Remuneration Report

2024

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CAPITEC

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

Remuneration report

Our remuneration report comprises 3 parts:

- *Part 1 consists of a background statement in the form of a letter from the REMCO chairman, reporting on factors that influenced the remuneration policy and forward-looking approaches, and the implementation of the policy over the past financial year*
- *Part 2 contains the forward-looking remuneration policy*
- *Part 3 illustrates the implementation of the remuneration policy over the past financial year.*

Part 1: Background statement

Letter from the REMCO chairman

On behalf of the REMCO, I am pleased to present Capitec's remuneration report for the 2024 financial year, my first report as chairman of the REMCO.

Our long-term strategy to diversify our income streams and grow quality clients produced double-digit growth in a financial year where external economic events placed pressure on our credit business. Non-interest income made a significant contribution to the 16% growth in headline earnings for the 2024 financial year and increased to 72% of income from operations after credit impairments (2023: 66%). Net transaction and commission income grew by 29% year-on-year as our clients rapidly adopted our VAS. Net interest income grew by 16% as the yield on the loan book and investment portfolio increased based on the changes in the repo rate and the net insurance result grew by 18%. The incentives for the year recognise and reward the efforts that led to this growth with an available STI bonus pool of R415 million.

As I take over the reins from my esteemed colleague Danie Meintjes, I would like to reflect on the approach to date with our reward strategy.

Our current LTI scheme was introduced in 2002, and the balance of share options settled to date have been through shares purchased in the market, with issued shares to settle share options during this time having been limited to 5% of issued ordinary share capital. We are satisfied that we have achieved our key aims of incentivising strong performance goals, and presenting a market-competitive reward structure which enables us to retain and attract the talent we require to continue to drive our strategy forward, with a minimal amount of dilution to our shareholders, through following this approach.

Historically, the STI provided a key focus on earnings growth in the business. It was the sole incentive for strategic and senior management other than executives, who were exposed to share price growth through their participation in the LTI schemes. While we are comfortable that the STI focus remains appropriate, and the STI has historically delivered outcomes which were aligned with our 'pay for performance' principle, supporting the shareholder growth trajectory, we believe that there is now an ideal opportunity to link our strategic and senior management incentive outcomes to share price growth over the longer term. We explain our approach to this in more detail below.

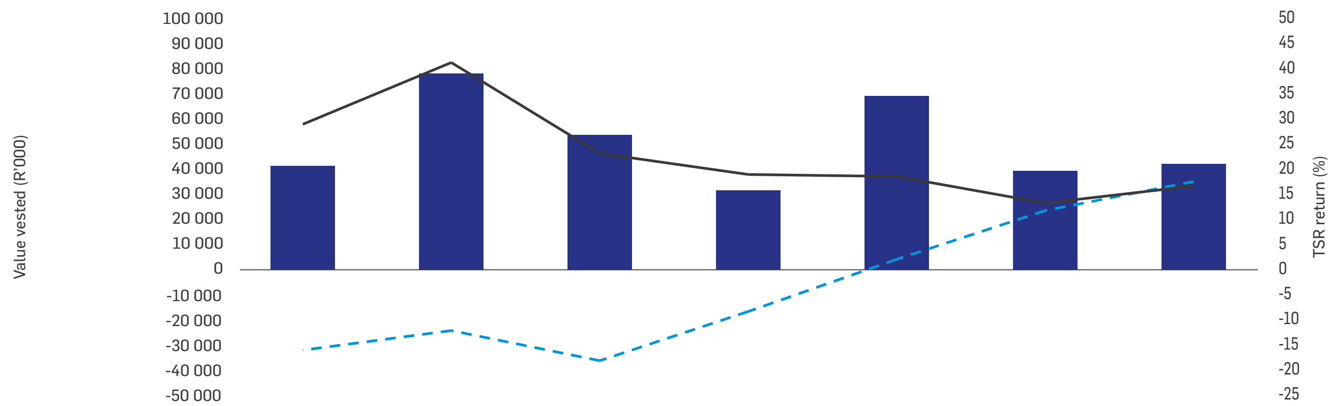
Our approach has always been to focus our incentives on our key metrics – being our headline earnings growth and ROE, and we have endeavoured to set realistic but stretched targets relating to these measures. This task is not always easy, as the macroeconomic environment and unexpected circumstances may alter what may be considered to be 'strong' or even 'exceptional' performance. Performance must always be understood in the context of both prevailing market circumstances and real return to shareholders. Setting forward-looking performance targets for these measures for a 3-year period is challenging, and needs to be carefully balanced with the creation of sufficient focus towards longer-term strategic initiatives which will create sustainable value in the longer-term.

For this reason, and based on the input provided through our valued shareholder engagement, we have introduced an additional measure to our LTI, which we describe in more detail below.

It is paramount that progress against set targets is closely monitored to ensure that the remuneration policy as set is able to achieve its desired objectives, while remaining fair to all stakeholders. This at times means that difficult decisions must be made, and a REMCO is faced with the challenge of balancing different stakeholder interests in the best way possible, taking into account all of the information available to them. We are grateful for our shareholder feedback in this regard as it provides meaningful insights into our considerations. However, we acknowledge that we are not always able to fully comply with each shareholder's desired outcomes. As a REMCO, we ultimately aim to make decisions and change policy in a way which we feel will most serve the company and all its stakeholders in the long term.

We experienced phenomenal performance during the period 2018 to 2023, resulting in the outperformance element of our STI, based on earnings targets kicking in for a number of these years and delivering appropriately competitive bonuses to reward employees who were key to this achievement. Similarly, our share options delivered value to our employees which aligned with the returns delivered to shareholders over this period. Refer to the graph below that showcases the LTI single-figure outcome for the CEO relative to total shareholder return (TSR) delivered for Capitec's shareholders and a market financial services index TSR for the period 2018 to 2024.

Pay for performance analysis – CEO LTI outcomes versus TSR performance



	2018	2019	2020	2021	2022	2023	**2024**
CEO LTI (R'000)	41 641	78 669	54 077	31 800	69 690	39 744	**42 378**
Capitec TSR (3-year rolling) (%)	28.8	41.1	23.0	18.8	18.4	13.1	**16.5**
FINI15 TSR (%)	(16.2)	(12.3)	(18.3)	(8.5)	1.9	11.6	**17.4**

We have, however, pursuant to shareholder feedback, made some key changes to the LTI scheme over the past few years, where this was considered prudent, including:

- The REMCO excluded the 2021 financial year from the headline earnings per share (HEPS) performance assessment due to the pandemic's impact, but after discussions with shareholders, it reviewed the HEPS metric for certain awards to include the 2021 financial year with the aim of ensuring consistency
- In 2023, the REMCO removed discretion in vesting requirements and included the 2021 financial year in the performance measurement of the 2019 grant
- Transitioning from the HEPS to headline earnings target for STI in 2021 with the aim of driving consistency and alignment with other annual performance bonus schemes organisation-wide
- Amended the LTI binary ROE evaluation to a tiered vesting scale for the ROE measure (50% weighting) in 2022 which was further refined in 2023 to provide for 2-tiered vesting on both HEPS and ROE LTI measures
- An executive KPI scorecard was introduced in the 2023 financial year to link executive performance with the STI allocation. This scorecard assigns a 70% weight to financial objectives headline earnings, which is crucial for determining the STI value, while the remaining 30% is dedicated to non-financial objectives.

Changes introduced following the 2024 financial year remuneration review

- As part of the 2024 financial year remuneration review, it was agreed that the LTI vesting will be updated to cater for a 3-tiered vesting scale on all measures for new awards from the 2025 financial year going forward
- A third LTI measure will be introduced focusing on client satisfaction (representing a leading sustainability measure) from the 2025 financial year awards going forward. This measure will support and complement the current ROE and HEPS measures (representing lagging financial reporting measures)
- The LTI ROE target has been adjusted from cost of equity (COE) + 6% to COE + 8% for the 2025 financial year awards going forward
- The STI scorecard financial KPI (70% weighting) will be adjusted from headline earnings to HEPS for the 2025 financial year going forward.

Shareholder engagement, remuneration design and voting outcomes

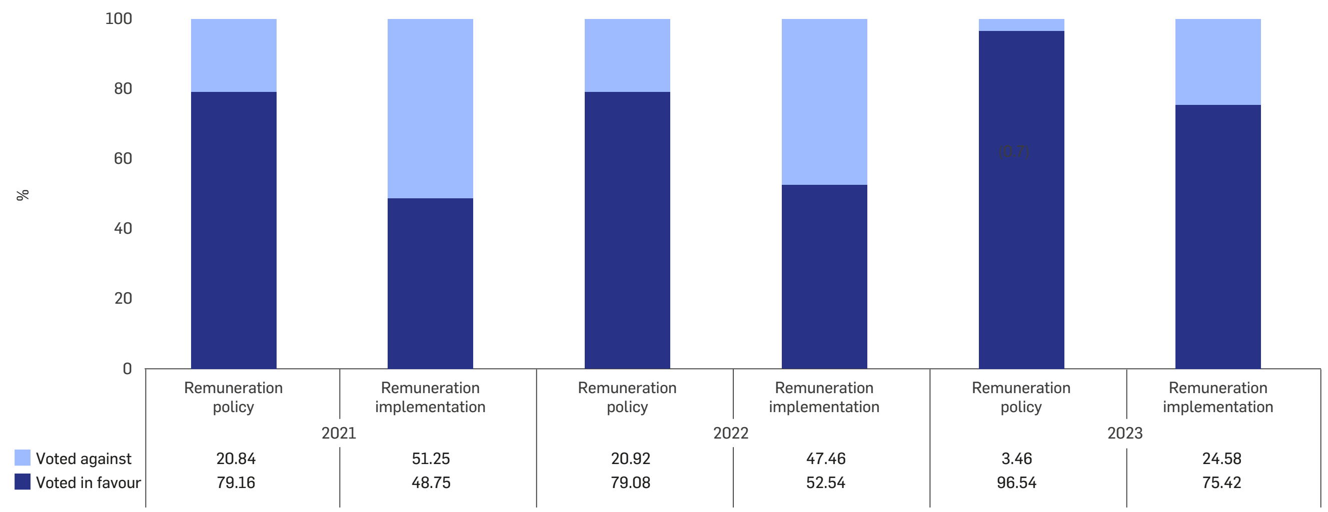
Capitec remains focused on developing remuneration strategies that best serve stakeholder interests through sustainable growth. We regularly engage our shareholders to ensure open communication through which we can gain input, address concerns and, ultimately, align interests.

Remuneration is designed carefully to reward actions that advance stakeholder interests, to ensure that pay is appropriately aligned to performance, as well as to best market practice and regulatory requirements. Remuneration is also carefully designed to ensure we are fully enabled as a business to attract and retain talent in what we still consider to be a fiercely competitive market for talent.

We engage independent external remuneration consultants for input on these elements, where required.

Our remuneration policy for 2023 received a pleasing 96.57% in favour (2022: 79.08%), and we are truly pleased that our shareholders are supportive of our ongoing strategy. We acknowledge that our implementation report vote at 75.42% leaves room for improvement (2022: 52.54%), but are also pleased that we are showing steady improvement in this regard, while continuing to engage with shareholders on identified areas of concern.

Remuneration policy voting history



I would like to extend my personal thanks to our shareholders for their meaningful inputs and willingness to engage, and give my commitment as chairman to continue to consult with our shareholders on an ongoing basis on remuneration-related matters.

Summary of 2023 shareholder comments and our responses thereto

Shareholder comments	Our response
Request for increased breakdown of ESG targets/ more detail around the non-financial performance indicators and the actual performance against these	As the calculation of the overall STI pool is evaluated on Capitec Bank Holdings Limited headline earnings performance, and no STI is formulaically determined in the absence of such performance i.e. in order for a member of key management to receive an STI, the Capitec Bank Holdings Limited group headline earnings target must have been achieved. In other words, the only possible influence that the non-financial measures could have on the STI is a downward adjustment should the quality measures not be met. On this basis, and taking into account strategic confidentiality, Capitec is comfortable with the level of disclosure currently provided on these measures. We have previously refined the STI approach to include a clearer determination process with associated weightings linked to the financial performance of the group including strategic and sustainability initiatives. The REMCO believes that the adoption of a collective group balanced scorecard to determine bonus outcomes, along with the disclosure of the group financial and non-financial KPIs in that scorecard, provides shareholders with comfort that STI payments reward holistic performance. This is discussed in Part 2 of the report, under the heading 'Short- term incentive'.
Questions raised regarding targets (including suitability of ROE target and possible introduction of a further financial target) – targets should be set relative to historical performance and market expectations	The ROE target has been enhanced in a manner deemed to be appropriate and representative of what we consider to be an adequate stretching level of performance, taking into account the current macroeconomic and geopolitical climate. The target has thus been increased from COE + 6% (COE + 4% as threshold), to COE + 8% with the aim to carefully balance providing our shareholders with a best in market return while also ensuring that we can continue to give back and invest in our loyal client base. We have further introduced one additional measure to the LTI, referencing client satisfaction. The above is discussed in Part 2 of the report, under the heading 'Long-term incentive'.

Looking forward: 2024 and beyond

One of the first major exercises I oversaw as chairman of the REMCO was a holistic review of the current reward structure, to ensure that it represents a market-leading approach which addresses the key challenges that Capitec faces with respect to the remuneration of key employees. As our business continues to mature, we believed that it was vital to consider whether the current instruments remain fit for purpose in driving the right behaviour and incentivising for sustainable growth which we aim to deliver as part of our strategy.

During this review, we carefully considered whether the use of full share instruments at an executive level would be appropriate, but ultimately decided that the committee was comfortable that the current instrument mix at this level has resulted in behaviour which is aligned with our culture and execution of strategy, and outcomes which were suitable in terms of our overarching commitment to 'pay for performance'. The committee did decide to tweak the incentive offering in response to feedback from shareholders, including making the ROE target more stretching, introducing a 3-tiered LTI vesting scale and including client satisfaction as a third LTI measure.

The committee has also decided to introduce conditional share rights (CSRs) for the strategic and senior leadership, representing a form of a deferred component of STI, to create increased line of sight over the Capitec share price and exposure to long-term performance. Awards of CSRs will replace some of the cash STI bonus potential to ensure overall total reward levels remain appropriate.

Some of the key challenges which we identified and resolved to address through the process were:

- Market-aligning bonus outcomes to ensure competitive but fair pay
- Driving an ownership mindset in our core levels of employees
- The focus of the incentive mix for senior and strategic leadership supporting the group EXCO needs to be shifted slightly from earnings in the short term to sustainable share growth over the long term, which ultimately supports our strategy
- Ensuring that there is equity exposure at our executive, strategic and senior leadership levels in a way which motivates and rewards critical effort towards execution of our strategy at this level
- Locking in critical successors through appropriate equity exposure
- Enabling our agility to deliver market-aligned sign-on offers and lock-in mechanisms for newly appointed or promoted executive, strategic and senior management employees within appropriate governance parameters through the equity schemes
- Ensuring a compelling and market-aligned pay structure which key employees will buy into, and which will drive behaviour in the correct strategic direction.

Ultimately, the intention of the review was to ensure that the instruments utilised to deliver the LTI sustain effectiveness in retaining the competitiveness of our remuneration offering, understanding that the business has grown exponentially over the past few decades and now needs to focus on further growth strategies over the medium to long term.

Overview of our performance and remuneration outcomes – key highlights

Once again, Capitec grew firmly in the year under review, as discussed in the chairman's and chief executive officer's and chief financial officer's reports from **pages 9** to **21** of the Integrated Annual Report 2024. Headline earnings increased by 16% from R9.2 billion to R10.6 billion, with a ROE of 26%. Our leadership team successfully executed strategic priorities for the year and is to be commended, along with our employees, for their resilience and ongoing efforts in realising our vision of being the preferred retail and business bank in South Africa.

Total guaranteed pay (TGP)

The average TGP increase awarded to all employees was 6.75%.

The details of the increases are set out in Part 3.

Short-term incentive (STI) and long-term incentive (LTI)

STIs were paid to all employees across the business.

The vesting outcomes for the 2021 LTI awards, for which the 3-year performance period ended during the 2024 financial year, were 100%.

Confirmation of implementation by the REMCO

The REMCO is satisfied with the implementation of the remuneration policy during the year. More detail about the implementation of the remuneration policy is set out in Part 3 of this remuneration report.

Activities of the REMCO

During the year under review, in addition to the standing agenda items, the REMCO oversaw the following actions:

- Reviewed the holistic approach to remuneration and incentives, and oversaw changes to the LTI and adjustment of the STI. This included changes to the performance conditions and targets in light of shareholder feedback (including enhancements to the ROE measure to make the target more stretching)
- Continued the review of the total remuneration (TR) of employees with key critical skills (including executives) and further developed the remuneration strategy targeting these skills. We are confident that these changes further enhance our ability to retain these key critical skills
- As tasked by the board through the REMCO charter, we confirmed that remuneration policies, processes and practices are implemented and continuously maintained to, as a minimum, comply with the requirements specified in regulation 39(16)(a) of the Banks Act, Prudential Standards GOI 2 (Governance of insurers) and GOI 3 (Risk management and internal controls for insurers) and King IV™ and to take into account stakeholder feedback
- Monitored remuneration practices and adherence to the remuneration policy, having met formally twice over the year and informally on an *ad hoc* basis, as deemed necessary
- Fulfilled delegated responsibilities in respect of the Capitec Bank Holdings Share Trust
- Evaluated and approved all annual increases for Capitec employees and proposed non-executive directors' fees to the board for recommendation to the shareholders for consideration at the AGM
- As required by Basel and King IV™, considered whether the remuneration structures continue to effectively align remuneration with performance according to shareholder interests and acceptable risk-taking
- The REMCO charter incorporates the regulations of the Banks Act. The committee therefore regularly considers whether the remuneration structures continue to be effective, align with shareholder expectations and remain within a required risk framework. It is satisfied that these requirements have been met.

Our areas of focus for the 2025 financial year

In line with our charter, the REMCO continuously evaluates the remuneration policy against best practice and feedback received from stakeholders. The REMCO and management review employee remuneration and benefits continuously, taking into account, among other things, internal and external fairness as well as the overall remuneration spectrum in relation to key management remuneration levels. This involves being sensitive to the need for corporates to address unfair income disparities and employees' socio-economic challenges.

We progressively evolve our disclosure with the aim of ensuring that our reporting is transparent, accessible and in line with best practice.

During the 2025 financial year, in addition to the areas of focus previously mentioned, the REMCO and management will focus on the following:

Remuneration aspect	Forward-looking approach for the 2025 financial year
Review of STI performance criteria and LTI vesting conditions	As part of our continuous focus to drive a pay-for-performance culture, we will continue to robustly evaluate our STI performance criteria and LTI vesting conditions to ensure that we are driving the right behaviour in executing our growth strategy.
Review of fair pay practices, including wage gaps	As part of our continued commitment in driving fair and responsible pay, we will perform a further detailed fair pay assessment with the aim of identifying areas that require further improvement.
Embedding the implementation of CSR for strategic and senior management	With the introduction of CSRs as part of our strategic and senior leadership variable pay structure, significant emphasis will be placed on the successful implementation of this structure and communicating the planned impact and purpose to participants.

Changes to the REMCO

During the 2024 financial year, Danie Meintjes resigned as chairman of the REMCO, and I, Vusi Mahlangu, took up this role.

External advice to the REMCO during the year

During the 2024 financial year, the REMCO fully executed its duties in accordance with its charter, relevant legislation, regulation and governance standards. In support thereof, Capitec enlisted the services of independent remuneration advisors to advise and assist with various remuneration matters, including the review of variable incentives.

The REMCO is satisfied that these services, as rendered, were independent and objective.

At the 2024 AGM, shareholders will have the opportunity to vote on remuneration. In line with the JSE Listings Requirements, there will be 2 separate votes on the remuneration policy and its implementation (Parts 2 and 3 of this report, respectively). 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 due shareholder engagement processes take place. We welcome feedback from our shareholders and will use various methods of shareholder engagement to best accommodate the various shareholders and ensure proper and meaningful engagement. These methods may include written correspondence, individual meetings with large shareholders and REMCO representation at shareholder engagement sessions. Any engagement will be led by the REMCO chairman.
- 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.

We believe the Capitec remuneration policy and its implementation support the long-term business strategy of the company and look forward to receiving our stakeholders' support.

Vusi Mahlangu
Chairman of the REMCO

22 April 2024

For security and privacy purposes, we have removed the chairman of the REMCO's signature from this document.

Part 2: Remuneration philosophy and policy

The remuneration policy, governed by the REMCO, promotes the achievement of company strategic objectives and risk management to foster enduring value creation for stakeholders.

Remuneration governance

The REMCO operates in terms of its board-approved charter, which adheres to section 64C of the Banks Act. The charter is reviewed annually.

The REMCO's mandate is to ensure that we establish and observe remuneration policies and practices that:

- attract and retain individuals able to create enduring and sustainable value
- address remuneration risks inherent in the banking environment.

In carrying out its mandate, the REMCO has unrestricted access to all the activities, records, property and employees of the company. In addition, the REMCO may access external legal or other independent professional advice to execute its responsibilities as detailed in its charter.

In line with the recommendations of King IV™, the REMCO consists of 3 non-executive directors, of whom 2 are independent. The REMCO meets formally at least twice a year. In addition, topics are discussed at less formal occasions leading up to the formal meetings. The REMCO met twice during the 2024 financial year.

Composition of the REMCO as at 29 February 2024

Attendee	Role	Capacity	Meeting attendance
V Mahlangu	*Chairman*	*Independent non-executive director*	2
SL Botha	*Member*	*Independent non-executive director (chairman of the board)*	2
PJ Mouton	*Member*	*Non-executive director*	2

The following individuals attend the REMCO meetings as standing invitees:

- MSdP le Roux (non-executive director)
- CA Otto (non-executive director)
- GM Fourie (CEO)
- R Butler (executive: human resources).

Invitees to the REMCO meetings have no vote and are not present when issues affecting their own remuneration are discussed.

Remuneration philosophy

Our remuneration philosophy originates from our stewardship of stakeholder interests. We develop strategies that best serve stakeholder interests through sustainable growth. Remuneration is based on the successful implementation of these strategies, ensuring performance-aligned pay.

This philosophy is integrated across all employee levels to ensure that we only reward actions that advance stakeholder interests. Our strategies and KPIs are communicated to employees upfront to ensure clarity, alignment, transparency and collaboration across the business. We take care to remain relevant in the market and compete effectively for critical talent.

Frugality and the responsible use of our resources remain entrenched in our culture and demonstrate our commitment to our fundamental principle of affordability. This pillar underpins the sustainability of our relationships with our clients and employees. With this in mind, we drive innovation, continuous improvement and internal talent development to grow income, produce efficiencies and realise our people's potential. This, in turn, helps us to manage our salary expense while remaining competitive in acquiring and retaining the right talent.

General remuneration principles

The following remuneration principles support our remuneration philosophy:

Fair and responsible remuneration

People are at the core of our business, and Capitec is committed to the principle of fair and responsible remuneration and ensuring that key management remuneration is fair and responsible in the context of overall employee remuneration. As a responsible employer, Capitec is sensitive to socio-economic challenges and the need for corporates to address unfair income disparities in society.

In addition, we constantly seek to ensure that the implementation of our remuneration policy results in fair and responsible remuneration and that employees have access to flexible employee benefits that are affordable and accessible.

Continuous efforts in this regard include:

- driving employee awareness and take-up of benefits and learning and development opportunities to realise more value for employees, with special attention paid to the lower levels where there are challenges in terms of exposure and understanding how these opportunities improve employees' quality of life
- continued support of the credit health and general financial wellness of employees through education, awareness and credit rehabilitation in partnership with a specialist service provider
- ensuring internal fair pay practices by continuing to ensure that equal pay is provided for work of equal value so that there are no income disparities based on gender, race or any other unacceptable grounds of discrimination. This includes regular job evaluations and benchmarking.

Benchmarking

Employees below executive level

Capitec continuously monitors the competitiveness of employees' TR through external benchmarking. For employees below executive level, the company uses the REMchannel® remuneration survey to obtain market insights into remuneration and reward trends as well as relevant benchmark information.

Executives

Executive remuneration is benchmarked externally at least every 2 years against a comparator group of JSE-listed companies similar in size in terms of market capitalisation and/or industry to ensure that remuneration is fair and in line with the market. In addition, Capitec looks at the remuneration for the 4 traditional South African banks as the company's closest competitors. The comparator group is reviewed by the REMCO from time to time to ensure that the composition remains relevant. The following companies are included in the comparator group:

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

Elements of remuneration and pay mix

We apply appropriate remuneration structures and proportionate splits of TR into TGP, STIs and LTIs according to levels of influence (operational, tactical and strategic) and corresponding time horizons (short, medium and long term).

Group	Key management representing executives and divisional executives (including the CEO and CFO)	Strategic leadership	Senior leadership	Middle management (includes critical roles)
Focus	Leading strategy formulation	Strategic delivery (key management/future talent succession pool)	Critical tactical delivery (succession pool for strategic leadership)	Operational
Strategic view	Long term	Medium to long term	Medium term	Short to medium term

Our remuneration offering is set out in the table below.

Element of remuneration	Overview	Eligibility	Period of delivery
TGP	Salary and benefits	All employees	Paid in a year.
STI	Key management bonus (no deferral, cash)	Key management and divisional executives	Paid in April after each financial year-end.
	Strategic and senior leadership bonus (cash component and award of CSRs – refer to LTI below)	Strategic and senior leadership	Paid in April after each financial year-end.
	Middle management bonus (all cash, with deferral). Employees can elect to defer the deferred cash portions into shares in terms of the restricted share plan (RSP) in respect of which employees will receive a small company match on the value of their deferred bonus portion.	Middle management and scarce and critical skills	Paid in tranches, a third in April after the year-end, a further third 1 year later and the final third 2 years later. Vesting for restricted shares, the RSP, is set out below.
	Employee bonus (no deferral, cash)	All other employees	Paid in April after each financial year-end.
LTI	Cash-settled share appreciation rights (SARs) and equity-settled options, the vesting of which is subject to prospective performance conditions. Equity-settled CSRs to be used as sign-on awards as part of buying out newly recruited key management from their existing LTI arrangements and to be used as a further lock-in mechanism for newly promoted key management.	SARs and options: Key management and divisional executives (annual awards)	SARs and options: Deferred for 6 years with vesting occurring in years 3, 4, 5 and 6.
		CSRs: Key management and divisional executives (only for sign-on awards or lock-in awards – *ad hoc* awards)	CSRs: Deferred and vesting over a period of no shorter than 3 years.
	Equity-settled CSRs – annual awards of CSRs will be granted on the basis that the STI HEPS performance condition has been delivered, effectively representing a form of deferred STI. This will provide strategic and senior leadership with line of sight over the Capitec share price and long-term performance linked to sustainable shareholder value creation.	Strategic and senior leadership (annual awards)	CSRs vest 50% in year 3 and 50% in year 4.
	RSP – provides selected employees with the opportunity to defer their bonus into shares. The RSP can also be used to lock in future talent as needed.	Middle management and employees and scarce and critical skills	Deferred for 2 years with vesting occurring after 1 and 2 years.
	Co-investment plan in which participants can choose to invest their own funds by acquiring Capitec shares and receive awards of net-settled share options (akin to equity-settled SARs).	By invitation: key management and divisional executives and strategic leadership	Awards vest in equal tranches in years 5, 6, 7 and 8.

Pay mix

Key management and divisional executives' pay mix

The key management and divisional executive pay mix is split proportionately between TGP, STIs and LTIs. The principles determining the key management and divisional executives' pay mix are:

- TGP should be market competitive and sufficient in quantum to ensure that key management and divisional executives do not rely on variable remuneration-based short-term goals and decision-making
- STI earning potential is conservative compared to the market, which supports Capitec's key remuneration principle of long-term alignment with shareholders' interests
- LTIs facilitate this long-term alignment with shareholders' interests to ensure that key management and divisional executives' pay mix aligns with their long-term focus; a large proportion of the package consists of performance-based LTIs paid or vested in tranches over a number of years. Key management and divisional executives' LTIs are subject to personal performance criteria at grant and company performance criteria at vesting.

As noted in the following STI section, Capitec does not have a set stretch target for the STI; rather, the STI can increase incrementally commensurate to the outperformance achieved on the HEPS target.

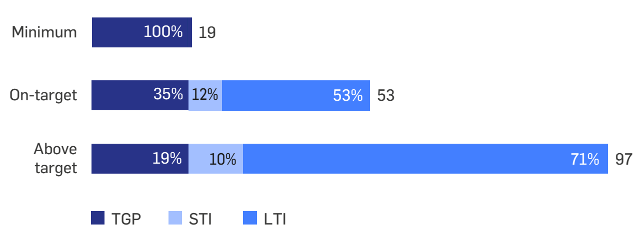
The LTI structure does not provide for a stretch outcome with regard to the ROE and HEPS measures as the LTI, that takes the form of share options and SARs, outperformance will be directly linked to Capitec's share price growth. It is important to emphasise that options and SARs participants only receive the difference in the growth in the share price between the award date and exercise date. Accordingly, higher share price growth results in a higher LTI outcome. Due to these nuances in our variable pay structure, our pay mix does not lend itself to the typical illustration of threshold, on target and stretch performance as recommended by King IV™.

Graphs setting out the pay mix of Capitec's executive directors for minimum, on-target and above-target performance are included purely for illustrative purposes and to demonstrate the strong pay-for-performance culture that is a core principle of our remuneration philosophy. Although the LTI does not make provision for a stretch outcome based on ROE and HEPS performance, the graph illustrates a potential 'above-target' LTI outcome in instances where Capitec outperforms in respect of share price growth.

The graphs assume the following:

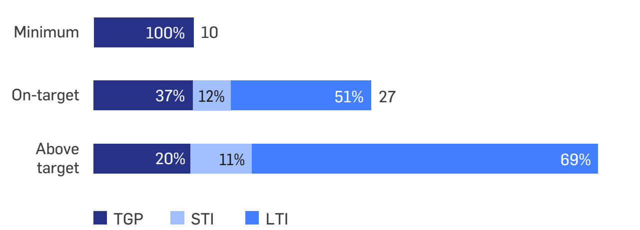
Element	Calculation minimum	On target	Above target
TGP	TGP as at 1 March 2024 (refer to **pages 12** and **13**). Benefits in line with those paid in the 2024 financial year and assumed that no TGP is converted into shares.		
STI	Nil	33% of annual TGP	54% of annual TGP
LTI	Nil	The maximum number of instruments granted in the 2025 financial year that might vest multiplied by the fair value on grant.	The maximum number of instruments granted in the 2025 financial year that might vest multiplied by a simulated share price growth between date of grant to vesting.

GM Fourie (million)



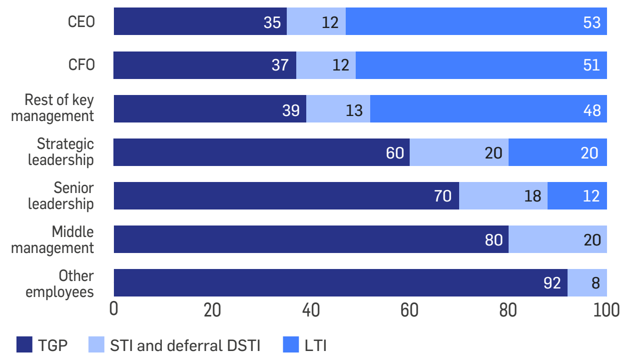
[(1)] *The LTI 'above target' is calculated as the number of share options that Capitec anticipates to grant multiplied by a simulated share price which grows at a rate which resembles the targeted headline earnings target.*

GR Hardy (million)



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

Pay mix with on-target performance (%)



Pay mix for all employees

The pay mix is calibrated to provide an appropriate mix between short- and long-term focus, depending on the employee's line of sight and strategic influence.

Total guaranteed pay

Element	Description
2025 financial year policy changes	No changes
Overview and positioning	**Key management and divisional executives** TGP for key management and divisional executives is informed by: • the Capitec approach to the key management and divisional executives' pay mix described above • how TGP forms part of TR at 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.
	Other employees All employees receive guaranteed remuneration which is reflective of their job role. TGP is typically positioned at the median of the market. However, to ensure that Capitec is able to attract and retain scarce and key critical skills as well as top talent in a competitive job market, TGP for such positions may be positioned around the 75th percentile.
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 (including those of key management and divisional executives) are determined by taking the following factors into account: • Performance of the individual, team and company • Competence • Forecast profitability • 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. The REMCO is further presented with the proposed salary increase pool for all employees across Capitec, which is then reviewed and debated by the REMCO. The REMCO approves the annual salary increase pool and provides the authority to the CEO and divisional executives to distribute the increases as appropriate. Increases are typically effective from May.

Short-term incentive

Capitec's key management and divisional executives' remuneration policy and pay mix provide a modest cash STI which requires considerable performance. This is in line with Capitec's policy of risk alignment and encouraging long-term vision and decision-making by this group, as opposed to short-term goal setting. Below we provide detail regarding the STI arrangements for key to middle management levels of Capitec.

Key management and divisional executives

Element	Description
2025 financial year policy changes	No changes
Overview	The key management and divisional executives' annual bonus is designed to reward the achievement of the key performance and funding metric of HEPS. It is also designed to ensure that selected strategic sustainability measures are prioritised, as potential bonuses will be adjusted downwards in the event that these measures are not met. Targets are set by the REMCO annually to be truly stretching and only reward exceptional performance. The steps below outline the process followed: **Step 1: Calculation of the potential STI** This is evaluated on HEPS performance as set out in the 'earning potential' section below. **Step 2: Assessment of strategic/sustainability measures** The quantum of the bonus can be reduced by up to 30% if the strategic/sustainability measures were not successfully met. The bonus quantum in respect of HEPS performance cannot increase based on delivery of these measures.

Element	Description
Overview continued	

Strategic/ sustaina-bility 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 is performed, which assesses performance relative to strategic priorities identified 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%	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

A minimum level of personal performance is required for the STI as calculated to be paid. At a needs support level, the STI as calculated will be paid at 0% – 70%, as per the table below.

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

Element	Description
Earning potential	The STI earning potential is based on an incremental uplift in headline earnings, as demonstrated below. 87% of target achievement is required to unlock 16.67% of GRP, and while the maximum STI as a % of GRP is uncapped, the additional amount for performance above target is modest. This creates an incentive to outperform, without creating excessive leverage, which may result in inappropriate levels of risk-taking.

Headline earnings	Headline earnings (% of target achieved)	% of annual GRP[1]
Below target	<87%	0%
	87% – 99.99%	16.67% plus 8.33% for every 1% increase in headline earnings achieved up to target
Target	100%	33.33%
Above target	Tier 1: 101% – 119% of target	Tier 1: 33.33% plus 2.08% for every 1% increase in headline earnings achieved above target up until Tier 2
	Tier 2: 120% of target	Tier 2: 39.58%
	Tier 3: >120% of target	Tier 3: 41.67% plus 2.08% for every 1% increase in headline earnings achieved above 120% of target

[1] GRP is guaranteed package, excluding risk benefits.

Element	Description
Payment	Cash
Termination of employment	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).

Strategic and senior leadership

Element	Description
2025 financial year policy changes	Strategic and senior leadership will continue to participate in a bonus scheme, however, in the event of outperformance, the cash component representing the outperformance element will be reduced relative to historical levels in exchange for an annual grant of CSRs to this employee group subject to HEPS performance. This change is intended to shift this employee group's mindset and focus towards a more medium-term outlook and will expose them to strategic execution and share price movement.
Eligibility	Strategic and senior management.
Overview	Participating employees receive the right to receive a cash amount and CSRs award. The cash amount is paid within 3 months following the February year-end. CSRs will vest over a vesting period (refer to the LTI section below). The bonus award, including granting of CSRs, is subject to the achievement of both personal performance and company performance criteria.
Performance conditions, weightings, targets, vesting outcomes	Performance-based criteria include minimum personal performance and minimum company performance (growth in HEPS) to qualify for an award.
Termination of employment	**Fault termination:** Full forfeiture on termination of employment other than formal retirement, death, permanent disability or retrenchment. **No fault termination:** No forfeiture applies. In terms of any historical deferred balances, these will be paid out in full, and in terms of retirement, 75% of historical balances in the scheme are paid out on early retirement from 60 to 64 years and the full balance is paid at the normal retirement age of 65.

Middle management

Element	Description
2025 financial year policy changes	No policy change but did introduce a further management layer. Refer to strategic and senior leadership above.
Eligibility	Middle management roles identified as critical to the success of the organisation are participants of the cash-settled middle management performance bonus scheme.
Overview	Participating employees receive an award consisting of the right to receive a cash amount on the vesting dates. Vesting of the award is subject to the achievement of both personal performance and company performance criteria. Following vesting, one-third of the award is settled in cash within 3 months following the February year-end, with the remaining portion being deferred and settled in equal tranches in years 1 and 2, from vesting date, respectively. Employees have the option to elect to defer all or a portion of the deferred portion of the bonus into restricted shares in terms of the RSP (see details below) and to receive a 10% company match on the rand value of the bonus so deferred. The shares will similarly vest in years 1 and 2 from vesting date.
Performance conditions, weightings, targets, vesting outcomes	Performance-based criteria include minimum personal performance and minimum company performance (growth in HEPS) to qualify for an award.
Termination of employment	**Fault termination:** Full forfeiture on termination of employment other than formal retirement, death, permanent disability or retrenchment. **No fault termination:** No forfeiture applies. In terms of any historical deferred balances, these will be paid out in full, and in terms of retirement, 75% of historical balances in the scheme are paid out on early retirement from 60 to 64 years and the full balance is paid at the normal retirement age of 65.

Long-term incentive

Key management and divisional executives – SARs and share options

Element	Description
2025 financial year policy changes	Introduction of a new client satisfaction performance measure to support the execution of business strategy, with weightings bearing of 40% applicable to HEPS growth and ROE delivery, respectively, and 20% to client satisfaction. Enhanced the ROE measure to make it more challenging, by changing 'Target' of COE + 6% to COE + 8%. Introduced a 3-tiered vesting scale from a 2-tiered vesting scale implemented historically.
Instrument mix	Awards are fully 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 in 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 share option 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 share option price. The SARs scheme is a simple, effective instrument and does 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 key management and divisional executives are awarded annually as a percentage of TGP and consist of share options and SARs which are granted equally (i.e. each 50%).
Performance period	Performance measured over a 3-year period.

Element	Description
Performance measures, weightings, targets, vesting outcomes	**Performance measures and vesting period** Beyond the minimum personal performance measures for participation (KPIs contracted with the REMCO), vesting is subject to the following company performance measures for all awards of 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%	≥ COE + 4%	≥ COE + 6%	≥ COE + 8%
Client satisfaction over a 3-year average	20%	75% - 77%	78% - 80%	>80%

Linear vesting will occur between vesting levels of each measure.

The HEPS and ROE calculation takes into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes or IFRS changes.

It is important to note that the 6% spread applicable to HEPS and the 8% spread applicable to ROE is set at the award date, taking into account facts, macroeconomic conditions and relative assumptions appropriate at the point of award.

Capitec chose an earnings metric and a return metric (equally weighted) as company performance measures for vesting to ensure that the combination motivates key management to drive both measures as opposed to one measure at the cost of the other.

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.
Termination of employment	**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:

Retirement age	Share options and SARs
Before retirement (60 years)	Forfeit all non-vested share options and SARs
Early retirement (60 years – 64 years)	75% of share options and SARs awards will vest at the original future vesting dates
At retirement (65 years)	100% vesting of all share options and SARs awards at the original future vesting dates

Element	Description
Dilution	Since the establishment of Capitec, 18.11 million share options have been exercised. To date, 5.83 million ordinary shares have been issued in settlement of these exercised options. The balance of ordinary shares required to settle share options that have been exercised was acquired in the market. Shares acquired in the market for the purposes of LTI award settlement are non-dilutive, per JSE Listings Requirements Schedule 14 at 14.9(c), and shares settled through this method are therefore not considered in calculating usage against the limit. In terms of the Capitec Bank Holdings Share Trust (the Trust) deed, a maximum of 11.53 million ordinary shares may be issued for purposes of the Trust (scheme allocation), after which shareholder approval must be obtained to determine a new scheme allocation. The past dilutive effect of issues of ordinary shares, for purposes of the Trust since the inception of Capitec, remains at 5.04% of the issued ordinary share capital of Capitec as at 29 February 2024. The potential future dilutive effect is limited to 4.93% of the issued ordinary share capital of Capitec as at 29 February 2024.

Conditional share rights

Element	Description
Eligibility	Strategic and senior leadership (annual awards) Key management and divisional executives (only for sign-on awards or lock-in awards)
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 key management subject to delivery of targeted HEPS and personal performance.
Instrument	Full shares
Allocations	The full LTI allocation for this level of employee is made in CSRs.
Performance measures	The performance measurement for CSR awards will be dependent on HEPS and personal performance.
Vesting	The CSRs will vest in equal tranches in years 3 and 4 from date of grant.
Termination of employment	**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, the employment condition will be deemed to have been met and all unvested awards will vest in full on the date of termination of employment unless the REMCO determines otherwise. The following table sets out the vesting of an LTI on retirement, subject to the REMCO's discretion:

Retirement age	CSR awards
Before 60 years	Forfeit all CSR awards
From 60 years to 64 years	75% of CSR awards will vest at the original future vesting dates
At 65 years	100% vesting of CSR awards

Other LTI plans

Restricted share plan

Element	Description
Eligibility	Middle management who have elected to defer the deferred portion of their bonus into restricted shares in terms of the RSP.
Operation	In order to provide for greater alignment with shareholders and to allow participants to benefit from the success of the company, participants can elect that all or a portion of a deferred award in terms of the middle management performance bonus scheme be delivered in Capitec restricted shares in terms of the RSP upon which election employees will receive a small company match. The RSP is used as a retention tool, offering employees in middle management an opportunity to share in the ownership of the group and so further align these employees' interests with those of the business and our shareholders.
Instrument	Restricted shares
Allocations	Where employees opt for shares, they will also receive a company match of 10% of the rand value of their award in additional restricted shares.
Vesting	The shares will vest in equal tranches in years 1 and 2, from the middle management bonus determination and deferral date. Participants receive all shareholder rights from the award date, including dividend and voting rights.
Termination of employment	**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, the employment condition will be deemed to have been met and all unvested awards will vest in full on the date of termination of employment unless the REMCO determines otherwise. The following table sets out the vesting of an LTI on retirement, subject to the REMCO's discretion:

Retirement age	RSP awards
Before 60 years	Forfeit all RSP awards
From 60 years to 64 years	75% of RSP awards will vest at the original future vesting dates
At 65 years	100% vesting of RSP awards at the date of termination of employment

Co-investment plan

The co-investment plan is used on an invitation basis to drive a culture of ownership and to provide an element of lock-in for key management and divisional executives and strategic leadership. It also ensures pay is aligned to the shareholder experience by having increased 'skin-in-the-game'. 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. The operation and salient features of this plan are set out in the table below.

Element	Description
Eligibility	Participation on a selection basis and can include members of key management, divisional executives and strategic leadership.
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 net-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 key management 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 net-settled share options will be forfeited proportionally. Eligibility to participate is limited to select participants identified by Capitec on predetermined criteria.
Instrument	Leveraged net-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 net-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 net-settled share options will be reduced proportionately.
Reducing strike price	The strike price of unvested net-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 net-settled share options will be subject to continued employment and the net-settled share options 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.
Termination of employment	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.
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 to 4 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.

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 end result.

Malus and clawback

The REMCO has adopted a malus and clawback policy with a view to further align 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 key management, 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.

Executive director and key management agreements

Executive directors and other members of key management do not have fixed-term or bespoke key management agreements, but are employed in terms of the group's standard employment agreement. For all members of key management and divisional executives, the notice period for termination of service is 3 months. Normal retirement age ranges from 60 to 65 years, unless the board requests to extend this term.

No additional payments are made to key management 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 (refer to **page 14**, termination of employment and effect on an unvested LTI).

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).

Minimum shareholding requirements

Minimum shareholding requirements (MSRs) expose key management to the same risks and rewards faced by Capitec's shareholders. Capitec's key management 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 29 February 2024:

Position	Minimum holding in proportion to TGP
CEO	300%
CFO	300%
Key management	100%

The minimum holding should be retained until termination of employment. The percentage shareholding should be achieved within 5 years from 1 March 2016 or within 5 years of a key management appointment. The executive directors' value is disclosed in Part 3 of this report.

Shareholding is measured annually using the average value of the Capitec share price over a period of 52 weeks, expressed as a percentage of key management's TGP.

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 for members of the DAC.

Capitec's approach is to benchmark board and committee fees to the median of the comparator group. From 2024 onwards, it is proposed to benchmark the fees for the RCMC and audit committee chairmen to the 75th percentile to take into account the increased complexity in the banking environment.

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 key management 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 taxation requirements, supply a tax invoice with VAT, receive their approved non-executive director fees accordingly.

Proposed 2025 financial year non-executive director fees

Towards the end of the 2024 financial year, Capitec conducted an external benchmarking exercise against a comparator group of companies as part of reviewing the non-executive director fees. The same comparator group was used as for the executive directors, as set out in the table below.

The benchmarking concluded that a number of the non-executive director fees still remain out of line with the median of the market (refer to the following table).

Capitec follows a stepped approach towards bringing all of the positions in closer proximity to the median of the comparator group, while capping annual increases at a maximum of 30% and only adding inflationary increases to the other positions. The consequential adjustment in fees for the 2025 financial year therefore serves to provide market alignment between the non-executive directors' responsibilities and risks of peer non-executive directors operating in comparable industries to Capitec. While it is noted that the increases represent a meaningful adjustment in some instances, the board believes it is necessary to ensure the continued attraction of suitable talent.

The following proposed 2025 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 31 May 2024. Refer to special resolution number 1 in the notice of the AGM.

Directors' fees	2024 R	Change %	2025 R	Comparator group market median(1) R	Banks average(2) R
Chairman of the board(3)	5 300 000	5	**5 590 000**	4 758 336	7 307 902
Lead independent director(4)	338 000	6	**357 000**	1 460 248	2 015 630
Directors	534 000	5	**563 000**	552 714	533 699
Chairman of the audit committee(5)	917 000	6	**968 000**	818 728	938 900
Audit committee member	324 000	19	**387 000**	337 987	399 682
Chairman of the DAC	–	–	**–**	–	242 133
DAC member	–	–	**–**	–	120 113
Chairman of the RCMC(4)	718 000	29	**923 000**	603 958	877 664
RCMC member	281 000	30	**365 000**	285 016	375 188
Chairman of the REMCO	416 000	6	**439 000**	422 454	571 130
REMCO member	196 000	6	**207 000**	201 995	242 417
Chairman of the SESCO	365 000	8	**396 000**	396 020	450 256
SESCO member	149 000	6	**158 000**	158 399	192 604
Subcommittee of the board	82 600	5	**87 100**	–	–

(1) 2024 market median determined using latest published benchmarking data, referencing Capitec's comparator group, with benchmark performed in November 2023.

(2) 2024 banks average determined using latest published benchmarking data referencing the 4 traditional South African banks, with benchmark performed in November 2023

(3) This is an all-inclusive figure and includes the fee for Capitec Life.

(4) The total lead independent director's fees amounts to R1.7 million.

(5) Chairman of the audit committee and chairman of the RCMC are being aligned to the 75th percentile of the comparator group due to the complexity in the banking environment.

Part 3: Implementation report

This part of the report provides insight into the implementation of our remuneration policy during the year ended 29 February 2024.

It details the remuneration paid to both executive directors and non-executive directors, in particular:

- the TGP increases approved in line with the Capitec TR 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 TR growth over the past 5 years compared to some 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 2024 financial year, the average increase for employees was 6.75%, 8% for the CEO and 25% for the CFO. The CFO adjustment was primarily attributable to ensuring that the CFO, who was newly promoted to this role, is competitively positioned to the market (refer to **page 9** in Part 2).

Short-term incentive

In terms of our remuneration policy, a small proportion of key management and divisional executive remuneration is delivered through the STI which is determined based on the audited percentage target achieved of group annual headline earnings and non-financial strategic initiatives. In order for a member of key management 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. As noted above, Capitec performed strongly during the financial year and delivered headline earnings of R10.6 billion, which is 100% of target.

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 the entire key management, based on non-financial sustainability measures.

Based on the shareholder feedback requesting enhanced disclosure of the application of group KPIs, we have provided a more detailed overview of this on the following page.

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			
	Below target %	Target %	Above target	Actual performance %
Headline earnings (% of target achieved)	<100	100	Tier 1: 100% – 109.9% of target Tier 2: 110% of target Tier 3: >110% of target	100
% of annual 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	33.3

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 key management with regard to the non-financial strategic initiatives, which included measures in respect of efficiency, business delivery, diversification of income stream, people, quality clients, innovative digital and data and service experience and is satisfied with each member of key management's performance.

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

STI outcomes

Key management	TGP R'000	% payable as an STI	STI payable R'000
GM Fourie	17 496	100	5 832
GR Hardy	8 750	100	2 917

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 Part 2 (from **page 8**), 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 26** and **27**.

LTI awards vesting in the reporting year

For the financial year ended 29 February 2024, 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 it 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 2021 share options and March 2021 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: 12.3%[1]	36	50
ROE	50	3-year average ROE exceeding the 3-year average ROE of the big 4 traditional banks in South Africa + 2% Target: 16.8%	26	50
Total				100

Key management 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 Bank Holdings Limited also delivered outstanding share price growth of 45% over the performance period above the strike price of R1 392.19, which is reflected in the LTI outcomes set out in the following table.

The following table below 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	21 681	100	1 392.19	21 681
	SARs	21 681	100	1 392.19	21 681
	Total				**43 362**
GR Hardy	Share options	—	100	—	—
	SARs	—	100	—	—
	Total				**—**
NS Mashiya	Share options	—	100	—	—
	SARs	—	100	—	—
	Total				**—**

The table below sets out details of the value of awards included in the single-figure table on **page 28**. We used a year-end share price of R2 017.77.

Executive	Type of instrument	2019 awards R'000	2020 awards R'000	2021 awards R'000	2022 awards R'000	Value of shares included in single-figure table R'000
GM Fourie	Share options	6 520	4 304	6 975	3 391	21 190
	SARs	6 520	4 304	6 975	3 391	21 190
	Total					42 380
GR Hardy	Share options	—	—	456	—	456
	SARs	—	—	456	—	456
	Total					912
NS Mashiya	Share options	—	—	—	—	—
	SARs	—	—	—	—	—
	Total					—

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 2024 financial year and a calculation of the cash value of instruments exercised in the 2024 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:

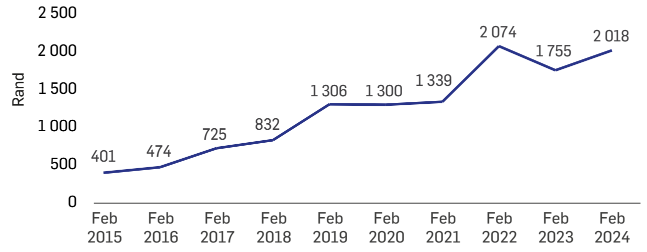
- The indicative value of unvested instruments is an estimated value and is not an actual reflection of the value of the award that will vest in future. This estimated value takes into account the expected level of vesting and the 2024 financial year-end share price
- The cash value of instruments exercised 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 instru-ments awarded	Strike price R	Number of instru-ments vested and exercised	Number of instruments lapsed	Closing number of unvested instru-ments	Indicative value of unvested and/or unexer-cised instru-ments R'000	Number exercised in the year	Share price at which instru-ments were exercised R	Cash value of instru-ments 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									
2018	25 507	705.93	25 507	—	—	—	6 376	1 810.02	7 040
2019	22 957	881.76	17 218	—	5 739	6 520	5 739	1 810.02	5 327
2020	20 428	1 175.01	10 214	—	10 214	8 608	5 107	1 810.02	3 243
2021	26 703	973.05	6 676	—	20 027	20 923	6 676	1 810.02	5 588
2022	21 681	1 392.19	—	—	21 681	13 563	—	—	—
2023	18 513	2 067.19	—	—	18 513	—	—	—	—
2024	**23 681**	**1 828.19**	**—**	**—**	**23 681**	**4 489**	**—**	**—**	**—**
SARs									
2018	25 507	705.93	25 507	—	—	—	6 376	1 810.02	7 040
2019	22 957	881.76	17 218	—	5 739	6 520	5 739	1 810.02	5 327
2020	20 428	1 175.01	10 214	—	10 214	8 608	5 107	1 810.02	3 243
2021	26 703	973.05	6 676	—	20 027	20 923	6 676	1 810.02	5 588
2022	21 681	1 392.19	—	—	21 681	13 563	—	—	—
2023	18 513	2 067.19	—	—	18 513	—	—	—	—
2024	**23 681**	**1 828.19**	**—**	**—**	**23 681**	**4 489**	**—**	**—**	**—**
GR Hardy									
Options									
2021	1 646	911.63	—	—	1 646	1 821	—	—	—
2023	4 535	2 067.19	—	—	4 535	—	—	—	—
2023	1 646	2 106.13	—	—	1 646	—	—	—	—
2024	**11 053**	**1 828.19**	**—**	**—**	**11 053**	**2 095**	**—**	**—**	**—**
SARs									
2021	1 646	911.63	—	—	1 646	1 821	—	—	—
2023	4 535	2 067.19	—	—	4 535	—	—	—	—
2023	1 646	2 106.13	—	—	1 646	—	—	—	—
2024	**11 053**	**1 828.19**	**—**	**—**	**11 053**	**2 095**	**—**	**—**	**—**
NS Mashiya									
Options									
2018	5 414	705.93	5 414	—	—	—	1 353	1 595.82	1 204
2019	4 749	881.76	3 562	1 187	—	—	1 187	1 595.82	848
2020	3 509	1 175.01	1 755	1 754	—	—	877	1 595.82	369
2021	4 587	973.05	1 147	3 440	—	—	1 147	1 595.82	714
2021	6 287	909.58	—	6 287	—	—	—	—	—
2022	5 883	1 392.19	—	5 883	—	—	—	—	—
2023	5 964	2 067.19	—	5 964	—	—	—	—	—
SARs									
2018	5 414	705.93	5 414	—	—	—	1 353	1 595.82	1 204
2019	4 749	881.76	3 562	1 187	—	—	1 187	1 595.82	848
2020	3 509	1 175.01	1 755	1 754	—	—	877	1 595.82	369
2021	4 587	973.05	1 147	3 440	—	—	1 147	1 595.82	714
2021	6 287	909.58	—	6 287	—	—	—	—	—
2022	5 883	1 392.19	—	5 883	—	—	—	—	—
2023	5 964	2 067.19	—	5 964	—	—	—	—	—

Key management value creation

As noted previously, the key management 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's share price, and employees only receiving the growth in share price above the strike price. The graph on the right provides an overview of Capitec's steady and continuous share price growth delivery over the past 10 years. This growth is reflected in the LTI outcomes included in the previous LTI tables and in the single-figure table that follows below.

Capitec Bank Holdings Limited share price



The table below compares the headline earnings of Capitec over the past 6 years with the total executive remuneration paid in each respective year. The REMCO is satisfied that the level of executive pay as a proportion of headline earnings is reasonable, especially when one considers the value created for investors over the period in comparison to the incremental total executive remuneration increase over the same period. Note that the value included below in respect of total executive remuneration differs from that in the single-figure table as it uses the fair value at grant for LTIs rather than the indicative value of awards that have vested.

	Headline earnings R'm	Total key management remuneration[1] R'm	Remuneration as % of headline earnings	ROE %
2024	**10 578**	**128**	**1**	**26**
2023	9 153	114	1	25
2022	8 440	140[2]	2	26
2021	4 586	104	2	17
2020	6 277	105	2	28
2019	5 292	109	2	28
Value created over 5-year period versus remuneration cost differential	**5 286**	**19**		

[1] Includes all key management TGPs, STIs and LTIs at fair value granted during the year and measured on the reporting date.

[2] The 2022 key management remuneration was an exceptionally high value due to the combined impact of the exceptional share price and HEPS growth over the 2022 financial year on the fair value of the LTI and STI, respectively. The value normalised for the 2023 financial year.

Executive director single figure

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

Executive director R'000	Guaranteed pay	Benefits	TGP	STI	LTI[3]	Total remuneration for the year
2024						
GM Fourie	**16 545**	**951**	**17 496**	**5 866**	**42 378**	**65 740**
GR Hardy	**7 824**	**926**	**8 750**	**2 870**	**912**	**12 532**
NS Mashiya[1]	**389**	**4**	**393**	**—**	**—**	**393**
Total	**24 758**	**1 881**	**26 639**	**8 736**	**43 290**	**78 665**
2023						
GM Fourie	16 000	920	16 920	5 427	39 744	62 091
GR Hardy[2]	4 667	46	4 713	1 563	694	6 970
NS Mashiya[1]	6 664	88	6 752	—	7 718	14 470
Total	27 331	1 054	28 385	6 990	48 156	83 531

[1] Mr NS Mashiya received no STI due to his resignation effective 7 May 2023.

[2] Mr GR Hardy was appointed to the CFO position on 1 July 2022 and, as such, his STI and TGP is pro-rated by the number of months within the financial year that he was in the CFO position.

[3] 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 2024 financial year.

Executive director shareholding

In the 2017 financial year, the REMCO introduced MSRs for executive directors and other key management (refer to the related section under Part 2: Remuneration philosophy and policy from **page 8**).

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	10 268
CFO[1]	74

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

Shareholding is measured annually using the average value of the Capitec share price over a period of 52 weeks, expressed as a percentage of key management's TGP.

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 taxation 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	2024	2023	Change %
NF Bhettay[1]	**413**	—	
SL Botha *(chairman)*	**5 300**	4 393	21
SA du Plessis	**1 725**	1 417	22
CH Fernandez	**1 418**	941	51
N Ford-Hoon[2]	**413**	—	
MSdP le Roux	**616**	580	6
V Mahlangu	**1 482**	1 268	17
TE Mashilwane[3]	**712**	1 136	(37)
DP Meintjes[4]	**275**	1 029	(73)
PJ Mouton	**1 093**	920	19
CA Otto	**897**	951	(6)
JP Verster	**2 166**	1 665	30
Total	**16 097**	14 300	13

[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.