

GRINDROD BANK LIMITED
(Registration no 1994/007994/06)
Incorporated in the Republic of South Africa
JSE alpha code: GNDI

DISPOSAL OF 100% OF THE ISSUED ORDINARY SHARE CAPITAL OF GRINDROD FINANCIAL HOLDINGS LIMITED (“GFH”) AND 100% OF THE PREFERENCE SHARES ISSUED BY GRINDROD BANK LIMITED (“GRINDROD BANK”) (“PROPOSED TRANSACTION”)

1. Proposed Transaction

Grindrod Bank bondholders are advised that Grindrod Limited (“Grindrod”) has, following a thorough and detailed process involving third parties interested in acquiring GFH, reached agreement with African Bank Limited (“African Bank”) in terms of which:

- Grindrod will dispose of 100% of the issued ordinary share capital of GFH; and
- Grindrod will dispose of 100% of the preference shares issued by Grindrod Bank.

GFH is an investment holding company that has an investment in the entire issued ordinary share capital of Grindrod Bank as well as in the entire issued ordinary share capital of GFH Investments (Pty) Ltd, which is a dormant entity.

African Bank is registered in terms of the Banks Act, No.94 of 1990 and is a wholly-owned subsidiary of African Bank Holdings Limited (“ABH”). ABH’s shareholders are the South African Reserve Bank (50%), the Government Employees Pension Fund (25%) and a consortium of South African banks (25%), including FirstRand Bank Limited, Standard Bank of South Africa Limited, Absa Trading and Investment Solutions Limited, Nedbank Limited, Investec Bank Limited and Capitec Bank Limited.

The Proposed Transaction is subject to the fulfilment or waiver, to the extent permitted, of various conditions precedent including, but not limited to, the approval of Grindrod shareholders and various regulatory approvals including those of the Prudential Authority, the National Credit Regulator, the Competition Authorities and the Minister of Finance.

The effective date of the Proposed Transaction will be the first business day of the month after the month in which the last of the conditions precedent to the Proposed Transaction are fulfilled or waived, to the extent permitted.

2. Rationale for the Proposed Transaction

The Proposed Transaction is in line with Grindrod’s strategic intent to separate its Freight Services and Banking Services businesses.

African Bank is currently mainly a consumer-focused bank and has a stated strategy to build a sustainable diversified offering across the consumer and business banking segments. Grindrod Bank will provide an entry into the business banking market which will benefit from the expansion of opportunities offered by African Bank’s larger balance sheet and additional allocation of capital.

Both Grindrod and Grindrod Bank believe that African Bank, with its corporate strategy of building a scalable and sustainable diversified offering across the consumer and business banking segments, is the appropriate shareholder to support Grindrod Bank, its employees, and clients in fulfilling its growth strategy.

3. Further information

For further information concerning the Proposed Transaction, bondholders are referred to the announcement published on SENS today by Grindrod.

26 May 2022

Debt Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited