CONTENTS

ABSA

	2004	2003	Change %	2002
Income statement (Rm)				
Headline earnings	4 447	3 441	29,2	1 888
Attributable income	4 505	3 391	32,9	1 686
Balance sheet (Rm)				
Total assets	306 848	269 064	14,0	247 300
Total advances	222 395	199 297	11,6	183 860
Total deposits	234 380	222 056	5,5	213 766
Financial performance (%)				
Return on average equity	24,6	21,4		12,9
Return on average assets, excluding acceptances	1,55	1,35		0,86
Operating performance (%)				
Net interest margin on average assets	3,40	3,45		3,82
Net interest margin on average interest-bearing assets	3,87	3,80		4,11
Charge for impairment of advances	0,90	1,02		2,38
Non-performing advances to total advances	3,8	5,1		5,2
Non-interest income as % of operating income	52,5	50,8		47,9
Cost-to-income ratio	57,1	60,0		60,3
Share statistics (cents)				
Headline earnings per share	688,5	528,1	30,4	291,1
Diluted headline earnings per share	682,8	528,1	29,3	291,1
Earnings per share	697,5	520,5	34,0	260,0
Diluted earnings per share	691,7	520,5	32,9	260,0
Dividends per share relating to income for the year	182,0	145,0	25,5	116,0
Dividend cover (times)	3,8	3,6		2,5
Net asset value per share	2 996	2 589	15,7	2 354
Capital adequacy (%)				
Absa Bank	12,3	11,5		10,2
Absa Group	13,0	12,5		11,2

ABSA

PERSONAL BANKING

- Absa Private Bank
- Personal Financial Services
- Retail Banking Services
- Flexi Banking Services (includes UB Micro Loans)
- Absa Home Loans
- Meeg Bank
- Absa Card

COMMERCIAL BANKING

- Business Banking
- Absa Vehicle and Asset Finance
- MLS Bank

WHOLESALE BANKING

Domestic operations

- Absa Corporate and Merchant Bank
- Abvest Holdings
- Absa Trading and Investment Solutions Holdings*

International operations

- Absa Bank London
- Absa Asia (Hong Kong)
- Bankhaus Wölbern & Co (Germany)
- Absa Bank Singapore

**Previously known as PSG Trading and Investment Services.*

AFRICAN OPERATIONS

- Banco Austral, Sarl (Mozambique)
- National Bank of Commerce Limited (NBC) (Tanzania)
- Commercial Bank of Zimbabwe
- Capricorn Investment (Bank Windhoek)

ABSA FINANCIAL SERVICES

Life insurance

- Absa Life

Short-term insurance

- Absa Insurance Company
- Absa Syndicate Investments
- Absa Manx Insurance Company
- Global Insurance Company

Advisory services

- Absa Brokers
- Absa Consultants & Actuaries
- Absa Health Care Consultants

Wealth creation

- Absa Fund Managers
- Absa Trust
- Absa Mortgage Fund Managers
- Stonehage Financial Services
- Absa Stockbrokers and Portfolio Services
- Absa Investment Management Services

OTHER

- Absa Development Company
- Real Estate Asset Management
- AllPay

INTRODUCTION The 2004 financial year has been one of the most successful in the history of Absa Group Limited. All the Group's stakeholders – and shareholders in particular – benefited from the strong growth of 29,2% in headline earnings to R4 447 million. Headline earnings per share increased by 30,4% to 688,5 cents per share compared with the 528,1 cents per share for the previous year.

Return on average shareholders' funds has been lifted to an all-time high of 24,6%, well in excess of the Group's cost of equity of 16,6% over this period.

A final dividend of 110,0 cents per share has been declared, bringing the growth in dividends for the year to 25,5%. This translates into a dividend cover of 3,8 times and a total dividend for the year of 182,0 cents.

During the period under review, the accounting statement AC 133: Financial Instruments – Recognition and Measurement was adopted for the first time. The introduction of AC 133, the reduction in interest rates and the moderate recovery of domestic equity markets during the reporting period had a positive impact of R292 million on the results for the year. When the effect of AC 133 is excluded from the results, the growth in headline earnings amounts to 20,7%.

The most notable performance came from personal and commercial banking, which flourished in an environment characterised by lower inflation and a decline in the prime interest rate. The wholesale market continued to be challenging.

DILUTED EARNINGS PER SHARE The JSE Securities Exchange South Africa (JSE) issued a directive to listed companies to consolidate their employee share trusts. In Absa's case, this had no material impact on reported earnings. However, this has led to a reduction of R215 million in capital and share premium as disclosed in the statement of changes in equity. As a result of the strong improvement in the Group's share price during the year, the share options granted to staff appreciated in value. As a consequence, headline earnings per share was diluted from 688,5 cents per share to 682,8 cents per share.

ACCOUNTING POLICIES Because of the favourable movements in financial markets, the adoption of accounting statement AC 133 impacted positively on the Group's financial results for the year under review.

Prospective application of the statement is required and this necessitated certain adjustments to the Group's opening equity. These transitional adjustments are dealt with in greater detail under the heading "Net asset value".

Headline earnings determined on a post-AC 133 basis were R292 million higher than those prepared on a pre-AC 133 basis. This increase resulted from the following areas:

	Rm
Net interest income	398
Impairment of advancess	(159)
Non-interest income	419
Taxation	(216)
Non-headline earning items	(150)
Increase in headline earnings	292

The additional net interest income of R398 million is largely attributable to the unwinding of the net present value impairment as the maturity date of the collection of non-performing loans approaches.

The additional impairment charge for advances of R159 million was influenced by a charge of R362 million for the net present value impairment of newly identified non-performing loans. This has been offset, to some extent, by the reduction in the net present value impairment of non-performing loans resulting from the reduction in interest rates.

The additional non-interest income of R419 million is mainly attributable to fair value adjustments to the listed equity portfolio of Absa Insurance Company Limited.

It is evident from the above that the change in accounting practice introduced by AC 133 is likely to lead to increased earnings volatility in periods characterised by substantial changes in interest rates and equity markets.

The Group's financial statements comply in all material respects with the South African Statements of Generally Accepted Accounting Practice. Apart from the implementation of AC 133 and the consolidation of the employee share trust, they are consistent with those applied in the previous year.

KPMG Inc. and Ernst & Young have audited the results for the year ended 31 March 2004. Their unqualified audit opinion is available for inspection at the registered office of the Company.

OPERATING ENVIRONMENT Despite one of the strongest and most widely based global commodity price booms in decades, the strong rand had an overriding effect on the supply side of the economy during the past year.
Manufacturing and agriculture experienced recessionary conditions and the mining sector managed to lift real output only slightly despite healthy international demand.
In contrast, the expenditure side of the economy showed robust growth, expanding by 4% in real terms during 2003. On average, motor vehicle sales volumes have risen by nearly 10% and residential property prices have improved by approximately 20% for the financial year under review.
Buoyant household expenditure growth was largely facilitated by lower inflation, some tax relief for lower-income earners, and interest rate cuts since mid-2003.
CPIX inflation declined from 8,5% in April 2003 to 4,4% in March 2004 and the prime overdraft rate dropped from 17% in April 2003 to 11,5% at year-end.

GROUP PERFORMANCE Satisfactory advances growth of 11,6% and sound interest rate management strategies enabled the Group to post double-digit growth in net interest income despite a sharply declining interest rate cycle that brought the prime interest rate to its lowest level in more than two decades. The Group's net interest margin declined marginally from 3,45% to 3,40%, largely as a result of the endowment effect on capital and retail deposits.
A combination of leading edge credit scoring practices, a centralised approach to credit and the prevailing low interest rates resulted in a notable improvement in the quality of the advances book. As a result of this improvement, the charge for impairment of advances declined marginally compared with the previous year, despite the losses suffered by operations in Singapore. It is pleasing to note that the ratio of credit impairments to average advances declined to 0,90% (March 2003: 1,02%).
Non-interest income grew by 17,8% and enhanced the ratio of non-interest income to total income to 52,5% – in line with the Group's target of sustaining non-interest income at greater than 50%.
Annuity income grew encouragingly, notably electronic banking revenue, transaction fees and commissions. This category of income constitutes 62,4% of non-interest income.
Insurance-related income increased by 36,1%, which is attributable to excellent growth in short-term insurance underwriting and net life surpluses. The impact of fair value accounting contributed to exceptional growth in investment income, amounting to 124,6%.
Stringent cost management in the Group yielded good results in the past year. Costs increased by 8,3% and the cost-to-income ratio improved to 57,1%.
The number of staff employed by the Group declined by 698 to 31 658 – mostly through natural attrition. Although above inflation salary increases were granted and incentive compensation showed a marked increase over the period, staff costs increased by an acceptable 6,9%.

SEGMENTAL REPORTING

PERSONAL BANKING Personal banking increased its headline earnings contribution by more than 50% to R1 497 million and improved its share of the Group's earnings to 33%. Most of the business units in this cluster benefited from high advances growth and low credit impairments.
The performance of the business units that serve the affluent, middle and mass personal market segments were constrained by the endowment effect on deposits. This was adequately offset by strong advances growth, higher asset margins and the improvement in credit quality.
Absa Home Loans posted an outstanding performance by capitalising on the favourable conditions in the residential property market.
There was strong growth in the acquisition of black customers as a result of a specific focus on this market segment.

COMMERCIAL BANKING Business banking and Absa Vehicle and Asset Finance (AVAF) reported strong performances. Business banking achieved sound deposit growth, low credit impairments and solid asset growth in the areas of commercial property finance and the large business market. Good progress has been made in targeting black-owned businesses and enterprises in the consumables and tourism sectors.
AVAF maintained its market position in vehicle financing and is making inroads into the marketing of other forms of

asset finance. In addition, cost growth was curtailed by the integration of outlets, back-office operations and credit management into the existing Absa infrastructure.
MLS Bank Limited is in a restructuring and rebuilding phase and earnings declined over the past year. The assets and liabilities of MLS Bank will be transferred to Absa Bank with effect from 1 April 2004, but MLS will continue trading as a separate division. It will be able to benefit from both the infrastructure and cross-selling opportunities in the Group.

WHOLESALE BANKING Domestic wholesale operations yielded satisfactory earnings growth, taking into consideration the tough trading conditions in this market.
Advances growth in core banking products was modest and efforts were successfully directed at expanding the transaction base of the Group. Treasury lifted the net trading contribution by 25,8%, although its contribution to total non-interest earnings remained at 9,2%.
Costs were contained through greater centralisation of back-office functions.
The results of the Group's international wholesale operations continued to be volatile, with good contributions coming from the London branch and Bankhaus Wölbern. Unfortunately, substantial credit impairments in the Singapore branch impeded the performance of the Group's international operations. Some of these losses stem from structured trade and commodity finance transactions, leading to a re-evaluation of the Group's risk approach to these types of transactions.

FINANCIAL SERVICES Absa Life Limited, short-term insurer Absa Insurance Company Limited and Absa Fund Managers performed admirably in the past year. The embedded value and value of new business of the life operations grew significantly and the underwriting results of the short-term insurance activities reached a record level.
The growth in the South African financial equity markets and the fair value of the equity portfolio boosted earnings further. Absa Fund Managers benefited from the significant growth in the Absa Money Market Fund.
Absa Brokers achieved higher sales volumes, despite difficult trading conditions in the life assurance industry, and increased its contribution to the Group's non-interest revenue.

AFRICAN OPERATIONS The headline earnings contribution from African operations outside South Africa was satisfactory although the performance of Banco Austral (Mozambique), in particular, was not as solid as that of the previous year. National Bank of Commerce (Tanzania), and Bank Windhoek (Namibia) continued to achieve solid results and no income was recognised in respect of the Group's investment in the Commercial Bank of Zimbabwe.

NET ASSET VALUE The Group's net asset value increased by 15,7% from 2 589 cents per share to 2 996 cents per share. Certain transitional AC 133 adjustments were made to the Group's equity on 1 April 2003 – the net effect being a reduction of R658 million in shareholders' equity.
This negative adjustment emanates primarily from fair value adjustments that had to be made in the areas of interest rate risk management and credit impairments. The fair value adjustment for interest rate hedges that did not meet the stringent criteria of AC 133 caused a negative adjustment to equity with the introduction of AC 133. In addition, specific impairments had to be increased to take account of the difference between the expected recoveries from the non-performing advances portfolio and the net present value of these recoveries.
The impact of these adjustments was cushioned by a net reduction in the general provision/portfolio impairment.

CAPITAL ADEQUACY On the basis of the prescribed consolidated capital requirements of the South African Reserve Bank (SARB), the Group's capital was 13,0% of risk-weighted assets as at 31 March 2004.
At the same time, Absa Bank's capital adequacy was 12,3% of risk-weighted assets, with the primary (Tier I) capital ratio at 7,7% (in excess of the proposed regulatory requirement of 7,5%) and the secondary (Tier II) capital ratio at 4,6%. The improvement in the Tier I ratio from 6,5% in March 2003 to the current 7,7% was assisted by the Bank's profitability and the conversion of compulsorily convertible debt of R1 000 million to shareholders' equity. In the last quarter of the financial year, the Bank launched a domestic medium-term note programme and successfully raised R1 500 million of Tier II capital at favourable rates.

CORPORATE GOVERNANCE Good corporate governance is integral to Absa's operations. Accordingly, Absa is fully committed to the principles of the Code of Corporate Practices and Conduct set out in the King Committee Report on corporate governance (King II).
During the year under review, a Directors' Affairs Committee was established pursuant to an amendment to the Banks Act, to assist the board with regard to corporate governance, board nominations and related matters.

During the latter half of 2003, leading ratings agency CA Ratings independently reviewed Absa's governance processes. A rating of aa-g was assigned ("extremely sound corporate governance").

FINANCIAL SECTOR CHARTER AND THE INTRODUCTION OF BROAD-BASED BLACK AND EMPLOYEE OWNERSHIP
The financial sector charter was signed on 17 October 2003. The charter, a voluntary private sector initiative to address black economic empowerment in the financial services industry, provides the basis for the sector's engagement with stakeholders, including the government.
The Group is committed to the enhancement of black economic empowerment in all facets of the South African society as required by the financial sector charter.
The Group announced on 6 April 2004 that the board had proposed, subject to approval by shareholders, the acquisition of 10% of the Group's enlarged shareholding by Batho Bonke, a broad-based black economic empowerment grouping, as well as the introduction of an employee share ownership programme (Esop) for Absa staff members. This share ownership programme will amount to a maximum of 1% of the Group's enlarged share capital.

PROSPECTS With monetary policy focus remaining firmly fixed on maintaining inflation at between 3% and 6%, the Reserve Bank is likely to focus sharply on any factors that might jeopardise this target. Spiralling international oil prices and rising wage costs are issues of particular concern in this regard.
Base effects and the restoration of suppliers' pricing power are expected to lead to moderate price pressures later in 2004. Pre-emptive monetary policy tightening is expected by the fourth quarter of 2004.
Credit growth in the major consumer categories is nevertheless expected to be in excess of inflation. The household debt-to-disposable-income ratio has shown some improvement in the final quarter of 2003 and this bodes well for lending activities by financial institutions. The expected higher interest rates could have a moderating influence on both credit extension and household consumption expenditure growth.
Given the quality of the advances book, the possible increase in interest rates is not expected to have a notable effect on credit impairments. At the same time, a lower inflation environment will dampen fee and service price increases.
In this environment, barring any major negative shocks to the local and global economies and local equity markets, the Group expects to continue to deliver real headline earnings growth.

On behalf of the board

D C Cronjé	**E R Bosman**	
Chairman	Group chief executive	31 May 2004

DECLARATION OF ORDINARY DIVIDEND NO 35 Notice is hereby given that a final dividend of 110,0 cents per ordinary share has been declared and is payable to shareholders recorded in the register of the company at the close of business on Friday, 25 June 2004.
In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Securities Exchange South Africa, the company has determined the following salient dates for the payment of the dividend:

Last day to trade cum-dividend	Friday, 18 June 2004
Shares commence trading ex-dividend	Monday, 21 June 2004
Record date	Friday, 25 June 2004
Payment of dividend	Monday, 28 June 2004

Share certificates may not be dematerialised/rematerialised between Monday, 21 June 2004 and Friday, 25 June 2004, both days inclusive.
On Monday, 28 June 2004, the dividend will be electronically transferred to the bank accounts of certificated shareholders who utilise this facility. In respect of those who do not, cheques dated Monday, 28 June 2004, will be posted on or about that date. Shareholders who have dematerialised their shares will have their accounts, held at their central securities depository participant or broker, credited on Monday, 28 June 2004.

On behalf of the board
W R Somerville
Group secretary — 31 May 2004

GROUP INCOME STATEMENT

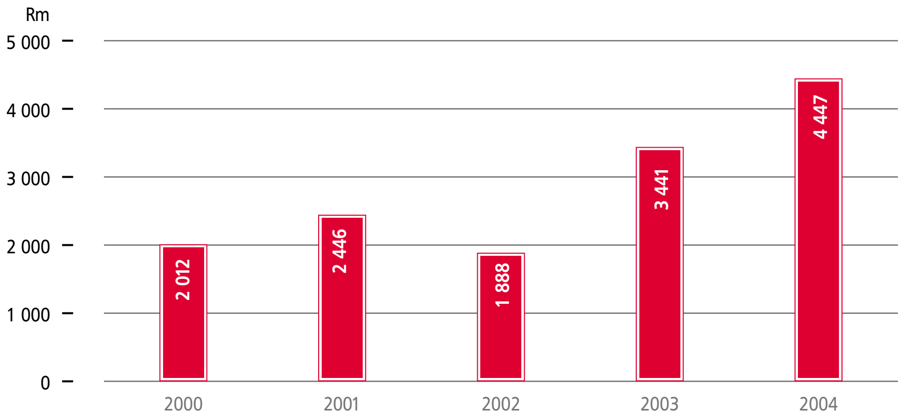
for the year ended 31 March

	2004 Rm	2003 Rm	Change %	2002 Rm
Interest income	28 901	30 299	(4,6)	24 517
Interest expense	(19 183)	(21 467)	10,6	(16 133)
Net interest income	9 718	8 832	10,0	8 384
Impairment of advances	(1 900)	(1 957)	2,9	(4 042)
Income from lending activities	7 818	6 875	13,7	4 342
Non-interest income	10 753	9 127	17,8	7 694
Operating income	18 571	16 002	16,1	12 036
Operating expenditure	(11 679)	(10 780)	(8,3)	(9 700)
Indirect taxation	(672)	(695)	3,3	(649)
Impairment charge	(116)	(54)	(114,8)	(144)
Net income from operations	6 104	4 473	36,5	1 543
Share of associated companies' income	119	92	29,3	100
Net income before taxation	6 223	4 565	36,3	1 643
Taxation	(1 627)	(1 104)	(47,4)	(337)
Net income after taxation	4 596	3 461	32,8	1 306
Minority shareholders' interest	(91)	(70)	(30,0)	380
Net income attributable to shareholders	4 505	3 391	32,9	1 686
Headline earnings	4 447	3 441	29,2	1 888

	2004 Rm	2003 Rm	Change %	2002 Rm
Assets				
Cash and short-term assets	14 068	12 617	11,5	11 688
Money market assets	3 688	5 084	(27,5)	5 233
Capital market assets	9 161	10 471	(12,5)	10 095
Statutory liquid asset portfolio	12 598	12 970	(2,9)	13 677
Advances	222 395	199 297	11,6	183 860
Other assets	34 113	19 466	75,2	12 965
Investments	5 792	3 506	65,2	3 399
Subsidiary company	—	—	—	131
Associated companies	624	450	38,7	442
Property and equipment	2 597	2 613	(0,6)	2 552
Goodwill	84	132	(36,4)	16
Intangible assets	50	55	(9,1)	50
Deferred taxation	167	223	(25,1)	445
Taxation	28	15	86,7	53
Client liabilities under acceptances	1 483	2 165	(31,5)	2 694
Total assets	306 848	269 064	14,0	247 300
Liabilities				
Deposits and current accounts	234 380	222 056	5,5	213 766
Deferred taxation	1 331	1 451	(8,3)	1 414
Taxation	567	327	73,4	740
Other liabilities	37 112	17 795	108,6	6 434
Provisions	1 272	1 081	17,7	919
Insurance funds	4 115	1 396	194,8	1 453
Subordinated debt	7 067	5 686	24,3	4 394
Liabilities to clients under acceptances	1 483	2 165	(31,5)	2 694
Total liabilities	287 327	251 957	14,0	231 814
Shareholders' funds				
Share capital	1 291	1 303	(0,9)	1 303
Share premium	1 309	1 532	(14,6)	1 532
Reserves	16 750	14 031	19,4	12 500
Shareholders' funds	19 350	16 866	14,7	15 335
Minority shareholders' interest	171	241	(29,0)	151
Total liabilities and shareholders' funds	306 848	269 064	14,0	247 300
Contingencies	16 637	14 275	16,5	16 579

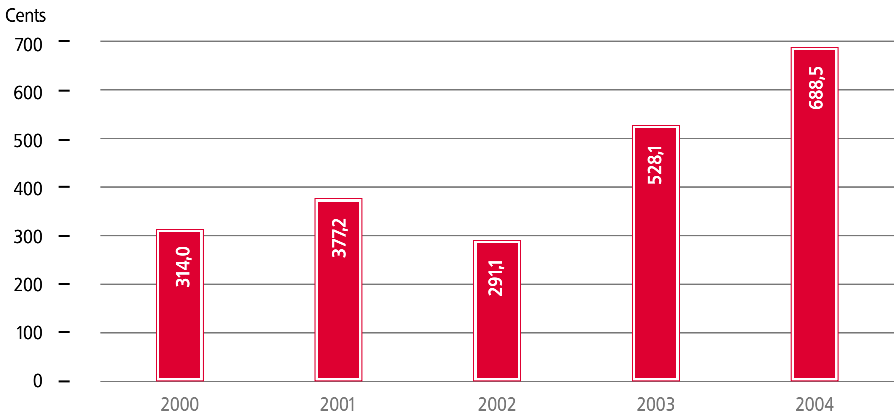
at 31 March

	2004 Rm	2003 Rm	2002 Rm
Share capital	1 291	1 303	1 303
Opening balance	1 303	1 303	1 297
Shares issued	—	—	6
Shares bought back	(1)	—	—
Consolidation of share incentive trust	(11)	—	—
Share premium	1 309	1 532	1 532
Opening balance	1 532	1 532	1 532
Utilised during share buyback	(19)	—	—
Consolidation of share incentive trust	(204)	—	—
Non-distributable reserves	755	443	1 408
Opening balance	443	1 408	749
AC 133 opening adjustments in respect of:			
– regulatory general credit risk reserve	451	—	—
– available-for-sale assets reserve	(78)	—	—
– value of investments held by short-term insurance companies	134	—	—
Movement in foreign currency translation reserve	(286)	(711)	549
Movement in regulatory general credit risk reserve	(119)	—	—
Movement in available-for-sale assets reserve	(2)	—	—
Movement in cash flow hedges reserve	95	—	—
Insurance contingency reserve: transfer from distributable reserves	34	(5)	2
Changes in value of investments held by short-term insurance companies	(5)	(300)	12
Associated companies' earnings	88	51	96
Distributable reserves	15 995	13 588	11 092
Opening balance	13 588	11 092	10 291
AC 133 opening adjustment	(1 165)	—	—
Consolidation of share incentive trust	97	—	—
Transfer to insurance contingency reserve	(34)	(29)	(2)
Transfer to non-distributable reserves	(92)	(65)	(73)
Transfer from regulatory general credit risk reserve	119	—	—
Attributable income	4 505	3 391	1 686
Dividends paid during the year	(1 023)	(801)	(810)
Total shareholders' funds at end of year	19 350	16 866	15 335

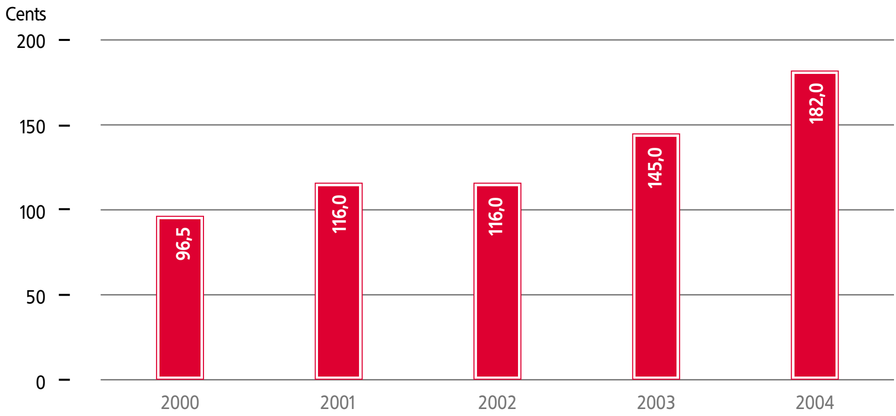


	2004 Rm	2003 Rm	Change %	2002 Rm
Determination of headline earnings				
Net income attributable to shareholders	4 505	3 391	32,9	1 686
Adjustments for:				
Net profit on disposal of property and equipment	(45)	(30)	(50,0)	—
Profit on disposal of "available-for-sale" assets	(150)	—		—
Profit on disposal of strategic investments	(16)	(16)	—	26
Impairment of strategic investments, associates and property	104	—		—
Goodwill written off and impaired	49	96	(49,0)	176
Headline earnings	4 447	3 441	29,2	1 888

HEADLINE EARNINGS PER SHARE

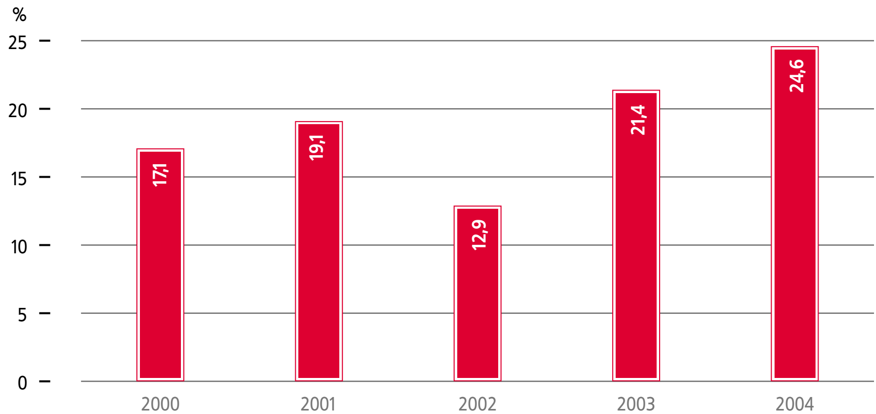


DIVIDENDS PER SHARE



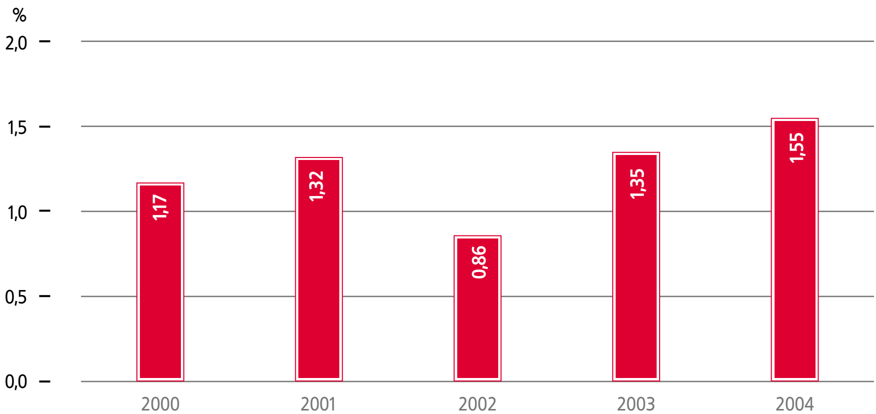
	2004	2003	2002
Dividend cover (times)	3,8	3,6	2,5
Weighted average number of shares (million)	645,9	651,5	648,6
Weighted average diluted number of shares (million)	651,3	651,5	648,6

RETURN ON AVERAGE EQUITY



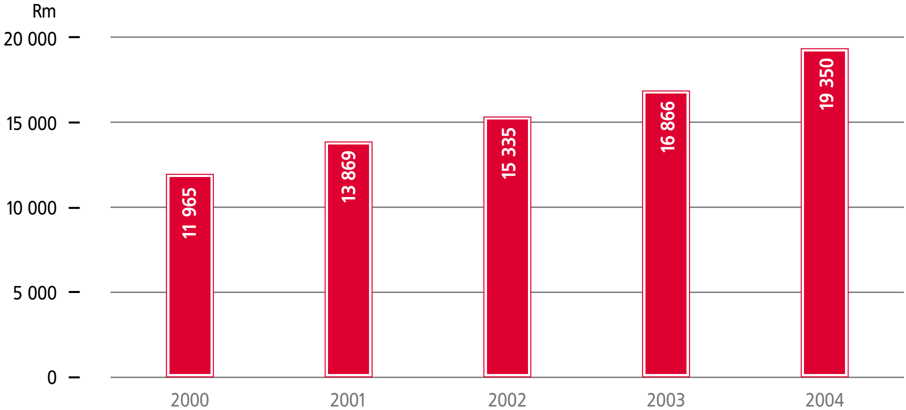
The Group aims to maintain an ROE of 5% above cost of equity. The Groups cost of equity for 2004 is 16,6%.

RETURN ON AVERAGE ASSETS

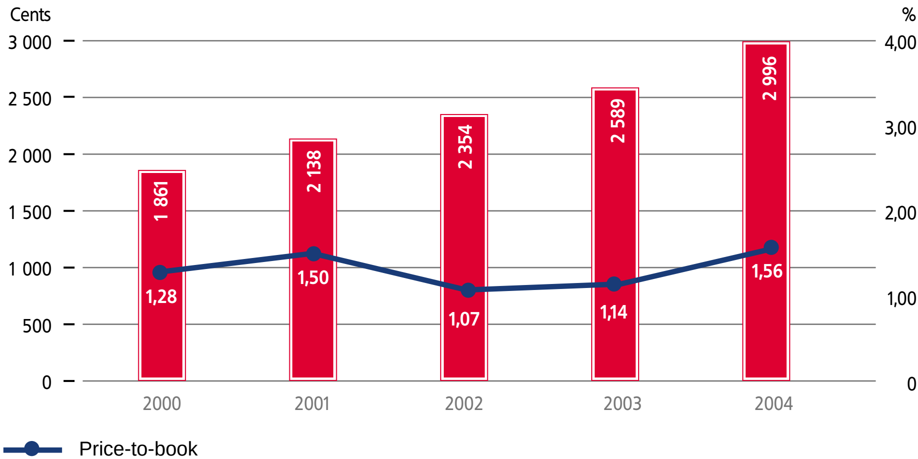


The Group aims to maintain an ROA of 1,50% over the medium term.

SHAREHOLDERS' FUNDS



NET ASSET VALUE PER SHARE

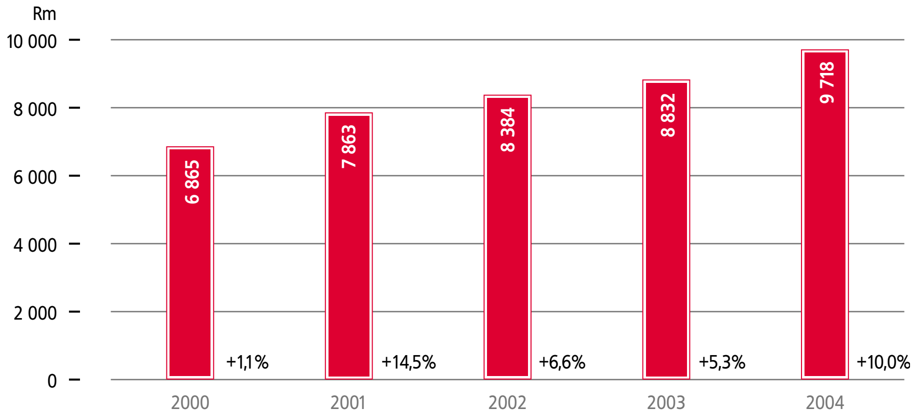


Share performance on the JSE Securities Exchange South Africa

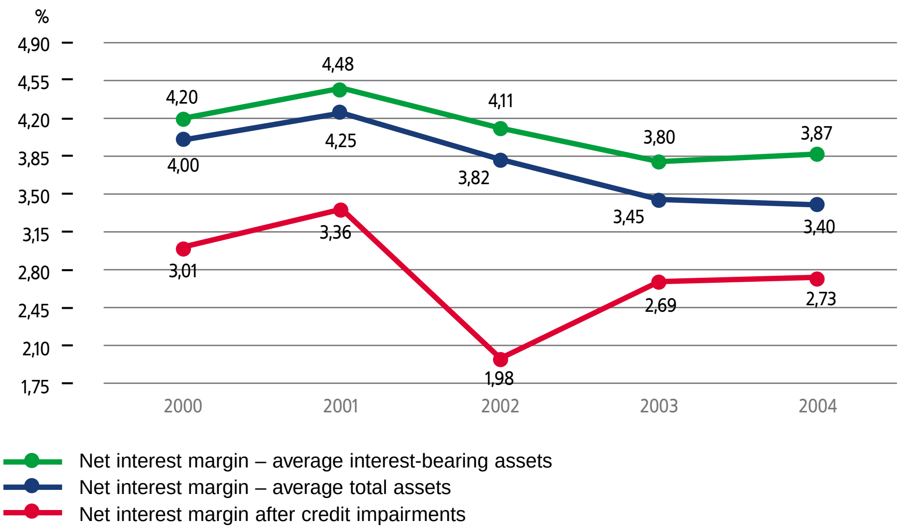
	2004	2003	2002
Number of shares in issue ('000)	651 055*	651 547	651 547
Market prices (cents per share):			
Closing	4 664	2 940	2 530
High	4 700	3 651	4 155
Low	3 000	2 500	2 410
Weighted average	3 623	3 132	3 302
Closing price/net asset value per share	1,56	1,14	1,07
Closing price/earnings	6,8	5,6	8,7
Volume of shares traded (millions)	459,9	439,9	365,9
Value of shares traded (R millions)	17 930,8	13 894,4	12 081,1
Market capitalisation (R millions)	30 365,2	19 155,5	16 484,1

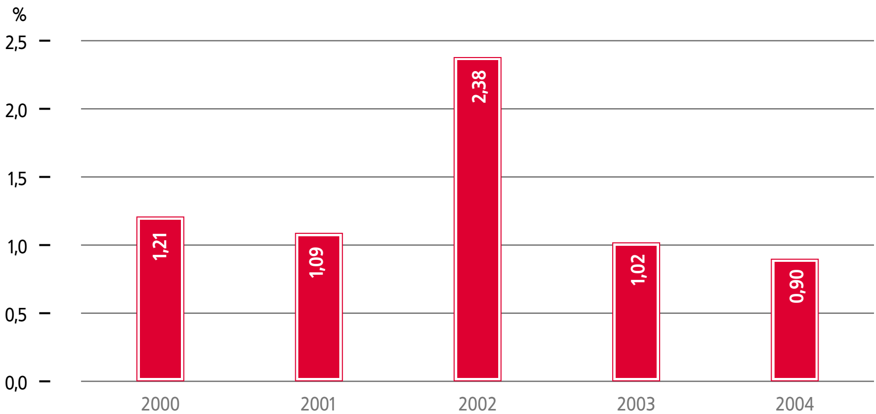
**Includes 5,4 million shares held by the share incentive trust.*

NET INTEREST INCOME



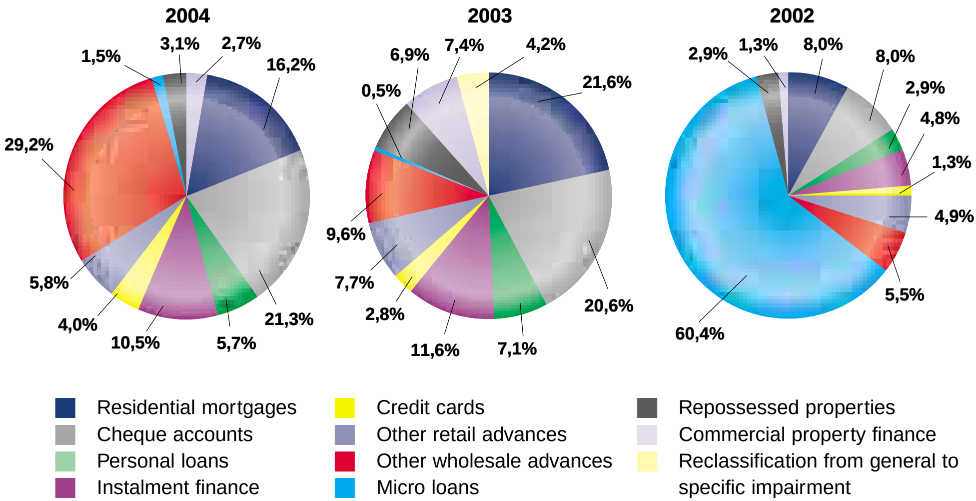
NET INTEREST MARGIN





	2004 Rm	2003 Rm	Change %	2002 Rm
Personal banking	557	856	34,9	3 064
Commercial banking	763	823	7,3	710
Wholesale banking	567	242	(134,3)	246
Domestic operations	214	42	(409,5)	106
International operations	353	200	(76,5)	140
African operations	(7)	25	128,0	12
Other	20	11	(81,8)	10
Charge to the income statement	1 900	1 957	2,9	4 042

CREDIT IMPAIRMENTS PER PRODUCT



	2004 Rm	2003 Rm	Change %	2002 Rm
Residential mortgages	323	441	26,8	320
Cheque accounts	423	420	(0,7)	320
Personal loans	113	144	21,5	115
Instalment finance	209	236	11,4	190
Credit cards	79	57	(38,6)	50
Other retail advances	116	159	27,0	195
Other wholesale advances	580	197	(194,4)	217
Micro loans	29	11	(163,6)	2 406
Repossessed properties	62	140	55,7	116
Commercial property finance	54	151	64,2	53
Reclassification from general to specific impairment	—	86	100,0	—
Total specific impairment charge	1 988	2 042	2,6	3 982
Portfolio impairment	124	38	(226,3)	166
Impairment of advances before recoveries	2 112	2 080	(1,5)	4 148
Recoveries of credit impairments	(212)	(123)	72,4	(106)
Total charge to the income statement	1 900	1 957	2,9	4 042

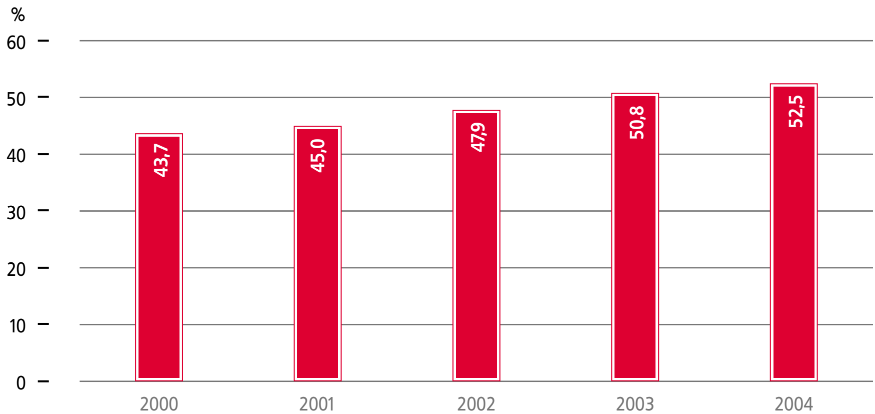
	2004 Rm	2003 Rm	Change %	2002 Rm
Accumulated impaired advances				
Specific impairments	6 642	6 508	2,1	6 151
Non-performing loans	5 332			
Other impaired loans	388			
Net present value adjustment	922			
Portfolio impairments	1 061	1 589	(33,2)	1 576
	7 703	8 097	(4,9)	7 727

NON-PERFORMING ADVANCES

	Outstanding balance Rm	Security and recoveries Rm	Net exposure Rm	Impairments raised Rm
Non-performing advances at 31 March 2004				
Personal loans	334	126	208	208
Retail overdrafts and credit cards	1 026	162	864	864
Foreign currency loans	565	173	392	392
Instalment finance	342	83	259	259
Mortgages	2 913	2 229	684	684
Micro loans	2 411	468	1 943	1 943
Other	1 097	115	982	982
	8 688	**3 356**	**5 332**	**5 332**
Non-performing advances as a % of total advances	3,8			
Non-performing advances at 31 March 2003	10 586	4 451	6 135	6 508
Non-performing advances as a % of total advances	5,1			

NON-INTEREST INCOME AS A % OF OPERATING INCOME

(excluding credit impairments)

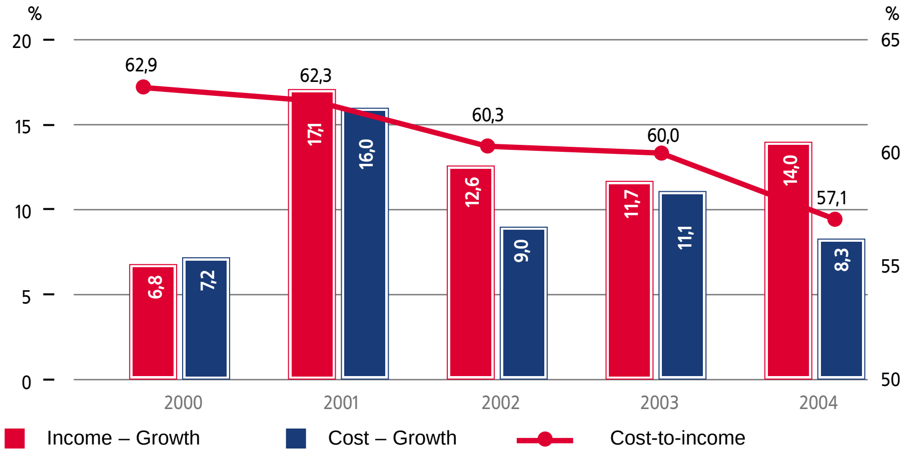


NON-INTEREST INCOME

	2004 Rm	2003 Rm	Change %	2002 Rm
Banking-related income	8 700	7 821	11,2	6 743
Commissions and fees	6 712	6 044	11,1	5 282
Net trading income*	987	1 075	(8,2)	855
Knowledge-based income	159	130	22,3	235
Valuation fees	78	63	23,8	61
Unit and property trust income	174	119	46,2	43
Pension payment services	421	267	57,7	157
Other banking income	169	123	37,4	110
Insurance-related income	1 236	908	36,1	910
Net broking commission	399	338	18,0	311
Trust and estate income	148	129	14,7	113
Net insurance underwriting surplus	231	115	100,9	180
Net life surplus	283	178	59,0	214
Other	175	148	18,2	92
Investment income	685	305	124,6	(20)
Net profit on realisation of investments	231	136	69,9	(117)
Mark-to-market adjustment on equity investments	262	—	100,0	—
Dividend income	192	169	13,6	97
Other activities	132	93	41,9	61
Profit on the disposal of property and equipment	45	30	50,0	—
Property development profits	10	38	(73,7)	39
Property rentals	77	25	208,0	22
	10 753	9 127	17,8	7 694

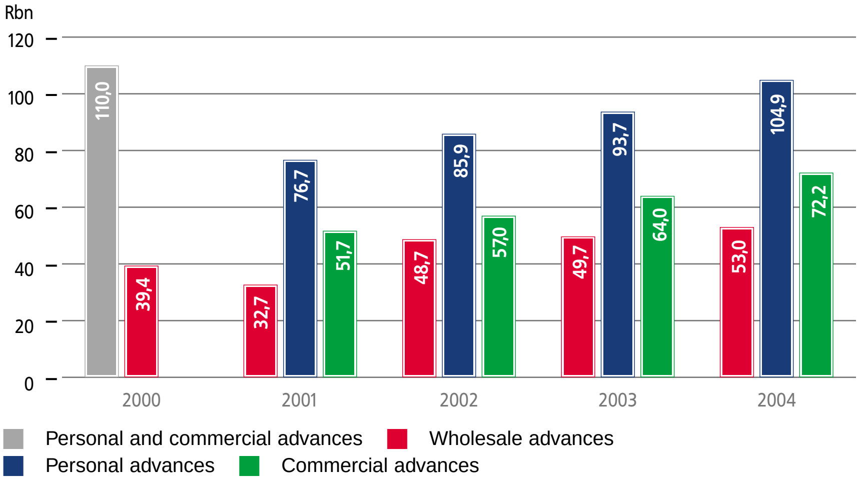
**The net treasury contribution (after interest) increased from R697 million (2003) to R877 million (2004).*

COST-TO-INCOME RATIO



OPERATING EXPENDITURE

	2004 Rm	2003 Rm	Change %	2002 Rm
Amortisation	64	66	3,0	66
Auditors' remuneration	49	39	(25,6)	32
Depreciation	663	632	(4,9)	608
Information technology costs	873	916	4,7	764
Marketing and advertising	395	320	(23,4)	342
Operating lease charges	689	585	(17,8)	536
Professional fees	783	485	(61,4)	370
Staff costs	5 708	5 338	(6,9)	4 872
Other operating expenditure	2 455	2 399	(2,3)	2 110
	11 679	10 780	(8,3)	9 700



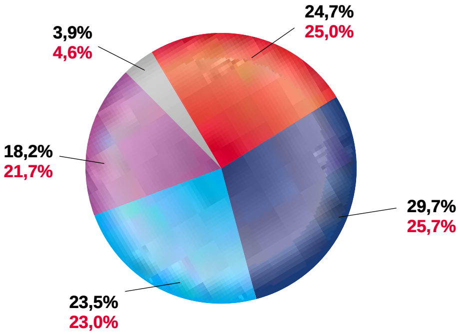
	2004 Rm	2003 Rm	Change %	2002 Rm
Total personal advances				
Mortgages	89 267	77 741	14,8	68 456
Advances	88 777	77 136	15,1	67 620
Repossessed properties	490	605	(19,0)	836
Cheque accounts	2 928	3 024	(3,2)	3 904
Personal loans	4 437	4 278	3,7	4 527
Credit card accounts	4 393	3 772	16,5	3 191
Micro loans	2 722	3 400	(19,9)	4 337
Other	1 126	1 531	(26,5)	1 480
Gross advances	104 873	93 746	11,9	85 895
Impairment of advances	(3 916)	(4 074)	3,9	(4 338)
Net advances	100 957	89 672	12,6	81 557

	2004 Rm	2003 Rm	Change %	2002 Rm
Total commercial advances				
Mortgages (including commercial property finance)	16 333	13 467	21,3	12 930
Cheque accounts	9 334	9 817	(4,9)	9 637
Instalment finance*	35 708	28 527	25,2	24 441
Personal loans	5 177	6 413	(19,3)	5 530
Credit card accounts	60	63	(4,8)	75
Other	5 627	5 701	(1,3)	4 338
Gross advances	72 239	63 988	12,9	56 951
Impairment of advances	(2 061)	(2 658)	22,5	(2 136)
Net advances	70 178	61 330	14,4	54 815
Total wholesale advances				
Corporate overdrafts	2 067	4 801	(56,9)	3 851
Foreign currency loans	15 639	23 288	(32,8)	23 575
Specialised and project finance	13 914	8 875	56,8	11 698
Overnight finance	1 710	4 120	(58,5)	3 655
Preference shares	5 762	3 552	62,2	2 575
Commodities	914	1 730	(47,2)	1 564
Advances under resale agreements	4 814	—	100,0	—
Securitised corporate loans	3 773	—	100,0	—
Other	4 393	3 294	33,4	1 823
Gross advances	52 986	49 660	6,7	48 741
Impairment of advances	(1 726)	(1 365)	(26,4)	(1 253)
Net advances	51 260	48 295	6,1	47 488
Total gross advances	230 098	207 394	10,9	191 587
Impairment of advances	(7 703)	(8 097)	4,9	(7 727)
Total net advances	222 395	199 297	11,6	183 860

**Although Absa Vehicle and Asset Finance operates in both the personal and commercial markets, this division is included in the commercial banking segment. 69,6% of Absa Vehicle and Asset Finance's total advances are in respect of consumers.*

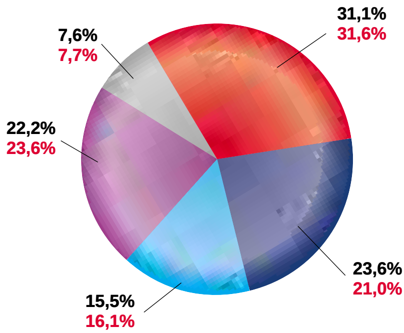
CREDIT CARDS – % SHARE

2004/2003



MORTGAGE LOANS – % SHARE

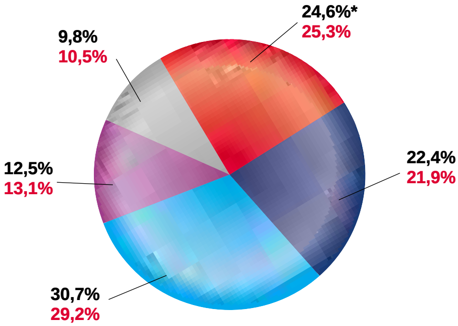
2004/2003



ABSA SBIC FIRSTRAND NEDCOR/BOE OTHER

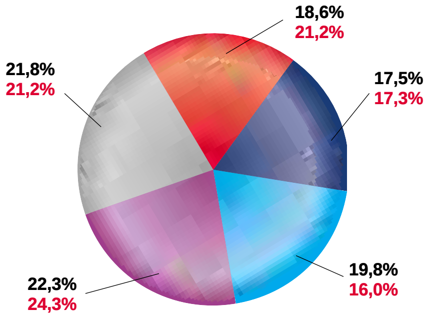
INSTALMENT FINANCE – % SHARE

2004/2003



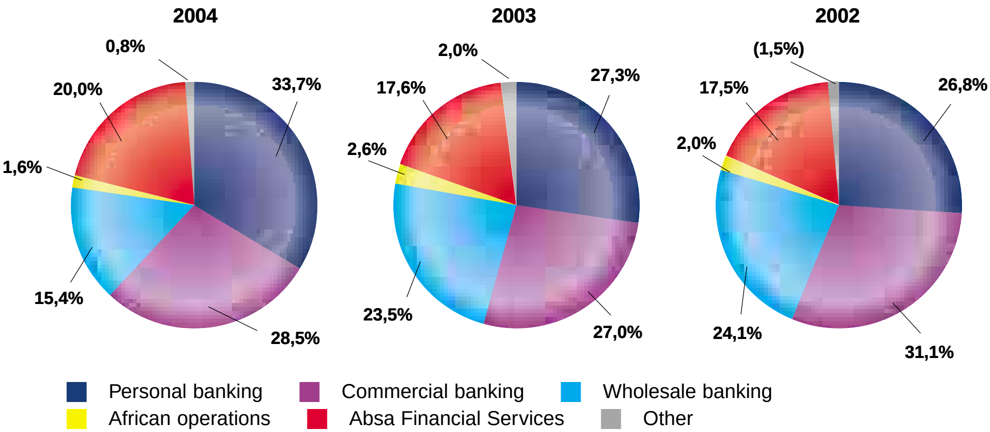
OVERDRAFTS AND OTHER LOANS – % SHARE

2004/2003



ABSA SBIC FIRSTRAND NEDCOR/BOE OTHER

**Securitisation of R2,8 billion (1,6% of market share) has been excluded from the Absa instalment finance book.*



	2004 Rm	2003* Rm	Change %	2002 Rm
Personal banking	1 497	941	59,1	(215)
Absa Card	355	279	27,2	281
Absa Home Loans	764	447	70,9	443
Repossessed Properties	(142)	(241)	41,1	(246)
Absa Private Bank	1	—		5
Personal Financial Services	129	129	—	118
Retail Banking Services	263	231	13,9	125
Flexi Banking Services	125	96	30,2	43
Meeg Bank	2	—		—
UniFer	—	—	—	(984)
Commercial banking	1 266	932	35,8	893
Business Banking	821	589	39,4	601
Absa Vehicle and Asset Finance (AVAF)	403	289	39,4	239
MLS Bank	42	54	(22,2)	53
Wholesale banking	684	807	(15,2)	691
Domestic operations	750	697	7,6	612
International operations	(66)	110	(160,0)	79
African operations	75	91	(17,6)	59
Total banking	3 522	2 771	27,1	1 428
Absa Financial Services	890	604	47,4	502
Other	35	66	(47,0)	(42)
Total headline earnings	4 447	3 441	29,2	1 888

**2003 figures restated as set out on pages 30 to 33. The 2002 figures have not been adjusted.*

Income statement (Rm)	Personal	Commercial
Net interest income	4 633	3 901
Impairment of advances	(557)	(763)
Non-interest income	3 976	2 228
Operating expenditure	(5 544)	(3 484)
Taxation and other	(1 011)	(616)
Headline earnings	**1 497**	**1 266**
Balance sheet (Rm)		
Total assets*	140 064	100 918
Total advances	100 980	69 393
Total deposits	46 474	55 335
Financial performance (%)		
Return on average equity	30,3	25,5
Return on average assets, excluding acceptances	1,10	1,35
Operating performance (%)		
Net interest margin	3,42	4,16
Credit impairment ratio	0,59	1,18
Non-interest/total income	46,2	36,4
Cost-to-income ratio	64,4	56,8
Cost-to-assets	4,1	3,7

**Total assets include intergroup balances of R130 790 million.*

Wholesale	African Operations	Absa Financial Services	Other	Absa Group
851	217	178	(62)	9 718
(567)	7	(9)	(11)	(1 900)
2 076	168	1 575	730	10 753
(1 457)	(309)	(620)	(265)	(11 679)
(219)	(8)	(234)	(357)	(2 445)
684	**75**	**890**	**35**	**4 447**
178 714	4 225	9 846	3 871	437 638
51 152	1 034	147	(311)	222 395
129 087	3 071	—	413	234 380
12,9	20,8	37,2	n/a	24,6
0,41	1,60	12,08	n/a	1,55
0,51	4,64	n/a	n/a	3,40
1,14	(0,74)	n/a	n/a	0,90
70,9	43,6	89,8	n/a	52,5
49,8	80,3	35,4	n/a	57,1
0,9	6,6	8,4	n/a	4,1

Personal banking

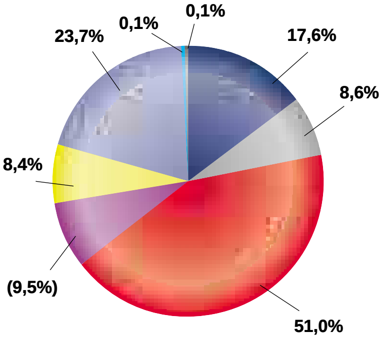
	Absa Private Bank	Personal Financial Services	Retail Banking Services	Flexi* Banking Services
Headline earnings (Rm)	1	129	263	125
ROE (%)	0,6	32,7	62,1	240,4
Cost-to-income (%)	75,9	66,6	80,2	81,8
Total assets (Rm)	2 453	12 306	27 813	4 777
Total advances (Rm)	2 265	7 836	4 395	1 020
Total deposits (Rm)	1 705	11 525	26 817	3 526

Commercial banking

	Business Banking	AVAF	MLS Bank	Total
Headline earnings (Rm)	821	403	42	1 266
ROE (%)	41,7	17,7	13,6	25,5
Cost-to-income (%)	58,7	53,8	36,9	56,8
Total assets (Rm)	58 297	38 626	3 995	100 918
Total advances (Rm)	30 307	35 468	3 618	69 393
Total deposits (Rm)	52 493	2 840	2	55 335

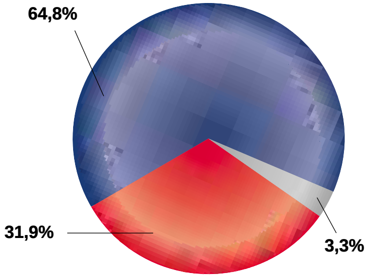
Note: These results are after the allocation of all head office and support charges.
**Includes the results of UB Micro Loans.*

Personal banking



- Retail Banking Services
- Personal Financial Services
- Absa Home Loans
- Repossessed Properties
- Flexi Banking Services
- Absa Card
- Private Bank
- Meeg Bank

Commercial banking



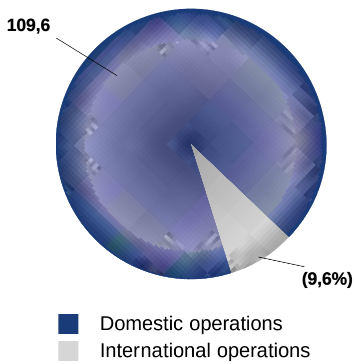
- Business Banking
- Absa Vehicle and Asset Finance
- MLS Bank

Home Loans	Repossessed Properties	Absa Card	Meeg Bank	Total
764	(142)	355	2	1 497
25,3	n/a	157,1	10,5	30,3
35,1	n/a	47,5	68,3	64,4
87 066	196	4 670	783	140 064
80 731	154	4 120	459	100 980
—	—	2 195	706	46 474

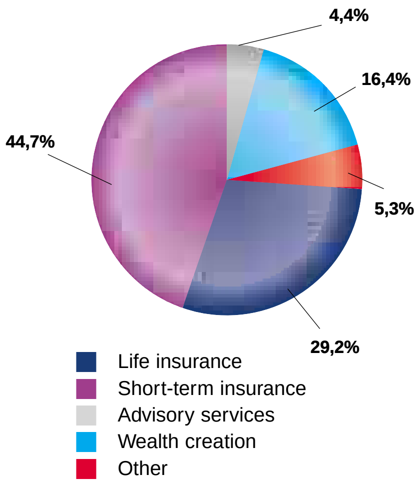
Wholesale banking

Domestic	International	Total
750	(66)	684
17,6	(6,3)	12,9
47,5	55,5	49,8
153 223	25 491	178 714
41 015	10 137	51 152
110 828	18 259	129 087

Wholesale banking



Absa Financial Services



Income statement (Rm)	Personal	Commercial
Net interest income	4 282	3 456
As previously stated	4 312	3 444
Adjustment**	(30)	12
Impairment of advances	(856)	(823)
Non-interest income	3 577	1 918
Operating expenditure	(5 323)	(3 156)
As previously stated	(5 297)	(2 974)
Adjustment**	(26)	(182)
Taxation and other	(739)	(463)
Headline earnings	**941**	**932**
Balance sheet (Rm)		
Total assets*	131 164	87 448
Total advances	89 401	60 373
Total deposits	43 557	47 324
Financial performance (%)		
Return on average equity	22,7	20,8
Return on average assets, excluding acceptances	0,74	1,16
Operating performance (%)		
Net interest margin	3,38	4,31
Credit impairment ratio	1,02	1,43
Non-interest/total income	45,5	35,7
Cost-to-income ratio	67,7	58,7
Cost-to-assets	4,2	3,9

** Total assets include intergroup balances of R123 399 million.*
***Adjustment due to a refinement in the cost allocation methodology.*

Wholesale	African Operations	Absa Financial Services	Other	Absa Group
883	305	149	(243)	8 832
846	305	149	(224)	8 832
37	—	—	(19)	—
(242)	(25)	(11)	—	(1 957)
1 813	295	1 136	388	9 127
(1 437)	(429)	(583)	148	(10 780)
(1 392)	(429)	(578)	(110)	(10 780)
(45)	—	(5)	258	—
(210)	(55)	(87)	(227)	(1 781)
807	**91**	**604**	**66**	**3 441**
161 108	5 137	4 891	2 715	392 463
48 533	899	118	(27)	199 297
127 063	3 806	—	306	222 056
19,3	19,6	27,5	n/a	21,4
0,53	1,80	12,55	n/a	1,35
0,58	6,03	n/a	n/a	3,45
0,51	2,81	n/a	n/a	1,02
67,2	49,2	88,4	n/a	50,8
53,3	71,5	45,4	n/a	60,0
0,9	8,5	12,1	n/a	4,2

Personal banking

	Absa Private Bank	Personal Financial Services	Retail Banking Services	Flexi* Banking Services
Headline earnings (Rm)	—	129	231	96
As previously stated	—	140	231	129
Adjustment**	—	(11)	—	(33)
ROE (%)	—	42,5	46,6	113,0
Cost-to-income (%)	74,6	68,2	83,4	68,7
Total assets (Rm)	1 982	12 773	26 157	5 796
Total advances (Rm)	1 704	5 713	4 157	1 805
Total deposits (Rm)	1 316	12 062	24 935	3 175

Commercial banking

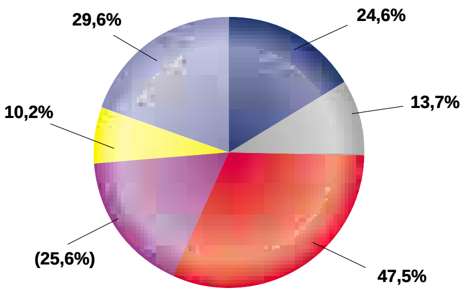
	Business Banking	AVAF	MLS Bank	Total
Headline earnings (Rm)	589	289	54	932
As previously stated	700	289	58	1 047
Adjustment*	(111)	—	(4)	(115)
ROE (%)	26,9	16,1	17,7	20,8
Cost-to-income (%)	60,2	56,8	36,6	58,7
Total assets (Rm)	52 811	30 545	4 092	87 448
Total advances (Rm)	28 765	27 852	3 756	60 373
Total deposits (Rm)	47 271	35	18	47 324

Note: These results are after the allocation of all head office and support changes.

** Includes the results of UB Micro Loans.*

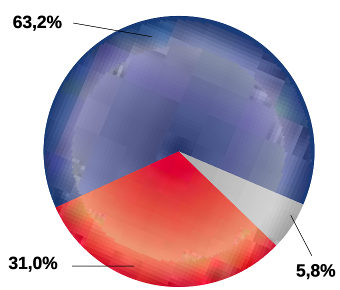
***Adjustment due to a refinement in the cost allocation methodology.*

Personal banking



- Retail Banking Services
- Personal Financial Services
- Absa Home Loans
- Repossessed Properties
- Flexi Banking Services
- Absa Card

Commercial banking



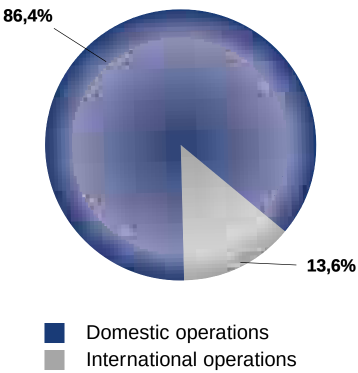
- Business Banking
- Absa Vehicle and Asset Finance
- MLS Bank

Home Loans	Repossessed Properties	Absa Card	Total
447	(241)	279	941
447	(263)	296	980
—	22	(17)	(39)
16,1	n/a	86,5	22,7
40,0	n/a	49,3	67,7
79 879	546	4 031	131 164
72 092	472	3 458	89 401
—	—	2 069	43 557

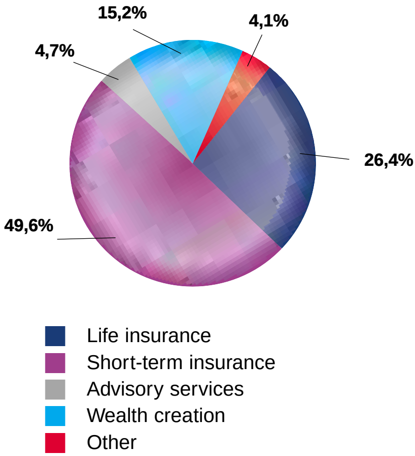
Wholesale banking

Domestic	International	Total
697	110	807
702	110	812
(5)	—	(5)
22,1	10,6	19,3
50,9	59,0	53,3
129 570	31 538	161 108
36 737	11 796	48 533
108 456	18 607	127 063

Wholesale banking



Absa Financial Services



Capital adequacy of Absa Bank Limited

Risk-weighted assets	2004 Unweighted assets Rm	2004 Risk-weighted assets Rm	2003 Risk-weighted assets Rm	2002 Risk-weighted assets Rm
Assets – Banking activities				
On balance sheet	227 495	153 021	141 113	126 615
Off balance sheet	396 185	16 887	6 456	7 438
Total	623 680	169 908	147 569	134 053
Notional assets – Trading activities	—	6 409	8 453	9 120
	623 680	176 317	156 022	143 173

Qualifying capital	**Rm**	**%***	%*	%*
Primary capital				
Share capital	293	0,2	0,2	0,2
Share premium	1 606	0,9	0,4	0,4
Reserves	12 613	7,1	6,8	6,3
Impairments	(879)	(0,5)	(0,9)	(1,2)
	13 633	7,7	6,5	5,7
Secondary capital				
Subordinated convertible loans	628	0,4	1,0	1,1
Subordinated redeemable debt	6 709	3,8	3,6	2,9
Regulatory credit provision/reserve	952	0,5	0,6	0,6
Revaluation reserve	104	0,1	0,0	0,1
Impairments	(285)	(0,2)	(0,2)	(0,2)
	8 108	4,6	5,0	4,5
Total qualifying capital	21 741	12,3	11,5	10,2

**Percentage of capital to risk-weighted assets.*

Capital adequacy of Absa Group Limited and its banking subsidiaries

	2004 %	2003 %	2002 %
Absa Bank	12,3	11,5	10,2
Absa Asia	39,4	12,1	17,3
Banco Austral, Sarl	36,1	25,3	—
Bankhaus Wölbern & Co	11,1	10,9	11,6
Meeg Bank	10,9	10,5	16,8
MLS Bank	10,7	10,7	11,2
National Bank of Commerce	15,3	19,5	19,0
Absa Trading and Investment Solutions Holdings	—	46,4	—
Total banking operations	12,1	11,5	10,3
Risk-weighted assets (Rm)	194 220		
Tier 1 capital (Rm)	15 126		
Tier 1 ratio (%)	7,8		
Absa Group Limited	13,0	12,5	11,2
Risk-weighted assets (Rm)	210 502		
Tier 1 capital (Rm)	19 188		
Tier 1 ratio (%)	9,1		

In the course of the financial year under review, Absa Group changed its accounting policy regarding the recognition and measurement of financial instruments in accordance with AC 133.

The Group adopted the new accounting statement AC 133 – Financial instruments: Recognition and Measurement on 1 April 2003. This accounting standard, together with its international equivalent (IAS 39), is still subject to various improvement projects and is likely to evolve further.

AC 133 is a prospective accounting statement and does not provide for the restatement of historical figures. Instead, on adoption date, opening balances are restated to reflect the adjustments arising from the statement. Accordingly, the results for the year ended 31 March 2004 are not meaningfully comparable to those of the previous year. Detailed results excluding the impact of AC 133 have been provided. These figures have been prepared on the same basis as the previous year and are therefore comparable.

AC 133 will increase the volatility of reported results and it is important for shareholders to evaluate the impact of the statement as part of their investment decisions. The pre- and post-AC 133 information provided should facilitate such evaluation and clarify to what extent such adjustments are sustainable.

AC 133's main areas of impact

The opening balance adjustment and impact on the results for the year are set out on page 42 and page 40 respectively.

Fair value accounting – The statement introduces fair value accounting to certain classes of assets and liabilities. Financial assets and liabilities need to be classified in prescribed categories and measured accordingly. The asset categories are:

Originated loans – The majority of loans and advances of the Group are allocated here (refer page 42). The only exceptions are selected structured finance loans as well as advances acquired from third parties. As was the case prior to adopting AC 133, assets in this category are held at amortised cost.

Held-to-maturity assets – Assets with a fixed maturity date and for which the Group has the ability and intent to hold until maturity date. As the sale of these assets before maturity date results in the tainting of the entire portfolio, this category is generally limited to short-dated (six months and less) securities held for statutory liquid asset purposes. Held-to-maturity assets are stated at amortised cost, which is consistent with the pre-AC 133 policy.

Trading assets – Assets to be traded with a short-term profit motive. These assets are reflected at fair value with changes in fair values accounted for in the income statement. The statement also allows any other financial asset to be designated as "held for trading", even if the intention is not to trade such asset for short-term gain purposes. Absa elected to make a clear distinction between trading assets and assets designated as "held for trading", with the latter referred to as "fair value election" assets. Trading assets are typically utilised as part of the treasury trading portfolio and have always been fair valued. "Fair value election" assets include the equities held as part of the investment banking and insurance portfolios, as well as securities held for hedging purposes.

Available-for-sale assets – This category represents assets not suited to be classified in any of the other three categories. Such assets must be fair valued and AC 133 allows a once-off choice between accounting for the unrealised changes in fair value in the income statement or directly in the statement of changes in equity. Absa elected the latter option. On realisation, such gains or losses have to be accounted for in the income statement, but must be excluded from headline earnings. For this reason Absa has generally limited this category to long-term strategic equity investments and longer-dated securities held for regulatory liquid asset purposes.

Hedge accounting – AC 133 sets out onerous requirements to be met before hedge accounting can be applied. A significant percentage of the Group's interest rate hedges do not meet these requirements and in terms of the statement this results in derivatives having to be fair valued while the underlying assets and liabilities are held at cost. As a consequence, a mismatch in the recognition of income arises and the original aim of the hedge is not achieved. During the period under review, cash flow hedge accounting was applied in respect of qualifying hedges and fair value gains of R95 million are reflected in the statement of changes in equity. The statement also allows any asset or liability to be designated as “held for trading”. Absa utilised this to improve matching and designated fixed deposits as “held for trading”, resulting in fair value losses approximating the fair value gains arising from non-qualifying interest rate hedges. The main aim of these hedges is to protect the Group’s margin against the timing difference between repricing of assets and liabilities during declining interest rate cycles.

Initial recognition adjustments

Low interest rate loans – The low interest rate loan of R237 million to the share incentive trust was the only significant loan affected and resulted in an opening balance adjustment of R97 million. Following the consolidation of the share incentive trust, this amount has been eliminated in the Group’s statement of changes in equity.

Transaction costs – AC 133 requires transaction costs, including home loan origination expenses, to be capitalised and amortised over the period of the loan. Absa previously expensed those costs during the year incurred. This change in policy will result in a lower charge to the income statement over the next few years (the benefit will decline on an annual basis).

Credit impairments

Specific impairments – The statement introduces the time value of money concept in determining the level of impairments. Previously provisions were based on the difference between the carrying value of non-performing loans and advances and the total of future expected cash flows. The impairment required by AC 133 is the difference between the carrying value and the present value of the total future expected cash flows. The present value is calculated using the effective interest rate of the loan which, in the case of variable rate loans, will be adjusted on each reporting date in line with changes in interest rates. The impact of the present value calculation is significant in respect of the home loan and repossessed properties portfolios due to the relatively long time period required from taking possession of the asset (security) to resale.

The present value discount adjustment unwinds in the income statement (on the net interest line) over the period of cash collection, resulting in an increase in impairment of advances charge as well as higher interest income. During the year under review, the lower interest rates at 31 March 2004 resulted in the present value discount on non-performing loans being lower than the opening balance adjustment on 1 April 2003 (refer page 40). The benefit of R166 million resulted from interest rate movements during the current year.

Portfolio impairments (General provisions) – Prior to AC 133, the general provision was based on the percentages prescribed by the South African Reserve Bank. AC 133 requires a cash flow valuation technique and only allows a portfolio impairment if the present value of future cash flows on the performing book is lower than the general expectation at the time of loan origination. In accordance with this technique, R644 million of the general provision held at 31 March 2003 was reversed. A regulatory general credit risk reserve has been created to meet any regulatory requirement in excess of the accounting portfolio impairment held. The Group utilised sophisticated modelling and forecasting techniques in determining the required portfolio impairment. These will be refined as additional historical information becomes available and any future movement in this impairment will be separately disclosed.

SALIENT FEATURES EXCLUDING THE IMPACT OF AC 133

year ended 31 March

	2004	2003	Change %	2002
Income statement (Rm)				
Headline earnings	4 155	3 441	20,7	1 888
Balance sheet (Rm)				
Total assets	306 650	269 064	14,0	247 300
Total advances	222 401	199 297	11,6	183 860
Total deposits	234 311	222 056	5,5	213 766
Financial performance (%)				
Return on average equity	22,8	21,4		12,9
Return on average assets, excluding acceptances	1,45	1,35		0,86
Operating performance (%)				
Net interest margin on average assets	3,26	3,45		3,82
Net interest margin on average interest-bearing assets	3,71	3,80		4,11
Charge for impairment of advances	0,83	1,02		2,38
Non-performing advances to total advances	3,8	5,1		5,2
Non-interest income as % of operating income	52,6	50,8		47,9
Cost-to-income ratio	59,4	60,0		60,3
Share statistics (cents)				
Headline earnings per share	643,3	528,1	21,8	291,1
Earnings per share	629,1	520,5	20,9	260,0
Dividends per share relating to income for the year	182,0	145,0	25,5	116,0
Dividend cover (times)	3,5	3,6		2,5
Net asset value per share	3 029	2 589	17,0	2 354

	2004 Rm	2003 Rm	Change %	2002 Rm
Net interest income	9 320	8 832	5,5	8 384
Impairment of advances	(1 741)	(1 957)	11,0	(4 042)
Non-interest income	10 334	9 127	13,2	7 694
Operating income	17 913	16 002	11,9	12 036
Operating expenditure	(11 679)	(10 780)	(8,3)	(9 700)
Indirect taxation	(672)	(695)	3,3	(649)
Impairment charge	(116)	(54)	(114,8)	(144)
Net income from operations	5 446	4 473	21,8	1 543
Share of associated companies' income	119	92	29,3	100
Net income before taxation	5 565	4 565	21,9	1 643
Taxation	(1 411)	(1 104)	(27,8)	(337)
Net income after taxation	4 154	3 461	20,0	1 306
Minority shareholders' interest	(91)	(70)	(30,0)	380
Net income attributable to shareholders	4 063	3 391	19,8	1 686
Non-headline earning items	92	50	84,0	202
Headline earnings	4 155	3 441	20,7	1 888

AC 133 IMPACT ON GROUP INCOME STATEMENT

for the year ended 31 March

	Notes	Post-AC 133 2004 Rm	Pre-AC 133 2004 Rm	AC 133 Impact Rm
Net interest income	1	9 718	9 320	398
Impairment of advances	2	(1 900)	(1 741)	(159)
Non-interest income	3	10 753	10 334	419
Operating income		18 571	17 913	658
Operating expenditure		(11 679)	(11 679)	—
Indirect taxation		(672)	(672)	—
Impairment charge		(116)	(116)	—
Net income from operations		6 104	5 446	658
Share of associated companies' income		119	119	—
Net income before taxation		6 223	5 565	658
Taxation		(1 627)	(1 411)	(216)
Net income after taxation		4 596	4 154	442
Minority shareholders' interest		(91)	(91)	—
Net income attributable to shareholders		4 505	4 063	442
Non-headline earning items	4	(58)	92	(150)
Headline earnings		4 447	4 155	292

Notes

1. Net interest income	**398**
Non-qualifying interest rate hedges	53
Fair value adjustments on instruments designated as "held for trading":	
Deposits	(69)
Liquid asset portfolio	(23)
Fixed rate loans	60
Unwinding of present value adjustment in respect of NPLs	324
Origination costs – net deferral	53
2. Impairment of advances	**(159)**
Specific impairment (net present value impact)	(362)
Lower interest rate impact on net present value calculation	166
Portfolio impairment/general provision	37
3. Non-interest income	**419**
Fair value adjustments to equity portfolio	335
Fair value adjustments to other investments	84
4. Non-headline earnings items	**(150)**
Profit on disposal of "available-for-sale" assets	(150)

at 31 March

	2004 Rm	2003 Rm	Change %
Assets			
Cash and short-term assets	14 068	12 617	11,5
Money market assets	3 686	5 084	(27,5)
Capital market assets	9 172	10 471	(12,4)
Statutory liquid asset portfolio	12 587	12 970	(3,0)
Advances	222 401	199 297	11,6
Other assets and taxation	34 308	19 704	74,1
Investments	5 590	3 506	59,4
Associated companies	624	450	38,7
Property and equipment	2 597	2 613	(0,6)
Intangible assets	134	187	(28,3)
Client liabilities under acceptances	1 483	2 165	(31,5)
Total assets	306 650	269 064	14,0
Liabilities			
Deposits and current accounts	234 311	222 056	5,5
Other liabilities and provisions	39 937	20 654	93,4
Insurance funds	4 115	1 396	194,8
Subordinated debt	7 067	5 686	24,3
Liabilities to clients under acceptances	1 483	2 165	(31,5)
Total liabilities	286 913	251 957	13,9
Shareholders' funds	19 566	16 866	16,0
Minority shareholders' interest	171	241	(29,0)
Total liabilities and shareholders' funds	306 650	269 064	14,0
Contingencies	16 637	14 275	16,5

AC 133 OPENING BALANCE ADJUSTMENTS

at 1 April 2003

	Regulatory general credit risk reserve Rm	Available-for-sale assets Rm	Non-disbributable reserve Rm	Retained earnings Rm	Total Rm
Fair value adjustment in respect of interest rate hedges	—	—	—	(450)	(450)
Fair value adjustment in respect of equity portfolios	—	(83)	—	(22)	(105)
Fair value adjustment in respect of other financial instruments	—	(17)	—	(70)	(87)
Present value adjustment to low interest rate loan	—	—	—	(97)	(97)
Initial recognition of transaction costs	—	—	—	234	234
Present value adjustment for specific loan impairments	—	—	—	(1 065)	(1 065)
Taxation	—	22	—	439	461
	—	(78)	—	(1 031)	(1 109)
Reversal of portfolio (general) impairment no longer required	—	—	—	644	644
Taxation on portfolio impairment	—	—	—	(193)	(193)
Transfer to regulatory general credit risk reserve	451	—	—	(451)	—
Transfer of NDR in respect of insurance equity investments	—	—	134	(134)	—
	451	(78)	134	(1 165)	(658)

AC 133 CLASSIFICATION OF FINANCIAL ASSETS

at 1 April 2003

	Balance at 31/03/2003 Rm	Originated loans Rm	Held-to-maturity Rm	Available-for-sale Rm	Trading Rm	Fair value election Rm
Money market assets	5 084	—	1 020	260	1 990	1 814
Capital market assets	10 471	—	160	—	424	9 887
Statutory liquid asset portfolio	12 970	—	6 842	5 016	—	1 112
Investments	3 506	—	—	212	—	3 294
Advances (gross)	207 394	195 546	—	—	—	11 848
	239 425	**195 546**	**8 022**	**5 488**	**2 414**	**27 955**

Income statement (Rm)	Personal	Com-mercial	Whole-sale	African Opera-tions	Absa Financial Services	Other	Absa Group
Net interest income	4 356	3 837	848	217	178	(116)	9 320
Impairment of advances	(583)	(728)	(430)	7	(9)	2	(1 741)
Non-interest income	3 975	2 202	1 980	168	1 245	764	10 334
Operating expenditure	(5 544)	(3 484)	(1 457)	(309)	(620)	(265)	(11 679)
Taxation and other	(921)	(603)	(207)	(8)	(136)	(204)	(2 079)
Headline earnings	**1 283**	**1 224**	**734**	**75**	**658**	**181**	**4 155**
Balance sheet (Rm)							
Total assets*	139 952	100 670	178 937	4 225	9 513	4 143	437 440
Total advances	100 869	69 171	51 380	1 034	148	(201)	222 401
Total deposits	46 474	55 335	129 087	3 071	—	344	234 311
Financial performance (%)							
Headline earnings growth	36,3	31,3	(9,0)	(17,6)	8,9	174,2	20,7
Return on average equity	26,0	24,7	13,8	20,8	27,5	n/a	22,8
Return on average assets, excluding acceptances	0,95	1,31	0,44	1,60	9,14	n/a	1,45
Operating performance (%)							
Net interest margin	3,21	4,09	0,50	4,64	n/a	n/a	3,26
Credit impairment ratio	0,62	1,12	0,86	(0,74)	n/a	n/a	0,83
Non-interest/total income	47,7	36,5	70,0	43,6	87,5	n/a	52,6
Cost-to-income ratio	66,5	57,7	51,5	80,3	43,6	n/a	59,4
Cost-to-assets	4,1	3,7	0,9	6,6	8,6	n/a	4,1

**Total assets include intergroup balances of R130 790 million.*

FIVE-YEAR SUMMARY OF THE INCOME STATEMENT

for the year ended 31 March

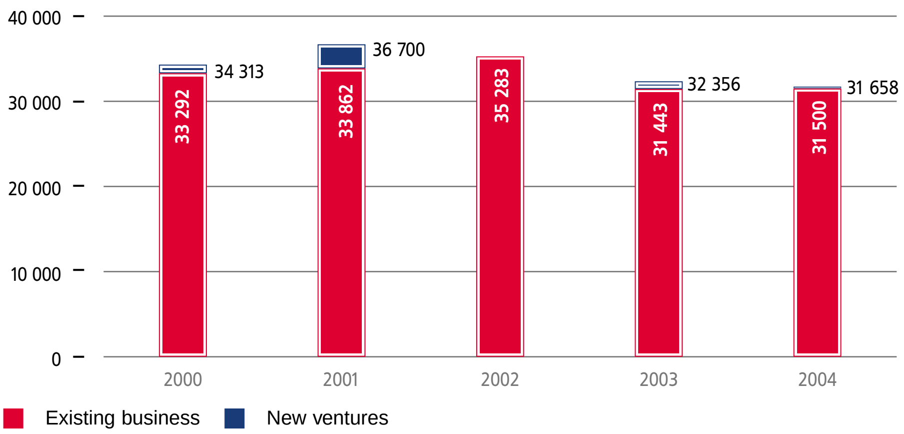
	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
Interest income	28 901	30 299	24 517	22 571	22 708
Interest expense	(19 183)	(21 467)	(16 133)	(14 708)	(15 843)
Net interest income	9 718	8 832	8 384	7 863	6 865
Impairment of advances	(1 900)	(1 957)	(4 042)	(1 643)	(2 271)
Income from lending activities	7 818	6 875	4 342	6 220	4 594
Non-interest income	10 753	9 127	7 694	6 421	5 331
Operating income	18 571	16 002	12 036	12 641	9 925
Operating expenditure	(11 679)	(10 780)	(9 700)	(8 900)	(7 672)
Indirect taxation	(672)	(695)	(649)	(534)	(384)
Impairment charge	(116)	(54)	(144)	—	—
Net income from operations	6 104	4 473	1 543	3 207	1 869
Share of associated companies' income	119	92	100	53	50
Net income before taxation	6 223	4 565	1 643	3 260	1 919
Taxation	(1 627)	(1 104)	(337)	(717)	(302)
Net income after taxation	4 596	3 461	1 306	2 543	1 617
Minority shareholders' interest	(91)	(70)	380	(101)	—
Net income attributable to shareholders	4 505	3 391	1 686	2 442	1 617
Non-headline earning items	(58)	50	202	4	395
Headline earnings	4 447	3 441	1 888	2 446	2 012

FIVE-YEAR SUMMARY OF THE BALANCE SHEET

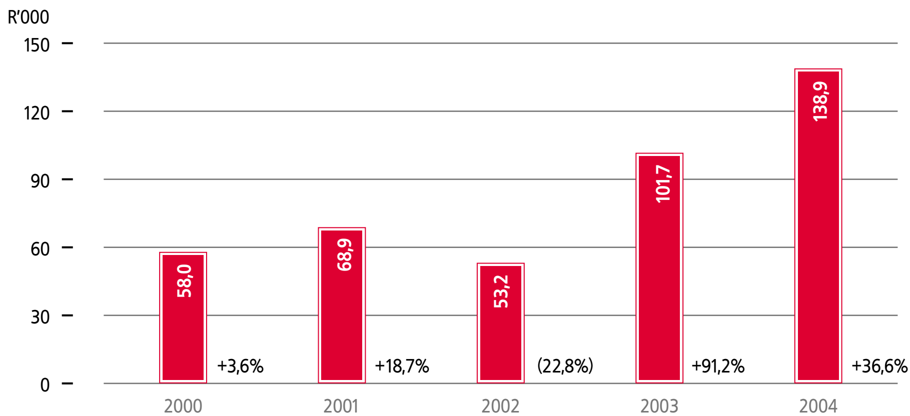
at 31 March

	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
Assets					
Cash and short-term assets	14 068	12 617	11 688	6 402	6 557
Money market assets	3 688	5 084	5 233	5 618	3 358
Capital market assets	9 161	10 471	10 095	4 590	2 554
Statutory liquid asset portfolio	12 598	12 970	13 677	10 896	10 170
Advances	222 395	199 297	183 860	156 396	144 824
Other assets and taxation	34 141	19 481	13 018	4 441	2 484
Investments	5 792	3 506	3 399	2 671	2 835
Subsidiary companies	—	—	131	—	364
Associated companies	624	450	442	332	281
Property and equipment	2 597	2 613	2 552	2 562	2 615
Intangible assets	134	187	66	164	74
Deferred taxation	167	223	445	198	—
Client liabilities under acceptances	1 483	2 165	2 694	2 244	1 118
Total assets	306 848	269 064	247 300	196 514	177 234
Liabilities					
Deposits and current accounts	234 380	222 056	213 766	167 736	153 541
Deferred taxation	1 331	1 451	1 414	2 002	1 755
Taxation	567	327	740	399	84
Other liabilities and provisions	38 384	18 876	7 353	5 649	5 208
Insurance funds	4 115	1 396	1 453	1 163	972
Subordinated debt	7 067	5 686	4 394	2 962	2 591
Liabilities to clients under acceptances	1 483	2 165	2 694	2 244	1 118
Total liabilities	287 327	251 957	231 814	182 155	165 269
Shareholders' funds	19 350	16 866	15 335	13 869	11 965
Minority shareholders' interest	171	241	151	490	—
Total liabilities and shareholders' funds	306 848	269 064	247 300	196 514	177 234
Contingencies	16 637	14 275	16 579	14 198	11 471

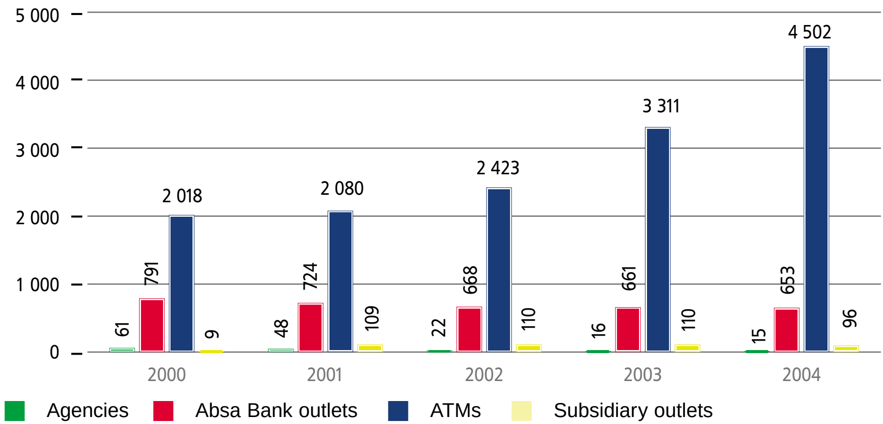
STAFF COMPLEMENT



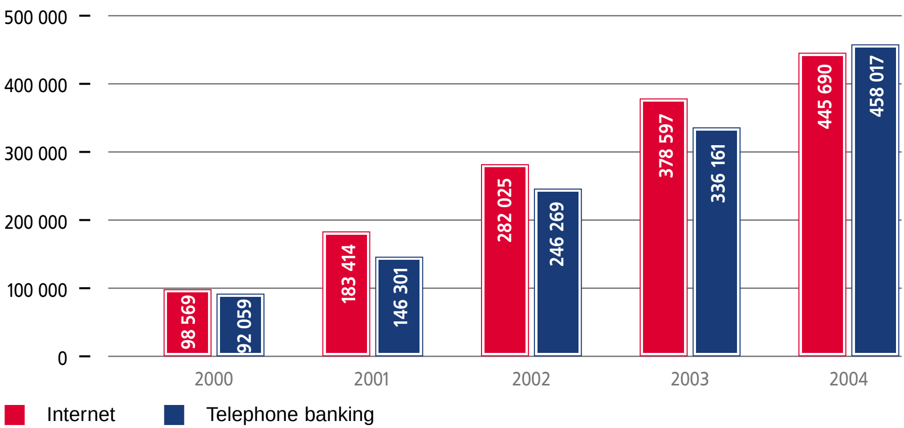
HEADLINE EARNINGS PER STAFF MEMBER



OUTLETS



INTERNET AND TELEPHONE BANKING CUSTOMERS



SHAREHOLDERS' INFORMATION

at 31 March

	2004 %	2003 %	2002 %
Sanlam Limited and associates	21,3	22,6	22,6
Universa (Proprietary) Limited and its shareholders*	—	—	23,8
Financial Securities Limited (Remgro)	9,4	9,4	—
Mines Pension Funds	0,6	6,2	—
Public Investment Commissioner	8,7	8,4	6,8
Managed funds and other corporate holdings	49,6	47,2	34,9
Individuals	10,4	6,2	11,9
	100,0	100,0	100,0

**Universa ceased to exist on 20 August 2002 and was replaced by a voting-pool agreement between Sanlam, Financial Securities Limited (Remgro) and Mines Pension Funds. A new voting pool arrangement between Sanlam and Financial Securities Limitied was concluded in October 2003.*

SHAREHOLDERS' DIARY

Financial year-end	31 March 2004
Annual general meeting	20 August 2004

Reports

Announcement of the final results	31 May 2004
Announcement of the interim results	22 November 2004

Dividends

Dividend	Declaration date	Last day to trade	Ex dividend date	Record date	Payment date
Final 2003/04	31 May 2004	18 June 2004	21 June 2004	25 June 2004	28 June 2004
Interim 2004/05	22 November 2004	17 December 2004	20 December 2004	24 December 2004	28 December 2004

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BASTION GRAPHICS