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Customers show increased confidence in African Bank

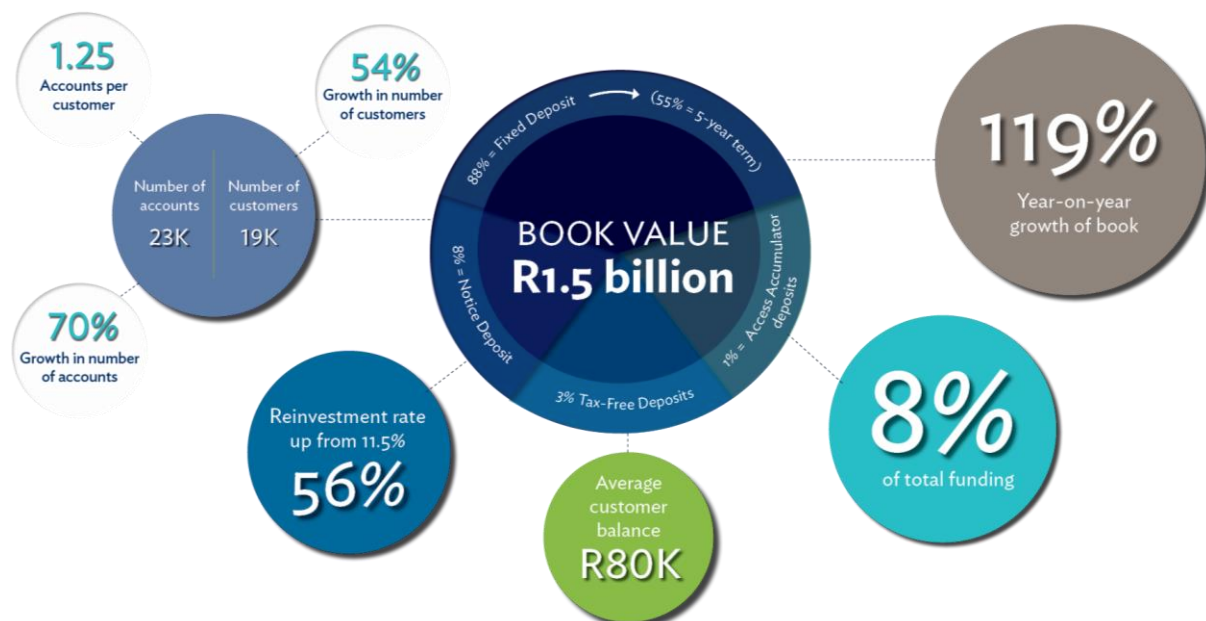
Placing our customers at the forefront of everything that we do is paramount for African Bank.

This was the view from African Bank's CEO, Basani Maluleke, at the launch of its interim results today for the six months ended 31 March 2019.

Last week African Bank launched its unique banking offering, called MyWORLD, to South Africans. It is the cheapest transactional bank account currently available, giving customers access to up to six accounts with no monthly account fees. MyWORLD has been designed to provide our customers with excellent value, best pricing and ease of use. Its innovative features allow families, groups and communities to bank together, a concept it calls 'shared banking'.

"The growth in sales from our website and Direct Sales channels clearly demonstrates that our customers identify with the convenience and comfort of using our digital channels. These channels complement our 394 Branch Network which our customers continue to use extensively," says Maluleke.

Maluleke says that one of the highlights of the interim financial results is the increase of over 100% in the Bank's Savings and Investments portfolio, to R1.5 billion. The number of Savings and Investment customers increased to over 19 000, with 23 000 accounts, while the average deposit increased to R80 000, compared to R52 000 a year ago.



"This is extremely encouraging and reflects a growing number of customers who are taking advantage of the best interest rates in South Africa and who have placed their trust in the African Bank brand," says Maluleke.

Commenting on personal loans, Maluleke emphasised that the Bank's lending continues to be offered prudently and responsibly, as demonstrated by its improved credit loss rate, which reflects the ability of customers to pay back their loans. She said the focus would continue to be on lower risk customers and writing better quality new business. "Our

purpose is to advance the lives of our customers and to do that, we approach all aspects of our business responsibly,” commented Maluleke.

“It has been an exciting time leading up to the launch of MyWORLD. African Bank is on track to achieve its 2021 strategic objectives and it is building a digital retail bank that we believe will be a formidable competitor. We are confident in our ability to retain existing customers and to attract new ones in order for us to achieve our target of 2.5 million customers across all products by 2021,” concludes Maluleke.

Group financial headlines

Key aspects of the Group’s results include the following, in comparison to the six months ended 31 March 2018:

- Savings and Investments increased over 100% to R1.5 billion (H1:2018: R680 million)
- Direct Sales and web channels (R637 million) contribute 11% of total sales – up from 6%
- Credit disbursements increased by 17% to R5.6 billion
- The credit loss ratio improved from 11.1% to 6.8% (Including an IFRS9* impact, which reduced the ratio by 2.5%)
- Profit after tax increased 19% to R533 million from R448 million
- Group Return on Equity improved to 10.9% from 9.6%
- Investment into the new business lines and increased capacity raised operating costs by 10% to R 1 396 million from R 1 270 million
- Cash resources, including surplus statutory assets of R6 billion
- The Group is well capitalised with Core Equity Tier 1 ratio of 34.1% at a Group level

ENDS

[Jacqui Rorke](#)

On behalf of CEO of African Bank, Basani Maluleke

Notes to editors

About African Bank Holdings Ltd and African Bank

African Bank is a 100% subsidiary of African Bank Holdings Limited (“ABH” or “ABH Group”). ABH is an unlisted registered bank controlling company under the Banks Act, Act 94 of 1990. The shares in ABH are privately held by the South African Reserve Bank, the Government Employees Pension Fund, Absa Group Limited, Capitec Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited.

The ABH Group has material insurance operations that are housed in African Insurance Group Limited, a separate 100% held subsidiary of ABH which in turn holds a cell captive investment in Guardrisk Limited (“cell captive”). The cell captive investment, owned 100% by African Insurance Group Limited, is not consolidated by the ABH Group according to International Financial Reporting Standards (“IFRS”), although the financial performance of this entity is dealt with in the unaudited consolidated financial statements, by means of a re-measurement of the investment in insurance contracts.