

African Bank Limited press release

14 July 2016

African Bank buys back US\$325million worth of bonds from foreign bondholders

African Bank Limited ("the Bank") has announced that it has repurchased US\$276 million worth of bonds from its foreign currency-denominated bond holders, issued under its US\$6 billion Euro Medium Term Note ('EMTN') programme, by way of a public tender offer. In addition to the US\$49 million equivalent that it had repurchased in the open market prior to launching the tender offer, this brings total repurchases of its foreign bonds to an equivalent of US\$325 billion since April 2016.

A foreign bond tender offer was opened to the market by the Bank on 1 July 2016 and closed on 13 July 2016. The structure of the tender offer entailed a fixed price for the Swiss ('CHF') bondholders, which are traditionally retail investors and an open offer, with minimum price guidance, to predominantly professionally-managed holders of the US\$ bonds. The Bank repurchased US\$69 million worth of bonds from the US\$ bondholders and CHF207 million worth of bonds from the Swiss bond holders, totalling an equivalent US\$276 million repurchase.

Given that African Bank had previously repurchased the equivalent US\$49 million of bonds in the open market prior to launching the tender offer, it now has a remaining total of CHF228 million and US\$479 million outstanding in terms of its Euro Medium Term Note programme.

Gavin Jones, Group Treasurer, commented: "This is a reasonable outcome, given a very supportive global macro-economic environment for emerging market bonds, so some bond investors may have been unwilling to sell their investment. This also appears to have been heavily influenced by a clear "hunt for yield" by investors in a world where low and even negative bond yields are prevalent.

The reduction in the Bank's foreign liabilities and the use of a substantial portion of our relatively unproductive holdings of foreign cash, by US\$325 million, will contribute to a reduction in the Bank's interest expense and improve our earnings as well as regulatory capital position. This will also begin the process of re-structuring and right-sizing the take-on balance sheet which arose as a result of the African Bank restructuring transaction".

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

Notes to editors

African Bank funds itself primarily through its Euro Medium Term Note ('EMTN') programme and Domestic Medium Term Note programme ('DMTN') in South Africa,

Together with significant bilateral deposits for South African fund managers, the Bank also has a small retail deposit base.

The Domestic Medium Term Note programme is listed on the Johannesburg Stock Exchange and currently has a total of approximately ZAR10 billion of senior and subordinated bonds in issue.

The EMTN programme is listed on the London Stock Exchange, under which CHF228 million now remains outstanding on the Swiss Stock Exchange and US\$479 million now remains outstanding on the London Stock Exchange.

A medium term objective of African Bank is to offer consumers transactional banking services. This will enable consumers to deposit their salaries and undertake day to day retail banking transactions through the Bank, when it is launched in 2017.

Transactional banking has the potential to supply a new pillar of funding to the Bank and so diversify its funding model.