Press Release:
17 September 2008

Blue, in partnership with Intercontinental Bank, officially opens for business in Nigeria

17 September 2008 – Altex listed Blue Financial Services (Blue) officially opened for business in Nigeria, making it a total of twelve countries in Africa where the JSE-listed microfinancier has operations.

Blue previously announced its impending presence in the country, when on March 6th, in Lagos, it signed a partnership agreement with Nigeria’s largest bank, Intercontinental Bank plc (ICB).

A new company, Blue Intercontinental Micro Finance Bank (BIMFB), has since been formed to market, distribute and sell Blue micro-financing services and products into Nigeria’s retail market.

Initial distribution will be through the BIMFB flagship branch at its head office on Lagos mainland and ten BIMFB kiosks set up in selected ICB branches around Lagos State. Advertising flyers will indicate to potential customers in which branches these kiosks can be located.

The BIMFB launch formalities included a ribbon cutting ceremony at the BIMFB head office, followed by a press conference at the Ocean View Restaurant complex and an evening gala function.

Blue CEO, Dave van Niekerk, says that the BIMFB venture will enable Blue to tap into the potential of a largely unbanked market and leverage off the progressive reforms in the financial services sector.

Van Niekerk says that the strategy of using ICB branches may seem contrary to present banking trends where the branch is declining in importance as customers are encouraged to use electronic or telephone banking. “Our model is one based on face-to-face interaction with the customer and is more suited to the products we are offering.” For this reason stand alone BIMFB branches will be utilised in addition to kiosks in Intercontinental Bank’s branches.

Products include salary advance loans, personal term loans, retail loans, loans for small business finance and home improvement loans.

Dr. Erastus Akingbola, Group Chief Executive of ICB, says the bank is excited to be partnering with Blue in its Nigerian launch. “We have built up our brand equity over 18 years in the market and are ranked as the second fastest growing bank in the world and the fifth largest in Africa. It was our mutual shareholder,
AIG Capital Partners, Inc., that played an instrumental role in facilitating this new relationship between Blue and ICB. We will be providing Blue with our invaluable local partner expertise as well as a significant footprint in excess of 300 branches across all states."

BIMFB will be managed by three directors – South African Jaco Coetzee and Nigerians Dr. Muftau Raji and Frank Ajilore, and the initial staff complement of 34 is expected to grow monthly in line with the expansion of operations.

The Nigerian microfinance market is significantly under-served and unbanked, with limited product offerings. Although there are 24 banks in Nigeria, less than 10% of their lending is to individuals. The average bank density is one outlet for 32,700 people in urban areas and one outlet for 57,000 people in rural areas. The Nigerian banking industry concentrates mainly on deposit taking and savings accounts and consumers are constrained by requirements to have existing products with a bank before qualifying for further offerings.

These limitations have led to around 60% of the economically active population having to be serviced by informal financial sector players such as non-governmental organizations, microfinance institutions, moneylenders, friends, relatives and credit unions.

To address these problems, in December 2005, the Central Bank of Nigeria launched its National Microfinance Policy and Regulatory Framework which aims to provide a conducive environment for the provision of sustainable financial services to consumers not adequately served by the existing formal financial system.

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Issued by : The Firehouse Communications
Sandy Greaves Campbell
083 408 3373

For : Blue Financial Services (012) 990 8400
Contacts : Dave van Niekerk, Blue Financial Services
Morné Reinders, Investor Relations

Note to editors
Blue Financial Services (Pty) Ltd
Blue, the AltX listed pan-African financier, is currently one of the “big three” listed micro-financiers in South Africa. Of the three, Blue is the only micro-financier with a significant presence outside of South Africa, currently operating in 11 other countries and planning to open further African subsidiaries before the end of the year. Blue presently services its clients through 175 branches manned by more than 2 000 employees.

Blue offers formally employed people in the LSM 2–7 brackets access to credit solutions such as salary advances, home improvement loans, home loans and insurance. Blue is registered with the Finance Services Board (FSB) of South Africa and the central banks in each of its operating countries.