

Absa, Barclays start African co-operation in Botswana

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ABSA and Barclays, which controls the Johannesburg-based bank, have started selling insurance in Botswana as they plan to co-operate more closely to expand in other African countries.

"We want the same insurance licences in Mozambique and Zambia," Louis von Zeuner, Absa's deputy chief executive, said in an interview on Friday. In the past, Absa and Barclays had "never really put our heads down and said 'what are the synergies in Africa?'" he said.

UK-based Barclays bought 54 percent of Absa in 2005, aiming to become the pre-eminent banking group in Africa. In the next five years, Absa's market share on the continent shrank and, with the

Absa

Share price, rand Jan 11-Apr 11



exception of Barclays Capital and Absa Capital, the two banks did not meld operations.

Led by new chief executives, with Maria Ramos heading Absa and Bob Diamond running

54%

The stake the UK's Barclays bought in Absa in 2005

Barclays, the lenders have said they wanted to boost co-operation to benefit from economic expansion in African countries that has been outstripping more developed regions.

Management changes at the banks had "resulted in a much better working relationship", said Neville Chester at Coronation Fund Managers. "The Africa growth avenue is an important driver of long-term growth for any South African bank."

With offices in Nigeria and Namibia, an initial public offering planned for a Tanzanian affiliate and 33 multinational clients working with Absa because of its link to Barclays, Von Zeuner said that the bank now had a "pretty good footprint" in the markets of the Southern African Development Community.

The lender would expand without the cost of building infrastructure, he said, because it "wants more revenue and we don't care how we get it".

After Standard Bank, Absa is the JSE's worst-performing bank stock this year. Absa has shed 2.3 percent, compared with the six-member FTSE/JSE Africa banks index's rise of 0.1 percent. Shares in Absa fell 59c to close at R137.16 yesterday.