

ABSA BANK LIMITED

Registration number: 1986/004794/06

Authorised financial services and registered credit provider (NCRCP7)

Incorporated in the Republic of South Africa

ISIN: ZAE000079810

JSE share code: ABSP

(Absa, Absa Bank, the Bank or the Company)

ABSA BANK LIMITED: CHANGES TO SECONDARY TAX ON COMPANIES AND THE INTRODUCTION OF DIVIDEND TAX AND THEIR EFFECT ON ABSA BANK LIMITED NON-CUMULATIVE NON-REDEEMABLE PREFERENCE SHARES
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The Absa Bank Limited ("Absa Bank") non-cumulative non-redeemable preference shares ("ABSP Preference Shares") shareholders (the "ABSP Preference Shareholders") are referred to the SENS announcement of 20 March 2007 ("the 2007 SENS Announcement") dealing with the proposed changes in secondary tax on companies ("STC") and the introduction of taxation of dividends ("the Dividend Tax") and the manner in which these changes impact on the ABSP Preference Shares.

The board of Absa Bank has agreed that with effect from 1 April 2012 dividends payable in respect of the ABSP Preference Shares be adjusted (grossed-up), as a result of the introduction of Dividend Tax, more specifically Part VIII of Chapter II of the Income Tax Act, 1962 to come into effect on 1 April 2012.

Initially, Absa Bank communicated in the 2007 SENS Announcement that the intention is to gross-up the dividend on the ABSP Preference Shares by the lower of (i) the benefit that Absa Bank will receive as a result of the Dividend Tax becoming effective; and (ii) an increase in the ABSP Preference Share dividend yield that is sufficient to ensure that ABSP Preference Shareholders receive the same after-tax dividend as they did prior to the Dividend Tax becoming effective.

The Absa Bank board has now, in the interest of all the ABSP Preference Shareholders, resolved to gross-up the dividend on the ABSP Preference Shares such that an increase in the ABSP Preference Share dividend yield is sufficient to ensure that ABSP Preference Shareholders receive at least the same after-tax dividend as they did prior to the Dividend Tax becoming effective. The gross-up is limited to the introduction of the Dividend Tax in its current form and does not extend to any future amendments thereto.

The amendments to the terms of the ABSP Preference Shares in order to adjust the dividend yield as stated above will require the passing of a resolution by the ABSP Preference Shareholders at a separate class meeting approving the amendments (the resolution to be passed in the same manner, mutatis mutandis, as a special resolution).

In order to give effect to the above, symbol "B" in the formula referred to under "Entitlements to dividends" in the pre-listing statement will be increased from 63% to 70%. These changes will not have an impact on the distribution of dividend number 12, but will take effect from preference dividend number 13 for the period 1 March 2012 to 31 August 2012.

Sponsor:

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