assets and liabilities closely approximate their carrying amounts due to their short-term or on-demand repayment terms.*
(3) *Other payables per the statement of financial position include non-financial payables totalling R3.4 billion.*

37. Financial risk management continued

37.7 Fair value hierarchy and classification of financial assets and financial liabilities continued

Valuation processes continued

Hierarchy of fair value of financial instruments continued

		GROUP							
		At FVTPL			At FVOCI	At amortised cost			
R'000	Note	Financial assets	Held for trading	As hedging instruments	Financial assets	Financial assets	Total	Fair value	Hierarchy of valuation technique
Restated[1] 2024									
Financial assets									
Cash and cash equivalents[1][2]	5	–	–	–	–	34 856 386	34 856 386	34 856 386	Level 2
Financial assets at FVTPL		553 980	–	–	–	–	553 980	553 980	
Financial assets at FVTPL – Income funds	6	275 511	–	–	–	–	275 511	275 511	Level 2
Financial assets at FVTPL – Term deposits	6	71 709	–	–	–	–	71 709	71 709	Level 2
Financial assets at FVTPL – Treasury bills	6	206 760	–	–	–	–	206 760	206 760	Level 2[5]
Term deposit investments	8	–	–	–	–	7 791 467	7 791 467	7 791 467	Level 2
Financial investments at amortised cost		–	–	–	–	68 110 551	68 110 551	67 459 059	
Financial investments at amortised cost – Treasury bills	7	–	–	–	–	55 262 386	55 262 386	55 303 660	Level 2[5]
Financial investments at amortised cost – Fixed-rate government bonds	7	–	–	–	–	12 848 165	12 848 165	12 155 399	Level 1[5]
Financial assets – Equity instruments at FVOCI	12	–	–	–	82 415	–	82 415	82 415	Level 3
Loans and advances		–	–	–	–	80 551 697	80 551 697	83 760 772	
Loans and advances Personal banking – Term loans	9	–	–	–	–	35 508 832	35 508 832	36 325 000	Level 3
Loans and advances Personal banking – Access facility	9	–	–	–	–	18 958 962	18 958 962	20 695 000	Level 3
Loans and advances Personal banking – Credit card	9	–	–	–	–	8 020 189	8 020 189	8 417 000	Level 3
Loans and advances Business banking – Business	9	–	–	–	–	8 736 772	8 736 772	8 950 947	Level 3
Loans and advances Business banking – Mortgage	9	–	–	–	–	9 326 942	9 326 942	9 372 825	Level 3
Other receivables[1][2][3]	10	–	–	–	–	2 223 290	2 223 290	2 223 290	Level 2
Derivative assets[4]	46	–	32 507	1 097	–	–	33 604	33 604	Level 2

(1) *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. Refer to note 3.*
(2) *The fair values of these assets and liabilities closely approximate their carrying amounts due to their short-term or on-demand repayment terms.*
(3) *Other receivables per the statement of financial position include non-financial receivables totalling R0.3 billion.*
(4) *Cash flow hedges.*
(5) *In the prior year, treasury bills were incorrectly classified as level 1. In the current year, they are appropriately classified as level 2. In the prior year, government bonds were incorrectly classified as level 2. In the current year, they have been classified as level 1 as they are priced to quoted prices in active markets.*

		GROUP					
		At FVTPL		At amortised cost			
R'000	Note	Held for trading	As hedging instruments	Financial liabilities	Total	Fair value	Hierarchy of valuation technique
2024							
Financial liabilities							
Deposits and bonds		—	—	156 014 968	156 014 968	155 996 040	
Listed bonds	18	—	—	2 766 277	2 766 277	2 774 800	Level 2
Unlisted fixed-term institutional deposits	18	—	—	254 557	254 557	254 921	Level 2
Deposits	18	—	—	152 994 134	152 994 134	152 966 319	Level 2
Derivative liabilities[(1)]	46	19 505	1 097	—	20 602	20 602	Level 2
Trade and other payables[(2)(3)]	19	—	—	3 439 376	3 439 376	3 439 376	Level 2

(1) Cash flow hedges.
(2) The fair values of these assets and liabilities closely approximate their carrying amounts due to their short-term or on-demand repayment terms.
(3) Other payables per the statement of financial position include non-financial payables totalling R1.9 billion.

37.8 Fair value calculation methods, inputs and techniques

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

Item and description	Valuation technique
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.
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 – Income funds	Financial assets (income funds) with underlying debt securities are valued using DCF, external valuations and published price quotations on the JSE equity and debt interest rate market, or external valuations that are based on published market inputs with the main assumptions being market input, uplifted with inflation. These instruments are classified as level 2 as the markets that they are quoted on are not considered to be active.
Financial assets at FVTPL – Term deposits	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period.

37. Financial risk management continued

37.8 Fair value calculation methods, inputs and techniques continued

Item and description	Valuation technique
Financial assets at FVTPL – Treasury bills	These instruments are classified as level 2 as the markets that they are quoted on are not considered to be active.
Financial assets – Equity instruments at FVOCI – SWIFT	The equity investment in SWIFT is valued based on the net asset value in the financial statements at the latest reporting date. No active market exists for these shares.
Financial assets – Equity instruments at FVOCI – African Bank Holdings Limited	The equity investment in African Bank Holdings Limited is valued based on the net asset value in the financial statements at the latest reporting date adjusted by a marketability discount of 45% because the shares are not listed and sale is restricted in terms of the rules of the consortium.
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	These instruments are classified as level 2 as the markets that they are quoted on are not considered to be active.
Financial investments at amortised cost – Fixed- and floating-rate government bonds	The JSE debt market bond pricing model uses the JSE debt market mark-to-market bond yield.
Financial investments at amortised cost – Corporate bonds	The present value technique was applied. For fixed-rate instruments, future cash outflows were discounted using the rate adjusted by changes in market rates since the origination. For floating-rate instruments, with rate recalculation periods not longer than 3 months, no adjustment of market rates was assumed. All instruments are reviewed for credit risk changes since origination.
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.
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 debt market. The pricing method used by the JSE links the bond at issue to a liquid government bond (a companion bond). The companion is chosen so as to best fit the characteristics of the Capitec issue, with the time to maturity being the most important factor. Spread information is obtained from market participants and is used to adjust the price subsequent to issue. Very small and very large trades are excluded due to the inherent discounts associated with large trades as well as the premium often charged for odd-lot trades.
Unlisted fixed-term institutional deposits	These comprise unlisted bonds, unlisted fixed-term negotiable instruments and other unlisted fixed-term wholesale instruments. The income approach was used. Fair values were calculated by discounting the contractual cash flows using publicly quoted closing swap curve rates from a large bank market-maker with a risk premium adjustment to account for non-performance risk. The market rate on the curve was determined with reference to the remaining maturity of the liability.
Personal banking 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.

38. Retirement benefits

R'000	GROUP 2025	2024
The group contributed on behalf of all employees who elected to be members of the provident fund. The provident fund, a defined contribution fund, is administered independently of the group and is subject to the Pension Funds Act, Act 24 of 1956. The amount contributed is included in salaries and bonus costs as per note 30.	**792 218**	690 520

It is compulsory for all new employees to be members of the provident fund. The group contributes to the fund on behalf of all members. The group has no exposure in respect of any post-retirement benefits payable other than those set out in note 21.

Accounting policies

The group contributes to provident and retirement funds classified as defined contribution funds.

The group pays fixed contributions to privately administered provident or retirement fund plans on a contractual basis. The group has no further payment obligations.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

39. Related party transactions

During the year, the company and its subsidiaries in the ordinary course of business entered into various transactions with other group companies.

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Subsidiaries				
Dividends				
Ordinary dividend received (Capitec Bank Limited)	–	–	5 004 221	3 427 123
Preference dividend received (Capitec Bank Limited)	–	–	4 476	4 763
Ordinary dividend received (Capitec Ins Proprietary Limited)	–	–	1 300 000	2 350 000
Management fees received – Capitec Bank Limited	–	–	6 236	6 113
Joint venture				
Grants paid	32 359	18 959	–	–
Service fees	2 209	2 106	–	–
Imvelo Ventures Proprietary Limited	34 568	21 065	–	–
Rent received				
Praelexis Proprietary Limited	1 120	997	–	–
Service received				
Praelexis Proprietary Limited	18 873	17 935	–	–
Bank account				
Capitec Bank Limited	–	–	4 095	301 219
Loans due to:				
Capitec Bank Limited	–	–	(39 238)	(37 791)
Key management				
Key management employees' remuneration				
Salaries and other short-term benefits	91 198	49 137	–	–
Post-employment benefits	3 398	18 418	–	–
Share-based payments	283 101	66 946	–	–
Key management compensation paid by subsidiaries	377 697	134 501	–	–

Key management is considered to be the members of the group EXCO, excluding development members. Key management compensation excludes directors' remuneration. The members of the group EXCO are the prescribed officers of the company.

Refer to note 40.6 for movements in the loan due to Capitec Bank Limited.

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Loans and advances to directors and other key management employees advanced by subsidiaries and included in loans and advances to clients in respect of the share option scheme and Personal banking loans				
Loans outstanding at the beginning of the year	**1 122**	4 793	–	–
Loans advanced during the year	**28 044**	13 149	–	–
Interest and fees charged on loans during the year	**858**	305	–	–
Loan repayments during the year	**(19 327)**	(17 125)	–	–
Loans outstanding at the end of the year	**10 697**	1 122	–	–
Personal banking deposits from directors and other key management employees				
Deposits at the beginning of the year	**24 755**	17 063	–	–
Interest earned during the year	**1 874**	1 332	–	–
Deposits made during the year	**4 853**	6 360	–	–
Deposits at the end of the year	**31 482**	24 755	–	–

Loans to other key management employees by subsidiaries have fixed repayment terms and bear interest at the official rate for individuals as determined by SARS. Savings and deposits are unsecured, carry variable interest rates and are repayable on demand.

Loans to companies where directors are shareholders

Included in loans and advances to clients is a loan in the amount of R16.5 million (2024: R22.8 million) to Sureship Investments Proprietary Limited in which Mr GM Fourie is a shareholder.

Directors' interest in agreements

All directors of Capitec Bank Holdings Limited have given notice that they did not have a material interest in any significant agreement with the company or any of its subsidiaries which could have given rise to a conflict of interest during the year.

Directors' interest in share capital

At year-end, the directors held, in aggregate, directly or indirectly, beneficially or non-beneficially, interests in 21.0 million (2024: 21.0 million) Capitec Bank Holdings Limited shares, equivalent to 18.1% (2024: 18.1%) of the issued ordinary share capital.

39. Related party transactions continued

Directors' interest in share capital continued

The individual interests of the directors including those who resigned and retired during the year were as follows:

	Number of shares held					
	Beneficial		Non-beneficial		Total	
Ordinary shares	**Direct**	**Indirect[1]**	**Direct**	**Indirect[1]**	**Shares**	**%**
2025						
NF Bhettay	**—**	**—**	**—**	**—**	**—**	**—**
SL Botha *(chairman)*	**—**	**—**	**—**	**—**	**—**	**—**
SA du Plessis	**700**	**—**	**—**	**—**	**700**	**—**
CH Fernandez	**—**	**—**	**—**	**—**	**—**	**—**
N Ford-Hoon	**—**	**—**	**—**	**—**	**—**	**—**
GM Fourie[2]	**16 022**	**1 015 203**	**—**	**7 707**	**1 038 932**	**0.89**
GR Hardy[2]	**4 018**	**—**	**—**	**—**	**4 018**	**—**
MSdP le Roux[3]	**—**	**—**	**—**	**13 164 393**	**13 164 393**	**11.34**
V Mahlangu	**—**	**—**	**—**	**—**	**—**	**—**
DP Meintjes	**—**	**—**	**—**	**—**	**—**	**—**
PJ Mouton	**—**	**6 685 622**	**—**	**66 914**	**6 752 536**	**5.82**
CA Otto	**—**	**—**	**—**	**—**	**—**	**—**
JP Verster[4]	**—**	**—**	**—**	**—**	**—**	**—**
Total shares held[5]	**20 740**	**7 700 825**	**—**	**13 239 014**	**20 960 579**	**18.05**
2024						
NF Bhettay[6]	—	—	—	—	—	—
SL Botha *(chairman)*	—	—	—	—	—	—
SA du Plessis	700	—	—	—	700	—
CH Fernandez	—	—	—	—	—	—
N Ford-Hoon[6]	—	—	—	—	—	—
GM Fourie[2]	4 763	1 015 203	—	7 707	1 027 673	0.89
GR Hardy[2]	3 718	—	—	—	3 718	—
MSdP le Roux[3]	—	—	—	13 193 193	13 193 193	11.36
V Mahlangu	—	—	—	—	—	—
TE Mashilwane[7]	—	—	—	—	—	—
NS Mashiya[8]	15 144	8 065	—	—	23 209	0.02
DP Meintjes[9]	—	—	—	—	—	—
PJ Mouton	—	6 685 622	—	66 914	6 752 536	5.82
CA Otto	1 092	—	—	—	1 092	—
JP Verster	—	—	—	—	—	—
Total shares held[5]	25 417	7 708 890	—	13 267 814	21 002 121	18.09

(1) *Includes shareholding through associates as defined in terms of the JSE Listings Requirements.*

(2) *The executive directors are prescribed officers of the company.*

(3) *Mr MSdP le Roux's associates, Fynbos Ekwiteit Proprietary Limited (Fynbos), previously known as Limietberg Sekuriteit Proprietary Limited, and Kalander Sekuriteit Proprietary Limited (Kalander), underwent a restructure resulting in Fynbos transferring Capitec Bank Holdings Limited (Capitec) shares to Kalander such that Fynbos' direct shareholding in Capitec is 4.89% and Kalander's direct shareholding in Capitec is 5.57%. Further to announcements released on the Stock Exchange News Service (SENS) on 16 May 2022, 15 June 2022 and 4 July 2022, Kalander cash-settled the hedging and financing transaction announced on SENS on 11 June 2019 and implemented new hedging and refinancing transactions over 575 000 and 625 000 shares, respectively, released from the settled transactions. In February 2023, Kalander also cash-settled the hedging and financing transaction announced on 24 February 2020 with short-term facilities. Further to announcements released on SENS on 2 May 2023 and 30 August 2023, Kalander cash-settled the hedging and financing transactions announced on 24 February 2020, 1 June 2020 and 1 July 2021 and implemented new hedging and refinancing transactions over 1 000 008 and 300 006 shares, respectively, released from the settled transactions. Further to announcements released on SENS on 28 June 2024, 18 July 2024 and 2 August 2024, Kalander cash-settled the hedging and financing transaction announced on SENS on 15 and 19 November 2021, and implemented new hedging and refinancing transactions over 260 000 shares, released from the settled transactions. Further to announcements released on SENS on 23 October 2024 and 4 November 2024, Kalander cash-settled the hedging and financing transaction announced on SENS on 20 December 2021, with a portion of the maturity of the transaction extended as per SENS on 23 August 2024, and implemented new hedging and refinancing transactions over 475 000 shares, released from the settled transactions. Further to announcements released on SENS on 22 November 2024 and 5 February 2025, Kalander settled a portion of the hedging and financing transactions announced on 3 August 2021 by selling 28 800 Capitec shares, cash-settled the remainder, and implemented a new hedging and refinancing transaction over 195 000 shares, released from the settled transactions (collectively referred to as the 'refinancing' transactions). In aggregate, 3.43 million Capitec shares are subject to the hedging transactions as at 28 February 2025 (2024: 3.75 million). Financing facilities are covered by 2.58 million Capitec shares (2024: 3.2 million). The intention remains to eventually cash-settle the hedge and financing transactions.*

(4) *Mr JP Verster stepped down from the board effective 31 May 2024.*

(5) *No transactions occurred after year-end and before the date of approval of the financial statements that can impact any shareholding of any director.*

(6) *Mses NF Bhettay and N Ford-Hoon were appointed to the board effective 7 September 2023.*

(7) *Ms TE Mashilwane stepped down from the board effective 30 September 2023.*

(8) *Mr NS Mashiya resigned, effective 31 March 2023.*

(9) *Mr DP Meintjes stepped down from the board effective 31 May 2023.*

Directors' interest in share incentive scheme – share options

Director	Maturity date[1]	Issue date	Strike price R	Opening balance number of share options	(Share options exercised/cancelled)/ Share options granted: Number of share options	(Share options exercised/cancelled)/ Share options granted: Market price R	(Share options exercised/cancelled)/ Share options granted: Exercise date	Closing balance number of share options
2025								
GM Fourie	28 March 2024	28 March 2018	881.76	5 739	(5 739)	2 294.37	13 May 2024	—
(direct beneficial)	29 March 2024	29 March 2019	1 175.01	5 107	(5 107)	2 294.37	13 May 2024	—
	8 April 2024	8 April 2020	973.05	6 676	(6 676)	2 294.37	13 May 2024	—
	12 April 2024	11 February 2021	1 392.19	5 421	(5 421)	2 294.37	13 May 2024	—
	29 March 2025	29 March 2019	1 175.01	5 107	—	—	—	5 107
	8 April 2025	8 April 2020	973.05	6 676	—	—	—	6 676
	12 April 2025	11 February 2021	1 392.19	5 420	—	—	—	5 420
	23 April 2025	22 February 2022	2 067.19	4 629	—	—	—	4 629
	8 April 2026	8 April 2020	973.05	6 675	—	—	—	6 675
	12 April 2026	11 February 2021	1 392.19	5 420	—	—	—	5 420
	21 April 2026	21 February 2023	1 828.19	5 921	—	—	—	5 921
	23 April 2026	22 February 2022	2 067.19	4 628	—	—	—	4 628
	26 March 2027	26 March 2024	2 056.24	—	5 689	—	—	5 689
	12 April 2027	11 February 2021	1 392.19	5 420	—	—	—	5 420
	21 April 2027	21 February 2023	1 828.19	5 920	—	—	—	5 920
	23 April 2027	22 February 2022	2 067.19	4 628	—	—	—	4 628
	26 March 2028	26 March 2024	2 056.24	—	5 689	—	—	5 689
	21 April 2028	21 February 2023	1 828.19	5 920	—	—	—	5 920
	23 April 2028	22 February 2022	2 067.19	4 628	—	—	—	4 628
	26 March 2029	26 March 2024	2 056.24	—	5 688	—	—	5 688
	21 April 2029	21 February 2023	1 828.19	5 920	—	—	—	5 920
	26 March 2030	26 March 2024	2 056.24	—	5 688	—	—	5 688
Total options				99 855	(189)			99 666
GR Hardy	28 September 2023	28 September 2020	911.63	412	(412)	2 173.14	7 June 2024	—
(direct beneficial)	28 September 2024	28 September 2020	911.63	412	—	—	—	412
	23 April 2025	22 February 2022	2 067.19	1 134	—	—	—	1 134
	1 July 2025	1 July 2022	2 106.13	413	—	—	—	413
	28 September 2025	28 September 2020	911.63	411	—	—	—	411
	21 April 2026	21 February 2023	1 828.19	2 764	—	—	—	2 764
	23 April 2026	22 February 2022	2 067.19	1 134	—	—	—	1 134
	1 July 2026	1 July 2022	2 106.13	412	—	—	—	412
	28 September 2026	28 September 2020	911.63	411	—	—	—	411
	26 March 2027	26 March 2024	2 056.24	—	4 039	—	—	4 039
	21 April 2027	21 February 2023	1 828.19	2 763	—	—	—	2 763
	23 April 2027	22 February 2022	2 067.19	1 134	—	—	—	1 134
	1 July 2027	1 July 2022	2 106.13	412	—	—	—	412
	26 March 2028	26 March 2024	2 056.24	—	4 039	—	—	4 039
	21 April 2028	21 February 2023	1 828.19	2 763	—	—	—	2 763
	23 April 2028	22 February 2022	2 067.19	1 133	—	—	—	1 133
	1 July 2028	1 July 2022	2 106.13	412	—	—	—	412
	26 March 2029	26 March 2024	2 056.24	—	4 039	—	—	4 039
	21 April 2029	21 February 2023	1 828.19	2 763	—	—	—	2 763
	26 March 2030	26 March 2024	2 056.24	—	4 039	—	—	4 039
Total options				18 883	15 744			34 627
Total options held by directors				118 738	15 555			134 293

[1] *The director has 9 months after maturity to exercise the share options.*

39. Related party transactions continued

Directors' interest in share incentive scheme – SARs

Director	Maturity date[1]	Issue date	SAR exercise price R	Opening balance number of SARs	(SARs exercised/cancelled)/ SARs granted Number of SARs	Market price R	Exercise date	Closing balance number of SARs
2025								
GM Fourie	28 March 2024	28 March 2018	881.76	5 739	(5 739)	2 305.17	8 May 2024	—
(direct beneficial)	29 March 2024	29 March 2019	1 175.01	5 107	(5 107)	2 305.17	8 May 2024	—
	8 April 2024	8 April 2020	973.05	6 676	(6 676)	2 305.17	8 May 2024	—
	12 April 2024	11 February 2021	1 392.19	5 421	(5 421)	2 305.17	8 May 2024	—
	29 March 2025	29 March 2019	1 175.01	5 107	—	—	—	5 107
	8 April 2025	8 April 2020	973.05	6 676	—	—	—	6 676
	12 April 2025	11 February 2021	1 392.19	5 420	—	—	—	5 420
	23 April 2025	22 February 2022	2 067.19	4 629	—	—	—	4 629
	8 April 2026	8 April 2020	973.05	6 675	—	—	—	6 675
	12 April 2026	11 February 2021	1 392.19	5 420	—	—	—	5 420
	21 April 2026	21 February 2023	1 828.19	5 921	—	—	—	5 921
	23 April 2026	22 February 2022	2 067.19	4 628	—	—	—	4 628
	26 March 2027	26 March 2024	2 056.24	—	5 689	—	—	5 689
	12 April 2027	11 February 2021	1 392.19	5 420	—	—	—	5 420
	21 April 2027	21 February 2023	1 828.19	5 920	—	—	—	5 920
	23 April 2027	22 February 2022	2 067.19	4 628	—	—	—	4 628
	26 March 2028	26 March 2024	2 056.24	—	5 688	—	—	5 688
	21 April 2028	21 February 2023	1 828.19	5 920	—	—	—	5 920
	23 April 2028	22 February 2022	2 067.19	4 628	—	—	—	4 628
	26 March 2029	26 March 2024	2 056.24	—	5 688	—	—	5 688
	21 April 2029	21 February 2023	1 828.19	5 920	—	—	—	5 920
	26 March 2030	26 March 2024	2 056.24	—	5 688	—	—	5 688
Total SARs				99 855	(190)			99 665
GR Hardy	28 September 2024	28 September 2020	911.63	412	(412)	3 090.60	4 October 2024	—
(direct beneficial)	23 April 2025	22 February 2022	2 067.19	1 134	—	—	—	1 134
	1 July 2025	1 July 2022	2 106.13	413	—	—	—	413
	28 September 2025	28 September 2020	911.63	411	—	—	—	411
	21 April 2026	21 February 2023	1 828.19	2 764	—	—	—	2 764
	23 April 2026	22 February 2022	2 067.19	1 134	—	—	—	1 134
	1 July 2026	1 July 2022	2 106.13	412	—	—	—	412
	28 September 2026	28 September 2020	911.63	411	—	—	—	411
	26 March 2027	26 March 2024	2 056.24	—	4 039	—	—	4 039
	21 April 2027	21 February 2023	1 828.19	2 763	—	—	—	2 763
	23 April 2027	22 February 2022	2 067.19	1 134	—	—	—	1 134
	1 July 2027	1 July 2022	2 106.13	412	—	—	—	412
	26 March 2028	26 March 2024	2 056.24	—	4 039	—	—	4 039
	21 April 2028	21 February 2023	1 828.19	2 763	—	—	—	2 763
	23 April 2028	22 February 2022	2 067.19	1 133	—	—	—	1 133
	1 July 2028	1 July 2022	2 106.13	412	—	—	—	412
	26 March 2029	26 March 2024	2 056.24	—	4 039	—	—	4 039
	21 April 2029	21 February 2023	1 828.19	2 763	—	—	—	2 763
	26 March 2030	26 March 2024	2 056.24	—	4 039	—	—	4 039
Total SARs				18 471	15 744			34 215
Total SARs held by directors				118 326	15 554			133 880

[1] *The director has 9 months after maturity to exercise the share options.*

Directors' interest in share incentive scheme – Co-investment plan

Director	Maturity date[1]	Issue date	Strike price R	Opening balance number of rights	Rights exercised/Rights granted			Closing balance number of share rights
					Number of rights	Market price R	Exercise date	
2025								
Grant Hardy	8 April 2025	8 April 2021	1 087.22	439	—	—	—	439
	20 April 2026	20 April 2022	1 653.75	1 139	—	—	—	1 139
	8 April 2027	8 April 2021	951.31	438	—	—	—	438
	20 April 2028	20 April 2022	1 447.03	1 138	—	—	—	1 138
	7 June 2028	7 June 2024	1 644.99	—	1 419	—	—	1 419
	8 April 2029	8 April 2021	815.41	438	—	—	—	438
	20 April 2030	20 April 2022	1 240.31	1 138	—	—	—	1 138
	7 June 2030	7 June 2024	1 439.37	—	1 419	—	—	1 419
	8 April 2031	8 April 2021	679.51	438	—	—	—	438
	20 April 2032	20 April 2022	1 033.60	1 138	—	—	—	1 138
	7 June 2032	7 June 2024	1 233.74	—	1 418	—	—	1 418
Total rights				6 306	4 256			10 562

[1] *The director has 9 months after maturity to exercise the share options.*

39. Related party transactions continued

Directors' remuneration

The total share option expense relating to directors amounted to R15 175 394 (2024: R17 002 868) and the SARs expense amounted to R78 420 955 (2024: R27 254 373) due to the increase in the Capitec share price during the current year.

Directors remunerated by Capitec Bank Limited

R'000	Salaries[1]	Fringe benefits	Bonuses	Fees	Total	Fair value of options and rights granted during the year at the reporting date
2025						
Executive[2]						
GM Fourie	**18 662**	**118**	**11 022**	**—**	**29 802**	**11 491**
GR Hardy	**9 844**	**121**	**5 870**	**—**	**15 835**	**9 302**
Non-executive*						
NF Bhettay	**—**	**—**	**—**	**1 259**	**1 259**	**—**
SL Botha *(chairman)*	**—**	**—**	**—**	**5 590**	**5 590**	**—**
SA du Plessis	**—**	**—**	**—**	**2 031**	**2 031**	**—**
CH Fernandez[9]	**—**	**—**	**—**	**1 346**	**1 346**	**—**
N Ford-Hoon	**—**	**—**	**—**	**1 750**	**1 750**	**—**
MSdP le Roux	**—**	**—**	**—**	**650**	**650**	**—**
V Mahlangu	**—**	**—**	**—**	**1 724**	**1 724**	**—**
PJ Mouton	**—**	**—**	**—**	**1 222**	**1 222**	**—**
CA Otto	**—**	**—**	**—**	**1 049**	**1 049**	**—**
JP Verster[3][9]	**—**	**—**	**—**	**1 244**	**1 244**	**—**
Total directors' remuneration	**28 506**	**239**	**16 892**	**17 865**	**63 502**	**20 793**
2024						
Executive[2]						
GM Fourie	17 280	133	5 832	—	23 245	6 740
GR Hardy	8 458	109	2 917	—	11 484	3 146
NS Mashiya[4]	1 121	8	—	—	1 129	—
Non-executive*						
NF Bhettay[5]	—	—	—	413	413	—
SL Botha *(chairman)*	—	—	—	5 300	5 300	—
SA du Plessis	—	—	—	1 725	1 725	—
CH Fernandez[9]	—	—	—	1 059	1 059	—
N Ford-Hoon[6][9]	—	—	—	413	413	—
MSdP le Roux	—	—	—	616	616	—
V Mahlangu	—	—	—	1 482	1 482	—
TE Mashilwane[7]	—	—	—	712	712	—
DP Meintjes[8]	—	—	—	275	275	—
PJ Mouton	—	—	—	1 093	1 093	—
CA Otto	—	—	—	897	897	—
JP Verster[3][9]	—	—	—	1 731	1 731	—
Total directors' remuneration	26 859	250	8 749	15 716	51 574	9 886

(1) *Salaries includes the company's contribution to the provident fund. Refer to note 38.*
(2) *The executive directors are the prescribed officers of the company.*
(3) *Mr JP Verster retired on 31 May 2024.*
(4) *Mr NS Mashiya resigned on 31 March 2023.*
(5) *Ms NF Bhettay was appointed on 7 September 2023.*
(6) *Ms N Ford-Hoon was appointed on 7 September 2023.*
(7) *Ms TE Mashilwane resigned on 30 September 2023.*
(8) *Mr DP Meintjes retired on 26 May 2023.*
(9) *Ms N Ford-Hoon, Ms CH Fernandez and Mr JP Verster are remunerated by both Capitec Bank and Capitec Life. Previously, the group reported directors' remuneration in a single table. Directors' remuneration has been disaggregated in the current year to distinguish between directors remunerated by Capitec Bank and those remunerated by Capitec Life. Comparatives have been updated for this disaggregation and the total remuneration reported per director remains unchanged.*
* *These directors serve on the board of Capitec Bank Holdings Limited. Directors of Capitec Bank Holdings Limited render a majority of their services to subsidiaries in the group.*

Directors remunerated by Capitec Life Limited

R'000	Salaries	Fringe benefits	Bonuses	Fees	Total	Fair value of options and rights granted during the year at the reporting date
2025						
Non-executive						
CH Fernandez	**—**	**—**	**—**	**392**	**392**	**—**
N Ford-Hoon[(1)]	**—**	**—**	**—**	**341**	**341**	**—**
JP Verster	**—**	**—**	**—**	**345**	**345**	**—**
Total directors' remuneration[(2)]	**—**	**—**	**—**	**1 078**	**1 078**	**—**
2024						
Non-executive						
CH Fernandez	—	—	—	359	359	—
N Ford-Hoon	—	—	—	—	—	—
JP Verster	—	—	—	435	435	—
Total directors' remuneration[(2)]	—	—	—	794	794	—

(1) *Ms N Ford-Hoon was appointed to the board of Capitec Life on 3 June 2024.*

(2) *Ms N Ford-Hoon, Ms CH Fernandez and Mr JP Verster are remunerated by both Capitec Bank and Capitec Life. Previously, the group reported directors' remuneration in a single table. Directors' remuneration has been disaggregated in the current year to distinguish between directors remunerated by Capitec Bank and those remunerated by Capitec Life. Comparatives have been updated for this disaggregation and the total remuneration reported per director remains unchanged.*

39. Related party transactions continued

Prescribed officers' remuneration[1]

Prescribed officers remunerated by Capitec Bank Limited

R'000	Salaries	Fringe benefits	Bonuses	Total	Fair value of options and rights granted during the year at the reporting date
2025					
R Butler	**6 552**	**89**	**3 881**	**10 522**	**4 162**
W de Bruyn	**9 518**	**93**	**5 638**	**15 249**	**7 026**
KR Kumbier	**7 889**	**77**	**4 656**	**12 622**	**5 016**
GR Lee	**7 762**	**99**	**4 629**	**12 490**	**7 329**
HAJ Lourens	**10 549**	**129**	**6 231**	**16 909**	**5 413**
I Moola	**5 292**	**47**	**3 121**	**8 460**	**5 828**
F Viviers	**6 170**	**351**	**3 639**	**10 160**	**3 291**
Total prescribed officers' remuneration	**53 732**	**885**	**31 795**	**86 412**	**38 065**
2024					
R Butler	5 940	83	4 032	10 055	1 553
W de Bruyn	8 697	96	2 929	11 722	2 821
KR Kumbier	7 312	79	2 475	9 866	2 384
GR Lee	6 750	204	2 300	9 254	2 215
HAJ Lourens	9 775	114	3 297	13 186	2 540
I Moola[2]	1 896	19	5 694	7 609	815
F Viviers	5 741	255	1 943	7 939	1 498
Total prescribed officers' remuneration	46 111	850	22 670	69 631	13 826

[1] *The members of the group EXCO are the prescribed officers of the company.*
[2] *Mr I Moola was appointed on 1 October 2023.*

Prescribed officers remunerated by Capitec Life Limited

R'000	Salaries	Fringe benefits	Bonuses	Total	Fair value of options and rights granted during the year at the reporting date
2025					
KE Barker	**5 075**	**47**	**3 063**	**8 185**	**6 116**
Total prescribed officer's remuneration	**5 075**	**47**	**3 063**	**8 185**	**6 116**
2024					
KE Barker	4 083	48	1 400	5 531	1 296
Total prescribed officer's remuneration	4 083	48	1 400	5 531	1 296

The total share option expense relating to prescribed officers amounted to R28 744 036 (2024: R41 805 817) and the SARs expense amounted to R141 774 143 (2024: R41 938 631). The expense includes the movement on all tranches.

Financial assistance amounting to Rnil (2024: R750 000) was granted to prescribed officers for the subscription of share options. The Capitec Bank Holdings Share Trust holds collateral in the form of Capitec Bank Holdings shares at 120% of the value of the loan given to the prescribed officer who takes out a loan to buy the shares in Capitec Bank Holdings. Loans to prescribed officers outstanding at the reporting date amounted to R10 203 184 (2024: R5 046 626).

40. Notes to the cash flow statements

40.1 Cash flow from operations

		GROUP		COMPANY	
R'000	Note	2025	Restated[4] 2024	2025	2024
Net profit before tax and equity accounted earnings		**17 736 671**	13 376 620	**6 308 697**	5 847 568
Deduct interest income calculated using the effective interest method		**(29 367 763)**	(25 118 273)	**(676)**	(579)
Deduct interest on investments at FVTPL		**(860 595)**	(687 527)	**–**	–
Add back interest expenses		**10 042 710**	9 341 813	**–**	–
Deduct dividend income		**–**	–	**(6 308 697)**	(5 781 886)
Adjusted for non-cash items					
Movement in provision for credit impairments[1]		**3 436 489**	2 777 356	**–**	–
Bad debts written off		**8 543 461**	9 329 727	**–**	–
Lease liability remeasurement		**(20 075)**	(5 228)	**–**	–
Depreciation		**756 460**	766 599	**–**	–
Unrealised foreign exchange loss		**34 883**	4 825	**–**	–
Depreciation – right-of-use assets – premises		**470 710**	447 884	**–**	–
Amortisation of intangible assets		**222 732**	152 923	**–**	–
Loss on disposal of assets		**38 909**	22 286	**–**	–
Reversal of impairment of investment in associates		**–**	–	**–**	(65 682)
Equity-settled share-based payment		**86 258**	60 102	**–**	–
IFRS 17 non-cash items		**(2 898 883)**	(2 916 227)	**–**	–
Other non-cash items		**–**	(2 567)	**–**	–
Remeasurement loss/(profit) on deemed disposal of associate[2]		**58 290**	–	**–**	–
Reclassification of other comprehensive income to profit or loss relating to deemed disposal of associate[2]		**(85 535)**	–	**–**	–
Movements in assets and liabilities					
Loans and advances	40.2	**(19 158 818)**	(14 477 822)	**–**	–
Financial investments at FVTPL	6	**(762 624)**	(247 663)	**–**	–
Other receivables[4]	40.2	**(3 300 662)**	(773 178)	**252 100**	(252 113)
Insurance contract assets	40.2	**1 555 763**	1 926 017	**–**	–
Reinsurance contract assets		**(1 380)**	–	**–**	–
Derivatives		**(17 307)**	7 856	**–**	–
Deposits and other wholesale funding	40.2	**19 896 038**	8 728 859	**–**	–
Trade and other payables	40.2	**2 952 410**	1 488 233	**502**	354
Movements in employee benefit liabilities		**(1 600)**	(2 253)	**–**	–
Share-based employee costs – SARs		**231 088**	24 729	**–**	–
Share-based employee costs – RSP		**(46 072)**	(41 219)	**–**	–
Fair value gains reclassified to profit or loss		**(733)**	(3 178)	**–**	–
Restricted cash balances[3]	5	**106 512**	–	**–**	–
Cash flow from operations[4]		**9 647 337**	4 180 694	**251 926**	(252 338)

(1) *ECL – non-loan book is included in the movement in provision for credit impairments.*
(2) *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*
(3) *The restricted cash balances relate to Capitec Life, a wholly-owned subsidiary of the group. These cash balances can only be utilised to fulfil Capitec Life's obligations in terms of the binder agreement with Centriq.*
(4) *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. Comparatives have been restated for this reclassification error. The restatement impacted the movement in other receivables and cash flow from operations. Refer to note 3.*

40.2 Movement in operating assets and liabilities

R'000	GROUP 2025	GROUP Restated[1] 2024	COMPANY 2025	COMPANY 2024
Movement in loans and advances to clients	**(19 158 818)**	(14 477 822)	—	—
Gross loans and advances opening balance	**102 990 453**	97 814 471	—	—
Gross loans and advances closing balance	**(115 525 891)**	(102 990 453)	—	—
Acquisition of subsidiary[2]	**1 962 215**	—	—	—
Foreign currency translation loss[2]	**(74 199)**	—		
Movement in accrued interest	**32 065**	27 887	—	—
Bad debts written off	**(8 543 461)**	(9 329 727)	—	—
Other receivables	**(3 300 662)**	(773 178)	**252 100**	(252 113)
Opening balance[1]	**2 571 704**	1 798 526	**254 840**	2 727
Acquisition of subsidiary[2]	**149 410**	—	—	—
Foreign currency translation loss[2]	**(6 847)**	—	—	—
Provision for ECL – CODI	**(5 618)**	—	—	—
Movement in accrued interest – CODI	**15 874**	—	—	—
Closing balance[1]	**(6 025 185)**	(2 571 704)	**(2 740)**	(254 840)
Insurance contract assets	**1 555 763**	1 926 017	—	—
Opening balance	**2 960 944**	1 970 734	—	—
IFRS 17 non-cash items	**2 898 883**	2 916 227	—	—
Closing balance	**(4 304 064)**	(2 960 944)	—	—
Deposits and wholesale funding	**19 896 038**	8 728 859	—	—
Movement in deposits	**19 631 633**	8 904 194	—	—
Acquisition of subsidiary[2][3]	**(926 564)**	—	—	—
Foreign currency translation gain[2]	**46 032**	—	—	—
Movement in other wholesale funding	**1 144 937**	(175 335)	—	—
Trade and other payables	**2 952 410**	1 488 233	**502**	354
Movement in trade and other payables	**3 561 214**	1 488 233	**502**	354
Foreign currency translation gain[2]	**7 568**	—	—	—
Acquisition of subsidiary[2]	**(616 372)**	—	—	—

[1] *The group reclassified the SARB settlement balance, previously included in other receivables, to cash and cash equivalents in the current year. The restatement reduced the prior year opening balance by R3 billion (opening balance previously reported of R4.8 billion) and the prior year closing balance by R5.8 billion (closing balance previously reported of R8.4 billion), respectively. Refer to note 3.*
[2] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*
[3] *Relates to deposits and unlisted negotiable instruments and other wholesale funding. Refer to note 18.*

40.3 Income tax paid

R'000	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Balance at the beginning of the year	**251 977**	(40 701)	—	—
Acquisition of subsidiary[1]	**121 469**	—	—	—
Current tax expense (refer to note 32)	**4 454 693**	3 021 964	**13 742**	12 786
Debited directly to equity	**—**	(16 646)	—	—
Foreign currency translation loss[1]	**4 639**	—	—	—
Balance at the end of the year	**(377 124)**	(251 977)	—	—
Income tax paid[2]	**4 455 654**	2 712 640	**13 742**	12 786

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*
[2] *The presentation of income tax paid has been changed in the current year. Comparatives have been updated for this change in presentation. Totals have remained unchanged.*

40. Notes to the cash flow statements continued

40.4 Proceeds from the disposal of property and equipment

R'000	GROUP 2025	2024
Disposal of property and equipment	**58 734**	52 103
Loss on the sale of property and equipment	**(19 285)**	(22 286)
Disposal of property and equipment per the statement of cash flows	**39 449**	29 817

Proceeds from the disposal of property and equipment are classified as investing cash flows.

40.5 Dividends paid

	GROUP		COMPANY	
R'000	2025	2024	2025	2024
Balance at the beginning of the year	**3 023**	10 115	**9 643**	12 048
Ordinary dividend (Group: Net of treasury shares)	**6 297 739**	5 011 260	**6 304 221**	5 022 300
Preference dividend	**4 476**	4 763	**4 476**	4 763
Balance at the end of the year	**(1 284)**	(3 023)	**(12 544)**	(9 643)
Dividends paid	**6 303 954**	5 023 115	**6 305 796**	5 029 468

Dividends paid are classified as financing cash flows.

40.6 Net debt reconciliation – group loans

R'000	COMPANY 2025	2024
Group loans payable at the beginning of the year	**37 791**	24 405
Loans from group companies – granted	**10 029**	26 164
Loans from group companies – repaid	**(8 582)**	(12 778)
Group loans payable at the end of the year	**39 238**	37 791

40.7 Lease liability cash flow

R'000	GROUP 2025	2024
Lease liability cash flow	**667 422**	617 196
Lease liability opening balance	**2 383 183**	2 305 062
New leases	**543 826**	579 323
Terminations	**(131 204)**	(97 128)
Acquisition of subsidiary[1]	**5 950**	—
Foreign exchange translation loss	**6 752**	—
IFRS 16 interest	**226 110**	213 122
Lease liability closing balance	**(2 367 195)**	(2 383 183)
Total cash flow lease liability	**667 422**	617 196
Portion included in operating activities	**226 208**	210 636
Portion included in financing activities	**441 214**	406 560

[1] *The group acquired a controlling interest in AvaFin on 1 May 2024, and AvaFin's results were consolidated from that date. Refer to note 4.*

The portion included in operating activities comprises interest paid. The portion included in financing activities comprises lease rentals paid.

40.8 Realised loss on settlement of employee share options less participants' contributions

	GROUP	
R'000	2025	2024
Shares acquired for settlement of options per the cash flow statement	(141 669)	(74 080)
Participants' contribution on settlement of share options per the cash flow statement	4 155	10 135
Strike price of share options	136 110	105 908
Adjusted for non-cash flow items:		
– Net settlement of share options	(131 955)	(95 773)
Realised loss on settlement of employee share options less participants'	(137 514)	(63 945)

40.9 Interest received

	GROUP		COMPANY	
R'000	2025	2024	2025	2024
Interest income per the income statement	30 228 358	25 805 800	676	579
Adjusted for accrued interest income (non-cash items)				
Investments at amortised cost	(116 402)	(857 315)	–	–
Term deposits	(274 558)	46 861	–	–
Loans and advances	(32 065)	(27 887)	–	–
Financial assets at FVTPL	(32 406)	(17 266)	–	–
CODI loan facility	(15 874)	–	–	–
Interest received per the statement of cash flows	29 757 053	24 950 193	676	579

Interest received is classified as cash flows from operating activities.

40.10 Interest paid

	GROUP	
R'000	2025	2024
Interest expense per the income statement	(10 042 710)	(9 341 813)
Adjusted for accrued interest expense (non-cash items)		
Deposits	9 720	30 531
Senior listed bonds	(10 728)	7 424
Lease liabilities	(97)	2 486
Interest paid per the statement of cash flows	(10 043 815)	(9 301 372)

Interest paid is classified as cash flows from operating activities.

41. Commitments and contingent liabilities

R'000	GROUP 2025	2024
Capital commitments – approved by the board		
Contracted for:		
Property and equipment[1]	**143 523**	745 225
Intangible assets	**61 448**	10 938
Not contracted for:		
Property and equipment	**196 006**	728 651
Intangible assets	**185 604**	259 783
Total capital commitments[2]	**586 581**	1 744 597
Loan commitments – gross of loss allowances		
Personal banking loan commitments – off-balance sheet	**13 893 431**	13 759 275
Access facility	**10 024 759**	11 074 493
Credit card	**3 868 672**	2 684 782
Business banking loan commitments – off-balance sheet	**374 293**	400 706
Mortgage bonds	**289 943**	315 153
Credit card	**84 350**	85 553
Guarantees – Business banking	**659 843**	558 626
Letters of credit – Business banking	**30 529**	54 928
Foreign currency-denominated loan commitments[3]	**338 607**	—
Total loan commitments, guarantees and letters of credit	**15 296 703**	14 773 535

(1) *Contracted capital commitments for property and equipment include property amounting to Rnil (2024: R400 million).*
(2) *As at the reporting date, total capital commitments include R61 million relating to AvaFin.*
(3) *Foreign currency-denominated loan commitments due to the AvaFin acquisition amounted to R339 million at the reporting date.*

Accounting policies

The group does not recognise capital commitments, loan commitments, guarantees, letters of credit and contingent liabilities on the statement of financial position.

A contingent liability is a liability that does not meet the recognition criteria per IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

A contingent liability occurs when the group has a possible obligation arising from a past event whose existence will only be confirmed by the occurrence or non-occurrence of 1 or more uncertain future events not wholly within the control of the group or the group has a present obligation that arose from a past event that cannot be recognised on the statement of financial position as the amount of the obligation cannot be reliably measured or it is not probable that an outflow of resources embodying future economic benefits will be required to settle the obligation. The group measures contingent liabilities based on the best estimate required to settle the contingent liability at the end of the reporting period.

A financial guarantee (including letters of credit) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs due to the debtor failing to make payment when it falls due in terms of the modified or original agreement.

Financial guarantees and letters of credit are initially measured at fair value. Subsequently, they are measured at the higher of the provision for ECL recognised on the financial guarantee or letter of credit and the amount initially recognised less the cumulative amount recognised on these instruments.

Loan commitments are measured at amortised cost.

Capital commitments are measured in accordance with the IFRS Accounting Standard applicable to the capital commitment.

A provision for ECL is recognised on the off-balance sheet loan commitments, guarantees and letters of credit in terms of IFRS 9 *Financial Instruments.*

For agreements that contain both a drawn and undrawn component where the group cannot separately identify the provision for ECL on the undrawn component, the provision for ECL on the undrawn component is recognised with the provision for ECL on the loan component. To the extent that the provision for ECLs exceeds the gross carrying amount of the loans at a client level, the excess is recognised as a provision for ECL 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 for ECL in other liabilities. Refer to note 19.

42. Borrowing powers

In terms of the memorandum of incorporation of Capitec Bank Holdings Limited, the directors may at their discretion raise or borrow money for the purpose of the business of the company without limitation.

These borrowing powers are subject to the limitations of the Banks Act and section 45(3)(a)(ii) of the Companies Act. A special resolution was passed at the AGM on 31 May 2024 authorising the board to approve that the company provides any financial assistance that it deems fit to any related or interrelated company to the company, on the terms and conditions and for the amounts that the board may determine.

43. Share incentive schemes

43.1 Share options, SARs and the share incentive trust

Accounting policies

Share options

The group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options on grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to retained income in the statement of changes in equity over the remaining vesting period.

The fair value of equity instruments granted is measured on grant date using a Black-Scholes valuation model, which considers the market price on grant date, the cost of funding as well as an assumption on the actual percentage of shares that will be delivered.

Share appreciation rights

The group also has cash-settled, share-based compensation plans. The fair value of the liability incurred for employee services received is recognised as an expense over the vesting period. Until the liability is settled, the group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period.

43. Share incentive schemes continued

43.1 Share options, SARs and the share incentive trust continued

Accounting policies continued

Share incentive trust

The share incentive scheme is authorised and adopted by the shareholders of Capitec Bank Holdings Limited. The trustees act in terms of the powers bestowed on them by the trust deed and receive instructions from time to time from the boards of Capitec Bank Holdings Limited and the bank. The bank provides the finance required from time to time by the trustees to perform their duties. Service costs of share options issued to employees of subsidiaries of Capitec Bank Holdings Limited are financed by the relevant subsidiary.

The group allows its employees to purchase shares in Capitec Bank Holdings Limited up to a value not exceeding 25% (2024: 20%) of their monthly salary.

The purchase price includes a subsidy of 20% (2024: 20%) and the transaction costs are borne by the company.

The shares are held by the trustees on behalf of the participants for as long as required to save the holding expenses of a broker account for participants.

The group offers share options to members of management who are able to make significant contributions to the achievement of the bank's objectives. Share options are conditional on the employee completing the vesting period applicable to each group of share options issued to that employee.

The share incentive scheme prescribes that share options, with durations ranging from 2 to 6 years, should be allocated at the market value, determined as the weighted average price per share over a period of 30 trading days on the JSE prior to the date of allocation.

	2025		2024	
	Weighted average strike price R	Number	Weighted average strike price R	Number
Options issued to employees of the group				
Balance at the beginning of the year	**1 361.40**	**547 447**	1 198.90	524 268
Options granted	**2 063.17**	**157 928**	1 807.68	143 146
Options cancelled and/or lapsed	**911.63**	**(4 511)**	986.86	(6 689)
Options exercised	**1 069.31**	**(115 265)**	930.66	(113 278)
Balance at the end of the year	**1 587.26**	**585 599**	1 361.40	547 447
SARs issued to employees of the group				
Balance at the beginning of the year	**1 344.35**	**546 463**	1 179.82	524 268
SARs granted	**2 063.17**	**157 914**	1 807.68	143 146
SARs cancelled and/or lapsed	**911.63**	**(4 511)**	986.86	(6 689)
SARs exercised	**1 045.61**	**(114 960)**	929.96	(114 262)
Balance at the end of the year	**1 576.94**	**584 906**	1 344.35	546 463

Share incentive trust

Analysis of outstanding share options by year of maturity	2025 Weighted average strike price R	2025 Number	2024 Weighted average strike price R	2024 Number
Financial year				
2024/2025	**958.64**	**4 361**	958.83	5 033
2025/2026	**1 253.26**	**114 206**	1 034.44	115 370
2026/2027	**1 355.91**	**130 130**	1 235.93	116 074
2027/2028	**1 855.88**	**120 726**	1 335.17	131 996
2028/2029	**1 991.00**	**98 531**	1 790.72	84 142
2029/2030	**1 948.96**	**75 265**	1 940.55	59 046
2030/2031	**2 096.12**	**39 475**	1 807.68	35 786
2031/2032	**2 458.48**	**2 905**	—	—
	1 587.26	**585 599**	1 361.40	547 447

Number	2025	2024
Shares available from the previous year	**2 772**	7 341
Shares purchased/issued during the year	**63 322**	43 000
Shares utilised for settlement of options	**(55 262)**	(47 569)
Shares available for settlement of options	**10 832**	2 772
Total options exercised	**(115 265)**	(113 278)
Shares retained due to net settlement	**60 003**	65 709
Settled in shares	**(55 262)**	(47 569)

Analysis of outstanding SARs by year of maturity	2025 Weighted average strike price R	2025 Number	2024 Weighted average strike price R	2024 Number
Financial year				
2024/2025	**961.99**	**3 823**	852.63	4 049
2025/2026	**1 233.62**	**114 065**	1 011.27	115 370
2026/2027	**1 335.66**	**130 129**	1 214.95	116 074
2027/2028	**1 844.92**	**120 722**	1 315.87	131 995
2028/2029	**1 991.00**	**98 527**	1 776.33	84 141
2029/2030	**1 948.96**	**75 262**	1 940.55	59 047
2030/2031	**2 096.12**	**39 474**	1 807.68	35 787
2031/2032	**2 458.48**	**2 904**	—	—
Total outstanding SARs	**1 576.94**	**584 906**	1 344.35	546 463

43. Share incentive schemes continued

43.2 Izindaba Ezinhle Employee Share Scheme

Accounting policies

The Izindaba Ezinhle Employee Share Scheme is accounted for in terms of IFRS 2 *Share-based Payment* (IFRS 2). The scheme involves the issuing of shares to participating employees.

The scheme was accounted for in terms of IFRS 2 as a cash-settled share-based payment transaction by Capitec Bank Limited in so far as Capitec Bank Limited had an obligation to pay 50% of the subscription price, on behalf of the employees, to Capitec Bank Holdings Limited, with the remaining balance being funded through loans provided to the participating employees.

The part of the scheme funded by the loans was accounted for as equity-settled in both the Capitec Bank Limited and Capitec Bank Holdings Limited separate financial statements. The cash received by Capitec Bank Holdings Limited as part of the cash-settled share-based payment transaction is separately accounted for in equity in Capitec Bank Holdings Limited's separate financial statements. The whole scheme is accounted for as equity-settled for the group as the shares of Capitec Bank Holdings Limited were issued to employees of the group. The Izindaba Ezinhle Employee Share Scheme entry in equity in the separate financial statements is eliminated on consolidation to recognise a share option reserve.

The fair value of the equity instruments granted was measured using a Monte Carlo simulation, an option pricing model which takes into account the market price on grant date, the cost of funding as well as an assumption on the actual shares that will be delivered on repayment of the loan after 5 years. The fair value on the grant date is recognised in profit or loss, with a corresponding increase in equity (share option reserve) in terms of IFRS 2 in the consolidated financial statements. As there are no service or performance conditions attached to the scheme, the expense is recognised on the grant date. A 5-year trade restriction is imposed in respect of the issued shares.

Capitec will retain 50% of the dividends for the purpose of settling the accrued interest payable on the loans, and the remaining 50% of the dividends will be paid to the participating employees. Employees do not need to be in the employment of the group on any predetermined dates in future, therefore vesting occurred on the grant date.

The employees will be required to repay the loans and interest thereon at the end of the 5-year period. Capitec's recourse is limited to the number of shares that were issued to the employees in terms of the pledge and cession agreement with the employee. The loans to the employees will not be recognised in terms of IFRS 9 *Financial Instruments* as Capitec may not pursue full recourse to the employees in respect of the loans.

	Date awarded	Exercise date	Number of shares
2022			
Shares awarded	22 February 2022	22 February 2027	472 852

Capitec Bank Holdings Limited separate financial statements

Cash in the amount of R492.0 million, received from Capitec Bank on behalf of the employees, was separately recognised in equity in the separate financial statements of Capitec Bank Holdings Limited due to the 5-year trade restriction that was imposed on the shares. The cash was previously recognised in the statement of cash flows as cash flows from financing activities. The 472 852 shares may be recognised as issued on expiry of the 5-year trade restriction based on the settlement of the outstanding loan amount. The part of the scheme funded through the loans to the employees of Capitec Bank Holdings Limited is accounted for as equity-settled in both the Capitec Bank Limited and Capitec Bank Holdings Limited separate financial statements. The fair value of the equity instruments granted is measured using a Monte Carlo simulation and amounted to R23.8 million.

Capitec Bank Holdings Limited consolidated financial statements

The cash received from Capitec Bank Limited recognised in equity in the Capitec Bank Holdings Limited separate financial statements was eliminated on consolidation to recognise a share option reserve to account for the transaction as equity-settled for the group. The transaction is recognised as equity-settled for the group as Capitec shares were issued to the employees of the group.

The transaction represents an in-substance option for the employees to acquire a variable number of shares in future, therefore a share option reserve was recognised on consolidation. The fair value of the equity instruments granted is measured using a Monte Carlo simulation, a share option pricing model which takes into account the market price on grant date, the cost of funding as well as an assumption on the actual number of shares that will be delivered. The fair value on the grant date of R515.8 million was previously recognised in profit or loss as part of employee costs, with a corresponding increase in equity as a share option reserve. As there are no service or performance conditions attached to the scheme, the expense is recognised on the grant date.

The following assumptions were used to measure the fair value at the grant date:

Grant date	22 February 2022
Risk-free rate (%)	4.50
Growth rate (%)	4.50
Expected volatility (%)	30
Dividend forecast	Capitec Bank Holdings Limited 5-year dividend forecast
Dividend yield (%)	1.74
Prime lending rate (%)	7.5
Official rate of interest (%)	5.0
Capitec Bank Holdings Limited share price at the grant date (rand)	2 081
Loan value per share (rand)	1 041
Estimated future loan value/strike price (rand)	1 214
Total loan value (rand)	491 978 863

The growth rate and expected volatility were determined using the historical share prices of Capitec Bank Holdings Limited. The growth rate is deemed appropriate based on consumer price inflation and the expected volatility excludes the impact of extreme events.

The dividend forecast up to the 2027 financial year in conjunction with projected future share prices as at each dividend payment date was used to determine the dividend yield.

The official rate of interest is as defined in section 1(1) of the Income Tax Act.

43. Share incentive schemes continued

43.3 Co-investment plan share right scheme

Accounting policies

Capitec Bank Holdings Limited granted share rights directly to the employees of Capitec Bank and Capitec Life as consideration for services rendered as part of a bonus arrangement and in an effort to retain the services of specific employees. The strike price of the share options reduces by 5% per annum over the vesting period.

The fair value of the share right granted is measured on the grant date using an appropriate valuation model, which takes into account the market price on grant date, the fact that employees will not be entitled to dividends until the shares vest, as well as an assumption regarding the actual percentage of shares that will be delivered. The fair value on the grant date will be recognised in profit or loss on a straight-line basis over the vesting period of the equity instruments, adjusted to reflect actual levels of vesting, with a corresponding increase in equity.

The share options will vest in equal tranches of 25% at the end of each employment period for all grants, excluding the 2025 financial year grant, as follows:

Tranche	Percentage	Vesting period
1	25	4 years
2	25	6 years
3	25	8 years
4	25	10 years

The share options granted in the 2025 financial year vest in equal thirds at the end of each employment period as follows:

Tranche	Percentage	Vesting period
1	33.4	4 years
2	33.3	6 years
3	33.3	8 years

The share-based payment expense was calculated using a Monte Carlo option pricing model, which is reflective of the underlying characteristics of the co-investment plan share option scheme. The fair value on the grant date was recognised in profit or loss with a corresponding increase in equity. There are no subsequent measurement considerations as this is an equity-settled shared-based payment transaction.

The following assumptions and data were used to measure the fair value at the grant date:

Growth rate	%
8 April 2021	4.50
20 April 2022	4.50
18 April 2023	5.18
7 June 2024	6.21
10 June 2024	6.21

Year granted	Year maturing	Strike price R	Share price on issue date R	Volatility used in valuation %	Dividend yield %	Risk-free rate %	Closing balance of options outstanding	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion[1] %	Portion of the term expired %	Value taking into account expected vesting proportion R'000
2025											
2021/2022	**2025/2026**	**1 087.22**	**1 362.68**	**30.0**	**1.74**	**4.50**	**4 692**	**8 582**	**100.0**	**97.3**	**8353**
	2027/2028	**951.31**	**1 362.68**	**30.0**	**1.74**	**4.50**	**4 689**	**8 576**	**100.0**	**64.9**	**5566**
	2029/2030	**815.41**	**1 362.68**	**30.0**	**1.74**	**4.50**	**4 689**	**8 576**	**100.0**	**48.7**	**4174**
	2031/2032	**679.51**	**1 362.68**	**30.0**	**1.74**	**4.50**	**4 685**	**8 569**	**100.0**	**38.9**	**3337**
2022/2023	**2026/2027**	**1 653.75**	**2 069.00**	**30.0**	**1.61**	**5.77**	**8 159**	**11 589**	**100.0**	**71.5**	**8289**
	2028/2029	**1 447.03**	**2 069.00**	**30.0**	**1.61**	**5.77**	**8 157**	**11 586**	**100.0**	**47.7**	**5523**
	2030/2031	**1 240.31**	**2 069.00**	**30.0**	**1.61**	**5.77**	**8 155**	**11 583**	**100.0**	**35.8**	**4143**
	2032/2033	**1 033.60**	**2 069.00**	**30.0**	**1.61**	**5.77**	**8 151**	**11 578**	**100.0**	**28.6**	**3312**
2023/2024	**2027/2028**	**1 344.76**	**1 670.00**	**29.0**	**2.69**	**7.87**	**6 639**	**6 684**	**100.0**	**46.5**	**3110**
	2029/2030	**1 176.67**	**1 670.00**	**29.0**	**2.69**	**7.87**	**6 634**	**6 679**	**100.0**	**31.0**	**2072**
	2031/2032	**1 008.57**	**1 670.00**	**29.0**	**2.69**	**7.87**	**6 632**	**6 677**	**100.0**	**23.3**	**1554**
	2033/2034	**840.48**	**1 670.00**	**29.0**	**2.69**	**7.87**	**6 628**	**6 673**	**100.0**	**18.6**	**1242**
2024/2025	**2028/2029**	**1 260.71**	**2 185.00**	**28.1**	**2.42**	**8.63**	**11 272**	**14 194**	**100.0**	**18.2**	**2584**
	2030/2031	**1 092.62**	**2 185.00**	**28.1**	**2.42**	**8.63**	**11 265**	**14 185**	**100.0**	**12.1**	**1722**
	2032/2033	**924.52**	**2 185.00**	**28.1**	**2.42**	**8.63**	**11 257**	**14 175**	**100.0**	**9.1**	**1290**
	2028/2029	**1 260.71**	**2 159.00**	**28.1**	**2.42**	**8.63**	**1 119**	**1 392**	**100.0**	**18.0**	**251**
	2030/2031	**1 092.62**	**2 159.00**	**28.1**	**2.42**	**8.63**	**1 119**	**1 392**	**100.0**	**12.0**	**167**
	2032/2033	**924.52**	**2 159.00**	**28.1**	**2.42**	**8.63**	**1 118**	**1 391**	**100.0**	**9.0**	**126**
Total							**115 060**	**154 081**	**100.0**	**35.1**	**56 815**
2024											
2021/2022	2025/2026	1 106.93	1 362.68	30.0	1.74	4.50	4 692	8 582	100.0	72.3	6 209
	2027/2028	999.00	1 362.68	30.0	1.74	4.50	4 689	8 576	100.0	48.2	4 137
	2029/2030	901.60	1 362.68	30.0	1.74	4.50	4 689	8 576	100.0	36.2	3 102
	2031/2032	813.70	1 362.68	30.0	1.74	4.50	4 685	8 569	100.0	28.9	2 480
2022/2023	2026/2027	1 683.74	2 069.00	30.0	1.61	5.77	8 159	11 589	100.0	46.5	5 394
	2028/2029	1 519.57	2 069.00	30.0	1.61	5.77	8 157	11 586	100.0	31.0	3 594
	2030/2031	1 371.42	2 069.00	30.0	1.61	5.77	8 155	11 583	100.0	23.3	2 696
	2032/2033	1 237.70	2 069.00	30.0	1.61	5.77	8 151	11 577	100.0	18.6	2 155
2023/2024	2027/2028	1 369.14	1 670.00	29.0	2.69	7.87	6 639	6 684	100.0	21.5	1 435
	2029/2030	1 235.65	1 670.00	29.0	2.69	7.87	6 634	6 679	100.0	14.4	959
	2031/2032	1 115.18	1 670.00	29.0	2.69	7.87	6 632	6 677	100.0	10.8	719
	2033/2034	1 006.45	1 670.00	29.0	2.69	7.87	6 628	6 673	100.0	8.6	575
Total							77 910	107 351	100.0	0.3	33 455

[1] *Executive employee turnover of 0% per annum (2024: 0%) was used to estimate the likelihood of vesting conditions realising. This is re-estimated in terms of IFRS Accounting Standards on an annual basis.*

The growth rate and expected volatility were determined using the historical share prices of Capitec Bank Holdings Limited. The growth rate is deemed appropriate based on consumer price inflation and the expected volatility excludes the impact of extreme events.

The dividends were determined using the dividend forecast up to the 2035 financial year in conjunction with projected future share prices as at each dividend payment date.

43. Share incentive schemes continued

43.4 Restricted share plan

Accounting policies

Management and other employees who are seen to be in leadership roles critical to the current and future success of the group's business are awarded the opportunity to participate in Capitec Bank's RSP during October of each financial year. The members' bonuses, as calculated in terms of the RSP, are split into 3 tranches, the first of which is paid in cash on the bonus payment date for the relevant financial year. Participants are given the opportunity to choose whether the remaining two-thirds of their bonus should be settled in cash or Capitec Bank Holdings Limited ordinary shares.

The third of the bonus that is settled in cash is accounted for as a short-term employee benefit in terms of IAS 19 *Employee Benefits*. The two-thirds of the bonus for which participants have the right to choose whether the bonus should be settled in cash or equity instruments is accounted for in terms of IFRS 2 *Share-based Payment.*

In terms of the principles of IFRS 2, the group has granted the participants the right to choose whether the share-based payment transaction should be settled in cash or by receipt of equity instruments, therefore, the group has granted a compound financial instrument, which includes a debt component (the right to payment in cash) and an equity component (the right to settlement in equity instruments rather than in cash). The fair value of the compound financial instrument is the sum of the fair values of the 2 components.

The fair value of the debt component of the RSP is remeasured at the reporting date to reflect the fair value of the consideration that will be transferred upon settlement of the liability.

The fair value of the equity component of the RSP is measured at grant date using an appropriate valuation model, which takes into account the market price on grant date, the fact that employees will not be entitled to dividends until the shares vest, as well as an assumption of the actual percentage of shares that will be delivered.

The fair value at the reporting date in relation to both the debt and equity component is recognised in profit or loss on a straight-line basis over the vesting period, adjusted to reflect actual levels of vesting, with a corresponding increase/(decrease) in liabilities and equity, respectively.

Both components will vest in equal tranches at the end of each reporting period.

Debt component

The following table provides details regarding the results of the valuation of the RSP to which IFRS 2 has been applied.

Year granted	Year maturing	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion %	Portion of the term expired %	Value taking into account expected vesting proportion R'000
2025					
2022/2023	**2025/2026**	**13 179**	**94.3**	**91.8**	**11 403**
2023/2024	**2025/2026**	**18 662**	**94.3**	**86.5**	**15 217**
	2026/2027	**18 662**	**94.3**	**52.7**	**9 270**
2024/2025	**2026/2027**	**26 834**	**94.3**	**22.2**	**5 613**
	2027/2028	**26 834**	**94.3**	**13.5**	**3 418**
Total		**104 171**	**94.3**	**43.1**	**44 921**
2024					
2021/2022	2024/2025	30 963	93.9	93.8	27 262
2022/2023	2024/2025	15 713	93.9	89.6	13 223
	2025/2026	15 713	93.9	53.8	7 942
2023/2024	2025/2026	21 218	93.9	23.1	4 609
	2026/2027	21 218	93.9	13.9	2 768
Total		104 825	93.9	53.2	55 804

Employee turnover of 5.7% per annum (2024: 6.1%) was used to estimate the likelihood of vesting conditions realising. This is re-estimated in terms of IFRS Accounting Standards on an annual basis.

43. Share incentive schemes continued

43.4 Restricted share plan continued

Accounting policies continued

Equity component

Year granted	Year maturing	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion %	Portion of the term expired %	Value taking into account expected vesting proportion R'000
2025					
2022/2023	**2025/2026**	**16 194**	**94.3**	**91.8**	**14 012**
2023/2024	**2025/2026**	**17 340**	**94.3**	**86.5**	**14 139**
	2026/2027	**17 340**	**94.3**	**52.7**	**8 614**
2024/2025	**2026/2027**	**11 746**	**94.3**	**22.2**	**2 457**
	2027/2028	**11 746**	**94.3**	**13.5**	**1 496**
Total		**74 366**	**94.3**	**54.8**	**40 718**
2024					
2021/2022	2024/2025	53 275	93.9	93.8	46 905
2022/2023	2024/2025	17 346	93.9	89.6	14 597
	2025/2026	17 346	93.9	53.8	8 768
2023/2024	2025/2026	18 325	93.9	23.1	3 980
	2026/2027	18 325	93.9	13.9	2 391
Total		124 617	93.9	61.5	76 641

Employee turnover of 5.7% per annum (2024: 6.1%) was used to estimate the likelihood of vesting conditions realising. This is re-estimated in terms of IFRS Accounting Standards on an annual basis.

43.5 Conditional share rights

Accounting policies

During the 2025 financial year, a conditional share rights (CSR) incentive scheme was introduced for senior and strategic leadership employees in the group. The scheme replaces the RSP awards for 'senior' leadership as defined by the previous RSP rules and splits this category into senior and strategic leadership.

Employees included in the CSR scheme will receive a cash incentive and a share option incentive based on their monthly gross remuneration package (GRP). The cash incentive will be determined by the growth in headline earnings for the following financial year and the employees' individual performance review. The cash incentive is accounted for in terms of IAS 19 *Employee Benefits*.

The share option incentive is determined as a factor of monthly GRP, headline earnings for the following year and the employees' individual performance review. The options granted in this scheme are granted at a zero strike price. The share option incentive is accounted for in terms of IFRS 2 *Share-based Payment* as an equity-settled scheme as the employees will receive shares in Capitec Bank Holdings Limited. The equity-settled scheme vests in 2 tranches of 50% each of the total award. The tranches vest in years 3 and 4 (in the case of the 2025 financial year special award, in years 2 and 3) after granting. The grant date is determined as the date at which the employees are informed that they are part of the scheme. The impact of headline earnings growth and employee performance are market vesting conditions that impact the fair value in year 2.

The fair value of the equity component of CSR is measured at grant date using an appropriate valuation model, which takes into account the monthly GRP at grant date, the fact that employees will not be entitled to dividends until the shares vest, the forecast headline earnings growth and an assumption for employee performance. The last 2 items are reassessed after year 1 (during year 2) headline earnings growth is published and the annual performance review has been completed.

Number	2025
Balance at the beginning of the year	–
Options granted	45 744
Options waived	(1 290)
Balance at the end of the year	**44 454**

Analysis of outstanding share options by year of maturity	2025
Financial year	
2026/2027	9 249
2027/2028	22 248
2028/2029	12 957
Total outstanding share options	**44 454**

The following table provides details regarding the valuation of the CSR to which IFRS 2 has been applied.

Year granted	Share price on issue date R	Volatility used in valuation %	Dividend yield %	Year maturing	Risk-free rate %	Number of share options outstanding	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion %	Percentage consumed %	Fair value taking into account expected vesting proportion R'000
2025										
2024/2025	2 078.57	41.9	2.4	2026/2027	8.4	6 906	13 834	96.0	46.7	6 189
	2 788.19	42.4	2.0	2026/2027	7.6	793	1 704	95.0	31.2	504
	2 858.02	42.4	2.0	2026/2027	7.6	333	682	95.0	28.9	186
	3 236.50	40.8	2.1	2026/2027	7.7	501	1 338	94.0	16.3	204
	2 327.86	40.8	2.1	2026/2027	8.5	716	1 465	96.0	41.5	581
	2 078.57	41.9	2.4	2027/2028	8.5	18 967	37 076	92.0	31.1	10 647
	2 858.02	41.9	2.4	2027/2028	7.5	66	145	92.0	21.8	29
	2 788.19	42.4	2.0	2027/2028	7.5	792	1 668	91.0	20.8	316
	2 858.02	42.4	2.0	2027/2028	7.5	345	720	92.0	21.8	145
	3 236.50	42.4	2.0	2027/2028	7.7	208	487	92.0	13.6	61
	2 858.02	42.4	2.0	2027/2028	7.6	332	666	91.0	19.3	117
	3 236.50	40.8	2.1	2027/2028	7.7	134	384	92.0	13.6	48
	3 261.18	40.8	2.1	2027/2028	7.5	69	189	92.0	10.5	18
	3 236.50	40.8	2.1	2027/2028	7.8	500	1 308	90.0	10.9	128
	2 327.86	40.8	2.1	2027/2028	8.6	715	1 433	92.0	27.7	364
	2 327.86	40.8	2.0	2027/2028	8.5	120	241	92.0	28.6	64
	2 078.57	41.9	2.4	2028/2029	8.7	12 020	22 928	89.0	23.4	4 748
	2 858.02	41.9	2.4	2028/2029	7.6	65	139	89.0	15.8	20
	2 858.02	42.4	2.0	2028/2029	7.6	344	703	89.0	15.8	99
	3 236.50	42.4	2.0	2028/2029	7.9	208	478	89.0	9.6	41
	3 236.50	40.8	2.1	2028/2029	7.9	133	374	89.0	9.6	32
	3 261.18	40.8	2.1	2028/2029	7.5	68	183	89.0	7.3	12
	2 327.86	40.8	2.0	2028/2029	8.7	119	235	89.0	21.3	44
Total						44 454	88 380	91.6	21.2	24 597

44. Share option expense

Data utilised in the valuation of share options granted

The table below provides details regarding the data used in the valuation of the share options to which IFRS 2 has been applied. The Black-Scholes option pricing model was used to value the share options.

Year granted	Strike price R	Share price on issue date R	Volatility used in valuation %	Dividend yield %	Year maturing	Risk-free rate %	Number of share options outstanding	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion %	Value taking into account expected vesting proportion R'000
2025										
2019/2020	1 175.01	1 349.99	24.6	1.4	2025/2026	7.6	17 620	33 314	99.5	24 588
	1 374.59	1 379.00	19.6	1.2	2025/2026	7.7	2 207	3 634	95.6	3 226
2020/2021	973.05	1 024.70	38.8	1.5	2025/2026	7.6	616	1 295	100.0	1 267
	973.05	1 024.70	38.8	1.5	2025/2026	7.6	26 203	54 676	99.3	53 509
	973.05	1 024.70	38.8	1.5	2026/2027	7.7	616	1 296	100.0	1 057
	973.05	1 024.70	38.8	1.5	2026/2027	7.7	26 198	51 175	92.8	41 739
	911.63	987.25	41.8	1.6	2024/2025	7.6	3 957	8 558	100.0	—
	911.63	987.25	41.8	1.6	2025/2026	7.7	13 582	28 244	96.2	24 964
	911.63	987.25	41.8	1.6	2026/2027	7.6	13 567	26 341	89.9	19 404
	884.83	881.77	41.8	1.8	2025/2026	7.7	678	1 432	96.5	1 282
	884.83	881.77	41.8	1.8	2026/2027	7.6	677	1 334	90.3	996
	1 006.83	1 132.50	42.1	1.4	2025/2026	7.7	4 566	9 059	95.8	7 898
	1 006.83	1 132.50	42.1	1.4	2026/2027	7.6	4 565	8 488	89.6	6 167
	1 383.62	1 430.26	42.3	1.0	2025/2026	7.7	356	578	94.3	478
	1 383.62	1 430.26	42.3	1.0	2026/2027	7.6	356	555	88.2	382
	1 392.19	1 405.00	42.2	1.1	2025/2026	7.6	477	804	100.0	782
	1 392.19	1 405.00	42.2	1.1	2025/2026	7.6	22 281	37 273	99.2	36 220
	1 392.19	1 405.00	42.2	1.1	2026/2027	7.7	477	823	100.0	645
	1 392.19	1 405.00	42.2	1.1	2026/2027	7.7	22 277	35 657	92.8	27 943
	1 392.19	1 405.00	42.2	1.1	2027/2028	7.6	477	846	100.0	555
	1 392.19	1 405.00	42.2	1.1	2027/2028	7.6	22 273	34 259	86.7	22 494
2021/2022	1 375.55	1 351.15	41.8	1.1	2025/2026	7.6	1 385	2 353	100.0	—
	1 375.55	1 351.15	41.8	1.1	2026/2027	7.7	1 385	2 247	93.5	1 796
	1 375.55	1 351.15	41.8	1.1	2027/2028	7.6	1 385	2 156	87.4	1 437
	1 663.60	1 879.85	41.5	2.1	2025/2026	7.7	552	769	96.7	672
	1 663.60	1 879.85	41.5	2.1	2026/2027	7.6	551	759	90.4	531
	1 663.60	1 879.85	41.5	2.1	2027/2028	7.7	551	747	84.5	435
	1 616.73	1 790.00	41.5	2.6	2024/2025	7.6	404	589	100.0	—
	1 616.73	1 790.00	41.5	2.6	2025/2026	7.7	404	579	96.1	494
	1 616.73	1 790.00	41.5	2.6	2026/2027	7.6	403	568	89.9	387
	1 616.73	1 790.00	41.5	2.6	2027/2028	7.7	403	556	84.0	316
	2 067.19	2 096.24	41.4	1.7	2025/2026	7.6	425	434	100.0	413
	2 067.19	2 096.24	41.4	1.7	2025/2026	7.6	20 948	21 157	99.0	20 169
	2 067.19	2 096.24	41.4	1.7	2026/2027	7.7	425	500	100.0	363
	2 067.19	2 096.24	41.4	1.7	2026/2027	7.7	20 943	22 830	92.6	16 541
	2 067.19	2 096.24	41.4	1.7	2027/2028	7.6	425	558	100.0	326
	2 067.19	2 096.24	41.4	1.7	2027/2028	7.7	20 938	23 810	86.6	13 912
	2 067.19	2 096.24	41.4	1.7	2028/2029	7.8	425	605	100.0	296
	2 067.19	2 096.24	41.4	1.7	2028/2029	7.8	20 933	24 119	80.9	11 802

Year granted	Strike price R	Share price on issue date R	Volatility used in valuation %	Dividend yield %	Year maturing	Risk-free rate %	Number of share options outstanding	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion %	Value taking into account expected vesting proportion R'000
2025										
2022/2023	2 067.19	2 096.24	41.4	1.7	2025/2026	7.6	645	650	100.0	—
	2 067.19	2 096.24	41.4	1.7	2026/2027	7.7	645	696	93.5	522
	2 067.19	2 096.24	41.4	1.7	2027/2028	7.6	645	731	87.4	438
	2 067.19	2 096.24	41.4	1.7	2028/2029	7.8	645	743	81.7	371
	2 106.13	1 970.00	41.7	3.0	2025/2026	7.8	370	374	100.0	332
	2 106.13	1 970.00	41.7	3.0	2025/2026	7.8	891	879	97.8	781
	2 106.13	1 970.00	41.7	3.0	2026/2027	7.7	369	435	100.0	290
	2 106.13	1 970.00	41.7	3.0	2026/2027	7.8	889	958	91.4	638
	2 106.13	1 970.00	41.7	3.0	2027/2028	7.7	369	485	100.0	258
	2 106.13	1 970.00	41.7	3.0	2027/2028	7.8	889	998	85.5	532
	2 106.13	1 970.00	41.7	3.0	2028/2029	7.8	369	525	100.0	233
	2 106.13	1 970.00	41.7	3.0	2028/2029	7.8	888	1 009	79.9	448
	1 828.19	1 794.92	42.7	1.5	2026/2027	7.7	1 454	1 976	100.0	1 263
	1 828.19	1 794.92	42.7	1.5	2026/2027	7.7	32 676	41 135	92.6	26 284
	1 828.19	1 794.92	42.7	1.5	2027/2028	7.6	1 451	2 125	100.0	1 032
	1 828.19	1 794.92	42.7	1.5	2027/2028	7.6	32 679	41 441	86.6	20 121
	1 828.19	1 794.92	42.7	1.5	2028/2029	7.8	1 451	2 254	100.0	882
	1 828.19	1 794.92	42.7	1.5	2028/2029	7.8	32 679	41 103	81.0	16 084
	1 828.19	1 794.92	42.7	1.5	2029/2030	7.9	1 451	2 361	100.0	774
	1 828.19	1 794.92	42.7	1.5	2029/2030	7.9	32 679	40 246	75.7	13 195
2023/2024	1 698.52	1 592.22	41.9	2.7	2026/2027	7.6	1 336	1 808	90.3	892
	1 698.52	1 592.22	41.9	2.7	2027/2028	7.7	1 336	1 785	84.4	661
	1 698.52	1 592.22	41.9	2.7	2028/2029	7.8	1 335	1 744	78.9	516
	1 698.52	1 592.22	41.9	2.7	2029/2030	8.0	1 335	1 691	73.8	417
	1 445.18	1 521.49	41.5	3.2	2026/2027	7.7	321	497	91.6	281
	1 445.18	1 521.49	41.5	3.2	2027/2028	7.7	321	479	85.7	203
	1 445.18	1 521.49	41.5	3.2	2028/2029	7.8	321	461	80.1	157
	1 445.18	1 521.49	41.5	3.2	2029/2030	7.9	321	442	74.9	125
	2 056.24	2 113.53	41.9	2.4	2027/2028	7.6	1 317	1 727	100.0	535
2024/2025	2 056.24	2 113.53	41.9	2.4	2027/2028	7.6	34 800	39 700	87.0	12 291
	2 056.24	2 113.53	41.9	2.4	2028/2029	7.8	1 317	1 873	100.0	435
	2 056.24	2 113.53	41.9	2.4	2028/2029	7.8	34 796	40 256	81.3	9 341
	2 056.24	2 113.53	41.9	2.4	2029/2030	7.9	1 317	1 992	100.0	370
	2 056.24	2 113.53	41.9	2.4	2029/2030	7.9	34 790	40 015	76.1	7 429
	2 056.24	2 113.53	41.9	2.4	2030/2031	8.1	1 317	2 092	100.0	324
	2 056.24	2 113.53	41.9	2.4	2030/2031	8.1	34 786	39 308	71.1	6 082
	2 208.81	2 788.19	42.4	2.2	2027/2028	7.7	467	502	85.3	104
	2 208.81	2 788.19	42.4	2.2	2028/2029	7.8	467	512	79.7	80
	2 208.81	2 788.19	42.4	2.2	2029/2030	7.9	467	512	74.5	64
	2 208.81	2 788.19	42.4	2.2	2030/2031	8.2	467	504	69.7	52
	2 099.90	2 290.00	42.4	2.2	2028/2029	7.8	2 103	2 394	80.8	497
	2 099.90	2 290.00	42.4	2.2	2029/2030	7.9	2 103	2 383	75.6	395
	2 099.90	2 290.00	42.4	2.2	2030/2031	8.1	2 103	2 343	70.7	324
	2 099.90	2 290.00	42.4	2.2	2031/2032	8.4	2 103	2 282	66.1	271
	2 817.05	2 290.00	42.4	2.2	2028/2029	7.8	802	718	79.0	88
	2 817.05	2 942.78	42.4	2.2	2029/2030	8.0	802	742	73.9	73
	2 817.05	2 942.78	42.4	2.2	2030/2031	8.3	802	750	69.1	62
	2 817.05	2 942.78	42.4	2.2	2031/2032	8.6	802	748	64.6	53
Total							585 599	816 361	89.7	472 086

44. Share option expense continued

Data utilised in the valuation of share options granted continued

Year granted	Strike price R	Share price on issue date R	Volatility used in valuation %	Dividend yield %	Year maturing	Risk-free rate %	Number of share options outstanding	Fair value on issue date ignoring vesting conditions R'000	Expected vesting proportion %	Value taking into account expected vesting proportion R'000
2024										
2018/2019	881.76	862.83	31.9	1.7	2024/2025	7.1	22 547	7 132	99.6	7 102
2019/2020	1 175.01	1 349.99	24.6	1.4	2024/2025	7.5	17 624	8 952	99.6	8 913
	1 175.01	1 349.99	24.6	1.4	2025/2026	7.6	17 620	9 698	94.4	9 159
	1 374.59	1 379.00	19.6	1.2	2024/2025	7.4	2 207	904	96.5	872
	1 374.59	1 379.00	19.6	1.2	2025/2026	7.6	2 207	1 022	91.5	935
2020/2021	973.05	1 024.70	38.8	1.5	2024/2025	6.4	26 820	10 036	99.4	9 978
	973.05	1 024.70	38.8	1.5	2025/2026	7.1	26 819	11 292	94.3	10 649
	973.05	1 024.70	38.8	1.5	2026/2027	7.8	26 814	12 461	89.5	11 147
	884.83	881.77	41.8	1.8	2024/2025	4.8	678	202	97.3	196
	884.83	881.77	41.8	1.8	2025/2026	5.4	678	227	92.3	209
	884.83	881.77	41.8	1.8	2026/2027	6.0	677	249	87.5	218
	1 006.83	1 132.50	42.1	1.4	2024/2025	4.6	4 566	2 004	96.7	1 937
	1 006.83	1 132.50	42.1	1.4	2025/2026	5.2	4 566	2 216	91.7	2 032
	1 006.83	1 132.50	42.1	1.4	2026/2027	5.8	4 565	2 412	87.0	2 097
	911.63	987.25	41.8	1.6	2023/2024	4.3	4 676	1 499	100.0	1 499
	911.63	987.25	41.8	1.6	2024/2025	4.8	15 467	5 654	97.0	5 483
	911.63	987.25	41.8	1.6	2025/2026	5.4	15 450	6 272	92.0	5 769
	911.63	987.25	41.8	1.6	2026/2027	6.0	15 433	6 828	87.2	5 957
	1 383.62	1 430.26	42.3	1.0	2023/2024	4.4	357	165	100.0	165
	1 383.62	1 430.26	42.3	1.0	2024/2025	4.9	357	191	95.5	183
	1 383.62	1 430.26	42.3	1.0	2025/2026	5.4	356	214	90.6	194
	1 383.62	1 430.26	42.3	1.0	2026/2027	5.9	356	235	85.9	202
2021/2022	1 375.55	1 351.15	41.8	1.1	2024/2025	5.0	1 386	573	100.0	573
	1 375.55	1 351.15	41.8	1.1	2025/2026	5.5	1 385	673	94.8	638
	1 375.55	1 351.15	41.8	1.1	2026/2027	6.1	1 385	763	89.9	686
	1 375.55	1 351.15	41.8	1.1	2027/2028	6.6	1 385	843	85.3	720
	1 392.19	1 405.00	42.2	1.1	2024/2025	4.3	22 762	9 953	99.4	9 890
	1 392.19	1 405.00	42.2	1.1	2025/2026	4.7	22 758	11 540	94.3	10 876
	1 392.19	1 405.00	42.2	1.1	2026/2027	5.2	22 754	12 954	89.4	11 581
	1 392.19	1 405.00	42.2	1.1	2027/2028	5.6	22 750	14 240	84.8	12 076
	1 663.60	1 879.85	41.5	2.1	2024/2025	5.1	552	350	97.3	341
	1 663.60	1 879.85	41.5	2.1	2025/2026	5.6	552	393	92.3	363
	1 663.60	1 879.85	41.5	2.1	2026/2027	6.0	551	428	87.6	375
	1 663.60	1 879.85	41.5	2.1	2027/2028	6.4	551	459	83.1	382
	1 616.73	1 790.00	41.5	2.6	2024/2025	5.6	404	234	96.9	227
	1 616.73	1 790.00	41.5	2.6	2025/2026	6.0	404	262	91.9	241
	1 616.73	1 790.00	41.5	2.6	2026/2027	6.5	403	285	87.2	248
	1 616.73	1 790.00	41.5	2.6	2027/2028	6.9	403	305	82.7	252

Year granted	Strike price R	Share price on issue date R	Volatility used in valuation %	Dividend yield %	Year maturing	Risk-free rate %	Number of share options outstan-ding	Fair value on issue date ignoring vesting conditions R'000	Expected vesting propor-tion %	Value taking into account expected vesting proportion R'000
2024										
2022/2023	2 067.19	2 096.24	41.4	1.7	2025/2026	6.3	645	428	94.8	406
	2 067.19	2 096.24	41.4	1.7	2026/2027	6.6	645	493	89.9	443
	2 067.19	2 096.24	41.4	1.7	2027/2028	7.0	645	548	85.3	468
	2 067.19	2 096.24	41.4	1.7	2028/2029	7.3	645	596	80.9	482
	2 067.19	2 090.49	41.6	1.5	2025/2026	6.4	21 373	14 730	94.1	13 861
	2 067.19	2 090.49	41.6	1.5	2026/2027	6.7	21 368	16 876	89.3	15 063
	2 067.19	2 090.49	41.6	1.5	2027/2028	7.0	21 363	18 722	84.7	15 851
	2 067.19	2 090.49	41.6	1.5	2028/2029	7.3	21 358	20 338	80.3	16 331
	2 106.13	1 970.00	41.7	3.0	2025/2026	7.9	1 261	697	93.2	649
	2 106.13	1 970.00	41.7	3.0	2026/2027	8.2	1 258	805	88.4	711
	2 106.13	1 970.00	41.7	3.0	2027/2028	8.5	1 258	893	83.8	749
	2 106.13	1 970.00	41.7	3.0	2028/2029	8.8	1 257	966	79.5	768
2023/2024	1 828.19	1 794.92	42.7	1.5	2026/2027	7.4	34 130	20 908	89.3	18 667
	1 828.19	1 794.92	42.7	1.5	2027/2028	7.6	34 130	23 874	84.7	20 219
	1 828.19	1 794.92	42.7	1.5	2028/2029	7.9	34 130	26 452	80.3	21 246
	1 828.19	1 794.92	42.7	1.5	2029/2030	8.2	34 130	28 718	76.2	21 880
	1 698.52	1 592.22	41.9	2.7	2026/2027	8.8	1 336	630	87.5	552
	1 698.52	1 592.22	41.9	2.7	2027/2028	9.0	1 336	730	83.0	606
	1 698.52	1 592.22	41.9	2.7	2028/2029	9.3	1 335	813	78.7	640
	1 698.52	1 592.22	41.9	2.7	2029/2030	9.6	1 335	883	74.7	659
	1 445.18	1 521.49	41.5	3.2	2026/2027	8.8	321	159	88.5	141
	1 445.18	1 521.49	41.5	3.2	2027/2028	9.0	321	178	84.0	150
	1 445.18	1 521.49	41.5	3.2	2028/2029	9.2	321	194	79.6	154
	1 445.18	1 521.49	41.5	3.2	2029/2030	9.5	321	207	75.5	156
Total							547 447	323 958	89.5	285 217

Assumptions

Executive employee turnover

Executive employee turnover of 6.5% per annum (2024: 5.1%) was used to estimate the likelihood of vesting conditions realising. This is re-estimated in terms of IFRS 2 on an annual basis.

Maturity

The human resources and remuneration committee (REMCO) approved changes to the performance conditions relating to share options granted in 2019/2020. These performance conditions are that the 3-year average headline earnings per share (HEPS) growth must exceed the 3-year average of CPI plus the percentage growth in GDP plus 4%, and the attained return on equity (ROE) must outperform the 3-year average ROE of the 4 traditional banks in South Africa. Each performance condition carries a weighting of 50% and is measured over a cumulative 3-year performance period. The ROE performance consists of 2 tiers.

- Tier 1 (50% vesting): ROE outperforms 3-year average ROE of the 4 traditional banks
- Tier 2 (full vesting): ROE outperforms 3-year average ROE of the 4 traditional banks by 2%.

The assumption that both of the above performance conditions would be met was used to estimate the realisation of these vesting conditions. The 2021 financial year was not considered when determining whether the performance measures were met as the results for the year were impacted by the COVID-19 pandemic.

45. Share appreciation rights

Data utilised in the valuation of SARs granted

The table below provides details regarding the data used in the valuation of the SARs to which IFRS 2 has been applied. SARs are expected to vest and are re-estimated on an annual basis.

Year granted	Strike price[(1)] R	Year maturing	Risk-free rate %	Number of SARs outstanding	Fair value R'000	Portion of term expired %	Expected vesting proportion %	Liability at year-end R'000
2025								
2019/2020	1 175.01	2025/2026	7.6	17 620	33 314	98.7	99.5	32 873
	1 374.59	2025/2026	7.7	2 207	3 634	88.8	95.6	3 226
2020/2021	973.05	2025/2026	7.6	26 819	55 962	97.9	99.3	54 767
	973.05	2026/2027	7.7	616	1 296	81.6	100	1 057
	973.05	2026/2027	7.7	26 198	51 175	81.6	92.8	41 739
	911.63	2024/2025	7.6	3 419	7 394	100	100	7 394
	911.63	2025/2026	7.7	13 231	27 514	88.4	96.2	24 319
	911.63	2026/2027	7.6	13 567	26 341	73.7	89.9	19 404
	911.63	2027/2028	7.7	210	437	88.4	96.2	386
	884.83	2025/2026	7.7	678	1 432	89.5	96.5	1 282
	884.83	2026/2027	7.6	677	1 334	74.6	90.3	996
	1 006.83	2025/2026	7.7	4 566	9 059	87.2	95.8	7 898
	1 006.83	2026/2027	7.6	4 565	8 488	72.7	89.6	6 167
	1 392.19	2025/2026	7.6	22 758	38 071	97.2	99.2	36 995
	1 392.19	2026/2027	7.7	477	823	78.4	100	645
	1 392.19	2026/2027	7.7	22 277	35 657	78.4	92.8	27 943
	1 392.19	2027/2028	7.6	477	846	65.7	100	555
	1 392.19	2027/2028	7.6	22 273	34 259	65.7	86.7	22 494
	439.64	2025/2026	7.7	356	874	82.6	94.3	723
	439.64	2026/2027	7.6	356	806	68.9	88.2	555
2021/2022	367.71	2025/2026	7.6	1 385	3 748	99.9	100	3 745
	367.71	2026/2027	7.7	1 385	3 452	80	93.5	2 760
	367.71	2027/2028	7.6	1 385	3 177	66.6	87.4	2 117
	1 663.60	2025/2026	7.7	552	769	87.3	96.7	672
	1 663.60	2026/2027	7.6	551	759	69.9	90.4	531
	1 663.60	2027/2028	7.7	551	747	58.2	84.5	435
	1 616.73	2024/2025	7.6	404	589	100	100	589
	1 616.73	2025/2026	7.7	404	579	85.3	96.1	494
	1 616.73	2026/2027	7.6	403	568	68.2	89.9	388
	1 616.73	2027/2028	7.7	403	556	56.9	84	316
	2 067.19	2025/2026	7.6	21 373	21 587	95.3	99	20 578
	2 067.19	2026/2027	7.7	425	500	72.5	100	363
	2 067.19	2026/2027	7.7	20 943	22 830	72.5	92.6	16 541
	2 067.19	2027/2028	7.6	425	558	58.4	100	326
	2 067.19	2027/2028	7.6	20 938	23 810	58.4	86.6	13 912
	2 067.19	2028/2029	7.8	425	605	48.9	100	296
	2 067.19	2028/2029	7.8	20 933	24 119	48.9	80.9	11 802
2022/2023	2 067.19	2025/2026	7.6	645	650	99.9	100	649
	2 067.19	2026/2027	7.7	645	696	74.9	93.5	522
	2 067.19	2027/2028	7.6	645	731	60	87.4	438
	2 067.19	2028/2029	7.8	645	743	50	81.7	371
	2 106.13	2025/2026	7.8	370	374	88.8	100	332
	2 106.13	2025/2026	7.8	891	879	88.8	97.8	781
	2 106.13	2026/2027	7.7	369	435	66.6	100	290
	2 106.13	2026/2027	7.7	889	958	66.6	91.4	638
	2 106.13	2027/2028	7.7	369	485	53.3	100	258

(1) *SARs are granted at a strike price equal to the 30-day weighted average share price up to and including the day before the resolution granting the respective SARs was passed. There is a fixed ratio between the number of SARs and share options granted.*

Year granted	Strike price[1] R	Year maturing	Risk-free rate %	Number of SARs outstanding	Fair value R'000	Portion of term expired %	Expected vesting proportion %	Liability at year-end R'000
2025								
	2 106.13	2027/2028	7.7	889	998	53.3	85.5	532
	2 106.13	2028/2029	7.8	369	525	44.4	100.0	233
	2 106.13	2028/2029	7.8	888	1 009	44.4	79.9	448
	1 828.19	2026/2027	7.7	1 454	1 976	63.9	100.0	1 263
	1 828.19	2026/2027	7.7	32 676	41 135	63.9	92.6	26 284
	1 828.19	2027/2028	7.6	1 451	2 125	48.6	100.0	1 032
	1 828.19	2027/2028	7.6	32 679	41 441	48.6	86.6	20 121
	1 828.19	2028/2029	7.8	1 451	2 254	39.1	100.0	882
	1 828.19	2028/2029	7.8	32 679	41 103	39.1	81.0	16 084
	1 828.19	2029/2030	7.9	1 451	2 361	32.8	100.0	774
	1 828.19	2029/2030	7.9	32 679	40 246	32.8	75.7	13 195
2023/2024	1 698.52	2026/2027	7.6	1 335	1 807	49.4	90.3	892
	1 698.52	2027/2028	7.7	1 335	1 784	37	84.4	661
	1 698.52	2028/2029	7.8	1 336	1 745	29.6	78.9	517
	1 698.52	2029/2030	8.0	1 336	1 692	24.7	73.8	418
	1 445.18	2026/2027	7.7	321	497	56.6	91.6	281
	1 445.18	2027/2028	7.7	321	479	42.4	85.7	203
	1 445.18	2028/2029	7.8	321	461	33.9	80.1	157
	1 445.18	2029/2030	7.9	321	442	28.3	74.9	125
2024/2025	2 056.24	2027/2028	7.6	1 317	1 727	31	100	535
	2 056.24	2027/2028	7.6	34 797	39 696	31	87	12 289
	2 056.24	2028/2029	7.8	1 317	1 873	23.2	100	435
	2 056.24	2028/2029	7.8	34 792	40 251	23.2	81.3	9 340
	2 056.24	2029/2030	7.9	1 317	1 992	18.6	100	370
	2 056.24	2029/2030	7.9	34 787	40 012	18.6	76.1	7 428
	2 056.24	2030/2031	8.1	1 317	2 092	15.5	100	324
	2 056.24	2030/2031	8.1	34 786	39 308	15.5	71.1	6 082
	2 208.81	2027/2028	7.7	467	502	20.8	85.3	104
	2 208.81	2028/2029	7.8	467	512	15.6	79.7	80
	2 208.81	2029/2030	7.9	467	512	12.5	74.5	64
	2 208.81	2030/2031	8.2	467	504	10.4	69.7	52
	2 099.90	2028/2029	7.8	2 102	2 393	20.7	80.8	496
	2 099.90	2029/2030	7.9	2 102	2 382	16.6	75.6	395
	2 099.90	2030/2031	8.1	2 102	2 342	13.8	70.7	324
	2 099.90	2031/2032	8.4	2 102	2 281	11.9	66.1	288
	2 817.05	2028/2029	7.8	802	718	12.3	79.0	88
	2 817.05	2029/2030	8.0	802	742	9.9	73.9	73
	2 817.05	2030/2031	8.3	802	750	8.2	69.1	62
	2 817.05	2031/2032	8.6	802	748	7.0	64.6	54
Total				584 906	819 037	55.1	89.4	494 547

45. Share appreciation rights continued

Data utilised in the valuation of SARs granted continued

Year granted	Strike price[1] R	Year maturing	Risk-free rate %	Number of SARs outstanding	Fair value R'000	Portion of term expired %	Expected vesting proportion %	Liability at year-end R'000
2024								
2018/2019	881.76	2024/2025	8.4	22 547	25 544	98.7	99.6	25 218
2019/2020	1 175.01	2024/2025	8.4	17 624	14 851	98.4	99.6	14 615
	1 175.01	2025/2026	8.5	17 620	15 156	82.0	94.5	12 431
	1 374.59	2024/2025	8.6	2 207	1 517	86.5	96.5	1 313
	1 374.59	2025/2026	8.3	2 207	1 649	72.1	91.5	1 189
2020/2021	973.05	2024/2025	8.4	26 820	27 939	97.3	99.4	27 193
	973.05	2025/2026	8.5	26 819	27 336	77.9	94.3	21 288
	973.05	2026/2027	8.3	26 814	26 799	64.9	89.5	17 393
	911.63	2023/2024	8.4	3 692	4 084	100.0	100.0	4 084
	911.63	2024/2025	8.6	15 467	16 798	85.5	97.0	14 361
	911.63	2025/2026	8.3	15 450	16 309	68.4	92.0	11 155
	911.63	2026/2027	8.3	15 433	15 832	57.0	87.3	9 025
	884.83	2024/2025	8.6	678	755	86.9	97.3	656
	884.83	2025/2026	8.3	678	731	69.6	92.3	508
	884.83	2026/2027	8.3	677	707	58.0	87.5	410
	1 006.83	2024/2025	8.6	4 566	4 558	84.0	96.7	3 828
	1 006.83	2025/2026	8.3	4 566	4 498	67.2	91.7	3 022
	1 006.83	2026/2027	8.3	4 565	4 420	56.0	87.0	2 475
	1 392.19	2024/2025	8.4	22 762	14 320	96.3	99.4	13 788
	1 392.19	2025/2026	8.5	22 758	16 083	73.2	94.3	11 769
	1 392.19	2026/2027	8.3	22 754	17 148	59.0	89.4	10 120
	1 392.19	2027/2028	8.3	22 750	17 666	49.4	84.8	8 735
	439.64	2023/2024	8.4	357	563	100.0	100.0	563
	439.64	2024/2025	8.6	357	533	78.3	95.5	418
	439.64	2025/2026	8.3	356	499	62.7	90.6	312
	439.64	2026/2027	8.3	356	467	52.2	85.9	244
2021/2022	367.71	2024/2025	8.4	1 386	2 287	99.9	100.0	2 284
	367.71	2025/2026	8.5	1 385	2 138	74.9	94.8	1 603
	367.71	2026/2027	8.3	1 385	1 998	60.0	90.0	1 198
	367.71	2027/2028	8.3	1 385	1 868	50.0	85.3	934
	1 663.60	2024/2025	8.6	552	251	83.1	97.4	208
	1 663.60	2025/2026	8.3	552	320	62.4	92.3	199
	1 663.60	2026/2027	8.3	551	355	49.9	87.6	177
	1 663.60	2027/2028	8.4	551	376	41.6	83.1	156
	1 616.73	2024/2025	8.6	404	202	80.4	96.9	162
	1 616.73	2025/2026	8.3	404	246	60.3	91.9	149
	1 616.73	2026/2027	8.3	403	269	48.2	87.2	130
	1 616.73	2027/2028	8.4	403	282	40.2	82.7	113
	2 067.19	2025/2026	8.5	21 373	7 663	63.8	94.1	4 886
	2 067.19	2026/2027	8.3	21 368	10 091	48.5	89.3	4 890
	2 067.19	2027/2028	8.3	21 363	11 571	39.1	84.7	4 522
	2 067.19	2028/2029	8.5	21 358	12 505	32.7	80.3	4 092
2022/2023	2 067.19	2025/2026	8.5	645	216	66.6	94.8	144
	2 067.19	2026/2027	8.3	645	296	50.0	90.0	148
	2 067.19	2027/2028	8.3	645	344	40.0	85.3	138
	2 067.19	2028/2029	8.5	645	375	33.3	80.9	125
	2 106.13	2025/2026	8.4	1 261	468	55.5	93.2	260
	2 106.13	2026/2027	8.3	1 258	598	41.6	88.4	249
	2 106.13	2027/2028	8.3	1 258	681	33.3	83.8	227
	2 106.13	2028/2029	8.5	1 257	733	27.7	79.5	203

Year granted	Strike price[(1)] R	Year maturing	Risk-free rate %	Number of SARs outstanding	Fair value R'000	Portion of term expired %	Expected vesting proportion %	Liability at year-end R'000
2024								
2023/2024	1 828.19	2026/2027	8.3	34 130	19 028	32.3	89.3	6 145
	1 828.19	2027/2028	8.3	34 130	20 965	24.5	84.7	5 145
	1 828.19	2028/2029	8.5	34 130	22 106	19.8	80.3	4 372
	1 828.19	2029/2030	8.7	34 130	22 736	16.6	76.2	3 768
	1 698.52	2026/2027	8.3	1 335	843	16.1	87.5	135
	1 698.52	2027/2028	8.4	1 335	896	12.0	83.0	108
	1 698.52	2028/2029	8.6	1 336	924	9.6	78.7	89
	1 698.52	2029/2030	8.9	1 336	937	8.0	74.7	75
	1 445.18	2026/2027	8.3	321	235	23.3	88.5	55
	1 445.18	2027/2028	8.3	321	243	17.5	84.0	42
	1 445.18	2028/2029	8.5	321	246	14.0	79.6	34
	1 445.18	2029/2030	8.8	321	246	11.6	75.6	29
Total				546 463	422 300	62.4	89.5	263 307

(1) SARs are granted at a strike price equal to the 30-day weighted average share price up to and including the day before the resolution granting the respective SARs was passed. There is a fixed ratio between the number of SARs and share options granted.

Assumptions

Rights valuation

All rights were valued using the Black-Scholes model and the following variables (with expected price volatility based on annualised volatility):

	2025	**2024**
Dividend yield (%)	**2.18**	2.51
Volatility (%)[(1)]	**40.88**	41.93
Ex-dividend share price	**3 012.52**	1 971.34

(1) The expected price volatility is based on an unadjusted 5-year annualised volatility.

Executive employee turnover assumption

Executive employee turnover of 6.5% per annum (2024: 5.1%) was used to estimate the likelihood of vesting conditions realising. This is re-estimated in terms of IFRS 2 on an annual basis.

Maturity

The REMCO approved changes to the performance conditions relating to share options granted in 2019/2020. These performance conditions are that the 3-year average HEPS growth must exceed the 3-year average of CPI plus the percentage growth in GDP plus 4%, and the attained ROE must outperform the 3-year average ROE of the 4 traditional banks in South Africa. Each performance condition carries a weighting of 50% and is measured over a cumulative 3-year performance period. The ROE performance consists of 2 tiers.

- Tier 1 (50% vesting): ROE outperforms 3-year average ROE of the 4 traditional banks
- Tier 2 (full vesting): ROE outperforms 3-year average ROE of the 4 traditional banks by 2%.

The assumption that both of these performance conditions would be met was used to estimate the realisation of these vesting conditions. The 2021 financial year was not considered when determining whether the performance measures were met as the results for the year were impacted by the COVID-19 pandemic.

46. Derivative financial instruments

R'000	Fair values Assets	Fair values Liabilities
2025		
Interest rate swaps	**—**	**—**
Forward foreign exchange contracts	**28 542**	**5 433**
Forward currency swap contracts	**9 072**	**15 707**
Derivative financial instruments	**37 614**	**21 140**
2024		
Interest rate swaps	1 097	—
Forward foreign exchange contracts	14 110	15 221
Forward currency swap contracts	18 397	5 381
Derivative financial instruments	33 604	20 602

Interest rate swaps designated as cash flow hedges

R'000	Notional	Fair values Assets	Fair values Liabilities
2025			
Interest rate swaps	**—**	**—**	**—**
Total interest rate swaps	**—**	**—**	**—**
2024			
Interest rate swaps	500 000	1 097	—
Total interest rate swaps	500 000	1 097	—

R'000	Demand to 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
2025					
Discounted swap cash flows	**—**	**—**	**—**	**—**	**—**
Total interest rate swaps	**—**	**—**	**—**	**—**	**—**
2024					
Discounted swap cash flows	—	1 097	—	—	1 097
Total interest rate swaps	—	1 097	—	—	1 097

Forward foreign exchange contracts and forward currency swap contracts – designated as economic hedges

	Notional		Fair values	
R'000	Foreign	R	Assets	Liabilities
2025				
Forward foreign exchange contracts – US dollar	**45 560**	**850 576**	**10 351**	**4 382**
Forward foreign exchange contracts – euro	**7 953**	**156 962**	**17 731**	**256**
Forward foreign exchange contracts – pound sterling	**1 495**	**34 758**	**24**	**282**
Forward foreign exchange contracts – other	**127 004**	**57 891**	**436**	**513**
Total forward foreign exchange contracts		**1 100 187**	**28 542**	**5 433**
Forward currency swap contracts – US dollar	**54 653**	**1 019 848**	**7 412**	**13 062**
Forward currency swap contracts – euro	**16 931**	**331 838**	**1 272**	**2 323**
Forward currency swap contracts – pound sterling	**1 576**	**36 486**	**388**	**33**
Forward currency swap contracts – other	**717**	**7 480**	**—**	**289**
Total forward currency swap contracts		**1 395 652**	**9 072**	**15 707**
Derivative financial instruments		**2 495 839**	**37 614**	**21 140**
2024				
Forward foreign exchange contracts – US dollar	40 210	769 004	2 319	10 248
Forward foreign exchange contracts – euro	29 772	619 381	11 595	3 824
Forward foreign exchange contracts – pound sterling	1 778	41 664	126	860
Forward foreign exchange contracts – other	8 319	27 221	70	289
Total forward foreign exchange contracts		1 457 270	14 110	15 221
Forward currency swap contracts – US dollar	38 450	731 225	14 063	28
Forward currency swap contracts – euro	59 724	1 022 845	4 334	5 353
Total forward currency swap contracts		1 754 070	18 397	5 381
Derivative financial instruments		3 211 340	32 507	20 602

R'000	2025	2024
Derivative assets per the statement of financial position		
Current portion	**37 566**	30 551
Non-current portion	**48**	3 068
Total foreign currency exchange contracts and swap contracts	**37 614**	33 619
Derivative liabilities per the statement of financial position		
Current portion	**21 139**	18 460
Non-current portion	**1**	2142
Total foreign currency exchange contracts and swap contracts	**21 140**	20 602

Credit quality of derivative assets

At the statement of financial position date, the international long-term credit ratings, using Moody's ratings, were as follows:

R'000	Ba1 to Ba3	Not rated	ECL	Total carrying amount
2025				
Derivative assets	**—**	**37 614**	**—**	**37 614**
2024				
Derivative assets	1 097	32 507	—	33 604

46. Derivative financial instruments continued

Accounting policies

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

The group designates certain derivatives as:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)
- economic hedges if not qualifying in terms of the hedge accounting criteria classified as FVTPL.

Derivative financial instruments exclude equity instruments that are accounted for in terms of IFRS 2 *Share-based Payment.*

The use of derivatives is restricted to the hedging of forecast cash flows for specific transactions. Currently, derivatives are limited to interest rate swaps, forward foreign exchange contracts and forward currency swap contracts.

The group also facilitates the process for Business banking clients to enter into forward exchange contracts.

Treatment of hedges qualifying as cash flow hedges

The group applies IAS 39 to hedge accounting with the disclosures required by IFRS 7.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and deferred within equity. The gain or loss relating to the ineffective portion is recognised in profit or loss immediately.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the interest payments that are hedged are recognised as an expense). The gain or loss relating to the effective portion of interest rate swaps hedging variable-rate borrowings is recognised in profit or loss within interest expense.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within the movement in financial instruments held at FVTPL, disclosed under operating expenses.

At the inception of the transaction, the group designates the relationship between hedging instruments and hedged items as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in note 24.

Treatment of economic hedges classified as FVTPL

Derivatives are only held to cover economic exposures.

Derivatives are classified as held for trading and measured at FVTPL to the extent that they are not part of a designated hedging relationship. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Changes in the fair value of derivatives classified as FVTPL are taken to profit or loss immediately. The recognition of the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument and, if so, the nature of the item being hedged. Transaction costs are expensed.

All derivative contracts are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Fair values are obtained from quoted market prices, where available. Alternatively, valuation techniques based on observable market prices are used where possible, failing which, estimates are used.

Interest rate swaps designated as cash flow hedges

Gains and losses recognised in comprehensive income (note 37.6) on swap agreements will be continuously released to profit or loss in line with the interest expense movement on the underlying hedged items.

The forecast cash flows presented show how the cash flow hedging reserve will be released to profit or loss over time. The swaps have quarterly reset and settlement dates. The forecast cash flows were based on contracted interest and ruling exchange rates. The hedged items comprise variable-rate bonds and negotiable instruments detailed in note 18. To ensure hedge effectiveness, the variable-rate cash flows on the hedged items are matched with variable-rate interest rate swap cash flows (hedging instruments) by entering into swaps where amounts, interest rates and maturities of the swaps exactly match the hedged items.

As at 28 February 2025, the fixed interest rate was 7.5% (2024: 7.5%) and the floating rate was based on the forecast 3-month JIBAR as at 28 February 2025.

The fair value adjustment transferred to profit or loss amounted to a debit of R0.7 million (2024: a credit of R3.2 million) and is included in interest expense. In 2025 and 2024, there were no transactions for which cash flow hedge accounting had to be discontinued due to highly probable cash flow no longer expected to occur.

Interest rate swaps are valued on a DCF basis using yield curves appropriate for the relevant swap rate.

Forward foreign exchange contracts designated as economic hedges

Forward foreign exchange contracts represent commitments to purchase foreign currency, including undelivered spot transactions, and were entered into to match corresponding expected future transactions.

47. Events after the reporting period

In terms of IAS 10 *Events after the Reporting Period,* non-adjusting post-balance sheet events are events that are indicative of a condition that arose after the reporting period ended 28 February 2025. We have concluded that the uncertainty around USA tariff adjustments on the import of goods from numerous countries, including South Africa, and the potential termination of South Africa's Government of National Unity in its present form, are such events.

The forward-looking ECL model considers economic variables specific to South Africa that directly impact the group's clients. 4 forward-looking scenarios are incorporated into the range of reasonably possible outcomes (negative, baseline, positive and very positive scenarios). The negative scenario incorporated into the model at year-end specifically assumes that the economic conditions deteriorate further. Refer to the Critical accounting estimates and judgements in applying accounting policies section in note 9.

We believe that there may be further negative impacts on the South African economy and our business for the year ending 28 February 2026. However, it is not possible to accurately estimate the financial effect as the situation remains fluid.

Statutory information

Year ended 28 February 2025

	2025		2024	
	Shares held Number	**Shareholding %**	**Shares held Number**	**Shareholding %**
Beneficial owners with an interest of 5% or more in the company's ordinary shares				
Government Employees Pension Fund	**18 063 141**	**15.56**	18 063 141	15.56
MSdP le Roux	**13 164 393**	**11.34**	13 193 193	11.36
Kalander Trust and its subsidiaries[(1)]	**7 457 364**	**6.42**	7 486 164	6.44
Fynbos Trust and its subsidiaries	**5 675 753**	**4.89**	5 675 753	4.89
Related party	**31 276**	**0.03**	31 276	0.03
Lebashe Investment Group Proprietary Limited	**7 654 840**	**6.59**	7 654 840	6.59
JP Morgan Chase & Co[(2)]	**—**	**—**	5 932 702	5.11
JF Mouton Familie Trust and its subsidiaries	**5 917 727**	**5.10**	5 917 727	5.10
B-BBEE shareholding				
Shareholder				
Lebashe Investment Group Proprietary Limited	**7 654 840**	**6.59**	7 654 840	6.59
Lebashe Investment Group Proprietary Limited	**4 529 773**	**3.90**	4 529 773	3.90
K2017134938 (South Africa) Proprietary Limited	**3 125 067**	**2.69**	3 125 067	2.69
Izindaba Ezinhle Employee Share Scheme[(3)]	**429 014**	**0.37**	429 201	0.37
CB Employee Holdings Proprietary Limited	**235 763**	**0.20**	235 763	0.20
NS Mashiya[(4)]	**—**	**—**	23 209	0.02
Total B-BBEE shareholding	**8 319 617**	**7.16**	8 343 013	7.18
Shareholding by executive management excluding directors of the company[(5)]				
Shareholder				
HAJ Lourens	**498 379**	**0.43**	495 158	0.43
W de Bruyn	**102 000**	**0.09**	99 246	0.09
F Viviers	**21 493**	**0.02**	10 936	0.01
KR Kumbier	**15 269**	**0.01**	11 347	0.01
GR Lee	**8 292**	**0.01**	5 746	—
R Butler	**3 164**	**—**	1 690	—
KE Barker	**396**	**—**	863	—
I Moola	**324**	**—**	—	—
Total executive management shareholding	**649 317**	**0.56**	624 986	0.54

(1) *Kalander Trust's indirect beneficial ownership is primarily held through Kalander Sekuriteit Proprietary Limited which holds 5.28% in Capitec.*

(2) *JP Morgan Chase & Co (JP Morgan) advised, in the prescribed manner on 29 November 2024, that subsidiaries of JP Morgan have decreased their aggregate beneficial interest in Capitec to 4.82%.*

(3) *Shares with a 5-year trade restriction. Refer to note 43.2. A total of 91% of the shares were awarded to employees that meet B-BBEE requirements.*

(4) *Mr NS Mashiya resigned effective 31 March 2023.*

(5) *Executive directors' shareholdings are presented in the related party note. Refer to note 39.*

Analysis of shareholders holding ordinary shares as at 28 February 2025

	Number of shareholders	% of total	Number of shares	% of interest
1 – 1 000	44 481	94.88	3 052 718	2.63
1 001 – 10 000	1 665	3.55	5 457 798	4.70
10 001 – 100 000	593	1.27	18 534 820	15.96
100 001 and over	142	0.30	89 054 507	76.71
Total shareholding	**46 881**	**100.00**	**116 099 843**	**100.00**
Shareholder spread				
Public shareholders[1]	**36 296**	**77.43**	**90 479 320**	**77.93**
Holdings less than 5%	36 295	77.43	73 491 033	63.30
Holdings of 5% or more	1	—	16 988 287	14.63
Non-public shareholders excluding directors and their associates	**10 551**	**22.49**	**4 657 919**	**4.01**
Holdings less than 5%	10 551	22.49	4 657 919	4.01
Izindaba Ezinhle Employee Share Scheme	10 436	22.26	472 874	0.41
Holdings of senior managers under the RSP	105	0.22	32 130	0.03
Prescribed officers of the company excluding directors of the company or any of its subsidiaries	7	0.01	648 921	0.56
K2017134938 (South Africa) Proprietary Limited	1	—	3 125 067	2.69
Trustees of the Capitec Bank Group Employee Empowerment Trust	1	—	235 763	0.20
Trustees of the Capitec Bank Holdings Share Trust	1	—	143 164	0.12
There is no non-public shareholder, excluding directors and their associates, that holds 5% or more	—	—	—	—
Directors (refer to page 328 for details)	**34**	**0.08**	**20 962 604**	**18.06**
Associates of directors of the company	27	0.06	20 939 839	18.04
Directors of the company	3	0.01	20 740	0.02
Directors of subsidiaries of the company	4	0.01	2 025	0.00
Total shareholding	**46 881**	**100.00**	**116 099 843**	**100.00**
Analysis of shareholders holding non-redeemable, non-cumulative, non-participating preference shares				
1 – 1 000	2 363	95.78	59 765	12.89
1 001 – 10 000	98	3.97	286 572	61.81
10 001 – 100 000	6	0.25	117 275	25.30
Total preference shares held	**2 467**	**100.00**	**463 612**	**100.00**
Shareholder spread				
Public shareholders	**2 467**	**100.00**	**463 612**	**100.00**
Holdings less than 5%	2 466	99.96	433 612	93.53
Holdings of 5% and more	1	0.04	30 000	6.47
Non-public shareholders	—	—	—	—
There are no non-public shareholders or directors or their associates that hold preference shares	—	—	—	—
Total preference shares held	**2 467**	**100.00**	**463 612**	**100.00**

[1] *The group applies the definition as envisaged in paragraph 4.25 of the JSE Listings Requirements to define public shareholders.*

Abbreviations and acronyms

AGM	Annual general meeting
AGOA	African Growth and Opportunity Act
AI	Artificial intelligence
ALCO	Asset and liability committee
ALM	Asset and liability management
AML	Anti-money laundering
ARC	Asset for remaining coverage
ARCMC	Audit, risk and capital management committee
ARIC	Amounts recoverable on incurred claims
ATB	Afrika Tikkun Bambanani
ATM	Automated teller machine
AvaFin	Avafin Holding Limited
AWS	Amazon Web Services
B-BBEE	Broad-based black economic empowerment
Banks Act	Banks Act, Act 94 of 1990
BBCUL	Bank Better Champion Unemployed Learnership
BCBS	Basel Committee on Banking Supervision
BCC	Business bank credit committee
BDO	BDO Limited
BER	Bureau for Economic Research
Capitec	Capitec Bank Holdings Limited
Capitec Bank	Capitec Bank Limited
Capitec Ins	Capitec Ins. Proprietary Limited
Capitec Life	Capitec Life Limited
CAPM	Capital asset pricing model
CAR	Capital adequacy ratio
CB	Capitec Bank
CCF	Credit conversion factors
CCR	Counterparty credit risk
CEO	Chief executive officer
CEO values	The values that govern the behaviour of our employees are client obsessed, energise and inspire, and ownership
CFO	Chief financial officer
CGU	Cash-generating unit
CHRO	Chief Human Resource Officer
CLR	Credit loss recovery
CODI	Corporation for Deposit Insurance
CODM	Chief operating decision-maker
COE	Cost of equity
Companies Act	Companies Act of South Africa, Act 71 of 2008, as amended
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPI	Consumer Price Index
CSAT	Client satisfaction score
CSI	Corporate social investment
CSM	Contractual service margin
CSR	Conditional share rights
DAC	Directors' affairs committee
Data Steerco	Data steering committee
DCF	Discounted cash flow
Deloitte	Deloitte & Touche
DIS	Deposit Insurance Scheme
DMTN	Domestic medium-term note
EAD	Exposure at default
EAR Rule	IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023
ECD	Early childhood development
ECL	Expected credit loss
EFT	Electronic funds transfer
EMS	Economic and Management Sciences
ERG	Employee resource group
ESG	Environmental, social and governance
EUR	Euro
EURIBOR	Euro Interbank Offered Rate
EXCO	Executive committee
FETC	Further Education and Training Certificate
FICA	Financial intelligence Centre Act, Act 38 of 2001
FLI ECL	Forward-looking macroeconomic provision for ECL
Forex	Foreign exchange
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GB	Gigabyte
GBV	Gender-based violence
GDP	Gross domestic product
GHG	Greenhouse gas
GloBE	Global Anti-Base Erosion
GRP	Guaranteed package, excluding risk benefits
HEPS	Headline earnings per share
HR	Human resources
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICT	Information and communication technology
IFRIC®	IFRS Interpretations Committee
IFRS® Accounting Standards	International Financial Reporting Standards
Income Tax Act	Income Tax Act, Act 58 of 1962
Innovatio	Innovatio Risk Solutions Limited
IoDSA	Institute of Directors South Africa
IRBA Code	Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors
ISAs	International Standards on Auditing
ISIN	International Securities Identification Numbering

IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JPY	Japanese yen
JSE	Johannesburg Stock Exchange Limited
kg	Kilogram
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
KPI	Key performance indicator
KPMG	KPMG Inc.
LFRC	Liability for remaining coverage
LGD	Loss given default
LIC	Liability for incurred claims
LTE	Long-Term Evolution, a standard for high-speed wireless broadband communication
LTI	Long-term incentive
LTV	Loan-to-value
m^2	Square metre
Mercantile	Mercantile Bank Limited (name changed to Mer Pastcomp Limited in January 2021)
MNE	Multinational enterprise
Moody's	Moody's Ratings
MOS	Management operating system
MRA	Modified retrospective approach
MSR	Minimum shareholding requirements
MWh	Megawatt hour
NCA	National Credit Act, Act 34 of 2005
NPC	Non-profit company
NQF	National Qualifications Framework
ORC	Operational resilience committee
PA	Prudential Authority
PD	Probability of default
POR	BCBS Principles for Operational Resilience
POS	Point-of-sale
PwC	PricewaterhouseCoopers Inc.
Quality client	Quality banking clients are those clients who have stable inflows into their account and stable product usage over a consecutive 3-month period
RA	Risk adjustment for non-financial risk
RCC	Personal banking credit committee
RCMC	Risk and capital management committee
REMCO	Human resources and remuneration committee
Remote banking	Remote banking refers to both banking app and USSD transactions
RISCO	Risk committee
ROE	Return on equity
RROC	Risk and regulatory oversight committee
RSP	Restricted share plan
RWA	Risk-weighted assets
SAICA	South African Institute of Chartered Accountants
SARA	South African Reward Association
SARB	South African Reserve Bank
SARs	Share appreciation rights
SARS	South African Revenue Service
SASBO	SASBO – The Finance Union
SBBI®	Stocks, Bonds, Bills and Inflation
SENS	Stock Exchange News Service
SESCO	Social, ethics and sustainability committee
SICR	Significant increase in credit risk
SIM	Subscriber Identity Module
SMEs	Small- and medium-sized enterprises
SMS	Short Message Service
SPPI	Solely payments of principal and interest
STI	Short-term incentive
SWIFT	Society for Worldwide Interbank Financial Telecommunications
tCO_2e	Tonnes of carbon dioxide equivalent
TEB	Think Equal
TGP	Total guaranteed pay
the group	Capitec Bank Holdings Limited and subsidiaries
UK	United Kingdom
UN SDGs	United Nations Sustainable Development Goals
USA	United States of America
USD	US dollar
USSD	Unstructured Supplementary Service Data
VaR	Value at Risk methodology
VAS	Value-added services
VAT	Value added tax
VWAP	Volume-weighted average price
ZAR	South African rand
ZARONIA	South African Rand Overnight Index Average

Shareholders' calendar

Financial year-end	28 February 2025
Profit announcement	22 April 2025
Integrated annual report	22 April 2025
AGM	18 July 2025
Interim report	October 2025

Contact information

Capitec Bank Holdings Limited

Registration number: 1999/025903/06
Registered bank controlling company
Incorporated in the Republic of South Africa
JSE ordinary share code: CPI
ISIN code: ZAE000035861
JSE preference share code: CPIP
ISIN code: ZAE000083838

Directors

SL Botha *(chairman)*
GM Fourie *(CEO)*[1]
NF Bhettay
SA du Plessis
CH Fernandez
N Ford-Hoon
GR Hardy *(CFO)*[1]
MSdP le Roux
V Mahlangu
RR Malhotra (appointed on 1 March 2025)
PJ Mouton
CA Otto
JP Verster (retired effective 31 May 2024)

[1] *Executive*

Group company secretary and registered office

YM Mouton
5 Neutron Road, Techno Park, Stellenbosch, 7600

Postal address

PO Box 12451, Die Boord, Stellenbosch, 7613

Transfer secretary

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132

Sponsor

PSG Capital Proprietary Limited
Registration number: 2006/015817/07
1st Floor, Ou Kollege Building
35 Kerk Street, Stellenbosch, 7600
and
1st Floor, The Place, 1 Sandton Drive, North Towers
Sandhurst, Sandton, 2196

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