

# Performance

of the African Bank Group

for the half-year ended 31 March 2022

**↑145%**  
Net Profit after Tax  
R372m

**↑89%**  
Retail Loans disbursements  
R6351m

**↑27%**  
Retail Savings deposits  
R10 957m

**A scalable, diversified and sustainable business**

'As part of our 'Excelerate25' strategy and brand repositioning, we are reminding all our stakeholders of our heritage using one word - audacity - to inspire a new generation of South Africans. Our Group profitability is increasing year-on-year, with a strong balance sheet aiding the execution of our strategy.'

**Kennedy G Bungane**  
Group Chief Executive Officer  
AFRICAN BANK GROUP



## Working towards a compelling listing proposition

- Increased profitability
- Promoted sound credit risk practices
- Adjusted our models in response to changes in the external environment and market trends
- Robust loan disbursements and continued good advances collections
- Expanded MyWORLD transactional banking
- Diversified our funding base
- Repositioned for longer-term success - refined strategy with key sustainability levers



## Progressing our Excelerate25 strategy

### Four key areas of evolution

#### OUR FY25 STRATEGY

##### OUR PURPOSE

Advancing lives through financial and related services

Our purpose remains the same and describes why we exist.

##### OUR VISION

An 'African Bank', for the people, by the people, serving the people

Our vision has now become our mission, describing how we will act on our purpose. The importance of returning the bank to the people of South Africa is now cemented in our new vision

#### 2 Incorporated a common mission; expanded our former vision

##### OUR MISSION

We are building a customer-centric, digital and data-enabled business that will be scalable, diversified and sustainable with a compelling listing proposition

Our mission has been redefined to highlight the importance of the customer and data

#### 3 Unpacked our business banking offering

The strategic themes we envisaged in FY21 have evolved and in H1 22 we started implementing key projects within each theme

##### Expand the core

**1 Alliances' ecosystems**  
Updating our product range and customer reach through partnering with fintechs, non-bank financial institutions (NBFI) and telcos

##### Strengthen the core

**2 Digitisation**  
Building on existing digital and analytics capabilities to improve end-to-end customer journeys and drive growth

##### Expand the core

**4 Sales transformation**  
Delivering a front-line sales programme to increase cross-sell and drive growth

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**2** We are currently focusing on the expansion of our value-added services' product range.

**3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**5** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

**1** We are exploring various partnerships to put in place synergistic relationships. We are currently focusing on the expansion of our value-added services' product range.

**2** We have moved towards an integrated digitisation approach. **3** Now that the 'core' business strategies have been developed, we are re-aligning our IT systems strategy to the business's needs.

**4** We delivered a 6 frontline sales programme and are optimising our distribution points to improve customer acquisitions, customer activations, cross-selling opportunities and customer retention.

Our digital ways of work and sustainability levers remain unaltered and clear plans and targets are in place to achieve these

#### DIGITAL WAYS OF WORK

Embed new ways of working across the organisation

Build the relevant capabilities, skill sets and partnerships

#### DRIVEN BY OUR SUSTAINABILITY LEVERS

- Customer satisfaction
- Social responsibility
- Financial resilience
- Inclusivity
- Environmental protection

#### UNDERPINNED BY OUR VALUES

- Sustainability
- Creativity
- Transparency
- Collaboration
- Empathy
- Excellence

Our values describe what we believe in – and given the importance of 'excellence' in how we work and serve and support our customers and other stakeholders, we have added this 6th key value as an ongoing reminder

#### 4 Added the 'excellence' value

#### OUR STAKEHOLDERS

A core component of our longevity and sustainability as an organisation is how we interact and work collaboratively with our key stakeholders.

**Our customers** are at the centre of everything we do. We aim to deliver fit-for-purpose and cost-effective financial products and services for a largely underserved part of our society. Our renewed focus is largely on retail and business banking customers.

**Our African Bankers** are the lifeblood of the organisation. We seek to energise, empower, upskill and inspire a workforce that is as invested in our future as its leaders are. By being audacious as an organisation, we will be able to deliver on our bold and ambitious 'Excelerate25' strategy.

**Our partners** include our suppliers, shareholders and funders and are crucial in an environment where synergies and collaborative efforts enable us to future-proof the organisation. We pride ourselves on fostering trust-based relationships.

**Our communities and broader society** hold us to account; we endeavour to promote and educate on the positive impact of sustainability practices through our economic, social and environmental initiatives.

## Savings and Investments

**30%** growth in number of accounts

**1.1** accounts/customer

**27%** year-on-year growth in book\*

**95K** no. of accounts

**84K** no. of customers

**BOOK VALUE R11b**

**50%** reinvestment rate

**108K** average customer balance

Top interest rate of 11% at expiry on a 60-month fixed deposit

The Bank continues to attract retail deposits and savings, and has grown this deposit book to R10 957 million as at 31 March 2022 (H1 21: R8 622 million); an increase of 27%

\* relates to retail investments and transactional banking

NOTE: Asterisks relate to retail investments and transactional banking

## Transactional Banking

**14.5m** transactions processed in H1 22

**R19.6b** value processed in H1 22

**EARNs 3.25%\*** INTEREST on any positive primary pocket and power pocket balance

**967K** MyWORLD accounts opened#

Primary account holder

**Average daily balance for March 2022 R987m**

**EARNs 4.0%\*** INTEREST on any savings pocket balance

**6 ACCOUNTS** without monthly account fees



NOTE: Values reflected in Figure 41 are for the financial period to 31 March 2022

# denotes that of the 967,000 accounts opened to date, 642,000 remain open, with 512,000 being funded

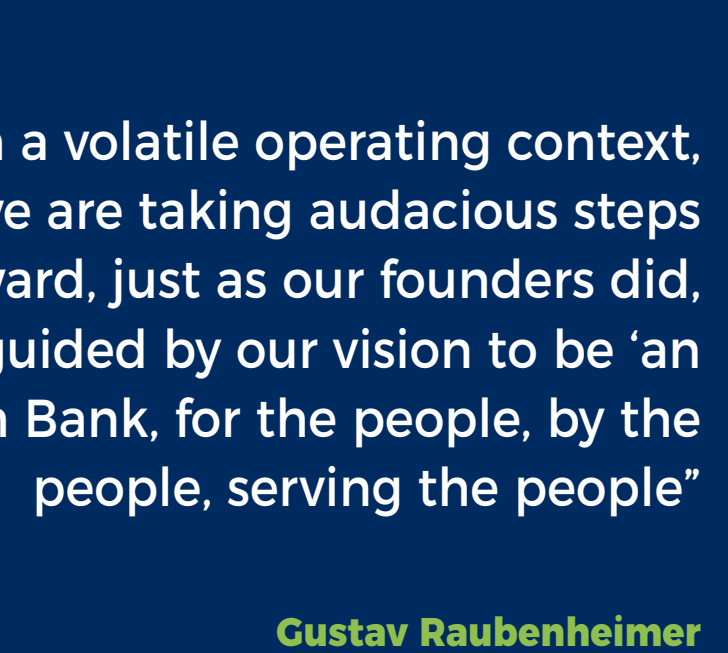
\* denotes current rates

One of our strategic execution elements is the leveraging of MyWORLD as the anchor product from which we drive cross-selling initiatives, value added services and complementary products.

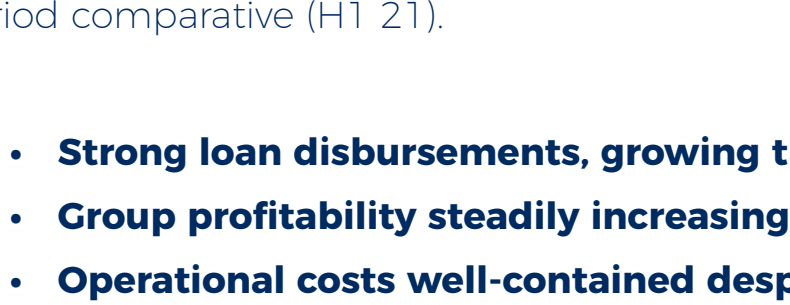
967,000 accounts have been opened to date, with 512,000 being funded (H1 21: 290,000), a growth of 76% year-on-year.

In the last six months, we have had a steady increase in the usage of MyWORLD accounts with 14.5m transactions being processed, representing R19.6b in value.

Transactional balances in MyWORLD accounts, increased to R1 038m from R 662m a year ago - a growth of 57% year-on-year.



## Financial Performance



"In a volatile operating context, we are taking audacious steps forward, just as our founders did, guided by our vision to be 'an African Bank, for the people, by the people, serving the people'"

**Gustav Raubenheimer**  
Group Chief Financial Officer  
AFRICAN BANK GROUP

As the South African economy continues to recover, the African Bank Group saw a marked improvement in our half year 2022 (H1 22) financial performance compared with the prior period comparative (H1 21).

- Strong loan disbursements, growing the advances book
- Group profitability steadily increasing year-on-year
- Operational costs well-contained despite increased activity
- Credit risk continues to be well managed
- Liquidity levels remain robust, with access to diversified funding sources
- MyWORLD transactional card issuances and usage steadily increasing
- Strong balance sheet aiding the execution of our 'Excelerate25' strategy

<b>Net profit after tax: R372m</b> (H1 21: R152m)	<b>Credit impairment charge: R658m</b> (H1 21: R850m)	<b>Net customer advances balances: R19 628m</b> (H1 21: R16 698m)
<b>Retail loan disbursements for the half-year reporting period were R6 351 million</b> (H1 21: R3 360m), a growth of 89%.		
<b>Total capital adequacy ratio: 45.8%</b> H1 21: 43.6%	<b>Retail savings deposits: R10 957m</b> (H1 21: R8 622m)	<b>Equity capital levels grew to R11.5 billion</b> (H1 21: R10.8 billion)

## Our African Bankers, our future

Our continued success and long-term sustainability require an engaged, energised and committed workforce.

To meet this requirement, we continue to build a strong, inspiring culture supported by a comprehensive set of values:

- Sustainability
- Creativity
- Transparency
- Collaboration
- Empathy
- Excellence

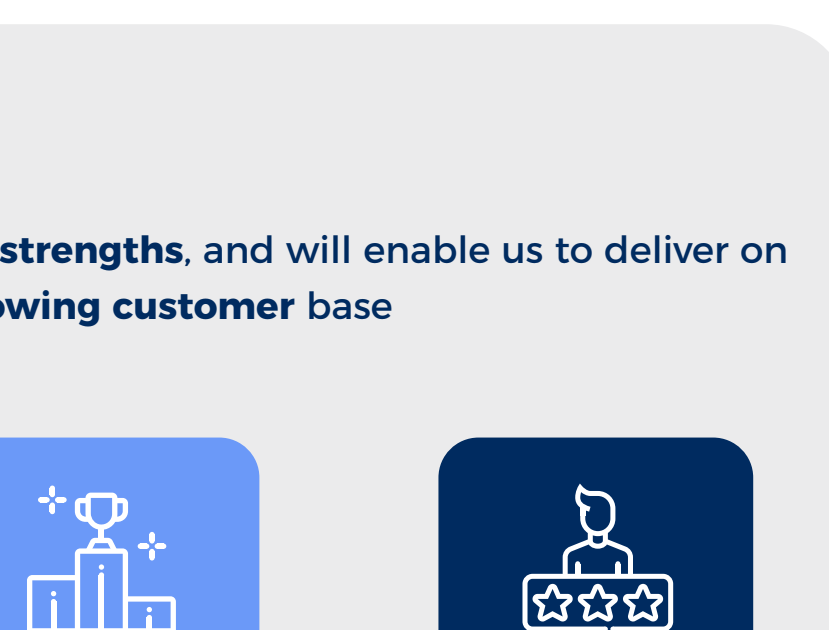


By 2025, our ambition is to be one of the top ten employers within the banking sector in South Africa by focusing on creating excellent employee conditions, nurturing and development of talent at all levels and continuous improvement of employment practices.

## Looking ahead

### Building on our half-year highlights

- Returning to our audacious heritage evidenced by our 'Excelerate25' strategy and brand repositioning
- Secured #1 retail bank overall position in latest customer satisfaction index (SA-csi) ranking
- Attracting additional experience and diversity at Board and executive management level
- Successful public auctions of wholesale funding, entrenching market confidence
- Advancing our first corporate loan to a strategic partner
- Proceeding with conversations regarding mergers and acquisitions
- Steadily growing our MyWORLD transactional accounts
- Almost doubling our credit disbursements
- Achieved BEE Level 1 contributor status well ahead of plan



### Leveraging our unique value proposition

Our differentiators are anchored in our heritage and our strengths, and will enable us to deliver on our 'Excelerate25' strategy and to create value for our growing customer base

<b>Unique story</b>	<b>Unique solutions</b>	<b>Unique positioning</b>	<b>Unique experience</b>
<b>The African Bank way</b> Our African Bankers and the communities we work and live in believe in our heritage of audacity and the direction we are taking, sharing our unique mindset	<b>Solutions-driven</b> We actively identify and develop unique solutions (as opposed to products only) for our broadening customer base	<b>Audacity to believe</b> Our solutions are being tailored for individuals, households and communities who are youthful in their approach and attitude and who are looking to make their vision a reality	<b>Digital Omni</b> Our solutions are underpinned by our digital-first Omni-Channel platform that will ensure a seamless customer journey regardless of the channel