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**BANK**

**Financial Results**  
**March 2016**

# Content

- Key indicators
- Growth
- Credit
- Capital / Liquidity
- The way forward

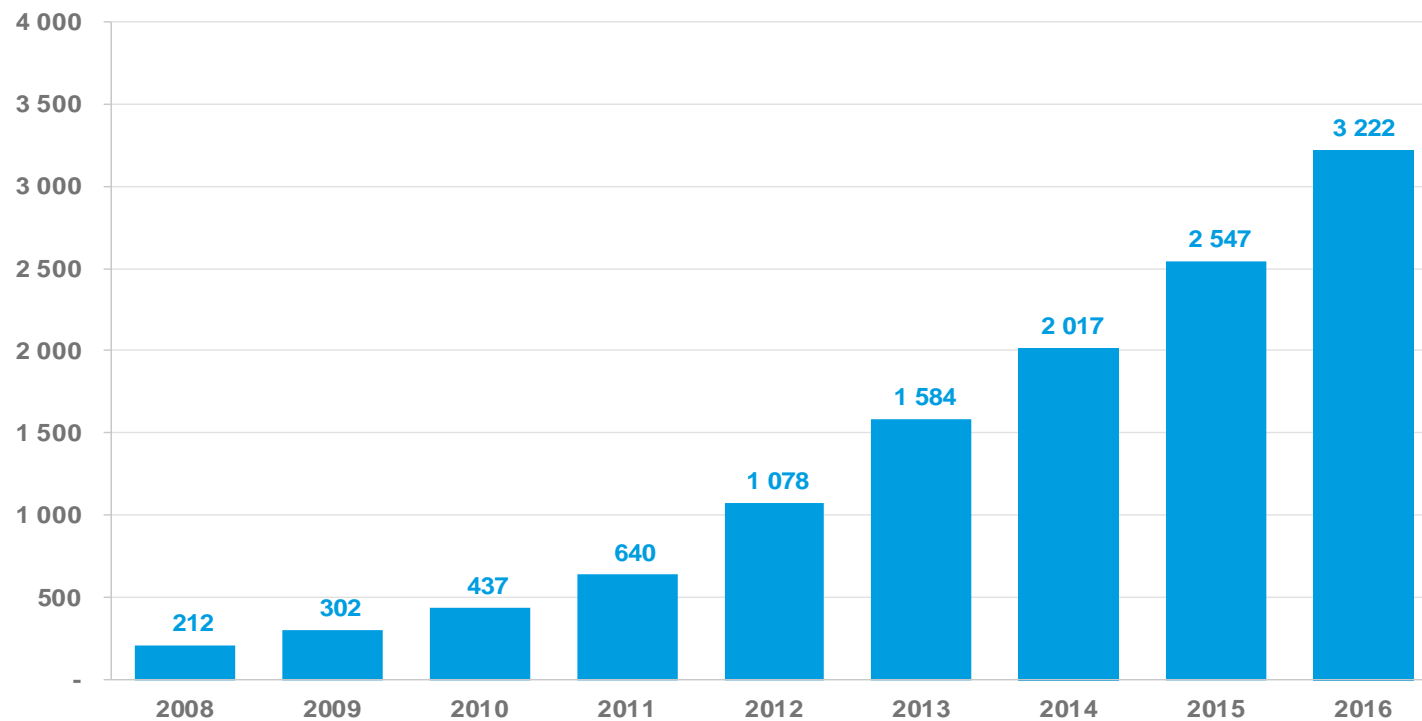
# key indicators



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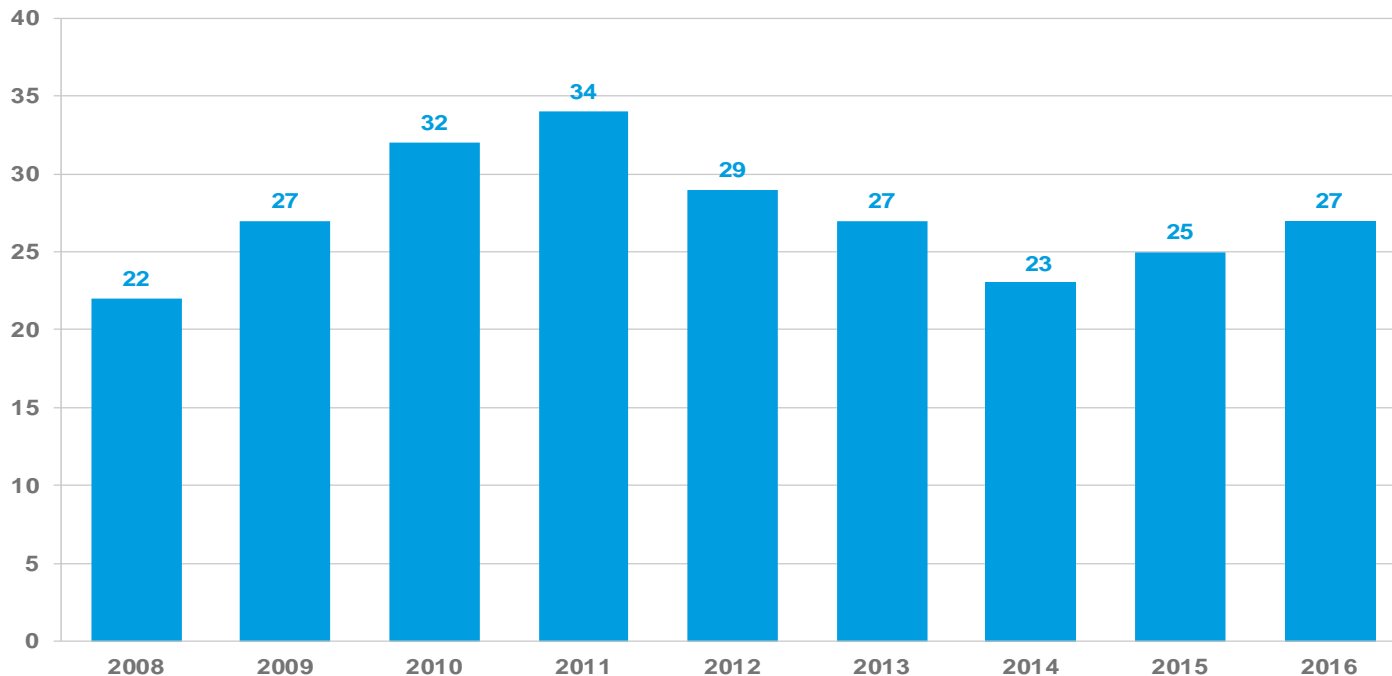
# Key Indicators

## Headline earnings (R'm)



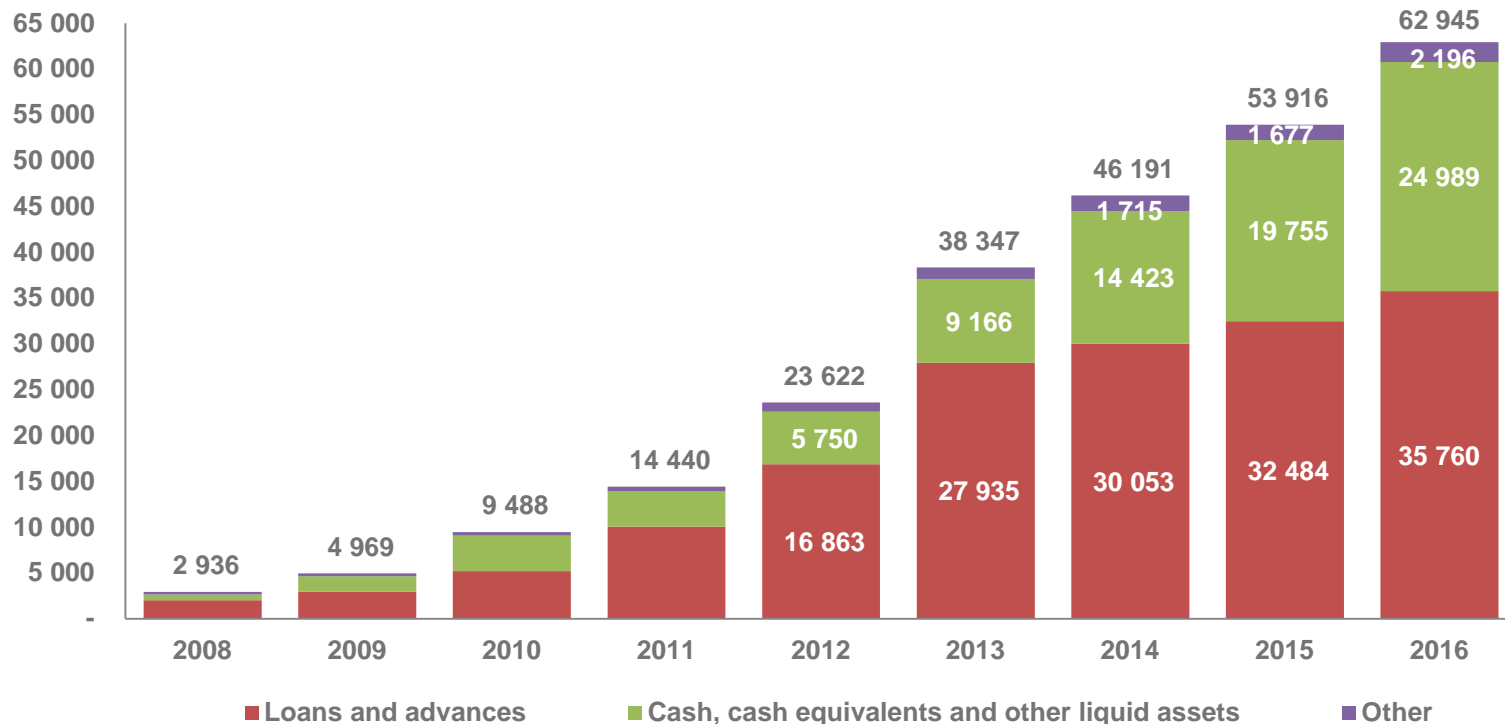
# Key Indicators

## Return on equity (%)



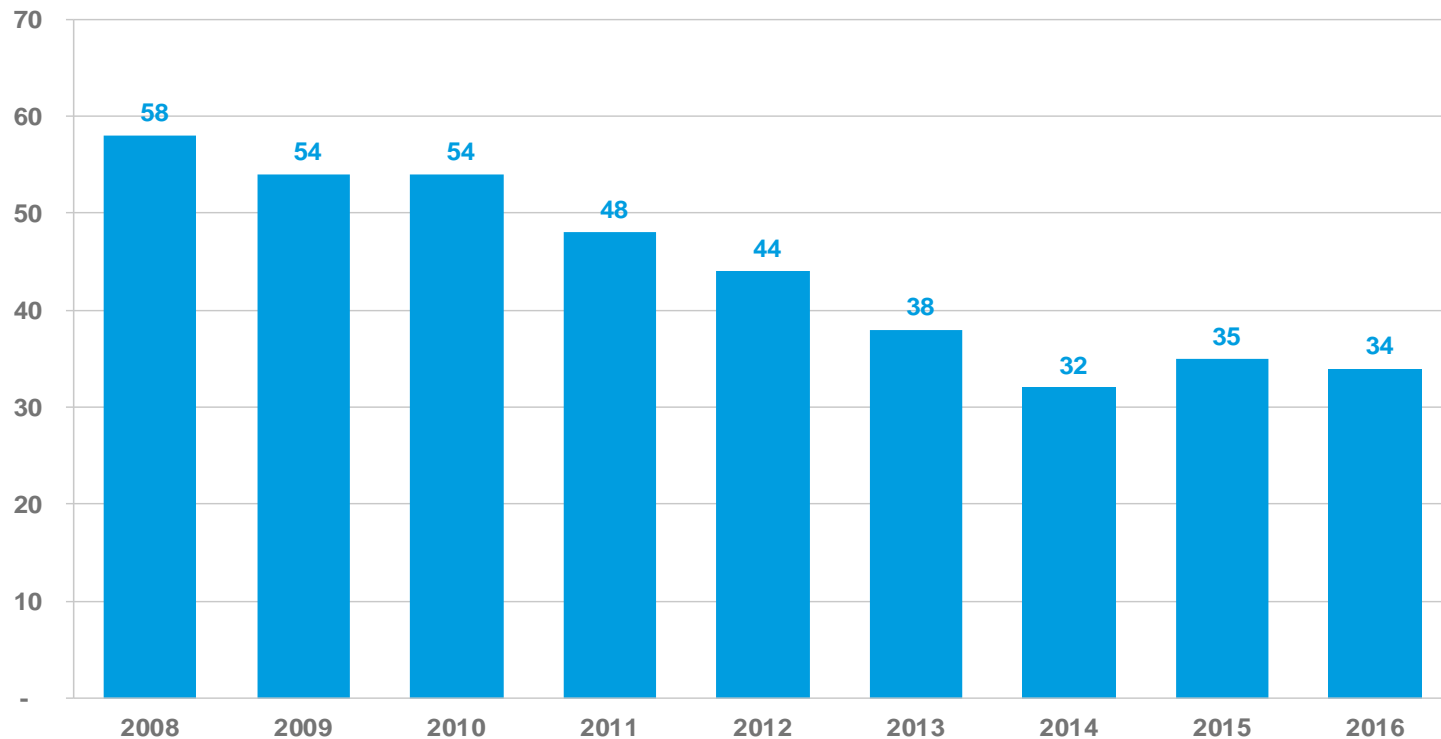
# Key Indicators

## Total assets (R'm)



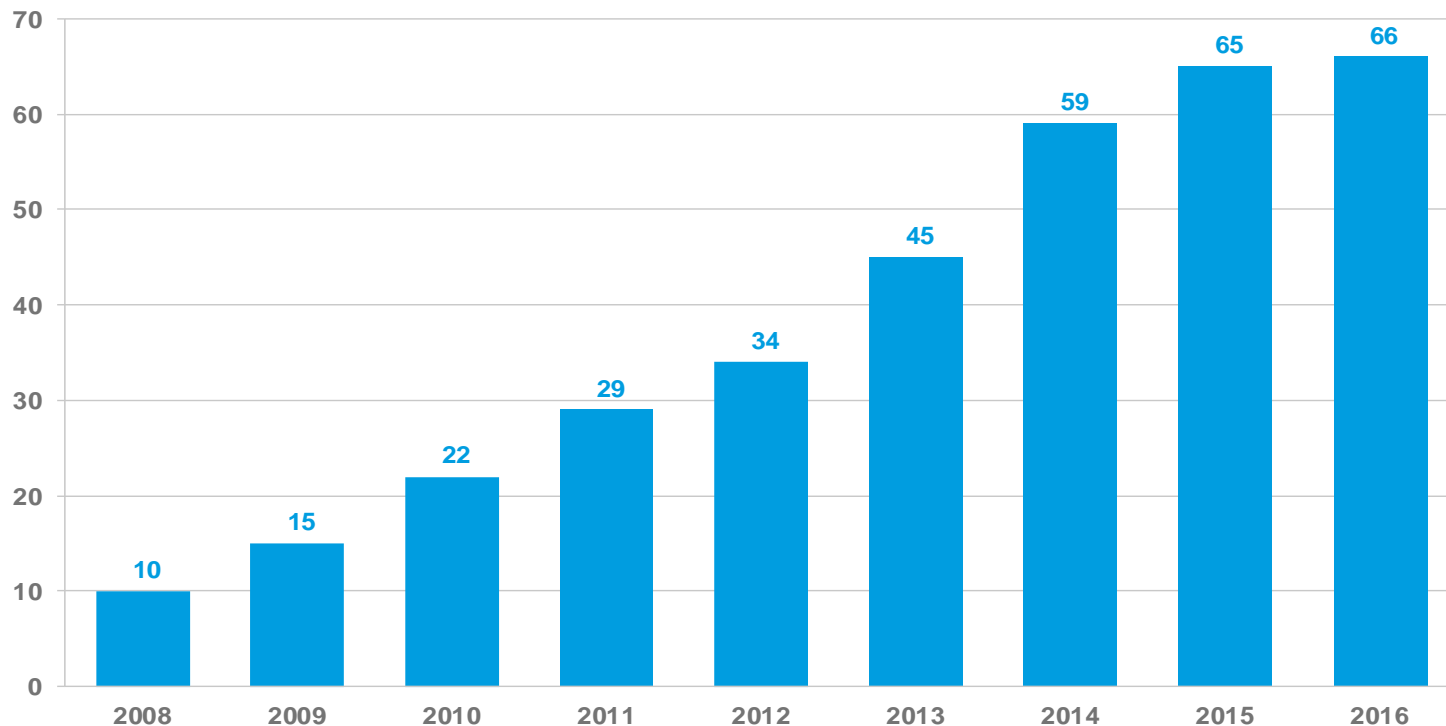
# Key Indicators

## Cost to income ratio (%)



# Key Indicators

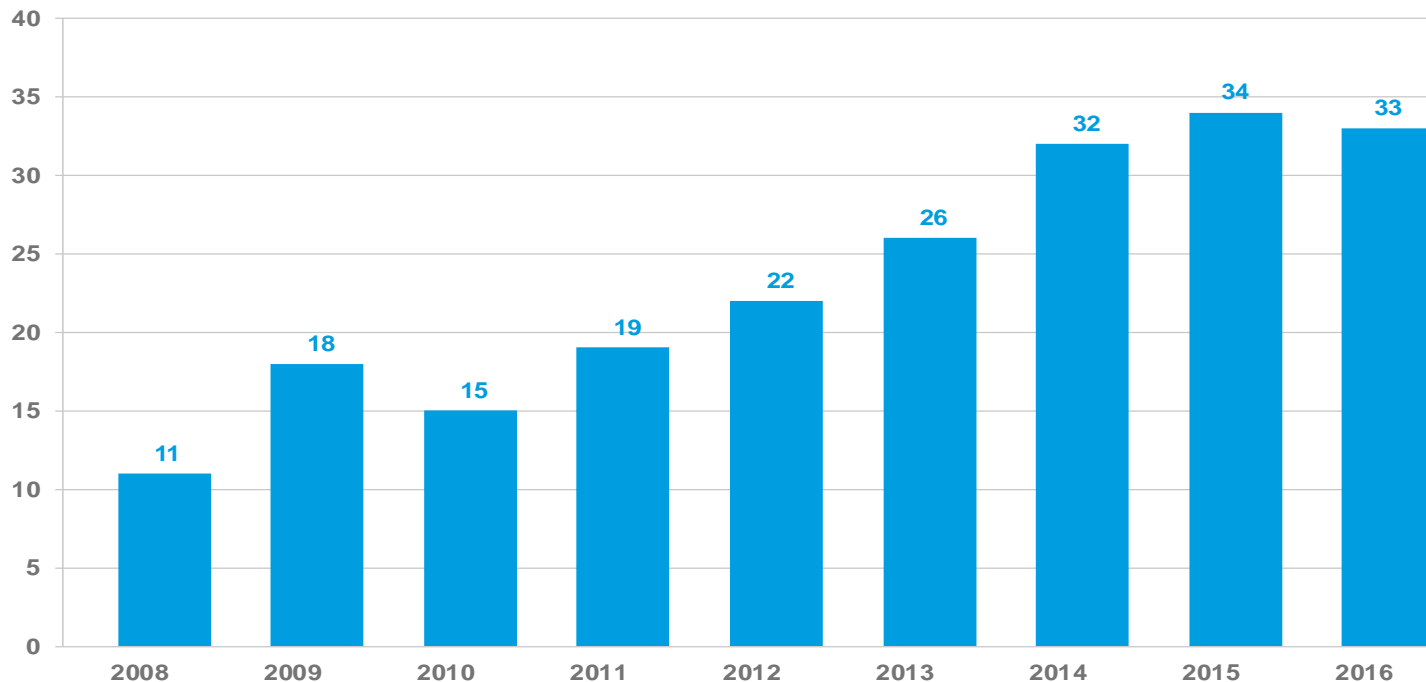
## Net transaction fee income to operating expenses (%)





# Key Indicators

## Net transaction fee income to net income (%)



# growth



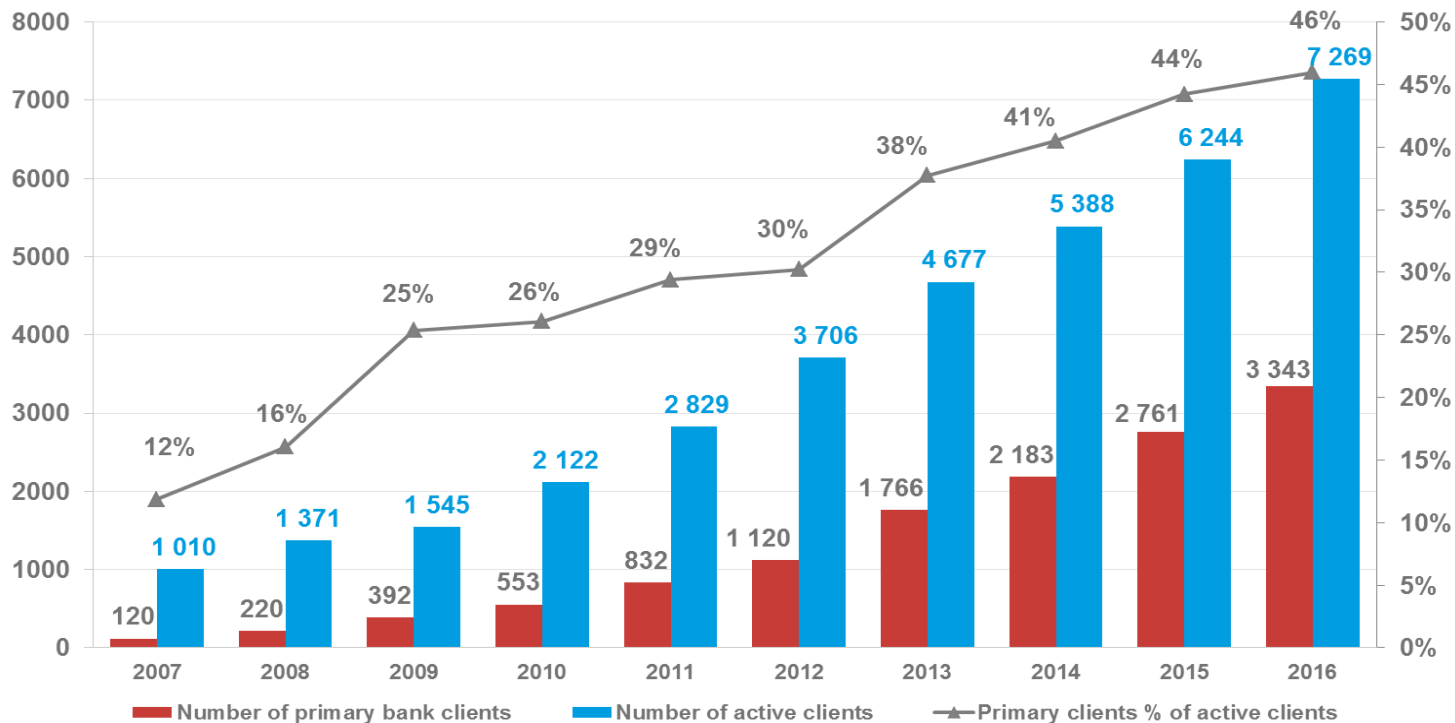
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# Growth

- Primary banking clients
- Higher income profile clients
- More transactions per clients
- Distribution

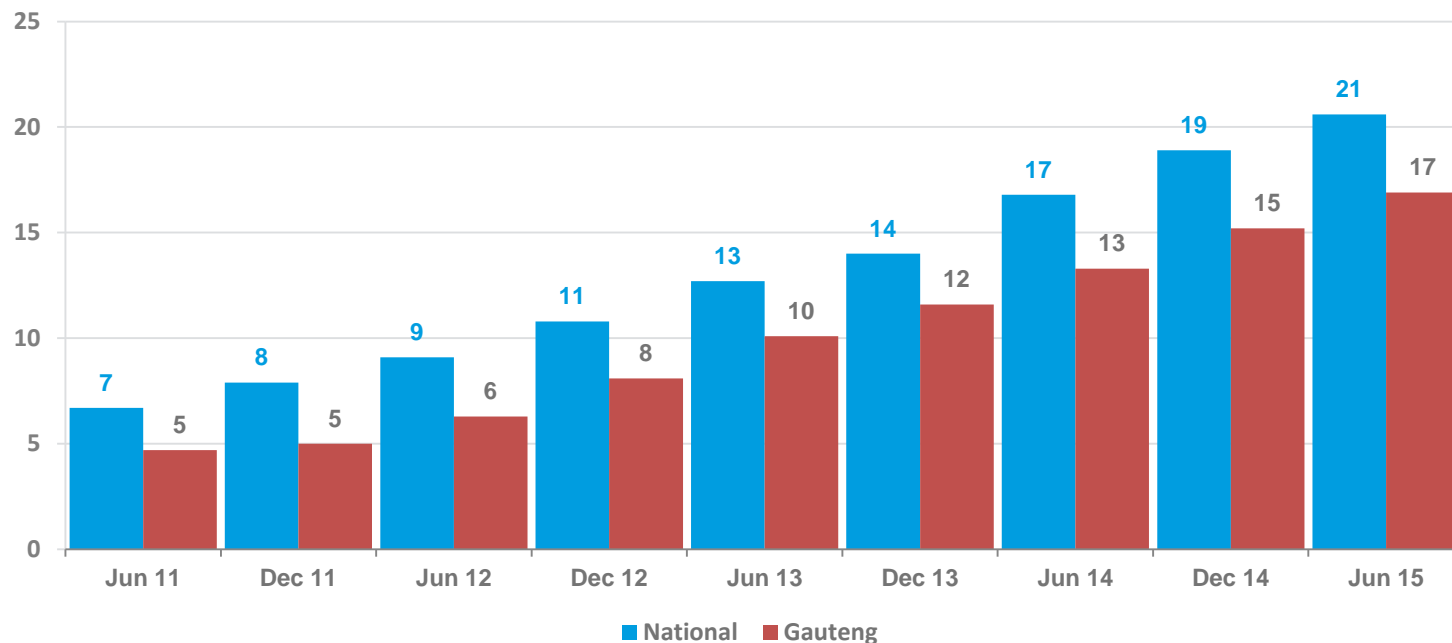
# Growth

## Primary banking clients ('000)



# Growth

## Primary banking client market share – AMPS (%)



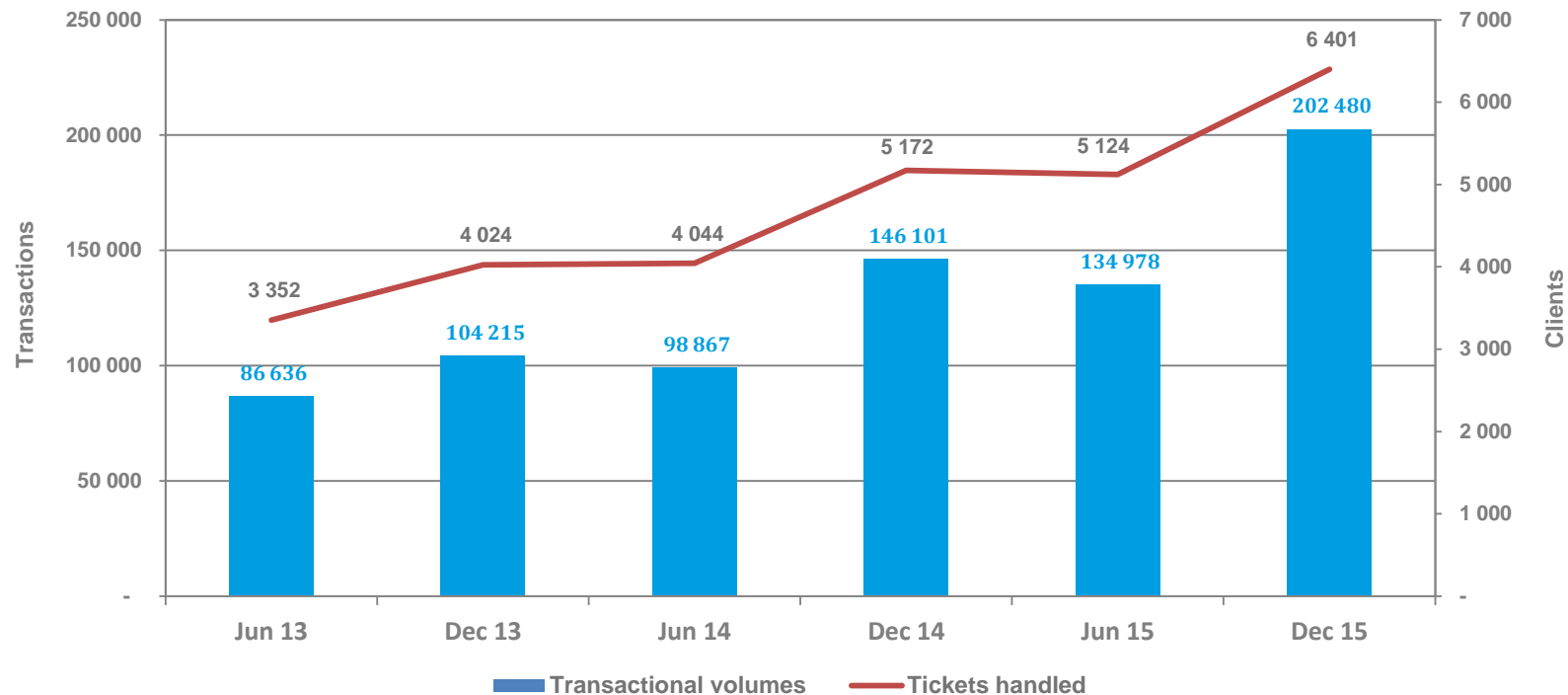
# Growth

## Client profiles

		Year on year growth
Active clients	%	16
Primary banking clients	%	21
Gauteng clients	%	24
Higher income clients (R15 000 plus)	%	44

# Growth

## Transaction volumes & clients served ('000)



# Growth

## Transaction activity

- Banking clients do 5 times more transactions than non-banking
- Transaction growth:

Total transaction activity	%	40
Branch / ATM / POS	%	38
APP / USSD / Internet	%	67

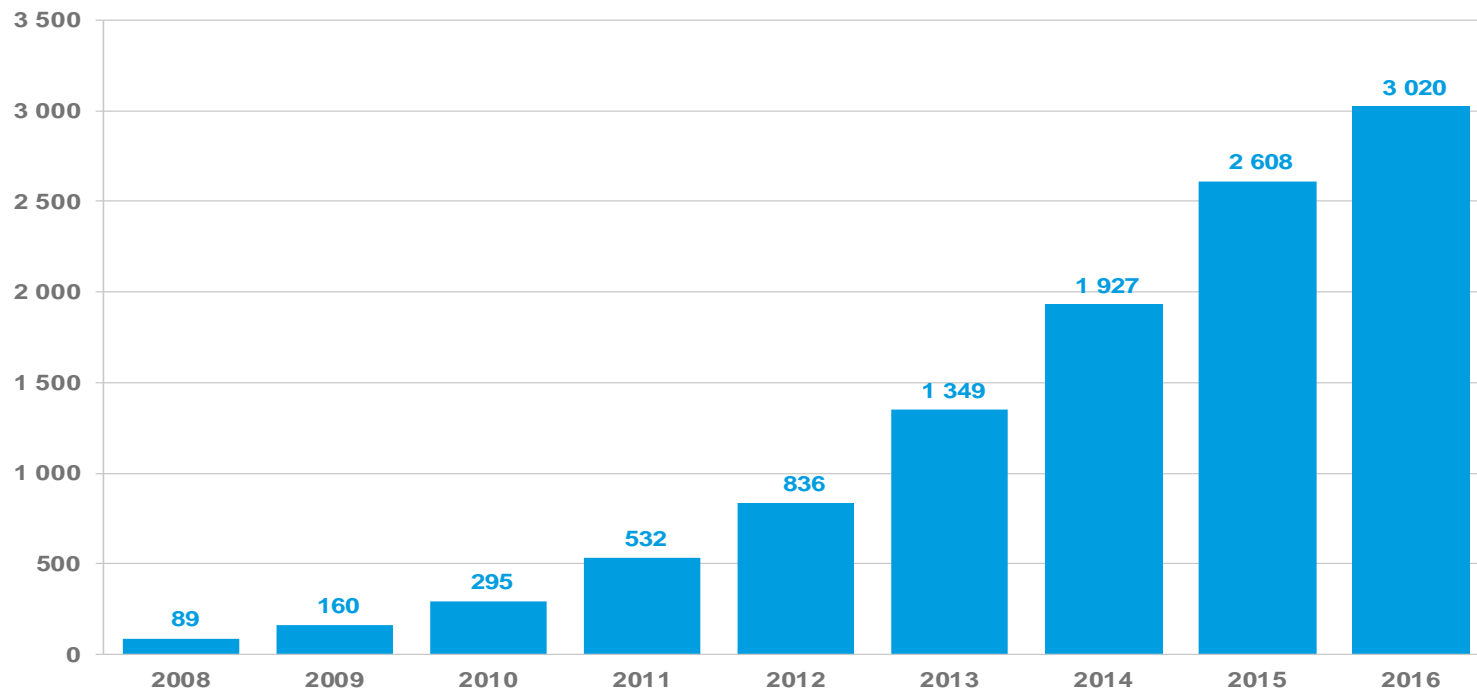
- Bank app transaction volume:

March 2015 to August 2015	m	4.2
September 2015 to February 2016	m	8.4



# Growth

## Net transaction fee income (R'm)



# Growth Distribution

		Change since Feb-15	Total Feb-16
Branches	New	52	720
	Upgraded	10	10
Own ATMs	Regular	135	968
	Dual note recyclers	160	268
Partnership ATMs	Capitec branded	401	651
	Light branding	(409)	1 818

credit



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# Credit

- Market conditions
- Loans advanced
- Model criteria
- Collections / provisions

# Credit

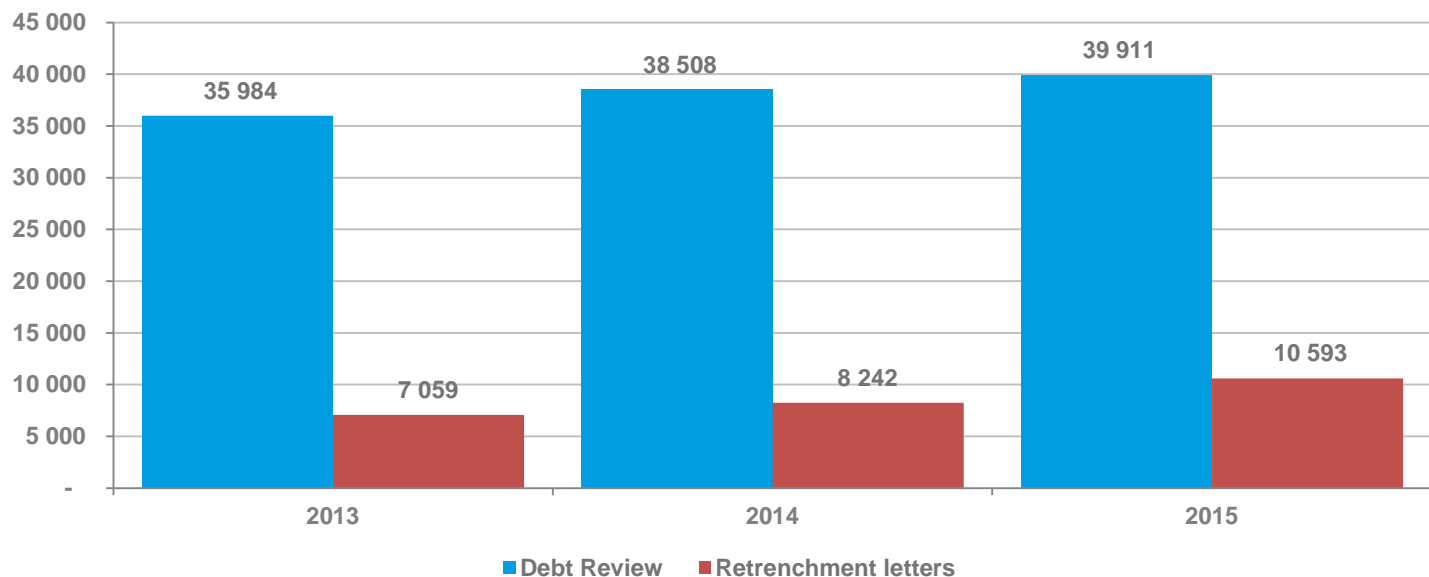
## Market conditions

- Economy
- Employment
- Mining industry
- Credit legislation

# Credit

## Market conditions

Rising retrenchments and debt review



Information for the calendar year

# Credit

## Market conditions – improving client health profile

Clients with > 40% cash available after commitments

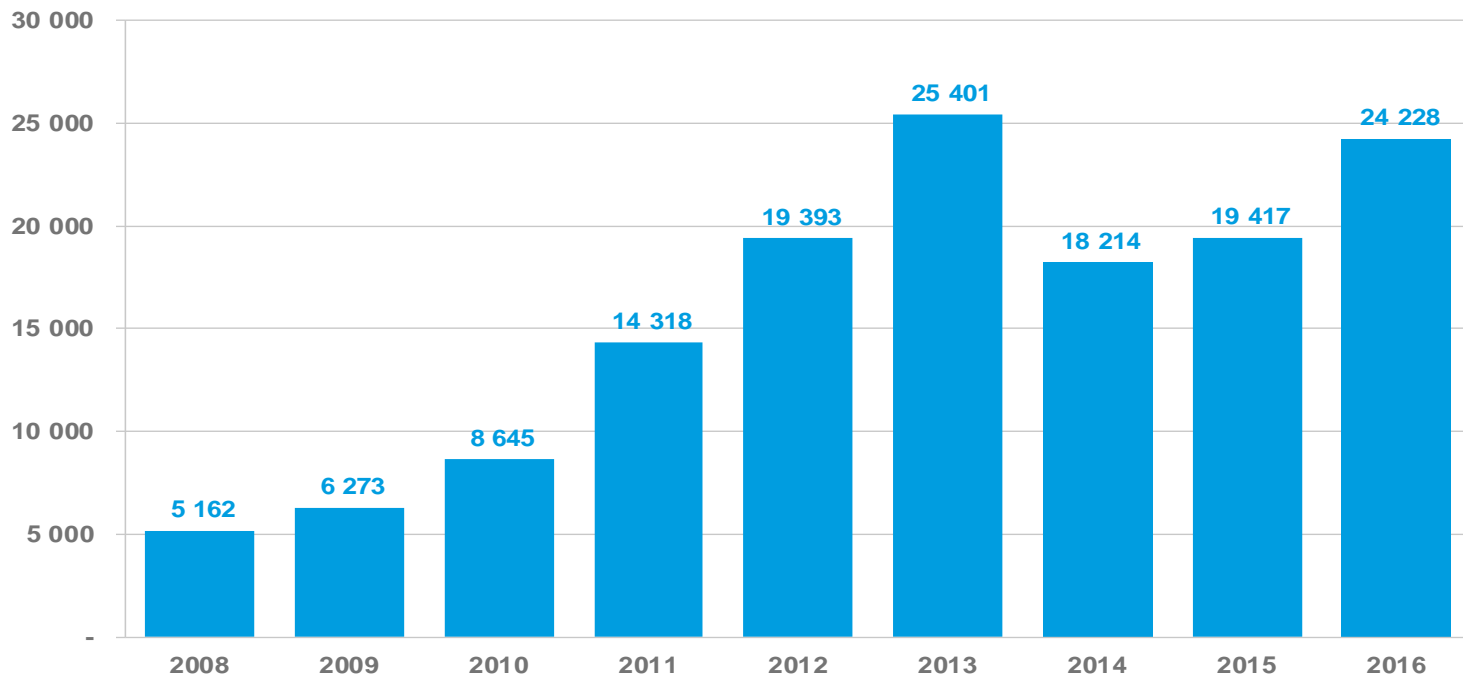
		Feb-13	Feb-14	Feb-15	Feb-16
Total	%	61	64	68	75
Government	%	55	60	64	71
Private sector	%	70	70	75	80

Clients with < 20% cash available after commitments

		Feb-13	Feb-14	Feb-15	Feb-16
Total	%	19	16	12	9
Government	%	21	17	13	9
Private sector	%	14	15	10	8

# Credit

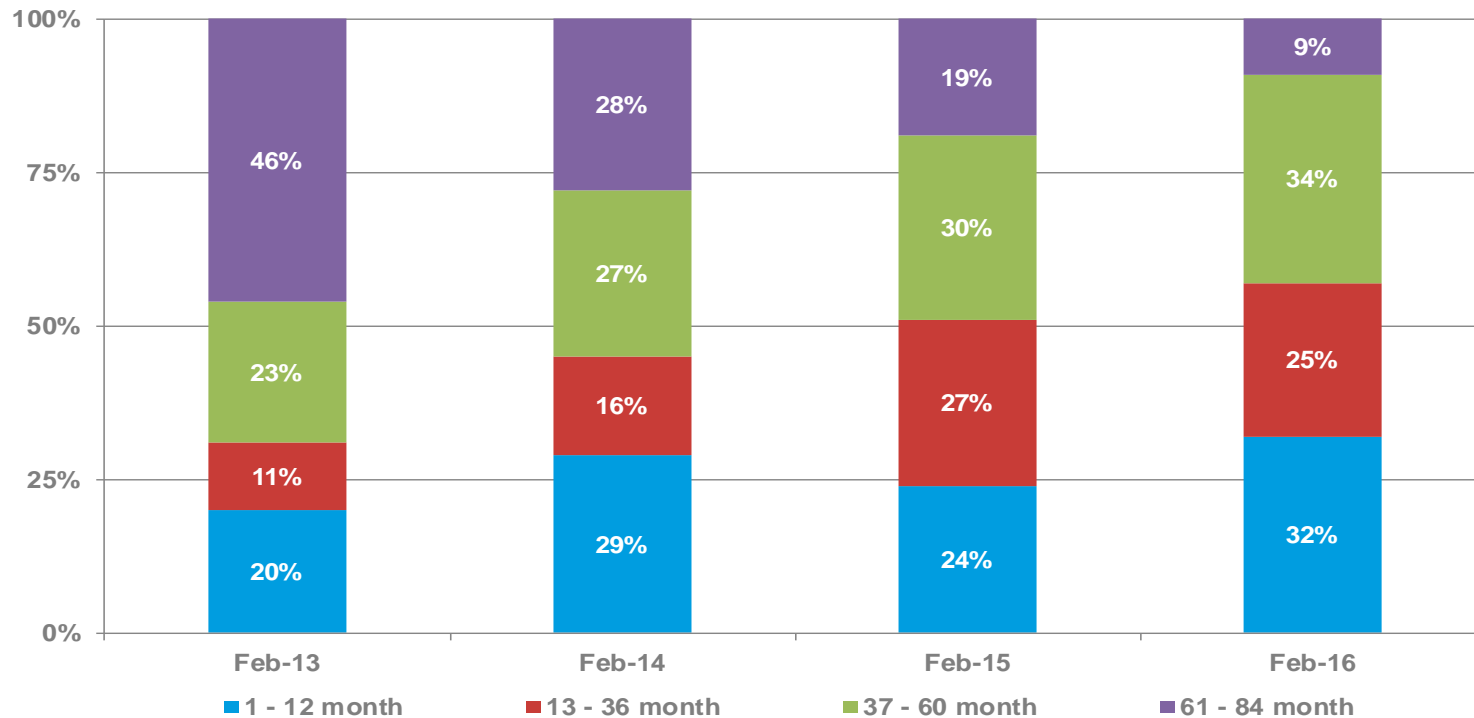
## Value of new loans advanced (R'm)





# Credit

## Loans advanced by product



# Credit

## Model criteria

Credit application (%)

	Feb-14	Feb-15	Feb-16
Application decline rate	54	52	46
Application approved: not taken up	15	15	13
Application taken up rate	31	33	41
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

*(Restated for 2014 & 2015)*

# Credit

## Collections / provisions

Arrears & impairment provisions of gross loans & advances

		Feb-14	Feb-15	Feb-16
Gross loans & advances	R'm	33 690	36 341	40 891
Loans past due (arrears)	R'm	2 174	1 964	2 297
Arrears to gross loans and advances	%	6.5	5.4	5.6
Arrears and arrears rescheduled < 6 months	R'm	2 921	2 848	3 839
Arrears and arrears rescheduled < 6 months to gross loans and advances	%	8.7	7.8	9.4
Provisions for doubtful debts	R'm	3 637	3 857	5 131
Provisions for doubtful debts to gross loans & advances	%	10.8	10.6	12.5
Arrears coverage ratio	%	167	196	223
Arrears and arrears rescheduled < 6 months coverage ratio	%	125	135	134

# Credit

## Loans and advances - rescheduling

R'm	2016	%	2015	%
<b>Current</b>				
Gross	35 234		32 363	
Provisions	(2 697)	8%	(2 128)	7%
<b>Net</b>	<b>32 537</b>		<b>30 235</b>	
<b>Current - Rescheduled from current not rehabilitated</b>				
Gross	1 818		1 130	
Provisions	( 288)	16%	( 206)	18%
<b>Net</b>	<b>1 530</b>		<b>924</b>	
<b>Current - Rescheduled from arrears not rehabilitated</b>				
Gross	1 542		884	
Provisions	( 758)	49%	( 367)	42%
<b>Net</b>	<b>784</b>		<b>517</b>	
<b>Arrears</b>				
Gross	2 297		1 964	
Provisions	(1 388)	60%	(1 156)	59%
<b>Net</b>	<b>909</b>		<b>808</b>	
<b>Grand Total</b>				
Total gross	40 891		36 341	
Total impairment	(5 131)		(3 857)	
<b>Net</b>	<b>35 760</b>		<b>32 484</b>	

# capital / liquidity



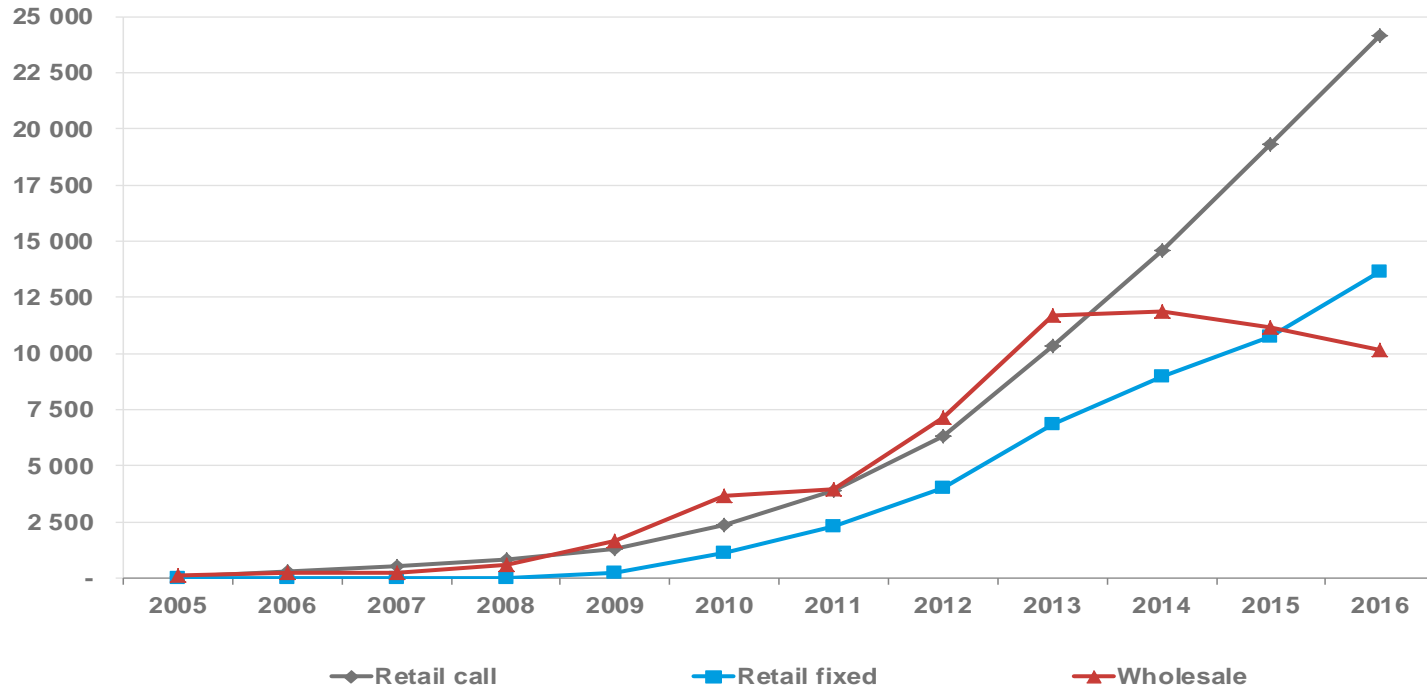
# Capital / Liquidity

## Conservative capital and funding

- Well capitalised
- Brand acceptance
- Positive savings returns
- Dividend cover

# Liquidity

## Deposits (R'm)



the way forward



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# The way forward

## Growth prospects

### 1. Economy

- Price sensitivity
- Disposable income
- Unemployment / informal market

### 2. Banking

- Value offer
- Higher income clients
- App enhancement

### 3. Credit

- Facility
- Credit card
- Regulatory

# The way forward

## Operational focus

- Service quality
- People
- Quality clients
- IT – keeping up and gearing for change
- Remote experience



thank you