

## **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”)

### **CANCELLATION OF THE REMAINDER OF THE SHAREHOLDER SUPPORT ARRANGEMENT**

As announced in September 2020, African Bank had entered into a shareholder support and assistance arrangement with the shareholders of its holding company, African Bank Holdings Limited (“ABHL” (the “Support Arrangement”).

In terms of the Support Arrangement, the shareholders of ABHL undertook to provide certain support facilities to African Bank over a period of three years and four months, commencing on 1 December 2020 and concluding on 31 March 2024 (the “Support Period”). The support facilities were in proportion to the shareholders’ respective shareholdings in ABHL, up to a maximum cumulative amount of R8 billion over the Support Period. It was agreed that the aggregate support available from shareholders would not exceed ZAR2 billion in the period from 1 December 2020 to 31 March 2021 and ZAR2 billion in each of the three 12-month periods thereafter, commencing 1 April 2021 to 31 March 2024.

The Support Arrangement was originally entered into in order to provide African Bank with a significant underpin to meeting its conservative liquidity risk appetite while settling its contractual wholesale liabilities maturing over the period and ultimately facilitating African Bank’s re-entry, on a stand-alone basis, into the South African wholesale funding market.

Over the course of the last two years, African Bank has demonstrated that it could successfully raise funding in the wholesale funding market without calling on assistance from the shareholders in terms of the Support Arrangement. Three oversubscribed public auctions have taken place over this period, with African Bank successfully raising c.R1.5 billion in total funding, generally at the lower end of the pricing guidance. The most recent auction in March 2022 included a 5-year bond issuance, demonstrating the wholesale market’s confidence in the Bank and the market’s willingness to fund the Bank well beyond the end of the Support Period. It is African Bank’s view that the shareholder Support Arrangement has, therefore, served its intended purpose as an enabler to give the capital markets confidence to support the Bank in its fund-raising activities.

African Bank’s stated funding strategy of diversifying its funding base, targeting 70% retail funding, is progressing well. As at the half year, 31 March 2022, 69% of all funding was raised from retail savings and investments, including the Bank’s growing base of MyWORLD transactional banking accounts.

African Bank, together with the ABHL shareholders, have agreed to cancel the Support Arrangement with effect from 1 October 2022. The necessary contractual agreements have been concluded to formalise this cancellation.

African Bank would like to thank the ABHL shareholders for providing this Support Arrangement.

30 September 2022

**Debt Sponsor**

RAND MERCHANT BANK (A division of FirstRand Bank Limited)