

African Bank Limited press release

1 July 2016

African Bank offers to repurchase up to \$500 million of foreign bonds

African Bank Limited (“the Bank”) today announced an offer to repurchase up to \$500 million worth of bonds from its foreign currency-denominated bond holders issued under its US\$6 billion Euro Medium Term Note (‘EMTN’) programme.

This Tender Offer is only in respect of the foreign liabilities, which represent a significant portion of the total liabilities issued by the Bank and are typically relatively expensive, particularly given the current macroeconomic and foreign currency exchange rate environment.

Gavin Jones, Group Treasurer, noted that: “the rationale of the Tender Offer is to reduce the Bank’s interest expense and thus improve earnings, whilst maintaining strong liquidity and improving the regulatory capital position”.

The structure of the Tender Offer prioritises the Swiss (‘CHF’) bondholders, who will receive a fixed tender price if they accept the offer. The second priority is to the US\$ bondholders, who are able to stipulate an offer price to the Bank. As at 1 July 2016, African Bank had a total of CHF 432 million and US\$ 549 million outstanding foreign debt, having already repurchased certain of these bonds in the open market.

The terms and specific conditions relating to the offer for both the CHF bonds and the US\$ bonds, as well as information regarding the offer process is outlined in the “Tender Offer Memorandum”, which is made available to bondholders.

The offer opens today, 1 July 2016, and will close on 13 July 2016. The results of the Tender Offer process will be publically released on 14 July 2016 by way of a market notice on the official London, Swiss and Johannesburg Exchanges.

The table on the next page contains a summary of the four Swiss Franc (“CHF”) and three US Dollar (“US\$”) bonds in issue under the EMTN programme and the offer prices in respect of each particular bond.

Order of Priority	Notes	ISIN	Outstanding Principal Amount[1]	Minimum Tender Price	Tender Price	Maximum Tender Consideration
First Priority Notes						
1	CHF 140,000,000 5.0 per cent. Notes due April 2022 (the “CHF 2022 Notes”)	CH0310140600	CHF 136,848,000	Not Applicable	94.50per cent.	Not Applicable
1	CHF 84,000,000 5.50 per cent. Notes due June 2021 (the “CHF 2021 Notes”)	CH0310140584	CHF 81,972,000	Not Applicable	97.50per cent.	
1	CHF 100,000,000 4.0 per cent. Notes due July 2020 (the “CHF 2020 Notes”)	CH0310140568	CHF 93,032,000	Not Applicable	94.00per cent.	
1	CHF 120,000,000 4.750 per cent. Notes due March 2019 (the “CHF 2019 Notes”)	CH0310140543	CHF 119,860,000	Not Applicable	98.50per cent.	
1	U.S.\$25,600,000 2.4 per cent. Fixed Rate Notes due November 2018 (the “USD 2018 Notes”)	XS1390060207	U.S.\$25,600,000	Not Applicable	90.50per cent.	

⁽¹⁾ The outstanding principal amount of the relevant Notes as at 1 July 2016. Notes of any particular bond which are held by or on behalf of the Bank are deemed not to be outstanding.

Second
 Priority
 Notes

2	U.S.\$280,000,000 8.125 per cent. Notes due October 2020 (the “USD October 2020 Notes”)	XS1390060546	U.S.\$270,732,000	97.00per cent.	To be determined as set out in the Tender Offer Memorandum pursuant to a modified Dutch auction	U.S.\$500,000,000 less the First Priority Notes Tender Consideration
2	U.S.\$280,000,000 6.000 per cent. Notes due February 2020 (the “USD February 2020 Notes”)	XS1390059969	U.S.\$252,647,200	92.00per cent.		

Jones concluded: “A successful Tender Offer will reduce the strain of a negative interest margin caused from the surplus cash and right size the balance sheet to support our strategic objectives over the medium to long term.”

ENDS

Louise Brugman 083 504 1186; louise@vestor.co.za

On behalf of Gavin Jones, Group Treasurer for African Bank Limited