

Absa Group Limited

A new playing field – what is the game plan for growth?

**UBS Financial Services Conference
Group Chief Executive: Maria Ramos
20th October 2009**

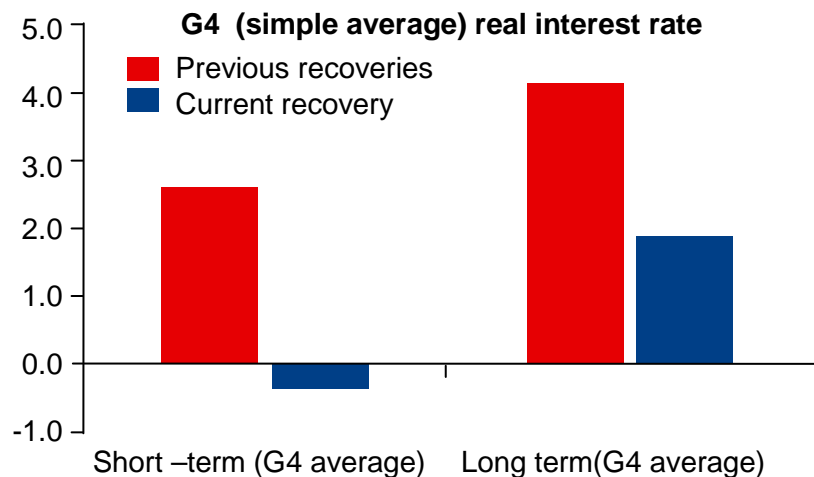
The outlook

The journey since 2005

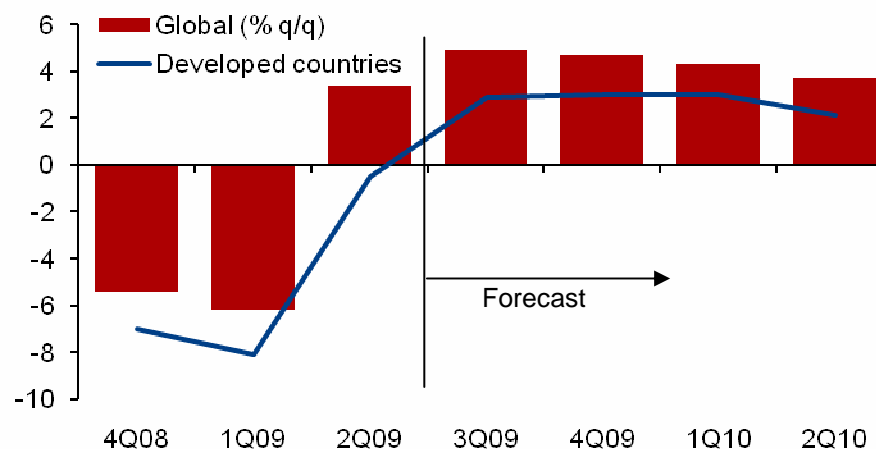
Strategy going forward

Signs of a global recovery are evident

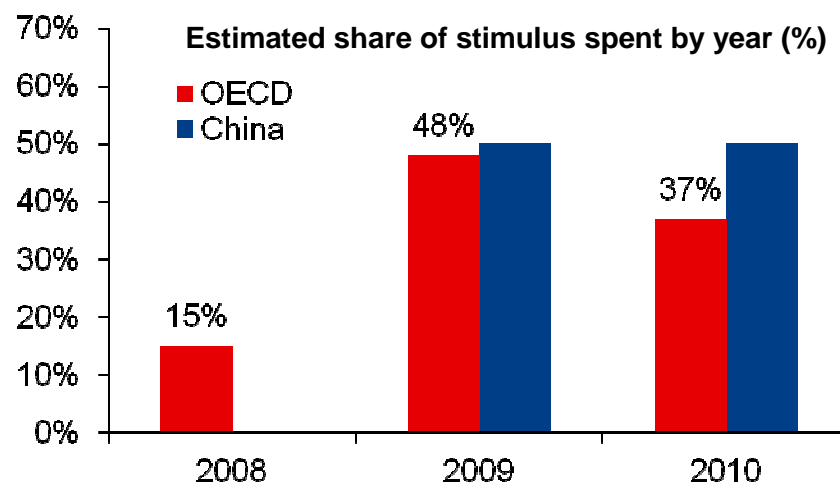
The significant and coordinated monetary...



The recovery likely to be sustainable



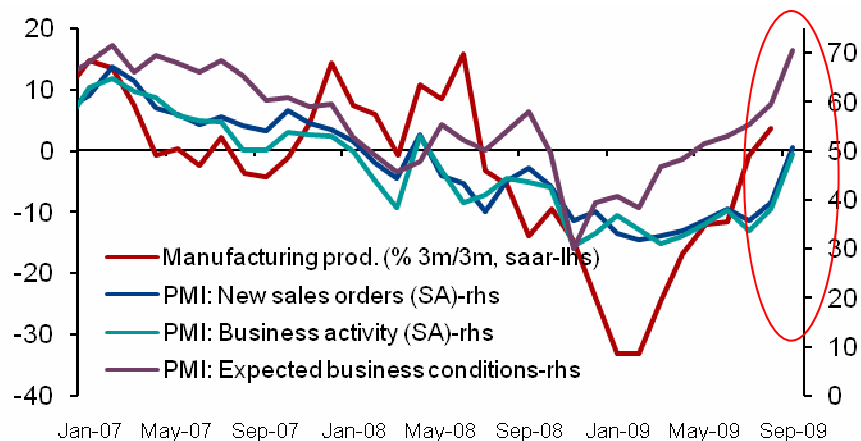
...and fiscal response to last well into 2010



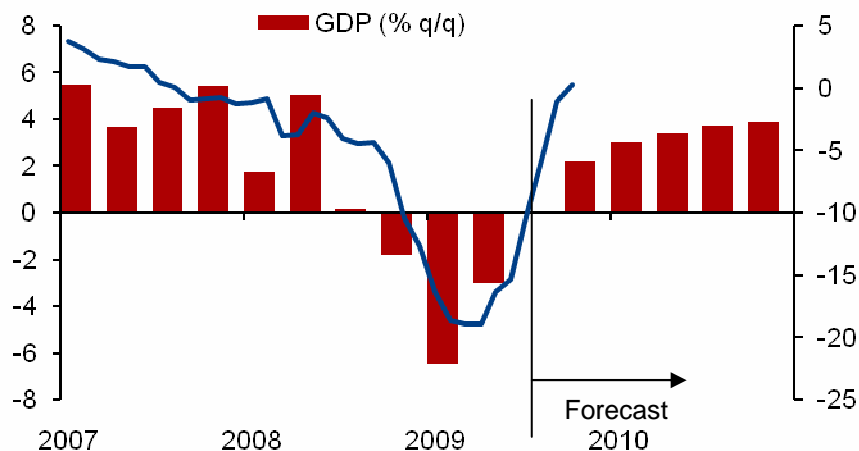
- The global recession has been met with a significant and coordinated fiscal and monetary policy response.
- Low interest rates provide further significant tailwinds.
- The return of consumer and business confidence will support global recovery

South Africa entered into recession later and exit also looks delayed

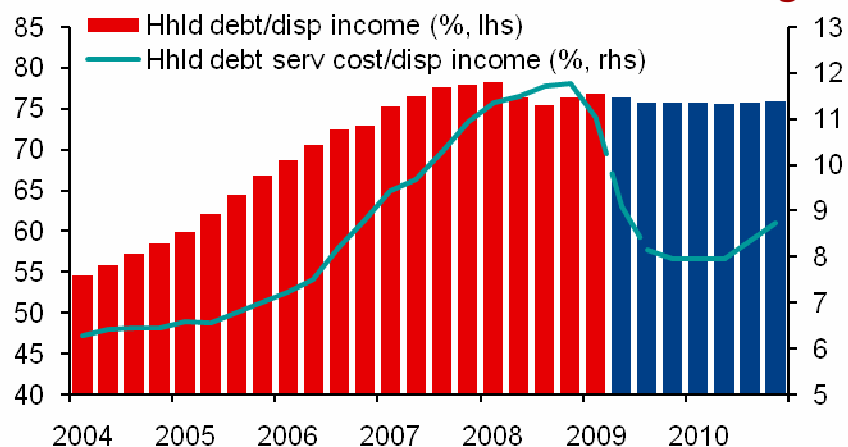
Manufacturing recovery remains intact



Return to modest positive growth in Q409



Household debt remain at near-historic highs



- The domestic economic recovery is likely to be less pronounced and more protracted than in other parts of the world.
- Near-historic high levels of household indebtedness, low levels of consumer confidence and uncertain employment prospects are likely to continue to weigh on the consumer.

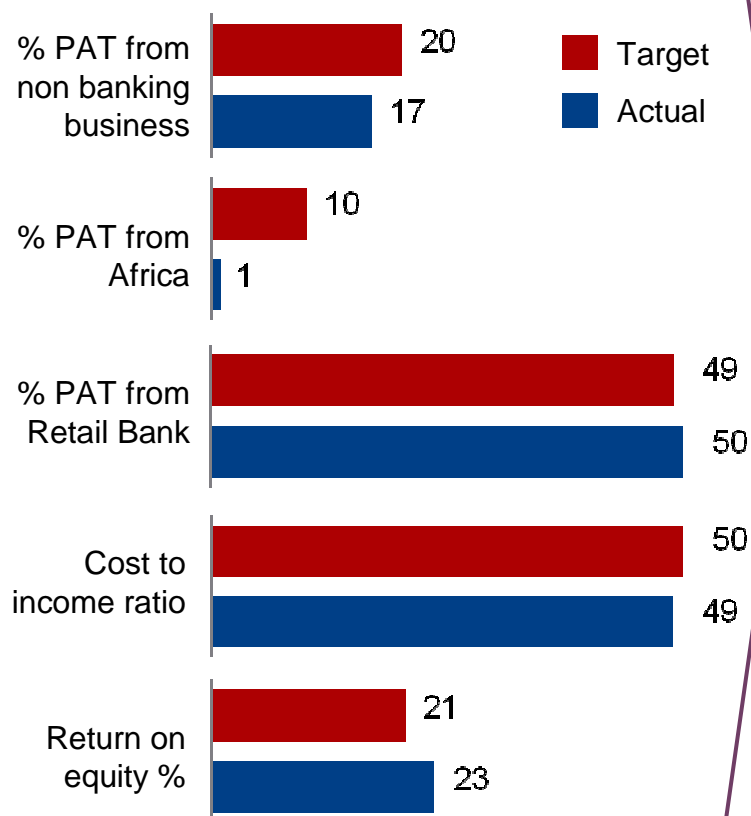
The outlook

The journey since 2005

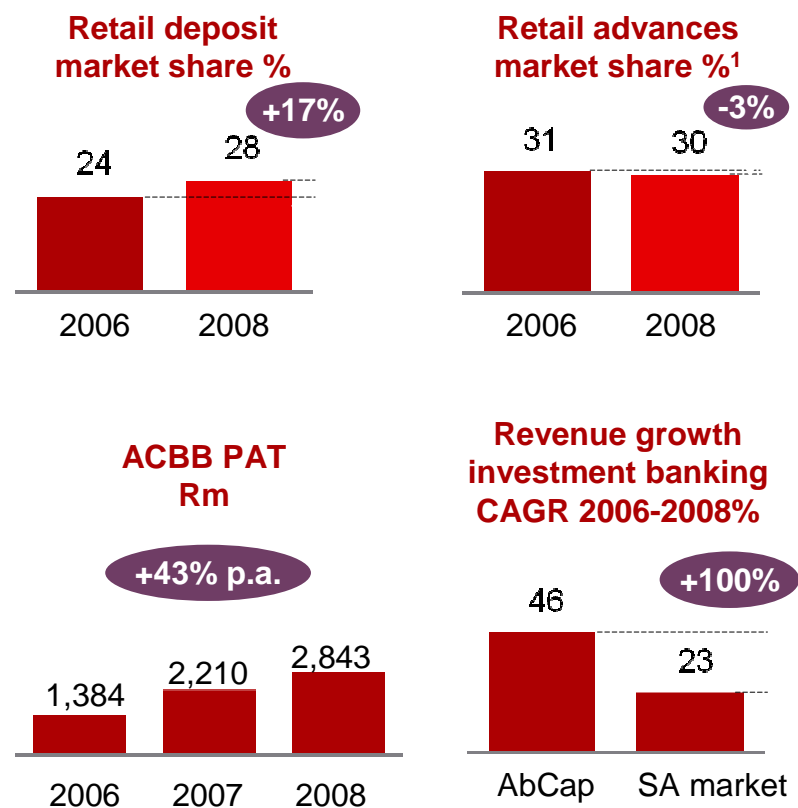
Strategy going forward

Absa Group has made good progress since 2005 in diversifying its business...

Absa has achieved its primary objective in diversifying its business
 Performance against key performance targets in 2008 strategy



In addition, we have improved/maintained our performance in the following areas:



¹ 2006 reporting based on DI900, 2008 based on BA900

...And has a solid foundation to seek further areas of growth

Strengths

- Strong balance sheet
- Large client base and well positioned brand
- Diversified portfolio
- Scale and franchise strength in retail banking
- Leading investment bank
- Successful and well integrated Bancassurance business

Areas of focus

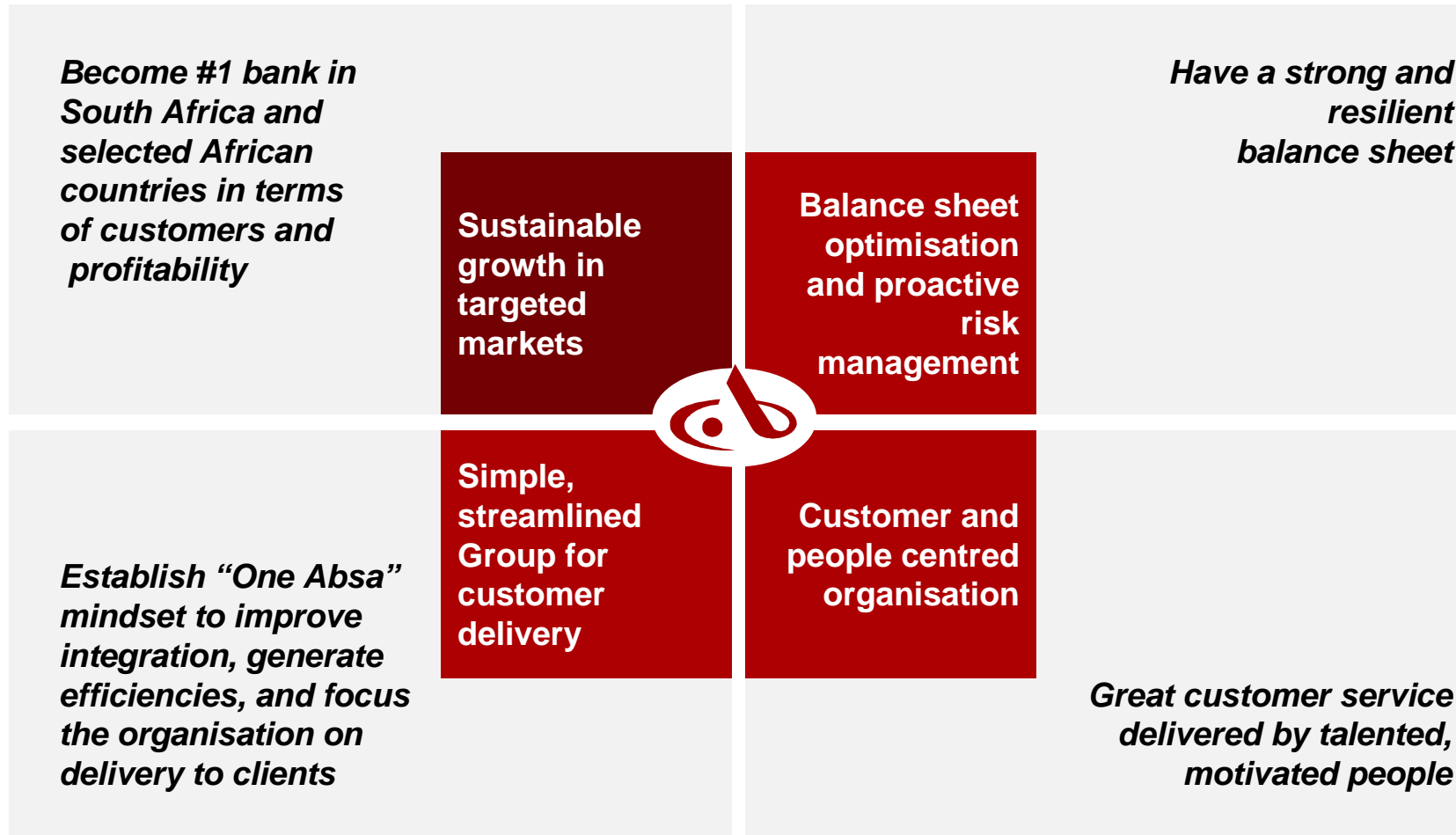
- Increase cross- cluster collaboration and drive integration
- Focus on client segmentation
- Expand into new markets
- Further strengthen risk and collections capability
- Investment in people and transformation
- Improve efficiencies in front and back-office operations, processes and systems

The outlook

The journey since 2005

Strategy going forward

Our growth strategy is based on four elements



Sustainable growth in targeted markets

Key Drivers

- Increase value generation in Retail, AbCap, ACBB and Bancassurance
- Accelerating growth in the commercial franchise
- Expand Bancassurance footprint
- Create a leading position in Wealth management
- Expand Sub-Saharan presence

Sustainable growth in targeted markets

Increase value generation

- Improve cross-cluster collaboration
- Improve customer value proposition
- Greater customer segmentation
- Increase cross-sell ratios

Sustainable growth in targeted markets

Accelerate growth in Commercial Banking

Target CAGR of 25% over 3 years

- Extract synergies with Absa Capital in the corporate segment
- Grow non-interest contribution to revenue to 45%
- Grow deposits
- Increase cross-sell to up to 6 products per customer, deepen the share of wallet

Sustainable growth in targeted markets

Building scale in Bancassurance

- Increase cross-sell with retail
- Increase product penetration in the commercial business
- Leverage Barclays relationship to offer insurance solution throughout Africa
- Leverage opportunities that a wealth and private banking solution will bring

Sustainable growth in targeted markets

Sustain momentum in Retail

- Increase cross-sell
- Increase unsecured lending to 20% of retail book
- Enhance electronic banking, Islamic banking and private banking solution
- Target growth in entry level banking
- Grow customer numbers and increase primary banking accounts

Sustainable growth in targeted markets

Absa Capital and Absa Wealth – Strategic Focus

Absa Capital

- Grow the client franchise and increase risk management penetration
- Continue to invest in support infrastructure and robust controls
- Be the employer of choice for top talent
- Grow Sub-Saharan Africa business
- Increase collaboration with other Absa business units to increase share of client wallet

Absa Wealth

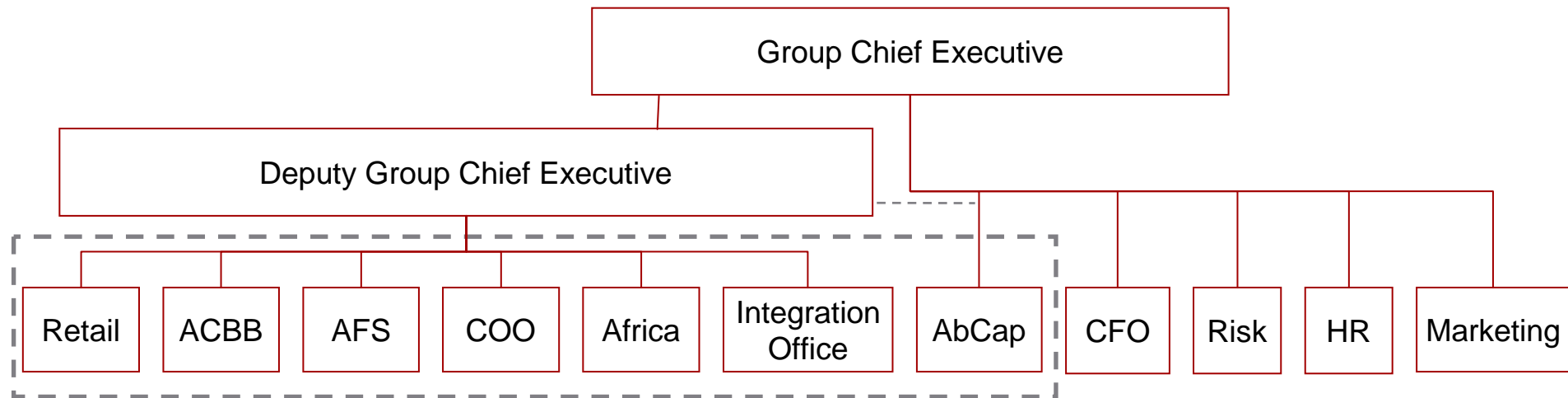
- Deliver proprietary advice tools and package bespoke investment solutions
- Leverage the Barclays Wealth offshore proposition
- Launch of the Absa Wealth brand
- Build our support infrastructure and robust controls

Sustainable growth in targeted markets

African expansion

- Resolve dual representation in Tanzania
- Reach agreement with Barclays on presence in countries where there is no representation
- Regulatory approval
- Continue to deliver on mandate of Absa Capital/ Bancassurance as the Barclays Group's service provider in Africa
- Grow the Mozambique franchise
- Establish a presence in markets where we have or applied for representative office licence

New management structure supporting strategic objectives



- Operational alignment of banking, insurance and investment banking division under DGCE to facilitate cross cluster interaction
- COO and integration office to drive operating efficiency and business integration
- Attraction and retention of top talent

Generating sustained value by balancing growth and risk

To be the best provider of financial services in SA and selected African countries

Strong balance sheet

One Absa – integration and mindset

Customer and people – centric organisation

- Sustain ROE > 20%
- Maintain mid-teens earnings growth
- Tier 1 > 11-12%
- Cost-to-income ratio < 50%