

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 HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration No.: 2014/176855/06)
Company code: ABLI
LEI: 254900UUEMIK0XL5A056
(“ABHL” or the “Group”)

RELEASE OF THE UNAUDITED INTERIM FINANCIAL RESULTS FOR THE CONSOLIDATED AFRICAN BANK HOLDINGS LIMITED GROUP, AND RELATED AFRICAN BANK LIMITED INFORMATION FOR THE SIX MONTHS ENDED 31 MARCH 2024

African Bank Holdings Limited (“ABHL” or “African Bank Group”) is pleased to announce that the ABHL Group and its subsidiary company, African Bank Limited (“ABL” or “Bank”), released their unaudited interim financial statements for the six months ended 31 March 2024 (“H1 24”) (“Group consolidated results”, and “Bank consolidated results” respectively) today. The prior year comparative interim financial statements are for the six months ended 31 March 2023 (“H1 23”). The comprehensive ABHL Group consolidated results are addressed first, followed by the Bank consolidated results.

ABHL consolidated results - steady financial performance with a growing customer franchise while trading in a tough economic environment and resulted in subdued balance sheet growth.

Further progress has been made in African Bank Group’s ‘Excelerate25’ strategy, with the key focus of building of a fully-fledged bank with both Consumer and Business Banking divisions taking effect. Our growing client base and expanding product offering continue to contribute towards a more diversified business with multiple revenue streams.

Our journey of derisking and diversifying of our business, by offering additional secured lending products and progressively enhancing our credit scoring methodology resulted in subdued growth in unsecured lending for the period. The integration of Grindrod Bank into the Business Banking division is materially advanced following the S54 regulatory approval granted during March 2024 by The Minister of Finance. We remain positive about the opportunities to provide enhanced services to underserved Small, Medium and Micro Enterprises (“SMMEs”) and entrepreneurs, and so fulfil our founding fathers’ vision in the business banking arena.

The Consumer Banking division has further expanded their suite of products and service offerings with the piloting of home loans to staff and the financing of tech-deals, including



finance for handset subscriptions offered by telecommunications industry. Our retail customer base is growing, attracted by our affordable banking fees, the unique transactional banking opportunities afforded by our MyWORLD account, and our superior level of customer service complemented with our competitive savings and investment rates, and insurance products.

The diversification of our balance sheet is making headway following the integration of last year's acquisitions, and consisting of:

- Net advances of R32.7 billion (H1 23: R32.4 billion), with subdued growth of 1% in this reporting period, with secured business banking loans making up 37% of our loans to customers and delivering the expected benefits contemplated from the acquisitions,
- A stable funding base that has further diversified with business and retail deposits making up 91% (H1 23: 85%) of total funding of R33.5 billion (H1 23: R33.9 billion),
- Significant liquidity with cash reserves, excluding statutory asset requirements, totalling R7.9 billion (H1 23: R8.5 billion), and
- Strong capital adequacy position, notwithstanding the two acquisitions completed in the prior year, with total capital adequacy ratio of 32.5% (H1 23: 29.4%), well above our regulatory and internal minimums.

Notwithstanding the tough operating environment which exists in South Africa, the Group reported a commendable net profit after tax for the six months ended 31 March 2024 of R203 million (H1 23: R43 million loss).

Reviewing the various elements of the Group's operational performance:

- Interest income declined by 10% to R3.5 billion (H1 23: R3.9 billion), mainly as retail unsecured lending advances reduced and negatively impacting loan disbursements, resulting in a net interest margin of 10.2% (H1 23: 11.7%),
- Cost of funding was well managed at 7.8% (H1 23: 7.4%) notwithstanding that the average repo rate rose 150 basis points over the same period,
- Non-interest income grew by 26% to R839 million (H1 23: R668 million) as usage of the MyWORLD and Credit Card accounts by customers increased, and value-added services offered by the Group through the expanding Alliance Partnership customer base were consumed,
- Insurance profit decreased by 8% to R313 million (H1 23: R340 million), in line with subdued growth in the retail Consumer Banking advances book,
- Operating expenses were well contained with a 3% reduction over the prior period, with a cost to income ratio of 58.3% (H1 23: 58.0%) as the group continues with its investment and integration phase, and
- Credit impairment charge improved by 40% to R1 355 million (H1 23: R2 240 million) resulting in a corresponding reduction in the credit loss ratio to 6.6% (H1 23: 11.1%) due to our enhanced credit granting criteria and improvements to our collections and rehabilitation processes.

The African Bank Group's diversification and scaling of the business continues to be a focus for management, as evidenced by the 5.7 million customers (H1 23: 4.2 million) serviced on all Group platforms, up 38% from the prior year. The Consumer Banking division services 1.9 million customers who have credit products, transactional bank accounts, savings products, funeral and credit life products. Our Alliance Partner network has facilitated another 3.8 million customers to access products which is 70% up from the comparable period. The Business Banking division is already serving 21 thousand business customers across investments and secured and unsecured loans.

An important element of the Group's mission is to build a digital and data enabled business that is scalable, diversified and sustainable, with a compelling listing proposition. Our 1.5 million customers make use of our MyWORLD transactional bank account with its shared banking features, which increased by 75% year-on-year. Transactional volumes have increased by 51% to 39.5 million transactions (H1 23: 26.1 million), representing R46.2 billion in value in the past six months.

The acquisition of Sasfin's capital equipment and commercial property finance advances books and operations, which is pending regulatory approval, will further add impetus to the Group's Business Banking strategy. This acquisition is expected to be completed in the second half of FY24.

African Bank consolidated results

The African Bank Consolidated Interim Financial Statements represent the financial position and financial results of African Bank, its 100% directly held subsidiary (Grindrod Financial Holdings Limited) and its wholly owned subsidiaries.

Akin to the Group's financial results above, the Bank has improved significantly. The lower net interest income was compensated by the increase in non-interest revenue, with improvements to the credit impairment charge resulting in the consolidated Bank making a net loss after tax of R109 million (H1 23: R390 million loss). See the results publication material below for more detail.

Restatement of the prior period comparative numbers in the African Bank results and ABHL consolidated results

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Group and the Bank have applied IFRS 17 for the reporting period beginning on 1 October 2023. The impact of this transition was recognised as an adjustment to the carrying amounts of the insurance contract asset and retained earnings on 1 October 2022, and the 2023 comparative statement of financial position and the statement of total comprehensive income were restated.



Please see the comprehensive note contained in the interim financial statements detailing the impact of changes resulting from this transition to IFRS17.

Results publication material

The following published documents are accessible on African Bank's website at www.africanbank.co.za under the "Investors/Financial Reporting" section:

1. African Bank Holdings Limited unaudited group consolidated interim financial statements for the six months ended 31 March 2024;
2. African Bank Holdings Limited group investor presentation and interim commentary booklet;
3. African Bank Limited consolidated unaudited interim financial statements for the six months ended 31 March 2024; and
4. African Bank Limited and African Bank Holdings Limited Basel Pillar III Disclosure documents as at 31 March 2024.

Webcast details, presentation material and playback facility

Interested parties are invited to register for a webcast during which Kennedy G Bungane, ABHL Group CEO, and several executives, will take participants through the ABHL consolidated interim results. Details of the webcast are:

Date	Thursday, 30 May 2024
Time	10h00 SAST/CAT
Web pre-registration	Interested parties are requested to pre-register for this webcast and follow the instructions provided. CLICK HERE TO REGISTER

A recording of the webcast will be available on the Bank's website at www.africanbank.co.za under "Investors/Financial Reporting".

30 May 2024

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

