APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Capitec FY 2026 Results

Share Price	R445.47
Date	29 April 2026

RESULTS SUMMARY

Capitec delivered a strong full-year result, with headline earnings up 23% and return on equity improving to 31% (up 2%), supported by solid revenue growth and disciplined cost management. The final dividend increased 21% to R53.60.

Revenue grew 19%, with both net interest income and non-interest revenue contributing. Net interest income was driven by higher loan growth, while funding costs declined despite deposit growth, lifting net interest margin. Credit impairments rose 21%, 13% excluding Avafin, with the credit loss ratio at 8.1%.

Non-interest income benefited from higher transaction volumes, as customer numbers grew 7% to 25.8 million. Value-added services (VAS) continued its solid growth at 34%, while Connect income more than doubled alongside a 66% increase in active users.

While the share trades slightly above its long-term average valuation, we believe Capitec remains well positioned to deliver high-teens earnings growth over time.

OUR LONG-TERM INVESTMENT VIEW

- Still regarded as a young bank in the South African context, in over 20 years Capitec has amassed the largest retail client base in the country, growing to just under 26 million clients. Over the period the bank has built a reputation for affordability, transparency, and trust, which still resonates with its clients and remains relevant across the South African population today. A large part of the bank's growth can be attributed to its leading digital strategy, underpinned by its universal banking mobile application.
- Increased usage of the digital banking application has driven efficiencies in terms of both servicing and selling to clients. This has allowed the bank to report highly competitive cost-to-income ratios as well as successfully diversify and grow into new product categories such as life insurance and mobile network services. Growth into these product categories has allowed the bank to meaningfully grow non-interest revenue, which is now larger than the income derived from savings and lending, adding diversity and stability to the bank's earnings profile.
- Our long-term investment case is predicated on Capitec continuing to leverage their digital platform to drive penetration of existing and new products into their large client base as well as to new clients. We believe Capitec's digital-led offering has the potential to capture meaningful market share, both in South Africa and internationally, and drive earnings growth into the future.

UNPACKING THE FY 2026 RESULTS

High-level numbers

- Net interest income (NII) and non-interest revenue (NIR) rose 19% to R24bn and R28bn, respectively. NII was driven by 14% growth in loans and advances while interest expense decreased as a result of a reduction in the

AvaFin

- Capitec's 98%-owned fintech loan provider operates online consumer lending businesses in Poland, Latvia, Czechia, Spain and Mexico. Loans advanced are predominantly short term and unsecured.

local repo rate. NIR growth was led by net transaction and commission income (incl. VAS and Capitec Connect) growth of 16% and net insurance income growth of 38%.

- Credit impairment charges increased 21% to R10bn while the credit loss ratio deteriorated slightly from 7.5% to 8.1%, driven by AvaFin.
- Operating expenses rose 12% to R9.9bn lagging the growth in revenue. Consequently, the cost to income ratio improved from 41% to 39%.
- The bank maintained a strong financial position, with a capital adequacy ratio of 33%.
- Headline earnings (R16.8bn) and the final dividend per share (5,369 cents) increased 23% and 21%, respectively. The bank's return on equity rose 2% to 31%.

Personal Banking

- Headline earnings increased 11% to R6.9bn, driven by a 15% increase in NII (to R18.6bn).
- Gross loan book grew by 9% to R98bn, with provision for expected credit loss up 3%.
- Net credit impairment charges increased 10% with the credit loss ratio increasing from 8.1% to 8.2%.
- Active clients rose 7% to 25.2m.
- Value-added services (VAS) net income increased 34% to R5.7bn, driven by a 20% increase in the volume of transactions. Capitec Connect net income more than doubled to R442m, driven by an 66% increase in active clients.
- Net Credit Life Insurance rose 28% to R2.4bn with the total book increasing to 2.1m active policies, up from 2m. Funeral policies increased 58% to R2.8bn, with the book increasing to 3.7m policies, up from 3.2m.
- Overall, the insurance business' headline earnings increased 38% to R5.2bn.
- AvaFin's loans and advances increased 30% to R3.4bn, while credit impairments rose 92% to R1.6bn.
- AvaFin contributed R128m to the group's headline earnings, down from R196m. The decrease was due to changes made at the company, including increasing loan tenor, shifting to lower interest rates and experimenting in distribution.

Business Banking

- Business banking loan book increased 30% which supported a 13% increase in NII to R2.1bn. Net credit impairment charges increased 72% to R633m, driven by a higher mix of unsecured lending (eg. overdrafts). The credit loss ratio remained manageable at 2.4%.
- Net transaction and commission income increased 18% to R1.5bn, with overall transaction volume growth of 53%. Volumes on card machines increased 75%, with the value increasing 54% to R98.6bn.
- Overall, business banking headline earnings grew 20% to R871m.

Looking ahead

Capitec continues to deliver impressive, broad-based growth, supported by its large and expanding customer base.

Ongoing investment in products across VAS, Connect, Insurance and Avafin should support continued momentum alongside its core lending business.

While the share trades at a slight premium to its long-term average, we believe Capitec can sustain high-teens earnings growth and deliver solid long-term returns.

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