



Trading update
for the first quarter ending
31 December 2009

Overview

Consumer environment

- Lower economic activity
- New retrenchment claims down from 12 600 (Aug 09) peak to 8 500 (Jan 10)
- Stability in the EHL operating environment

Strategic countermeasures

- Client acquisition strategies
- Cost reduction programmes
- Financial Services integration
- Focus on improving cost of funding
- Signs of new value propositions starting to have an effect
- Cautious relaxation of underwriting and risk mix

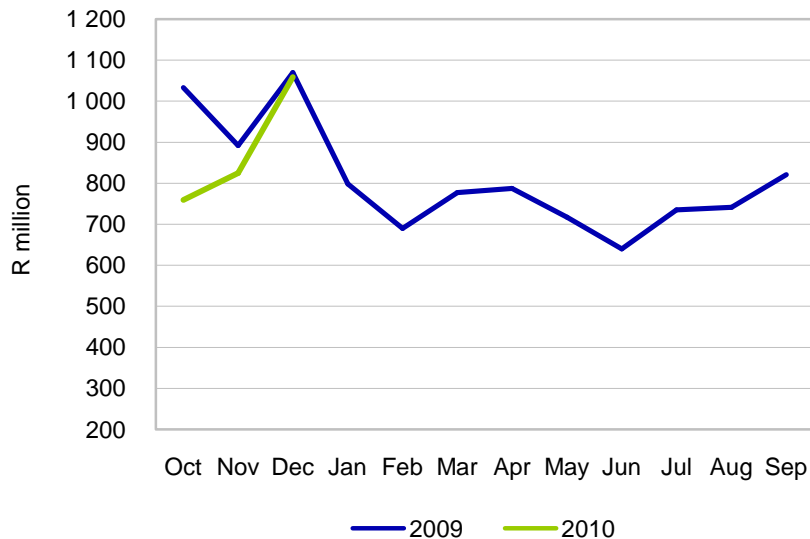
African Bank



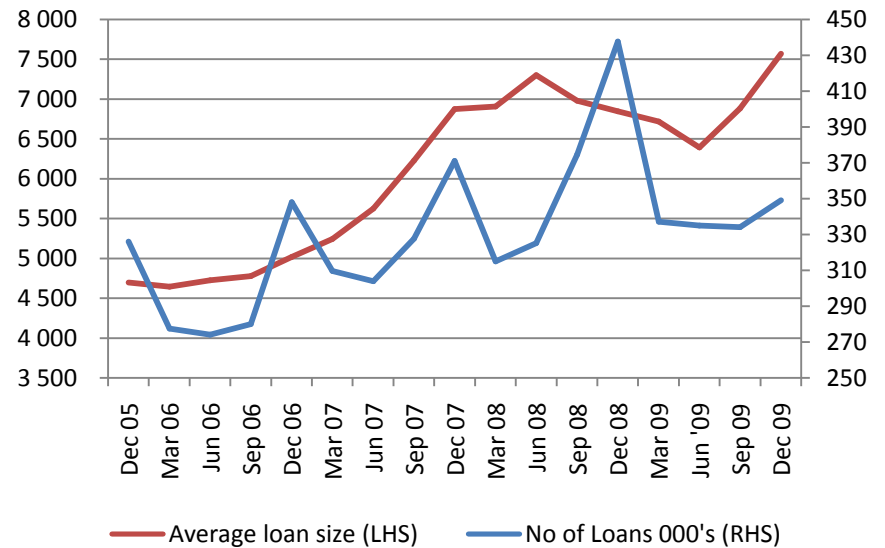
Sales

- African Bank's underwriting appetite remained cautious
 - Subdued sales of R2.6 billion (2009: R3.0 billion) as a result
 - Tactical shift to lower risk customers
 - Increased credit card penetration

Sales of new loans



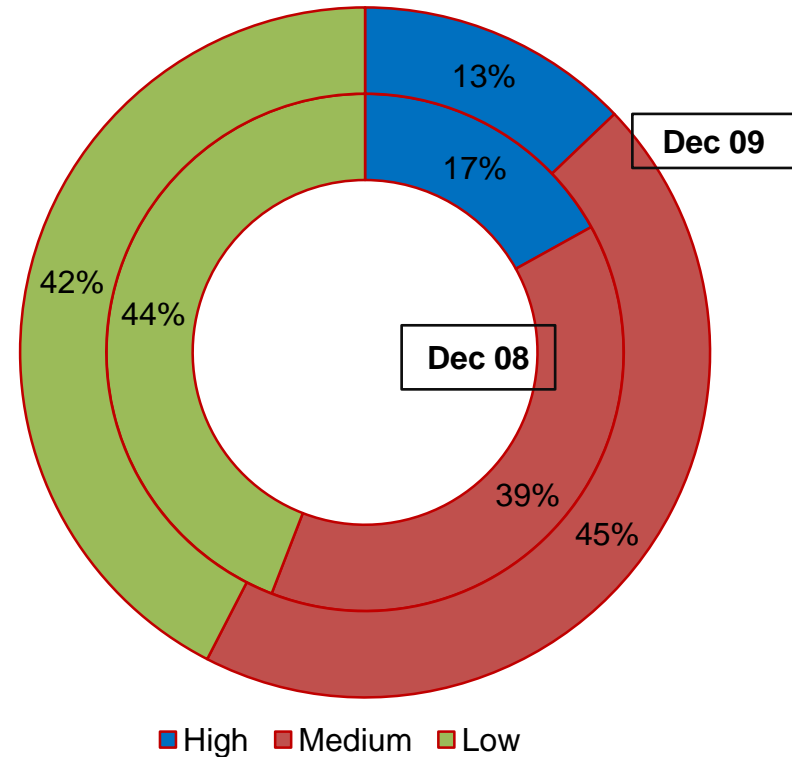
Quarterly sale of new loans



Sales mix

- Further shift to medium and low risk customers in quarter
 - Average loan size up 11% to R7 600 (2009: R6 700)
 - Average term 39 months (2009: 33 months)
- Going forward, stabilising conditions allow mix relaxation towards higher risk

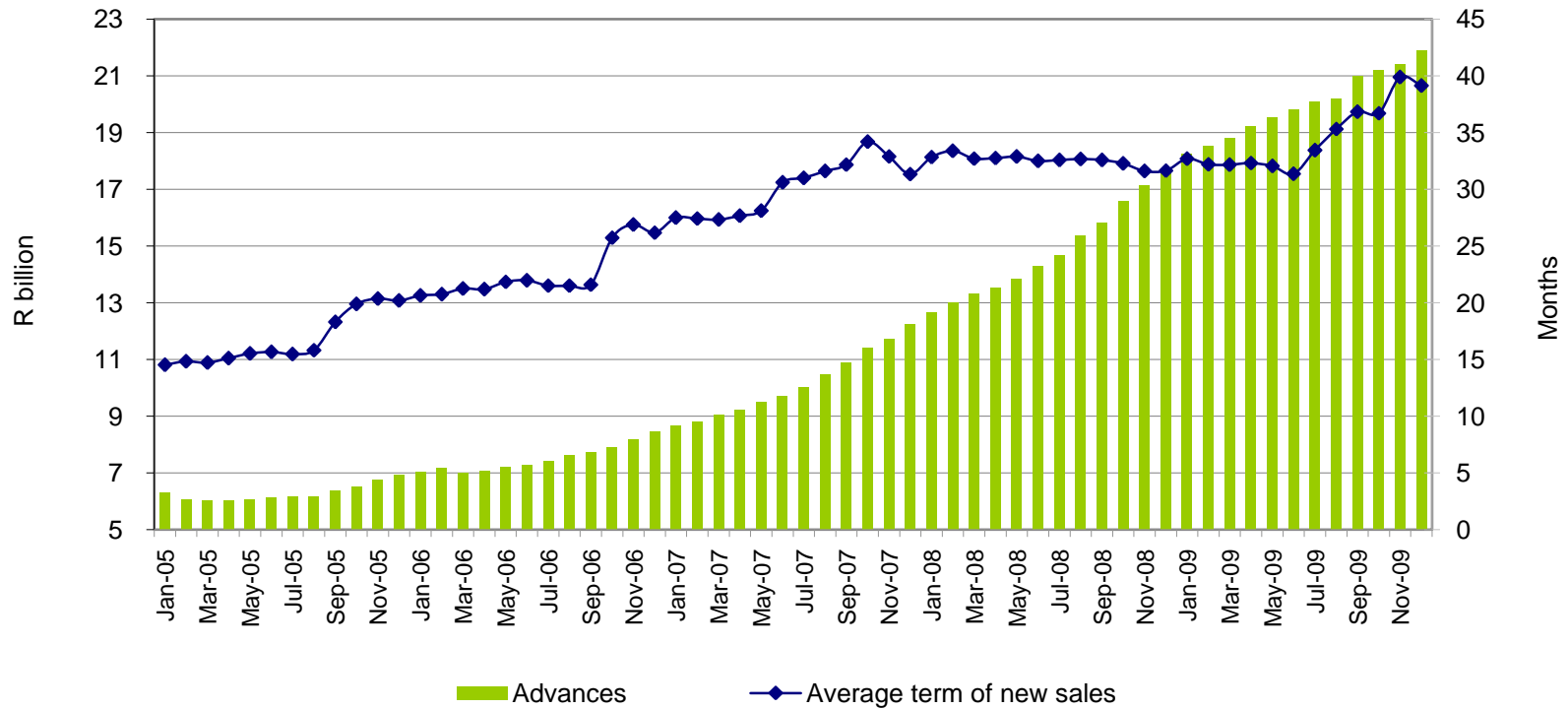
Capital distribution



Advances

- Advances growth currently tracking behind expectation
- Quarterly growth of 4% and annualised growth of 17% to R22 billion

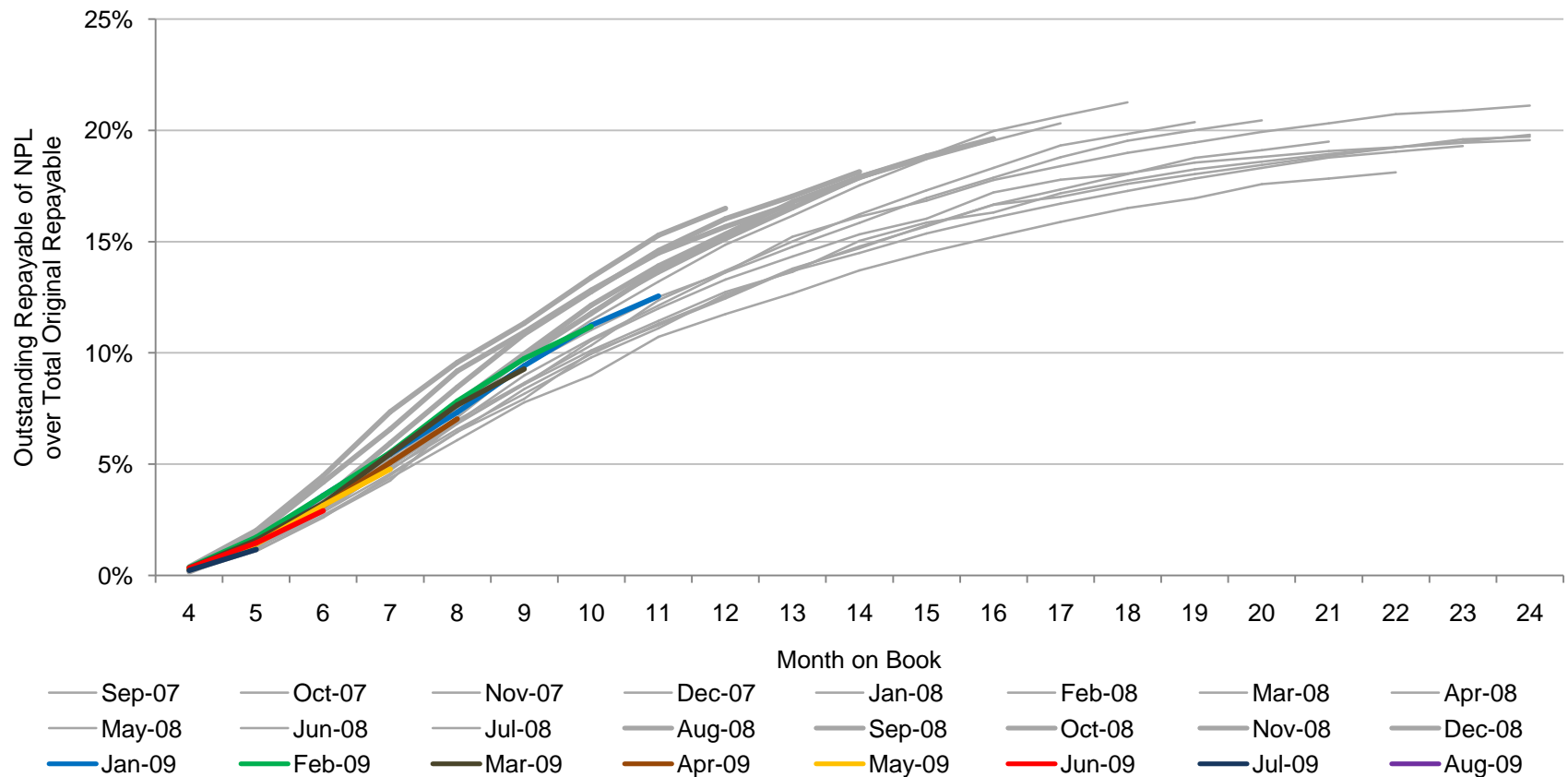
Monthly advances growth



Asset quality

- Recent vintages tracking in the centre of historic underwriting range
- Bad debt charge peaked at end of FY2009

VINTAGE GRAPH - African Bank - Focused view
More than three missed instalments



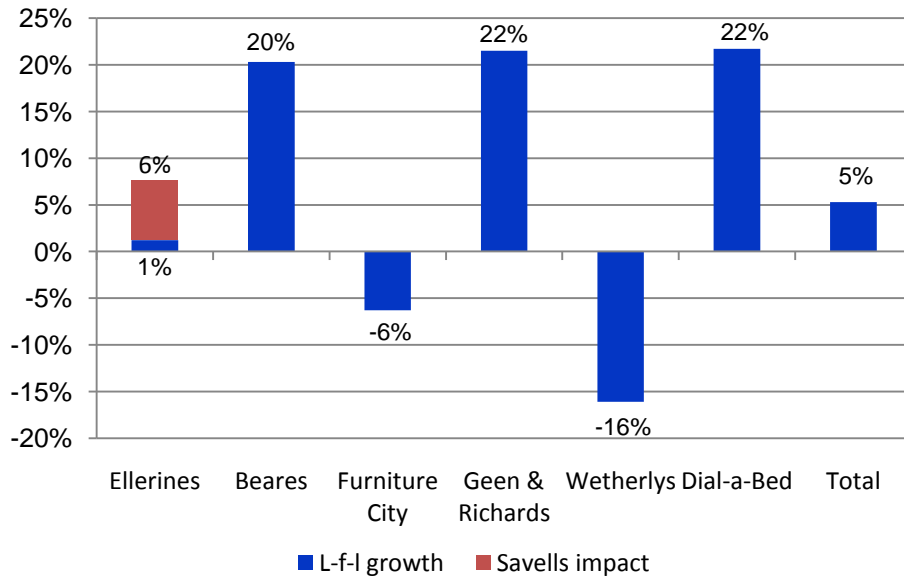
Ellerines



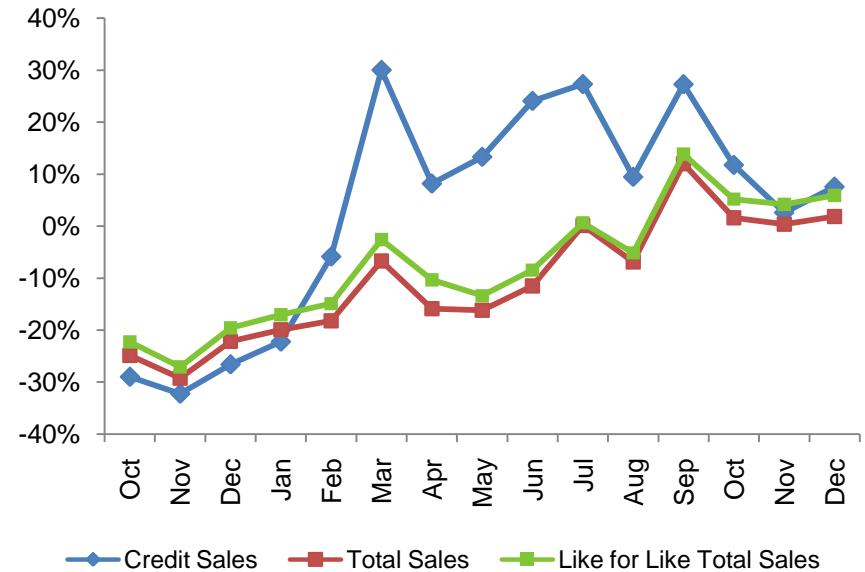
Retail

- Retail re-engineering starting to bear fruit
- Ellerines MP1 negatively affected Savells Fairdeal
- Retail margins firm
- Costs continue to decline

Comparable sales growth



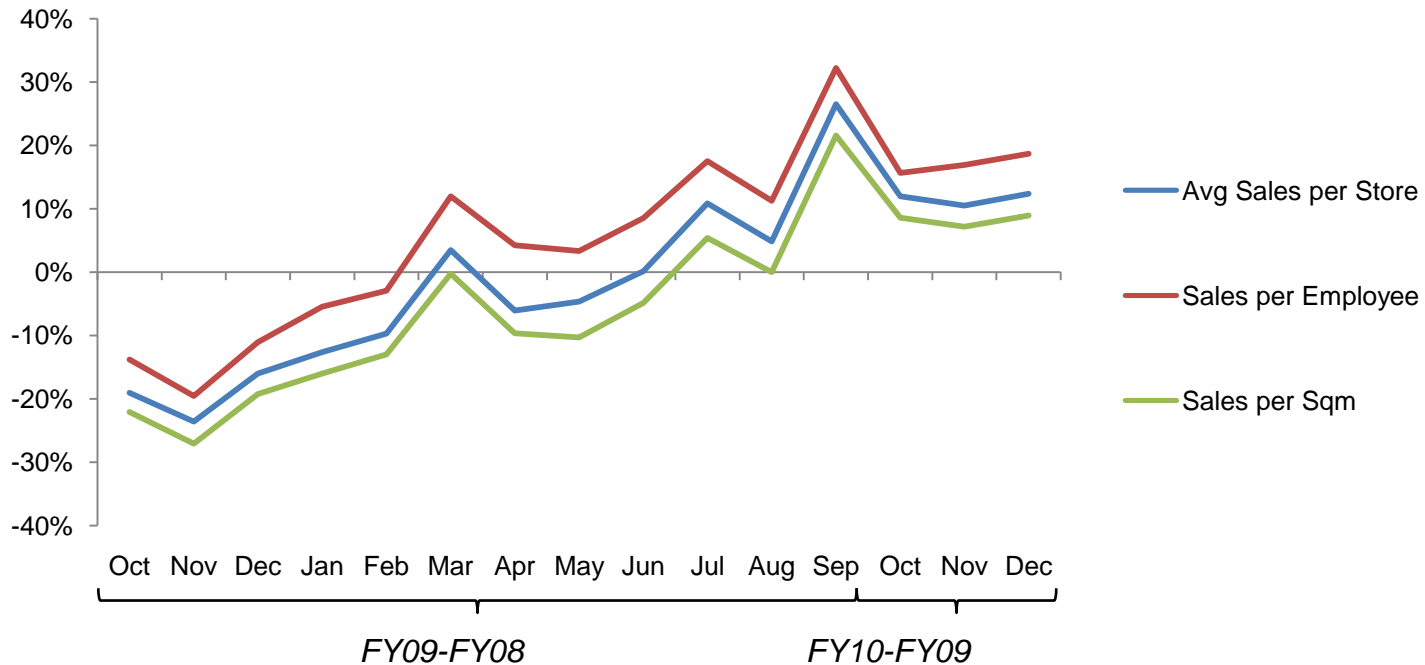
EHL sales variance y-o-y



Retail (continued)

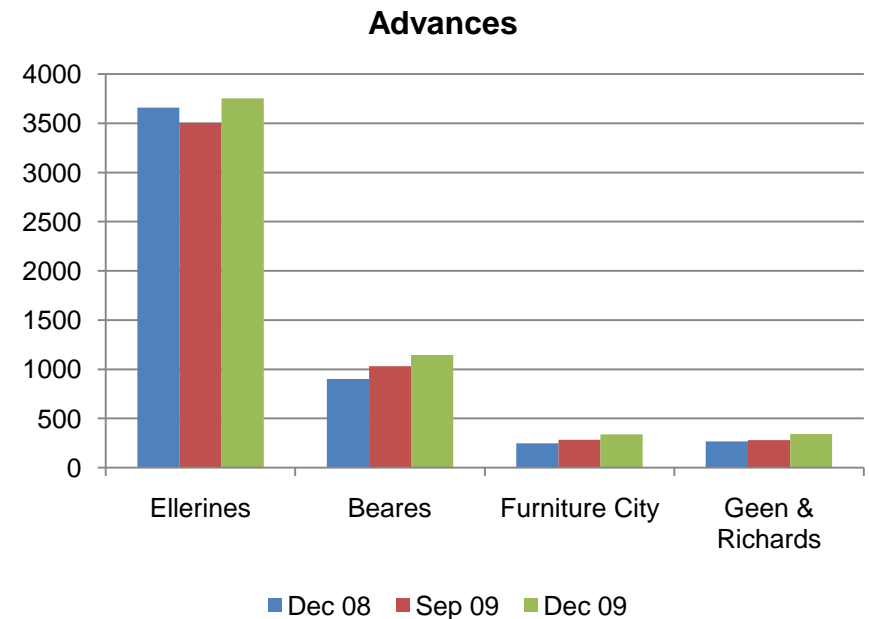
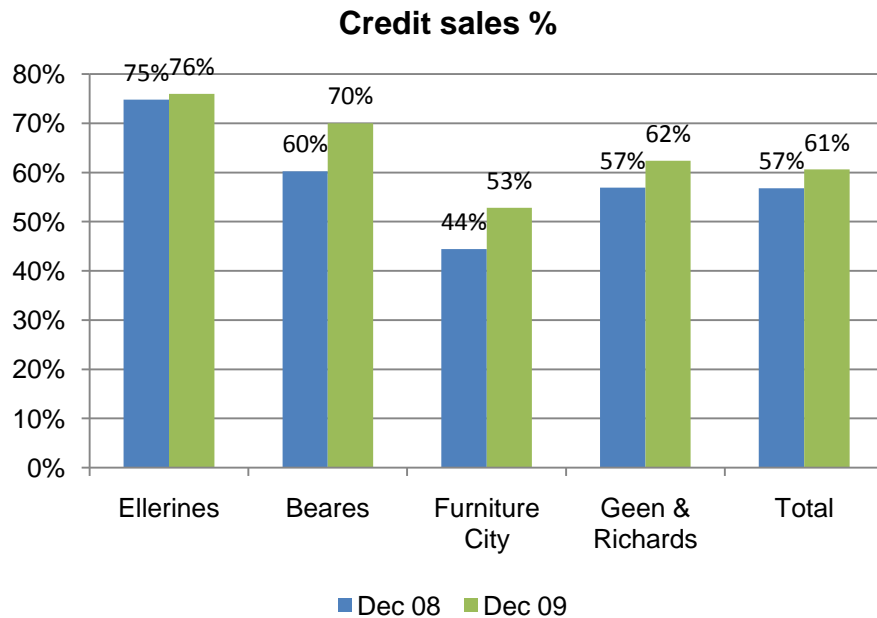
- Productivity dials improving steadily
 - Sales per m² of R1 912 (Q1 2009: R1 769)
 - Sales per store of R1.3m (Q1 2009: R1.2m)
 - Sales per employee of R105 000 (Q1 2009: R89 000)

EHL productivity variance y-on-y



Financial services

- Financial services integration on track
- Credit sales grew by 7% relative to 2009
- Credit sales mix improved from 57% to 61%
- Advances lifted by 9%
- Interest suspension and in duplum limitations impacting yields



Asset quality

- Asset quality continued to improve
- Vintages tracking the lower end of the underwriting range

