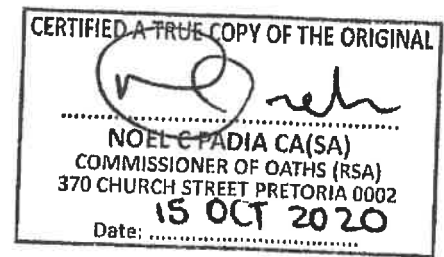




South African Reserve Bank
Prudential Authority



Confidential

Ref.: 15/1/1_CAP5510v
5511v
5512v

Mr G M Fourie
Chief Executive Officer
Capitec Bank Limited
P O Box 12451
Die Boord
Stellenbosch
7613

Dear Mr Fourie

Capitec Bank Limited: application in terms of section 37(2)(a)(iv) read with section 37(2)(c) of the Banks Act 94 of 1990 for permission for Capitec Bank Limited to acquire more than 74% of the issued share capital in Mercantile Bank Holdings Limited;

Capitec Bank Limited: application in terms of section 52(1)(a) read with section 52(5) of the Banks Act 94 of 1990 for permission to acquire 100% of the shareholding in Mercantile Bank Holdings Limited, as a subsidiary of Capitec Bank Limited; and

Capitec Bank Limited: application in terms of section 54(1)(b) of the Banks Act 94 of 1990 for permission to transfer 100% of the assets and liabilities of Mercantile Bank Limited to Capitec Bank Limited, within a period of 24 months, following the acquisition of Mercantile Holdings Limited by Capitec Bank Limited

Reference is made your applications, co-signed by your Mr Jan-Hendrik de Beer, dated 19 February 2019.

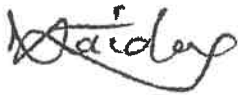
Following the necessary consultation with the Minister of Finance, approval is hereby granted, in terms of section 37, 52 and 54 of the Banks Act 94 of 1990 to acquire 100% of the shareholding in Mercantile Bank Holdings Limited (Mercantile Holdings), as a subsidiary of Capitec Bank Limited (Capitec) and to transfer 100% of the assets and liabilities of Mercantile Bank Limited to Capitec, within a period of 24 months, following the acquisition of Mercantile Holdings by Capitec.

The above-mentioned authorisation is subject to the conditions stipulated in the document attached hereto as Annexure A. The PA reserves the right to reconsider and/or amend the aforementioned conditions should circumstances so warrant.

Finally, the PA wishes to confirm having received the fee of R6 900.00, payable in terms of the Regulations relating to Banks, in respect of the section 52 application. Please find enclosed the relevant tax invoice.

Should you have any queries in this regard, please do not hesitate to contact Mr Prince Khandabila at telephone number 012 399 7129.

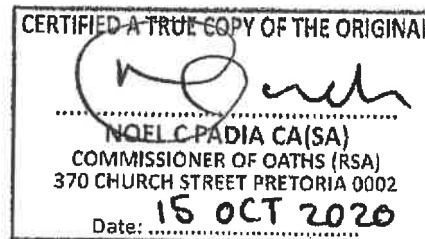
Yours sincerely



Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 9 October 2019

Encl. 2





MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262
P O Box 29, Cape Town 8000 Tel +27 21 464 6100 Fax +27 21 461 2934
Website : www.treasury.gov.za , email : minreg@treasury.gov.za

Ref: M3/10/1(901/19)

Mr Kuben Naidoo
Deputy Governor and CEO: Prudential Authority
South African Reserve Bank
P O Box 427
PRETORIA
0001

Dear Deputy Governor

**APPLICATION BY CAPITEC BANK LIMITED FOR APPROVAL TO ACQUIRE SHARES IN
MERCANTILE HOLDING LIMITED IN TERMS OF SECTION 37 OF THE BANKS ACT; AND
THE TRANSFER OF ASSETS AND LIABILITIES IN TERMS OF SECTION 54 OF THE
BANKS ACT, 1990**

Reference is made to your letter dated 16 August 2019 regarding the above-mentioned matter, which has been forwarded to the National Treasury for my consideration.

I note the request by Capitec Bank Limited (Capitec), for:

- i) permission to acquire more than 74 per cent of the issued share capital in Mercantile Bank Holdings Limited (Mercantile Holdings) in terms of the section 37(2)(a)(iv) of the Banks Act, 1990, (Banks Act); and
- ii) the transfer of 100 per cent of the assets and liabilities of Mercantile Holdings to Capitec in terms of section 54(1)(b) of the Banks Act.

In the interest of financial stability, financial inclusion and ensuring the long-term sustainability of Capitec specifically and the banking system as a whole, in principle, I am in support of the transaction. It is my considered view that the transaction will not be contrary to public interest, the interest of the bank or that of depositors.

Therefore, in terms of section 37(2)(a)(iv) of the Banks Act, I approve the acquisition by Capitec of more than 74 per cent of the issued share capital in Mercantile Holdings. Furthermore, I consent to the transfer of 100 per cent of assets and liabilities from Mercantile Holding to Capitec in terms of section 54(1)(b) of the Banks Act subject to the conditions imposed by the Prudential Authority.

Please accept the assurance of my highest consideration and best wishes.

I remain,

Yours sincerely

TT MBOWENI, MP
MINISTER OF FINANCE

Date: 1/10/2019

CERTIFIED A TRUE COPY OF THE ORIGINAL

JvB LOUW 79658
CONVEYANCER
COMMISSIONER OF OATHS
4th FLOOR 14 LONG STREET, CAPE TOWN

JOHN VAN BREDA LOUW

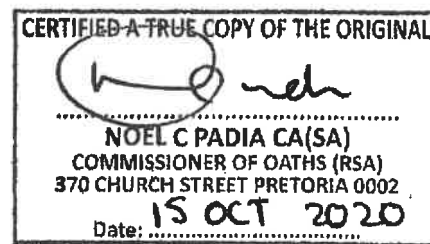


South African Reserve Bank
Prudential Authority

Confidential

Ref.: 15/1/1_CAP2797w

Mr A P Du Plessis
Financial Director
Capitec Bank Limited
P O Box 12451
Die Boord
Stellenbosch
7613



Dear Mr Du Plessis

Capitec Bank Limited: Finalisation of the acquisition Mercantile Bank Holdings Limited

1. The following correspondence bears reference:
 - 1.1. the letter from the Prudential Authority (PA) dated 9 October 2019;
 - 1.2. your letter dated 8 November 2019; and
 - 1.3. the email from your Ms Yolande Mouton dated 1 July 2020.
2. The PA hereby acknowledges receipt of your letter dated 8 November 2019 and confirms having noted that the transaction to acquire 100% of the issued share capital of Mercantile Bank Holdings Limited by Capitec Bank Limited (Capitec) had been concluded.
3. Furthermore, the PA confirms that the Minister of Finance has consented in terms of section 54(1) of the Banks Act 94 of 1990 (the Banks Act) to the transfer of 100% of the assets and liabilities of Mercantile Bank Limited to Capitec within a period of 24 months following the acquisition of Mercantile Bank Holdings Limited by Capitec.
4. In this regard, your attention is drawn to the provisions of section 54(8) of the Banks Act which stipulates that:

"The Commissioner, every Master of the High Court and every officer or person in charge of a deeds registry or any other office, if, in the office of such Commissioner, Master, officer or person or any register under the control of such Commissioner, Master, officer or person there-

- (a) *is registered any title to property belonging to, or any bond or other right in favour of, or any appointment of or by;*
- (aA) *is registered any share, stock, debenture or other marketable security in favour of; or*
- (b) *has been issued any licence to or in favour of,*

any bank which has amalgamated with any other bank, or any bank which has transferred all or part of its assets, liabilities or assets and liabilities referred to in subsection (1) or (1B), to any other bank or person shall [emphasis], if satisfied

- (i) *that the Minister has consented in terms of subsection (1) to the amalgamation or transfer or that the Authority has consented in terms of subsection (1B) to the transfer; and*
- (ii) *that such amalgamation or transfer has been duly effected,*

and upon production to such Commissioner, Master, officer or person of any relevant deed, bond, share, stock, debenture, certificate, letter of appointment, licence or other document, make such endorsements thereon and effect such alterations in the registers of such Commissioner, Master, officer or person as may be necessary to record the transfer of the relevant property, bond or other right, share, stock, debenture, marketable security, letter of appointment or licence and of any rights thereunder to the amalgamated bank or, as the case may be, to the bank or person that has taken transfer of the said assets, liabilities or assets and liabilities in question."

5. The PA accordingly has no objection to the Registrar of Deeds endorsing all relevant deeds and bonds as contemplated by section 54(8) of the Banks Act and effecting such alterations in the registers as may be necessary to effect the transfer of assets and liabilities of Mercantile Bank Limited to Capitec in accordance with the approval granted by the Minister terms of the section 54 of the Banks Act.

Yours sincerely

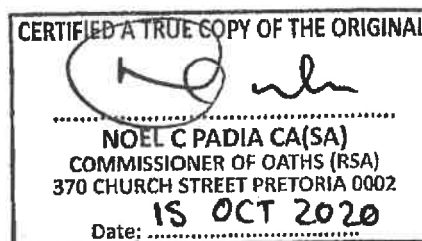
Signed by: Kerwin Riaan Martin
Signed at: 2020-07-09 10:50:07 +02:00
Reason: I approve this document

K Martin

K R Martin

Divisional Head: Financial Conglomerate Supervision Department

Date: 09/07/20





08 November 2019

Bank Analyst: Financial Conglomerate Supervision Department
South African Reserve Bank
Reserve Bank Building
370 Helen Joseph Street
Pretoria
0002

Dear Prince

Finalisation of the Acquisition of Mercantile Holdings

General condition 6 of the correspondence received from the Prudential Authority on 9 October 2019, titled Capitec Bank Limited – section 37_52 and 54 applications, required the Prudential Authority to be informed in writing once the acquisition of Mercantile Holdings has been finalised.

We hereby wish to inform the Prudential Authority that the acquisition of Mercantile Holdings was finalised on 7 November 2019.

Sincerely

A handwritten signature in black ink, appearing to read 'André du Plessis', written over a horizontal line.

André du Plessis
Chief Financial Officer

CERTIFIED A TRUE COPY OF THE ORIGINAL

A handwritten signature in black ink, appearing to read 'John van Breda', written over a horizontal line.

J.V.B. LOUW
CONVEYANCER
COMMISSIONER OF OATHS
101 SANDHOLM DRIVE, STALEN, CAPE TOWN

JOHN VAN BREDA CA 34
79658

/gh