



African Bank relaunches today

» African Bank Limited has been under curatorship for the past 20 months.

Launch of new African Bank

CASH FLUSH: HAS HEALTHY HOLDINGS OF SOME R24BN

» **New player will kick off today with most of its debt troubles now ring-fenced and behind it.**

Hanna Ziad

With a nod from the minister of finance and a new banking licence in hand, African Bank Limited will relaunch today, some 20 months since the South African Reserve Bank (Sarb) placed it under curatorship.

It's been business as usual at the "Good Bank" for some time already, but the restructure was officially completed on Friday.

Riley in charge

African Bank is launching under the leadership of former WesBank chief, Brian Riley. The bank lends largely to low- and middle-income customers, many of who are under cash-flow pressure and spend large portions of their income servicing debt.

The bank – which has 1.5 million loan customers who fall into monthly salary bands of between R3 000 and R40 000 – will launch with an equity base of R10 billion and a healthy cash position of some R24 billion.

Among the new products are a funeral insurance product and an event-based stokvel product.

But its main play will be a transactional banking platform launched in the second quarter of 2017, targeting existing loan customers, unbanked individuals and competitors' clients.

That African Bank's retail banking platform will have zero legacy.

Earlier this month, the bank announced a partnership with Sanlam, whereby the insurer's agents will sell insurance and investment products to African Bank customers. The concept will be tested in 13 Gauteng-based branches before potentially being rolled out on a wider basis.

African Bank will continue to offer credit life to customers through a cell captive insurance arrangement with Guardrisk, which came into effect in January.

Creditors of the bank have elected to exchange their claims

on the old bank for new debt instruments in the Good Bank, which will list and trade on three exchanges (the Johannesburg Securities Exchange, the London Stock Exchange and the Swiss Exchange) from today.

African Bank launches with a global scale rating four notches below investment grade from Standard & Poor's (B+/B) with a negative outlook.

African Bank Limited – which is effectively the old bank – will be renamed Residual Debt Services Limited and will continue to collect on the residual debt book under the control of the curator, Tom Winterboer.

The good bank, renamed African Bank Limited, launches without the residual debt book, worth a net R4.8 billion after provisions, on its balance sheet.

Private company

The new banking group, comprising the new African Bank Limited and the insurance cell captive, owned by African Insurance Group, will be called African Bank Holdings Limited.

While African Bank will have debt listed on the JSE, as of today, it will effectively trade as a private company.