

## ISSUE OF ORDINARY SHARES TO BEE CONSORTIUM AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

### 1. INTRODUCTION

Further to the cautionary notice published on SENS on Friday, 8 December 2006 and in the press on Monday, 11 December 2006, shareholders are advised that the board of Capitec has agreed, subject to shareholder approval, to issue 10 000 000 shares in the ordinary share capital of Capitec ("shares") at 3 000 cents per share to a consortium of black companies, trusts and black individuals ("the specific issue").

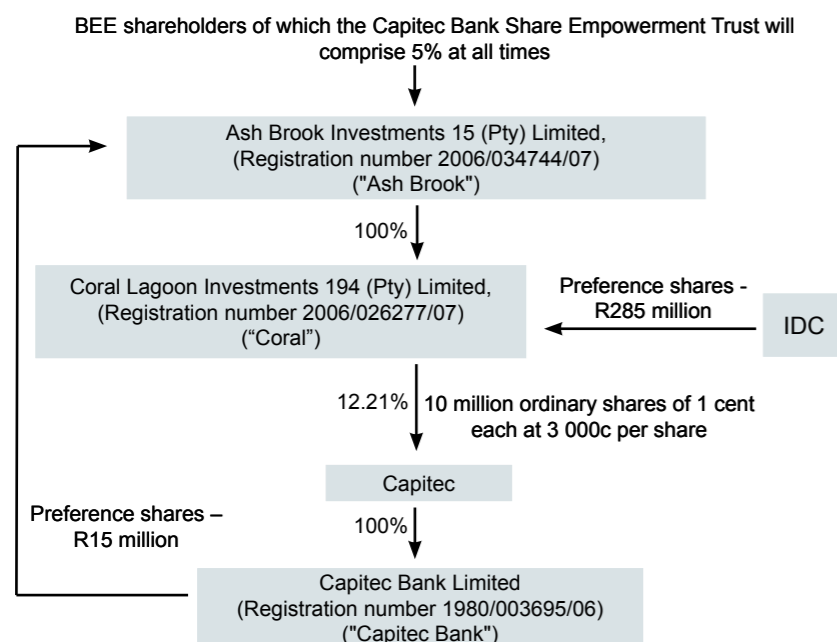
The Capitec group subscribes to the Financial Sector Charter and The Codes of Good Practice, a draft of which has been published by the Department of Trade and Industry ("the Codes") as the focus of both documents is to facilitate broad based black participation in the South African economy.

In terms of the Financial Sector Charter, Capitec is required to have black shareholding of at least 25% by 2010. To this end, Capitec issued 1 445 582 shares to Arch Equity Limited ("Arch Equity") in 2004, its BEE partner at the time, increasing Arch Equity's interest to 15.48%. In addition, 100 000 shares each were issued to two black directors of Capitec taking black shareholding in Capitec to 15.77%. Subsequent to the issue, however, the Codes which define a black company differently from the Financial Sector Charter, were published, bringing about a restructure of Arch Equity. The result thereof was the creation of Arch Equity Investment Holdings Limited ("Arch Equity BEE"), a black company as defined in the Codes and complying with the definition of a black company in terms of the Financial Sector Charter. As a result of the restructure, however, BEE shareholding in Capitec was reduced to 4.35% consisting of Arch Equity BEE at 4.02%, black directors at 0.29% and black employees participating in the Capitec Bank Empowerment Share Purchase Scheme at 0.04%.

In pursuit of fulfilling the requirement to have black shareholding of 25% by 2010, the board recommends the BEE consortium, as more fully disclosed under paragraph 3 below, as a suitable BEE shareholder.

### 2. THE PROPOSED STRUCTURE

The shareholding structure is envisaged as follows:



The BEE Consortium, consisting of the parties listed below, are the exclusive shareholders of Ash Brook. Ash Brook will hold 100% interest in Coral.

In terms of the subscription agreement between Capitec, Coral and Ash Brook, Coral will subscribe for 10 000 000 ordinary shares thereby obtaining an interest of 12.21% in Capitec. The Industrial Development Corporation of South Africa Limited (Registration number 1940/014201/06) ("IDC") has agreed to finance R285 million of the subscription price of the specific issue through subscription for preference shares ("the IDC preference share subscription agreement") to be issued by Coral.

Capitec Bank will subscribe for preference shares to the value of R15 million to be issued by Ash Brook ("the Ash Brook preference shares") in return for a 5% stake in Ash Brook being issued to the Capitec Bank Share Empowerment Trust. The Ash Brook preference shares will rank before any other preference shares which may be issued by Ash Brook. The Ash Brook preference shares will, however, not be redeemed prior to the IDC preference shares issued by Coral.

Should any or all of the preference shares issued by Coral to the IDC in terms of the IDC preference share subscription agreement be cancelled or redeemed then the Ash Brook preference shares will be redeemed in the same proportion.

Capitec does not provide security for redemption of any preference shares.

### 3. THE BEE CONSORTIUM

The BEE consortium consists of the following parties:

BEE Consortium shareholders	Constituent shareholder	Holding in BEE Consortium
<b>Regiments Capital (Pty) Limited</b> An authorised financial services provider of pension fund benefits, securities and instruments (being shares, money market instruments, debentures and securitised debt, warrants, certificates and other instruments, bonds, and derivative instruments) and deposits as defined in the Banks Act, exceeding 12 months and less than 12 months	L Nyhonyha N Pillay E Wood	15.00%
<b>Kaebetso Holdings (Pty) Limited</b> A newly formed investment company representing black professionals led by Tsepho Mahoele, Chief Executive Officer of the Pan African Infrastructure Development Fund	T Mahoele Z Nzama	31.85%
<b>Lemoshanang Trust</b> Trustees: Mr BL Moropa, Mrs ES Moropa, Ms MD Mokone and Mr JM Kekana		5.00%
<b>Mdumo Trust</b> Trustees: Abdool Rawoof Ahmed and Feroza Mootla		5.00%

Trustee	Shareholding	Percentage
<b>Batho-Batho Trust</b> Trustees: Reverend Tsele (Chairperson), Vallie Moosa (Former Minister of Environmental Affairs and Tourism), Kenny Fihla (Previous CEO of Business Against Crime) and Sbongiseni Dhlomo		20.00%
<b>Koma Trust</b> Trustees: Tlhalefang Sekano (founder of Union Alliance Holdings) and Ramateu Monyokolo (current CEO of Koma Management Services and has recently been appointed by the Minister of Public Enterprises to serve as a Trustee of Diabo Share Trust which has been set up to administer Telkom employees' shares in Telkom)		5.00%
<b>Nozala Investment (Pty) Limited</b> The board consists of Dr Makaziwe Mandela (Chairman), Salukazi Dakile-Hlongwane, Dawn Mokhobo, Lorato Phalatse, Thandi January-McLean, Joan Joffe, Dr Busisiwe Nyembezi, Adele Pretorius and David Geeringh	Nozala Holdings (Pty) Limited Nozala Trust	6.15%
<b>Rorisang Basadi Investment Holdings (Pty) Limited</b> The board consists of Jackie Huntley, Puli Moloto-Stofile, Modie Mabalayo and Nombini Mehlomakulu		3.00%
<b>Capitec Bank Share Empowerment Trust</b> <b>Individuals</b>		5.00%
Pilisiwe Nomsa Tau		1.00%
Prudence Mtshali		1.00%
Pilisiwe Nomsa Tdikeledi Muriel Majola		1.00%
Bongani Khumalo		1.00%
<b>Total</b>		<b>100.00%</b>

### 4. DETAILS OF THE SPECIFIC ISSUE

#### 4.1 Rationale and terms

##### 4.1.1 Rationale

The directors propose the specific issue to Coral to increase the direct interest of black people in Capitec to 16.04% so as to achieve the ultimate objective of 25% interest in the company by BEE parties by 2010. This will strengthen the black economic empowerment credentials of the group and increase compliance with the Financial Sector Charter and the Codes.

##### 4.1.2 Salient terms

- Coral subscribes for 10 000 000 shares in Capitec against payment of 3 000 cents per share;
- The BEE Consortium may nominate a non-executive director to the board of Capitec, subject to approval of the said board and the Registrar of Banks;
- Capitec Bank undertakes to utilise the proceeds of the specific issue for infrastructure expansion and/or loan products with pricing limited to the pricing prescribed by the National Credit Act that is to come into effect on 1 June 2007; and
- The participants in the BEE Consortium will remain black, i.e. they must continue to comply with the Codes from time to time and are accordingly restricted in dealing with the shares.

#### 4.2 Effects of the specific issue

The unaudited *pro forma* financial effects set out below have been prepared for illustrative purposes only and because of their nature may not give a fair reflection of the financial position of the Capitec group nor the effect on future earnings after the specific issue. The preparation of the financial effects is the responsibility of the directors of Capitec.

The table below sets out the unaudited *pro forma* financial effects of the specific issue on the Capitec group:

	Before <sup>(1)</sup> (cents)	After <sup>(2)(3)(7)</sup> (cents)	Change %
Net asset value per share	824	1 089	32%
Net tangible asset value per share <sup>(4)</sup>	768	1 040	35%
Earnings per share			
- Basic attributable	102.3	98.7	(4%)
- Basic headline	103.6	99.9	(4%)
- Diluted attributable	96.9	94.2	(3%)
- Diluted headline	98.2	95.3	(3%)
Number of shares ('000)			
- In issue	71 928	81 928	
- Weighted average	71 928	81 928 <sup>(5)</sup>	
- Diluted weighted average <sup>(6)</sup>	75 897	85 897 <sup>(5)</sup>	

Notes:

1. Extracted from the published unaudited consolidated interim results of Capitec for the six months ended 31 August 2006;
2. Basic attributable earnings per share, basic headline earnings per share, diluted attributable earnings per share and diluted headline earnings per share are based on the following assumptions:
  - the issue to the BEE consortium and the investment in the Ash Brook preference shares was effected on 1 March 2006;
  - a dividend of 45 cents per share was paid on the 10 000 000 shares issued;
  - STC at a rate of 12.5% was taken into account on the dividends paid and the dividend received on the Ash Brook preference shares;
  - The dividend received on the Ash Brook preference shares was based on the actual prime rate for the six months ended 31 August 2006;
  - interest was earned on the net cash at the group's marginal return on excess funding (7.03%); and
  - a tax rate of 29% was applied;
3. Net asset value per share and the net tangible asset value per share are based on the following assumptions:
  - the issue to the BEE Consortium and the investment in the Ash Brook preference shares was effected on 31 August 2006; and
  - proceeds of R300 million was received and R15 million was invested in the Ash Brook preference shares on the same date;
4. For purposes of calculating the net tangible asset value per share, computer software was excluded;
5. Weighted average number of shares were computed as if the issue was effected on 1 March 2006;
6. The diluted number of shares are calculated as if all 6 320 148 outstanding share options as at 31 August 2006 were exercised at the average market price of R30.26 for the six months then ended;
7. No transaction costs have been taken into account in the calculation of the financial effects as it will not have a material impact.

#### 4.3 Conditions precedent

The implementation of the specific issue is subject to the fulfillment of the following remaining conditions precedent by not later than 31 March 2007:

- Satisfactory conclusion by Capitec of a due diligence investigation into the BEE status of Coral and Ash Brook and the delivery by Capitec to Coral and Ash Brook of a written notice confirming that Capitec is satisfied, in its sole and absolute discretion, with such status;
- Satisfactory conclusion by Capitec of a due diligence investigation into the solvency of Coral and Ash Brook according to Generally Accepted Accounting Principles (GAAP) and the delivery by Capitec to Coral and Ash Brook of a written notice confirming that Capitec is satisfied, in its sole and absolute discretion, with the outcome of the investigation; and
- Approval by at least 75% of shareholders present in person or by proxy at the meeting to be convened on 15 February 2007 (excluding persons participating in the specific issue and their associates).

### 5. SHARE CAPITAL

#### 5.1 Authorised and issued share capital of Capitec

The authorised and issued share capital of the Capitec group before and after the specific issue is:

Before the specific issue	R'000
<b>Authorised share capital</b>	
100 000 000 ordinary shares of R0,01 each	1 000
100 000 000 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	1 000
<b>Total authorised share capital</b>	<b>2 000</b>
<b>Issued share capital</b>	
71 928 412 ordinary shares of R0,01 each	719
1 684 211 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	17
<b>Total issued share capital</b>	<b>736</b>
<b>Share premium</b>	
On 71 928 412 ordinary shares of R0,01 each	347 146
On 1 684 211 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	154 589
<b>Total share premium</b>	<b>501 735</b>

After the specific issue	R'000
<b>Authorised share capital</b>	
100 000 000 ordinary shares of R0,01 each	1 000
100 000 000 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	1 000
<b>Total authorised share capital</b>	<b>2 000</b>
<b>Issued share capital</b>	
81 928 412 ordinary shares of R0,01 each	819
1 684 211 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	17
<b>Total issued share capital</b>	<b>836</b>
<b>Share premium</b>	
On 81 928 412 ordinary shares of R0,01 each	647 046
On 1 684 211 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	154 589
<b>Total share premium</b>	<b>801 635</b>

### 6. GENERAL MEETING OF SHAREHOLDERS

A general meeting of shareholders of Capitec will be held in the Innovation Boardroom of Capitec Bank, 14 Quantum Road, Technopark, Stellenbosch at 10:00 on Thursday, 15 February 2007, to consider the ordinary resolutions required to give effect to the proposed specific issue.

### 7. IMPORTANT DATES AND TIMES

	2007
Last day for receipt of forms of proxy for the general meeting by the transfer secretaries, by 10:00 on	Tuesday, 13 February
General meeting to be held in the Innovation Boardroom of Capitec Bank at 14 Quantum Road, Technopark, Stellenbosch at 10:00 on	Thursday, 15 February
Results of the general meeting and listing of shares to be issued, announced on SENS	Thursday, 15 February
Results of the general meeting and listing of shares to be announced in the financial press	Friday, 16 February
Anticipated listing of shares on or about	Monday, 19 February

Note:

1. The above dates and South African times are subject to change. Any changes, save for the listing date, will be announced on SENS and published in the South African press.
2. The listing date will, however, depend on fulfillment of the conditions precedent.

### 8. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

The cautionary announcement referred to in 1 above is accordingly withdrawn and shareholders are advised that they no longer need to exercise caution in dealing in the company's securities.

Stellenbosch, 15 December 2006