Our strategy and leadership

Appropriate strategy, focused leadership and corporate values combine to create sustained value in the long term.
Our strategy

Our strategies going forward align with the overriding objective of continuing to create sustainable value over the long term for all who have an interest in the business. The expected outcome of the combined strategy is long-term real growth in earnings and assets. Risk management, processes, people, technology and knowledge are aligned with these objectives.

Strategic, economic, social, operational, and environmental objectives are integrated into the way we do business through people, processes, technology and risk management.

Strategic objectives
- Provide unique service
- Enhance the product offer
- Grow transaction income
- Manage the cost of credit to clients
- Responsible management of regulatory and compliance risk

Economic performance objectives
- Increase headline earnings per share
- Maintain the return on equity
- Focus on cost efficiency and a lower cost-to-income ratio
- Grow the loan book responsibly within the constraints of the unsecured lending environment and market competition

Operational performance objectives
- Increase distribution network
- Improve business continuity and disaster recovery plans
- Grow employee numbers
- Train and develop employees

Social performance objectives
- Develop communities
- Build a reputation as an employer of choice

Environmental objectives
- Operate a business model that has a low environmental impact
## Over the short- to medium-term (1-5 years)

<table>
<thead>
<tr>
<th>What we want to achieve</th>
<th>How</th>
<th>Targeted outcomes</th>
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<tbody>
<tr>
<td><strong>Grow the Capitec Bank footprint</strong></td>
<td>Increase the number of branches by an average of 75 per year</td>
<td>Greater access to our banking solutions</td>
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<td>Increase the free-standing ATM and cash recycler network</td>
<td>Grow transaction income</td>
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<td>Place additional point-of-sale devices at merchants</td>
<td>Lower cost-to-income ratio</td>
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<td>Increase the use of internet and mobile banking</td>
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<td>Increase direct selling</td>
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<td><strong>Grow client numbers</strong></td>
<td>Increase accessibility through a combination of positioning and product</td>
<td>The preferred retail bank for ALL South Africans</td>
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<td>Offer a unique personal service experience by implementing a revised client service system</td>
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<td>Launch a credit card</td>
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<td><strong>Increase market share</strong></td>
<td>Increase awareness of Capitec Bank and its product offer throughout all income groups</td>
<td>Become the dominant retail bank in South Africa</td>
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<td>Capture the higher-net-worth individuals in the target market</td>
<td>Increased earnings and shareholder value</td>
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<td>Create trust through simplified, transparent banking and personal service</td>
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<td><strong>Lower cost of credit to the client</strong></td>
<td>Reduce internal cost of granting credit through enhanced and innovative technology</td>
<td>Optimal affordability for clients</td>
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<td>Grow client numbers to the critical mass that will enhance cost efficiency</td>
<td>Promotion of responsible lending and a healthy credit market</td>
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<td>Maintain low-cost banking model to improve cost efficiency</td>
<td>Increased competitive advantage</td>
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<td></td>
<td></td>
<td>Lower cost-to-income ratio</td>
</tr>
<tr>
<td><strong>Broad-based funding book</strong></td>
<td>Offer realistic, sustainable and competitive returns</td>
<td>An optimal mix of retail and on- and offshore wholesale funding</td>
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<tr>
<td><strong>Contribute to the South African educational system</strong></td>
<td>Implement a model in partnership with other like-minded institutions to produce better educated school leavers who can either be employed or pursue tertiary education</td>
<td>Develop communities</td>
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<td>Contribute to employability of South Africans</td>
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</table>
Recruit and retain employees with potential

**Targeted outcomes**
Be an employer of choice

Environmental awareness

**Targeted outcomes**
Operate a business model that has a low environmental impact

**Over the long term (more than 5 years)**

Capitec Bank’s primary long-term objective is to become a preferred global retail bank.

**What we want to achieve** | **How** | **Targeted outcomes**
---|---|---
Internationalisation | Replicating Capitec Bank’s low-cost banking model on other continents in countries with similar profiles to South Africa | Value creation for clients and all other stakeholders and sustainability of the business

Virtual banking | Increase accessibility of internet and mobile banking
Encourage virtual money management by providing value adding internet and mobile banking functionality
Enhance the cost effectiveness of internet and mobile banking | Value creation for clients and all other stakeholders and sustainability of the business
Focused leadership

At the core of our success is focused leadership provided by an experienced and skilled board of directors and executive management committee. We pride ourselves on responsible, ethical leadership as the basis for good corporate citizenship and sustainable performance.

Board of directors
The board of directors is responsible for the Capitec group in its entirety and instructs and oversees a management and control structure that directs and executes all functions within the organisation.

Non-executive directors

Michiel Scholtz du Pré le Roux (63)
BComm LLB
Chairman of the board and the directors' affairs committee

Michiel is Capitec and Capitec Bank's chairman and was the bank's chief executive officer until 2004. He spent the first 20 years of his career in the brandy and wine industry before entering banking. He is a director of Zeder Investments.

Michiel was appointed to Capitec's board on 1 March 2001 and to Capitec Bank's board on 6 April 2000.

Markus Johannes Jooste (52)
BAcc, CTA, CA(SA)

On 28 January 2011 Markus was appointed to Capitec and Capitec Bank's boards and resigned from the boards on 2 August 2012.

Petrus Johannes Mouton (36)
BComm (Maths)
Chairman of the social and ethics committee

Piet is the chief executive officer of PSG Group. He serves as a director on the boards of various PSG group companies, including Curro Holdings, PSG Konsult and Zeder Investments. He has been active in the investment and financial services industry since 1999.

Piet was appointed to Capitec and Capitec Bank’s boards on 5 October 2007.

Chris Adriaan Otto (63)
BComm LLB
Chairman of the human resources and remuneration committee

Chris was an executive director of PSG Group since its formation and has served as a non-executive director since February 2009. He was involved in the PSG Group's investment in microfinance and subsequently in the establishment of Capitec Bank, of which he has been a non-executive director since its formation. He is also a director of Zeder Investments, Kaap Agri, Capevin Investment Holdings and Distell.

Chris was appointed to Capitec and Capitec Bank’s boards on 6 April 2000.
Independent non-executive directors

Reitumetse Jacqueline Huntley (50)
BProc LLB

Jackie is the managing director of Mkhabela Huntley Adekeye Inc. and has extensive experience in commercial and corporate law, including telecommunications law. She has also worked extensively in the low-cost housing arena, having advised both the Department of Housing and institutions in the housing sector on housing policy and the legal aspects of housing. Jackie assisted the City of Johannesburg with the implementation of the bus rapid transport project in the capacity of interim chief executive officer until February 2011. Jackie served on the board and various board committees of Telkom SA and is a director of Rorisang Basadi Investments.

Jackie was appointed to Capitec and Capitec Bank’s boards on 14 April 2011.

Merlyn Claude Mehl
PhD (Physics)

Merlyn was appointed to Capitec and Capitec Bank’s boards on 1 March 2001 and served the organisation with distinction until his passing on 30 January 2013.

John David McKenzie (66)
BSc (Chemical Eng), MA
Chairman of the risk and capital management committee

Jock serves on the boards of a number of companies. He was the chairman and chief executive officer of Caltex Petroleum Corporation until 2001. He was extensively involved in the merger of Caltex, Chevron and Texaco and was president – Asia, Middle East and Africa – of Chevron-Texaco until 2004.

Between 1997 and 2003 he was a member of a number of advisory boards in Singapore, including the American Chamber of Commerce. He was the founder president of the South Africa-Singapore Business Council and the Singapore Economic Development Board. Since 2004 he has served as a consultant to the Energy Market Authority and Temasek Holdings in Singapore and acted as the chairman of the Commission of Enquiry into the Singapore Electricity and Gas Supply Systems.

In South Africa he has consulted for, inter alia, Sasol, the South African Petroleum Industry Association’s investigation into the impact of the global economic crisis on the South African oil industry and other related topics. He currently serves on the boards of Coronation Fund Managers, Sappi and Wesgro and is the chairman of the UCT Foundation and Accelerate Cape Town.

Jock was appointed to Capitec and Capitec Bank’s boards on 1 March 2012.

Nonhlanhla Sylvia Mjoli-Mncube (54)
BA, MA (City and regional planning)
Lead independent director

Nonhlanhla manages her own company, Mjoli Development Group, and was the economic advisor to a former Deputy President of South Africa. She has worked as a town and regional planner in South Africa and as a survey research supervisor at Washington State University and was an executive director of a subsidiary of Murray & Roberts. She was the chairman of the National Urban Reconstruction and Housing Agency (NURCHA), the Rural Housing Loan Fund, Women for Housing and the Open Society Institute in South Africa. She is a fellow of the Massachusetts Institute of Technology (MIT, USA) and a Harvard University Leadership alumnus.

She has won several business women’s awards and is a director of Pioneer Foods, Tongaat Hullett and WBHO Construction.

On 26 January 2004 Nonhlanhla was appointed to Capitec and Capitec Bank’s boards.

Gerrit Pretorius (64)
BSc, BEng, LLB, PMB

Boel served on the board of Reunert from 1991 and as chief executive officer from 1997 until his retirement in 2010.

He currently serves on the boards of several companies, including Digicore Holdings, ARB Holdings, RECM and Calibre as well as Pioneer Foods.

Boel was appointed to Capitec and Capitec Bank’s boards on 19 November 2012.
Pieter is an experienced retail banker. He commenced his career in banking as chief accountant at Boland Bank in 1974 following which he joined Volkskas Merchant Bank as the general manager of finance in 1983. He joined Trust Bank in 1990, and after the amalgamation of Bankorp and Absa he was appointed as the general manager of Commercial Bank, a division of Absa, responsible for Absa Western Cape (1995-1999). In 2000 he was appointed as the operating executive of this division. From 2001 until his retirement in 2006 he was an executive director of Absa, the last two and a half years of which he was responsible for group administration, information management, IT, credit and risk.

On 27 September 2007 Pieter was appointed to Capitec and Capitec Bank’s boards.

Executive directors

Riaan Stassen (59)
BComm (Hons), CA(SA)
Chief executive officer (CEO)

Riaan joined Capitec Bank as managing director in 2000 and was appointed as chief executive officer of Capitec and Capitec Bank in March 2004. He gained extensive experience in wholesale distribution and banking and held senior positions in both environments before joining Capitec. Riaan was awarded the Cape Times KPMG Business Personality of the Year award in 2007. The nomination criteria for this award included business and entrepreneurial excellence and outstanding company performance.

Riaan was appointed to Capitec and Capitec Bank’s boards on 1 March 2001.

André Pierre du Plessis (51)
BComm (Hons), CA(SA)
Chief Financial Officer (CFO)

André joined Capitec Bank in 2000 as the executive: financial management and was appointed as the chief financial officer of Capitec and Capitec Bank in May 2002. He has extensive experience in business advisory services, financial consulting and strategic and financial management. He was the chief executive of financial management for Boland PKS and NBS Boland Group from 1996 to 2000 and also a partner at Arthur Andersen where he was employed from 1986 to 1996.

André was appointed to Capitec and Capitec Bank’s boards on 2 May 2002.
Executive management committee

In addition to the CEO and the CFO, the executive management committee comprises the following members.

**Jacobus Everhardus Carstens (44)**
BCompt (Hons), CA(SA)
*Chief credit officer*

Jaco joined Capitec Bank in 2004. He gained extensive experience in the credit environment at Old Mutual Bank from 2000 to 2004, serving at various times as head of credit, head of credit risk; policy and decision support, and assistant divisional manager: credit, pricing and decision support. Previous positions include manager at Boland Bank from 1997 to 1999 and assistant manager at Ernst & Young from 1992 to 1997.

**Carl Gustav Fischer (56)**
BComm (Hons), MBA
*Executive: marketing and corporate affairs*

Carl joined Capitec Bank in 2000. He was chief executive of marketing and support services for Boland PKS from 1999 to 2000. Previous positions include group marketing and sales director (1996-1998) and group production/operations director (1993-1996) of Stellenbosch Farmers’ Winery.

**Gerhardus Metselaar Fourie (49)**
BComm (Hons), MBA
*Executive: operations*

Gerrie has been head of operations at Capitec Bank since 2000. He commenced his career at Stellenbosch Farmers’ Winery in 1987 in the financial planning department, following which he was appointed as the area general manager of KwaZulu-Natal and later Gauteng.

**Nathan Stephen Tlaweng Mojiuwadi (46)**
BA (Hons), UED, MBA
*Executive: human resources*

Nathan joined Capitec Bank in 2010 with almost 15 years’ experience in the human resources/training environment. Prior to joining the bank he was employed by XPS Services, Cyborg Systems, Coca-Cola (SA) (based in South Africa and London) and Danone SA. Nathan started his career as a teacher and head of department (English and History) form 1993 to 1995. He also lectured part-time at Unisa’s School of Business Leadership.

**André Olivier (45)**
BComm (Hons), CA(SA)
*Executive: card services and business development*

André joined Capitec Bank in 2000 and has been responsible for business development ever since. Card services was incorporated into his portfolio in 2009. He was the financial risk manager at Boland PKS, after which he was head of operations for Pep Bank, in the bank’s microlending division from 1997 to 2000. He gained audit and business advisory experience with Arthur Andersen.

**Christiaan Oosthuizen (58)**
*Executive: information technology*

Chris joined Capitec Bank as head of information technology in 2000. He previously held the position of chief executive of information technology at Boland PKS, where he was employed from 1976 to 2000.

**Christian George van Schalkwyk (58)**
BComm LLB, CA(SA)
*Executive: risk management and company secretary*

Christian joined Capitec Bank as head of risk management and the company secretary in 2000. He was chief executive of credit risk and legal services at Boland PKS from 1997 to 2000. Previous positions include being a partner at Jan S de Villiers attorneys (1987-1996) and a tax consultant at Arthur Andersen (1985).
Leonardus Venter (51)
BA (Hons), MA (Industrial psychology)
Executive: business support centre


Development members
There are two development seats on the executive management committee to provide senior employees with the opportunity to gain experience at executive level. The incumbents rotate annually and the seats were filled by Ludwe Solwandle (Manager: operational efficiency) and Chris Vermeulen (Manager: IT risk) during the 2013 financial year.

The development members for the 2014 financial year are Ernest van Riet (Manager: Loans and credit – IT Business development) and Lindi Mlilo (Business Manager: Operations – Western Cape).

Corporate values
Through our values we build trust and long-term relationships, both externally with clients and internally with colleagues. The values that govern the behaviour of our employees in their interactions with clients and each other are:
• Respect diversity
• Have integrity
• Be straightforward and transparent
• Take ownership
• Be supportive

Our approach to human rights is embodied in a statement approved by the social and ethics committee. We recognise that business contributes to economic welfare and therefore has a role to play in human progress. Sound human rights practice delivers commercial rewards for all stakeholders over the long term, and companies that apply human rights policies are better prepared to prevent human rights abuses and to deal effectively with human rights transgressions.

Extract from Capitec Bank’s statement of intent
• Capitec Bank commits itself to uphold the equality and dignity of all people it engages with and to recognise their basic human rights
• The people that the bank engages with include all stakeholders which range from employees, to suppliers and to groups with vested interests such as societies
• Capitec Bank will apply the above principle without deviation and correct any contrary behaviour where it is within its power and ability to do so