

Absa Group Limited

Investor Presentation
Merrill Lynch Conference
23 – 25 March 2009

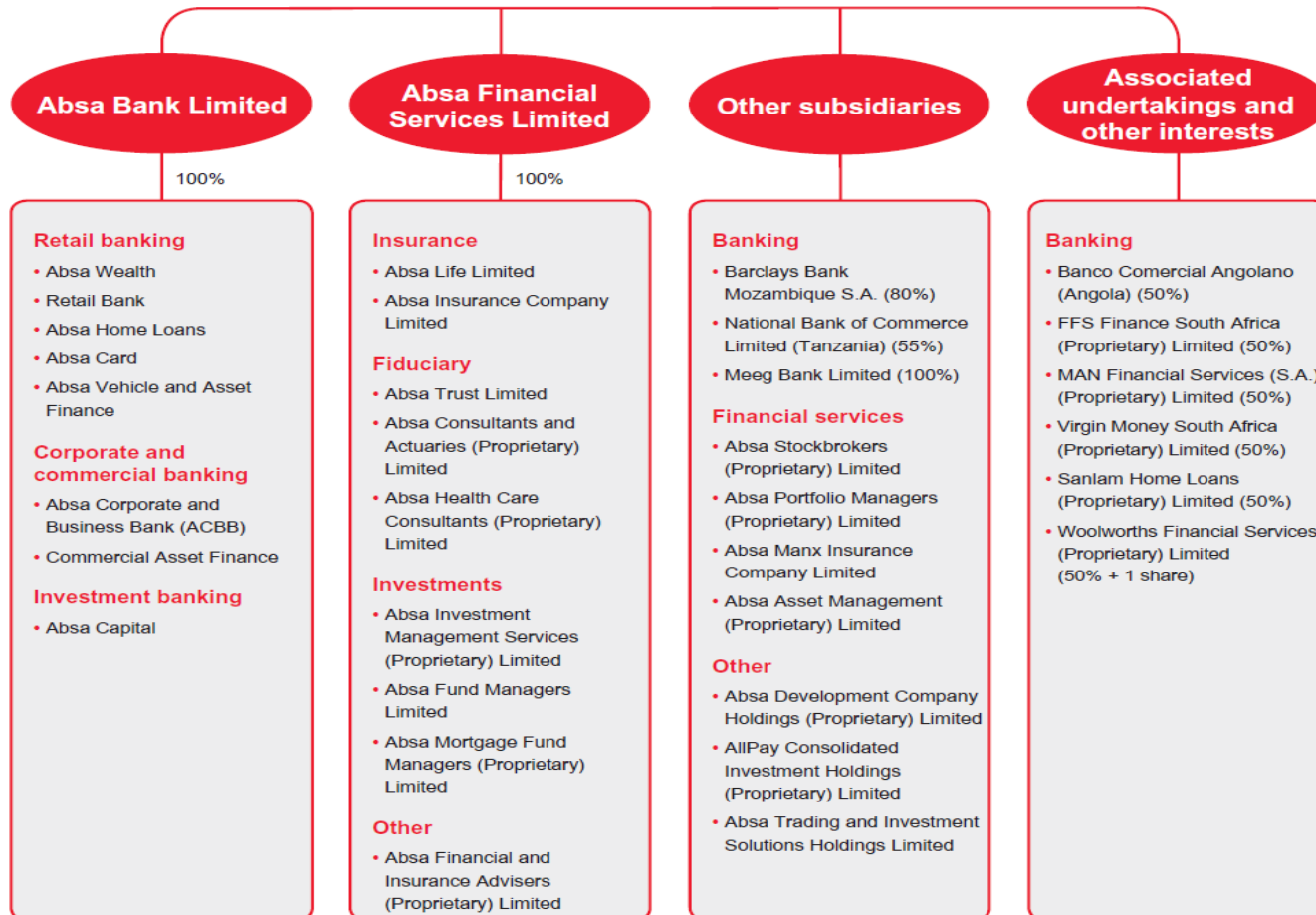
Introduction

- Leading retail bank in South Africa
- Total Assets R773,8 billion
- Market capitalisation R61,9 billion¹ ; free float 41,4%
- Over 10 million customers bank with Absa
- Largest distribution footprint
- Leading banking brand
- Number of staffed outlets 1 192; Number of ATMs 9 104

¹ As at 19 March 2009

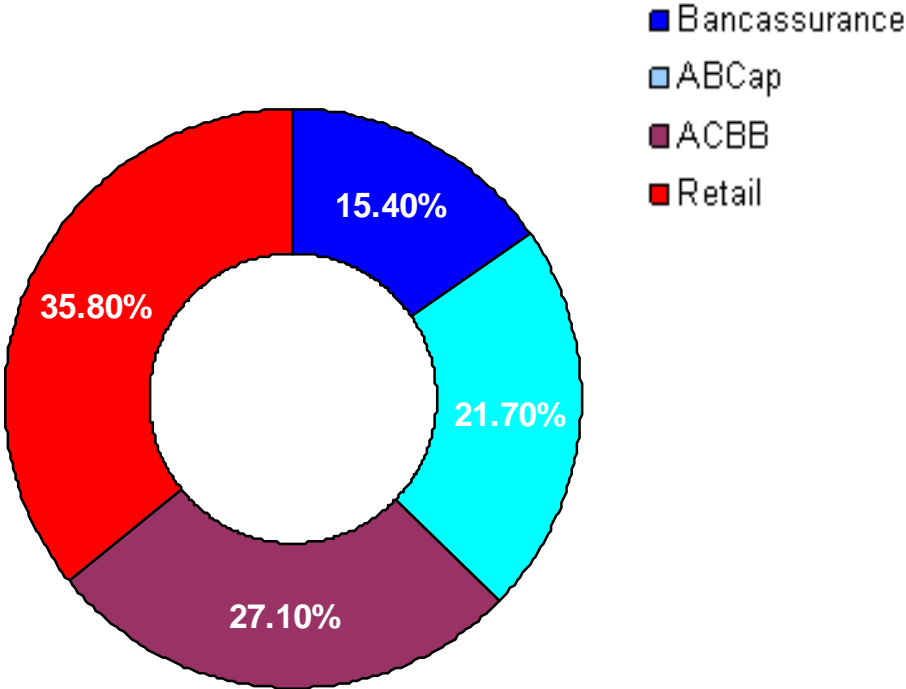
Group Structure

Absa Group Limited

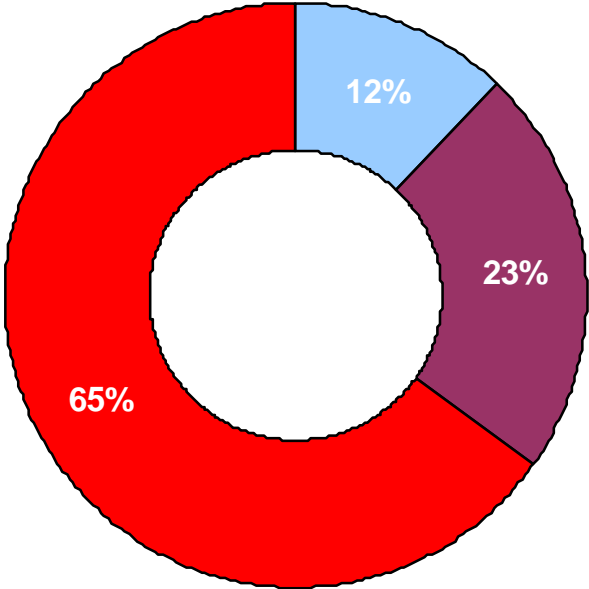


Contribution by Business Area

Profit Contribution by business area²



Breakdown of Advances Book



² Calculated after the allocation of capital, funding and corporate centre if the VISA profit of R636m is included in December 2008, the contributions will be as follows: Retail-33.7%, ACBB-25.5%, Absa Capital-20.5% and Bancassurance-14.5%

Strategy

Near Term Priorities

Maintain Profitability

- Focus on liability management
- Profitability vs market share
- Maximise cross selling
- Transaction volumes and asset pricing

Preserve Capital

- Specific capital demand targets
- Free cash flow generation
- RWA relief initiatives
- Higher hurdle rates

Risk and Cost Focus

- Disciplined management of book quality
- Scorecard criteria and collections
- Risk limits
- Further cost efficiency initiatives

Long Term Strategy Remains on Track

To be the Best Financial Services Provider in South Africa and Selected African markets

Build a well diversified business

Embed market leadership in retail financial services

Build the leading investment bank

Accelerate growth in commercial business

Grow and build wealth management

Financial Performance 2008

FY08 Financial Highlights

- Attributable earnings of R10,6bn (↑ 10%)
- Headline earnings of R9,9 billion (↑ 5%)
- Diluted headline earnings per share of 1 412 cents (↑ 7%)
- Dividends per share of 595 cents (↑ 6%)
- Net asset value per share of 6 950 cents (↑ 26%)
- Return on equity of 23.4%
- Tier 1 capital ratio of 11.6%

Strong Growth From Commercial & Investment Banking

	Earnings Rm	Earnings growth %	Earnings composition %	RoE %
Retail Bank	3 706	(25)	35	20
Commercial Bank	2 806	30	26	25
Absa Capital	2 249	30	21	21
Bancassurance	1 597	6	15	40
Corporate Centre	691	-	7	-
Preference Dividends	(457)	(46)	(4)	-
Absa Group	10 592	10	100	23

A Resilient Performance

	2008 Rm	2007 Rm	Change %
Net interest income	21 795	18 890	↑ 15
Non-interest income	21 115	16 756	↑ 26
Top line revenue	42 910	35 646	↑ 20
Impairment charge	(5 839)	(2 433)	↑ 140
Operating expenditure	(21 935)	(19 209)	↑ 14
Taxation	(3 966)	(4 052)	↓ 2
Attributable earnings	10 592	9 595	↑ 10
Headline earnings	9 908	9 413	↑ 5

Advances Growth Slowing, 32% rise in Deposits

Gross Loans and Advances (Rm)		Dec 2008	Dec 2007	Change %	Market share ¹
Mortgage loans		252 704	225 713	12	→ 1
Vehicle finance		47 798	47 159	1	→ 3
Card advances		19 522	13 831	41	↑ 2
Instalment loans		14 665	12 459	18	↓ 2
Total net loans and advances	Rm	347 084	311 803	11	→ 1
Deposits due to customers	Rm	134 985	101 944	32	↑ 1

¹ Market share per BA900 Jan 08 to Nov08

Strong Growth in Non-interest Income

	2008 Rm	Change %	Mix %
Net fee and commission income	13 343	↑ 15	66
Net trading income	2 111	↑ 92	10
Bancassurance – premium income and policyholders' benefits	2 156	↑ 12	11
Hedging activities and other income	1 062	↑ 21	5
Investment income	1 703	↑ 6	8
Non-interest income (excl. Visa IPO)	20 375	↑ 22	100

Interest Margin Remains Under Pressure

Basis Points	Margin Compression
Decline in margin on total assets	35
• Increase in non-interest earning assets	(15)
Decline in margin on interest-earnings assets	20
Represented by:	
• Advances pricing and composition	3
• Endowment impact on capital	7
• Deposit pricing and composition	2
• Cost of wholesale funding	(16)
• Hedging activities	(14)
• Other	(2)

Prolonged Higher Rates Impact on Recovery Values

Impairments	NPLs		Impairment Ratios		
	2008 %	2007 %	2008 %	2007 %	2008 H1 %
Retail Bank	5.0	2.2	1.68	0.74	1.21
• Home loans	5.4	2.2	1.19	0.26	0.81
• AVAF	3.3	1.5	2.31	1.14	1.57
• Card	7.5	7.6	5.65	3.50	4.46
• Instalment / products	9.8	6.5	8.15	5.34	8.01
• Transactional products	3.8	3.4	0.82	0.97	0.85
Commercial Banking	0.9	0.9	0.28	0.37	0.35
Total	3.5	1.8	1.19	0.58	0.93

Strong Capital Position

Capital Demand	2008 Rbn	Mix %
Credit risk	294	77
• Retail	141	48
• ACBB	69	23
• Absa Capital	55	19
• Africa and other assets	29	10
Operational risk	45	12
Market risk	5	1
Equity risk	37	10
Total RWA's	381	100

Capital Adequacy (%)	Bank	Group
Core Tier I	9.7	10.3
Tier I	11.0	11.6
Tier II	3.0	2.5
Total	14.0	14.1

Capital Generation (Rbn)	
Profit for the period	11.2
Growth in RWA	(5.1)
Dividends	(4.4)
Free cash flow	1.7

- Rigorous focus on capital demand and RoEC
- Batho Bonke conversion - June 2009

Outlook

Prospects

- Rising Impairments will remain a challenge
 - Corporate and Commercial Banking
 - Retail
- Slowing volume growth
- Margins under pressure
- Key drivers
 - Unemployment
 - Global macro conditions
 - Rand volatility

Conclusion

- Protect our earnings
- Selectively grow our market share
- Maintain ongoing focus on cost reduction
- Efficient management and allocation of capital

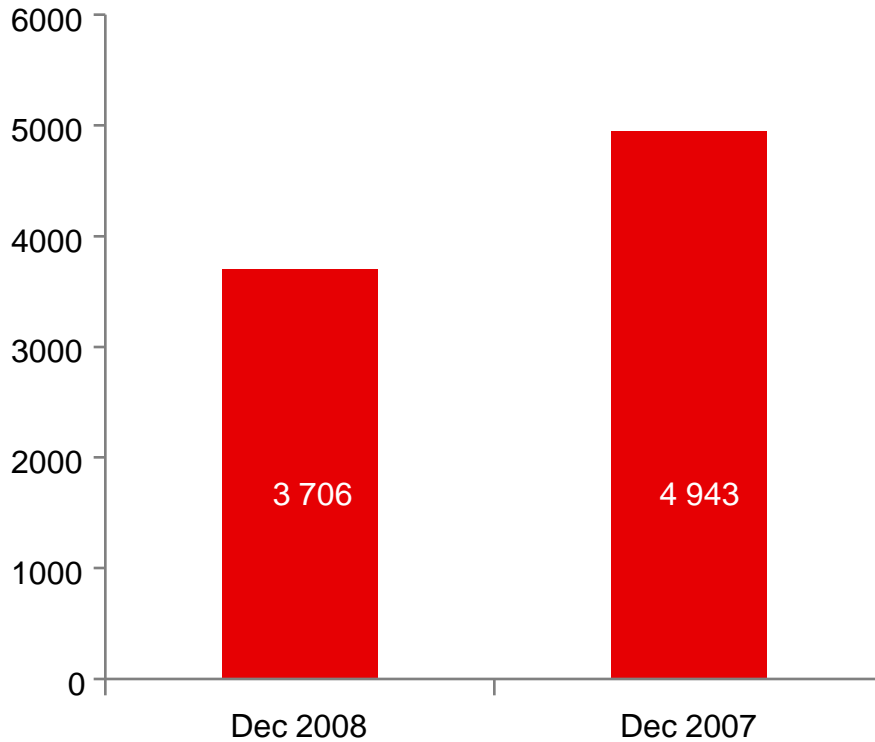
Addendum

Financial Results

For the year ended 31 December 2008

Retail Bank Financial Highlights

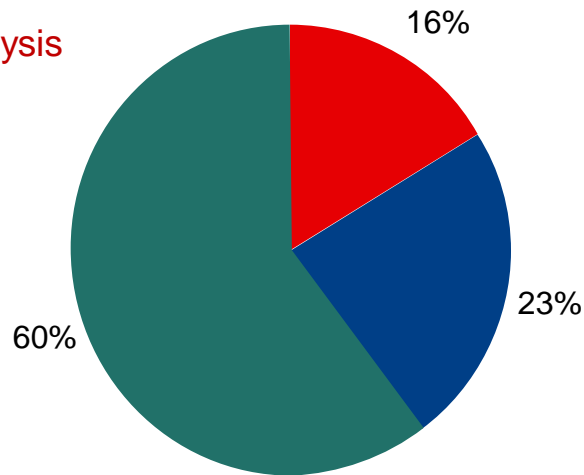
Attributable Earnings (Rm)



- Revenue of R24.9 billion (↑ 15%)
- Attributable earnings of R3.7billion (↓ 25%)
- Contribution to Group earnings of 35.8% (F07 contribution: 47.8%)
- Sharp rise in impairments of 159%
- Cost to income ratio declines to 54%

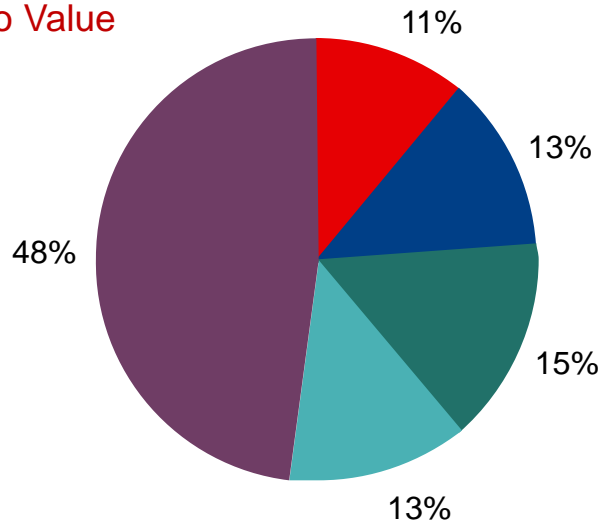
Quality Long Dated Home Loans Book

Age Analysis



■ Less than 1 year ■ Between 1 & 2 years ■ More than 2 years

Loan to Value

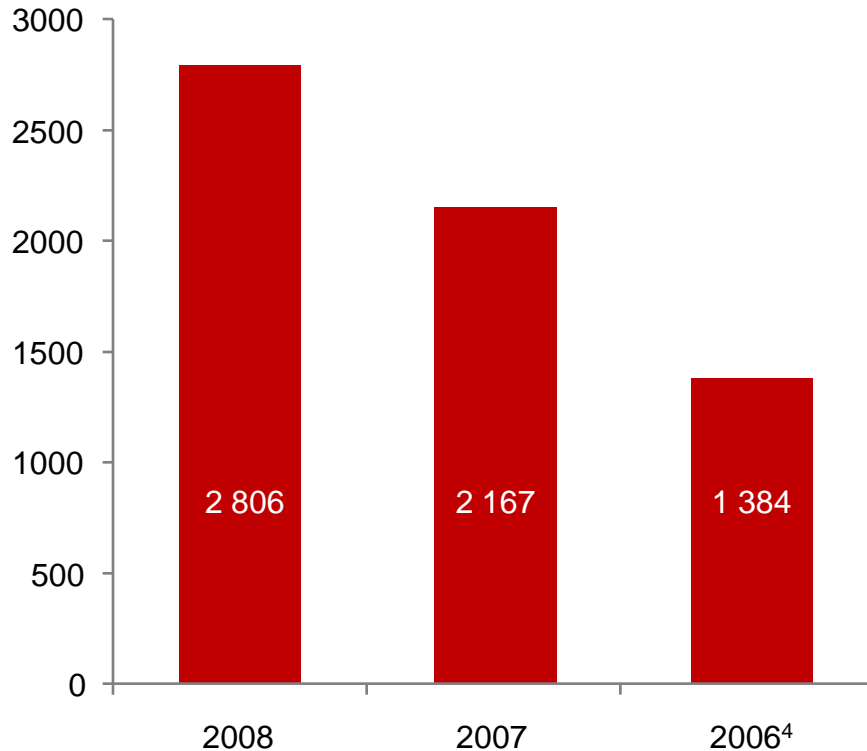


■ 100%+ ■ 90-100% ■ 80-90% ■ 70-80% ■ <70%

- 60% of book older than 2 years
- Less than 1 year granted under more stringent criteria
 - Loan to value caps
 - Affordability
 - Ability to repay
- 76% of book has less than 90% LTV
- LTV ratio's will continue to improve with more stringent lending criteria

Key Highlights - ACBB

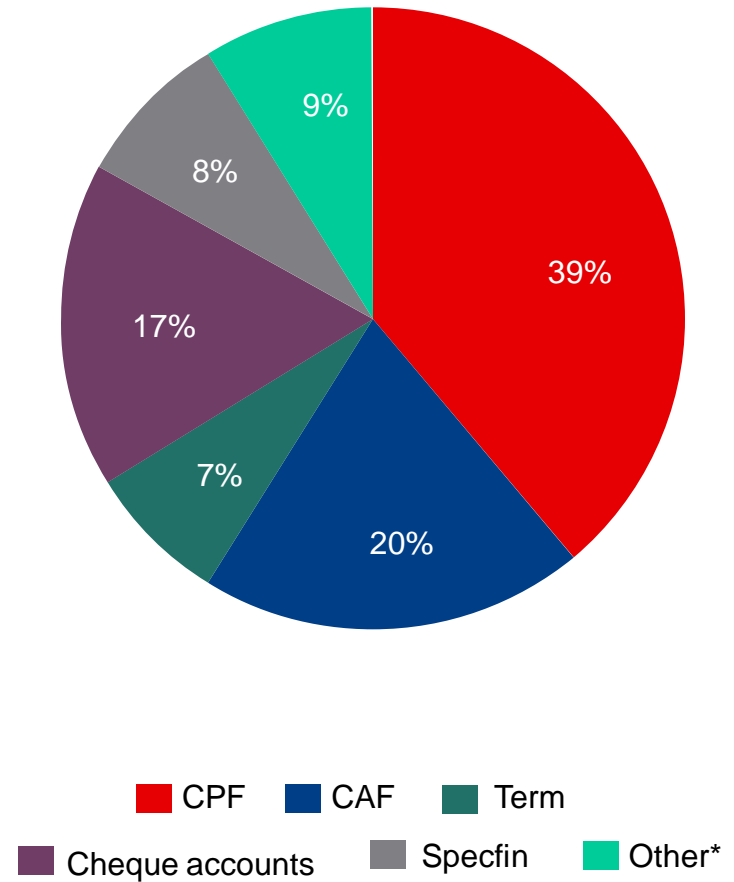
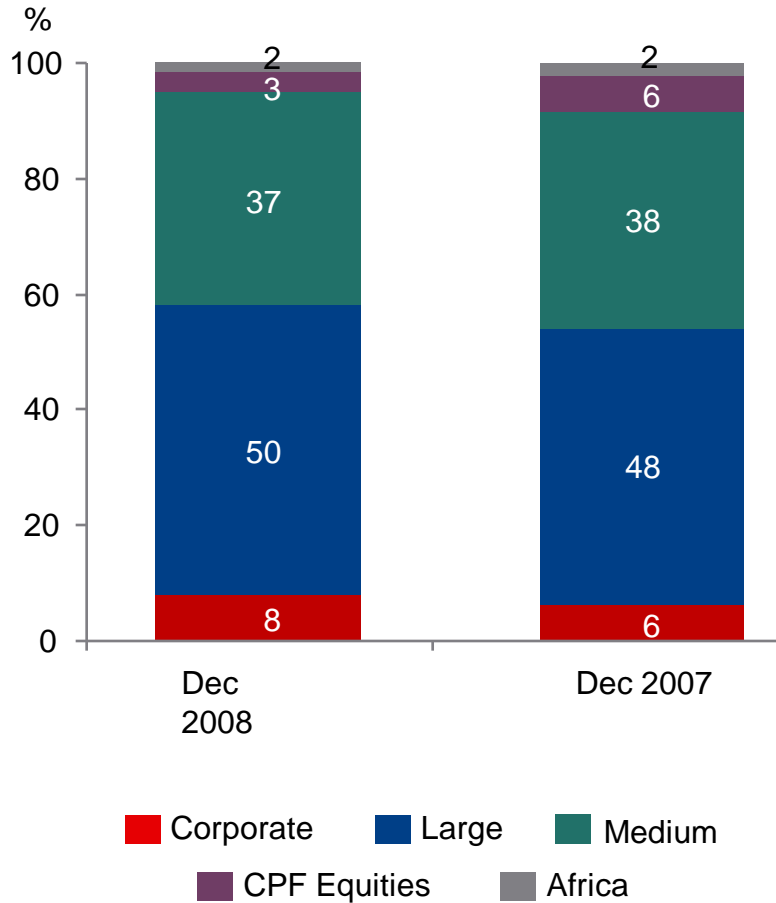
Attributable Earnings (Rm)



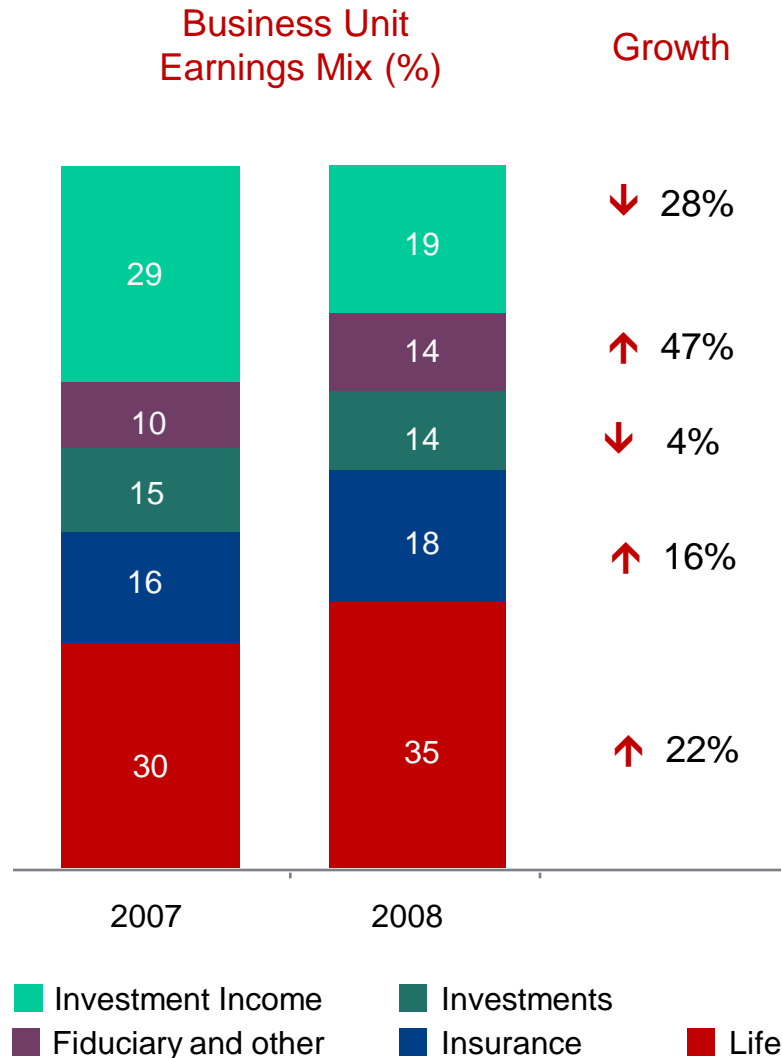
- Attributable earnings of R2.8billion (↑ 30%)
- Revenue of R8.7billion (↑ 20%)
- Transaction volumes up 10%
- Impairments well controlled, impairment ratio of 0.28 %
- Cost to income ratio improves from 51.8% to 49.8%
- Contribution to Group earnings of 27.1% (F07 contribution: 20.9%)
- Growth in advances of 33.1%
- Deposits up 29.0%

⁴ excl CAF & Africa

ACBB Product and Sector Diversification



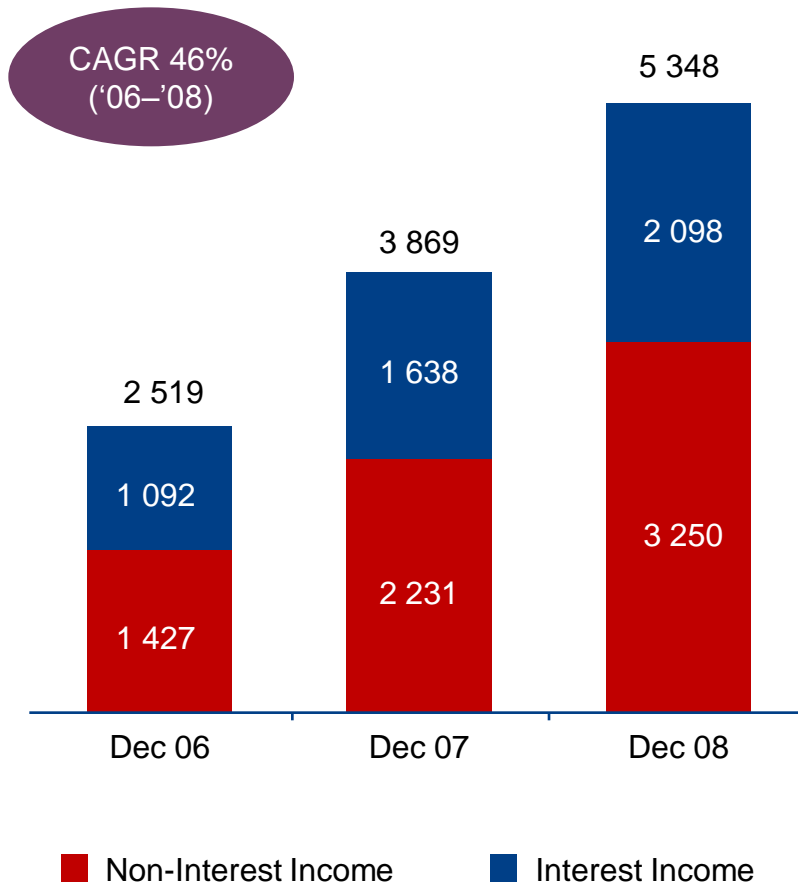
AFS Financial Highlights



- Attributable earnings of R1 597m (↑ 6.3%)
- Operational earnings (↑ 16.4%)
- Investment income contribution to earnings of 19% (FY07: 29%)
- Net inflow of non - money market mandates of R9,4bn (↑ 17%)
- Short term Insurance gross premium income (↑ 19%)
- Embedded value of new business at R331m (2007: R213m) (↑ 55%)

Absa Capital Revenue breakdown

Revenue (Rm⁶)



- Revenue of R5.3billion (↑ 38%)
- Attributable earnings of R2.2billion (↑ 30%)
- Contribution to Group earnings of 21.7% (F07 contribution: 16.8%)
- Growth in non-interest income mainly due to continued strength in Secondary Markets

Acquisitions as a result of Single Stock Futures Defaults

Share Name	Number of shares (million)	% of Issued Ordinary Shares	Acquisition Cost Rm	Accounting basis
Pinnacle Point Group	1 259.6	28	931.4	Equity accounted
Sekunjalo Investments	84.9	17	36.5	Equity accounted ⁷
Blue Financial Services	95.9	16	389.9	Available for sale
ConvergeNet Holdings ⁸	86.2	10	86.2	Available for sale
Total			1 444.0	

- Acquisition cost is the market value at date of acquisition
- Acquisition cost per share of Blue Financial Services has been reduced as a result of an additional 23 million shares received from the client in settlement of the default claim
- All default claims have been fully provided against; resulting in a R 52 m charge to the income statement relating to margin shortfalls

⁸ Sekunjalo is equity accounted as Absa Corporate and Business Bank already held 9%, taking the total holding to 26%

⁹ ConvergeNet Holdings was acquired in early 2009

Absa's profile

- Absa Group Limited (Absa), listed on the JSE Limited, is one of South Africa's largest financial services groups, offering a complete range of banking, bancassurance and wealth management products and services
- Absa's business is conducted primarily in South Africa. In addition, the Group has equity holdings in banks in Mozambique, Angola and Tanzania
- Absa employs a customer-centric business model with business units serving specific market segments. The Group interacts with its customers through a combination of physical and electronic channels
- Absa became a subsidiary of Barclays Bank PLC on 27 July 2005, when Barclays acquired a controlling stake in the Absa Group. Barclays is a global financial services provider, engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services

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Absa's ADR depositary bank

The Bank of New York

Postal address: 101 Barclay Street, 22W, New York, NY, 10286

Web site: www.adrbny.com

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