

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Separate Financial Statements

for the 9 months ended 30 September 2023

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

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Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Corporate Details

Country of Incorporation	South Africa
Registration number	1994/007994/06
Independent non-executive chairman	T Dloti
Executive directors	ZN Manyathi (chief executive officer) RS Garach (chief financial officer) DA Polkinghorne
Independent non-executive directors	T Dloti D Dharmalingam (Appointed 19 May 2023) RN Hutchinson (Resigned 31 March 2023) LA Dlamini CR Howell RM Maleka ZN Malinga H Ralinala PJ Temple
Non-executive directors	KG Bungane
Company secretary	P Kasaven
Transfer agent	Nedbank Limited, acting through its Corporate and Investment Banking Division 135 Rivonia Road Fourth Floor, Block F 135 Rivonia Campus Sandown, Sandton 2196
Auditor	KPMG Inc.
Registered office	5 Arundel Close Kingsmead Office Park Durban 4001

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Corporate Details

Postal address

P O Box 3211
Durban
4001

Website

www.grindrodbank.co.za

Email

enquiries@grindrodbank.co.za

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Directors' Responsibilities and Approval


The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the affairs of Grindrod Financial Holdings Limited (the Company) as at 30 September 2023 and the results of its operations and cash flows for the period then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act. The external auditors are engaged to express an independent opinion on the financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors (the board) sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risks cannot be fully eliminated, the Company endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

A sound corporate governance framework commits the Company to high standards of business ethics. The framework guides the board, as the custodian of responsible corporate governance, in the formulation and implementation of the Company strategy to achieve targeted performance and create sustainable value to the benefit of all stakeholders. The framework comprises appropriate policies, procedures and power of execution to ensure that governance objectives are properly implemented, managed, reviewed and adjusted. This ensures responsible corporate citizenship through regulatory and best practice adherence, effective and ethical leadership and sustainable value creation.

The financial statements set out on pages 16 to 25 which have been prepared on the basis as disclosed on page 9 of the Directors' Report, were approved by the board of directors and were signed on 26 January 2024 on its behalf by:



T Dloti
Chairman

DocuSigned by:
Zweli Manyathi
8CEBF1A7E39E40C...

ZN Manyathi
Chief executive officer

DocuSigned by:
Rakesh Garach
37143140698244E...

RS Garach
Chief financial officer

Grindrod Financial Holdings Limited

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Certificate by the Company Secretary

The company secretary hereby certifies in terms of section 88(2) of the Companies Act of South Africa (71 of 2008) (the Companies Act), that the Company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the 9 months ended on 30 September 2023.

DocuSigned by:

Prishani Kasaven

7D7EC3F76BE8454...

P Kasaven

Company Secretary

26 January 2024

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Directors' Report

The directors have pleasure in presenting their report which forms part of the financial statements of the Company for the 9 months ended 30 September 2023. The financial year end of the Company was changed to align with the holding company.

Nature of business

The Company is a bank holding company and sole shareholder of Grindrod Bank Limited (Grindrod Bank), a registered specialist investment bank that provides bespoke financial services to private, corporate and institutional clients.

Change in Holding Company

African Bank Limited (African Bank) acquired 100% of the ordinary share capital of Grindrod Financial Holdings Limited (Grindrod Financial Holdings), which represents 100% of the voting rights, and 100% of the preference shares issued by Grindrod Bank. All regulatory, legislative and contractually required approvals were obtained on 6 October 2022, with an effective date of 1 November 2022.

Financial statements

Grindrod Financial Holdings Limited is a wholly owned subsidiary of African Bank Holdings Limited, a company incorporated in the Republic of South Africa. The investment in subsidiary is set out in note 2. African Bank Holdings Limited has prepared the consolidated financial statement at 30 September 2023.

Review of financial results and activities

Effective 1 November 2022, Grindrod Financial Holdings (bank holding company) became a wholly owned subsidiary of African Bank. As a result the company is dormant and the ultimate holding company prepares all consolidations. No transactions were processed by Grindrod Financial Holdings limited for the 9 months ended on 30 September 2023.

Authorised and issued share capital

Details of the authorised and issued ordinary share capital are disclosed in note 3 of the financial statements.

Grindrod Financial Holdings Limited

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Financial Statements for the 9 months ended 30 September 2023

Directors' Report

Board of Directors

The board was reconstituted following the acquisition of Grindrod Financial Holdings by African Bank. At 30 September 2023, and the date of this report, the board consisted of the following members:

Name	Designation	Meeting attendance	Date of appointment	Date of resignation
T Dloti ¹	Independent non-executive director (Chairman)	6	October 2022	
LA Dlamini	Independent non-executive director	6	November 2022	
D Dharmalingam	Independent non-executive director	6	May 2023	
CR Howell	Independent non-executive director	6	September 2022	
RN Hutchinson-Keip ²	Independent non-executive director	6	October 2022	March 2023
RM Maleka	Independent non-executive director	6	October 2021	
ZN Malinga	Independent non-executive director	6	April 2017	
H Ralinala	Independent non-executive director	6	October 2022	
PJ Temple	Independent non-executive director	6	November 2022	
KG Bungane	Non-executive director	6	October 2022	
ZN Manyathi ³	Chief executive officer	6	October 2022	
RS Garach	Chief financial officer	6	July 2019	
DA Polkinghorne	Company Executive Coverage and Business Development	6	January 1999	

¹ Appointed Chairman in October 2022.

² Resigned as INED, Chairmen of the ACC and member of CLEC in March 2023.

³ Appointed CEO in October 2022.

Company secretary

Name	Date of appointment	Date of resignation
P Kasaven	October 2022	
PW Bester	September 2020	October 2022

Country of incorporation

South Africa

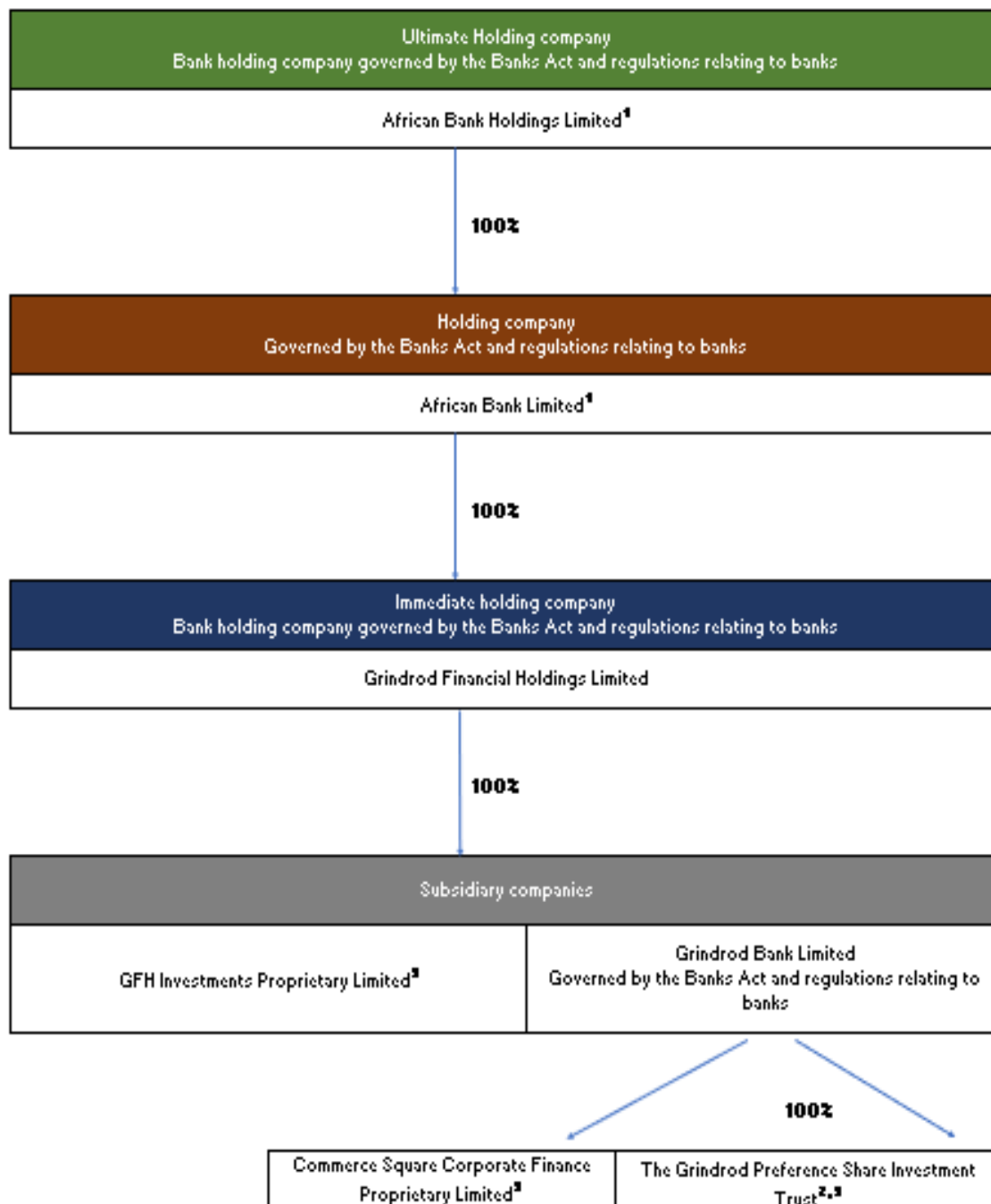
Grindrod Financial Holdings Limited

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Directors' Report

Holding company and subsidiaries



¹ African Bank acquired 100% of the ordinary shares in Grindrod Financial Holdings and 100% of the preference shares in Grindrod Bank from Grindrod Limited on 1 November 2022. African Bank is 100% owned by African Bank Holdings Limited (African Bank Holdings).

² GPSIT Deregistered by the Master of the High Court on 22 August 2023.

³ Dormant entities, deregistered during the course of the financial year.

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Financial Statements for the 9 months ended 30 September 2023

Directors' Report

Going concern

Effective 1 November 2022, Grindrod Financial Holdings became a wholly owned subsidiary of African Bank. The consolidated banking group (African Banking and Grindrod Bank) are currently operating under two separate banking licenses. The intention of the board of directors is to effect an amalgamation in terms of section 54 of the Banks Act, subject to regulatory approval, within 12 months from 30 September 2023 such that the assets and liabilities will be transferred to African Bank and Grindrod Bank's banking license subsequently cancelled.

The purpose of the section 54 amalgamation is to drive operational efficiency whereby the consolidated banking group can operate under a single banking license. The amalgamation will not change the expected method of realisation of assets that are transferred from Grindrod Financial Holding to African Bank. Given the amalgamation of Grindrod Bank Limited into African Bank Limited, the Company will no longer hold the investment in Grindrod Bank Limited and the Company is expected therefore to cease trading within 12 months from reporting date. The requirement of IFRS states that the financial statements cannot be prepared on the going concern basis, but on an alternative basis if an entity is expected to cease trading within the foreseeable future.

IFRS is not prescriptive on the alternate basis for preparing financial statements if the entity is no longer deemed to be a going concern. Accordingly the financial statements have been prepared on a non-going concern basis.

Events after reporting date

The directors are not aware of any matter or circumstance arising since the reporting period date, other than noted above, that has a material impact on the financial statements.

Directors' interest

The directors and prescribed officers did not have any interest in the ordinary shares of the Company nor in the preference shares of the Company. The directors did not have an interest in any third party or company responsible for managing the business activities of the Company. Transactions with directors and prescribed officers are entered into in the normal course of business under terms that are no more favourable than those with third parties.

Auditor

KPMG Inc.

Preparer of financial statements

Makgabo Mphahlele CA (SA) (head of finance), under the supervision of Rakesh Garach CA (SA) (chief financial officer).

Registered address

5 Arundel Close, Kingsmead Office Park, Durban, 4001

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Audit and Compliance Committee Report

The audit and compliance committee (the committee) have pleasure in presenting their report which forms part of the financial statements of the Company for the 9 months ended 30 September 2023.

Role and key functions

The committee is a statutory board committee that assists the board in its corporate governance supervision responsibilities, and is appointed by the board in terms of section 94 of the Companies Act read with section 64 of the Banks Act. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the board, within formally approved terms of reference, which are reviewed and approved annually by the board.

Role of the committee

The overall objectives and role of the committee are to:

- Provide oversight of the financial reporting process and related risk management function;
- Review the internal control and assurance processes;
- Review the integrity of financial information and the presentation of accurate financial reports in compliance with the applicable regulations and accounting standards;
- Manage and oversee the performance, conduct, quality and effectiveness of the Company's internal audit function;
- Provide oversight of the Company's compliance function;
- Appoint, manage and oversee the relationship with the external auditors including the effectiveness and independence of the external audit function;
- Oversight of information technology risk, related controls and governance as it relates to financial reporting; and
- Ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to the Company.

The committee is also, subject to board approval, authorised to investigate any activity within the scope of its terms of reference and to interact with the directors, management, employees and assurance providers and to obtain independent professional advice to ensure effective governance.

Composition of the committee

The committee composition satisfies the requirements of the Companies Act and the Banks Act. Members of the committee are appointed following an assessment by the directors' affairs committee, of their collective qualifications and experience and approval by the Prudential Authority (PA). The chairman of the board may not serve as chairman or as a member of the committee.

The committee currently comprises of three independent non-executive directors.

The members of the committee during the reporting period and to the date of this report were:

Name	Designation	Date of appointment	Date of resignation
RN Hutchinson-Keip	Independent non-executive director (Chairman)	November 2022	March 2023
ZN Malinga	Independent non-executive director	April 2017	
D Dharmalingam	Independent non-executive director (Chairman)	May 2023	
H Ralinala	Independent non-executive director	November 2022	

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Audit and Compliance Committee Report

Six meetings were held during the reporting period.

The committee has decision-making authority regarding its statutory duties and is accountable to the board.

The company secretary serves as secretary to the committee.

The independence of the committee were evaluated by the directors' affairs committee during 2023.

The committee invites the chief executive officer, chief financial officer, chief risk officer, chief internal auditor, chief compliance officer, head of finance, representatives of the external auditors and representatives of the ultimate holding company (where approved by the PA) to attend its meetings as required.

The internal and external auditors have unrestricted access to the chairman and members of the committee. In 2023, the committee met with the internal and external auditors without management being present.

The committee has satisfied itself that the finance and regulatory reporting functions are effective.

Key activities

In terms of its mandate, matters considered by the committee based on its annual work plan for 2023 included:

- Reviewing the financial statements for the 9 months ended 30 September 2023 in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the board;
- Reviewing the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial controls, tax and fraud risks as related to financial reporting;
- Assessing the suitability, expertise and experience of the chief financial officer; the expertise, experience and resources of the finance function;
- Assessing the suitability, expertise and experience of the chief internal auditor and evaluation of the independence, effectiveness and performance of the internal audit function;
- Assessing and reviewing the expertise and effectiveness of the chief compliance officer and resources of the compliance function;
- Reviewing and approving the internal audit and compliance plan;
- Recommending the independent external auditor and designated audit partner for approval by shareholders at the Company's annual general meetings;
- Reviewing and approving the external auditor's terms of engagement, fees for audit and non-audit services, audit plan, resources, independence, effectiveness, audit findings, key audit risks and external audit report;
- Reviewing legislative and statutory compliance within the scope of its mandate and reviewing compliance with the Company's code of ethics and conduct;
- Reviewing IT risks and evaluation of audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified, and reporting on its findings to the risk and capital management committee;
- Reviewing and confirming the going concern status (refer to the directors' report for the going concern assessment); and
- Approving this committee report for presentation to the shareholders.

External audit

KPMG was appointed as the Company's external auditors during the current financial period. The terms of engagement, independence, expertise, audit quality, objectivity and the appropriateness of key partners at KPMG as the external auditor were appraised by the committee. The KPMG audit team includes relevant financial services experts.

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Audit and Compliance Committee Report

In assessing the auditor's independence, the committee considered guidance contained in King IV, the Independent Regulatory Board for Auditors (IRBA) publications and the related commentary thereon.

The committee satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken as a result of any previous appointment as auditor.

Key audit matters (KAM)

The committee considered the key audit matters as raised by the external auditor, KPMG.

Key focus areas for the 2024 reporting period

In addition to the standard audit committee workplan, the committee has identified the following as key focus areas for the 2024 reporting period:

- Ensuring systems of internal controls and processes are operating effectively until the planned amalgamation in terms of section 54 of the Banks Act (refer to the directors' report for more detail);
- Maintain the effectiveness of the combined assurance model;
- Consider the implications of environmental, social and governance (ESG) from a financial reporting and disclosure perspective; and
- Integration of business and operations of the Company into the business banking division of African Bank post the section 54 approval by the PA.

Financial statements

Following the committee's review of the financial statements for the 9 months ended 30 September 2023, it is of the opinion that, in all material respects, they comply with the Companies Act, Banks Act and IFRS as issued by the International Accounting Standards Board (IASB), and fairly present the results of operations, cash flows and financial position of the Company.

Based on the results of the internal and external audit reviews of the Company's internal controls and information technology general controls, no material weaknesses were identified to indicate that the internal financial controls were not operating effectively.

On this basis, the committee recommended that the board approves the financial statements for the 9 months ended on 30 September 2023.

DocuSigned by:



D Dharmalingam

Chairman: Audit and compliance committee

26 January 2024



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 Docex 472 Johannesburg
 Web <http://www.kpmg.co.za>

Independent Auditor's Report

To the shareholder of Grindrod Financial Holdings Limited

Opinion

We have audited the separate financial statements of Grindrod Financial Holdings Limited (the Company) set out on pages 16 to 25 which comprise the statement of financial position as at 30 September 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 9 month period then ended, accounting policies and notes to the financial statements.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Grindrod Financial Holdings Limited as at 30 September 2023, and its separate financial performance and separate cash flows for the 9 month period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - basis of preparation

We draw attention to the Statement of compliance and basis of preparation and Note 7 to the separate financial statements, which indicates that the separate financial statements, have been prepared on a non-going concern basis. Following the amalgamation of the Company's subsidiary with African Bank Limited, the Company is expected to cease trading within 12 months from reporting date. As stated in Note 7, these events or conditions, along with other matters as set forth in the Statement of compliance and basis of preparation, indicate that the Company is not a going concern. Our opinion is not modified in respect of this matter.

KPMG Incorporated, a South African company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG Incorporated is a Registered Auditor, in public practice, in terms of the Auditing Profession Act 26 of 2005. Registration number 1999/021543/21

Chairman: Prof W Nkuhlu
 Chief Executive: I Sehoole
 Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown.

**Other matter**

The separate financial statements of the Company as at and for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those separate financial statements on 30 March 2023.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Grindrod Financial Holdings Limited Separate Financial Statements for the 9 months ended 30 September 2023", which includes the Directors' report, the Audit and compliance committee report and the Certificate by company secretary as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the separate financial statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Inc.

DocuSigned by:

A handwritten signature in black ink, appearing to read 'P. Fourie', enclosed within a blue DocuSign signature box.

Per Pierre Fourie

Chartered Accountant (SA)

Registered Auditor

Director

26 January 2024

Grindrod Financial Holdings Limited

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Financial Statements for the 9 months ended 30 September 2023

Statement of Financial Position

	Notes	2023 R `000	2022 R `000
Assets			
Investment in subsidiary	2	380 278	380 278
Total assets		<u>380 278</u>	<u>380 278</u>
Equity			
Ordinary share capital	3	-	-
Share premium	4	380 278	380 278
Total equity		<u>380 278</u>	<u>380 278</u>

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Financial Statements for the 9 months ended 30 September 2023

Statement of Profit or Loss and Other Comprehensive Income

	9 months ended 30 September 2023 R `000	12 months ended 31 December 2022 R `000
Dividend income ¹	-	36 391
Profit before tax	-	36 391
Income tax expense	-	-
Profit for the period	-	36 391
Other comprehensive income	-	-
Total comprehensive income for the period	-	36 391

¹ No dividends were received as the subsidiary, Grindrod Bank Limited, did not declare a dividend during the current period. A dividend of R36m was received from Grindrod Bank Limited in 2022.

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Statement of Changes in Equity

	Ordinary share capital R `000	Share premium R `000	Retained income R `000	Total R `000
Balance at 31 December 2021	-	380 278	-	380 278
Profit for the year	-	-	36 391	36 391
Total comprehensive income for the period	-	-	36 391	36 391
Ordinary dividends	-	-	(36 391)	(36 391)
Balance at 31 December 2022	-	380 278	-	380 278
Profit for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 30 September 2023	-	380 278	-	380 278
Notes	3	4		

Grindrod Financial Holdings Limited

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Statement of Cash Flows

	9 months ended 30 September 2023 R `000	12 months ended 31 December 2022 R `000
Cash flows from investing activities		
Dividend income ¹	-	36 391
Net cash flows from investing activities	<u>-</u>	<u>36 391</u>
Cash flows used in financing activities		
Dividend paid to ordinary shareholder	-	(36 391)
Net cash flows used in financing activities	<u>-</u>	<u>(36 391)</u>
Net increase in cash and short-term funds	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and short-term funds at end of the period	<u>-</u>	<u>-</u>

¹ No dividends were received as the subsidiary did not declare dividends in the current year.

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Accounting Policies

Reporting entity

Grindrod Financial Holdings Limited (the Company) is domiciled in South Africa. The registered address is 5 Arundel Close, Kingsmead Office Park, Durban, 4001.

The Company is primarily involved in investment, corporate and retail banking.

Statement of compliance and basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the Companies Act of South African (Act 71 of 2008) (the Companies Act). The financial statements have been prepared using an alternate basis and not on the going concern principle (refer to note 7 for more detail). Although the financial statements have not been prepared on the going concern basis, the Company has adopted its existing accounting policies as the basis of preparation for the 2023 financial statements given that the realisation of its assets following the transfer to African Bank will remain unchanged. The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. The financial statements are presented in South African Rand which is the Company's functional currency and all amounts are rounded to the nearest thousand.

Recent accounting developments

The Company financial year end has changed from 31 December to 30 September to align with the new holding company's financial year end. As a result, the amounts presented are not entirely comparable.

Adoption of new and amended standards in the current reporting period.

We have considered these and none of them are applicable.

Critical judgements and key sources of estimation uncertainty

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. No significant judgment and estimates impacted significantly the preparation of the financial statements.

1.1 Investment in subsidiaries

Investment in subsidiaries are initially and subsequently measured at cost less impairments. Costs directly attributable to an acquisition are included as part of the cost of acquisition.

Dividends are recognised in profit and loss.

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Accounting Policies

1.2 Financial statements

Grindrod Financial Holdings Limited is a wholly owned subsidiary of African Bank Holdings Limited, a company incorporated in the Republic of South Africa. The investment in subsidiary is set out in note 2. African Bank Holdings Limited has prepared the consolidated financial statement at 30 September 2023.

1.3 Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

1.2.1 Share premium

Share premium includes any premium received on the issue of share capital.

Grindrod Financial Holdings Limited

(Registration Number 1994/007994/06)

Financial Statements for the 9 months ended 30 September 2023

Notes to the Financial Statements

	2023 R `000	2022 R `000
2. Investment in subsidiary		
Grindrod Bank Limited (100%)		
65 000 003 (2022: 65 000 003) ordinary shares of 1 cent each, at cost	380 278	380 278
The principal place of business of this subsidiary is 5 Arundel Close, Kingsmead Office Park, Durban, 4001.		
3. Ordinary share capital		
Authorised		
10 000 000 (2022: 10 000 000) ordinary shares of 1 cent each	100	100
Issued		
15 239 (2022: 15 239) ordinary shares of 1 cent each	-	-
Reconciliation of the number of shares issued		
Balance at 1 January	15 239	15 239
Issue of shares	-	-
Repurchase of shares	-	-
Closing balance	15 239	15 239
100% of the issued ordinary shares of the Company are held by African Bank Limited. All shares are fully paid.		
The directors do not have the authority to issue the remaining unissued shares unless a resolution is passed by the shareholder.		
4. Share premium		
Arising on the issue of 15 239 (2022: 15 239) ordinary shares of 1 cent each	380 278	380 278
Reconciliation of share premium		
Balance at 1 January	380 278	380 278
Issue of shares	-	-
Repurchase of shares	-	-
Closing balance	380 278	380 278
All shares are fully paid.		

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5. Directors remuneration

30 September 2023	Services as directors R'000	Salaries R'000	Short-term incentive expense R'000	Cash retention award paid R'000	Share-based payment expense R'000	Defined contribution plan expense R'000	Total R'000
Executive directors							
ZN Manyathi ²	-	-	-	-	-	-	-
RS Garach ⁴	-	3 529	4 653	-	-	487	8 668
DA Polkinghorne	-	4 287	4 711	-	334	827	10 159
Non-executive directors							
T Dloti	927	-	-	-	-	-	927
TD Soondarjee	-	-	-	-	-	-	-
S Barrett	-	-	-	-	-	-	-
GG Christopulo	-	-	-	-	-	-	-
LA Dlamini	422	-	-	-	-	-	422
CR Howell	472	-	-	-	-	-	472
RN Hutchinson-Keip ¹	221	-	-	-	-	-	221
RM Maleka	429	-	-	-	-	-	429
ZN Malinga	608	-	-	-	-	-	608
H Ralinala	547	-	-	-	-	-	547
R Ramcharan	-	-	-	-	-	-	-
PJ Temple	642	-	-	-	-	-	642
D Dharmalingam ³	460	-	-	-	-	-	460
	4 728	7 815	9 364	-	334	1 314	23 554

The following directors are not remunerated by the Company for their services as directors but rather by African Bank Limited, holding company of Grindrod Financial Holdings Limited:

KG Bungane ²	-	7 480	5 000	4 620	9 708	1 020	27 828
ZN Manyathi ²	-	6 750	3 500	3 218	5 000	750	19 218
	4 728	22 045	-	17 864	-	7 838	-
					15 042	-	3 084
							70 600

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Notes to the Financial Statements

31 December 2022	Services as directors	Salaries	Short-term incentive expense	Cash retention award paid	Share-based payment expense	Defined contribution plan expense	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive directors							
ZN Manyathi	-	-	-	-	-	-	-
RS Garach	-	4 408	2 537	4 730	-	310	11 985
DA Polkinghorne	-	6 176	2 927	6 479	137	278	15 997
Non-executive directors							
T Dloti	194	-	-	-	-	-	194
TD Soondarjee	1 156	-	-	-	-	-	1 156
S Barrett	1 022	-	-	-	-	-	1 022
GG Christopulo	746	-	-	-	-	-	746
LA Dlamini	68	-	-	-	-	-	68
CR Howell	809	-	-	-	-	-	809
RN Hutchinson-Keip	97	-	-	-	-	-	97
RM Maleka	616	-	-	-	-	-	616
ZN Malinga	1 091	-	-	-	-	-	1 091
H Ralinala	81	-	-	-	-	-	81
R Ramcharan	1 022	-	-	-	-	-	1 022
PJ Temple	89	-	-	-	-	-	89
	6 991	10 584	5 464	11 209	137	588	34 973

¹ Resigned on the 31 March 2023.

² KG Bungane, ZN Manyathi were not remunerated by the Company for their services as directors but rather by African Bank Limited, holding company of Grindrod Financial Holdings Limited.

³ Appointed on May 2023.

⁴ The remuneration disclosed in the table above is inclusive of remuneration as an acting executive director in African Bank Limited.

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Notes to the Financial Statements

	2023 R `000	2022 R `000
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6. Related parties

There were no transactions with related parties during the current year.

African Bank Holdings Group companies

Entities in the African Bank Holdings group, other than all entities held directly or indirectly by the Group.

Directors and key management personnel (directly and indirectly)

Includes close family members and any entity controlled or jointly controlled by directors or key management personnel, split between:

- Grindrod Limited;
- African Bank Holdings group; and
- Grindrod Bank.

7. Going concern

Effective 1 November 2022, Grindrod Financial Holdings became a wholly owned subsidiary of African Bank. The consolidated banking group (African Banking and Grindrod Bank) are currently operating under two separate banking licenses. The intention of the board of directors is to effect an amalgamation in terms of section 54 of the Banks Act, subject to regulatory approval, within 12 months from 30 September 2023 such that the assets and liabilities will be transferred to African Bank and Grindrod Bank's banking license subsequently cancelled.

The purpose of the section 54 amalgamation is to drive operational efficiency whereby the consolidated banking group can operate under a single banking license. The amalgamation will not change the expected method of realisation of assets that are transferred from Grindrod Financial Holding to African Bank. Given the amalgamation of Grindrod Bank Limited into African Bank Limited, the Company will no longer hold the investment in Grindrod Bank Limited and the Company is expected therefore to cease trading within 12 months from reporting date. The requirement of IFRS states that the financial statements cannot be prepared on the going concern basis, but on an alternative basis if an entity is expected to cease trading within the foreseeable future.

IFRS is not prescriptive on the alternate basis for preparing financial statements if the entity is no longer deemed to be a going concern. Accordingly the financial statements have been prepared on a non-going concern basis.

8. Events after reporting date

The directors are not aware of any matter or circumstance arising since the reporting period date, other than noted above, that has a material impact on the financial statements.