

Capitec Bank Holdings Limited
Incorporated in the Republic of South Africa
Registration number 1999/025903/06
Registered bank controlling company
Ordinary Share Code: CPI ISIN Number: ZAE000035861
Preference Share Code: CPIP ISIN Number: ZAE000083838
("Capitec")

INVESTMENT IN AN INTERNATIONAL ONLINE LENDING GROUP

Capitec has long expressed the desire to internationalise at the right opportunity. Shareholders are herewith advised that it has found a suitable international investment opportunity in Cream Finance Holding Limited ("Creamfinance"), a globally expanding online lending group.

Creamfinance is registered in Cyprus and the group provides online consumer loan products in a number of countries, including Poland, Latvia, Georgia, the Czech Republic, Mexico and Denmark. Its business model, sophisticated technology and advanced credit scoring methods align the Creamfinance group (Creamfinance and its subsidiaries) with Capitec's business model and supports its long term digital strategy. Creamfinance's management team is innovative with a pragmatic approach, cost conscious and focused on simplicity and prioritisation of resources and capital, creating a cultural fit with the approach followed by Capitec.

We believe that Creamfinance will provide Capitec's management with the opportunity to gain experience in entering and operating in foreign countries, more specifically advancing credit in the international and online environment and to work with a foreign partner to manage an international business.

Capitec will not be involved in the day to day operation of Creamfinance, but will focus on providing strategic input and give access to skills in key areas such as information technology, credit management in general and the development of term loan products.

Creamfinance continuously investigates entry opportunities into new markets and their online business model has been developed in such a way that new countries can be entered swiftly and efficiently, requiring limited investment in local infrastructure.

Key features of the transaction

- Capitec will acquire an interest of 40% in Creamfinance for €21 million;

- The investment will be done in three tranches at nine month intervals, subject to specific agreed performance measures being met. The first tranche of €6.7 million will give Capitec an interest of 19.43% in Creamfinance. The second tranche will increase Capitec's shareholding to 31.25% and will amount to €7.1 million. The third tranche of €7.2 million will increase Capitec's shareholding to 40%;
- Existing shareholders of Creamfinance have the option to sell a further 9% shareholding in Creamfinance to Capitec at a maximum cost of €5.4 million ("the put option"), which would increase Capitec's interest to 49%. The put option can be exercised at the time of the 2nd or 3rd investment tranches, but remains subject to Creamfinance meeting the investment criteria for the relevant tranches;
- It is not the intention for Capitec to become a controlling shareholder;
- The two founders will each maintain an interest of at least 10.0% in Creamfinance. The balance of the shares in Creamfinance is held by Whirlon Investments Limited, Basic Group Limited and other small shareholders; and
- Capitec will initially have the right to nominate one director on the board of Creamfinance. This position will be filled by André du Plessis, CFO of Capitec. The second tranche will entitle Capitec to nominate a second director to serve on the board which will be filled by Gerrie Fourie, CEO of Capitec.

Founders of Creamfinance

- Matiss Ansviesulis, CEO of Creamfinance. He holds a BSc (Hons) in Business Studies from Lancaster University Management School (UK). He is the co-founder of Creditclub, the first P2P lending service in Latvia. He worked at JP Morgan, London in risk management and money market trading from 2009 to 2012; and
- Davis Barons, Chairman of Creamfinance. He is a successful entrepreneur and founder of the Latvian and Czech non-bank lender associations.

Advantages of the transaction for Capitec

- Develop experience in the management of a foreign business through a partnership approach;
- Create a revenue source designated in a diverse pool of foreign currencies;
- Access an income stream from a high growth industry that has potential for sustainable growth and internal capital generation; and

- Gain insight into a technologically advanced and sophisticated credit scoring model and information technology platform, supporting Capitec's long term digital strategy.

The South African Reserve Bank has approved the Capitec investment of up to 49% in Creamfinance as required in terms of the Banks Act (Act 94 of 1990).

Capitec looks forward to a successful partnership with Creamfinance.

24 March 2017

Stellenbosch

Sponsor: PSG Capital Proprietary Limited