

ABSA GROUP LIMITED

Financial results
for the year ended December 2007

Member of the  BARCLAYS Group



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INTRODUCTION

Steve Booysen

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FINANCIAL HIGHLIGHTS

- Headline earnings of R9.4 billion (↑ 19.6%)
- Headline earnings per share of 1 402 cents (↑ 18.6%)
- Attributable earnings of R9.6 billion (↑ 18.4%)
- Dividends per share of 560 cents (↑ 18.4%)
- Return on average equity of 27.2%
- Cost-to-income ratio of 51.8%

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STRATEGIC INITIATIVES DELIVERING RESULTS

- Grow the franchise
- Diversify the earnings base
- Enhance risk management and collections
- Improve efficiency
- Leverage the Barclays relationship
- Attract and retain the best people

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BANKING BUSINESSES DRIVING GROWTH

Year ended 31 December 2007

	Earnings growth %	Earnings mix %	RoE %
• Retail banking	↑ 20	49	27
• Corporate and Business Bank	↑ 39	19	30
• Absa Capital	↑ 55	17	35
• African operations	↑ 34	1	20
• Bancassurance	← 0	14	38
Absa Group	↑ 18	100	27

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COMPLIANCE TO REGULATORY REQUIREMENTS

- National Credit Act successfully implemented
- Basel II up and running
- Compliance to international regulatory requirements
- Alignment of the Financial Sector Charter to the Codes of Good Practice

FINANCIAL REVIEW

Jacques Schindehütte

GROUP INCOME STATEMENT

Year ended 31 December

	2007 Rm	2006 Rm	Change %
Net interest income	18 890	14 887	↑ 27
Impairment charge	(2 433)	(1 573)	↑ 55
Non-interest income	16 728	15 019	↑ 11
Operating expenditure*	(19 209)	(17 029)	↑ 13
Taxation	(4 042)	(3 151)	↑ 28
Attributable earnings	9 595	8 105	↑ 18
Headline earnings	9 413	7 872	↑ 20

* Including indirect taxation and non-credit related impairments

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GROWTH IN ADVANCES

	Dec 2007 Rbn	YoY change %	Market share %	Advances mix %
• Mortgages and CPF*	265	22.9	31.1	57
• Credit cards	14	23.0	25.1	3
• Instalment finance	64	12.2	23.1	14
• Overdrafts and other	119	25.5	20.1	26
Gross advances	462	21.9	25.9	100

* Commercial property finance

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FUNDING OF BALANCE SHEET GROWTH

Year ended 31 December

	2007 Rbn	2006 Rbn	Change %	2007 mix %	2006 mix %
• Retail banking	97	81	↑ 20	15	16
- Low margin	35	22	↑ 59	5	4
- High margin	62	59	↑ 6	10	12
• Commercial	76	68	↑ 13	12	14
• Institutional	335	246	↑ 36	52	50
• Securitisation	10	4	↑ 186	2	1
• Capital	53	43	↑ 21	8	9
• 'Working capital'	70	53	↑ 32	11	11
Funds employed	641	495	↑ 29	100	100

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NORMALISATION OF CREDIT IMPAIRMENTS

Consumers under increased pressure

Year ended 31 December 2007

	2007		2006	
	*NPL	**Charge	*NPL	**Charge
• Retail banking	2.0	0.74	1.6	0.49
- Home loans	2.0	0.26	1.4	0.13
- Credit cards	8.4	3.50	5.0	2.08
- Asset finance	1.4	1.02	0.9	0.80
• Corporate and Business Bank	0.6	0.23	0.8	0.67
• Absa Capital	0.0	0.00	0.0	0.00
• African operations	3.4	1.47	5.6	2.56
Absa Group	1.6	0.58	1.3	0.45

* As a percentage of total advances

** As a percentage of average advances

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NET FEE AND COMMISSION INCOME

Comprising 69% of total non-interest income

	2007 Rm	Change %	Mix %
• Cheque accounts	2 575	↑ 7	20
• Credit cards	1 551	↑ 12	12
• Electronic banking	2 657	↑ 18	21
• Savings accounts	1 801	↑ 19	14
• Forex and other credit related fees	1 624	↑ 8	12
• Insurance commission received	877	↑ 14	7
• Asset management and fiduciary	1 010	↑ 21	8
• Pension fund payments and other	778	↑ 32	6
Gross fee and commission income	12 873	↑ 15	100

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EQUITY GAINS

Year ended 31 December

	2007 Rm	2006 Rm	Change %
• Bancassurance investment income	1 393	1 635	↓ 15
Less: Attributable to policyholders	(822)	(898)	↓ 8
• Attributable to shareholders	571	737	↓ 23
Less: Interest and dividends	(174)	(225)	↓ 23
• Investment gains on bancassurance	397	512	↓ 22
• Commercial property	258	337	↓ 23
• Equity investments	427	221	↑ 93

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GROWING THE FRANCHISE

	2007 %
Increase in costs	14.6
• Integration programme	0.2
• Operational costs	
- Compliance	1.0
- Cash transportation costs	0.3
- Insurance	0.4
- Maintenance and IT costs	0.2
• Investment in growth	
- Marketing	0.6
- Infrastructure	0.8
- Talent and training	1.8
- Frontline staff	0.4
- Incentives	0.9
'Core' cost growth	8.0

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CAPITAL MANAGEMENT

	Absa Bank			Absa Group		
	Tier I	Tier II	Total	Tier I	Tier II	Total
Basel I (%)	9.21	3.32	12.53	10.14	2.95	13.09
Basel II (%)	10.10	2.91	13.01	10.37	2.30	12.67
Target (%)	8.75	3.25	12.00	8.75	3.25	12.00
Surplus capital (Rbn)	0.50			2.00		

Risk-weighted assets (RWAs)	Basel I %	Basel II %
Credit risk	99	87
• Retail mortgages	33	21
• Credit cards	3	4
• Wholesale	32	33
• Other credit risk	31	29
Market risk	1	1
Operational risk	-	12
Total RWAs	100	100

Capital requirement (Rbn)	Basel I	Basel II
Minimum requirement	39.0	34.4
Buffer	8.8	7.9
Total	47.8	42.3
Qualifying capital (Rbn)	Tier I	Tier II
Basel I	39.6	11.5
Insurance surplus capital	(2.8)	-
Excess of expected loss	(1.5)	(1.5)
Other	1.3	(1.9)
Basel II	36.6	8.1

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ABSA CAPITAL

John Vitalo

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THE RESULTS IN BRIEF

- Revenue of R3.8 billion
(↑ 51%)
- Attributable earnings of R1.7 billion
(↑ 55%)
- Contribution to Group earnings of 17%
(↑ 25%)
- Return on average equity of 35%
(↑ 28%)



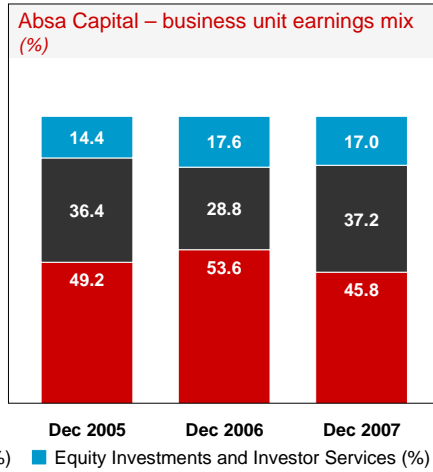
* Net of impairments
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BUSINESS UNIT REVENUE CONTRIBUTION

- Revenue mix continues to diversify in line with strategic objectives
- Change in mix driven by relatively stronger growth in Secondary Markets
- Objective is for Secondary Markets to contribute 50% of revenue



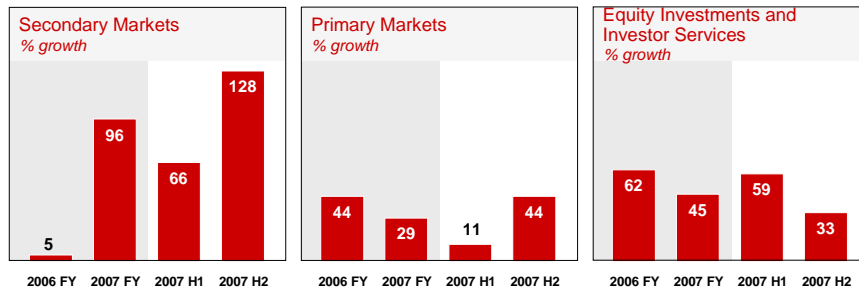
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REVENUE GROWTH BY BUSINESS UNIT

Strong revenue growth across all business units:

- Secondary Markets (↑ 96%)
- Primary Markets (↑ 29%)
- Equity Investments and Investor Services (↑ 45%)



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CORE PERFORMANCE DRIVERS

- Benefits flowing through from business model implementation
- Synergies with Barclays Capital
- Investment in talent
- Investment in organisational infrastructure
- Strong growth in client franchise
- Product innovation

SECONDARY MARKETS

- Full-year revenue growth of 96%
- Performance driven by:
 - Increased volumes across existing clients
 - Growth in the client base
 - Increased derivatisation of the business
 - Leveraged strong synergies with Barclays Capital to deliver product and system enhancements across Sales and Trading
- Proprietary trading revenue contribution is insignificant

PRIMARY MARKETS

- Full-year revenue growth of 29%
 - Excellent growth in fee income of 149% for 2007
- Growth achieved while significantly de-risking the business
- Portfolio implementation to actively manage credit risk and capital
- Client-centric approach with local and international offering
- Led and participated in several of the 2007 landmark transactions

EQUITY INVESTMENTS AND INVESTOR SERVICES

- Full-year revenue growth of 45%
- Equity Investments performed very well with growth driven by:
 - Increased deal flow
 - Active portfolio management
 - Strategic investments in BEE companies which continue to deliver value
- Investor Services continued to deliver solid cash flow
 - Retained key mandates and grew the client base

OUTLOOK

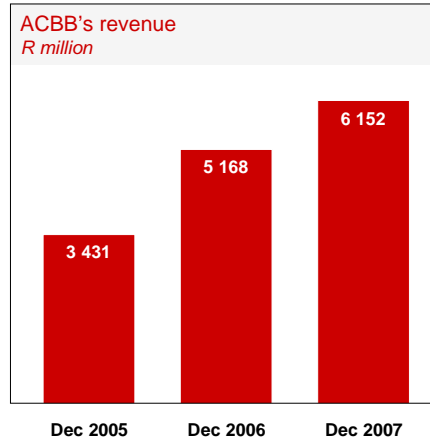
- Continue to build on the strong platform established over the past two years
- Key operational focus areas for 2008 include:
 - Attracting and retaining the best talent in the market
 - Growing the client franchise
 - Driving synergies with Barclays Capital
 - Investing in world-class systems and support structures
- Current market volatility presents both opportunities and challenges
- Continue to develop opportunities jointly with Absa Corporate and Business Bank (ACBB), retail banking and other business units

ABSA CORPORATE AND BUSINESS BANK

Robert Emslie

THE RESULTS IN BRIEF

- Attributable earnings of R1.9 billion (↑ 39%)
- Contribution to Group earnings of 19%
- Return on average equity of 30%
- Non-interest income contribution of 37%
- Cost-to-income ratio of 52.7%



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CORE PERFORMANCE DRIVERS

- Strong top-line revenue growth
- Quality of book drove lower impairments
- Comprehensive commercial property solutions
- Investment in sales and service capacity
- Large Business profits ↑ 42%
- Medium Business profits ↑ 30%

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STRATEGIC INITIATIVES

- New market segment focus
- New product focus
- Building alternative revenue streams
- Specialised focus teams, as well as supportive tools and training for new client acquisition
- Dedicated training capacity

FOCUS ON FIVE TIERS OF STRATEGY

- Expanding on the already established platform for success
- Further diversifying income streams
- Aggressive client and business acquisition
- Expanding client coverage footprint
- Attracting and retaining the best people in the market
- Ready to capitalise on investment-led growth

FUTURE PERSPECTIVE

Steve Booysen

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CHALLENGING MACROECONOMIC OUTLOOK

- Global economic growth under pressure
- Domestic economic growth to moderate
- Domestic investment-led growth to continue
- But, we are facing some headwinds:
 - Ongoing inflationary pressure
 - Increasing household indebtedness
 - Infrastructure constraints
 - Rand volatility
 - Electricity crisis

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OUR LONG-TERM STRATEGIES ARE FORMULATED TO ...

- Deliver market leadership
- Enhance our competitiveness
- Diversify our earnings mix
- Improve operational excellence
- Reduce risk

DELIVER MARKET LEADERSHIP AND ENHANCE OUR COMPETITIVENESS

- Protect and entrench leadership in retail banking
 - Retain longer-dated anchor products
 - Improve customer service
 - Promote customer loyalty
- Grow customer numbers and assets through further investment in distribution footprint, embedded products and the Absa brand
 - Further expand distribution footprint and channels
 - Enhance value proposition of anchor products
 - Leverage the Absa brand to grow customers and sell products

DIVERSIFY OUR EARNINGS MIX

- Expand emerging middle class market activities
 - Micro lending, credit cards and retailer finance market
- Position Absa as a top-two player in investment, corporate and business banking by 2010
 - Grow client franchise, expand market segment focus and accelerate new product areas
- Entrench position as leading bancassurer and expand into non-traditional customer base
 - Expand distribution footprint, improve cross-sell ratio and Absa customer penetration rate and grow assets under management
- Optimise existing African operations and seek new profitable opportunities

IMPROVE OPERATIONAL EXCELLENCE AND REDUCE RISK

- Achieve stated cost and process efficiency targets
 - Achieve a cost-to-income ratio target of 49.5% by 2009
 - Achieve LEAN process automation and efficiency
- Deliver optimal business design to enable us to rapidly respond to future threats and opportunities
 - Business, information, application and technology architecture
 - Identify threats and take pre-emptive and timeous action
 - Identify growth opportunities and invest in future business options

... WHICH INFORMS OUR KEY PRIORITIES FOR 2008

- Growing our customer base
- Attracting and retaining top talent
- Capital management and funding
- Risk management and collections
- Operating efficiency and productivity

ADDENDUM

NET INTEREST MARGIN

Percentage	Jan 2007	Jan 2006
Net interest margin – opening position	3.30	3.27
Reclassifications	(0.02)	–
Net interest margin – adjusted	3.28	3.27
• Impact of customer deposits (including risk strategies)	0.12	0.00
• Impact of customer advances	0.10	(0.02)
• International and African operations	0.02	0.05
• Impact on capital	0.11	0.08
• Impact on preference shares	0.03	0.01
• Investment and trading items	(0.16)	(0.02)
• Interest bearing instruments	(0.07)	(0.04)
• Other	(0.06)	(0.03)
Net interest margin – closing position	3.37	3.30
	Dec 2007	Dec 2006

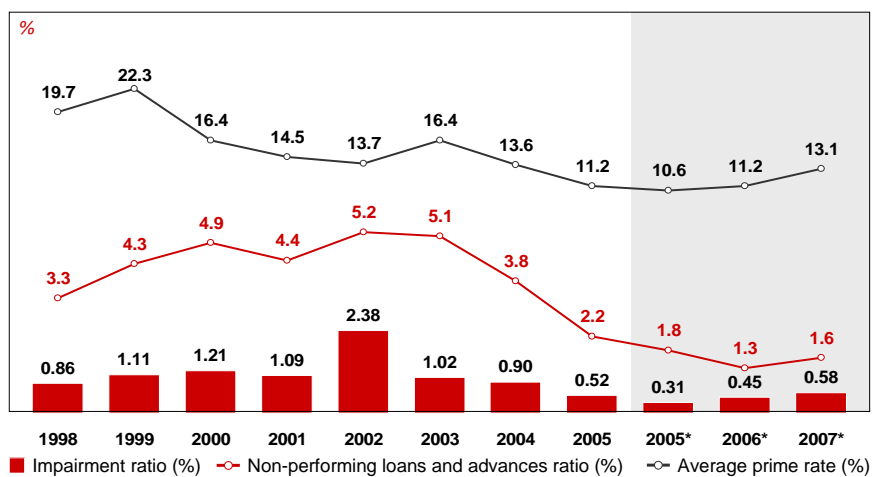
The average prime overdraft rate was 13.11% from January to December 2007 and 11.17% from January to December 2006

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CREDIT IMPAIRMENT TRENDS



* Year to 31 December

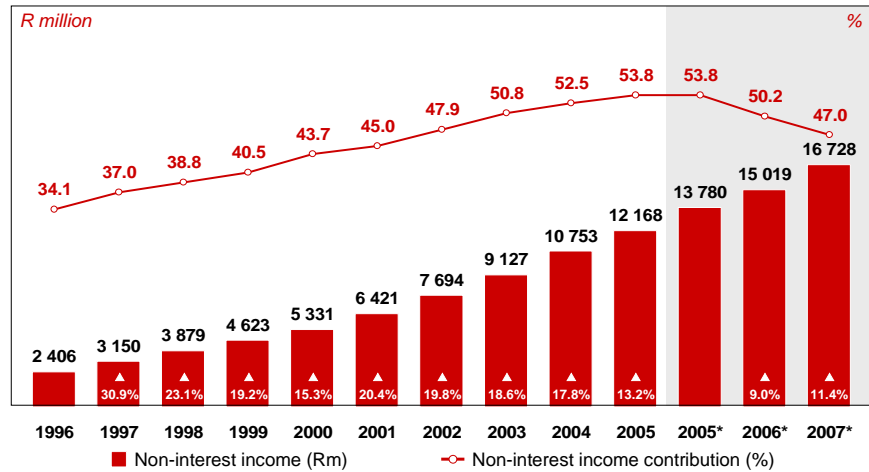
Note: 2006 and 2007 statistics adjusted for International Financial Reporting Standard (IFRS) 7

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NON-INTEREST INCOME



* Year to 31 December
Note: 2006 and 2007 statistics adjusted for IFRS 7

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NON-INTEREST INCOME

Year ended 31 December 2007

	2007 Rm	Mix %	Change %
• Net fee and commission income	11 600	69	↑ 14
• Investment income	1 561	9	↓ 18
• Trading and banking income	1 622	10	↑ 18
• Changes in insurance and investment liabilities	(489)	(3)	↑ 35
• Net insurance premium income	3 192	19	↑ 7
• Net insurance claims and benefits paid	(1 603)	(9)	↓ 22
• Property-related and sundry income	845	5	↑ 26
Total non-interest income	16 728	100	↑ 11

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BANCASSURANCE
Year ended 31 December

		2007	2006	Change %
Life insurance				
• Gross premium income	(Rm)	1 202	1 331	↓ 10
• Embedded value	(Rm)	2 091	2 486	↓ 16
• Embedded value of new business	(Rm)	213	263	↓ 19
• Embedded value earnings	(Rm)	543	762	↓ 29
• Return on embedded value	(%)	21.8	37.2	
• Net income after tax	(Rm)	524	591	↓ 11
Short-term insurance*				
• Gross premium income	(Rm)	2 305	1 910	↑ 21
• Loss ratio	(%)	62.5	61.7	
• Underwriting margin	(%)	10.3	12.1	
• Solvency margin	(%)	83.9	105.7	
• Net income after tax	(Rm)	537	477	↑ 13

* 2006 numbers restated for structural changes in the Group's short-term insurance operations

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BANCASSURANCE
Year ended 31 December

		2007	2006	Change %
Investments				
• Assets under management	(Rbn)	118	97	↑ 22
• Net flows (excluding money market)	(Rm)	7 989	7 477	↑ 7
• Money market net flows	(Rm)	8 057	8 971	↓ 10
• Net income after tax	(Rm)	227	200	↑ 14
Fiduciary				
• Assets under management – Trust	(Rm)	5 719	4 980	↑ 15
• Assets under management – Estates	(Rm)	2 850	2 249	↑ 27
• Net income after tax	(Rm)	98	77	↑ 27

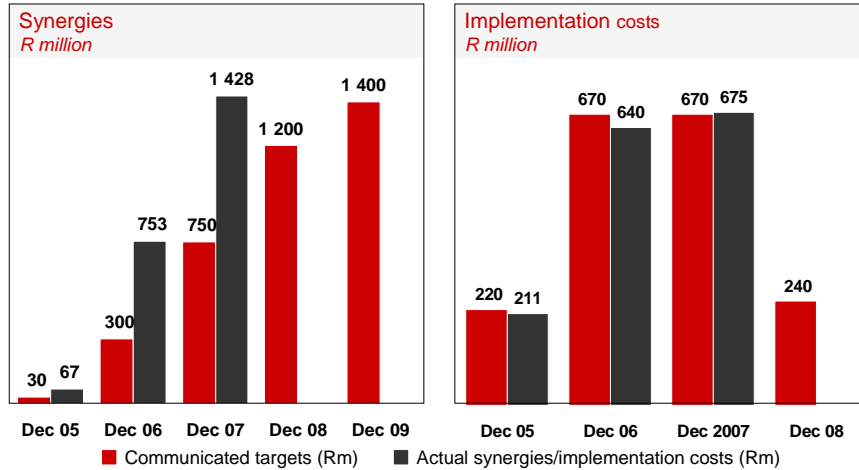
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SYNERGY TARGETS

Ahead of expectations

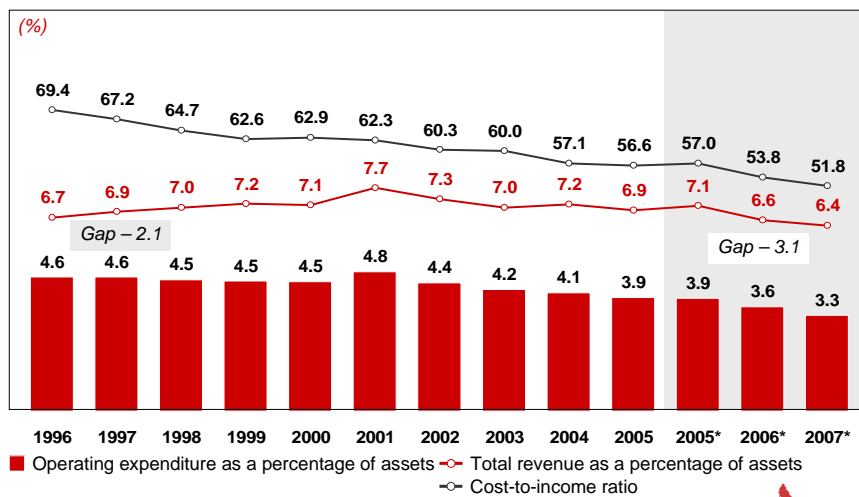


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ENHANCED EFFICIENCY

Driving a declining cost-to-income ratio



* Year to 31 December

Note: Only 2006 and 2007 statistics adjusted for IFRS 7

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POSITIVE GEARING

Year ended 31 December

	2007			2006
	Top-line income growth %	Operating expenses growth %	Cost-to-income ratio %	Cost-to-income ratio %
• Retail banking	20	13	55	58
- Segment-focused*	21	16	66	70
- Home loans	20	6	35	40
- Credit cards	15	11	41	42
- Asset finance	11	8	44	45
• Corporate and Business Bank	19	14	53	55
• Absa Capital	51	40	35	38
• African operations	33	25	61	65
• Bancassurance	3	16	36	32
Absa Group	19	15	52	54

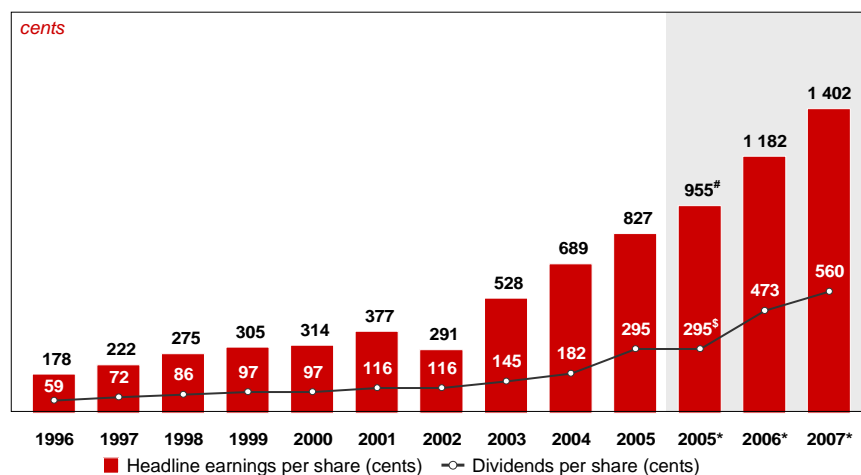
* Includes Personal Bank and Absa Private Bank

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VALUE CREATED FOR SHAREHOLDERS



* December statistics # Twelve months pro forma figures \$ For the nine months ended 31 December 2005
Note: Only 2006 and 2007 statistics adjusted for IFRS 7

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DISCLAIMER

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended and Section 27A of the US Securities Act of 1933, as amended with respect to certain of the plans, current goals and expectations of Absa Group Limited (Absa) relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "objective", "believe", or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding Absa's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operation.

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