

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take in relation to this circular, please consult your Central Securities Depository Participant ("CSDP"), stockbroker, banker, accountant, attorney or other professional adviser immediately.

Action required

1. If you have disposed of all your ordinary shares in Capitec Bank Holdings Limited ("Capitec"), this circular and all annexures hereto, together with the attached form of proxy should be handed to the purchaser of such ordinary shares or to the stockbroker, CSDP, banker or other agent through whom the disposal was effected.
2. Ordinary shareholders holding certificated shares and shareholders holding dematerialised shares, registered in their own names, who are unable to attend the general meeting convened to be held at **10:00 on Thursday, 15 February 2007** at 14 Quantum Road, Techno Park, Stellenbosch, should complete the attached form of proxy in accordance with the instructions contained therein and lodge it with the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) so as to be received by not later than 10:00 on Tuesday, 13 February 2007.
3. **Shareholders holding dematerialised shares other than shareholders with dematerialised shares registered in their own name, who wish to attend the general meeting or to vote by way of proxy, must contact their CSDP or stockbroker who will furnish them with the requisite authority to attend the general meeting or to be represented thereat by proxy. This must be done in terms of the custody agreement between the member and his CSDP or stockbroker.**



CAPITEC BANK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1999/025903/06)
(JSE share code: CPI ISIN: ZAE000035861)
("Capitec" or "the company")

CIRCULAR TO SHAREHOLDERS OF CAPITEC

regarding

a specific issue of ten million shares to a BEE Consortium

and incorporating

- a notice convening a general meeting of Capitec shareholders; and
- a form of proxy



Corporate Adviser and
Joint Sponsor



Lead Sponsor



Legal Adviser



Reporting Accountants

Date of issue : 30 January 2007

This circular is available in English only. Copies thereof may be obtained from the registered office of Capitec, and the transfer secretaries, whose addresses are set out in the "Corporate Information" section of this document.

TABLE OF CONTENTS

Corporate information	1
Interpretation and definitions	2
Important dates and times	4
Circular to shareholders	5
1. Introduction	5
2. Details of the specific issue	6
3. General meeting of shareholders	11
4. Share capital	12
5. Information relating to directors and management	14
6. Directors' responsibility	18
7. Expenses relating to issues of shares	19
8. Trading history	19
9. Litigation statement	19
10. King Code	19
11. Exchange Control approval	21
12. Experts' consents	21
13. Documents and consents available for inspection	21
Notice of general meeting of shareholders	22
Form of proxy	Attached
Unaudited pro forma balance sheet and income statement of Capitec	Annexure A
Independent Reporting Accountants' Assurance Report on the unaudited pro forma financial information of Capitec	Annexure B
Trading history of Capitec shares on the JSE	Annexure C
Salient terms and conditions of the Ash Brook preference shares	Annexure D

CORPORATE INFORMATION

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 2004 (Pty) Limited
(Registration number 2004/003647/07)
7th Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

JOINT SPONSOR AND CORPORATE ADVISER

PSG Capital Limited
(Registration number 2002/017362/06)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7613)

and at

Building 8, Woodmead Estate
1 Woodmead Drive
Woodmead, 2191
(PO Box 987, Parklands, 2121)

LEAD SPONSOR

BDO Questco (Pty) Limited
(Registration number 2004/018276/07)
13 Wellington Road
Parktown, 2193
(Private Bag X60500, Houghton, 2041)

ATTORNEYS

Jan S. de Villiers
18th Floor
1 Thibault Square
Cape Town, 8001
(PO Box 1474, Cape Town, 8000)

REPORTING ACCOUNTANTS

PricewaterhouseCoopers Advisory Services
(Pty) Limited
(Registration number 1999/024417/07)
1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

INTERPRETATION AND DEFINITIONS

In this circular and the annexures hereto, unless inconsistent with the context :

- the singular includes the plural and vice versa;
- the masculine gender includes the other two genders;
- a reference to a person includes a body corporate or unincorporate and vice versa; and
- the words in the first column shall have the meanings assigned to them in the second column.

“the Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“Arch Equity”	Arch Equity Limited (Registration number 2004/004019/06), a public company incorporated in South Africa and a wholly owned subsidiary of PSG Group;
“Arch Equity BEE”	Arch Equity Investment Holdings (Pty) Limited (Registration number 2005/016065/07), a private company incorporated in South Africa and 49,9% owned by PSG Group;
“articles of association”	the articles of association of Capitec;
“Ash Brook”	Ash Brook Investments 15 (Pty) Limited (Registration number 2006/034744/07), a private company incorporated in South Africa and a black company as defined in the Codes;
“the Ash Brook preference shares”	redeemable, cumulative, non-participating preference shares to the value of R15 million with a variable coupon rate equal to 80% of the prime rate of First National Bank Limited to be issued by Ash Brook to Capitec Bank to finance the issue of 500 000 shares for the benefit of the Capitec Bank Share Empowerment Trust;
“the Banks Act”	the Banks Act, 1990 (Act 94 of 1990), as amended;
“BEE”	Broad-based black economic empowerment, as envisaged in the Financial Sector Charter and the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003);
“the BEE consortium”	a consortium of black companies, trusts and individuals as more fully set out in paragraph 2.2 of this circular;
“black company”	a company that is more than 50% owned and controlled by black people;
“black people” or “black”	shall have the meaning ascribed to the term in the Codes;
“board of directors” or “directors” or “board”	the board of directors of Capitec;
“business day”	any day other than Saturday, Sunday or an official public holiday in South Africa;
“Capitec” or “the company”	Capitec Bank Holdings Limited (Registration number 1999/025903/06), a bank controlling and public company incorporated in South Africa and listed on the JSE;
“Capitec Bank”	Capitec Bank Limited (Registration number 1980/003695/06), a public company incorporated in South Africa, registered as a bank in terms of the Banks Act and a wholly owned subsidiary of Capitec;
“Capitec Bank Empowerment Share Purchase Scheme”	a scheme created in December 2003 for the benefit of all employees of Capitec Bank. Employees participating in the scheme can utilise up to 13,5% of remuneration to purchase shares in Capitec which purchase is subsidised at 10% by Capitec Bank;
“Capitec Bank Share Empowerment Trust”	a trust to be created for the benefit of all employees of Capitec Bank of which 84% are black; the said trust will always hold 5% of the shares issued to the BEE consortium;
“circular”	this circular, including the annexures and attachments thereto as well as the notice of general meeting;
“the Codes”	The Codes of Good Practice, the draft of which has been published by the Department of Trade and Industry on 1 November 2005 and amended draft of which has been approved by the Cabinet on 7 December 2006. It is expected that the Codes will be promulgated in January 2007. The Codes propose to regulate transformation in companies in South Africa;
“Computershare”	Computershare Investor Services 2004 (Pty) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
“Coral”	Coral Lagoon Investments 194 (Pty) Limited (Registration number 2006/026277/07), a private company incorporated in South Africa, a black company as defined in the Codes and a wholly-owned subsidiary of Ash Brook;

“CSDP”	Central securities depository participant registered in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“dematerialised”	the process whereby paper share certificates are replaced with electronic records of ownership of shares or securities held with a CSDP or stockbroker as contemplated in section 91A of the Act under the STRATE system;
“dematerialised shares”	shares which have been dematerialised and incorporated into STRATE and which are no longer evidenced by share certificates or other physical documents of title;
“Financial Services Board”	the Financial Services Board established in terms of, and contemplated in the Financial Services Act, 1990 (Act 97 of 1990);
“Financial Sector Charter”	the Financial Sector Charter published in October 2003 and which regulates transformation of the financial services industry in South Africa;
“general meeting”	the special general meeting of shareholders of Capitec to be held in the Innovation Boardroom of Capitec Bank, 14 Quantum Road, Techno Park, Stellenbosch at 10:00 on Thursday, 15 February 2007, or any adjournment thereof;
“the group” or “the Capitec group”	the company and its subsidiaries;
“the IDC”	the Industrial Development Corporation of South Africa Limited (Registration number 1940/014201/06), a public company incorporated in South Africa being a self-financing, national Development Finance Institution with immediate objectives to <i>inter alia</i> develop small and medium enterprises and accelerate BEE. The IDC is a body corporate created in terms of the Industrial Development Act, 1940 (Act 22 of 1940);
“the IDC preference share subscription agreement”	the agreement in terms of which the IDC has agreed to finance R285 million of the cost to the BEE Consortium to subscribe for 10 000 000 shares in Capitec through subscribing for redeemable preference shares to the said value to be issued by Coral;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa being registered as an exchange in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“Listings Requirements”	the listings requirements of the JSE as amended from time to time;
“last practicable date”	22 January 2007, being the last practicable date prior to the finalisation of this circular;
“the National Credit Act”	the National Credit Act, 2005 (Act 34 of 2005);
“the National Credit Regulator”	the National Credit Regulator established in terms of and contemplated in the National Credit Act;
“own-name dematerialised shareholders”	shareholders that have dematerialised their shares through their CSDP and have instructed their CSDP to register their shares in their own name on the sub-register (the list of shareholders maintained by the CSDP and forming part of Capitec’s share register);
“PSG Group”	PSG Group Limited (Registration number 1970/008484/06) a public company incorporated in South Africa and listed on the JSE;
“registered holder”	a holder of shares registered as such in the share register of Capitec;
“SENS”	the Securities Exchange News Service of the JSE;
“shares”	the ordinary shares of one cent each in the share capital of Capitec;
“shareholders”	the registered holders of ordinary shares in Capitec;
“South Africa”	the Republic of South Africa;
“specific issue”	the specific issue of 10 000 000 shares at 3 000 cents per share to Coral for cash as contemplated in this circular;
“STRATE”	STRATE Limited (Registration number 1998/022242/06) a registered central securities depository in terms of the Custody and Administration of Securities Act, 1992 (Act 85 of 1992), as amended;
“STRATE system”	STRATE, a clearing and settlement system generated by the JSE for share transactions to be settled and transfer of ownership to be recorded electronically;
“subsidiaries”	a subsidiary company as defined in section 1 of the Act; and
“transfer secretaries”	the transfer secretaries of Capitec, namely Computershare.

IMPORTANT DATES AND TIMES

2007

Last day for receipt of forms of proxy for the general meeting by the transfer secretaries, by 10:00 on	Tuesday, 13 February
General meeting to be held in the Innovation Boardroom of Capitec Bank at 14 Quantum Road, Technopark, Stellenbosch at 10:00 on	Thursday, 15 February
Results of the general meeting announced on SENS	Thursday, 15 February
Results of the general meeting announced in the press	Friday, 16 February
Anticipated listing of shares on or about	Monday, 19 February

Notes :

1. The above dates and South African times are subject to change. Any changes, save for the listing date, will be released on SENS and published in the South African press. The listing date will, however, depend on fulfilment of the conditions precedent.
2. The general meeting will be held to consider and, if deemed fit, to pass, with or without modification, the ordinary resolutions necessary to approve and implement the allotment and issue of the specified number of shares to the BEE consortium.
3. Shareholders registered as such, who hold their shares in certificated form (in other words who have not dematerialised their shares) or hold dematerialised shares in their own name, who are unable to attend the general meeting but wish to be represented thereat must complete and return the attached form of proxy in accordance with the instructions contained therein to the transfer secretaries by no later than 10:00 on Tuesday, 13 February 2007.
4. **Beneficial owners who have dematerialised their shares through a CSDP or stockbroker, other than those in "own name" must provide the CSDP or stockbroker with their voting instruction in the manner and time stipulated in the custody agreement governing the relationship between the beneficial owner and his CSDP or stockbroker. Alternatively, they must request the CSDP or stockbroker to provide them with a letter of representation should they wish to attend the meeting in person in terms of the custody agreement entered into between the beneficial owner and the CSDP or stockbroker.**

CAPITEC BANK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1999/025903/06)

Directors and Management

JF Mouton (Chairman)
R Stassen* (Chief Executive Officer)
AP du Plessis* (Chief Financial Officer)
MS du P le Roux
MC Mehl (Prof)**
NS Mjoli-Mncube**
CA Otto
JG Solms**
J van Zyl Smit (Dr)**

*Executive

** Independent non-executive

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

Capitec is registered in terms of the Banks Act as a bank controlling company and as such is the holding company of Capitec Bank. The Capitec group converted into a retail banking group in 2001 and is regulated in terms of the Banks Act by the South African Reserve Bank. The group focuses on providing retail banking services to all individuals based on the principles of simplicity, affordability, accessibility and personal service.

The Capitec group subscribes to the Financial Sector Charter and the Codes, as the focus of both documents is to facilitate broad based black participation in the South African economy. Neither of these documents have to date, been legislated. Therefore the board pursues viable opportunities to align the Capitec group with the aims expressed in both of these documents in order to ensure that compliance can be realised, regardless of whether it is the Financial Sector Charter or the Codes that is eventually legislated.

In terms of the Financial Sector Charter, Capitec is required to have black shareholding of at least 25% by 2010. To this end, Capitec issued 1 445 582 shares to Arch Equity in 2004, its BEE partner at the time, increasing Arch Equity's interest to 15.48%. In addition, 100 000 shares each were issued to two black directors of Capitec taking black shareholding in Capitec to 15.77%. Subsequent to the issue, however, the Codes which define a black company differently from the Financial Sector Charter, were published, bringing about a restructure of Arch Equity. The result thereof was the creation of Arch Equity BEE, a black company as defined in the Codes and complying with the definition of a black company in terms of the Financial Sector Charter. As a result of the restructure, however, BEE shareholding in Capitec was reduced to 4.35% consisting of Arch Equity BEE at 4.02%, black directors at 0.29% and black employees participating in the Capitec Bank Empowerment Share Purchase Scheme at 0.04%.

In pursuit of fulfilling the requirement to have black shareholding of 25% by 2010, the board recommends the BEE consortium as a suitable BEE shareholder.

The board of Capitec has thus resolved, subject to, *inter alia*, obtaining the requisite approval from shareholders at a general meeting to be convened specifically for this purpose, to allot and issue 10 000 000 shares at 3 000 cents per share to Coral.

The purpose of this circular and the accompanying notice of general meeting is to inform shareholders of the :

- proposed specific issue; and
- a general meeting of shareholders to be convened in order to obtain shareholder approval for the specific issue.

2. DETAILS OF THE SPECIFIC ISSUE

2.1 Terms and rationale

2.1.1 Rationale

The directors propose the specific issue to Coral in order to increase the direct interest of black people in Capitec to 16.04% as partial achievement of the ultimate objective of 25% interest in the company by BEE parties by 2010. This will strengthen the black economic empowerment credentials of the group and increase compliance with the Financial Sector Charter and the Codes.

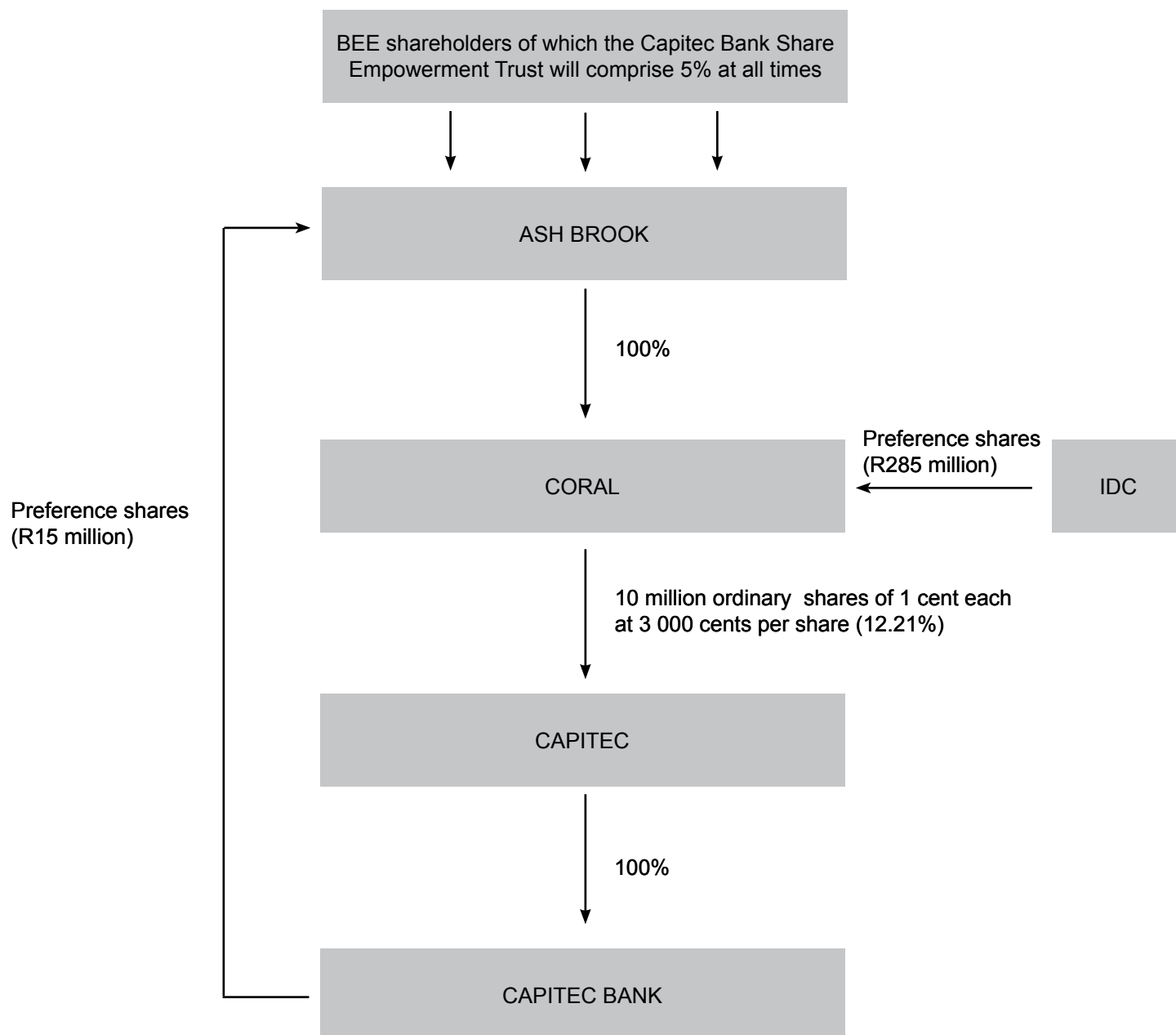
2.1.2 Terms

Coral has undertaken to subscribe for 10 000 000 shares in the ordinary share capital of Capitec against payment of 3 000 cents per share, subject to :

1. regulatory approval to issue 10 000 000 ordinary shares to Coral at 3 000 cents per share and list same on the JSE;
2. Capitec satisfying itself as to the solvency of Coral and Ash Brook according to Generally Accepted Accounting Practice (GAAP);
3. appointment of a previously disadvantaged individual nominated by the BEE consortium as a non-executive director to the board, subject to approval by the board of directors and the Registrar of Banks;
4. an undertaking that, in the event of a breach of the IDC preference share subscription agreement between the IDC and Coral, the board of directors will replace the non-executive director nominated by the BEE consortium with a person nominated by the IDC, subject to the approval of the board of directors and the Registrar of Banks;
5. an undertaking that Capitec Bank will employ at least one previously disadvantaged person on its management committee within one year from the date of the issue of the shares;
6. a written confirmation by Capitec that all regulatory and statutory requirements will have been complied with;
7. an undertaking that Capitec Bank will utilise the proceeds from the shares issued to Coral for infrastructure expansion and/or loan products with pricing limited to the pricing prescribed by the National Credit Act that is to come into effect on 1 June 2007; and
8. an undertaking that the participants in the BEE consortium will remain black, i.e. they must continue to comply with the Codes as applicable from time to time.

2.2 The BEE consortium

The shareholding structure is envisaged as follows:



The BEE consortium, consisting of the parties listed in the table below, are the exclusive shareholders of Ash Brook. Ash Brook will hold 100% interest in the ordinary share capital of Coral.

In terms of the subscription and shareholders agreement between Capitec, Coral and Ash Brook, Coral will subscribe for 10 000 000 shares in Capitec thereby obtaining an interest of 12.21%. The IDC has agreed to finance R285 million of the subscription price of the specific issue through the subscription for preference shares to be issued by Coral ("the IDC preference shares").

Capitec will subscribe for preference shares to the value of R15 million to be issued by Ash Brook in return for a 5% stake in Ash Brook being issued to the Capitec Bank Share Empowerment Trust. The R15 million preference share funding therefore facilitates the aforementioned Trust's acquisition of its 5% interest in Ash Brook. The Ash Brook preference shares will rank before any other preference shares which may be issued by Ash Brook. The Ash Brook preference shares will, however, not be redeemed prior to the IDC preference shares issued by Coral.

Should any or all of the preference shares issued by Coral to the IDC in terms of the IDC preference share subscription agreement be cancelled or redeemed, then the Ash Brook preference shares will be redeemed in the same proportion.

The BEE consortium consists of the following parties :

BEE consortium shareholders	Constituent shareholder		Holding in BEE consortium
<p>Regiments Capital (Pty) Limited (Registration number 2004/023761/07)</p> <p>An authorised financial services provider of pension fund benefits, securities and instruments (being shares, money market instruments, debentures and securitised debt, warrants, certificates and other instruments, bonds, and derivative instruments) and deposits as defined in the Banks Act, exceeding 12 months and less than 12 months.</p>	<p>L Nyhonyha N Pillay E Wood</p>	<p>35.00% 33.00% 32.00%</p>	<p>15.00%</p>
	Total	100.00%	
<p>Keabetsoe Holdings (Pty) Limited (Registration number 2006/015699/07)</p> <p>A newly formed investment company representing black professionals led by Tsepho Mahoele, Chief Executive Officer of the Pan African Infrastructure Development Fund.</p>	<p>T Mahoele Z. Nzama</p>	<p>50.00% 50.00%</p>	<p>31.85%</p>
	Total	100.00%	
<p>Lemoshanang Trust</p> <p>Trustees: Mr BL Moropa, Mrs ES Moropa, Ms MD Mokone and Mr JM Kekana.</p>			<p>5.00%</p>
<p>Mdumo Trust</p> <p>Trustees: Abdool Rawoof Ahmed and Feroza Mootla.</p>			<p>5.00%</p>
<p>Batho-Batho Trust</p> <p>Trustees: Reverend Tsele (Chairperson), Vallie Moosa (Former Minister of Environmental Affairs and Tourism), Kenny Fihla (Previous CEO of Business Against Crime) and Sbongiseni Dhlomo.</p>			<p>20.00%</p>
<p>Koma Trust</p> <p>Trustees: Tlhalefang Sekano (founder of Union Alliance Holdings) and Ramateu Monyokolo (current CEO of Koma Management Services and recently appointed by the Minister of Public Enterprises to serve as a Trustee of Diabo Share Trust which has been set up to administer Telkom employees' shares in Telkom).</p>			<p>5.00%</p>

Nozala Investment (Pty) Limited (Registration number 1996/004733/07) The board consists of Dr Makaziwe Mandela (chairman), Salukazi Dakile-Hlongwane, Dawn Mokhobo, Lorato Phalatse, Thandi January-McLean, Joan Joffe, Dr Busisiwe Nyembezi, Adele Pretorius and David Geeringh.	Nozala Holdings Nozala Trust BEE shareholders	53.30% 20.00% 26.70%	6.15%
	Total	100.00%	
Rorisang Basadi Investment Holdings (Pty) Limited (Registration number 2003/008405/07) The board consists of Jackie Huntley, Puli Moloto-Stofile, Modie Mabalayo and Nombini Mehloakulu.			3.00%
Capitec Bank Share Empowerment Trust* **			5.00%
Pilisiwe Nomsa Tau	Individual		1.00%
Prudence Mtshali	Individual		1.00%
Tdikeledi Muriel Majola	Individual		1.00%
Bongani Khumalo	Individual		1.00%
TOTAL			100.00%

Note :

* In terms of the Listings Requirements, only the Capitec Bank Share Empowerment Trust is considered a non-public shareholder.

** In terms of the Listings Requirements, there are no related parties in respect of any of the beneficiaries of the Capitec Bank Share Empowerment Trust. Capitec will ensure that the majority of the trustees of the aforementioned trust will at all times comprise of persons independent from Capitec.

2.3 Effects of the specific issue

The unaudited pro forma financial effects set out below have been prepared for illustrative purposes only and because of their nature may not give a fair reflection of the financial position of the Capitec group nor the effect on future earnings after the specific issue. The preparation of the financial effects is the responsibility of the directors of Capitec.

The table below sets out the unaudited pro forma financial effects of the specific issue on the Capitec group :

	Before ⁽¹⁾ (cents)	After ⁽²⁾⁽³⁾⁽⁷⁾ (cents)	Change %
Net asset value per share	824	1 089	32%
Net tangible asset value per share ⁽⁴⁾	768	1 040	35%
Earnings per share			
- Basic attributable	102.3	98.7	(4%)
- Basic headline	103.6	99.9	(4%)
- Diluted attributable	96.9	94.2	(3%)
- Diluted headline	98.2	95.3	(3%)
Number of shares ('000)			
- In issue	71 928	81 928	
- Weighted average	71 928	81 928 ⁽⁵⁾	
- Diluted weighted average ⁽⁶⁾	75 897	85 897 ⁽⁵⁾	

Notes :

1. Extracted from the published unaudited consolidated interim results of Capitec for the six months ended 31 August 2006;
2. Basic attributable earnings per share, basic headline earnings per share, diluted attributable earnings per share and diluted headline earnings per share are based on the following assumptions:
 - the issue to the BEE consortium and the investment in the Ash Brook preference shares were effected on 1 March 2006;
 - a dividend of 45 cents per share was paid on Monday, 12 June 2006 in respect of the 10 000 000 shares issued;
 - secondary tax on companies at a rate of 12,5% was taken into account on the dividends paid and the dividend received on the Ash Brook preference shares;
 - the dividend received on the Ash Brook preference shares was based on the actual prime rate for the six months to 31 August 2006;
 - interest was earned on the net cash at the group's marginal return on excess funding (7.03%); and
 - a tax rate of 29% was applied;
3. Net asset value per share and the net tangible asset value per share are based on the following assumptions:
 - the issue to the BEE consortium and the investment in the Ash Brook preference shares were effected on 31 August 2006; and
 - proceeds of R300 million was received and R15 million was invested in the Ash Brook preference shares on the same date;
4. For purposes of calculating the net tangible asset value per share, intangible assets were excluded;
5. Weighted average number of shares was computed as if the specific issue was effected on 1 March 2006;
6. The diluted number of shares are calculated as if all 6 320 148 outstanding share options as at 31 August 2006 were exercised at the average market price of R30.26 for the six months then ended;
7. No transaction costs have been taken into account in the calculation of the financial effects as it will not have a material impact.

2.4 Opinion and recommendation

The directors of Capitec are of the opinion that the terms of the specific issue are fair and reasonable to the shareholders. They accordingly recommend that shareholders vote in favour of the ordinary resolutions proposed to implement the specific issue and have indicated that they intend voting in favour thereof. In addition, shareholders holding 75% of the issued ordinary share capital of Capitec have consented to the specific issue by signing irrevocable letters of approval thereof.

2.5 JSE listing

The JSE has agreed, subject to the fulfillment of the conditions precedent set out in paragraph 2.6 below, to list 10 000 000 ordinary shares (being 13.90% of the current issued share capital of Capitec), based on the assumption that the BEE consortium subscribes for all the shares allocated to it by 19 February 2007 upon compliance with the said conditions precedent. The shares to be allotted will be issued and listed on or about Monday, 19 February 2007.

2.6 Conditions precedent

The implementation of the specific issue is subject to the fulfillment of the following remaining conditions precedent by not later than 31 March 2007:

- Satisfactory conclusion by Capitec of a due diligence investigation into the BEE status of Coral and Ash Brook and the delivery by Capitec to Coral and Ash Brook of a written notice confirming that Capitec is satisfied, in its sole and absolute discretion, with such status;
- Satisfactory conclusion by Capitec of a due diligence investigation into the solvency of Coral and Ash Brook according to Generally Accepted Accounting Practice (GAAP) and the delivery by Capitec to Coral and Ash Brook of a written notice confirming that Capitec is satisfied, in its sole and absolute discretion, with the outcome of the investigation; and

- Approval of the specific issue by at least 75% of shareholders present in person or by proxy at the meeting (excluding persons participating in the specific issue and their associates).

2.7 Description of business

Capitec is the bank controlling company of Capitec Bank, a registered bank in terms of the Banks Act and thus regulated 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.

Retail Banking

Savings

Because real returns on daily savings accounts are slim, the average South African does not save. To encourage savings, Capitec Bank offers interest rates on savings accounts that allow its clients to experience tangible returns regardless of the size of their deposits. To this end Capitec Bank offers a low cost, high interest rate savings account, 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 Bank's number of savings clients has more than doubled during the 2006 financial year and the total value of its retail deposits increased fourfold. Banking charges are also kept to a minimum through innovative technology resulting in Capitec Bank's banking fees being less than half the fees of other banks, with ATM charges fixed at R2 per transaction.

Loans

Capitec Bank offers various loan products, from a one month term to a fixed term of up to two years (i.e. one, three, six, 12, 18 and 24 months). The provision of loans has proven to be Capitec Bank'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 Bank's target market (i.e. the interest rate decreased to an average of 14.9% a month as opposed to 17.8% previously charged). In the year to 28 February 2006, 2.7 million loans with average size of R1 080 (2005: 2.5 million with average size of R909) were advanced to clients. Because of the longer average term of the loans, Capitec Bank's net loan book increased from R208 million in February 2005 to R455 million at 28 February 2006.

Transacting Facilities

Capitec Bank's Global One Card, which is provided to all 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 statements and balance enquiries. In addition to its 277 branches (and a further increase to 279 planned by 28 February 2007) and 260 ATMs country wide, Capitec Bank clients also have access to low cost cash withdrawals through all Checkers, Shoprite and Pick 'n Pay points of sale, as well as full interbank connectivity through SASWITCH, Mastercard and VISA ATMs (both nationally and internationally). In addition, Capitec Bank's internet based employer salary transfer facility affords employers a cost effective, convenient and secure means to remunerate staff.

2.8 Prospects

In the opinion of the directors the prospects of success for the business conducted by the group is fair, based on the knowledge of the market available, the business model being developed by the group and the fair measure of success already attained in the short lifespan of the group.

3. GENERAL MEETING OF SHAREHOLDERS

- 3.1 A general meeting of shareholders of Capitec will be held in the Innovation Boardroom of Capitec Bank, 14 Quantum Road, Techno Park, Stellenbosch at 10:00 on Thursday, 15 February 2007, to consider the ordinary resolutions required to give effect to the proposed specific issue.
- 3.2 Shareholders who hold their shares in certificated form or who hold dematerialised shares in their own name and who are unable to attend the general meeting are requested to complete the attached form of proxy and return it in accordance with the instructions and notes contained therein to the transfer secretaries by not later than 10:00 on Tuesday, 13 February 2007.
- 3.3 Shareholders holding dematerialised shares other than in "own name" who wish to attend the general meeting or to vote by way of proxy, must contact their CSDP or stockbroker who will furnish them with the requisite authority to attend the general meeting or to be represented thereat by proxy. Such authorisation must be obtained in terms of the custody agreement between the member and his CSDP or stockbroker.
- 3.4 Votes in respect of shares held by the trustees of the Capitec Bank Holdings Share Trust will not be taken into account at the general meeting.

4. SHARE CAPITAL

4.1 Authorised and issued share capital of Capitec

The authorised and issued share capital of the Capitec group before and after the specific issue is:

Before the specific issue	
	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	154 589
Total share premium	501 735
After the specific issue	
	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	R2 000
Issued share capital	
81 928 412 ordinary shares of R0,01 each	819
1 684 211 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	17
Total issued share capital	836
Share premium	
On 81 928 412 ordinary shares of R0,01 each	647 046
On 1 684 211 non-cumulative, non-redeemable, non-participating preference shares of R0,01 each	154 589
Total share premium	801 635

4.2 Alterations to share capital

At the annual general meeting of shareholders held on 24 May 2006, shareholders granted a general authority to the directors of Capitec to allot and issue up to 7 192 841 (10% of the current issued ordinary share capital of Capitec) shares and all preference shares in the share capital of Capitec as they see fit until Capitec's next annual general meeting, subject to the provisions of the Act, the Banks Act and the Listings Requirements.

Details as to issues and offers of securities in the preceding three years, and alterations to the company's share capital are set out below:

4.2.1 Year ended 28 February 2005

On 22 October 2004 shareholders approved the specific issue of

- 1 445 580 shares to 19 eligible employees at 761 cents per share, of which 167 645 were respectively allotted and issued to each of Mr Riaan Stassen, the chief executive officer, and Mr André Pierre du Plessis, financial director of the company;
- 200 000 ordinary shares at 656,4 cents per share to two black directors; and
- 1 445 582 ordinary shares at 656,4 cents per share to Arch Equity.

The independent expert who reviewed the terms of the above specific issues advised that in its opinion, the proposed issues of shares to:

- eligible employees were fair and reasonable to the shareholders of Capitec; and
- Arch Equity and the black directors were unfair, but nevertheless, due to the qualitative factors considered, reasonable to the shareholders of Capitec.

The issue of 1 445 580 ordinary shares in the issued capital of the company to eligible employees was unconditional against payment of 761 cents per share. The issue price to eligible employees, based on a 30-day average share price, was discounted at 5.47% of the closing price of Capitec on the JSE on 20 September 2004.

The issue to the black directors was unconditional against payment of the subscription price of 656.4 cents per share.

The issue of 1 445 582 shares ("the Capitec shares") to Arch Equity against payment of 656.4 cents per share and interest accrued since 13 August 2004 up to date of allotment and issue on 29 November 2004, was conditional upon Arch Equity complying with the requirements as set by the Financial Services Charter Council for a black company, i.e. more than 50% of such company had to be owned and controlled by black people by 28 February 2006, and various other terms and conditions particular to the agreement between the parties.

Publication of the Codes on 1 November 2005 changed, *inter alia*, the definition of a black company which resulted in Arch Equity not being certified as a black company by 28 February 2006. A new agreement was concluded between the parties effective 14 February 2006 ("the New Agreement") in terms of which Arch Equity BEE was established. In terms of the New Agreement:

- the shareholding structure of Arch Equity BEE, conforming to the definition of a black company under the Codes, and in terms of which the Capitec shares may be transferred to Arch Equity BEE, has been implemented and accepted;
- Arch Equity BEE acquired, in addition to the Capitec shares, a further 1 445 582 Capitec ordinary shares ("the additional Capitec shares") and will not dispose of the Capitec shares or the additional Capitec shares until 2014 in return for the cancellation by Capitec of any pre-emptive rights that it may have in respect of any other Capitec ordinary shares held by Arch Equity;
- Arch Equity BEE shall ensure, until 2014 (which is the later of the two target dates set in the Financial Sector Charter), that more than 50% of its issued share capital is held by black people, failing which, Capitec shall be entitled to acquire the Capitec shares;
- Arch Equity BEE will also continue to hold the additional Capitec shares for the aforesaid period. The board of Capitec considers the terms and conditions of the New Agreement beneficial to its respective shareholders. The New Agreement allows Capitec to maintain valuable BEE credentials in terms of the Codes.

4.2.2 Year ended 28 February 2006

Subsequent to shareholder approval being obtained at the annual general meeting of the company on 24 May 2006 to issue non-redeemable, non-cumulative, non-participating preference shares (“preference shares”), the board approved the issue of 1 684 211 preference shares at a subscription price of R95 per share. The preference shares were privately placed with selected investors and institutions and listed on the JSE on 31 August 2006.

The said preference shares were issued to raise cost-effective permanent share capital as part of a general capital management programme so as to further optimise the level and structure of the capital base of the group. The funds raised will be used to expand infrastructure, increase the number of branches and Capitec Bank’s capacity for book growth.

5. INFORMATION RELATING TO DIRECTORS AND MANAGEMENT

5.1 The full names, addresses and functions of the directors, including a brief curriculum vitae of each director as at the last practicable date are set out below :

- 5.1.1 **André Pierre du Plessis** Executive director
Business Address : 10 Quantum Road
Techno Park
Stellenbosch
7600
Qualifications : BComm (Hons), CA(SA)
Function : Financial director of Capitec, Capitec Bank and all subsidiaries in the Capitec group and serves on the Executive Management Committee and Management Committee of Capitec and Capitec Bank.
Summary of curriculum vitae : Mr Du Plessis has over 20 years’ business advisory, financial consulting and strategic and financial management experience. He was a partner at Arthur Andersen where he worked from 1986 to 1996, and was the chief executive – financial management of Boland PKS, a division of BOE Bank Limited, from 1996 to 2000.
- 5.1.2 **Michiel Scholtz du Pré le Roux** Non-executive director
Business Address : 26 Rozendal Avenue
Stellenbosch
7600
Qualifications : BComm LLB
Function : Non-executive director of Capitec and Capitec Bank and serves on the Directors’ Affairs-, Audit- and Remuneration Committees of Capitec and Capitec Bank.
Summary of curriculum vitae : Mr Le Roux has 30 years’ experience in commerce and banking. He was managing director of Distillers Corporation (SA) Limited (“Distillers”) from 1979 to 1993, and from 1995 to 1998 managing director of Boland Bank Limited, NBS Boland Limited and BoE Bank Limited. Mr Le Roux was chief executive officer of Capitec and Capitec Bank from 2001 to 31 March 2004 when he resigned from this position to become a non-executive director.
- 5.1.3 **Merlyn Claude Mehl (Prof)** Independent non-executive director
Business Address : 2 Upper Thistle Road
Newlands
7700
Qualifications : PhD (Physics)
Function : Independent non-executive director of Capitec and Capitec Bank; serves as chairman of the Risk Committee and as member on the Directors’ Affairs- and Remuneration Committees of Capitec and Capitec Bank.
Summary curriculum vitae : Prof Mehl was previously chancellor of Peninsula Technikon and chief executive of the Independent Development Trust.

- 5.1.4 Nonhlanhla Sylvia Mjoli-Mncube Independent non-executive director
Business Address : 1570 High Street
Highgate Village
Dainfern
2055
Qualifications : MA City and regional planning
Function : Independent non-executive director of Capitec and Capitec Bank and serves on the Directors' Affairs- and Audit Committees of Capitec and Capitec Bank.
Summary of curriculum vitae : Ms Mjoli-Mncube is economic adviser to the deputy president of the Republic of South Africa. She is chairperson of NURCHA (National Urban Reconstruction and Housing Agency in South Africa) and was an executive director of NURCHA from 1994 until 2003. She sits on several boards in the housing finance sector.
- 5.1.5 Johannes Fredericus Mouton Non-executive chairman
Business Address : 1st Floor
Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
Qualifications : BComm (Hons), CA(SA), AEP
Function : Non-executive chairman of Capitec and Capitec Bank and chairman of the Directors' Affairs Committee of Capitec and Capitec Bank.
Summary of curriculum vitae : Mr Mouton is the founder and chairman of PSG Group, executive director of PSG Capital Limited, PSG Financial Services and PSG Konsult Limited. He also serves as a trustee of trusts and investment funds of Stellenbosch University. Prior to the establishment of PSG Group, he co-founded and served as managing director of the stockbroking firm SMK.
- 5.1.6 Chris Adriaan Otto Non-executive director
Business Address : 1st Floor
Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
Qualifications : BComm LLB
Function : Non-executive director of Capitec and Capitec Bank. He is chairman of the Remuneration Committee and serves on the Directors' Affairs- and Audit Committees of Capitec and Capitec Bank.
Summary of curriculum vitae : Mr Otto has been an executive director of PSG Group since its formation and currently serves as chief executive officer of PSG Capital Limited, the private equity and corporate finance division of PSG Group. He has been directly involved in the establishment of Capitec's investment in microfinance.
- 5.1.7 Jan Georg Solms Independent non-executive director
Business Address : 153 Dorp Street
Stellenbosch
7600
Qualifications : BAcc, CTA, CA(SA)
Function : Independent non-executive director of Capitec and Capitec Bank and serves on the Directors' Affairs-, Remuneration and Risk Committees of Capitec and Capitec Bank.
Summary of curriculum vitae : Mr Solms has been a member of the JSE since 1981, and is a stockbroker and executive director of stockbrokers Independent Securities Holdings (Pty) Limited.

- 5.1.8 Riaan Stassen Chief executive officer
Business Address : 10 Quantum Road
Techno Park
Stellenbosch
7600
Qualifications : BComm (Hons), CA(SA)
Function : Chief executive officer of Capitec, Capitec Bank and all subsidiaries in the Capitec group. Non-executive director of the Banking Council. Serves on the Audit-, Executive Management- and Management Committees of Capitec and Capitec Bank.
Summary of curriculum vitae : Mr Stassen was managing director of Boland PKS, a division of BoE Bank Limited, from 1997 to 2000. Previous positions include head of operations of Boland PKS (1995 – 1997), operations director of Distillers (1992 – 1995) and group financial manager of Distillers (1989 – 1992). He was appointed chief executive officer effective 31 March 2004.
- 5.1.9 Jacobus van Zyl Smit (Dr) Independent non-executive director
Business Address : 1st Floor
Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
Qualifications : BComm LLB, CTA, CA(SA)
Function : Independent non-executive director of Capitec and Capitec Bank; serves as chairman of the Audit Committee and member of the Directors' Affairs- and Risk Committees of Capitec and Capitec Bank.
Summary of curriculum vitae : Dr Van Zyl Smit was previously a partner of Coopers & Lybrand Chartered Accountants and lectured in accounting at the University of Stellenbosch. He is a director of PSG Group.

5.2 The full names, current functions and the addresses of the management of Capitec and Capitec Bank other than executive directors are set out below :

	NAME	BUSINESS ADDRESS	FUNCTION
5.2.1	C G Fischer	10 Quantum Road Techno Park Stellenbosch	Chief executive : Marketing and Corporate Affairs
5.2.2	G M Fourie	10 Quantum Road Techno Park Stellenbosch	Chief executive : Operations
5.2.3	A Olivier	10 Quantum Road Techno Park Stellenbosch	Chief executive : Business Development
5.2.4	C Oosthuizen	14 Quantum Road Techno Park Stellenbosch	Chief executive : Information Technology
5.2.5	C G van Schalkwyk	10 Quantum Road Techno Park Stellenbosch	Chief executive : Risk Management; Company Secretary
5.2.6	L Venter	14 Quantum Road Techno Park Stellenbosch	Chief executive : Human Resources

5.3 Remuneration of directors

5.3.1 The directors' remuneration in respect of the financial year ended 28 February 2006 was as follows :

	Salaries R'000	Fringe benefits R'000	Fees R'000	Bonuses R'000	Total R'000
Executive					
AP du Plessis	1 247	203	-	63	1 513
R Stassen	1 965	278	-	7 000	9 243
Non-executive					
MS du P le Roux	-	-	147	-	147
D Lockey*	-	-	95	-	95
MC Mehl	-	-	84	-	84
NS Mjoli-Mncube	-	-	105	-	105
JF Mouton	-	-	500	-	500
CA Otto	-	-	158	-	158
JG Solms	-	-	105	-	105
J van Z Smit	-	-	126	-	126
	3 212	481	1 320	7 063	12 076

Note : * Resigned effective 1 September 2006

5.3.2 The directors' participation in the share incentive scheme in respect of the financial year ended 28 February 2006 was as follows :

2006			Opening balance		(Options exercised)/ Options granted**			Closing balance
Directors	Maturity Date	Issue date	Strike price	Number of share options	Number of share options	Market Price R	Exercise date	Number of share options
AP du Plessis*** (indirect beneficial)	16 Jul 05	17 Jul 00	1.42	129 970	(129 970)	25.75	19 Dec 05	-
	16 Jul 06*	17 Jul 00	1.42	129 970	(129 970)	29.99	20 Feb 06	-
	16 Jul 07	17 Jul 00	1.42	98 777	-	-	-	98 777
	29 Apr 07	29 April 04	5.73	25 000	-	-	-	25 000
	29 Apr 08	29 April 04	5.73	25 000	-	-	-	25 000
	29 Apr 09	29 April 04	5.73	25 000	-	-	-	25 000
(direct beneficial)	29 Apr 10	29 April 04	5.73	25 000	-	-	-	25 000
	20 May 08	20 May 05	14.05	-	17 500	-	-	17 500
	20 May 09	20 May 05	14.05	-	17 500	-	-	17 500
	20 May 10	20 May 05	14.05	-	17 500	-	-	17 500
								17 500
				458 717	(189 940)			268 777
R Stassen*** (indirect non-beneficial)	16 Jul 05	17 Jul 00	1.42	280 734	(280 734)	23.50	5 Dec 05	-
	16 Jul 06*	17 Jul 00	1.42	280 734	(280 734)	29.99	20 Feb 06	-
	16 Jul 07	17 Jul 00	1.42	249 541	-	-	-	249 541
	29 Apr 07	29 April 04	5.73	100 000	-	-	-	100 000
	29 Apr 08	29 April 04	5.73	100 000	-	-	-	100 000
	29 Apr 09	29 April 04	5.73	100 000	-	-	-	100 000
(direct beneficial)	29 Apr 10	29 April 04	5.73	100 000	-	-	-	100 000
	20 May 08	20 May 05	14.05	-	70 000	-	-	70 000
	20 May 09	20 May 05	14.05	-	70 000	-	-	70 000
	20 May 10	20 May 05	14.05	-	70 000	-	-	70 000
								70 000
				1 211 009	(281 468)			929 541
Total				1 669 726	(471 408)			1 198 318

Notes:

- * It was decided to allow the early exercise of options maturing in the 2006/07 year to the extent that there were shares available in the share incentive trust.
- ** These options were (exercised)/granted in the February 2006 financial year.
- *** On 12 April 2006 Mr Stassen was granted 200 000 and Mr Du Plessis 52 500 options to subscribe for shares in Capitec. The option price at which these shares in Capitec can be acquired in terms of this grant is R30.73.

The remuneration receivable by the individual directors will not vary as a consequence of the specific issue.

5.4 Directors' interest

The table below sets out the direct, indirect, beneficial and non-beneficial interests of directors in the issued ordinary shares of Capitec as at 28 February 2006 :

2006	Beneficial		Non-beneficial		Total	
	Direct	Indirect	Direct	Indirect	Shares	%
AP du Plessis*	-	1 149 970	-	-	1 149 970	1.60
MS du P le Roux	-	-	-	12 292 244	12 292 244	17.09
D Lockey**	-	-	-	15 412 995	15 412 995	21.43
MC Mehl	110 000	-	-	-	110 000	0.15
NS Mjoli-Mncube	100 000	-	-	-	100 000	0.14
JF Mouton#	451 302	-	-	7 033 104	7 484 406	10.41
CA Otto	967	-	-	453 760	454 727	0.63
JG Solms	33 779	-	-	18 183	51 962	0.07
R Stassen##	135 122	-	-	2 897 229	3 032 351	4.22
J van Z Smit	139 647	33 783	-	30 707	204 137	0.28
	970 817	1 183 753	-	38 138 222	40 292 792	56.02

Note : The following percentages, where changes have occurred in the interests of directors in Capitec since 28 February 2006, indicate their interests as at the last practicable date.

- * decreased from 1.60% to 1.39%
- ** decreased to zero; Mr Lockey resigned effective 1 September 2006. The shareholding represented the shares held by Arch Equity
- # increased from 10.41% to 10.56%
- ## decreased from 4.22% to 3.89%

5.5 Directors' interest in transactions

None of the directors has had any material direct or indirect beneficial interest in any transactions that Capitec has effected to date otherwise than as set out below :

5.5.1 Shareholders approved on 22 October 2004 the issue of 3.09 million shares to Arch Equity, black directors and eligible employees of Capitec. The interest of directors in this issue is set out below :

- Prof MC Mehl and Ms NS Mjoli-Mncube, independent, non-executive directors of Capitec each subscribed for 100 000 ordinary shares at 656,4 cents per share. The cost per share represented a discount of 8,20% to the closing price of Capitec on the JSE on 13 August 2004 and was based on the 30-day weighted average share price up to and including 13 August 2004.
- Mr R Stassen, chief executive officer, and Mr AP du Plessis, financial director of Capitec, each subscribed for 167 645 shares at 761 cents per share. The issue price to eligible employees, based on a 30-day average share price, was discounted at 5.47% to the closing price of Capitec on the JSE on 20 September 2004.

6. DIRECTORS' RESPONSIBILITY

The directors whose names are given in paragraph 5.1 on page 14 of this circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief

there are no facts that have been omitted which would make any statement herein false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular contains all information required by law and the Listings Requirements.

7. EXPENSES RELATING TO ISSUE OF SHARES

The cash expenses of this specific issue, as detailed below, are estimated to be R542 911 and relate, *inter alia*, to:

	Rand
- printing, publication and distribution costs of this circular and other related announcements	339 699
- fees payable to professional advisers	55 000
- Corporate action fees to STRATE and the transfer secretaries relating to this issue	40 000
- JSE documentation and inspection fees	9 861
- JSE listing fee	<u>98 351</u>
Total	<u>542 911</u>

Professional advisers' fees:

- Jan S. de Villiers Attorneys	5 000
- PricewaterhouseCoopers Advisory Services (Pty) Limited	20 000
- PSG Capital Limited	<u>30 000</u>
	55 000

Capitec has not incurred preliminary expenses within the three years preceding the date of the circular regarding this specific issue.

8. TRADING HISTORY

The trading history of Capitec shares on the JSE is set out in Annexure C.

9. LITIGATION STATEMENT

There are no legal or arbitration proceedings either current, pending or threatened of which the directors are aware, that may have or have had a material effect on the financial position of the group over the previous 12 months.

10. KING CODE

The board of directors endorses the Code of Good Corporate Practices and Conduct as detailed in the King II report and uses the corporate governance requirements proclaimed *inter alia* in the Listings Requirements and Banks Act as basis for the governance structure through which the group is directed, controlled and managed. Notwithstanding the governance structure set in place the board of directors believes and, in fact, places great emphasis on ensuring compliance with the substance of corporate governance. Capitec has, as far as the director's are aware, complied with the corporate governance requirements set out in the King Code for the financial year ended on 28 February 2006.

The board of directors accepts that it is ultimately responsible for ensuring the effectiveness of corporate governance in Capitec and through its Directors' Affairs Committee, reviews the success thereof on an annual basis. Subsequent to this review the board submits a report in terms of regulation 38 of the regulations promulgated under the Banks Act, on the status of corporate governance in the Capitec group, to the Registrar of Banks.

Board of directors

The Board of Capitec acts as the chief custodian on behalf of all stakeholders in the company. Seventy eight percent (78%) of the board is comprised of non-executive directors of which 57% are independent. The board represents a mixture of skills and diverse backgrounds.

The board, chaired by a non-executive director, is responsible for the strategic direction of the company and annually approves a detailed budget, supported by a business plan and a written exposition of the strategy of the company. The board has delegated certain powers to management with due regard to potential conflict between fiduciary responsibility, on the one hand, and operational efficiency on the other, while simultaneously retaining effective control over the organisation. Information assessed by the board comprises financial as well as non-financial information and enables the board to assess the adequacy and efficiency of internal controls in operation from time to time. The board ensures that the company is managed ethically and in compliance with the highest standards of corporate governance.

The Board meets at least six times per annum. A record of attendance of each board member can be obtained from Capitec's 2006 annual report, available on the Capitec Bank website at www.capitecbank.co.za.

To enable directors to acquaint themselves with the business and operations over which they preside, the company provides non-executive directors with the opportunity to attend executive meetings and inspect the daily operating activities of the business at branch level. Directors also participate in an annual directors' conference organised by the company secretary for the specific purpose of facilitating an intimate understanding of the operation of the business. The company secretary advises directors on an ongoing basis of relevant legislation affecting their position within the specific business environment in which they operate and directors are encouraged to attend informative presentations on matters affecting board and directors' functions, usually at the expense of the company.

The company has a Directors' Affairs Committee led by the chairman of the board. This committee is responsible for evaluating the performance of the board. It further concerns itself with succession, both at board and executive management level and recommends new appointees to the board, selected on the basis of skill and experience.

The roles of chairman and chief executive are separated in accordance with the principles of good corporate governance and as required in terms of the Listings Requirements. The chairman of the boards of Capitec and Capitec Bank is a non-executive director with proven business acumen.

Board committees

The Board has appointed a number of committees to assist it in the performance of its duties. These committees include:

- **Directors' Affairs Committee**

The primary purpose of the Directors' Affairs Committee is twofold, namely:

- 1.1 to support and advise the board on its responsibilities towards the stakeholders of the group in ensuring that the board is comprised of competent individuals capable of discharging responsibilities relative to the nature and scale of the banking group and with due regard for the laws and customs that govern the activities of the bank and its controlling company;
- 1.2 to establish and maintain an adequate and effective mechanism for effecting corporate governance throughout the group, which is consistent with the nature, complexity and risk inherent in the group's activities, and which is able to respond effectively and promptly to changes within the group's environment.

- **Audit Committee**

The purpose of the Audit Committee is to strengthen internal governance and thereby assist the board in its responsibility of preserving the assets of the company, ensuring the operation of adequate systems, internal control processes and the preparation of accurate external financial reports and statements in compliance with all applicable legal requirements and accounting standards. The Audit Committee must consider whether any non-audit services rendered by the group's external auditors will substantively impair their independence.

- **Remuneration Committee**

The primary purpose of the Remuneration Committee is to ensure that remuneration policies and practices are established and observed which will attract and retain individuals able to create enduring value for shareholders.

- **Risk Committee**

The fundamental purpose of the Risk Committee is to identify risks in the Capitec group business and operational environment and decide how these risks should be addressed. The committee assists the board in reviewing the risk management systems and processes and the significant risks facing the company.

- **Executive Management Committee**

This committee is responsible for operational decision making and approvals of administrative nature on an ongoing basis.

- **Management Committee**

This committee oversees the day-to-day management of the company's operations and is responsible for implementation of strategic decisions approved by the board.

Board committees have clearly defined, written terms of reference approved by the board that define the role and function, structure and proceedings, responsibility and scope of authority of the said committees. Committee activities are disclosed fully to the board. The committees fulfil an essential role in assisting the board in the performance of its duties. The Directors' Affairs Committee, comprised only of independent and non-executive directors, is chaired by the chairman of the board, the Audit and Risk Committees are chaired by independent, non-executive directors, and the Remuneration Committee by a non-executive director. The chairman of the board is not a member of the Audit Committee. The Executive Management and Management Committees are chaired by the chief executive officer of the company.

The Business Judgement Rule

The board is presented with timeous and sufficiently detailed information to enable it to exercise fair judgement in deliberation on company matters. The directors uphold and adhere to the business judgement rule.

A detailed account of the extent of corporate governance in the Capitec group over the past financial year is set out in the 2006 annual report, available on the Capitec Bank website at www.capitecbank.co.za.

11. EXCHANGE CONTROL APPROVAL

All parties eligible to subscribe for shares in the authorised share capital of Capitec under the specific issue are residents of South Africa and Exchange Control requirements of the South African Reserve Bank are therefore not applicable and approval is not required.

12. EXPERTS' CONSENTS

The lead sponsor, corporate adviser and joint sponsor, reporting accountants, attorneys and transfer secretaries have all provided their written consents to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

13. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Capitec as well as at the offices of PSG Capital, Building 8, Woodmead Estate, 1 Woodmead Drive, Woodmead, Johannesburg, during normal business hours on any business day up to the close of business on Monday, 19 February 2007, the expected date of listing of the shares issued :

- 13.1 memorandum and articles of association of Capitec;
- 13.2 audited financial statements of Capitec for the preceding three years and interim results for the six months ended 31 August 2006;
- 13.3 report of the reporting accountants, the text of which is included in this circular as Annexure B;
- 13.4 written consents of the appointed professional advisers as set out in paragraph 12 above;
- 13.6 the Capitec Bank Holdings Share Trust deed;
- 13.7 the service agreements with executive directors; and
- 13.8 the subscription and shareholders agreement between Capitec, Coral and Ash Brook in terms of which the BEE consortium will subscribe for 10 000 000 ordinary shares in Capitec.

By order of the board

Christian George van Schalkwyk
Company secretary

Stellenbosch
30 January 2007

Registered office
Capitec Bank Holdings Limited
10 Quantum Road
Techno Park
Stellenbosch 7600
(PO Box 12451, Die Boord, Stellenbosch, 7613)

Transfer secretaries
Computershare Investor Services 2004 (Pty) Limited
7th Floor
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown, 2107)

CAPITEC BANK HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1999/025903/06)
(JSE share code: CPI ISIN: ZAE000035861)
(“Capitec” or “the company”)

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a general meeting of shareholders of Capitec will be held in the Innovation Boardroom of Capitec Bank Limited, 14 Quantum Road, Techno Park, Stellenbosch at 10:00 on Thursday, 15 February 2007, for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary resolutions as set out below.

1. ORDINARY RESOLUTION NUMBER 1

“Resolved that the company approves and hereby authorises the directors, in terms of section 221(2) of the Companies Act 1973 (Act 61 of 1973) as amended (“the Act”) by way of a specific authority to allot and issue 10 000 000 ordinary shares with a par value of 1 cent each in the authorised ordinary share capital of the company to Coral Lagoon Investments 194 (Pty) Limited, (Registration number 2006/026277/07) against payment in cash of 3 000 cents per share. The above authorisation is subject to the specific issue being approved by a 75% majority of the votes cast by shareholders (excluding any parties and their associates participating in the specific issue for cash) present or represented by proxy at the general meeting, the provisions of the Act, the articles of association of the company and the Listings Requirements of the JSE Limited.”

2. ORDINARY RESOLUTION NUMBER 2

“Resolved that any director of the company or the company secretary be hereby authorised to sign all documents and do all acts which may be required to give effect to the ordinary resolution proposed above.”

VOTING

Shareholders entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for use by a certificated or dematerialised shareholder with “own name” registration who wishes to be represented at the general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder’s proxy) at the general meeting.

Proxy forms must be delivered or posted to Computershare Investor Services 2004 (Pty) Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday, 13 February 2007.

On a poll ordinary shareholders will have one vote in respect of each share held.

Beneficial owners who have dematerialised their shares through a CSDP or stockbroker, other than those in “own name” must provide the CSDP or stockbroker with their voting instruction. Alternatively, they must request the CSDP or stockbroker to provide them with a letter of representation should they wish to attend the meeting in person in terms of the custody agreement entered into between the beneficial owner and the CSDP or stockbroker.

By order of the board

C G van Schalkwyk
Company Secretary

Stellenbosch
30 January 2007

FORM OF PROXY

CAPITEC BANK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1999/025903/06
(JSE share code: CPI ISIN: ZAE000035861)
("Capitec" or "the Company")

For use of shareholders who

- (1) are registered as such and who have not dematerialised their shares; or
- (2) hold dematerialised shares in their own name, at the general meeting of ordinary shareholders of the company to be held in the Innovation Boardroom of Capitec at 14 Quantum Road, Techno Park, Stellenbosch at 10:00 on Thursday, 15 February 2007.

Beneficial owners who have dematerialised their shares through a CSDP or stockbroker, other than those in "own name" must provide the CSDP or stockbroker with their voting instruction. Alternatively, they must request the CSDP or stockbroker to provide them with a letter of representation should they wish to attend the meeting in person in terms of the custody agreement entered into between the beneficial owner and the CSDP or stockbroker.

I/We (BLOCK LETTERS please) _____

of _____ (address)

being the registered holder(s) of _____ ordinary shares hereby appoint :

1. _____ of _____ of failing him/her,
2. _____ of _____ of failing him/her,
3. the chairman of the meeting,

as my proxy to vote on my/our behalf at the general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see notes on the reverse of this page) :

	Number of Shares		
	In favour of	Against	Abstain
Ordinary resolution number 1 Approve the issue of 10 000 000 ordinary shares to Coral Lagoon Investments 194 (Pty) Limited			
Ordinary resolution number 2 Authorisation that any director or the company secretary of the company may implement ordinary resolution number 1			

Signed at _____ on this _____ day of _____ 2007.

Signature(s) _____

Assisted by (where applicable) (state capacity and full name)

Each Capitec shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his stead at the general meeting.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of ordinary shares to be voted on behalf of that member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting as he deems fit, in respect of all the ordinary shares concerned. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or his proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the meeting in respect of such shares as if he is solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holder thereof.
4. Every member present in person or by proxy shall, on a poll, have one vote for every ordinary share held, whereas on a show of hands, members present in person, by proxy or by authorised representative shall have one vote each.
5. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services 2004 (Pty) Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 10:00 on Tuesday, 13 February 2007.
6. Any alteration or correction made to this form of proxy must be signed in full by the signatory/ies and not initialled.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the general meeting.
8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

Beneficial owners who have dematerialised their shares through a CSDP or stockbroker, other than those in "own name" must provide the CSDP or stockbroker with their voting instruction. Alternatively, they must request the CSDP or stockbroker to provide them with a letter of representation should they wish to attend the meeting in person in terms of the custody agreement entered into between the beneficial owner and the CSDP or stockbroker.

UNAUDITED PRO FORMA BALANCE SHEET AND INCOME STATEMENT OF CAPITEC

The unaudited pro forma consolidated balance sheet and income statement of Capitec have been prepared for illustrative purposes only and because of their nature may not give a fair reflection of Capitec's financial position nor the effect on future earnings after the specific issue. The preparation of the unaudited pro forma consolidated balance sheet and income statement is the responsibility of the directors of Capitec.

The unaudited pro forma balance sheet has been prepared on the assumption that the specific issue was effected on 31 August 2006.

Unaudited pro forma consolidated balance sheet of Capitec	Before ⁽¹⁾	Adjustments ⁽²⁾⁽⁴⁾	After
	R'000	R'000	R'000
ASSETS			
Current assets			
Cash and cash equivalents	987 614	285 000	1 272 614
Investments at fair value	6 595	-	6 595
Loans and advances	465 003	-	465 003
Inventory	7 003	-	7 003
Other receivables	10 518	-	10 518
Non-current assets			
Loans and advances	10 463	15 000	25 463
Property and equipment	142 853	-	142 853
Intangible assets – banking system	40 181	-	40 181
Deferred income tax assets	13 116	-	13 116
Total assets	1 683 346	300 000	1 983 346
LIABILITIES			
Current liabilities			
Deposits at amortised cost	483 252	-	483 252
Deposits held at fair value	2 239	-	2 239
Trade and other payables	78 901	-	78 901
Current income tax liabilities	55 412	-	55 412
Provisions	300	-	300
Non-current liabilities			
Deposits at amortised cost	256 772	-	256 772
Deposits held at fair value	52 224	-	52 224
Trade and other payables	7 088	-	7 088
Total liabilities	936 188	-	936 188
EQUITY			
Ordinary share capital and premium	347 865	300 000	647 865
Reserves	1 710	-	1 710
Retained earnings	242 977	-	242 977
Ordinary shareholders' equity	592 552	300 000	892 552
Perpetual preference share capital and premium	154 606	-	154 606
Total equity	747 158	300 000	1 047 158
Total equity and liabilities	1 683 346	300 000	1 983 346
Net asset value per share (cents)	824		1 089
Net tangible asset value per share (cents) ⁽³⁾	768		1 040
Number of shares in issue ('000)	71 928		81 928

Notes :

1. Extracted from the published unaudited consolidated interim results of Capitec for the six months ended 31 August 2006;
2. Net asset value per share and the net tangible asset value per share are based on the assumption that the proceeds of R300 million was received and R15 million was invested in the Ash Brook preference shares;
3. For purposes of calculating the net tangible asset value per share, intangible assets were excluded;
4. No transaction costs have been taken into account in the calculation of the financial effects as it will not have a material impact.

The unaudited pro forma income statement has been prepared on the assumption that the specific issue was effected on 1 March 2006.

Unaudited pro forma consolidated income statement of Capitec	Before⁽¹⁾ R'000	Adjustments⁽²⁾ R'000	After R'000
Interest on loans advanced	484 068	653	484 721
Interest on cash and cash equivalents	17 032	10 088	27 120
Interest expense	(32 219)	-	(32 219)
Net interest income	468 881	10 741	479 622
Net fee income	14 991	-	14 991
Fee income	39 831	-	39 831
Fee expense	(24 840)	-	(24 840)
Net impairment charge on loans and advances	(81 946)	-	(81 946)
Dividend income	187	-	187
Net movement in financial instruments held at fair value	2 220	-	2 220
Non-banking gross profit	4 016	-	4 016
Non-banking sales	65 751	-	65 751
Non-banking cost of sales	(61 735)	-	(61 735)
Other income	11	-	11
Income from operations	408 360	10 741	419 101
Banking operating expenses	(296 191)	-	(296 191)
Non-banking operating expenses	(3 228)	-	(3 228)
Operating profit before tax	108 941	10 741	119 682
Tax	(35 372)	(3 407)	(38 779)
Profit for the period	73 569	7 334	80 903

Reconciliation of earnings to headline earnings

Profit for the period	73 569	7 334	80 903
Non-headline items after tax	927	-	927
Headline earnings	74 496	7 334	81 830

Earnings per share (cents)

- Basic attributable	102.3	98.7
- Basic headline	103.6	99.9
- Diluted attributable	96.9	94.2
- Diluted headline	98.2	95.3

Number of shares ('000)

- Weighted average	71 928	81 928 ⁽³⁾
- Diluted weighted average ⁽⁴⁾	75 897	85 897 ⁽³⁾

Notes :

1. Extracted from the published unaudited consolidated interim results of Capitec for the six months ended 31 August 2006;
2. Basic earnings per share, basic headline earnings per share, diluted attributable earnings per share and diluted headline earnings per share are based on the following assumptions:
 - proceeds of R300 million was received and R15 million was invested in the Ash Brook preference shares on 1 March 2006;
 - a dividend of 45 cents per share was paid on Monday, 12 June 2006 in respect of the 10 000 000 shares issued;
 - STC at a rate of 12,5% was taken into account on the dividends paid and the dividend received on the Ash Brook preference shares;
 - the dividend received on the Ash Brook preference shares was based on the actual prime rate for the six months ended 31 August 2006 and is included into interest received on loans based on the substance over form of these preference shares;
 - interest was earned on the net cash at the group's marginal return on excess funding (7.03%); and
 - a tax rate of 29% was applied;
3. Weighted average number of shares was computed as if the issue was effected on 1 March 2006;
4. The diluted number of shares is calculated as if all 6 320 148 outstanding share options as at 31 August 2006 were exercised at the average market price of R30.26 for the six months then ended;
5. No transaction costs have been taken into account in the calculation of the financial effects as it will not have a material impact.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF CAPITEC

22 January 2007

The Directors

Capitec Bank Holdings Limited
PO Box 12451
Die Boord
Stellenbosch
7613

Gentlemen

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF CAPITEC BANK HOLDINGS LIMITED ("CAPITEC")

We have performed our limited assurance engagement in respect of the pro forma financial information set out in paragraph 2.3 and Annexure A of the circular to Capitec shareholders, to be dated on or about 29 January 2007, ("the circular") to be issued in connection with the specific issue of ten million shares to a BEE Consortium ("the specific issue"). The pro forma financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listing Requirements, for illustrative purposes only, to provide information about how the specific issue might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the pro forma balance sheet being reported on.

Director's responsibility

The directors are responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Capitec; and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the circular to Capitec shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by the South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of Capitec, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors and management of the company in respect of the corporate action that is the subject of the circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Capitec and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- The pro forma financial information has not been properly compiled on the basis stated,
- Such basis is inconsistent with the accounting policies of Capitec, and
- The adjustments are not appropriate for the purposes of the pro forma financial information as disclosed in terms of the section 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

JF Basson
Director: Transaction Services

PricewaterhouseCoopers Advisory Services (Pty) Limited
1 Waterhouse Place
Century City, 7441

TRADING HISTORY OF CAPITEC SHARES ON THE JSE

The recent price and trading history of Capitec ordinary shares on the JSE is set out below:

1. The lowest, highest and closing price of Capitec ordinary shares on the JSE for each quarter ending 31 March 2004 to 30 December 2005 and the aggregated quarterly trading volumes are as follows:

Quarter ended	High(c)	Low (c)	Close(c)	Volume
31 March 2004	585	550	580	1 126 651
30 June 2004	629	542	620	7 797 130
30 September 2004	1 030	620	950	2 005 785
31 December 2004	1 400	915	1 275	4 120 286
31 March 2005	1 540	1 223	1 400	2 123 756
30 June 2005	1 702	1 300	1 701	2 012 831
30 September 2005	2 150	1 660	2 140	2 040 790
30 December 2005	3 025	1 900	2 890	1 705 140

2. The lowest, highest and closing prices of Capitec ordinary shares on the JSE for each successive month, the first of which ends on 31 January 2006 and the last of which ends on 29 December 2006, and the aggregated monthly trading volumes, are as follows:

Month ended	High(c)	Low (c)	Close(c)	Volume
31 January 2006	3 350	2 500	3 000	2 123 919
28 February 2006	3 240	2 610	3 105	975 476
31 March 2006	3 195	2 701	3 100	468 249
28 April 2006	3 499	3 040	3 195	2 299 296
31 May 2006	3 375	3 000	3 115	916 923
30 June 2006	3 200	2 750	2 850	694 029
31 July 2006	3 050	2 750	2 750	237 628
31 August 2006	3 050	2 605	3 050	1 183 141
29 September 2006	3 250	2 950	3 040	261 839
31 October 2006	3 099	2 650	2 925	547 367
30 November 2006	3 100	2 905	3 040	344 785
29 December 2006	3 600	2 975	3 600	359 938

3. The lowest, highest and closing prices of Capitec ordinary shares on the JSE for each trading day commencing on 7 December 2006 and terminating on 22 January 2007 (being the last 30 trading days prior to the finalisation of this document), and the daily trading volumes, are as follows:

Day ended	High(c)	Low (c)	Close(c)	Volume
7 December 2006	3 126	3 080	3 100	112 764
8 December 2006	3 100	3 080	3 100	23 229
11 December 2006	3 300	3 130	3 165	31 340
12 December 2006	3 250	3 200	3 217	20 216
13 December 2006	3 399	3 217	3 251	39 350
14 December 2006	3 348	3 325	3 330	8 052
15 December 2006	3 330	3 300	3 310	11 070
18 December 2006	3 388	3 315	3 388	8 105
19 December 2006	3 350	3 330	3 340	5 807
20 December 2006	3 340	3 340	3 340	0
21 December 2006	3 370	3 340	3 370	4 000
22 December 2006	3 400	3 370	3 400	15 535
27 December 2006	3 500	3 430	3 440	1 100
28 December 2006	3 500	3 450	3 465	2 384
29 December 2006	3 600	3 465	3 600	3 945
02 January 2007	3 500	3 400	3 451	1 715
03 January 2007	3 600	3 500	3 600	48 973
04 January 2007	3 600	3 550	3 550	12 077
05 January 2007	3 600	3 500	3 550	7 716
08 January 2007	3 600	3 545	3 545	2 840
09 January 2007	3 600	3 485	3 600	94 430
10 January 2007	3 600	3 550	3 600	22 115
11 January 2007	3 650	3 550	3 650	38 338
12 January 2007	3 652	3 600	3 620	71 650
15 January 2007	3 620	3 600	3 620	4 813
16 January 2007	3 620	3 580	3 600	196 419
17 January 2007	3 600	3 600	3 600	66 748
18 January 2007	3 610	3 590	3 600	156 988
19 January 2007	3 600	3 555	3 555	1 555
22 January 2007	3 600	3 550	3 600	54 836

SALIENT TERMS AND CONDITIONS OF THE ASH BROOK PREFERENCE SHARES

Rights and conditions attaching to the redeemable, cumulative, non-participating preference shares

The following rights, privileges and conditions shall attach to the redeemable, cumulative, non-participating preference shares of R1 000.00 (one thousand rand) each in the capital of Ash Brook Investments 15 (Pty) Limited ("Ash Brook" or "the company") ("the preference shares"):

- 1.1 they will rank for dividends and return of capital equal to the issue price of R1 000.00 (one thousand rand) per preference share on a winding-up before the ordinary shares in the company and in priority to the holders of any other shares in the capital of the company. Save as set out in this Article 1, the preference shares shall not be entitled to any participation in the profits or assets of the company or, on a winding-up, to any participation in any surplus assets of the company;
- 1.2 the preference shares shall confer the right to receive a cumulative preferential cash dividend out of the profits of the company at the rate of 80% (eighty percent) of the prime rate. Prime rate means the public quoted basic rate of interest expressed as a percentage per year, compounded monthly in arrear and calculated on a 365 (three hundred and sixty five)-day year factor (irrespective of whether or not the year is a leap year) from time to time quoted by First National Bank Limited as being its prime overdraft rate as certified by a manager of such bank, whose appointment and/or designation need not be proved. A certificate from any manager of the bank concerned as to the prime rate at any time shall constitute *prima facie* proof thereof;
- 1.3 the preference dividend shall accrue on the last day of February and 31 August of each year. For the avoidance of doubt it is recorded that any accrued dividend which remains unpaid will form part of the capital amount on which future dividends will be calculated. The company shall not be entitled to pay any ordinary dividend to holders of ordinary shares or any other dividend to any other holder of shares if any accrued preference dividend on the preference shares remains unpaid. The company shall be entitled at its discretion at any time before the seventh anniversary of the date of issue of the preference shares ("the Redemption Date"), by giving 30 (thirty) days written notice to the holders of the preference shares, to pay a preference dividend;
 - 1.3.1 the first preference dividend shall accrue in respect of the initial period from the date of allotment and issue to 28 February 2007 and thereafter accrue in respect of the half yearly periods ending on 31 August and 28 February;
- 1.4 the preference shares shall confer the right on a winding-up of the company in priority to the holders of the ordinary shares and the holders of any other shares in the capital of the company, to repayment of an amount equal to the sum of the par value of the preference shares, together with a premium payable out of the share premium account of the company and any arrears in the preference dividends, whether declared or not, and whether or not there shall have been any profits available for the payment of any dividends or arrear dividends to the holders of the preference shares, calculated to the date of payment;
- 1.5 the holders of the preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of the company, by virtue of or in respect of the preference shares, unless any one or more of the following circumstances prevail at the date of the meeting:
 - 1.5.1 the preference dividend or any part thereof, whether declared or not, remains in arrear and unpaid after 2 (two) calendar months from the due date thereof;
 - 1.5.2 a resolution of the company is proposed which directly affects the rights attached to the preference shares or the interests of the holders thereof, including a resolution for the winding-up of the company or for the reduction of its share capital or share premium account or a resolution pursuant to section 228 of the Companies Act, (except for any reduction which does not involve any distribution to members and except for the redemption of any preference shares originally issued as redeemable by the company) or for the repayment or distribution of the share premium or non distributable reserves of the company or the issue of capitalisation shares, except in such manner as is permitted by the Statutes and the company's articles of association provided that such repayment or distribution does not have the effect of reducing the share premium account to below the amount of the premium paid per issued preference share plus any amount required to be retained in the share premium account in respect of any other shares or any redemption payment remains in arrear and unpaid after 2 (two) calendar months from the due date thereof. The rights and privileges attaching to the preference shares shall not be regarded as being directly or adversely affected by the creation and issue by the company of any further shares of any class, unless those new shares rank as regards participation in assets or profits of the company in all or some respects in priority to or *pari passu* with the preference shares;

1.5.3 a resolution of the company is proposed for the disposal of the whole or substantially the whole of the undertaking of the company, or the whole or the greater part of the assets of the company which shall include a resolution of the company for the disposal of the undertaking or assets of a subsidiary of the company, if such undertaking or assets constitute the whole or substantially the whole of the undertaking or assets of the company and all its subsidiaries considered as one entity for this purpose.

At every meeting of the holders of the preference shares, the provisions of these articles relating to general meetings of ordinary members shall apply *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or persons holding or representing by proxy at least 25% (twenty five percent) of the preference shares, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the articles relating to adjourned general meetings shall apply *mutatis mutandis*. At every general meeting of the company at which the holders of the preference shares as well as other classes of shares are present and entitled to vote, upon a poll a holder of the preference shares shall be entitled to that proportion of the total votes in the company which aggregate amount of the nominal value of the preference shares held by it bears to the aggregate amount of the nominal value of all shares entitled to be voted at such meeting;

1.6 notwithstanding the provisions of Article 1.5 above:

1.6.1 the terms of the preference shares may not be modified, altered, varied, added to or abrogated;

1.6.2 the share capital or stated capital may not be reduced (except for any resolution which does not involve a distribution to members or except for the redemption of any preference shares originally issued as redeemable by the company);

1.6.3 the share premium or non-distributable reserves of the company may not be repaid or distributed and no capitalisation shares may be issued (except in such manner as is permitted by the Companies Act) if such repayment distribution or capitalisation issue could have the effect of reducing the share premium account to below the amount of premium attributable to the preference shares, if any, plus any amount necessary in the share premium account in respect of any other shares ranking prior to or *pari passu* with the preference shares;

1.6.4 no shares in the capital of the company ranking, as regards rights to dividend or redemption or, on a winding-up, as regards return of capital, in priority to or *pari passu* with the preference shares, shall be created or issued, without:

1.6.5 the prior written consent of all the holders of the preference shares; or

1.6.6 the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner *mutatis mutandis* as a special resolution;

1.7 payment in respect of preference dividends and any other payments shall be made by electronic transfer to the bank accounts nominated by the holders of the preference shares, in South African currency;

1.8 the company shall be obliged to redeem the preference shares at par, that is R1 000.00 (one thousand rand) in the aggregate per preference share, on the Redemption Date or simultaneously with and *pro rata* to any partial redemption or redemption in full of any preference shares allotted and issued by Coral Lagoon Investments 194 (Pty) Ltd to the Industrial Development Corporation of South Africa Limited, but not before such redemption. There shall be paid on any preference shares redeemed, all preference dividends (including any which are in arrear) accrued in respect of the same, up to the date fixed for the redemption thereof, and the preference dividends thereon shall cease to accrue from that date unless, upon surrender of the certificate for the preference shares, payment of the redemption moneys is not effected by the company. At the time and place so fixed, the registered holders of the preference shares shall be bound to surrender to the company the certificate relating thereto in order that the same may be cancelled. Upon such surrender the company shall pay to the said registered holder, or his duly authorised agent, the amount payable to him in respect of such redemption. If any certificate so surrendered includes any preference shares not being redeemed on the occasion on which it is so surrendered, then a fresh certificate for the balance of the preference shares not so being redeemed shall be issued free of charge to the registered holder, or his duly authorised agent, surrendering such certificates;

1.9 If there is an amendment or amendments to the Income Tax Act, 1962 (Act 58 of 1962 as amended or substituted from time to time) which results in the preference dividends being taxable in the hands of the preference shareholders, the percentage referred to in article 1.2 above will be increased by the company. Such increase will be equal to the reduced income in the hands of corporate taxpayers, which reduced income would not have arisen but for such amendments to the Income Tax Act. The holders of the preference shares shall require their auditors to verify whether to increase the percentage of the percentage referred to in article 1.2 above in accordance with this article 1.9. The auditors in deciding whether such increase is required in terms of this article 1.9 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.

