

## UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2005

### OPERATIONS

	August 2005	August 2004	Change %	February 2005
Number of branches	250	256	(2)	251
Number of employees	1 771	1 586	12	1 708
Number of ATMs	208	132	58	180

### SALES

	August 2005	August 2004	Change %	February 2005
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### Loans

	August 2005	August 2004	Change %	February 2005
Value of loans advanced	Rm 1 319	1 102	20	2 259
Number of loans advanced	'000 1 245	1 277	(3)	2 486
Average loan amount	R 1 060	864	23	909
Net impairment % of repayments	% 1,56	1,28	22	1,45

### Deposits

	August 2005	August 2004	Change %	February 2005
Number of savings accounts	'000 244	61	300	143
Value of savings deposits	Rm 175	21	733	74

### PROFITABILITY

	August 2005	August 2004	Change %	February 2005
Attributable earnings	Rm 41,2	29,5	40	67
Headline earnings	Rm 41,0	29,6	39	70
Cost to income ratio – banking activities	% 73	74	(1)	73
Return on equity (annualised)	% 17	13	31	16

### ASSETS

	August 2005	August 2004	Change %	February 2005
Equipment to total assets	% 19	28	(32)	22
Capital expenditure	Rm 33	42	(21)	84

### EQUITY

	August 2005	August 2004	Change %	February 2005
Capital adequacy ratio	% 61	83	(27)	84
Net asset value per share	Cents 683	630	8	672
Share price	Cents 1 750	740	136	1 490
Market capitalisation	Rm 1 259	507	148	1 072
Number of share options outstanding	'000 7 465	7 740	(4)	6 753
Shares held available for settlement of options	'000 1 697	354	379	1 486
Average share option strike price	Cents 516	251	106	271
Average share option time to maturity	Months 27	28	(4)	25
Deficit on share options settled	Rm 8	9	(11)	16

### OUR VIEW OF THE BUSINESS

#### Service platform

Over the past six months Capitec Bank has concluded its branch conversion and relocation programme and now has a distribution platform of 250 bank branches country-wide.

Whilst this number of branches is equivalent to that of larger retailers, further expansion of 50 new branches is planned between September 2005 and May 2006 to increase accessibility for clients in both urban and rural areas. ATM numbers have grown from 132 to 208 in the period under review.

Our paperless, technology-driven service model has now been installed in all branches and has proved successful in both efficiently serving large numbers of clients and reducing costs.

#### New products

During July and August three new products were introduced to the market: a pre-approved loan, which clients can access at a Capitec Bank ATM, a six-month loan product and a 12-month loan product. These products will have the effect of increasing revenue and decreasing month-end activity levels in branches. They will further stimulate client acquisition, extend our balance sheet and result in higher operational and financial gearing for the rest of the year.

#### Client growth

The market acceptance of the banking offer by Capitec Bank, in the form of the Global One Banking Facility, is reflected by the growth in the number of savings clients experienced over the past six months. The number of savings clients has risen by 100 000 to over 240 000 over this period.

#### Free debit card purchases

Over the past six months Capitec Bank continued to reduce banking costs to the market. We are the first bank to introduce zero transaction fees for all debit card purchases at retailers, which encourages cashless transacting.

Access to cash for clients was also improved via agreements with Checkers, Shoprite and Pick 'n Pay for cash withdrawals at their tellers at a fixed rate of 55 cents per transaction.

#### Funding

In addition to cash on hand, we have secured an additional three-year facility of R60 million from Futuregrowth. This will enable us to grow our debtors book over the shorter term.

#### Prospects

We forecast an increase in headline earnings per share of 30% to 50% for the year to 28 February 2006. This forecast has not been reviewed or reported on by our auditors.

On behalf of the board

Jannie Mouton  
Chairman  
Stellenbosch

Riaan Stassen  
Chief executive officer  
28 September 2005

### GROUP BALANCE SHEET

	Unaudited		Audited
	August 2005	August 2004	February 2005
	R'000	R'000	R'000
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	367 182	193 118	362 873
Investments at fair value	31 279	–	16 842
Loans and advances	322 076	184 209	197 483
Inventory	8 056	7 768	8 635
Other receivables	10 057	4 733	8 020
<i>Non-current assets</i>			
Loans and advances	10 549	10 000	10 414
Equipment	119 745	105 763	114 380
Intangible assets – banking system	59 646	61 673	62 033
Deferred tax	8 041	36 202	24 534
<b>Total assets</b>	<b>936 631</b>	<b>603 466</b>	<b>805 214</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Deposits at amortised cost	207 486	30 871	84 001
Deposits held at fair value	2 221	2 293	2 185
Trade and other payables (non-interest-bearing)	45 588	37 740	45 700
Current tax liabilities	48	29	38
Provisions (non-interest-bearing)	1 000	850	1 000
<i>Non-current liabilities</i>			
Lease escalation accrual	5 030	3 701	4 363
Deposits at amortised cost	140 052	44 219	138 411
Deposits held at fair value	55 184	52 135	56 098
<b>Total liabilities</b>	<b>456 609</b>	<b>171 838</b>	<b>331 796</b>
<b>Shareholders' equity</b>			
Share capital and premium	323 160	314 003	330 341
Reserves	700	728	700
Retained earnings	156 162	116 897	142 377
<b>Total shareholders' funds</b>	<b>480 022</b>	<b>431 628</b>	<b>473 418</b>
<b>Total shareholders' funds and liabilities</b>	<b>936 631</b>	<b>603 466</b>	<b>805 214</b>

### GROUP INCOME STATEMENT

	Unaudited		Audited
	Six months ended August 2005	Six months ended August 2004	Year ended February 2005
	R'000	R'000	R'000
Interest on loans advanced	318 861	244 851	533 905
Interest on cash and cash equivalents	8 073	4 404	10 077
Interest expense	(16 445)	(6 157)	(16 890)
Net interest income	310 489	243 098	527 092
Net impairment charge on loans and advances	(23 740)	(15 970)	(39 249)
Income from lending activities	286 749	227 128	487 843
Net fee income	6 919	951	4 423
Fee income	16 467	2 964	11 338
Fee expense	(9 548)	(2 013)	(6 915)
Dividend income	1 047	–	75
Net movement in financial instruments held at fair value	352	(2 135)	(6 001)
Other income	258	–	6
Non-banking gross profit	3 223	2 158	4 464
Non-banking sales	64 238	52 557	118 039
Non-banking cost of sales	(61 015)	(50 399)	(113 575)
Income from operations	298 548	228 102	490 810
Banking operating expenses	(233 576)	(180 714)	(386 589)
Non-banking expenses	(2 958)	(2 595)	(5 172)
Operating profit	62 014	44 793	99 049
Tax	(20 841)	(15 290)	(31 670)
Net profit attributable to ordinary shareholders	41 173	29 503	67 379
Exceptional items after tax:			
– (Profit)/loss on disposal of fixed assets	(182)	137	2 132
Headline earnings	40 991	29 640	69 511

### RECONCILIATION OF ATTRIBUTABLE EARNINGS TO HEADLINE EARNINGS

	Unaudited		Audited
	Six months ended August 2005	Six months ended August 2004	Year ended February 2005
	R'000	R'000	R'000
Net profit attributable to ordinary shareholders	41 173	29 503	67 379
Exceptional items after tax:			
– (Profit)/loss on disposal of fixed assets	(182)	137	2 132
Headline earnings	40 991	29 640	69 511

### GROUP CASH FLOW STATEMENT

	Unaudited		Audited
	Six months ended August 2005	Six months ended August 2004	Year ended February 2005
	R'000	R'000	R'000
<b>Cash flow from operating activities</b>	67 473	84 695	315 354
Cash flow from operations	95 224	74 787	165 910
Increase in loans and advances	(129 593)	(61 495)	(74 934)
Increase in other liabilities, provisions and deposits	125 717	86 792	239 747
Tax paid	(2 558)	(1 656)	(1 639)
Dividend paid	(21 317)	(13 733)	(13 730)
<b>Cash flow from investment activities</b>	(48 152)	(41 591)	(100 666)
Net investment in equipment	(33 153)	(41 591)	(83 921)
(Increase)/decrease in other investing activities	(14 999)	–	(16 745)
<b>Cash flow from financing activities</b>	(15 012)	(9 789)	(11 618)
Shares issued	–	–	21 450
Shares acquired and options settled	(15 012)	(9 789)	(33 068)
Increase in cash and cash equivalents	4 309	33 315	203 070
Cash and cash equivalents at beginning of period	362 873	159 803	159 803
Cash and cash equivalents at end of period	367 182	193 118	362 873

### EARNINGS PER SHARE

		Unaudited		Change %	Audited
		Six months ended August 2005	Six months ended August 2004		Year ended February 2005
		R'000	R'000		R'000
<b>Earnings per share</b>					
Basic attributable	Cents	58,4	43,1	36	97,8
Basic headline	Cents	58,1	43,3	34	100,9
Diluted attributable	Cents	54,5	40,4	35	91,6
Diluted headline	Cents	54,3	40,6	34	94,5
<b>Number of shares</b>					
Issued net of treasury shares	'000	70 231	68 483	3	70 442
Weighted average	'000	70 501	68 376	3	68 860
Diluted	'000	75 536	72 946	4	73 536
Proposed dividend per share	Cents	–	–	–	30,0

### GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited		Audited
	Six months ended August 2005	Six months ended August 2004	Year ended February 2005
	R'000	R'000	R'000
Ordinary shareholders' funds at beginning of period	473 418	428 171	428 171
Change in accounting policy (note 3)	–	(2 507)	(2 507)
Restated balance at beginning of period	473 418	425 664	425 664
Hedges – fair value (losses)/gains net of tax	–	(17)	(45)
Net profit for the period	41 173	29 503	67 379
Shares issued	–	–	21 450
Loss on settlement of share option net of share-based staff costs	(7 851)	(9 377)	(14 598)
Tax on settlement of share options	1 937	–	4 700
Tax rate change	(157)	–	–
Loss on odd-lot offer	–	(415)	(415)
Share purchases	(7 181)	–	(16 987)
Dividend paid	(21 317)	(13 730)	(13 730)
Ordinary shareholders' funds at end of period	480 022	431 628	473 418

### SEGMENTAL RESULTS

	Banking	Wholesale distribution	Total
	R'000	R'000	R'000
<b>Unaudited</b>			
Six months ended August 2005			
Revenues	345 058	64 238	409 296
Headline earnings	41 223	(232)	40 991
Assets	932 016	4 615	936 631
<b>Unaudited</b>			
Six months ended August 2004			
Revenues	252 219	52 557	304 776
Headline earnings	30 677	(1 037)	29 640
Assets	592 506	10 940	603 446
<b>Audited</b>			
Year ended February 2005			
Revenues	555 401	118 039	673 440
Headline earnings	71 466	(1 955)	69 511
Assets	793 272	11 942	805 214

### COMMITMENTS

	Unaudited		Audited
	August 2005	August 2004	February 2005
	R'000	R'000	R'000
<b>Guarantees</b>			
– Non-banking institutions	2 740	1 815	1 976
<b>Capital commitments approved by the board</b>			
– Contracted for	2 999	7 491	2 514
– Not contracted for	48 497	16 550	81 261
<b>Operating lease commitments</b>			
< 1 year	41 544	28 214	41 174
1 to 5 years	86 177	26 626	69 344
> 5 years	4 894	–	6 104

### NOTES

#### 1. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The group implemented IFRS during the year under review, the effective date of transition being 1 March 2004. In preparing these abridged interim financial statements in accordance with IFRS 1 (First Time Adoption of IFRS), the group has applied the mandatory exceptions and elected the exemption relating to business combinations (IFRS 3). The group early-adopted the standard on share based payments (IFRS 2) for the year ended 28 February 2005, resulting in no additional IFRS 2 adjustments with the adoption of IFRS 1. The conversion to IFRS did not result in any material adjustments to profit and loss or equity and no additional disclosure as stated in IFRS 1 and IAS 34 on first time adoption is required.

#### 2. INTERIM FINANCIAL REPORTS