

Bidvest bids for Mercantile

JOHANNESBURG – Mercantile Bank Holdings ([JSE:MTL](#)), the lender controlled by Portugal’s Caixa Geral de Depositos SA, share price jumped 25% to 25c after it received an unsolicited takeover offer from Bidvest of R0.355 a share.

Soon after the announcement Mercantile said IFC had loaned it €50m to be lent to small businesses.

Last year May Mercantile received an offer from small corporate bank Sasfin, [which was later called off](#). The two announced they had signed a memorandum of understanding (MOU) about a [potential merger in May](#). At the time of the announcement, Patrice Rassou, a banking analyst from Sanlam Investment Management (SIM), said it seemed as if the Portuguese government was trying to sell down its majority stake in Mercantile.

Sens

For more read the full Sens on both announcements below

Bidvest to acquire Mercantile

RECEIPT OF AN UNSOLICITED EXPRESSION OF INTEREST TO ACQUIRE THE ENTIRE ISSUED SHARE [capital](#) OF MERCANTILE AND CAUTIONARY ANNOUNCEMENT

1 Background

Mercantile shareholders are advised that on 30 June 2011 the Board of Directors of Mercantile (“the Board”) received an unsolicited firm intention (“the firm intention”) to acquire the entire issued share capital of Mercantile from The Bidvest Group ([JSE:BVT](#)) Limited (“Bidvest”) (“the Offer”).

2 Offer Consideration

The aggregate consideration in terms of the Offer will be R0.355 per ordinary share (“offer share”), less the sum of any dividend declared and paid or distribution made per offer share after the date of the Offer and before the [settlement](#) of the Offer, and any amount for which Mercantile itself is liable by way of taxes on such [dividends](#) or distributions (divided by the number of offer shares) (“offer consideration”). The offer price represents a 69% premium to the 30 day volume weighted average traded price (“VWAP”) calculated as at the close of trade on Friday 24 June 2011.

3 Conditions Precedent

The Offer will not be made unless Bidvest receives by not later than

- 22 July 2011, in relation to their shareholding, a signed undertaking from Caixa Geral De Depositas S.A., undertaking to accept the Offer;
- 29 July 2011, written approval from Mercantile for a confirmatory due diligence to be performed at Bidvest’s cost by PwC to confirm that the net asset value of Mercantile is in excess of R1.539 billion at the date of completion of the confirmatory due diligence; and

- 5 August 2011, written approval of the offer documentation by the relevant regulatory authorities (including the Financial Surveillance Department of the South African Reserve Bank, the Registrar of Banks, the JSE ([JSE:JSE](#)) and the Takeover Regulation Panel (“TRP”)).
- If the conditions precedent above are fulfilled Bidvest will be obliged to make the Offer within 10 business days after the date on which the last of the conditions precedent are fulfilled or waived (as the case may be). Bidvest may in its absolute discretion extend the dates or, where possible, waive the conditions precedent. The implementation of the Offer is the subject to the fulfillment of the following conditions precedent:
 - Acceptance or approval, as the case may be of the Offer by Mercantile shareholders owning at least 90% of the offer shares;
 - Confirmation is received from PwC, subject to the completion of the confirmatory due diligence, that the net asset value of Mercantile as at the date of the completion of the due diligence, is in excess of R1.539 billion;
 - The acquisition by Bidvest of Mercantile being approved unconditionally under the Competitions Act, 89 of 1998, or subject to such conditions as Bidvest may approve in writing, such approval not
 - Any other regulatory approvals as may be necessary to give effect to the Offer being obtained including, but not limited to, such approvals as may be required by the Financial Surveillance Department of the South African Reserve Bank, the Registrar of Banks; and
 - The final date for the fulfillment of the above conditions is 30 November 2011, failing which the Offer will lapse and be of no further force and effect, unless Bidvest in its absolute discretion extends such date by written notice to Mercantile. Should the Offer become unconditional and be accepted in respect of 90% of the offer shares, then Bidvest will exercise its right to expropriate the balance of the offer shares in terms of the provisions of the [Companies Act](#) No.71 of 2008 (“the Act”) as read together with the regulations promulgated in terms thereof (“the Regulations”).

4 Affected transaction

The Offer results in an affected transaction in terms of the Takeover Regulations established in terms of section 120 and 123 of Act. Rand Merchant Bank, a division of FirstRand ([JSE:FSR](#)) Bank Limited, has provided the TRP with the necessary guarantee as required by the Regulations.

In accordance with the Regulations, the Board will be appointing independent external advisors to provide appropriate advice to shareholders.

5 Cautionary Announcement

Shareholders are advised to exercise caution when dealing in their Mercantile shares until further announcements in respect of the Offer are

IFC loans Mercantile €50m

IFC, a member of the World Bank Group, is mobilising an equivalent of up to 50 million Euros in South African Rand financing for Mercantile to help it increase its lending to smaller businesses, including financing energy efficient and renewable energy projects to reduce CO2 emissions and energy costs.

The investment consists of a loan of up to Euro48.4 million from IFC’s own account and a second loan of up to Euro1.6 million from the World Bank- administered Clean Technology Fund. The investment will

help South African SMEs more easily obtain the funds they need to grow, supporting the long-term development of the sector. IFC's financing in South African Rand will reduce risk for the smaller businesses by enabling access to long-term local currency funding to spur economic development.

Dave Brown, CEO of Mercantile Bank said, "This partnership funding will enhance our capacity to grow our presence in supporting the development of private business in South Africa and open up opportunities to finance energy efficient projects"