



Annual Financial Results
for the year ended 31 December 2009



Maria Ramos
Group Chief Executive

The year under review

Strong underlying growth

- Improved **quality** of the **advances** book
- **Growing customer numbers** and primary banking relationships
- Growth of **assets under management**
- **Costs** well **controlled**

Improved risk management

- Dealt with **specific** risk **events**
- Continue to **improve control** environment
- Ensure **focus** on **core** businesses

Positioned for future growth

- **Capital position** further improved
- Improved **liquidity**
- Continued **investment** in **talent**

Performance highlights

Headline earnings of R 7,6 bn (↓ 24%)

Attributable earnings of R 6,8 bn (↓ 36%)

Headline earnings per share of 1 099 cents (↓ 26%)

Dividends per share of 445 cents

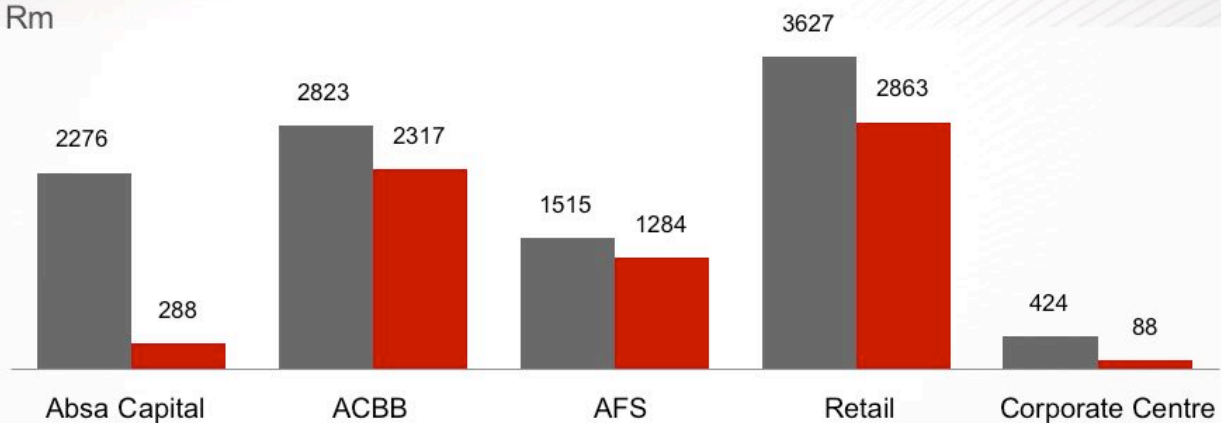
Net asset value per share of 7 038 cents (↑ 1%)

Return on equity of 16%

Tier 1 capital ratio of 12,7%

Business Performance

Rm



Composition

4%	34%	19%	42%	1%
15%	18%	38%	14%	n/a

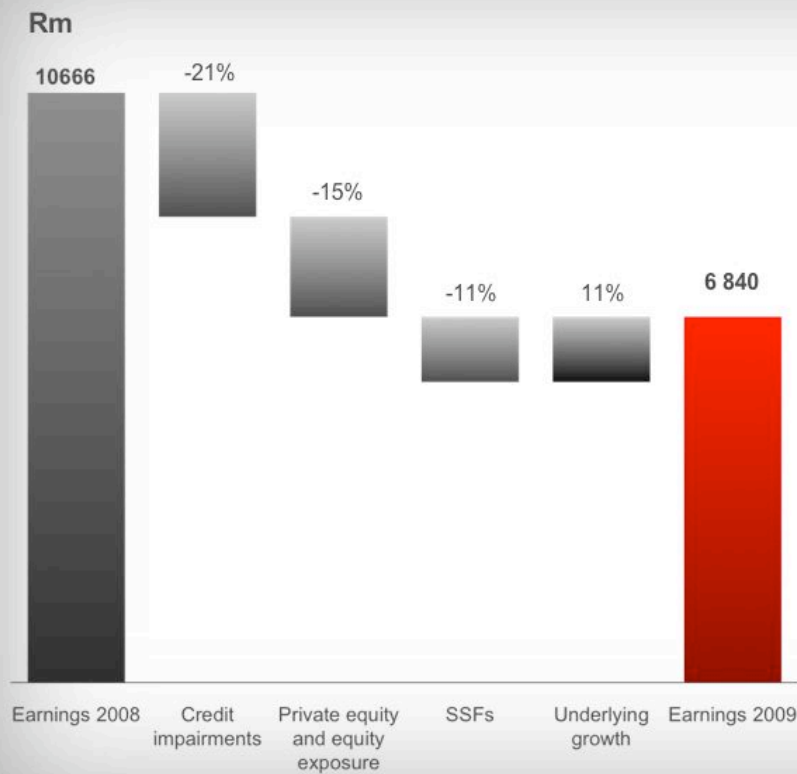
RoE

Attributable earnings ■ 2008 ■ 2009



Financial Overview
 Jacques Schindehütte
 Group Finance Director

Earnings drivers



Underlying business growth

- Growth in customer numbers and primary banking relationships
- Higher retail and commercial deposit levels
- Growing transaction volumes and fee and commission income
- Improved new business margins
- Strong growth in assets under management
- Costs below 2008 levels

Headline earnings overview

	2009 Rm	2008 Rm	Change %
Operational revenue	38 097	37 302	2
Investment revenue	383	1 840	(79)
Trading revenue	3 264	3 204	2
Top line income	41 744	42 346	(1)
Operating expenditure	(21 770)	(21 838)	-
Credit impairment charge	(8 967)	(5 839)	(54)
Taxation (on headline earnings)	(2 724)	(4 052)	33
Headline earnings	7 621	9 965	(24)
Non-headline earnings (after taxation)	(781)	701	-
Attributable earnings	6 840	10 666	(36)

Margins held up

	Group (bps)
Advances	27
- Change in client rates	32
- Change in composition	14
- Interest suspended	(19)
Deposits	(42)
- Client pricing	(47)
- Change in composition	5
Wholesale funding	(15)
Capital	(18)
Interest rate management	41
Change in margin on interest-bearing assets	(7)

Growing annuity income

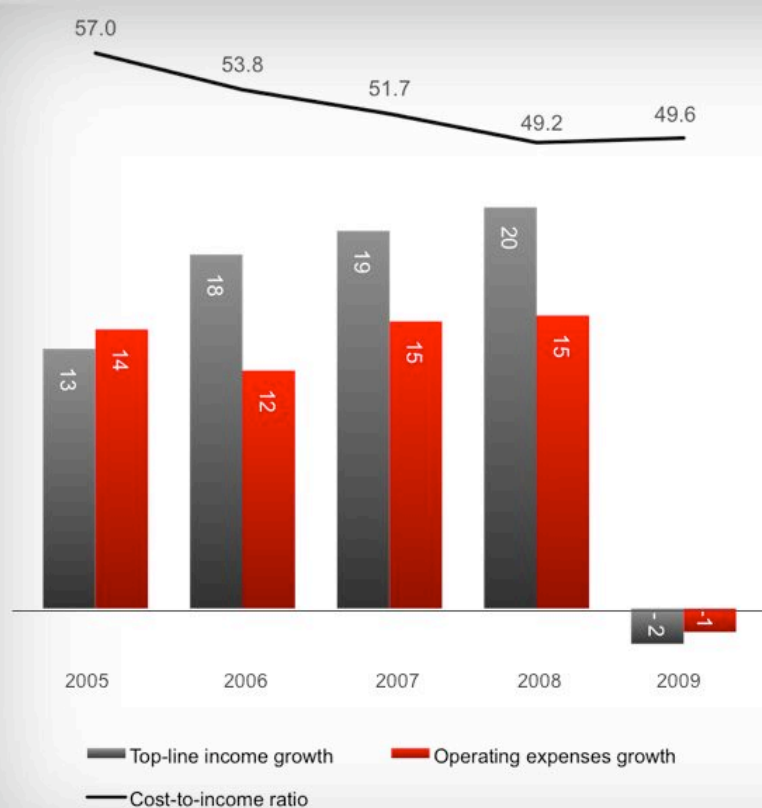
	2009 Rm	Growth %	Composition %
Net fee and commission income	14 289	↑ 7	71
- Cheque accounts	3 231	↑ 7	16
- Credit card	1 860	↑ 15	9
- Electronic banking	3 501	↑ 16	17
- Savings accounts	2 301	↑ 9	12
- Insurance and other income	913	↑ 15	5
- Other fees and commissions paid	2 483	↓ 4	12
Other non-interest income	5 943	↓ 21	29
Total non-interest income	20 232	↓ 3	100

Credit impairments **stabilising**

Impairment charge	Dec 2009 Rm	Change Dec 2008 %	Change Jun 2009 %
Retail banking	7 778	↑ 41	↓ 15
Commercial banking	872	↑ 204	↓ 34
Investment banking	318	↑ 960	↑ 65
Total	8 967	↑ 54	↓ 15

	NPL ratio		Loss ratio	
	2009 %	2008 %	2009 %	2008 %
Retail banking	9.2	6.0	2.34	1.72
Commercial banking	3.5	1.0	0.75	0.28
Investment banking	1.4	2.3	0.45	0.04
Total	7.0	4.1	1.74	1.19

Flat cost growth



- Appropriate short-term cost reduction actions taken
- Staff numbers lower, mostly through natural attrition
- Cash incentives reduced
- Lower discretionary spend

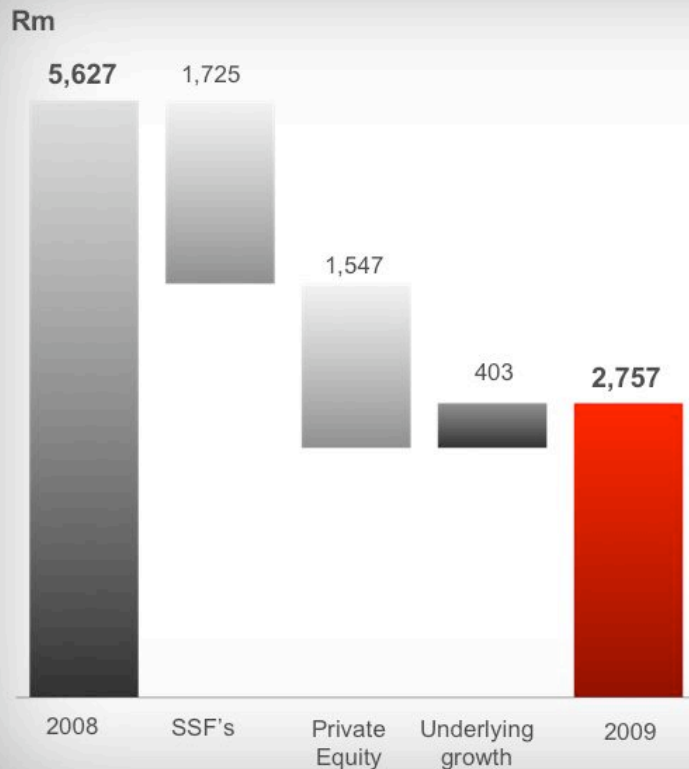
Capital position as at **December 2009**

Capital demand	RWA Rbn	Economic capital Rbn	Capital adequacy	Bank %	Group %	Target %
Credit risk	276	31	Core Tier I	10.3	11.5	8.0
- Retail	129	18	Tier I	11.6	12.7	10.0
- ACBB	85	10	Tier II	3.1	2.9	-
- Absa Capital	62	3	Total	14.7	15.6	13.0
Operational risk	53	4				
Market risk	10	1	Deposit growth		2009 Rbn	Growth %
Equity risk	29	5	Retail		133	↑ 4
Insurance risk	-	1	Commercial		105	↑ 5
Other	18	-	Absa Capital		113	↓ 27
Total	386	42	Total customer deposits		351	↓ 8



Absa Capital
Stephen van Coller
 Chief Executive

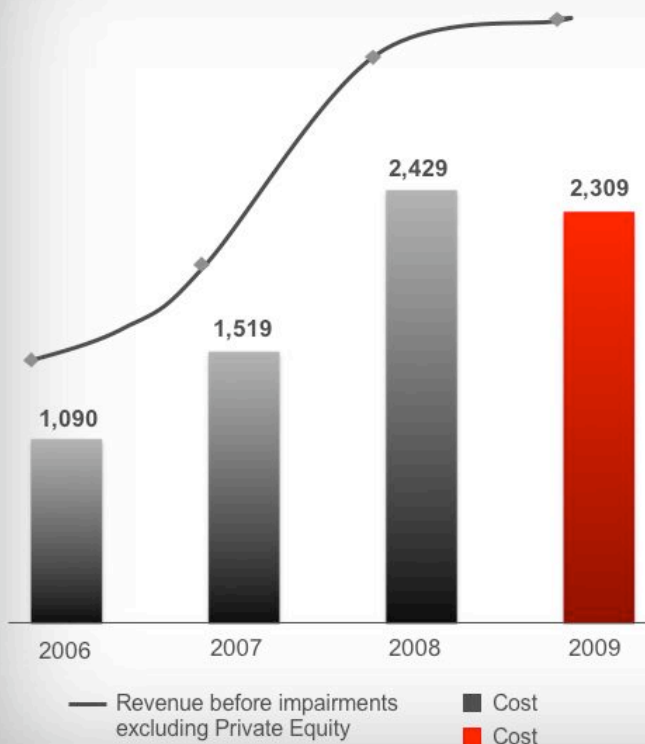
Revenue after impairments



- Growth in Investment Banking fee income
- Continued growth in Markets revenue
- Headline earnings of R1,3 billion
- Headline earnings affected by Private Equity pre-tax losses of R1,2 billion
- Residual SSF exposure limited to R215 million

Strong **cost containment**

Total costs and underlying business revenue (Rm)



- Cost to income ratio of 52% (2008: 43%)
- Total costs 5% lower than the prior year
- Cost management is a key focus

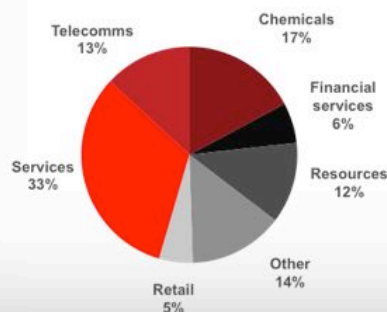
Difficult conditions for Equity Investments

Revenue breakdown (Rm)

	2008	2009
Revaluations	715	(623)
Realisations, dividends, interest and other	223	39
Funding	(582)	(607)
Total revenue	356	(1,191)

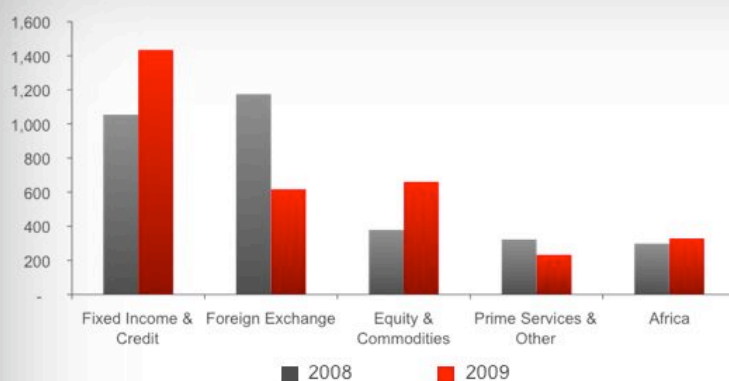
- Private Equity revenue loss of R1,2 billion
- Negative impact of the global recession
- Well diversified portfolio
- Total exposure of R6,7 billion

Portfolio exposure by industry (%)



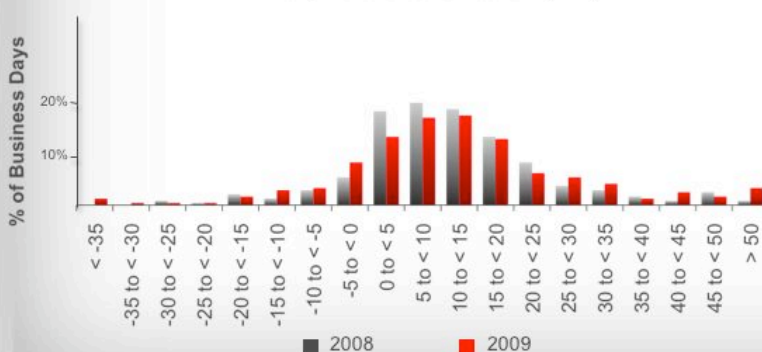
Markets continued to **grow revenue**

Revenue distribution per significant product (Rm)

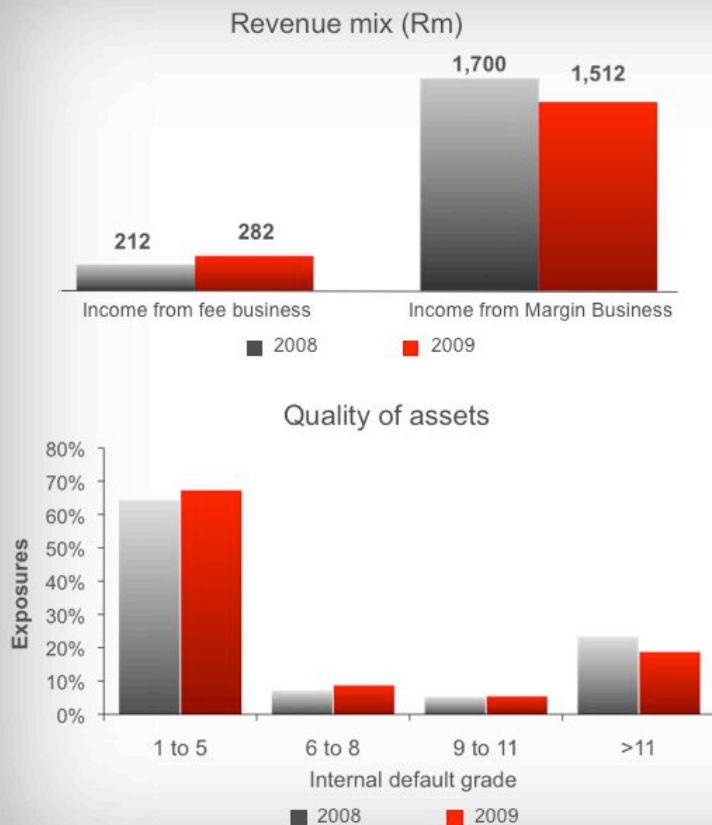


- Markets revenue of R3,3 billion (2% up on prior year)
- Good growth in client activity in Fixed Income & Credit and Equities & Commodities
- Drop in Foreign Exchange flows due to reduced client activity
- Daily revenue distribution continued to shift to the right

Daily revenue distribution (Rm)

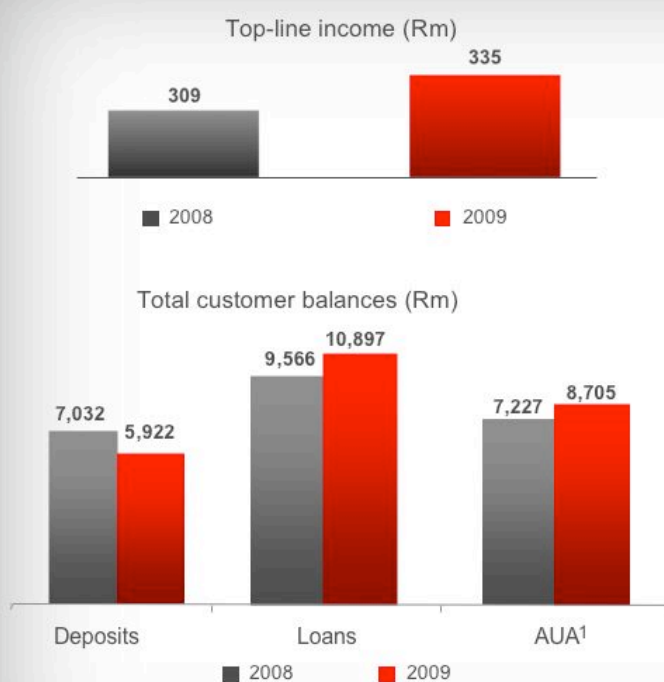


Investment Banking fees delivered a **strong performance**



- Investment Banking revenue of R1,8 billion (6% down on prior year)
- Fee business up 33%
- M&A advisory a key focus following Lehman acquisition
- Margin business down 11%
- Tight credit management
- Increased funding costs
- Credit quality of book continues to improve

Absa Wealth continuing to **grow**

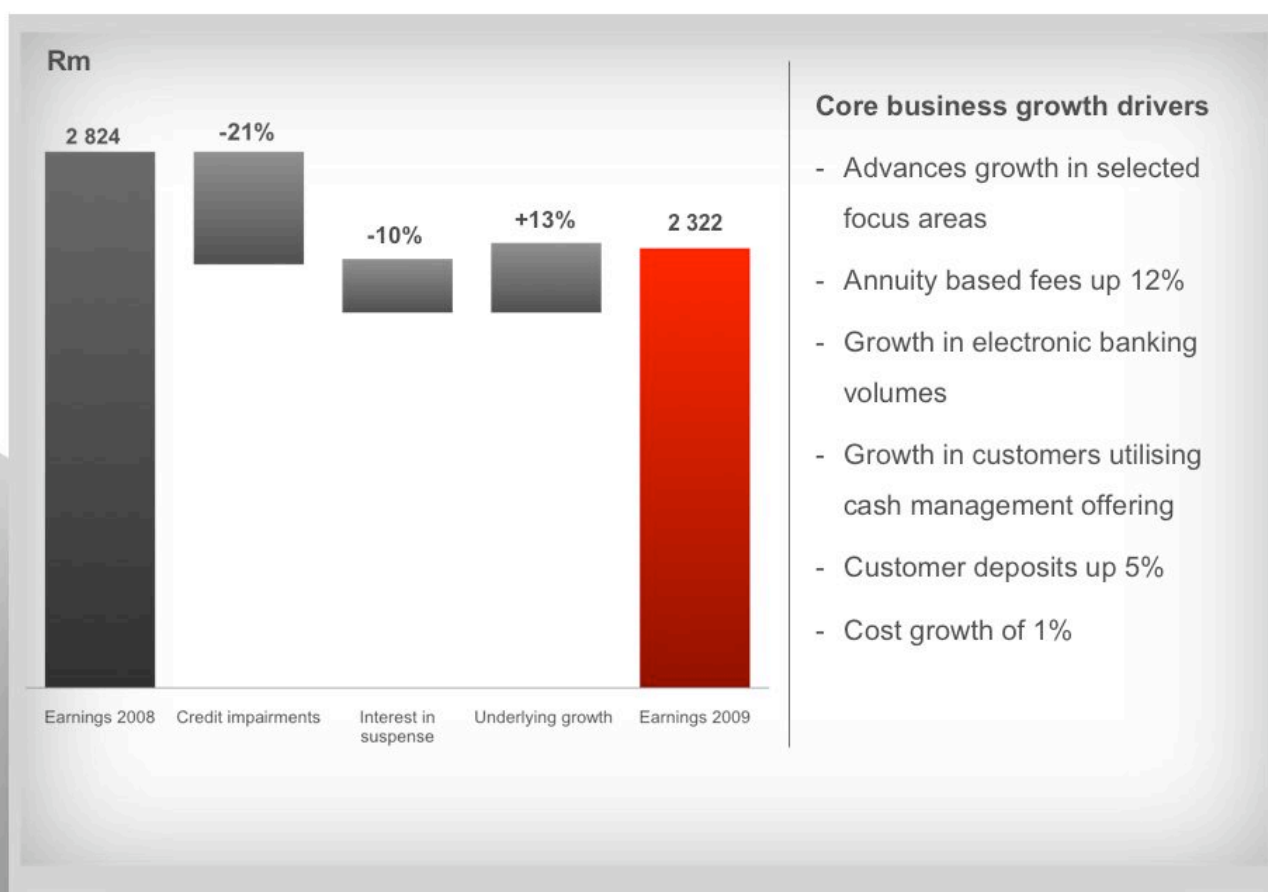


- Revenue before impairments of R 335 million (8% up on prior year)
- Continue to invest in:
 - talent
 - product capability
 - infrastructure and controls

1 Assets under advice

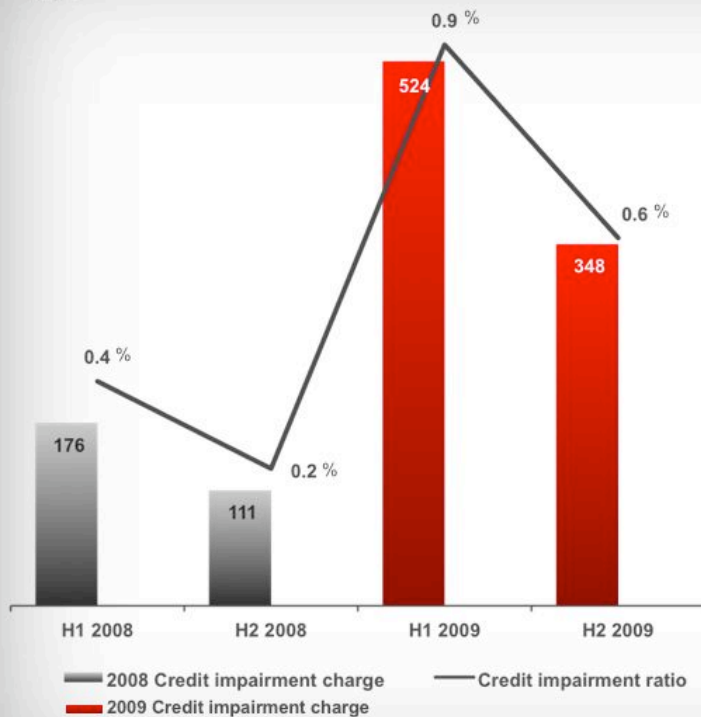


Earnings drivers



Impairment risk remains

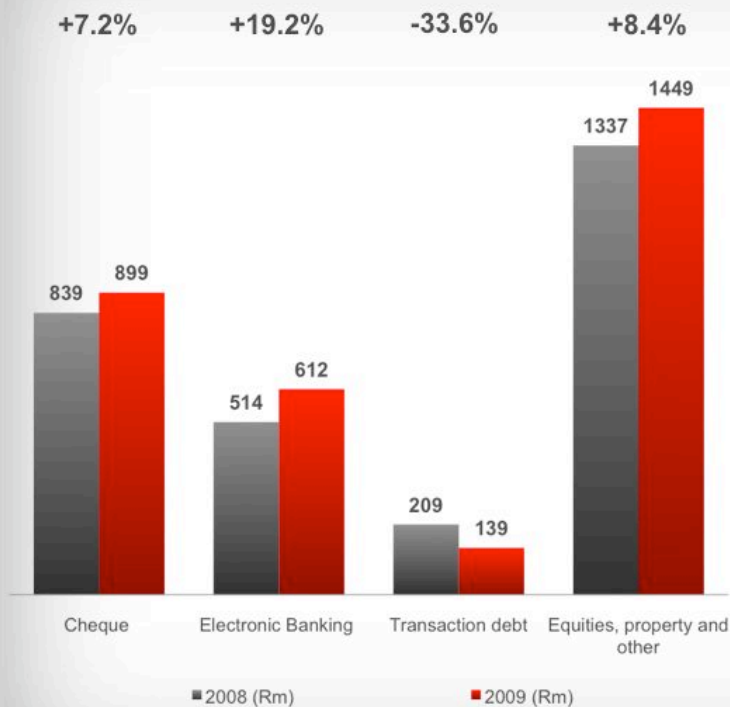
Rm



- Impairments increased by 204%
- Impairments were largely driven by :
 - Commercial vehicle finance
 - Small and medium enterprises
 - Commercial property finance
- Increased recoveries \ collections capability

Strong growth in annuity based fees

Rm

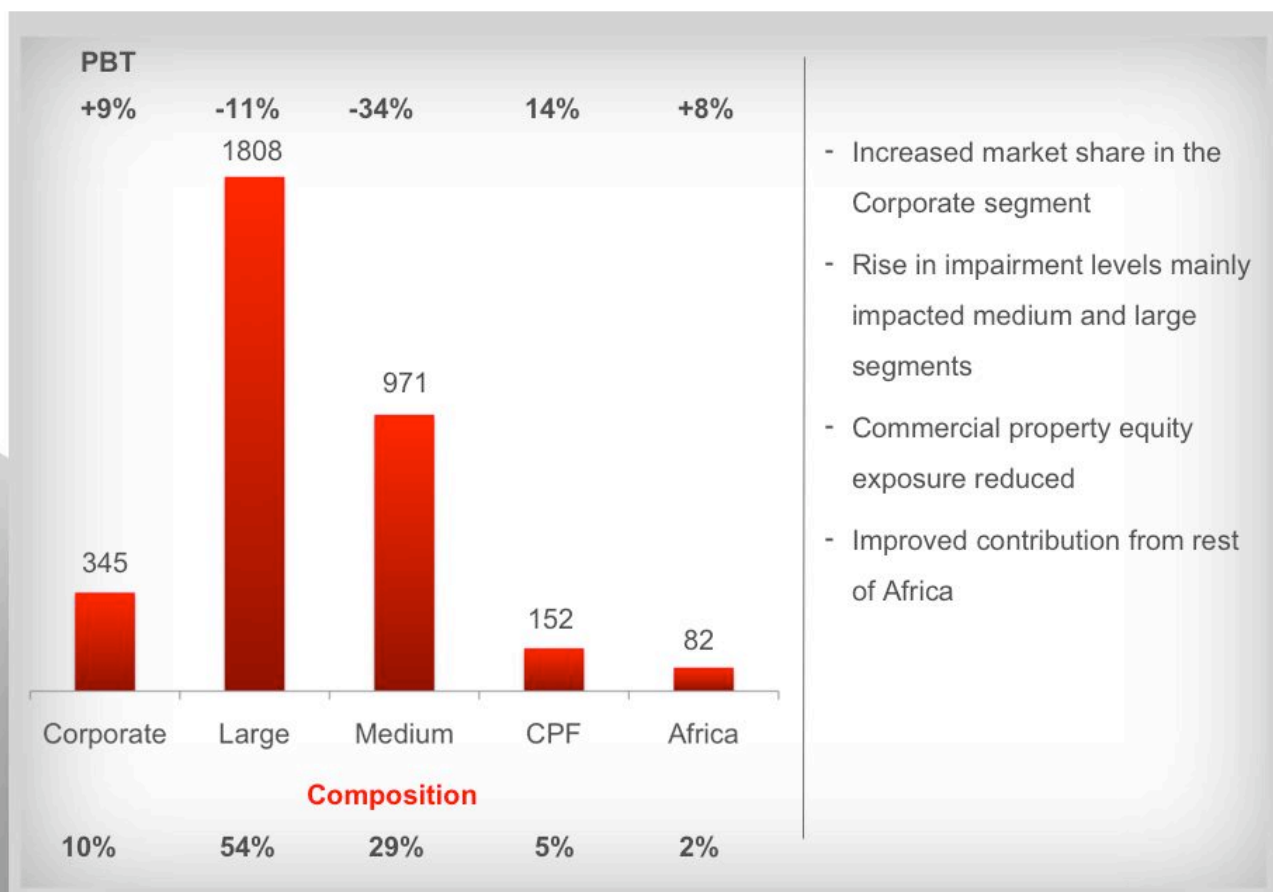


- Improved electronic banking offering
- Property market under strain
- Lower CAF and CPF new business volumes impacted transactional debt fees

Balance sheet growth in core focus areas

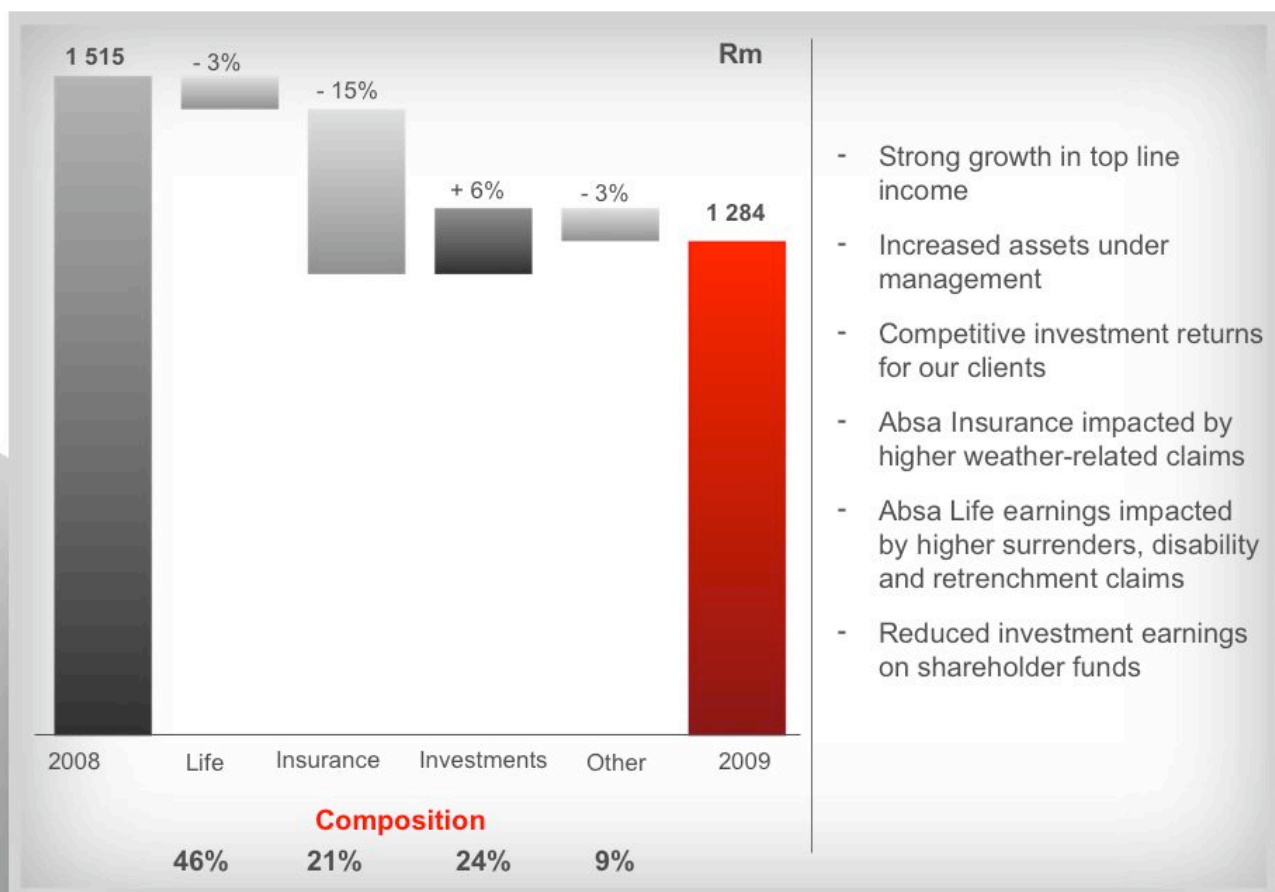
	2009 Rm	2008 Rm	Change %
Cheque accounts	22 953	20 748	↑ 11
Term loans and other	23 141	20 147	↑ 15
Installment finance	17 692	20 340	↓ 13
Mortgage loans	47 070	47 102	-
Other	11 710	13 837	↓ 15
Gross loans and advances	122 566	122 174	-
Customer deposits	104 628	100 046	↑ 5

Growing the corporate franchise





Bancassurance **earnings** composition

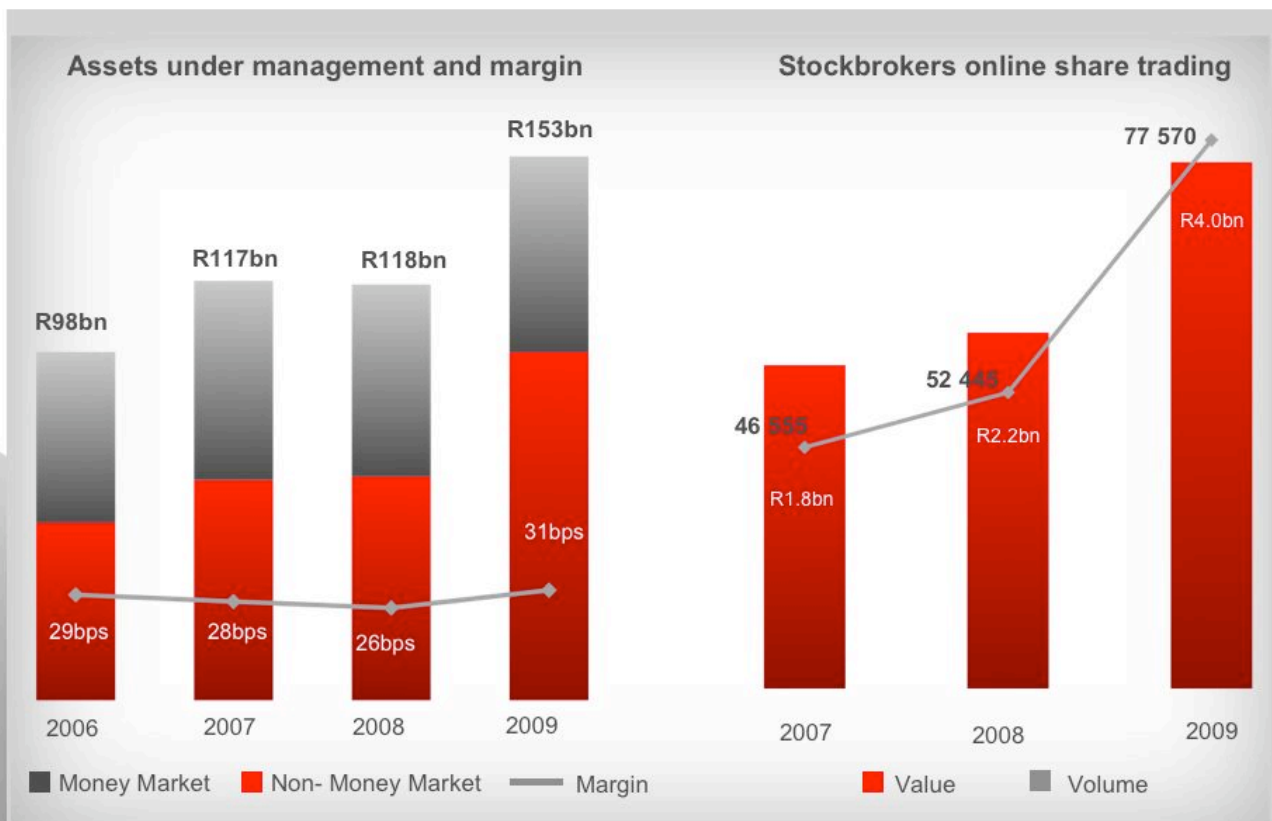


Breakthrough year for Absa Investments

Investments	Rbn	2009	2008	Change	Rbn
Net Inflows ex MM		23.1	8.9	↑	14
Retail		1.9	1.2	↑	1
Institutional		21.2	7.7	↑	14
Money market		1.8	(2.5)	↑	4
Total net inflows		24.9	6.4	↑	18.5
Net operating income	Rm	408	290	↑	41%
Cost-to-income ratio	%	42.7	53.3		

- Total net inflows amounted to R25 bn
- Operating income up 41%
- Net margin increased by 5.4 bps to 31.4 bps
- Superior investment performance maintained

Absa Investments market share continues to grow



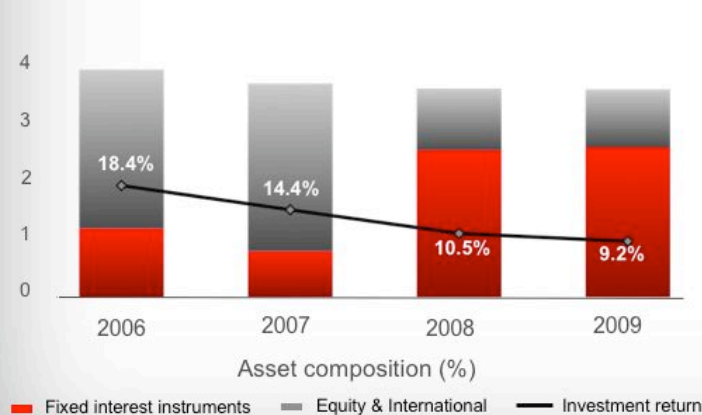
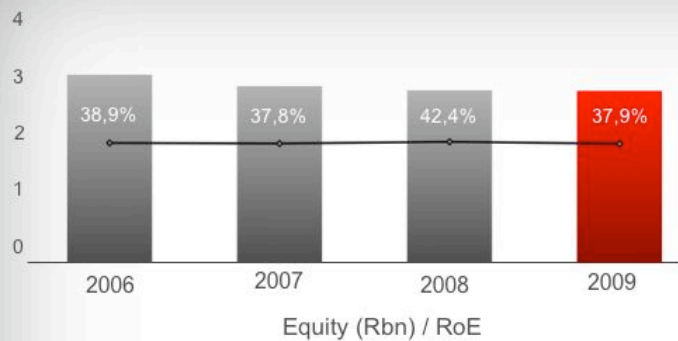
Absa Life top-line **growth resilient**

Life insurance	2009	2008	Change %	
Gross premium income Rm	1 386	1 207	↑ 15	- Continued diversification of the product range to stand alone risk products
Annual premium equivalent (APE) Rm	761	717	↑ 6	- Improved penetration rates on most product lines
Net income after tax Rm	587	631	↓ 7	- Increase in Absa Financial Adviser market share
Embedded value of new business Rm	294	331	↓ 11	- Higher surrenders, disability and retrenchment claims
Return on embedded value %	26.0	35.7		- Embedded value earnings of R543 million

Absa Insurance **profitable** in tough conditions

Short-term Insurance	2009	2008	Change %	
Gross premium income Rm	3 042	2 764	↑ 10	- Gross premium income increased 10%
Gross claims Rm	2 045	1 684	↑ 21	- <i>idirect</i> achieved scale-gross premium contribution of R88m
Underwriting profit Rm	136	263	↓ 48	- Challenging claims environment. Claims ratio up from 66% to 70%
Underwriting margin %	3.8	10.2	↓ 6.4	- Home owners (HOC) loss ratio increased from 54% to 67%
				- Commercial and industrial underwriting performance turned around

Healthy Balance Sheet



- Business retained its cash generative profile
- Capital programme completed
- Return on equity (RoE) of 37.9%
- Targeted solvency for regulated entities

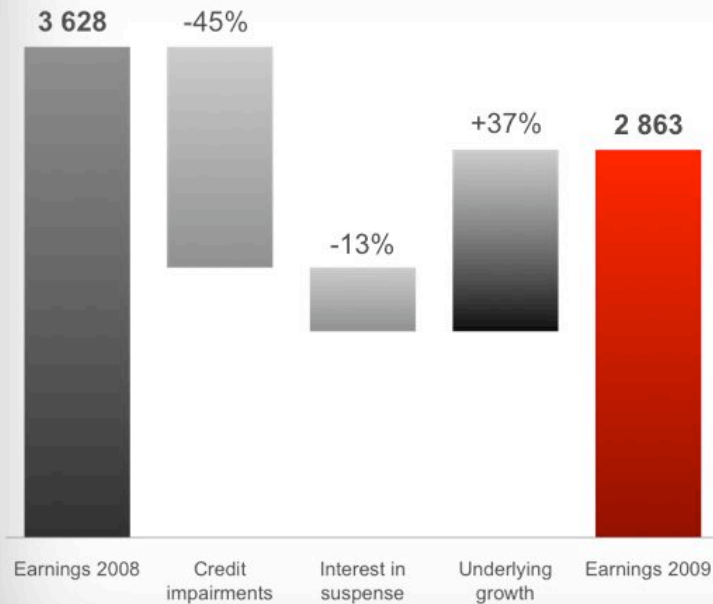
- | | Actual | Target |
|------------------|--------|--------|
| - Absa Insurance | 56% | 45% |
| - Absa Life | 3.6x | 2.5x |
- Shareholder funds composition reflects desired profile
 - Volatility largely removed



Retail Bank Overview
Louis Von Zeuner
 Deputy Group Chief Executive

Retail earnings drivers

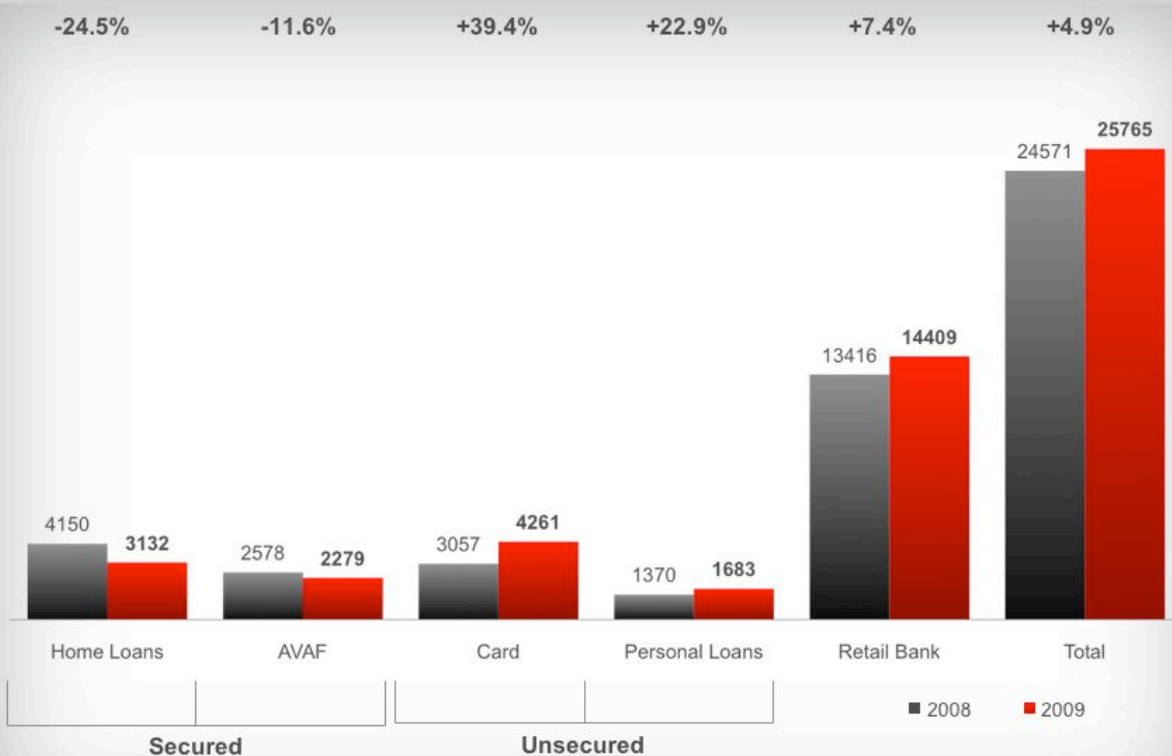
Rm



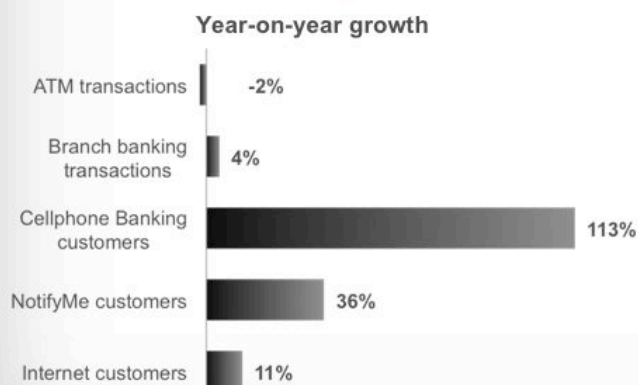
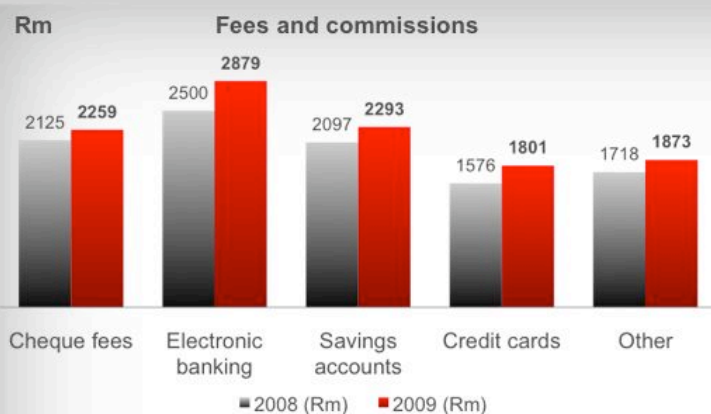
Underlying business growth

- Fees and commission income up 11%
- Retail deposits up 4%
- Customer numbers continue to grow
- Higher transaction volumes
- Improved new business margins
- Cost maintained at previous year levels
- Sale of MasterCard shares

Top-line income growth from unsecured lending



Growth in customer numbers and transaction volumes

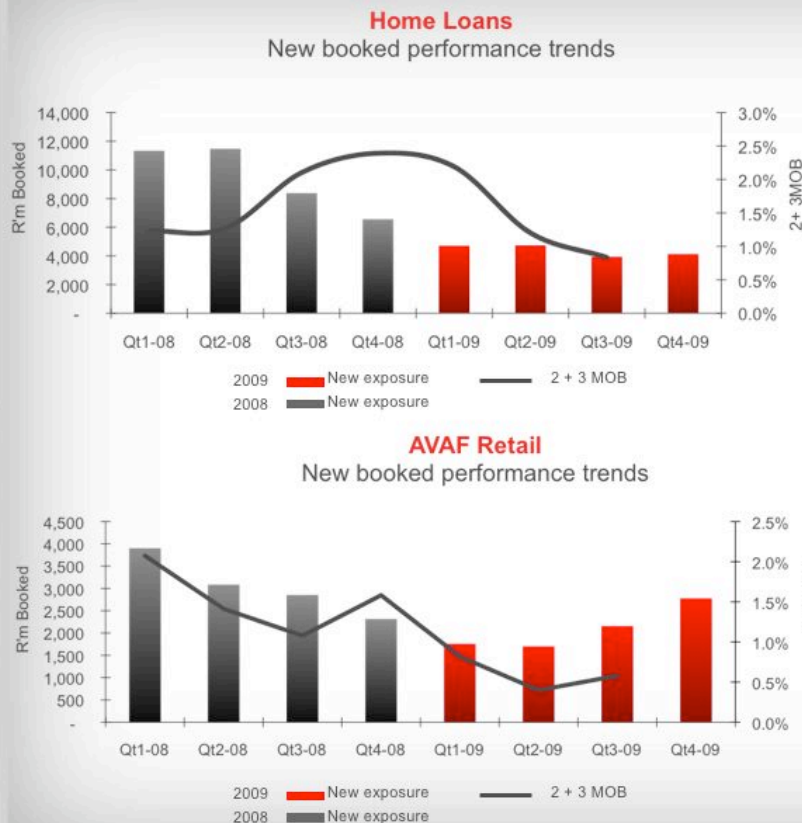


- 10.8 m customers (↑ 10%)
- 1.5 m cellphone banking customers (↑ 113%)
- 5.2 m NotifyMe customers (↑ 36%)
- 1.2 m internet customers (↑ 11%)
- Debit card point of sale transactions of 153m (↑ 18%)

Strong balance sheet

	Dec 2009 Rm	Dec 2008 Rm	Change %
Gross loans and advances			
Mortgage loans	249 774	249 737	↑ 0
Vehicle finance	40 872	47 756	↓ 14
Card advances	20 076	19 522	↑ 3
Personal loans	15 665	15 823	↓ 1
Total net loans and advances	326 985	337 518	↓ 3
Deposits due to customers	132 957	127 953	↑ 4

Quality of new business



- Vintages improving
- Increased lifetime value and return on capital
- Stress testing confirms quality of new business
- Able to extend lending in certain risk segments
- Objective of secured: unsecured business mix remains

Impairment trend **improving**

Impairment charge	Dec 2009 RM	Dec 2008 RM	Loss ratio %				NPL ratio %	NPL coverage ratio %
			Dec 2009	June 2009	Dec 2008	June 2008		
Secured								
- Home loans	3 945	2 549	1.76	1.86	1.19	0.81	9.8	18.4
- AVAF	944	1 177	2.03	2.88	2.31	1.57	5.7	43.2
Unsecured								
- Card	1 287	774	7.13	8.41	5.65	4.46	16.3	77.6
- Personal loans	939	990	10.86	12.41	36.76	33.67	8.5	71.7
Retail Bank	663	32	1.85	3.09	2.47	2.36	6.7	18.7
Total	7 778	5 523	2.34	2.52	1.72	1.27	9.2	28.4



Outlook
Maria Ramos
Group Chief Executive

Underlying operations delivered resilient performance

- Healthy **balance sheet**
- **Strong** underlying **growth**
- Pro-active **risk management**
- **Franchise health** remains robust
- **Attractive growth** opportunities

There is a clear and focused strategy

Corporate

- Establish a **Corporate Bank**
- Fully **integrated** CIB offering
- **Broader suite** of **investment banking** solutions
- **Growth** in **Africa**

Commercial

- Increase number of primary banking **relationships**
- **Penetration** through best **investment banking** solutions, **forex** and **electronic** banking
- **Greater** cross sell with **bancassurance** products
- **Leverage** agricultural expertise **elsewhere** in **Africa**

There is a clear and focused strategy

Entry-level customers

- **Decrease cost** of **delivery**
- **Competitive** offering to **retain** customers
- **Package offering** of transactional products, insurance, savings and lending

Wealth

- **Offer** the **best** of **Absa** and **Barclays**
- **Invest** in **front line** capacity
- **Client solutioning** improved to attract more assets under advice
- **Inorganic** opportunities

There is a clear and focused strategy

Core Middle Market

- **Extract** more **value** by **cross** selling and innovative products
- **Differentiate** through **service**
- Channels: **footprint** and **electronic**
- **Insurance** opportunities **outside SA**

What we have already achieved

- **Changes** to **business** and **governance** structure to ensure **integration**
- **Increased** corporate **coverage**
- Improved **electronic banking offering**
- Bancassurance product **strike rate improving**
- **Skilled** client facing **staff** employed in **Wealth**
- **Continued growth** in **Retail** customers and footprint
- Growth in **merchant** and **acquiring business**

In conclusion

- **Strong** capital position with **usage** aligned to **growth strategies**
- **Driving** top line income **growth**
- **Quality** and well **diversified** earnings
- **Integrated** financial services group with **customers** at the **centre**
- **Risk** and **governance** at the **heart** of what we do
- **Responsible corporate citizen** taking cognisance of all stakeholders

The power of One Absa

Sustainable growth in targeted markets

Balance sheet optimisation and proactive risk management

Integration

Simple, streamlined Group for customer delivery

Customer and people centred organisation



Annual Financial Results
for the year ended 31 December 2009