

African Bank Group

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African Bank's resilience shines through

True success stories, especially during the economic hardship brought on by the Covid-19 pandemic, are rare. Yet African Bank, armed with what they refer to as “The Audacity to Believe”, are exactly that.

Today, the African Bank Group announced its financial results for the half year ending March 2022. Its net profit after tax increased by 145% to R372 million, a testament to the Group's resilience during what has been a difficult time for many businesses.

“This is a clear indication that the bank's strong balance sheet, driven by its Excelerate25 strategy and new brand repositioning, is proving successful,” says Kennedy G Bungane, African Bank's Group Chief Executive Officer. He adds that the results are an indication that the Bank's five sustainability levers are producing the desired growth. The levers include customer satisfaction, social responsibility, financial resilience, inclusivity, and environmental protection. “We are well poised to continue along this positive path.”

That path is informed by African Bank's audacious heritage. The bank was created by pioneers such as Dr Sam Motsuenyane and Dr Richard Maponya who, with a meagre starting point of just R70, set out to level the economic playing field and create a bank for the people, by the people, serving the people. “Without audacity, there would be no African Bank,” says Bungane.

“We continue to reclaim our heritage in pursuit of our vision as African Bank. The prevailing conditions necessitate the envisioning of an institution that transcends material economic limitations, one that seeks to understand the aspirations of entrepreneurs, communities and households - to partner and grow with them for financial success.

“Our call to all customers is to be relentless and to go after what they believe in, knowing they have access to a bank that will look to support them.”

In the 2021 SA Customer Satisfaction Index, announced in March 2022, African Bank scooped the overall leader position in customer satisfaction, performing significantly better than the industry average and convincingly taking leader positions in six of the nine survey segments. “Our customers are at the centre of everything we do. These results reinforce this. We are proud that our customers trust us to deliver fit-for-purpose and cost-effective products and services. Our renewed focus is both on retail and business banking customers. We will continue to build on our customer development journey.”

Improved profitability of the Group was also due to increased income earned on loan disbursements, which were up by 89% to R6 351 million. Lower impairments, which demonstrate healthy credit granting practices, were recorded. African Bank’s retail banking offering has been expanded, with MyWORLD providing a wider range of products and value-added services for customers. The Group’s operating costs were stable over the period, even with the increase in business activity across the business units.

The Group’s balance sheet remains highly liquid with strong available cash resources of R4.8-billion. The Group’s capital adequacy ratio, which is a metric that measures the ability of the Group to protect itself against untoward events which arise due to lower cash (liquidity) levels, and is monitored closely by the regulator of Banks, the Prudential Authority, improved to 45.8% from 43.6% for the comparative period.

So, what is in store for existing and new customers going forward? Bungane says the Bank remains customer and data focused. The ongoing development of African Bank’s business banking division will continue, such that the bank is able to assist with finance to small and developing businesses. It is also moving towards an integrated digitisation approach and is re-aligning its IT systems strategy towards new business needs. A new frontline sales programme is also in the pipeline.

“We are thrilled with these positive results and would like to thank our customers, our African Bankers who are the lifeblood of the organisation, our partners, and our communities. Without you and your support, this would not have been possible,” concludes Bungane.

Results highlights include:

- Net profit after tax of R372-million an increase of 145%
- Net interest margin (including interest income on advances) increased by 11% to R2 311 million
- Funded MyWORLD transactional accounts continue to grow by 76% to 512 000.

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