

ABRIDGED PRE-LISTING STATEMENT

THIS ABRIDGED PRE-LISTING STATEMENT IS NOT AN INVITATION TO THE PUBLIC TO SUBSCRIBE FOR PREFERENCE SHARES BUT HAS BEEN PREPARED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE LIMITED ("JSE") FOR THE PURPOSES OF PROVIDING INFORMATION AS TO THE CAPITEC PREFERENCE SHARES AND CAPITEC.

1. INTRODUCTION

Shareholders are referred to the announcement of 22 August 2006 in terms of which Capitec raised R160 000 045 by way of the private placement of 1 684 211 non-cumulative, non-redeemable, non-participating preference shares with a par value of R0.01 each ("the preference shares") in the authorised preference share capital of the company with selected individuals and financial institutions at a subscription price of R95 per share ("the private placement").

2. RATIONALE

Capitec wishes to raise cost-effective permanent share capital as part of a general capital management programme to further optimise the capital base of the Capitec group. The funding has been earmarked for general strategic initiatives, including possible international expansion, expansion of infrastructure and branches locally, and to increase Capitec's capacity for book growth.

3. LISTING ON THE JSE

The JSE has granted Capitec a listing of 1 684 211 preference shares as follows:

JSE sector:	"Preference Shares – Preference Shares"
Abbreviated name:	Capitec Pref
JSE share code:	CPIP
ISIN:	ZAE000083838

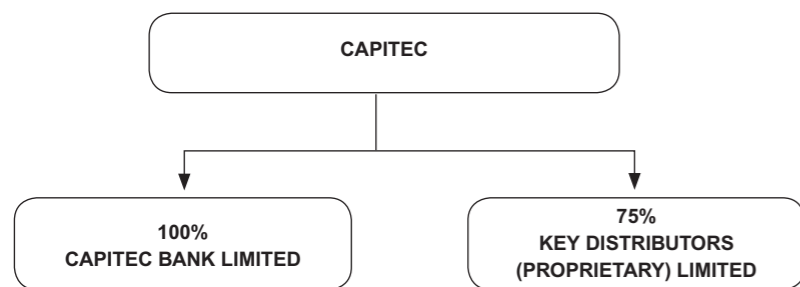
The listing is subject to the condition that Capitec meets the requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 public preference shareholders, excluding non-public shareholders as defined in terms of paragraph 4.25 of the Listings Requirements, who collectively hold at least 20% of the issued preference share capital.

4. INFORMATION RELATING TO CAPITEC

4.1 History and Incorporation

Capitec, registered as a bank controlling company in terms of Section 44 (4) of the Banks Act, is the holding company of Capitec Bank, the first new retail bank in South Africa in over two decades. Capitec Bank focuses on providing simple, affordable and accessible banking services to the mass market. The company was incorporated in South Africa on 23 November 1999, registered as a bank controlling company on 29 June 2001, and listed on the JSE on 18 February 2002. Capitec is listed in the "Banks" sector. Capitec was originally established as Business Ventures Number 285 (Proprietary) Limited, but changed its name to Prosimian (Proprietary) Limited effective 19 July 2000. The company was converted to a public company on 14 June 2001, simultaneously changing its name to Keynes Rational Limited. The company's name was finally changed to Capitec Bank Holdings Limited on 8 February 2002.

4.2 Group Structure



4.3 Nature of the business

Capitec is registered in terms of the Banks Act as a bank controlling company. Capitec Bank, Capitec's banking subsidiary, focuses on providing simple, affordable and accessible retail banking services as more fully described below. Capitec Bank is regulated in terms of the Banks Act by the South African Reserve Bank. As a result of the financing it provides, the bank is also regulated by the National Credit Regulator and the Financial Services Board. Such retail banking services include the following:

4.3.1 Savings

Because real returns on daily savings accounts are slim, the average South African does not save. This is a hard fact that Capitec has addressed through offering interest rates on savings accounts that allow its clients to experience tangible returns regardless of the size of their deposits. South Africans must be incentivised to save. To encourage saving, Capitec Bank offers the lowest cost and highest interest rates in South Africa, paying 10% interest on any savings balance less than R10 000. This means that clients earn on average three times more on their daily savings than with any other bank. Capitec's number of savings clients has more than doubled during 2006 and the total value of its retail deposits increased fourfold. Through innovative technology banking charges are also kept to a minimum, such that Capitec's banking fees generally are less than half the fees of other banks, with ATM charges fixed at R2 per transaction.

4.3.2 Loans

Capitec offers various loan products, from a term of one month to a fixed term of up to one year (i.e. three, six and twelve months). The provision of loans has proven to be Capitec's primary income generating activity. The value of loans provided in the previous financial year increased by 27% to R2.9 billion. Short-term personal loans are provided at the lowest rates in Capitec's target market. In the year to 28 February 2006, 2.7 million loans with average size of R1 080 (2005: 2.5 million loans with average size of R909) were advanced to clients. Because of the longer average term of the loans, Capitec's net loan book increased from R208 million a year ago to R455 million.

4.3.3 Transactional Facilities

Capitec's Global One Card, which is provided to all Capitec customers regardless of income level, allows instant account opening, transacting facilities, loan approvals, stop/debit orders, interbank transfers and immediate access to loan funds. This Maestro branded card provides clients with cost-free debit card purchases, as well as free bank statements and balance enquiries. In addition to its 260 branches (and a further increase to 293 planned this year) and 228 ATM's country wide Capitec Bank clients also have access to low cost cash withdrawals through all Pick 'n Pay, Checkers and Shoprite points of sale, as well as full interbank connectivity through SASWITCH, Mastercard and VISA ATMs (both nationally and internationally).

5. PROSPECTS

Capitec has embarked on what it has termed the "Capitec revolution" in terms of which it aims to bring simple, accessible, affordable, personalised and efficient banking services to the vast majority of people throughout the country – even in the most inaccessible areas, and potentially expanding these services on an international basis.

As this vision becomes a reality, Capitec Bank will seek out further profitable products, expand its existing and enter into new markets, and ultimately build its brand into one associated with excellence, innovation and integrity by the general South African banking client. Capitec remains conservative in its spending philosophy and regards liquidity management as an imperative. This approach has been acknowledged by the debt market which has opened up considerably, and also in Capitec having obtained an investment grade rating from Moody's Investors Service of Baa1.za long-term and Prime-2.za short term.

The board's conservative approach has meant that Capitec ended the 2006 financial year with R582 million in cash, well in excess of its retail deposits, and, throughout the same year has had sufficient cash to cover all current deposits.

6. DIRECTORS

The full names, ages, addresses and qualifications of the directors are set out below:

André Pierre du Plessis(*)	Financial director
Age :	45
Business Address :	14 Quantum Road, Techno Park, Stellenbosch, 7600
Qualifications :	BComm (Hons), CA(SA)
Michiel Scholtz du Pré le Roux, (*)	Non-executive director
Age :	57
Business Address :	26 Rozendal Avenue, Stellenbosch, 7600
Qualifications :	BComm LLB
Desmond Lockey	Non-executive director
Age :	44
Business Address :	6 Dorp Street, Stellenbosch, 7600
Qualifications :	BA (Hons) Business Management and Administration, MBA
Merlyn Claude Mehl (Prof)	Independent non-executive director
Age :	63
Business Address :	2 Upper Thistle Road, Newlands, 7700
Qualifications :	PhD (Physics)
Nonhlanhla Sylvia Mjoli-Mncube	Independent non-executive director
Age :	47
Business Address :	1570 High Street, Highgate Village, Dainfern, 2055
Qualifications :	MA City and regional planning
Johannes Fredericus Mouton(*)	Non-executive chairman
Age :	59
Business Address :	1 st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Qualifications :	BComm (Hons), CA(SA), AEP
Chris Adriaan Otto(*)	Non-executive director
Age :	56
Business Address :	1 st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Qualifications :	BComm LLB
Jan Georg Solms	Independent non-executive director
Age :	51
Business Address :	153 Dorp Street, Stellenbosch, 7600
Qualifications :	BAcc, CTA, CA(SA)
Riaan Stassen(*)	Chief executive officer
Age :	53
Business Address :	14 Quantum Road, Techno Park, Stellenbosch, 7600
Qualifications :	BComm (Hons), CA(SA)
Jacobus van Zyl Smit (Dr)	Non-executive director
Age :	64
Business Address :	1 st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Qualifications :	BComm LLB, CTA, CA(SA), D Comm

Notes: * Founders of the Capitec banking group.
All directors are South African

7. DETAILS OF THE PRIVATE PLACEMENT AND LISTING

Deemed value per share for dividend purposes	R100
Subscription price per non-redeemable, non-cumulative, non-participating preference share with a par value of R0,01 each	R95
Minimum rand value of subscription per placee acting as principal	R104 500
Number of preference shares offered	1 684 211
Amount to be raised in terms of the private placement	R160 000 045
Amount underwritten by underwriter	R160 000 045
Date of issue of the pre-listing statement	Wednesday, 30 August 2006
Listing date (9:00)	Thursday, 31 August 2006

8. SHARE CAPITAL OF CAPITEC

The authorised and issued share capital of the Capitec group before and after the private placement are set out below:

Before the private placement:	R'000
Authorised share capital :	
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
Total authorised share capital :	2 000
Issued share capital :	
71 928 412 ordinary shares of R0,01 each	719
Total issued share capital :	719
Share premium :	
On 71 928 412 ordinary shares of R0,01 each	347 146
Total premium :	347 146

After the private placement :	R'000
Authorised share capital :	
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
Total authorised share capital :	2 000
Issued share capital :	
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
Total issued share capital :	736
Share premium :	
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 net of issuing expenses of R5 366 548	154 616
Total share premium :	501 762

Capitec has undertaken to ensure that at any given time after the listing of the preference shares, the percentage of the aggregate of the total nominal value all of the preference shares in issue at such time divided by the aggregate of the total nominal value of all of the shares (being all ordinary and preference shares) in issue at such time shall not exceed 24.9%, and should Capitec contemplate any further issues of preference shares in terms whereof the aforementioned percentage shall be exceeded, Capitec shall amend its articles of association in order to reduce the par value of the preference shares or increase the par value of the ordinary shares such that the aforementioned percentage shall not be exceeded.

9. SALIENT FEATURES OF THE PREFERENCE SHARES

The preference shares are non-redeemable, non-cumulative and non-participating. Preference dividends, if declared, shall be payable semi-annually, not later than 120 business days after the last day of February and 31 August, respectively. The board of Capitec has undertaken to pay the preference share dividend within the minimum period as stipulated by the Listings Requirements from the date of declaration thereof. The date of declaration is anticipated to be at the end of March and September in any given year.

9.1 Voting rights

The preference shares are non-voting, save for those circumstances described under Section 194 of the Companies Act (61 of 1973). Preference shareholders will only be entitled to vote during those periods when the preference dividend, or any part thereof (if declared), remains in arrears and unpaid after six months from the relevant preference share dividend payment date or when a resolution of Capitec is proposed which resolution directly affects the rights attached to the preference shares or the interests of the preference shareholders, including a resolution for the winding-up of Capitec or for the reduction of its capital.

9.2 Entitlement to dividends

9.2.1 When the board of Capitec or the company in general meeting declares a dividend, preference shareholders will be entitled to receive dividends in priority to any payment of dividends to the holders of ordinary shares in the capital of the company.

9.2.2 The preference dividend shall be calculated by multiplying the deemed value of the preference shares by 75% of the prime rate (determined on a 365-day year factor, irrespective of whether the year is a leap year or not), on a daily basis, in arrear, but never compounded, for the period from the date following a preference dividend calculation date until and including the preference dividend calculation date immediately following.

9.2.3 Preference dividends will rank in priority to any payment of dividends to the holders of any other class of shares in the share capital of the company not ranking prior to or pari passu with the preference shares. All preference shares issued, or to be issued, will rank pari passu with each other.

9.2.4 The preference dividend calculation dates shall be the last day of February and 31 August of each year. There is no time limit after which the preference share dividend, if declared, lapses. There are no arrangements in place whereby future dividends are to be waived or agreed to be waived. The first dividend payment, in respect of the first tranche of preference shares issued, shall be calculated from the issue date up to and including 28 February 2007. An ordinary dividend will not be declared unless the preference dividend has been declared. Preference dividends not declared will not accumulate.

9.2.5 Consents required for variation of rights

Rights attaching to the preference shares may not be modified, amended, added to or abrogated without the prior written consent of at least 75% of the preference shareholders or the prior sanction of a resolution passed at a separate class meeting of preference shareholders in the same manner mutatis mutandis as a special resolution.

9.2.6 Changes to tax status

If there is an amendment or amendments to the Income Tax Act which results in the preference dividends being taxable in the hands of the preference shareholders and which results in payment of the preference dividend becoming a deductible expense for the company, provided such amendment is uniformly applicable to all corporate taxpayers and not only because of the particular circumstances of the company or any preference shareholder, the percentage of the preference dividend rate will be increased by the company.

Such increase will be equal to the lower of the reduced cost for the company or the uniformly reduced income in the hands of corporate taxpayers, which cost savings or reduced income would not have arisen but for such amendments to the Income Tax Act. If such amendments to the Income Tax Act do not result in the company incurring reduced costs in servicing the preference shares, then, notwithstanding that such amendment may result in a decrease in the after-tax returns of any preference shareholder on its holding of preference shares, no amendment shall be made to the percentage of the preference dividend rate. The company shall require its auditors to verify whether it is obliged to increase the percentage of the preference dividend rate. The auditors in deciding whether such increase is required in terms of this article shall act as experts and not as arbitrators or quasi-arbitrators and their decision in the absence of manifest error shall be final and binding on the company and all preference shareholders. The costs of such auditors shall be borne and paid by the company.

The entire terms and conditions of the preference shares, as set out in the articles of association of Capitec, are set out in the pre-listing statement to be issued on or about Wednesday 30 August 2006.

10. COPIES OF THE PRE-LISTING STATEMENT

Copies of the pre-listing statement can be obtained during normal business hours from 12:00 on Wednesday, 30 August 2006 at the registered office of Capitec at 10 Quantum Road, Techno Park, Stellenbosch as well as at Building 8, Woodmead Estate, 1 Woodmead Drive, Woodmead, Johannesburg or is available on the Capitec Bank website at www.capitecbank.co.za.

29 August 2006
Stellenbosch