



Annual Results Presentation

28 February 2017



Contents

- Key indicators
- Economic overview
- Banking clients
- Client service
- Credit
- Funding
- International
- Future

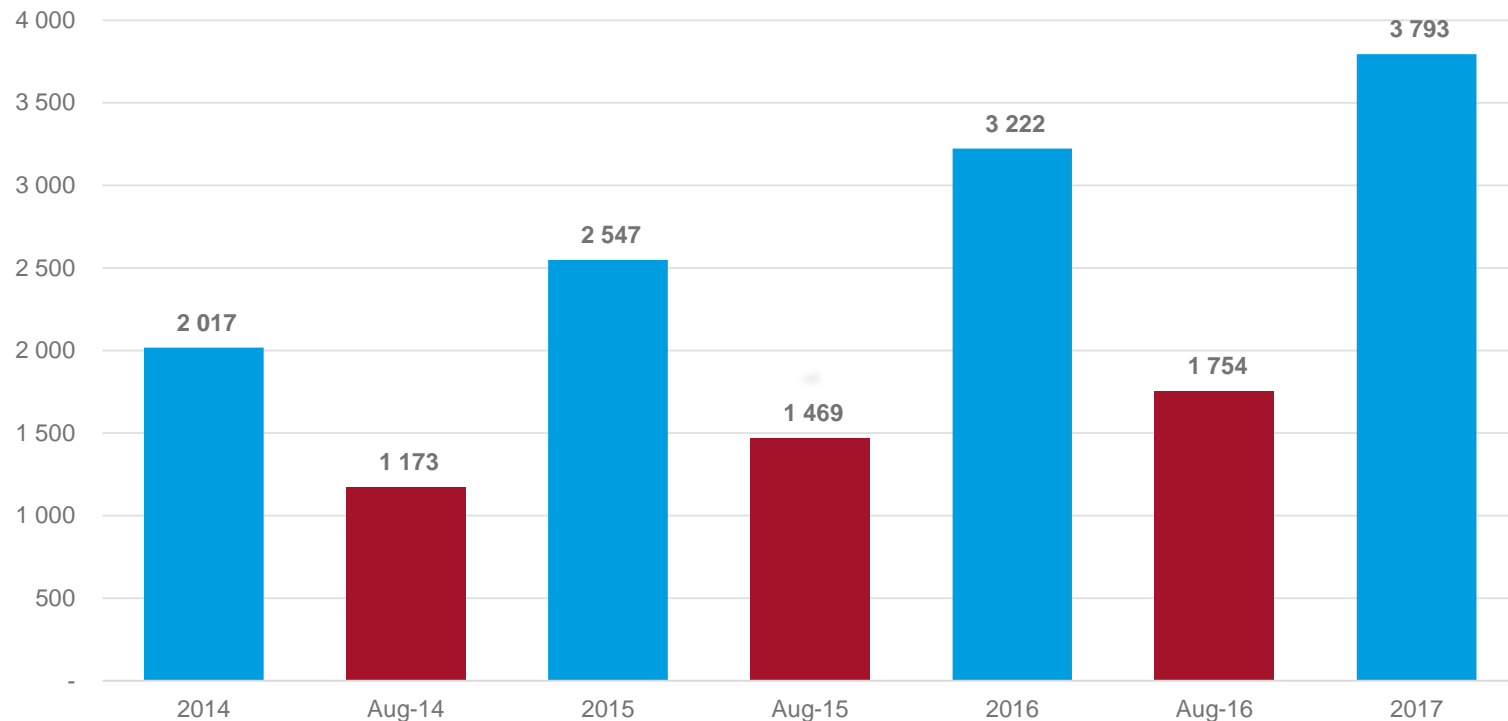


Key indicators



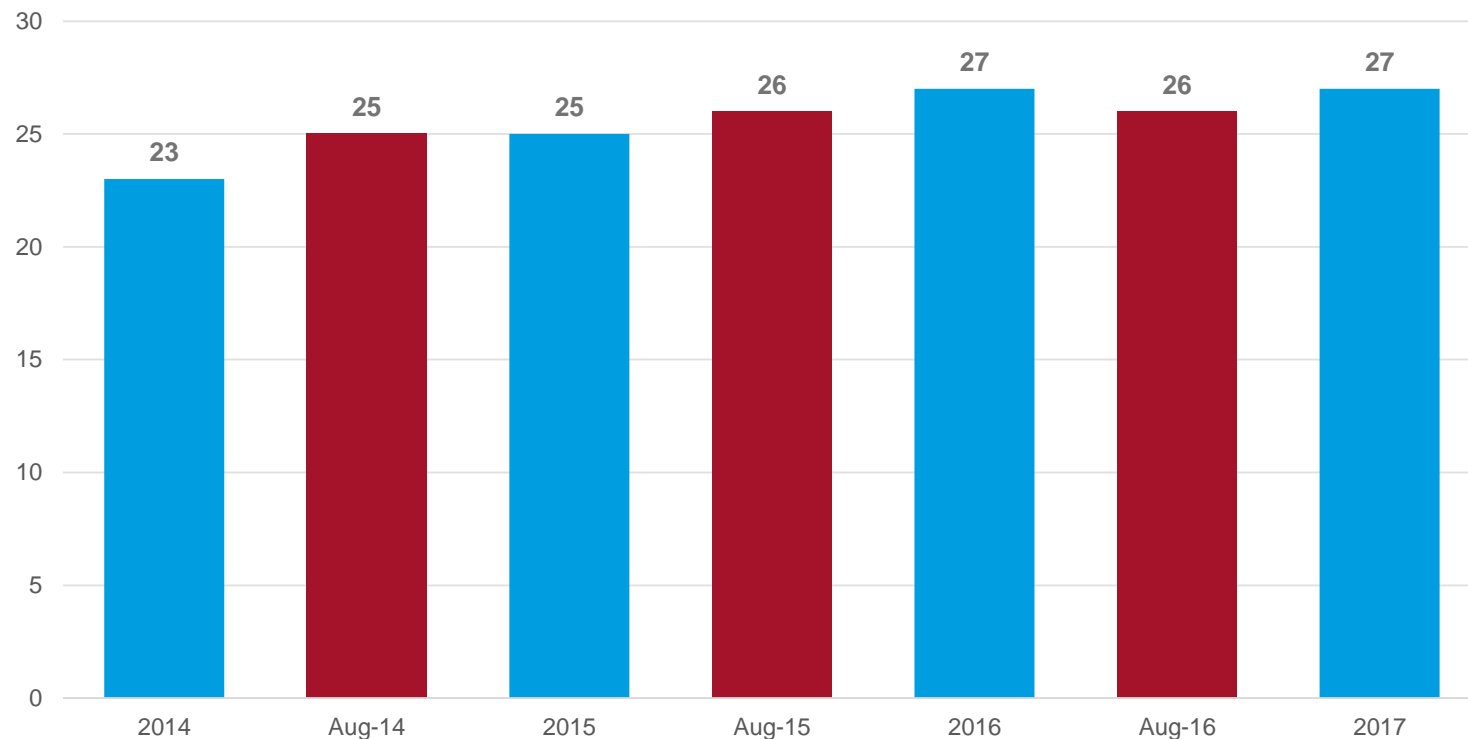
Key Indicators

Headline earnings (R'millions)



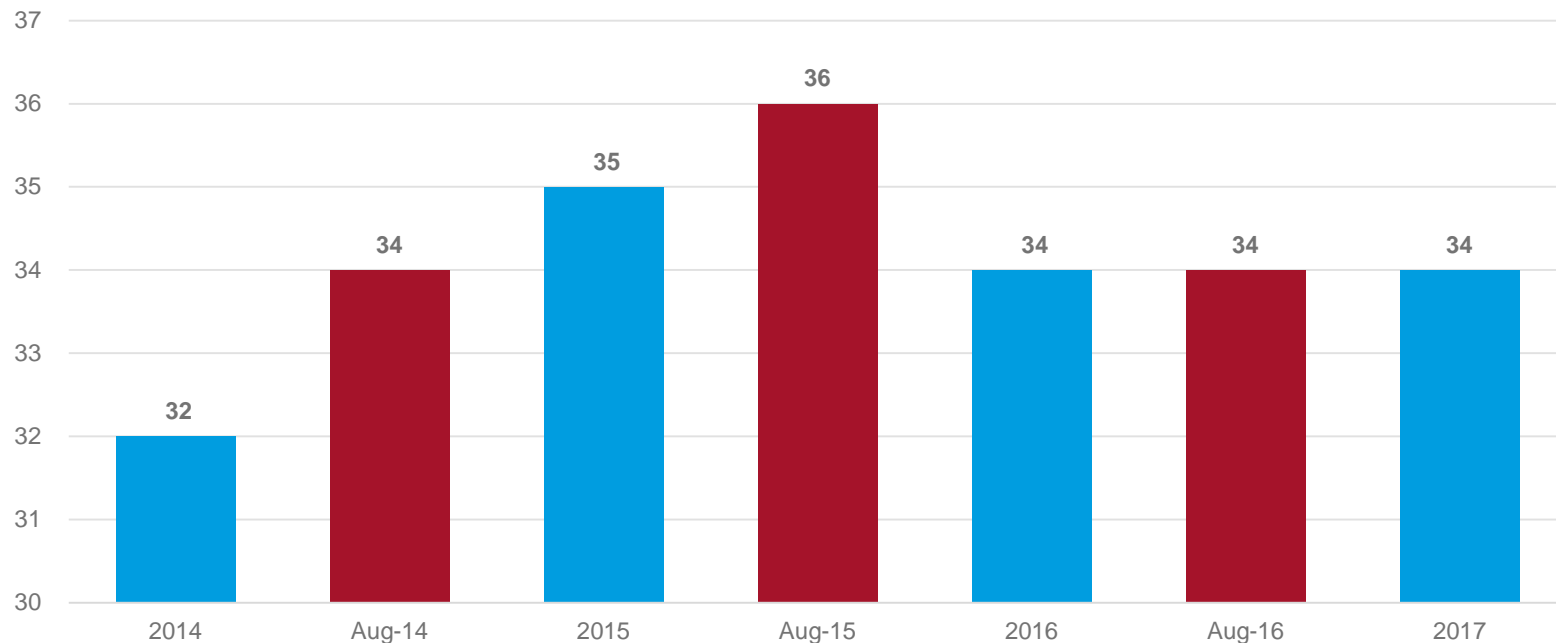
Key Indicators

Return on equity (%)



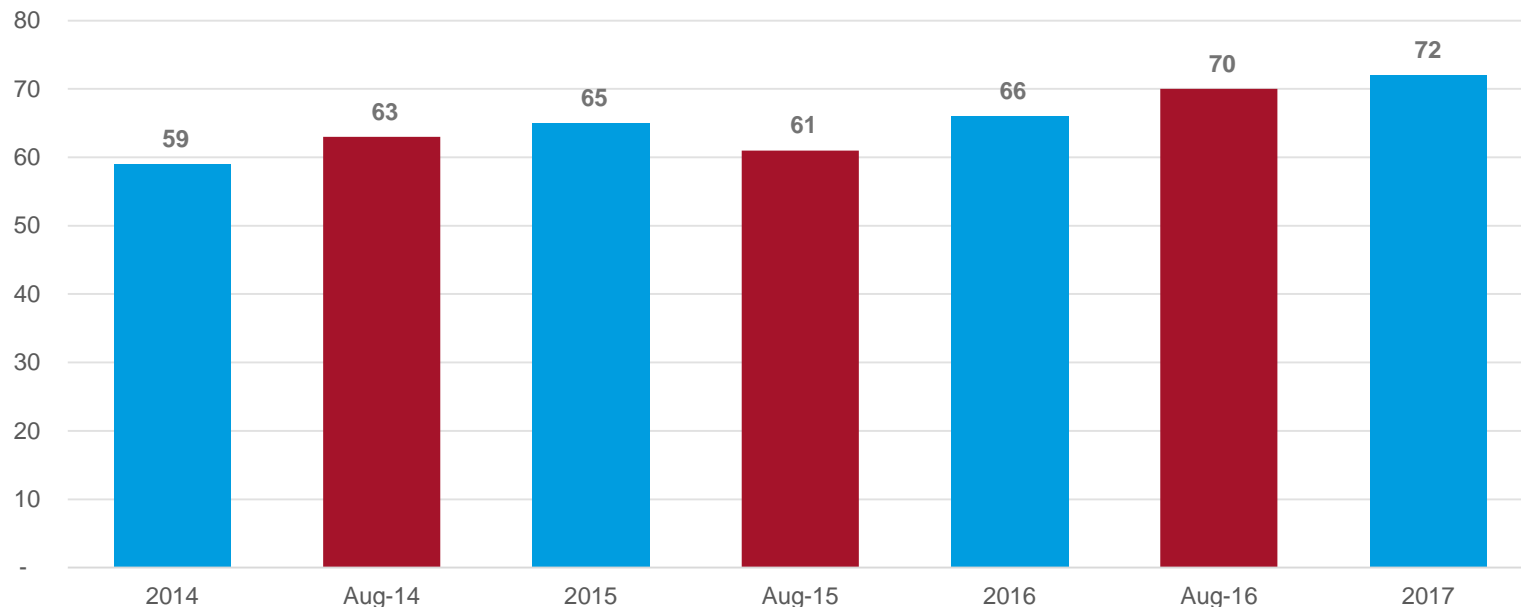
Key Indicators

Cost-to-income ratio (%)



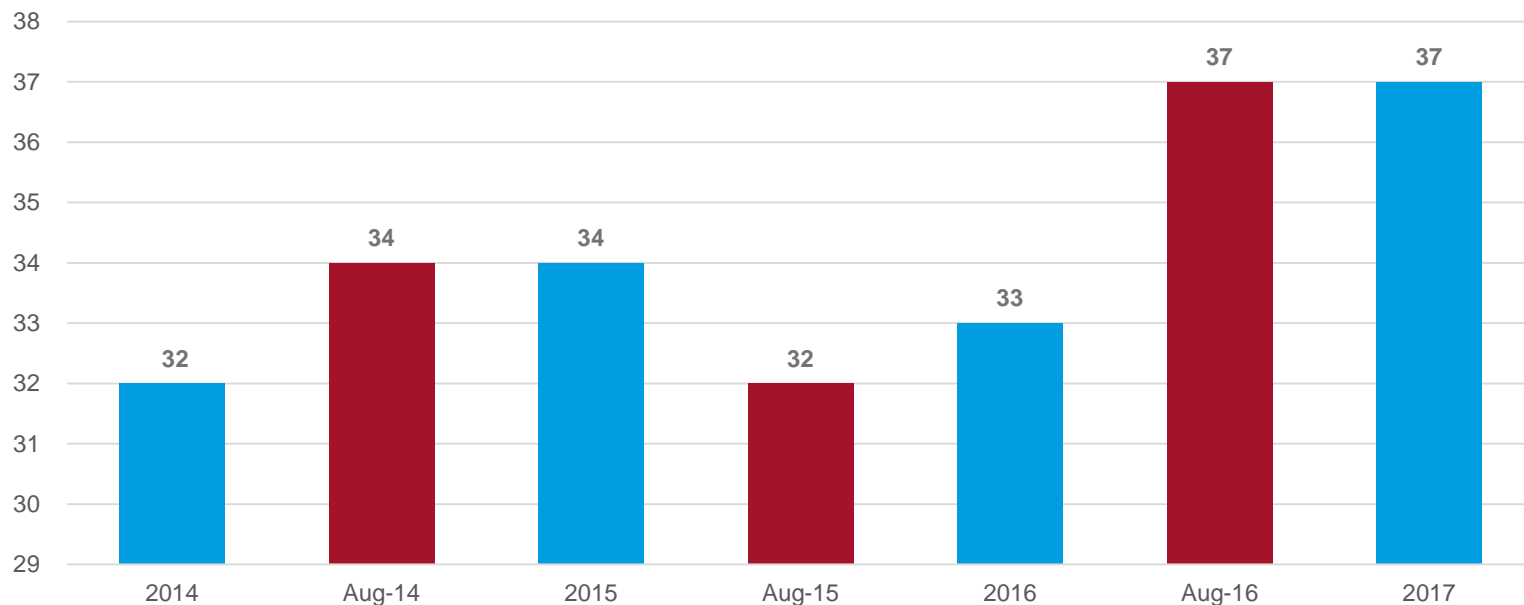
Key Indicators

Net transaction fee income to operating expenses (%)



Key Indicators

Net transaction fee income to net income (%)





Economic Overview



Economic Overview

- Macro economy
- Retrenchments and debt review
- High inflation
- Cash availability
- Lower real income

Economic Overview

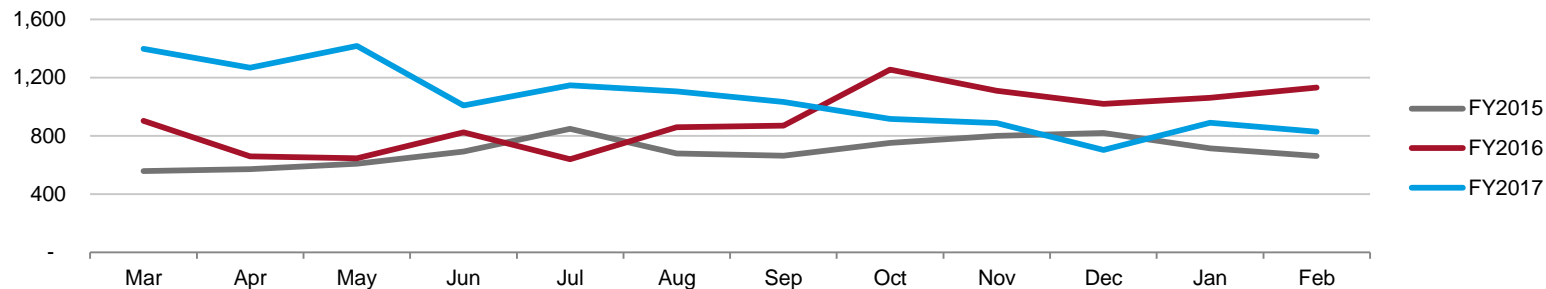
Macro economy

- Unexpected
- Volatility

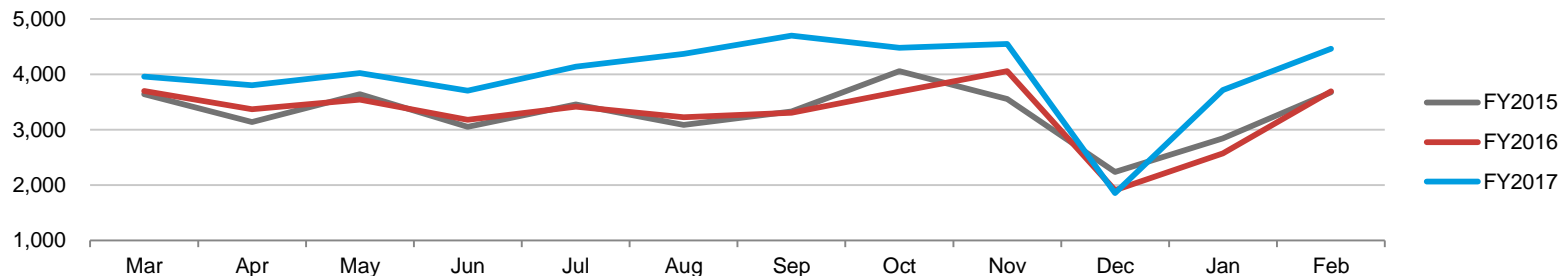
Economic Overview

Retrenchments and debt review

YOY comparison - Retrenchment letters

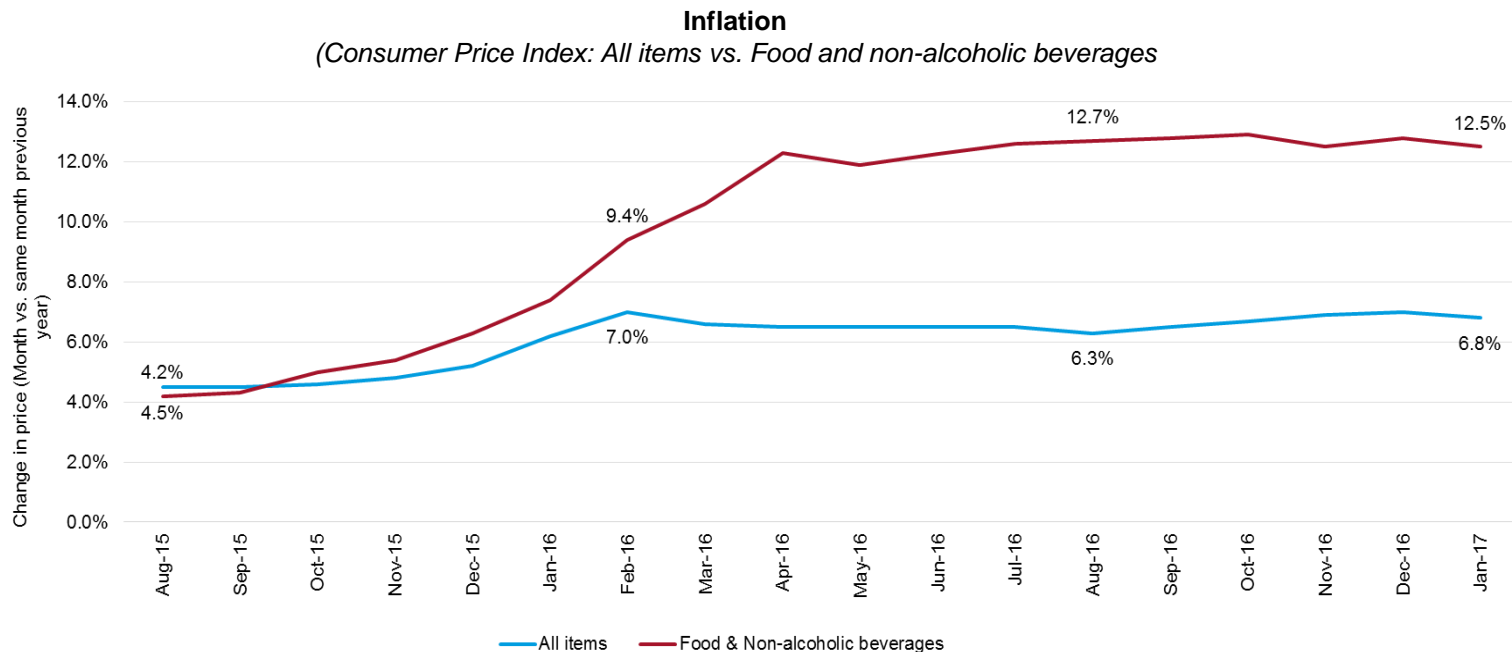


YOY comparison - Debt review



Economic Overview

High inflation



Source: Statistics South Africa CPI data

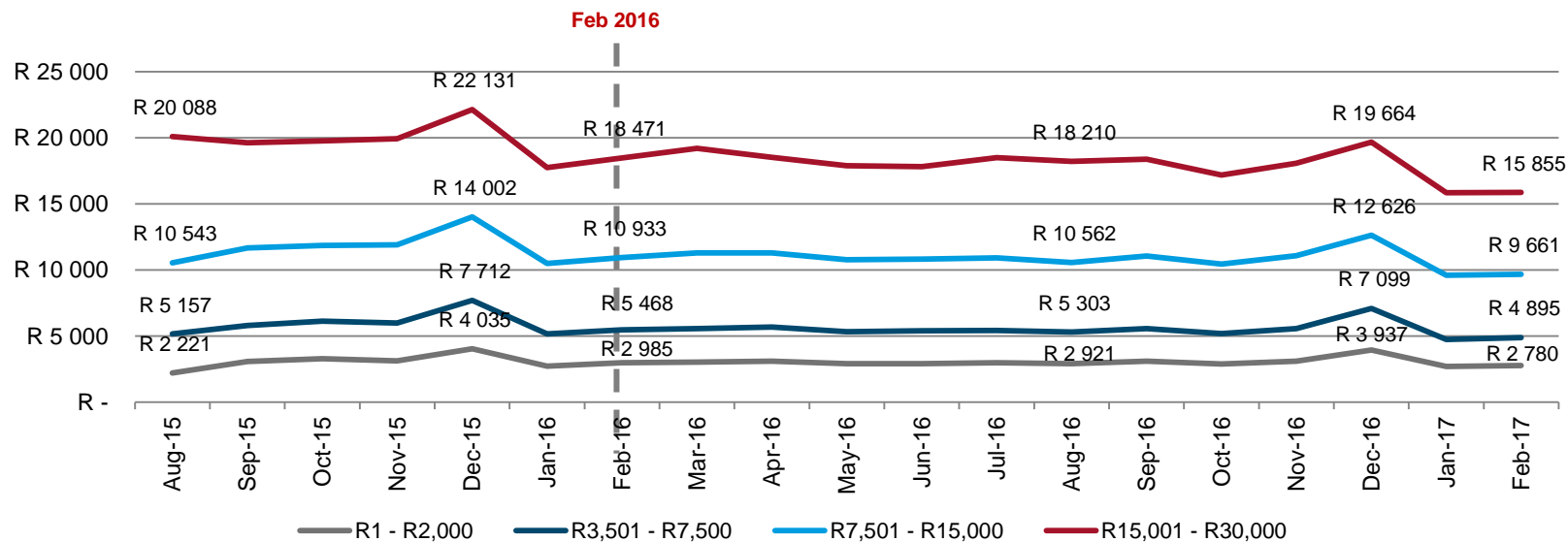
Note: June 2016 data unavailable from Stats SA (data shown is an average of May 2016 and July 2016)

Economic Overview

Cash availability

Average account inflows per banking client (include no inflows): Inflation adjusted data

(August 2015 income groups, Aug 2015 – Feb 2017, n = 2.7 million)



Economic Overview

Lower real income

535 802 performing clients with inflows from February 2016

		Non-Gov		Gov		Total	
		Feb-16	Feb-17	Feb-16	Feb-17	Feb-16	Feb-17
More than 40% cash available	%	84	70	74	70	82	70
Between 39% and 21% cash available	%	10	8	19	18	11	10
Cash stress less than 20% cash available	%	6	6	7	8	7	6
No inflow	%	-	16	-	4	-	14
		100	100	100	100	100	100

		less than R5 000		R5 001 plus		Total	
		Feb-16	Feb-17	Feb-16	Feb-17	Feb-16	Feb-17
More than 40% cash available	%	83	68	82	71	82	70
Between 39% and 21% cash available	%	9	6	13	12	11	10
Cash stress less than 20% cash available	%	8	5	5	7	7	6
No inflow	%	-	21	-	10	-	14
		100	100	100	100	100	100



Banking Clients



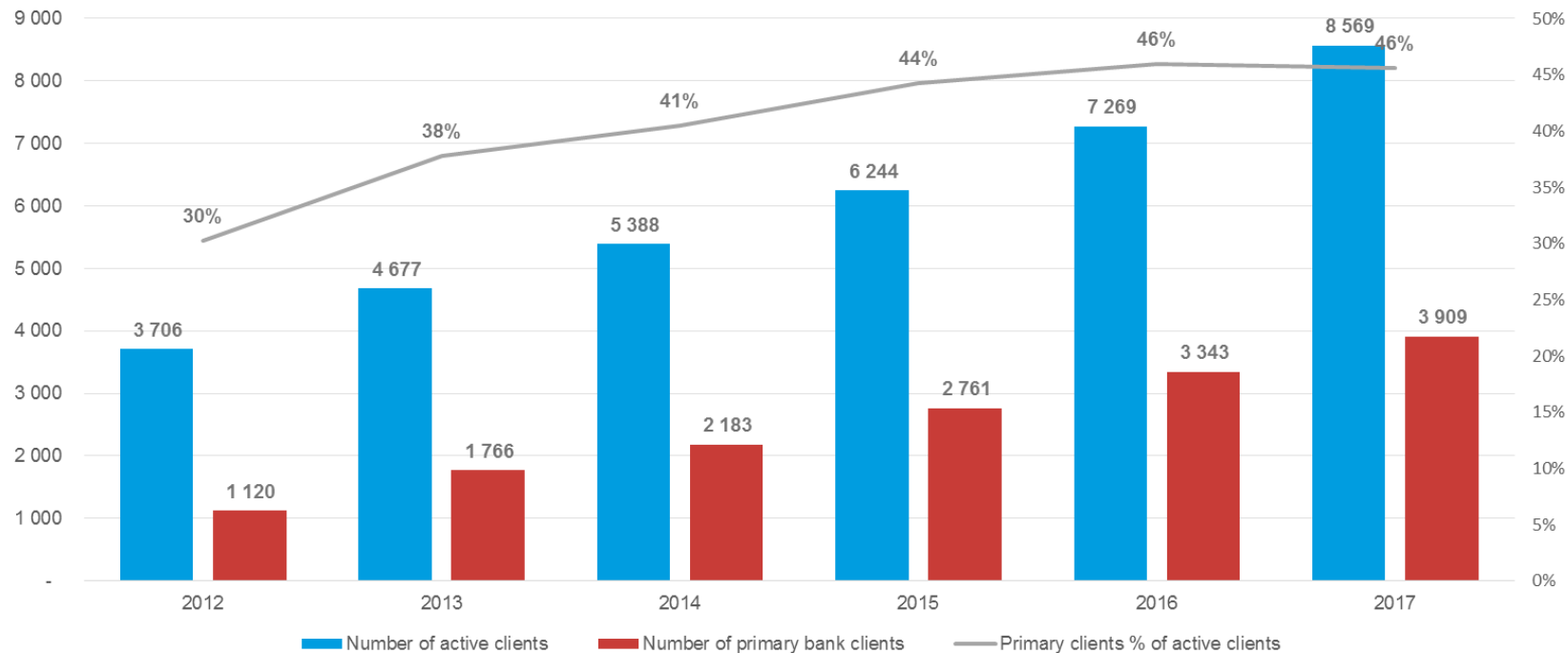
Banking Clients

- Growing client base
- Opportunity in higher income segments
- Focus on quality

Banking Clients

Growing client base

('000)



Banking Clients

Opportunity in higher income segments

Source: AMPS Dec -15

South Africa Income

Capitec market share

>R30,000

690 000

2%

R10,000 – R30,000

4m

11%

<R10,000

14,7m

25%

Age 15-34 = 40%

Age 15-34 = 54%

Banking Clients

Focus on quality

Potential quality

- Earn money (salary, entrepreneurs, informal, allowance, social grant)
- Spend money (accommodation, electricity, transport, cellphone, groceries, education)

Capitec quality





Client Service



Client Service

- Distribution
- Self-service banking
- Service culture
- People
- Training

Client Service Distribution

	Change since Feb-16	Total Feb-17
Branches: Total	76	796
: New look	148	434
: Current	(72)	362
ATMs :Total	319	4 024
: Regular	160	1 128
: Dual note recyclers	257	525
: Partnership	(98)	2 371

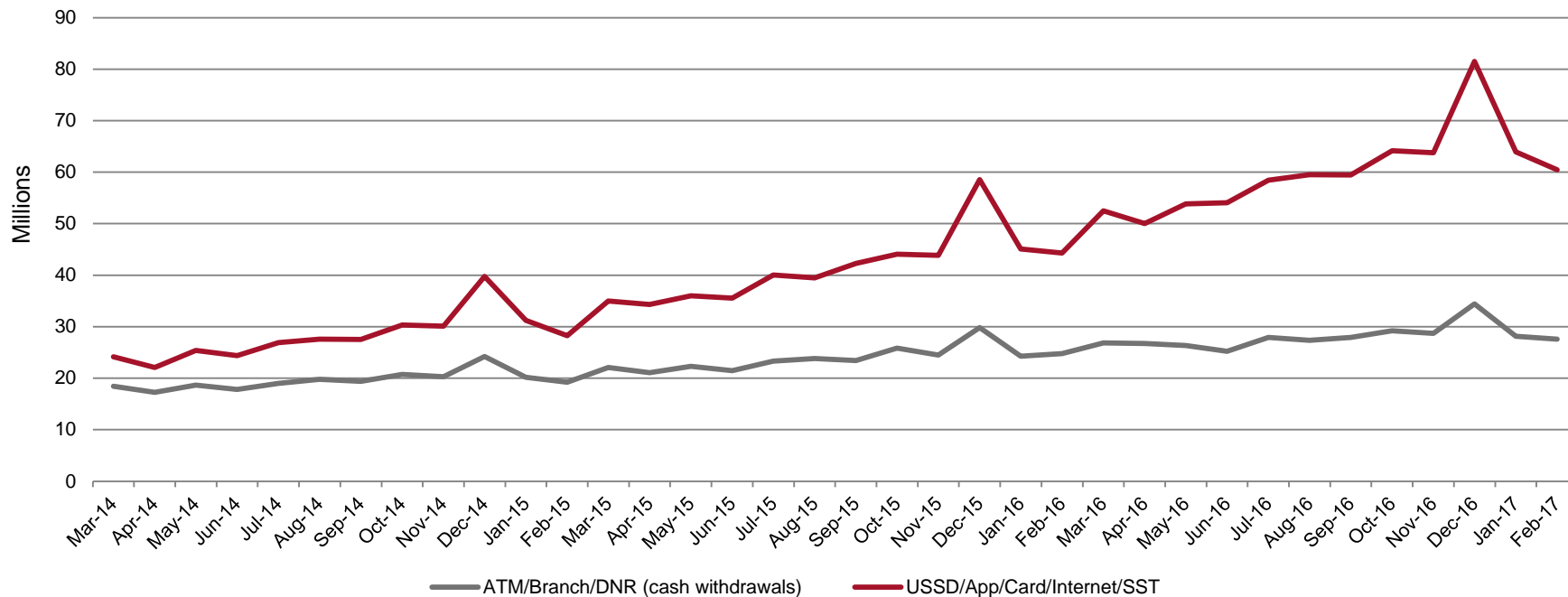
Client Service

Self-Service banking

- USSD clients up to 5.4 million
- Banking app clients up to 1.8 million
- Free data while using app
- Self Service Terminals / Cash Accepting ATMs (DNR)
- More capacity in branches for new clients, credit applications and better client service
- Lower fee income on self-help, higher volumes and efficiency

Client Service

Self-Service banking - transaction volume



Client Service

Service Culture

- Client centric ethos
- Service and client satisfaction measurement
- Service recovery, systems improvement and behaviour training
- Accolades:
 - SA's favorite bank according to social media sentiment (BrandsEye)
 - Top retail bank in South Africa Consumer Satisfaction Index (SACsi)
 - Ask Afrika Orange Index Service award
 - Brand finance top 10 most powerful international banking brands

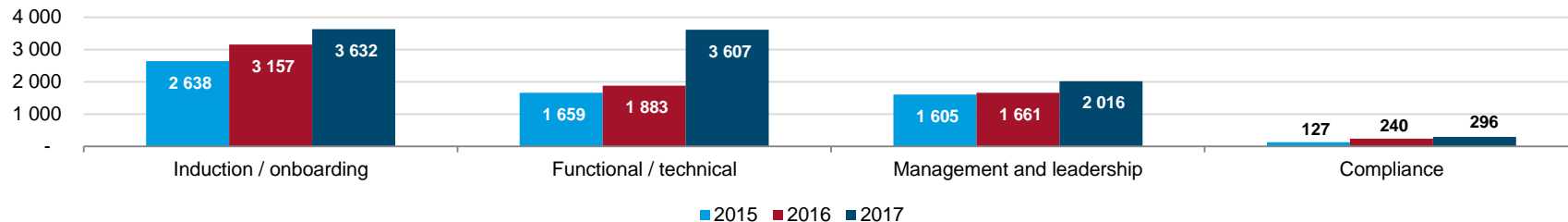
Client Service

People

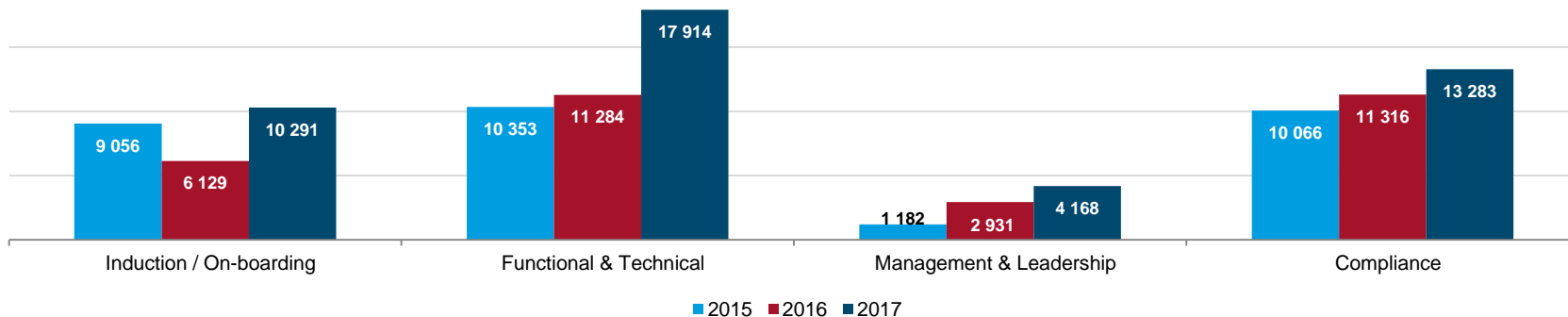
- Focus on client service and company values
- Recruit for potential and cultural fit, train for skill
- 1 629 new employees to 13 069
- 5 228 number of employees attending courses

Client Service Training

Number of employees attending courses



Number of completed distance learning initiatives





Credit



Credit

- Regulatory
- Model criteria
- Loans advanced by term
- Collections / provisions
- Credit Card

Credit

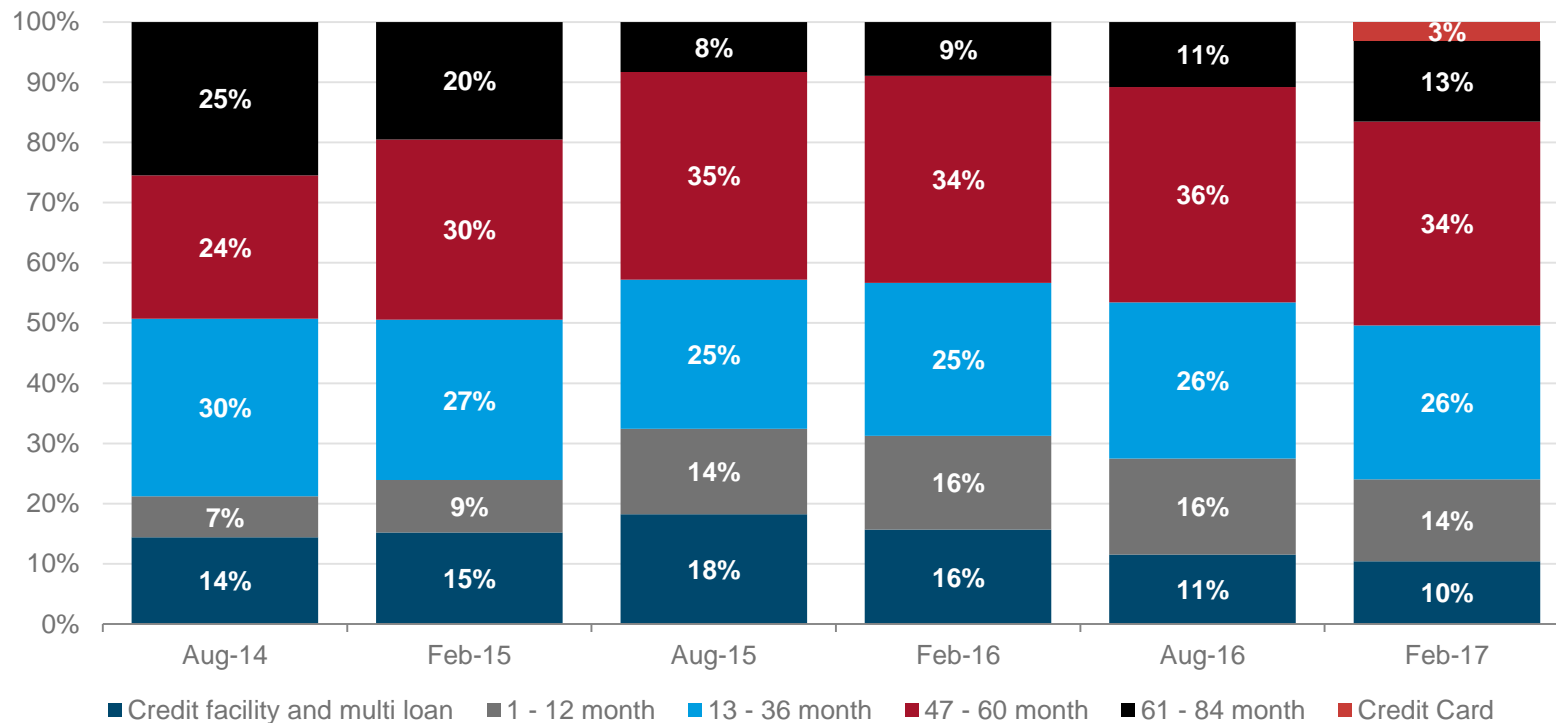
Model criteria

Credit application (%)

		Nov-15	Nov-16
Applications	#	318 443	410 692
Accept rate	%	56	39
Taken up	%	42	31
Taken up	#	132 701	126 138

Credit

Loans advanced by term



Credit

Collections / provisions

Arrears & impairment provisions of gross loans & advances

		Feb-16	Feb-17
Gross loans and advances	R'm	40 891	45 135
Loans past due (arrears)	R'm	2 297	2 855
Arrears to gross loans and advances	%	5.6	6.3
Arrears rescheduled < 6 months	R'm	1 542	1 583
Arrears and arrears rescheduled < 6 months to gross loans and advances	%	9.4	9.8
Rescheduled from current < 6 months	R'm	1 818	1 088
Arrears and all rescheduled < 6 months to gross loans and advances	%	13.8	12.2
Provision for doubtful debts	R'm	5 131	5 930
Provision for doubtful debts to gross loans and advances	%	12.5	13.1
Arrears coverage ratio	%	223	208
Arrears and arrears rescheduled < 6 months coverage ratio	%	134	134
Arrears and all rescheduled < 6 months coverage ratio	%	91	107

Credit

Credit card

What makes it different

- Single card to access Global One
- 5.35% - 5.90% on positive balance
- Available in real time, active immediately
- Performance and growth expectations



Funding



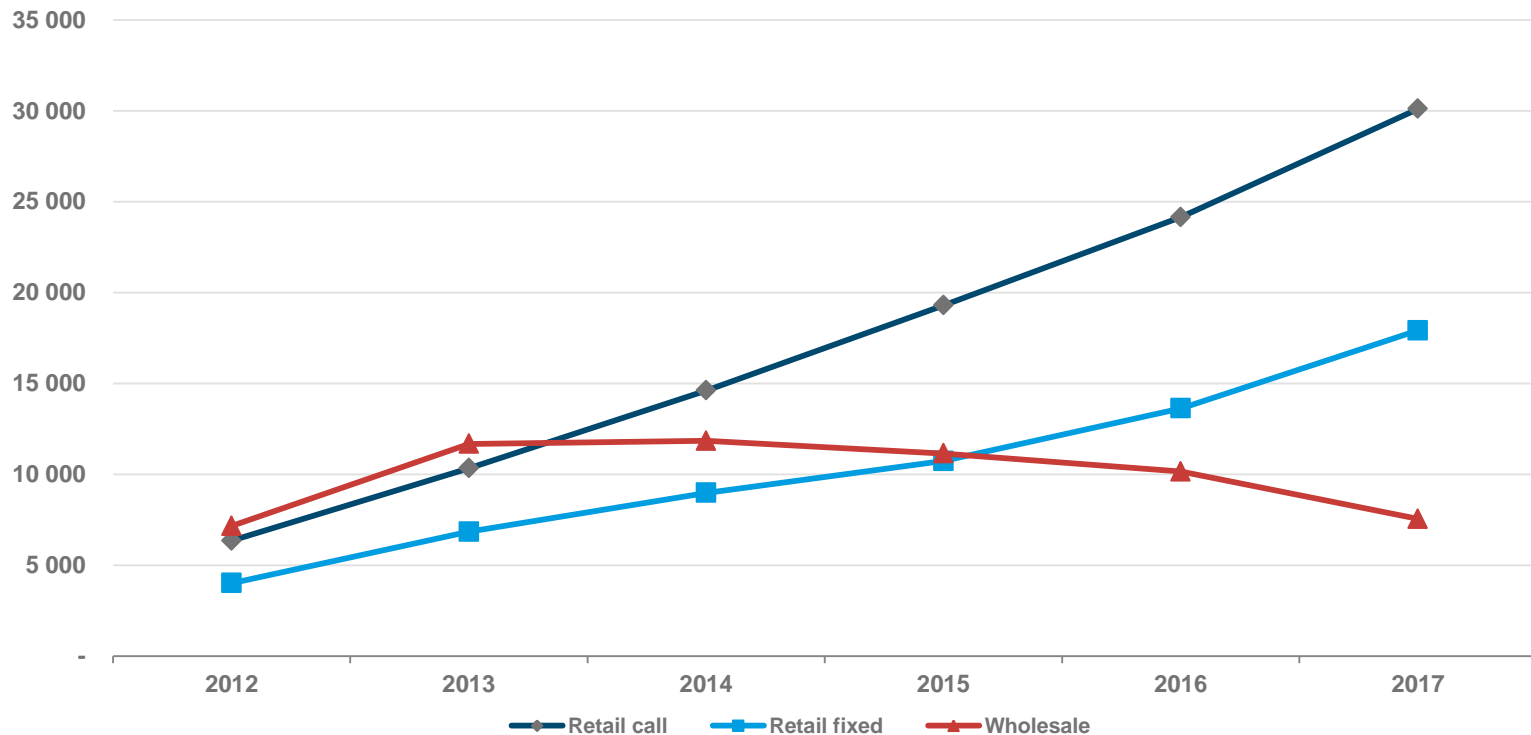
Funding

Conservative capital and funding

- Well capitalised
- Consistent, well-priced, retail deposit growth – fixed and call
- Compliance with all Basel 3 liquidity ratios

Funding

Deposits (R'millions)





International



International Creamfinance

- Globally expanding online lending group
- Poland, Latvia, Georgia, the Czech Republic, Mexico and Denmark
- Sophisticated technology and scoring
- Early stage with big potential
- Gain international and digital experience
- Provide strategic input
- Board of directors' seats





Future



Future Simplified Pricing

Free

- Pay by card
- Transfer between accounts
- Access app with free data

R1.50

- Cash at card machine
- Payments on app
- Send statements from app

R3.50

- Debit order

R5.00

- Payments and transfers in branch

R6.00

- Cash at Capitec ATM

R8.50

- Cash at any other ATM in SA (only R2.50 more)



Future Objectives

1. Service
 - Obtain single view of the client at all points of interaction
 - Create a personalised, omni-channel, self-service experience
 - Create and manage world class service levels at all points
2. Efficiency
 - Focus on staff productivity and process optimisation
3. People
 - Attract and retain top quality people
 - Become the best incubator of industry leaders
 - Build our culture of greatness and innovation

Future

Objectives (continue)

4. Business Delivery
 - Develop capacity to deliver in fast changing environment
 - Deliver projects in reduced time
 - Develop and maintain a client centric focus
5. Quality Clients
 - Increase market share in higher income segments
 - Improve quality of banking clients through stable product usage
 - Move transactions from branch to mobile/self-service channels
6. Digital Banking Platform
 - Develop client profiling



thank you