



CAPITEC
BANK

Interims Results
31 August 2015

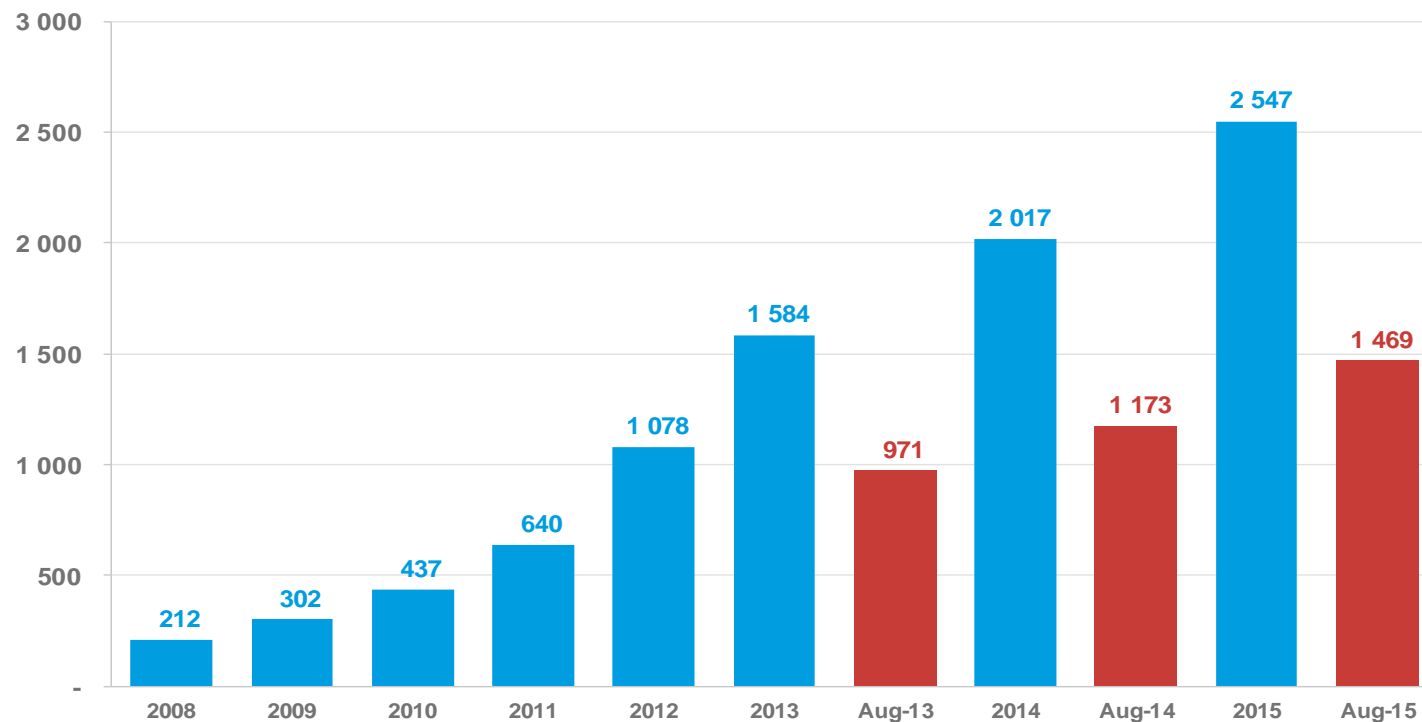
Content

- Key indicators
- What's behind our growth
- Liquidity
- Capital
- The way forward

key indicators

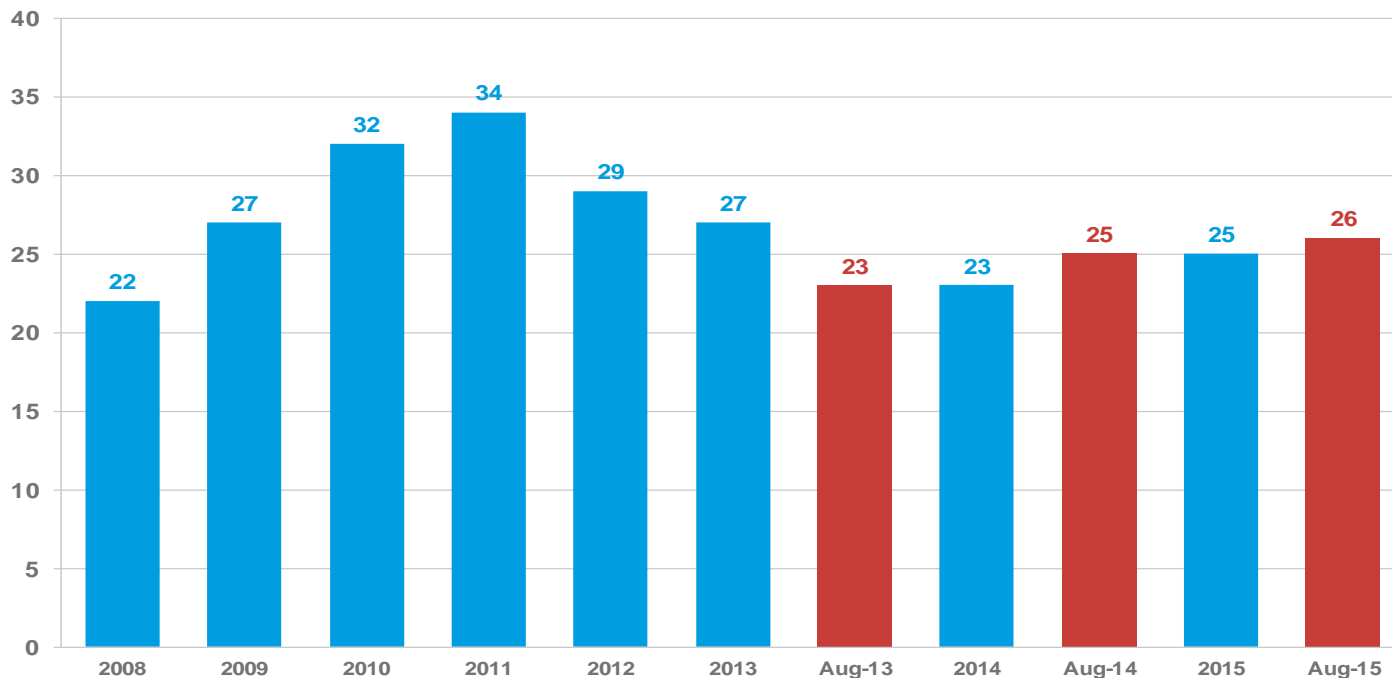
Key Indicators

Headline earnings (R'millions)



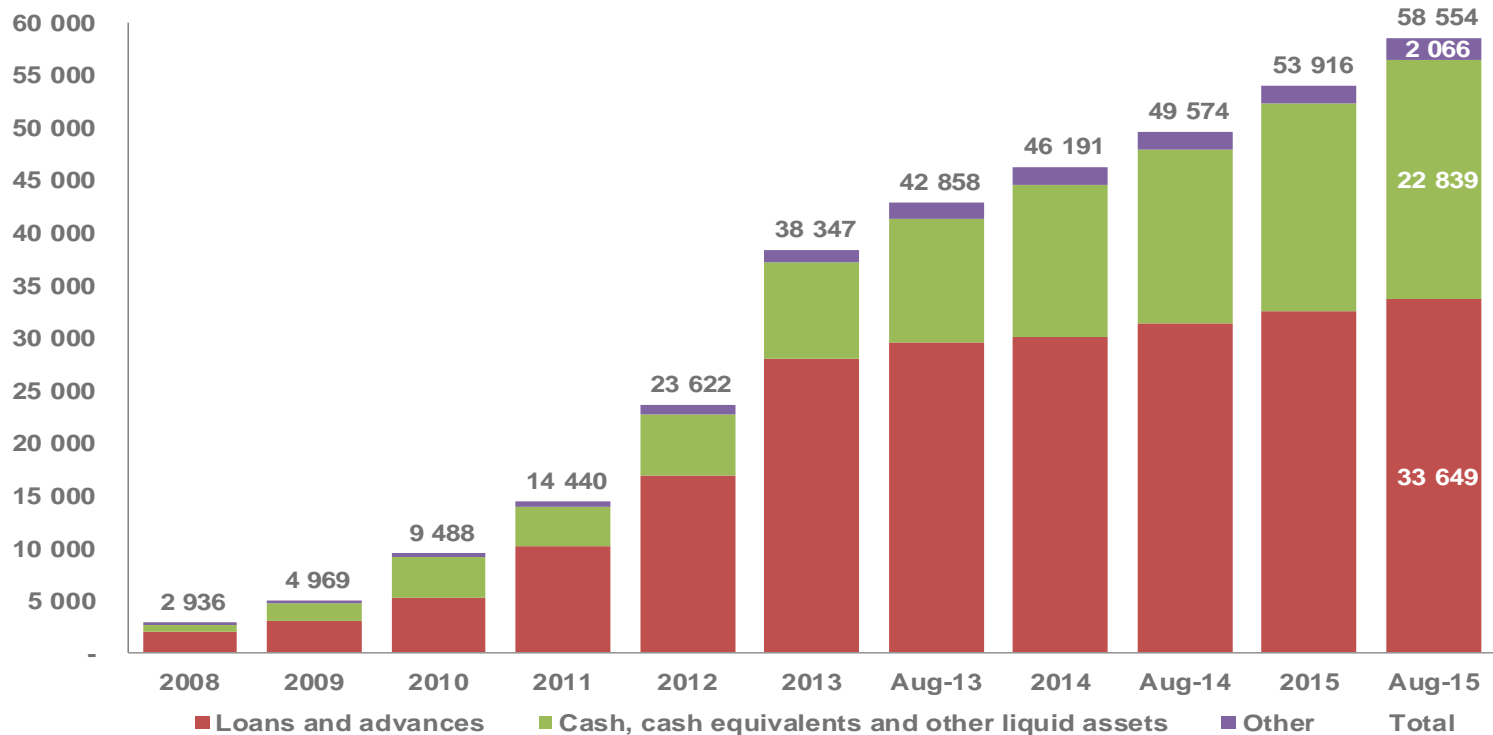
Key Indicators

Return on equity (%)



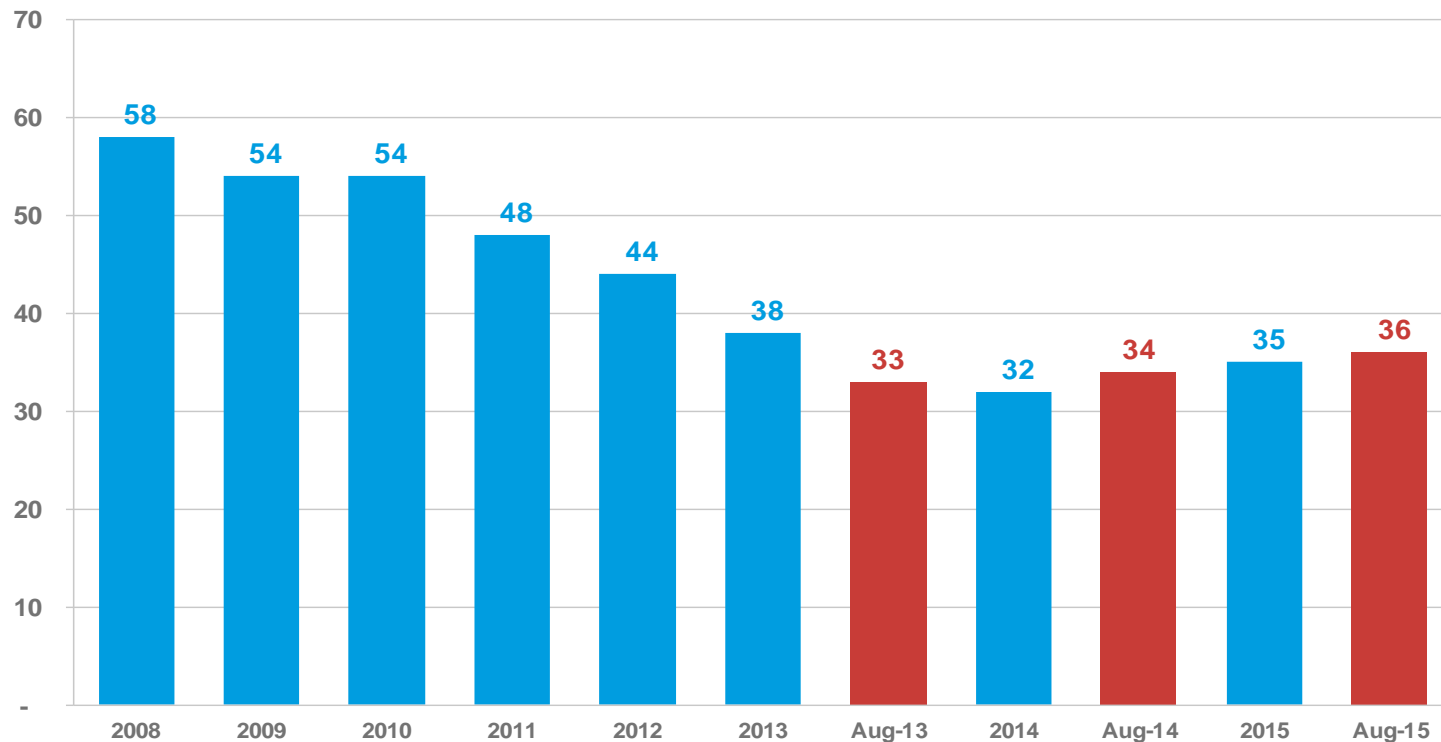
Key Indicators

Total assets (R'millions)



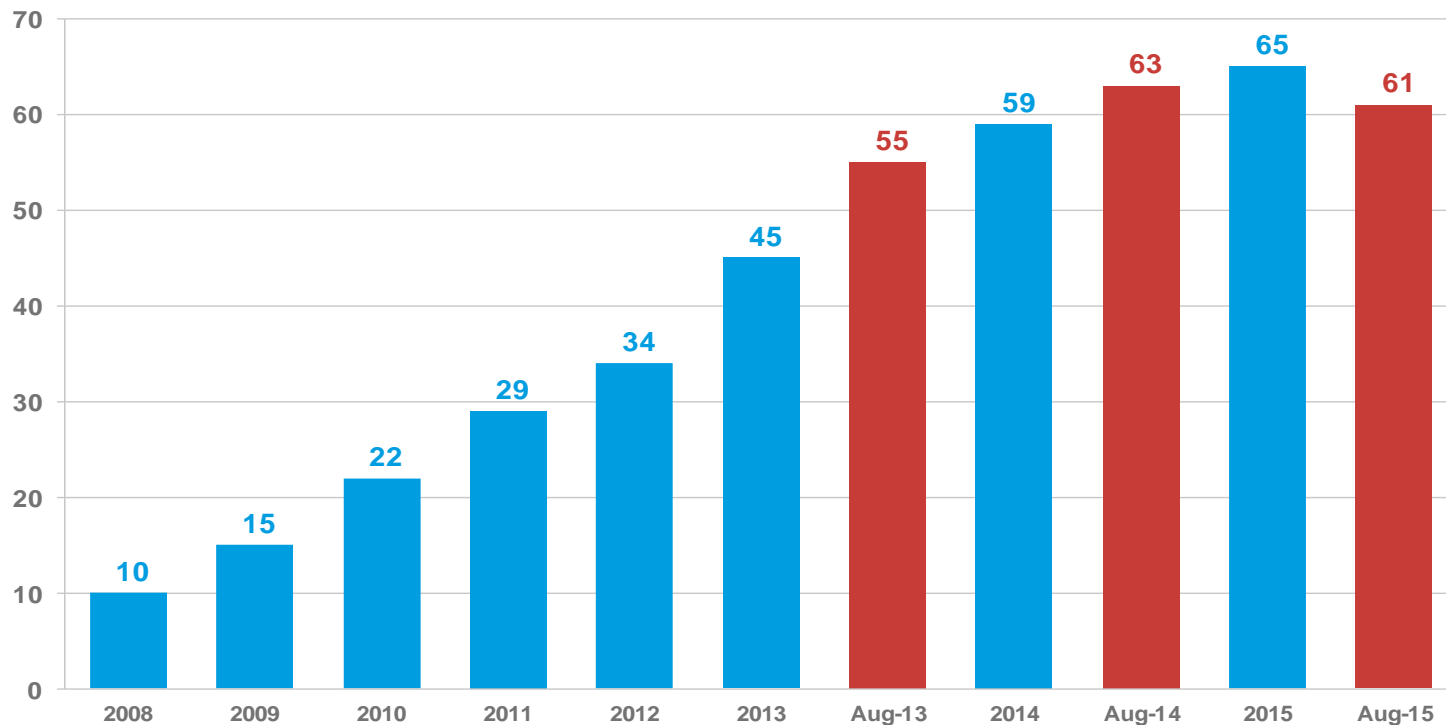
Key Indicators

Cost to income ratio (%)



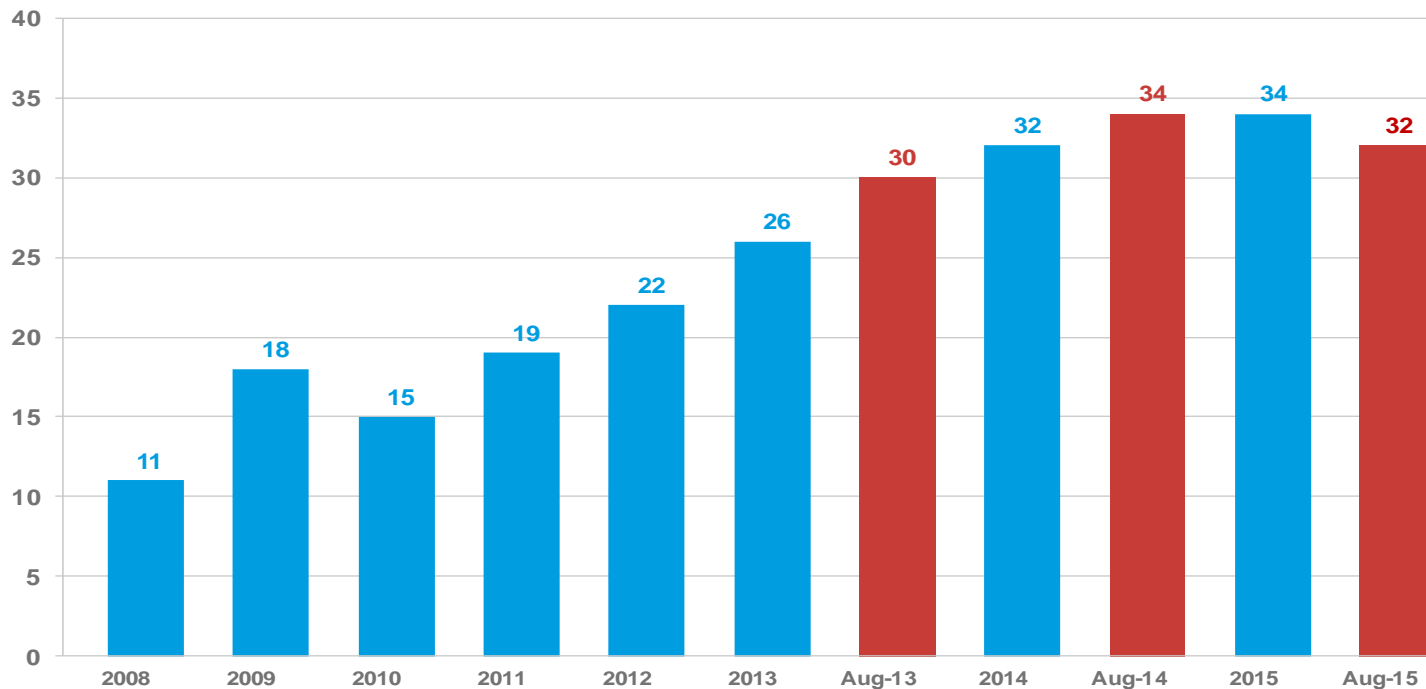
Key Indicators

Net transaction fee income to operating expenses (%)



Key Indicators

Net transaction fee income to net income (%)



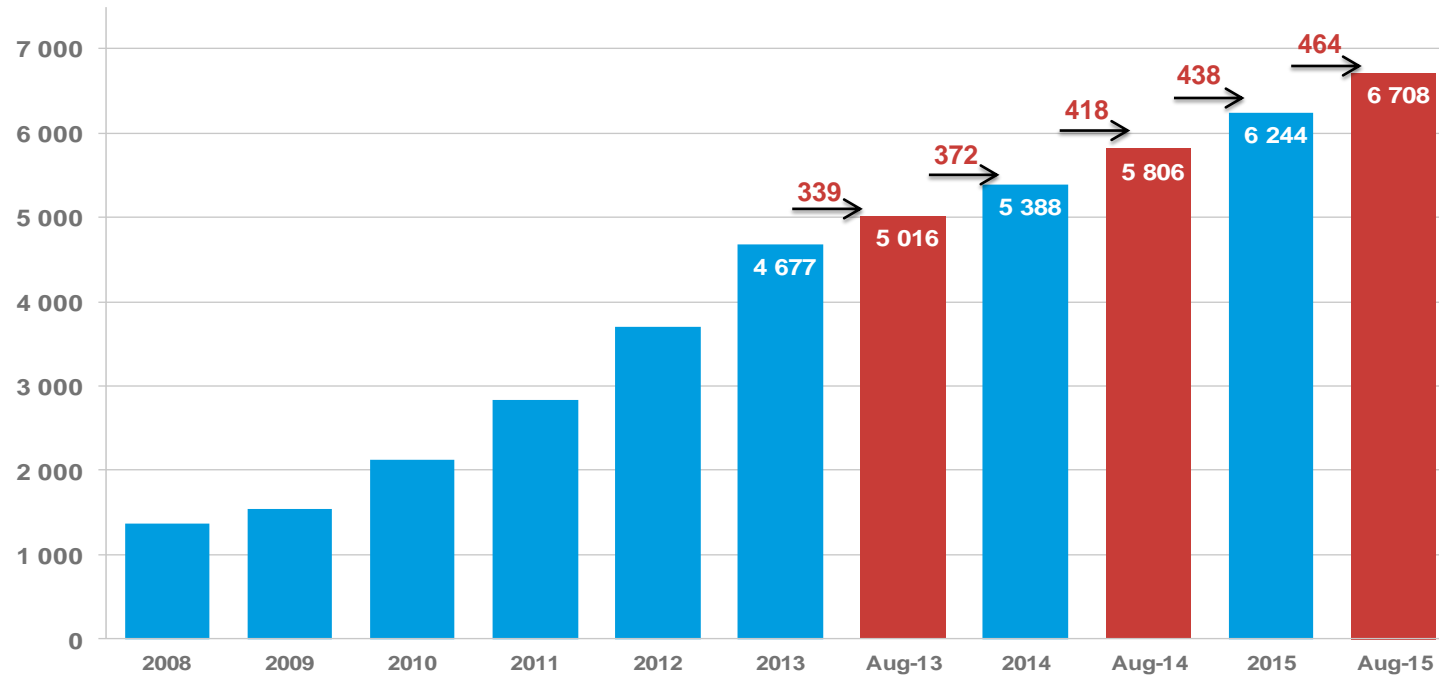
**what's behind
our growth**

What's behind our growth

- Client numbers
- Transaction activity
- Credit

Clients Numbers

Growth - active clients ('000)



Clients Numbers

Market conditions

- Economy – price sensitivity
- Higher income market acceptance
- Convenience vs physical platform
- Lack of transparency in the market

Clients Numbers

Our focus

- Value offer – simplified
 - R5 for all accounts
 - Lowest fixed fees per transaction
 - Highest savings return
- Advertising, awareness equal to opposition, 90% +
 - Service focus / quality
 - Word of mouth
 - Client support
 - Awards: Ask Afrika; Sunday Times; Social Media

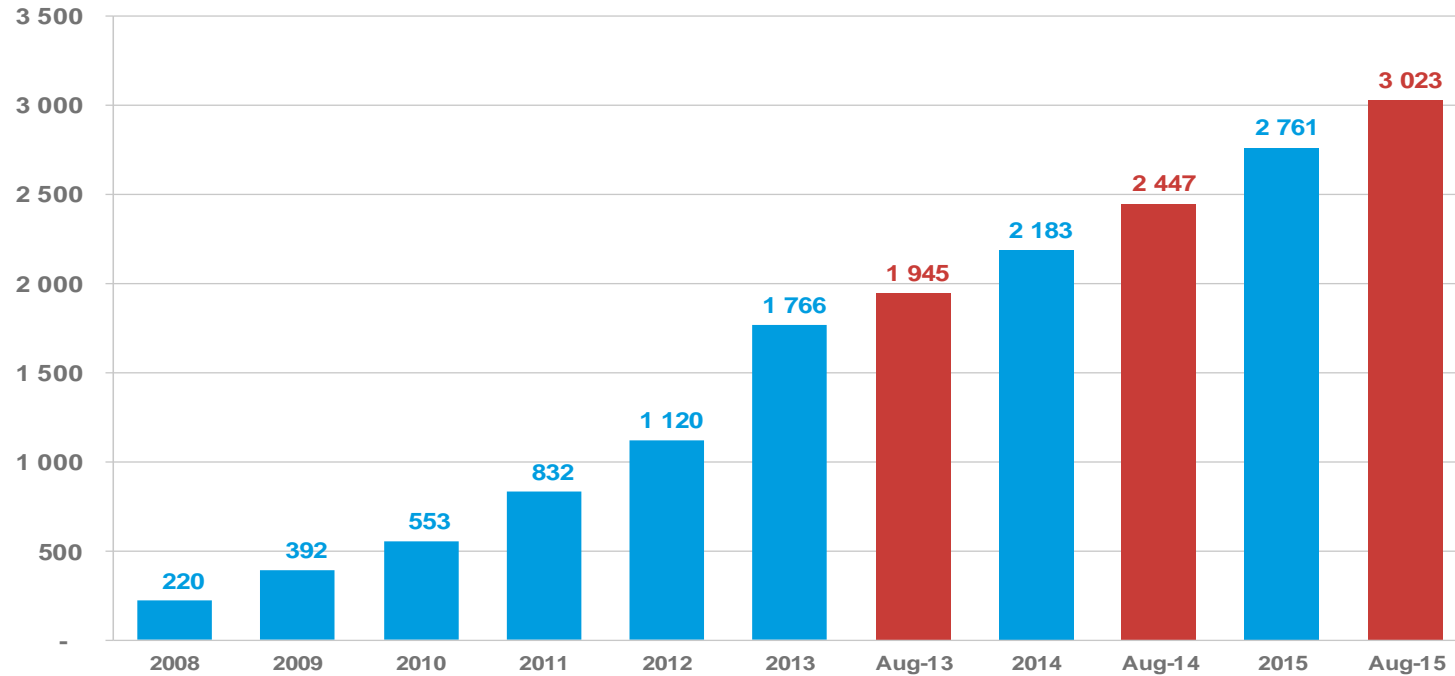
What's behind our growth

Transaction activity

- Growth – in primary banking clients
- Our focus

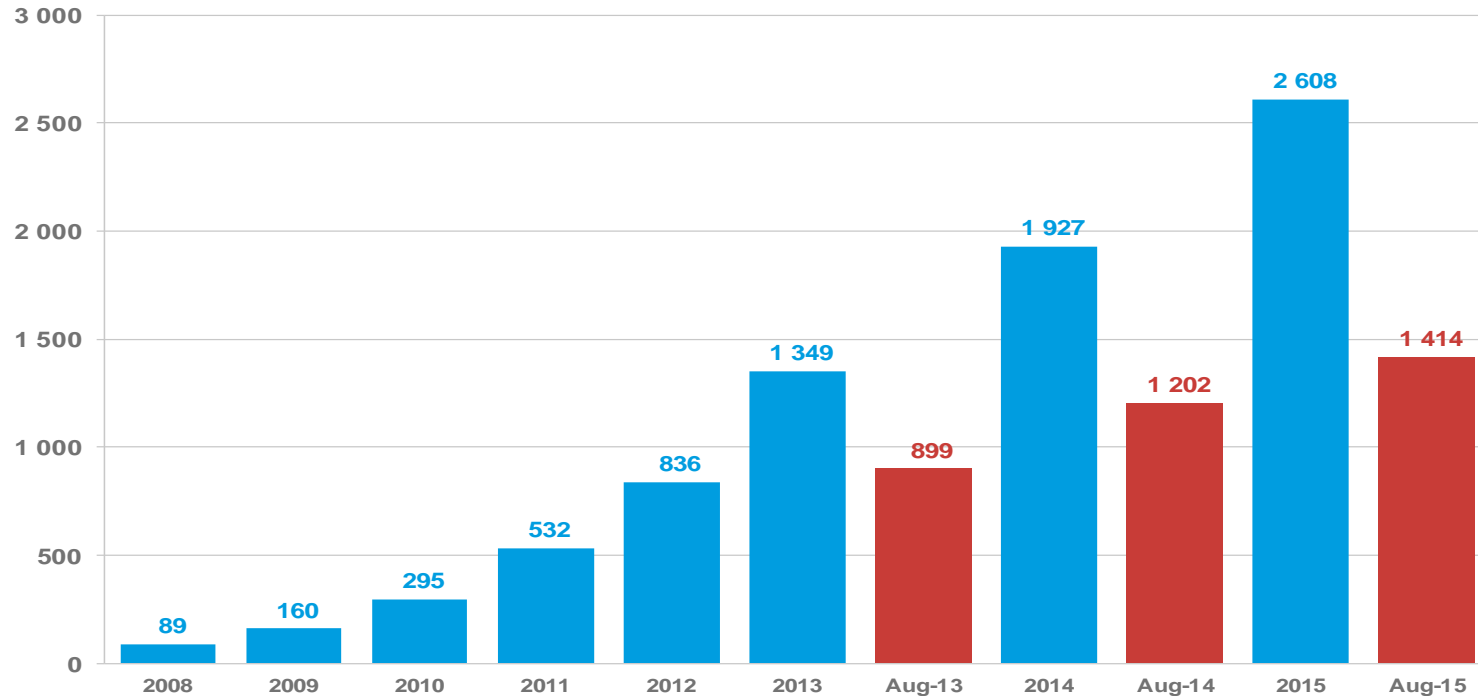
Transaction Activity

Growth - primary bank clients ('000)



Transaction Activity

Growth - net transaction fee income - (R'millions)



Transaction Activity

Average transactions per client per month

	Banking Clients		Non-Banking Clients	
	Aug-14	Aug-15	Aug-14	Aug-15
ATM	5.0	5.0	1.1	1.2
Branch	0.8	0.8	0.4	0.4
Debit Order	2.3	2.2	0.1	0.1
Internet	0.4	0.3	-	-
Remote App	-	0.2	-	-
USSD	3.3	4.3	0.5	0.7
POS	5.4	6.0	0.9	1.0
System	14.1	15.3	2.8	3.1
Total	31.3	34.1	5.8	6.5

Transaction Activity

Growth – distribution / access

Changes – for 12 months

	Change since Aug-14	Total Aug-15
More branches	44	691
More ATMs - own and partnership ATMs	438	3 646
Cellphone clients ('000)	869	3 791
Internet clients ('000)	(29)	282

Transaction Activity

Our focus

- Conversions
- Product take up
- Online / Security
- Direct communication – support client

What's behind our growth

Credit

- Industry
- Sales focus
- Model criteria
- Collections
- Provisions

Credit

Industry 2007 – 2015

- 2007 - Revised legislation
- 2010 - Investment - World Cup
- 2012 - Too much too quickly
 - Term extension
 - Value extension
 - Pull back
- 2014 - Stabilisation
- 2015 - New regulations

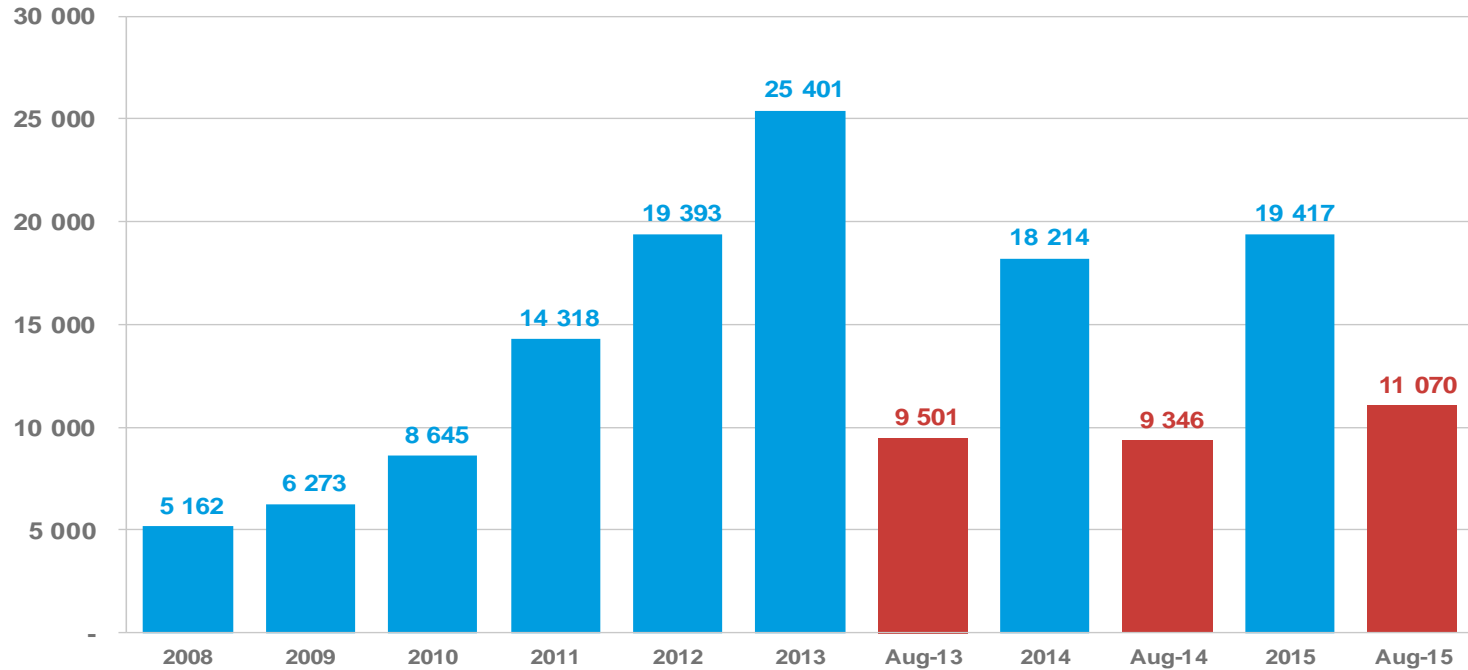
Credit

Focus

- Continuous model adjustments
- October 2014 model changes
- Employer model
- July 2015 adjustment

Credit

Sales Focus - Value of new loans advanced (R'millions)



Credit

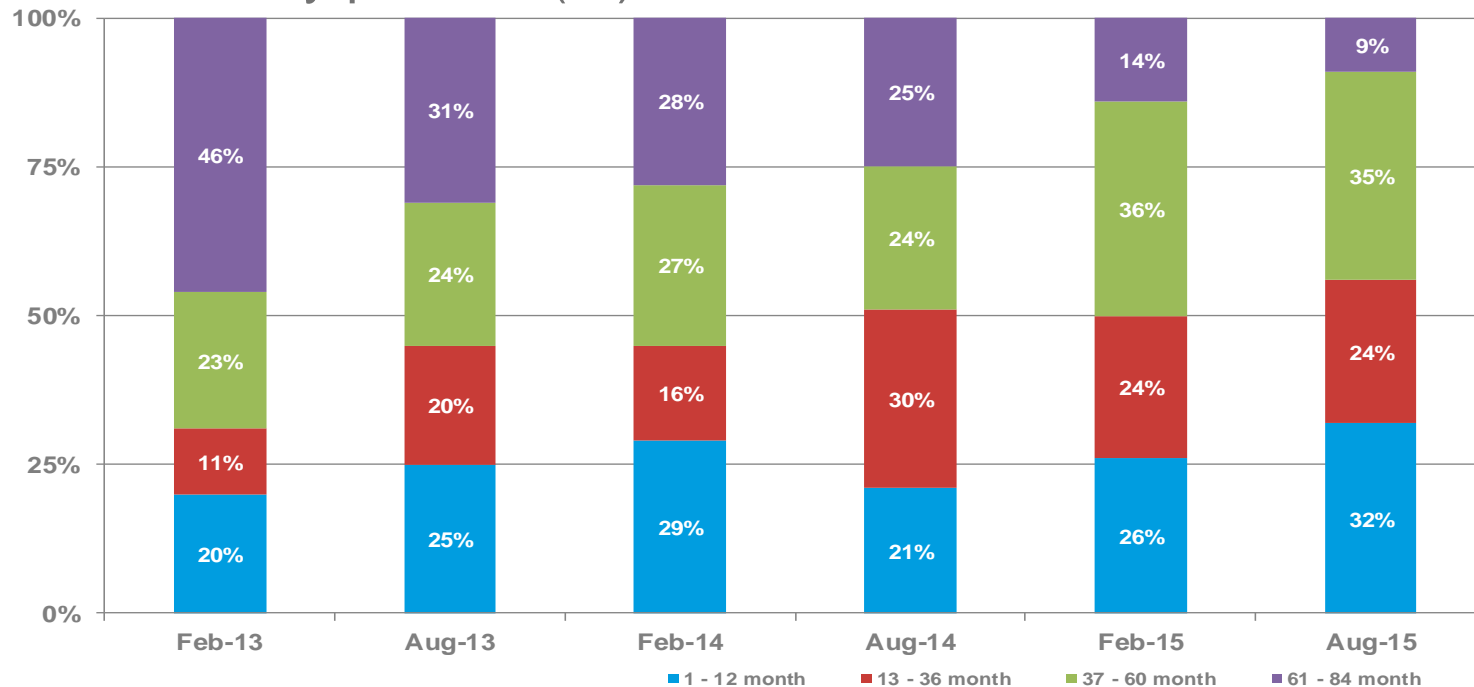
Sales focus

- Economy
 - Mining
 - Support industries
 - Growth

Credit

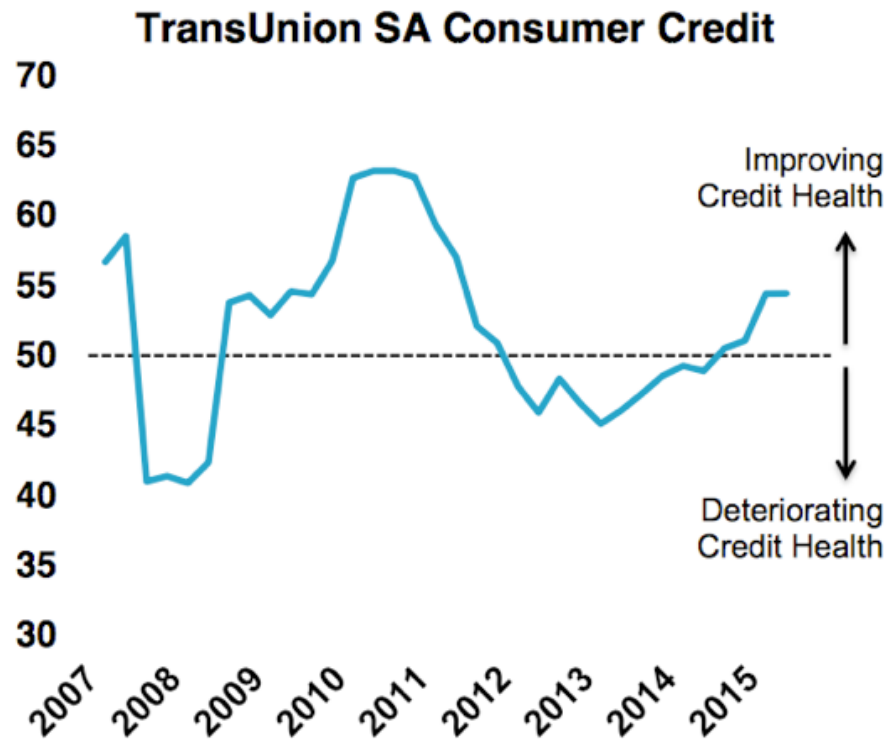
Sales focus – shorter term

Loan sales – by product (%)



Credit

Client Profile – consumer credit health index



Credit

Client Profile – Capitec client health

Clients with < 20% cash available after commitments

		Aug-13	Aug-14	Aug-15
Total	%	13.7	9.6	6.5
Government	%	15.4	10.5	5.4
Private sector	%	10.7	8.4	7.9

Credit

Model criteria

Credit application (%)

	Aug-13	Aug-14	Aug-15
Applications Decline Rate	53	53	46
Application Approved: Not Taken up	15	15	16
Applications Taken Up Rate	32	32	38
Total	100	100	100

Re-stated

Credit

Collections / provisions

Arrears & impairment provisions of gross loans & advances

		Aug-13	Aug-14	Aug-15
Gross loans & advances	R'm	32 644	35 086	37 898
Loans past due (arrears)	R'm	1 799	1 935	1 781
Arrears to gross loans and advances	%	5.5	5.5	4.7
Arrears and arrears rescheduled < 6 months	R'm	2 634	2 680	2 948
Arrears and arrears rescheduled < 6 months to gross loans and advances	%	8.1	7.6	7.8
Provisions for doubtful debts	R'm	3 184	3 763	4 249
Provisions for doubtful debts to gross loans & advances	%	9.8	10.7	11.2
Arrears coverage ratio	%	177	194	239
Arrears and arrears rescheduled < 6 months coverage ratio	%	121	140	144

liquidity

Consumer acceptance

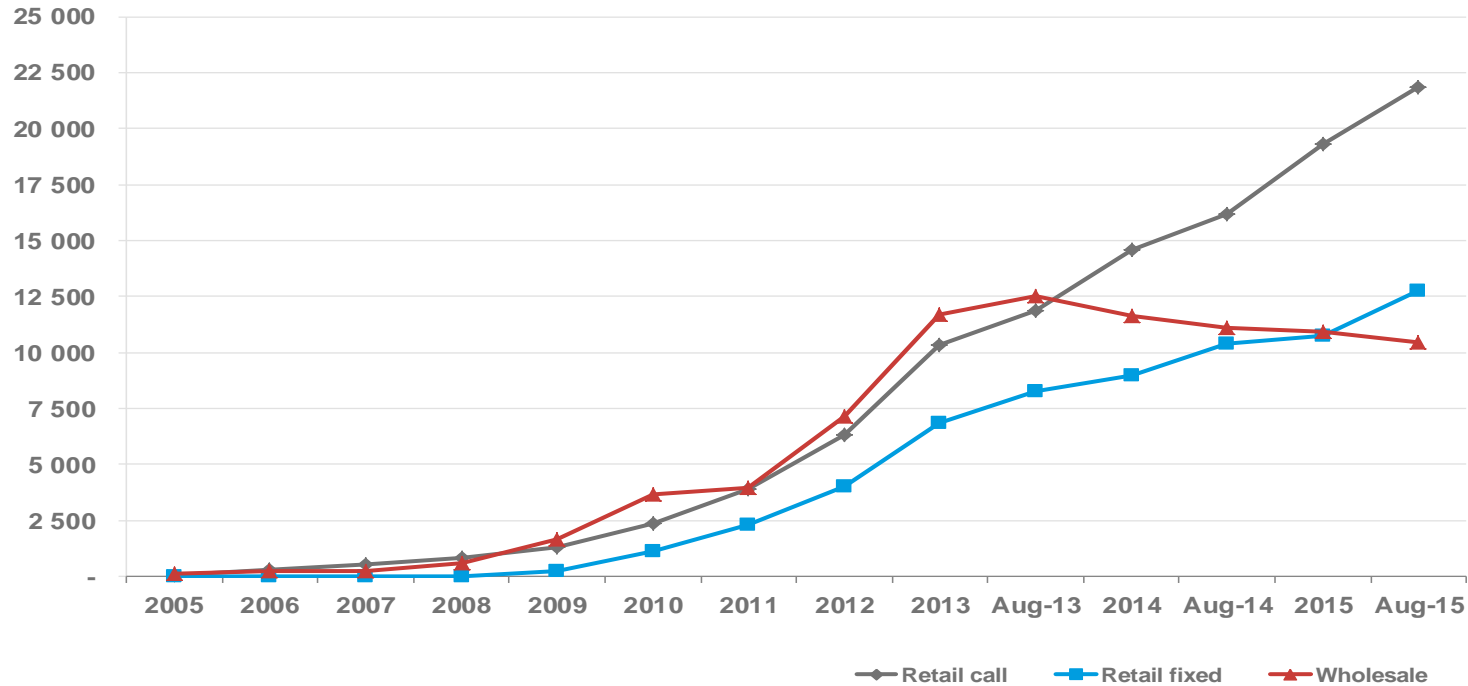
- Brand trust
- Savings returns
- Flexibility

Wholesale funding

- Successful bond issue
- Continuous support

Liquidity

Deposits (R'millions)



capital

Capital structure

- Well capitalised – capital adequacy at 35.4%
- Shareholders mix

Dividend

- 52% increase
- Once off adjustment to increase interim relative to total dividend
- Dividend cover to remain the same

**the way
forward**

The way forward

Logistics

- Branch network
- ATM expansion
- Self help devices
- Remote banking

The way forward

Business focus

- Service quality
- Primary bank clients
- Credit
- Efficiency



thank you