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**ABL – African Bank Investments – Trading update for the first quarter ended 31**

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December 2010

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)

('ABIL' or 'the group')

TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 DECEMBER 2010

ABIL issues quarterly updates in order to provide investors with timely insights into strategic and operational performance trends. These updates cover certain key metrics but are not in themselves indicators of the group's profitability.

Strong operational performance in the quarter ended 31 December 2010 was driven by several new credit and retail product offerings, a substantial increase in the African Bank footprint through kiosks and branches within Ellerines (EHL) stores, as well as high levels of commitment from our staff. This performance was also supported by improving external trading conditions.

African Bank

Combined credit sales for African Bank and EHL for the quarter increased by 59% to R5,5 billion (Q1 2010: R3,5 billion). African Bank credit sales grew by 63% to R4,3 billion, while total credit sales at EHL increased by 29% to R1,2 billion, the latter supported by a growing contribution from personal loans.

The growth in African Bank originated sales was achieved through a 26%

increase in the volume of new loans granted, particularly to lower risk segments, and a 29% higher average loan size of R9 800. Average loan term increased from 39 months to 44 months.

African Bank added 118 000 new clients during the quarter under review, an increase of 41% on the 83 000 new clients it added in the previous comparable period. The recently launched `payment break` and `interest buster` products were particularly effective in attracting new clients to the group. EHL increased its new credit customers by 18% for the quarter to 140 000.

Combined gross advances increased by 12% over the three month period to R32,7 billion. It should be noted that the December quarter is traditionally the strongest in terms of sales, and therefore may not be representative of the performance expected for the full year. On a year-to-date basis, African Bank advances increased by 10% to R26,8 billion, while EHL advances grew by 17% to R5,9 billion.

Yields remained steady during the period, while operating cost growth was slightly elevated relative to budget, given the strong increase in sales and general activity within the group.

Asset quality continued to improve, as evidenced by vintages that are down from the peak levels of the quarter ending 31 December 2008. Non-performing loans (NPLs) as a percentage of advances declined modestly on the back of the faster growth in performing loans. NPL coverage was steady.

Ellerine Holdings Limited

Merchandise sales for the quarter were R1,5 billion, 8% higher than the previous comparable period. On a like-for-like basis in terms of trading space, merchandise sales grew by 12%. The merchandise sales credit mix increased from 60% in September 2010 to 66% in December 2010.

Ellerines, the largest brand within the portfolio, increased its merchandise sales by 20%. However systems changes implemented in September 2010 and a relatively high base from the previous year had a negative impact on sales growth at Beares (up 5%) and Geen & Richards (up 1%).

Dial-a-Bed grew sales by 12%, while Furniture City (down 10%) was affected by a fire at its biggest store. The sales performance of Wetherlys (down 17%) continued to disappoint, given issues around its store size and location strategy, amongst others.

Gross margins firmed slightly, while stock turns and obsolescent stock showed

further improvement over the period. Category expansion through new imported furniture ranges, computers and the TEK private label has also proven positive.

Outlook

Innovation and renewed energy have resulted in strong levels of activity in the first quarter, and given the current impetus in the business, the group remains on track to achieve its previously communicated financial objectives for 2011.

The information provided in this update is not an earnings forecast and has not been reviewed and reported on by the Abil`s external auditors.

On behalf of the board

Midrand

7 February 2011

This announcement, together with a short presentation, is available on the African Bank Investments Limited website at <http://www.abil.co.za>.

ABIL will hold a conference call on Monday, 7 February 2011 for interested parties. The conference call will take the form of a short overview of the quarter, followed by questions. A slide presentation covering the overview will be available for download prior to the call on www.abil.co.za

Time 16:00 (SA time)

LIVE CALL

PLAYBACK (available for 48 hours)

South Africa & Other

South Africa & Other

Toll 011 535 3600

011 305 2030

Code 2134#

USA

USA

Toll-free 1800 860 2442

1 412 317 0088

UK

UK

Toll-free 0800 917 7042

0808 234 6771

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

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