

Capitec Bank Limited  
 Registration number: 1980/003695/06



## Unaudited financial results for the 6 months ended 31 August 2018

### Condensed statement of financial position

	Unaudited 6 months August 2018 R'000	Unaudited 6 months August 2017 R'000	6 months August 2018/2017 %	Audited Year ended February 2018 R'000
<b>Assets</b>				
Cash, cash equivalents and money market funds	28 981 420	23 897 531	21	25 080 848
Financial investments*	12 176 494	6 700 962	82	11 780 934
Term deposit investments	4 994 595	5 603 470	(11)	2 528 331
Net loans and advances	41 874 288	40 602 702	3	41 802 360
Other receivables	1 257 348	1 583 279	(21)	714 505
Net insurance receivable	256 766	-		245 204
Derivative assets	10 652	46 730	(77)	129
Financial assets - equity instruments at FVOCI**	100 000	102 000	(2)	100 000
Current income tax asset	-	52 027		107 154
Group loans receivable	196 270	134 190	46	182 410
Equipment	1 755 861	1 606 413	9	1 608 584
Intangibles	268 173	271 421	(1)	283 011
Deferred income tax asset	1 425 019	400 282		416 936
<b>Total assets</b>	<b>93 296 886</b>	<b>81 001 007</b>	<b>15</b>	<b>84 850 406</b>
<b>Liabilities</b>				
Derivative liabilities	11 404	73 593	(85)	51 365
Current income tax liability	72 650	-		-
Retail deposits	66 214 702	55 400 971	20	57 824 498
Other Liabilities	2 152 664	1 767 875	22	2 178 883
Wholesale funding	5 768 784	7 004 666	(18)	6 205 726
Group loans payable	-	7 829		-
Provisions	40 709	41 949	(3)	66 835
<b>Total liabilities</b>	<b>74 260 913</b>	<b>64 296 883</b>	<b>15</b>	<b>66 327 307</b>
<b>Equity</b>				
<b>Capital and reserves</b>				
Ordinary share capital and premium	6 105 981	6 105 981		6 105 981
Cash flow hedge reserve	673	(45 455)		(26 737)
Retained earnings	12 822 759	10 505 111	22	12 331 052
<b>Share capital and reserves attributable to ordinary shareholders</b>	<b>18 929 413</b>	<b>16 565 637</b>	<b>14</b>	<b>18 410 296</b>
Non-redeemable, non-cumulative, non-participating preference share capital and premium	106 560	138 487	(23)	112 803
<b>Total equity</b>	<b>19 035 973</b>	<b>16 704 124</b>	<b>14</b>	<b>18 523 099</b>
<b>Total equity and liabilities</b>	<b>93 296 886</b>	<b>81 001 007</b>	<b>15</b>	<b>84 850 406</b>

\* Reclassification: Held-to-maturity assets were reclassified as financial investments under IFRS 9

\*\* Equity investments has been designated at fair value through OCI under IFRS 9

Capitec Bank is an authorised financial services provider (FSP 46669) and registered credit provider (NCRCP13)

Capitec Bank Limited Reg. No.: 1980/003695/06 Directors: R Stassen (Chairman), GM Fourie\* (CEO), LA Dlamini, AP du Plessis\* (CFO), MS du P le Roux, K Makwane, NS Mashiya\*, JD McKenzie, NS Mjoli-Mncube, PJ Mouton, CA Otto, JP Verster \*Executive director. Company Secretary: YM Mouton

## Condensed income statement

	Unaudited 6 months August	Unaudited 6 months August	6 months August	Audited Year ended February
	2018 R'000	2017 R'000	2018/2017 %	2018 R'000
Lending, investment and insurance income <sup>(1)</sup>	8 427 256	8 626 050	(2)	17 266 028
Interest income <sup>(1)</sup>	7 604 932	7 758 080	(2)	15 473 176
Loan fee income	454 793	470 795	(3)	919 328
Net insurance income <sup>(2) (3) (5)</sup>	367 531	397 175	(7)	873 524
Lending and investment expenses	(2 316 748)	(2 243 305)	3	(4 597 316)
Interest expense	(2 186 944)	(2 015 357)	9	(4 184 449)
Loan fee expense <sup>(4) (5)</sup>	(129 804)	(227 948)	(43)	(412 867)
<b>Net lending, investment and insurance income<sup>(1)</sup></b>	<b>6 110 508</b>	<b>6 382 745</b>	<b>(4)</b>	<b>12 668 712</b>
Transaction fee income	4 083 424	3 233 608	26	6 925 526
Transaction fee expense	(936 610)	(847 414)	11	(1 798 483)
<b>Net transaction income</b>	<b>3 146 814</b>	<b>2 386 194</b>	<b>32</b>	<b>5 127 043</b>
Net provision for doubtful debt charge <sup>(1)</sup>	(2 542 254)	(2 811 434)	(10)	(5 279 990)
Other income / (expense)	6 347	(680)		(1 389)
<b>Net income</b>	<b>6 721 415</b>	<b>5 956 825</b>	<b>13</b>	<b>12 514 376</b>
Operating expenses	(3 577 169)	(3 266 317)	10	(6 464 875)
<b>Operating profit before tax</b>	<b>3 144 246</b>	<b>2 690 508</b>	<b>17</b>	<b>6 049 501</b>
Income tax expense <sup>(1)</sup>	(767 149)	(735 273)	4	(1 655 989)
<b>Profit for the year</b>	<b>2 377 097</b>	<b>1 955 235</b>	<b>22</b>	<b>4 393 512</b>

(1) In the current period, under IFRS 9, interest income and net provision for doubtful debts charge are recognised on a net basis for all loans classified as Stage 3 (R442 million for the period ended August 2018)

(2) Net insurance income relates to profits attributable to the 3rd party cell captive credit life insurance for loans granted after 6 May 2016

(3) Insurance profit is received from the cell captive as a dividend after tax. The tax expense on insurance profit is included in net insurance income and deducted from the tax expense line for the period ended August 2018: R142 million (August 2017: R109 million, February 2018: R245 million)

(4) Loan fee expense relates to the credit life insurance expense under the 1st party cell captive for loans granted prior to 6 May 2016

(5) Loans and advances after 6 May 2016 under the 3rd party credit life insurance cell captive forms a greater portion of the credit book. Loans and advances under the 1st party credit life insurance cell captive prior to 6 May 2016 forms a smaller portion of the credit book

## Condensed statement of comprehensive income

	Unaudited 6 months August	Unaudited 6 months August	6 months August	Audited Year ended February
	2018 R'000	2017 R'000	2018/2017 %	2018 R'000
<b>Profit for the year</b>	<b>2 377 097</b>	1 955 235	22	4 393 512
Other comprehensive income that will be reclassified to profit or loss for the year net of tax	27 410	(33 719)		(15 001)
Cash flow hedge recognised during the year	49 209	(21 260)		59 116
Cash flow hedge reclassified to profit and loss for the year	(11 139)	(25 572)		(79 951)
Income tax relating to cash flow hedge	(10 660)	13 113		5 834
<b>Total comprehensive income for the year</b>	<b>2 404 507</b>	1 921 516	25	4 378 511

## Condensed statement of changes in equity

	Unaudited 6 months August	Unaudited 6 months August	6 months August	Audited Year ended February
	2018 R'000	2017 R'000	2018/2017 %	2018 R'000
<b>Equity at the beginning of the period</b>	<b>18 523 099</b>	15 826 613	17	15 826 613
Transitional adjustment for IFRS 9	(648 039)	-		-
Total comprehensive income for the year	2 404 507	1 921 516	25	4 378 511
Ordinary dividend	(1 232 353)	(1 024 765)	20	(1 631 807)
Preference dividend	(4 998)	(6 730)	(26)	(12 023)
Preference shares repurchased	(6 243)	(12 510)	(50)	(38 195)
<b>Equity at the end of the period</b>	<b>19 035 973</b>	16 704 124	14	18 523 099

## Condensed statement of cash flows

	Unaudited 6 months August	Unaudited 6 months August	6 months August	Audited Year ended February
	2018 R'000	2017 R'000	2018/2017 %	2018 R'000
Cash flow from operating activities	8 400 317	7 661 932	10	11 789 536
Cash flow from investing activities	(3 266 388)	(865 353)		(3 088 756)
Cash flow from financing activities	(1 243 884)	(1 576 282)	(21)	(2 305 121)
Net increase / (decrease) in cash and cash equivalents	3 890 045	5 220 297	(25)	6 395 659
Cash and cash equivalents at the beginning of the year	25 060 098	18 664 439	34	18 664 439
<b>Cash and cash equivalents at the end of the year</b>	<b>28 950 143</b>	<b>23 884 736</b>	<b>6</b>	<b>25 060 098</b>

## Commitments

	Unaudited 6 months August	Unaudited 6 months August	6 months August	Audited Year ended February
	2018 R'000	2017 R'000	2018/2017 %	2018 R'000
Capital commitments approved by the board				
Contracted for:				
• Property and equipment	146 177	87 042	68	97 720
• Intangible assets	166 246	27 124		15 777
Not contracted for:				
• Property and equipment	526 736	572 122	(8)	896 644
• Intangible assets	185 716	254 659	(27)	242 522
	<b>1 024 875</b>	<b>940 947</b>	<b>9</b>	<b>1 252 663</b>
Property and other operating lease commitments				
Future aggregate minimum lease payments				
• Within one year	496 852	451 864	10	468 968
• From one to five years	1 317 287	1 285 801	2	1 292 109
• After five years	220 643	288 342	(23)	269 015
Total future cash flows	2 034 782	2 026 007		2 030 092
Straight-lining accrued	(145 189)	(125 017)	16	(135 151)
Future expenses	1 889 593	1 900 990	(1)	1 894 941