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CAPITEC BANK

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Annual General Meeting
18 July 2025
Financial Year End: 28 February 2025

Proxies voted	No of shares
Vunani: The Labour Research Trust	420
Vunani: Social Action Change Trust	460

Capitec Bank's operations during its financial year ended 28 February 2025 (which significantly overlaps with calendar year 2024) presented a mixed picture of strong financial growth alongside notable regulatory and economic challenges. While reports highlight significant achievements, a critical look reveals underlying complexities and risks.

Major Achievements: Capitec demonstrated robust financial performance, with headline earnings increasing by 30% to R13.7 billion and a Return on Equity (ROE) of 29%. Net interest income after credit impairments surged by 54% to R11.9 billion, and net transaction and commission income grew by 17% to R14.1 billion. The bank achieved substantial client growth, with app clients increasing by 15% to 12.9 million, now representing 20% of the South African population.

Strategic diversification was a key focus, notably through the acquisition of a controlling interest in AvaFin (from May 2024), an international online consumer lender, which contributed R196 million to group headline earnings. This move aims to diversify income sources and provide international market insights. The bank also expanded its insurance offerings, launching an innovative life cover product and seeing a 42% increase in net funeral insurance results. Capitec Connect's net income rose significantly, and Business Banking saw substantial growth in loan disbursements and Capitec Pay income. Capitec also maintained strong capital (38% CAR) and liquidity ratios (3085% LCR, 225% NSFR), well above regulatory requirements.

Despite the positive headlines, Capitec faced notable setbacks and inherent risks. The bank incurred a significant R56.25 million administrative sanction from the Prudential Authority (PA) in December 2024 for non-compliance with Financial Intelligence Centre Act (FICA) obligations related to client due diligence, transaction monitoring, and reporting. This penalty, stemming from inspections conducted from 2017 to 2022, highlights past shortcomings in critical compliance areas.

The broader operating environment was challenging, characterized by elevated inflation, high interest rates, and persistent energy supply constraints in South Africa, exacerbated by global geopolitical tensions. These conditions increased the risk of credit defaults. Expected Credit Losses (ECL) on personal banking loans saw substantial increases, with a R490 million rise due to model transitions and a further R148 million due to lower anticipated future recoveries influenced by macroeconomic factors. Additionally, R117 million was provisioned for potential risks related to US aid and the AGOA agreement, underscoring geopolitical concerns.

While AvaFin contributes to diversification, its Credit Loss Ratio (CLR) of 42.6% is notably high, indicative of the elevated risk in its short-term, high-yield consumer lending model, even if priced accordingly. Furthermore, Business Banking's headline earnings (excluding Capitec Pay) declined by 15%, and its net transaction and commission income remained flat (excluding Capitec Pay), suggesting challenges in the core growth of this segment despite rebranding efforts.

A potential future concern for shareholders is the approximate 4.31% dilution in earnings and net asset value per share if Loss Absorbent Capital Securities convert to ordinary shares upon a "Trigger Event" related to financial non-viability. The occurrence of financial statement restatements also signals past inaccuracies or changes in reporting standards.

While Capitec's 2024 operations showed impressive growth and strategic expansion, these achievements were underpinned by a challenging economic climate, regulatory compliance penalties, and inherent risks in newer, high-yield business lines, demonstrating a need for continued vigilance despite positive financial outcomes.

	Resolution	Rationale	Vote	Outcome of AGM
	Presentation of audited Annual Financial Statements (AFSs) and reports	Active considers it best practice to allow shareholders the opportunity to adopt the AFSs. However, it is not a requirement to do so, and few companies do this. Capitec does not, choosing to include them in a portmanteau Agenda item covering all the reports. The auditors are satisfied that the financial statements present the group's financial position and performance fairly in all material respects, concluding their work with an unqualified opinion. We urge that the AFSs be offered for adoption in the future.		
	To present the report of the Social, Ethics, and Sustainability Committee	Active considers it best practice to allow shareholders the opportunity to adopt the Social, Ethics, and Sustainability Committee's report. Capitec includes the report in a portmanteau Agenda item covering all the reports. We urge that this report be offered for adoption in the future.		
Ordinary Resolutions				
1.	Re-election of Dr SA du Plessis as a Director	Dr. SA du Plessis has served on the board for approximately 4.5 to 4.75 years. Described as a specialist in macroeconomics and monetary policy, having advised the South African Reserve Bank and National Treasury, he meets the criteria for re-election.	FOR	FOR 99.49% AGAINST 0.51%
2.	Re-election of Ms CH Fernandez as a Director	Ms. Fernandez's tenure on the Capitec Bank Board is stated as between 4.75 and 4.5 years. Her qualifications, extensive experience in the financial sector, and the continued assessment of her independence by the board collectively make her eligible for re-election.	FOR	FOR 98.51% AGAINST 1.49%
3.	Re-election of Mr PJ Mouton as a Director	Mr. Mouton's tenure has led to his classification as a non-independent non-executive director under specific regulatory guidelines. He and his family (via a family trust) are significant shareholders in Capitec; however, Capitec's Board affirms his independence of mind and highly values his considerable experience and contribution, making him eligible for re-election. Active can support this re-election only because he has been specifically designated non-independent.	FOR	FOR 96.73% AGAINST 3.27%
4.	Confirmation of appointment and election of Mr RR Malhotra as a Director	Mr Malhotra's extensive and highly relevant experience, particularly in the technology and payments sector at a global level, combined with his classification as an independent non-executive director, supports his appointment and election.	FOR	FOR 99.98% AGAINST 0.10%
5.	Confirmation of appointment and election of Mr GR Lee as a Director	Mr. Lee is appointed as the incoming Group CEO, based on his comprehensive qualifications, deep and diverse professional experience within the company, and internationally.	FOR	FOR 99.82% AGAINST 0.19%
6.	Election of Ms NF Bhettay as a member of the SESCO	Nadya Bhettay is qualified due to her finance and accounting qualifications (CA(SA)). Her extensive experience in strategy, operations, and ESG aligns	FOR	FOR 99.73% AGAINST 0.27%

	Resolution	Rationale	Vote	Outcome of AGM
		with SESCO's mandate, supported by her independent status.		
7.	Election of Dr SA du Plessis as a member of the SESCO	Being an independent non-executive Director with a PhD in Economics, he brings macroeconomic and monetary policy expertise crucial for SESCO's sustainability oversight.	FOR	FOR 99.68% AGAINST 0.325%
8.	Election of Ms CH Fernandez as a member of the SESCO	As SESCO Chairman and an independent non-executive Director, her extensive investment and private equity experience is important for the committee's strategic and ESG monitoring.	FOR	FOR 98.93% AGAINST 1.07%
9.	Election of Mr I Moola as a member of the SESCO	Serving as Executive: Risk Management, Mr Moola's direct operational insight aligns with SESCO's mandate to monitor the group's risk and ESG management.	FOR	FOR 98.57% AGAINST 1.43%
10.	Reappointment of Deloitte as auditor	Capitec states Deloitte has served as joint auditor for one year, preceded by four years as joint auditor. This totals five years of service for the firm. Policy guidelines require audit firms to rotate every ten years. The Companies Act requires the individual audit partner to rotate every five consecutive financial years. Mr Lito Nunes became Deloitte's engagement partner for Capitec in 2022. The 2025 financial year represents his fourth year as the designated partner, and he would only be due for rotation after the 2026 financial year audit. Capitec's audit committee has explicitly stated its satisfaction with Deloitte's continued independence and that there is no reason to believe they have acted with unimpaired independence. Active Shareholder has no concerns regarding Deloitte's capacity or effectiveness.	FOR	FOR 99.05% AGAINST 0.05%
11.	Reappointment of KPMG as auditor	KPMG was appointed as external joint auditor in 2024. Capitec explicitly states that KPMG Inc. and Deloitte & Touche have been the joint auditors for one year, so is not due for mandatory rotation. Mr. Gawie Kolbé is KPMG's engagement partner for Capitec, appointed in 2024. This means the 2025 financial year is his second year as the designated partner, well within the five-year limit. Active Shareholder has no concerns regarding Deloitte's capacity or effectiveness.	FOR	NOT PUT
12.	Approval to issue (i) the relevant Loss Absorbent Capital Securities and (ii) Ordinary Shares upon the occurrence of a Trigger Event in respect of the relevant Loss Absorbent Capital Securities	Loss Absorbent Capital Securities are typically debt-like securities designed to convert into equity (ordinary shares) to absorb losses if the bank faces severe financial stress. This mechanism is crucial for the company to comply with the Basel III Accord Capital Regulations in South Africa, which ensure banks have enough capital to withstand financial shocks. Active Shareholder supports the resolution.	FOR	FOR 99.89% AGAINST 0.11%
13.	General authority to issue ordinary shares for cash	The proposed general authority being sought largely conforms to the key quantitative and approval requirements of the JSE LR. The resolution text does not explicitly detail the maximum discount or	AGAINST	FOR 94.72% AGAINST 5.28%

	Resolution	Rationale	Vote	Outcome of AGM
		explicitly state that the shares must be issued to public shareholders and not related parties, although this is stated in the explanatory notes. The notice also does not provide information to assess the prior use of such authority. Active Shareholder would prefer a more clearly worded resolution and motivation.		
Non-binding advisory votes				
14.	Non-binding advisory vote on remuneration policy	Capitec's remuneration Policy claims it is designed to attract, motivate, reward, and retain human capital, while promoting strategic objectives, positive outcomes, an ethical culture, and responsible corporate citizenship. **Executive directors' remuneration** is calculated based on three core components: • **Total Guaranteed Pay (TGP)**: This fixed component is set to be market-competitive, positioning total remuneration at the market median or upper quartile. Executive directors receive their TGP for their services as employees of Capitec Bank and are not paid additional fees for directorships in other group companies. • **Short-Term Incentives (STIs)**: These are annual cash bonuses primarily linked to the achievement of a Headline Earnings Per Share (HEPS) target. The STI bonus pool can be incrementally increased if group HEPS significantly outperforms the target. A downward modifier of up to 30% can be applied if pre-defined group-wide non-financial strategic and sustainability measures are not met or further reduced to zero for unsatisfactory individual performance. These are direct cash payments with no deferral and are subject to malus and clawback provisions. • **Long-Term Incentives (LTIs)**: Annual awards of both cash-settled Share Appreciation Rights (SARs) and equity-settled options are granted. Vesting of these awards is contingent on prospective performance conditions over a three-year period, with actual vesting occurring in equal tranches over years 3, 4, 5, and 6 from the grant date. Key performance measures for LTIs include HEPS, Return on Equity (ROE) growth, and exceptional client experience (CSAT). Conditional Share Rights (CSRs) are also used ad hoc for sign-on or lock-in purposes, vesting in years 3 and 4. Executive directors are also required to meet Minimum Shareholding Requirements (MSRs), holding a specified percentage of their TGP in shares within five years to align their interests with shareholders. LTIs are also subject to malus and clawback policies. Non-financial metrics downward modify short-term incentives if not met, and are performance conditions for long-term incentives, specifically	AGAINST	FOR 78.87% AGAINST 21.11%

	Resolution	Rationale	Vote	Outcome of AGM
		client experience. For **non-executive directors**, remuneration is based on a flat fee and is not linked to meeting attendance. The Chairman of the Board receives an all-inclusive retainer, with no further payment for committee membership. Other board members receive a retainer for board membership and for each committee they serve on, except for the Directors' Affairs Committee, for which no fees are paid. Fees are benchmarked to the median of a comparator group. For **other staff**, the Conditional Share Rights (CSR) incentive scheme applies to senior and strategic leadership employees, offering both cash and share options based on the Gross Remuneration Package (GRP) and performance evaluations. The Restricted Share Plan (RSP) allows management and other key leadership employees to receive part of their bonus in cash, with the rest paid in cash or shares. We regret the lack of a clearer and more prominent link to non-financial metrics in the determination of STIs and LTIs. While we note the apparent improvement of the policy, we cannot support it.		
15.	Non-binding advisory vote on implementation report on the remuneration policy	For the year ended 28 February 2025, the total single figure remuneration for Capitec's executive directors was: **GM Fourie** (Chief Executive Officer): R104 818 000. **GR Hardy** (Chief Financial Officer): R20 697 000. This includes TGP, STI, and LTI. The LTI component, specifically, considers delivery on ROE and HEPS performance measures, as well as the significant growth in Capitec's share price up to the end of the 2025 financial year. The Companies Act will soon require disclosing the average and median total remuneration of all employees, and the remuneration gap reflecting the ratio between the top 5% highest-paid and bottom 5% lowest-paid employees. We are disappointed that Capitec has not pre-empted this and proactively disclosed pay gap ratios by salary level and by gender. While Capitec highlights its initiatives to elevate employee earning potential and notes the "Earnings breakdown of Capitec's workforce per remuneration interval (total remuneration)", this particular breakdown is not disaggregated by gender. We also believe that the algorithms used to compute executive remuneration should be capped and not be open-ended, to prevent these astonishingly high payments, which we emphatically reject. The average annual staff payment is calculated as R9 665 818 000 / 16 525 employees ≈ R584 921 per employee. The total single number remuneration for	AGAINST	FOR 95.52% AGAINST 4.48%

	Resolution	Rationale	Vote	Outcome of AGM
		the CEO is R104 818 000, resulting in the CEO's total single number remuneration being approximately 179.2 times the average annual staff payment. It should be noted that "total employee costs" (used for the average staff payment) are operating expenses, encompassing a broader range of compensation elements beyond just basic salary and direct benefits, similar to how the CEO's "total remuneration" includes variable pay and share-based incentives. An even more telling ratio is annual minimum wage (R59 833.20) to CEO's TSN ≈ 1751.8. Active Shareholder believes that both these ratios indicate the excess total remuneration of executives and therefore reject the proposal.		
Special Resolutions				
SR1.	Approval of the non-executive Directors' remuneration	The proposed fees for Capitec's non-executive directors for the 2026 financial year are as follows: • **Chairman of the Board**: R6 635 000. This is an all-inclusive figure, and the chairman receives no further payment for committee membership. The increase for the chairman aims to align with the median of the comparator group. • **Lead Independent Director**: R376 650. This is in addition to fees for Board and Board committee memberships, and for chairing any Board committees. The total fees for the lead independent director amount to R1.82 million. • **Directors (Board membership)**: R594 000. • **Chairmen of committees**: o Audit Committee: R1 021 250. The fees for the chairman of the Audit Committee are being aligned with the 75th percentile of the comparator group due to the complexity in the banking environment. o Risk and Capital Management Committee (RCMC): R973 800. Similarly, the RCMC chairman's fees are aligned with the 75th percentile due to the banking environment's complexity. o Human Resources and Remuneration Committee (REMCO): R463 150. o Social, Ethics and Sustainability Committee (SESCO): R417 800. o Directors' Affairs Committee (DAC): No fees are paid. • **Committee members:** o Audit Committee: R408 300. o RCMC: R385 000. o REMCO: R218 400. o SESCO: R166 700. o Subcommittee of the Board: R91 900. • **International NED**: USD100 000. This applies to directors residing in other countries, such as Mr. RR Malhotra, who resides in Dubai and was appointed effective 1 March 2025.	AGAINST	FOR 98.94% AGAINST 1.06%

	Resolution	Rationale	Vote	Outcome of AGM
		These fees are fixed and are not dependent on attendance at Board and Board committee meetings. These fees are high, as discussed wrt Resolution 15 leading us to reject the proposal. In addition, we favour remuneration that rewards meeting attendance for NEDs and do not support the resolution.		
SR2.	General authority for the Company to repurchase and for subsidiaries to purchase Ordinary Shares	Active Shareholder is wary of potential dilution. However, the resolution stipulates that purchases in the market will only be effected through the JSE trading system without prior arrangement, and that during any "prohibited period" (as defined in JSE LR 3.67), repurchases must be executed through a fixed repurchase programme submitted to the JSE and carried out by an independent third party. These provisions are consistent with JSE Listings Requirements (LR s5.72(h)) to ensure fair and transparent market dealings and prevent insider trading. The stated purpose includes the acquisition of shares for the settlement of options exercised under non-dilutive share incentive schemes or for delivery in terms of the Capitec Bank Holdings Share Trust Deed, or when otherwise desirable and in the best interest of the Company. This aligns with legitimate corporate finance objectives for share buybacks. Under these circumstances, we cautiously support the proposal.	FOR	FOR 99.70% AGAINST 0.30%
SR3.	Authority for the Board to authorise the Company to provide financial assistance to related companies and corporations	The resolution explicitly references Section 45(3)(a)(ii) of the Companies Act as the basis for the authority, defining the assistance as "loans" and "guarantees", clarifying the scope of the general authority sought. It correctly notes the exemption for financial assistance to South African-incorporated subsidiaries under Section 45(2A) of the Act, while clarifying that this exemption will not apply to foreign subsidiaries. We are therefore willing to support the resolution.	FOR	FOR 99.45% AGAINST 0.55%

AGM OUTCOME