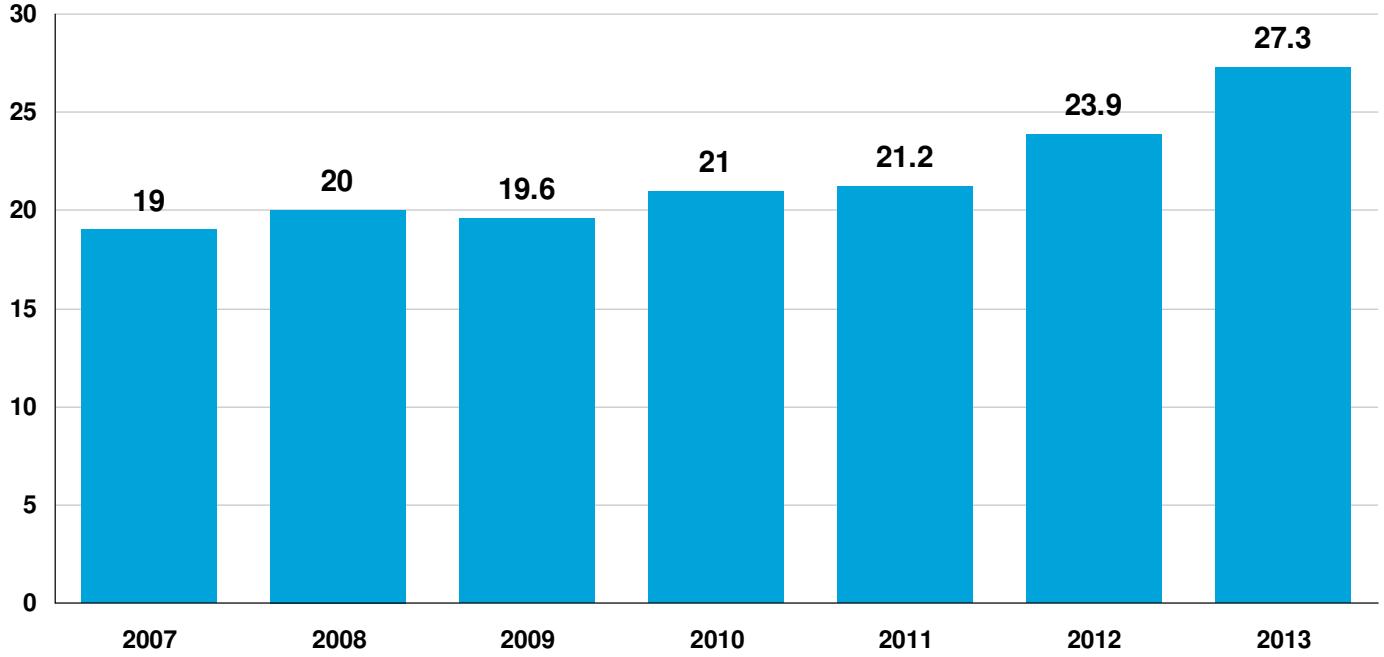
Results 2013 - 2014

CAPITEC BANK

- Market
- Results Highlights
- Business Drivers
  - Credit
  - Bank Transactions
  - Savings
- Opportunities
- Summary

Market

Clients with bank accounts - millions

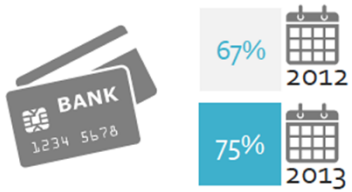


Source Finscope

Market

Banked Clients

More people are coming into banking



In 2013 3.5 million more people were banked

New SASSA card holders

1.9 million SASSA card holders

Driven by inclusion of people earning
R3 000 – R7 999

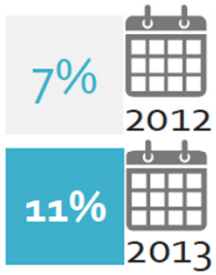
2012 – 2.3 million
2013 – 4.2 million

Source Finscope

Market

Banked Clients - Internet Banking

Internet banking has increased



Who is driving this?

ages 30-44

Personal Income

PMI R3 000 – R7 999

Source Finscope

Market

Banked Clients -Cellphone banking

Cell phone banking has increased but 72% still do not use cell phone banking

Cell phone banking has increased

25% 2012

28% 2013

What is cell phone banking used for?

Of those who use cell phone banking

- 84% buy airtime
- 54% check bank balances
- 15% pay bills
- 12% Remit (send and receive) money by cell phone

TNS

Market

Credit - Total Market

Credit Granted (Q3) (R' billions)				
	2010	2011	2012	2013
Mortgages	26.3	30.3	28.8	34.5
Secured	25.2	30.8	35.2	39.9
Facilities	8.8	14.9	18.5	**17.7**
Unsecured & Short term	14.7	22.9	27.2	**22.3**
Other	-	-	-	2.8
Total	75.0	98.9	109.7	117.2
% Applications Rejected	39.1	44.6	53.6	**57.2**
Consumers with good standing	53.5	53.8	53.0	**51.9**

Source NCR

Market

Credit Granted - Key growth sectors - Q3

R' millions				
	2010	2011	2012	2013
Mortgages				
<R 350K	3 080	3 092	2 559	2 421
>R 350k	23 260	27 186	26 205	**32 101**
Total	26 340	30 278	28 764	34 522
No of Mortgages	1 811	1 825	1 845	1 828

R' millions				
	2010	2011	2012	2013
Facilities				
Cards (Credit, Garage, Store)	5 951	8 864	10 578	11 636
Overdraft, Services other	2 862	6 018	7 901	6 084
Total	8 813	14 882	18 479	17 720

Source NCR

Market

Credit - Unsecured

Credit Granted (Q3) (R' billions) by Loan Size				
	2010	2011	2012	2013
<6m	0.1	0.3	0.4	0.6
7-12m	0.7	0.9	0.8	1.3
13 - 36m	5.7	8.5	7.4	**5.9**
36 - 60m	6.4	10.7	13.2	**10.1**
60m+	0.4	0.8	4.1	**3.0**
Total	13.3	21.2	25.9	**20.9**

Source NCR

Market

Credit - Unsecured

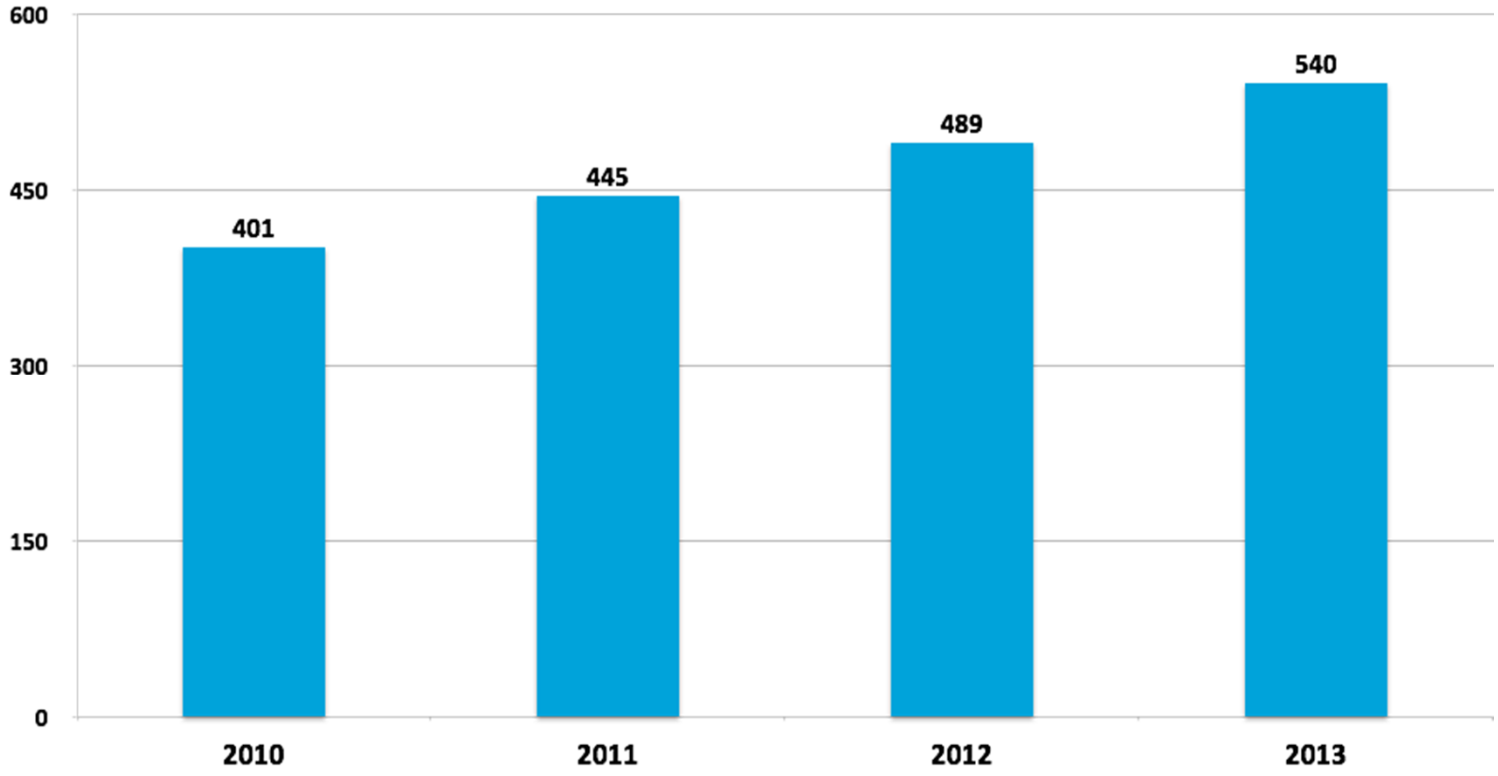
Credit Granted (Q3) (R' billions) by Income Level						
	2010	% Total	2011	2012	2013	% Total
<R10k	6.4	48%	9.2	10.5	6.9	33%
R10k - R15k	2.9	22%	4.6	5.4	4.1	20%
>R15k	4.0	30%	7.4	10.0	9.9	47%
Total	13.3	100%	21.2	25.0	20.9	100%

Source NCR

Market

Retail Deposits

Market Size - R' billions



Source SARB

Results Highlights

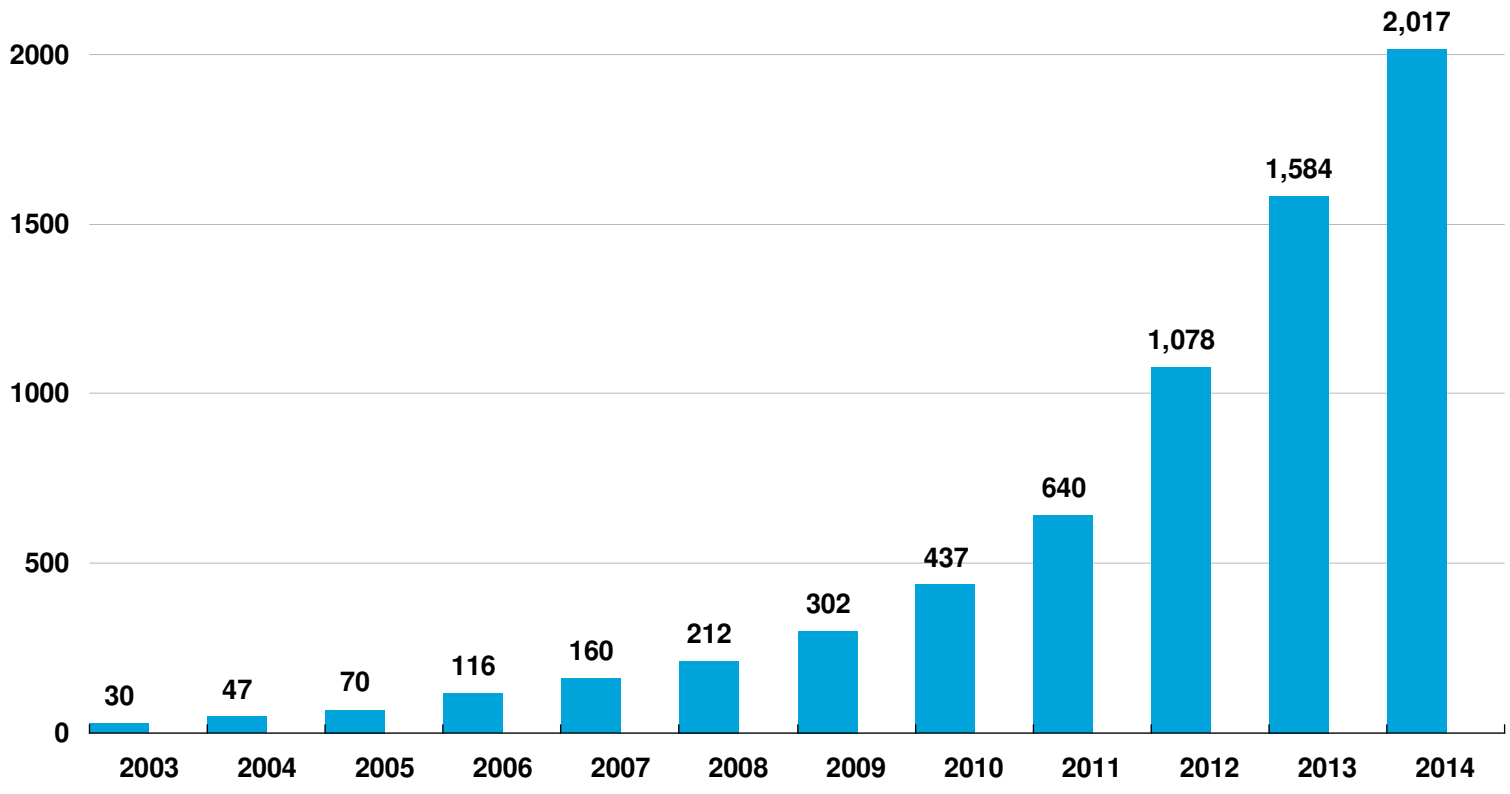
Results

The Highlights

Key Indicators	2014	Change
Headline Earnings	R2.0b	+27%
Headline earnings per share	1 752 cents	+15%
Shareholders' funds	R10.0b	+17%
Return on equity	23%	-4 % points
Active client	5.4m	+15%
Net transaction fee income	R1.9b	+43%
Net transaction income to operating expenses	59%	+14% points
Cost to income – Banking	32%	-6% points

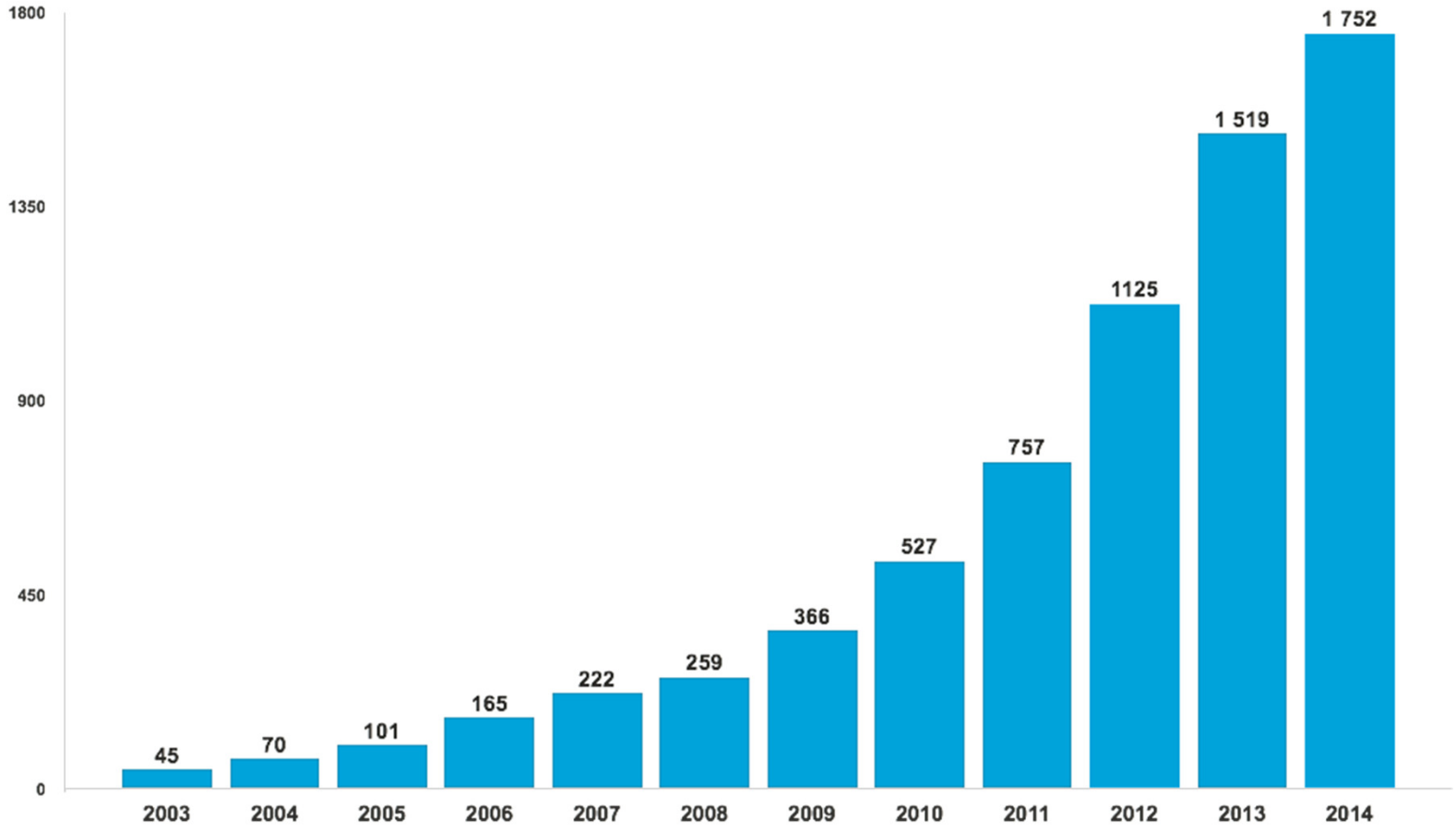
Results

Headline Earnings (R'millions)



Results

Headline Earnings per share (cents)



Business Drivers

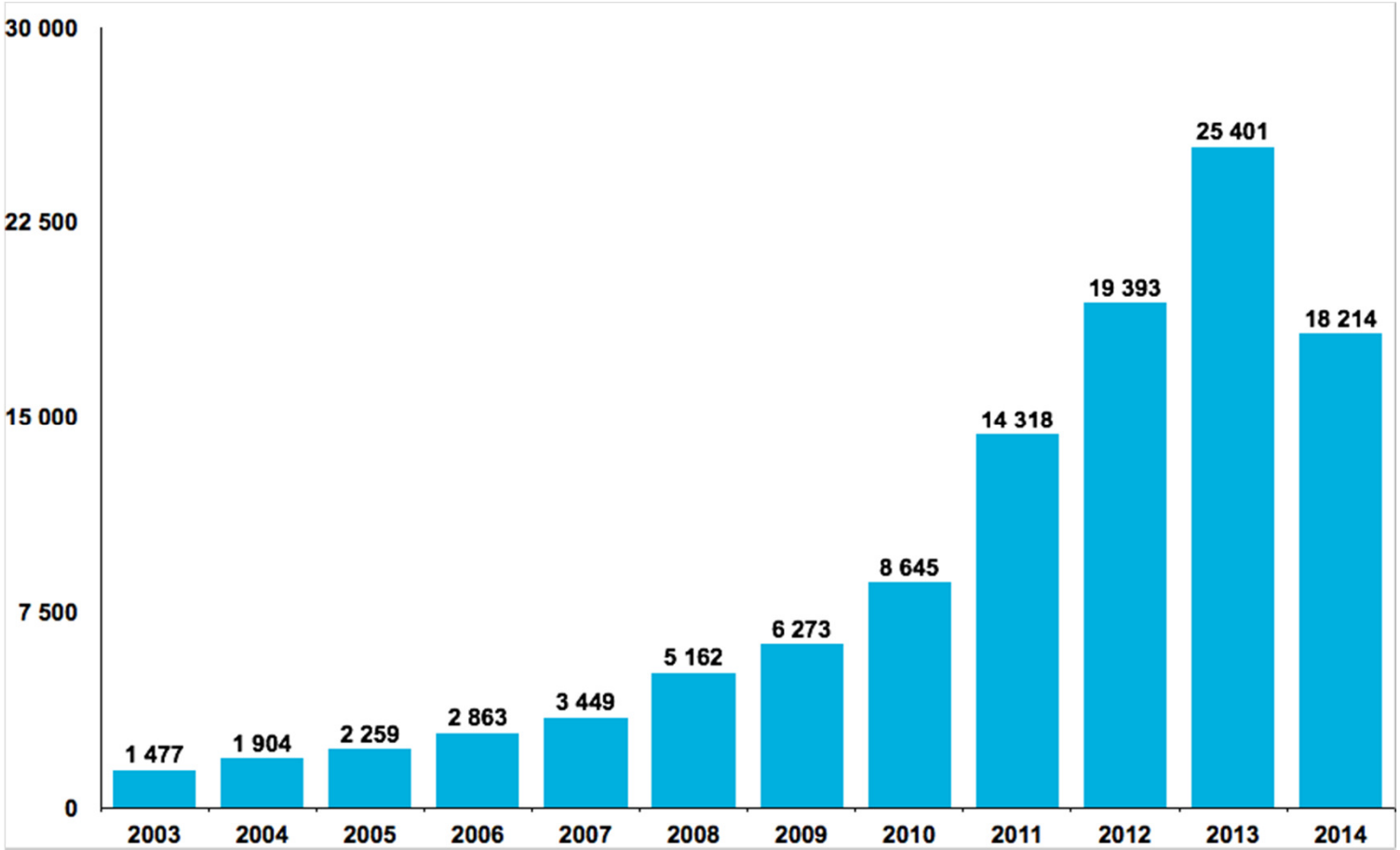
Business Drivers

Credit

Business Drivers - Credit

Loans Advanced

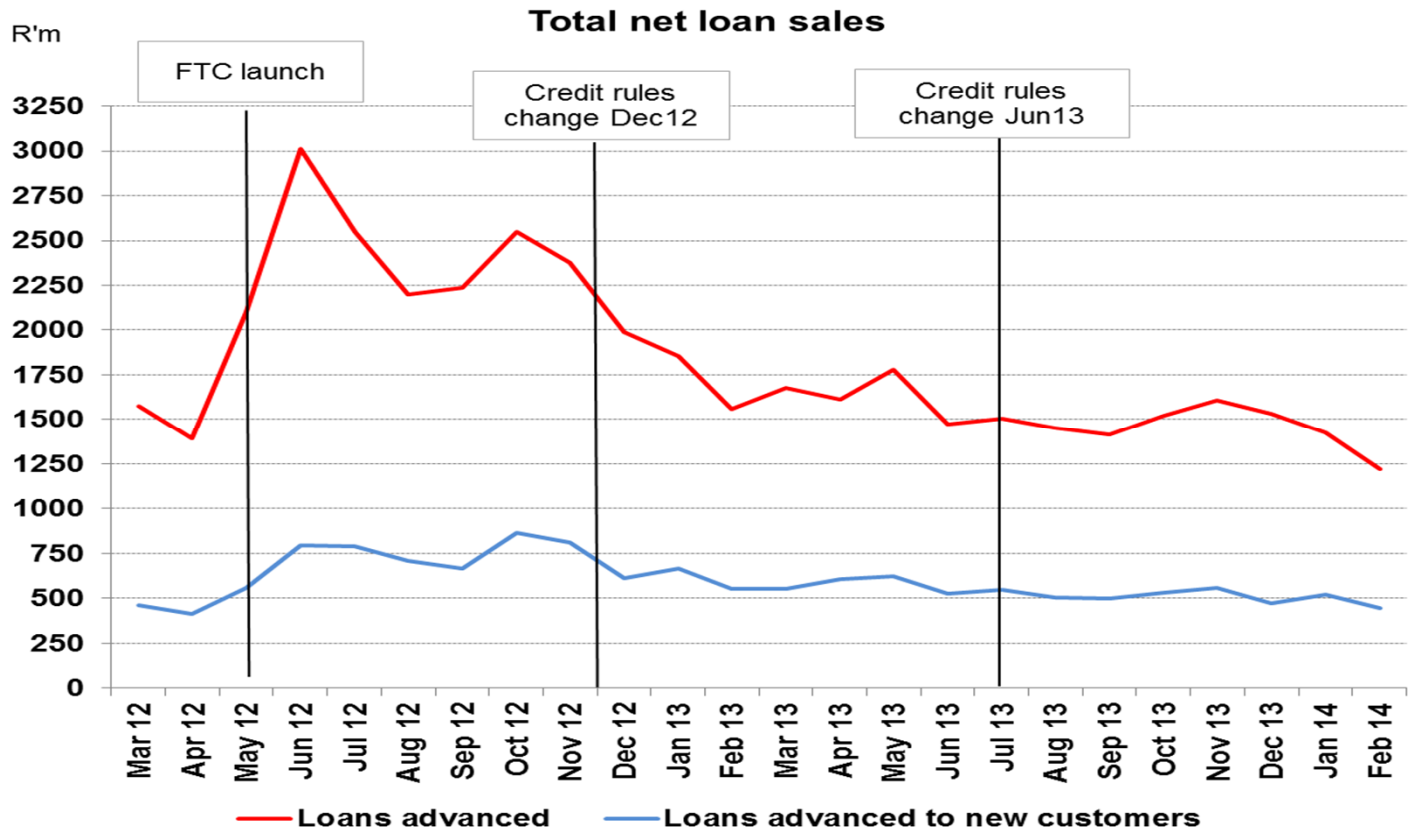
R' millions



Business Drivers - Credit

Sales

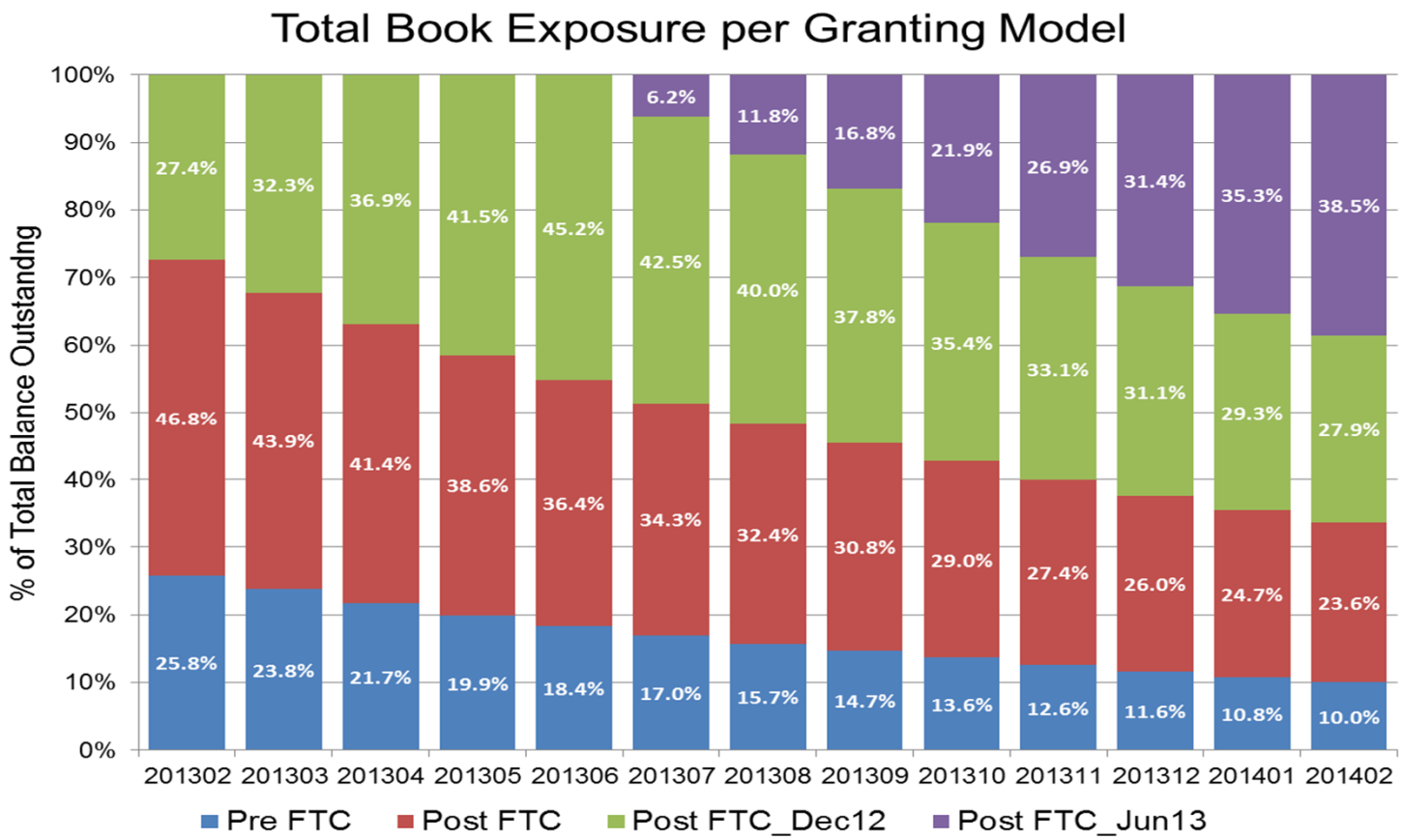
R' millions



Business Drivers - Credit

Sales

R' millions



Business Drivers - Credit

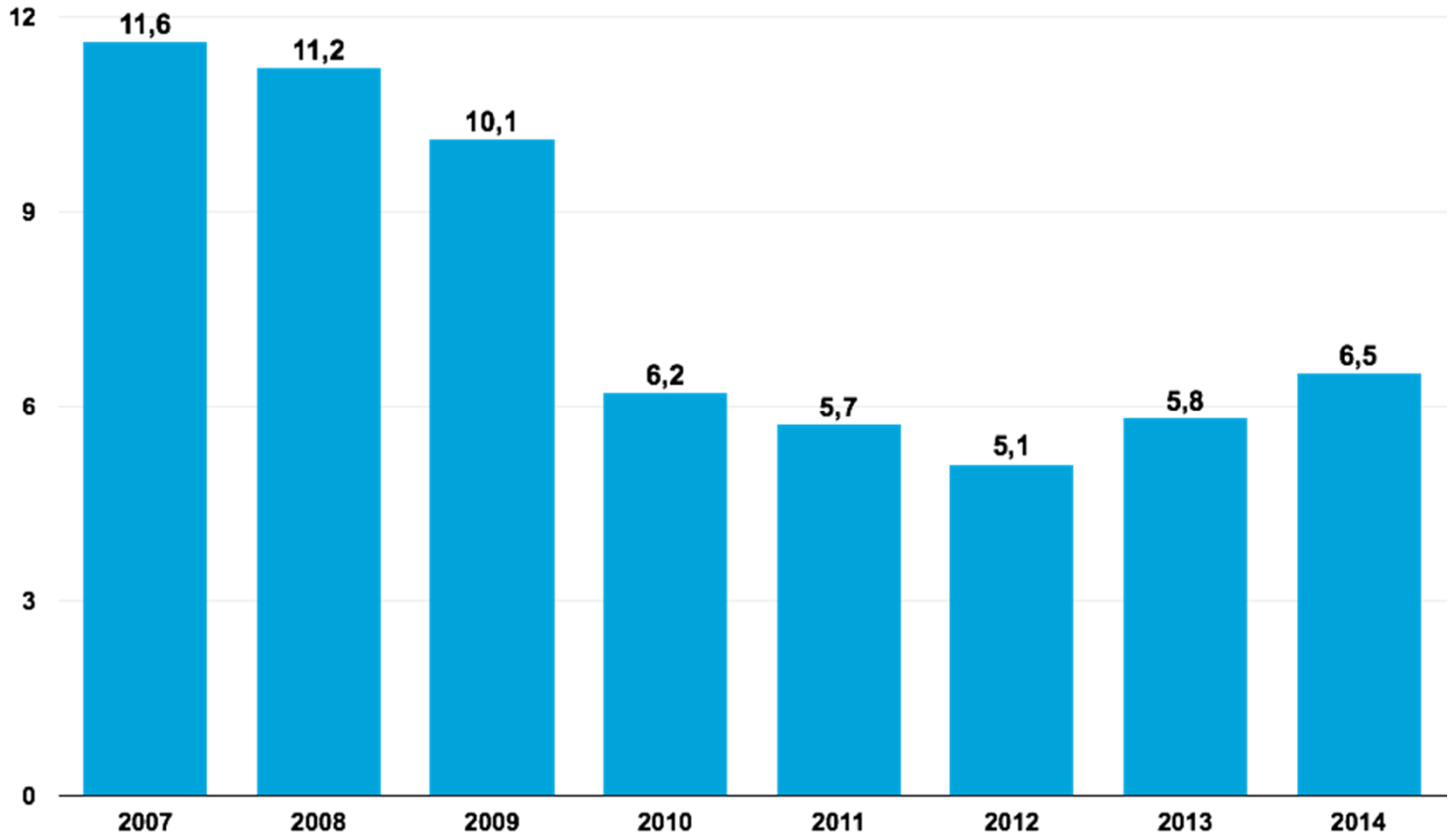
Credit Approval

	% of Applications	
	2013	2014
Total declined applications	54	56
Applications accepted - taken up	38	29
Applications accepted - not taken up	8	15
Total Applications	100	100

Business Drivers - Credit

Arrears to gross advances - %

Percentage



Business Drivers - Credit

Arrears and Provisions

		2010	2011	2012	2013	2014
Gross Loans & Advances	R' m	5 607	10 916	18 408	30 658	33 690
Loans past due (arrears)	R' m	350	626	932	1 777	2 174
Arrears to gross loans & advances	%	6.2	5.7	5.1	5.8	6.5
Provision for doubtful debts	R' m	382	845	1 545	2 723	3 637
Provision for doubtful debts to gross loans & advances	%	6.8	7.7	8.4	8.9	10.8
Provision/arrears coverage ratio	%	109	135	166	153	167

Business Drivers - Credit

Conservative Provisioning - % of book provided

	February 2013		February 2014	
Credit Status	of Book	Provided	of Book	Provided
Up to date	94.1	6.4	93.6	7.4
1 Payment in arrears	3.8	34.2	3.7	46.4
2 Payments in arrears	1.4	68.9	1.6	74.3
3 Payments in arrears	0.7	87.0	1.1	87.9

Business Drivers - Credit

Market Challenges

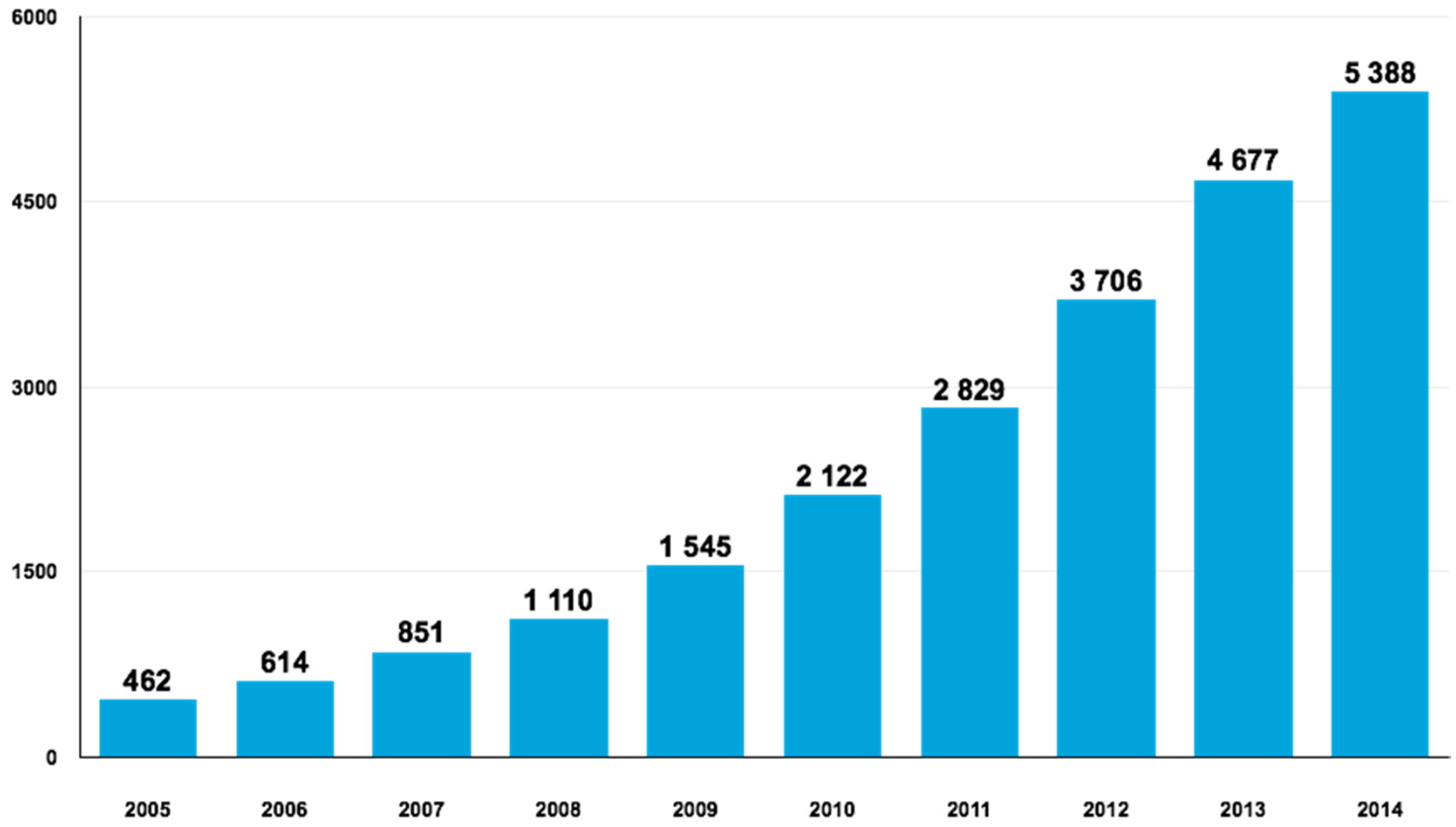
- Market
  - Economy
  - Non performing
- Regulatory
  - Legislation
  - Control

Business Drivers

Bank Transacting

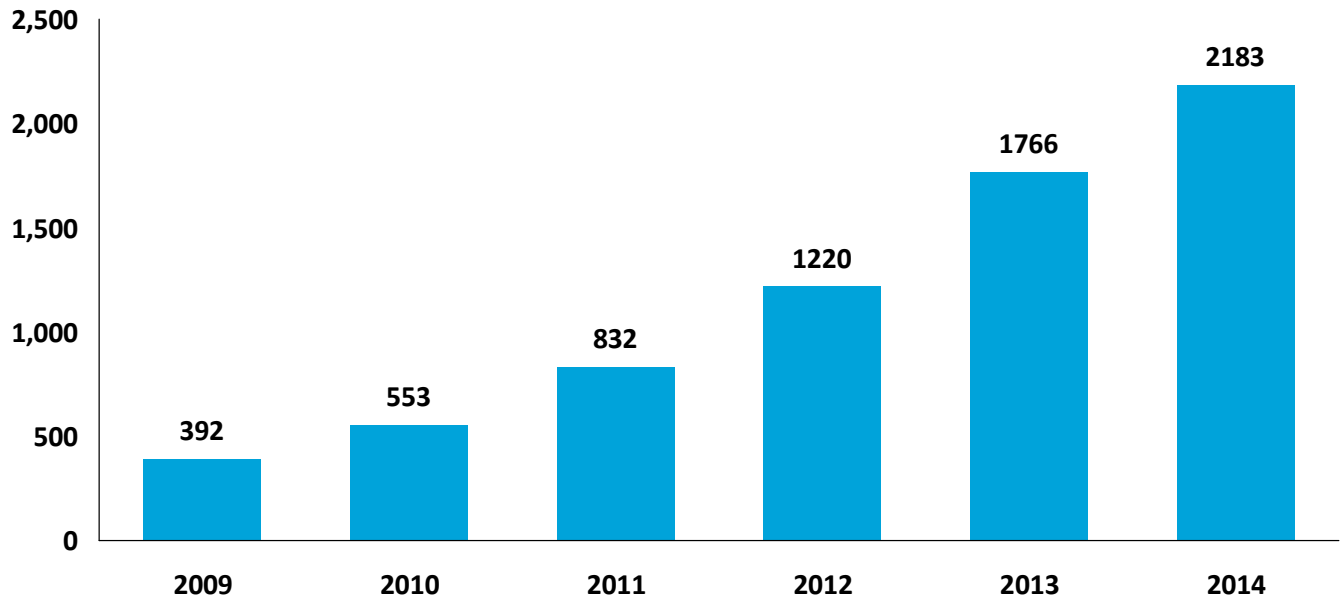
Business Drivers – Bank Transacting

Number of active clients
'000



Business Drivers – Bank Transacting

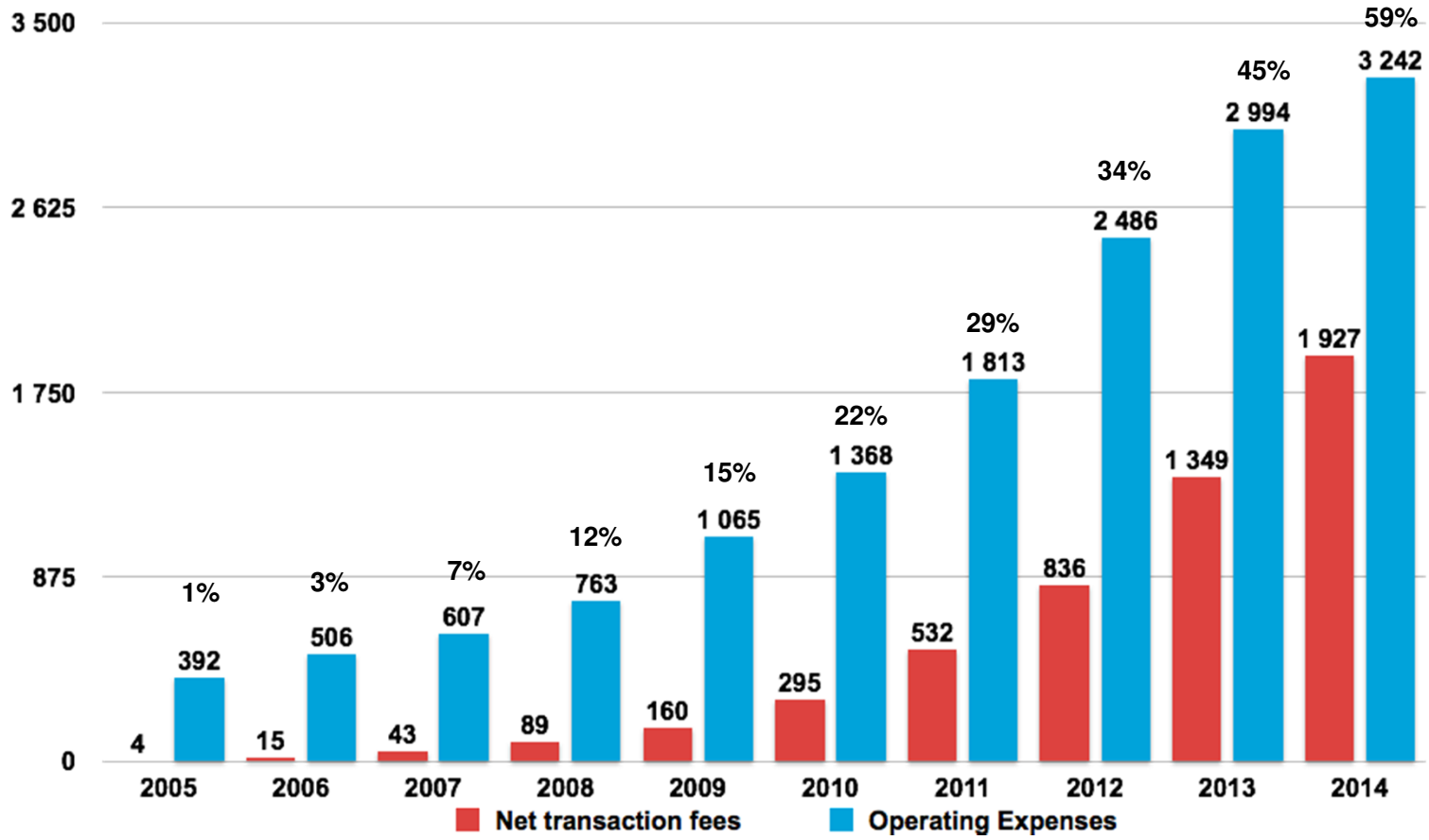
Number of Primary Bank Clients
'000



Business Drivers – Bank Transacting

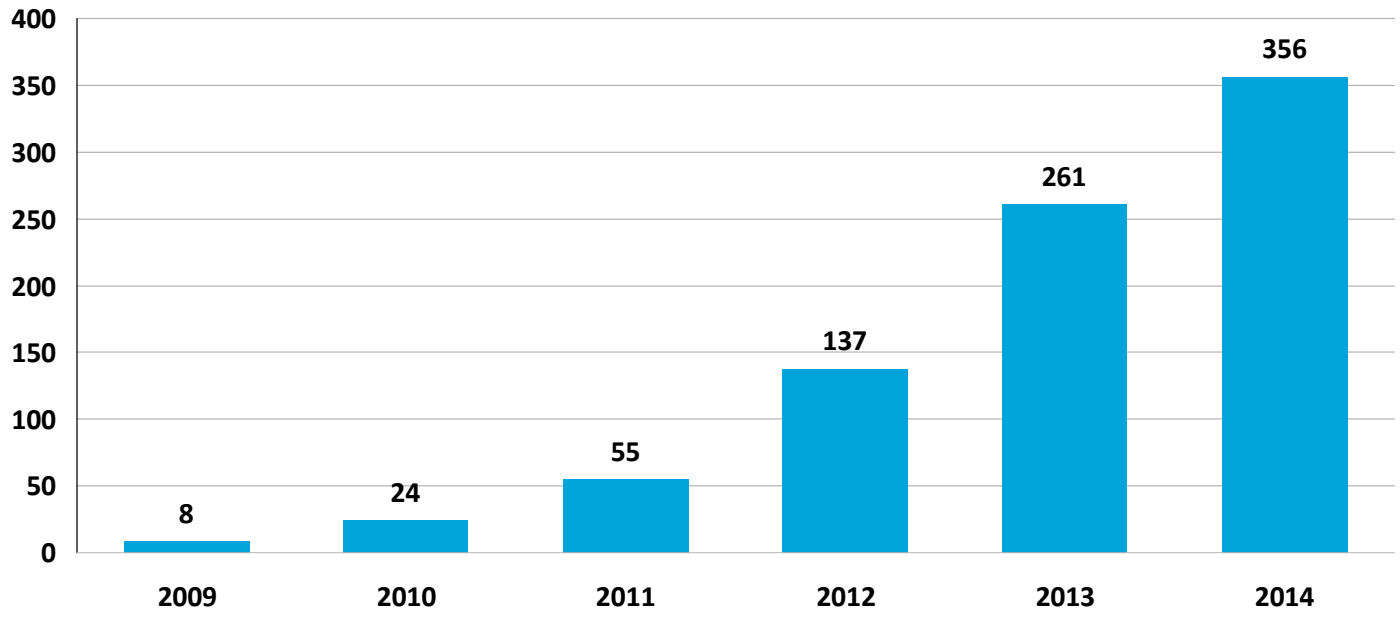
Transaction Fees and Operating Expenses

R' millions



Business Drivers – Bank Transacting

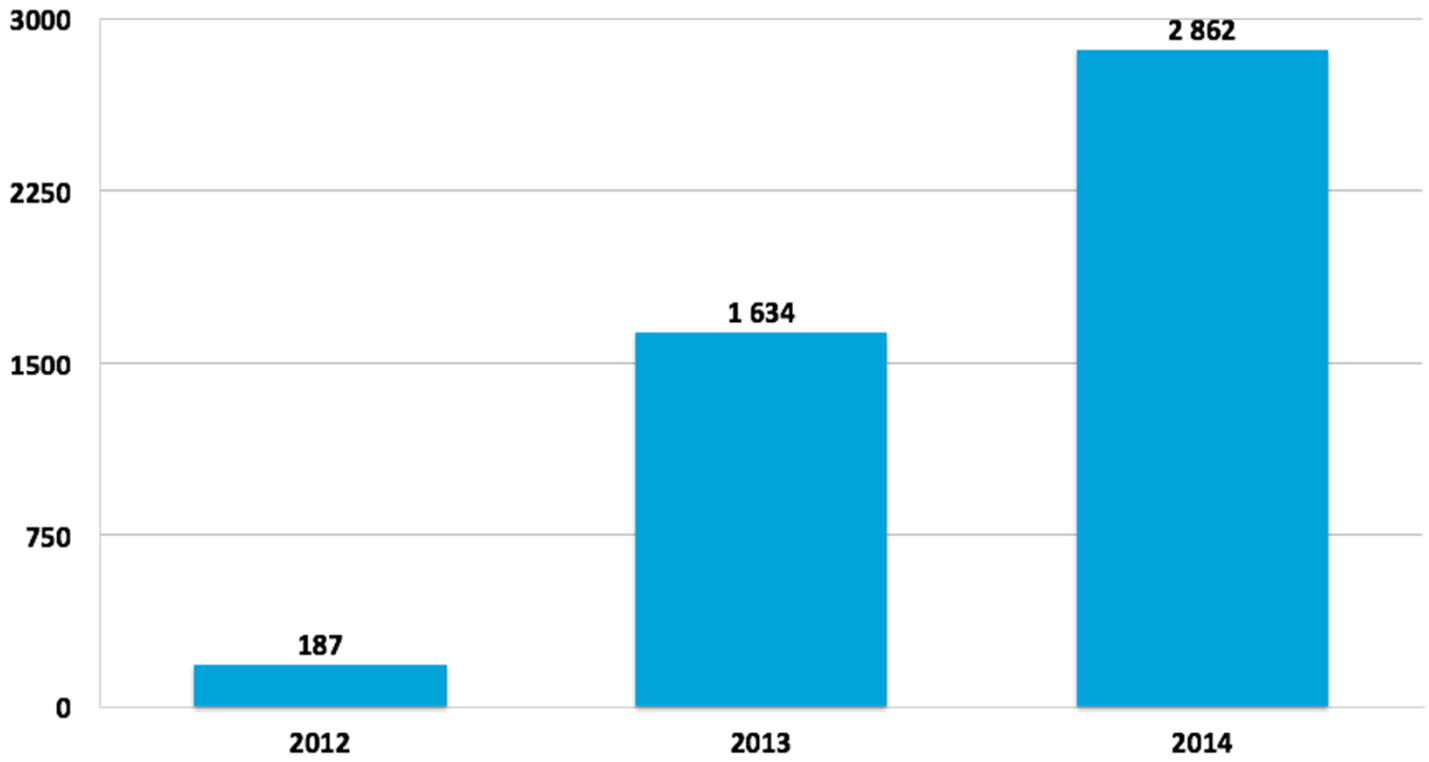
Number of Active Clients - Internet
'000



Business Drivers – Bank Transacting

Number of active clients - Mobile

Millions



Business Drivers – Bank Transacting

Banking Income

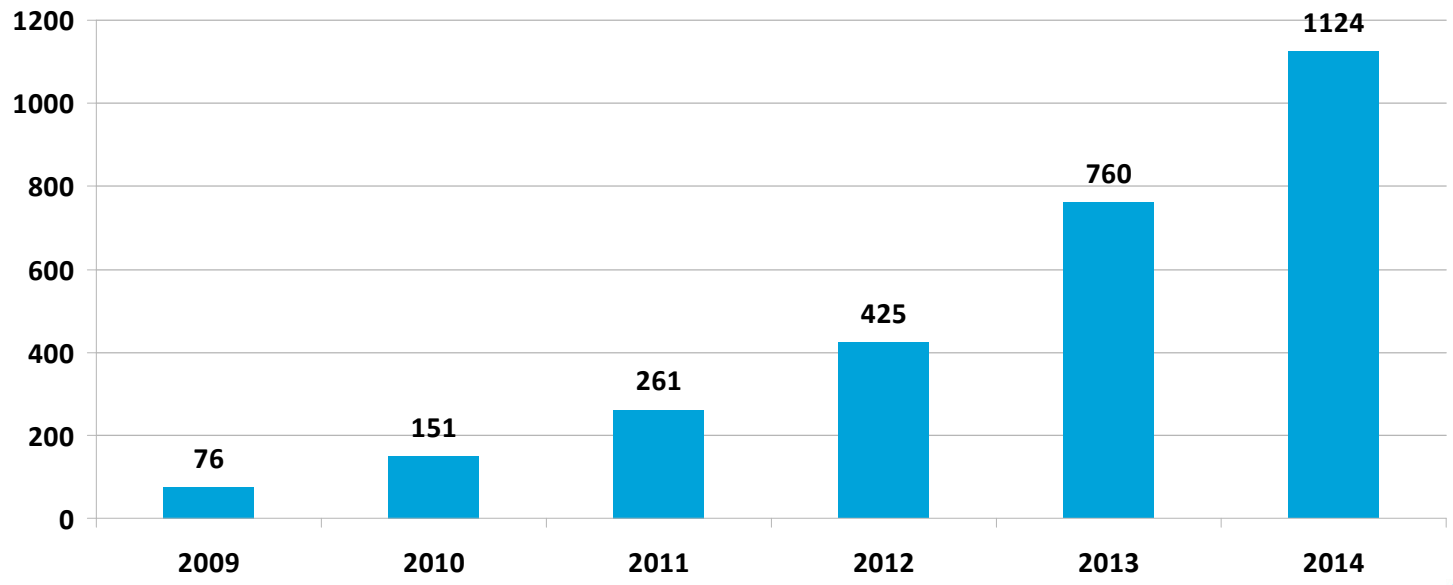
- Client growth
- Higher income clients
- Electronic channels
- Interchange

Business Drivers

Savings

Business Drivers - Savings

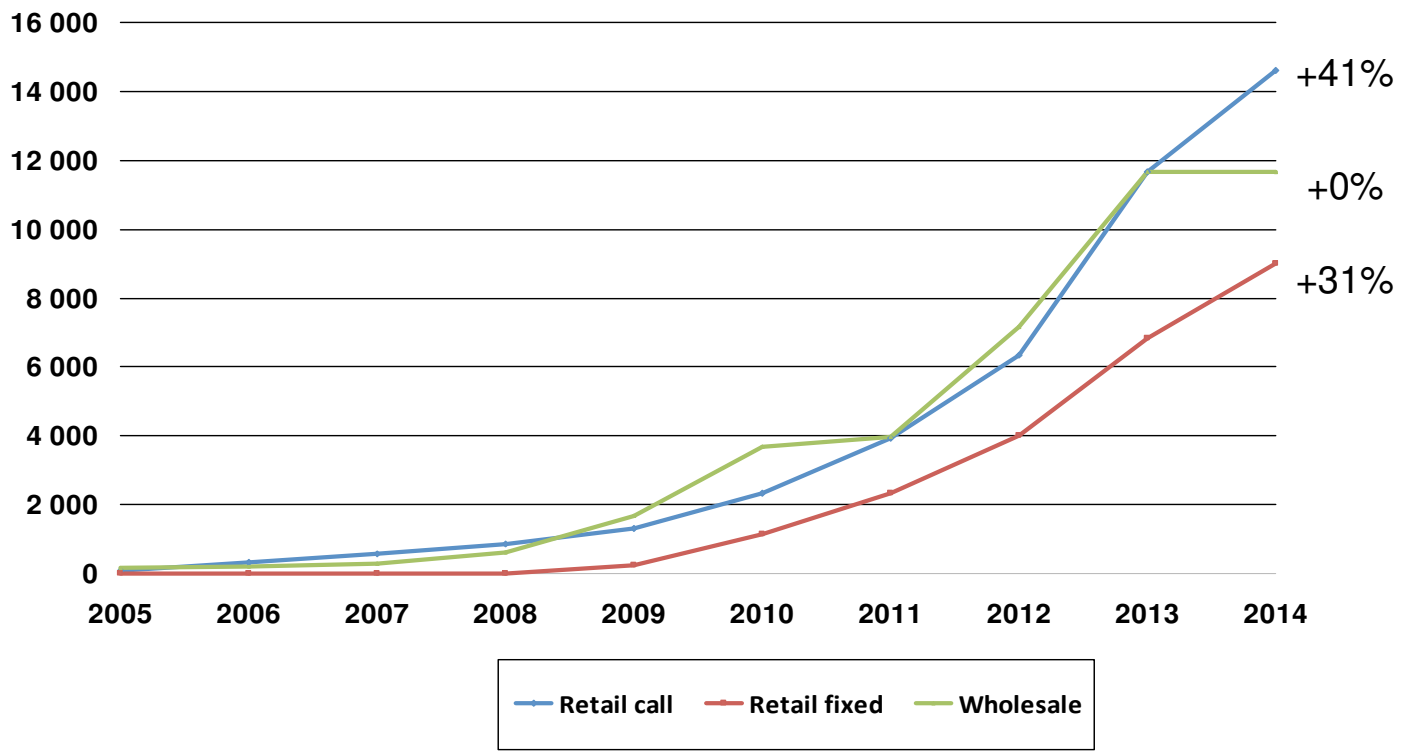
Number of Savings Plan Clients
'000



Business Drivers - Savings

Savings and Deposits

R' millions



Opportunities

Opportunities

Market Share : Credit

	Book R' m 2013 Q3	Granted R' m 2013 Q3
Mortgages	809 893	34 522
Secure Credit	311 369	39 912
Credit Facilities	179 903	17 720
Unsecured Long Term	167 405	20 897
Unsecured Short Term	817	1 394
Other	23 960	2 768
	1 493 347	**117 213**
Market Share Total Market	**2.2%**	**3.9%**
Market Share Unsecured & Short Term	**19.2%**	**20.8%**

Opportunities

Potential market : Credit Granted

Segment	R' millions
Mortgages < R350 000	2 421
Credit Facilities:	
• Credit Card	8 361
• Bank Overdraft	3 614
• Store Cards	3 274
Vehicles - 70% of market	24 624
Furniture market	1 397
Unsecured Long Term/& Short Term	22 291
Total	65 982
Market Share	7%

Opportunities

Transacting - Primary bank market share

Main Bank Account	ABSA	FNB	Standard	Nedbank	Capitec
2010	37.9	25.3	24.5	10.5	5.4
2011	35.9	25.6	23.3	11.0	6.7
2012	34.3	25.6	23.4	10.9	9.1
2013	30.5	25.1	24.9	10.7	12.7

Source AMPS

Opportunities

Retail deposits : market share

Bank	Dec 2012		Dec 2013	
	R' b	Market Share	R' b	Market Share
ABSA	128.8	26.4%	136.1	25.2%
Standard	102.6	21.0%	114.9	21.3%
FNB	101.7	20.8%	114.3	21.2%
Nedbank	99.9	20.4%	106.8	19.8%
Investec	24.2	4.9%	25.3	4.7%
Capitec Bank	16.1	3.3%	21.8	4.0%
Other	15.4	3.2%	20.8	3.8%
Industry Total	**488.7**	**100.0%**	**540.0**	**100.0%**

Source : SARB

Opportunities

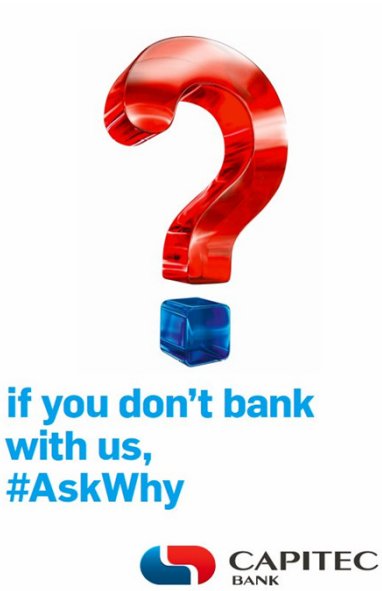
- Client profile
  - Urban
  - Young 20 - 35
  - Higher income
  - More electronic transacting
  - Reduce cash transacting

Opportunities

Unique positioning - Communication

Ask Why Campaign

- New Accounts
- Additional primary bank clients
- Increased transacting



Opportunities

Unique positioning - Distribution

	2014	2015
New platform branches	139	194
Mall placed branches	173	218
ATMs - Own & Branded	1 295	1 825
POS Platform	24 329	32 000

Opportunities

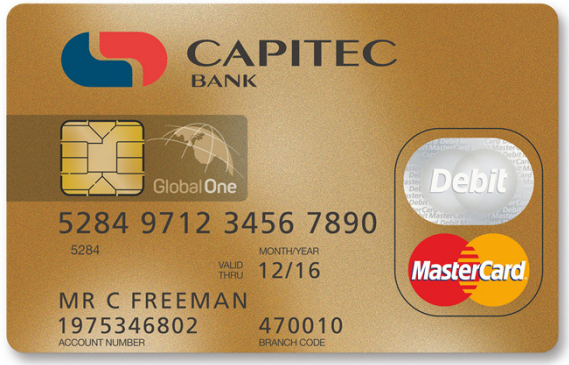
Unique Offer - Product

- Focus - Electronic channels
- One loan structure
  - Price and term
- Revised on-line security

Opportunities

Unique Offer - Price

- Retain price leadership on transaction fees
  - Monthly fee R5
  - Card purchase fee Zero
  - Cash at tills R1.05
  - Debit order R3.20
  - Cash at ATMs - Own R4.60



- Price leadership on credit
  - Interest rates : 22% - 32%
  - No credit life or retrenchment fee
- Competitive rates on fixed term savings

Opportunities

Unique Service Experience - Processes

- Queue system
- ‘Side-by-side’ consulting
- Central collections / verification
- Service flow - system driven

Opportunities

Unique Service Experience - People

Training focus	13 000
Service training	6 823
Net new appointments	762
Promoted Internally	925

Incentivise on service focus

Summary

- Growing brand acceptance
- Market share - growth potential
- Capital adequacy
- Conservative provisioning
- Low cost / efficiency focus

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hello
simplicity
free
hello to
those who
#AskWhy
atm

Thank you