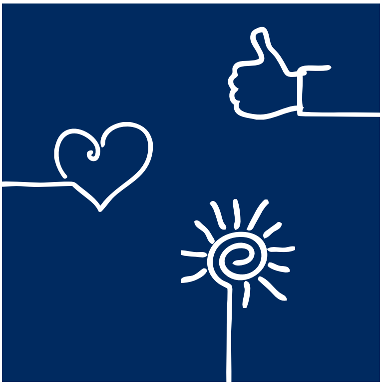
African Bank
INVESTMENTS LIMITED



UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

African Bank
INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

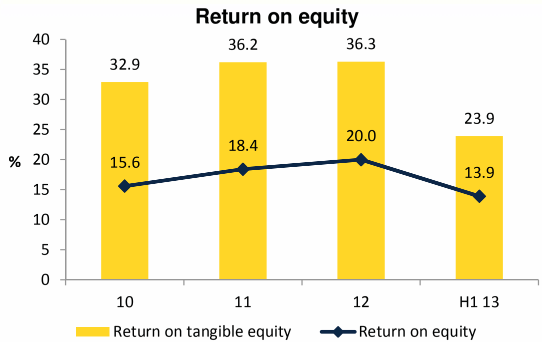
African Bank
INVESTMENTS LIMITED

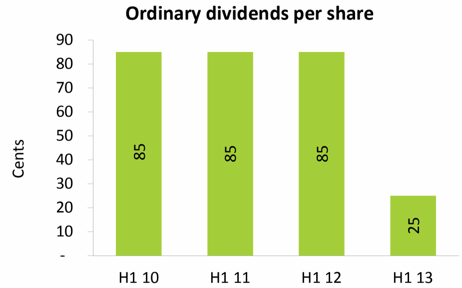
Our purpose

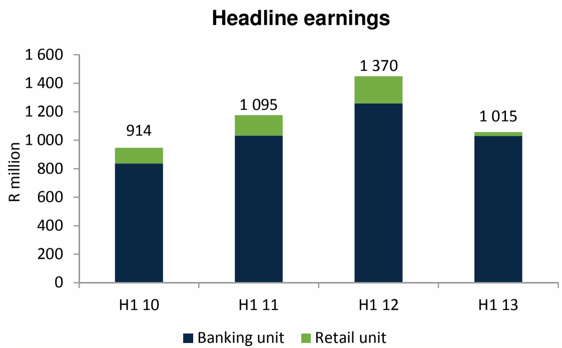
ABIL's purpose is to impact positively on people's lives through the provision of credit led, risk based financial services. We help our customers to affordably meet their needs, achieve their dreams and manage the unanticipated financial events that occur through life.

We achieve this purpose by actively engaging with our people and through them, with our customers.

Results at a glance







"Earnings were impacted by a combination of macro-economic factors and internal business related issues. Our decisions around additional write offs and insurance claims have exacerbated the decline in earnings but we believe that these are important steps to improve the quality of our loan book, which should deliver better profitability going forward".

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Consumer environment

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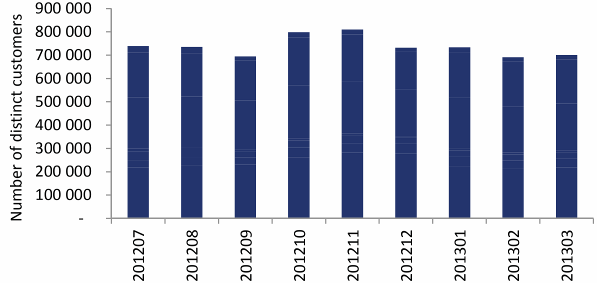
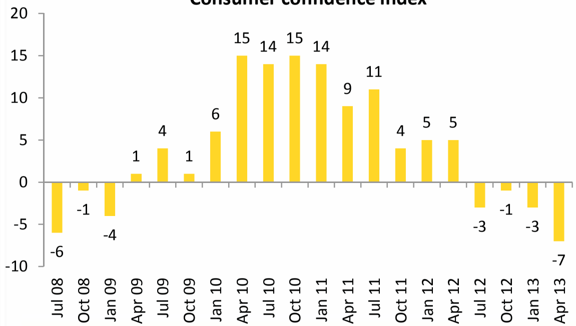
Demand has slowed down

- Pressure on disposable income
- Higher levels of indebtedness
- Consumer confidence impacted

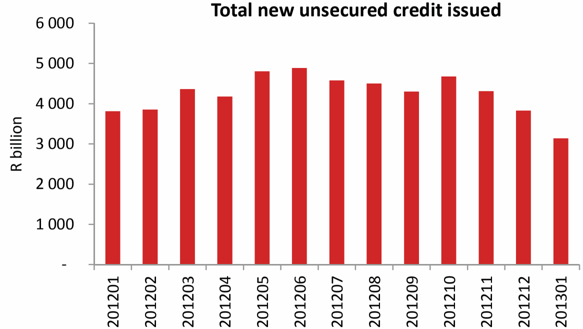
Number of customers completing bureau enquiries



Bureau for Economic Research Consumer confidence index



Total new unsecured credit issued



Source: Credit bureaus

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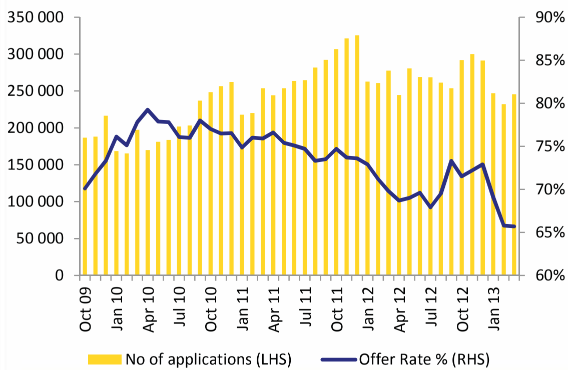
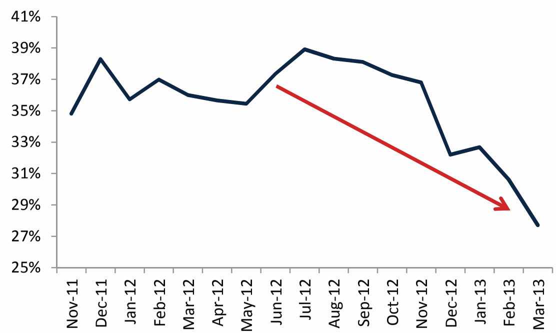
Both demand and supply impacted

Supply has slowed down

- Variety of actions by ABIL to reduce risk
- Offer rates continued to decline as a result
- Lack of affordability increasing as a reason for declined applications, from 18% in September 2012, to 25% by March 2013
- Industry growth slowing but still at a high level





Source: BA returns

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Regulatory developments

Increasing level of regulatory debate

- National Treasury / Banking Association of SA work streams
- Twin Peaks
- NCA review
- Credit information amnesty

Probe by the NCR

- Both NCR and African Bank have submitted their documents to National Consumer Tribunal
- The National Consumer Tribunal is expected to hear the matter in the next few months

Key financial features

BANKING UNIT		H1 13	H1 12
Return on equity	%	16,6	22,9
Return on tangible equity	%	24,9	35,9
Economic profit	R million	129	460
Headline earnings	R million	1 001	1 259

RETAIL UNIT		H1 13	H1 12
Return on equity	%	1,3	14,1
Return on tangible equity	%	5,0	77,6
Economic loss	R million	(189)	(5)
Headline earnings	R million	18	191
Return on sales	%	0,8	7,3
EBITDA	R million	138	350

Key drivers of results

African Bank INVESTMENTS LIMITED

Banking unit

- Loan disbursements down 4% - risk reduction measures and lower appetite and capacity for credit from consumers
- 25% book growth despite the lower disbursements, due to lengthening of the book
- Yield reduced by 180 bps - once-off retrospective *in duplum* adjustment (50 bps), suspension of interest and product mix changes
- Expansion of claimable events increased the insurance charge from R394 million to R801 million. Provision on related NPLs not released, but retained to maintain NPL coverage
- Higher than anticipated risk emergence, lower sales and difficult collections environment increased NPLs (post write-off) from 27,2% to 29,2%
- Given the above, the bad debt charge increased to R3,4 billion (H1 12: R2,4 billion) and gross bad debt write-offs to 11,5% (H1 12: 8,4%). Provisions increased to maintain NPL coverage due to cautious outlook
- The value of the written-off book was held constant since Sept 2012 at R 2,1 billion, despite substantial net write-offs (14,6 vs18,4 cents in the rand in H1 12)
- Operating cost growth (up 6%) and funding costs well contained (8,6% vs 9,2% in H1 12)

Key drivers of results

Retail unit

- Merchandise sales declined by 11% - declines in disposable income, higher indebtedness and risk reduction measures implemented
- Margins firmed slightly to 44,8%
- Good cost control (up 5%) - R100 million in duplicate costs
- High fixed cost base and extended lead time for cost reduction

A tough collections period but improving

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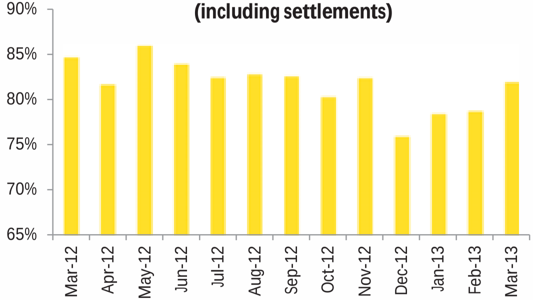
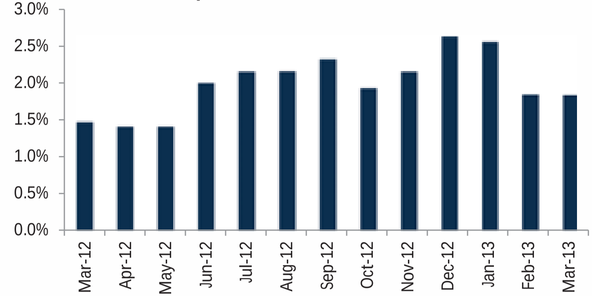
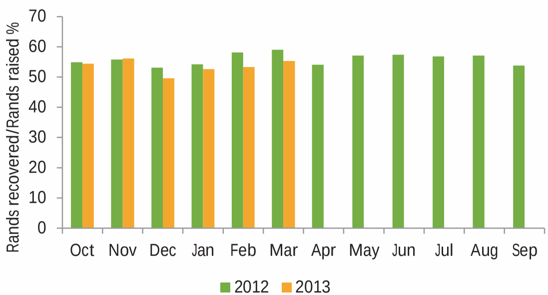
Performing loans cash to instalment success rate (including settlements)



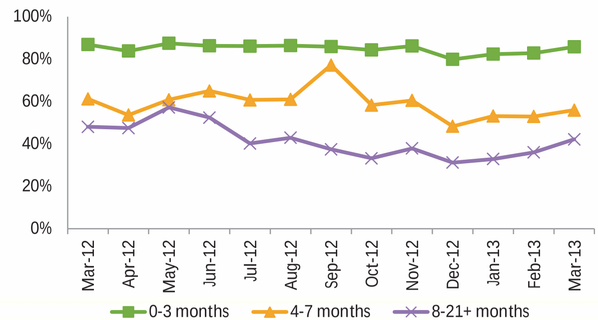
Disputes as % of debit order strikes



Collections success rate all loans

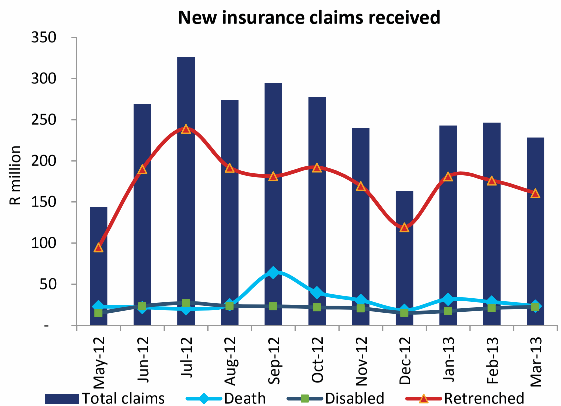


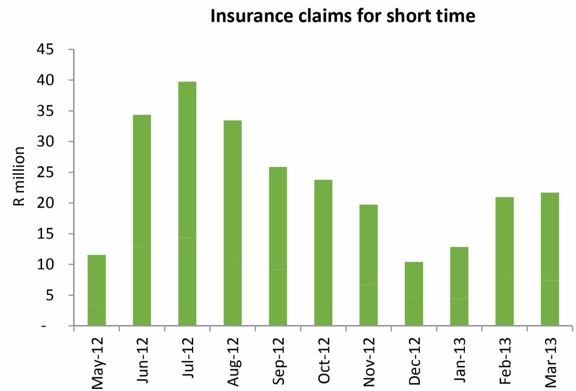
Debit order strike success by delinquency category



Collections trends

- Seasonally tough collections period of December/January – collections performance worse in 2013
- Subsequent months have shown some improvement, not yet back to historical levels
- Additional focus to increase collections through a variety of initiatives
- Insurance benefits expanded to alleviate hardship





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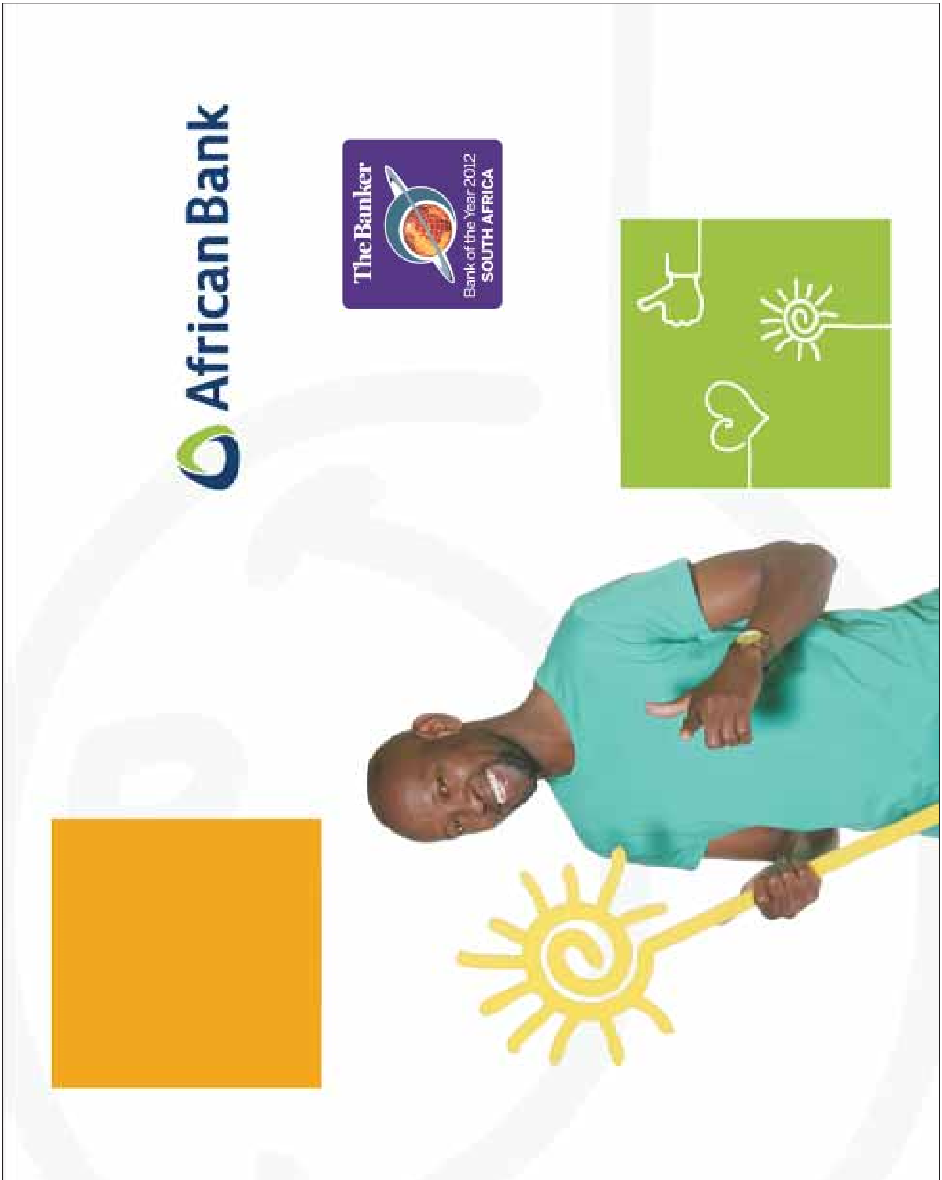
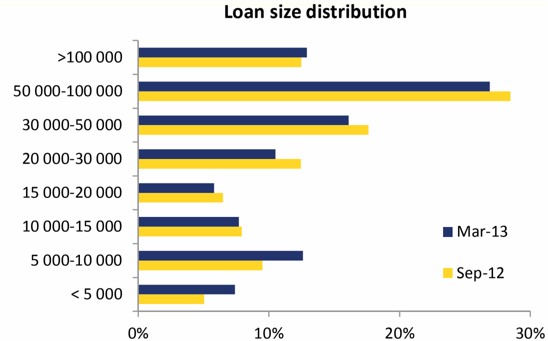
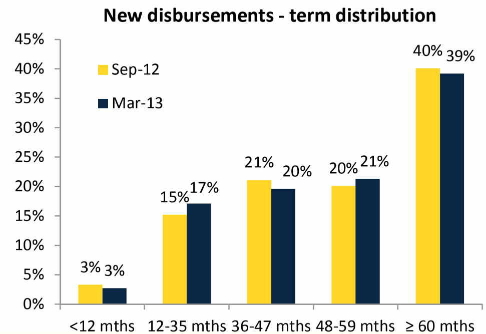

African Bank
The Banker
Bank of the Year 2012
SOUTH AFRICA

New business volumes

Loan disbursements declined by 4% to R12,5 billion

- **African Bank loan** disbursements flat at R8,9 billion
- **EHL originated credit** down 8% to R2,4 billion on risk reduction measures and lower demand
- The issue of new **credit card** limits declined by 15%, as entry level cards were curbed
- Total number of cards in issue nevertheless up by 12% to 946 000 cards
- Average term flat at 49 months as new segmentation curbed loan size and term growth
- Recent African Bank loan and credit card vintages have shown improving risk trends





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Products and innovations

African Bank

Products

- 'Choose your break' – rewards good payment behaviour by offering a 1 month break of the customer's choice each year
- Loans to foreigners – pilot commenced, R29 million of loans issued, 4 200 customers assisted
- Vehicle finance product – distribution expanded, R173 million book, 2 000 customers
- Insurance products – enhanced benefits and funeral insurance product launched
- Retail deposits – savings and investment products launched in October 2012

Enhancing customer value

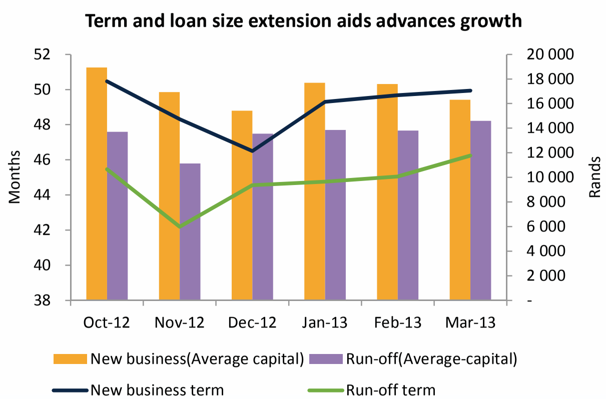
- Cellphone services – source of more than 1 million credit applications in 6 months. Convenient functionality
- Biometric identification and verification – reduced fraud and streamlined application processes
- New look branches rolled out

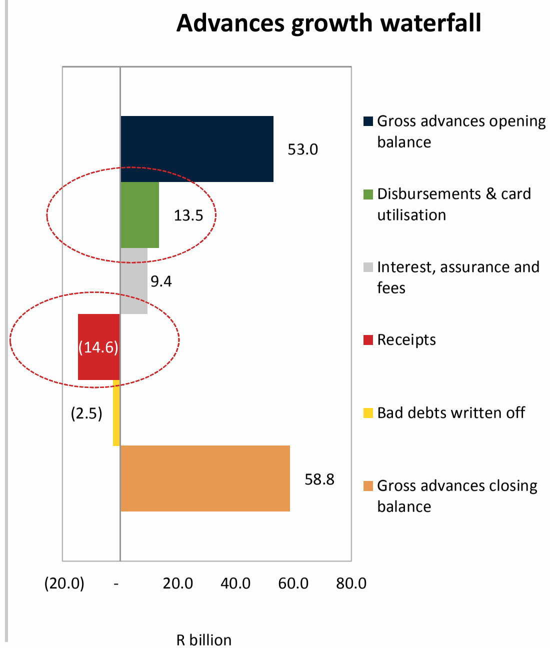
Solid growth in advances despite lower sales

African Bank

Advances growth of 25% to R58,8 billion

- Although incoming term has not lengthened, average incoming term of 49 months remains longer than the 45 months average term for the book running off, which assisted book growth
- When disbursements slow down, cash builds up quickly (R1,1 billion in 6 months)





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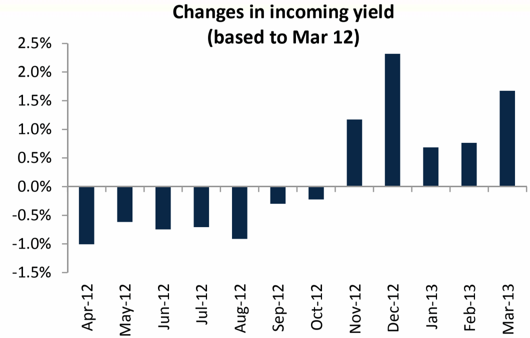
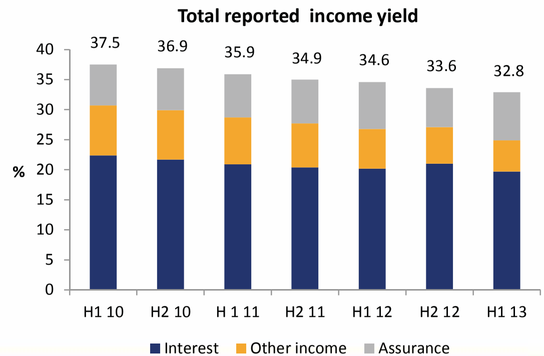
Income yield

African Bank

- **Credit income up 21% to R9,4 billion, on advances growth of 25%**
- **Total income yield declined 180 bps to 32,8% from 34,6%, driven by:**
  - Once-off credit card *in duplum* adjustment of ±50 bps
  - Income suspension on larger NPL portfolio
  - Lower fees due to product mix
- **Incoming yield stronger than comparable period**
- **Product mix and weighting effect**
- **Additional refinements will increase incoming yield further**





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Credit quality

African Bank

% of advances	H1 13	H2 12	H1 12
Credit loss charge	12,1	11,0	10,6
Insurance claims charge	2,8	2,1	1,8
Total risk charge	14,9	13,1	12,4
NPL ratio	29,2	28,6	27,2
Gross bad debts written off	11,5	10,0	8,4
NPL coverage (Impairment provisions as % of NPLs)	60,2	60,0	61,0

What changed?

- Reduced disposable income and increasing overindebtedness put strain on collections
- Credit life broadening of insurable events, adding R420 million to insurance claims
- R445 million of additional write offs in March 2013
- Progress with efforts to reduce value of written-off book -> net write-offs of R2,5 billion, yet the value of the written-off book was not increased

Credit quality – portfolios behave differently

African Bank

- **Furniture credit portfolio has significant exposure to informally employed, unbanked and rural customers**
  - Segment particularly hard hit by deteriorating economic conditions
  - Significant risk reduction measures being applied – smaller loan sizes, shorter term, efforts to change sales mix to lower risk groups. Additional measures such as deposits for cash paying customers being implemented
  - Dedicated collections focus implemented in branches – early results positive
- **Credit card portfolio performance improving after substantial reduction in sales of entry level (higher risk) cards last year**
- **Dominant African Bank loans portfolio performing in line with expectations and with general market conditions**

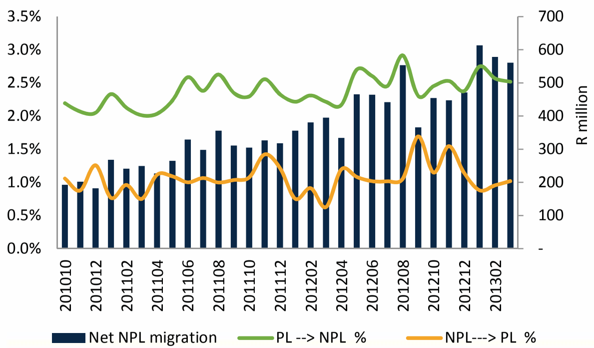
	African Bank loans	Credit card	EHL originated credit
Advances	R41,7 bn	R7,7 bn	R9,4 bn
Credit loss charge	10,0%	12,9%	20,3%
NPL ratio	29,8%	19,6%	34,7%
NPL coverage	60,4%	52,1%	63,0%

Credit quality (continued)

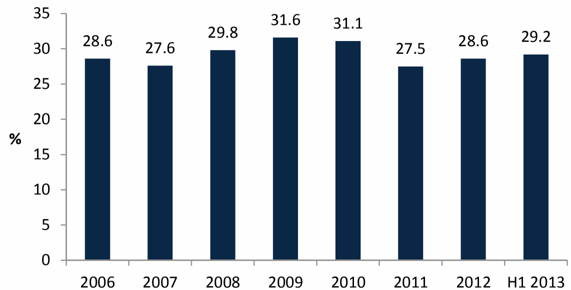
Where to from here?

- Remaining NPL portfolio of better quality
- Insurance charge retrospective in nature, should normalise but at higher levels than historically
- NPLs to be settled as insurance claims pay out

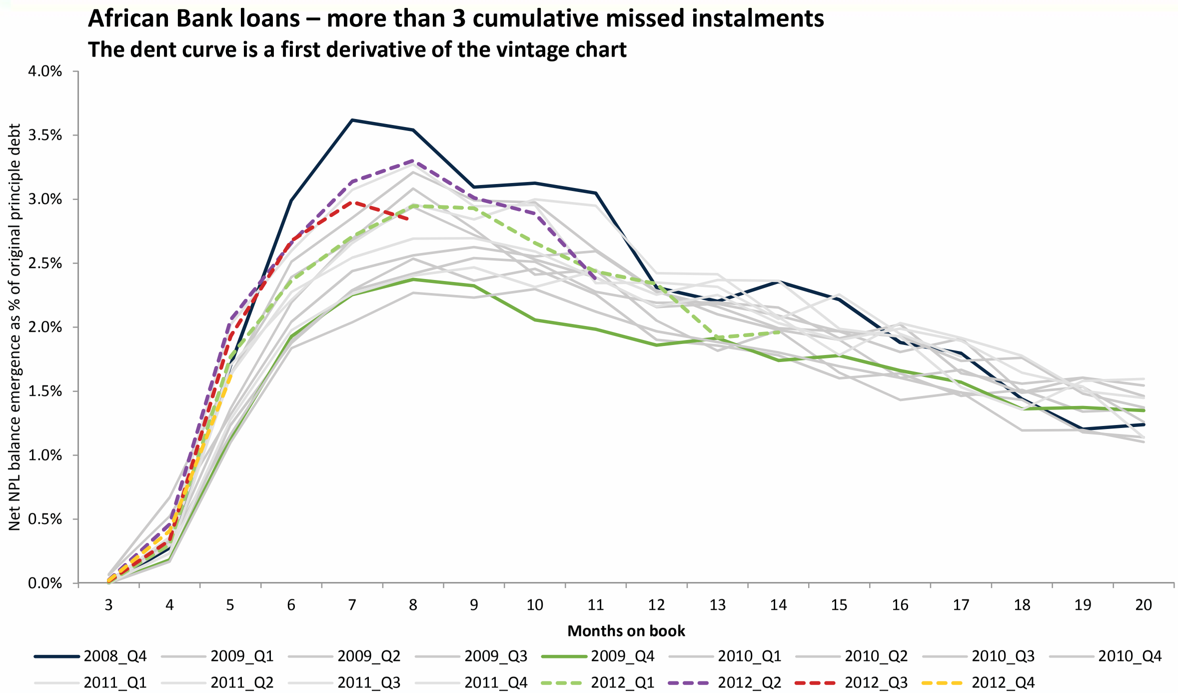
Net NPL migration - African Bank advances



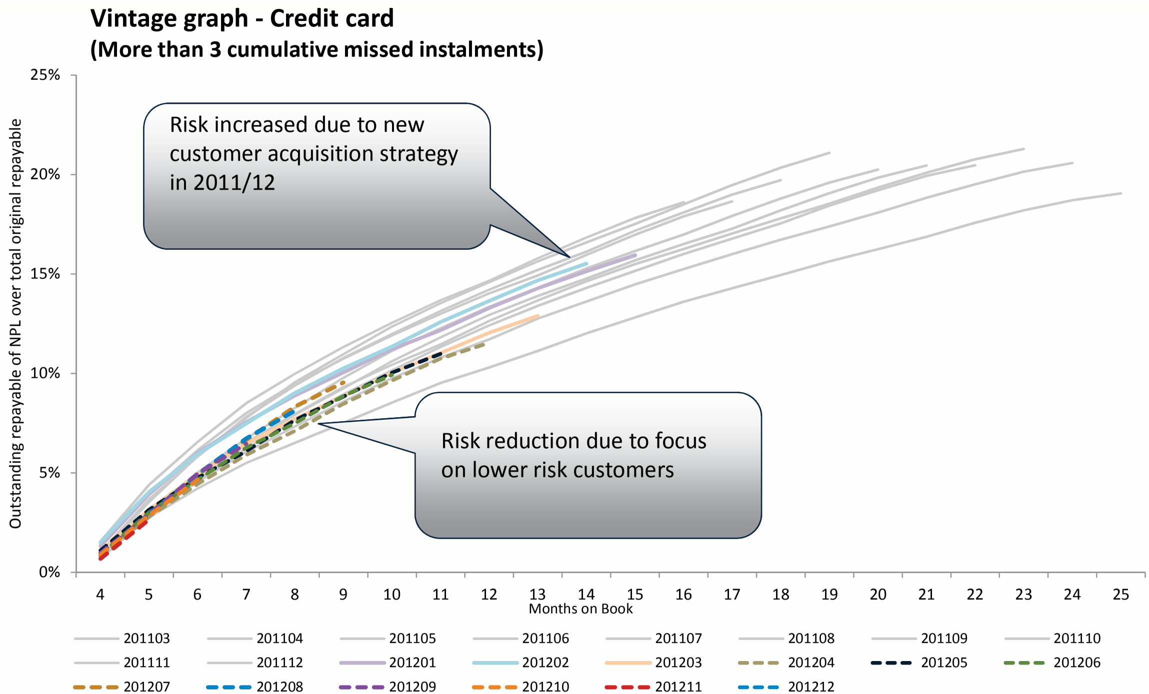
Non performing loans to average gross advances



African Bank loans - dent curves match expectations



Credit card vintages improving



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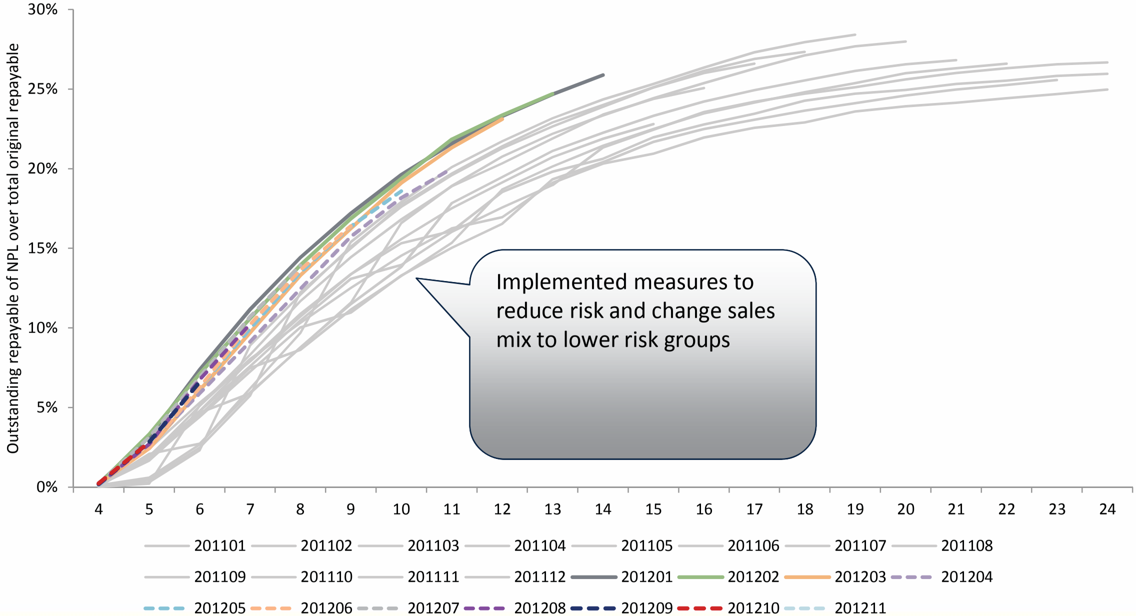
Furniture vintages improving, not yet in line

Vintage graph – EHL originated credit
(More than three cumulative missed instalments)



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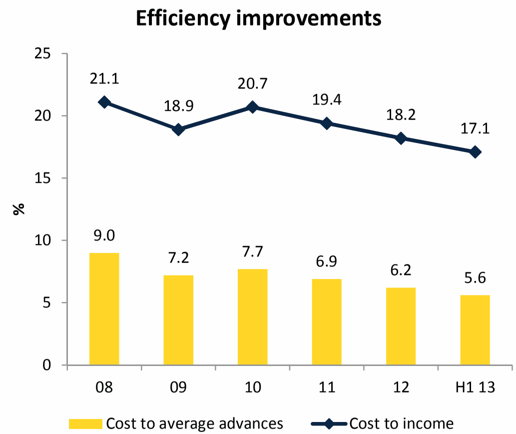
Expense management

African Bank

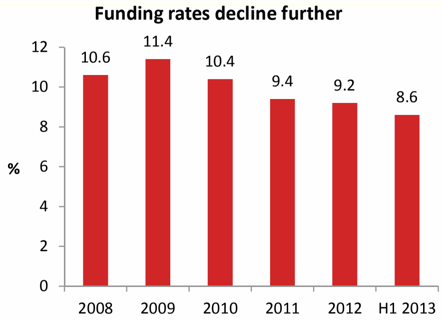
Operating expenses increased by 6% to R1,6 billion

- Strong focus on operational efficiency and investing in appropriate areas such as IT and increasing the capacity of the call centre
- Operating leverage provided continuing efficiency improvements
- Cost management a key strategic imperative to add value to customers and a competitive advantage in a lower growth environment



Funding

African Bank



Best CHF bond

Total funding of R53,7 billion, a 17% growth from September 2012

- **New capital market issuance in the current period:**
  - a second Swiss bond of CHF125 million - issued well below the coupon for the inaugural CHF bond and with a longer term
  - a R2 billion inflation-linked bond in the domestic market
  - An R800 million, 3-year Jibar linked senior bond at a lower financing cost than the last similar capital market issuance
- **Funding rates reduced further to 8,6%**
- **Short term liabilities (< 12 months) currently 9,7% of total liabilities, well below 20% internal ceiling**
- **Basel III compliant liquidity coverage ratio of >300%**
- **Retail savings and investments products launched in October 2012**

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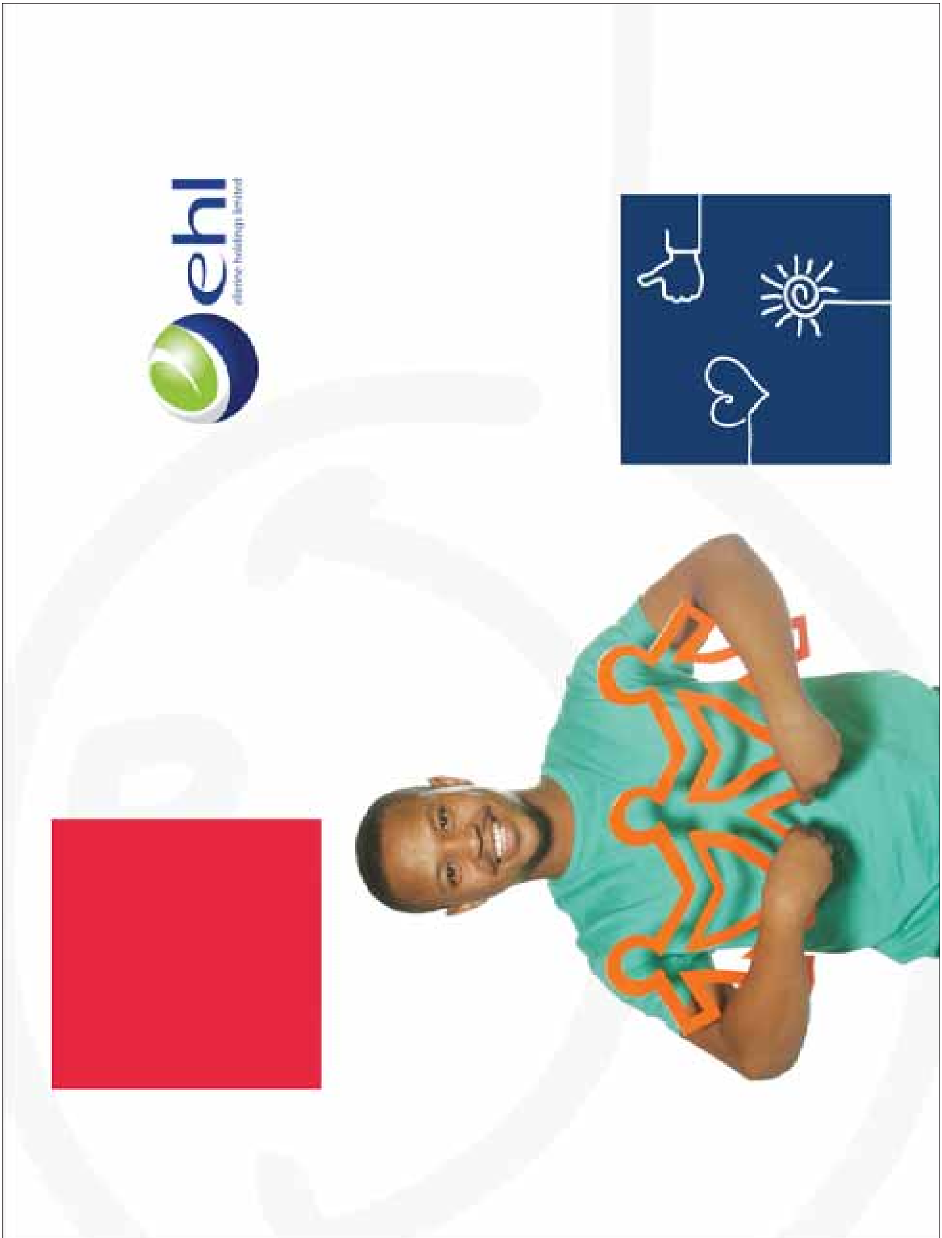
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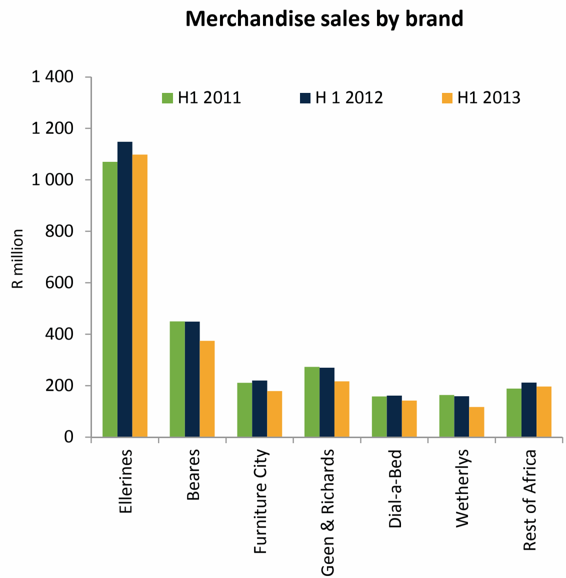
Merchandise sales

- **Merchandise sales declined by 11% to R2,3 billion, or 3% on a comparable basis**
  - Decline in merchandise sales across all brands
  - Cash sales down 13%, credit merchandise sales down 10%
  - Credit sales percentage up from 63,5% to 64,2%
- **A notable reduction in customers in stores**
- **Reduced supply of credit in the industry a key driver**
- **Additional internal operational impacts**
  - Implementation of distribution centres
  - Wetherlys – 4 key stores being reconstructed
  - Risk mitigation initiatives reduced credit offers
  - Restructuring of Furniture City, Geen & Richards and Dial-a-Bed



Retail Unit

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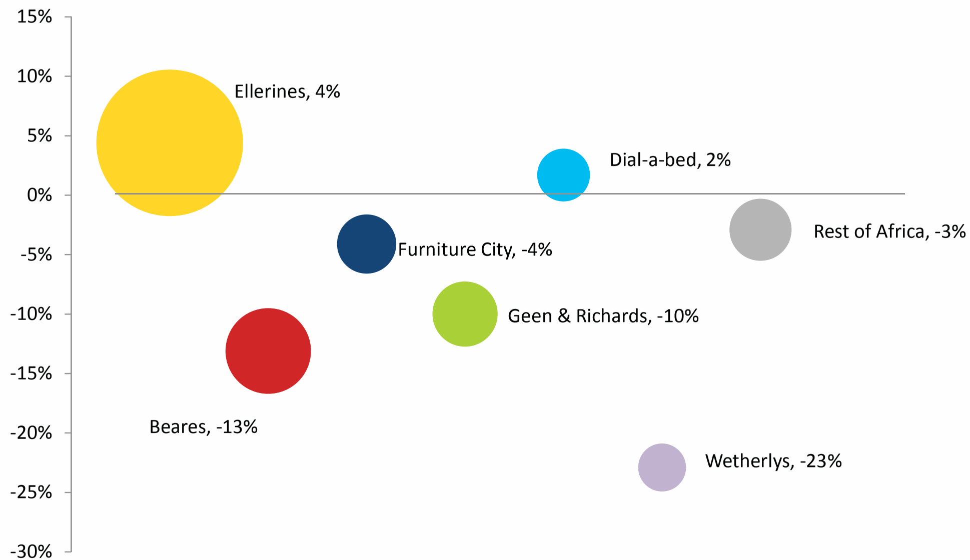
Improved efficiencies through space reductions, notwithstanding lower sales

Comparable sales growth/(m²) declined by 3%



Retail Unit

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Format innovations proving successful

No of stores 2008		1 235	Stores re-allocated to more profitable brands,
No of stores 2013		1 057	rollout of stores-within-stores
Retail trading area 2008	m^2	848 128	Trading area reduced by 184 000 m^2 or 22%
Retail trading area 2013	m^2	663 840	Additional savings to come from closure of old warehouses
Average store size 2008	m^2	687	Smaller stores, innovations in lay-out of stores
Average store size 2013	m^2	628	Furniture Emporium concept stores launched

Retail Unit

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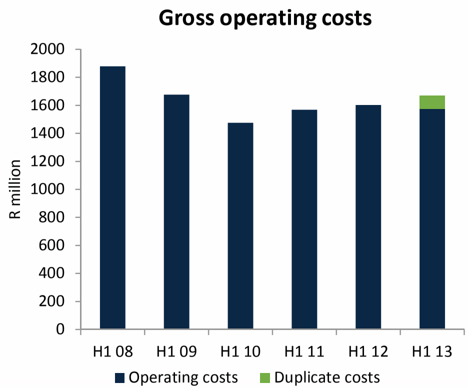
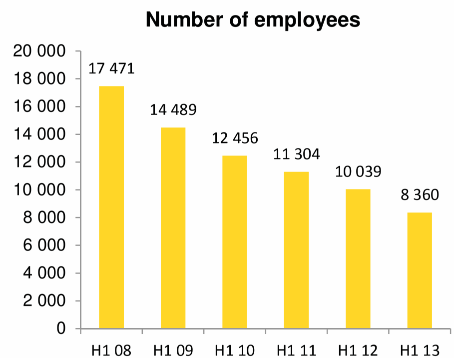
Operating leverage through margin protection and expense management

Cost growth at 5% well contained

- Duplicate costs for distribution centres in 2013
- Fuel cost increased from R9,60 to as high as R13,88 per litre - central distribution allows for improved truck utilisation, providing some relief
- Strong focus on property management and reduction of space - successful in limiting growth in property expenses
- Ongoing improvement in cost of employment





Retail Unit

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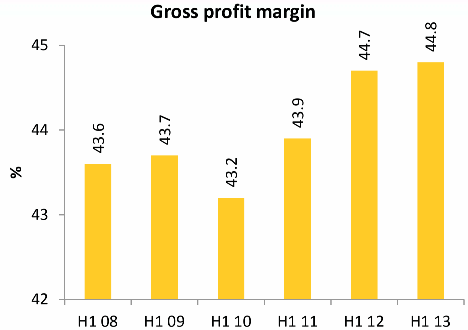
Margin management and improved stock control

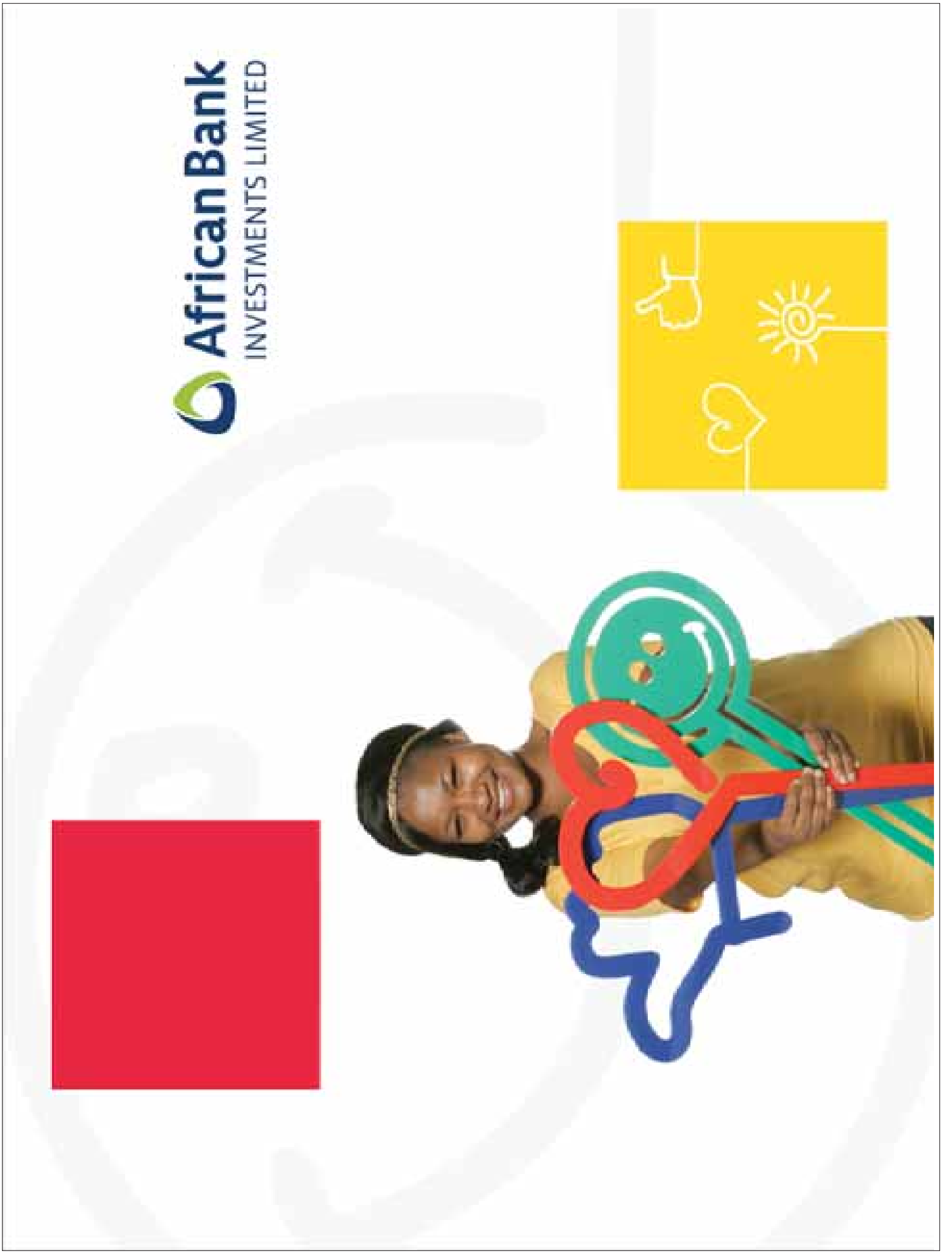


Margin slightly higher than 2012, notwithstanding lower supplier rebates and discounts

- Focus on preserving margin, not pursuing unprofitable sales growth

Inventory management improving despite lower sales

- Stock turn marginally improved from 3,2 to 3,3 times
- Central distribution beginning to improve inventory levels
- Tighter ranges, strong focus on stock levels
- New inventory management models determine right investment choices
- Much improved stock profile – discontinued stock significantly reduced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Capital and dividends

African Bank INVESTMENTS LIMITED

Capital Adequacy Ratios (CAR)	ABIL		African Bank	
%	**March 2013**	March 2012	**March 2013**	March 2012
Core Equity Tier 1	**17,8**	18,4	**19,5**	20,4
Total Tier 1	**19,9**	21,4	**19,5**	20,4
Tier 2	**7,7**	7,7	**8,1**	8,5
Total CaR	**27,6**	29,1	**27,6**	28,9

Capital

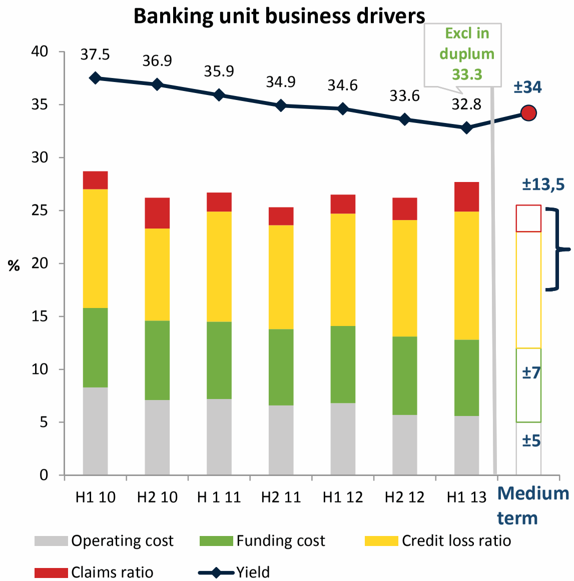
- Strong core Tier 1 capital
- Basel III impact reduced total CaR by approximately 1%
- Planned issuance of Basel III compliant Tier 2 capital subject to acceptable market conditions

Dividends

- Interim dividend of 25 cents per share, dividend cover of 5 times
- Balancing the current set of financial results, the outlook for the remainder of the financial year, the group's capital requirements and the need to provide shareholders returns
- The similar principle will be applied in determining the full year dividend, within a dividend cover range of 3 to 4 times

Managing business drivers to achieve target RoEs

- Yield
  - Increased pricing
  - Reduced loan sizes for high and medium risk groups increases yield
  - More competitive offers for low risk customers
  - Changing product mix away from lower yielding consolidation type products
- Risk
  - Reduced risk overall
  - A variety of actions already implemented to improve risk on the EHL originated book
- Other drivers
  - Continuous focus on operating and funding costs



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Outlook

Banking unit

- Trading conditions expected to remain challenging
- Risk reduction measures improves asset quality
- Advances growth will continue to be ahead of sales growth
- Bad debt charge to remain elevated
- Risk reduction measures will benefit charge from 2014 and large write-offs have improved quality of the remaining NPL portfolio
- Incoming yield is higher and credit card *in duplum* charge a once off adjustment
- Operating and funding cost growth should remain well contained
- New products and changes in ABIL's offering bode well for business over medium term

Retail unit

- Slowdown in furniture sales growth expected to endure or possibly worsen
- R100m of duplicate costs to come out in 2014, attempts made to accelerate the process
- Profitability at risk for 2013
- Medium term cost reduction and margin improvement initiatives on track

Medium term objectives

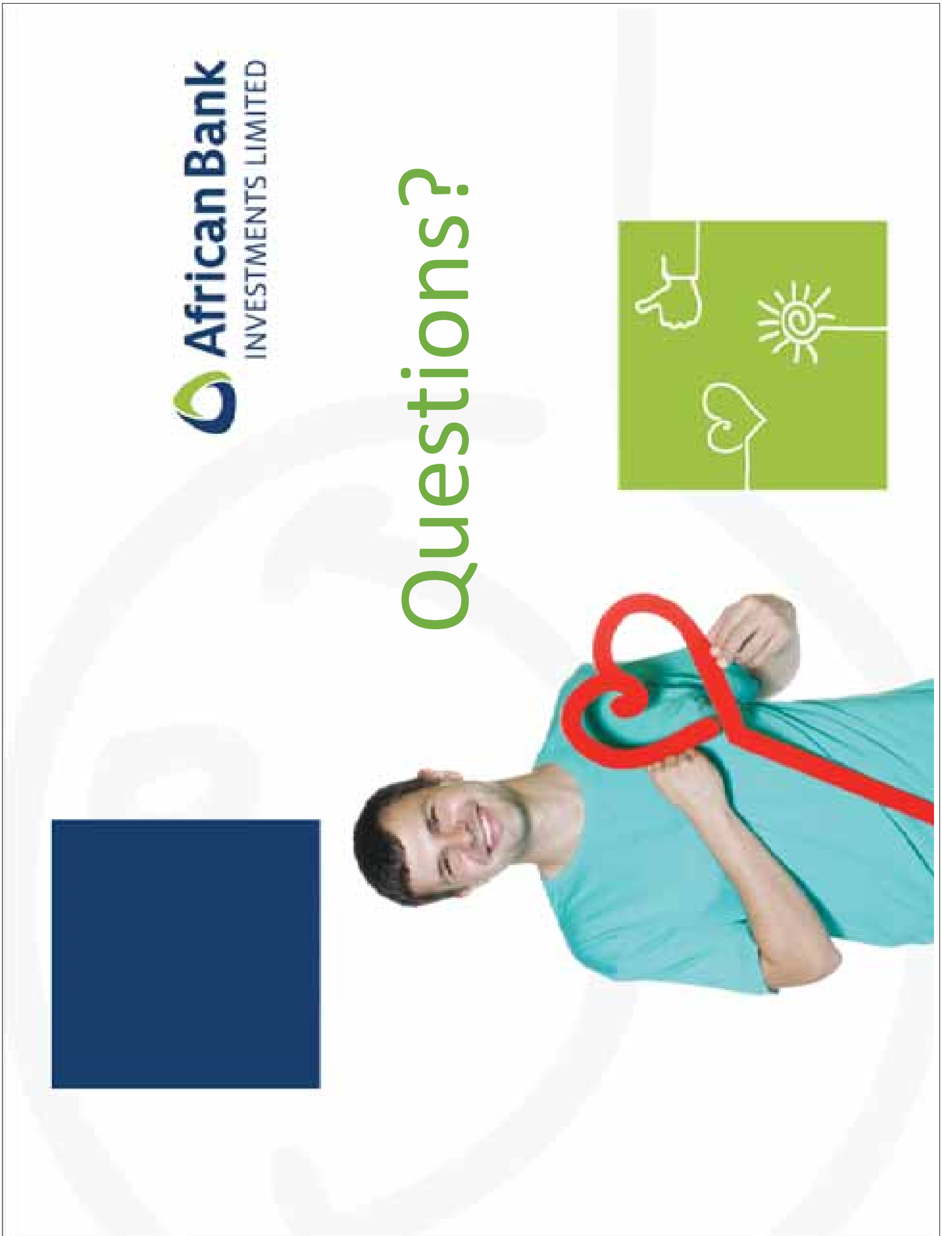
Objective %	Actual 2012	Actual H1 2013	Original target 2013	Revised target 2013	Medium term target 2016
Return on equity	20,0	13,9	> 21	N/A	>25 - 30
Advances growth	33	24	> 23	18 to 22	>15 CAGR
Return on sales	5	1	5,6 - 5,8	(2,5) to 0	8 – 10
Merchandise sales	2	(11)	> 3	(15) to (8)	>8 CAGR

- The RoE for the Banking unit for the full year expected to be similar to H1 2013
- Trading conditions, particularly in the furniture retailing environment, are too volatile and unpredictable to provide guidance for a group RoE objective with confidence
- These targets have been set on the proviso that there is no significant deterioration in the economy

ABIL remains a strong business

African Bank INVESTMENTS LIMITED

- R1 billion in profits for the six months
- 14% return on equity, 24% return on tangible equity, in most challenging environment
- Wholesale funding model with duration of liabilities > assets affirmed. Continued successful fund raising in a volatile period
- A highly cash generative business with annual collections in excess of new business volumes (R1,1 billion in H1 2013)
- A wide and efficient distribution network with 1 057 retail stores and 567 credit outlets
- A diversified customer base of 2,7 million customers across all sectors and regions
- A R58,8 billion advances book with a strong embedded value component
- Loyal and motivated employees


African Bank
INVESTMENTS LIMITED
Questions?

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2013

GROUP PROFILE

ABIL's purpose is to impact positively on people's lives through the provision of credit-led, risk-based financial services. We assist our customers to meet their needs affordably, achieve their dreams and manage unanticipated financial events that occur throughout life.

Our aim is to be the dominant provider of risk-based financial services to the South African market

Dominance
is defined as the largest advance base, client base and distribution presence in our target market

Risk-based
services will include credit, credit-led insurance and other credit-led products to bridge cash flow mismatches

Market
Target market defined as LSM 2 – 8, formally employed and self-employed individuals

ABIL is a publicly owned holding company listed on the JSE Limited with wholly owned subsidiaries primarily within the South African unsecured credit and furniture and appliances retailing environment. The group operates through two primary businesses, African Bank and EHL, as well as insurance subsidiaries Stangen, Relyant Insurance and Relyant Life.

ABIL reports through two business units, the Banking unit, consisting of the operations of African Bank and Stangen, and the Retail unit, consisting of the furniture retail and insurance activities.

African Bank has pioneered competitively priced unsecured loans and credit card products to a predominantly formally employed and banked market. Stangen provides credit life policies to customers who utilise the loan and credit card products offered by African Bank, as well as funeral insurance products.

EHL is a furniture and appliances retailer which provides affordable products and offers credit facilities through African Bank for the purchase of its goods. It operates in the formally employed banked market, the informally employed market as well as higher lifestyle markets than those traditionally targeted by African Bank. Relyant Insurance offers voluntary product insurance on merchandise purchased from the EHL group. EHL also operates in neighbouring countries.

FEATURES

Headline earnings decline by 26%
to R1 015 million
(H1 2012: R1 370 million)

Headline earnings per share of
125,7 cents
(H1 2012: 170,4 cents)

Ordinary dividends per share of
25 cents
(H1 2012: 85 cents)

Return on equity of 13,9 %
(H1 2012: 20,3%)

Economic loss of
R47 million
(H1 2012: Economic profit of R390 million)

HIGHLIGHTS

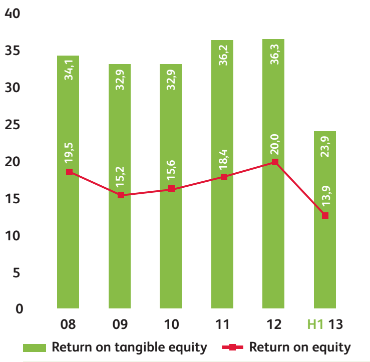
- 25 % growth in advances to R59 billion
- 2,7 million customers, growth of 4 %
- 1 600 strong distribution network
- African Bank named Bank of the Year for 2012 by The Banker
- African Bank won EMEA Finance's Best Swiss Bond Award
- A range of new innovative products launched
- Strong growth in direct channels
- Call centre expanded to 1 300 agents

CHALLENGES

- Subdued economic outlook
- Slowing consumer demand
- Tough collections environment
- Regulatory uncertainty
- Growing the customer base
- Balancing growth, shareholder returns and capital requirements
- Retail merchandise sales growth in current economic environment

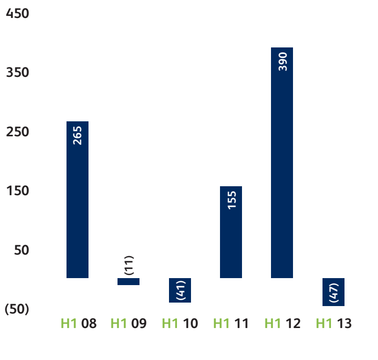
RESULTS AT A GLANCE

Return on equity (%)

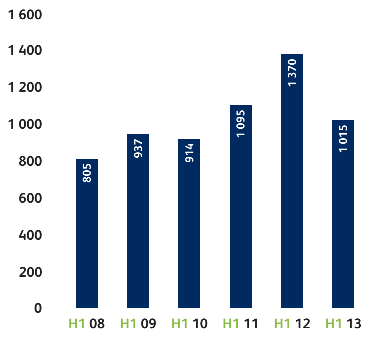


Ordinary dividends per share (Cents)

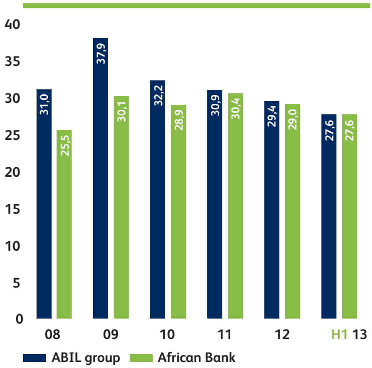
Economic profit (R million)



Headline earnings (R million)

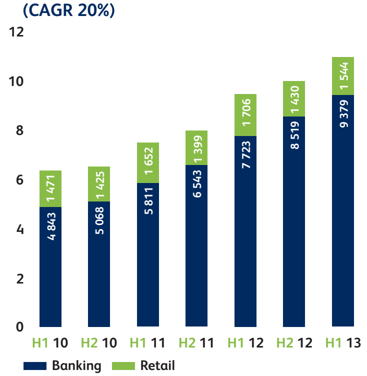


Capital adequacy (%)



Income from operations (R billion)

(CAGR 20%)



FINANCIAL STATISTICS

for the six months ended 31 March 2013

		% change	**Unaudited 6 months to 31 Mar 2013**	Unaudited 6 months to 31 Mar 2012	Audited 12 months to 30 Sep 2012
Key shareholder statistics					
Headline earnings	R million	(26)	**1 015**	1 370	2 754
Banking unit	R million	(20)	**1 001**	1 259	2 580
Retail unit	R million	(91)	**18**	191	257
STC and consolidation adjustments	R million		**(4)**	(80)	(83)
Headline earnings per share	cents	(26)	**125,7**	170,4	342,5
Number of ordinary shares in issue (net of treasury shares)	million	1	**810,2**	804,1	804,2
Weighted number of ordinary shares in issue	million	–	**807,6**	803,9	804,0
Number of preference shares in issue	million	–	**13,5**	13,5	13,5
Average ordinary shareholders' equity	R million	8	**14 640**	13 512	13 785
Average tangible ordinary shareholders' equity	R million	16	**8 506**	7 302	7 591
Net asset value per ordinary share	cents	7	**1 848**	1 729	1 779
Tangible net asset value per ordinary share	cents	13	**1 086**	960	1 013
Economic returns					
ABIL					
Return on equity	%		**13,9**	20,3	20,0
Return on tangible equity	%		**23,9**	37,5	36,3
Return on assets	%		**2,9**	4,8	4,5
Return on tangible assets	%		**3,2**	5,6	5,3
Gearing	times		**4,7**	4,6	4,5
Economic (loss)/profit	R million	> (100)	**(47)**	390	755
Banking unit					
Return on equity	%		**16,6**	22,9	22,9
Return on tangible equity	%		**24,9**	35,9	35,4
Return on assets	%		**3,1**	5,0	4,7
Retail unit					
Return on equity	%		**1,3**	14,1	9,4
Return on tangible equity	%		**5,0**	77,6	47,7
Return on sales	%		**0,8**	7,3	5,4
Dividends per ordinary share	cents	(70)	**25**	85	195
Interim – declared	cents	(70)	**25**	85	85
Final – paid	cents		**–**	–	110
Dividend cover	times		**5,0**	2,0	1,8
Payout ratio	%		**19,9**	49,9	56,9
Dividends per preference share	cents	(6)	**322**	341	668
Interim – declared	cents	(6)	**322**	341	341
Final – paid	cents		**–**	–	327

		% change	Unaudited 6 months to 31 Mar 2013	Unaudited 6 months to 31 Mar 2012	Audited 12 months to 30 Sep 2012
ABIL capital adequacy					
Risk weighted assets	R million		**48 792**	37 592	42 042
Total qualifying capital (including unappropriated profits)	%		**27,6**	29,1	29,4
Core Equity Tier 1	%		**17,8**	16,1	17,0
Tier 1	%		**19,9**	21,4	21,4
Tier 2	%		**7,7**	7,7	8,0
African Bank capital adequacy					
Risk-weighted assets	R million		**46 356**	35 915	40 550
Total qualifying capital (including unappropriated profits)	%		**27,6**	28,9	29,0
Core Equity Tier 1	%		**19,2**	19,4	18,6
Tier 1	%		**19,5**	20,4	20,3
Tier 2	%		**8,1**	8,5	8,7
Operational statistics					
Banking unit					
Total advances	R million	25	**58 799**	46 971	52 984
Total income yield on average advances	%		**32,8**	34,6	34,1
Credit loss expense to average advances	%		**12,1**	10,6	10,8
Claims paid to average advances	%		**2,8**	1,8	1,9
Operating cost to average advances	%		**5,6**	6,8	6,2
Financing costs to average advances	%		**7,2**	7,3	7,4
Average funding costs	%		**8,6**	9,2	9,2
Number of distribution points**		(23)	**567**	738	637
Number of employees		(4)	**5 315**	5 511	5 182
Retail unit					
Merchandise sales	R million	(11)	**2 324**	2 619	4 792
Merchandise cash sales	R million	(13)	**832**	957	1 788
Merchandise credit sales	R million	(10)	**1 492**	1 662	3 004
Non-furniture credit sales	R million	(12)	**1 627**	1 848	3 561
Credit merchandise sales percentage of total sales	%		**64,2**	63,5	62,7
Comparable merchandise sales growth*	%		**(3,3)**	5,7	4,7
Gross operating costs to sales	%		**71,9**	61,2	65,4
Gross profit margin	%		**44,8**	44,7	44,5
Operating margin	%		**1,4**	10,2	7,2
EBITDA	R million	(61)	**138**	350	513
Stock turn*	times		**3,3**	3,2	3,2
Number of stores		–	**1 057**	1 057	1 041
South Africa		–	**978**	979	964
Foreign		1	**79**	78	77
Retail trading area	m^2	(4)	**663 840**	690 157	673 460
Number of employees		(17)	**8 360**	10 039	9 248
Merchandise sales/store*	R'000	(4)	**4 392**	4 555	4 605
Merchandise sales/m^2*	rand	(3)	**6 665**	6 893	6 972
Merchandise sales/employee*	R'000	16	**555**	480	518

* *12-months rolling average.*

** *A large number of kiosks in EHL stores have been replaced with EHL staff providing credit on a franchise basis. The number of branches in African Bank has remained steady at 418.*

KEY TRENDS

Current results

Banking unit

- New disbursements reduced by risk reduction measures and lower appetite for credit from customers
- Continued book growth despite lower sales
- Suspension of income on increased NPLs and once-off *in duplum* adjustments reduced yield
- Risk emergence and difficult collections environment increased bad debts
- Expansion of claimable events increased the insurance charge
- Operating and funding cost growth well contained

Retail unit

- Good cost control and margin management
- Lower furniture retail sales due to declines in disposable income, higher indebtedness and risk control measures

Outlook

- Trading conditions expected to remain challenging
- While risk reduction measures will continue to impact on sales, it will also support earnings growth and better asset quality
- Advances growth will continue to be ahead of sales growth
- Bad debt charge to remain elevated for the rest of the year, but risk reduction measures will benefit the charge from 2014 and large write-offs have improved quality of the remaining NPL portfolio
- Incoming yield is higher and credit card *in duplum* charge was a once-off adjustment
- Operating and funding cost growth should remain well contained
- Approximately R100 million of duplicate costs will come out of the Retail unit mainly in 2014 and attempts are being made to accelerate the process
- New products and changes in ABIL's offering positions the business for the medium term

OVERVIEW

Trading environment

The first half of 2013 proved to be a challenging period. The significant increase in unsecured lending by all players in the market during 2012 introduced unacceptable risk into certain segments of our customer base. ABIL's response was to forego volume growth for risk reduction through lower offer rates, smaller loan sizes and increased pricing. These measures have substantially curbed credit offers. The demand for credit also reduced as consumers faced high levels of household debt and our offers became less competitive, which generally led to lower growth in disbursements. It also helped safeguard ABIL to a large extent against further increases in risk.

The negative impact of slowing credit extension is twofold: Book and revenue growth are affected and credit quality ratios deteriorate as the bad debts from previous high growth periods flow through. These trends were particularly evident in the current six months, where bad debts increased as a result of collections having come under pressure. The knock-on effect from the recent strike activity led to increased debt servicing burdens. The group is actively addressing these trends by bolstering the call centre capacity, implementing additional risk reduction measures, increasing provisions for credit losses and by placing increased emphasis on assisting customers through rehabilitation efforts.

Trading conditions in the furniture industry deteriorated rapidly during the period, as customers' lower disposable incomes and higher indebtedness affected both their willingness and ability to spend. Deflationary trends in durable goods continued. Measures implemented by ABIL to reduce high risk credit extension via smaller parcels of credit adversely impacted the sale of merchandise. Efforts to further reduce costs and maintain firm margins could not fully counter the decline in merchandise sales. The business is currently carrying duplicate costs from the recent rollout of the centralised distribution network which further affected results.

Financial performance

Headline earnings and headline earnings per share declined by 26 % to R1 015 million (H1 2012: R1 370 million) and 125,7 cents (H1 2012: 170,4 cents), respectively. The group generated a return on total equity of 13,9 % for the six months to 31 March 2013 (H1 2012: 20,3 %) and a return on average tangible equity of 23,9 % (H1 2012: 37,5 %). ABIL generated an economic loss, after charging for its cost of equity, of R47 million (H1 2012: economic profit of R390 million). An interim ordinary dividend per share of 25 cents (H1 2012: 85 cents) was declared.

Headline earnings benefited from the replacement of secondary tax on companies (STC) with a dividend withholding tax by an amount of R79 million. Excluding this benefit, headline earnings would have been 30 % lower than the comparable period in 2012.

Headline earnings in the Banking unit declined by 20 % to R1 001 million (H1 2012: R1 259 million) and economic profit by 72 % to R129 million. The unit produced a return on equity of 16,6 % (H1 2012: 22,9 %) and a return on average tangible equity of 24,9 % . The Banking unit continued to show positive advances growth and maintained good control over operating and funding costs. These improvements were, however, negated by:

- A lower yield, partially as a result of higher suspension of income on increased non-performing loans and more so due to a once-off charge as a result of the final implementation of *in duplum* for the credit card portfolio. The once-off charge impacted the yield by approximately 50 basis points. Excluding the once-off *in duplum* adjustment, the yield was marginally lower than the second half of 2012. The group has also increased pricing over the past year to ameliorate the increased risk and the current incoming gross yield prior to suspension is higher than in the comparative period.
- An elevated charge for bad and doubtful advances resulting from higher NPL formation in the first few months of the year, exacerbated by ABIL's decision to write off an additional R445 million of non-performing loans in March. This increased write-off had the effect of reducing coverage, and accordingly NPL coverage was increased to recent norms post the write-off. These actions were taken to improve the quality of the loan book over the long term but in the short term, it affected the income statement particularly negatively.
- Insurance claims and related provisions increased as a result of the group broadening the range of insured events. The charge is retrospective in nature, as ABIL has previously applied a narrower definition of loss of income through retrenchment.

Headline earnings in the Retail unit decreased to R18 million (H1 2012: R191 million), due to the 11 % decline in sales and the high fixed cost nature of the furniture retail business. Good cost management and slightly firmer margins could not sufficiently counteract the merchandise sales decline. EHL is also currently carrying duplicate costs from the recent rollout of the centralised distribution network which contributed to the negative result and which is expected to disappear towards the end of 2014 as leases expire and old warehouses are shut down. The Retail unit generated a return on sales of 0,8 % , a return on equity of 1,3 % and a return on average tangible equity of 5,0 % . It generated an economic loss of R189 million. EBITDA was R138 million for the period, relative to R350 million for the corresponding period.

Regulation

The level of regulatory debate has increased lately, ranging from reviews related to determination of customer affordability, credit extension, insurance products, customer protection, payment systems and capital. ABIL continues to manage the regulatory activity through proactive engagement with the relevant stakeholders, active participation in the debates and strong support for changes and improvements that will strengthen the regulatory infrastructure, support the industry and ultimately benefit our customers.

Probe by the National Credit Regulator

The National Credit Regulator (NCR) announced in October 2012 that it was investigating a number of lenders including African Bank for possible reckless lending. The investigation into African Bank focused on fraudulent activity at one of its branches. The NCR advised African Bank in February 2013 that it has referred the matter to the National Consumer Tribunal (NCT) and has proposed that the NCT impose a fine of R300 million on the Bank.

African Bank has handed the matter to its attorneys, contests the allegations and believes, based on legal counsel, that the fine is unwarranted given the specific facts and circumstances. Both parties have submitted their documents to the NCT for review and it is expected that the NCT will review the matter within the next few months. Accordingly, no provision has been made in these results for any potential fine.

Key initiatives

The competitive landscape has been changing rapidly over the past two years and ABIL has reviewed and refined what it stands for as a business, in order to continue to provide a unique proposition and add value to its customers, to society and South Africa as a whole. The group's reputation has been built on being the group that has been there in a responsible manner for our customers. We created access to credit for our customers when no-one else would. As this previously untouched market segment has become more mainstream, it has intensified the focus on what our customers want from us, to deliver the best customer experience in the industry and to form trusted relationships with our customers. This is done through really understanding their needs, ensuring that they are able to repay their debt and continuing to improve their quality of life through effective money management.

Our credit products have traditionally served the event needs of our customers, such as meeting their education, housing, burial and emergency needs. While we have specialised in credit, insurance is another vehicle by which customers can meet many of their financial event needs. Work has begun on a project to review our value proposition to our customers and work streams have been created to advance a variety of new initiatives. To meet the changing financial needs of our customers, we plan to expand our proposition beyond credit offerings. Key to this approach is an integrated product offering that incorporates existing credit offerings with new insurance offerings. We will continue to look at ways to support our clients with improving their financial health. In addition we will offer products to new segments that align to our distribution footprint. We also plan to offer loans to the Small Business Market in the latter half of the year. Specific requests from customers such as vehicle finance and funeral insurance are being accelerated. We believe that innovation in these areas will significantly benefit our customer segments and in so doing our business and the sustainable returns we generate through the cycle. It also contributes to key imperatives for our country and our nation.

In addition to credit, the group will keep innovating to ensure we provide our customers with value. We are in the process of increasing our insurance activities both in terms of new products and more importantly to help rehabilitate 'bad luck customers', who typically have a credit stress event in their life through an unplanned and unavoidable event such as the death of an income earning spouse, rather than a bad faith event.

Enhancing branch collection capabilities

Since February, dedicated days and times have been set aside for collections in the Retail furniture stores, to support the effort to improve collections with a particular focus on late stage collections. The Banking unit also introduced dedicated branch collections, aimed at increasing collection activities and focus in the network. New sales commission scorecards were implemented in the African Bank branch network, to balance collections success as well as sales success. Early signs in terms of improved collections have been positive.

Product and channel enhancements, innovation and price differentiation

Notable progress was made in the past six months to bring new products and customer proposition enhancements to the market. These include, among others:

- Our **cellphone services** product continues to provide great customer convenience and is growing rapidly. The group received over a million applications in the past six months, which is equivalent to the number of applications received for the whole of the 2012 financial year. New business volumes being originated through this channel increased to R1,8 billion for the six months, relative to R668 million in the same period last year. It also offers convenient self-service functionality for limit increases and credit offers, balance enquiries, mini statements and airtime sales.
- Expanding the **vehicle finance** product.
- Launching '**Change your term**', which extends a customer's current loan term to reduce instalment sizes. The product is offered to low-risk customers. At 48 %, the offer rate for term extension is significantly lower than the average offer rates for other products.
- '**Choose your break**' was launched towards the end of the period. The product is designed to encourage and reward good repayment behaviour. It offers a one-month payment break of the customer's choice on condition that loan repayments are up to date. Customers with positive payment behaviour are able to choose a one-month payment break every year provided the payment behaviour remains good.
- **Insurance** – Enhancements were made to the credit life product and claims processes reviewed to assist customers with speedy resolution of claims.
- **Loans to foreigners** – ABIL is piloting the provision of loans to customers without South African identity documents.
- **Retail deposits** – The group launched retail savings and investments products at the beginning of this financial year. The offering is predominantly web based and includes Fixed Deposits, Flexi Fixed Deposits and Notice Deposits from 32 days to 60 months.
- **Biometric identification and verification** fingerprint scanners are being rolled out to all branches and to date some 3 000 biometric devices have been installed. The fingerprint scanners not only detect potential identity fraudsters at the point of sale but also potentially protect people against illegal credit being obtained through the use of their stolen or lost identity books. The biometric system will also be used to streamline the application process and help enhance the customer experience by being able to identify and verify customers quicker. The system is a cost effective and simple addition in the Banks' efforts to decrease fraud and reduce processing times.
- In the Retail unit, new **store formats**, Furniture Emporiums and stores within stores are creating attractive shopping environments for customers while optimising the footprint.
- The new centralised distribution and logistics system has improved **customer service** substantially in terms of stock availability and reduced delivery times, and is beginning to drive inventory efficiencies and reduce cost.
- New merchandise management process and systems are now also in place to optimise inventory management.

Customer growth and rehabilitation

The group has made limited progress in terms of increasing its base of customers, primarily as a result of a higher number of customers going into arrears and not attracting as many new customers as we would have liked to, given the group's self-imposed credit restrictions and the state of the economy. Total credit customers increased by 110 000 in the six months to 2 739 000.

DIVIDENDS AND DIVIDEND COVER

ABIL has, in determining the interim dividend, balanced the current set of financial results, the outlook for the remainder of the financial year, the group's capital requirements and the need to provide shareholders with appropriate returns over the medium term. The group declared an interim cash dividend of 25 cents (21,250 cents net of dividend withholding tax) per ordinary share for the six months to 31 March 2013 (H1 2012: 85 cents). The ordinary dividend cover was 5 times. The similar principle will be applied in determining the full year dividend, within a dividend cover range of 3 to 4 times.

The group is also offering a capitalisation share alternative to provide flexibility to shareholders.

The group has declared an interim gross cash preference share dividend of 322 cents per share (273,700 cents net of dividend withholding tax). (H1 2012: 341 cents).

DIRECTORATE

There have been no changes to the ABIL board over the reporting period.

LOOKING AHEAD

The lower sales and collections for the first half of the 2013 financial year has put pressure on ABIL's full year results. The group has therefore implemented further revenue enhancing initiatives, whilst reducing risk and has renewed the impetus to tightly manage collections, operating costs and capital expenditure. Trading conditions are expected to remain difficult for the remainder of the year and possibly deteriorate slightly in the retail environment. The risk reduction measures of lower offer rates, smaller loan sizes and increased pricing will continue to impact on sales but will strengthen the quality of the loan book and sustain profitable growth beyond 2013.

ABIL's advances growth will continue to exceed sales growth as older short term loans pay off and are replaced by longer term loans. New products and changes in the group's customer offering also bode well for business over the medium term.

The bad debt charge is expected to remain elevated for the rest of the year, but the risk reduction measures implemented should benefit the charge from 2014. At the same time, the large write-offs have improved the quality of the remaining NPL portfolio.

The higher incoming yield, the fact that the effect of income suspension on the NPL portfolio will reduce and that the retrospective credit card *in duplum* charge will not repeat, should support the yield going forward.

Operating and funding cost growth remains well contained and approximately R100 million of duplicate costs is expected to come out of the Retail unit during 2014.

The slowdown in furniture sales growth is expected to endure due to continued pressure on the consumer as a result of rising inflation, lower consumer confidence, increasing debt burdens and continuing tightening of credit. The challenge lies in assessing how long the slowdown will last and implementing appropriate strategies given this assessment. The Retail unit will continue to focus on margin management, further cost reduction initiatives to provide maximum operational leverage and exploring opportunities for profitable growth, while also paying close attention to stock levels, collections, the credit proposition, marketing and effective operational execution.

ABIL remains profitable and well-funded, with a solid capital position. The existing loan book continues to generate strong cash flows and our conservative funding approach continues to enable the Bank to withstand volatile economic cycles.

While the outlook for the short term is for continuing challenging conditions, we have spent the past few years building a group that is financially and operationally robust and resilient and can withstand downturns in the economy and in credit markets. ABIL remains confident of its ability to entrench its position as the market leader in a larger, more competitive and fast changing unsecured credit market, despite the challenging outlook.

The table below sets out ABIL's medium term financial objectives.

Objective	Actual 2012 %	Actual H1 2013 %	Original target 2013	Revised target 2013 %	Medium term target 2016 %
Return on equity	20,0	13,9	> 21	N/A	>25 – 30
Advances growth	33	24	> 23	18 to 22	>15 CAGR
Return on sales	5	1	5,6 – 5,8	(2,5) to 0	8 – 10
Merchandise sales	2	(11)	> 3	(15) to (8)	>8 CAGR

Given the volatility and unpredictably in the current trading conditions, particularly in the furniture retailing environment which are material to the group return on equity objective, ABIL cannot with confidence provide guidance for a group RoE for the remainder of the 2013 financial year. The RoE for the Banking unit for the full year is expected to be similar to that achieved in the first half of the year. These targets have been set on the proviso that there is no significant deterioration in the economy.

On behalf of the board

Mutle Mogase
Chairman

Leon Kirkinis
Chief executive officer

CONDENSED SEGMENTAL INCOME STATEMENT

for the six months ended 31 March 2013

		31 March 2013 (Unaudited)			
R million	% change	ABIL Group	Banking unit	Retail unit	Consoli-dation adjustments
Gross margin on retail business	(11)	1 042	–	1 042	–
Interest income on advances	25	5 680	5 630	50	–
Assurance income	26	2 491	2 274	217	–
Non-interest income	1	1 632	1 475	235	(78)
Income from operations	16	10 845	9 379	1 544	(78)
Credit impairment charge	45	(3 463)	(3 441)	(22)	–
Claims paid	> 100	(801)	(801)	–	–
Risk-adjusted income from operations	1	6 581	5 137	1 522	(78)
Product insurance claims	(24)	(32)	–	(32)	–
Other interest and investment income	23	177	180	36	(39)
Interest expense	25	(2 199)	(2 181)	(52)	34
Operating costs	7	(2 982)	(1 606)	(1 457)	81
Indirect taxation: VAT	60	(69)	(66)	–	(3)
Profit from operations	(28)	1 476	1 464	17	(5)
Capital items	(100)	–	–	–	–
Profit before taxation	(28)	1 476	1 464	17	(5)
Direct taxation: STC	(100)	–	–	–	–
Direct taxation: Normal	(26)	(419)	(421)	1	1
Profit for the period	(24)	1 057	1 043	18	(4)
Reconciliation of headline earnings					
Profit for the period (basic earnings)	(24)	1 057	1 043	18	(4)
Preference shareholders	91	(44)	(44)	–	–
Basic earnings attributable to ordinary shareholders	(26)	1 013	999	18	(4)
Adjustment for non-headline items:	(50)	2	2	–	–
Gross		2	2	–	–
Tax thereon		–	–	–	–
Headline earnings	(26)	1 015	1 001	18	(4)

Intersegment revenues included in income from operations are for the Retail unit only and amounted to R78 million (H1 2012: R108 million).

	31 March 2012 (Unaudited)				30 September 2012 (Audited)			
	ABIL Group	Banking unit	Retail unit	Consoli-dation adjustments	ABIL Group	Banking unit	Retail unit	Consoli-dation adjustments
	1 172	–	1 172	–	2 134	–	2 134	–
	4 557	4 509	48	–	9 919	9 823	96	–
	1 976	1 749	227	–	3 828	3 401	427	–
	1 616	1 465	259	(108)	3 291	3 018	479	(206)
	9 321	7 723	1 706	(108)	19 172	16 242	3 136	(206)
	(2 385)	(2 375)	(10)	–	(5 197)	(5 170)	(27)	–
	(395)	(394)	(1)	–	(912)	(918)	6	–
	6 541	4 954	1 695	(108)	13 063	10 154	3 115	(206)
	(42)	–	(42)	–	(60)	–	(60)	–
	144	141	37	(34)	219	324	74	(179)
	(1 762)	(1 753)	(43)	34	(3 680)	(3 771)	(84)	176
	(2 795)	(1 516)	(1 387)	108	(5 467)	(2 957)	(2 716)	206
	(43)	(43)	–	–	(72)	(72)	–	–
	2 043	1 783	260	–	4 003	3 678	329	(4)
	(6)	–	(6)	–	(6)	–	(6)	–
	2 037	1 783	254	–	3 997	3 678	323	(4)
	(79)	1	–	(80)	(82)	(2)	–	(80)
	(569)	(502)	(67)	–	(1 112)	(1 038)	(75)	1
	1 389	1 282	187	(80)	2 803	2 638	248	(83)
	1 389	1 282	187	(80)	2 803	2 638	248	(83)
	(23)	(23)	–	–	(61)	(61)	–	–
	1 366	1 259	187	(80)	2 742	2 577	248	(83)
	4	–	4	–	12	3	9	–
	6	–	6	–	17	4	13	–
	(2)	–	(2)	–	(5)	(1)	(4)	–
	1 370	1 259	191	(80)	2 754	2 580	257	(83)

CONDENSED SEGMENTAL STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

R million	% change	31 March 2013 (Unaudited) ABIL Group	Banking unit	Retail unit	Consolidation adjustments
Assets					
Short term deposits and cash	(1)	4 672	5 011	92	(431)
Statutory assets – bank and insurance	43	5 133	4 292	642	199
Inventories	3	872	–	872	–
Other assets	> 100	2 369	2 216	211	(58)
Other assets – intragroup	–	–	770	199	(969)
Taxation	27	33	–	33	–
Net advances	24	50 842	50 973	396	(527)
Deferred tax asset	37	732	192	537	3
Property and equipment	34	1 286	605	692	(11)
Intangible assets	(10)	647	–	647	–
Goodwill	–	5 472	4 000	755	717
Total assets	22	72 058	68 059	5 076	(1 077)
Liabilities and equity					
Short term funding	27	5 577	5 109	468	–
Short term funding – intragroup	–	–	199	691	(890)
Other liabilities	14	2 100	1 194	1 405	(499)
Other liabilities – intragroup	–	–	58	107	(165)
Taxation	(75)	26	22	4	–
Deferred tax liability	(6)	206	–	206	–
Bonds and other long term funding	28	43 742	43 654	88	–
Subordinated bonds	40	4 355	4 355	–	–
Total liabilities	28	56 006	54 591	2 969	(1 554)
Ordinary shareholders' equity	7	14 922	12 338	2 107	477
Preference shareholders' equity	–	1 130	1 130	–	–
Total equity (capital and reserves)	7	16 052	13 468	2 107	477
Total liabilities and equity	22	72 058	68 059	5 076	(1 077)

	31 March 2012 (Unaudited)				30 September 2012 (Audited)			
	ABIL Group	Banking unit	Retail unit	Consoli-dation adjustments	ABIL Group	Banking unit	Retail unit	Consoli-dation adjustments
	4 733	4 886	78	(231)	3 070	3 394	92	(416)
	3 586	3 045	541	–	4 322	3 533	605	184
	847	–	847	–	871	–	871	–
	1 006	685	391	(70)	1 310	971	411	(72)
	–	324	156	(480)	–	464	184	(648)
	26	–	26	–	27	–	27	–
	41 014	41 085	348	(419)	46 013	46 130	363	(480)
	534	175	358	1	762	323	437	2
	962	575	390	(3)	1 152	627	531	(6)
	718	–	718	–	683	–	683	–
	5 472	4 000	755	717	5 472	4 000	755	717
	58 898	54 775	4 608	(485)	63 682	59 442	4 959	(719)
	4 393	3 955	438	–	4 587	4 111	476	–
	–	156	319	(475)	–	184	459	(643)
	1 841	724	1 541	(424)	2 201	1 003	1 689	(491)
	–	70	–	(70)	–	66	–	(66)
	105	64	41	–	94	79	15	–
	219	–	219	–	216	–	216	–
	34 200	34 173	27	–	37 320	37 300	20	–
	3 105	3 105	–	–	3 831	3 831	–	–
	43 863	42 247	2 585	(969)	48 249	46 574	2 875	(1 200)
	13 905	11 398	2 023	484	14 303	11 738	2 084	481
	1 130	1 130	–	–	1 130	1 130	–	–
	15 035	12 528	2 023	484	15 433	12 868	2 084	481
	58 898	54 775	4 608	(485)	63 682	59 442	4 959	(719)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 March 2013

R million	% change	Unaudited 6 months to 31 Mar 2013	Unaudited 6 months to 31 Mar 2012	Audited 12 months to 30 Sep 2012
Profit for the period	(24)	**1 057**	1 389	2 803
Other comprehensive income comprising of items that are or may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations	> (100)	**5**	(4)	(4)
Movement in cash flow hedge reserve	>100	**324**	44	(200)
IFRS 2 reserve transactions (employee incentives)	> (100)	**(31)**	46	(7)
Other comprehensive income for the period, net of tax	>100	**298**	86	(211)
Total comprehensive income for the period	(8)	**1 355**	1 475	2 592

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 March 2013

	Ordinary shares						
R million	Share capital and premium	Distri-butable reserves	Share-based payment reserve	Other	Ordinary share-holders' equity	Preference share capital and premium	Total
Balance at 30 September 2011 (audited)	9 151	4 263	81	(249)	13 246	719	13 965
Dividends paid	–	(804)	–	–	(804)	(23)	(827)
Issue of preference shares	–	–	–	–	–	411	411
Profit on group employees acquiring ABIL Share Trust shares less dividends received	–	3	–	–	3	–	3
Shares purchased into the ABIL Employee Share Trust less shares issued to employees (cost)	–	–	–	8	8	–	8
Transfer to insurance contingency reserve	–	(4)	–	4	–	–	–
Total comprehensive income for the period	–	1 366	46	40	1 452	23	1 475
Balance at 31 March 2012 (unaudited)	**9 151**	**4 824**	**127**	**(197)**	**13 905**	**1 130**	**15 035**
Dividends paid	–	(684)	–	–	(684)	(38)	(722)
Shares purchased into the ABIL Employee Share Trust less shares issued to employees (cost)	–	–	–	3	3	–	3
Transfer from share-based payment reserve	–	77	(77)	–	–	–	–
Total comprehensive income for the period	–	1 376	(53)	(244)	1 079	38	1 117
Balance at 30 September 2012 (audited)	**9 151**	**5 593**	**(3)**	**(438)**	**14 303**	**1 130**	**15 433**
Dividends paid	**–**	**(692)**	**–**	**–**	**(692)**	**(44)**	**(736)**
Shares issued in terms of the scrip distribution announced on 30 November 2012	**193**	**(193)**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**1 013**	**(31)**	**329**	**1 311**	**44**	**1 355**
Balance at 31 March 2013 (unaudited)	**9 344**	**5 721**	**(34)**	**(109)**	**14 922**	**1 130**	**16 052**

NOTES

1. Number of ordinary shares at 31 March 2013	**Total**	**Weighted**
Number of shares in issue at the beginning of the year	**804 175 200**	**804 175 200**
Shares issued during the period	**6 056 918**	**3 461 096**
	810 232 118	**807 636 296**

CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 31 March 2013

R million	**Unaudited 6 months to 31 Mar 2013**	Unaudited 6 months to 31 Mar 2012	Audited 12 months to 30 Sep 2012
Cash generated from operations	**5 703**	4 860	9 558
Cash received from lending, insurance activities, sale of merchandise and cash reserves	**12 253**	10 825	21 917
Recoveries on advances previously written off	**110**	98	300
Cash paid to funders, staff, suppliers and insurance beneficiaries	**(6 660)**	(6 063)	(12 659)
Increase in gross advances	**(8 352)**	(8 352)	(16 274)
Increase in working capital	**(1 421)**	(321)	(344)
(Increase)/decrease in inventories	**(1)**	38	14
Increase in other assets	**(1 211)**	(115)	(438)
(Decrease)/increase in other liabilities	**(209)**	(244)	80
Indirect and direct taxation paid	**(589)**	(808)	(1 486)
Cash inflow from equity accounted incentive transactions	**–**	11	14
Cash outflow from operating activities	**(4 659)**	(4 610)	(8 532)
Cash outflow from investing activities	**(687)**	(618)	(1 304)
Acquisition of property and equipment (to maintain operations)	**(185)**	(227)	(568)
Disposal of property and equipment	**57**	13	31
Other investing activities	**(559)**	(404)	(767)
Cash inflow from financing activities	**7 200**	7 169	10 487
Cash inflow from funding activities	**7 936**	7 585	11 625
Issue of preference shares	**–**	411	411
Preference shareholders' payments and transactions	**(44)**	(23)	(61)
Ordinary shareholders' payments and transactions	**(692)**	(804)	(1 488)
Increase in cash and cash equivalents	**1 854**	1 941	651
Cash and cash equivalents at the beginning of the period	**4 260**	3 609	3 609
Cash and cash equivalents at the end of the period	**6 114**	5 550	4 260
Made up as follows:			
Short term deposits and cash	**4 672**	4 733	3 070
Statutory cash reserves – insurance	**1 442**	817	1 190
	6 114	5 550	4 260

FINANCIAL RETURNS

Return on equity

ABIL reported a return on equity of 13,9 % for the six months to 31 March 2013 (H1 2012: 20,3 %). Return on tangible equity (i.e. excluding goodwill and trademarks) was 23,9 %. Return on assets was 3,2 % and was geared 4,7 times.

The Banking unit produced a return on assets of 3,1 % and a return on equity of 16,6 %, relative to 5,0 % and 22,9 % respectively in the prior period. Return on tangible equity was 24,9 %. The Retail unit's return on equity was 1,3 %, while return on tangible equity was 5,0 %. Return on sales was 0,8 % (H1 2012: 7,3 %).

Economic profit

The Banking unit produced an economic profit of R129 million while the Retail unit generated an economic loss of R189 million. These, combined with R13 million of group consolidation adjustments, resulted in the ABIL group generating an economic loss of R47 million, relative to a R390 million economic profit for the comparable period.

The cost of equity is reviewed annually to take cognisance of changes in funding rates and risk premiums and is also tested against investor expectations on an annual basis. It was maintained at 14,5 % for the current period and will be renewed for the full year.

Economic profit model

For the period ended 31 March 2013	Average ordinary shareholders' equity Rm	Return on equity %	Cost of equity %	Headline earnings Rm	Charge for the cost of equity Rm	Economic profit/(loss) Rm
Banking unit	**12 029**	**16,6**	**14,5**	**1 001**	**(872)**	**129**
Banking unit – excluding goodwill	**8 029**	**24,9**	**14,5**	**1 001**	**(582)**	**419**
Goodwill	**4 000**	**n/a**	**14,5**	**–**	**(290)**	**(290)**
Retail unit	**2 849**	**1,3**	**14,5**	**18**	**(207)**	**(189)**
Retail unit – excluding goodwill	**2 132**	**1,7**	**14,5**	**18**	**(155)**	**(137)**
Goodwill arising on acquisition – equity component	**717**	**n/a**	**14,5**	**–**	**(52)**	**(52)**
STC and other consolidation adjustments	**(238)**		**14,5**	**(4)**	**17**	**13**
ABIL Group	**14 640**	**13,9**	**14,5**	**1 015**	**(1 062)**	**(47)**
For the period ended 31 March 2012						
Banking unit	11 017	22,9	14,5	1 259	(799)	460
Banking unit – excluding goodwill	7 017	35,9	14,5	1 259	(509)	750
Goodwill	4 000	n/a	14,5	–	(290)	(290)
Retail unit	2 702	14,1	14,5	191	(196)	(5)
Retail unit – excluding goodwill	1 985	19,2	14,5	191	(144)	47
Goodwill arising on acquisition – equity component	717	n/a	14,5	–	(52)	(52)
STC and other consolidation adjustments	(207)		14,5	(80)	15	(65)
ABIL Group	13 512	20,3	14,5	1 370	(980)	390

Banking unit review

KEY LOAN BOOK STATISTICS*

for the six months ended 31 March 2013

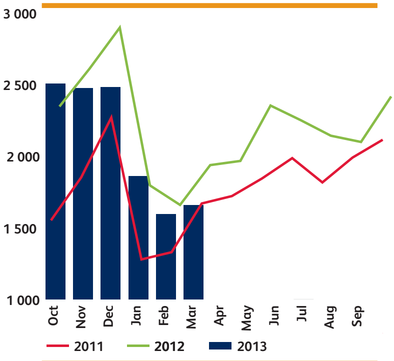
		% change	6 months to 31 Mar 2013	6 months to 31 Mar 2012	12 months to 30 Sep 2012
New business volumes					
Total disbursements	R million	(4)	**12 542**	13 046	25 978
African Bank loans	R million	(1)	**8 929**	9 006	18 493
EHL originated credit	R million	(8)	**2 358**	2 569	4 559
Credit cards	R million	(15)	**1 255**	1 471	2 925
Number of new loans and cards sold	000	(9)	**1 027**	1 132	2 116
African Bank loans	000	(8)	**662**	722	1 391
EHL originated credit	000	(2)	**232**	238	423
Credit cards	000	(23)	**132**	171	302
Offer rates	%		**70**	71	71
Statistics based on current sales – African Bank only					
Average net loan size[1]	rand	9	**12 817**	11 725	12 650
Average gross loan size	rand	21	**19 429**	16 100	17 969
Average term	months	4	**49**	47	48
Average instalment	rand	20	**989**	823	894
Average card limit	rand	11	**9 505**	8 597	9 693
Advances statistics					
Gross advances	R million	25	**58 799**	46 971	52 984
African Bank advances	R million	28	**41 682**	32 463	37 028
EHL originated advances	R million	14	**9 373**	8 201	8 656
Credit card advances	R million	23	**7 744**	6 307	7 300
Average gross advances	R million	28	**57 107**	44 674	47 662
Written-off book	R million	7	**2 143**	2 008	2 143
Number of loans (excl card)	000	(1)	**3 455**	3 475	3 320
Number of cards in issue	000	12	**946**	844	899
Customer statistics					
Number of customers	000	4	**2 739**	2 629	2 620
Number of new customers	000	(13)	**278**	320	573
Credit quality statistics					
NPLs to gross advances	%		**29,2**	27,2	28,6
Impairment provisions to gross advances	%		**17,6**	16,6	17,2
NPL coverage	%		**60,2**	61,0	60,0
Gross bad debt write-offs as a percentage of average gross advances	%		**11,5**	8,4	9,3

* *The loan book statistics exclude the advances generated outside of South Africa.*

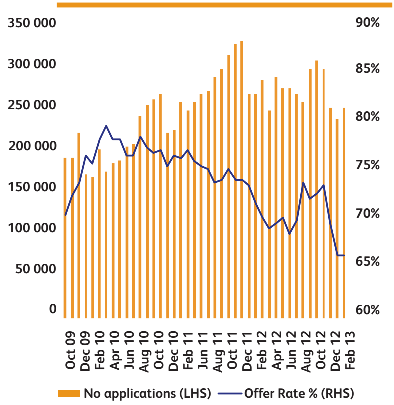
[1] *Net loan size includes external debt settlements but excludes any internal settlements.*

DISBURSEMENT FEATURES

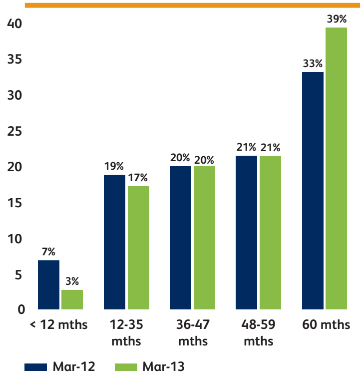
Disbursement growth curtailed (R million)



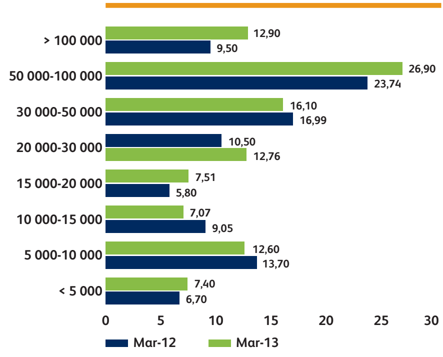
Lower credit applications and offer rates



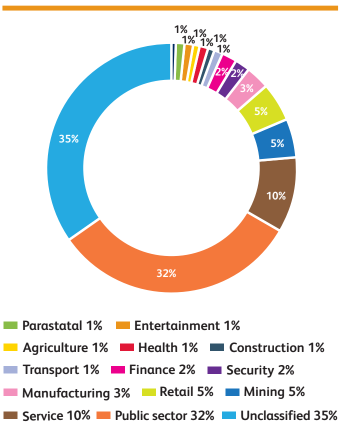
Disbursements – Term distribution (%)



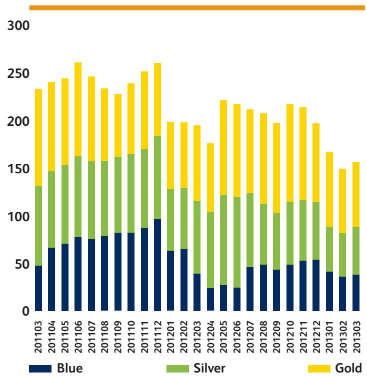
Disbursements – Loan size distribution (%)



Composition of the advances book



New credit card limits (R million)



NEW BUSINESS VOLUMES AND ADVANCES

New credit business volumes for the six months decreased by 4 % to R12,5 billion (H1 2012: R13,0 billion). African Bank loan disbursements declined by 1 % to R8,9 billion, credit card disbursements declined by 15 % to R1,3 billion, while EHL originated credit disbursements decreased by 8 % to R2,4 billion.

Disbursements have been reducing across all channels since October, both in terms of the number of loans and value disbursed. The drop in disbursements was a function of both supply and demand dynamics. Customers' appetite for credit has moderated, as evident in the number of applications which has reduced to 2011 levels, while offer rates, after improving in the first quarter of 2013, have deteriorated steadily to 66 % in March 2013. Sales to the mining sector declined by 12 % relative to the comparable period as a result of the risk reduction measures introduced in the latter part of 2012 during the first mining strikes.

The latest segmentation, implemented at the end of 2012, curbed sales. Applications which have been declined as a result of a lack of affordability have increased. The reduced affordability has resulted both from data issues in the form of additional credit data being loaded at the credit bureaus for the first time and from increased indebtedness in segments of the market. This is evident in the percentage of loan applications which have been declined as a result of affordability reasons, which increased from 18 % in September 2012 to 25 % by March 2013.

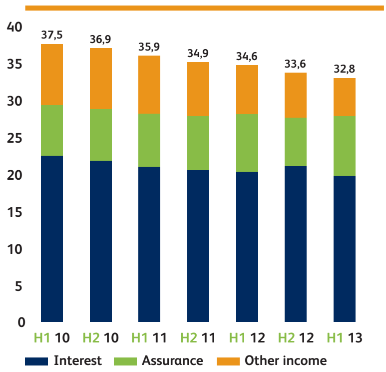
Non-furniture credit sales through the retail store network decreased from R1,8 billion in H1 2012, to R1,6 billion. Total credit disbursements from the Retail channel declined by 10 % to R3,6 billion, compared to R4,0 billion last year.

Gross advances at R58,8 billion, increased by 25 %, on the back of new business volumes and the replacement of shorter term loans paying off with longer term loans. Card utilisation of R969 million and fewer settlements by other credit providers also had a positive impact, but this was negated by a R445 million write-off towards the end of the period.

The value attributed to the written-off book at R2,1 billion increased by 7 % from the comparative period, but remained static relative to the September 2012 level. As a percentage of the total written off portfolio, this equates to 14,6 cents in the rand (H1 2012: 18,4 cents in the rand).

Financial services activities in the Retail unit – Gross advances in the 79 non-South African furniture stores increased by 14 % to R436 million (H1 2012: R384 million). Non-performing loans constituted 16,5 % (H1 2012: 14,6 %) of the advances book, with total impairment provisions of R56 million representing a coverage of 78 % of non-performing loans.

Total income yield (%)



CREDIT INCOME

Credit income (consisting of interest income, assurance income and fee income) for the period was 21 % higher than the previous year at R9,4 billion, mainly a function of the gross advances growth of 25 %.

The reduction in the total income yield, at 32,8 % (H1 2012: 34,6 %), was predominantly driven by:

- The implementation of a final *in duplum* on the card portfolio, which had a once-off R140 million, or 50 basis points impact on the yield. The latter was a conservative customer centric approach to this issue, given that uncertainties regarding the treatment of *in duplum* on credit card remain;
- an increase in the amount of NPLs on which revenue is suspended; and
- the reduction in the yield derived from fees after last year's sales mix favoured settlement re-advances and consolidation loans which did not charge initiation fees.

The incoming yield on new disbursements remained strong, while the spike in NPL emergence impacted on revenue suspension as well as on bad debts.

RETURN ON ASSETS AND RETURN ON EQUITY PROGRESSION

(ratios relative to average gross advances)

		Basis point change	**6 months to 31 Mar 2013**	6 months to 30 Sep 2012	6 months to 31 Mar 2012
Average gross advances	R million		**57 107**	50 649	44 674
Average shareholders' equity	R million		**12 029**	11 538	11 017
Income ratios					
Interest	%	(47)	**19,7**	21,0	20,2
Assurance	%	13	**8,0**	6,5	7,8
Other income	%	(139)	**5,2**	6,1	6,6
Total income yield	%	(173)	**32,8**	33,6	34,6
Expense ratios					
Credit loss	%	(142)	**(12,1)**	(11,0)	(10,6)
Claims paid	%	(104)	**(2,8)**	(2,1)	(1,8)
Operating costs	%	116	**(5,6)**	(5,7)	(6,8)
Financing costs	%	16	**(7,2)**	(7,4)	(7,3)
Taxation	%	73	**(1,7)**	(2,2)	(2,4)
Total charges	%	(40)	**(29,3)**	(28,4)	(28,9)
Return on advances	%	(213)	**3,5**	5,2	5,6
Advances/Total assets	%	–	**87,9**	87,4	87,9
Return on assets (RoA)	%	(187)	**3,1**	4,6	5,0
Gearing	times	79	**5,4**	5,0	4,6
Return on equity (RoE)	%	(621)	**16,6**	22,9	22,9

CREDIT QUALITY

Collections during this period were difficult, which put significant strain on the recovery of NPLs and on maintaining adequate provision cover for NPLs. The December quarter, traditionally the quarter with the lowest collections rates for the year, registered worse collections than the previous comparable period. Collections improved in the second quarter, but remained at lower levels than the previous year.

Performing loans increased by 22 % to R41,6 billion (H1 2012: R34,2 billion) during the period whilst NPLs increased by 35 % to R17,2 billion (H1 2012: R12,8 billion), partially as a result of the maturing of the very strong sales in 2012 during the rollout of the kiosk and carve-outs in the Retail stores. NPLs as a percentage of gross advances increased to 29,2 % (H1 2012: 27,2 %).

Impairments and insurance claims

The credit loss charge for the period, at R3,4 billion or 12,1 % of average advances, was higher than expected, primarily a function of new NPL formation, lower collections on the NPL portfolio and substantial write-offs.

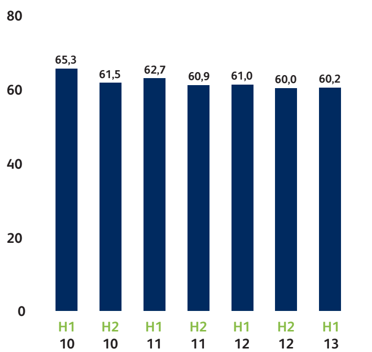
There has been a deterioration in the collections performance across portions of the portfolio. A deterioration is, however, most evident in the furniture loan book, where the bad debt rate has increased from 14,7 % to 20,3 % of average gross advances. The latter portfolio has a large component of informally employed and unbanked customers, who have been particularly hard hit by the deteriorating economic conditions, and less credit mature customers, who are showing signs of aggressive debt acceleration. The growing churn in bank accounts and increasing trend of debit order disputes are also putting pressure on collections.

Segmental credit quality

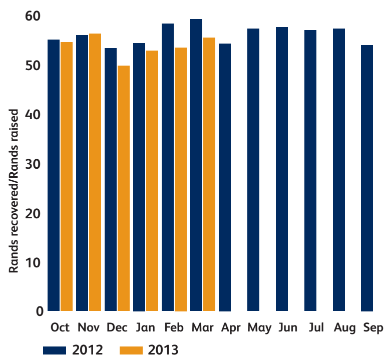
		H1 2013			H1 2012		
		African Bank loans	**Credit card**	**EHL originated credit**	African Bank loans	Credit card	EHL originated credit
Sales	R million	**8 929**	**1 255**	**2 358**	9 006	1 471	2 569
Advances	R million	**41 682**	**7 744**	**9 373**	32 463	6 307	8 201
NPL	%	**29,8**	**19,6**	**34,7**	29,7	15,8	26,0
NPL coverage	%	**60,4**	**52,1**	**63,0**	62,3	49,5	60,4
Bad debt charge	%	**10,0**	**12,9**	**20,3**	10,0	11,2	14,7

Impairment provisions increased by 28 % to R10,0 billion (H1 2012: R7,8 billion). Bad debts written off was increased substantially from 8,4 % of the portfolio to 11,5 % towards the end of the reporting period, to improve the quality of the remaining NPL portfolio. Provision coverage was again raised post the write-off to bring it back in line with historical levels.

NPL cover (%)



Collections success rate (%)



Insurance claims for the period amounted to R801 million or 2,8 % of average gross advances, relative to R394 million or 1,8 % in the comparative period. The increase in claims relate predominantly to an increase in the claim provisions (IAR) of R339 million. The charge is retrospective in nature, to settle the debt of customers who suffered a loss of income through a broader definition of retrenchment, which has been adopted to be more in line with industry practice. Ordinarily, claims paid by Stangen would result in a release of provisions held on these NPLs. However, in this case, the provisions were not released so as to increase the coverage on remaining NPLs.

We continue to investigate ways to further enhance our insurance offering. The claims ratio is expected to gradually increase over the medium term as the group broadens the range of insurable events for its customers, which should over time reduce the credit loss charge.

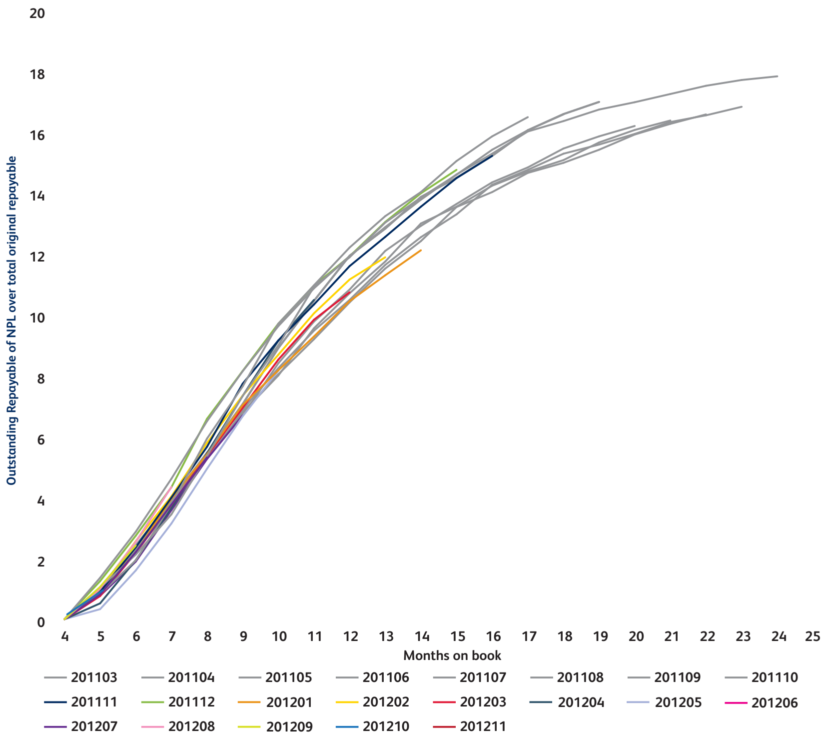
A new incentive scheme was implemented for branch staff in the first half of the year. It places more emphasis on collection rates and has had a noticeable effect on the accuracy of data capturing. This bodes well for the credit quality of new loans.

CREDIT QUALITY CONTINUED

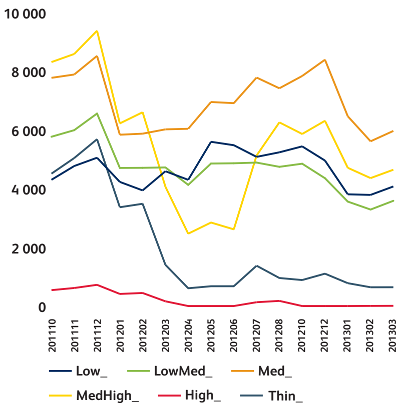
Vintages

The graph below shows the vintages written on the African Bank debit order loan portfolio (being the most representative advances portfolio) since November 2011, overlaid onto the historic range of vintages dating back to March 2011. As is evident from the graph, recent vintages have been tracking at the top end of historical ranges, and have been brought back into the middle of historic ranges, as a result of the risk reduction measures implemented over the last year. The debit order loan portfolio is by far the largest portfolio in the advances book, constituting 68 % of advances. Some of the smaller portfolios are, however, showing signs of increased distress, notably the EHL loan book and loans to the public sector (Persal).

Vintage graph – African Bank – More than three cumulative missed instalments (%)

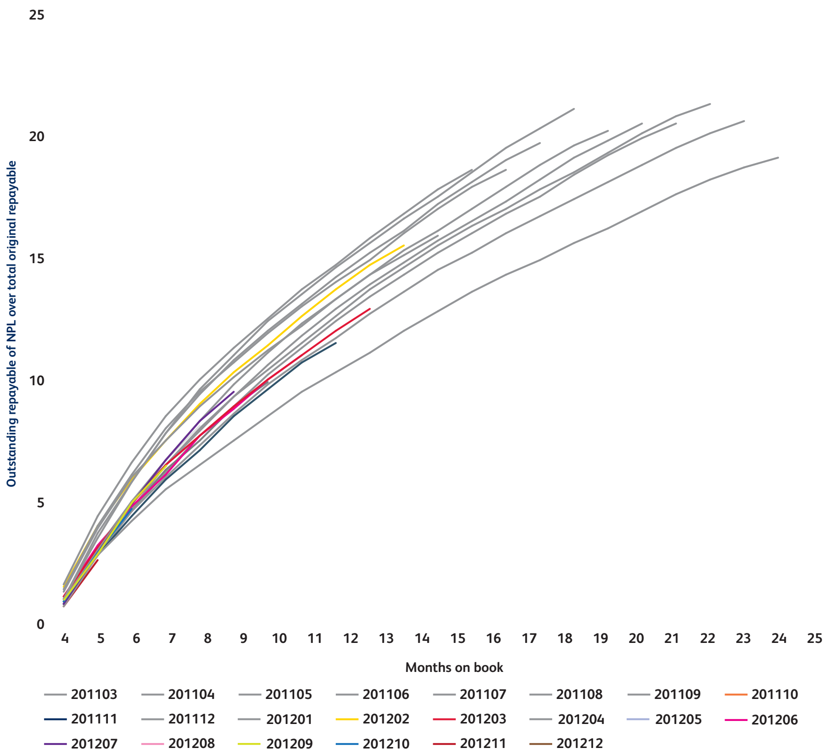


Credit card sales volumes by risk band



Credit card vintages are performing in line with expectations after the Banking unit substantially reduced sales of its entry level (higher-risk) cards in the middle of 2012. Credit cards comprise 13 % of total advances.

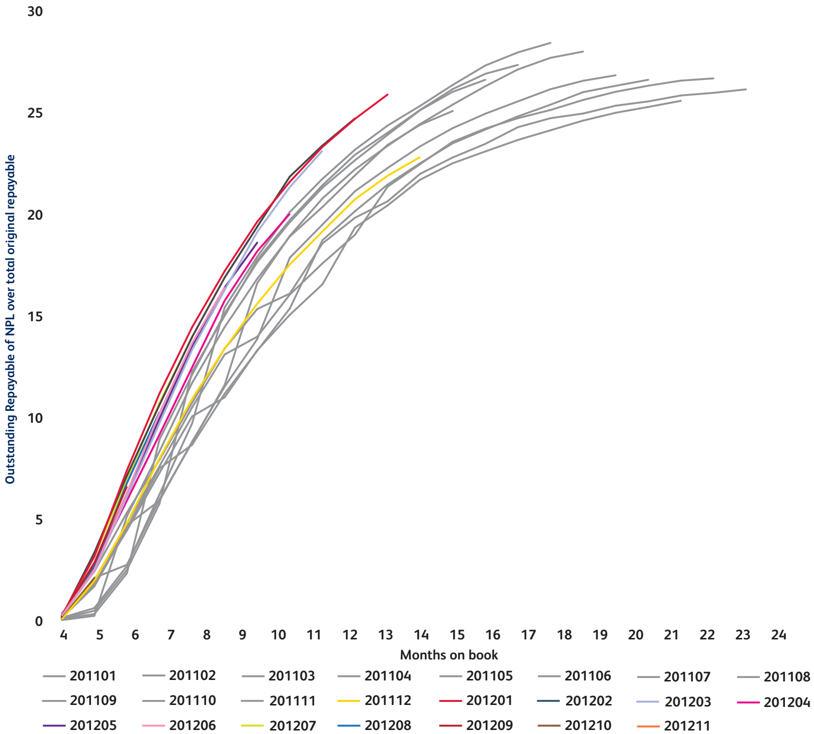
Vintage graph – Credit card – More than three cumulative missed instalments (%)



CREDIT QUALITY CONTINUED

The EHL credit vintages are tracking at the top end of historic ranges. Several measures have been instituted to reduce the risk by changing the weighting further from high-risk to low-risk business. This is being done through tighter affordability rules, reductions in loans size and term for higher-risk customers, requiring a deposit for cash paying customers and a range of marketing initiatives targeted towards low-risk populations. Furniture credit represents 16 % of advances.

Vintage graph – EHL originated credit – More than three cumulative missed instalments (%)



CREDIT QUALITY ANALYSIS[1]

as at 31 March 2013

R million	% change year-on-year	31 Mar 2013	30 Sep 2012	31 Mar 2012
Breakdown of gross advances				
Performing loans	22	**41 607**	37 824	34 198
Non-performing loans (NPLs)	35	**17 192**	15 160	12 773
Gross advances	25	**58 799**	52 984	46 971
Written off book (ABL + EHL)	7	**2 143**	2 143	2 008
Deferred administration fees	> (100)	**33**	(18)	(106)
Gross advances including the written off book	25	**60 975**	55 109	48 873
Breakdown of impairment provisions				
Impairment provisions	28	**10 002**	8 979	7 788
Balance at the beginning of the period		**8 979**	6 643	6 643
Impairment provisions raised		**3 550**	5 458	2 473
Bad debts written off (gross)		**(3 295)**	(4 424)	(1 876)
Bad debts rehabilitated		**768**	1 302	548
Stangen credit life reserves		**350**	112	–
Impairment provisions	33	**10 352**	9 091	7 788
Income statement charges				
Charge for bad and doubtful advances	45	**3 441**	5 170	2 375
Impairment provisions raised		**3 550**	5 458	2 473
Bad debts recovered		**(109)**	(288)	(98)
Ratios				
NPLs as a percentage of gross advances		**29,2%**	28,6 %	27,2 %
Impairment provisions and credit life reserves as a percentage of NPLs (NPL coverage)		**60,2%**	60,0 %	61,0 %
Impairment provisions as a percentage of NPLs		**58,2%**	59,2 %	61,0 %
Stangen credit life reserves as a percentage of NPLs		**2,0%**	0,7 %	0,0 %
Impairment provisions and credit life reserves as a percentage of gross advances		**17,6%**	17,2 %	16,6 %
Income statement charge for bad debts as a percentage of average gross advances		**12,1%**	10,8 %	10,6 %
Cost of risk (income statement charge for bad debts and insurance claims as a percentage of average gross advances)		**14,9%**	12,8 %	12,4 %
Net bad debts written off as a percentage of average gross advances		**8,9%**	6,6 %	5,9 %
Gross bad debts written off as a percentage of average gross advances		**11,5%**	9,3 %	8,4 %
Bad debts rehabilitated as a percentage of average gross advances		**(2,7%)**	(2,7 %)	(2,5 %)

[1] *The credit quality statistics exclude the advances generated outside South Africa.*

OPERATING EXPENSES

The Banking unit operating expenses increased by 6 % to R1,6 billion (H1 2012: R1,5 billion). This was mainly a function of a strong focus on operational efficiency and investing appropriately in areas that will benefit the business over the medium term. The Bank employed some 300 additional people to increase call centre capacity. The reduction in the value share was directly related to the lower credit volumes in the Retail unit.

Operating expenses to advances reduced from 6,8 % to 5,6 % as advances grew faster than operating costs, providing positive operating leverage.

Operating cost analysis

for the six months ended 31 March 2013

R million	% change	**Unaudited 6 months to 31 Mar 2013**	Unaudited 6 months to 31 Mar 2012	Audited 12 months to 30 Sep 2012
Staff costs	10	**703**	639	1 188
Value share	(9)	**295**	323	633
Bank charges	5	**136**	130	262
Property and lease expenses	23	**76**	62	133
Depreciation on property and equipment	39	**75**	54	124
Other expenses	2	**67**	66	133
Communication costs	(2)	**62**	63	122
Direct collection costs	(7)	**42**	45	93
Information technology costs	36	**38**	28	57
Advertising and marketing costs	60	**32**	20	43
Printing, stationery and courier costs	(17)	**30**	36	68
Subtotal	6	**1 556**	1 466	2 856
Card transaction costs*	–	**50**	50	101
Total operating cost	6	**1 606**	1 516	2 957

* *Card transaction costs are recovered from customers with the recovery shown in other income.*

Retail unit review

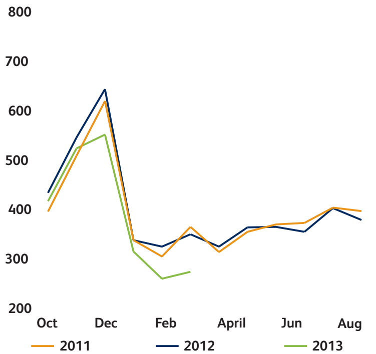
MERCHANDISE SALES

Merchandise sales declined by 11 % relative to the previous year from R2,6 billion to R2,3 billion, while comparable sales reduced by 3 %. Cash sales declined by 13 % and credit sales by 10 % which marginally increased credit sales as a percentage of total sales from 63,5 % to 64,2 %.

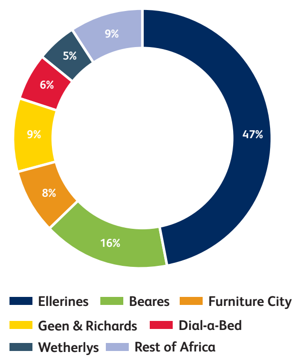
There was a notable reduction in the number of customers in the stores as a result of lower consumer confidence and constraints on disposable income, both of which influenced the propensity to spend. This was compounded by continued deflation and the risk reduction measures implemented by the group to avoid poor-quality sales and overindebtedness, given the current collections performance on this market segment. Trading tracked the performance in the previous year during October and November 2012, but the extent and the speed of the fall-off since December 2012 has been surprising.

Sales compression was evident across all brands, with Wetherlys showing the highest decline (-28 %) as a result of its four largest stores being under reconstruction and trading on 30 % of previous space during this period.

Sale of merchandise (R million)



Merchandise sales by brand (%)



Ellerines with a 4 % decline in merchandise sales, achieved the lowest decline amongst the brands. Ellerines and Dial-a-Bed managed to trade positively on a comparable basis, increasing sales by 4 % and 2 % respectively. Non-furniture credit sales of R1,6 billion were achieved during this period, relative to R1,8 billion last year.

BRAND ANALYSIS

		Ellerines	Beares	Furniture City	Geen & Richards	Dial-a-Bed	Wetherlys	Rest of Africa	Total
Distribution									
Number of stores		575	195	36	80	62	30	79	**1 057**
Number of new stores opened[(1)]		31	14	2	4	2	1	3	**57**
Number of stores closed[(1)]		40	6	2	3	4	–	2	**57**
Percentage change in number of stores	%	(2)	4	–	1	(3)	3	1	**–**
Retail trading area	m²	300 440	129 406	56 301	59 390	17 305	49 267	51 731	**663 840**
Percentage change in m²	%	(7)	–	(7)	(2)	(7)	4	1	**(4)**
Average store size	m²	523	664	1 564	742	279	1 642	655	**628**
Merchandise sales									
Merchandise sales	R million	1 098	374	179	217	142	117	197	**2 324**
Contribution per brand		47	16	8	9	6	5	9	**100**
Merchandise sales growth	%	(4)	(17)	(19)	(20)	(12)	(28)	(7)	**(11)**
Merchandise sales/m² growth[(2)]	%	4	(13)	(4)	(10)	2	(23)	(3)	**(3)**
Credit merchandise sales mix	%	85	62	53	52	4	–	59	**64**
Number of employees[(3)]		3 336	1 397	443	552	186	361	879	**7 154**

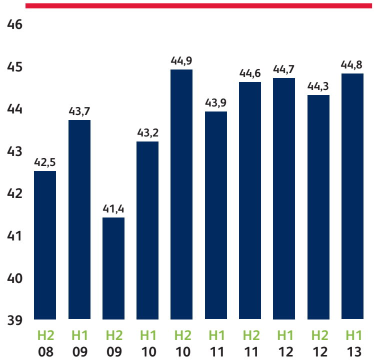
(1) *During the past 12 months.*

(2) *Based on a 12-month rolling average.*

(3) *Excludes 1 206 staff employed at central departments.*

Product and merchandising – Key to managing merchandise ranges in difficult economic periods is to tighten the ranges on offer. Consequently, the focus during this period was on optimising all product ranges with regard to level of turnover, working capital, the size of the stores and delivering the final stage of the new central logistics system. The inventory profile is much improved, the core product range remains strong, and new products are only added on the margin.

Gross profit margin (%)



GROSS MARGIN

The gross margin percentage of 44,8 % was marginally higher than last year's 44,7 % and was mainly due to a higher trading margin. To maintain and improve the gross margin was particularly challenging in an environment where lower purchases impacted rebates, thereby adding pressure to the second line margin.

The focus continued to be on preserving the margin by resisting the temptation to dilute margin in an attempt to increase sales. The group protected the margins to the extent possible without becoming uncompetitive. The Retail unit has to achieve two key objectives of margin preservation and stock reduction through strategic pricing and order compression to accommodate a decreasing forecast for the next six months. This strategy will be reassessed constantly in relation to market conditions.

RETURN ON SALES MODEL

(ratios relative to sales)

%		Basis point change	**6 months to 31 Mar 2013**	6 months to 31 Mar 2012	12 months to 30 Sep 2012
Sales	R million		**2 324**	2 619	4 792
Sale of merchandise	%		**100,0**	100,0	100,0
Cost of sales	%	10	**(55,2)**	(55,3)	(55,5)
Gross margin	%	10	**44,8**	44,7	44,5
Interest, assurance and non-interest income	%	200	**18,3**	16,3	16,6
Charge for bad and doubtful advances	%	(50)	**(0,9)**	(0,4)	(0,6)
Claims and operating costs	%	> (100)	**(60,7)**	(50,5)	(53,3)
Trading/operating margin	%	> (100)	**1,4**	10,2	7,2
Net return on sales	%	> (100)	**0,8**	7,3	5,4

INVENTORY

Closing net inventory of R872 million was marginally higher than the H1 2012 level of R847 million, mainly because of long lead-time imports that were planned on a better forecast.

Stock turn improved slightly from 3,2 times to 3,3 times. Although sales fell off rapidly, a tightening of the ranges, aggressive management of stock levels and the benefit of not needing one to show and one to go in each store now that the distribution centres have been fully rolled out, assisted in improving the stock turn. Inventory models also provided rigorous analysis of investment choices in stock. Good progress has been made in improving the profile of stock, with a significant reduction in discontinued and phased out stock. Inventory levels are expected to reduce further by year end as this benefit becomes more embedded in the supply chains.

FOOTPRINT OPTIMISATION

The Retail unit continued to build towards a strong and sustainable business model by optimising the footprint through the reduction of non-productive space and the rollout of new smaller store formats. Space was further optimised by adding new store within stores for Ashanti, Ashley's, Lazy Boy and Dial-a-Bed within the existing footprint. Total square metres reduced a further 4 % from 690 157 m^2 to 663 840 m^2 in this period as the group extracted itself from some large sites, resulting in improved sales densities.

The new store formats are working well, with the smaller stores in Ellerines and Beares proving to be far higher return stores. Wetherlys was the biggest beneficiary of the reduction in square metres during this period, as it restructured its four largest flagship stores into significantly smaller and refreshed formats. The construction severely affected sales in those stores in the short term, but it is expected that the new stores will be much more profitable and attractive in their new format. The stores will open from May to July 2013.

The group launched the new Furniture Emporium concept stores in Polokwane and Bloemfontein. They are designed around one common premises and one common back end structure, with separate store fronts for Furniture City, Wetherlys, Beares, Dial-a-Bed and Geen & Richards, in line with their individual brand look and feel.

Intensive engagement with landlords coupled with space reduction and optimisation initiatives resulted in rental escalations on leases renewed and negotiated on a rolling 12-months basis being limited to 1,1 %.

SUPPLY CHAIN, LOGISTICS AND DISTRIBUTION

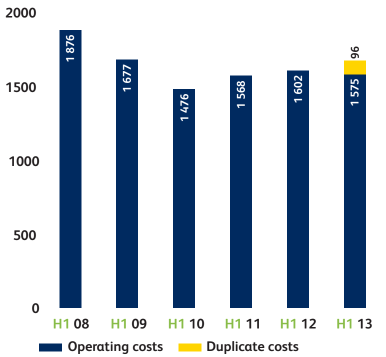
The three-year strategy to obtain a centralised, single logistics and distribution network and capability was finalised in this period and is now complete. All stock distribution now takes place through the centralised network. The network has performed well in this trading period, apart from a few initial implementation disruptions with each rollout. The benefits of lower stock levels, lower costs and improved service to customers have already manifested as a result of distribution centres that have been operational for a few months. The group is now in the process of attempting to accelerate the removal of the duplicated costs, adjusting inventory levels to take cognisance of the improved availability of stock and optimising the network to achieve maximum efficiencies.

OPERATING EXPENSES

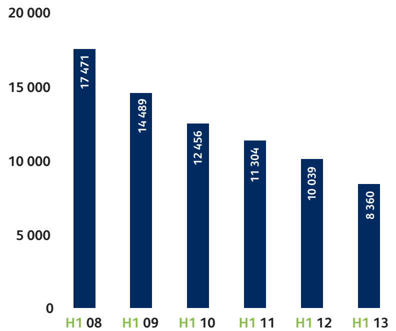
Operating costs in the Retail unit increased by 5 % relative to the comparable period. The significant growth in the cost of fuel from R9,60/l to up to R13,88/l contributed to the increase in delivery and logistics costs and was only partially alleviated by the improved truck utilisation as a result of the central distribution.

Operating expenses growth was also impacted by approximately R100 million of once-off duplicated costs related to the roll out of the new distribution centre infrastructure. The duplicated costs have peaked in the first half of this year and will start to decline towards the end of the year as structures are removed, staff levels are reduced and the remaining old warehouses are shut down and fleet leases expire. The growth in operating costs is therefore expected to be lower in the second half of 2013.

Gross operating costs (R million)



Number of employees



Operating costs per major category

R million	% change	**6 months to 31 Mar 2013**	6 months to 31 Mar 2012	12 months to 30 Sep 2012
Staff costs	(3)	**705**	728	1 422
Administration expenses	3	**238**	232	444
Property and lease expenses	6	**394**	372	742
Delivery and logistic costs	42	**165**	116	242
Depreciation and amortisation of intangibles	25	**105**	84	174
Advertising and marketing costs	(9)	**64**	70	119
Operating costs before value share	4	**1 671**	1 602	3 143
Value share*		**(214)**	(215)	(427)
Total operating costs	5	**1 457**	1 387	2 716

* *Note that a portion of the value share is reflected under 'Non-interest income' on the income statement.*

Capital and funding

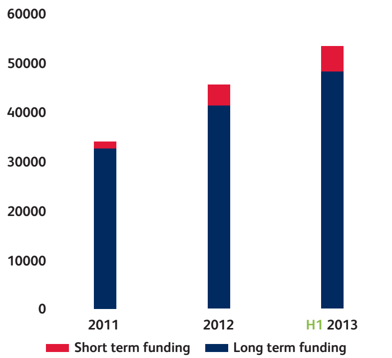
CAPITAL AND FUNDING

FUNDING

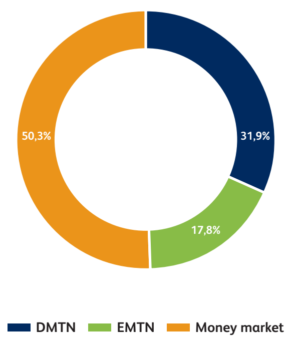
Total funding at March 2013 was R53,7 billion, 17 % higher than the funding base of R45,7 billion at 30 September 2012. The bulk of the funding of R53,1 billion relates to Banking unit operations. Funding cost as a percentage of liabilities reduced further from 9,2 % in 2012 to 8,6 %.

The composition of the group funding is shown below:

Funding composition (R million)



Composition of funding liabilities (%)



The group continued its drive towards funding diversification by issuance in the international markets, while also raising funding from several new South African investors, both through the treasury desk and under the DMTN programme. During the six months under review, the group issued a second Swiss bond of CHF125 million, further diversifying its funding base. The second CHF bond was issued well below the coupon for the inaugural CHF bond and with a longer term, further strengthening the Bank's asset/liability profile and demonstrating the Swiss market's continued confidence and increasing appetite for African Bank paper. In March 2013, notwithstanding the Moody's rating downgrade, the Bank successfully raised a total of R2 billion from a tap of the existing ABLI05 index linked bond and issued a new three-year Jibar linked senior bond at a lower financing cost than the last capital market issuance.

The group aims to have no more than 20 % of its total funding raised at any time with a term of less than one year (measured in terms of original contractual maturity). The current ratio of short term liabilities is 9,7 % of total liabilities. This is also reflected in a Basel III compliant liquidity coverage ratio exceeding 300 %, well above the minimum requirement of 100 %, applicable from 2015. This position continues to provide an opportunity to expand sources of funding and reduce the associated cost within acceptable liquidity risk parameters.

The group launched its retail savings and investments products on 1 October 2012. The offering is predominantly web based and investors are able to register, view products, apply for products and view statements online (www.africanbanksavings.co.za). Product offering includes Fixed Deposits, Flexi Fixed Deposits and Notice Deposits and range in term from 32 days to 60 months. Growth in this class of products will further diversify the group's funding base and provide an attractive alternative investment proposition for private retail investors wishing to diversify their investment portfolio. To date, the portfolio is relatively small and is expected to gain market traction through the establishment of a branch distribution platform and further retail initiatives.

CAPITAL AND FUNDING CONTINUED

Funding composition
(based on term at origination)

R million	% change year-on-year	**6 months to 31 Mar 2013**	6 months to 31 Mar 2012	12 months to 30 Sep 2012
Short term funding (< 12 months)	29	**5 308**	4 111	4 295
Demand deposits	179	**1 210**	434	417
Fixed and notice deposits	28	**3 853**	2 999	3 357
NCDs	(64)	**245**	678	521
Long term funding (> 12 months)	29	**48 009**	37 278	41 131
Listed senior bonds	37	**22 238**	16 238	17 092
Other long term loans	19	**21 416**	17 935	20 208
Subordinated bonds	40	**4 355**	3 105	3 831
Total Banking unit funding	29	**53 317**	41 389	45 426
Other	16	**357**	309	312
Total ABIL group funding	29	**53 674**	41 698	45 738
Average cost of funding (%)	(6)	**8,6**	9,2	9,2

CREDIT RATING

Following the downgrade of the South African sovereign rating by Moody's Investor Services in October 2012, African Bank Limited's global senior debt and deposit rating was downgraded by one notch to Baa3/Prime-3, and its local national scale issuer ratings to A2.za/P-1.za from A1.za/P-1.za in March 2013. African Bank continues to maintain its global investment grade rating, with a stable outlook.

CAPITAL MANAGEMENT

The group balances solvency, growth and shareholder returns, including dividends, in managing its capital adequacy through the cycle. The group also strives to optimise the capital structure within the internal and regulatory requirements and holds the higher of regulatory or internal capital requirements as determined by the internal capital adequacy assessment process (ICAAP). ABIL has transitioned to Basel III and has incorporated the incremental changes into its capital planning. The group is actively participating in the development of the Solvency and Assessment Management Framework (SAMII) in respect of its insurance subsidiaries.

The current capital adequacy and planned capital actions will enable the group to maintain its growth momentum over the medium term, while structuring capital efficiently and providing targeted shareholder returns, measured in terms of an increasing return on equity and an increased economic profit.

Basel III

Basel III was successfully implemented in South Africa with effect from 1 January 2013 and ABIL remains well positioned with regards to increasing minimum regulatory capital adequacy ratios (CAR). The group's Basel III non-risk sensitive leverage ratio, at 13,6 times, is significantly lower than the maximum of 25 times which is only applicable from 1 January 2015. ABIL's conservative gearing and strong internal capital generation results in a robust capital adequacy ratio, with a strong component of core equity Tier 1, as is required by Basel III.

Target capital adequacy ranges

The group manages its targeted capital levels and mix, both at group (ABIL) and regulated banking entity level (African Bank), taking into account the following factors:

- Regulatory requirements
- Internal capital requirements
- Other stakeholder expectations including rating agencies and shareholders.

Capital adequacy

The group remains well capitalised above its target internal capital adequacy ratios and securely above regulatory minimum requirements. The impact of lower profits and additional capital requirements has reduced capital adequacy over the reporting period. The impact of Basel III has also impacted capital adequacy negatively.

Notwithstanding these impacts the group maintained overall capital adequacy of 27,6 %, as a result of raising Tier 2 capital during the latter part of 2012. Capital planning for African Bank and ABIL is performed on a three year rolling forecasted basis in line with the group's strategic capital plan.

The main difference between Basel 2.5 and Basel III for African Bank and ABIL relates to:

- The risk weighting of deferred tax assets (below 10 % of CET1) based on temporary difference at 250 %.
- Reducing all qualifying subordinated debt capital issued at African Bank and perpetual non-redeemable non-cumulative preference shareholders' equity from 2013 with 10 % and annually thereafter until 2022 (i.e. the grandfathering principle).
- Risk weighting the investment in insurance entities (below 10 % of CET1) at 250 % (previously a 50/50 deduction against Tier 1 and Tier 2).

The following actions during the period contributed to the strength and resilience of the capital ratios, and resulted in continued efficient capital structuring:

- Basel III entry level Tier 2 capital issuances of R500 million during this reporting period.
- R450 million recapitalisation of African Bank by ABIL in February 2013.
- Optimisation in the calculation of risk weighted exposures.

The capital in the insurance companies in the group is managed significantly above the FSB requirements, taking into account various stakeholder requirements.

The capital adequacy of ABIL and African Bank can be summarised as follows:

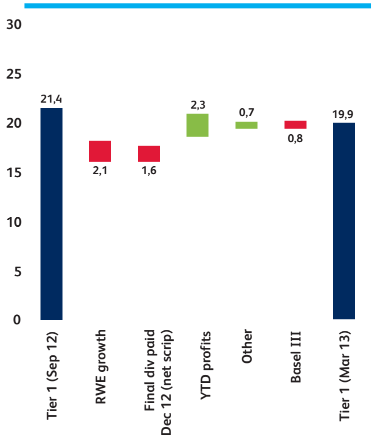
Capital adequacy ratios (CAR)

	ABIL			African Bank		
%	**Mar 2013**	Mar 2012	Sep 2012	**Mar 2013**	Mar 2012	Sep 2012
Core Equity Tier 1 (CET1)	**17,8**	16,1	17,0	**19,2**	19,4	18,6
Unappropriated profits	**0,0**	2,3	1,7	**0,3**	1,0	1,7
Additional Tier 1 (AT1)	**2,1**	3,0	2,7	**0,0**	0,0	0,0
Total Tier 1	**19,9**	21,4	21,4	**19,5**	20,4	20,3
Tier 2	**7,7**	7,7	8,0	**8,1**	8,5	8,7
Total CAR (incl. unappropriated profits)	**27,6**	29,1	29,4	**27,6**	28,9	29,0

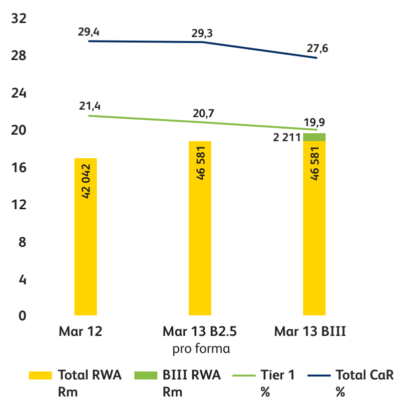
Basel III impact

The following graphs show the development of African Bank and ABIL's Tier 1 capital ratio (including unappropriated profits), as well as the impact of Basel III on the March 2013 comparative Basel 2.5 *pro forma* figures.

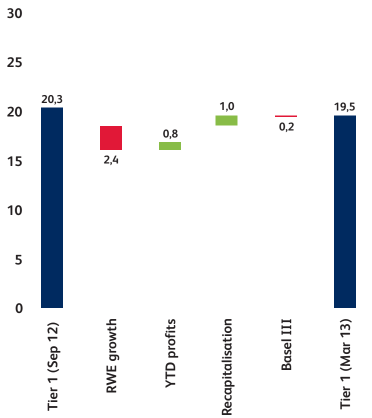
Tier 1 ratio – ABIL (%)



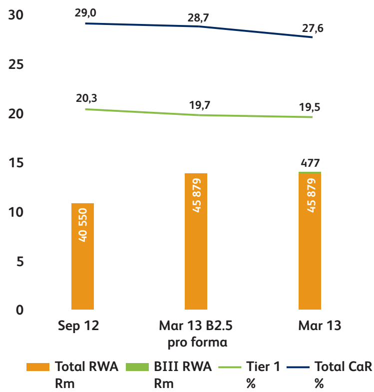
ABIL – capital adequacy ratio (%)



Tier 1 ratio – African Bank (%)



African Bank – capital adequacy ratio (%)



Annexures

OTHER DISCLOSURES

BASIS OF PREPARATION

The preparation of these group condensed interim financial statements was supervised by the chief financial officer, Nithia Nalliah CA(SA).

These condensed group interim financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board, Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, IAS 34 – Interim Financial Reporting, the AC 500 Standards as issued by the Accounting Practices Board, the requirements of the Companies Act 71 of 2008 as well as the Listings Requirements of the JSE Limited.

The group has adopted the following standards and interpretations during the financial year, which did not have a material impact on the reported results:

- IAS 1 – Presentation of Items of Other Comprehensive Income; and
- IAS 12 – Measurement of Deferred Tax Asset.

The accounting policies and their application are consistent with those used for the group's 2012 annual financial statements.

CONTINGENT LIABILITY

The group has a contingent liability in respect of the proposed fine by the National Credit Regulator. There is no provision as it is not practical to estimate the outcome of the matter.

VALUE SHARE BETWEEN THE BANKING AND RETAIL BUSINESS UNITS

The development of an optimal value share model between the Retail and Banking units continues in an effort to ensure that it drives the correct behaviour and that efforts and risk are equitably compensated and rewards appropriately shared. The current value share model is largely based on:

- credit products sold by the Retail unit on behalf of the Banking unit;
- the reallocation of the product insurance from Financial Services to Retail; and
- compensation by the Banking unit for costs incurred by the Retail unit on its behalf.

The value share is accounted for in the results of the Retail unit as either:

- income, where the amount is based on a percentage of sales volume; or
- an expense recovery, where the original costs incurred on behalf of the Banking unit are included in total operating costs in the Retail unit, e.g. origination and collections costs.

Value share

R million	**H1 2013**	H1 2012	2012
Income	**78**	108	206
Cost recovery	**214**	215	427
Total value share	**292**	323	633

As the business models evolve, it is envisaged that the value share model will be reviewed on an annual basis and revised to best match ABIL's strategic focus.

AFRICAN BANK LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

R million	% change	**Unaudited 31 Mar 2013**	Unaudited 31 Mar 2012	Audited 30 Sep 2012
Assets				
Short term deposits and cash	3	**4 775**	4 652	3 160
Statutory assets	33	**3 691**	2 769	3 132
Other assets	> 100	**2 366**	692	974
Other assets – EHL	> 100	**770**	321	461
Net advances	24	**50 973**	41 085	46 130
Deferred tax asset	10	**191**	174	322
Property and equipment	5	**639**	610	661
Goodwill	–	**4 000**	4 000	4 000
Intergroup loans	> 100	**567**	23	258
Total assets	25	**67 972**	54 326	59 098
Liabilities and equity				
Intergroup loans	(18)	**263**	319	530
Short term funding	29	**5 109**	3 955	4 111
Short term funding – EHL	28	**199**	156	184
Other liabilities	18	**1 351**	1 147	1 062
Other liabilities – EHL	(83)	**5**	29	71
Taxation	17	**7**	6	77
Bonds and other long term funding	28	**43 654**	34 173	37 300
Subordinated bonds and loans	40	**4 355**	3 105	3 831
Total liabilities	28	**54 943**	42 890	47 166
Total equity (capital and reserves)	14	**13 029**	11 436	11 932
Total liabilities and equity	25	**67 972**	54 326	59 098

SHAREHOLDERS' INFORMATION

DIVIDEND DECLARATION

Ordinary dividend

Ordinary shareholders are advised that the board of directors has declared an interim gross cash dividend of 25 cents per ordinary share (21,250 cents net of dividend withholding tax) for the six months to 31 March 2013 (the cash dividend). No secondary tax on companies (STC) credits were applied to this dividend declaration. The dividend has been declared as a cash distribution but with an opportunity for ordinary shareholders to elect capitalisation shares to provide flexibility for shareholders wishing to increase their holding in the company given recent changes to dividend tax in South Africa.

Ordinary shareholders will be entitled to elect to receive ordinary shares of 2,5 cents each in the company as capitalisation shares in lieu of the cash dividend (the capitalisation issue), to be determined by the ratio that 25 cents bears to the volume weighted average price of the company's ordinary shares on the exchange operated by the JSE Limited (JSE) during the nine-day trading period ending 30 May 2013.

The cash dividend will be paid out of the company's distributable profits while the issue price of the capitalisation shares (which will equal the volume weighted average price of ABIL's ordinary shares traded on the JSE for the 9 day period ending on Thursday, 30 May 2013) will be settled by the company utilising a portion of the company's share premium reserves of R9 324 million but the share premium will only be utilised to the extent of the par value of the capitalisation shares (being 2,5 cents each) and the balance of the issue price shall be paid for through the capitalisation of distributable profits. The capitalisation shares will, upon their issue, rank *pari passu* in all respects with the other ordinary shares then in issue.

Details of the ratio will be released on the Securities Exchange News Services (SENS) of the JSE by no later than 11:00 on Friday, 31 May 2013 and published in the South African press the following business day. Trading in the Strate Limited environment does not permit fractions and fractional entitlements. Accordingly, where an ordinary shareholder's entitlement to new ordinary shares calculated in accordance with the above formulae gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.

A circular relating to the cash dividend and the alternative capitalisation issue will be posted to ordinary shareholders on or about Friday, 24 May 2013 and the salient dates and times will be published on SENS.

Timetable for ordinary shares

Share code	ABL
ISIN	ZAE000030060
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	25
Gross cash dividend per share	25 cents
Net dividend amount represented as cents per share	21,250 cents
Issued share capital as at declaration date	810 232 118
Declaration date	Monday, 20 May 2013
Circular and form of election posted to shareholders on	Friday, 24 May 2013
Finalisation announcement released on SENS	Friday, 31 May 2013
Finalisation announcement published in the press	Monday 3 June 2013
Last date to trade to be eligible for the cash dividend/capitalisation shares	Friday, 7 June 2013
Shares commence trading ex-cash dividend/capitalisation shares	Monday, 10 June 2013
Listing of maximum possible number of ordinary shares from	Monday, 10 June 2013
Last date to elect to receive the capitalisation issue instead of the cash dividend. Forms of election to reach the transfer secretaries by 12:00 on	Friday, 14 June 2013
Record date in respect of cash dividend/capitalisation shares	Friday, 14 June 2013
Dividend payment date	Tuesday, 18 June 2013
Results of capitalisation issue released on SENS	Tuesday, 18 June 2013
Share listing adjusted	Wednesday, 19 June 2013

Share certificates may not be dematerialised or rematerialised between Monday, 10 June 2013 and Friday,14 June 2013, both dates inclusive.

SHAREHOLDERS' INFORMATION CONTINUED

Tax implications

The cash dividend and the capitalisation issues are likely to have tax implications for both resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional tax advisers should they be in any doubt as to the appropriate action to take.

In terms of the Income Tax Act, the cash dividend will, unless exempt, be subject to dividend withholding tax (DWT) that was introduced with effect from 1 April 2012. South African resident shareholders that are liable for DWT, will be subject to DWT at a rate of 15% of the cash dividend and this amount will be withheld from the cash dividend. Non-resident shareholders may be subject to DWT at a rate of less than 15% depending on their country of residence and the applicability of any double tax agreement (DTA) between South Africa and their country of residence.

The capitalisation issue is not subject to DWT in terms of the Income Tax Act, but the subsequent disposal of shares obtained as a result of the capitalisation issue is likely to have income tax or capital gains tax (CGT) implications. Where any future disposals of shares obtained as a result of the capitalisation issue fall within the CGT regime, the base cost of such shares will be deemed to be zero in terms of the Income Tax Act (or the value at which such shares will be included in the determination of the weighted average base cost method will be zero).

Preference dividend

Preference shareholders are advised that the board of directors has declared an interim gross cash dividend of 322 cents per ordinary share (273,700 cents net of DWT). The dividends have been declared from income reserves.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt from the tax, or liable to lower tax rates due to any DTA.

Timetable for preference shares

Share code	ABLP
ISIN	ZAE000065215
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	17
Gross cash dividend per share	322 cents
Net dividend amount represented as cents per share	273,700 cents
Issued share capital as at declaration date	13 523 029
Declaration date	Monday, 20 May 2013
Last date to trade cum-dividend	Friday, 7 June 2013
Shares commence trading ex-dividend	Monday, 10 June 2013
Record date	Friday, 14 June 2013
Dividend payment date	Tuesday, 18 June 2013

Share certificates may not be dematerialised or rematerialised between Monday, 10 June 2013 and Friday,14 June 2013, both dates inclusive.

SHAREHOLDERS' DIARY

Event	**Date**
First quarter trading update	30 January 2013
Annual general meeting	5 February 2013
Interim results	20 May 2013
Third quarter trading update	5 August 2013
Financial year end	30 September
Annual results presentation	18 November 2013
Posting of annual reports	28 December 2013

LISTINGS INFORMATION

Listings exchange	JSE Limited	
Sector	General financial	
Subsector	Consumer finance	
Share codes		ISIN
Ordinary shares	JSE: ABL Reuters: ABLJ.J Bloomberg: ABL SJ Equity	ZAE000030060
Preference shares	JSE: ABLP Reuters: ABLPp.J	ZAE000065215
ADR programme	Level 1	
ADR symbol	AFRVY	
Conversion ratio	One ADR is equivalent to five ordinary shares	

CREDIT RATING

Rating	**2013**	2012	2011	2010	2009
Global Long Term	**Baa3**	Baa2	Baa2	Baa2	Baa2
Global Short Term	**P-3**	P-2	P-2	P-2	P-2
National Long Term	**A2.za**	A1.za	A1.za	A1.za	A1.za
National Short Term	**Prime-1.za**	Prime-1.za	Prime-1.za	Prime-1.za	Prime-1.za
Outlook	**Stable**	Negative	Stable	Stable	Stable

Ratings were reviewed on 4 March 2013.

JSE STATISTICS

		H1 2013	2012	2011	2010	2009
Traded price (per share)						
Close	cents	**3 029**	3 305	3 300	3 585	2 950
High	cents	**3 380**	4 065	4 046	3 728	3 174
Low	cents	**2 812**	3 103	3 181	2 768	1 940
Market capitalisation	R million	**24 542**	26 578	26 538	28 830	23 723
Value of shares traded	R million	**23 773**	35 504	29 044	27 452	24 507
Value traded as % of market capitalisation	%	**194***	134	109	95	103
Volume of shares traded	millions	**777**	996	811	868	936
Volume traded as % of number in issue	%	**193***	124	101	108	116
Price/Earnings ratio	times	**8,8**	10,2	12,8	16,1	15,0
Dividend yield	%	**6,4**	5,6	5,6	5,2	6,4
Earnings yield	%	**11,3**	9,8	7,8	6,2	6,7
Price-to-book ratio	times	**1,6**	1,9	2,0	2,3	1,9
Average number of shares in issue	millions	**805**	804	804	804	804
Shares issued	millions	**6,1**	–	–	–	–
Number of shareholders		**18 233**	19 296	18 316	12 550	11 019

** Annualised*

SHAREHOLDERS' PROFILE

(as at 31 March 2013)

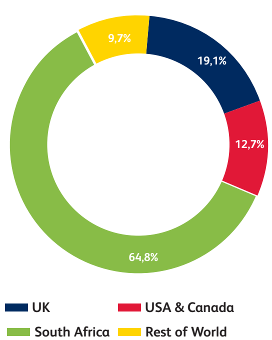
Top shareholders/managers of ABIL shares

Manager	Holding	%
Government Employees Pension Fund (PIC)	88 194 283	10,9
JP Morgan Asset Management	81 197 337	10,0
STANLIB Asset Management	59 169 837	7,3
Eyomhlaba Investment Holdings Limited	48 501 465	6,0
Investec Asset Management	45 380 218	5,6
Sanlam Investment Management	32 944 782	4,1
ABIL directors*	30 751 394	3,8
Abax Investments	27 681 968	3,4
Genesis Investment Management	26 425 625	3,3
Hlumisa Investment Holdings Limited	25 840 808	3,2
Afena Capital	22 338 428	2,8
Trilogy Advisors LLC	17 569 242	2,2
Momentum Investments	14 069 731	1,7
State Street Global Advisors	12 495 237	1,5
Old Mutual Asset Managers	11 960 593	1,5
The Vanguard Group Inc	11 825 768	1,5
Morgan Stanley Securities Ltd	11 249 053	1,4
Coronation Asset Management	11 133 354	1,4
Investec Securities (Pty) Limited	10 820 788	1,3
Wood C	10 074 533	1,2

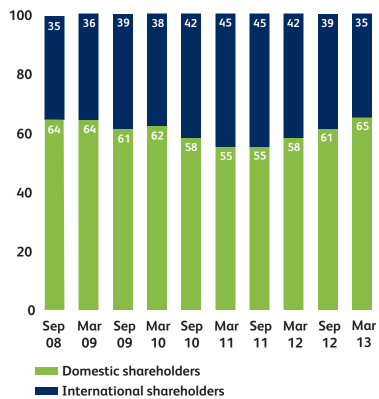
** Directors' holdings includes shares held indirectly through ABIL's B-BBEE programmes.*

Top beneficial owner	Holding	%
Government Employees Pension Fund (PIC)	118 914 176	14,7
ABIL's B-BBEE programmes*	74 342 273	9,2
Liberty Life Association of Africa	40 191 170	5,0
Leon Kirkinis	16 500 000	2,0
Nedgroup Investments Rainmaker Fund	13 494 505	1,7
Investment Solutions	12 502 585	1,5
Morgan Stanley Firm Equity	11 249 053	1,4
Wood C	10 074 533	1,2
Government of Norway	9 723 129	1,2
Genesis Group Trust	8 168 340	1,0
*** ABIL's B-BBEE programmes**		
Eyomhlaba Investment Holdings Limited	48 501 465	6,0
Hlumisa Investment Holdings Limited	25 840 808	3,2

Shareholder by geography (%)



ABIL shareholders' profile (%)



African Bank
INVESTMENTS LIMITED

CORPORATE INFORMATION

Board of directors

Non-executive: MC Mogase (Chairman), N Adams, Advocate MF Gumbi, JDMG Koolen#, NB Langa-Royds, S Sithole*, RJ Symmonds
Executive: L Kirkinis (CEO), A Fourie, N Nalliah, TM Sokutu

** Zimbabwean # Dutch*

Company secretary: L Goliath

African Bank Investments Limited

(Incorporated in the Republic of South Africa)
(Registered bank controlling company)
(Registration number 1946/021193/06)
(Ordinary share code: ABL) (ISIN: ZAE000030060)
(Preference share code: ABLP) (ISIN: ZAE000065215)

Share transfer secretaries

Link Market Services South Africa (Pty) Limited
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein
PO Box 4844, Johannesburg, 2000
Telephone +27 11 713 0800
Telefax: +27 86 674 4381

Registered office

59 16th Road
Midrand, South Africa, 1685
Private Bag X170, Midrand, South Africa, 1685

Investor relations and shareholder details

	Lydia du Plessis	Chiquita Schram
Telephone:	+27 11 564 6991	+27 11 256 9523

Email: investor.relations@africanbank.co.za

Complaints and fraud

Fraud:

African Bank ethics toll-free line:	0800 20 20 18
African Bank ethics e-mail address:	abfraudethics@africanbank.co.za
African Bank ethics telefax:	+27 11 207 3811
EHL ethics toll-free line (South Africa and Namibia)	0800 118 444
EHL ethics toll-free line (Botswana)	0800 600 828
EHL ethics toll-free line (Swaziland, Zambia and Lesotho)	+27 11 678 0822
EHL ethics e-mail address	alertline@emps.co.za

Complaints:

Call centre number 0861 111 011

B-BBEE share trading service

+27 11 321 5535

Group websites

www.abil.co.za
www.africanbank.co.za
www.ellerines.co.za
www.beares.co.za
www.geenrichards.co.za
www.furniturecity.co.za
www.wetherlys.co.za
www.dialabed.co.za
www.hlumisainvestments.co.za
www.eyomhlaba.co.za

Disclaimer

Certain statements made in this document are forward looking. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by the forward-looking statements. Words such as expect, anticipate, estimate, target, predict, believe and other similar expressions, and future or conditional verbs such as will, should, would, and could are intended to identify such forward-looking statements. Readers should not rely solely on the forward-looking statements.

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http://www.abil.co.za