

## CAPITEC BANK HOLDINGS LIMITED

Registration number: 1999/025903/06 JSE share code: CPI ISIN code: ZAE000035861  
Registered bank controlling company

• Profit	↑ 50%
• Headline earnings per share	↑ 46%
• Dividend of 30 cents per share	↑ 50%
• New savings accounts	125 000
• Total branches	251

### EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS – YEAR ENDED 28 FEBRUARY 2005

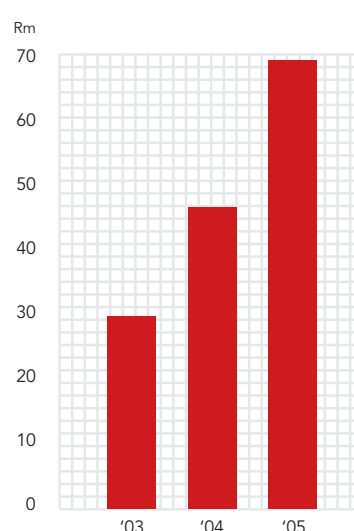
	February 2005	February 2004	Change %	February 2003
<b>OPERATIONS</b>				
• Number of branches	251	265	(5)	266
• Number of employees	1 708	1 402	22	1 180
• Number of ATMs	180	75	140	58
<b>SALES</b>				
<b>Loans</b>				
• Value of loans advanced	Rm 2 259	1 904	19	1 477
• Number of loans advanced	'000 2 486	2 617	(5)	2 454
• Average loan amount	R 909	728	25	602
• Interest from loans advanced	Rm 534	393	36	323
• Net loan impairment expense	Rm 39	29	34	33
• Net impairment % of repayments	% 1,45	1,43	1	2,58
<b>Deposits</b>				
• Number of savings accounts	'000 143	18	–	–
• Value of savings deposits	Rm 74	4	–	–
• Net fee income	Rm 4	–	–	–
<b>PROFITABILITY</b>				
• Attributable earnings	Rm 68	45	50	30
• Headline earnings	Rm 70	47	49	30
• Attributable earnings per share	Cents 99	68	46	46
• Headline earnings per share	Cents 102	70	46	46
• Diluted attributable earnings per share	Cents 92	63	46	44
• Diluted headline earnings per share	Cents 95	65	46	45
• Total expenditure	Rm 391	306	28	249
• Cost-to-income ratio – banking activities	% 73	76	(4)	75
• Return on equity	% 16	12	33	8
• Proposed dividend per share	Cents 30	20	50	19

	February 2005	February 2004	Change %	February 2003
<b>ASSETS</b>				
• Total assets	Rm 804	510	58	434
• Net loans and advances	Rm 208	135	54	116
• Cash and cash equivalents	Rm 363	160	127	104
• Equipment to total assets	% 22	29	(24)	31
• Capital expenditure	Rm 84	44	91	31
<b>LIABILITIES</b>				
• Total liabilities	Rm 327	82	299	49
• Deposits	Rm 281	49	473	26
<b>EQUITY</b>				
• Shareholders' funds	Rm 477	428	11	386
• Capital adequacy ratio	% 84	98	(14)	99
• Net asset value per share	Cents 676	623	9	611
• Tangible net asset value per share	Cents 643	552	16	502
• Share price at 28 February	Cents 1 490	580	157	260
• Market capitalisation at 28 February	Rm 1 072	399	169	164
• Number of share options outstanding	'000 6 753	7 860	(14)	8 079
• Average share option strike price	Cents 271	153	77	144
• Average share option time to maturity	Months 25	22	14	30
• Deficit on settlement of share options	Rm 16	2	–	–

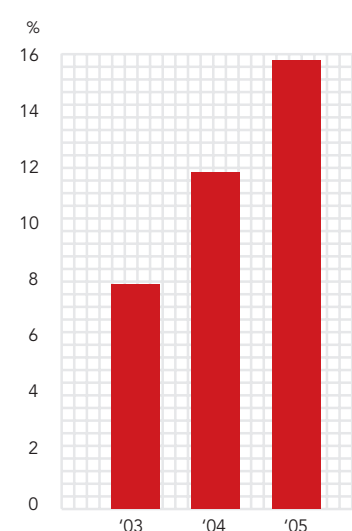
SUMMARISED AUDITED FINANCIAL STATEMENTS AVAILABLE ON [www.capitecbank.co.za](http://www.capitecbank.co.za)

- World leader in card technology
- 79 additional bank branches
- 306 more bank staff

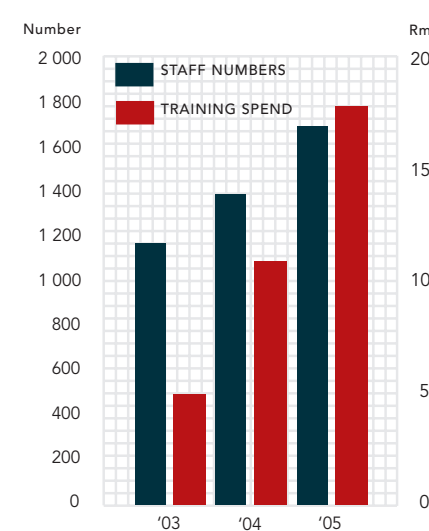
#### HEADLINE EARNINGS



#### RETURN ON EQUITY



#### STAFF NUMBERS AND TRAINING SPEND



#### THE CAPITEC REVOLUTION

Capitec is fomenting a revolution. A revolution is needed to make banking accessible to all South Africans. Our revolution is based on modern, low-cost technology, which enables us to offer our clients dramatically lower fees and a unique service.

The building phase of a revolutionary model can be precarious. We invested what we consider to be huge amounts of money, we reduced prices and we hoped to see a significant increase in client numbers. So far it has worked, but we remain vulnerable to even small discrepancies between our projections and actual trends. We trust that our shareholders will take sufficient comfort from the good years to fortify them for the odd lean year that may befall us.

#### A UNIQUE BANKING EXPERIENCE

No client is ever required to fill in a form. Whether they open an account or simply make a deposit, it is all done online by the consultant. We capture a photograph and the ID of every new client on the system and this photograph appears on the screen along with the account details whenever we deal with that client. Every transaction is validated by biometrically recording a fingerprint of the Capitec Bank consultant involved. Our system is easy to operate, very secure and fast. A loan transaction takes an average of only 191 seconds.

Our branches are open from at least eight in the morning to five o'clock in the afternoon, but often from seven to seven.

We offer the lowest bank fees in South Africa. Our ATM fees are fixed at R1,80 per transaction. We pay 10% interest per annum on the daily balances of savings accounts (up to R25 000 per account) and have kept our rates at that level during a year when all rates were heading south. We charge the lowest rates for short-term cash loans and have reduced them further for clients who bank with us.

#### PROFIT AND PROFITABILITY

Our profit margin increased from 2,4% of turnover in 2004 to 3% in 2005.

Most of our profit for the year was derived from small personal loans. We increased our turnover to R2,3 billion, an increase of 19% over 2004. For the second consecutive year, our attributable earnings increased by 50%. Bear in mind, however, that we came off a very low base of R30 million in 2003. Our return on equity is 16%. This is better than last year's 11,6%, but short of the 20% which we think is a decent return on our shareholders' money.

#### WORLD LEADER IN CARD TECHNOLOGY

We have developed the world's first off-line card system based on the EMV standard, through the use of microchip technology. EMV is the global standard that ensures that smartcards issued in one country can be accepted by terminals worldwide. The smartcard carries an electronic "cash wallet" with readily accessible money, which is ideal for small transactions and is very secure. Transactions are off-line, with no time delay, cost-free and suited to remote areas. Best of all, when the card is lost or stolen, the money in the "wallet" can be refunded. This card will bring about another revolution: the introduction of electronic banking to remote areas. MasterCard has been highly supportive as a partner in this project.

#### A SERIOUS INVESTMENT IN DISTRIBUTION AND PEOPLE

Our network has increased by a further 79 bank branches. During the year we obtained access to low-cost transacting and cash withdrawals at major retailers in South Africa. Our clients can now do purchases and cash withdrawals for only 55 cents at retailers such as Checkers, Shoprite and Pick 'n Pay.

We appointed 555 new employees, resulting in a net increase of 306 people. We invest heavily in our people: on average our branch employees attended three training courses during the year. We spent R18 million on training, an unheard of 12% of our salary bill.

#### SHARES, OPTIONS AND DIRECTORS

As approved by shareholders, we issued 1,4 million new shares at market price to Arch Equity, a listed black owned company, which now holds 15,6% of Capitec's shares. Desmond Lockey, Arch Equity's chief executive officer, joined our board in December 2004. We also issued 1,6 million new shares at market price to 19 members of management (including two executive directors) and two black non-executive directors.

In terms of our empowerment share scheme, the bank subsidises the purchase price of Capitec shares bought by our employees by 10%. At the moment 191 people participate in the scheme. Everybody is encouraged to participate and some invest amounts as small as R20 per month. It is our dream that all our employees will eventually own Capitec shares.

#### WE'RE OPTIMISTIC, BUT WARY

The past year has been a friendly one for any business serving the public. The minister of finance contributed to our optimism by eliminating a tax of 20c per debit transaction – a benefit

which we immediately passed on to our clients. The minister also reduced company tax to 29% for the new year.

More important is the outlook for the economy. For many decades a South African boom inevitably ended in a crunch triggered by a lack of foreign currency. This was usually manifested in rising interest rates. Although our country remains vulnerable to a lack of external confidence, we believe that growth will continue and will benefit all South Africans. In a benign climate Capitec Bank will prosper.

As we build our bank, costs will continue to rise at a rapid rate. Our shareholders can be assured that we do understand the value of money. We remain conservative in spending money (nobody flies business class) and cautious in ensuring that the bank always has enough of it (we ended the year with R363 million in cash and throughout the year our cash covered all current deposits). We plan for a continued rise in revenue – fee income on our banking products will start contributing for the first time – and we are budgeting for a rise in headline earnings per share of 20% to 40%. This forecast has not been reviewed or reported on by our auditors. Our bank is going through a continuous revolution and, as with all revolutions, real risks remain.

#### PROPOSED DIVIDEND

The directors propose a dividend of 30 cents per share, subject to approval at the shareholders' meeting on 25 May 2005.

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

Last day to trade cum dividend	Friday 3 June 2005
Trading ex dividend commences	Monday 6 June 2005
Record date	Friday 10 June 2005
Date of payment	Monday 13 June 2005

Share certificates may not be dematerialised or rematerialised between Monday 6 June 2005 and Friday 10 June 2005, both days inclusive.

On behalf of the board

Jannie Mouton  
Chairman

Riaan Stassen  
Chief executive officer

Stellenbosch

30 March 2005

**REGISTERED OFFICE**  
10 Quantum Road, Techno Park, Stellenbosch 7600  
PO Box 12451, Die Boord, Stellenbosch 7613

**TRANSFER SECRETARIES**  
Computershare Investor Services 2004 (Pty) Limited  
Registration number: 2004/003647/07  
Ground Floor, 70 Marshall Street, Johannesburg 2001  
PO Box 61051, Marshalltown 2107

**COMPANY SECRETARY**  
Christian George van Schalkwyk, BComm, LLB, CA(SA)

**DIRECTORS**  
JF Mouton (Chairman), R Stassen (CEO)\*, AP du Plessis (CFO)\*, MS du P le Roux, D Lockey, Prof MC Mehl, Ms NS Mjoli-Mncube, CA Otto, JG Solms, Dr J van Zyl Smit  
\*Executive

**SPONSOR**  
PSG Capital Limited (Registration number: 2002/017362/06)

**ANNUAL GENERAL MEETING**  
25 May 2005 at 12:00  
The Spier Conference Centre, Spier

Banking made easy

