



Audited summary financial statements for the year ended 28 February 2015

Prepared under supervision of AP du Plessis (CFO)

The full integrated report is available at:
www.capitecbank.co.za/investor-relations

What are the key performance indicators?

Financial highlights
Stakeholder highlights
Key performance indicators

Financial highlights

Headline earnings (R'm)

R2 547

Headline earnings per share (cents)

2 209c

Return on equity (%)

25%

Net transaction fee income (R'm)

R2 608

Cost-to-income ratio (%)

35%

Stakeholder highlights

Clients



856 000
new clients

2.8m
new loans

39
new branches

500
additional ATMs

Shareholders



R2.56bn
net profit

836c
total dividend per share

R11.6bn
shareholder funds

		2015	2014	Change % 2015/2014	2013
Profitability					
Interest income	R'm	10 783	9 434	14	7 085
Net loan fee income	R'm	619	841	(26)	1 153
Net transaction fee income	R'm	2 608	1 927	35	1 349
Interest paid	R'm	(2 426)	(2 133)	14	(1 663)
Other banking income	R'm	22	(19)		–
Income from banking operations	R'm	11 606	10 050	15	7 924
Net loan impairment expense	R'm	(4 014)	(3 976)	1	(2 659)
Net banking income	R'm	7 592	6 074	25	5 265
Banking operating expenses	R'm	(4 031)	(3 242)	24	(2 994)
Non-banking operations	R'm	(1)	2		7
Tax	R'm	(995)	(797)	25	(673)
Preference dividend	R'm	(18)	(20)	(10)	(21)
Earnings attributable to ordinary shareholders					
Basic	R'm	2 547	2 017	26	1 584
Headline	R'm	2 547	2 017	26	1 584
Net transaction fee income to banking operating expenses	%	65	59		45
Net transaction fee income to net banking income	%	34	32		26
Cost-to-income ratio - banking activities	%	35	32		38
Return on shareholders' equity	%	25	23		27
Earnings per share					
Attributable	cents	2 209	1 752	26	1 519
Headline	cents	2 209	1 752	26	1 519
Diluted attributable	cents	2 206	1 740	27	1 498
Diluted headline	cents	2 206	1 740	27	1 498
Dividends per share					
Interim	cents	246	203	21	169
Final	cents	590	460	28	405
Total	cents	836	663	26	574
Dividend cover	X	2.6	2.6		2.6

		2015	2014	Change %	
				2015/2014	2013
Assets					
Net loans and advances	R'm	32 484	30 053	8	27 935
Cash and short-term funds	R'm	19 755	14 423	37	9 166
Other	R'm	1 677	1 715	(2)	1 246
Total assets	R'm	53 916	46 191	17	38 347
Liabilities					
Deposits	R'm	41 181	35 449	16	29 000
Other	R'm	1 172	760	54	834
Total liabilities	R'm	42 353	36 209	17	29 834
Equity					
Shareholders' funds	R'm	11 564	9 982	16	8 513
Capital adequacy ratio	%	36	39		41
Net asset value per ordinary share	cents	9 822	8 433	16	7 212
Share price	cents	41 000	18 375	123	18 800
Market capitalisation	Rm	47 407	21 186	124	21 515
Number of shares in issue	'000	115 627	115 298	-	114 442
Share options					
Number outstanding	'000	710	1 503	(53)	2 177
Number outstanding to shares in issue	%	0.6	1.3		2
Average strike price	cents	19 403	9 465	105	6 294
Average time to maturity	months	28	16	75	15
Operations					
Branches		668	629	6	560
Employees		10 261	9 070	13	8 308
Active clients	'000	6244	5 388	16	4 677
ATMs					
Own		941	744	26	640
Partnership		2 477	2 174	14	1 914
Total		34 18	2 918	17	2 554
Capital expenditure	R'm	414	549	(25)	473

		2015	2014	Change % 2015/2014	2013
Sales					
Loans					
Value of loans advanced	R'm	19 417	18 214	7	25 401
Number of loans advanced	'000	2 820	3 034	(7)	3 760
Average loan amount	R	6 887	6 003	15	6 756
Repayments	R'm	23 787	21 862	9	19 159
Gross loans and advances	R'm	36 341	33 690	8	30 658
Loans past due (arrears)	R'm	1 964	2 174	(10)	1 777
Arrears to gross loans and advances	%	5.4	6.5		5.8
Arrears and rescheduled loans <6 months	R'm	2 848	2 921	(3)	2 402
Arrears and rescheduled loans <6 months to gross loans and advances	%	7.8	8.7		7.8
Provision for doubtful debts	R'm	3 857	3 637	6	2 723
Provision for doubtful debts to gross loans and advances	%	10.6	10.8		8.9
Arrears coverage ratio	%	196	167		153
Loan revenue	R'm	10 660	9 841	8	7 983
Loan revenue to average gross loans and advances	%	30.4	30.6		32.5
Gross loan impairment expense	R'm	4 616	4 410	5	2 932
Recoveries	R'm	602	434	39	273
Net loan impairment expense	R'm	4 014	3 976	1	2 659
Net loan impairment expense to loan revenue	%	37.7	40.4		33.3
Net loan impairment expense to average gross loans and advances	%	11.5	12.4		10.8
Deposits					
Wholesale deposits	R'm	10 913	11 663	(6)	11 679
Retail call savings	R'm	19 298	14 617	32	10 335
Retail fixed savings	R'm	10 731	8 984	19	6 844

What do the chairman and chief executive officer have to say?

Through a storm

Our number of active clients increased by 856 000 to 6.2 million, compared to an increase of 711 000 last year. According to the comprehensive AMPS survey, 16.8% of South Africans regard us as their primary bank, up from 12.7% the previous year. However, our dominant profit driver remains our personal lending business where loan growth was modest but still positive.

In this part of our business we concentrated on improving credit granting and recoveries. A healthy growth in all departments seemed unlikely early in our financial year. South Africa was rocked by large strikes, affecting many of our clients and on 10 August 2014 our biggest competitor was placed under curatorship. It was an unpleasant experience to watch them fold under the weight of bad debt and market panic. Yet, by year-end our retail clients proved to be unaffected by this drama and total retail funding grew by 27% to R30 billion.

The wholesale funding market has not yet returned to normal, as we explain below. Our earnings growth of 26% was driven by an increase in net transaction fee income, increased recoveries and improved credit granting.

Net transaction fee income increased 35%

After growing by 35%, our net transaction fee income covers 65% of our banking operating expenses and provides 34% of our net banking income. This growth will slow temporarily next year as new limits on card processing fees between banks and merchants are applied. We plan for this to be countered by an increase in client numbers and increased activity per client.

More South Africans are trusting Capitec with their money

The number of our primary banking clients grew by 578 000, to 2.8 million. These are clients who make regular deposits (mostly their salaries) into Capitec accounts and who transact more regularly. Acceptance of the Capitec brand by higher income earning clients has influenced this performance.

We believe in branches and staff development

Although electronic service channels are important, face-to-face communication remains essential for many clients. We place a priority on internal employee promotion and provide easy access to the training they need to perform effectively. During the year we promoted 1 251 employees. We increased the number of branches by 39 to 668. We increased the capacity of existing branches by increasing the number of consultant workstations. Across the bank we created 1 191 new positions and now have 10 261 employees.

Capitec is a retail bank only

We do not do business or corporate banking. The only services we provide to businesses support our retail focus, such as a facility to pay salaries to employees, and card machines. We focus our efforts on providing a distinctive service, saving our clients time and money. This means we are obsessed with analysing details. Precision is necessary to deliver on the transparency and simplicity of our product offer.

Our automated queue management system enables us to provide better service and to improve our branch efficiency. In the past year our branches issued 62 million service tickets, an increase of 30% on the 48 million of the previous year. We increased our ATM network by 500, bringing the total of own and partnership ATMs to 3 418. The take-up of our cell phone app and internet banking continues to grow significantly and we are pleased with the feedback received from the market on the simplicity of these products.

For the third year in a row Capitec received the highest general customer satisfaction scores for banking in the South African Customer Satisfaction Index.

In November 2014, for the second year in a row, Capitec was voted South Africa's favourite financial services institution in the Ask Afrika Orange Index customer service awards. Capitec ranked third overall, the only financial institution to make the top 20.

We are thrilled by this recognition, but know that service quality is a daily challenge in any retail business.

Increase in the cost-to-income ratio

The cost-to-income ratio increased from 32% in 2014 to 35% this year. The two biggest reasons for the 25% growth in expenses was a growth of 13% in the number of employees and an increase of 479% in employee incentive costs. Salary costs grew by R232 million and bonus incentive costs grew by R254 million. Profit targets were achieved, resulting in special bonuses for all employees. The 123% increase in the share price increased the cost of incentives that are linked to this price by R109 million.

A better credit granting model

We continually adjust our credit criteria to improve the quality of the credit we grant. These changes are intended to reduce credit risk, at the same time enabling us to lend more to specific groups of clients. In general it has reduced the period a loan is granted for. The average term of the outstanding book decreased from 45 months at February 2014 to 43 months at February 2015. Although the terms of loans advanced were shorter, the value of loans advanced grew by 7% from R18.2 billion to R19.4 billion in 2015 as the average loan amount increased.

Gross loan impairment expense increased by 5%

The gross loan impairment expense rose by 5% to R4.6 billion, due to the result of extended strikes in the mining sector and the impact on downstream industries, the strike in the manufacturing sector and challenges in the administration of collections in the education sector. Additionally, because bad debts occur over time, the expense includes bad debt occurring on loans sold in previous years. Write-offs increased by 26% from R3.5 billion to R4.4 billion, compared to a 99% increase in 2014. The level of provisions was increased by R220 million compared to an increase of R914 million in 2014, because of lower arrears. Year-end arrears were 10% lower than last year.

We provide 8% on all new and up-to-date loans

Arrears were lower as a percentage of gross loans and advances, amounting to 5.4% compared to 6.5% at the end of the 2014 financial year. The level of provisions to arrears was 196%, compared to 167% at February 2014. Bad debt provisions increased 6% to R3.857 billion. We provide 8% on up-to-date loans, 45% on loans one instalment behind, 73% for two instalments and 87% for three instalments. After 90 days in arrears we consider the loan bad, write it off and hand it over to the legal process. The book is performing within our risk appetite. The board and management concluded that the level of provisioning is sufficient.

We enhanced our centralised pre- and post-delinquent collection processes; we improved reporting, strengthened management, restructured the legal collections environment and refined systems to improve recoveries by 39% to R602 million.

Capital adequacy healthy at 36%

The profit Capitec is generating is sufficient to fund the growth in the retail loan book. The capital adequacy ratio declined from 39% at February 2014 to 36% at February 2015 mainly because we keep more money in higher yielding investments such as fixed and term-notice deposits, which according to the rules require more capital than government treasuries. At the end of the 2015 financial year 37% of bank assets were invested in cash and short-term funds compared to 31% at the end of the 2014. Capitec remains conservatively leveraged with total assets at 5 times equity.

The return on equity is on target at 25%. The total annual dividend increased by 26% in line with the growth in earnings.

Retail deposits grew by R6.4 billion

While we noted some depositor hesitation from August 2014 to October 2014 due to African Bank's curatorship, retail depositors set aside concerns they may have had about the market

and have increased deposits significantly since then. Deposit growth of R3.4 billion occurred in the second half of the year surpassing the R3 billion deposited in the first half.

Wholesale funding remains important

Wholesale funding reduced as some funding instruments matured. In contrast to the retail market, confidence in the wholesale funding market was negatively influenced by market events and the ratings downgrade of the South African banking sector. The availability of liquidity for all market participants has been lower and the cost higher. We extended the term of some of our wholesale funding agreements. Wholesale funding remains an important part of our liquidity structure. Capitec is fully compliant with the Basel 3 liquidity ratios. Our conservative liquidity policies are unchanged.

Regulation

Capitec engages regulators and government in a cooperative way, to understand and implement new regulations. We encourage regulators to engage with industry players to ensure both efficiency and practicality are considered, to the benefit of all stakeholders.

Contingent liability

Since 2013 we have reported that the National Credit Regulator ('NCR') alleged that Capitec Bank Limited had contravened the National Credit Act, No. 34, of 2005 ('National Credit Act'). The National Credit Tribunal dismissed the NCR's application and the NCR lodged an appeal. The appeal has been set down to be heard in the Gauteng High Court in February 2016. It remains impracticable to estimate the financial effect of any possible outcome. Capitec is still of the view that the matter will be satisfactorily resolved through due process.

Changes in board composition and executive management

Pieter van der Merwe, a board member since 2007, has announced his retirement. Pieter has served as the chairman of the audit committee. He has been a stalwart member of the board and we thank him for his commitment, leadership and contribution.

On 23 March 2015 Jean Pierre Verster was appointed to the Capitec and Capitec Bank boards and will take over as the audit committee chairman. He comes with experience in banking and financial services and we welcome him.

After 14 years of outstanding and dedicated service, Chris Oosthuizen who was in charge of information technology ('IT') since we started, will be retiring in May 2015. We are indebted to Chris for developing the IT platform on which

Capitec Bank stands today. He is succeeded by Wim de Bruyn. Wim has many years of IT experience in banking, and we welcome him on board.

Prospects

The South African economy continues to perform below its potential. However, we are optimistic. The growth in primary banking clients is an exciting trend that we expect to continue, helping to offset the impact of the new limits on card processing fees. Our brand is going from strength to strength and our efficiencies continue to improve.

Dividends

The directors declared a final gross dividend of 590 cents per ordinary share on 23 March 2015, bringing the total dividends for the year to 836 cents per share.

The final dividend meets the definition of a dividend in terms of the Income Tax Act (Act 58 of 1962). The dividend amount net of South African dividend tax of 15% is 501.50000 cents per share. The distribution is made from income reserves and no Secondary Tax on Companies ('STC') credits were applied against the dividend. Capitec's tax reference number is 9405/376/84/0. Capitec has 115 626 991 shares in issue at the declaration date.

Last day to trade cum
dividend
Friday, 10 April 2015

Trading ex-dividend
commences
Monday, 13 April 2015

Record date
Friday, 17 April 2015

Payment date
Monday, 20 April 2015

Share certificates may not be dematerialised or rematerialised between Monday, 13 April 2015 and Friday, 17 April 2015, both days inclusive.

The chief financial officer's review is available at www.capitecbank.co.za.

On behalf of the board



Michiel le Roux
Chairman



Gerrie Fourie
Chief executive officer

Stellenbosch
23 March 2015

Summarised consolidated balance sheet

As at 28 February 2015

	2015 R'm	2014 R'm
Assets		
Cash, cash equivalents and money market funds	11 312	9 666
Investments designated at fair value	2 664	4 757
Term deposit investments	5 778	–
Loans and advances	32 484	30 053
Other receivables	204	220
Derivative assets	36	203
Current income tax assets	38	22
Interest in associate	–	2
Property and equipment	849	855
Intangibles	239	201
Deferred income tax assets	312	212
Total assets	53 916	46 191
Liabilities		
Loans and deposits at amortised cost	41 181	35 449
Other liabilities	1 108	749
Provisions	64	11
Total liabilities	42 353	36 209
Equity		
Ordinary share capital and premium	5 649	5 512
Cash flow hedge reserve	6	81
Retained earnings	5 701	4 130
Share capital and reserves attributable to ordinary shareholders	11 356	9 723
Non-redeemable, non-cumulative, non-participating preference share capital and premium	207	259
Total equity	11 563	9 982
Total equity and liabilities	53 916	46 191

Summarised consolidated income statement

Year ended 28 February 2015

	2015 R'm	2014 R'm
Interest income	10 783	9 434
Interest expense	(2 426)	(2 133)
Net interest income	8 357	7 301
Loan fee income	1 246	1 307
Loan fee expense	(627)	(466)
Transaction fee income	3 673	2 786
Transaction fee expense	(1 065)	(859)
Net fee income	3 227	2 768
Net impairment charge on loans and advances	(4 014)	(3 976)
Net movement in financial instruments held at fair value through profit or loss	21	(19)
Income from operations	7 591	6 074
Banking operating expenses	(4 031)	(3 242)
Loss on disposal of associate	(1)	–
Operating profit before tax	3 559	2 832
Share of profit of associate	–	2
Income tax expense	(995)	(797)
Profit for the year	2 564	2 037
Earnings per share (cents)		
Basic	2 209	1 752
Diluted	2 206	1 740

*Summarised
consolidated
statement of
comprehensive
income*

Year ended 28 February 2015

	2015	2014
	R'm	R'm
Profit for the year	2 564	2 037
Cash flow hedge recognised during the year	(89)	187
Cash flow hedge reclassified to profit and loss for the year	(14)	(53)
Cash flow hedge before tax	(103)	134
Income tax relating to cash flow hedge	29	(37)
Other comprehensive income for the year net of tax	(74)	97
Total comprehensive income for the year	2 490	2 134

*Summary
consolidated
statement of
changes in equity*

Year ended 28 February 2015

	2015	2014
	R'm	R'm
Equity at the beginning of the year	9 982	8 513
Total comprehensive income for the year	2 490	2 134
Ordinary dividend	(814)	(698)
Preference dividend	(18)	(20)
Employee share option scheme: Value of employee services	13	8
Shares issued and acquired for employee share options at cost	(278)	(182)
Proceeds on settlement of employee share options	56	33
Tax effect on share options	47	12
Shares issued	137	182
Non-redeemable, non-cumulative, non-participating preference shares repurchased	(51)	–
Equity at the end of the year	11 564	9 982

Summarised consolidated statement of cash flows

Year ended 28 February 2015

	2015 R'm	2014 R'm
Cash flow from operations	7 713	7 339
Income taxes paid	(1 037)	(830)
Cash flow from operating activities	6 676	6 509
Purchase of property and equipment	(288)	(407)
Proceeds from disposal of property and equipment	16	1
Purchase of intangible assets	(125)	(141)
Proceeds from sale of associate	1	–
Investment in term deposit investments	(7 270)	–
Redemption of term deposit investments	1 491	–
Acquisition of investments at fair value through profit or loss and money market unit trusts	(2 669)	(5 429)
Disposal of investments at fair value through profit or loss and money market unit trusts	4 777	3 375
Cash flow from investing activities	(4 067)	(2 601)
Dividends paid	(832)	(718)
Preference shares redeemed	(51)	–
Ordinary shares issued	137	182
Realised loss on settlement of employee share options less participants' contributions	(222)	(149)
Cash flow from financing activities	(968)	(685)
Net increase in cash and cash equivalents	1 641	3 223
Cash and cash equivalents at the beginning of the year	9 663	6 440
Cash and cash equivalents at the end of the year	11 304	9 663

Reconciliation of attributable earnings to headline earnings

Year ended 28 February 2015

	2015 R'm	2014 R'm
Net profit attributable to equity holders	2 564	2 037
Less preference dividend	(18)	(20)
Discount on repurchase of preference shares	1	–
Net profit after tax attributable to ordinary shareholders	2 547	2 017
Non-headline items:		
Loss/(Profit) on disposal of property and equipment	(3)	–
Income tax charge – property and equipment	1	–
Loss on scrapping of intangible assets	2	–
Income tax charge – intangible assets	(1)	–
Loss on sale of subsidiary	1	–
Headline earnings	2 547	2 017

Commitments

Year ended 28 February 2015

	2015 R'm	2014 R'm
Capital commitments approved by the Board		
Contracted for		
Property and equipment	54	27
Intangible assets	9	8
Not contracted for		
Property and equipment	497	398
Intangible assets	132	139
Property and other operating lease commitments		
Future aggregate minimum lease payments		
Within one year	309	257
From one to five years	836	740
After five years	214	216
Total future cash flows	1 359	1 213
Straight-lining accrued	(71)	(57)
Future expenses	1 288	1 156

Contingent liabilities

Details relating to the contingent liability in respect of the NCR, are set out in the chairman and chief executive officer's commentary. Details relating to Capitec Bank's participation in the consortium that is underwriting the recapitalisation of African Bank are presented below.

On 10 August 2014 African Bank Limited was placed into curatorship. Capitec Bank is a participant in a consortium that will underwrite the recapitalisation of African Bank for R10 billion. The other members of the consortium comprise the Public Investment Corporation and five other South African retail banks. The banks have a maximum exposure of 25% of the recapitalisation if the market does not participate. The participation level of each of the banks is based on a formula agreed on between the banks. As at 28 February 2015, the curator had not specified a date for the recapitalisation.

Post balance sheet event

New regulations dealing with the assessment of affordability under the National Credit Act, no. 34 of 2005, were published on 13 March 2015. The regulations came into effect on date of publication. Although we comply substantially, adjustments are being implemented to achieve full compliance. We support proper regulation enhancing sustainability of the credit industry.

Segment analysis

Capitec reports a single segment – Retail banking, operating only within the South African economic environment. The business is widely distributed with no reliance on any major customers. The business sells a single retail banking product 'Global One' which enables clients to transact, save and borrow.

Fair value measurements

As at 28 February 2015 the fair value of deposits and bonds and of loans and advances was R41.4 billion (2014: R35.6 billion) and R36.9 billion (2014: R32.7 billion) respectively. The fair value of deposits and bonds was calculated on a level 2 basis and loans and advances were calculated on a level 3 basis. Investments designated at fair value are valued using the market approach on a level 2 basis. The fair value of all other financial instruments equates their carrying amount.

Notes

Year ended 28 February 2015

The summary consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 'Interim Financial Reporting'.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

All other standards, interpretations and amendments to published standards applied for the first time during the current financial period did not have any significant impact on the financial statements.

The preparation of the summary audited consolidated financial statements was supervised by the chief financial officer, André du Plessis CA (SA).

Audit committee report

Capitec Bank Holdings Limited and its subsidiaries (the 'group')

The Capitec Bank Holdings group audit committee ('the committee') is an independent statutory committee appointed by the board of directors in terms of section 64 of the Banks Act (Act 94 of 1990) and the Companies Act (Act 71 of 2008) ('the Act').

The committee comprises three independent non-executive directors and one non-executive director. The committee met three times during the year with 92% attendance by members at the meetings.

The committee's responsibilities include statutory duties in terms of the Act, as well as responsibilities assigned to it by the group's board of directors. The committee's terms of reference are determined by a board-approved charter and are detailed in the corporate governance review.

The committee conducted its affairs in compliance with, and discharged its responsibilities in terms of, its charter for the year ended 28 February 2015.

The committee performed the following statutory duties during the period under review:

- Satisfied itself that the external auditor is independent of the company, as set out in section 94(8) of the Act.
- Ensured that the appointment of the auditor complied with the Act, and any other legislation relating to the appointment of auditors.
- In consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the 2015 financial year.
- Approved the terms of the master agreement for the provision of non-audit services by the external auditor, and approved the nature and extent of on-audit services that the external auditor may provide.
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditor and internal auditors, that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.
- Reviewed the accounting policies and the group financial statements for the year ended 28 February 2015 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Act, the JSE Listings requirements, the King III Code and IFRS.

- Undertaken the prescribed functions in terms of section 94(7) of the Act, on behalf of the subsidiary companies of the group.

The committee performed the following duties assigned by the board during the period under review:

- Considered the sustainability information as disclosed in the integrated report, which is the result of a combined assurance model, and satisfied itself that the information is reliable and consistent with the financial results. The committee, at its meeting held on 23 March 2015, recommended the integrated report for approval by the board of directors.
- Ensured that the company's internal audit function is independent and had the necessary resources and authority to enable it to discharge its duties.
- The committee approved the internal audit charter and the annual audit plan.
- The committee met with the external auditors and with the head of the internal audit function without management being present.
- The committee satisfied itself that the group financial director has appropriate expertise and experience as required by the JSE Listings Requirement 3.84(h).



Chris Otto

Acting chairman

23 March 2015

Directors' report

Year ended 28 February 2015

The directors present their annual report to shareholders for the year ended 28 February 2015.

Nature of the business

Capitec Bank Holdings Limited ('Capitec' or 'the company') was incorporated in South Africa on 23 November 1999 and registered as a bank controlling company, as envisaged by the Banks Act 1990, on 29 June 2001. Capitec was listed in the Banks sector of the JSE Limited on 18 February 2002.

The company holds 100% of its principal subsidiary, Capitec Bank Limited ('Capitec Bank'). Capitec Bank is a leading South African retail bank which focuses on essential banking services and provides innovative savings, transacting and unsecured lending products to individuals.

Review of operations

The operating results and the state of affairs of the company and the group are fully disclosed in the annual financial statements and commentary is provided in the chief financial officer's report, which is included in the integrated report.

Share capital

A total of 328 996 ordinary shares were issued during the year ended 28 February 2015 bringing the number of shares in issue to 115 626 991 (February 2014: 115 297 995). The shares were issued pursuant to the settlement of share options in terms of the share incentive scheme, which is detailed in the notes to the annual financial statements.

No ordinary shares were repurchased during the year and 573 803 preference shares were repurchased.

Dividends to shareholders

The company declared the following dividends for the year under review and the previous year:

	2015	2014
Ordinary dividend (cents per share)		
Interim	246	203
Final	590	460
Preference dividend (cents per share)		
Interim	380.64	357.06
Final	382.23	354.67

The final ordinary dividend for 2015 was approved by the directors on 23 March 2015. In terms of the requirements of IFRS no accrual was made for this dividend.

Subsidiaries and associates

Information relating to the company's financial interest in its subsidiaries is presented in the notes to the annual financial statements.

Directors and company secretary

Information relating to the directors and company secretary are included in section 9 of the integrated annual report.

The board of directors was unchanged for the year ended 28 February 2015.

The directors' interest in share capital and contracts, and directors' remuneration are disclosed in the notes to the annual financial statements.

Material events after balance sheet date

Other than the item mentioned on page 16 - Post balance sheet event, the directors are not aware of any other event which is material to the financial position of the group that has occurred between the balance sheet date and the date of approval of the financial statements.

Independent auditor's report on summary financial statements

Year ended 28 February 2015

To the shareholders of Capitec Bank Holdings Limited

The summary consolidated financial statements of Capitec Bank Holdings Limited, set out on page 9 to 17, which comprise the summary consolidated balance sheet as at 28 February 2015, and the summary consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Capitec Bank Holdings Limited for the year ended 28 February 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 23 March 2015. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Capitec Bank Holdings Limited.

Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, set out in the notes to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Capitec Bank Holdings Limited for the year ended 28 February 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary financial statements, set out in the notes to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other Reports Required by the Companies Act

The "Other Reports Required by the Companies Act" paragraph in our audit report dated 23 March 2015 states that as part of our audit of the consolidated financial statements for the year ended 28 February 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do

not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.



PricewaterhouseCoopers Inc.

Director: DG Malan
Registered Auditor
Cape Town
23 March 2015

Administration and addresses

Capitec Bank Holdings Limited

Company secretary and registered office

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

Transfer secretaries

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

Sponsor

PSG Capital Proprietary Limited (Registration number: 2006/015817/07)

Directors

MS du P le Roux (Chairman), GM Fourie (CEO)*, AP du Plessis (CFO)*,
Ms RJ Huntley, JD McKenzie, Ms NS Mjoli-Mncube, PJ Mouton, CA Otto,
G Pretorius, R Stassen, JP Verster (appointed 23 March 2015)

**Executive*

Website

www.capitecbank.co.za

Enquiries

The full integrated report can be requested from the company secretary at the registered offices or at enquiries@capitecbank.co.za

Shareholders' calendar

Annual General Meeting

Notice is hereby given that the annual general meeting of the shareholders of Capitec will be held on Friday, 29 May 2015.

The detailed notice will be available from 30 April 2015 at:

www.capitecbank.co.za/investor-relations/shareholder-centre/notice-of-annual-general-meeting.

