

Is SA an emerging or mature market?

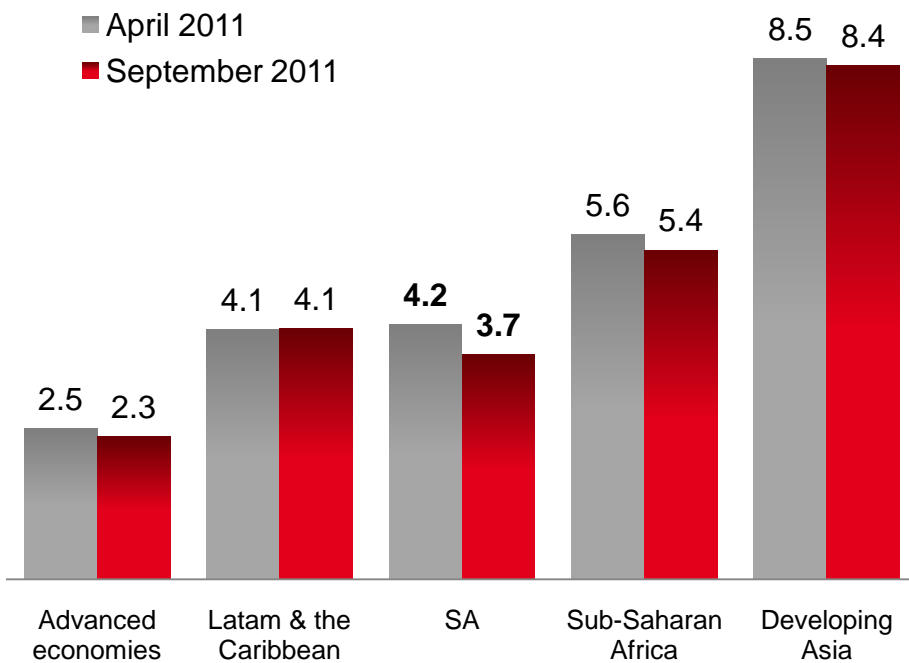
RMB Morgan Stanley Conference

David Hodnett, Group Financial Director

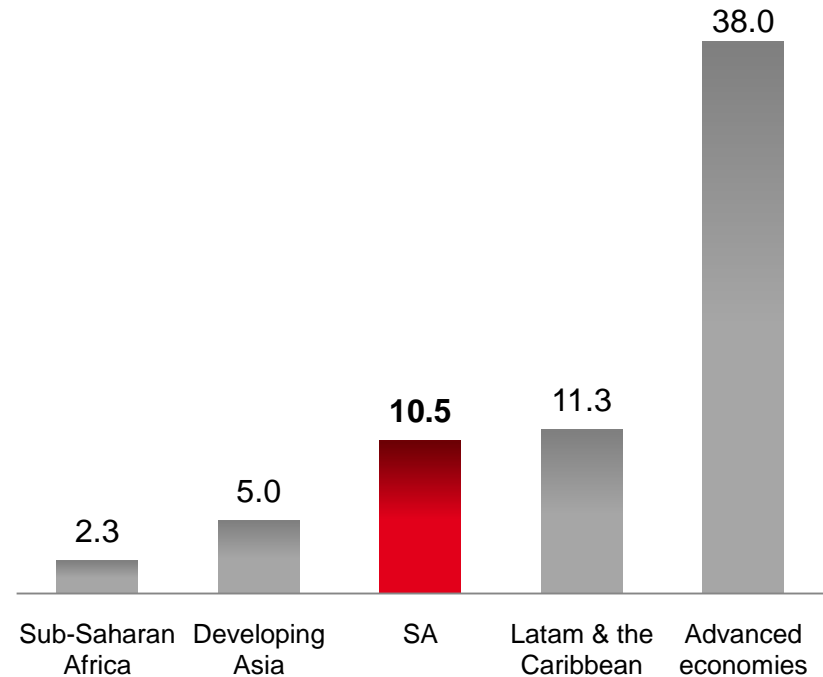
26 September 2011

Expected growth between emerging and mature markets

Expected GDP growth* (2011-16E)



GDP per capita** (thousands, 2010)

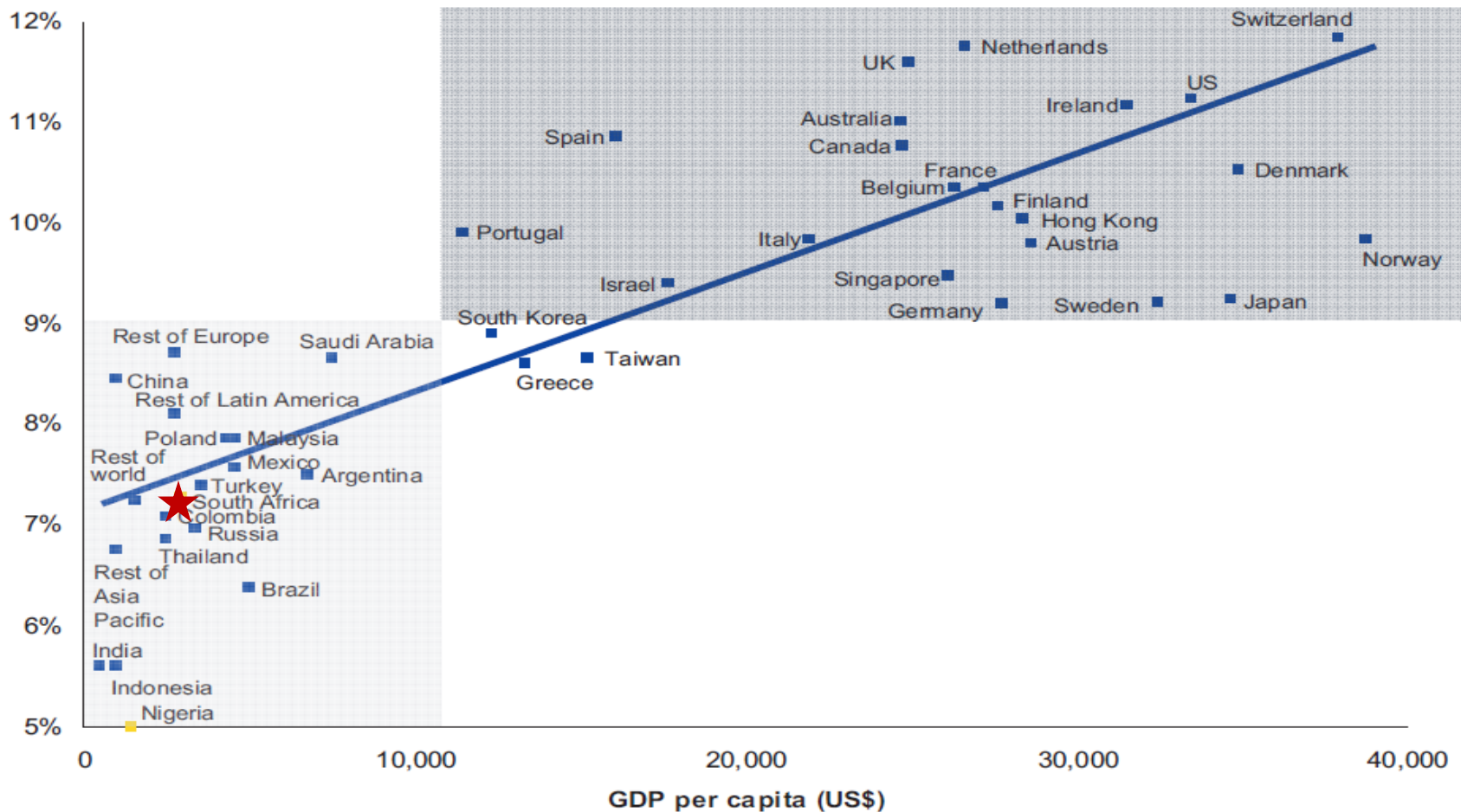


Source: IMF, Absa

Notes: * Average, constant prices; ** current international \$

Countries deepen financially as their income rises

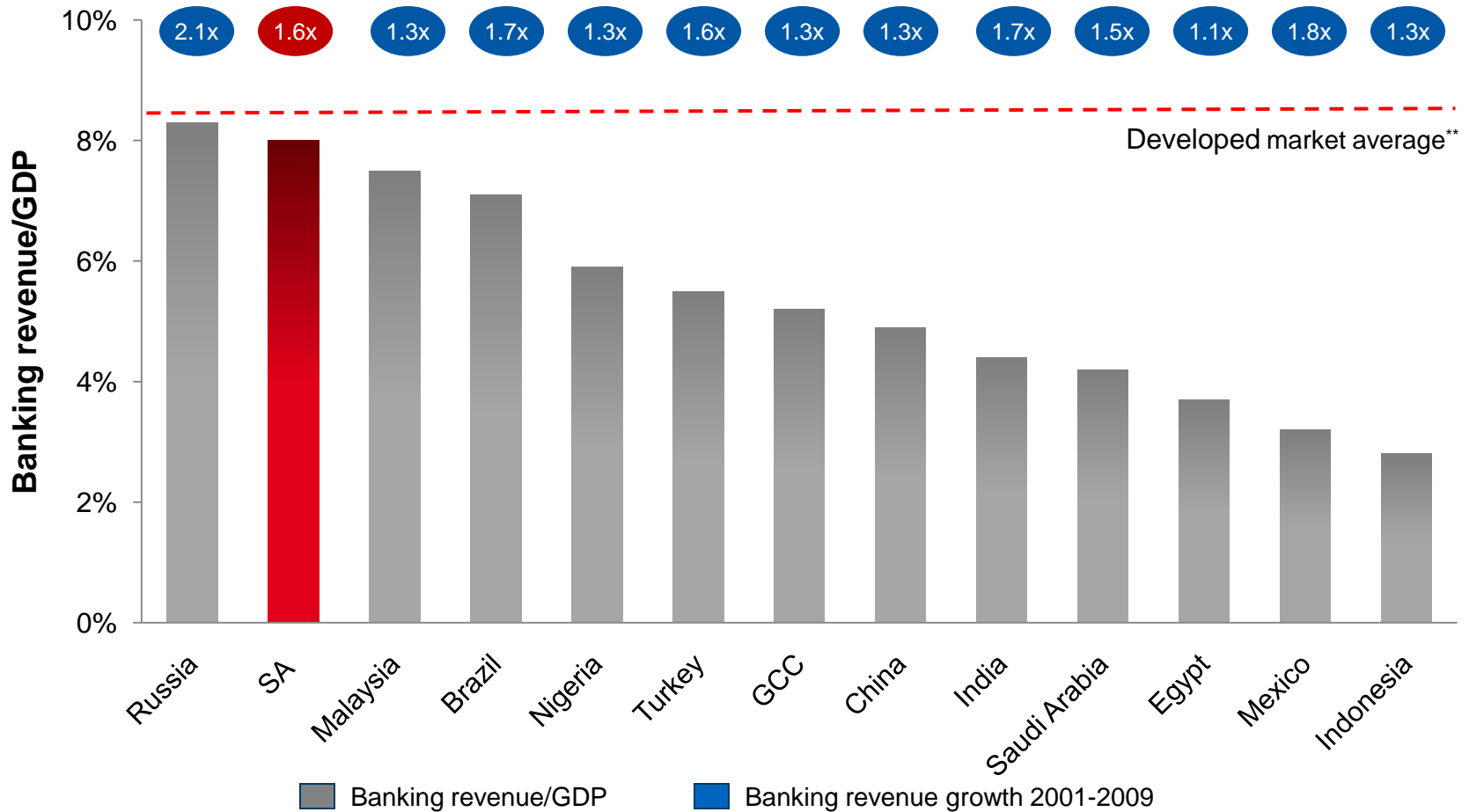
Financial services revenue to GDP



Source: Global Insights, World Bank, Oliver Wyman analysis (2010)

SA banking penetration high versus emerging markets

Banking revenue* share of GDP (nominal US\$) 2009



Source: Bankscope, OECD, Central Banks, Oliver Wyman Analysis, Absa

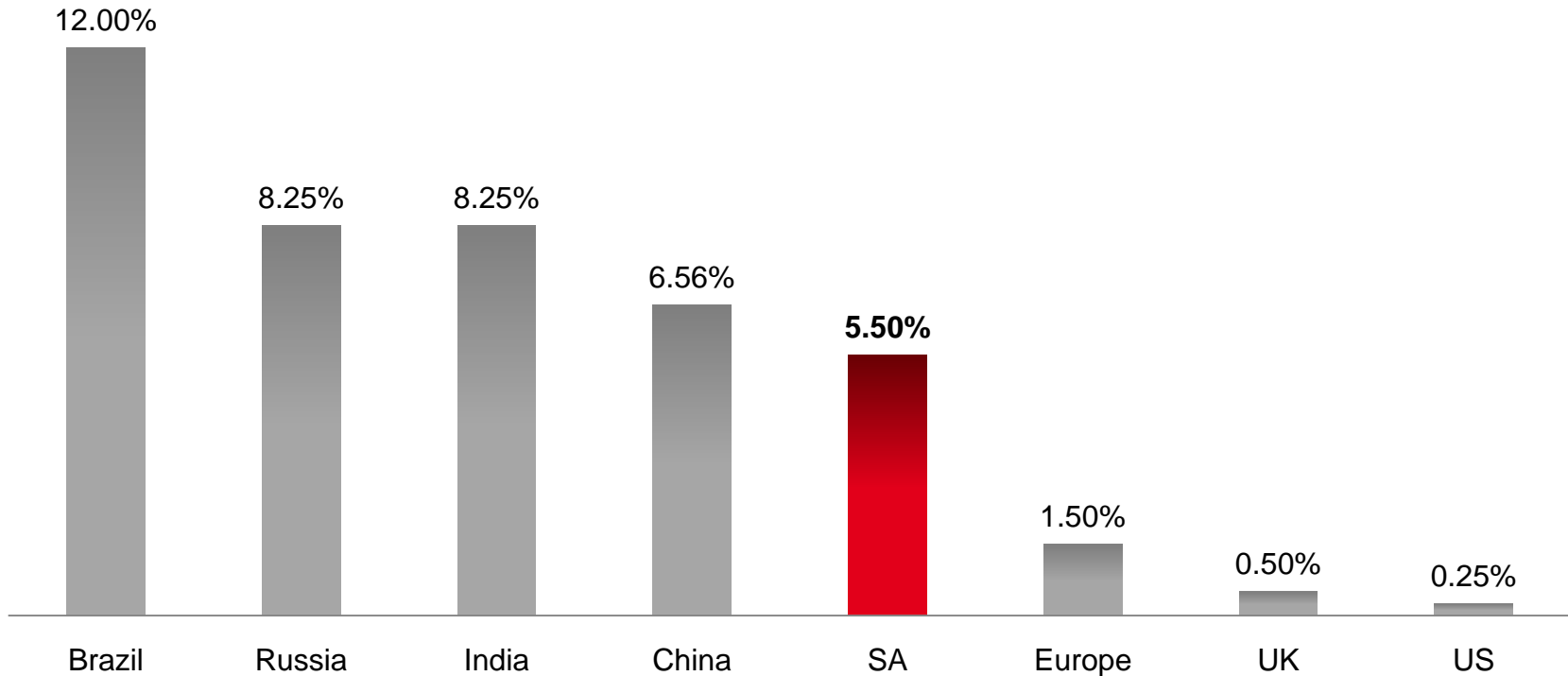
* Banking revenues include revenue only from the banking sector, exclude pure play insurance and asset management revenues from non bank financial institutions

** Sample OECD includes France, Germany, Italy, Spain, Canada, Japan and US; UK excluded given market typicality (banking hub)

*** Nigeria's relatively high revenue to GDP due to underestimation of its GDP (informal/unrecorded GDP)

Interest rates likely to remain low for longer

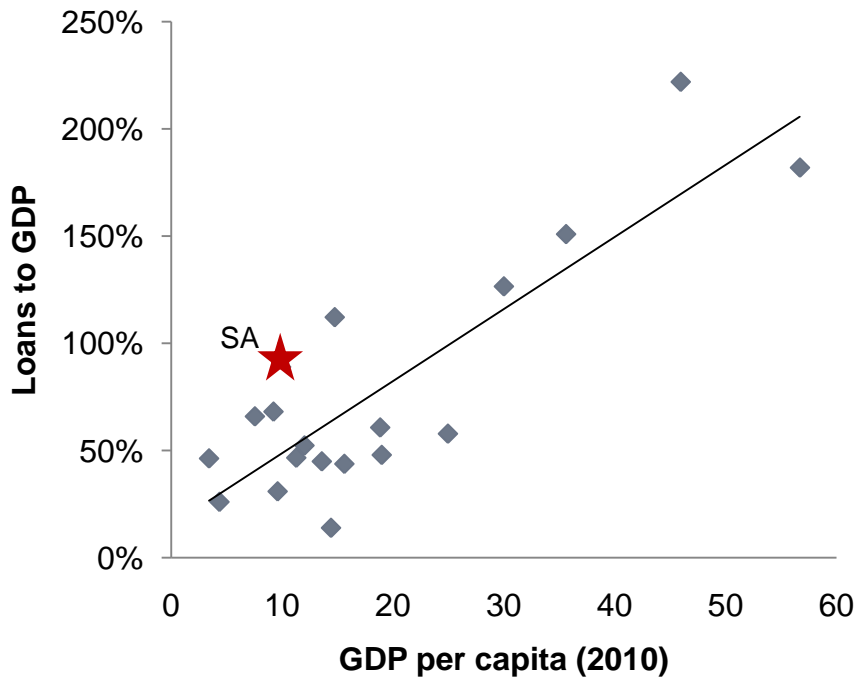
Interest rates



Source: Bloomberg 22 August 2011

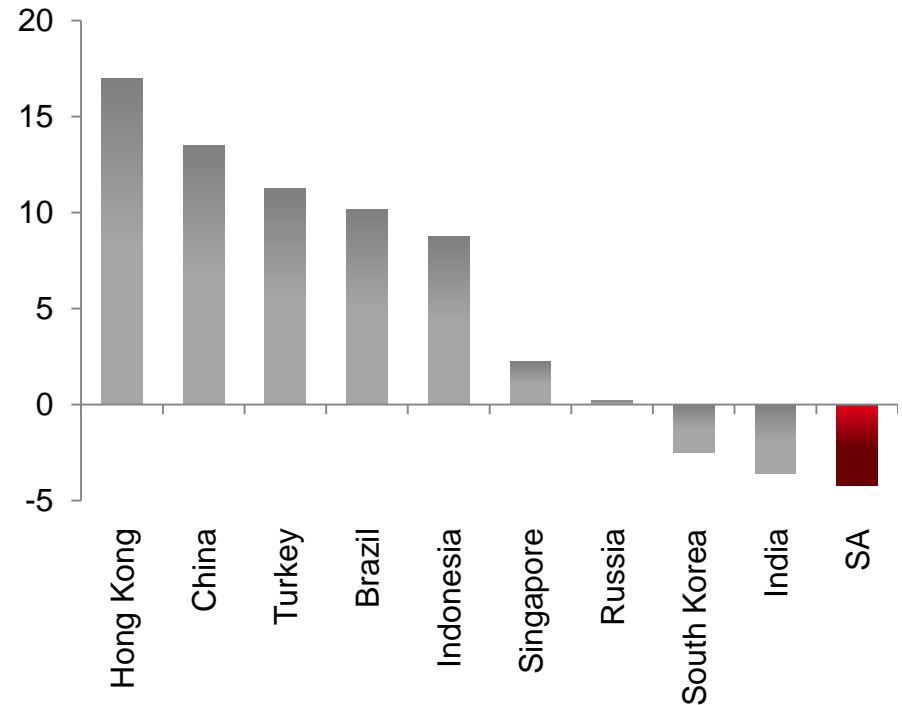
SA loan penetration relatively high, albeit below trend

Loans to GDP versus GDP per capita*



Source: IMF, UBS, Absa
 Note: * Emerging markets, based on purchasing-power-parity

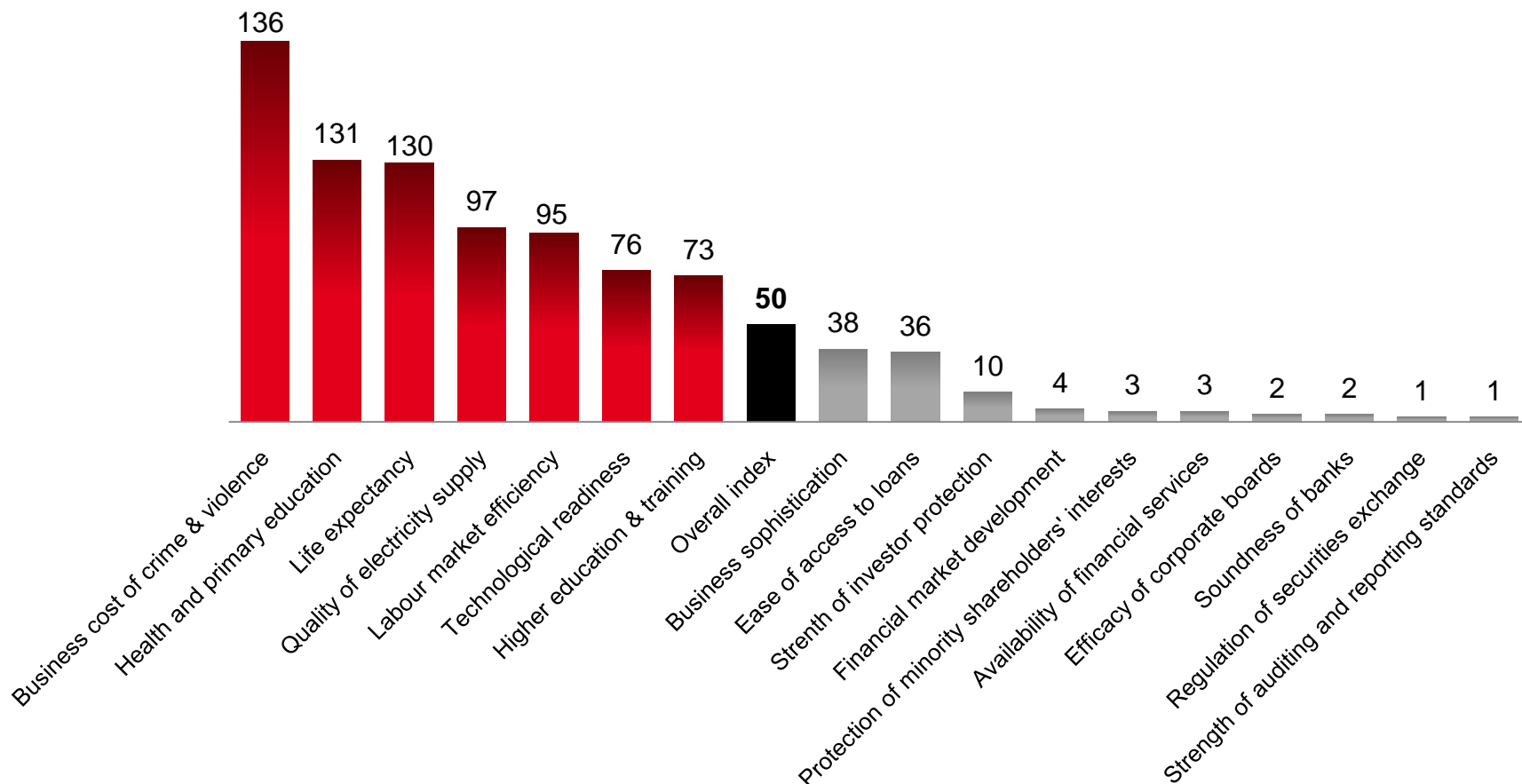
Deviation of credit to GDP from trend (4Q10, % points)



Sources: IMF, Thomson Reuters Datastream, national sources and Bank of England calculations.
 Note: The deviation of the credit to GDP ratio from its long-term trend at 2010 Q4 using a Hodrick-Prescott filter.

SA in context: divergent competitiveness rankings

SA's WEF GCI ranking (out of 142)



Source: World Economic Forum GCI Rankings 2011/12, Absa

Banking metrics

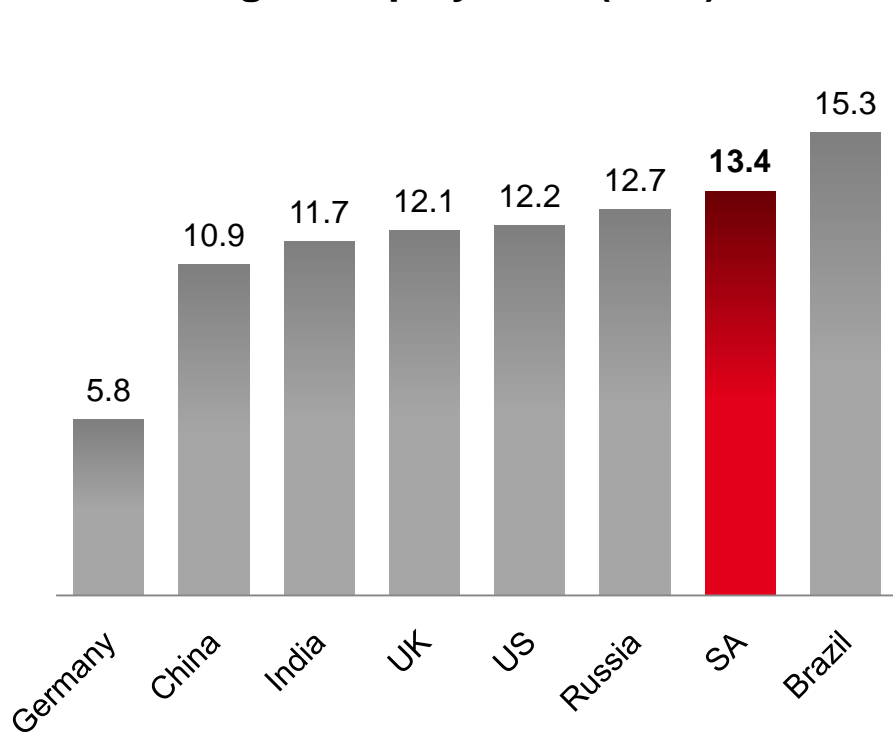
2012E	Global	Developed countries	South Africa	Emerging markets
NIR/total revenue (%)	41.1	47.9	49.3	29.1
Cost-to-income (%)	51.0	55.4	58.1	44.0
NIM to RWA (%)	4.77	4.03	5.47	6.31
Credit loss ratio (%)	1.14	0.77	0.88	1.91
RoE (%)	16.7	15.2	17.7	19.6
RoA (%)	1.05	0.76	1.28	1.58
RoRWA (%)	2.03	1.73	2.42	2.55
Leverage (x)	16	20	14	12
Loans/deposits* (%)	92	99	89	80

Source: UBS, Absa

Note: * 2011E

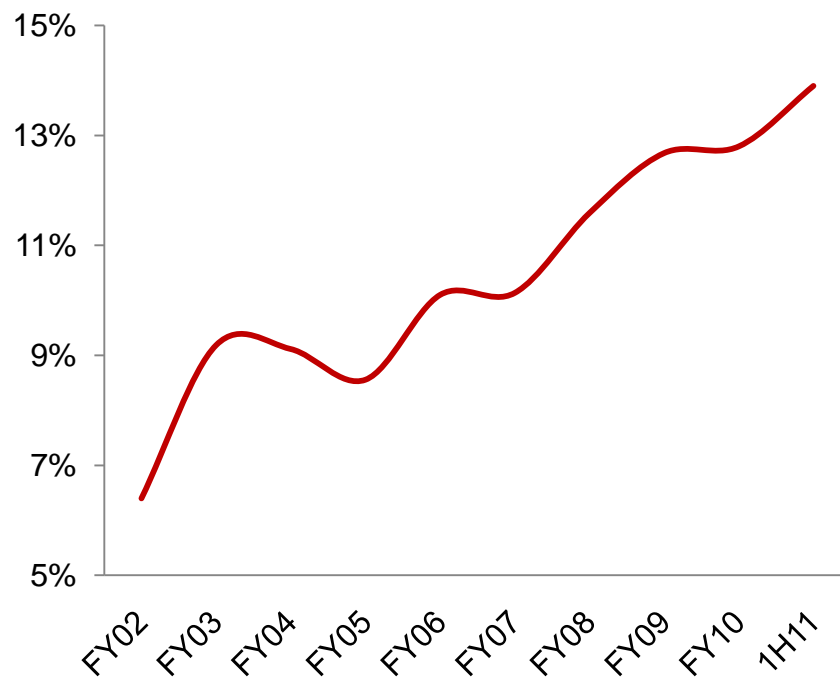
Comparatively well capitalised

Tangible equity/RWA (2010)



Source: UBS, Absa

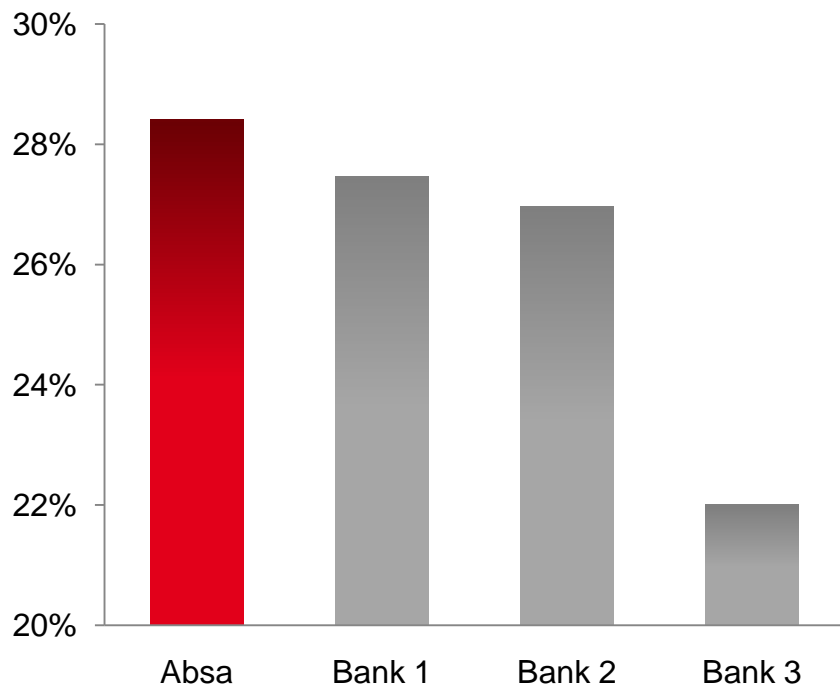
Absa Group Tier 1 capital ratio



Source: Absa
Notes: Basel II from FY08

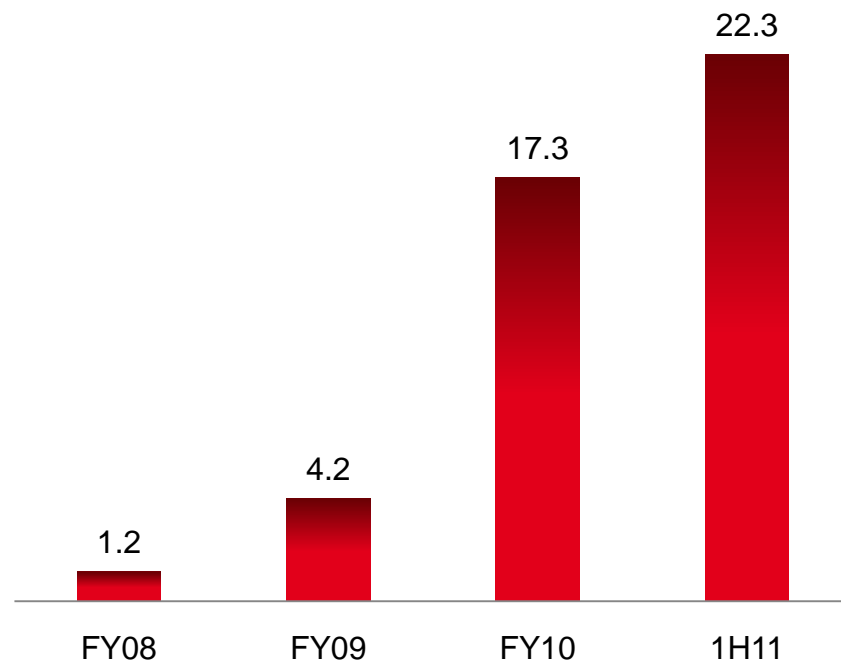
Strengthening our balance sheet a focus

Long-term funding (%)



Source: BA900 statutory returns, June 2011

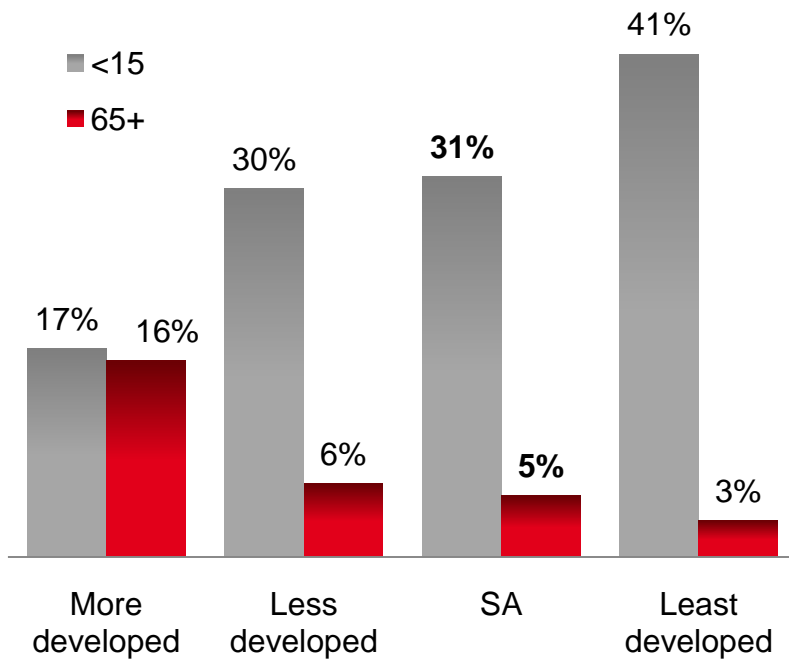
Surplus liquid assets (Rbn)



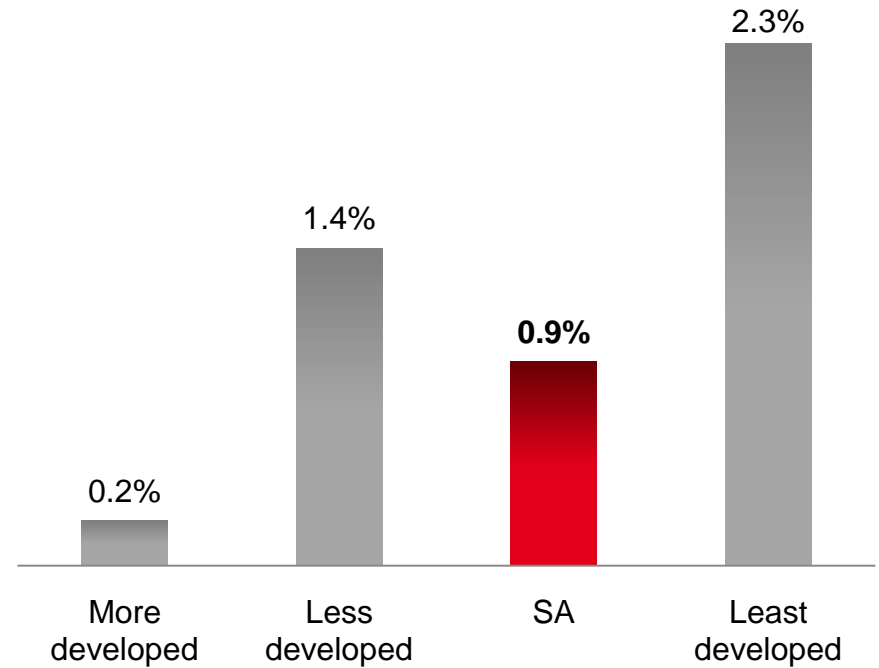
Source: Absa

A young population, but growth lags emerging markets

Proportion of population 65+ and below 15 years



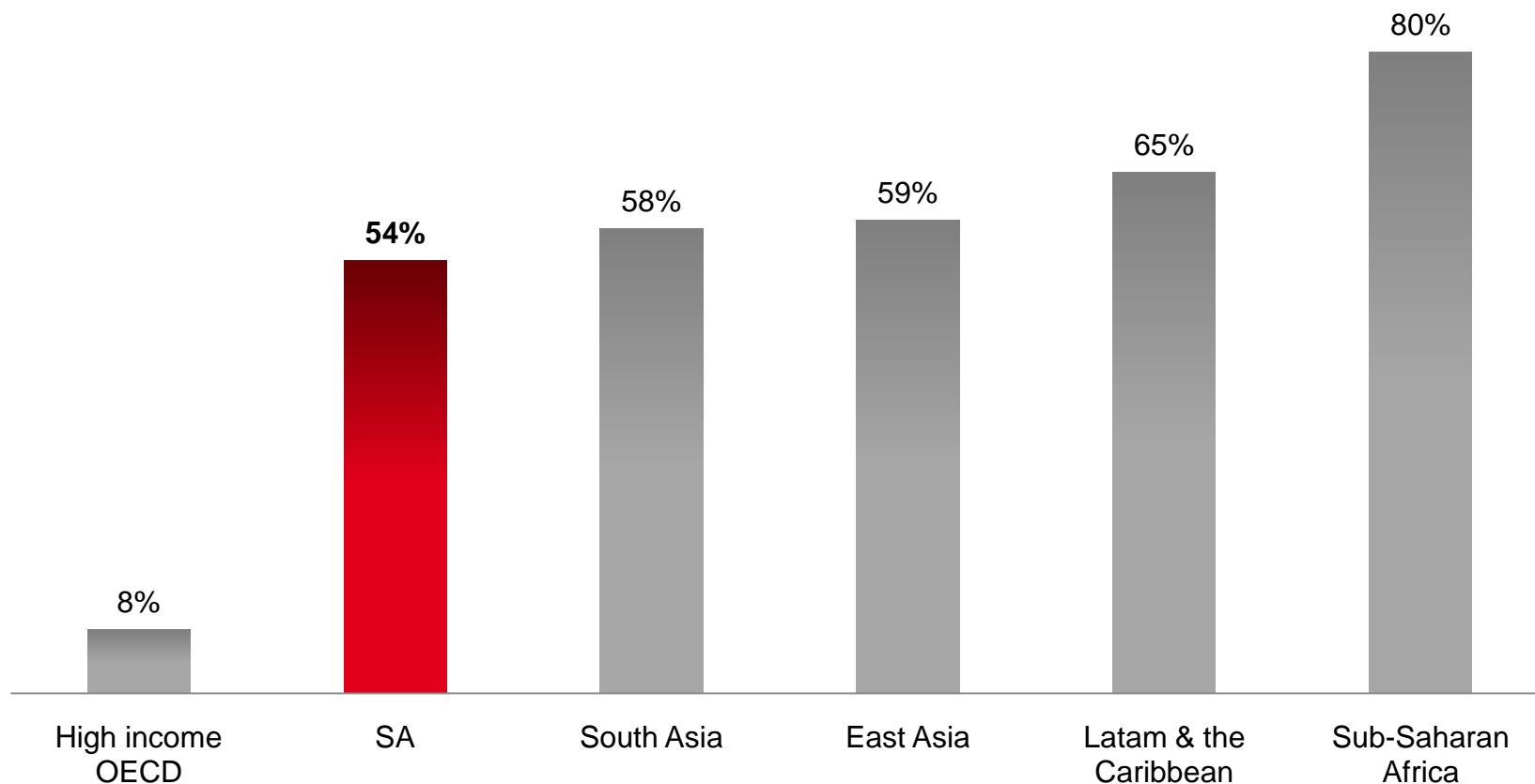
Population growth rate



Source: Population Reference Bureau, World Population Data Sheet 2010

Banking usage far closer to emerging markets

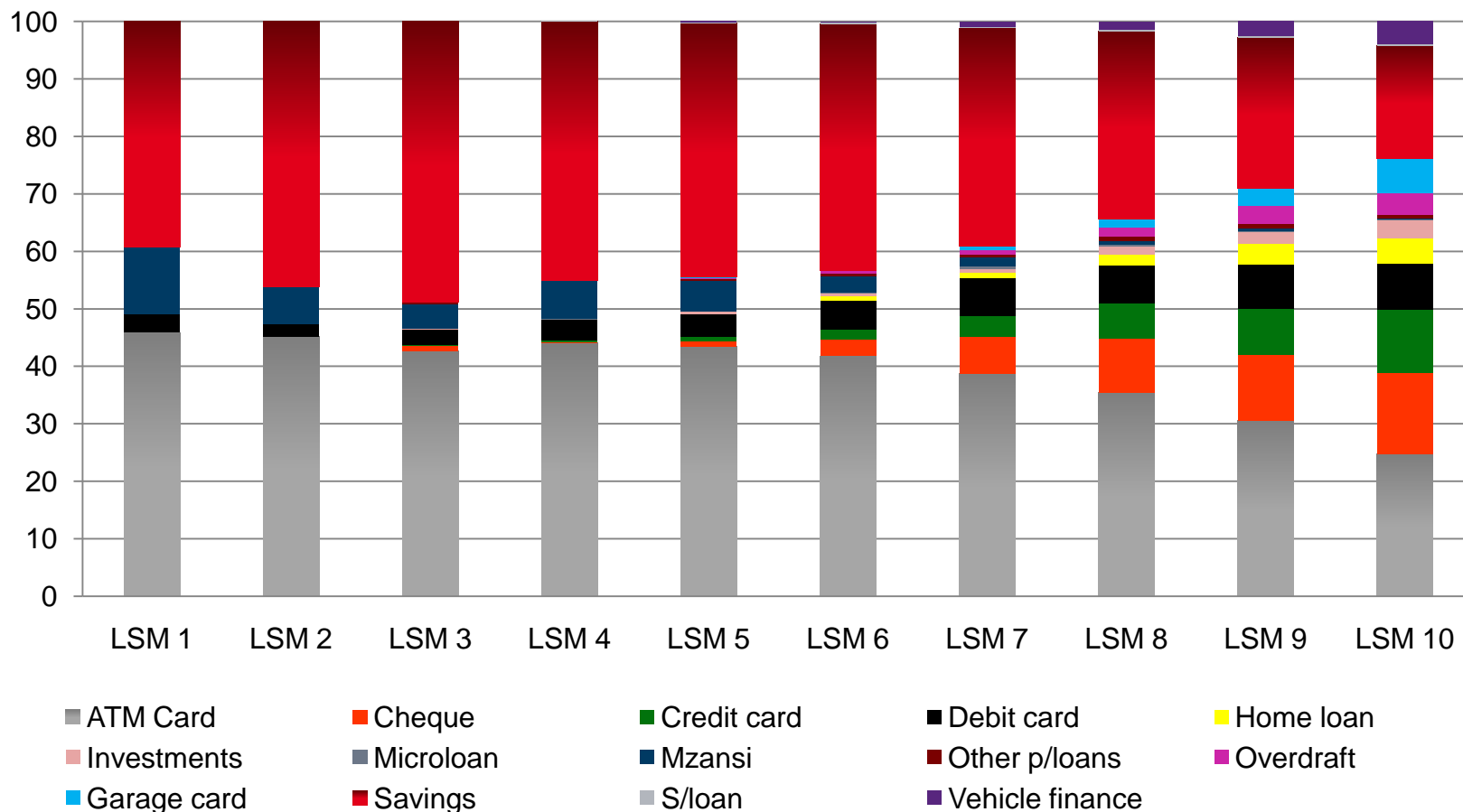
Adults that do not use financial services



Source: Financial Access Initiative 2009

Opportunity as customers move to higher LSMs

Product use by LSM (2010)



Source: AMPS, Absa

Innovating in entry level banking

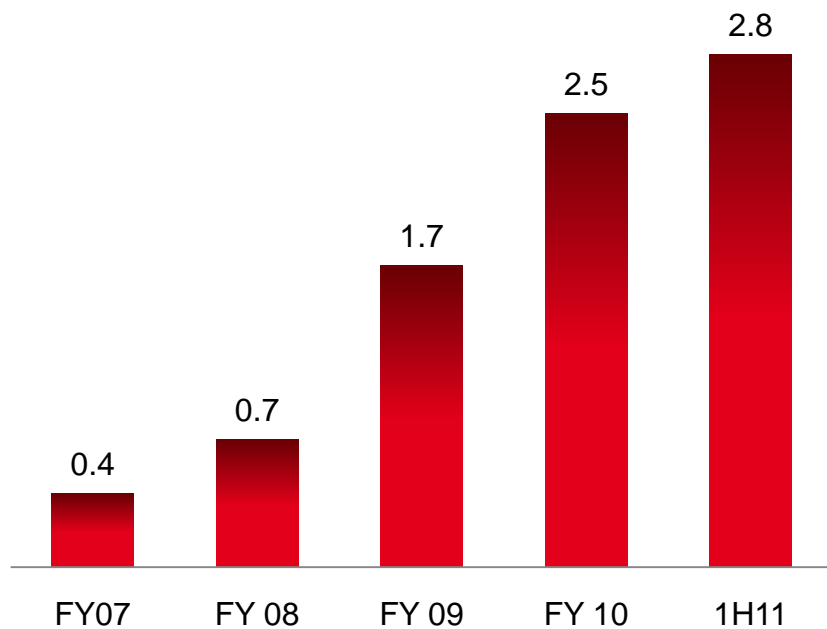


YOU CAN DO IT
Kweeka!



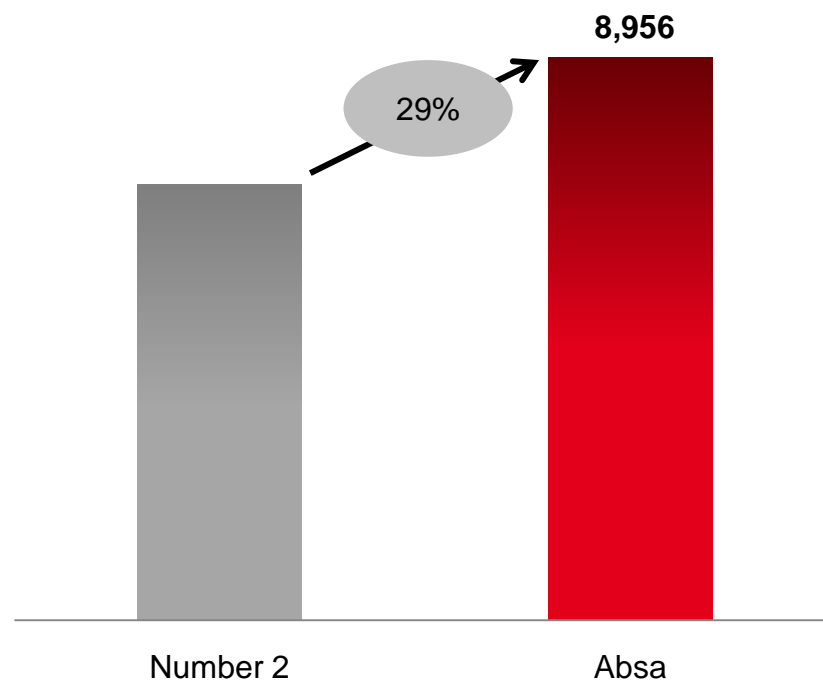
Leading retail distribution capabilities

Cellphone banking customers (m)



Source: Absa

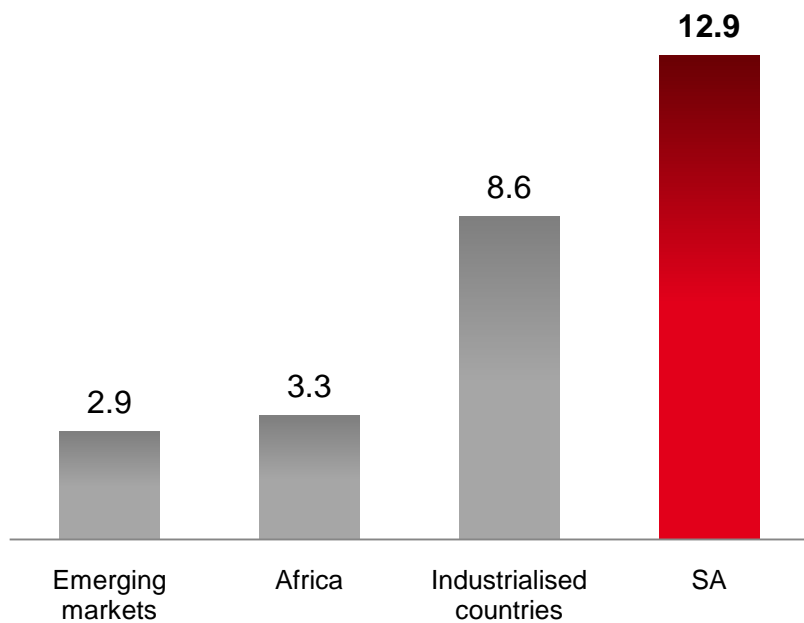
ATMs, 1H11



Source: Absa, company reports

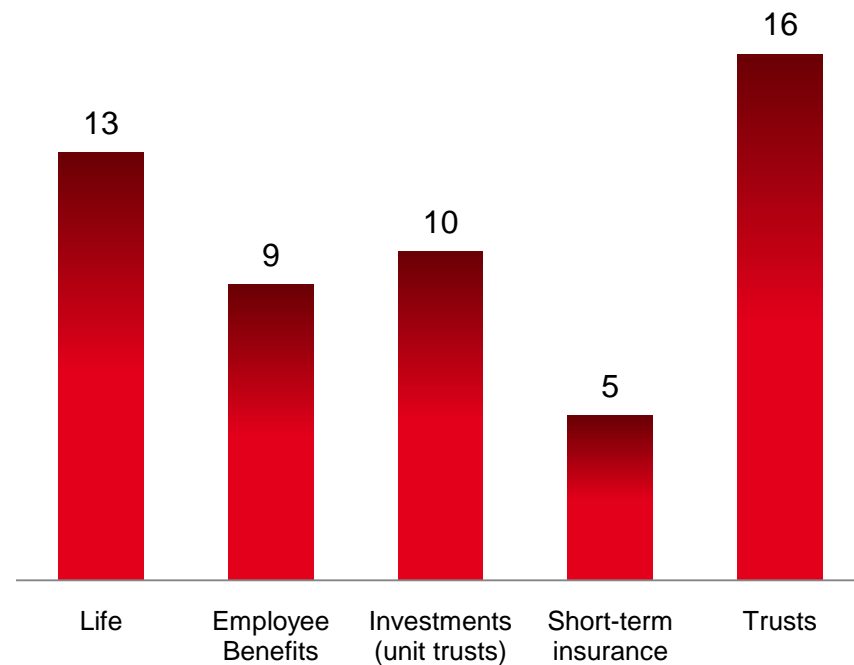
Our insurance market is very mature

Premiums to GDP (% , 2009)



Source: Swiss Re

Absa market share (%)



Source: Absa, ASISA, RIA

One Africa a strategic priority

- Africa offers attractive growth potential
- Strategy has progressed
- We are part of a leading franchise
- Operate as One Bank to capture the opportunity

	Presence since	Share by assets (%)	Rank by Revenue
Egypt	1864	2	12
South Africa	1888	22	2
Zimbabwe	1912	9	4
Tanzania	1916	18	3*
Ghana	1917	4	2
Zambia	1918	10	1
Mauritius	1919	11	3
Kenya	1925	12	1
Uganda	1927	10	3
Botswana	1950	26	1
Seychelles	1959	24	1
Mozambique	2002	7	4

Source: Bank annual reports, central banks, Global Credit Ratings, McKinsey

Note: * Includes consolidated National Bank of Commerce and Barclays Tanzania data except for the ranking based on revenue where NBC is ranked 3rd and Barclays 6th

Summary

- South Africa falls somewhere between emerging and mature markets
- We see good growth opportunities locally
- One Africa strategy is a priority