Capitec pays final purchase price for Mercantile and concludes acquisition

South Africa, 7 November 2019: We are pleased to announce that today marks the completion of Capitec's acquisition of Mercantile Bank. The final payment has been paid today as well. Capitec Bank welcomes the Mercantile team as well as the clients of the bank to the Capitec family. This is an exciting time for both Capitec and Mercantile and brings new opportunities for both companies, for the Staff at Capitec and Mercantile and for Small Business Owners and Entrepreneurs. Together we will build Capitec's Business Banking offering using the "firm foundation" created by Mercantile.

Why did we purchase Mercantile?
We believe there's an opportunity to offer a business banking solution, which is based on the same fundamentals that made Capitec successful in the retail banking sector. This applies to any business needing a no frills digitally led banking solution. The acquisition of Mercantile will fast track the bank's objective to expand its focus to a broader bank strategy.

Mercantile's core business offer is banking for established small to medium sized enterprises and entrepreneurs. It is therefore well positioned to align with Capitec Bank's business banking strategy. Mercantile was offered for sale by its shareholder, Caixa, a Portuguese bank, due to it divesting from non-core operations outside of Portugal as part of its recapitalisation plan.

How did the process take place?
1. Our vision expanded
We identified the opportunity to offer a business banking solution based on the same fundamentals that have transformed the retail banking sector – simplicity, affordability, transparency and personalised service.

2. Opportunity knocked

In late 2017 Mercantile was put up for sale. Our team performed an in-depth due diligence to determine whether the opportunity presented by Mercantile fulfilled Capitec's expectation to build the best business banking strategy. The conclusion was that Mercantile did in fact offer a unique opportunity.

3. Game on

On 31 August 2018 Capitec submitted a formal bid to buy Mercantile Bank.

4. Meeting the requirements

Before the deal could be finalised, regulatory approval had to be obtained from the Competition Commission, the South African Reserve Bank and the Minister of Finance. All regulatory approvals and contractual conditions were met on 9 October 2019.

5. Day 1: 7 November 2019

The sale was finalised and Capitec paid R3.56 billion for Mercantile. 7 November was the first official day that Mercantile became part of Capitec.

Next Steps

For now, the two banks will be run independently with retail clients served in Capitec branches and Business Banking clients referred to Mercantile.

We believe our acquisition of Mercantile will create exciting opportunities for both Mercantile and Capitec employees. Our need for skilled people will significantly increase to achieve our desired growth.