

## **AFRICAN BANK LIMITED**

(Incorporated in the Republic of South Africa)

(Registered Bank)

(Registration No. 2014/176899/06)

LEI: 2549008X8SL1B1J86F98

Company code: ABKI

(the “Bank” or “African Bank”)

### **AFRICAN BANK’S PROPOSED ACQUISITION 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”)**

African Bank is pleased to announce that it has reached agreement with Grindrod Limited (“Grindrod”), the holding company of GFH, to acquire:

- 100% of the issued ordinary share capital of GFH; and
- 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. Grindrod Bank is an investment bank established 26 years ago, which specialises in managing cash deposits, corporate and investment banking. Grindrod Bank is a niche financier in the South African property market known for its specialised expertise in commercial and industrial property finance. Grindrod Bank provides bespoke financial services to private, corporate and institutional clients.

A key part of African Bank’s ‘Excelerate25’ strategy is to expand its core. This acquisition will go a long way in delivering on this theme, and meeting its mission objectives of becoming scalable, diversified and sustainable, with a compelling listable proposition. Grindrod Bank will provide an entry into the business banking market which will be grown off African Bank’s larger balance sheet and strong capital levels.

The total cash consideration payable to Grindrod, in terms of the Proposed Transaction, is R1.5 billion. The net asset value attributable to GFH as at 31 December 2021 was R1 672 million. The net profit after taxation for the year ended 31 December 2021 attributable to GFH was R109.4 million as per the Annual Financial Statements of GFH prepared in accordance with the International Financial Reporting Standards.

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. By no later than 28 days from signature date of the Sale & Purchase agreement, being 26 May 2022 (“signature date”), African Bank will make available a line of credit of R1.5 billion to Grindrod Bank. This line of credit shall remain in place until the earlier of the day before transaction implementation or 24 months after

the signature date. A longstop date of 30 June 2023 exists for all of the conditions precedent to be fulfilled or waived, to the extent permitted.

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.

Further information will be made available in due course as various milestones are reached.

26 May 2022

**Debt Sponsor**

RAND MERCHANT BANK (A division of FirstRand Bank Limited)