

South Africa as an Investment Destination

Presentation to SwissCham Southern Africa

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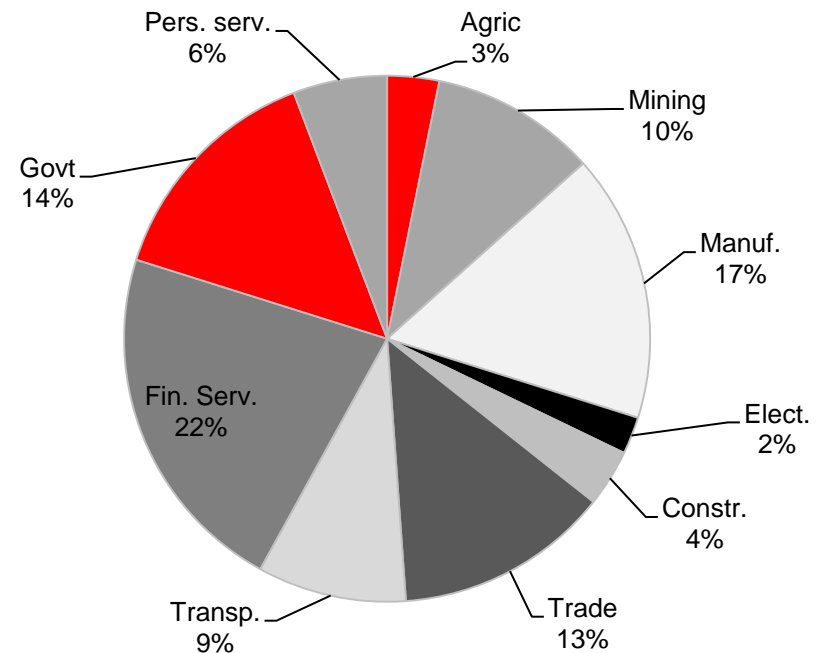
Absa Group Limited

January 2010

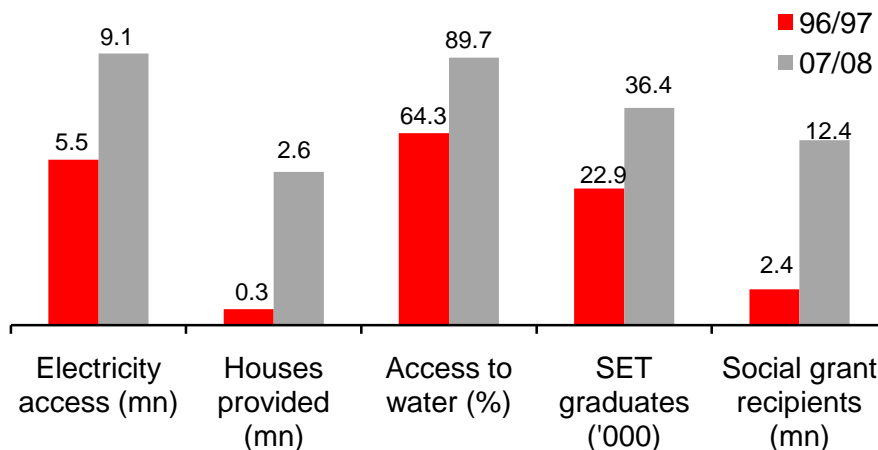
South Africa in context

- South Africa is the 25th largest economy in the world and the largest economy in Africa. It is Africa's only G20 member.
- Diverse economy - no longer just resources.
- Important improvements in many social indicators evident post 1994.

South Africa – more than just mining

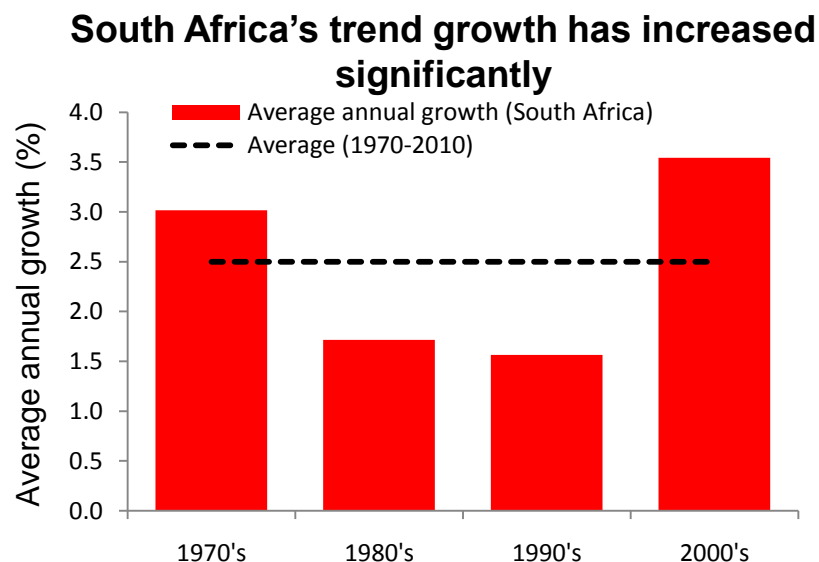
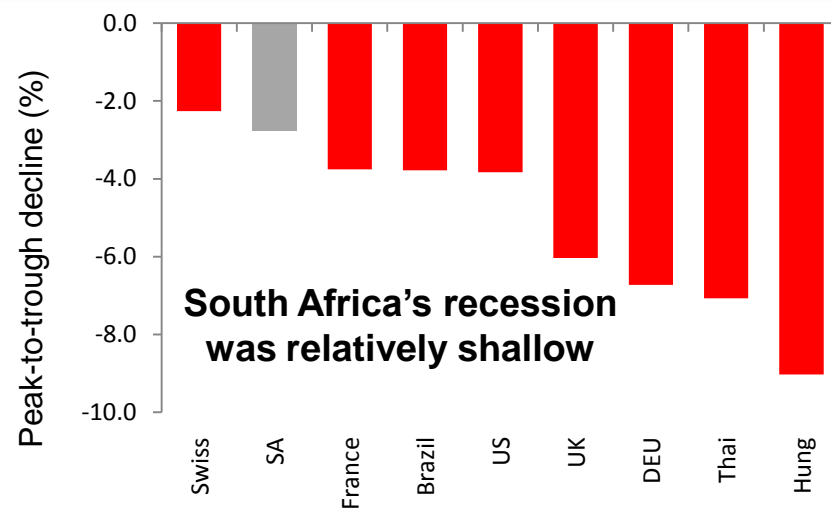


Marked social progress



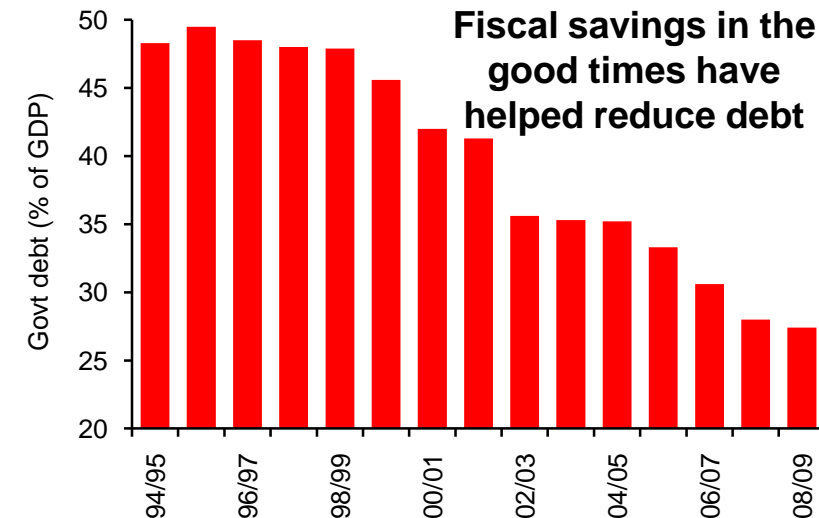
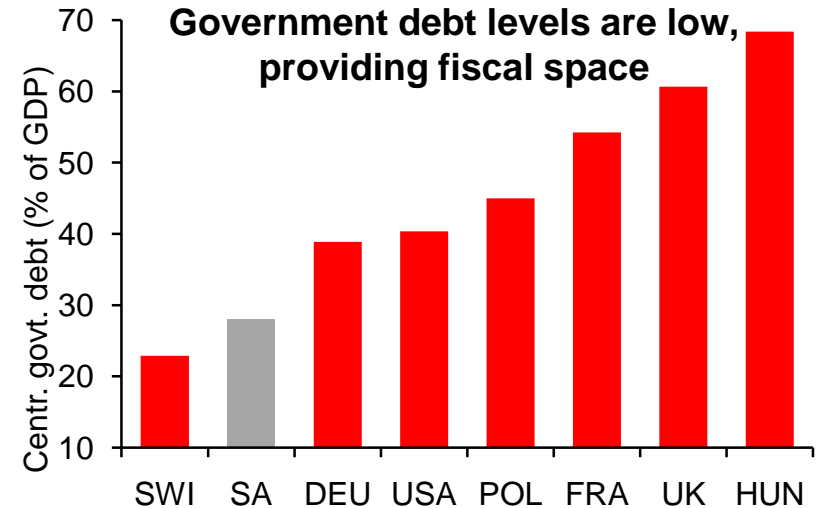
South Africa weathered the global storm relatively well

- Peak-to-trough decline in GDP was a relatively modest 2.8%.
- This is small in comparison to the likes of G3 and other emerging market nations.
- Since the turn of the century average annual growth has improved significantly.
- GDP growth is expected to rise only modestly in 2010, before accelerating to about 4.5% in 2011.



Prudent policies in the good times provided room for a policy response during the bad times....

- Prudent macroeconomic policies meant saving in the good times, to allow spending in the bad.
- The government's debt burden is relatively low.
- There were no ratings downgrades even as the country's public finances are set to deteriorate (Moody's: A3; S&P: BBB+; Fitch: BBB+).
- Interest rates were slashed by 500bp in just 8-months, despite inflation concerns.



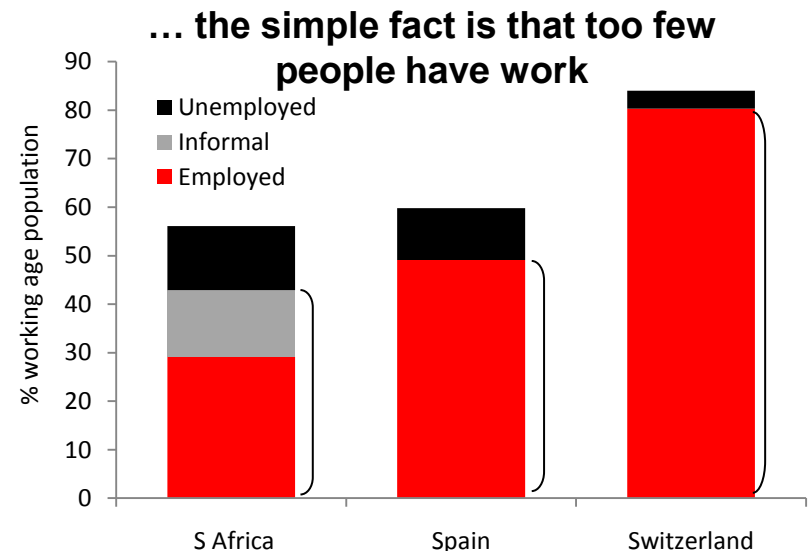
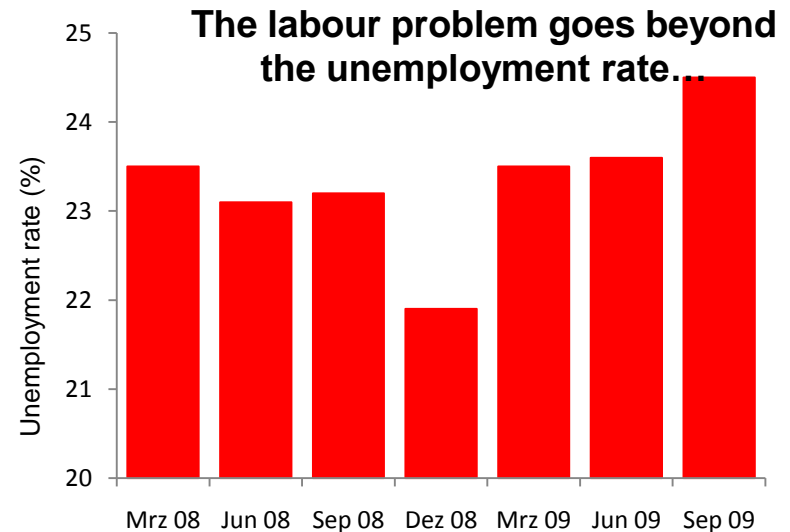
....however large challenges remain

- **Jobs, jobs, jobs**

Weak labour market dynamics is the biggest challenge.

- A quarter of the labour force is unemployed.
- Government target to create 4mn job opportunities by 2014.

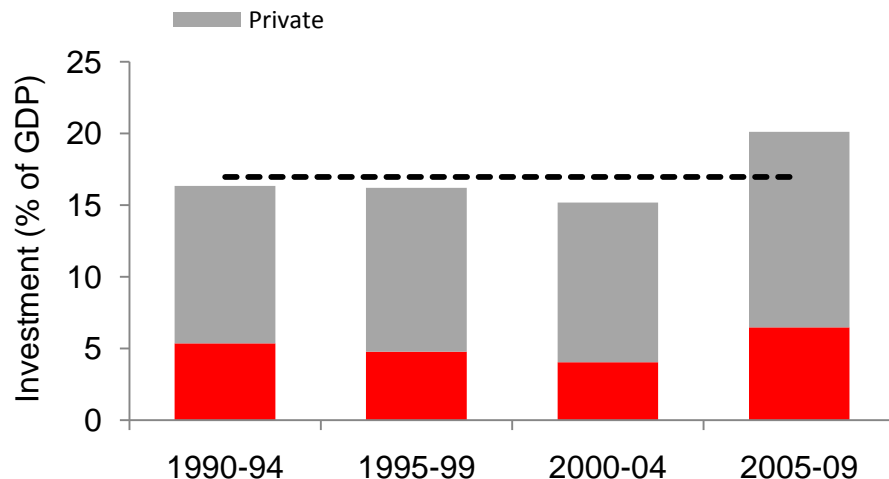
- Lack of adequate education and skills.
- HIV/Aids.
- Infrastructure bottlenecks, particularly electricity supplies, are problematic but these are being addressed.



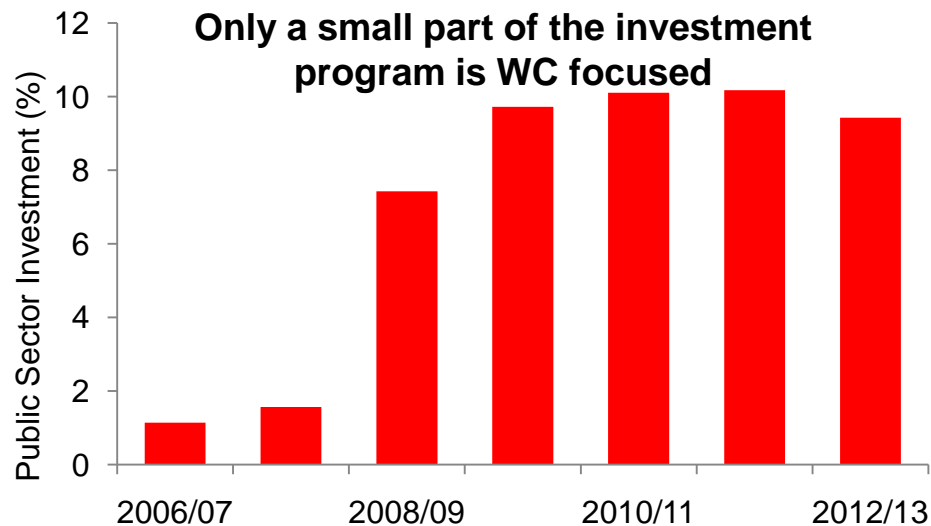
Investing in our future – more than the World Cup

- As % of GDP investment is now close to 25%.
- Infrastructure related spending is expected to remain substantial after the World Cup
- Public investment of USD118bn over the next three years (Eskom, Transnet, SANRAL: USD60bn).

Investment spending finally enough to help build medium-term growth

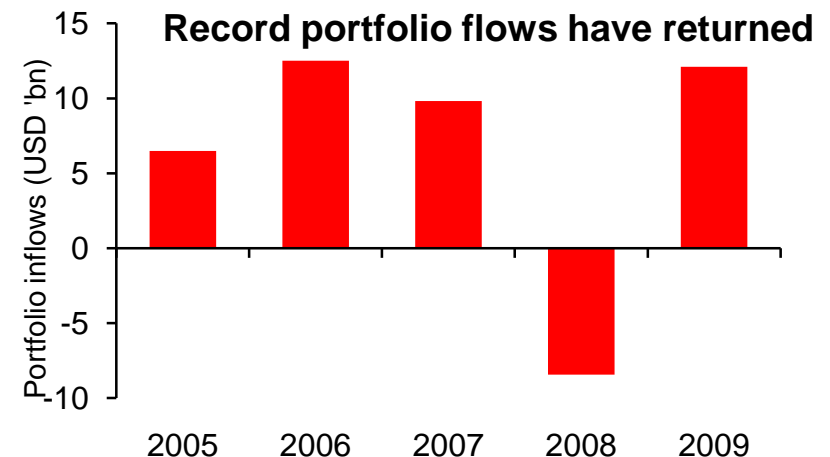
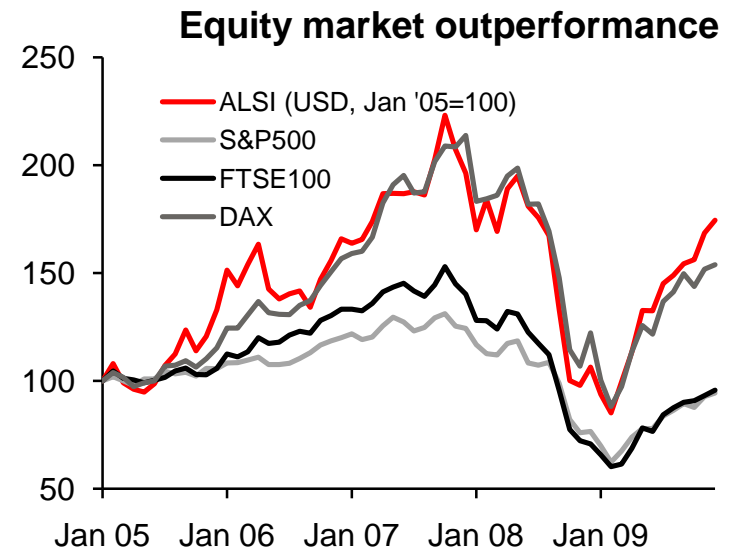


Only a small part of the investment program is WC focused



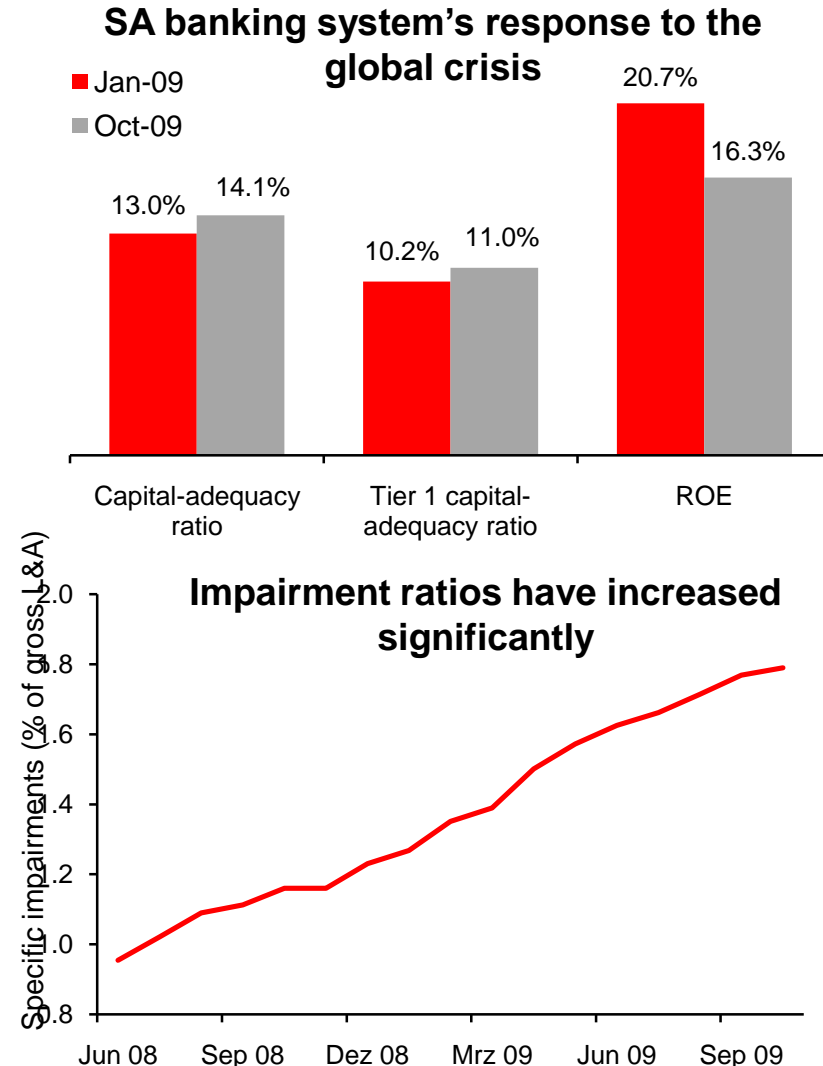
Sophisticated capital markets help provide the finance

- SA's global ranking (out of 133):
 - Regulation of securities exchanges: 2nd
 - Financing through local equity: 4th
 - Soundness of banks: 6th
 - Financial market sophistication: 6th
 - Investor protection: 9th
- JSE the world's 18th largest marketcap.
- SA fixed income market is the 4th most liquid among WFE members.
- All share index up 64% in USD in 2009.
- Portfolio inflows hit a high of USD12bn in 2009. ZAR second best performing currency in the world in 2009.



SA banking sector managed to avoid the global crisis

- The banking sector had a very limited exposure to the credit crisis, with most of the impact felt indirectly.
- Banks remain well capitalized, with a capital-adequacy ratio of 14.1% in October 2009.
- Although impairments rose markedly since 2008, they are stabilizing.



Absa/Barclays overview

Key figures

As at June 2009

	<u>Absa</u>
Income (£mn)	1,194
PBT (£mn)	248
CTI, Percent	46.6
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RoE, Percent	16.4
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Market cap² (£bn)	7.81
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Employees, full time	36 920
ATMs	9211
Number of branches³	1081
Number of customers Millions	11

Top 3 Shareholders⁴

1. **Barclays Bank Plc**
2. **PIC**
3. **Batho Bonke Capital**

1 Financial results as at June 2009

2 As at 20 January 2009

3 Includes emerging markets (Barclays), and Africa (Absa)

4. As at November 2009

SOURCE: Absa Finance; Group Strategy; Group Stats; Annual reports

Geographic footprint - Africa

Absa/Barclays operations

