



CAPITEC

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CAPITEC BANK HOLDINGS LIMITED ("CAPITEC BANK")

Registration number: 1999/025903/06 JSE share code: CPI ISIN code: ZAE000035861

Audited financial results for the year ended 28 February 2003

GROUP INCOME STATEMENT

	Audited Year ended Feb 2003 R'000	Audited Year ended Feb 2002 R'000
Interest income	326 397	275 869
Interest expense	3 402	6 000
Net interest income	322 995	269 869
Provision for bad and doubtful debts after recoveries	32 818	25 896
Net interest after provisions	290 177	243 973
Other operating income	54	1 000
Net income from operations	290 231	244 973
Operating expenses	243 088	178 333
Operating profit	47 143	66 640
Exceptional items	(56)	-
Income before taxation	47 087	66 640
Taxation	17 064	18 573
Net income	30 023	48 067
Attributable to outside shareholders	-	79
Earnings attributable to ordinary shareholders	30 023	47 988
Exceptional items after tax:		
- Profit on disposal of foreign subsidiaries	(5 333)	-
- Impairment of goodwill on revaluation of tax loss	3 730	-
- Impairment of goodwill on acquisition	1 171	-
- Loss on disposal of other assets	713	-
Headline earnings	30 304	47 988
Earnings per share (cents)		
- Attributable	45,6	80,2
- Headline	46,0	80,2
- Fully diluted attributable	44,3	78,3
- Fully diluted headline	44,8	78,3
Number of shares ('000)		
- Issued	63 190	66 656
- Weighted average	65 808	59 868
- Fully diluted	67 709	66 656
Proposed dividend per share (cents)	19,0	28,5

GROUP BALANCE SHEET

	Audited Feb 2003 R'000	Audited Feb 2002 R'000
Assets		
Cash and short-term funds	104 076	76 393
Net loans and advances	115 770	92 068
Other receivables and prepayment	5 663	4 668
Group loans receivable	4 700	22 712
Fixed assets	135 773	127 463
Deferred taxation	68 448	85 573
	434 430	408 877
Liabilities		
Loans and deposits	25 837	-
Other liabilities and provisions	22 660	17 629
	48 497	17 629
Ordinary shareholders' funds	385 933	391 248
	434 430	408 877
Net asset value per share (cents)	611	587
Tangible net asset value per share (cents)	502	459
Share price (cents)	260	117

GROUP CASH FLOW STATEMENT

	Audited Year ended Feb 2003 R'000	Audited Year ended Feb 2002 R'000
Cash generated from operations	74 236	86 700
Increase in loans and advances	(34 681)	(25 030)
Increase/(decrease) in other liabilities, provisions and loans, and deposits	34 586	(339)
Taxation paid	(5 101)	(15 297)
Dividend paid	(18 999)	-
Net investment in fixed assets	(31 111)	(110 394)
Disposal of subsidiaries	8 252	-
Decrease/(increase) in other investing activities	501	(4 094)
Cash flow from financing activities	-	97 127
Net increase in cash and equivalents	27 683	28 673
Effects of exchange rate changes	-	733
Cash and short-term funds at beginning of year	76 393	46 987
Cash and short-term funds at end of year	104 076	76 393

SEGMENTAL RESULTS

	South Africa	Rest of southern Africa (Discontinued)	Total
Audited Year ended February 2003			
Revenues	282 726	7 505	290 231
Headline earnings	28 164	2 140	30 304
Assets	434 430	-	434 430
Audited Year ended February 2002			
Revenues	231 423	13 550	244 973
Headline earnings	43 974	4 014	47 988
Assets	398 625	10 252	408 877

COMMITMENTS

	Audited Year ended Feb 2003 R'000	Audited Year ended Feb 2002 R'000
Guarantees		
Issued to banking institutions	4 000	16 700
Issued other	3 848	6 843
Capital commitments		
Approved by the board		
Contracted for	12 530	3 030
Not contracted for	38 632	15 730

NOTES

1. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these summarised consolidated financial statements conform to South African Statements of Generally Accepted Accounting Practice and are consistent with the accounting policies applied in the prior year.

The financial results have been audited by PricewaterhouseCoopers Inc. A copy of their audit opinion is available for inspection at the registered office of the company.

2. EXCEPTIONAL ITEMS

The exceptional items relate to the profit on disposal of the company's Botswana and Namibian subsidiaries for a consideration of R13,1 million and a tax effect of R0,6 million, the adjustment of the take-on balance of the tax loss of R3,7 million and the impairment of goodwill on acquisition of a debt collecting company. The activities of the debt-collecting company was incorporated in the bank's operations.

Loss on the disposal of other assets relate mainly to the scrapping of branch fittings in order to upgrade branches to the standardised bank model.

3. SHARE REDUCTION

The share capital of the company was reduced by R16,3 million during the year as a result of the buyback of shares held by the share incentive trust. This was required by the JSE as no enforceable agreements of sale had been concluded with employees holding options over these shares. There was no cash flow effect and the loan to the share incentive trust (included under group loans receivable) was reduced correspondingly.

4. CASH DIVIDEND WITH ELECTION FOR SCRIP

The directors propose a dividend of 19 cents per share. Shareholders will have the option to select a scrip dividend in lieu of a cash dividend. The scrip ratio will be 9,25 shares for each 100 shares held.

To comply with the requirements of STRATE the following dates are applicable:

	2003
Annual general meeting to be held at 12:00	Thursday 15 May
Announcement of results of the annual general meeting published - on SENS	Thursday 15 May
- in the press	Friday 16 May

Last date to trade cum dividend	Friday 6 June
Trading commences ex-dividend	Monday 9 June

Final date for the election of cash or scrip (see note 1)

Record date

Payment of dividend/issue of scrip

Announcement of the results of the scrip dividend

Note 1

All dematerialised shareholders should, in accordance with their relevant custody agreement, timeously inform their CSDPs or brokers of their choice.

Note 2

No dematerialisation or rematerialisation of Capitec share certificates will take place between Monday, 9 June 2003 and Friday, 13 June 2003, both days inclusive.

Note 3

Any change to the above dates and times will be advised by notification on SENS and in the press.

At Capitec Bank we are pleased to have achieved our forecast profits of R30 million. Capitec Bank was listed on the JSE on 18 February 2002. Nine days before that, on a Saturday morning, Saambou went belly up. The impact on us was profound and everything had to be replanned to achieve the R29,42 million profit forecast in our pre-listing statement.

All our profits for the year are derived from loans: mostly small, short-term loans. During the year we granted 2,4 million loans of an average size of R618. The value of loans granted during the year increased by 45%, compared to last year, to R1,5 billion.

We earned a net margin of only 2,0% on our loans. All the same, price aggression remains a fundamental part of our short-term strategy. We reduce rates as we improve our efficiency and increase our throughput per branch.

The three most important aspects of managing bad debts are: administration, administration and administration. The more we improve our systems and staff quality, the less we write off as bad debts. We think what our people achieved was remarkable: while our book was growing rapidly, we reduced our bad debts from 3,5% a year ago to 2,6%.

We have continued our transformation programme to turn Capitec Bank into a mass-market retail bank. We moved 54 branches to new sites, merged 40 branches and opened 6 new branches. We sold our operations in Botswana and Namibia because we are not licensed as a bank in those countries. (Exceptional profits of R5,3 million were realised on these sales.) As a result, our total number of branches declined from 316 to 266.

We have a competent and loyal workforce. We are creating an action-oriented, customer-focused culture. We want to be more like a retailer than a bank.

The cost of running Capitec Bank skyrocketed during the past financial year. Current expenditure increased by 36% to R243 million. Little of this was unexpected, as it is expensive to implement what we're doing. Strategically, we support the cost of building a retail bank on the back of the small loans business.

We manage our money cautiously. As a new business with limited access to funds, we had to limit our capital expenditure. At the same time we had to improve our branch network and train our people. We continued investing in our bank platform and our first priority was obviously to fund the growth in our loan book. At the end of the year our net cash balance was R78 million and we had loans of R116 million due to us (after provisions).

Liquidity rules have changed permanently for all but the big banks. We know that even if we manage our affairs prudently, bad news at another bank or in another country can cause a crisis for us. We therefore plan our expenditure and liabilities carefully so that we are never left vulnerable. We have access to loan funds far greater than our current needs due to the support of our shareholders.

We remain on track to build something unique: a low-cost, full-service mass market bank.

Subject to shareholders' approval, the company will pay a dividend of 19 cents per share on 17 June 2003 to shareholders recorded on the register on 13 June 2003. As an alternative a scrip dividend will be offered. A majority of shareholders have already indicated that they plan to opt for this alternative. As the company is in a high growth phase, we will increase the current dividend cover in future years.

The new financial year will again be tough. We budget for a further significant rise in costs. Due to a planned increase in volumes and the introduction of new products, we expect a substantial rise in the profits for the year to 29 February 2004.

Our annual general meeting of shareholders will take place at The House of JC le Roux in Devon Valley on 15 May 2003 at 12:00.

On behalf of the board

JF Mouton Chairman	MS du P le Roux Chief executive officer
Stellenbosch	27 March 2003

ADMINISTRATIVE INFORMATION

Capitec Bank Holdings Limited
Registration number: 1999/025903/06
JSE share code: CPI ISIN code: ZAE000035861

Company secretary and registered office

Christian George van Schalkwyk
BComm, LLB, CA(SA)
10 Quantum Road
Techno Park
Stellenbosch 7600
(PO Box 12451, Die Boord, Stellenbosch 7613)

Transfer secretaries

Computershare Investor Services Limited
Registration number: 1958/003546/06
Ground Floor
70 Marshall Street
Johannesburg 2001
(PO Box 1053, Johannesburg 2000)

Directors

JF Mouton (Chairman), CJ Borstlap*, AP du Plessis*, MS du P le Roux*, MC Mehl, CA Otto, JG Solms, R Stassen*, J van Zyl Smit
* Executive

