

Absa Group

Retail Investor Day

11 November 2011

Member of the  **BARCLAYS** Group

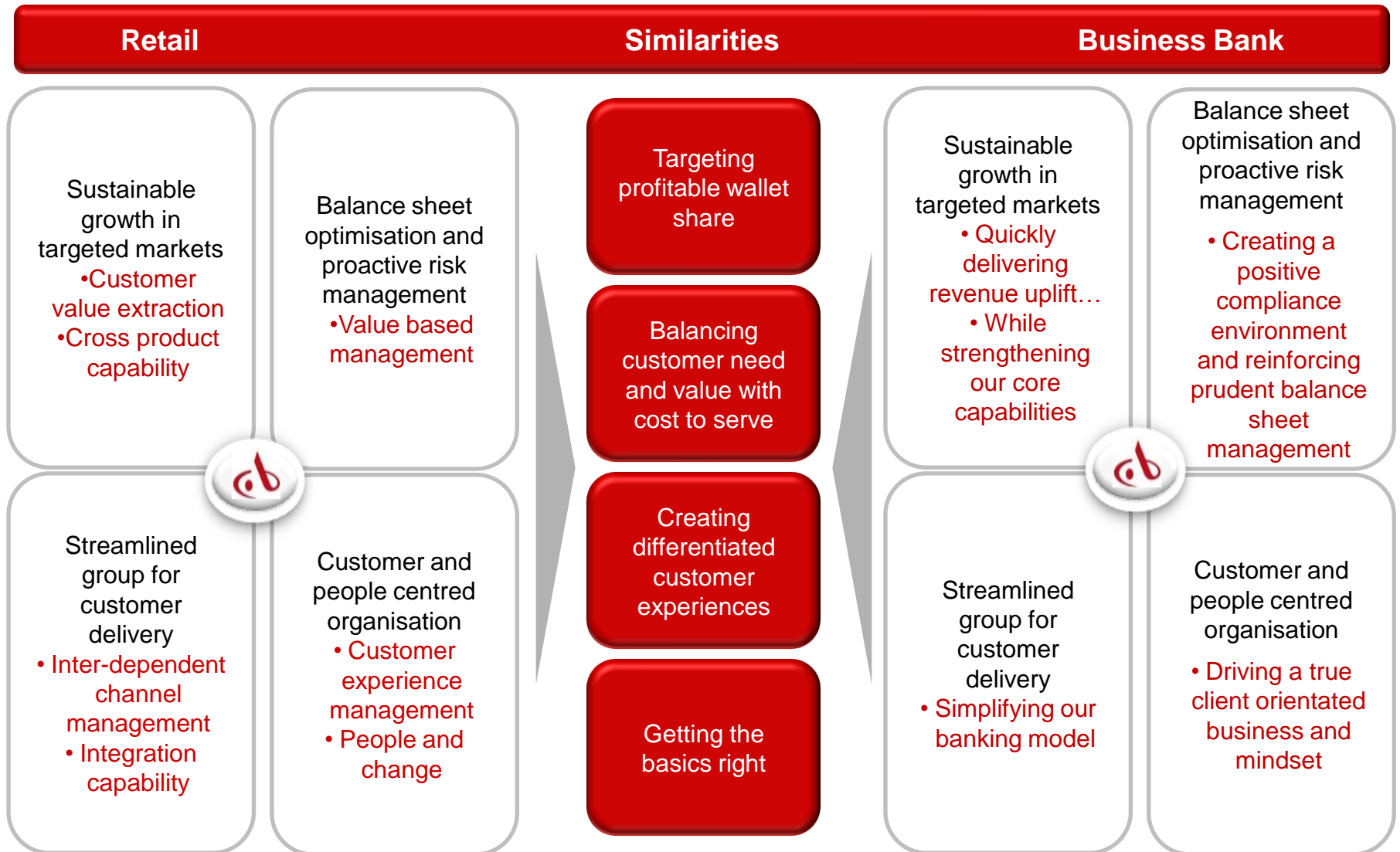


Introduction

Bobby Malabie

Chief Executive: Absa Retail and Business Banking

Upside from combining Retail and Business Banking



Retail and Business Banking model

Deep customer insights

- Derive deep customer insights across the spectrum of individual and business needs
- Design and utilise analytics to transform data into intelligence
- Design and drive measurement of Voice of Customer (VOC)
- Understanding customer failures and putting measures in place for service recoveries

Compelling CVPs

- Design segments in alignment with cost-to-serve models
- Create compelling customer value propositions per segment incorporating a range of products, offering multiple distribution options to ultimately deliver the World class customer experience
- Use innovation to creatively enhance value propositions

Efficient operations

- Delivering on the CVP through end to end fulfilment capability
- Standardisation of processes, service level agreements and change and enablement
- Consolidation of middle and back office areas to streamline processes
- Realise efficiencies through standardisation, synergies and automation

World class sales and service

- Through the largest face to face distribution footprint
- Leveraging continuous innovation in the digital channel space-providing seamless and convenient services across personal and business needs

Enhanced through synergies from a joined up RBB cluster

New RBB leadership team



Bobby Malabie
 Chief Executive: Absa Retail and Business Banking
 11 years *



Daphne Motsepe
 Chief Executive:
 Unsecured Lending
 and ELIB
 6 years *



Marcel de Klerk
 Head: Business
 Markets
 20 years *



Arrie Rautenbach
 Head: Retail
 Markets
 23 years *



Millicent Clarke
 Head: Human
 Resources
 5 years *



Maurits Pretorius
 Head: Strategy
 13 years *



Gustav Raubenheimer
 Chief Credit Officer
 *3 years *



Dirk Reyneke
 Chief Operating
 Officer
 21 years *



Vacant
 Chief Finance
 Officer



Saks Ntombela
 Head: Products
 8 years *



Lisa Forshey
 Head: Customer Insights
 and Propositions
 25 years *



Mark Springett
 Head: Risk
 20 years *

Note:
 * financial services
 experience

Absa Retail Markets

Arrie Rautenbach
Head: Retail Markets

Retail part of several One Absa workstreams

Enhancing business-as-usual

- **Grow retail business**
- **Grow core deposits**
- **Standardise / streamline**
- **Customers and people – centred**
- Leader in foreign exchange

Key priorities

- Build corporate bank
- Absa Business Bank leadership
- **Entry-level banking proposition**
- Wealth and investment advisory
- **Grow Africa earnings**

Core fundamentals

- **Strengthening risk and credit management**
- **Optimising the balance sheet**

Retail in context (1H11)

Retail is large

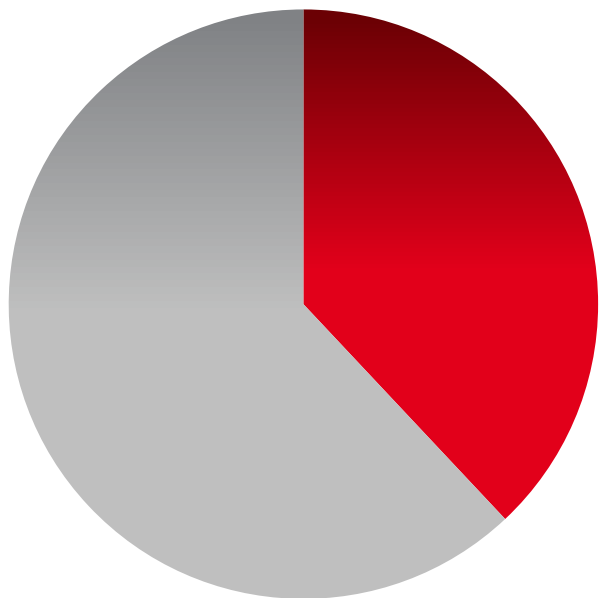
>11m customers (34% share)
2.1m AllPay customers
Cellphone banking customers 2.8m (+42%)
12.3m debit cards
374m transactions YTD (July)
892 branches (24% > #2)
8956 ATMs (29% > #2)
R118bn in deposits (27% share)
R321bn in loans (28% share)
R23.2bn of new loans

Strong first half

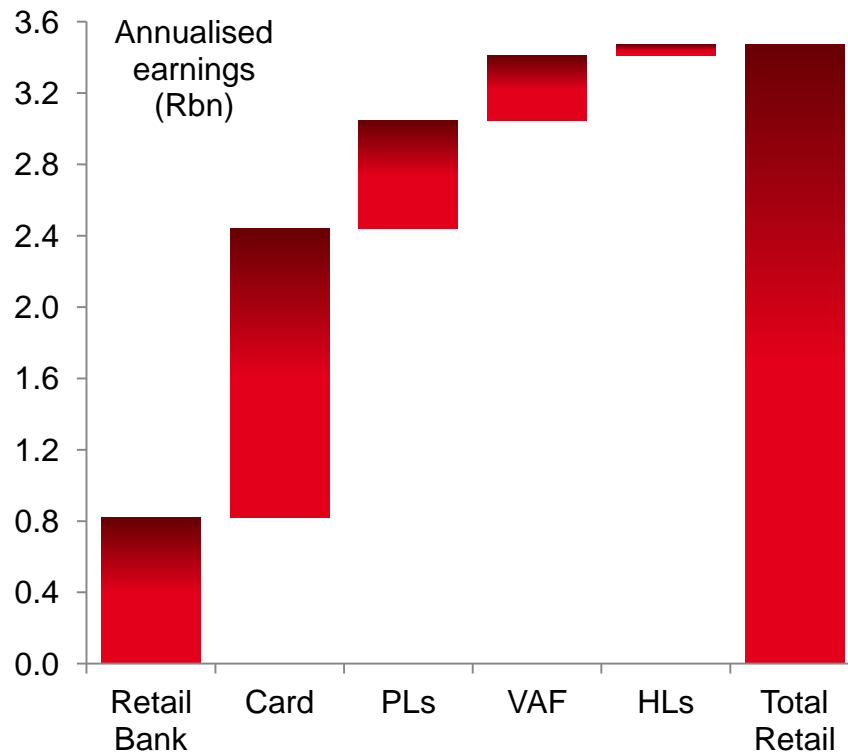
R12bn in revenue (+7%)
Positive JAWS
Pre-provision profit R5.1bn (+10%)
Credit impairments R2.3bn (-22%)
R1.7bn headline earnings (+75%)
RoEC 20%
RoRWA 2.1%
R0.5bn economic profit

A large contributor to Group earnings

38% of 1H11 earnings ...



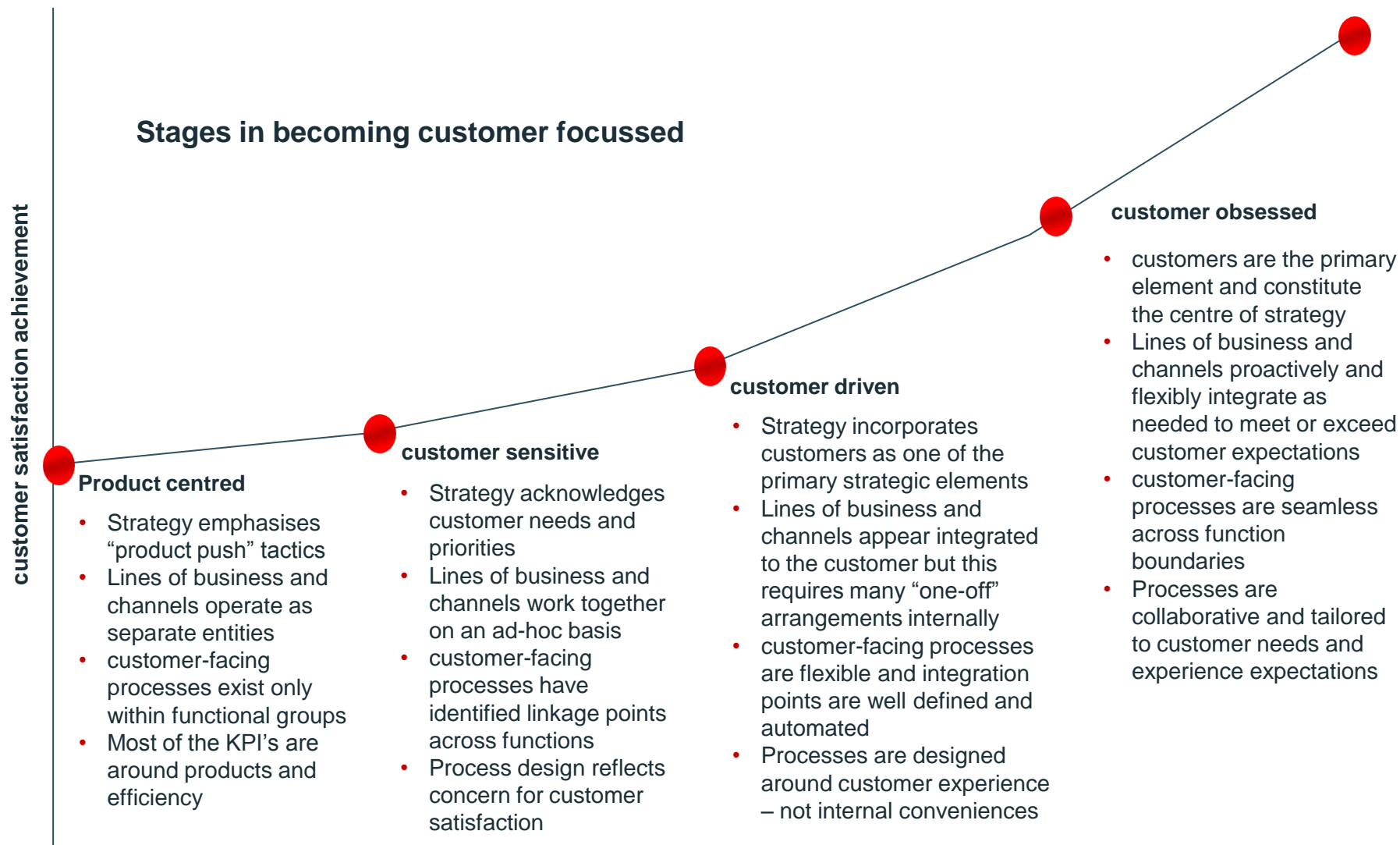
... transactional and unsecured the bulk



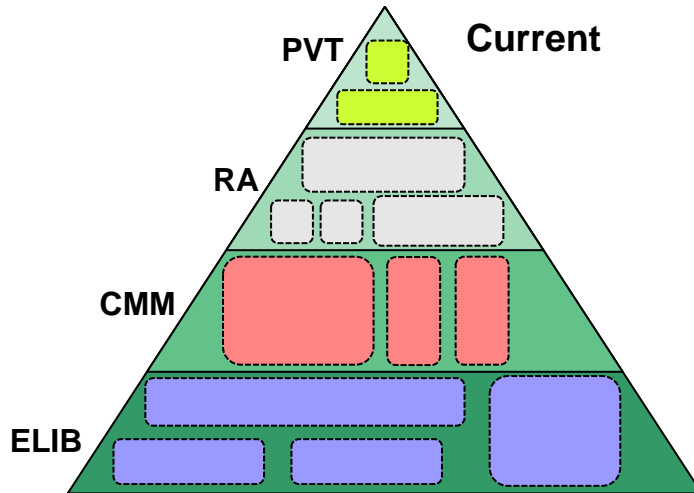
Customer

Gustav Raubenheimer
RBB Chief Credit Officer

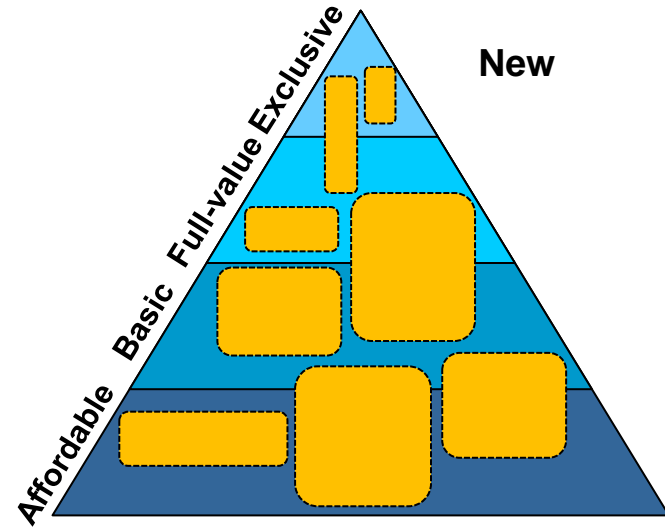
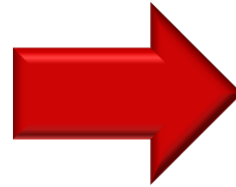
Retail's journey towards customer obsession



From income to value-based segmentation

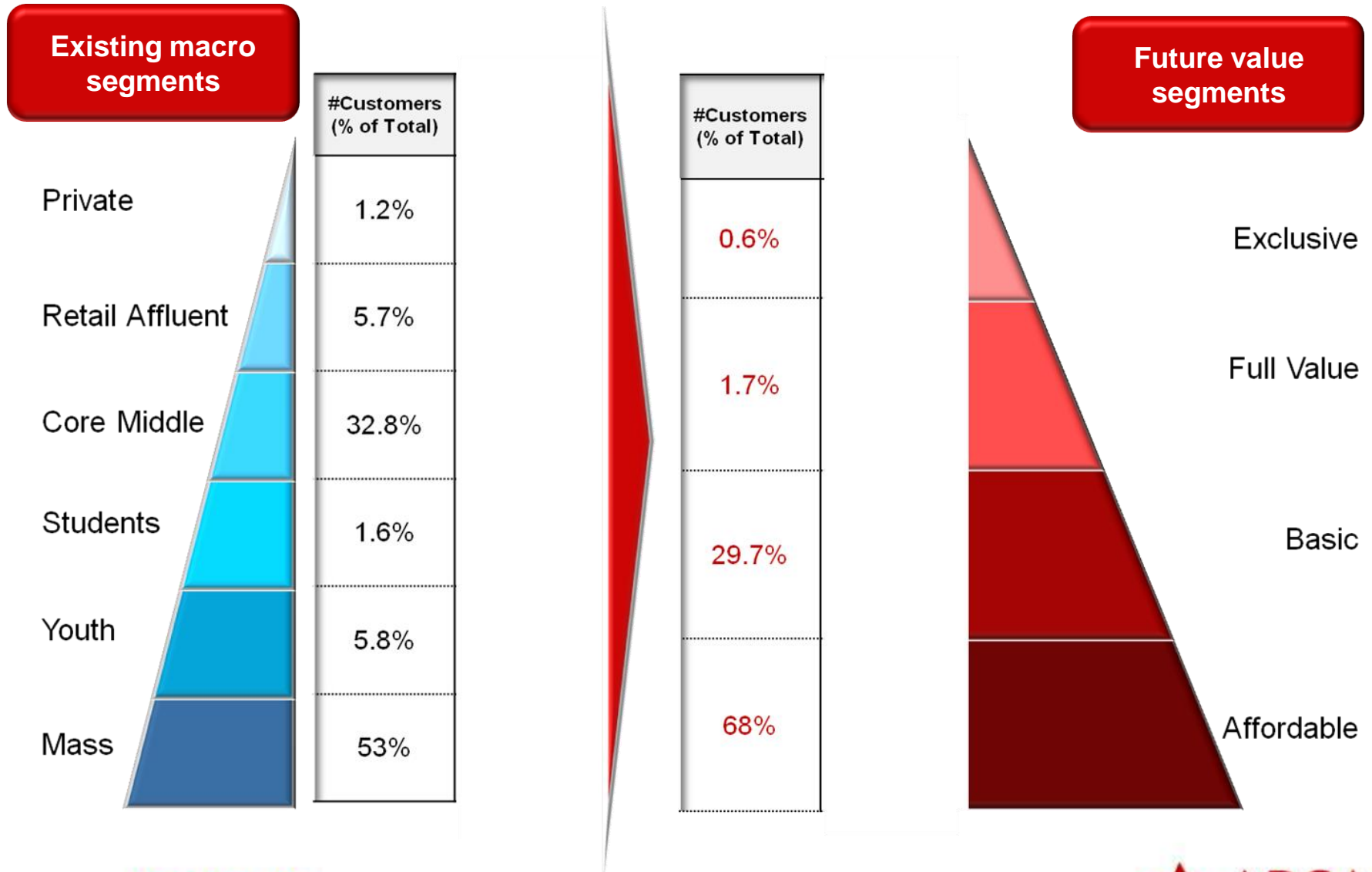


- Primarily based on customer's income level
- Does not take into account customer's needs, behaviour and value
- Over-service some customers and under-services others
- Sub-optimal CVP design and customer management



- Primarily based on customer's value to the bank
- Informed by customer's needs and behaviour - Needs and behavior segmentation (archetypes) will allow Absa to define more targeted and customized marketing strategies and value propositions
- "Opt-In" model – customer has a choice based on their needs and behaviour
- Customer served according to their choice
- Competitive and differentiated CVP design and accurate customer management

Our segmentation provides for more explicit measure of customer value ...



... based on actual customer value

Actual value

- The value as an asset to the enterprise derived from recent behaviour and assumes that there will be no major future changes in future behaviour
- **The “proven” actual value should be the primary driver of sales / service differentiation in all channels**
 - One-to-one personal relationships
 - Value-based special pricing
 - Faster complaint resolution
 - Special advisory line
 - Gifts and messages on special days
 - Special occasions in prestigious clubs
- **Customers should receive more value as they increase their actual value i.e. bring in more of their business to Absa**

Potential value

- Value that this customer could represent if we could change the customer’s future behaviour (up-sell, cross-sell, channel migration)
- Much of the potential value will probably never materialize even when the enterprise applied a targeted strategy
- **Potential value primarily used to prioritize acquisition, up-sell, cross-sell efforts**
- **It drives sales / service differentiation decisions in tandem with actual value**

Thorough process produced granular segments



10 Behavioral Archetypes: Methodology



Customer



4 Value Macro Segments: Methodology

7 Needs Micro Segments: Methodology

Data Source:
Focus Groups and Surveys
5 Step Methodology:



Why customers bank & How they prefer to bank

Data Source:
Customer data from EDW and P-Cubed
5 Step Methodology:



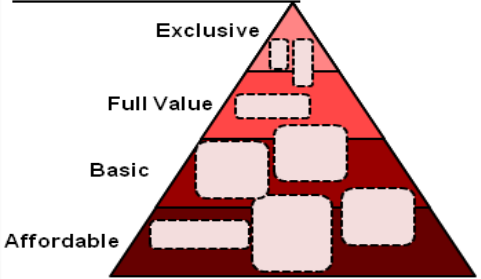
Driven by product usage and channel interactions

Data Source:
Customer data from EDW and P-Cubed
Methodology:



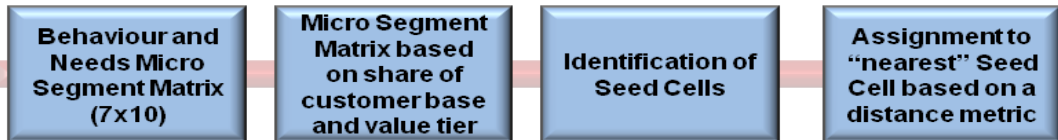
Value segmentation is performed based on a simple volume related proxies – average absolute balances.

The four “to-be” value segments are referred to as Exclusive, Full Value, Basic and Affordable

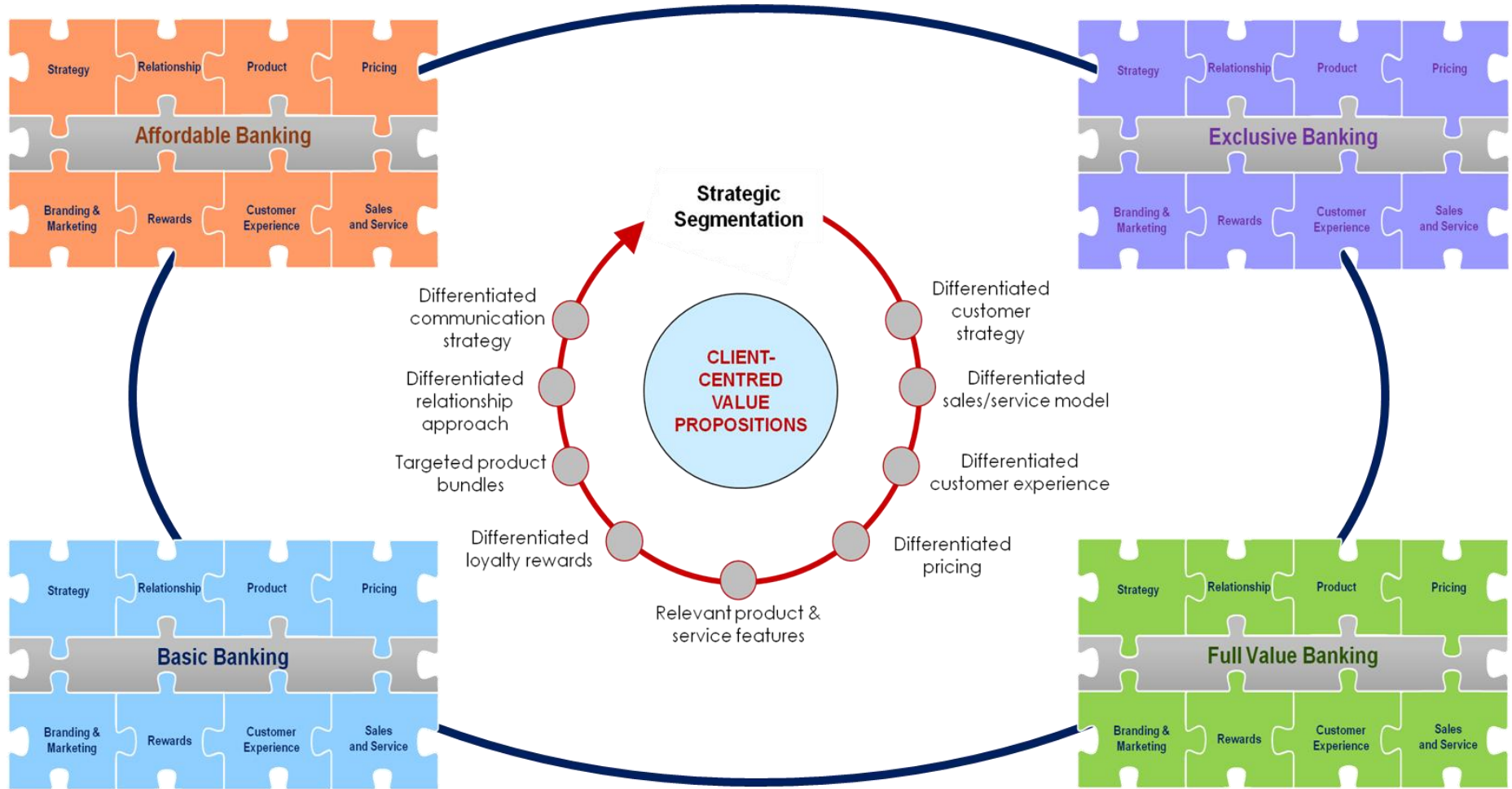


10 Blended Segments: Methodology

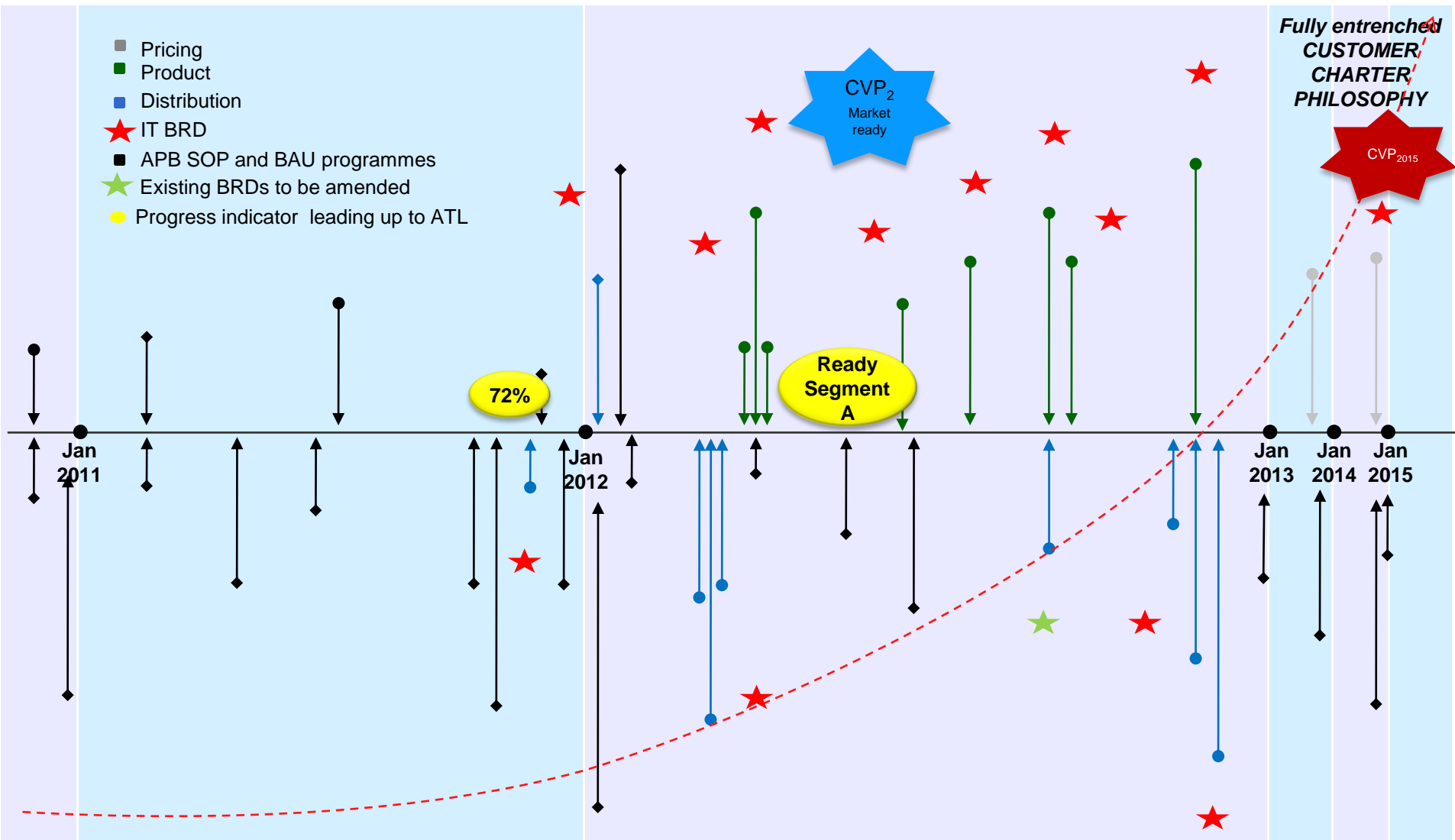
Data Source: 7 needs segments and 10 behavioral archetypes
Methodology:



We designed customer value propositions from these insights



We are executing detailed project plans for each segment



Customer Charter the basis for designing channel shape and functionality

Our promise to customers... we will consistently deliver a convenient, excellent, personal and transparent experience every time we interact with you

Convenient access and availability

“You can easily contact us and perform your banking activities when you want, how you want”

We will:

- Provide simple to perform banking activities at our branches, ATMs, contact centre and online
- Provide convenient access and will make sure we are available when you need us
- Make sure all our channels are safe and secure

Personal approach

“You will be treated like the unique individual that you are”

We will:

- Know you personally and will interact with a ‘personal touch’
- Give you relevant personal financial advice and help you get the best value out of your relationship with us

Excellent service delivery

“Your instructions and requests will be handled quickly and correctly, by highly skilled and committed people”

We will:

- Aim to always do things right the first time
- Deliver a quick response and turnaround times
- Deliver excellent service no matter how you interact with us

Transparent communication

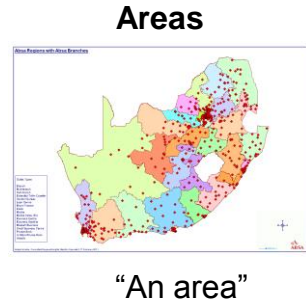
“You will always know exactly what to expect from us, there will be no surprises”

We will:

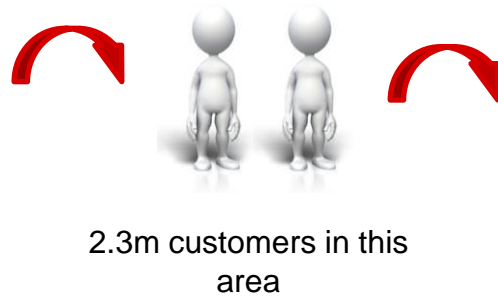
- Communicate clearly with you in easy-to-understand language
- Proactively keep you informed of your financial affairs
- Interact in a pleasant and professional manner

Zoning methodology a strategic tool

Without zoning:



Customers

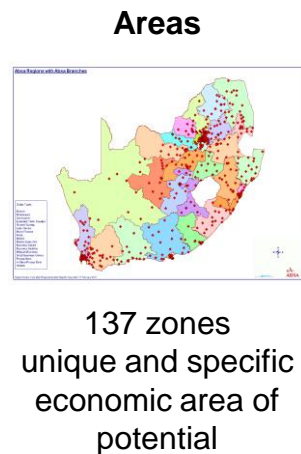


Primary channel options

- Branches/loan centres
- ATM's
- Other devices
- Other Channels

Customer "SAT" measures for the region

With zoning: A distribution planning approach



Customers per value tier



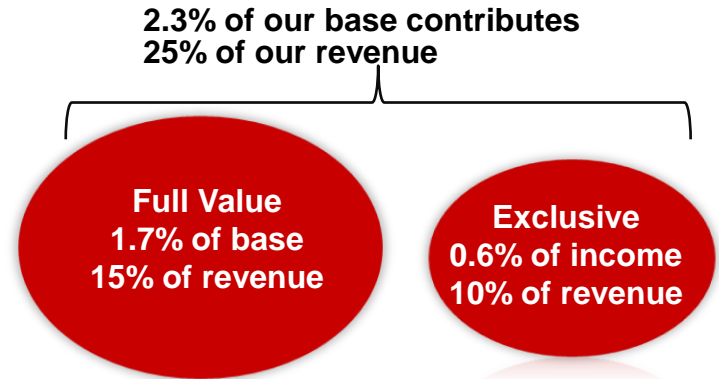
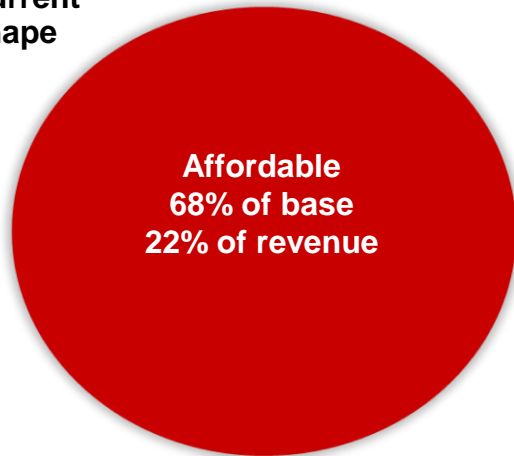
Primary distribution options

- Re-configuration of all channels in region to best match value tiers
- Unique channel configurations to serve segments
- Unique sales and service (product) play in areas towards segment

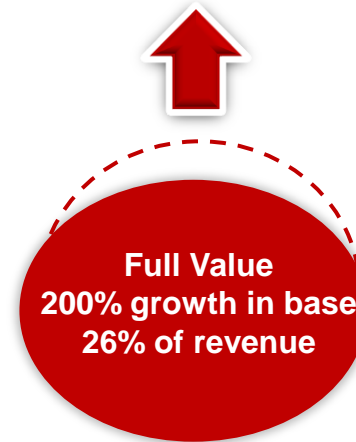
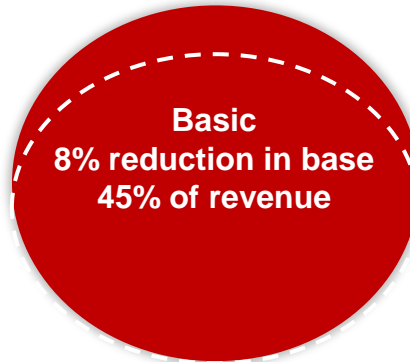
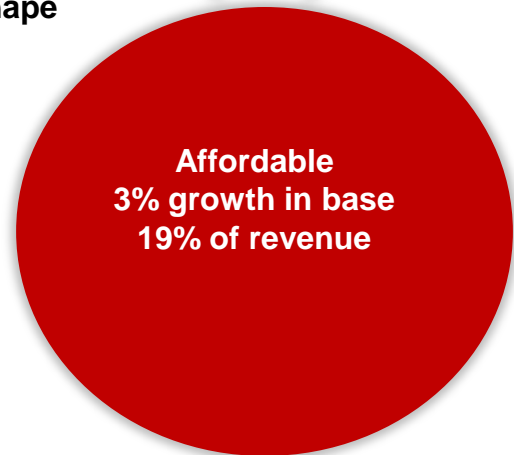
Customer value = cost to serve at zone level

Retail customer strategy – changing shape across our value tiers

Current shape



Future shape



We measure key performance indicators across our value tiers

	Revenue and costs	Affordable	Basic	Full value	Exclusive
Customer shape	Primary relationship %				
	Number of customers				
	Number of accounts (excl AFS)				
Make the numbers	Economic profit before overheads				
	Economic profit full absorbed				
	Net interest income on advances				
	Net interest income on deposits				
	Total net interest income on advances and deposits				
	Non-interest income				
	Top line income				
	Impairment losses on advances				
	Operating income				
	Operating costs				
	Operating profit / (loss) before overhead cost				
	Overheads				
	Operating profit / (loss) before tax				
	Balance sheet				
	Average debit balance				
Average credit balance					

Performance dashboard provides customer numbers and financials across segment per product and business unit

Conclusion

- We have a clear strategic journey to move from product to customer-centric banking
- Our customer segmentation model is based on value
- It produces a set of value tiers
- We are creating compelling Customer Value Propositions from these
- We have a detailed delivery roadmap
- Our Customer Charter principles support the journey
- We use strategic tools to align distribution with our value tiers
- Our strategies will enable us to move to the optimal customer shape
- We measure key performance indicators to track change in our customer shape

Distribution

Pierre Loubser

Head: Sales and Service

Christo Vrey

Managing Executive: Digital Channels

Distribution guidelines inform our strategy

We are accessible



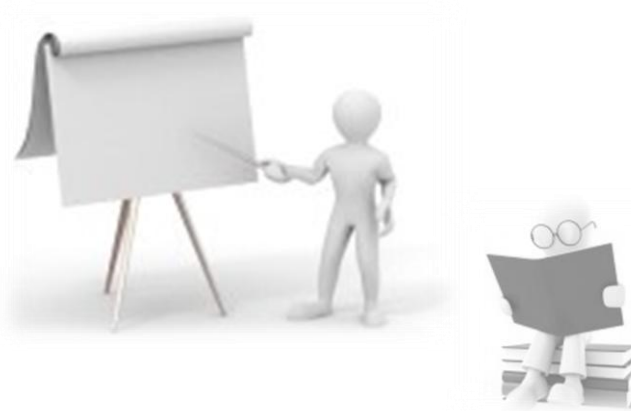
We are convenient



We are differentiated



We empower and value our customers



We are accessible

We are accessible

- Largest branch footprint (24% larger than nearest competitor) and
 - Largest ATM footprint (29% larger than nearest competitor)
- +**
- Partnership with new non-bank role players

- **892** branches
- **2** main contact centre sites with **2 000** seats
- **8 157** ATMs
- **414** Self service kiosks
- **385** Internet kiosks
- **631** Life advisers
- **460** Short-term advisers
- **15 530** staff employed in face to face
- **11,7m** customers

Success factors

- Approachable, welcoming and not intimidating (achieved through differentiation at outlet level)
- Accessible, within easy reach of both:
 - Absa infrastructure: branches and self-service devices
 - Non-Absa infrastructure: retailer and community owned access, facilitated by Absa (i.e. Spaza shops, POS, in-store banking and money transfer solutions)
- Leading the way in mobile banking, cell phone banking lite and internet banking
- Telephone banking on 24/7 basis



We are convenient

We are convenient

- Multi-channel approach
- Choice of access
- Choice of self-service
- Integration across channels

- Over **1 100 000** retail and more than **250 000** business users for online banking
- **24x7** agent assisted calls on specific lines of business through the contact centre
- **20m** contacts p.a. via the contact centre
- **1,1m** calls handled p.m. by call centres
- **1bn** sms sent p.a.
- **7m** NotifyMe users with **9.5m** accounts enabled
- **150 000+** CashSend transactions p.m.
- **500m** ATM transactions p.a.
- **1m** accounts receive eStatement p.m.
- **8,7m** teller interactions p.m.
- **90m+** 'them on us' ATM transactions p.a.
- Serving over **3.2m** customers via cell phone banking

Success factors

- Offer multiple sales and service functionalities across a broad spectrum of convenient channels:
 - Full service branches
 - Self-service devices
 - Self-service and agent-assist call centres
 - Remote opening agents in the field
 - Retailer and community models
 - Channel innovation for new forms of access
- Develop functionality on channels customers want and value, e.g. scan and pay utility bills
- Allow customers to move from channel to channel where appropriate e.g. from internet to call centre agent
- Further develop “out of branch” banking capabilities to broaden reach; WorkPlace Banking



We are differentiated

We are differentiated

- Affordable distribution solutions
 - Transactional distribution solutions
 - Exclusive distribution solutions
- +
- Personalise digital channels

- Over **R500m** in money moving transactions are handled annually through the contact centre
- Over **R10bn** in value transacted through cell phone banking p.a.
- Different outlets or distribution solutions will be rolled out
 - Affordable 252
 - Transactional 339
 - Exclusive 168

Success factors

- All customers want (and deserve) a good, fair and effective experience
- Customers have different needs and values:
 - Certain customers value an affordable but effective service with “no frills”
 - Others want and value an elevated level of service
- Provide a differentiated experience to the needs and values of the customer
 - Differentiate branch service through different distribution solution types
 - Differentiate the digital channels through personalisation



Reduce “cost to serve”

We empower and value customers

Absa empowers and values our customers

- Educate customers
- Migrate transactions to lower cost channels

- More than **24,000** customers have been educated on the use of digital channels through our **43** educational devices
- **230** digital migrators / educators deployed
- **32** lines of business serviced through the contact centre
- Self service capability on telephone banking
- **97%** of complaints are resolved at first point of contact (internal measure)

Success factors

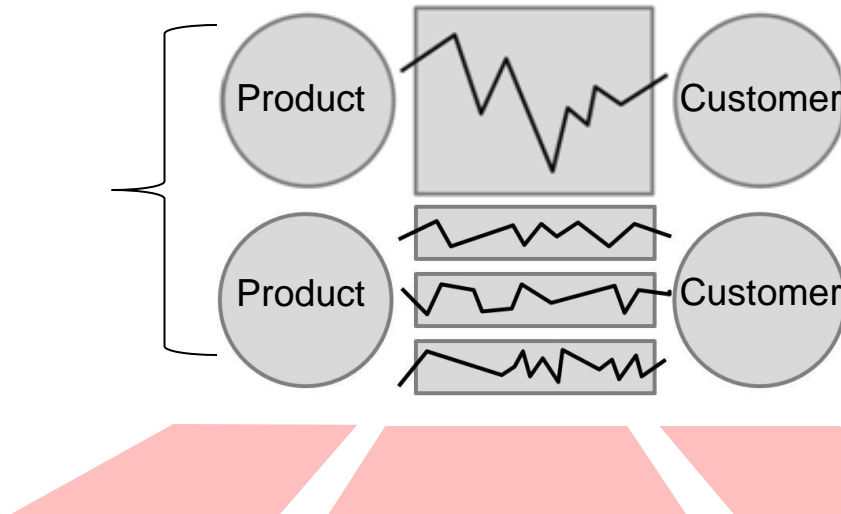
- Educate customers so they can optimise their banking relationship with us; promote low cost digital channels
- Allow, encourage and educate our customers to serve themselves (move away from assisted to self service)
- Treat all customers to a level of service and experience which matches our brand promise
- Guide customers to best self service option for their needs
- Guide customers to best “fit for purpose” channel for their needs
- All interactions with customers promote trust and security



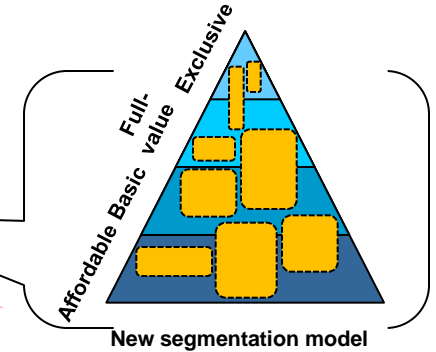
Reduce “cost to customer”

Differentiated multi-channel approach is key to sustainable competitive edge

Mono-line / non-integrated channel approach



Applying segment Customer Value Propositions allows us to design a differentiated multi-channel customer experience

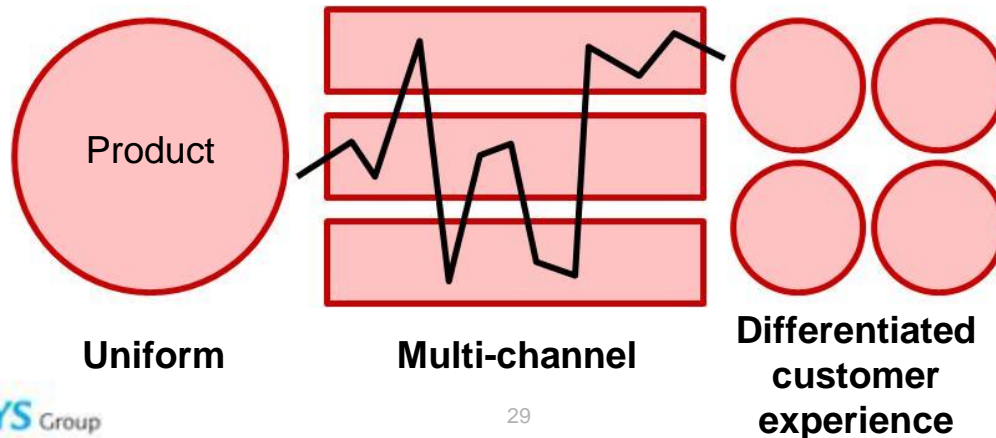


Selling products...

...using many channels, each for some sales and service activities...

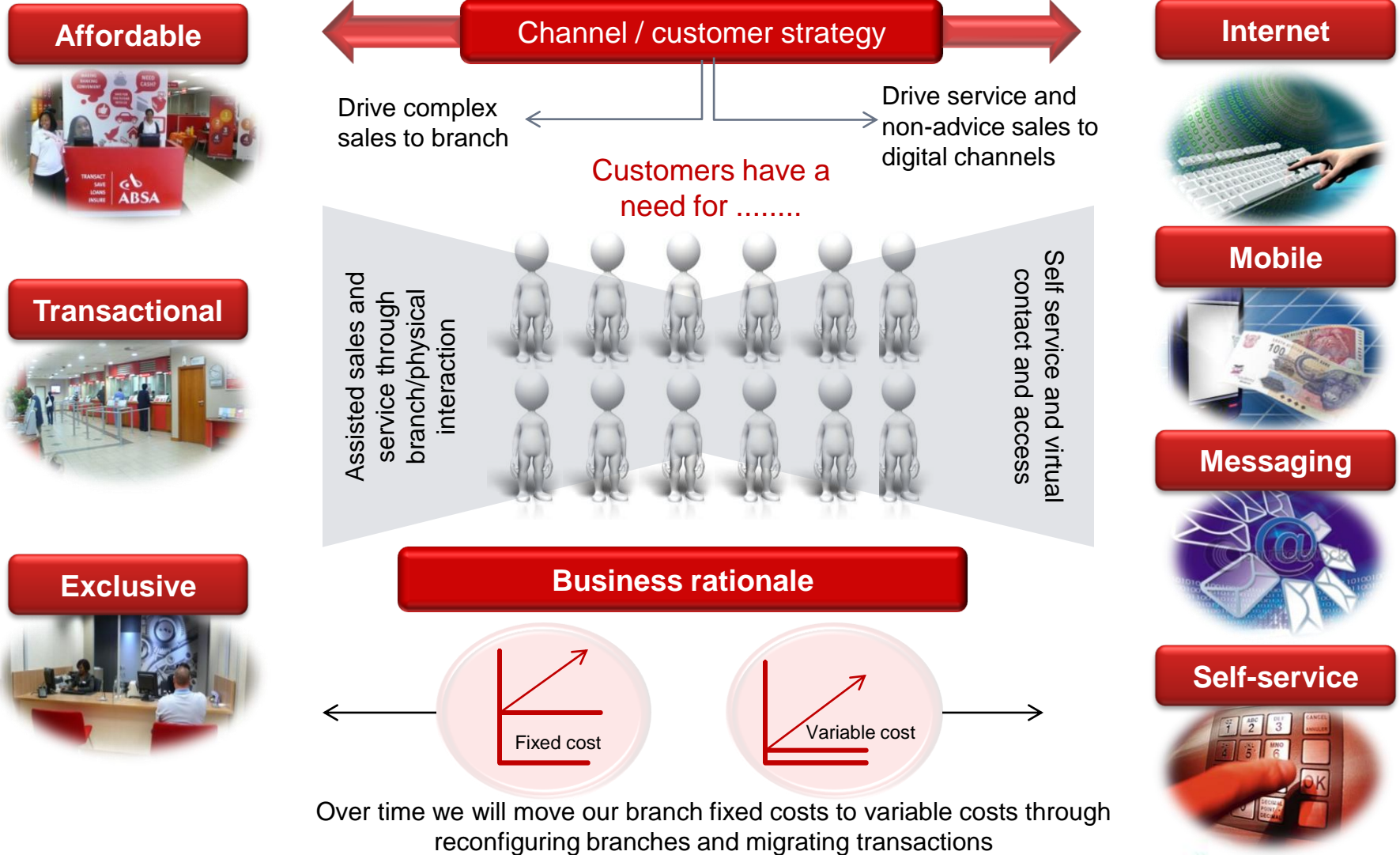
... to many sets of customers.

Our differentiated multi-channel approach allows movement between channels and a consistent customer experience across these



We are set up to offer differentiated customer experience through every interaction with us

A two pillar approach to meet customer sales and service needs



Affordable



Transactional



Exclusive



Internet



Mobile



Messaging



Self-service



Face to face channels – matching customer value and cost to serve

**Affordable /
1234 loan
centres**



Limited / simplified product range
Transaction migration to self-service



Full-time staff and contract staff used
Approachable and education oriented



Transactional



Full product range (generic sales staff)
Large transactional capability and capacity for efficient service



High volume orientation
Open to all customers

**Exclusive /
private suites**



Full product range / with specialist advisors
Open to all customers / entry criteria to exclusive area



Warm and relationship oriented



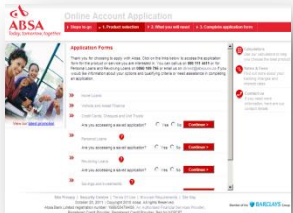
Our digital channels

Internet

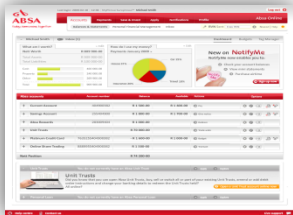
absa.co.za



Internet sales



Absa Online



Mobile

Mobile portal



Mobile sales and VAS



Mobile banking



Messaging

NotifyMe



Electronic statements



Messaging



Self-service channels

ATM's, self service kiosks and ISO's



Largest ATM footprint in SA

Cash acceptor



Internet Kiosk



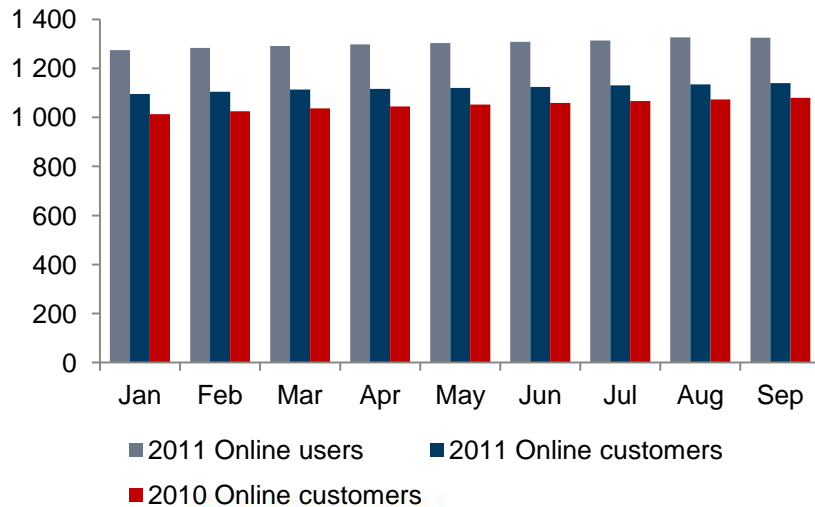
Internet update

Implemented in 2011



- New Absa portal launched in February 2011
- A top 15 portal in South Africa
- Serves close to 2 million unique visitors a month

Online banking users and registered customers (R'000)



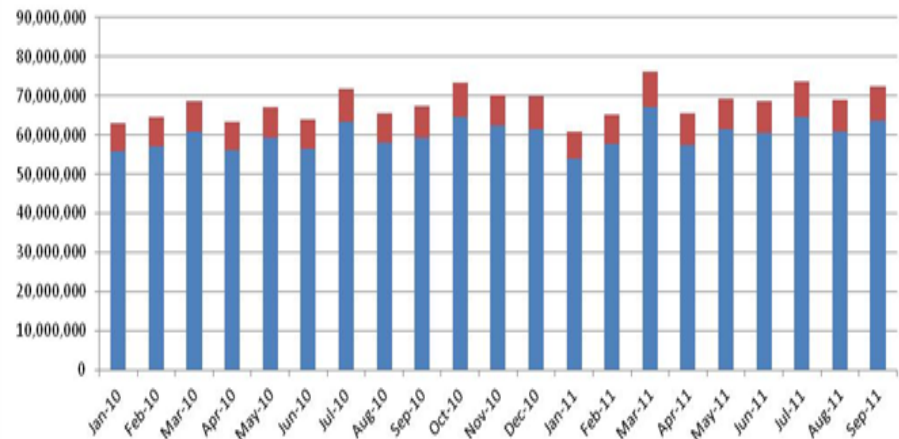
What to expect in 2012



New Absa Internet Banking (AOL) featuring :

- Personal financial management tools
- Support for capturing other financial institution data by our customers (manual aggregation)
- Secure messaging, Absa Rewards integration, modern graphic user interface, financial goal tracking.

Online Banking Customer Transactions

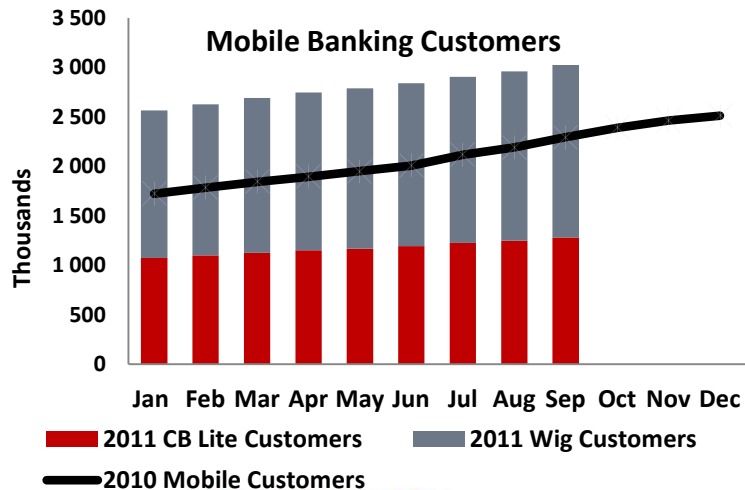


Mobile update

Implemented in 2011



- We carry connectivity cost for mass market customers (USSD costs)
- Launched contactless card payments
- Launched E2E sale of Absa Xtreme Life insurance policy
- Launched Mobile app on Galaxy Tablet to facilitate remote account opening

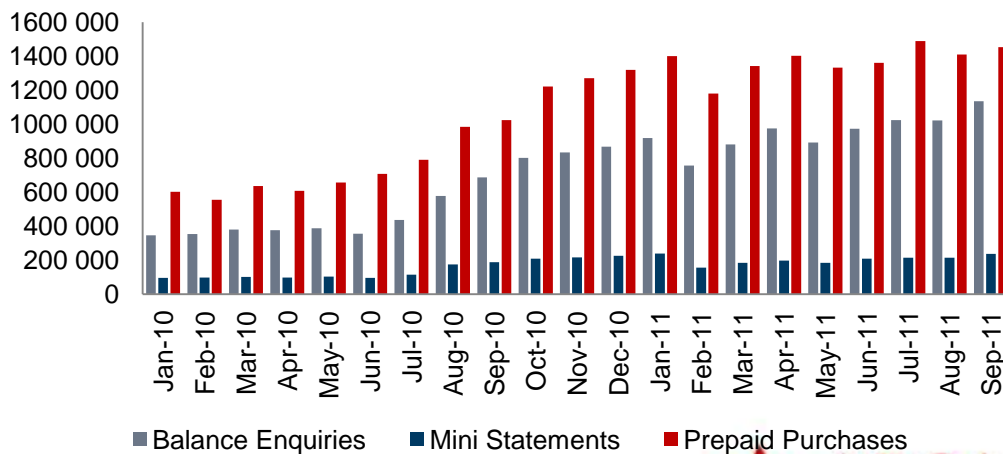


What to expect in 2012



- Full service mobile banking tablet app will complement existing suite of solutions
- NFC mobile payment pilot will go mainstream
- Implement successful 2011 transit tenders for Rea Vaya and Cape Town City of contactless card payments

CB Lite transaction growth per month



Self service channels – ATM, cash acceptor and self service kiosk

Implemented in 2011

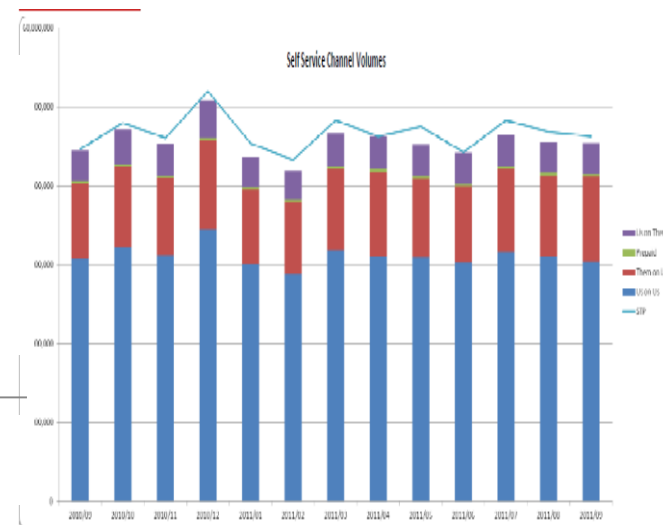
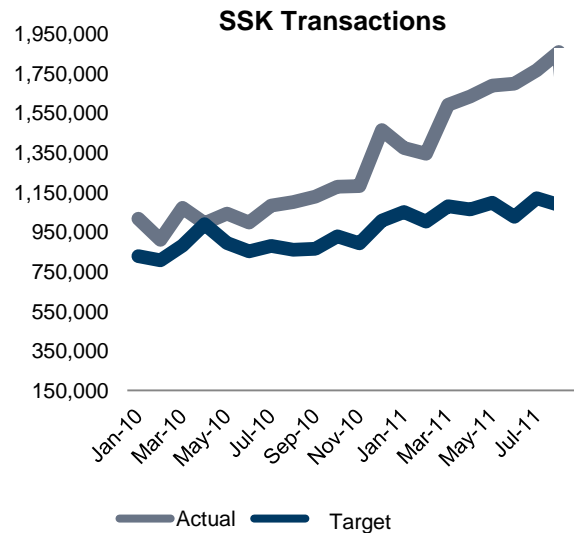
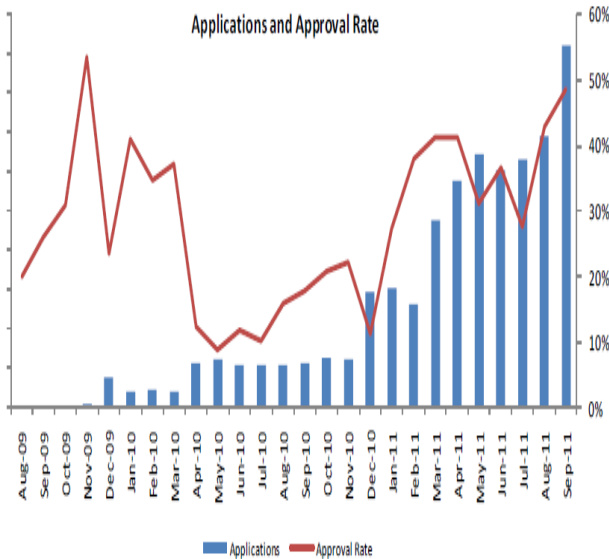


- Launched new ATM and Self Service Kiosk (SSK) user interface in October
- First phase of self service channel renewal programme
- 3 000 devices will be on the new capability before December 2011

What to expect in 2012



- 3rd Party bill payment at Cash Acceptor devices early in 2012
- Official bank statements from a Self Service Kiosk certified by an eStamp™
 - *Endorsed by SARS and other institutions requiring proof of banking relationship.*



Messaging and related value-added services

Implemented in 2011



- Launched new SMS delivery platform to support over 7 million clients and a billion SMSs
- Extended successful CashSend service to Absa Corporate Electronic Banking platform
- Distribute over 5 million MMS training videos on digital services

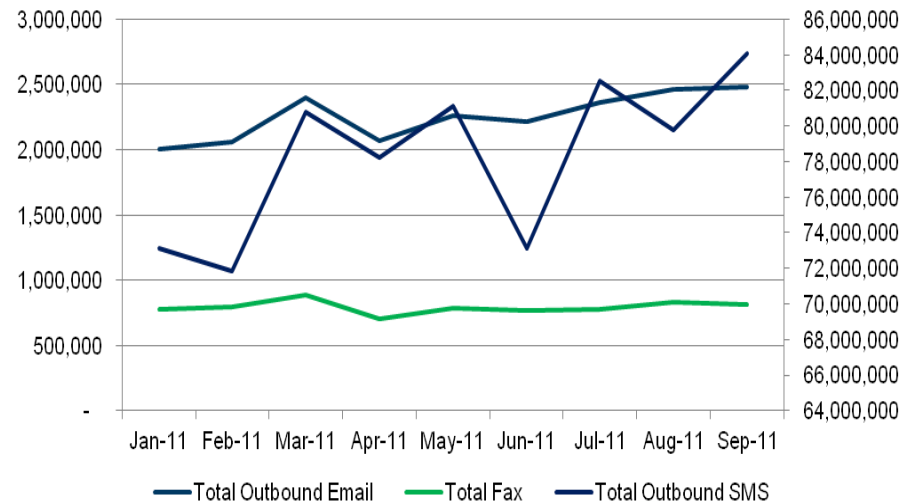
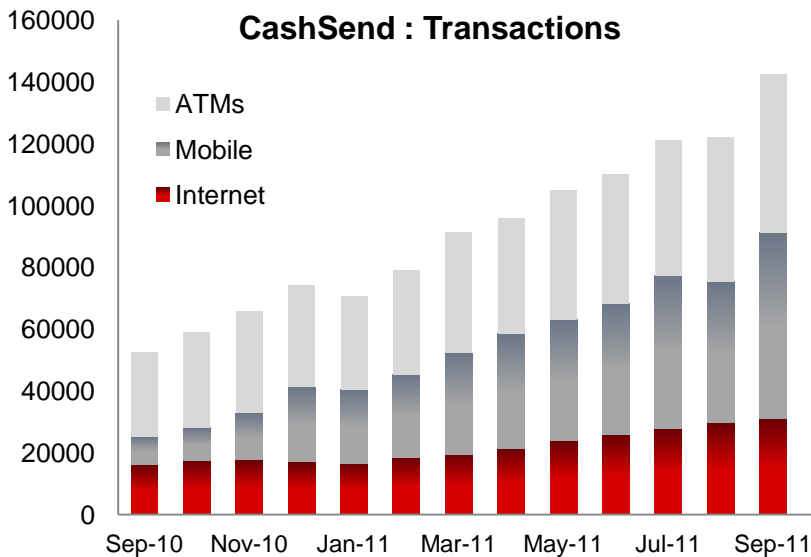
What to expect in 2012



- New smart eStatements for two banking products rolled out
- Extend the service to 90% of all Absa core products

Consolidated Absa messaging traffic

SMS Scale



ORM, social media, Absa.mobi and other service show positive uptake

Internet

GOAL: Increase visitors by >10% from 1,470 million (average for 2010) to 1,617 million.

Visitors for the month vs target

ABSA Bank Live
September 2011



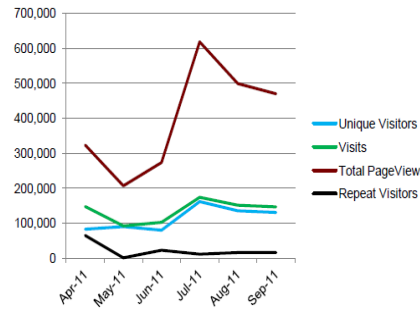
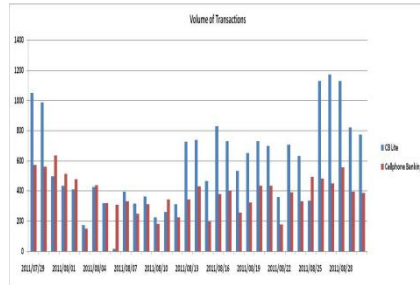
Aug 2011	Sept 2011	New Users ¹	LifeTime Users ¹	Monthly Active Users ²
45 443 fans	47 413 fans	7,637 ^{+24%}	45,443	31,308 ^{+14%}

Top Page Post

Well done to the Boks – excellent game! We are so proud! (September 22 @ 13:00 – 71 Comments 597 Likes)

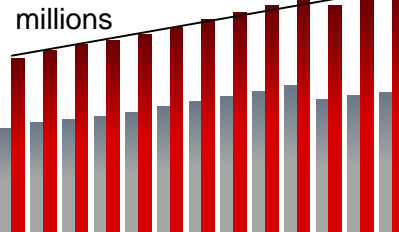


Mobile



eStatements and inbound mail

Electronic Statement Delivery (ESD)

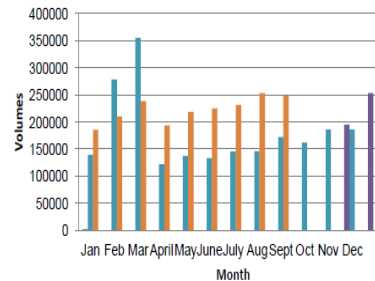


Customer Base

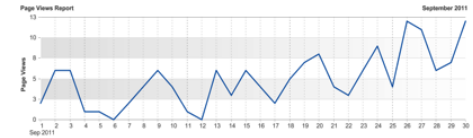
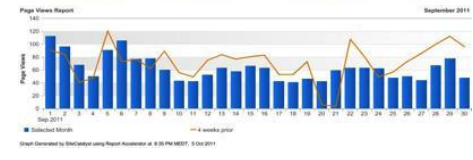
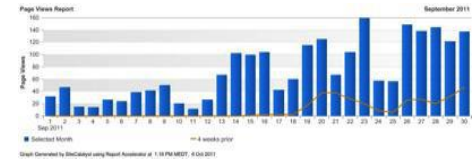
Account Base

Linear (Account Base)

E-contact Email volumes



Online and mobile marketing



Product

Saks Ntombela
Head: Products

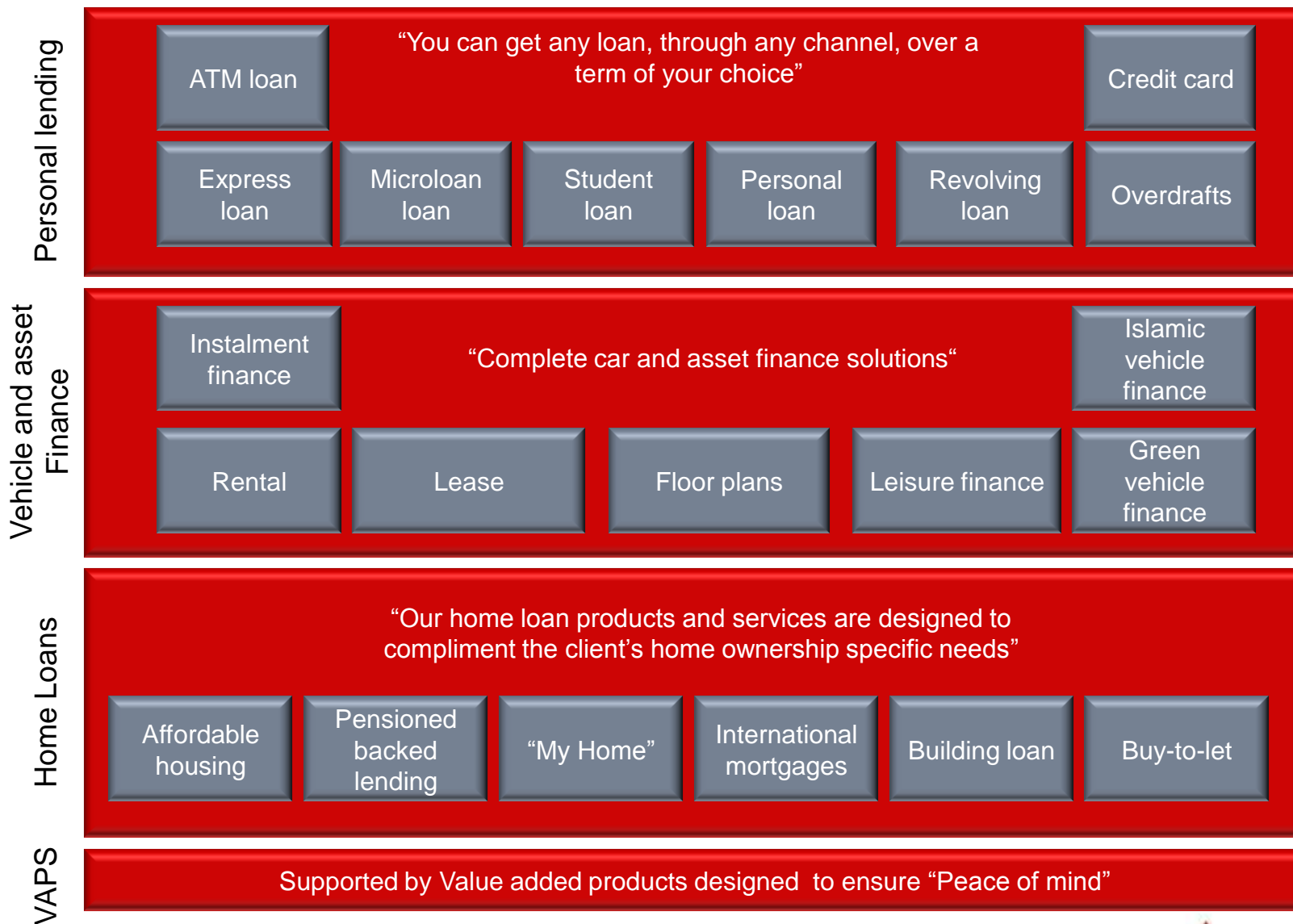
Product strategies reflect current and expected environment

Socio-economic environment
Poverty levels high
Continuous retrenchments
Consumers in good credit standing only 54% of SA credit base
High consumer debt levels
Increasing cost of living – affordability issues
Consumer confidence low
Debt counselling growing
Consumer environment
Debt consolidation becoming more important
Increased consumerism
Relationship, price and service are important
Consumers go to own bank first for a HL
Consumer vulnerability
Competitive environment
Competition intense
New offers and channels
Aggressive focus on entry level market
Continuous market presence – campaigns
Efficiency improvements

Economic environment
High oil prices/ Rand depreciation
Global concerns could lead to double dip
Domestic GDP growth expectations remain low
Increasing PPI and CPI
Interest rate uncertainty
Unemployment on the rise, especially the youth
Regulatory environment
Global regulatory reform pressures
Basel III
Employment Services Bill
CPA – TCF principles
NCA
Political environment
Impact on financial services industry and socio economic environment

So what?
Socio-economic
Understanding our customers and their needs
Provide affordable solutions
Reward customers with good credit behaviour
Consumers
Mining internal base
Focus on targeted segments
Create customer-centric solutions
Competition
Intensify market exposure
Focus on efficiency, cost management
Employ non-traditional channels
Economic, regulatory, political
Support the government agenda of Housing the Nation
Create simple solutions
Likely to negatively impact asset growth
Intense and sustained regulatory uncertainty could increase the likelihood of “strategic drift”
High cost of compliance reduces profitability
Compliance related training reduces staff’s time to service customers

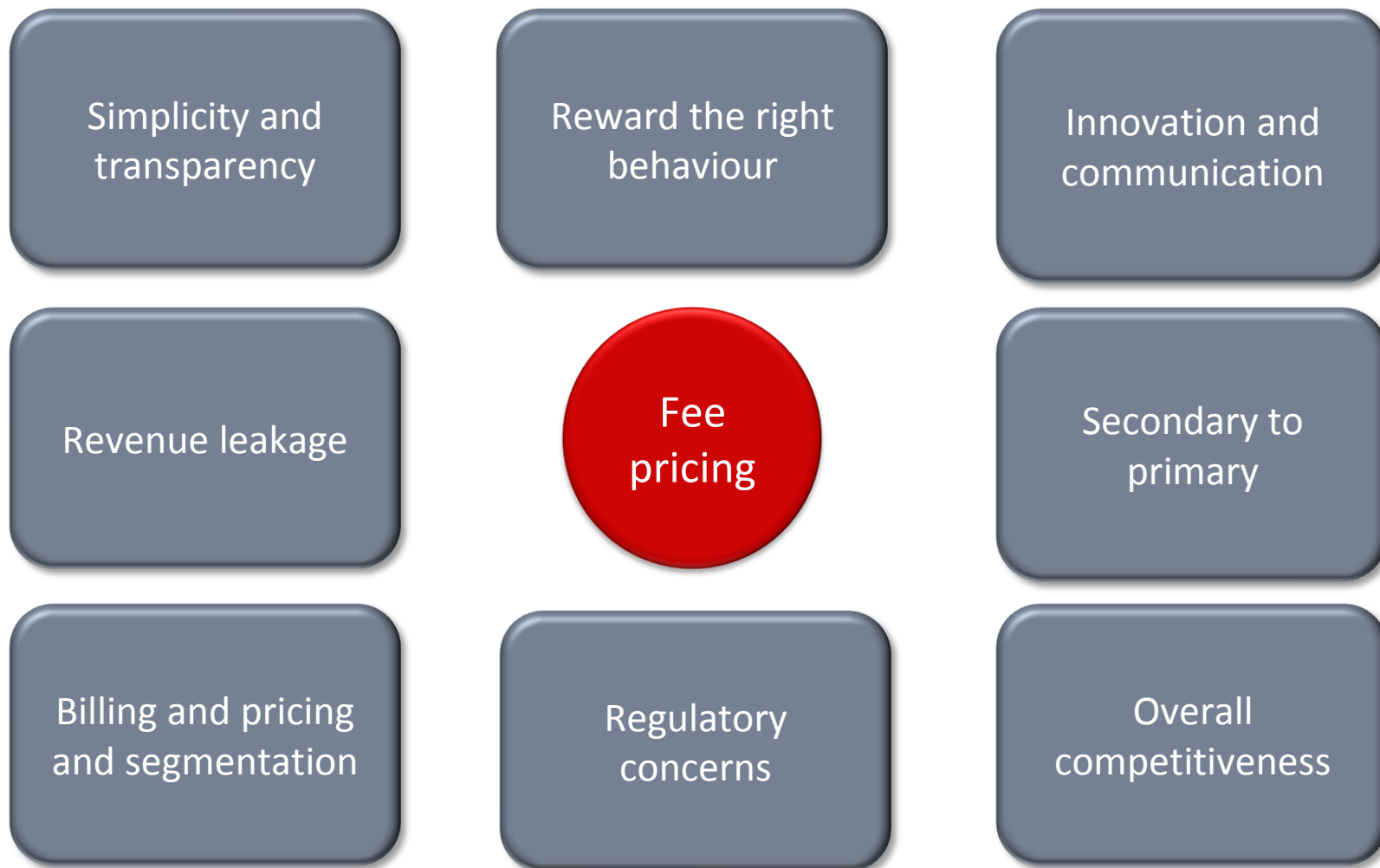
We have an extensive product range to meet customer needs (I)



We have an extensive product range to meet customer needs (II)

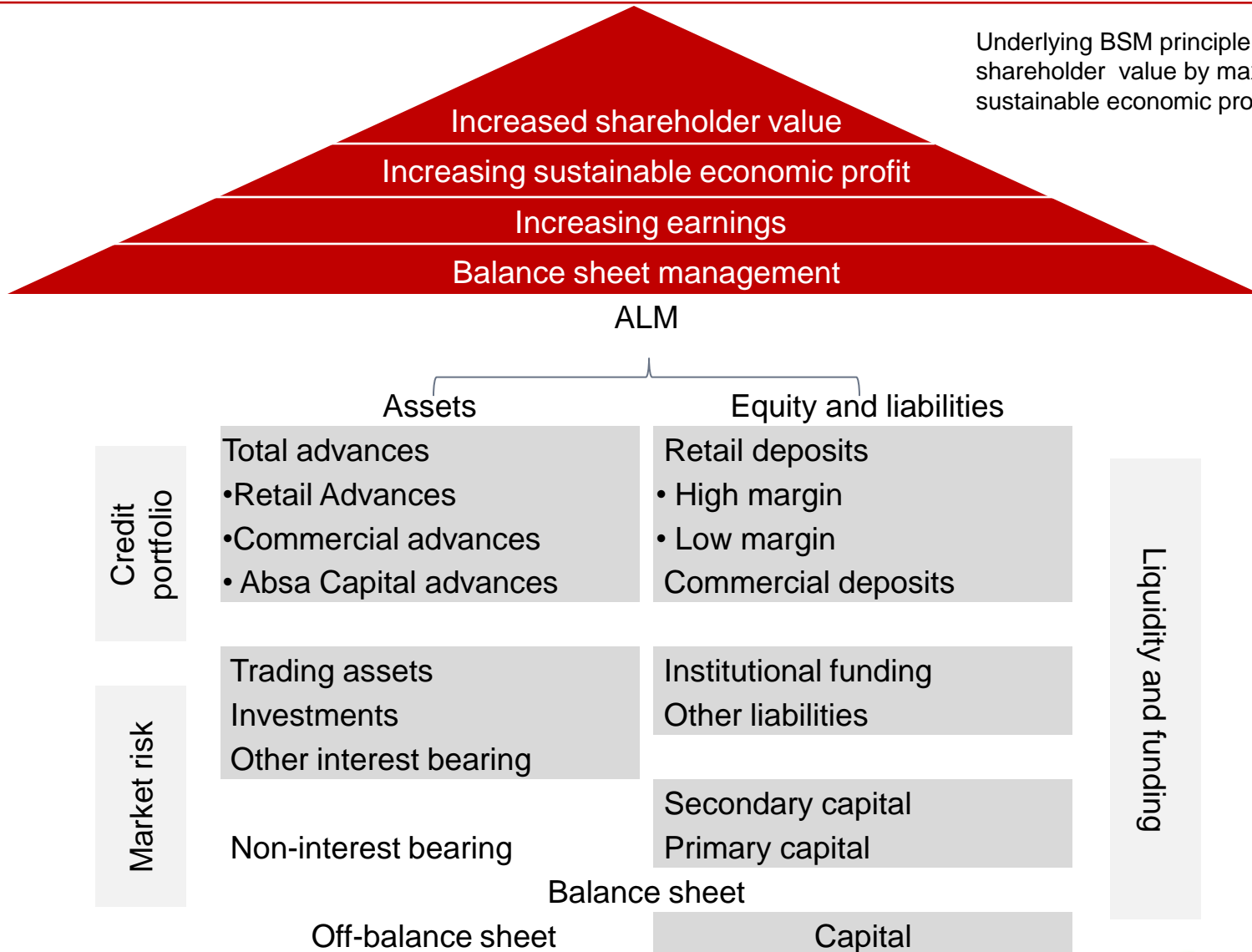


Fee pricing approach supports our value for money promise



Balance sheet management strategy impacts mix

Underlying BSM principle: Increase shareholder value by maximising sustainable economic profit.



Our approach to growing home loans



Found your
dream home?

- A prudent approach to growth
- Industry returns below cost of capital
- Enhancing our multiple channel strategy
- Focus areas
 - Grow internal channel volumes
 - Increase margin
 - Reduce NPLs, legal book and PIPs
 - Improve customer experience
 - Retain Absa customers
 - Grow Affordable Housing

Let us help you finance it

We offer much more:

- Get 0,35% of your home loan paid back into an Absa transactional account.
- Save 30% on Absa attorney panel conveyancing fees.
- Save on your monthly home loan service fee when you choose our Homeowner's Comprehensive Insurance.

To take the first step to owning your dream home, talk to us now.

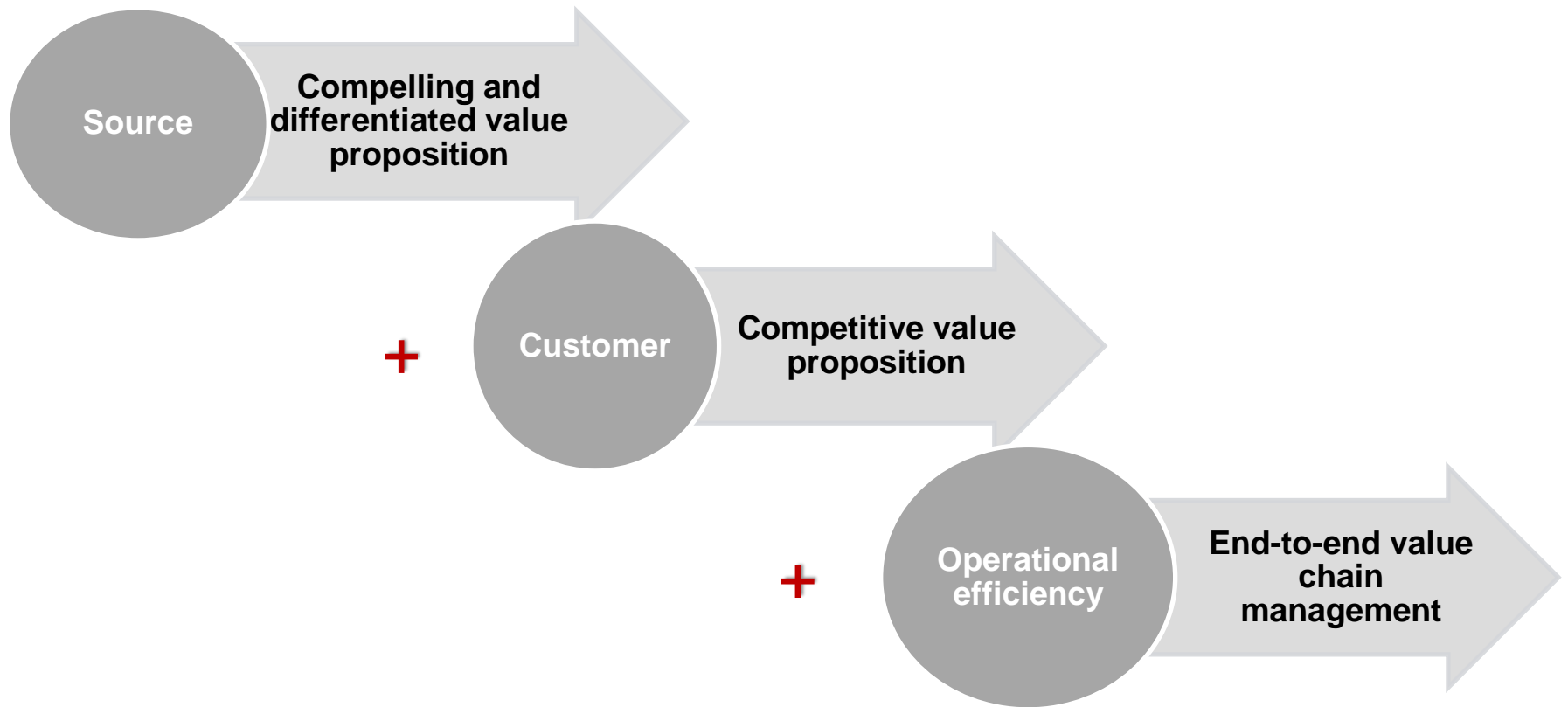
WIN
1 of 3
R50 000
prizes*


ABSA
Today, tomorrow, together.


Member of the  **BARCLAYS** Group

*Terms and conditions apply. Visit www.absa.co.za for a full list. Offer ends on 31 May 2015.

Home loans – focussing on internal channels



Vehicle finance a big opportunity



Great journeys begin with Absa Vehicle Finance

So when a car speaks to you, speak to us

Call 0860 669 669

Member of the  **BARCLAYS** Group


ABSA
Today, tomorrow, together.

- Slowing vehicles sales growth
- Key business growth drivers
- Focus areas:
 - Improving customer and dealer experience
 - Improving relationships with dealer groups
 - Reducing NPLs and legal book
 - Improving cost efficiency
 - Increasing sale of VAPS

Strategy to grow personal loans




**A first in South Africa.
Get a loan using
Cellphone Banking.**

By the time you've decided what you want to use the money for, you could have it in your account. If you're an Absa Cellphone Banking customer with a cellphone that lets you browse the web, you can apply for a personal loan of between R1,500 and R50,000 and have the money in your account in under 10 minutes, wherever you are and whenever you need it, saving you time and travel.

Visit www.absa.mobi and select "Cellphone Banking login" to register or apply today.

Voted #1 Banking Brand
2010 Sunday Times Top Brands Survey

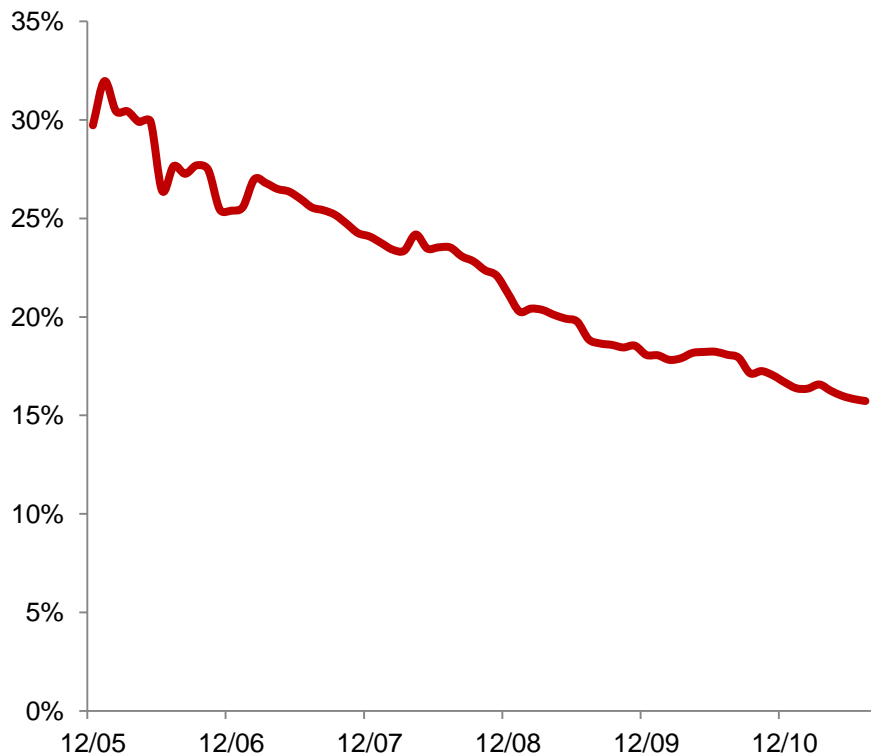
Member of the  **BARCLAYS** Group


ABS A
Today, tomorrow, together.

- Exceptional market growth in the last few years
- Key business growth drivers
- Focus areas
 - Increase penetration of Absa customers
 - Grow short-term loans
 - Improve account opening process
 - Reduce acquisition costs
 - Optimise our channel mix

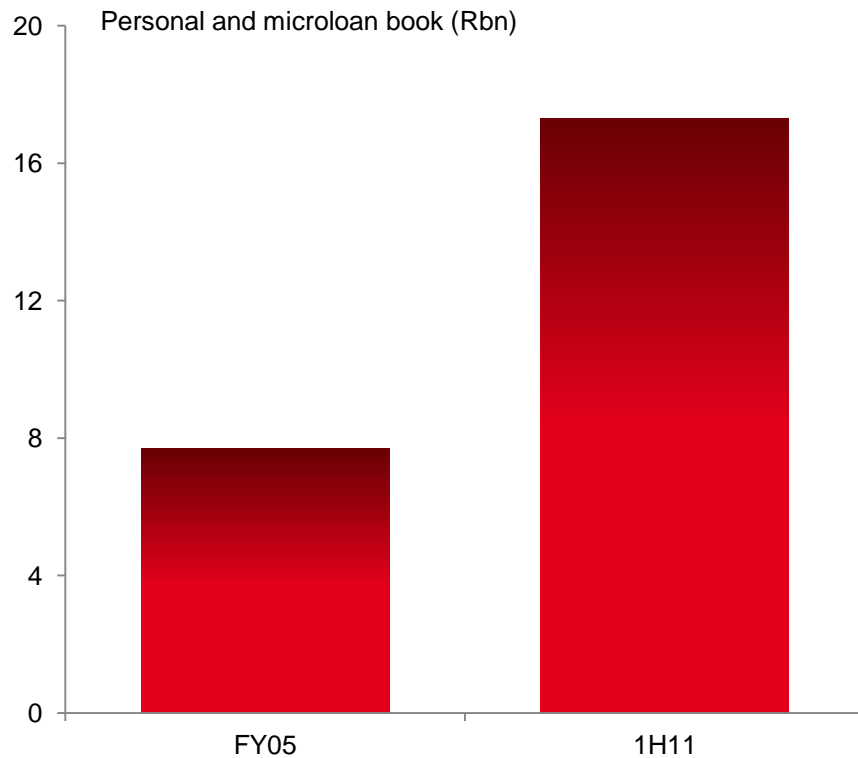
Concentrating on personal loan returns

Personal loan market share dropped ...



Source: Statutory returns

... despite strong book growth since FY05

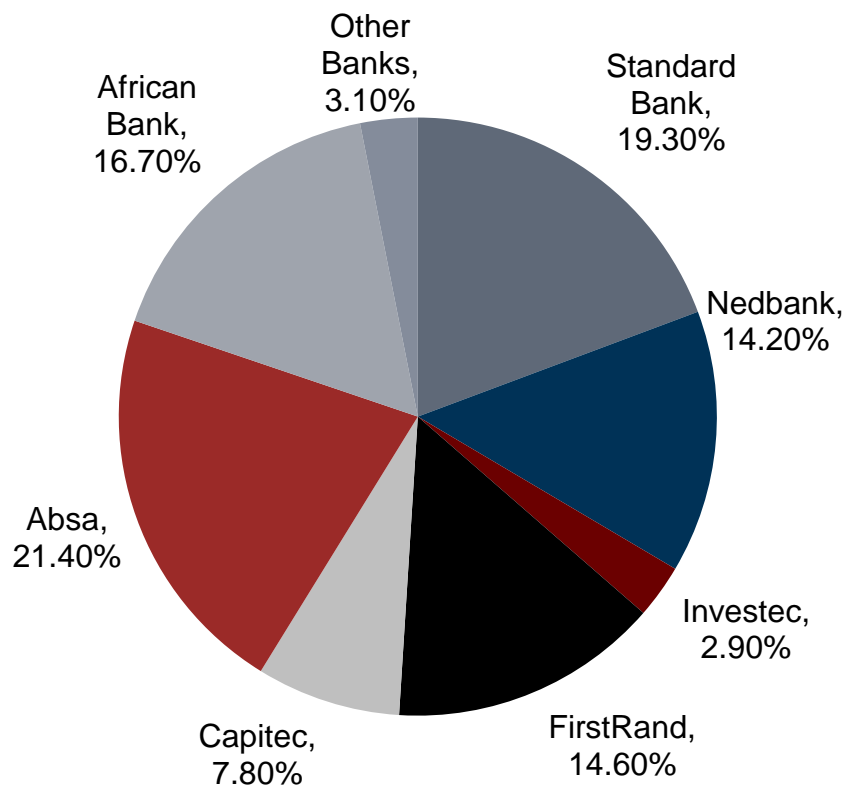


Card

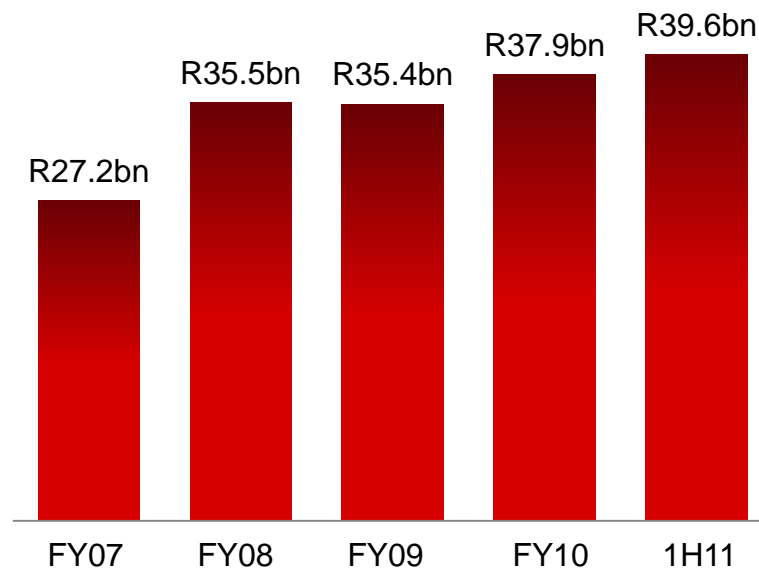
Arrie Rautenbach
Head: Retail Markets

Increasing unsecured lending is a key Group strategy

SA banks unsecured advances



Retail Unsecured lending



Source: SARB BA900s

Diverse credit and payments business with focus on innovation and growth

Our vision “to own the world of simple payment”

Grow, maintain and defend existing opportunities

Inorganic consumer credit opportunities

Cross-sell

Usage

Grow existing partnerships and affinities

Entry-Level Banking

Great experiences for our customers

Obsessed service

Group segmentation models

Diversified income streams

Merchant Acquiring

Consumer issuing

Commercial Cards

Debit Cards

Pre-Paid Debit

Leading in the delivery of new forms of simple payment

Dynamic Currency Conversion

Contactless payments

Mobile Acquiring

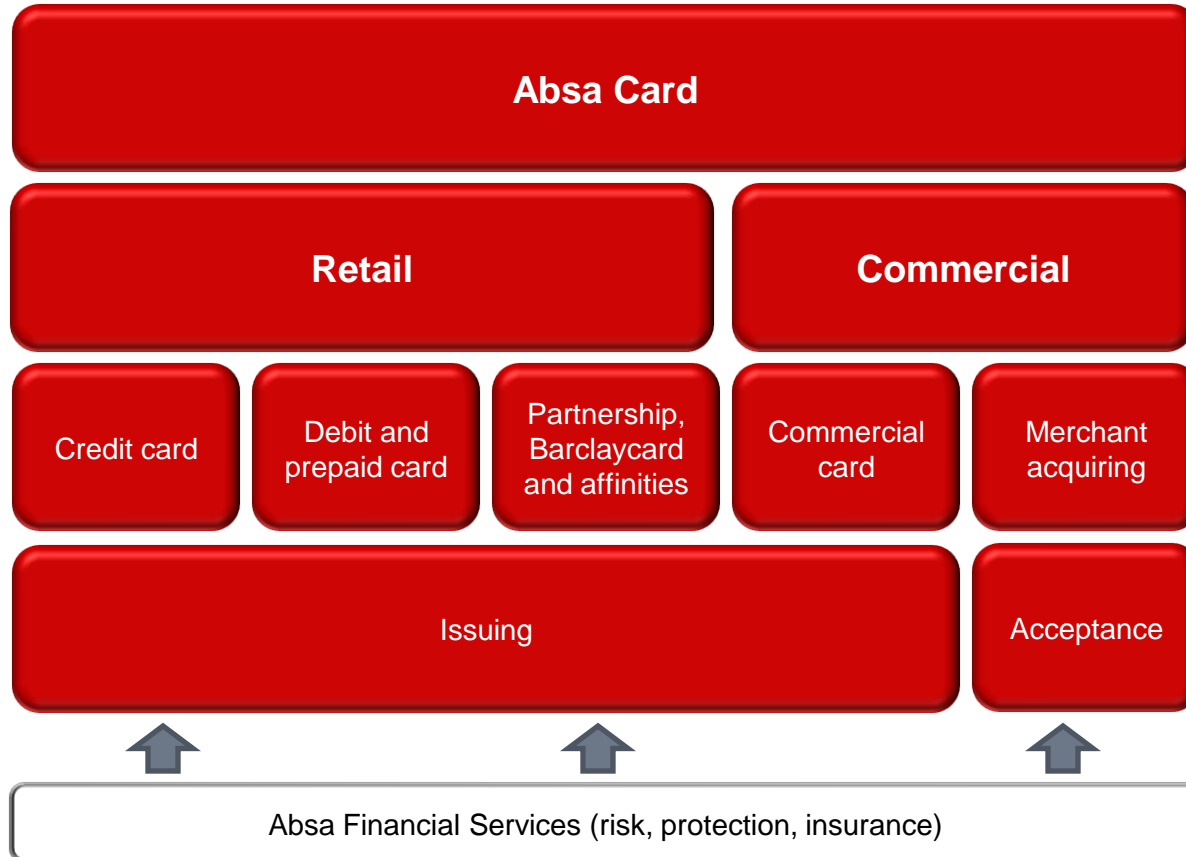
e- and m-Commerce

Closed Loop

Rewards / Loyalty

Key business lines joined together in a card centre of excellence

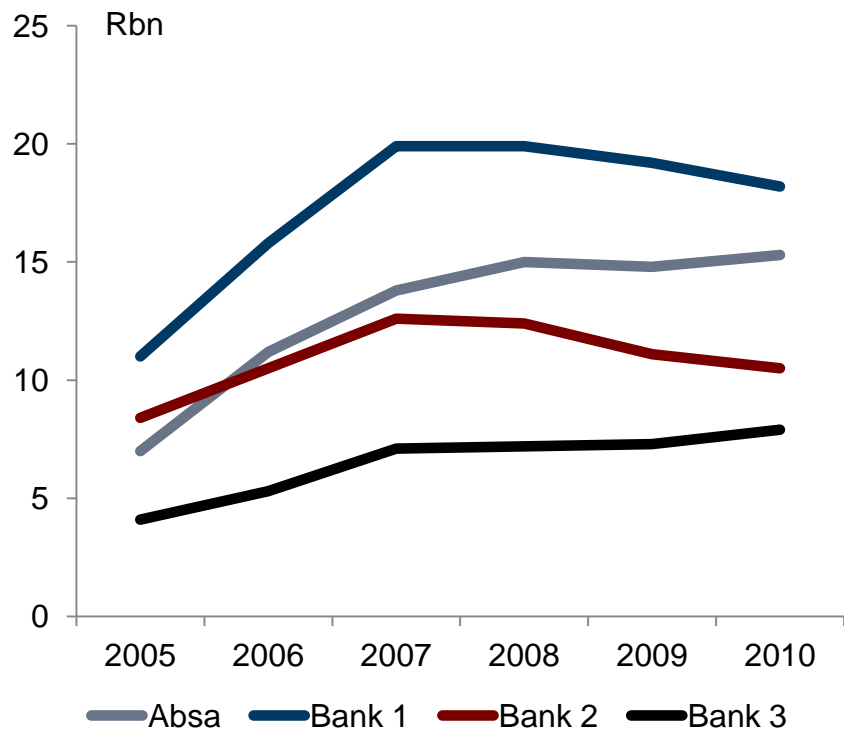
Integrated with Absa's Retail and Unsecured Lending banking franchise as well as with Barclaycard, and is comprehensively supported by Absa Financial Services



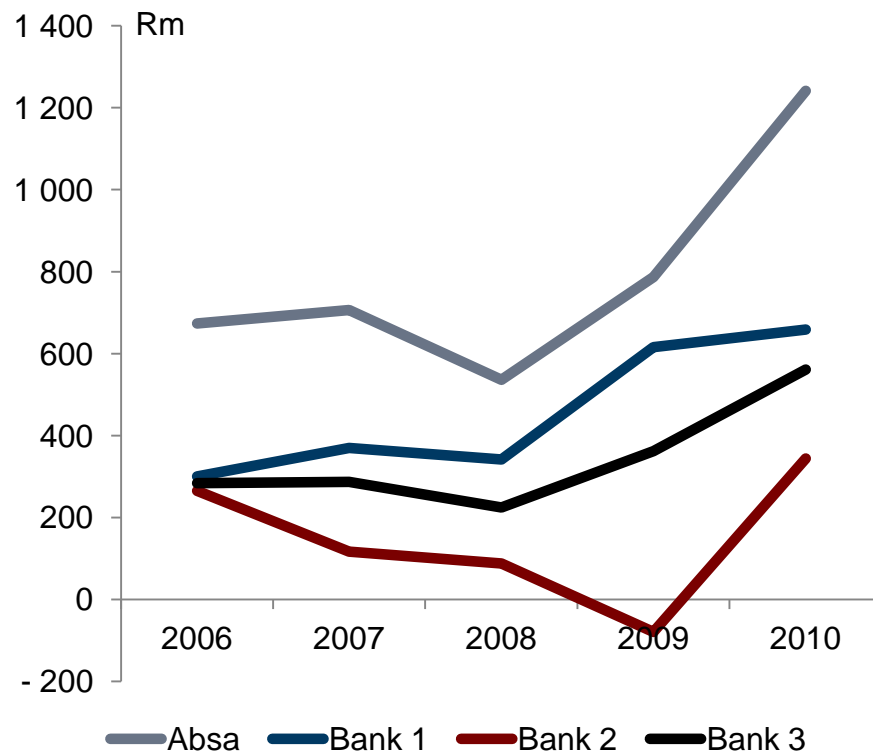
- Unique and powerful - **integrated payments business**
- **Consumer credit** capabilities
- Strong **risk, protection and insurance** business to support
- The best of **Barclaycard**

Market-leading performance through the economic cycle

Advances



Headline earnings



Strong commitment to innovation

There are significant benefits for our retail partnerships in our innovation portfolio

Pay in your own
currency acquiring



Advanced EMV chip
security (DDA Multi-
application)



CardOnline
Corporate prepaid issuing
(prepaid, gift etc.)



Cashend, ATM and money
transfer



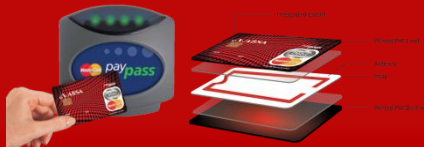
Social grant
disbursement / AllPay



In-store banking



Contactless payments
in retail and transit



NFC payments



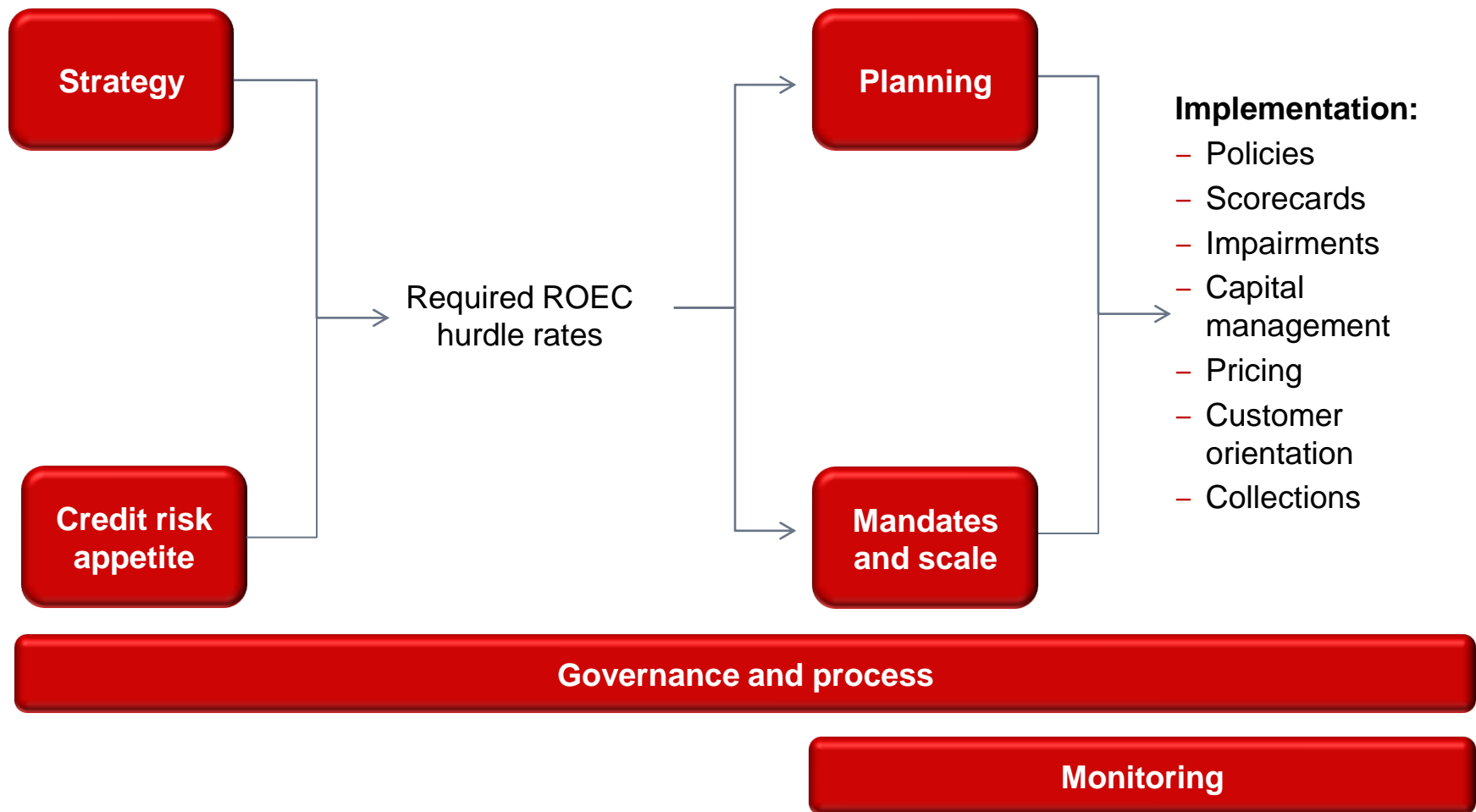
Mobile wallets



Credit

Gustav Raubenheimer
RBB Chief Credit Officer

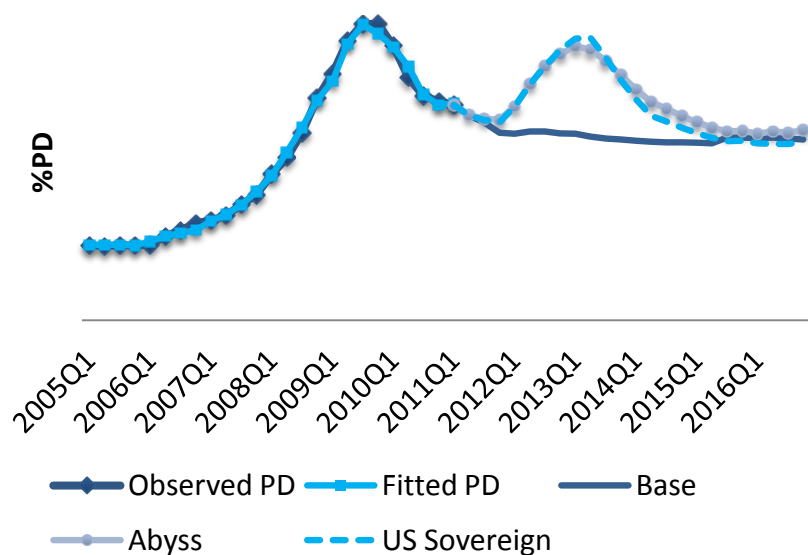
Structured approach to credit risk planning



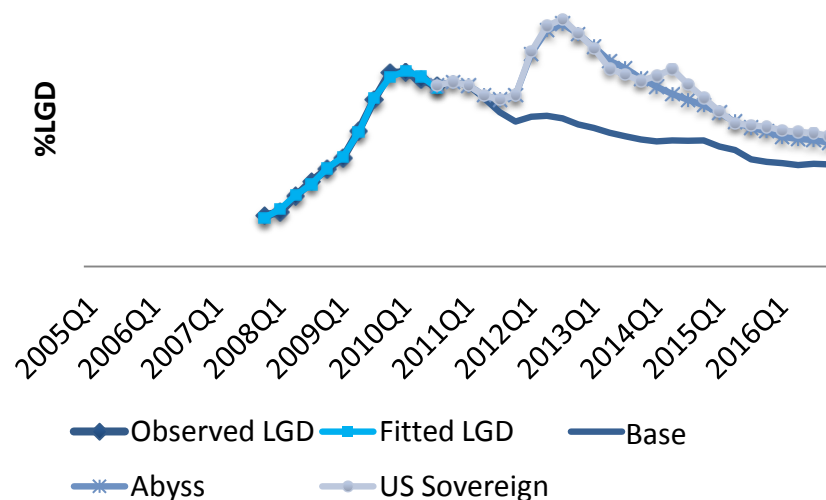
Risk appetite based on economic forecast across key indicators

	2011	2012	2013	2014	2015	2016
Prime	9.0	9.5	11.0	11.0	11.0	11.0
M3 money supply	5.9	7.9	9.7	10.2	10.2	10.2
Nominal house prices	2.3	4.9	5.9	6.9	7.0	7.0
Real house prices	-2.7	-1.2	0.3	1.3	1.2	1.2
GDP growth	3.1	3.4	4.3	4.4	4.4	4.5
Debt to disposable income	76.2	76.0	75.8	75.4	74.6	75.0
Debt service cost (to disposable income)	6.9	6.9	8.1	8.3	8.2	8.2
Household disposable income	4.6	4.0	4.6	4.6	4.6	4.6
CPI	5.0	6.1	5.6	5.6	5.8	5.8

PD - Mortgage Loans

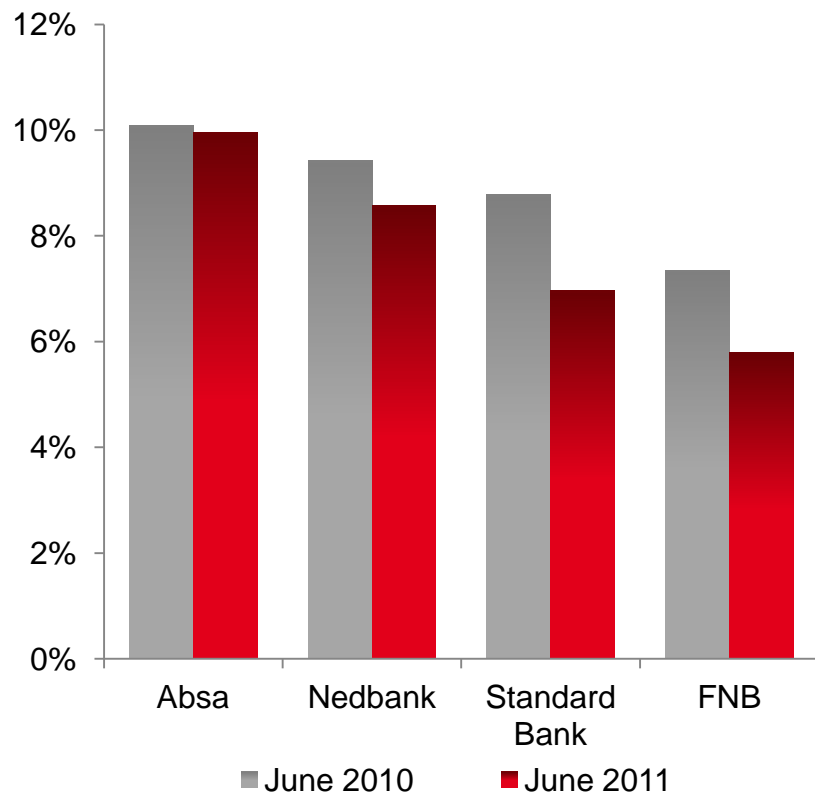


LGD - Mortgage Loans



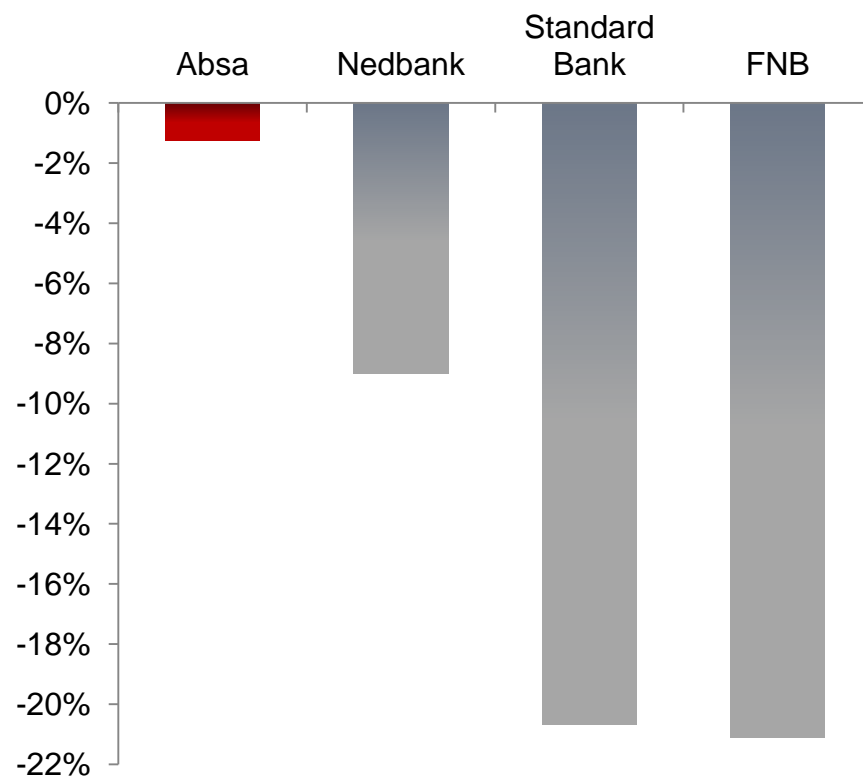
Our non-performing loans are high relative to peers

NPL ratio benchmarking



Source: Company reports

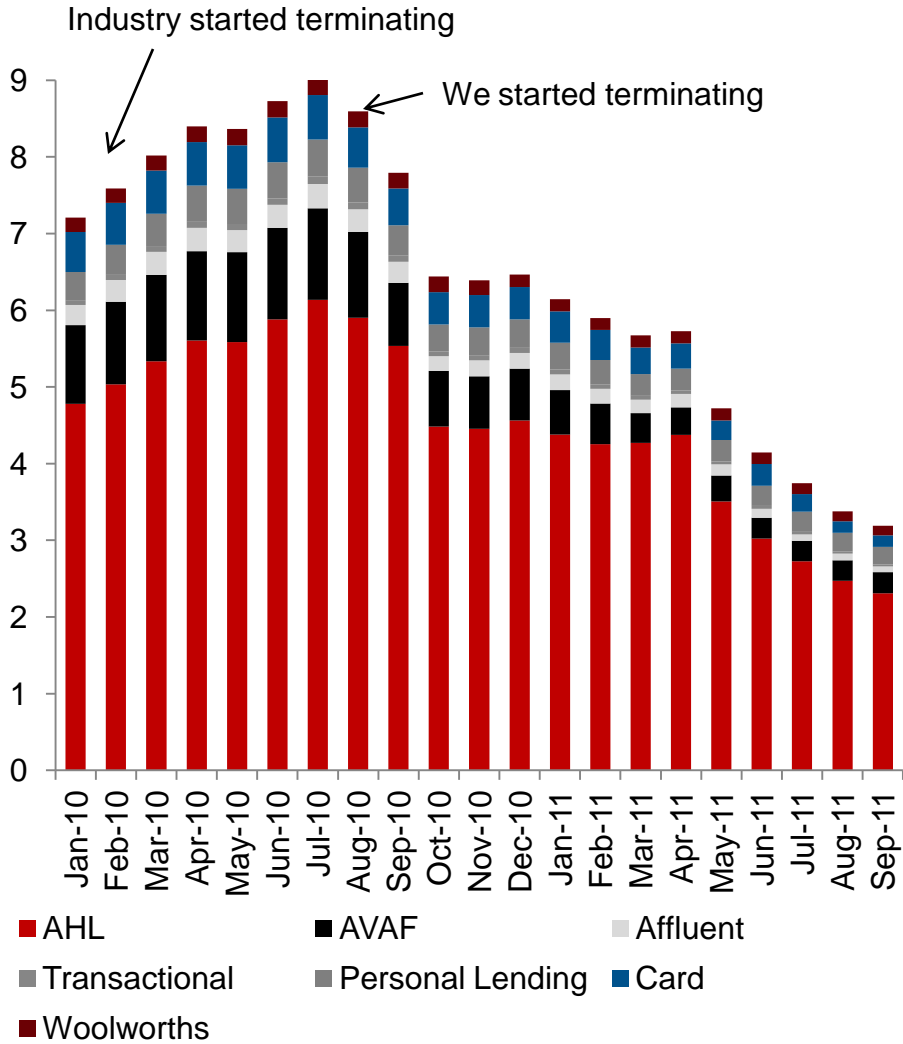
Reduction in NPLs



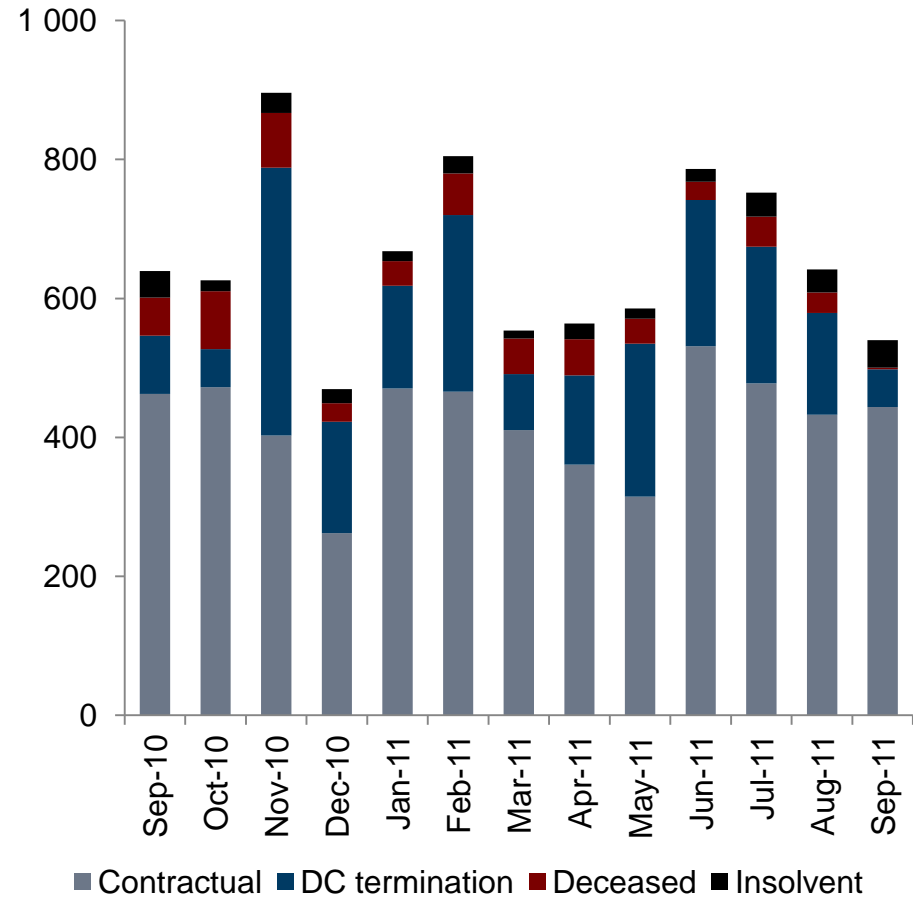
Source: Company reports

Slower to terminate debt counselling accounts

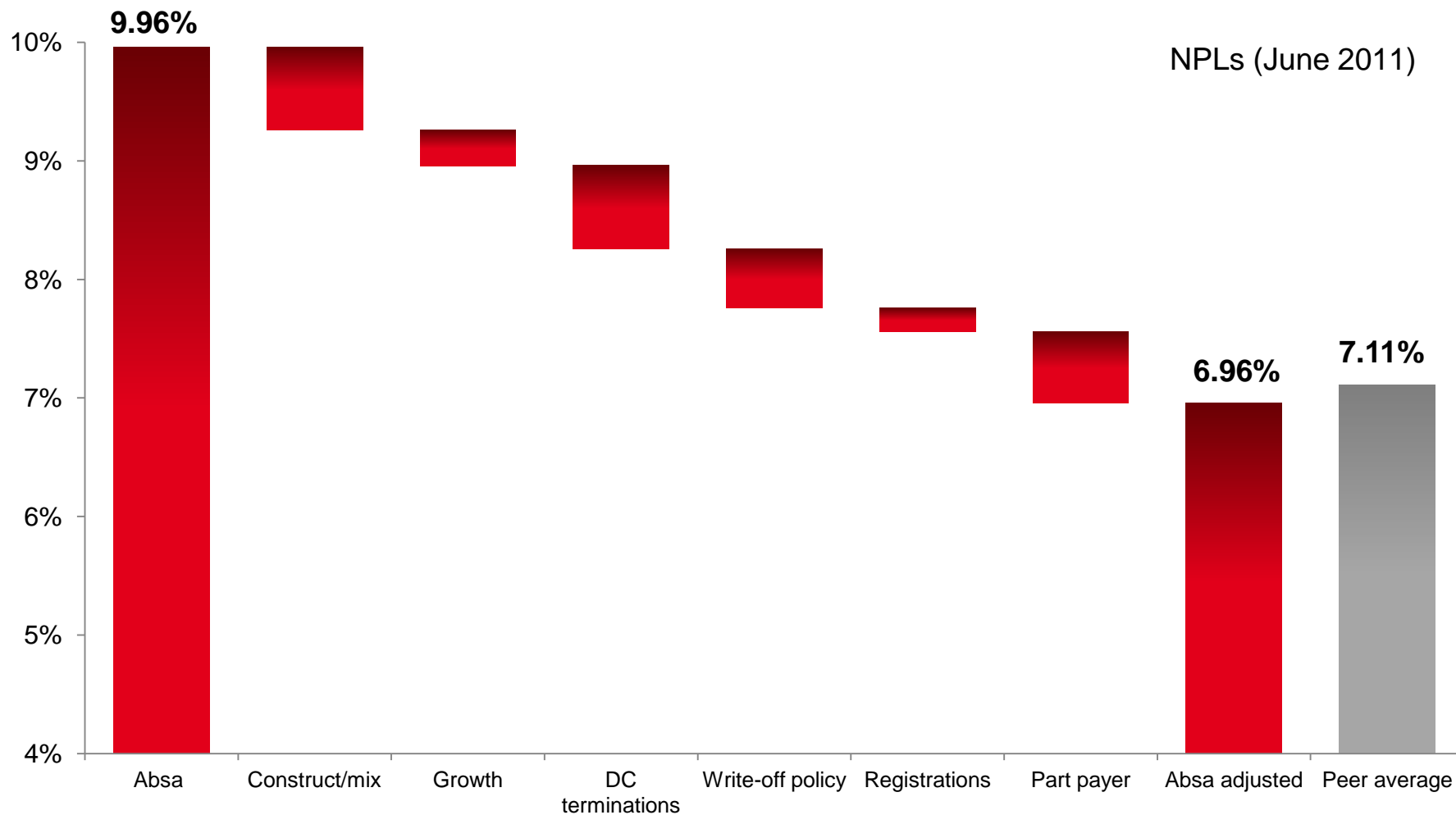
Retail debt counselling (Rbn)



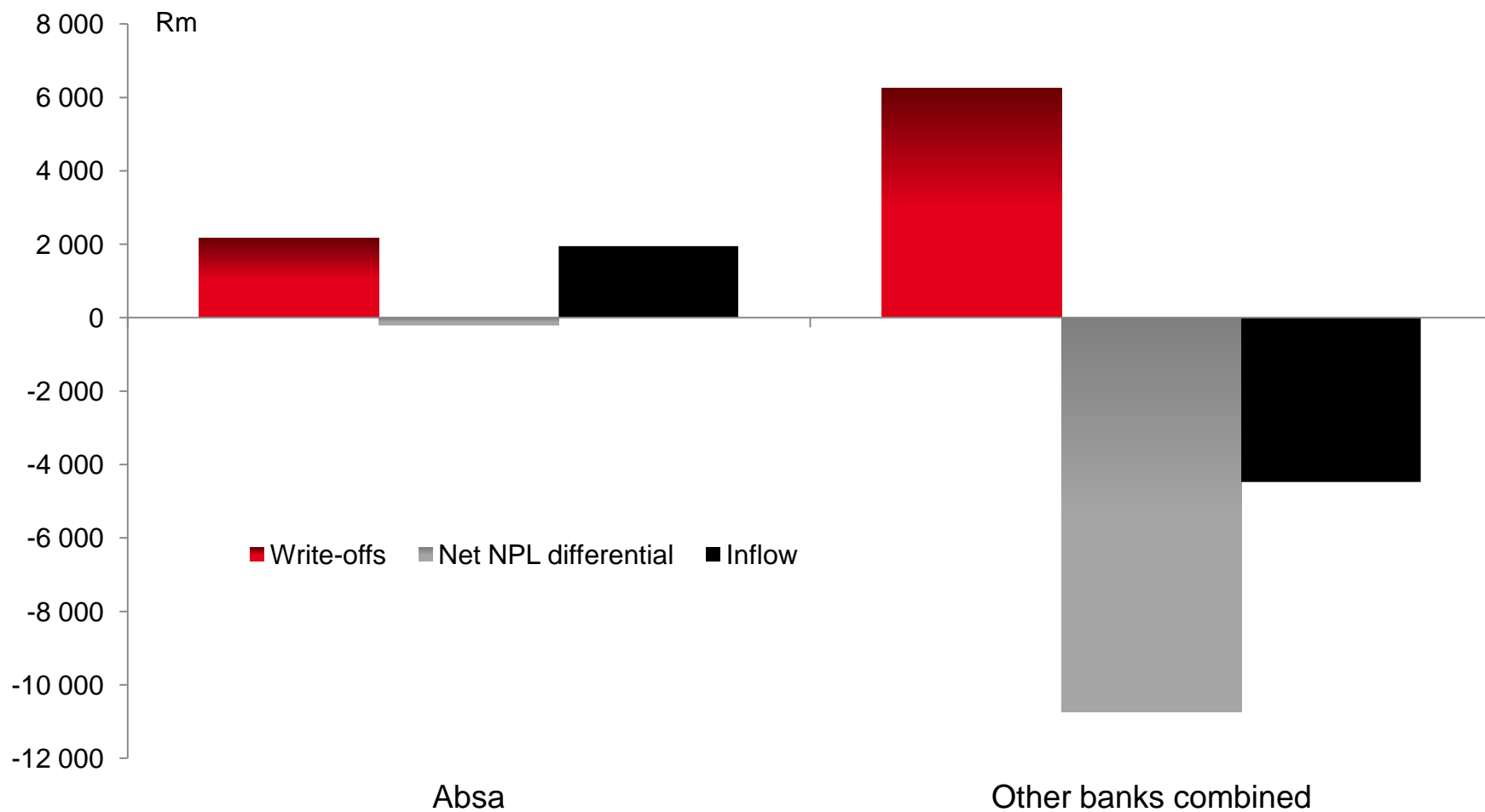
Legal inflow construct (Rm)



Other factors contribute to our higher NPLs



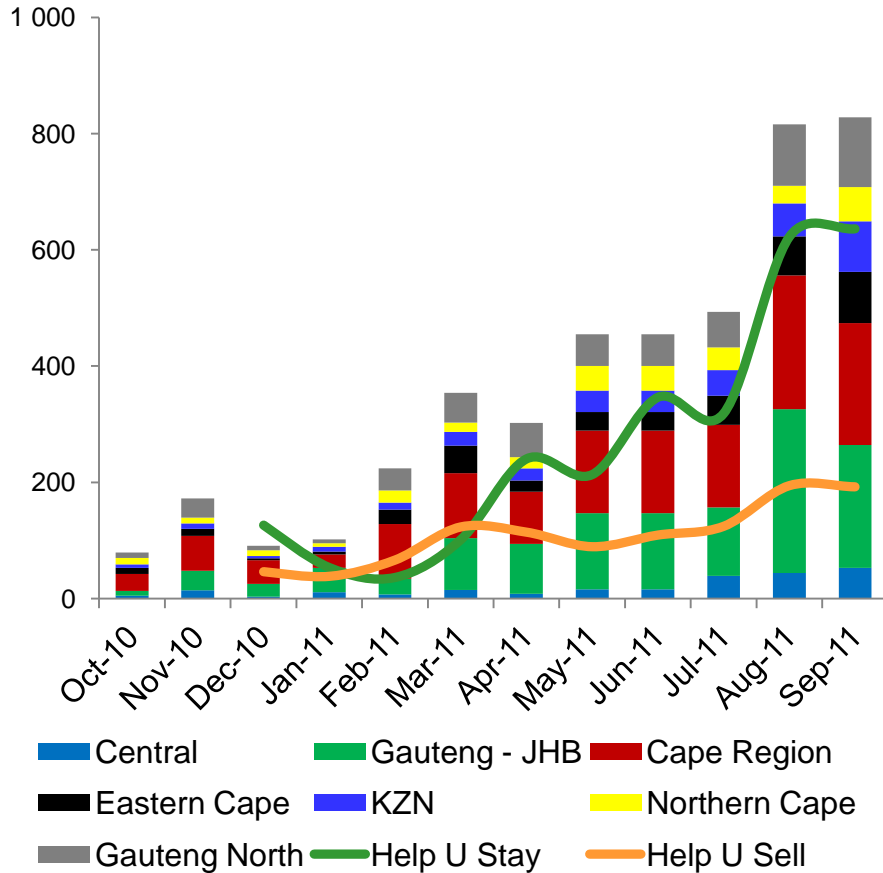
Restructure policies appear to differ across banks



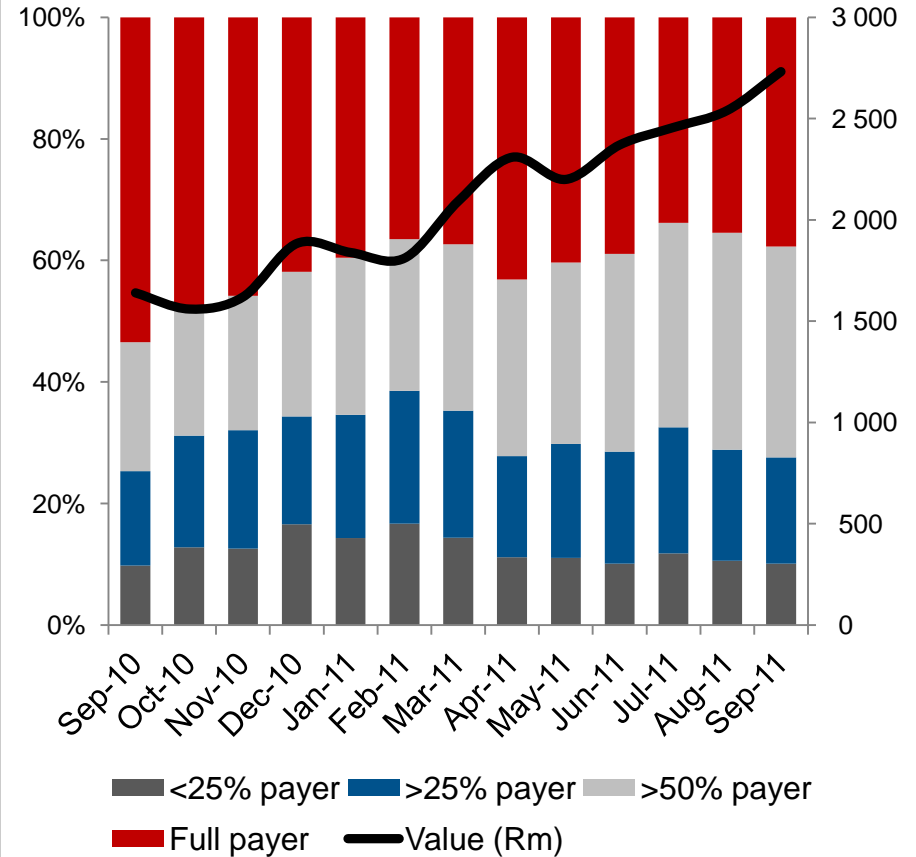
Source: Company reports

Initiatives to reduce NPLs are paying off (I)

Number of mandates signed

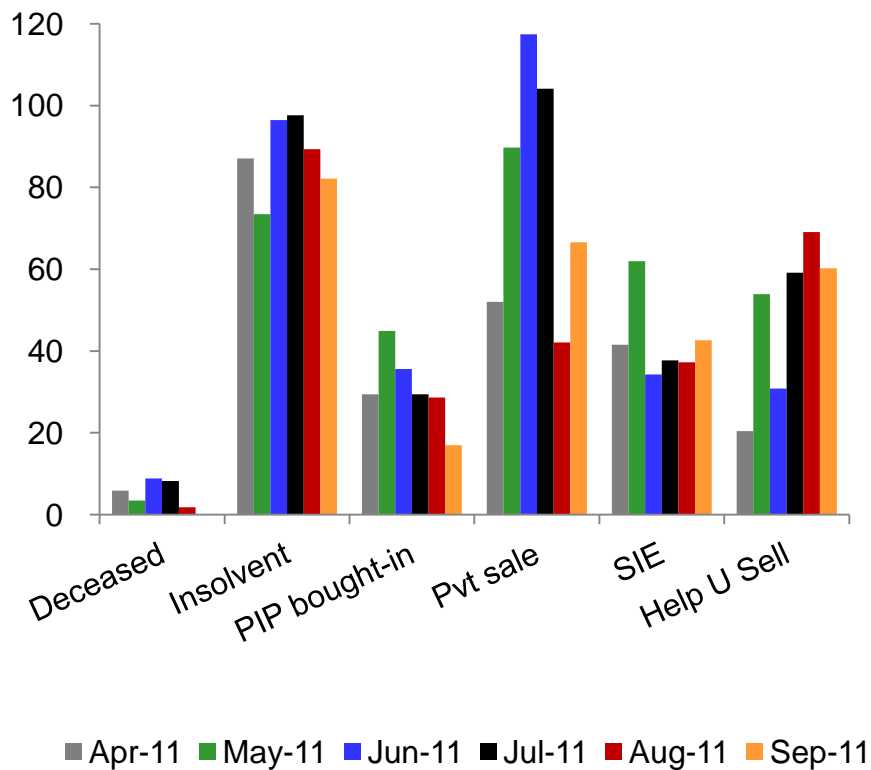


Payer stock

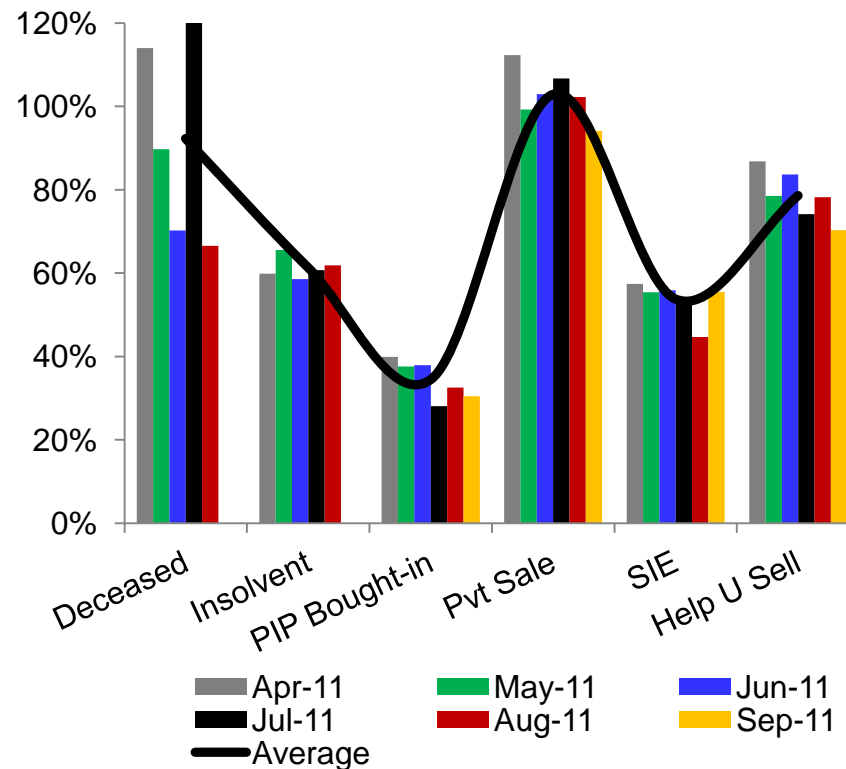


Initiatives to reduce NPLs are paying off (II)

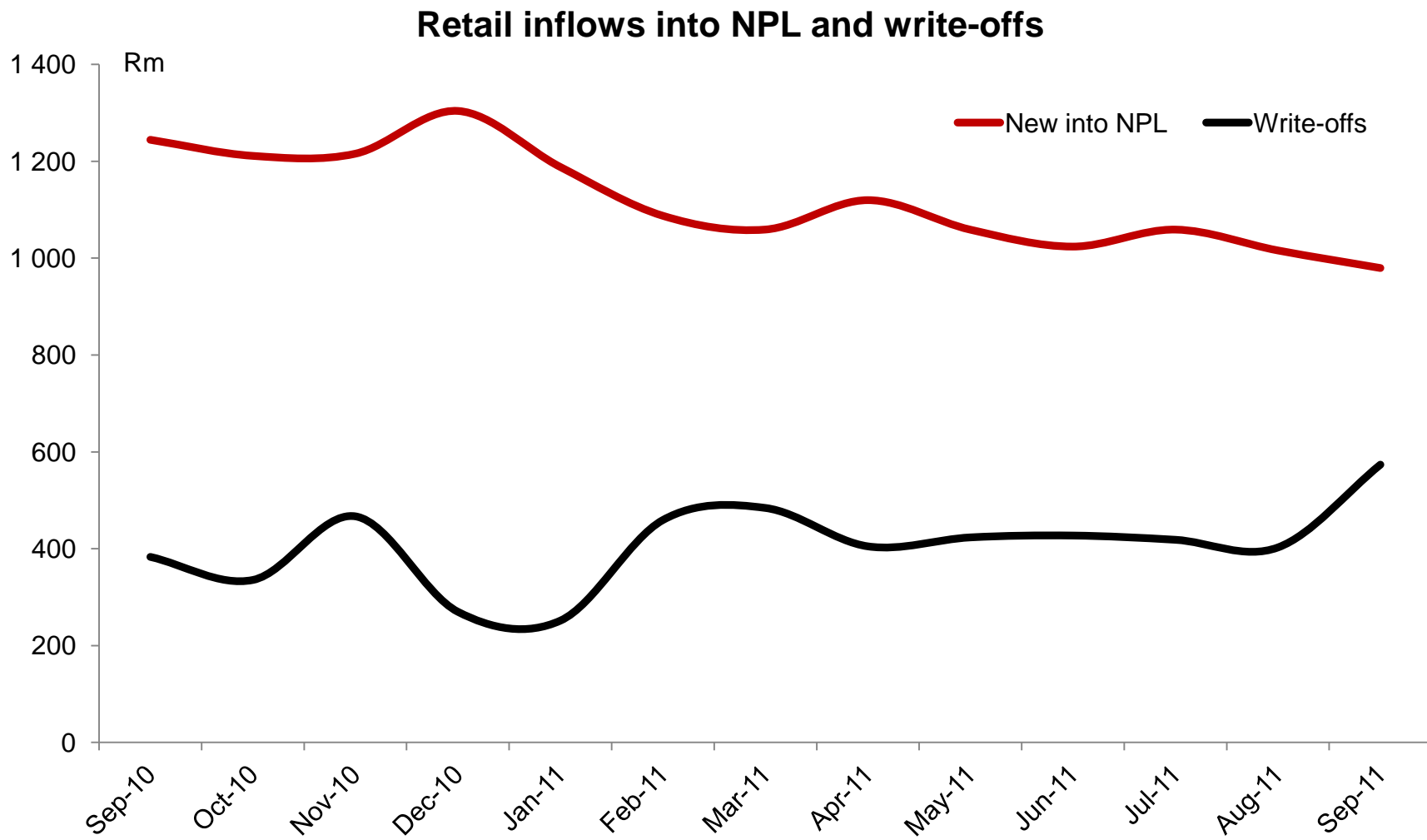
Sales by channel (Rm)



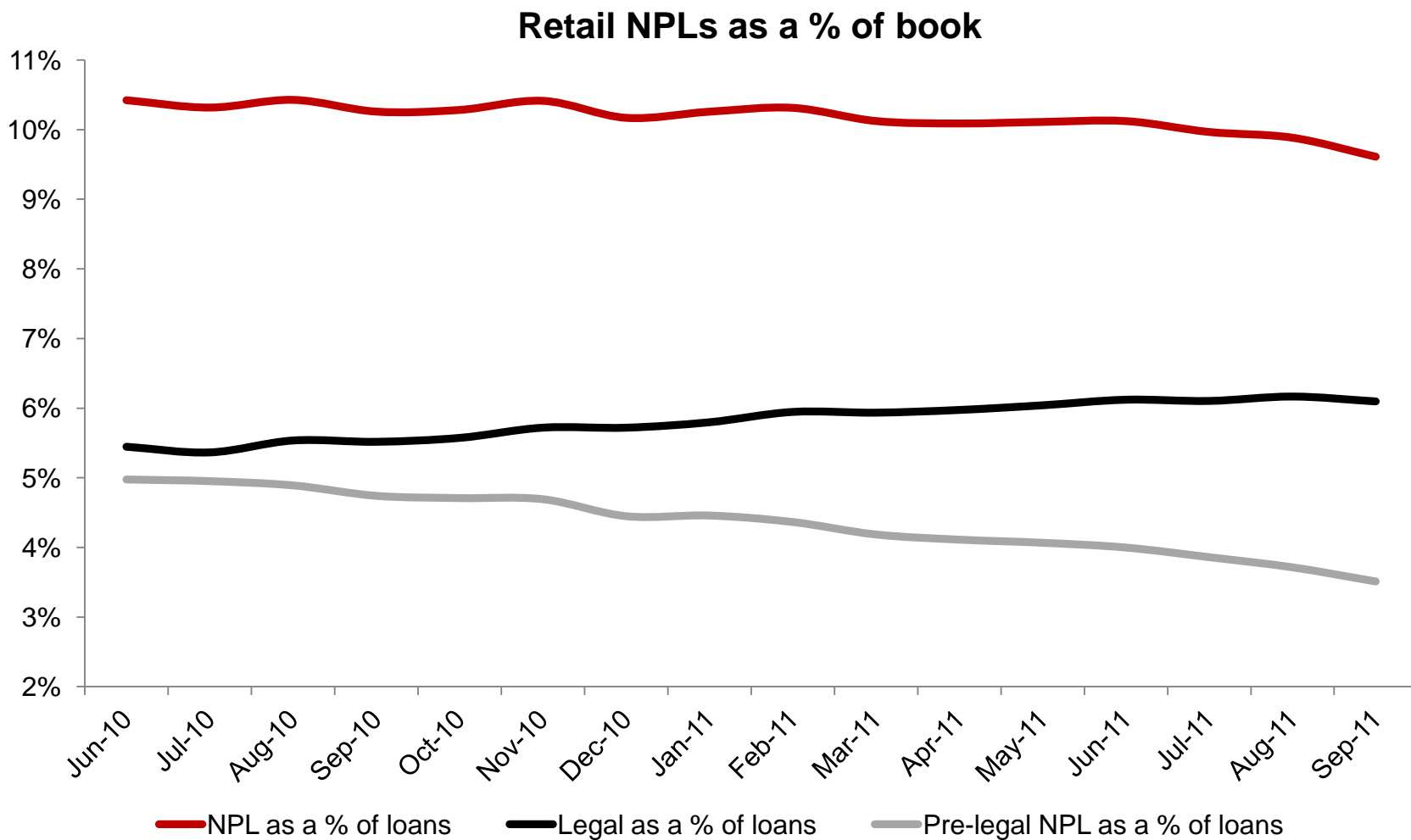
Sold amounts as a % of balance



Improved work-outs produce higher write-offs



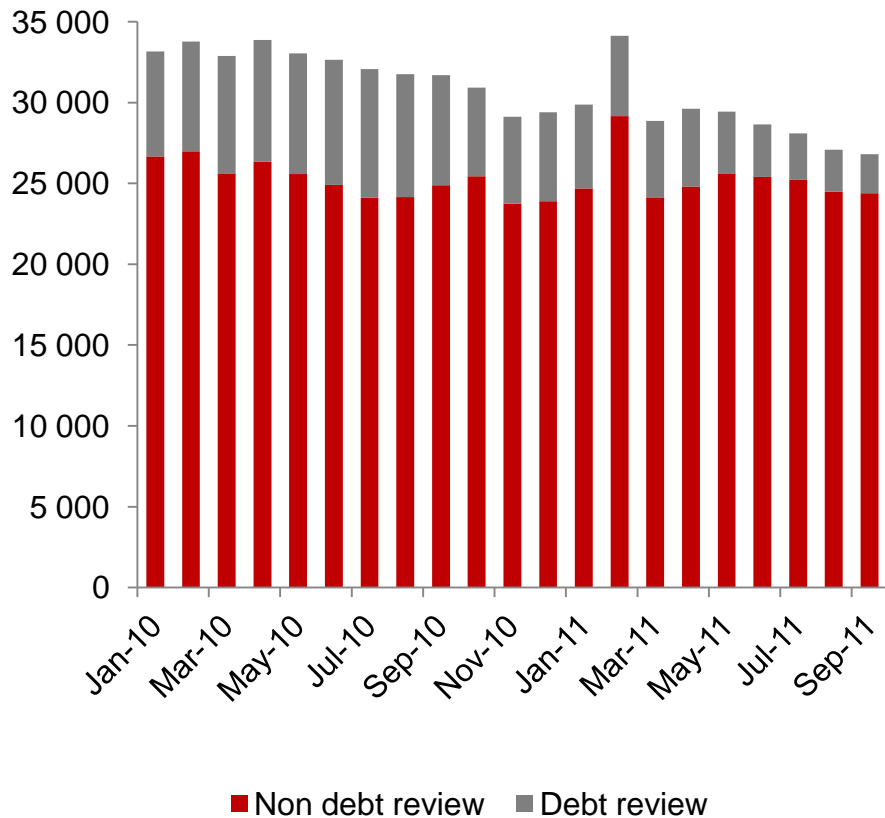
We expect NPLs to improve further in future months



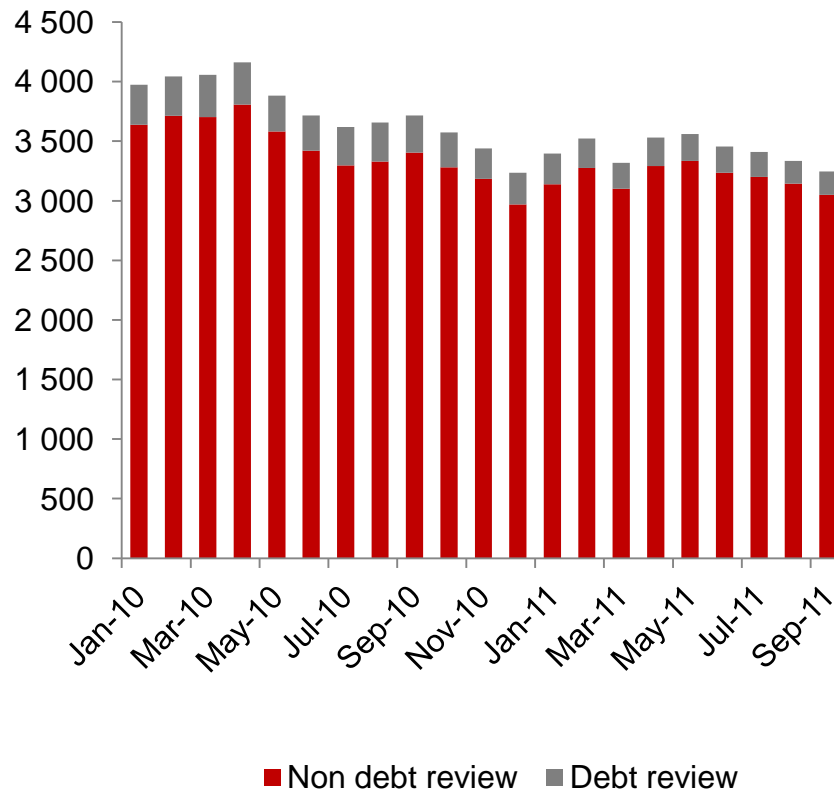
Note: Debt counselling included in pre-legal

Improved delinquency performance is apparent

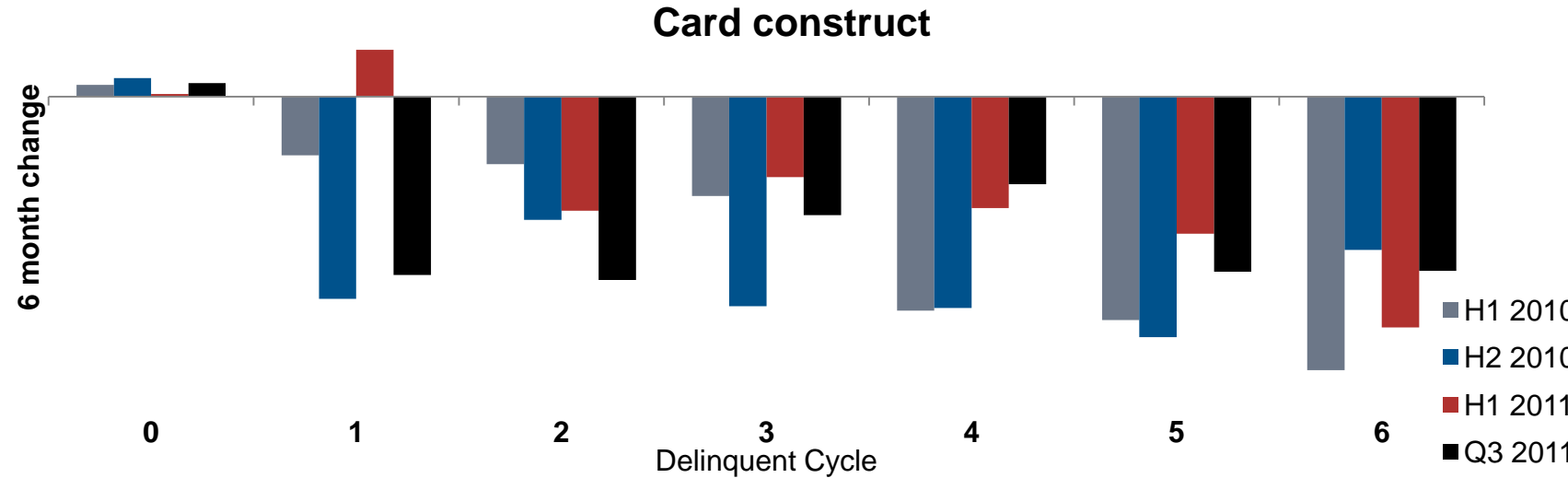
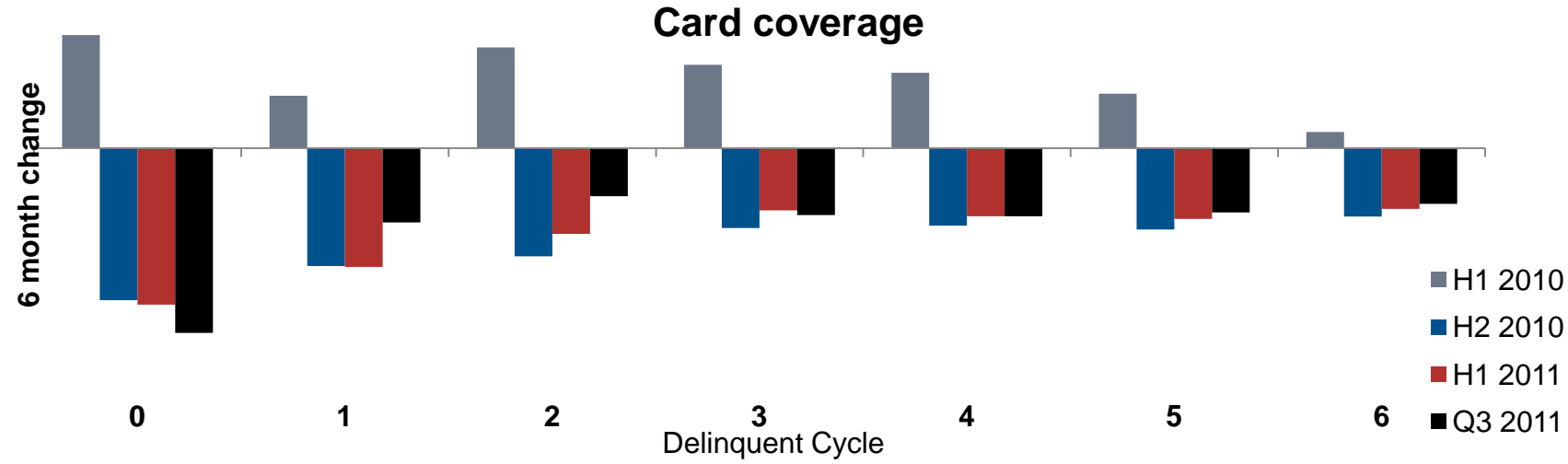
Total delinquency (Rm)



2 payments delinquent (Rm)



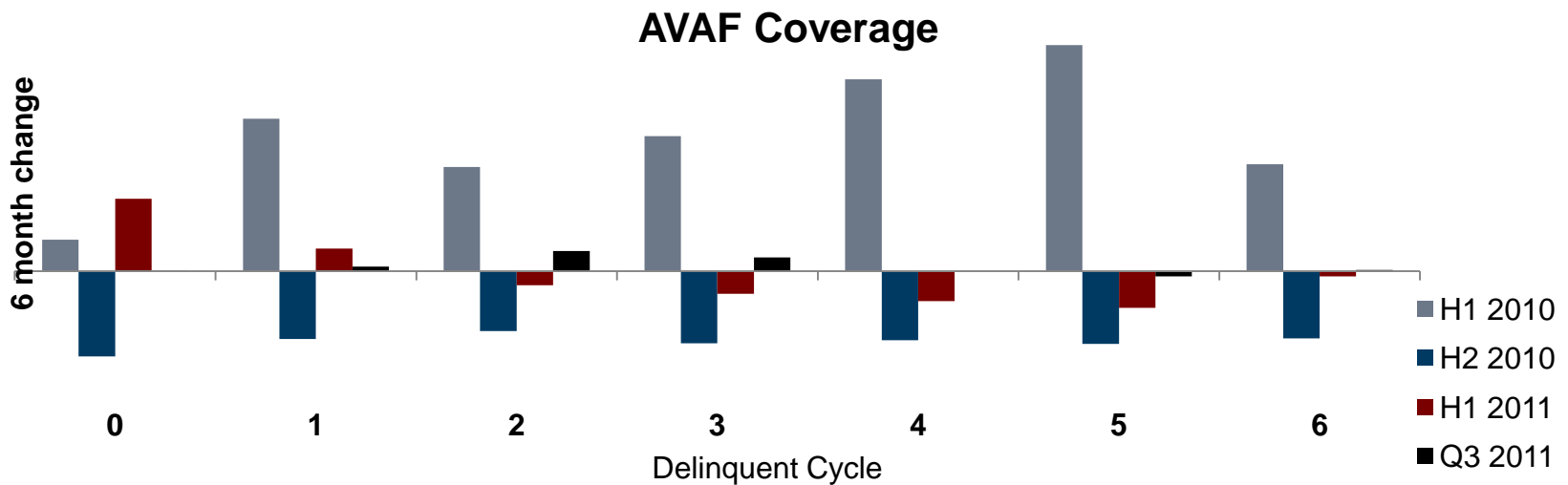
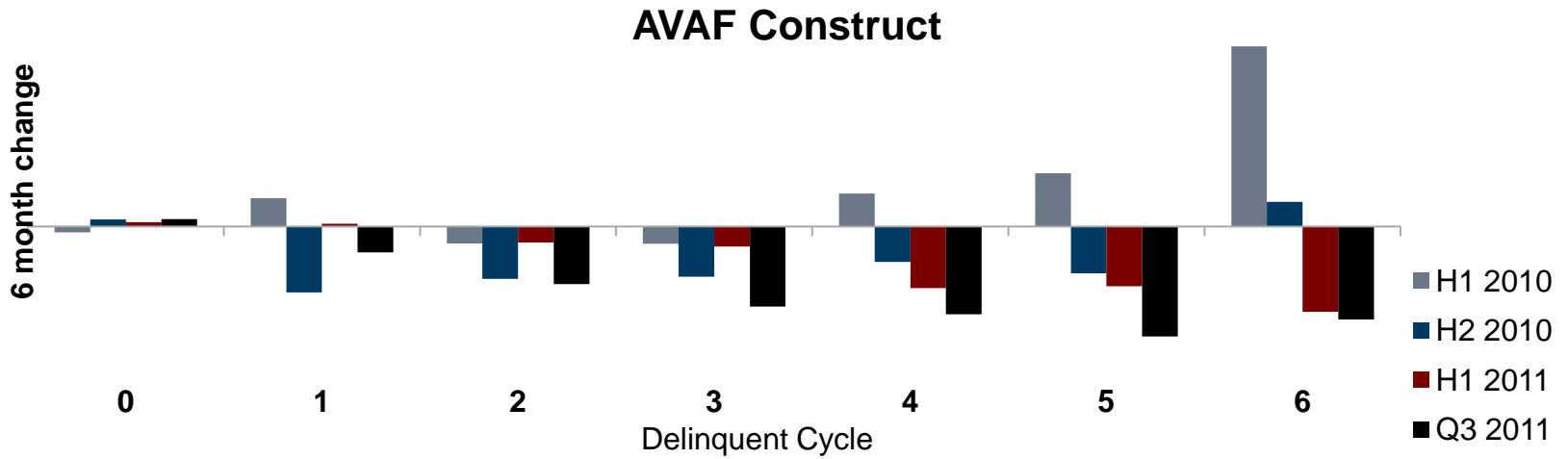
Card deep dive: portfolio improving



Personal loans deep dive: confident about returns

Portfolio	Loan_Type	Risk Band	#Accounts	Volume	Distn	WA PD	WA Term	WA Rate	WA ROEC	
	Micro Loans	0		696		13%		37		>25%
		1		693		13%		38		>25%
		2		850		16%		37		>25%
		3		1,008		19%		39		>25%
		4		1,085		20%		38		>25%
		5		1,079		20%		38		<25%
		6		787		15%		35		<25%
	ML Total	0		5,411		100%		38		>25%
	Personal Loar	0		1,985		31%		60		>25%
1			1,432		22%		59		>25%	
2			1,064		17%		58		>25%	
3			830		13%		54		>25%	
4			601		9%		53		>25%	
5			441		7%		53		>25%	
6			16		0%		51		<25%	
PL Total			6,369		100%		58		>25%	
Grand Total			11,780		100%		54		>25%	

Vehicle finance deep dive: scope to improve



Conclusion

- We follow a structured methodology in credit risk planning
- Late debt counselling terminations and other identified root causes contribute to our higher NPLs
- Banks' restructure policies appear to differ greatly
- Strategies in the mortgage legal portfolio are starting to show results
- Early stage delinquency portfolio is performing well, which positions us for lower NPLs
- Our credit loss ratio has improved in line with expectations and should continue to fall
- Deep dives show card and personal loans are performing well. Key factors make vehicle finance loss ratios 'sticky'