

Finbond Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2001/015761/06)

Share code: FGL

ISIN: ZAE000138095

("Finbond" or "the Company" or "the Group")

SPECIFIC REPURCHASE OF 47 000 000 ORDINARY SHARES, POSTING OF CIRCULAR AND NOTICE OF GENERAL MEETING

1. Introduction

Finbond shareholders are hereby advised that Finbond has agreed terms with Ithuba Investments LP, Riskowitz Value Fund LP and Conduit Capital Limited to repurchase of a total of 47 000 000 Finbond ordinary shares of 0.0001 cents each, by Finbond, from Ithuba (22 748 015), RVF (18 843 371) and Conduit (5 408 614), for a cash consideration of R2.91123 per Finbond Share ("Specific Repurchase").

The Repurchase will be undertaken in accordance with section 48(8)(b) and of the Companies Act, No. 71 of 2008, as amended ("Companies Act") and its regulations ("Regulations") and paragraph 5.69 of the Listings Requirements of the JSE Limited ("Listings Requirements").

2. Terms of the Specific Repurchase

The Specific Repurchase will be undertaken at a price of R2.91123 per Finbond Share ("Repurchase Price"), on or about 9 March 2020, subject to regulatory and shareholder approval. The Specific Repurchase Price represents a 10% discount to the weighted average traded price of the Finbond ordinary shares measured over the 30 business days prior to Friday, 24 January 2020, the date prior to the date on which the Specific Repurchase price was agreed between Finbond, Ithuba, RVF and Conduit. The total Specific Repurchase consideration will amount to R136.8 million.

In terms of the JSE Listings Requirements, the Specific Repurchase requires approval being given in terms of a special resolution. As Ithuba, RVF and Conduit will be participating in the Specific Repurchase they, together with their associates, will be precluded from voting on the special resolution. Ithuba and RVF are regarded, in terms of the JSE Listings Requirements, to be related parties to Finbond by virtue of being material shareholders in the Company. Conduit is an associate party to Ithuba and RVF. Ithuba, RVF and Conduit currently hold a combined 42.90% interest in Finbond, which will be reduced to 39.95% subsequent to the Specific Repurchase.

As the Specific Repurchase price is at a 10% discount to the 30 business day volume weighted average price up to Friday, 24 January 2020 (the date prior to the date on which the consideration was agreed between the parties), no fairness opinion is required in terms of section 5.69(e) of the JSE Listings Requirements.

3. Rationale

The rationale for the Specific Repurchase includes the positive effect the repurchase will have on Finbond's public shareholder spread, the decrease in shareholding of the majority shareholder, the positive effect it will have on Finbond's earnings per share and the effective use of Finbond's excess liquidity. It forms part of Finbond's strategic plan of action to repurchase shares, when the opportunity arises. The board believes that Finbond's shares are undervalued and therefore believes this to be an advantageous transaction.

4. Source of funds and impact of the specific repurchase on the financial information

The cash amount payable in terms of the Specific Repurchase will be funded from existing cash resources. The Specific Repurchase shares will be cancelled, delisted and revert back to authorised but unissued share capital.

4.1 The impact on the cash and cash equivalents of the Group at 31 August 2019 is:

R'000	31 August 2019	Repurchase	After
Cash and cash equivalents	712 100	(137 137)	574 963

Other than the impact on the cash and cash equivalents as set out above and the impact on the Share Capital as set out in 5 below, the Specific Repurchase will have no further impact on the Financial Information of the Group.

4.2.1 Impact of the Specific Repurchase on the Share Capital of Finbond

The share capital before the Specific Repurchase is as follows:

	Rand
Before	
Authorised 1 000 000 000 ordinary shares of 0,0001 cents each	1 000
Issued share capital before the Specific Repurchase	
955 243 450 ordinary shares of 0,0001 cents each	955
Less: 30 267 314 treasury shares	30
Share premium	1 155 129 388
Total	1 155 130 313

The share capital after the Specific Repurchase is as follows :

	Rand
After	
Authorised 1 000 000 000 ordinary shares of 0,0001 cents each	1 000
Issued share capital after the Specific Repurchase	
908 243 450 ordinary shares of 0,0001 cents each	908

Less: 30 267 314 treasury shares	30
Share premium	1 018 359 435
Total	1 018 360 313

The Specific Repurchase Shares will be cancelled and revert back to authorised but unissued share capital. The 30 267 314 ordinary shares held in treasury, by 100% owned subsidiaries (representing 3.33% of issued share capital), will remain unaffected by the Specific Repurchase.

5. Circular to shareholders

A circular setting out the details of the Specific Repurchase (“Circular”) and incorporating a notice convening a general meeting of Finbond shareholders to approve the special and ordinary resolutions required to implement the Specific Repurchase (“General Meeting”) will be distributed to Finbond Shareholders on or about Monday, 3 February 2020. The General meeting is expected to be convened on or about Friday, 28 February 2020.

Subject to the results of the General Meeting and regulatory processes, the Specific Repurchase shares will be cancelled and delisted on or about Monday, 9 March 2020.

29 January 2020

CORPORATE ADVISER AND SPONSOR:

GRINDROD BANK LIMITED