



AFRICANBANK POSTS A R203 MILLION PROFIT WITH A 38% INCREASE IN ACTIVE CUSTOMER NUMBERS TO 5,7 MILLION OVER THE LAST 6 MONTHS

30 May 2024, Johannesburg – Africanbank Group has reported an encouraging turnaround in its consolidated unaudited interim financial results for the six months ended 31 March 2024, achieving a net profit of R203 million and a reduction in impairments of 40 percent through a tightening of lending criteria and a shift in its net advances mix. The Group has also recorded a thirty-eight percent increase in its customer base which now stands at 5.7 million.

The group says there has been a strategic shift towards secured and purpose lending and a diversification of its revenue streams through various products. Group CEO Kennedy G. Bungane says: "Despite operating in a tough economic climate, our financial performance for the first half underscores the resilience and strategic progress of Africanbank Group and these results reflect a turnaround, in contrast to our position at the same time last year."

The Group's net advances grew to R32.8 billion, in line with the diversification strategy from R32.4 billion in 2023.

This was bolstered by the integration of Grindrod Bank into the Business Banking division, a move that received regulatory approval in March. The acquisition positions Africanbank to better serve underserved Small, Medium, and Micro Enterprises (SMMEs) and entrepreneurs, aligning with its foundational vision in the business banking sector.

In its Consumer Banking division, Africanbank has continued to attract a growing retail customer base through its expanding suite of products and with a focus on purpose lending - focusing on providing financial support to projects and initiatives that align with its values and contribute positively to communities and the environment. Says Bungane: "These results underscore our diversification and its effectiveness in driving both financial performance and customer impact, reinforcing our dedication to being a responsible financial partner."



The planned introduction of home loans to staff and financing for tech deals, including handset financing, have also enhanced the bank's appeal. Customers, says Bungane, continue to be drawn to the affordable banking fees and unique transactional opportunities offered by the MyWORLD account, and superior customer service, complemented by competitive savings, investment rates and insurance products.

This is borne out by an improvement in the bank's Net Promoter Score (NPS) used to gauge customer loyalty and satisfaction. Secured business banking loans, comprising 37% total loans, resulted in the anticipated benefits. A stable funding base now includes business and retail deposits at 91%, totalling R34 billion.

The bank maintains surplus liquidity of R7.9 billion in cash reserves, excluding statutory asset requirements. The capital adequacy position remains robust at 32.5%, despite recent acquisitions, exceeding both regulatory and internal minimums.

Africanbank CFO Anbann Chetti says: "Africanbank's steady financial performance demonstrates our strategic shift towards secured lending and revenue diversification. With a growing customer franchise and a surplus liquidity position, we are ready for sustainable growth, underpinned by a strong capital ratio."

Interest income declined by 10% to R3.5 billion, due to reduced retail unsecured lending advances in the prevailing economic climate, impacting loan disbursements and resulting in a net interest margin of 10.2%. Bungane says this is the result of a deliberate approach in choosing not to grow unsecured lending during the current high inflation and interest rates environment.

Non-interest income grew a notable 26% to R839 million, driven by increased customer usage of MyWORLD and Credit Card accounts, alongside value-added services from the expanding Alliance Partnership customer base. Chetti says: "Disciplined cost management has enabled us to achieve significant growth in non-interest income, positioning us solidly for a future defined by growth and resilience."

The Group has managed operating expenses well, with a 3% reduction over the prior period, resulting in a cost-to-income ratio of 58.3%. This disciplined cost management reflects the Group's commitment to efficiency amidst ongoing investment and integration efforts.



The Group's diversification and scaling efforts are evident, with 5.7 million customers serviced across all platforms, marking a 38% increase from the prior year.

The Consumer Banking division offers various credit, insurance, transactional, investment and savings products, while the Alliance Partner network has facilitated access for nearly 4 million customers, representing substantial growth from the previous period. Additionally, the Business Banking division is already serving 21 thousand business customers across investments and loans.

Looking ahead, Bungane says the second half of the year is looking encouraging with expected interest rate cycle easing and better growth in lending and continued transactional services. Africanbank will remain focused on building a scalable, diversified, and sustainable business, with digitalisation playing a pivotal role.

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