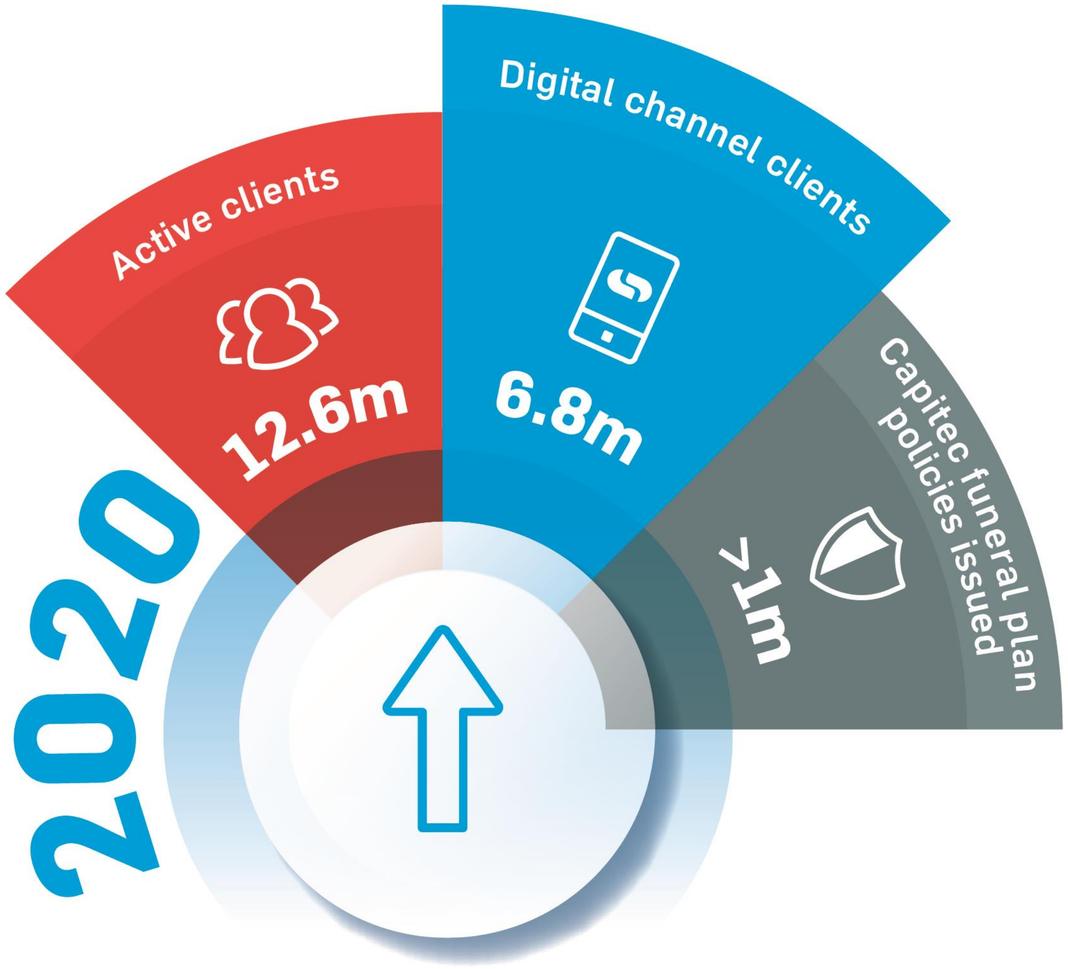


Interim Financial Results

August 2019

CAPITEC BANK HOLDINGS LIMITED

Key indicators

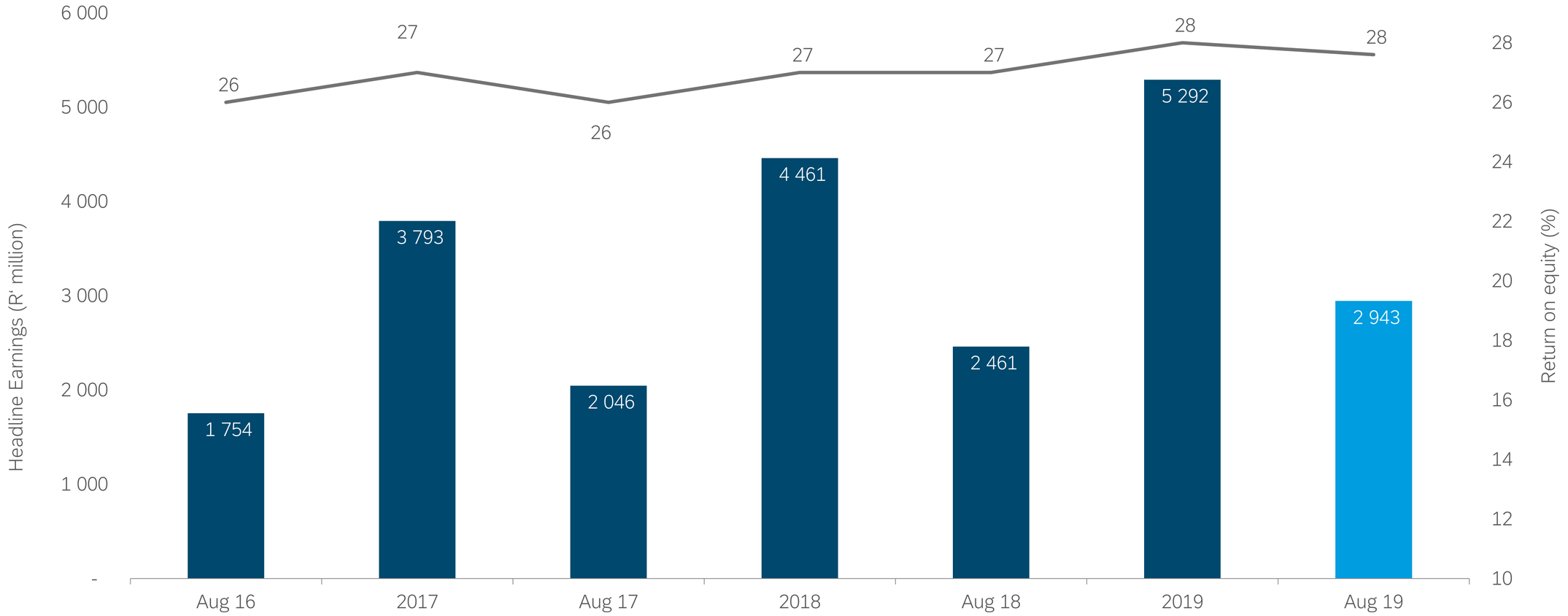
Drivers of growth

- Brand acceptance
- Changing client behaviour
- Strong credit performance
- Successful Capitec funeral plan

The bank for all South Africans

Key performance indicators

Headline earnings up by 20%



Key performance indicators

Profitability

	Aug 19 (%)	Feb 19 (%)	Aug 18 (%)
Net transaction fee and funeral income to net income	46	45	47
Net transaction fee and funeral income to operating expenses	91	87	90
Return on equity	28	27	28
Cost-to-income ratio	40	39	38
Credit loss ratio	7.2	8.6	10.2
Earnings per share (cents)	2 549	4 571	2 122

Landscape

Focus on growth



South African landscape

Focus on growth

- Education
  - 43% of all adults have a matric qualification
  - 1.2 million started grade 1 in 2005
    - 36% passed matric in 2016
    - 13% bachelor pass
    - 4.5% (55 000) finished matric maths with > 50%
- Employment
  - 38.4 million people of working age (15 to 64 years)
  - 16.3 million (42%) employed
  - 7.6 million (47%) tax payers
  - 1 million earn over R50 000 per month

Our focus is on growth through enabling financial literacy and simplified banking



South African landscape

Focus on growth

	1996 ('000)	2018 ('000)	Change (%)
Households [1]	9 060	16 671	84.0
Housing - Formal [1]	5 794	13 522	> 100.0
- Informal [1]	1 453	2 184	50.3
- Traditional [1]	1 644	831	(49.5)
Average number of people in household [1]	4.5	3.4	(23.4)
Number of mortgages (2008Q1 versus 2019Q1) [2] [3]	1 814	1 700	(7.3)
Access to piped water [1]	7 234	14 838	> 100.0
Use of electricity for lighting [1]	5 222	15 697	> 100.0

Source:
(1) CRA, Socio-Economic Survey, 2019
(2) NCR report – 2008 Q1
(3) NCR report – 2019 Q1

Capitec landscape

Expanding footprint and client service

- Branch network
  - 834 active branches
  - 122 with ‘branch-of-the-future’ layout
    - Cashiers replaced by Duel Note Recycler (DNR) ATMs (up to 4 per branch)
    - Increased number of work stations
  - 21 new branch openings planned
- ATM & DNR’s
  - 2 199 owned (up by 11%)
  - 3 110 in partnership with Spark (up by 6%)
- People employed
  - 13 923 (2% increase year-on-year)
  - Planning to appoint +- 600 people by Feb 20
  - 496 bursaries (327 active and 169 new)
  - 3 016 employees trained to date





Banking

Personal service and simplified digital banking

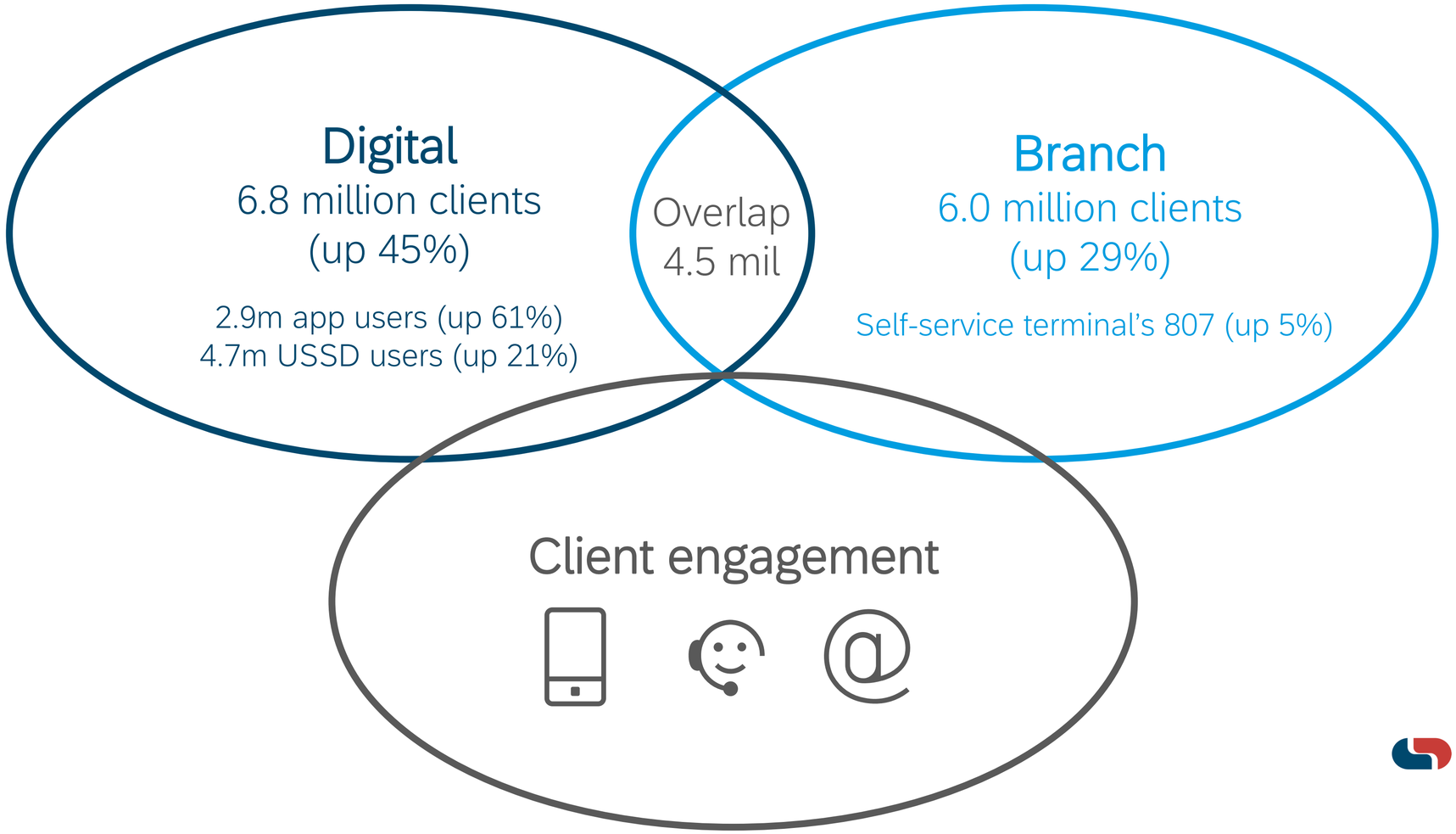
Banking

Active clients up by 20% to 12.6 million

- Acquiring on average 200 000 clients per month since Jan 19
- Banking clients with stable inflows, remote banking, card purchases and debit orders
  - 3.5 million (up by 15%)
  - More than 104 000 new banking clients in Aug 19
- Credit clients
  - 1.1 million in good standing (up by 6%)
- Savings clients
  - 4.7 million (up by 21%)
  - Clients with at least one flexible- or fixed term savings plan with a positive balance

Banking

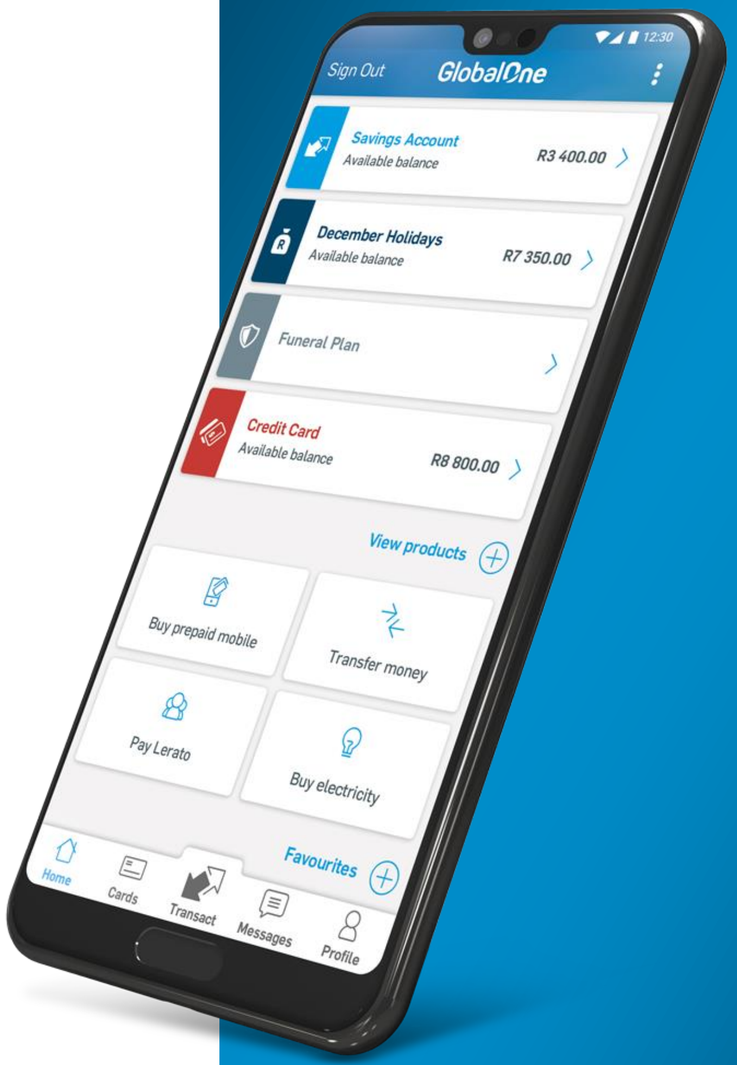
Omni-channel approach to client service



Banking

Digital banking create capacity

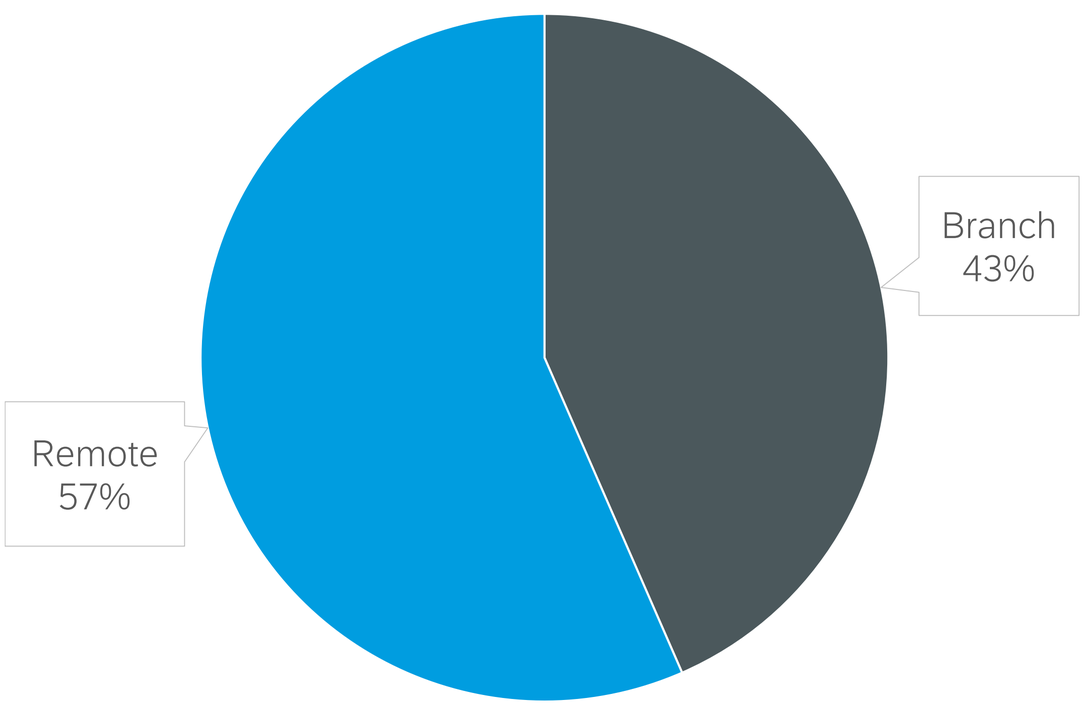
- Total transaction volume
  - Increased by 30%
- Lowering of banking fees
  - Saved clients R227 million
- Volume shift
  - Branch to digital
  - Own ATM to Saswitch
  - Reduction in debit order disputes
- Results of the above
  - 12% growth in net transaction fee income
  - Additional branch capacity
  - Strong client acquisition and Capitec funeral plan sales



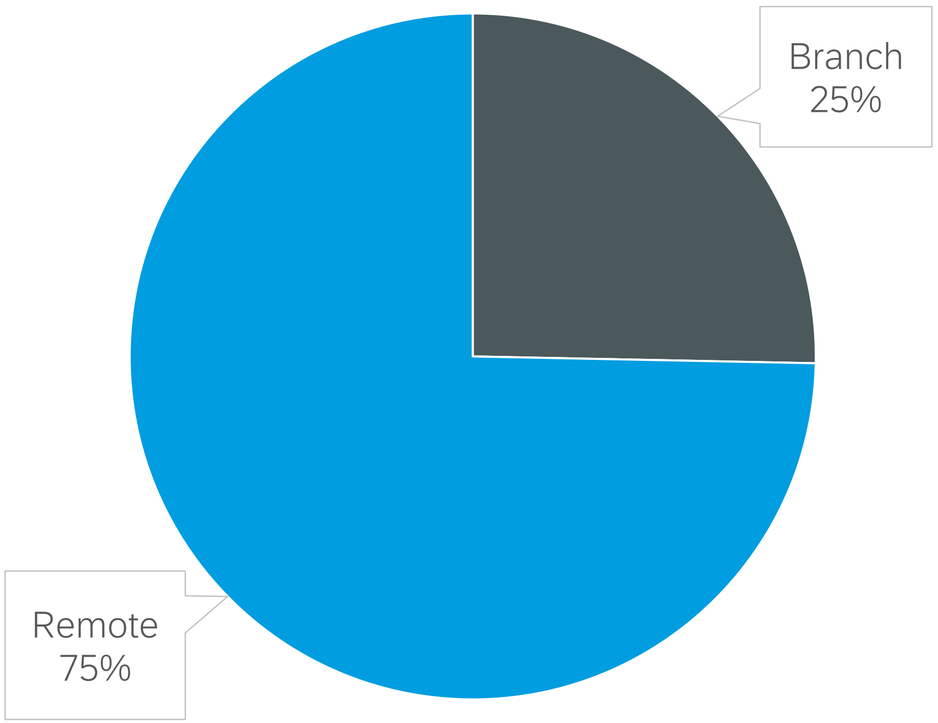
Banking

Digital efficiencies creating additional branch capacity

2016: Branch vs Remote workload (minutes)



2019: Branch vs Remote workload (minutes)



Banking

Changing behaviour from cash to card (% cash)

	% Cash vs Card - Value		% Cash vs Card - Volume	
Average inflows	Aug 18	Aug 19	Aug 18	Aug 19
R1 – R2 999	70	68	45	41
R3 000 - R7 499	73	71	43	40
R7 500 – R14 999	66	64	36	33
R15 000 – R29 999	56	53	28	26
> R30 000	46	43	22	21
Grand Total	64	62	37	35

Banking

New solutions

Send Cash launched (15 April 19)

- From App or USSD to retail stores
- 1.4 million transactions since launch
- R618 million since launch

Immediate EFT payments (Real time clearing)

- Reduced price from R10 to R8 in Mar 19
- 32.8% share of current market (outgoing transactions)
- 7.6 million transactions in the last 6 months
- R20.8 billion since Mar 19

QR payments and online shopping since Mar 19

- 84% growth in online and wallet payments
- 242% growth in Masterpass transactions



Insure

One plan, more cover



Insure

Capitec Funeral Plan

- Over 1 million policies issued since inception
  (100 000 per month for the last 2 months)
- Collection rate of 79%
- Current on book rate of 67% (based on policies issued until Jul 19)
- Competitive pricing results in savings to our clients
- 85/15 ratio between branch and app

Up to R100 000 funeral cover

- Up to 21 dependents
- Double accidental death benefit
- No automatic annual premium increases
- Voluntary policy pause
- New-born premium waiver
- Manage it on your app

UNDERWRITTEN BY CENTRIQ LIFE



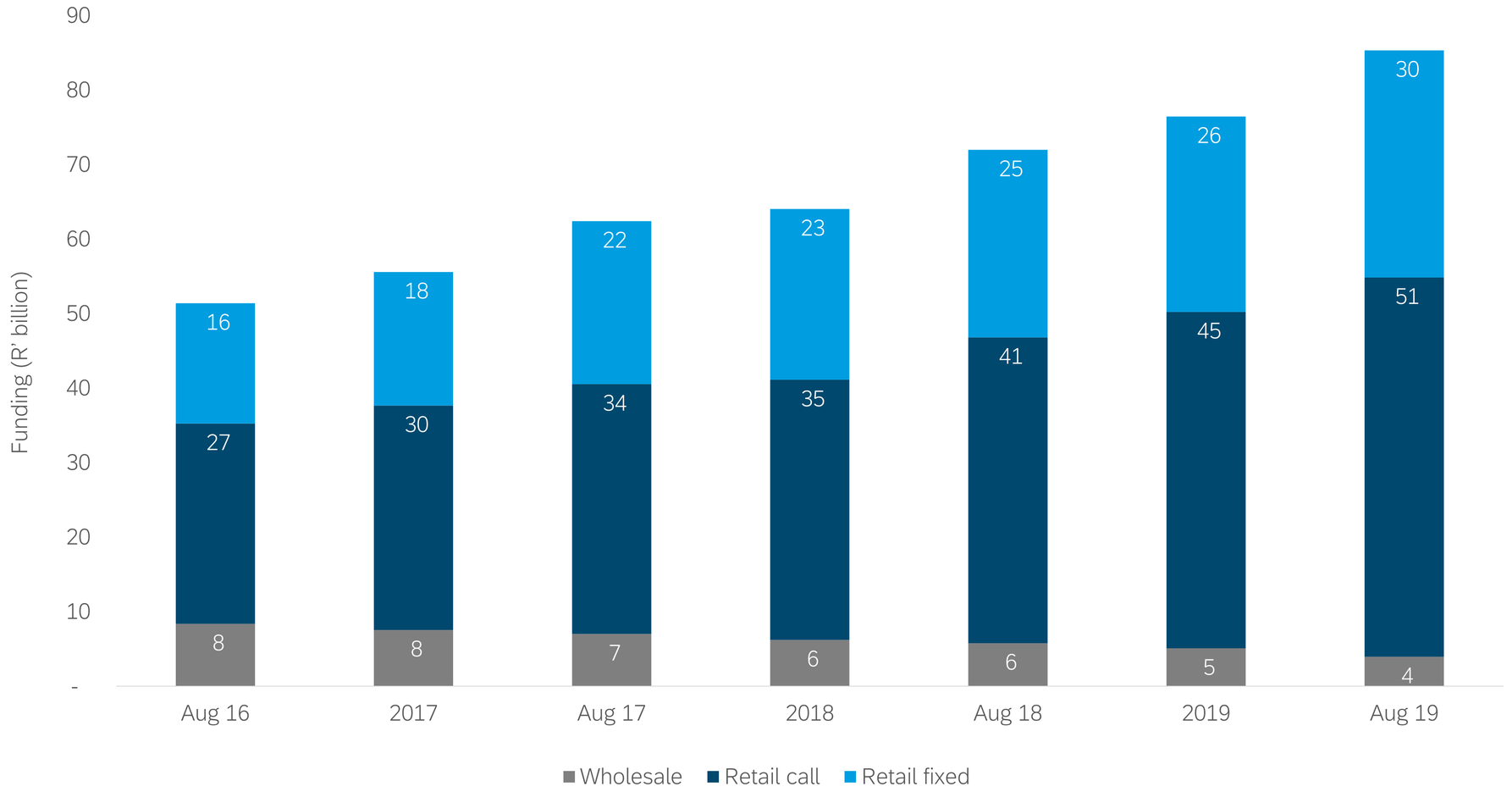
Save

Let your money make money

Save

- From 4.75% to 8.55% interest
- R2.3 billion earned by clients
- Retail deposit market share is 7.9%

Retail deposits of R81.4 billion (23% increase)

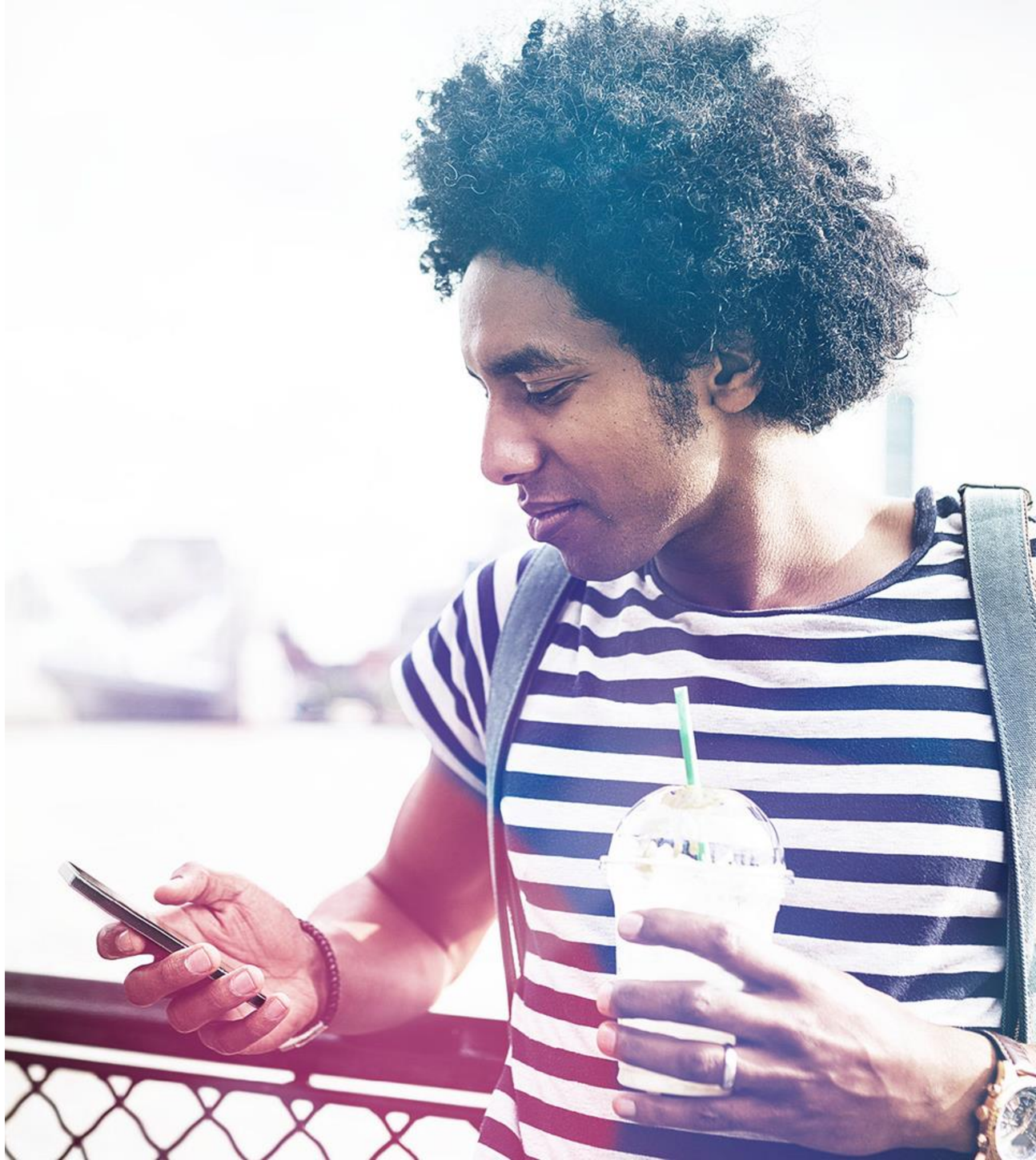


Retail Fixed
Up 21%

Retail Call
Up 24%

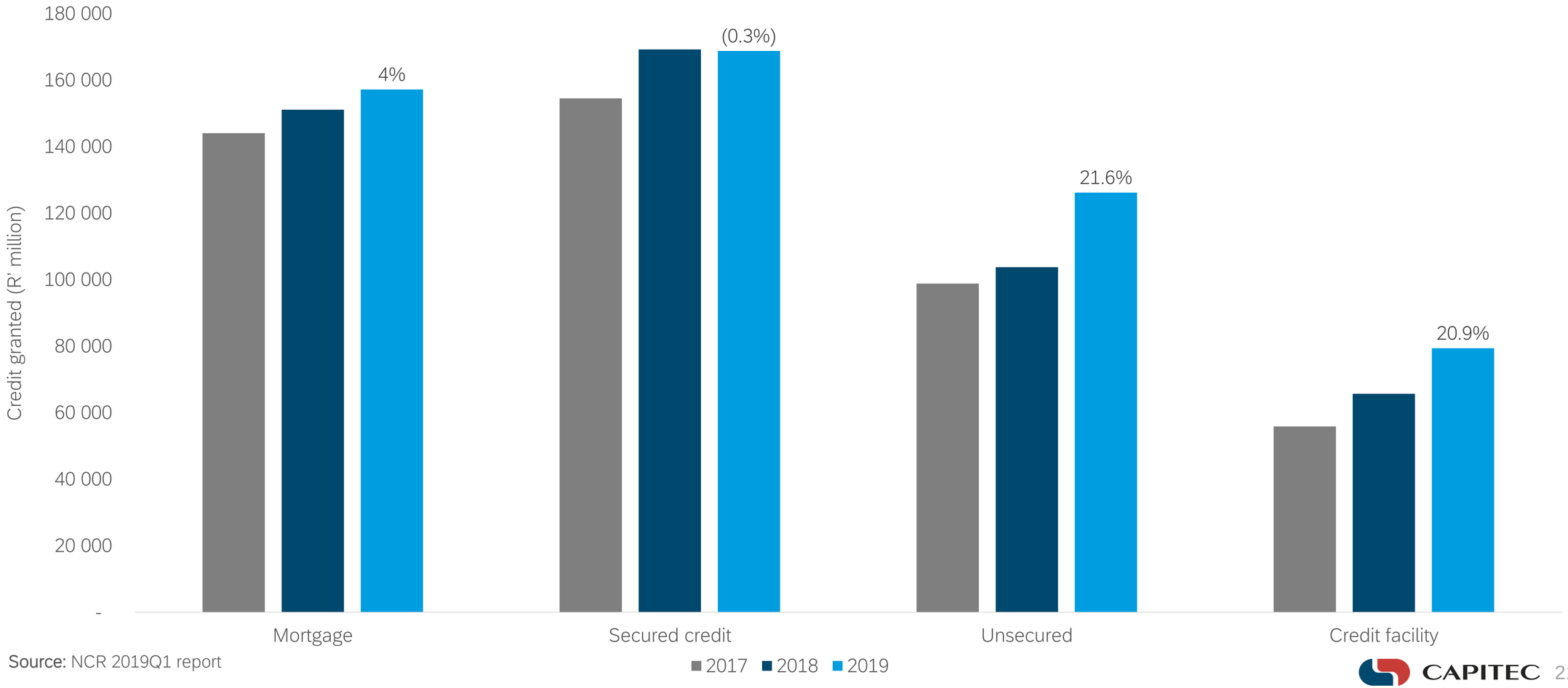
Credit

Focus on higher income growth



Credit Market – NCR

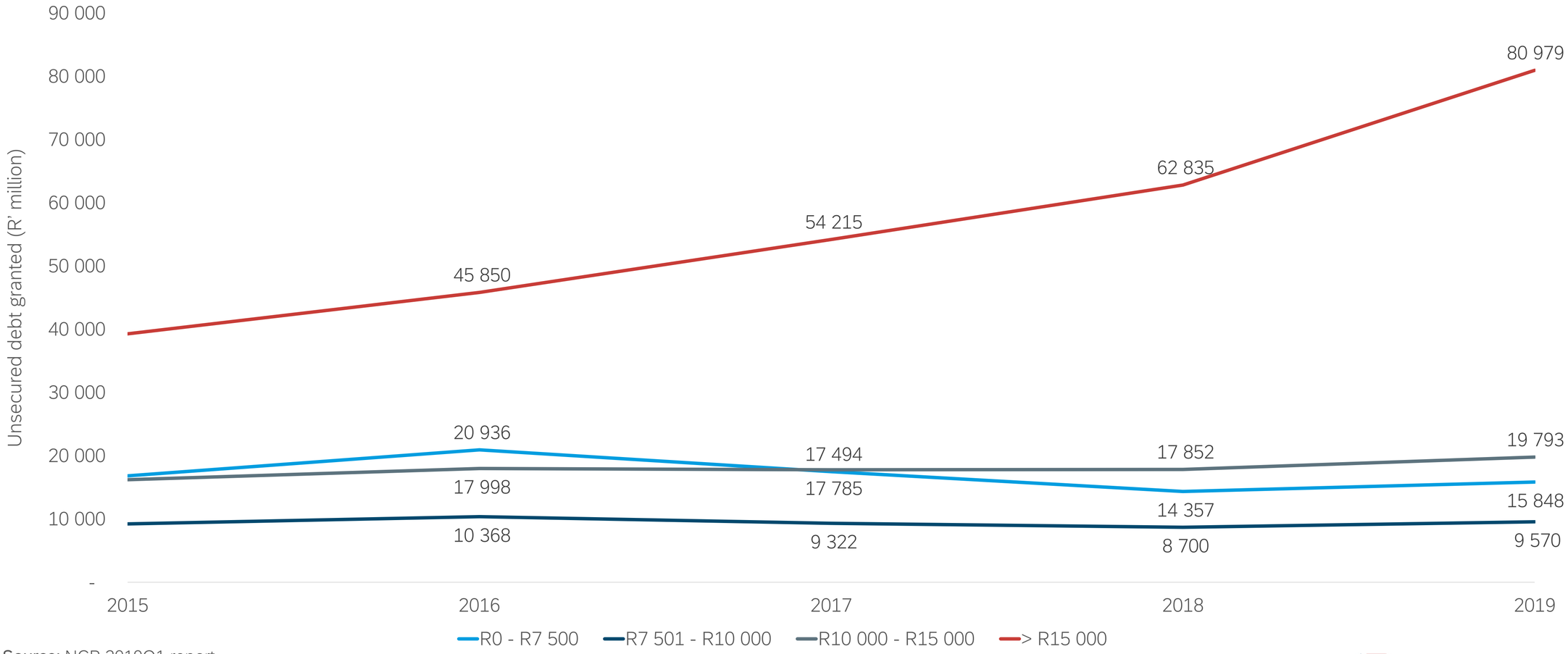
Credit granted per category



Source: NCR 2019Q1 report

Credit Market – NCR

Unsecured credit granted per income band



Source: NCR 2019Q1 report

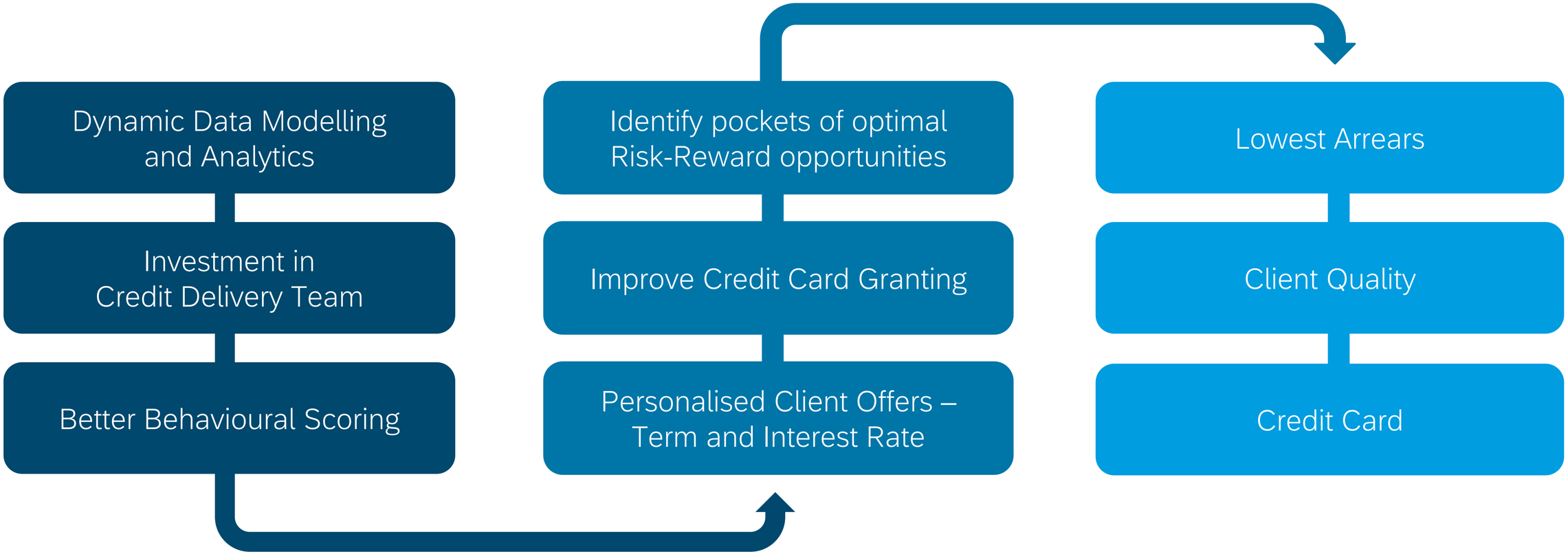
Credit

Role of unsecured credit

Purpose of unsecured lending (internal data)	%
Home and home improvements	61.1
Debt consolidation	12.6
Furniture	3.9
Education	1.7
Family	0.1
Subtotal	**79.4**
Other/consumption	20.6
Total	**100.0**

Credit

Maturity of models & model delivery

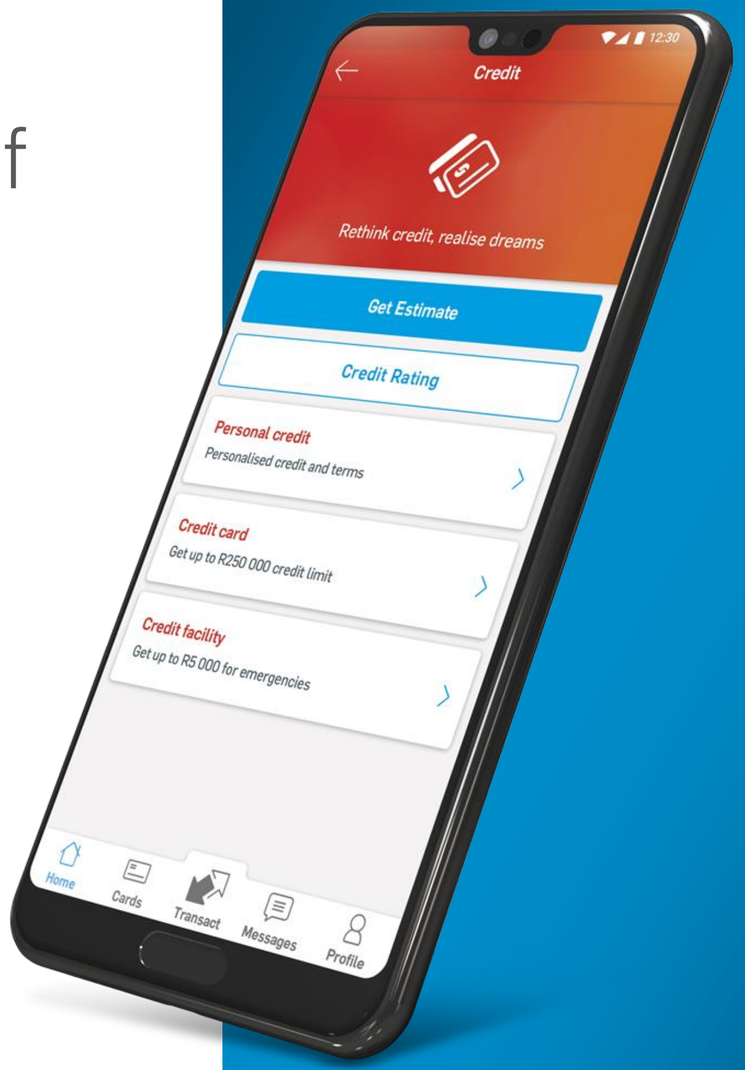


Credit – Term loans

Continued focus on reducing cost of credit

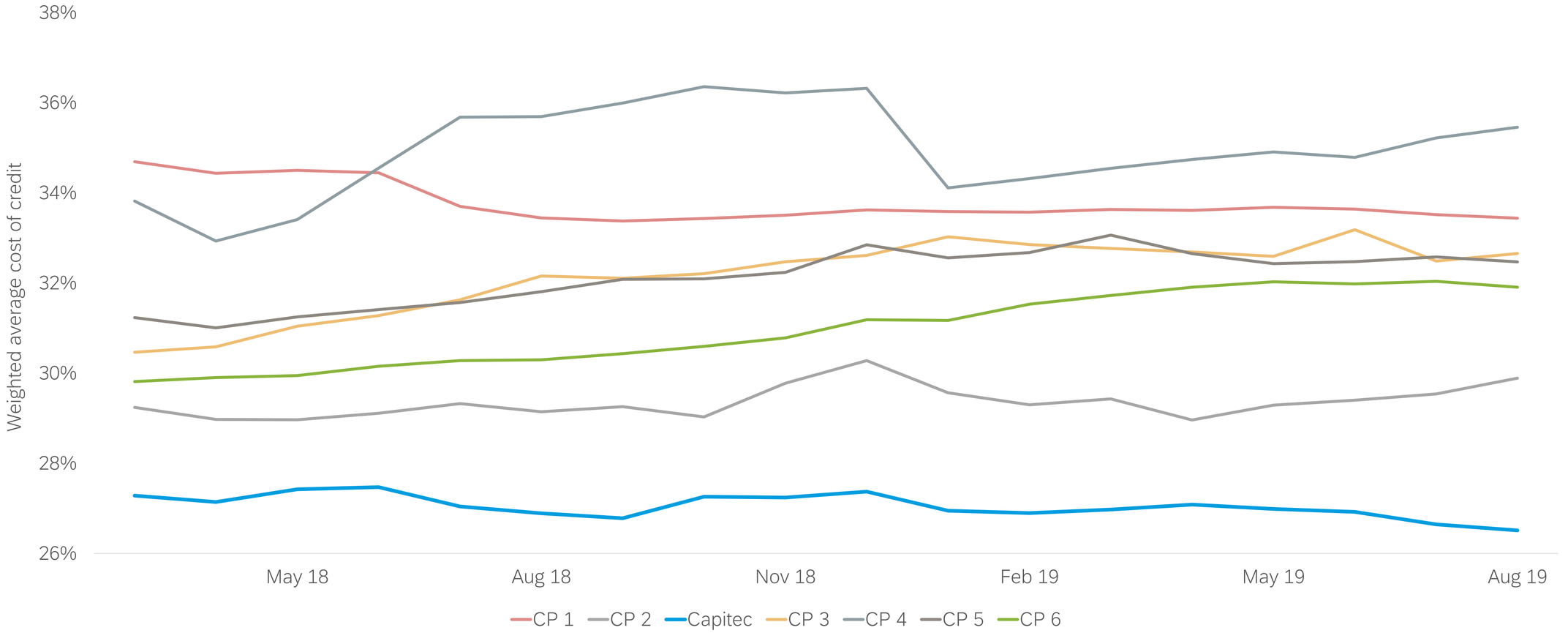
Term Loan

- Average interest rate down from 24.4% to 23.6%
- 25% of sales are at 20% ROE
- 58.5% of sales over shorter period or at lower value than max (Aug 18: 50.9%; Feb 19: 56%)



Credit – Term loans

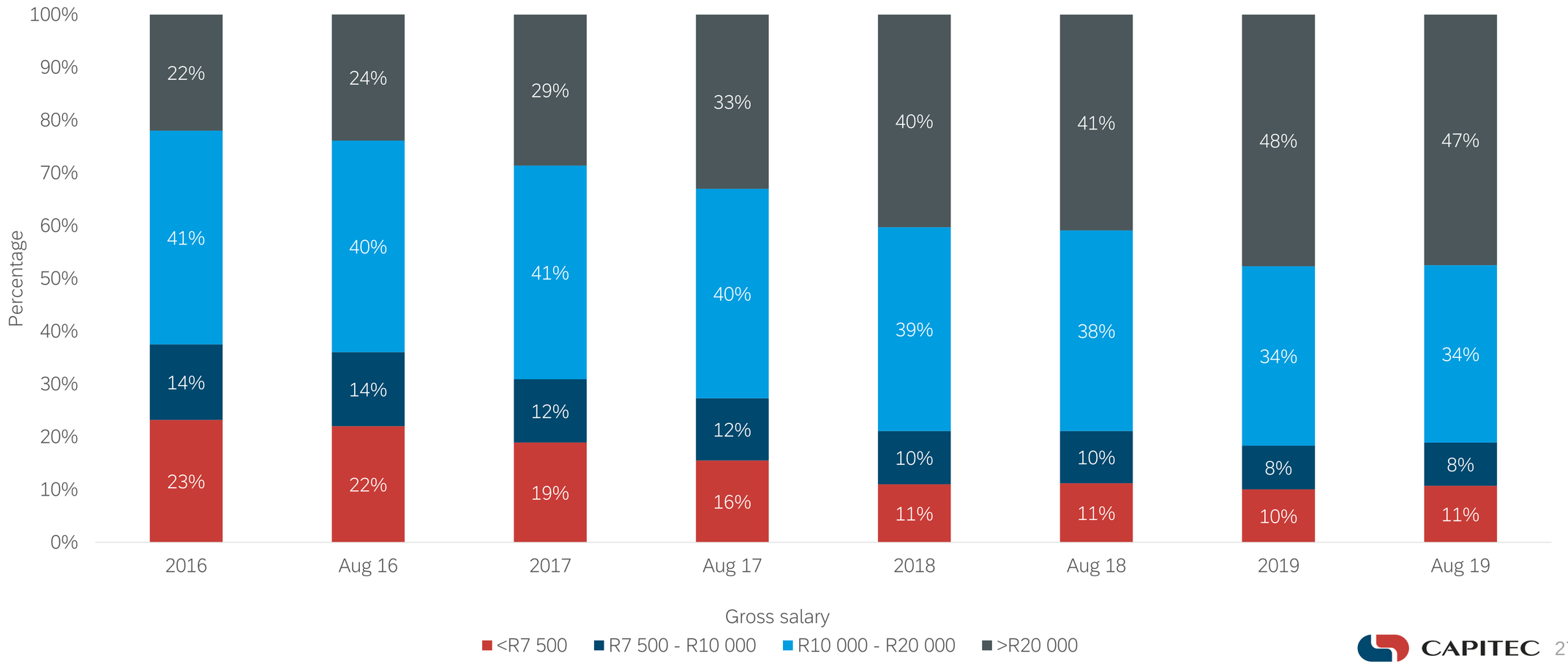
Competitive pricing vs major unsecured credit providers



Source: Compuscan

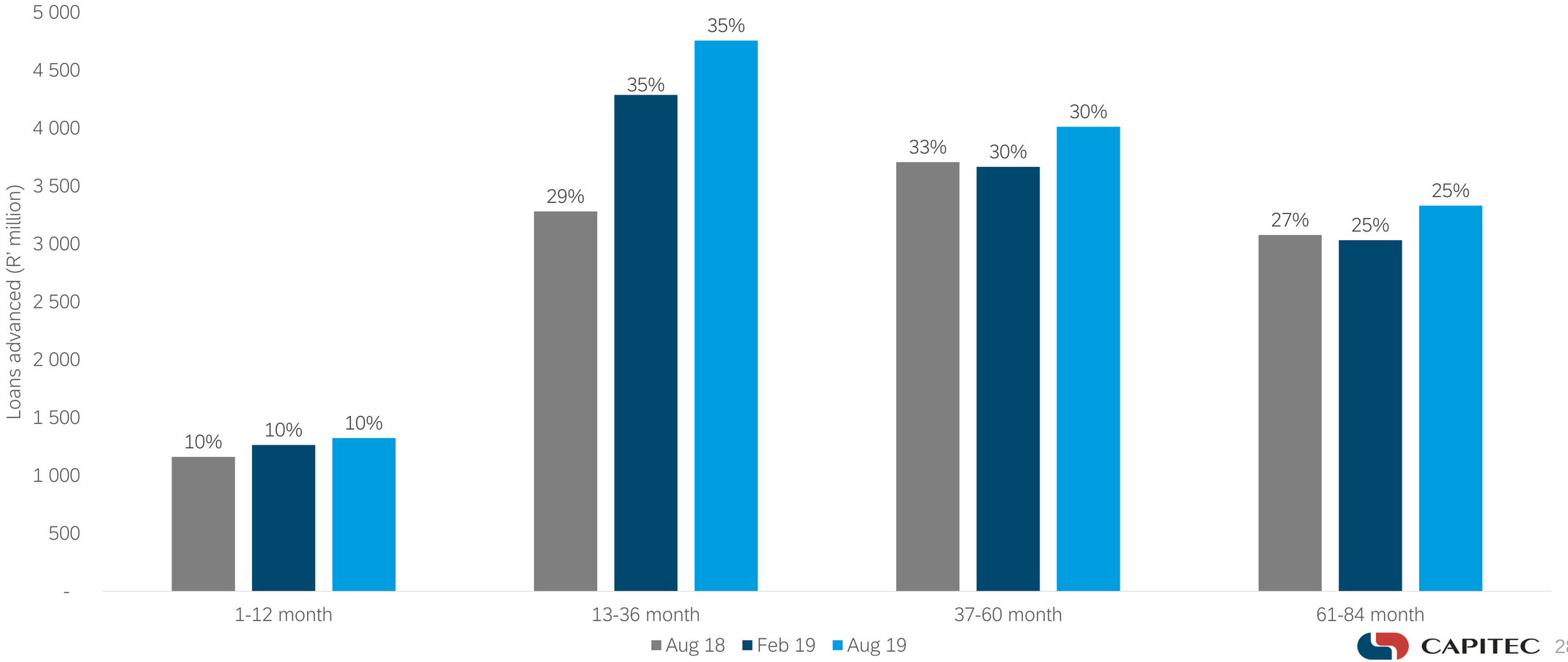
Credit – Term loans

Focus on higher income market (loans granted)



Credit – Term loans

Focus on longer term loans



Credit – Term loans

Loan book clients' cash availability

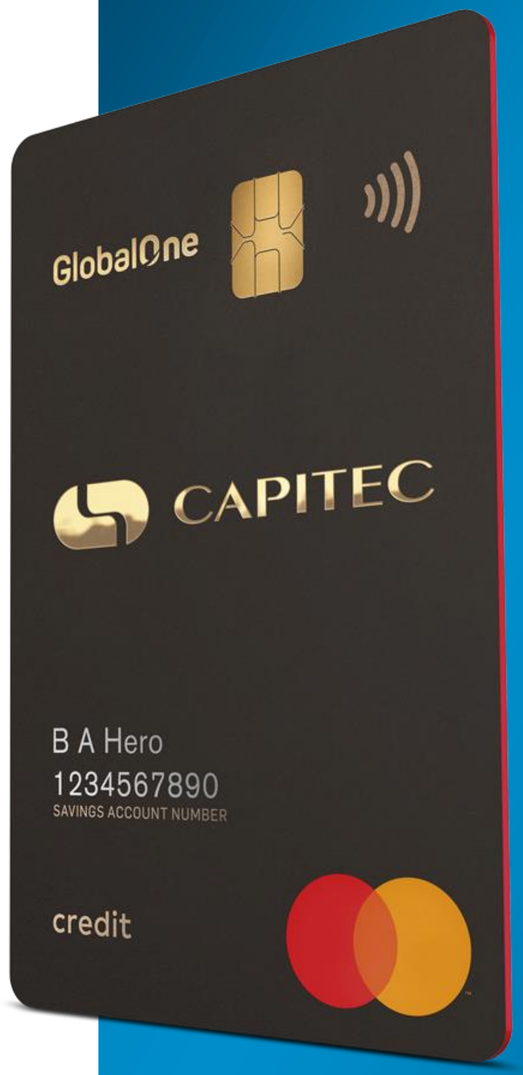
Total book cash availability*	Feb 18 (%)	Aug 18 (%)	Feb 19 (%)	Aug 19 (%)
More than 40% cash available	75	81	77	83
Between 39% and 21% cash available	14	11	13	10
Cash stress less than 20% cash available	8	5	7	5
No inflow	3	3	3	2

* Clients where loan instalment collection account is the Global One

Credit – Credit card

Focus on quality

- Transactional data utilized to enhance ‘thin-file’ offer
- Credit cards from prime interest rate
- Bigger limits for qualifying clients (up to R250 000)
- Driving high income client acquisition



Credit – Credit card

Credit card book

	Feb 18	Aug 18	Feb 19	Aug 19
Active Credit Card Clients	274 024	360 778	445 205	516 223
Size of Performing Book (R' million)	2 014	2 659	3 382	4 189
% New Credit Clients	22.5%	24.0%	26.3%	28.5%
Maximum Limit	R80 000	R150 000	R150 000	R250 000[2]
Minimum interest rate	14.5%	10.0%	10.25%	10.0%
Market Share – Balances on book [1]	1.9%	2.4%	3.1%	3.5% (Jul 19)

[1] Source: BA 900 returns
[2] Increased limit introduced on 18 August 2019

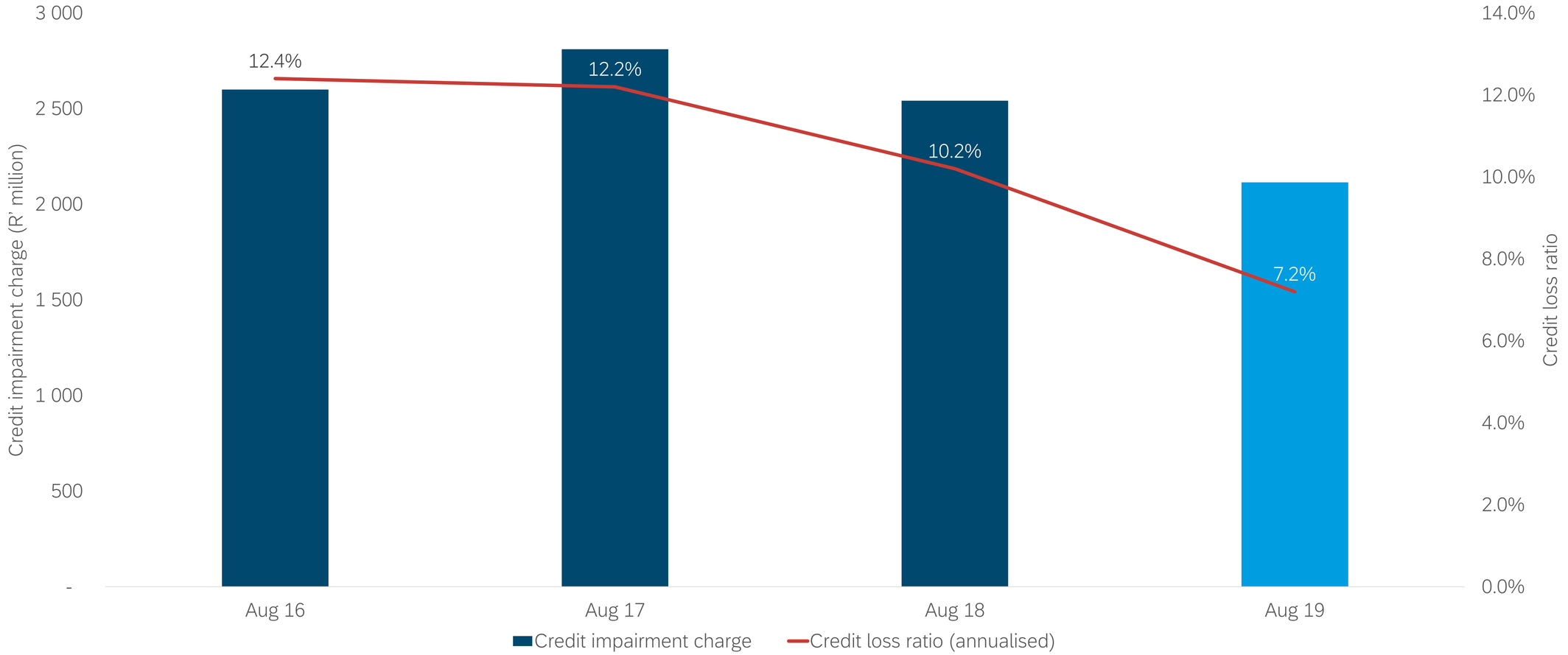
Credit – Book

Loan book breakdown (R' million)

	Aug 18	Aug 19	Difference (%)
Up-to-date book	39 641	45 311	14.3
Up-to-date significant increase in credit risk (SICR)	3 485	3 284	(5.8)
Up to 3 months in arrears	2 428	2 161	(11.0)
Up-to-date that rescheduled from up-to-date (not yet rehabilitated)	963	1 009	4.8
Up-to-date that rescheduled from arrears (not yet rehabilitated)	1 373	1 496	9.0
More than 3 months in arrears and legal status	3 071	6 991	>100
Expected recoveries receivable	398	-	-
Total gross loans and advances	51 359	60 252	17

Credit – Book

Improved arrears performance





Future

Business banking and new products

Future

Business Banking

Mercantile Bank Transaction pending:

- Regulatory approval
- R3.2+ billion investment with ROE of 10%
- 5 Business units offer strategic opportunities
- Immediate investment in growth (Digital and IT)
- 2 Year roadmap

Mercantile Bank
The Business Bank inspired by entrepreneurs

Future

New products

New Global One Card

- Contactless enabled
- Manage all limits separately on app
- The best card for international travels

New Banking App

- Improved user experience
- Better transaction categorization
- New technology platform for scale and agile delivery

Focus on culture

- People
- Client
- Delivery



thank you



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