

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 AUDITED ANNUAL FINANCIAL RESULTS FOR THE CONSOLIDATED AFRICAN BANK HOLDINGS LIMITED GROUP, AND RELATED AFRICAN BANK LIMITED INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2024, AND RESTATEMENT OF THE PRIOR YEAR RESULTS ENDED 30 SEPTEMBER 2023

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 audited annual financial statements for the year ended 30 September 2024 (“FY24”) (“Group consolidated results”, and “Bank consolidated results” respectively) today. The prior year comparative annual financial statements are for the year ended 30 September 2023 (“FY23”). The comprehensive ABHL Group consolidated results are addressed first, followed by the Bank consolidated results.

ABHL consolidated results - steady financial performance in a tough economic environment with a growing customer franchise and diversifying balance sheet set for further growth.

The African Bank Group has made great strides in implementing its ‘Excelerate25’ strategy, which focuses on building a fully-fledged bank with both personal and business & commercial offerings. Our rapidly growing client base and expanding product offering continue to contribute towards a more diversified business with multiple revenue streams.

The deliberate derisking and diversifying into Business & Commercial, and the widening of our Personal Banking offering with secured lending products while subduing growth in unsecured lending, continued in this reporting year.

The full integration and divisionalisation of Grindrod Bank into the Business & Commercial division of African Bank was completed in this financial year. The acquisition of Sasfin’s commercial property finance advances book and operations was approved in August 2024 and included in our year end results, whilst the completion of the acquisition of the capital equipment finance book took place after the year end on 1 November 2024. This will further add impetus to the Group’s Business & Commercial growth strategy. 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 & commercial arena.

Our Personal Banking division has further expanded their suite of products and service offerings with the piloting of a secured home loans to staff, financing of renewable energy primarily household solar solutions and the financing of tech-deals, including finance for handset subscriptions offered by mobile companies. Our Personal Banking 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 prior year's values (FY23) have been restated due to the adoption of the new insurance standard IFRS17 in this financial year, together with certain corrections relating to accrued interest and service fees.

The diversification of the African Bank Group balance sheet continues to progress well following the integration of acquisitions, and consists of:

- Net advances of R34.4 billion (FY23: R31.8 billion), with solid growth of 8% in this financial year, with secured Business & Commercial making up 38% of our advances to customers and delivering the benefits contemplated from the acquisitions,
- A stable funding base that has further diversified with business and retail deposits making up 92% (FY23: 87%) of total funding of R35.5 billion (FY23: R34.6 billion),
- Significant liquidity with cash reserves, excluding statutory asset requirements, totalling R7.1 billion (FY23: R9.9 billion),
- Strong capital adequacy position, with a total capital adequacy ratio of 31.4% (FY 23: 29.5%) bolstered by successful Tier 2 bond issuances, well exceeding our regulatory and internal minimums.

Although the tough operating environment in South Africa persists, there are early signs of green shoots and improvements. The Group reported a satisfactory net profit after tax for the twelve months ended 30 September 2024 of R523 million (FY 23: R521 million).

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

- Interest income declined by 4% to R7.0 billion (FY23: R7.3 billion), mainly because of the deliberate strategy of subdued growth in unsecured personal loans and the slower than expected conversion of the Business & Commercial approved loans. Further, the shift to the lower yielding credit card and overdraft products, together with the integration of the lower yielding secured lending in Business & Commercial resulted in the net interest margin declining to 9.7% (FY23: 10.9%),
- Cost of funding continued to be well managed at 7.9% (FY23: 7.4%) notwithstanding that the average repo rate rising by 77 basis points over the financial year, and the addition of the more expensive Tier 2 funding,



- Non-interest income (net of related card and transaction fee costs) grew by 14% to R1 537 million (FY23: R1 345 million) as usage of the transactional 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,
- Net insurance income increased by 14% to R821 million (FY23: R718 million), and include the IFRS17 related updates
- Operating expenses were well contained and reduced by 1% compared to the prior year, with a cost to income ratio of 58.7% (FY23: 57.2%) as the group continues with its significant investment and integration phase, and
- Credit impairment charges improved by 20% to R2 609 million (FY23: R3 262 million) resulting in a corresponding reduction in the credit loss ratio to 6.3% (FY23: 8.0%) due to the book diversification to secured lending, management's actions of refining the credit granting criteria, leading to conservative disbursements, and improving the collections and rehabilitation processes.

In line with its Excelerate25 strategy, the African Bank Group's diversification and scaling of the business continues, as evidenced by the 5.4 million customers (FY23: 4.0 million) serviced on all Group platforms, up 36% from a year ago. The Personal Banking customers increased by 17% to 2.2 million, who have credit (including the piloting of secured home loans), transactional bank accounts, savings and investment, funeral and credit life products. Our Alliance Banking partnerships have facilitated another 3.2 million customers to access products provided through our partners Shoprite Checkers, Lesaka and MTN's Momo, up 53% from a year ago. Business & Commercial is already serving 22 thousand entrepreneurs across investments, secured and unsecured loans.

An important element of the Group's Excelerate25 mission is to build a digital and data enabled business that is scalable, diversified and sustainable, with a compelling listing proposition. There are 1.7 million customers making use of our MyWORLD transactional bank account with its shared banking features, which increased by 68% year-on-year. Transactional volumes have increased by 51% to 80.6 million transactions (FY23: 53.4 million), representing R93 billion in value in the past financial year.

Looking towards the future, we continue our focus on driving sustainable growth from this solid financial position, in line with our Excelerate25 strategy.

Bank consolidated results

The Bank Consolidated Annual 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.

Like the Group's financial results above, the Bank's consolidated operating performance has improved significantly, with the operating loss reducing to R395 million (FY23: R459 million)



loss). The consolidated Bank make a net loss after tax of R284 million (FY23: R205 million loss), with the prior year benefitting from the bargain purchase price gain of R276 million. 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

The mandatory transition to IFRS 17, which replaces IFRS 4 Insurance Contracts, 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 relating to the ABHL consolidated results.

In addition, during the current report period, management identified an error relating to the recognition of accrued interest and service fees, affecting both the African Bank results and the ABHL consolidated results. This error did not impact the customers' accounts but resulted in recognising more interest and service fees. Adjustments have been made to the retained earnings of 1 October 2022, the FY23 statement of the financial position and the FY23 statement of total comprehensive income.

Please see the comprehensive note contained in the annual financial statements detailing the impact of these changes to the prior year's results.

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 audited group consolidated annual financial statements for the year ended 30 September 2024;
2. African Bank Holdings Limited group investor presentation;
3. African Bank Holdings Limited group integrated report for the year ended 30 September 2024;
4. African Bank Holdings Limited group environmental, social and governance report for the year ended 30 September 2024;
5. African Bank Limited consolidated audited annual financial statements for the year ended 30 September 2024; and
6. African Bank Limited and African Bank Holdings Limited Basel Pillar III Disclosure documents as at 30 September 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 annual results. Details of the webcast are:

Date	Tuesday, 26 November 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

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

African Bank Group further wishes to advise that our audit reports were unqualified.

26 November 2024

Debt sponsor

The Standard Bank of South Africa Limited

