AFRICAN BANK INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1946/021193/06)
(Ordinary share code: ABL) (ISIN: ZAE000030060)
(Preference share code: ABLP) (ISIN: ZAE000065215)
("ABIL" or "the group")

AFRICAN BANK LIMITED
(Incorporated in the Republic of South Africa)
(Registered bank)
(Registration number 1975/002526/06)
Company code: BIABL
("African Bank")

REVIEWED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2013 AND CASH DIVIDEND DECLARATION ANNOUNCEMENT

2013 financial perspective

- Return on equity of 2,9% (2012: 24,3%)
- Headline earnings declined by 88% to R365 million (2012: R3,0 billion)
- HEPS declined by 88% to 45,1 cents (2012: 378,2 cents)
- Ordinary DPS declined by 85% to 30 cents (2012: 195 cents)
- Banking unit gross advances grew by 11% to R59,0 billion (2012: R53,0 billion)
- Economic loss of R1,5 billion (2012: economic profit: R1,2 billion)

Overview

Financial year 2013 was a particularly tough year for the ABIL group. Economic conditions in South Africa continued to be challenging during the past financial year, characterised by lower consumer confidence, pressure on disposable incomes, higher levels of indebtedness and labour market unrest in certain industries. These conditions led to lower demand for credit products and durable merchandise, lower collections and concomitantly increasing arrears. The latter also the result of a portfolio of lower quality loans originated during 2012 prior to the implementation of substantial risk reduction measures as discussed below.

In our third quarter trading update in August 2012, we commented that there were signs of risk emergence and accordingly took certain pre-emptive risk reduction measures with approval rates falling from 75% in June 2011 to 70% a year later. The events of the past year have proven that we did not act boldly enough at the time, and as a consequence have had to come out with a number of negative announcements which has led to a perceived loss of credibility. However, the experience of this year provides valuable lessons for the future.

Accordingly, ABIL management took decisive and material actions during the latter part of 2013 to address the group's performance and future prospects through initiatives that included:

- improving the yield/risk relationship through lower offer rates, smaller loan sizes for higher risk customers and more sophisticated risk based pricing;
- further enhancements to collection activities;
- significantly increasing provisions for credit losses;
- increasing the level of write-offs; and
- material actions to strengthen the capital base.

ABIL also undertook a review of the strategic fit of the Retail unit with the aim of disposing of EHL and strategically repositioning the business into a larger retail group.

The financial year 2013 results were largely negatively impacted by the trading conditions described above and were further impacted by exceptional non-cash items, including:

- a change in the loan impairment provisioning methodology;
- a change in accounting policy to account for the insurance Incurred But Not Reported claims (IBNR) on balance sheet;
- the write-off of goodwill;
- changes to the write-off policy;
- a charge for the long term share incentive programme (LTIP); and
- an increase in the credit IBNR portfolio provision.

The changes in the loan impairment provisioning methodology and accounting policy for the insurance IBNR resulted in a restatement of the comparative numbers. The opening retained earnings and statement of financial position for financial year 2012 were restated.

The resultant positives of the increase in the impairment provision coverage, the improvement in the remaining quality of impaired loans, together with the business changes already implemented and the strategic focus for 2014 and beyond, will create a solid underpin for improved results into the future. The continuation of the economic headwinds in the short to medium term will provide challenges which we recognise and incorporate in setting our targets.

Financial performance

Headline earnings and headline earnings per share decreased by 88% to R365 million (2012: R3,0 billion) and 45,1 cents (2012: 378,2 cents) respectively. ABIL's return on equity decreased to 2,9% for financial year 2013 (2012: 24,3%) and return on average tangible equity decreased to 6,8% (2012: 50,0%). The group generated an economic loss of R1,5 billion (2012: economic profit of R1,2 billion) after a charge for the cost of equity. A final ordinary dividend per share of 5 cents (2012: 110 cents) was declared, bringing the total ordinary dividend for the year to 30 cents per share (2012: 195 cents).

The Banking unit produced a return on equity of 6,4% (2012: 28,7%) and a return on average tangible equity of 9,5% (2012: 47,8%). Headline earnings reduced by 77% to R654 million (2012: R2,9 billion) and generated an economic loss of R879 million (2012: economic profit R1,4 billion). The Bank was negatively impacted by lower disbursements and advances growth, as well as deteriorating asset quality with commensurate higher credit impairment charges and credit life insurance claims. Positive features of the Banking unit's results included interest yields that have begun to stabilise, low operating cost growth (excluding the charge for the incentive scheme), cost of funds that continues to decline as a percentage of advances and cash generated from operations which increased to R11,0 billion from R9,6 billion in financial year 2012.

The Retail unit generated a headline earnings loss of R284 million (2012: profit of R249 million). This result was driven by a significant decline in sales due to a difficult economic environment and exacerbated by a severe cutback in credit granted while carrying approximately R100 million in once-off duplicate supply chain costs. The results were further impacted by a few accounting adjustments as discussed under the overview section. Positive features of the results included low operating cost growth despite the duplicate costs, lower inventory levels and firm margins notwithstanding the loss of volume based discounts. The Retail unit generated a negative return on sales of 7,0% (2012: positive 5,2%), a negative return on equity of 10,1% (2012: positive 9,2%) and a negative return on average tangible equity of 38,0% (2012: positive 52,5%). The unit generated an economic loss of R706 million (2012: R141 million).

Emerging trends in better quality business written in 2013

The group reduced its exposure to riskier customer segments during the course of financial year 2013 and significantly curtailed its credit risk appetite further from June 2013, resulting in a reduction and re-pricing of new business in the riskier segments of its customer base. This has had an expected negative impact on the volume of new business written, with the relative positive impact of the new business still being masked by the risk emergence of business written pre financial year 2013. The group believes that the steps taken in order to restore the yield/risk relationship will result in improved profitability of the business over the medium to longer term. The positive emerging risk trends are more fully discussed in the asset quality section of this report.

Rights offer
After a thorough review, ABIL's board of directors concluded that ABIL's capital base needed to be strengthened in anticipation of the new Basel III phased capital requirements and to provide additional confidence with regard to the various factors discussed above. The group further believes that it is appropriate to increase the capital buffer available by raising capital through the rights offer to absorb credit losses at the levels currently being experienced, and to proactively strengthen the capital base, all of which will provide ABIL with the financial flexibility it needs to support its business' growth prospects.

The board of directors also approved an increase in the target capital ranges with effect from 1 January 2014, post the anticipated successful conclusion of the rights issue in December 2013.

	Target capital adequacy ranges	
%	2013	2014 onwards
Tier 1 capital ratio	19 - 20	>20
Total capital ratio	26 - 27	>30

The size of the rights issue has been set at R5,5 billion and is expected to be completed during December 2013 and will result in a pro forma Tier 1 capital adequacy ratio of 25,5% as at 30 September 2013.

Dividends and dividend cover
ABIL has declared a final gross cash dividend of 5 cents (4,25 cents net of dividend withholding tax) per ordinary share, resulting in a total dividend for the year ended 30 September 2013 of 30 cents per ordinary share (2012: 195 cents).

The rights offer shares that are applied for in the rights offer will not participate in the dividend.
Given the group's capital requirements and growth aspirations, the group is of the view that ABIL should be able to maintain a dividend cover of 2,5 - 3,5 times headline earnings over the forthcoming financial years.

The group has also declared a final gross cash preference share dividend of 308 cents per share (261,80 cents net of dividend withholding tax), resulting in a total dividend for the year ended 30 September 2013 of 630 cents per share. (2012: 668 cents).

DIRECTORATE
Sam Sithole resigned as an independent non-executive director of ABIL and African Bank with effect from 13 September 2013. On 16 September 2013 the board appointed Morris Mthombeni as an independent non-executive director of ABIL and African Bank. He has also been appointed to the Group Audit Committee.

Looking ahead
The South African economy and operating environment in which both the credit and retail businesses operate continue to prove challenging with little respite expected in the next financial year. ABIL's response to address the challenges is beginning to produce the desired results and should provide a solid underpin for a recovery into the latter part of financial year 2014 and beyond, barring significant additional economic headwinds.

The actions taken by ABIL during financial year 2013 are expected to position the group positively for sustainable growth and returns over the medium to longer term. The revised conservative write-off criteria of impaired loans will provide the potential for higher recoveries in future years, while the higher capital adequacy, NPL coverage and enhanced asset quality ratios will strengthen the balance sheet. The rights offer will strengthen ABIL's and African Bank's capital adequacy ratios and provide a foundation to grow advances while comfortably meeting the changing regulatory requirements in terms of Basel III. The risk reduction measures implemented by the group and the increased focus on collections have begun to gradually improve collection success rates and the growth in new NPLs has started to slow, which bodes well for an improvement in asset quality going forward.

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 and the steps undertaken during calendar year 2013 have positioned the group to take advantage of the significant opportunities available to it.

On behalf of the board

Mutle Mogase — Chairman
Leon Kirkinis — Chief executive officer

Condensed consolidated segmental income statement for the financial year ended 30 September 2013

		30 September 2013 (Reviewed)				30 September 2012 (Restated)			
R million	% change	ABIL group	Banking unit	Retail unit	Consolidation adjustments	ABIL group	Banking unit	Retail unit	Consolidation adjustments
Gross margin on retail business	(17)	1 770	-	1 770	-	2 134	-	2 134	-
Interest income on advances	21	11 964	11 859	105	-	9 919	9 823	96	-
Assurance income	27	4 862	4 426	436	-	3 828	3 401	427	-
Non-interest income	1	3 337	3 058	384	(105)	3 291	3 018	479	(206)
Income from operations	14	21 933	19 343	2 695	(105)	19 172	16 242	3 136	(206)
Credit impairment charge	89	(9 155)	(9 096)	(59)		(4 842)	(4 815)	(27)	-
Credit life insurance claims	86	(1 609)	(1 585)	(1)	(23)	(867)	(862)	6	(11)
Risk-adjusted income from operations	(17)	11 169	8 662	2 635	(128)	13 463	10 565	3 115	(217)
Product insurance claims	(8)	(55)	-	(55)	-	(60)	-	(60)	-
Other interest and investment income	79	393	378	71	(56)	219	324	74	(179)
Interest expense	24	(4 564)	(4 509)	(105)	50	(3 680)	(3 771)	(84)	175
Operating costs	12	(6 124)	(3 331)	(2 929)	136	(5 467)	(2 957)	(2 727)	217
Indirect taxation: VAT	>100	(168)	(160)	-	(8)	(72)	(72)	-	-
Profit from operations	(85)	651	1 040	(383)	(6)	4 403	4 089	318	(4)
Capital items	>100	(4 641)	(4 000)	(39)	(602)	(6)	-	(6)	-
(Loss)/profit before taxation	(>100)	(3 990)	(2 960)	(422)	(608)	4 397	4 089	312	(4)
Direct taxation: STC	(100)	-	-	-	-	(82)	(2)	-	(80)
Direct taxation: Normal	(83)	(209)	(304)	94	1	(1 225)	(1 154)	(72)	1
(Loss)/profit for the year	(>100)	(4 199)	(3 264)	(328)	(607)	3 090	2 933	240	(83)
Reconciliation of headline earnings									
(Loss)/profit for the year (basic earnings)	(>100)	(4 199)	(3 264)	(328)	(607)	3 090	2 933	240	(83)
Preference shareholders	44	(88)	(88)	-	-	(61)	(61)	-	-
Basic (loss)/earnings attributable to ordinary shareholders	(>100)	(4 287)	(3 352)	(328)	(607)	3 029	2 872	240	(83)
Adjustment for non-headline items:	>100	4 652	4 006	44	602	12	3	9	-
Gross*	>100	4 656	4 008	46	602	17	4	13	-
Tax thereon	(20)	(4)	(2)	(2)	-	(5)	(1)	(4)	-
Headline earnings	(88)	365	654	(284)	(5)	3 041	2 875	249	(83)
Earnings per share (cents)									
Basic (loss)/earnings per share	(>100)	(528,9)				376,7			
Headline earnings per share	(88)	45,1				378,2			

Intersegment revenues included in income from operations are for Retail unit only and amount to R105 million (2012: R206 million).

* Non-headline items include impairment of goodwill R4 641 million and loss on disposal of property and equipment R15 million (2012: impairment of trademarks R6 million and loss on disposal of property and equipment R11 million).

Condensed consolidated segmental statement of financial position as at 30 September 2013

R million	% change	30 September 2013 (Reviewed) ABIL group	Banking unit	Retail unit	Consolidation adjustments	30 September 2012 (Restated) ABIL group	Banking unit	Retail unit	Consolidation adjustments
Assets									
Short term deposits and cash	9	3 091	3 770	173	(852)	2 845	3 169	92	(416)
Statutory assets - bank and insurance	21	5 233	4 384	729	120	4 322	3 533	605	184
Inventories	(16)	731	-	731	-	871	-	871	-
Other assets	>100	3 894	3 676	181	37	1 535	1 196	411	(72)
Other assets - intragroup	-	-	651	121	(772)	-	526	184	(710)
Taxation	34	520	490	30	-	389	362	27	-
Net advances	13	50 276	49 910	366	-	44 683	44 800	363	(480)
Deferred tax asset	30	1 012	279	730	3	780	325	453	2
Property and equipment	12	1 077	453	636	(12)	965	491	480	(6)
Intangible assets	(8)	801	131	670	-	870	136	734	-
Goodwill	(85)	831	-	716	115	5 472	4 000	755	717
Total assets	8	67 466	63 744	5 083	(1 361)	62 732	58 538	4 975	(781)
Liabilities and equity									
Short term funding	75	8 034	7 513	521	-	4 587	4 111	476	-
Short term funding - intragroup	-	-	121	493	(614)	-	184	459	(643)
Other liabilities	20	2 996	1 506	1 529	(39)	2 488	1 292	1 748	(552)
Other liabilities - intragroup	-	-	33	49	(82)	-	66	-	(66)
Taxation	(68)	7	1	6	-	21	-	15	6
Deferred tax liability	(8)	199	11	188	-	216	7	216	(7)
Bonds and other long term funding	13	42 065	41 990	75	-	37 320	37 300	20	-
Subordinated bonds	14	4 361	4 361	-	-	3 831	3 831	-	-
Total liabilities	19	57 662	55 536	2 861	(735)	48 463	46 791	2 934	(1 262)
Ordinary shareholders' equity	(34)	8 674	7 078	2 222	(626)	13 139	10 617	2 041	481
Preference shareholders' equity	-	1 130	1 130	-	-	1 130	1 130	-	-
Total equity (capital and reserves)	(31)	9 804	8 208	2 222	(626)	14 269	11 747	2 041	481
Total liabilities and equity	8	67 466	63 744	5 083	(1 361)	62 732	58 538	4 975	(781)

Condensed consolidated statement of comprehensive income for the financial year ended 30 September 2013

R million	% change	Reviewed 2013	Restated 2012
(Loss)/profit for the year	(>100)	(4 199)	3 090
Other comprehensive income comprising items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(>100)	9	(4)
Movement in cash flow hedge reserve	(>100)	609	(200)
IFRS 2 reserve transactions (employee incentives)	(>100)	3	(7)
Total other comprehensive income/(loss) for the year, net of tax	(>100)	621	(211)
Total comprehensive (loss)/income for the year	(>100)	(3 578)	2 879

Condensed consolidated statement of cash flows for the financial year ended 30 September 2013

R million	Reviewed 2013	Restated 2012
Cash generated from operations	11 024	9 558
Cash received from lending and insurance activities and cash reserves	24 377	21 917
Recoveries on advances previously written off	380	300
Cash paid to funders, staff, suppliers and insurance beneficiaries	(13 733)	(12 659)
Increase in gross advances	(14 913)	(16 274)
Decrease/(increase) in working capital	1 171	(327)
Decrease in inventories	140	14
Decrease/(increase) in other assets	695	(421)
Increase in other liabilities	336	80
Indirect and direct taxation paid	(1 011)	(1 486)
Cash inflow from equity accounted incentive transactions	-	14
Cash outflow from operating activities	(3 729)	(8 515)
Cash outflow from investing activities	(1 004)	(1 304)
Acquisition of property and equipment (to maintain operations)	(285)	(456)
Acquisition of intangible assets (to maintain operations)	(54)	(112)
Disposal of property and equipment	61	31
Other investing activities	(726)	(767)
Cash inflow from financing activities	5 164	10 487
Cash inflow from funding activities	6 051	11 625
Issue of preference shares	-	411
Preference shareholders' payments and transactions	(88)	(61)
Ordinary shareholders' payments and transactions	(799)	(1 488)
Increase in cash and cash equivalents	431	668
Cash and cash equivalents at the beginning of the year	4 035	3 367
Cash and cash equivalents at the end of the year	4 466	4 035
Made up as follows:		
Short term deposits and cash	3 091	2 845
Statutory cash reserves - insurance	1 375	1 190
	4 466	4 035

Condensed consolidated statement of changes in equity for the financial year ended 30 September 2013

	Ordinary shares Share capital	Share-based	Ordinary share-	Preference share capital

R million	and premium	Distributable reserves	payment reserves	Other	holders' equity	and premium	Total
Balance at 30 September 2011 (Restated)	9 151	2 812	81	(249)	11 795	719	12 514
Dividends paid	-	(1 488)	-	-	(1 488)	(61)	(1 549)
Issue of preference shares	-	-	-	-	-	411	411
Profit on group employees acquiring ABIL Share Trust shares less dividend received	-	3	-	-	3	-	3
Shares purchased into the ABIL Employee Share Trust less share issued to employees (cost)	-	-	-	11	11	-	11
Transfer from share-based payment reserve	-	77	(77)	-	-	-	-
Transfer to insurance contingency reserve	-	(4)	-	4	-	-	-
Total comprehensive income for the year	-	3 029	(7)	(204)	2 818	61	2 879
Balance at 30 September 2012 (Restated)	9 151	4 429	(3)	(438)	13 139	1 130	14 269
Dividends paid	-	(799)	-	-	(799)	(88)	(887)
Shares issued in terms of the scrip distribution	289	(289)	-	-	-	-	-
Transfer from insurance contingency reserve	-	9	-	(9)	-	-	-
Total comprehensive loss for the year	-	(4 287)	3	618	(3 666)	88	(3 578)
Balance at 30 September 2013 (Reviewed)	9 440	(937)	-	171	8 674	1 130	9 804

Note

Number of ordinary shares at 30 September 2013	Total	Weighted
Number of shares in issue at the beginning of the year	804 175 200	804 175 200
Shares issued during the year	11 636 339	6 367 602
	815 811 539	810 542 802

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AUDITORS' REVIEW REPORT

The accompanying financial information of which consist of condensed consolidated segmental income statement, condensed consolidated segmental statement of financial position, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and accompanying notes to the condensed consolidated financial statements have been reviewed by the group's independent auditors, Deloitte & Touche. The review was conducted in accordance with ISRE 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable Deloitte & Touche to obtain assurance that they would become aware of all significant matters that might be identified in an audit. An unmodified report has been issued. The full review report is available for inspection at the Company's registered office. Any other information contained herein or reference to future financial performance included in this announcement, has not been reviewed or reported on by the group's auditors.

Basis of preparation
The preparation of this group condensed financial information was supervised by the chief financial officer, Nithia Nalliah CA (SA).

This condensed group financial information has 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa (Act 71 of 2008) as well as the Listing Requirements of the JSE Limited.

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

- IAS 1 - Presentation of items of other comprehensive income.
- IAS 12 - Measurement of deferred tax asset.

Apart from the change in policy as noted below all the other accounting policies and their application are consistent with those used for the group's 2012 annual financial statements.

Restatements of comparative balances

Change in the loan impairment provisioning methodology
In terms of the NCA, once a credit agreement goes into arrears, a credit provider cannot raise interest, fees and charges in excess of the total outstanding amount of the balance determined at the time that the first arrears occurred. ABIL has applied this requirement consistently across all its portfolios when defaulting loans reach the "in duplum" threshold (threshold loans).

For the purposes of calculating the impairment provisions against the non-performing and written off loans on a portfolio basis, accounting standard IAS 39 does not have an alternative treatment for situations where no interest and fees are permitted to be charged and requires the application of the effective interest rate of the loans at origination for purposes of the present value calculation. ABIL historically applied a lower weighted average effective interest rate to calculate the present value of impaired loans, taking into consideration the fact that no interest or fees are being charged on the threshold loans. As a result of the growth in the threshold loans over time, the difference between the two provisioning methodologies has cumulatively become material for the financial year 2013. The group has therefore changed its provisioning methodology to discount all forecast cash flows at the original effective interest rates.

The impact of the restatement on the statement of financial position is a decrease in net advances as at 30 September 2013 of R2,2 billion (September 2012: R1,3 billion) with a reduction in retained earnings of R1,6 billion (September 2012: R958 million) after accounting for current and deferred tax of R609 million (September 2012: R372 million). The September 2013 income statement impact is an increase in credit impairment charge by R844 million (September 2012: decrease of R355 million) and decrease in tax of R236 million (September 2012: increase of R100 million) resulting in an decrease in profit after tax of R608 million (September 2012: increase of R255 million).

It is important to note that forecast cash flows remain unchanged, and therefore this adjustment will reverse to the extent that those cash flows are received. The change will continue to have an impact in the future on new threshold loans.

Change to ABIL's IBNR accounting policy
The insurance subsidiaries' credit life insurance policies are taken up by African Bank customers when an African Bank loan is sold. These policies cover the African Bank customers for various risks such as retrenchment, death and disability. These policies are monthly policies and if a customer defaults on their African Bank loan instalments they also default on the insurance premiums.

The accounting standards do not require the IBNR on credit life claims to be provided for within policyholder liabilities if the IBNR is offset against future income in the calculation of the statutory reserves. The calculation of the statutory reserves gives rise to a negative reserve (ie asset) which is the value of future insurance premiums after an allowance for unexpired insurance risk. In terms of the ABIL accounting policy the insurance subsidiaries have not recognised this asset which amounted to approximately R1.8 billion at 30 September 2013.

ABIL is of the view that it is a fairer presentation of the financial position of the group if the IBNR on credit life claims is accounted for as policyholder liabilities. Thus the accounting policy has been changed.

The impact of the restatement on the statement of financial position is an increase in other liabilities as at 30 September 2013 of R550 million (September 2012 R287 million) with a reduction in retained earnings of R396 million (September 2012 R206 million) after accounting for current and deferred tax of R154 million (September 2012 R81 million). The September 2013 income statement impact is an increase in credit life insurance claims of R264 million (September 2012 a decrease of R45 million) and a reduction of tax of R74 million (September 2012 increase of R13 million) resulting in a decrease in profit after tax of R190 million (September 2012 increase R32 million).

Reclassification of comparative balances
The following changes for reclassification of collateral deposits and software have resulted in changes to comparative balances.
Certain collateral deposits were previously disclosed as part of cash and cash equivalents. In accordance with IFRS and group accounting policies, such deposits should have been classified as part of other assets. The deposits have accordingly been reclassified in previously reported financial periods from cash to other assets.

Software was previously disclosed as part of property and equipment. In accordance with IFRS and group accounting policies, software should rather have been classified as intangible assets. The software has accordingly been reclassified in previously reported financial periods from property and equipment to intangible assets.

The reclassifications had no impact on the group's and reserves, profit and loss and or capital adequacy ratios.

Changes to the SENS announcement of 1 November 2013, relating to ABIL's 11 month results to 31 August 2013

The September 2012 statement of financial position as reported in the SENS announcement of 1 November 2013, has been updated through reclassification mainly between deferred taxation and current taxation as follows:

R million	2012 (As per SENS on 1 November 2013)	Reclassification	2012 (post reclassification)
Taxation (asset)	27	362	389
Deferred tax asset	1 215	(435)	780
Taxation (liabilities)	(94)	73	(21)
Total	1 148	0	1 148

The reclassifications are due to changes to the tax treatment of the change in loan provisioning methodology and change in policy of accounting for IBNR.

Other matters
After the annual goodwill impairment assessment, the group impaired the goodwill arising on the EHL acquisition amounting to R641 million and African Bank goodwill of R4.0 billion as the goodwill carrying value exceeded the recoverable value.

During the reporting period the group issued bonds amounting to R8 billion. During the reporting period bonds amounting to R2.8 billion were redeemed by the group.

In June 2013 ABIL provided financial assistance to Eyomhlaba Investment Holdings Limited and Hlumisa Investment Holdings Limited ("the BEE companies") in a form of a cash deposit amounting to R120 million. In the event of the default conditions being met the preference shareholders of the BEE companies have a right to exercise a put option by selling ABIL preference shares at their original cost amounting to R120 million.

The default conditions are determined as the earlier of the following:
The failure to make any scheduled payment by the BEE company to the preference shareholders on the scheduled date; or
The date on which the asset cover (as defined in the memoranda of incorporation of the BEE companies) decrease to two times or below.
In the event of the put option being exercised, preference shares held by ABIL will be subordinated to the preference shareholders.

Events after the reporting period
Subsequent to the reporting date, African Bank has reached a settlement with the National Credit Regulator in respect of the proposed fine referred to the National Credit Tribunal. African Bank has agreed to pay a settlement amount of R20 million as full and final settlement. This has been taken into account in the results for the year ended 30 September 2013. Apart from the above, the directors are not aware of any material events occurring between the reporting date and the date of authorisation of these reviewed condensed consolidated financial statements as defined in IAS 10 - Events after the reporting period.

Dividend declaration
Ordinary dividend
Ordinary shareholders are advised that the board of directors has declared a final gross cash dividend of
5 cents per ordinary share (4,25 cents net of dividend withholding tax) for the 12 months to 30 September 2013 (the cash dividend). No secondary tax on companies (STC) credits were utilised as part of the ordinary cash dividend declaration. The cash dividend will be paid out of profits of the group.

Rights offer shares that are applied for in the rights offer will not participate in the dividend.

Timetable for ordinary shares

Share code	ABL
ISIN	ZAE000030060
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	26
Gross cash dividend per share	5 cents
Net dividend amount represented as cents per share	4,25000 cents
Issued share capital as at declaration date	815 811 539
Declaration date	Monday, 11 November 2013
Last date to trade cum dividend	Friday, 29 November 2013
Shares commence trading ex dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Dividend payment date	Monday, 9 December 2013

Tax implications
The cash dividend is 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 treaty between South Africa and their country of residence.

Preference dividend
Preference shareholders are advised that the board of directors has declared a final gross cash dividend of 308 cents per ordinary share (261,8 cents net of dividend withholding tax) bringing the total preference share dividend for the year to 630 cents per share. The dividends have been declared from income reserves and no secondary tax on company credit has been used.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt from the tax.

Timetable for preference shares

Share code	ABLP
ISIN	ZAE000065215
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	18
Gross cash dividend per share	308 cents
Net dividend amount represented as cents per share	261,80000 cents
Issued share capital as at declaration date	13 523 029
Declaration date	Monday, 11 November 2013
Last date to trade cum dividend	Friday, 29 November 2013
Shares commence trading ex dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Dividend payment date	Monday, 9 December 2013

Share certificates may not be dematerialised or rematerialised between Monday, 2 December 2013 and Friday, 6 December 2013 both dates inclusive.

Midrand
11 November 2013

Sponsor
Rand Merchant Bank Limited (A division of FirstRand Bank Limited)

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

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

Share transfer secretaries
Link Market Services South Africa (Pty) Ltd
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein

PO Box 4844, Johannesburg, 2000.
Telephone: +27 11 713 0800
Telefax: +27 86 674 4381

www.abil.co.za