

ABSA GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1986/003934/06)

ISIN: ZAE000067237

JSE share code: ASA

Issuer code: AMAGB

(Absa or Absa Group)

ABSA GROUP – BASEL II PILLAR 3 DISCLOSURE

Absa, together with all registered banks, is required to comply with the Basel II Capital Accord (Basel II), effective 1 January 2008. Basel II is divided into three pillars, namely Pillar 1 (minimum capital requirements); Pillar 2 (supervisory review process) and Pillar 3 (market discipline).

This announcement is made in accordance with the requirements of Pillar 3. The purpose of Pillar 3 is to complement the minimum capital requirements and the supervisory review process of Basel II. The minimum set of disclosure requirements is intended to allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes, and hence the capital adequacy of the institution.

In accordance with Regulation 43(1) (e) (ii) of the regulations relating to banks, the minimum requirements of the quantitative information to be disclosed to the public on a quarterly basis are:

- primary capital, including the primary capital adequacy ratio;
- total capital, including the total capital adequacy ratio;
- the components of capital;
- the total required amount of capital and reserve funds; and
- any risk exposure or other item that is subject to rapid or material change.

The disclosure required semi-annually and annually is more comprehensive than the quarterly requirements as it encompasses both quantitative and qualitative information.

Absa Group is well capitalised above minimum regulatory requirements and internal board target capital ranges with Tier 1 Ratio of 13.03% and Total Capital Adequacy Ratio of 15.38% as at 30 September 2012. Absa Group's Total Capital Adequacy Ratio remained strong following the call on the first optional redemption date of the R1.5bn AB05 bond, in September 2012. Furthermore, Absa Group is expected to remain adequately capitalised after the full implementation of Basel III.

The table below represents the consolidated regulatory capital position for the Absa Group as at 30 September 2012 (Quarter 3, 2012).

	Absa Group		
	30		30
	Sep		Jun
	2012		2012
	R m		R m
Qualifying capital			
Primary capital			
Share capital and reserves ^(Note 2)	51,916		52,285
Preference share capital and premium	4,644		4,644
Non-controlling interest - ordinary shares	1,255		1,391
Less: Deductions	2,928		3,057
Total primary capital	54,887		55,263
Secondary capital			
Debt instruments	11,111		12,611
General allowance for credit impairment, after deferred tax: Standardised approach	32		31
Less: Deductions	1,218		1,374
Total secondary capital	9,925		11,268
Total qualifying capital and reserve funds	64,812		66,531
Capital adequacy ratios ^(Note 3)			
Total capital adequacy ratio	15.38		15.60
Primary capital ratio	13.03		12.96
			30 Sep 2012
Minimum Required Capital per Risk type:			
	Pillar 1	Pillar 2a	Total
Credit Risk	24,701	4,632	29,333
Operational Risk	4,863	912	5,775
Market Risk	1,002	188	1,190
Equity Risk	1,912	358	2,270
Other	1,224	230	1,454
Total minimum required capital and reserve funds	33,702	6,320	40,022
Total Minimum Required Capital Ratio ^(Note 4)	8.00%	1.50%	9.50%

30 Jun 2012

Minimum Required Capital per Risk type:

	Pillar 1	Pillar 2a	Total
Credit Risk	24,939	4,676	29,615
Operational Risk	4,863	912	5,775
Market Risk	1,068	201	1,269
Equity Risk	1,909	358	2,267
Other	1,337	250	1,587
Total minimum required capital and reserve funds	34,116	6,397	40,513
Total Minimum Required Capital Ratio ^(Note 4)	8.00%	1.50%	9.50%

Notes:

- 1) The figures above have not been audited.
- 2) Share capital and reserves excludes unappropriated profits. The capital adequacy ratios disclosed in Absa's results announcements include unappropriated profits.
- 3) The 2012 Absa Group Board approved target capital ranges are 12,50%-14,00% for the Total and 9,50%-11,00% for the Core Tier 1 Capital Adequacy Ratios (inclusive of unappropriated profits). Absa Group has complied with these internal capital ranges over the reporting period.
- 4) Total minimum capital and reserve funds have been reported at 9.5%, in terms of Directive 05/2011 issued in terms of section 6(4) of the Banks Act, 1990

Johannesburg
22 November 2012

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