

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 notice, please consult your Central Securities Depository Participant (“**CSDP**”), broker, banker, attorney, accountant or other professional adviser immediately.

ACTION REQUIRED

Shareholders are referred to page 11 of this notice of annual general meeting which sets out the action required by shareholders of both certificated and uncertificated shares.



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

NOTICE OF ANNUAL GENERAL MEETING

Corporate adviser and sponsor



Attorneys



Transfer secretaries



Independent expert



Date of issue: 24 April 2018

This notice is available in English only. A copy of this notice is available on the Company's website at www.capitecbank.co.za from 24 April 2018 until the date of the annual general meeting.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of Capitec will be held at Molenvliet Wine & Guest Estate, Old Banhoek Road, Helshoogte Pass, Stellenbosch on Friday, 25 May 2018, at 14:30 ("AGM") to transact the business as set out in this notice of AGM ("Notice") and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out in this Notice.

Any capitalised words or expressions defined anywhere in this Notice shall bear the same meanings assigned to such word or expression throughout this Notice (including in the texts of the respective resolutions), when so used in capitalised form, unless specifically otherwise defined in any particular part of this Notice.

1. PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS AND REPORTS

Presentation, in terms of the Companies Act, Act 71 of 2008, as amended ("Act"), of the audited annual financial statements of the Company (as approved by the board of directors of the Company ("Board" or "Directors")), including the:

- 1.1 report of the Directors;
- 1.2 report of the Audit Committee of the Company and the group, being Capitec and its subsidiaries (the "Group"), for the year ended 28 February 2018; and
- 1.3 report of the Social and Ethics Committee of the matters over which it presides.

Note:

Shareholders are referred to the Company's 2018 integrated report ("Integrated Report") for the audited annual financial statements of the Company and the Group (page 164), including the reports of the Directors (page 169) and the Audit Committee (page 168) and the report of the Social and Ethics Committee (page 157).

The Integrated Report can be:

- accessed on the internet at www.capitecbank.co.za/investor-relations; or
- obtained, free of charge, by requesting a copy thereof from the company secretary by way of e-mail at enquiries@capitecbank.co.za or by way of post for attention: The company secretary, Capitec Bank Limited, PO Box 12451, Die Boord, Stellenbosch, 7613.

In the case of shareholders who have requested to receive communication from the Company, a summary of the financial results has been distributed together with this Notice.

2. RE-ELECTION OF DIRECTORS

Messrs Le Roux, Otto and Verster are obliged to retire by rotation at the AGM in accordance with clause 26.3.2 of the Memorandum of Incorporation of the Company ("Memorandum of Incorporation"). They are eligible for re-election.

Summary curricula vitae of the Directors listed in ordinary resolutions numbers 1 to 3 below are included in Annexure A to this Notice on page 12.

An Evaluation Committee appointed by the Directors' Affairs Committee has reviewed the composition of the Board and has determined that the Board represents an appropriate mix of diversity, skill and experience. The said committee considered the past performance of, and contributions made by the Directors. In addition, the Evaluation Committee considered the continued independence of all non-executive Directors categorised as independent. After consideration of a number of factors, the committee concluded that Mr Otto be categorised as non-executive. The Directors' Affairs Committee recommended, based on the past performance and experience of Messrs Le Roux, Otto and Verster, and their insight into the business, that the said gentlemen are eligible for re-election as Directors. Messrs Le Roux and Otto's long term involvement on the Board is especially valued for their in-depth knowledge of the Group and understanding of the fundamentals on which the Group's long term strategy is based.

The Memorandum of Incorporation requires that Directors be elected by shareholders by way of an ordinary resolution.

Ordinary resolution number 1

“Resolved that Mr Michiel Scholtz du Pré le Roux, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as non-executive Director of the Company.”

Ordinary resolution number 2

“Resolved that Mr Chris Adriaan Otto, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as non-executive Director of the Company.”

Ordinary resolution number 3

“Resolved that Mr Jean Pierre Verster, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as independent non-executive Director of the Company.”

* *The percentage of voting rights that is required for ordinary resolutions numbers 1 to 3 to be adopted is more than 50% of the voting rights exercised on each resolution.*

3. RE-APPOINTMENT OF AUDITOR

The Company, being a public company which is listed on the stock exchange operated by JSE Limited (“**JSE**”), is required to have its annual financial statements audited by an external auditor. The external auditor is required to be appointed annually by shareholders at the Company’s AGM.

PricewaterhouseCoopers Inc. is the Company’s appointed audit firm. In terms of section 92 of the Act dealing with the rotation of auditors, Ms C van den Heever was appointed as new engagement leader on 27 May 2016.

The Audit Committee of the Group has considered the continued independence of the auditor and has concluded that there is no reason to believe it has not acted with unimpaired independence at all times. The Audit Committee has therefore recommended that PricewaterhouseCoopers Inc. be re-appointed as auditor of the Company in compliance with section 90(1) of the Act.

Refer to pages 168 and 170 of the Integrated Report where matters relating to the Company’s external auditor are dealt with.

Ordinary resolution number 4

“Resolved that PricewaterhouseCoopers Inc. be re-appointed as auditor of the Company to hold office until the conclusion of the next AGM of the Company.”

* *The percentage of voting rights that is required for this ordinary resolution number 4 to be adopted is more than 50% of the voting rights exercised on the resolution.*

4. SPECIFIC AUTHORITY TO ISSUE LOSS ABSORBENT CONVERTIBLE CAPITAL SECURITIES FOR CASH

Banks Act, 1990, and the loss absorption point of non-viability (“PONV”) requirements

The relevant legislation which provides for the implementation of the Basel III Accord in South Africa (“**Capital Regulations**”) includes the Banks Act, Act 94 of 1990 (“**Banks Act**”), as read with the Regulations relating to Banks published in *Government Gazette* No. 40002 of 20 May 2016 (“**Regulations Relating to Banks**”) and certain circulars, guidance notes and directives issued by the Registrar of Banks in terms of section 6(5) of the Banks Act (in particular, Guidance Note 06/2017 headed “*Loss absorption requirements for Additional Tier 1 and Tier 2 capital*”, dated 14 August 2017 (“**Guidance Note 6**”) (which replaced Guidance Note 07/2013 dated 18 October 2013) and Circular C6/2014 dated 2 June 2014).

The Banks Act contains certain key definitions of, among other things: (i) “*common equity tier 1 capital*” (“**Common Equity Tier 1 Capital**”), (ii) “*additional tier 1 capital*” (“**Additional Tier 1 Capital**”) and (iii) “*tier 2 capital*” (“**Tier 2 Capital**”).

Regulations 38(11) and 38(12) of the Regulations Relating to Banks set out the requirements with which specified categories of instruments and/or shares (“**Capital Securities**”) must comply in order for the proceeds of the issue thereof to rank as either: (i) Common Equity Tier 1 Capital (“**Common Equity Tier 1 Capital Securities**”), (ii) Additional Tier 1 Capital (“**Additional Tier 1 Capital Securities**”), or (iii) Tier 2 Capital (“**Tier 2 Capital Securities**”).

Capital Securities may be issued by the Company and/or by its unlisted, wholly owned subsidiary, Capitec Bank Limited (“**Capitec Bank**”). The Company is the “*controlling company*” of Capitec Bank for purposes of the Banks Act.

The Banks Act, as read with the Regulations Relating to Banks and Guidance Note 6, provides for certain loss absorbent criteria under certain point of non-viability circumstances (“**Loss Absorption PONV Requirements**”). In principle, under the Loss Absorption PONV Requirements, the terms and conditions of Additional Tier 1 Capital Securities and Tier 2 Capital Securities (together, “**Loss Absorbent Capital Securities**”) must have a provision that requires the Loss Absorbent Capital Securities (at the discretion of the Relevant Authority) to either be written off (“**Write-Off**” and “**Written Off**” shall be construed accordingly) or “converted” into the most subordinated form of equity (that is, ordinary shares in the share capital of the Company (“**Ordinary Shares**”)) (“**Conversion**” and “**Converted**” shall be construed accordingly) upon the occurrence of the relevant “trigger event”.

The Relevant Authority for purposes of Basel III in South Africa will be the Registrar of Banks or such other governmental authority in South Africa (if any) as will have the responsibility of making decisions relating to the declaration of a bank as being non-viable, with the effect of triggering loss absorption within the relevant Loss Absorbent Capital Securities.

In principle, the “trigger event” for Loss Absorbent Capital Securities will be the event specified in writing by the Relevant Authority, subject to certain prescribed criteria set out in Regulations 38(11)(b) and 38(12) of the Regulations Relating to Banks (“**Regulations 38(11)(b) and 38(12)**”) as read with Guidance Note 6. A trigger event is likely only to occur where the Company or Capitec Bank, as applicable, becomes financially non-viable, as determined by the Relevant Authority.

The Loss Absorption PONV Requirements are currently contractual in nature and the required contractual provisions are set out in Regulations 38(11)(b) and 38(12) as read with Guidance Note 6. However, Guidance Note 6 has made it clear that the SARB and the National Treasury are in the process of implementing a statutory bail-in option under South African law which will provide for, among other things, the Loss Absorption PONV Requirements (“**Recovery and Resolution Legislation**”). The Recovery and Resolution Legislation will also cover “trigger events” at the point of non-viability, and it is expected that the capital ratio related triggers will be similar. It is anticipated that, once the Recovery and Resolution Legislation becomes enforceable, the contractual terms and conditions regarding Conversion or Write-off of Loss Absorbent Capital Securities already issued and qualifying as Additional Tier 1 Capital or Tier 2 Capital, as applicable, in terms of Regulations 38(11)(b) and 38(12) are likely to take precedence over the relevant Recovery and Resolution Legislation requirements, once the specified “trigger event” is breached. Therefore, the contractual terms and conditions of Loss Absorbent Capital Securities are likely to remain in force for Loss Absorbent Capital Securities issued prior to the introduction of the Recovery and Resolution Legislation.

Subject to the requirements set out in Regulation 38(11) of the Regulations Relating to Banks, Common Equity Tier 1 Capital Securities and Additional Tier 1 Capital Securities may include Ordinary Shares and certain types of preference shares (together, “**Equity Capital Securities**”). Currently, other than Ordinary Shares, the Company does not have any other category of Equity Capital Securities in issue.

At 28 February 2018 the Company had in issue 1 249 707 of the preference shares described in Schedule “2” to the Memorandum of Incorporation as “*Non-Redeemable, Non-Cumulative, Non-Participating Preference Shares*” with a par value of R0.01 (one cent) each, having the rights and privileges set out in Schedule “2” to the Memorandum of Incorporation (“**Existing Preference Shares**”).

The Existing Preference Shares’ contribution to the Company’s capital adequacy ratio reduces by 10% per annum as a result of the implementation of the “grandfathering” provisions provided for in the Banks Act.

In accordance with the Capital Regulations, where the Company or Capitec Bank, as applicable, issues Loss Absorbent Capital Securities which are to be Converted upon the occurrence of the relevant “trigger event” (“**Loss Absorbent Capital Securities (Conversion)**”), the terms of the Loss Absorbent Capital Securities (Conversion) must provide that, upon the occurrence of the relevant “trigger event” (at the discretion of the Relevant Authority), the Loss Absorbent Capital Securities (Conversion) will be Converted into Ordinary Shares. It should be noted that the ordinary shares of Capitec Bank are not listed on the JSE or on any other financial exchange whereas the Ordinary Shares are listed on the JSE. For this reason (and as set out in Guidance Note 6), where Capitec Bank issues Loss Absorbent Capital Securities (Conversion), the Loss Absorbent Capital Securities (Conversion) must, upon the occurrence of the relevant “trigger event” (at the discretion of the Relevant Authority), be Converted into Ordinary Shares (and not ordinary shares in Capitec Bank).

In accordance with the Capital Regulations, where the Company or Capitec Bank, as applicable, issues Loss Absorbent Capital Securities which are to be Written Off upon the occurrence of the relevant “trigger event” (“**Loss Absorbent Capital Securities (Write-Off)**”), the terms of the relevant Loss Absorbent Capital Securities (Write-Off) must provide that, upon the occurrence of the relevant “trigger event” (at the discretion of the Relevant Authority), the Loss Absorbent Capital Securities (Write-Off) will be Written Off. The terms of Loss Absorbent Capital Securities (Write-Off) may provide either: (i) that no compensation will be payable to the holders of the Loss Absorbent Capital Securities (Write-Off) as a result of the Write-Off; or (ii) that compensation in the form of Ordinary Shares will be paid to the holders of the Loss Absorbent Capital Securities (Write-Off) as a result of the Write-Off (such Loss Absorbent Capital Securities (Write-Off) being referred to as “**Loss Absorbent Capital Securities (Write-Off and Compensation)**”).

Specific authority to issue Loss Absorbent Convertible Capital Securities for cash

The Board may be required to issue Loss Absorbent Capital Securities for cash from time to time as part of the Company’s normal fundraising exercises to support book growth, increase its footprint nationally and to maintain a healthy capital adequacy ratio.

The JSE regards Loss Absorbent Capital Securities (Conversion) and Loss Absorbent Capital Securities (Write-Off and Compensation) (together, the “**Loss Absorbent Convertible Capital Securities**”) as being “convertible securities” for purposes of section 5.53 of the JSE Listings Requirements applicable to the Main Board of the JSE from time to time (“**JSE Equity Listings Requirements**”).

The JSE has required that all shareholder approvals in terms of the JSE Equity Listings Requirements necessary:

- (a) for the Company or Capitec Bank, as applicable, to issue Loss Absorbent Convertible Capital Securities; and
- (b) for the Company to issue Ordinary Shares as a result of the Loss Absorbent Convertible Capital Securities being Converted or Written-Off, as applicable, be obtained prior to the issue, by the Company or Capitec Bank, as applicable, of the Loss Absorbent Convertible Capital Securities. The JSE has approved the specific authority particulars incorporated in this Notice as it relates to ordinary resolution number 5.

The purpose of ordinary resolution number 5 is for shareholders of the Company to approve and authorise the Directors (A) to issue Loss Absorbent Convertible Capital Securities (and approve the issue of Loss Absorbent Convertible Capital Securities by Capitec Bank); and (B) to issue Ordinary Shares upon the occurrence of the relevant “trigger event”, where the Loss Absorbent Convertible Capital Securities are to be Converted to Ordinary Shares or Written-Off with the issue of Ordinary Shares to the holders of such Loss Absorbent Convertible Capital Securities as compensation for such Write-Off, as applicable, subject to certain terms and conditions.

Ordinary resolution number 5

“Resolved that, subject to the provisions of the Memorandum of Incorporation, the JSE Equity Listings Requirements, the JSE Listings Requirements applicable to the Interest Rate Market of the JSE from time to time (“**JSE Debt Listings Requirements**”) (where applicable), the Capital Regulations and the Act, the Directors be and are hereby authorised, by way of a specific authority, to issue:

- Loss Absorbent Convertible Capital Securities (and approve the issue of Loss Absorbent Convertible Capital Securities by Capitec Bank) (together, the “**Loss Absorbent Convertible Capital Securities**”) to a maximum aggregate Issue Price which does not exceed R1.5 billion (one billion five hundred million Rand); and
- Ordinary Shares upon the occurrence of the relevant “trigger event”, where the Loss Absorbent Convertible Capital Securities are to be (i) Converted to Ordinary Shares (“**Conversion**”) or (ii) Written-Off with the issue of Ordinary Shares to the holders of such Loss Absorbent Convertible Capital Securities as compensation for such Write-Off (“**Compensation**”), as applicable, on such terms and conditions as the Directors may deem fit and as are required to give effect to the applicable provisions of Regulations 38(11)(b) and 38(12) as read with Guidance Note 6; provided that:
 - (a) the subscription price of the Ordinary Shares, to be issued to such holders upon the occurrence of the relevant “trigger event”, shall be the greater of:
 - the arithmetic mean (that is, the volume weighted average price) of the Ordinary Shares for the 5 (five) consecutive dealing days immediately prior to the occurrence of the “trigger event”, as published by the JSE; or
 - 20% of the closing value of the Ordinary Shares, as at the issue date of the relevant Loss Absorbent Convertible Capital Securities, as published by the JSE (“**Closing Value**”);
 - (b) the number of Ordinary Shares to be received by such holders, upon the occurrence of the relevant “trigger event”, will be determined with reference to the aggregate Issue Price of the relevant Loss Absorbent Convertible Capital Securities divided by the subscription price of the Ordinary Shares determined in accordance with the formula set out above, and then rounding the resultant figure downward to the nearest whole number, it being recorded that, notwithstanding that the maximum aggregate Issue Price of the relevant Loss Absorbent Convertible Capital Securities may not exceed R1.5 billion (one billion five hundred million Rand) (as set out above) such aggregate Issue Price will be reduced (and thus fewer Loss Absorbent Convertible Capital Securities will be issued) if the Conversion and/or Compensation would result in more than 10 600 000 Ordinary Shares being issued to such holders. Accordingly the maximum number of Ordinary Shares that may be issued in terms of this specific authority, subject to the occurrence of a “trigger event”, is 10 600 000 Ordinary Shares which amounts to 9.17% of the ordinary share capital of the Company at the date of this Notice.

Example of potential dilution at current share trading levels

Assuming that the aggregate Issue Price of the relevant Loss Absorbent Convertible Capital Securities is R1.5 billion and that the Closing Value of the Ordinary Shares as at the issue date of the relevant Loss Absorbent Convertible Capital Securities is R832.46 (and higher than the volume weighted average price in the formula set out above), this would result in the issue of 9 009 442 Ordinary Shares upon the occurrence of the relevant “trigger event” which amounts to 7.79% of the ordinary share capital of the Company at the date of this Notice. This is the maximum number of Ordinary Shares that, upon the occurrence of the relevant “trigger event”, could be issued to the holders of the relevant Loss Absorbent Convertible Capital Securities, irrespective of which leg of the formula set out above is used to determine the subscription price of the Ordinary Shares, assuming a Closing Value of R832.46, and has been calculated by dividing R1.5 billion by R166.49 per Ordinary Share (being 20% of the assumed Closing Value of R832.46 per Ordinary Share).

This authority will be valid until the earlier of the date of the Company’s next AGM or 15 months from the date of this resolution.”

* *The percentage of voting rights that is required for this ordinary resolution number 5 to be adopted is at least 75% of the voting rights exercised on the resolution.*

Refer to Annexure B to this Notice for general information in respect of the above specific authority.

5. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

The Board may be required to issue Ordinary Shares for cash from time to time as part of the Company’s normal fundraising exercises to support book growth, broad based black ownership and to maintain a healthy capital adequacy ratio.

In terms of clause 6.7.2 of the Memorandum of Incorporation and section 5.52 of the JSE Equity Listings Requirements, the Directors may issue Ordinary Shares for cash if shareholders generally approve such issue at a general meeting of the Company by giving a renewable mandate. The mandate will be valid until the Company’s next AGM or for 15 months from the date of the ordinary resolution, whichever period is shorter, and will allow the Directors to issue Ordinary Shares for cash, subject to the JSE Equity Listings Requirements and to any other restrictions set out in the mandate. The purpose of ordinary resolution number 6 is for shareholders to approve the issue of Ordinary Shares for cash by the Directors, subject to certain terms and conditions.

Ordinary resolution number 6

“Resolved that, subject to the provisions of the Memorandum of Incorporation, the JSE Equity Listings Requirements, the Banks Act and the Act, the Directors be and are hereby authorised, by way of a general approval, to issue Ordinary Shares and/or options or securities which are convertible into an existing class of securities (other than Loss Absorbent Convertible Capital Securities which are dealt with under paragraph 4 above), for cash to such person or persons and on such terms and conditions as they may deem fit, provided that:

1. the authority will be valid until the earlier of the date of the Company’s next AGM or 15 months from the date of this resolution;
2. the issue must be of a class of securities already in issue or limited to such securities or rights that are convertible into a class already in issue;
3. the securities, which are the subject of the issue for cash, must be issued to public shareholders as defined in the JSE Equity Listings Requirements and not to related parties;
4. the maximum number of Ordinary Shares that may be issued in terms of this general authority is 5 781 350, it being recorded that Ordinary Shares which may be issued pursuant to a rights offer to shareholders will not diminish the number of Ordinary Shares that may comprise the number of Ordinary Shares that can be issued as contemplated in this ordinary resolution number 6. At the date of this Notice, the Company has 115 626 991 Ordinary Shares in issue, and therefore, the maximum number of Ordinary Shares that may be issued in terms of this ordinary resolution number 6 amounts to 5% of the issued Ordinary Share capital of the Company. In the event of a sub-division or consolidation of the Ordinary Share capital of the Company during the period of this authority, the number of Ordinary Shares that may be issued in terms of this ordinary resolution number 6 will be adjusted accordingly;
5. in determining the price at which an issue of equity securities may be made in terms of this general approval, the maximum discount permitted will be 10% of the weighted average traded price of the equity securities as measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the Company’s equity securities have not traded in such 30-business-day period; and
6. if the issued equity securities represent, on a cumulative basis, 5% of the number of equity securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS.”

* *The percentage of voting rights that is required for this ordinary resolution number 6 to be adopted is at least 75% of the voting rights exercised on the resolution.*

6. NON-BINDING ENDORSEMENT OF REMUNERATION POLICY AND ITS IMPLEMENTATION

The reason for and effect of ordinary resolutions number 7 and 8 is to obtain an advisory vote of shareholders on the remuneration policy of the Group and the implementation thereof as set out in the remuneration report. The votes enable shareholders to express their views on the remuneration policy adopted by the Human Resources and Remuneration Committee of the Group. Shareholders are reminded that ordinary resolutions number 7 and 8 is of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company’s remuneration policy.

The remuneration report commences on page 124 of the Integrated Report which is available at www.capitecbank.co.za/investor-relations.

Ordinary resolution number 7

“Resolved that, in line with good corporate governance practice, the remuneration policy of the Group (excluding the Directors’ fees paid to the non-executive Directors for their services as Directors and membership of Board committees) as set out in the remuneration report commencing on page 124 of the Integrated Report, be and is hereby endorsed.”

Ordinary resolution number 8

“Resolved that, in line with good corporate governance practice, the implementation report in regard to the remuneration policy of the Group (excluding the Directors’ fees paid to the non-executive Directors for their services as Directors and membership of Board committees) as set out in the remuneration report commencing on page 124 of the Integrated Report, be and is hereby endorsed.”

* *The percentage of voting rights that is required for ordinary resolutions number 7 and 8 to be adopted is more than 50% of the voting rights exercised on each of the resolutions.*

7. APPROVAL OF DIRECTORS' REMUNERATION

Section 66(9) of the Act requires that remuneration payable to Directors for their services as Directors of the Company, be authorised by shareholders by way of a special resolution.

In the circumstances, the Company requires that shareholders approve the fees payable to non-executive Directors as recommended by the Human Resources and Remuneration Committee of the Company and Capitec Bank. Non-executive Directors of the Company are paid a fixed fee for their services as Directors of the Company and Capitec Bank. The fee is not dependent on attendance at Board and Board committee meetings and is determined by the Human Resources and Remuneration Committee and approved by the full Board. The fee is adjusted on an annual basis.

The fees paid to non-executive Directors for the financial year ended on 28 February 2018 are set out on page 143 of the Integrated Report.

Executive Directors receive remuneration for services as employees of Capitec Bank. No fees are paid to them for their services as Directors of any of the companies in the Group. The remuneration policy of Capitec Bank is set out on pages 129 to 144 of the Integrated Report and the remuneration paid to the executive Directors for the financial year ended on 28 February 2018 on pages 137 to 142 and pages 230 to 234 of the Integrated Report. The purpose of special resolution number 1 is to enable the Company to pay non-executive Directors for their services rendered as Directors of the Company.

Special resolution number 1

“Resolved that, in terms of section 66(9) of the Act, non-executive Directors of the Company be paid fees for services rendered as Directors of the Company and Capitec Bank during the financial year ending on 28 February 2019, in accordance with the scale of remuneration as set out below:

Chairman of the Board*	R1 390 000
Lead independent Director**	R250 000
Board membership***	R325 000
Chairman of committees***:	
Audit Committee	R350 000
Risk and Capital Management Committee	R350 000
Human Resources and Remuneration Committee	R270 000
Social and Ethics Committee	R120 000
Committee membership***, ****	
Social and Ethics Committee membership	R65 000

* The Chairman of the Board is paid a retainer as Chairman of the Board and receives no further payment for membership of committees.

** The lead independent Director is paid a retainer as lead independent Director of the Board in addition to fees due to him for membership of the Board and Board committees as well as chairman of any Board committees.

*** Non-executive Directors receive a retainer fee per membership of the Board and each of the Board committees.

**** Excludes the Social and Ethics Committee.

No fees are payable in respect of the Directors' Affairs Committee.”

* The percentage of voting rights that is required for this special resolution number 1 to be adopted is at least 75% of the votes exercised on the resolution.

8. AUTHORITY TO REPURCHASE SHARES

8.1 Ordinary Shares

In terms of section 5.67(B)(b) of the JSE Equity Listings Requirements, but subject to the Banks Act, the Company may repurchase its Ordinary Shares, and subsidiaries of the Company (subject, in the case of Capitec Bank, to the Banks Act) may purchase Ordinary Shares, subject to the general approval of shareholders given as a renewable mandate by way of a special resolution. The mandate of the shareholders to the Directors to repurchase Ordinary Shares is subject to the requirements of the JSE Equity Listings Requirements and to any other restrictions set out in the mandate. The mandate shall be valid until the Company's next AGM or 15 months from the date of the special resolution, whichever period is shorter. The purpose of special resolution number 2 is to authorise the Company and its subsidiaries to purchase Ordinary Shares issued by the Company. The JSE Equity Listings Requirements require that the following information be disclosed to shareholders when a resolution to repurchase shares is submitted for consideration:

Refer to Annexure B to this Notice for general information in respect of:

- Directors' statement of responsibility;
- major shareholders;
- material changes; and
- the share capital of the Company.

For Directors' interest in securities, refer to pages 229 to 233 of the Integrated Report.

Statement by the Board

In accordance with the JSE Equity Listings Requirements, the Directors state that:

- i. the Directors believe that the Company should retain the flexibility to take action in the event that a repurchase is considered to be desirable and in the best interest of shareholders. One such eventuality could be the acquisition of Ordinary Shares by subsidiaries for delivery in terms of the Share Incentive Scheme, governed in terms of the Capitec Bank Holdings Share Trust deed, the terms of which were approved by shareholders at a general meeting of the Company held on 7 February 2002, and amendments thereto approved by shareholders at the annual general meetings of the Company held on 2 June 2010 and on 30 May 2014. Any repurchases under special resolution number 2 by the Company or by a subsidiary of the Company of Ordinary Shares will be at market value in accordance with the provisions set out under special resolution number 2. The Directors do not seek authority to repurchase more than 5% of the Ordinary Shares;
- ii. a repurchase of Ordinary Shares will only be effected pursuant to the authority given under special resolution number 2 if, having considered the effect of the maximum number of Ordinary Shares that may be acquired pursuant to the authority given under special resolution number 2:
 - the Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this Notice;
 - the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of this Notice, such assets and liabilities being recognised and measured in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the audited annual financial statements of the Company and the Group for the year ended 28 February 2018; and
 - the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Notice.

Special resolution number 2

“Resolved that, subject to the Banks Act, the Capital Regulations, the JSE Equity Listings Requirements and the Act, the Company and/or its subsidiaries be and are hereby authorised, by way of a general approval, to acquire any Ordinary Shares up to a maximum of 5% of the issued Ordinary Share capital of the Company, upon such terms and conditions and in such amounts as the Directors may from time to time decide, provided that:

1. such general approval shall expire at the date of the Company's next AGM or 15 months from the date of this special resolution, whichever is the earlier;
 2. the acquisition is authorised by the Company's Memorandum of Incorporation;
 3. purchases in the market will only be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
 4. an announcement, as contemplated in the JSE Equity Listings Requirements, will be published when the Company and/or its subsidiaries have acquired, on a cumulative basis, 3% of the initial number of Ordinary Shares in issue at the date of this special resolution and for each 3% in aggregate of that initial number, thereafter;
 5. the aggregate number of Ordinary Shares which may be acquired will not, in aggregate, in any one financial year, for the period from the date of this special resolution number 2 (i) up to the date of the Company's next AGM in 2019 or (ii) up to the date falling 15 months from the date of this special resolution number 2, whichever period is shorter, exceed 5% of the number of Ordinary Shares in issue in respect of which the acquisition is being made in any one financial year. It is recorded that the Board has no intention and is not considering acquisitions of more than 5% of the Ordinary Shares in the issued share capital of the Company;
 6. an acquisition may not be made at a price greater than 10% above the weighted average of the market value of the Ordinary Shares in issue for the five business days immediately preceding the date on which the transaction is effected. The JSE will be consulted for a ruling if the Ordinary Shares have not traded in such five-business-day period;
 7. at any point in time, the Company may only appoint one agent to effect any acquisition(s) on the Company's behalf;
 8. the Board has resolved: (i) to authorise the acquisition; (ii) that the Company and its subsidiaries have passed the solvency and liquidity test; and (iii) that, since the test was performed, there have been no material changes to the financial position of the Group; and
 9. Ordinary Shares may not be acquired during any prohibited period as defined in section 3.67 of the JSE Equity Listings Requirements unless a repurchase programme is in place in respect of which the dates and quantities of Ordinary Shares to be traded during such period are fixed, has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party.
- * The percentage of voting rights that is required for this special resolution number 2 to be adopted is at least 75% of the votes exercised on the resolution.

8.2 Existing Preference Shares

The Existing Preference Shares' contribution to the Company's capital adequacy ratio reduces by 10% of the original issued Existing Preference Share capital per annum as a result of the implementation of Basel III (refer to paragraph 4 above). The Board may therefore resolve, in terms of the Act, and subject to the Banks Act, that the Company and/or its subsidiaries should repurchase the Existing Preference Shares.

The JSE has reclassified the Existing Preference Shares from equity securities to hybrid financial instruments due to the securities portraying characteristics of both debt and equity securities. In terms of section 20.11 of the JSE Equity Listings Requirements, the Company is no longer obliged to comply with section 5 of the JSE Equity Listings Requirements relating to general repurchases of securities.

The purpose of special resolution number 3 is to authorise the Company and its subsidiaries to purchase over time, all the Existing Preference Shares issued by the Company, subject to the Banks Act and Capital Regulations.

Any repurchases under special resolution number 3 by the Company or by a subsidiary of the Company will be at market value in accordance with the provisions set out under special resolution number 3 and the Board currently has no intention to make any offer to shareholders to repurchase Existing Preference Shares.

The Company and its subsidiaries will not purchase Existing Preference Shares during a prohibited period as defined in the JSE Equity Listings Requirements unless a repurchase programme is in place in respect of which the dates and quantities of the said shares to be traded during such period are fixed, has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party.

In terms of the Act, the repurchase may only proceed if the Board acknowledges by resolution that it has applied the solvency and liquidity test as set out in section 4 of the Act and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the proposed acquisition.

Independent Expert Report required in terms of section 114 of the Act

The general authority to repurchase Existing Preference Shares could be subject to section 48(8)(b) of the Act in that the Company may repurchase more than 5% of the Existing Preference Shares, either in a single transaction or a series of integrated transactions and accordingly, also subject to the provisions of sections 114 and 115 of the Act. In terms of section 114(2) of the Act, the Board is required to obtain an independent expert report, which shall deal with all matters set out in section 114(3) of the Act ("**Independent Expert Report**"). Refer to Annexure C for a copy of the Independent Expert Report, which report includes, as an attachment thereto, a copy of sections 115 and 164 of the Act.

Appraisal rights for Dissenting Shareholders

In terms of section 115(8), read with section 164 of the Act, at any time before special resolution number 3 is voted on, a dissenting shareholder may give the Company a written notice objecting to special resolution number 3. (A "**Dissenting Shareholder**" is a shareholder who validly exercises his appraisal rights by demanding, in terms of sections 164(5) and 164(8) of the Act, that the Company pays to him the fair value of all of his Existing Preference Shares which the Company proposes to repurchase.)

Any potential repurchase of Existing Preference Shares from shareholders will be effected in the market at prices and volumes as offered by shareholders who wish to dispose of their investment in Existing Preference Shares, in the order book operated by the JSE trading system.

Within 10 business days after the Company has adopted special resolution number 3, the Company must send a notice that special resolution number 3 has been adopted to each Dissenting Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of special resolution number 3.

A Dissenting Shareholder may demand that the Company pays the Dissenting Shareholder the fair value for all of the Existing Preference Shares held by that person if the:

- Dissenting Shareholder has sent the Company a notice of objection as contemplated above;
- Company has adopted special resolution number 3; and
- Dissenting Shareholder has voted against special resolution number 3 and has complied with all of the procedural requirements of section 164 of the Act.

A copy of section 164 of the Act is set out as an attachment to the Independent Expert Report in Annexure C to this Notice.

Shareholders are also referred to their rights under section 115(3) of the Act, and a copy of section 115 is annexed to the Independent Expert Report as required by section 114(3)(g) of the Act.

Special resolution number 3

"Resolved that, subject to the Banks Act, the Capital Regulations, the Act, the JSE Equity Listings Requirements as may be applicable, and the Company's Memorandum of Incorporation, the Company and/or its subsidiaries be and are hereby authorised, by way of a general approval, to acquire all the Existing Preference Shares in the issued share capital of the Company, upon such terms and conditions and in such amounts as the Directors may from time to time decide, provided that:

1. purchases will only be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
2. an acquisition may not be made at a price greater than 10% above the weighted average of the market value of the Existing Preference Shares in issue for the five business days immediately preceding the date on which the transaction is effected. The JSE will be consulted for a ruling if the Existing Preference Shares have not traded in such five-business-day period;
3. the Board has resolved: (i) to authorise the acquisition; (ii) that the Company and its subsidiaries have passed the solvency and liquidity test; and (iii) that, since the test was performed, there have been no material changes to the financial position of the Group."

When a general repurchase by the Company of Existing Preference Shares takes place in accordance with special resolution number 3, the Company may inadvertently acquire shares from a Director and/or a prescribed officer of the Company, and/or a person related to a director or prescribed officer of the Company and such repurchase must, in terms of the Act, be approved by a special resolution of the shareholders. An associate of a Director holds 21 000 Existing Preference Shares as detailed in Annexure B to this Notice of AGM.

The purpose of special resolution number 4 is to authorise the Company and its subsidiaries to purchase Existing Preference Shares from a Director and/or a prescribed officer of the Company, and/or any of their associates in accordance with the terms and conditions of special resolution number 3.

Special resolution number 4

"Resolved that, subject to the Banks Act, the Capital Regulations, the Act, the JSE Equity Listings Requirements as may be applicable, and the Company's Memorandum of Incorporation, when any general repurchase of Existing Preference Shares by the Company takes place in accordance with special resolution number 3, the Company is authorised in terms of the Act, to purchase Existing Preference Shares from a Director or prescribed officer of the Company and/or a person related to a Director and/or prescribed officer of the Company.

* *The percentage of voting rights that is required for special resolutions number 3 and 4 to be adopted is at least 75% of the votes exercised on each resolution. Holders of Existing Preference Shares are also entitled to vote on special resolutions number 3 and 4.*

Shareholders should note that the JSE has classified the Existing Preference Shares as hybrid financial instruments, which do not require shareholders' approval to repurchase in terms of the JSE Equity Listings Requirements. Accordingly while the Company will continue to repurchase Existing Preference Shares after this mandate expires, Capitec will not request this authority at the next AGM, in terms of the JSE Equity Listings Requirements.

9. FINANCIAL ASSISTANCE

9.1 Financial assistance to related companies and corporations

In terms of the Act, the Board may authorise the Company to provide direct or indirect financial assistance to, *inter alia*, any company or corporation, which is related or inter-related to the Company, provided that shareholders have approved such financial assistance by way of a special resolution. The purpose of special resolution number 5 is to empower the Board to authorise the Company to, *inter alia*, grant loans to any company or corporation which is related or inter-related to the Company and to guarantee the debts of such companies or corporations.

Notice to shareholders of the Company, in terms of section 45(5) of the Act, of a Board resolution authorising the Company to provide financial assistance as contemplated in section 45(2) of the Act.

By the time that this Notice is delivered to shareholders, the Board will have resolved, in terms of the relevant authority granted by shareholders at the AGM held on Friday, 26 May 2017, that the Company will, from time to time, provide any direct or indirect financial assistance as contemplated in section 45(2) of the Act to *inter alia* any one or more companies or corporations which are related or inter-related to the Company ("**Section 45 Board Resolution**"). The provision of direct or indirect financial assistance by the Company in terms of the Section 45 Board Resolution will be subject to the Board being satisfied that: (i) immediately after providing such financial assistance, the Company will continue to satisfy the solvency and liquidity test; and that (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company, as contemplated in sections 45(3)(b)(i) and (ii) of the Act, respectively. Loans which may be granted to subsidiaries of the Company will be for purposes of normal operating activities of the Group.

Intergroup loans as at 28 February 2018

Intergroup loans are detailed in note 31 of the audited annual financial statements for the year ended 28 February 2018, included in the Integrated Report.

Inasmuch as the Section 45 Board Resolution contemplates that such financial assistance will, in the aggregate, exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders.

Special resolution number 5

“Resolved that, in terms of section 45(3)(a)(ii) of the Act, and subject to the Act, the Board be and is hereby authorised, by way of a general approval, to authorise the Company to provide, at any time and from time to time during the period of two years commencing on the date of this special resolution number 5, any financial assistance (as envisaged in sections 45(1) and 45(2) of the Act) to any company or corporation which is related or inter-related to the Company, on the terms and conditions and for such amounts as the Board may determine.”

* *The percentage of voting rights that is required for this special resolution number 5 to be adopted is at least 75% of the votes exercised on the resolution.*

9.2 Financial assistance for the acquisition of securities relating to a restricted share plan for senior managers

In terms of the Act, the Board may authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person (including employees of the Company or any company in the Group) for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that shareholders have approved such financial assistance for the acquisition of securities by way of a special resolution.

Eligible Staff

The purpose of this special resolution number 6 is to afford the Company the authority to provide any direct or indirect financial assistance for the acquisition of securities by, and/or the grant of securities to: (i) eligible permanently employed senior managers and (ii) selected employees identified through succession initiatives (“**Succession Candidates**”), (which expressly excludes any permanent members of the executive management committee and any Directors or prescribed officers of the Company or of any company in the Group (as defined in the Act) (“**Eligible Staff**”) in terms of sections 44 of the Act.

Restricted Share Plan

The Board has approved a share incentive scheme for Eligible Staff to facilitate closer alignment of Eligible Staff’s performance goals with shareholders’ expectation for the Company’s performance (“**Restricted Share Plan**”). In terms of the rules adopted in respect of the Restricted Share Plan, Ordinary Shares will be purchased in the market and not issued for purposes of the Restricted Share Plan.

In terms of the Restricted Share Plan, the Company will, from time to time, provide any direct or indirect financial assistance as may be applicable, for the acquisition of Ordinary Shares, to Eligible Staff. In terms of the Restricted Share Plan, future tranches of deferred cash bonuses that mature over a predetermined number of years (which shall be determined by the Board from time to time and is currently a minimum of 3 years) can be utilised by Eligible Staff to acquire Ordinary Shares, provided that the sale of such Ordinary Shares shall be restricted until such time as the cash bonuses would have matured in favour of Eligible Staff. In addition, in terms of the Restricted Share Plan, the Company will match such portion of the cash bonus invested in Ordinary Shares, with additional Ordinary Shares equal to 10% of such cash bonus invested in Ordinary Shares.

With respect to Eligible Staff identified by the Board for potential future succession, the Board may grant such Succession Candidates restricted Ordinary Shares (which Ordinary Shares shall be acquired in the market and not issued) in a ratio of up to 50% of their annual guaranteed remuneration package, subject to the restriction on disposal of such Ordinary Shares for two years. In the third year the Eligible Staff shall be entitled to sell up to one-third, in the fourth year up to two-thirds, and in the fifth year all, of such Ordinary Shares.

The provision of direct or indirect financial assistance for the acquisition of Ordinary Shares in terms of the Restricted Share Plan as detailed above will be subject to the Board being satisfied that: (i) immediately after providing such financial assistance, the Company will continue to satisfy the solvency and liquidity test; and that (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company, as contemplated in section 44(3)(b) of the Act.

Special resolution number 6

“Resolved that, in terms of section 44(3)(a)(ii) of the Act, and subject to the Act, the Board be and is hereby authorised, by way of a general approval, at any time and from time to time during the period of two years commencing on the date of this special resolution number 6, to provide any direct or indirect financial assistance for the acquisition of Ordinary Shares to Eligible Staff for the purpose of, or in connection with the promotion of the Restricted Share Plan (in such manner as the Board, in its discretion considers appropriate), subject to the following:

1. Eligible Staff will have voting rights and earn dividends on the Ordinary Shares acquired, but the said shares shall be restricted from sale for such period as the Board may determine in favour of the relevant participant;
2. The financial assistance for the acquisition of Ordinary Shares shall be for the purpose of, or in connection with the promotion of the Restricted Share Plan in relation to the Company; and
3. Additional restrictions or eligibility requirements or considerations may be applicable from time to time, as the Board in its discretion considers appropriate.”

* *The percentage of voting rights that is required for this special resolution number 6 to be adopted is at least 75% of the votes exercised on the resolution.*

10. OTHER BUSINESS

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the Company.

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

A. Record date

The record date in terms of section 59 of the Act for shareholders to be recorded on the shareholders’ register of the Company in order to:

- receive this Notice is Friday, 13 April 2018; and
- attend, participate and vote at the AGM, is Friday, 18 May 2018, and, accordingly, the last day to trade in order to be eligible to vote at the AGM is Tuesday, 15 May 2018.

B. Voting and proxies

(i) Shareholders are reminded that:

- a shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the AGM in place of the shareholder and shareholders are referred to the attached proxy form;
- a proxy need not also be a shareholder of the Company; and
- in terms of section 63(1) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

(ii) Certificated shareholders and dematerialised shareholders with “own-name” registration who are unable to attend the AGM and who wish to be represented at the AGM, must complete and return the attached proxy form in accordance with the instructions contained therein, so as to be received by the transfer secretary, being Computershare Investor Services Proprietary Limited, Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) or, via e-mail at proxy@computershare.co.za by no later than 14:30 on Wednesday, 23 May 2018, or handed to the chairman of the AGM before the appointed proxy exercises any of the relevant shareholder’s rights at the AGM (or any adjournment of the AGM).

(iii) Dematerialised shareholders without “own-name” registration who wish to attend the AGM in person should request their CSDP or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised shareholders without “own-name” registration who do not wish to attend the AGM but wish to be represented at the AGM must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

(iv) Shareholders present in person, by proxy or by authorised representative (“**delegates**”) shall, on a show of hands, have one vote each and, on a poll, have one vote in respect of each share held. It is intended that voting will be conducted electronically by way of a poll. Upon arrival, delegates are registered, linked to their respective profiles on the share register and given an electronic keypad with which to cast their respective votes. Upon voting, a message is displayed on the keypad screen, confirming that the vote has been registered. Results will be displayed on an overhead screen.

(v) Electronic participation

Shareholders or their proxies may participate in the AGM by way of telephone conference call. A total of 20 telecommunication lines will be available for such participation. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility must follow the instructions on Annexure D attached to this Notice. Shareholders who wish to participate in the AGM telephonically should note that they will not be able to vote during the AGM. Should such shareholders wish to vote, they must, in accordance with paragraph B(ii) or B(iii) above, as may be applicable, either:

- complete the proxy form and return it to the transfer secretary in accordance with paragraph B(ii) above; or
- contact their CSDP or broker in accordance with paragraph B(iii) above.

By order of the Board



YM Mouton

Company secretary

24 April 2018

*Summary curricula vitae
of Directors who are eligible
for re-election at the AGM*

INDEPENDENT NON-EXECUTIVE DIRECTOR

Jean Pierre Verster (37)
BComm (Hons), CA(SA), CFA, CAIA

Chairman of the Audit Committee

Jean Pierre is currently an equity portfolio manager at Fairtree Capital. Previous positions include investment analyst at 36ONE Asset Management and analyst and portfolio manager at Melville Douglas Investment Management. Prior to entering the investment management industry, he fulfilled various roles within the Standard Bank Group, including as a credit and corporate research analyst in its Global Markets Research division, where he analysed companies' financial position from a credit perspective. He commenced his career in 2005 as a financial manager in the insurance services environment, and in 2006 he gained experience as an internal auditor in the retail banking environment.

Jean Pierre was appointed to Capitec and Capitec Bank's boards on 23 March 2015.

NON-EXECUTIVE DIRECTORS

Michiel Scholtz du Pré le Roux (68)
BComm LLB, DComm (hc)

Michiel was Capitec and Capitec Bank's chairman from 2007 until 31 May 2016 when he stepped down. He continues to serve on the board as a non-executive director. He was the bank's chief executive officer until 2004.

Michiel was appointed to Capitec's board on 1 March 2001 and to Capitec Bank's board on 6 April 2000.

Chris Adriaan Otto (68)
BComm LLB

Chris is a non-executive director of PSG Group since February 2009. Chris has been involved in, and has served as an executive director of PSG Group since its formation. He was involved in PSG Group's investment in microfinance and subsequently in the establishment of Capitec Bank, of which he has been a non-executive director since its formation. He is also a director of Capevin Holdings, Distell Group, Kaap Agri and Zeder Investments.

Chris was appointed to Capitec and Capitec Bank's boards on 6 April 2000.

*Additional information required
in terms of the JSE Listings
Requirements in respect of
ordinary resolution number 5 and
special resolution number 2*

1. ANNUAL REPORT AND AUTHORITY

The Company will report the number and value of Loss Absorbent Convertible Capital Securities in issue at the end of each financial year prominently in the Integrated Report published for that financial year.

The authority to issue Loss Absorbent Convertible Capital Securities and Ordinary Shares upon the occurrence of a "trigger event", which results in a Conversion or Compensation of the Loss Absorbent Convertible Capital Securities and the issue of Ordinary Shares, will be sought from shareholders on an annual basis at the annual general meeting.

2. NON-PUBLIC SHAREHOLDERS

The Company has not specifically engaged any non-public shareholders to whom Loss Absorbent Convertible Capital Securities may potentially be issued in terms of ordinary resolution number 5.

3. RELATED PARTIES

The Company has not specifically engaged any related parties to whom Loss Absorbent Convertible Capital Securities may potentially be issued in terms of ordinary resolution number 5.

4. DETAILS OF THE COMPANY

Registered address

1 Quantum Street
Techno Park
Stellenbosch
7600

Place of incorporation

South Africa

Date of incorporation

23 November 1999

5. TRANSFER SECRETARY OF THE COMPANY

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers First Floor
15 Biermann Avenue
Rosebank
2196
(PO Box 61051, Marshalltown, 2107)

6. SHARE CAPITAL AS EXTRACTED FROM THE AUDITED ANNUAL FINANCIAL STATEMENTS OF THE GROUP AND COMPANY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018

R'000	Group		Company	
	2018	2017	2018	2017
SHARE CAPITAL AND PREMIUM				
Authorised				
Ordinary Shares				
500 000 000 shares of R0.01 each	5 000	5 000	5 000	5 000
Non-redeemable, non-cumulative, non-participating preference shares				
100 000 000 shares of R0.01 each	1 000	1 000	1 000	1 000
Loss absorbent preference shares (Conversion)⁽¹⁾				
100 000 000 shares of R0.01 each	1 000	1 000	1 000	1 000
Loss absorbent preference shares (Write-Off)⁽¹⁾				
100 000 000 shares of R0.01 each	1 000	1 000	1 000	1 000
	8 000	8 000	8 000	8 000
Issued⁽²⁾				
115 626 991 (2017: 115 626 991) shares of R0.01 each at par	1 156	1 156	1 156	1 156
Share premium	5 647 864	5 647 864	5 647 864	5 647 864
Ordinary share capital and premium	5 649 020	5 649 020	5 649 020	5 649 020
Non-redeemable, non-cumulative, non-participating preference share capital and premium⁽³⁾				
1 249 707 (2017: 1 672 844) shares of R0.01 each at par	12	17	12	17
Share premium	112 791	150 981	112 791	150 981
Total issued share capital and premium^{(3), (4), (5)}	5 761 823	5 800 018	5 761 823	5 800 018

⁽¹⁾ This class complies with bank regulatory requirements that capital instruments should be loss absorbent.

⁽²⁾ All issued ordinary and preference shares are fully paid up. No ordinary shares were cancelled in the current or prior year. 423 137 (2017: 253 660) preference shares with a value of R38.2 million (par and premium) (2017: R22.9 million) were repurchased and cancelled during the year. This was done as they no longer qualified as regulatory capital in terms of the regulations relating to banks.

⁽³⁾ The preference shares carry a coupon rate of 83.33% of the prime rate on a face value of R100 per share. The base value of preference shares phasing out in terms of Basel III is R258 969 000. At year-end, 56.45% (2017: 41.69%) of these shares had been repurchased as they no longer contributed to qualifying regulatory capital.

⁽⁴⁾ Refer to note 35 for detail regarding the buy back of shares to settle share options. During the year a loss of R151.1 million (R108.8 million after tax) (2017: R14.1 million, R10.15 million after tax) was realised on settlement of share options as reflected in the statement of changes in equity.

⁽⁵⁾ 5 781 350 (2017: 5 781 350) of the unissued ordinary shares and 100% of the non-redeemable, non-cumulative, non-participating preference shares (including the compulsory convertible and write-off classes) that were placed under the control of the directors until the next annual general meeting remained at year-end.

The Company holds no treasury shares.

7. DIRECTORS AND MANAGEMENT

The full name, age, capacity and business address of the Directors of the Company are detailed below:

Full name	Age	Capacity	Business Address
Riaan Stassen	64	Non-executive chairman	Hidden Valley, Annandale Road, Stellenbosch, 7600
Gerhardus Metselaar Fourie	54	Chief executive officer	1 Quantum Street, Techno Park, Stellenbosch, 7600
André Pierre du Plessis	56	Chief financial officer	1 Quantum Street, Techno Park, Stellenbosch, 7600
Lindiwe Angela Dlamini	48	Independent non-executive Director	PPS Insurance Co Ltd, 6 Anerley Road, Parktown, 2196
Michiel Scholtz du Pré le Roux	68	Non-executive Director	26 Rozendal Avenue, Stellenbosch, 7600
Kabelo Makwane	41	Independent non-executive Director	Accenture South Africa, Building 19, Harrowdene Office Park, Kelvin Drive, Woodmead, Johannesburg, 2054
Nkosana Samuel Mashiya	42	Executive: risk management	1 Quantum Street, Techno Park, Stellenbosch, 7600
Petrus Johannes Mouton	41	Non-executive Director	PSG Group Limited, 35 Church Street, Stellenbosch, 7600
John David McKenzie	71	Independent non-executive Director and lead independent director	4 Eyton Terrace, 28 Eyton Road, Claremont, 7708
Nonhlanhla Sylvia Mjoli-Mncube	59	Non-executive Director	1570 High Street, Highgate Village, Dainfern, 2055
Chris Adriaan Otto	68	Non-executive Director	10 Keet Street, Stellenbosch, 7600
Jean Pierre Verster	37	Independent non-executive Director	7 Northridge Avenue, Sunnyside, Germiston, 1401

The full name, age, capacity and business address of the executive management committee of the Company are detailed below:

Full name	Age	Capacity	Business Address
Gerhardus Metselaar Fourie	54	Chief executive officer	1 Quantum Street, Techno Park, Stellenbosch, 7600
André Pierre du Plessis	56	Chief financial officer	1 Quantum Street, Techno Park, Stellenbosch, 7600
Jacobus Everhardus Carstens	49	Executive: credit	1 Quantum Street, Techno Park, Stellenbosch, 7600
Willem de Bruyn	47	Executive: information technology	1 Quantum Street, Techno Park, Stellenbosch, 7600
Grant Hardy	36	Financial accountant	1 Quantum Street, Techno Park, Stellenbosch, 7600
Hendrik Albertus Jacobus Lourens	52	Executive: operations and sales	1 Quantum Street, Techno Park, Stellenbosch, 7600
Nkosana Samuel Mashiya	42	Executive: risk management	1 Quantum Street, Techno Park, Stellenbosch, 7600
Nathan Stephen Tlaweng Motjuwadi	51	Executive: human resources	1 Quantum Street, Techno Park, Stellenbosch, 7600
André Olivier	50	Executive: business development	1 Quantum Street, Techno Park, Stellenbosch, 7600
Sharon van Horsten	46	Head: recruitment and selection	89 Voortrekker Road, Bellville, 7530
Leon Venter	56	Executive: business support services	89 Voortrekker Road, Bellville, 7530
Francois Viviers	35	Executive: marketing and communication	1 Quantum Street, Techno Park, Stellenbosch, 7600

8. DIRECTORS' REMUNERATION

The remuneration of the existing Directors of the Company will not be varied as a result of the issue of Loss Absorbent Convertible Capital Securities.

9. EXPENSES

The estimated preliminary expenses, excluding VAT, relating to the issue of Loss Absorbent Convertible Capital Securities are as follows:

		R'000
Sponsor	PSG Capital	5
Legal adviser	Cliffe Dekker Hofmeyr	100
JSE document fee	JSE	21
Total		126

10. DIRECTORS' INTEREST IN SECURITIES

At 28 February 2018, the Directors held, in aggregate, 16 847 813 shares in the issued Ordinary Share capital of the Company. The individual interests of the Directors were as follows:

Ordinary Shares	Beneficial		Number of shares held		Total	%
	Direct	Indirect**	Direct	Indirect**		
2018					Shares	
AP du Plessis*		1 030 000			1 030 000	0.89
MS du P le Roux			13 301 311		13 301 311	11.50
GM Fourie*	1 861	1 005 752	7 707		1 015 320	0.88
LA Dlamini ⁽²⁾						0.00
NS Mashiya*	748				748	0.00
JD McKenzie						0.00
NS Mjoli-Mncube	75 400				75 400	0.07
PJ Mouton		12 540			12 540	0.01
CA Otto	1 064		503 930		504 994	0.44
K Makwane ⁽³⁾						0.00
R Stassen (Chairman)			902 500		902 500	0.78
JP Verster	5 000				5 000	0.00
	84 073	2 048 292	14 715 448		16 847 813	14.57
* Executive						
⁽¹⁾ No transactions occurred after year-end and before the date of approval of the annual financial statements that can impact any shareholding of any director.						
⁽²⁾ Appointed on 6 April 2017.						
⁽³⁾ Appointed on 6 April 2017.						
⁽⁴⁾ No directors resigned during the past 18 months.						
Existing Preference Shares					Shares	%
R Stassen (non-beneficial)					21 000	1.68
					21 000	1.68

11. DIRECTORS' INTEREST IN TRANSACTIONS

No Director of Capitec has or had any beneficial interest, directly or indirectly, in any transaction which is, or was, material to the business of Capitec and which was effected by Capitec during the current financial year or the immediately preceding financial year or in respect of any previous financial year which remains in any respect outstanding or unperformed.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 15 of the Notice, collectively and individually accept full responsibility for the accuracy of the information given in relation to ordinary resolution number 5 and special resolution number 2 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that ordinary resolution number 5 and special resolution number 2 contain all information required by the JSE Listings Requirements.

13. MAJOR SHAREHOLDERS OF THE COMPANY AS AT 28 FEBRUARY 2018

Shareholder	Shares held number	Shareholding %
PSG Financial Services Limited	35 484 898	30.69
Public Investment Corporation SOC	8 321 871	7.20
Limietberg Sekuriteit Proprietary Limited	7 297 063	6.31

14. MATERIAL CHANGES

There has been no material change in the financial or trading position of the Company and its subsidiaries subsequent to the publication of the Company's audited financial statements for the year ended 28 February 2018.

15. SHARE TRADING HISTORY

The share trading history of Capitec is set out below:

Monthly	Volume	Value (Rand)	High (cents)	Low (cents)
31/03/2018	5 003 074	4 480 465 443	94 950	82 300
28/02/2018	10 436 688	8 830 657 812	92 840	78 501
31/01/2018	11 585 440	10 654 870 498	109 795	70 500
31/12/2017	4 920 363	4 941 912 261	109 796	91 690
30/11/2017	3 073 727	2 954 675 234	100 000	91 700
31/10/2017	3 395 451	3 088 854 102	95 876	85 000
30/09/2017	4 467 172	3 981 069 400	92 201	85 072
31/08/2017	2 559 118	2 232 494 369	90 094	84 101
31/07/2017	3 891 795	3 187 671 660	87 000	78 200
30/06/2017	4 867 790	3 801 436 850	83 231	75 513
31/05/2017	2 241 788	1 736 181 119	80 000	74 701
30/04/2017	5 354 890	4 032 979 902	79 268	70 798
Daily	Volume	Value (Rand)	High (cents)	Low (cents)
10/04/2018	228 556	200 207 083	89 138	86 811
09/04/2018	248 436	215 343 848	87 471	85 138
06/04/2018	175 855	150 120 079	86 793	84 434
05/04/2018	367 833	316 197 495	86 891	84 399
04/04/2018	264 688	220 965 323	85 000	81 766
03/04/2018	317 558	272 340 238	87 583	84 547

16. OVERVIEW OF BUSINESS AND PROSPECTS OF THE COMPANY

The detailed overview of the business operations and the prospects of the Company are set out on page 8 to page 69 of the Integrated Report.

17. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Board is aware, that may have or have had in the recent past, a material effect on the Group's financial position.

18. FINANCIAL EFFECTS

Based on the potential issue of a maximum of 10 600 000 Ordinary Shares, upon the occurrence of a “trigger event”, which results in a Conversion or Compensation of the Loss Absorbent Convertible Capital Securities and the issue of Ordinary Shares, the financial impact on Capitec shareholders will be an approximate dilution of 9.17% in the basic earnings per Ordinary Share, headline earnings per Ordinary Share, net asset value per Ordinary Share and tangible net asset value per Ordinary Share reported for the financial year ended 28 February 2018. The aforementioned dilution is based on the reported number of Ordinary Shares in issue and the weighted average number of Ordinary Shares in issue of 115 626 991 for the financial year ended 28 February 2018 and on the assumption that the 10 600 000 Ordinary Shares were issued on 1 March 2017.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, will be available for inspection at the registered office of Capitec, during normal business hours, from the date of this Notice of AGM up to and including Friday, 25 May 2018:

- the Memorandum of Incorporation of Capitec and its subsidiaries; and
- the annual financial statements of Capitec for the past three financial years ended respectively 29 February 2016, 28 February 2017 and 28 February 2018.

All integrated reports of Capitec, including its annual financial statements, and its Memorandum of Incorporation are available on its website at <https://www.capitecbank.co.za/investor-relations>.

13 April 2018

The Directors
Capitec Bank Holdings Limited
1 Quantum Street
Techno Park
Stellenbosch
7600

Dear Sirs

INDEPENDENT EXPERT OPINION ON THE PROPOSED REPURCHASE OF PREFERENCE SHARES

Introduction

Shareholders are referred to the Notice of the annual general meeting (“**the Notice**”) of Capitec Bank Holdings Limited (“**Capitec**” or “**the Company**”) dated 24 April 2018. In the Notice, shareholders of Capitec were advised that the board of directors of Capitec (“**the Board**”) has proposed special resolution number 3 in terms of which the Company and/or its subsidiaries be authorised, by way of a general approval, to acquire preference shares described in Schedule 2 to the Company’s Memorandum of Incorporation (“**Memorandum of Incorporation**”) as “*Non-Redeemable, Non-Cumulative, Non-Participating Preference Shares*” issued by the company (the “**Existing Preference Shares**”) upon such terms and conditions and in such amounts as the Board may from time to time decide (“**the Repurchase**”).

Full details of the special resolution are contained in the Notice which will be posted to shareholders on or about Tuesday, 24 April 2018 and which will include a copy of this letter.

Scope

To the extent that the Repurchase is to entail an acquisition by the Company of more than 5% of the Existing Preference Shares over time in a single transaction or integrated series of transactions, section 48(8)(b) of the Companies Act No. 71 of 2008 (“**Companies Act**”) applies and an independent expert’s opinion is required to be obtained by the Board in terms of section 114 of the Companies Act. Section 114 of the Companies Act provides that the Company must retain an independent expert who meets the requirements of section 114(2) to compile a report to the Board concerning the Repurchase in terms of the provision of section 114(3) to the Companies Act.

Jason Partners Proprietary Limited has been appointed by the Board as the independent expert to provide a report in terms of section 114(3) of the Companies Act on the Repurchase.

Responsibility

The compliance with the Companies Act is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the Repurchase in compliance with the related provisions of the Companies Act.

Definition of fair and reasonable

“Fairness” is primarily based on quantitative issues whilst “reasonableness” focuses on the qualitative issues surrounding the particular transaction. A transaction is generally fair if the consideration received in terms of that transaction is equal to or greater than the fair value of the shares, which form the subject matter of the transaction.

It is therefore conceivable that, under certain circumstances, the transaction could be considered reasonable because of the various qualitative factors surrounding that particular transaction, even if we did not consider such to be fair. Similarly, the transaction may be considered fair taking into account the quantitative factors, but unreasonable due to certain other qualitative factors.

The approach in considering the Repurchase

In considering the Repurchase, we have taken into account the following:

- the terms and conditions of the Existing Preference Shares;
- the following conditions of the Repurchase as contained in the Notice:
 - the Repurchase will only be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
 - a purchase may not be made at a price greater than 10% above the weighted average of the market value of the Existing Preference Shares in issue for the five business days immediately preceding the date on which the transaction is effected. The JSE will be consulted for a ruling if the Existing Preference Shares have not traded in such five-business-day period;
 - the Board has resolved: (i) to authorise the purchase; (ii) that the Company and its subsidiaries have passed the solvency and liquidity test and (iii) that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries (“**Group**”);

Information utilised

In the course of our analysis, we relied upon financial and other information obtained from Capitec’s management, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formulating our opinion regarding the terms and conditions of the Repurchase include:

- the terms and conditions of the Existing Preference Shares as contained in Schedule 2 to the Memorandum of Incorporation;
- the conditions of the Repurchase as set out in the Notice;
- representations and assumptions made available by, and discussions held with the management of Capitec;
- published market data in respect of the Existing Preference Shares; and
- other information provided.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained through discussions with the management of Capitec.

Procedures performed

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness and reasonableness of the Repurchase:

- reviewed the terms and conditions of the Existing Preference Shares;
- considered the terms of the Repurchase as set out in the Notice; and
- considered the prices at which similar preference shares trade on the JSE.

Conclusions

At 28 February 2018, the numbers per class of issued shares in Capitec were:

- 115 626 991 Ordinary Shares; and
- 1 249 707 Existing Preference Shares.

Detail of the shareholding of the Directors of Capitec is included on page 229 of the Integrated Report. Since it is not known from whom the Existing Preference Shares will be repurchased, it is not possible to state the effect of the Repurchase on the interest of the individual Directors of Capitec.

The Existing Preference Shares are listed on the JSE. Dividends on the Existing Preference Shares are paid biannually at the rate of 83.33% of the prime interest rate charged by First National Bank to its customers based on an issue price of R100 per Existing Preference Share.

The market price of similar listed preference shares are fundamentally yield-based and are affected by, amongst others, the following factors:

- the prime rate of interest;
- the time between the transaction and the next dividend declaration date;
- the risk profile of the issuer of the preference shares;
- the supply of preference shares; and
- the demand for preference shares.

The ex-dividend yield of similar listed preference shares is currently between approximately 9% and 12%. The ex-dividend yield of the Existing Preference Shares was in the lower end of this range.

No firm price is proposed for the Repurchase. In terms of special resolution number 3, the Existing Preference Shares will be purchased on the open market at prices not greater than 10% above the weighted average of the market price of the Existing Preference Shares for the five business days immediately preceding the date on which a transaction is effected. Therefore, the Repurchase will be at the price determined by the market on the JSE. Based on this consideration, we are of the opinion that the terms and conditions of the Repurchase are fair and reasonable in the circumstances.

Until the price to be paid for the Existing Preference Shares is known, the probable effect on the business and prospects of Capitec cannot be determined. However, the Repurchase will have a beneficial effect on the capital structure and cost of capital of the Company since the Existing Preference Shares’ contribution to the Company’s capital adequacy ratio reduces by 10% per annum as a result of the implementation of Basel III.

A copy of sections 115 and 164 of the Companies Act is attached to this report as per section 114(3)(g) of the Companies Act.

Limiting conditions

Our opinion is necessarily based upon the information available to us up to 13 April 2018, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Repurchase have been or will be timeously fulfilled and/or obtained. Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

This opinion does not purport to cater for each individual shareholder’s circumstances and/or risk appetite, but rather that of the general body of shareholders taken as a whole. Each shareholder’s decision will be influenced by such shareholder’s particular circumstances and, accordingly, shareholders should consult with an independent adviser if they are in any doubt as to the merits or otherwise of the Repurchase.

This opinion is provided solely for the use of the Board and shareholders for the sole purpose of considering the approval of special resolution number 3.

Unless, as stipulated in this letter, this opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to us be made by Capitec or any of its affiliates, without our prior consent.

We relied upon the accuracy of the information used by us in deriving our opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Capitec.

We have also assumed that the proposed Repurchase terms will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by Capitec and we express no opinion on such consequences.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Capitec shares or the Repurchase. We also confirm that we have the necessary qualifications and competence to provide the independent opinion on the Repurchase.

Furthermore, we confirm that our fees of approximately R75 000 (excluding Value Added Tax) are not contingent upon the success of the Repurchase.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Notice to be issued to the shareholders in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

Jason Partners Proprietary Limited
Per JG Swiegers
Director

37 Dorp Street
Stellenbosch
7600

SECTION 115 OF THE ACT

115. Required approval for transactions contemplated in Part: (1) Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

- (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
- (b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

- (2) A proposed transaction contemplated in subsection (1) must be approved:
 - (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
 - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
 - (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution. (4A) In subsection (4), “act in concert” has the meaning set out in section 117(1)(b).

- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
 - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
 - (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection 7.
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
 - (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
 - (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
 - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164 OF THE ACT

164. Dissenting shareholders' appraisal rights:

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in sections 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder:
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, hold shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
 - (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.

- (13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the company’s transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company’s transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder’s rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:

(a) the company may apply to a court for an order varying the company’s obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder’s rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

Participation in the AGM
via electronic communication

CAPITALISED TERMS USED IN THIS ANNEXURE D SHALL BEAR THE MEANINGS ASCRIBED THERETO IN THE NOTICE TO WHICH THIS ANNEXURE D IS ATTACHED

1. Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (“Participants”), must apply to the Company’s transfer secretary, Computershare Investor Services Proprietary Limited (“Computershare”), by delivering the duly completed application form below to:

Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank, 2196, or posting it to PO Box 61051, Marshalltown, 2107 (at the risk of the Participant), so as to be received by Computershare by no later than 14:30 on Wednesday, 23 May 2018.

2. Important notice

2.1 A total of 20 telecommunication lines will be available.

2.2 Each Participant will be contacted between 12:30 and 14:00 on Friday, 25 May 2018, via email and/or SMS with a code and the relevant telephone number to allow them to dial in.

2.3 The cost of the Participant’s phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.

2.4 The cut-off time to participate in the AGM via electronic communication will be at 14:28 on Friday, 25 May 2018. No late dial-in will be accommodated.

Application form		
Full name of Participant:		
ID number:		
Email address:		
Cell number:		
Telephone number	(code):	(number):
Name of CSDP or broker (if shares are held in dematerialised format):		
Contact number of CSDP/broker:		
Contact person of CSDP/broker:		
Number of share certificate (if applicable):		
Signature:		
Date:		

Terms and conditions for participation in the AGM via electronic communication

1. The cost of dialling in using a telecommunication line to participate in the AGM, is for the expense of the Participant and will be billed separately by the Participant’s own telephone service provider.

2. The Participant acknowledges that the telecommunication lines are provided by a third party and indemnifies Capitec against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

3. Participants should note that they will not be able to vote during the AGM. Should Participants wish to vote, they must, in accordance with paragraphs B(ii) or B(iii) on page 11 of the Notice, as may be applicable, either:

3.1 complete the proxy form and return it to the transfer secretary in accordance with paragraph B(ii) on page 11; or

3.2 contact their CSDP or broker as set out in accordance with paragraph B(iii) on page 11.

4. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed fully and signed by the Participant.

Participant’s name

Signature

Date

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PROXY FORM

CAPITALISED TERMS USED IN THIS PROXY FORM SHALL BEAR THE MEANINGS ASCRIBED THERETO IN THE NOTICE TO WHICH THIS PROXY FORM IS ATTACHED

This proxy form is for use by certificated shareholders and dematerialised shareholders with “own-name” registration as at the record date for the AGM (see note 1).

This proxy form relates to the Capitec AGM to be held at Molenvliet Wine & Guest Estate, Old Banhoek Road, Helshoogte Pass, Stellenbosch on Friday, 25 May 2018, at 14:30 (see note 2).

Dematerialised shareholders without “own-name” registration, must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary letter of representation to attend the AGM in person and vote or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person. These shareholders must not use this proxy form.

For instructions on the use of this proxy form and a summary of the rights of the shareholder and the proxy, please see the reverse of this form.

I/We

(Please print)

of

(address)

Being the registered holder(s) of _____ Ordinary/Existing Preference(*) Shares, hereby appoint

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the AGM, as my/our proxy to attend, speak and vote on my/our behalf at the AGM (or any adjournment thereof).

(*) Delete that which is not applicable

My/Our proxy shall vote as follows:

(Indicate with a cross how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.)

		FOR	AGAINST	ABSTAIN
Ordinary resolutions				
1.	Re-election of Mr MS du P le Roux as a non-executive Director			
2.	Re-election of Mr CA Otto as a non-executive Director			
3.	Re-election of Mr JP Verster as an independent non-executive Director			
4.	Re-appointment of PricewaterhouseCoopers Inc. as auditors			
5.	Approval to issue (i) Loss Absorbent Convertible Capital Securities and (ii) Ordinary Shares upon a relevant “trigger event”			
6.	Authority to issue Ordinary Shares for cash by way of a general authority			
7.	Endorsement of remuneration policy			
8.	Endorsement of implementation of remuneration policy			
Special resolutions				
1.	Approval of the Directors’ remuneration for the financial year ending on 28 February 2019			
2.	General approval for the Company and any subsidiary company to purchase Ordinary Shares issued by the Company			
3.	General approval for the Company and any subsidiary company to purchase Existing Preference Shares issued by the Company			
4.	Authority for the Board to purchase Existing Preference Shares from Directors/prescribed officers and/or any of their associates on the terms set out in special resolution 3			
5.	Authority for the Board to authorise the Company to provide financial assistance to related companies and corporations			
6.	Authority for the Board to authorise the Company to provide financial assistance for the acquisition of Ordinary Shares in respect of a Restricted Share Plan for senior managers			

Signed at

on this

day of

2018

Signature

Assisted by (where applicable)

(state capacity and full name)

Please read the following summary of the rights contained in section 58 of the Act and the following notes to this proxy form.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT, Act 71 of 2008 ("the Act")

In terms of section 58 of the Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 12 below);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 6 below);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise (see note 3 below);
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing; and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
 - the invitation must be sent to every shareholder entitled to a notice of the meeting at which the proxy is intended to be exercised;
 - the invitation or form of proxy instrument supplied by the company must:
 - o bear a reasonably prominent summary of the rights established in section 58 of the Act;
 - o contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
 - o provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
 - the company must not require that the proxy appointment be made irrevocable; and
 - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, or at any adjournment thereof.

Notes

1. This proxy form must only be used by certificated shareholders or dematerialised shareholders with "own-name" registration.
2. A shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a proxy or proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not be a shareholder of the Company. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairperson of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder on a poll in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes. Further, should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, the proxy shall be entitled to vote as he/she thinks fit.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the Ordinary Shares in respect of which the vote is given, unless notification in writing of such death, revocation or transfer shall have been received by the Company or the transfer secretaries before the commencement of the AGM or adjourned AGM at which the proxy is used.
5. The chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
6. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this proxy form, unless previously recorded by the Company or unless this requirement is waived by the chairperson of the AGM.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. Where there are joint holders of Ordinary Shares:
 - 9.1 any one holder may sign the proxy form;
 - 9.2 the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear on the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
10. Proxy forms should be lodged with or mailed to Computershare Investor Services Proprietary Limited at the following address or via email at proxy@computershare.co.za to be received by no later than 14:30 on Wednesday, 23 May 2018 (or 48 hours before any adjournment of the AGM which date, if necessary, will be notified on SENS and in the press). Any form of proxy not returned to Computershare Investor Services Proprietary Limited by such time may be handed to the chairperson of the AGM any time before the appointed proxy exercises any of the shareholder's rights at the AGM (or any adjournment thereof):

Hand deliveries to:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Postal deliveries to:

Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown, 2107

11. Any alteration or correction made to this proxy form, other than the deletion of alternatives, must be initialled by the signatory(ies).
12. Any proxy appointed pursuant to this proxy form may not delegate his/her authority to act on behalf of the relevant shareholder.
13. In terms of section 58 of the Act, unless revoked, an appointment of a proxy pursuant to this proxy form remains valid only until the end of the AGM or any adjournment of the AGM.
14. If the AGM is adjourned or postponed, valid proxy forms submitted for the initial AGM will remain valid in respect of any adjournment or postponement of the AGM.