administrative information

Controlling company

Absa Group Limited (Registration number: 1986/003934/06)
JSE share code: ASA
ISIN: ZAE000067237

Registered office

3rd Floor, Absa Towers East
170 Main Street, Johannesburg, 2001
Postal address: P O Box 7757, Johannesburg, 2000
Telephone: +27 11 350-4000
Telefax: +27 11 350-4009
e-mail: groupsec@absa.co.za

Sponsors

Lead sponsor

Merrill Lynch South Africa (Proprietary) Limited
(Registration number 1995/001805/07)
(Member of the Merrill Lynch Group)
138 West Street, Sandown, Sandton, 2196

Co-sponsor

Absa Corporate and Merchant Bank
Corporate Finance (a division of Absa Bank Limited)
(Registration number 1986/004794/06)
3rd Floor, Absa Towers North, 3W2,
180 Commissioner Street, Johannesburg, 2001

Transfer secretaries

South Africa

Computershare Investor Services 2004 (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
P O Box 61051, Marshalltown, Johannesburg, 2107

ADR depositary

The Bank of New York
101 Barclays Street, 22W, New York, NY10286, USA

Shareholder contact information

Shareholder and investment queries about the Absa Group should be directed to the following areas:

Group Investor Relations
Telephone: +27 11 350-4394/5785
Telefax: +27 11 350-6487
e-mail: ir@absa.co.za

Group Secretariat
Telephone: +27 11 350-6062
Telefax: +27 11 350-4009
e-mail: groupsec@absa.co.za

Other contacts

Group Media Relations
Telephone: +27 11 350-5768

Group Finance
Telephone: +27 11 350-4650

Absa information on

www.absa.co.za

Absa Group Limited Financial results

FINANCIAL RESULTS

for the nine months ended 31 December 2005

ABSA GROUP LIMITED

Member of the BARCLAYS Group

ABSA

ABSA GROUP PERFORMANCE

for the nine months ended 31 December 2005

ABSA GROUP LIMITED

Member of the BARCLAYS Group

ABSA

p144739-Group perform 2/18/06 12:52 AM Page 2

contents

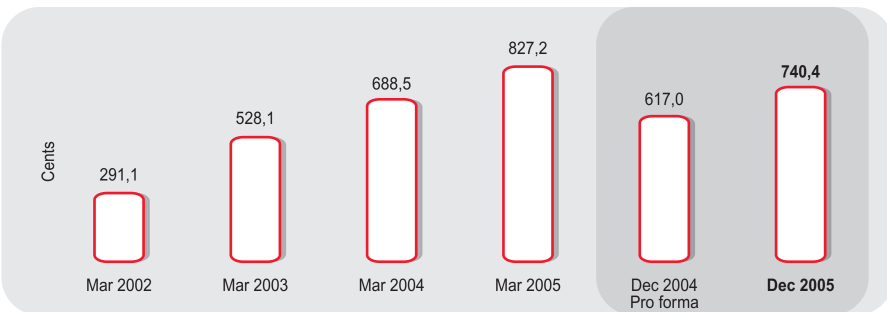
Absa Group performance

financial highlights

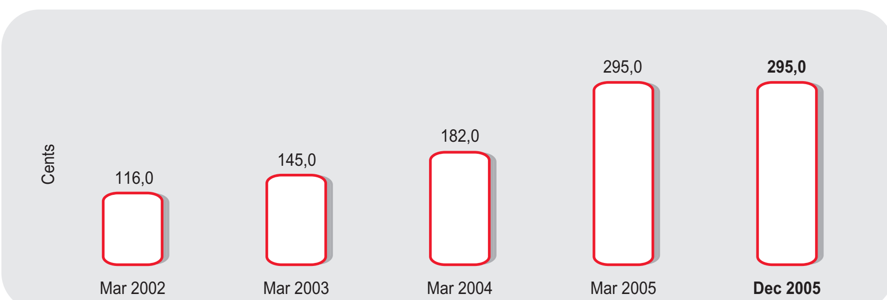
for the nine months ended 31 December 2005

total assets	R407,4 billion
headline earnings	R4 902 million
market capitalisation	R67,4 billion
number of employees	33 543
number of customers	7,7 million
number of staffed outlets	718
number of ATMs	5 835

Headline earnings per share*

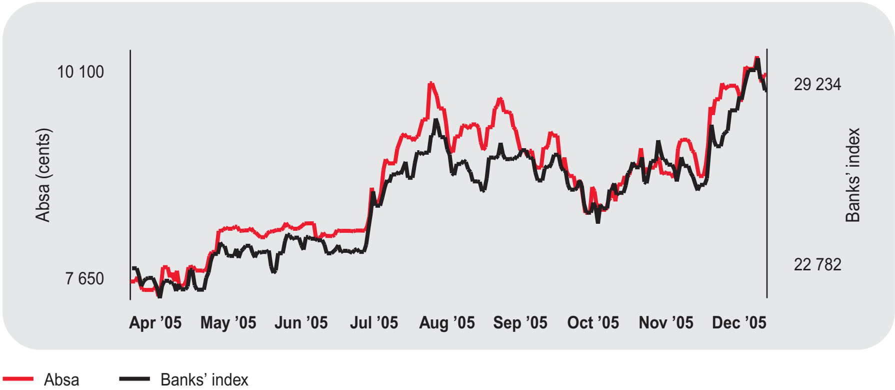


Dividends per share



**The comparatives for March 2005 have been restated for International Financial Reporting Standards (IFRS).*

share performance



Share performance on the JSE Limited

	Nine months ended 31 December 2005 (Audited)	Twelve months ended 31 March 2005 (Audited) (Restated)*
Number of shares in issue**	**666 855 074**	655 055 074
Market prices (cents per share):		
› closing	**10 100**	7 540
› high	**10 320**	8 150
› low	**7 475**	4 320
› weighted average	**8 674**	6 160
Closing price/net asset value per share	**2,60**	2,11
Closing price/headline earnings per share	**10,3**	9,1
Volume of shares traded (millions)***	**298,2**	455,5
Value of shares traded (R millions)	**26 443,4**	27 892,2
Market capitalisation (R millions)	**67 352,4**	49 391,2

**The comparatives for March 2005 have been restated for IFRS.*

***Includes 3 074 268 shares held by the Absa Group Limited Share Incentive Trust (March 2005: 446 073) and 388 200 shares held by Absa Life Limited (March 2005: not applicable).*

****Only one block trade, of 14,5 million shares, was traded through the JSE during the Barclays acquisition. The remainder of the shares were tendered directly to Barclays by Absa shareholders.*

group salient features

	Nine months ended 31 December 2005 (Audited)	Twelve months ended 31 March 2005 (Audited) (Restated)*	Change %
Income statement (Rm)			
Headline earnings	**4 902**	5 394	
Profit attributable to equity holders	**4 776**	5 419	
Balance sheet (Rm)			
Total assets	**407 422**	347 161	17,4
Loans and advances to customers	**322 097**	268 240	20,1
Deposits due to customers	**300 298**	251 984	19,2
Financial performance (%)			
Return on average equity**	**26,5**	25,3	
Return on average assets, excluding acceptances**	**1,73**	1,65	
Operating performance (%)			
Net interest margin on average assets**	**3,36**	3,25	
Net interest margin on average interest-bearing assets**	**3,77**	3,70	
Impairment losses on loans and advances as % of average loans and advances to customers**	**0,26**	0,52	
Non-performing advances as % of loans and advances to customers	**1,7**	2,2	
Non-interest income as % of total operating income	**51,1**	53,8	
Cost-to-income ratio	**58,0**	56,6	
Share statistics (million)			
Number of shares in issue	**666,9**	655,1	
Weighted average number of shares	**662,1**	652,1	
Weighted average diluted number of shares	**690,8**	677,3	
Share statistics (cents)			
Headline earnings per share	**740,4**	827,2	
Diluted headline earnings per share	**710,9**	797,9	
Earnings per share	**721,4**	831,0	
Diluted earnings per share	**692,7**	801,6	
Dividends per share relating to income for the period	**295,0**	295,0	
Dividend cover (times)	**2,5**	2,8	
Net asset value per share	**3 890**	3 569	9,0
Capital adequacy (%)			
Absa Bank	**10,7**	11,4	
Absa Group	**11,3**	12,0	

**The comparatives for March 2005 have been restated for IFRS throughout the document.*
***These ratios have been annualised owing to the nine month period.*

Absa Group Limited

Retail banking

- Absa Private Bank*
- Retail Banking Services
- Flexi Banking Services (includes UB Micro Loans)
- Small Business
- Absa Home Loans (includes Repossessed Properties)
- Absa Card

Commercial banking

- Business Banking Services
- Absa Vehicle and Asset Finance

Wholesale banking

Domestic operations

- Absa Corporate and Merchant Bank
- Abvest Holdings (Proprietary) Limited
- Absa Trading and Investment Solutions Holdings Limited

International operations

- Absa Bank London
- Absa Bank (Asia) Limited (Hong Kong)**
- Bankhaus Wölbern & Co (Hamburg)***
- Absa Bank Singapore**

African operations

- Banco Austral, Sarl (Mozambique)
- National Bank of Commerce Limited (NBC) (Tanzania)
- CBZ Holdings Limited (Zimbabwe)
- Capricorn Investment Holdings Limited (Namibia)
- Banco Comercial Angolano (Angola)****

Changes in the financial reporting structure of the Group

* Personal Financial Services was merged with Absa Private Bank from 1 November 2005.

** Absa Bank Asia and Singapore have ceased operations from 1 January 2006.

*** The Group has agreed to sell Bankhaus Wölbern & Co to an external party, on condition that German and South African regulators approve the transaction.

**** A 50% holding in Banco Comerical Angolano was acquired in April 2005.

Financial services

Life assurance

- Absa Life Limited

Short-term insurance

- Absa Insurance Company Limited
- Absa Syndicate Investments Holdings Limited
- Absa Manx Insurance Company Limited

Advisory services

- Absa Brokers (Proprietary) Limited
- Absa Consultants and Actuaries (Proprietary) Limited
- Absa Health Care Consultants (Proprietary) Limited

Wealth management

- Absa Fund Managers Limited
- Absa Trust Limited
- Absa Mortgage Fund Managers (Proprietary) Limited
- Absa Stockbrokers (Proprietary) Limited and Portfolio Managers (Proprietary) Limited
- Absa Investment Management Services (Proprietary) Limited

Other Group activities

- Absa Development Company Holdings (Proprietary) Limited
- Real Estate Asset Management (excludes Repossessed Properties)
- AllPay Consolidated Investment Holdings (Proprietary) Limited

Introduction

Sustained earnings growth

Absa Group Limited produced another good performance for the nine months under review, with solid contributions from all the Group's major business units. Significant features of this performance included the Group's ability to grow lending and its customer base in a consumer-friendly domestic economic environment with low levels of bad debts and buoyant equity markets.

As a result of the alignment of Absa's year-end with that of Barclays PLC, these reported results cover a period of only nine months. To facilitate evaluation and interpretation, these results are compared with unaudited pro forma results for the nine months ended 31 December 2004.

Headline earnings increased by 22,1% to R4 902 million in comparison with headline earnings of R4 014 million for the corresponding period of the previous financial year. Headline earnings per share increased by 20,0%, from 617,0 to 740,4 cents per share.

The Group delivered a return, on an annualised basis, of 26,5% on average shareholders' equity (December 2004: 25,2%). A final dividend of 135 cents per share has been declared, bringing the total dividend for the nine months to 295 cents per share. This compares favourably with the 295 cents per share declared in respect of the twelve months ended 31 March 2005 and represents a dividend cover of 2,5 times.

The Group has made good progress with the initiatives to deliver sustainable future benefits envisaged as part of the transaction whereby Barclays PLC acquired a controlling shareholding in Absa. As part of the second phase of this transaction, Absa acquired the Barclays South Africa operations effective 1 January 2006.

Diluted headline earnings per share

The options issued to the Absa Group Limited Share Incentive Trust, the Absa Share Ownership Trust (the trust established to facilitate Absa's employee share ownership programme), and Batho Bonke Capital (Proprietary) Limited (Absa's black economic empowerment partner) diluted headline earnings per share by 29,5 cents to 710,9 cents per share. Accordingly, the growth in fully diluted headline earnings per share was 18,3% compared with the same period in the previous financial year.

Accounting policies

Absa implemented International Financial Reporting Standards (IFRS) with effect from 1 April 2005. The opening balance sheets at 1 April 2004 and 1 April 2005 have been restated accordingly. The income statement for the twelve months to March 2005 has been restated, as has the pro forma unaudited results for the nine months to December 2004.

However, it is important to note that selected areas of IFRS are only applied prospectively in terms of the standards, resulting in figures still not being 100% comparable on a line-by-line basis. The standards that were prospectively applied were detailed in Absa's SENS announcement issued on 25 October 2005.

The Group's results for the nine months ended 31 December 2005 have been audited by the Group's auditors, Ernst & Young and PricewaterhouseCoopers Inc. Their audit report is available for inspection at the Group's registered address, 3rd Floor, Absa Towers East, 170 Main Street, Johannesburg, 2001.

Operating environment

Domestic demand conditions remained buoyant during the nine months ended 31 December 2005. Motor vehicles and other durable goods sales showed rapid growth. Much of this was financed by credit and stimulated by a further 50 basis point reduction in interest rates in April 2005. Consumers continued to take on additional debt, pushing the debt-to-disposable income ratio up to 63,4% in September 2005 – the highest level since 1990. This level is still considered acceptable in view of recent strong gains in real household income and the low interest rate environment.

Real economic growth in 2005 is estimated to have averaged just less than 5%. Household consumption expenditure grew at an estimated 6,7% (real growth), once again providing a major boost to economic growth. Although gross fixed capital formation growth remained strong, the growth rate of the production side of the economy again failed to match the increase in expenditure, as was evidenced by the current account deficit, which widened to around 5% in the latter part of 2005.

Although high and rising commodity prices should support the mining sector, some weakness could again impact agriculture and manufacturing production if the global economy slows and rand strength persists. The stronger rand and oil prices coming off their earlier peaks also benefited the inflation outlook. However, the economy has been running at very high levels of capacity utilisation despite a strong increase in fixed capital formation. This increases the possibility of a pickup in inflation later in 2006. In addition, the rising current account deficit and still very brisk pace of spending and credit uptake suggest that interest rates may stay on hold for a more prolonged period than initially expected.

Group performance

Information on the Group performance, net asset value and capital adequacy is contained on pages 9 – 32. Information relating to the performance of the Group's segments, is contained on pages 36 – 40.

Prospects

Consumer credit demand, particularly in the retail environment, is expected to remain strong during 2006, albeit not as buoyant as in the past two years.

Inflation is expected to remain within the government's target range of 3-6% and interest rates are likely to remain stable over the next year.

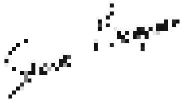
Interest margins will probably contract further over the next year, mostly as a result of the competitive landscape and increased reliance on wholesale funding.

Credit quality should remain good, but the charge to the income statement is expected to edge upwards to more sustainable levels.

It is in this positive economic environment, which is particularly favourable to retail banking, that the Group is expected to continue to prosper.

On behalf of the board

D C Cronjé › *Chairman*



S F Booysen › *Group chief executive*

21 February 2006

Declaration of ordinary dividend number 39

Shareholders are advised that a final dividend of 135 cents per ordinary share was declared on Tuesday, 21 February 2006, and is payable to shareholders recorded in the register of members of the company at the close of business on Friday, 17 March 2006.

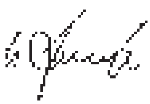
In compliance with the requirements of STRATE, the electronic settlement and custody system used by the JSE Limited, the following salient dates for the payment of the dividend are applicable:

Last day to trade *cum* dividend	Friday, 10 March 2006
Shares commence trading *ex* dividend	Monday, 13 March 2006
Record date	Friday, 17 March 2006
Payment of dividend	Monday, 20 March 2006

Share certificates may not be dematerialised or rematerialised between Monday, 13 March 2006, and Friday, 17 March 2006, both dates inclusive.

On Monday, 20 March 2006, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not, cheques dated 20 March 2006 will be posted on or about that date. The accounts of shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Monday, 20 March 2006.

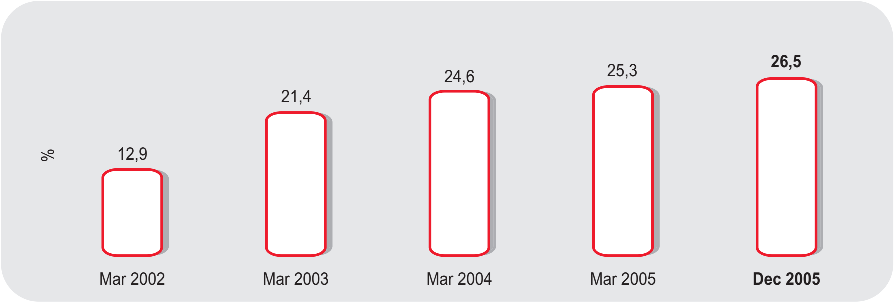
On behalf of the board



W R Somerville › *Group secretary*

21 February 2006

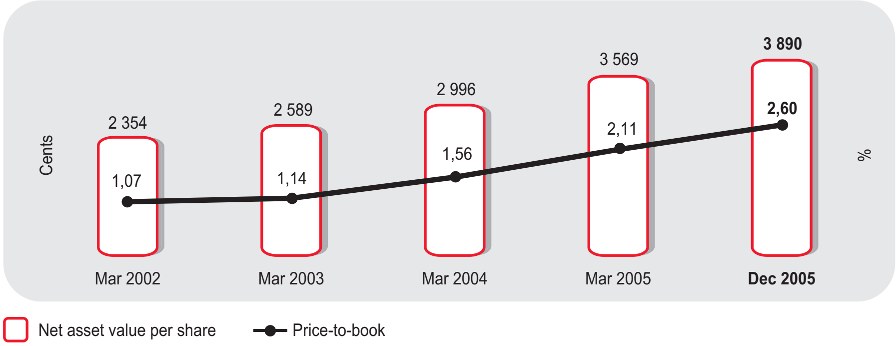
Return on average equity



The Group achieved a return an average equity (RoE) of 26,5% for the nine months under review. The pleasing result has enabled a sustained outperformance of the Group's objective of achieving a RoE of at least 5% above the Group's cost of equity.

The satisfactory RoE achieved can be attributed to a combination of solid earnings growth and sound capital management.

Capital



The net asset value of the Absa Group increased by a modest 8,8% from 3 577 cents per share at 31 December 2004 to 3 890 cents per share during the period under review. This modest increase follows higher dividend payouts during the period to reduce the surplus capital in the Group to a more acceptable level.

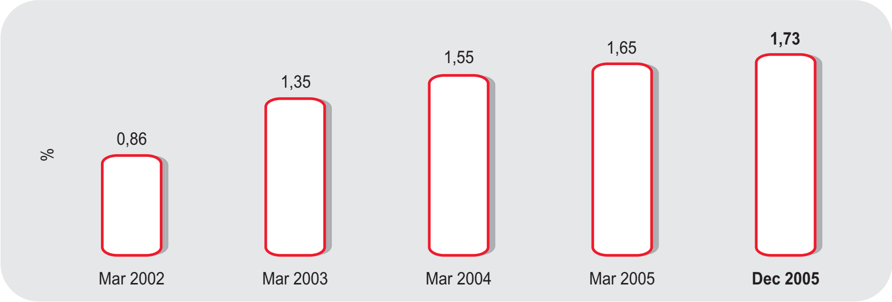
On the basis of the prescribed consolidated capital requirements of the SARB, the Group's capital stood at 11,3% of risk-weighted assets at 31 December 2005 (March 2005: 12,0%). The Group's primary capital ratio was 8,6% (March 2005: 9,1%) and its secondary capital ratio was 2,7% (March 2005: 2,9%).

Basel II

The Group continues to make good progress with the implementation of Basel II and is on track for the planned 2008 implementation date. Based on the current environment, Absa remains confident that the anticipated lower capital requirements from credit risk will be sufficient to offset any additional capital required from areas such as operational risk.

Return on average assets

Return on average assets, excluding acceptance

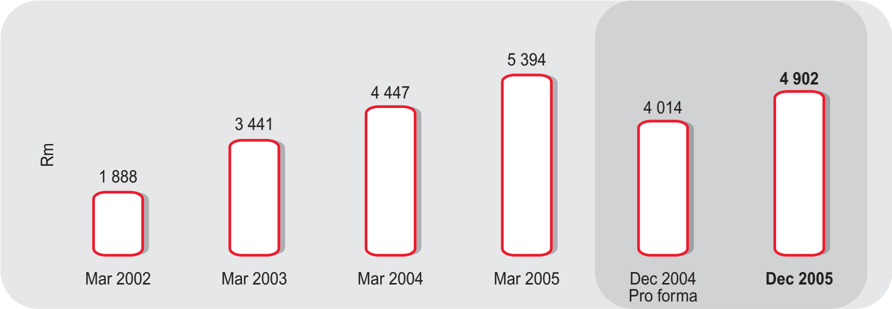


The return on average assets (excluding acceptances) (RoA) improved from 1,65% to 1,73%, compared to March 2005. This remains in line with the Group's objective of maintaining an RoA of greater than 1,5%.

Earnings

The key contributors to earnings include net interest income, impairment of loans and advances, non-interest income and operating expenditure. These are outlined below.

Headline earnings



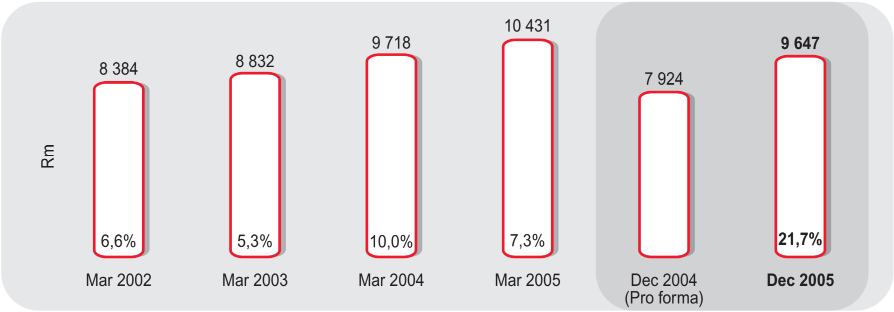
The Group lifted headline earnings by 22,1%, compared to December 2004, to R4 902 million. This growth achieves the Group's objective of delivering real earnings growth of 10%.

All business segments delivered a strong performance, compared to December 2004, with retail banking growing headline earnings by 21,4% and commercial, wholesale and the bancassurance operations reflecting growth of 29,5%, 20,8% and 32,4% respectively.

These performances are underpinned by solid advances growth and the benefit of the positive credit environment.

Interest income

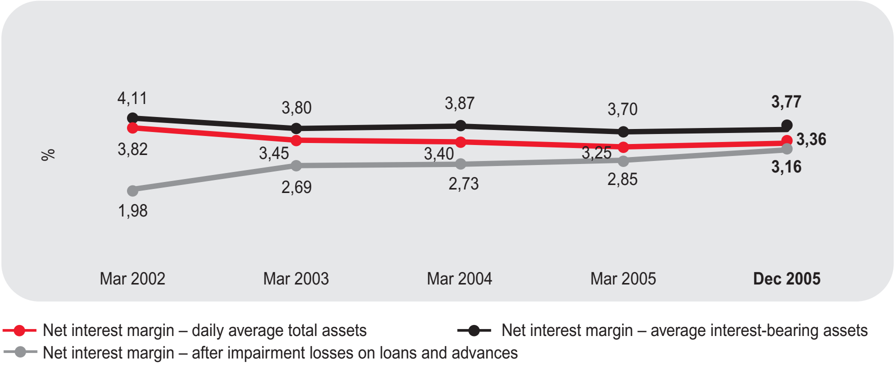
Net interest income (% growth)



Net interest income increased by 21,7%, from R7 924 million for the nine months to 31 December 2004 to R9 647 million for the nine months ended 31 December 2005.

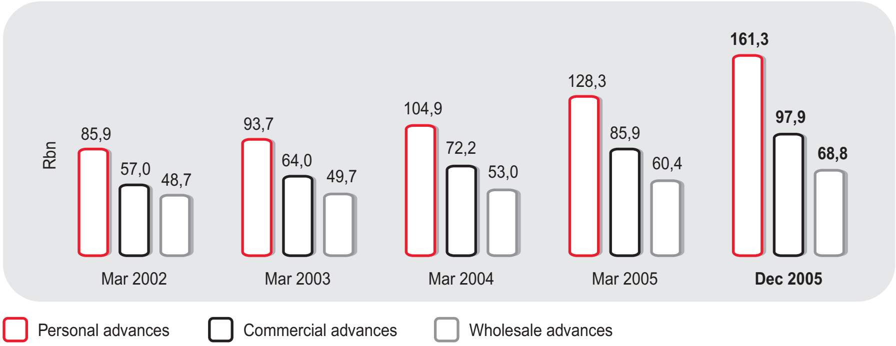
Net interest income benefited from the strong credit demand, particularly in the retail environment. Mortgage loan and credit card growth were the main contributors to the overall personal loan growth of 26,5% for the nine months. Commercial and wholesale loans grew by 14,3% and 14,6% respectively. Total advances growth for the nine months was 20,1%, or 26,7% on an annualised basis.

Net interest margin



In spite of the continued pressure on lending margins in selected markets and an increased reliance on wholesale funding, the Group's margin in respect of average assets improved from 3,25% in March 2005 to 3,36% for the nine months to December 2005. The improved margin can be attributed to the implementation of IFRS, which requires certain fee income directly related to the acquisition of loans to be treated as part of the net interest margin.

Gross loans and advances to customers



Gross advances increased by 19,4% to R328 020 million, with personal, commercial and wholesale advances showing sound growth of 25,8%, 13,9% and 13,9% respectively.

The growth in personal advances continues to be driven by increased household credit extension. Residential mortgage advances grew by 27,7% and credit cards by 28,3%. Strong advances growth continues to be experienced in the affluent and high net worth market, with Absa Private Bank increasing their advances base by 12,1%.

Absa's repossessed properties portfolio continues to decline, with the total number of properties in possession declining by 19,6% from March 2005. The remaining properties in this portfolio (5 286 properties) have been adequately provided for.

The solid growth in commercial advances was partly as a result of record new business volumes being achieved by Absa Asset and Vehicle Finance (AVAF). This growth was assisted by the lower interest rate environment, coupled with low vehicle price inflation. Strategic alliances with key suppliers and manufacturers continue to contribute to the solid asset growth and is in line with AVAF's strategy to diversify its asset mix and target the corporate and business markets.

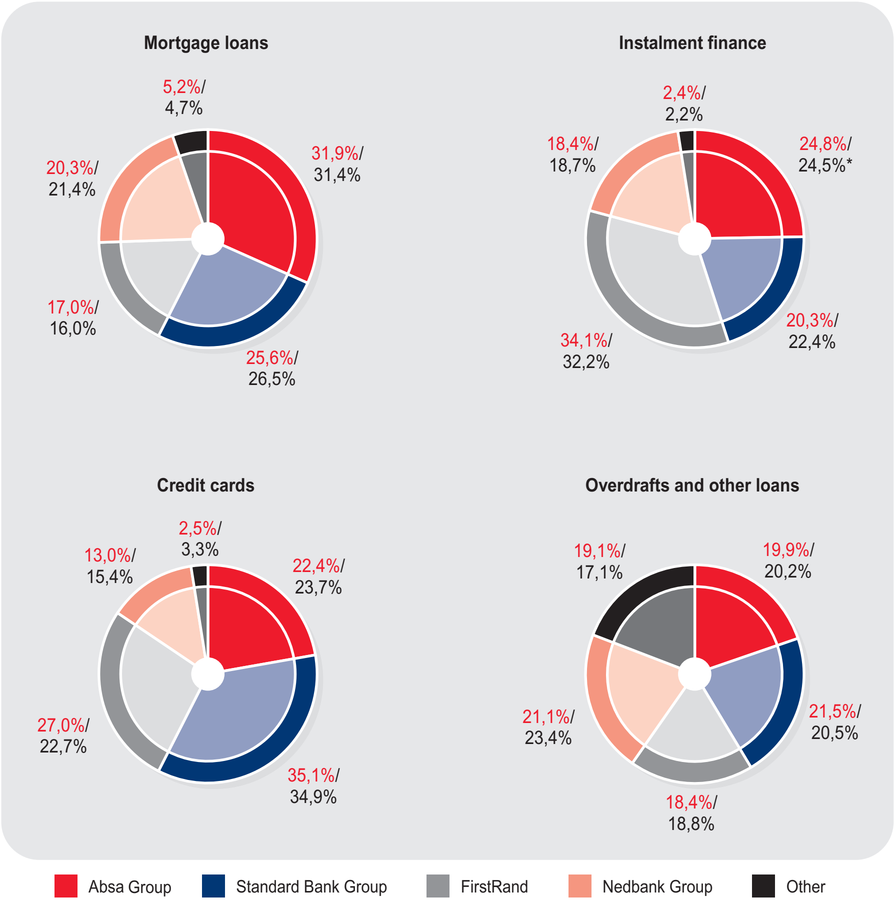
Both the large and medium business segments drove Business Banking Services' advances growth. The strong property market remained a solid contributor to the 13,9% growth in commercial lending.

The Group's wholesale advances experienced 13,9% growth, however, the demand for traditional interest-bearing products remained under pressure. Investments undertaken by Absa's securitisation vehicle (ABACAS) and the appetite for preference share funding and specialised and project finance contributed significantly to the growth. These assets attract fees and offer narrower margins than traditional lending products.

Refer to note 1 of the financial statements on page 24 of this report for further information about the Group's advances.

Market share

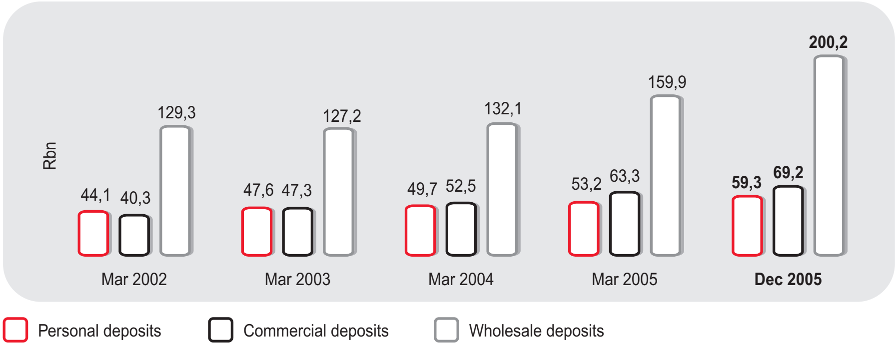
December 2005/March 2005



**Securitisation of R2,7 billion – 1,5% of market share (March 2005: R2,7 billion – 1,7% of market share) has been excluded from the Absa instalment finance book.*

The competitive landscape remains extremely challenging. The strong advances growth has seen Absa gain market share in mortgages and instalment finance. However, in credit cards and overdrafts and other loans, despite sound growth, Absa has given up market share.

Deposits due to customers and banks

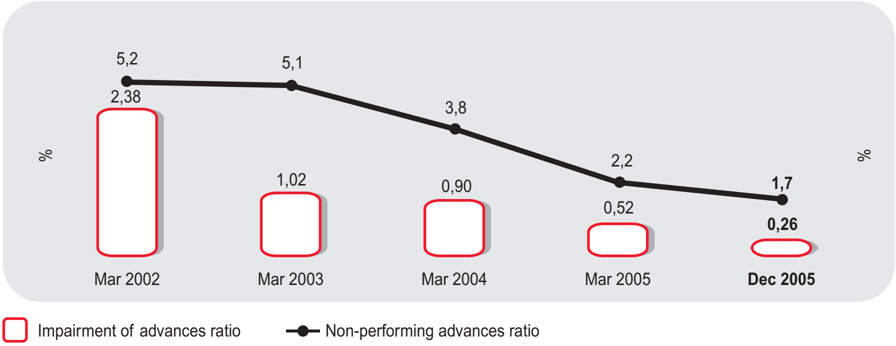


Personal and commercial deposits comprise 39,1% of the Group's funding base, which is lower than the 42,1% recorded at 31 March 2005. This can be attributed to a change in the funding mix towards wholesale deposits.

The lower interest environment and strong performances by equity markets continues to make alternative investments more attractive.

Despite this, personal and commercial deposits have grown 11,5% and 9,3% respectively.

Impairment losses on loans and advances

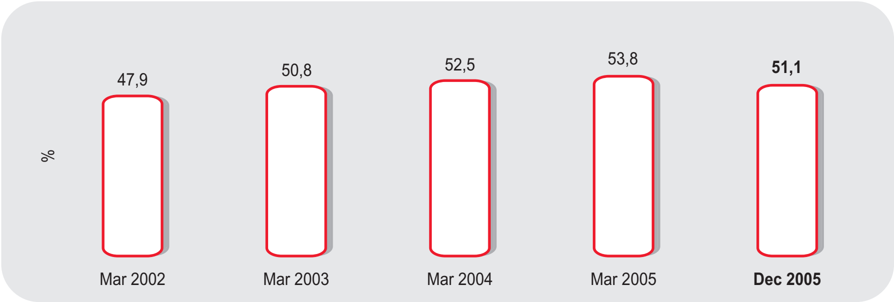


The bad debt charge of R569 million for the period was significantly lower than the R978 million charge for the same period of 2004. The ratio of non-performing advances to total advances declined to 1,7%, the lowest in the history of the Group. On an annualised basis, the Group's impairmant ratio (income statement charge as a percentage of average advances) for the period was only 0,26% compared with the 0,35% and 0,52% reported in September 2005 and March 2005 respectively. This low charge is underpinned by the further improvement in the number and value of non-performing loans and increased success in the recovery of previously written-off amounts.

The Group's credit management policies, procedures and techniques are sound and will be further enhanced by applying best practice. Management is also satisfied that the pricing of products adequately addresses this risk. The levels of provisions held in the Group are prudent and adequately cover the risks of uncollectable amounts.

Non-interest income

Non-interest income as % of operating income
(excluding impairment losses on loans and advances)

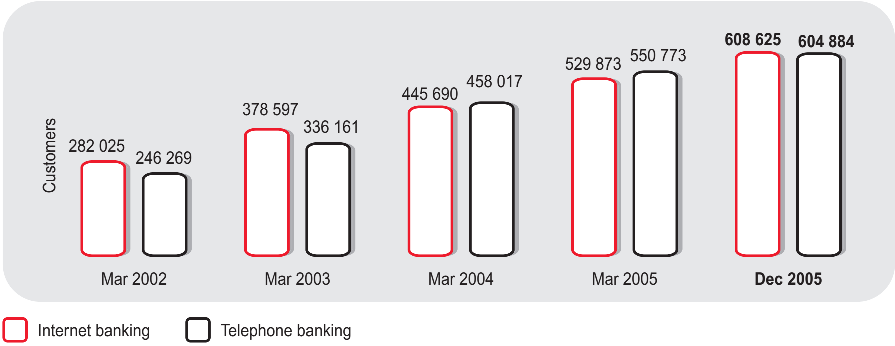


Non-interest income as a percentage of operating income declined marginally from 53,8% to 51,1% due to the IFRS reclassification of fees. This is still above the Group's objective of maintaining a ratio of 50% or more.

Approximately 77% of non-interest income was derived from transaction-based fees and commissions. Other major sources included life and short-term insurance activities (7,7%) and treasury trading (7,4%). Fee and commission income, before and after IFRS reclassifications, grew by 16,8% and 10,8% respectively. Transaction volume growth and the continued increase in retail customer numbers were the main growth drivers. Revenue from treasury trading activities was 25,3% higher than in the same period of 2004.

The Group's insurance activities continued to perform well, assisted by the growth in new business, favourable underwriting conditions, operational efficiencies and strong growth in the equity portfolio.

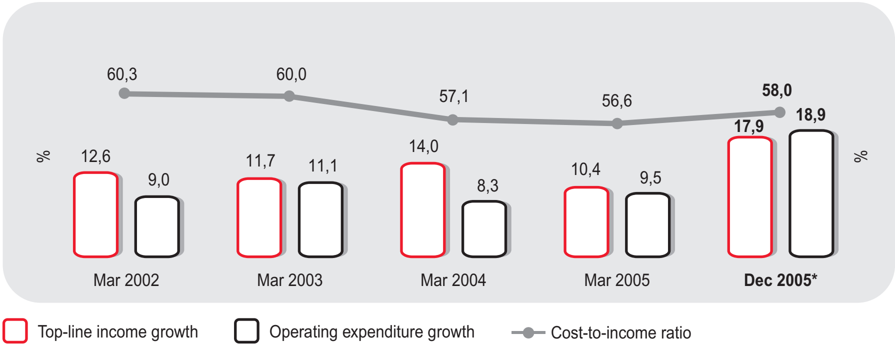
Internet and telephone banking customers



The Group's electronic banking base continues to show growth from a high base. Internet- and telephone banking customers increased by 14,9% and 9,8% respectively since 31 March 2005.

Operating expenditure

Cost-to-income ratio



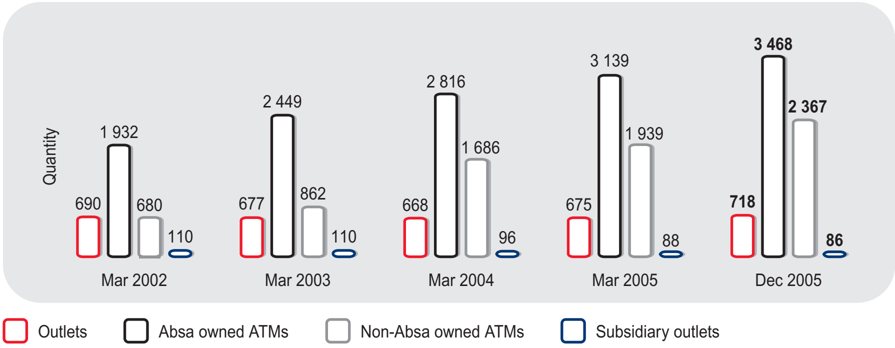
**The growth percentages are calculated based on December 2004 pro forma figures (refer to page 42).*

Operating expenditure increased by 18,9% compared with the corresponding nine months of 2004. Areas contributing to the relatively high cost growth included the expansion of the Group's branch and automated teller machine (ATM) network, increased business volumes, expenditure relating to the Barclays transaction, costs incurred towards achieving future sustainable benefits emanating from the Barclays relationship, regulatory and compliance-related activities, as well as staff costs. The increased staff costs emanate from the Group's emphasis on customer service in an environment where banking transactions and activities increased dramatically. Barclays alignment and synergies costs, the winding-up of the Group's international operations as well as performance-related incentives also resulted in increased costs.

Top-line income growth, at 17,9%, lagged expenditure growth over the period and the cost-to-income ratio deteriorated from 56,6% in March 2005 to 58,0% in December 2005. If the costs relating to the Barclays transaction and synergy initiatives are excluded, the cost-to-income ratio is in line with the ratio reported for March 2005.

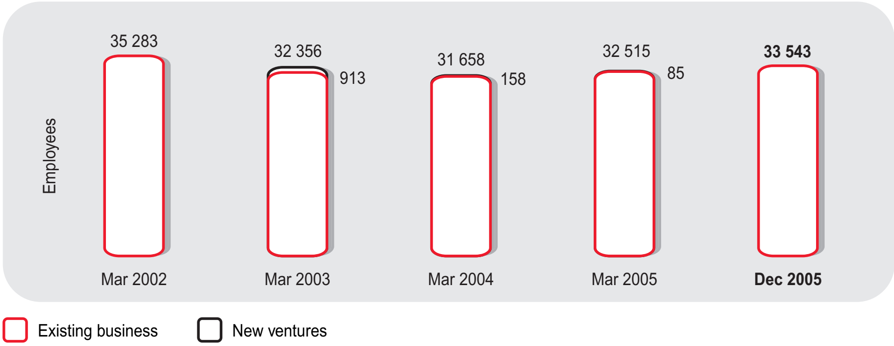
The earnings uplift resulting from exploiting synergies inherent to the Barclays transaction will become increasingly evident although the net earnings impact will remain negative during 2006. Benefits are expected to exceed expenditure during 2007. Management believes it remains well placed to deliver R1,4 billion in sustainable benefits four years after the completion of the transaction.

Delivery footprint



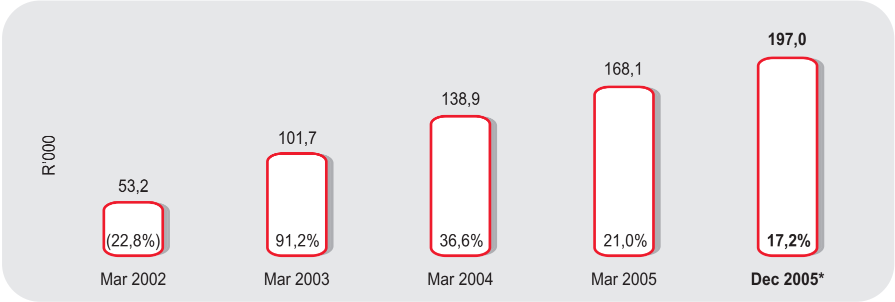
Absa remains committed to investing in its delivery footprint, with an emphasis on a presence in rural and previously disadvantaged communities. The focus is on optimising the outlet network and striking a balance between traditional outlets and alternative/electronic delivery mechanisms.

Employee complement



Staff costs grew by 20,3% (annualised, compared to March 2005) and represent 50,8% of the cost base. The key drivers of this increase included headcount growth to support expansion, service initiatives and compliance requirements. In addition, above inflation wage settlements and higher incentive provisions due to the Group's strong performance contribute to the increase.

Headline earnings per employee (average)



**The growth percentage is annualised compared to March 2005.*

The continued increase in headline earnings per employee, despite headcount and cost growth, demonstrates the Group's ability to leverage existing infrastructure and resources.

group balance sheet

	Note	31 December 2005 (Audited) Rm	31 March 2005 (Audited) (Restated)* Rm	Change %
Assets				
Cash, cash balances and balances with central banks		**15 043**	13 183	14,1
Statutory liquid asset portfolio		**16 289**	14 384	13,2
Loans and advances to banks		**4 602**	3 528	30,4
Trading assets		**22 830**	21 351	6,9
Hedging derivative assets		**1 016**	600	69,3
Loans and advances to customers	1	**322 097**	268 240	20,1
Reinsurance assets		**423**	320	32,2
Other assets		**6 762**	7 563	(10,6)
Investments		**12 759**	13 599	(6,2)
Investments in associated undertakings and joint ventures		**895**	607	47,4
Intangible assets		**191**	197	(3,0)
Property and equipment		**3 451**	3 209	7,5
Current tax assets		**17**	5	>100,0
Deferred tax assets		**86**	183	(53,0)
Clients' liabilities under acceptances		**961**	192	>100,0
Total assets		**407 422**	347 161	17,4
Liabilities				
Deposits from banks		**28 431**	24 370	16,7
Trading liabilities		**19 397**	20 028	(3,2)
Hedging derivative liabilities		**2 004**	1 610	24,5
Deposits due to customers		**300 298**	251 984	19,2
Current tax liabilities		**438**	493	(11,2)
Liabilities under investment contracts		**6 287**	4 325	45,4
Policyholder liabilities under insurance contracts		**2 736**	2 390	14,5
Borrowed funds	2	**6 483**	5 679	14,2
Other liabilities and sundry provisions		**11 824**	10 726	10,2
Deferred tax liabilities		**2 562**	1 859	37,8
Liabilities to clients under acceptances		**961**	192	>100,0
Total liabilities		**381 421**	323 656	17,8
Equity				
Capital and reserves attributable to equity holders:				
Share capital		**1 327**	1 310	1,3
Share premium		**1 875**	1 611	16,4
Other reserves		**622**	383	62,4
Distributable reserves		**21 931**	19 969	9,8
		25 755	23 273	10,7
Minority interest		**246**	232	6,0
Total equity		**26 001**	23 505	10,6
Total equity and liabilities		**407 422**	347 161	17,4
Contingent liabilities – banking related		**16 331**	16 630	(1,8)

**The comparatives for March 2005 have been restated for IFRS.*

IAS 39: Balance sheet classification as at 31 December 2005

	Assets Rm	Liabilities Rm
Fair value	**87 084**	**29 395**
Held for trading	22 830	19 397
› Trading assets	22 830	—
› Trading liabilities	—	19 397
Fair value election	53 145	9 998
› Statutory liquid asset portfolio	4 559	—
› Loans and advances to customers	32 730	—
› Investments	14 658	—
› Deposits due to customers	—	1 291
› Borrowed funds	—	416
› Hedging derivative assets	1 016	—
› Hedging derivative liabilities	—	2 004
› Reinsurance assets	182	—
› Liabilities under investment contracts	—	6 287
Available-for-sale	11 109	—
› Statutory liquid asset portfolio	10 398	—
› Investments	711	—
Amortised cost	**320 338**	**352 026**
Loans and receivables	293 969	—
Held to maturity	2 457	—
Non-trading liabilities	—	333 505
Other assets and liabilities	23 912	18 521
Total equity	**—**	**26 001**
	407 422	**407 422**

group income statement

	Note	Nine months ended 31 December 2005 (Audited) Rm	Twelve months ended 31 March 2005 (Audited) (Restated)* Rm
Net interest income		**9 647**	10 431
Interest and similar income		**23 212**	26 937
Interest expense and similar charges		**(13 565)**	(16 506)
Impairment losses on loans and advances	3	**(569)**	(1 284)
		9 078	9 147
Net fee and commission income		**7 067**	8 920
Fee and commission income	4.1	**7 750**	9 703
Fee and commission expense	4.2	**(683)**	(783)
Net insurance premium income		**1 948**	2 051
Insurance premium revenue		**2 146**	2 341
Premiums ceded to reinsurers		**(198)**	(290)
Net claims and benefits paid		**(797)**	(929)
Gross claims and benefits paid on insurance contracts		**(913)**	(1 023)
Reinsurance recoveries		**116**	94
Changes in insurance and investment liabilities		**(1 026)**	(668)
Gains and losses from banking and trading activities	4.3	**781**	870
Gains and losses from investment activities	4.4	**1 336**	1 228
Other operating income	4.5	**759**	696
Net operating income		**19 146**	21 315
Operating expenses		**(12 216)**	(13 708)
Operating expenses	5	**(11 438)**	(12 785)
Impairments		**(54)**	(118)
Indirect taxation		**(724)**	(805)
Share of profit of associated and joint venture companies		**101**	59
Operating profit before income tax		**7 031**	7 666
Taxation expense		**(2 187)**	(2 172)
Profit for the period		**4 844**	5 494
Attributable to:			
Equity holders of the Group		**4 776**	5 419
Minority interest		**68**	75
		4 844	5 494
› basic earnings per share (cents)		**721,4**	831,0
› diluted earnings per share (cents)		**692,7**	801,6
Headline earnings	6	**4 902**	5 394
› headline earnings per share (cents)		**740,4**	827,2
› diluted headline earnings per share (cents)		**710,9**	797,9

**The comparatives for March 2005 have been restated for IFRS.*

group statement of changes in equity

	31 December 2005 (Audited) Rm	31 March 2005 (Audited) (Restated)* Rm
Share capital	**1 327**	1 310
Opening balance	**1 310**	1 291
Prospective IFRS adjustment – treasury shares Absa Life Limited	**(2)**	—
Shares issued	**24**	8
Elimination of treasury shares held by Absa Life Limited	**1**	—
Consolidation of Absa Group Limited Share Incentive Trust	**(6)**	11
Share premium	**1 875**	1 611
Opening balance	**1 611**	1 309
Prospective IFRS adjustment – treasury shares Absa Life Limited	**(40)**	—
Shares issued	**382**	111
Elimination of treasury shares held by Absa Life Limited	**13**	—
Consolidation of Absa Group Limited Share Incentive Trust	**(91)**	191
Other reserves	**622**	383
Opening balance as previously reported	**383**	755
IFRS adjustments applied retrospectively	**—**	10
Movement in foreign currency translation reserve	**(130)**	31
Movement in regulatory general credit risk reserve	**—**	(332)
Movement in available-for-sale reserve	**90**	(75)
Movement in cash flow hedges reserve	**97**	(56)
Movement in insurance statutory reserve	**11**	30
Movement in associated undertakings and joint ventures' retained earnings reserve	**101**	(20)
Movement in share based payments reserve	**70**	40
Distributable reserves	**21 931**	19 969
Opening balance as previously reported	**19 969**	15 995
IFRS adjustments applied retrospectively	**—**	(423)
IFRS adjustments applied prospectively	**(301)**	—
Consolidation of Absa Group Limited Share Incentive Trust and other	**—**	(4)
Transfer to insurance statutory reserve	**(11)**	(30)
Transfer (to)/from associated undertakings and joint ventures' retained earnings reserve	**(101)**	18
Transfer from regulatory general credit risk reserve	**—**	332
Profit attributable to equity holders	**4 776**	5 419
Dividends paid during the period	**(2 401)**	(1 338)
	25 755	23 273
Minority interest	**246**	232
Opening balance as previously reported	**232**	171
IFRS adjustments applied retrospectively	**—**	4
Other reserve movements	**(54)**	(18)
Minority share of profit	**68**	75
Total equity	**26 001**	23 505

**The comparatives for March 2005 have been restated for IFRS.*

group cash flow statement

	Note	31 December 2005 (Audited) Rm	31 March 2005 (Audited) (Restated)* Rm
Net cash flow from operating activities		1 487	8 812
Net cash flow from/(utilised) in investing activities		1 429	(6 562)
Net cash utilised in financing activities		(1 370)	(2 526)
Net increase/(decrease) in cash and cash equivalents		1 546	(276)
Cash and cash equivalents at the beginning of the period	1	6 796	7 077
Effects of exchange rate changes on cash and cash equivalents		1	(5)
Cash and cash equivalents at the end of the period	2	8 343	6 796

Notes to the cash flow statement

1. Cash and cash equivalents at the beginning of the period		
Cash, cash balances and balances with central banks	13 183	10 662
Statutory liquid asset portfolio	14 384	12 598
Loans and advances to banks	3 528	3 912
Less: amount not held for cash flow purposes	(24 299)	(20 095)
	6 796	7 077
2. Cash and cash equivalents at the end of the period		
Cash, cash balances and balances with central banks	15 043	13 183
Statutory liquid asset portfolio	16 289	14 384
Loans and advances to banks	4 602	3 528
Less: amount not held for cash flow purposes	(27 591)	(24 299)
	8 343	6 796

**The comparatives for March 2005 have been restated for IFRS.*

	31 December 2005 (Audited) Rm	31 March 2005 (Audited) (Restated)* Rm	Change %
1. Loans and advances to customers			
Total personal advances			
Mortgages	142 888	112 034	27,5
Advances	142 639	111 707	27,7
Repossessed properties	249	327	(23,9)
Cheque accounts	3 122	3 273	(4,6)
Personal loans	6 275	5 174	21,3
Credit card accounts	6 918	5 394	28,3
Microloans	1 416	1 582	(10,5)
Other	719	822	(12,5)
Gross advances	161 338	128 279	25,8
Impairment losses on loans and advances	(2 303)	(2 530)	9,0
Net advances	159 035	125 749	26,5
Total commercial advances			
Mortgages (including commercial property finance)	23 218	20 666	12,3
Cheque accounts	10 981	10 627	3,3
Instalment finance**	50 297	43 408	15,9
Term loans	7 096	5 692	24,7
Specialised finance	1 813	1 709	6,1
Other	4 454	3 818	16,7
Gross advances	97 859	85 920	13,9
Impairment losses on loans and advances	(1 647)	(1 770)	6,9
Net advances	96 212	84 150	14,3
Total wholesale advances			
Corporate overdrafts	2 577	2 346	9,8
Foreign currency loans	15 054	15 820	(4,8)
Specialised and project finance	16 806	13 084	28,4
Overnight finance	5 921	6 050	(2,1)
Preference shares	10 514	8 318	26,4
Commodities	901	1 153	(21,9)
Loans granted under resale agreements (Carries)	4 531	3 395	33,5
Securitised corporate loans (Abacas)	8 703	6 087	43,0
Other	3 816	4 187	(8,9)
Gross advances	68 823	60 440	13,9
Impairment losses on loans and advances	(1 973)	(2 099)	6,0
Net advances	66 850	58 341	14,6
Total gross advances	328 020	274 639	19,4
Impairment losses on loans and advances	(5 923)	(6 399)	7,4
Total net advances	322 097	268 240	20,1

**The comparatives for March 2005 have been restated for IFRS.*

***Although Absa Vehicle and Asset Finance (AVAF) operates in both the personal and commercial markets, this division is included in the commercial banking segment. 66,47% of AVAF's total advances are in respect of consumers (personal market).*

	31 December 2005 (Audited) Rm	31 March 2005 (Audited) (Restated)* Rm	Change %
2. Borrowed funds			
Subordinated convertible loans			
16,60% effective rate	—	54	(100,0)
Redeemable convertible cumulative preference shares	—	34	(100,0)
Unsecured subordinated redeemable debentures			
14,65% nominal rate	—	200	(100,0)
14,45% nominal rate	—	300	(100,0)
17,90% nominal rate	—	250	(100,0)
Variable rate debentures	3	2	50,0
Secured redeemable compulsorily convertible debentures	3	4	(25,0)
Subordinated callable notes			
14,25% (AB02)	3 100	3 100	—
10,75% (AB03)	1 100	1 100	—
3-month JIBAR + 0,75% (AB04)	400	400	—
8,75% (AB05)	1 500	—	100,0
Accrued interest and fair value adjustment	226	89	>100,0
Redeemable cumulative option-holding preference shares	151	146	3,4
	6 483	5 679	14,2

**The comparatives for March 2005 have been restated for IFRS.*

	Nine months ended 31 December 2005 (Audited) Rm	Twelve months ended 31 March 2005 (Audited) (Restated)* Rm
3. Impairment losses on loans and advances		
Loans and advances to customers	815	1 520
Less: Recoveries of impairment of advances	(246)	(236)
	569	1 284
Credit impairments per segment		
Retail banking	128	355
Commercial banking	331	639
Wholesale banking	195	267
African operations	12	20
Absa Financial Services	3	3
Other	(100)	—
Total charge to the income statement	569	1 284
Credit impairments per product		
Mortgage loans	77	156
Cheque accounts	129	476
Instalment finance	276	232
Credit cards	69	78
Other retail and commercial advances	75	288
Other wholesale advances	122	225
Microloans	(3)	37
Repossessed properties	(70)	33
Commercial property finance	18	31
Total specific impairment charge	693	1 556
Portfolio impairment	122	(36)
Impairment of advances before recoveries	815	1 520
Recoveries of credit impairments	(246)	(236)
Total charge to the income statement	569	1 284
Accumulated impaired advances		
Specific impairments	4 904	5 369
Non-performing loans	3 572	3 946
Other impaired loans	1 100	918
Net present value adjustment	232	505
Portfolio impairments	1 019	1 030
	5 923	6 399

**The comparatives for March 2005 have been restated for IFRS.*

	Outstanding balance Rm	Security and recoveries Rm	Net exposure Rm	Impairments raised Rm
3. Impairment losses on loans and advances (continued)				
Non-performing advances at 31 December 2005				
Personal loans	**200**	**124**	**76**	**76**
Retail overdrafts and credit cards	**665**	**104**	**561**	**561**
Foreign currency loans	**462**	**—**	**462**	**462**
Instalment finance	**363**	**94**	**269**	**269**
Mortgages	**1 795**	**1 398**	**397**	**397**
Microloans	**1 416**	**220**	**1 196**	**1 196**
Other	**675**	**64**	**611**	**611**
	5 576	**2 004**	**3 572**	**3 572**
Non-performing advances as % of loans and advances to customers	**1,7**			
Non-performing advances at 31 March 2005	5 933	1 987	3 946	3 946
Non-performing advances as % of loans and advances to customers	2,2			

	Nine months ended 31 December 2005 (Audited) Rm	Twelve months ended 31 March 2005 (Audited) (Restated)* Rm
4. Non-interest income		
4.1 Fee and commission income		
Asset management and related fees	**30**	81
Credit-related fees and commission	**5 779**	7 555
Credit cards	**863**	975
Cheque accounts	**1 624**	2 097
Electronic banking	**1 530**	1 881
Other	**1 762**	2 602
Corporate finance fees	**265**	234
Insurance commission received	**891**	1 054
Portfolio and other management fees	**152**	100
Trust and estate income	**127**	164
Pension fund payment services	**326**	433
External administration fees	**180**	82
	7 750	9 703
4.2 Fee and commission expense		
Broking commissions paid	**(683)**	(783)
4.3 Gains and losses from banking and trading activities		
Net gains on investments	**291**	67
Available-for-sale	**5**	26
Fair value through profit and loss	**286**	41
Net trading results	**744**	803
Trading income	**417**	520
Net interest income	**213**	151
Dividend income	**114**	132
Derivatives (non-qualifying hedges)	**(254)**	—
	781	870
4.4 Gains and losses from investment activities		
Fair value through profit and loss	**1 451**	1 228
Net investment gains in life insurance company (before transfer to Life Fund)	**1 052**	758
Investment gains	**399**	470
Available-for-sale	**(115)**	—
	1 336	1 228

**The comparatives for March 2005 have been restated for IFRS.*

	Nine months ended 31 December 2005 (Audited) Rm	Twelve months ended 31 March 2005 (Audited) (Restated)* Rm
4. Non-interest income *(continued)*		
4.5 Other operating income		
Dividend income	211	167
Trading and banking activities	60	45
Investment activities	151	122
Profit on sale of property and equipment	18	12
Property development profit	95	41
Property rental	53	76
Unit/property trust commission	170	202
Other banking income	212	198
	759	696
Net insurance premium income	1 948	2 051
Net claims and benefits paid	(797)	(929)
Changes in insurance and investment liabilities	(1 026)	(668)
Total non-interest income	10 068	12 168
5. Operating expenditure		
Operating expenses		
Amortisation	13	17
Auditors' remuneration	69	70
Depreciation	550	693
Information technology cost	813	1 075
Marketing and advertising costs	541	510
Operating lease rentals	557	721
Professional fees	691	949
Costs relating to Barclays transaction	120	—
Barclays synergy costs	139	—
Staff costs	5 750	6 406
Other operating expenditure	2 195	2 344
	11 438	12 785
Impairments		
Goodwill	—	107
Computer software development costs	40	—
Available-for-sale investments	14	11
	54	118
6. Determination of headline earnings		
Headline earnings is determined as follows:		
Net income attributable to shareholders	4 776	5 419
Adjustments for:		
Net profit on disposal of property and equipment	(18)	(12)
Net loss/(profit) on disposal of available-for-sale assets and strategic investments	130	(150)
Impairment costs		
Available-for-sale and strategic investments	14	30
Goodwill impaired	—	107
Headline earnings	4 902	5 394

The comparatives for March 2005 have been restated for IFRS.

	Number of shares 31 December 2005 (Audited)	31 March 2005 (Audited)
7. Absa Group Limited Share Incentive Trust		
Shares and options subject to the trust at the beginning of the period		
Shares issued to participants	**432 741**	847 702
Options granted	**30 705 178**	33 964 889
	31 137 919	34 812 591
Shares issued and options granted during the period	**4 346 639**	7 090 603
	35 484 558	41 903 194
Options exercised and implemented, options cancelled and shares released or repurchased by the trustees in terms of the rules of the trust	**(10 358 814)**	(10 765 275)
Shares and options subject to the trust at the end of the period	**25 125 744**	31 137 919
Comprising		
Shares issued to participants	**—**	432 741
Options granted and unexercised	**25 125 744**	30 705 178
	25 125 744	31 137 919

	31 December 2005 (Audited)		31 March 2005 (Audited)	
	% of total issued shares	**Number of shares**	% of total issued shares	Number of shares
Maximum shares and options available	**10,0**	**66 685 507**	10,0	65 505 507
Shares and options subject to the trust	**(3,8)**	**(25 125 744)**	(4,8)	(31 137 919)
Balance of shares and options available	**6,2**	**41 559 763**	5,2	34 367 588

Details regarding the options granted and still outstanding at 31 December 2005 are as follows:

Expiry date*	**Number of options**	**Average option price R**
Year to 31 March 2007	114 676	20,77
Year to 31 March 2008	215 245	30,55
Year to 31 March 2009	254 169	17,85
Year to 31 March 2010	555 783	27,66
Year to 31 March 2011	711 877	26,77
Year to 31 March 2012	3 336 411	36,63
Year to 31 March 2013	4 957 521	33,62
Year to 31 March 2014	4 238 778	35,32
Year to 31 March 2015	6 457 276	49,81
Year to 31 December 2015	4 284 008	91,49
	25 125 744	**47,76**

**Options are implementable at least five years before expiry date.*

Capital adequacy of Absa Bank Limited

Risk-weighted assets	31 December 2005 Unweighted assets Rm	31 December 2005 Risk-weighted assets Rm	31 March 2005 Risk-weighted assets (Restated)* Rm
Assets – Banking activities			
On balance sheet	329 158	220 920	181 608
Off balance sheet	549 828	11 119	11 534
Total	878 986	232 039	193 142
Notional assets – Trading activities	—	14 096	6 853
	878 986	246 135	199 995

Qualifying capital	Rm	%**	%**
Primary capital			
Share capital	303	0,1	0,1
Share premium	4 665	1,9	0,8
Reserves	14 711	6,0	7,4
Impairments	(670)	(0,3)	(0,3)
	19 009	7,7	8,0
Secondary capital			
Subordinated convertible loans	—	—	0,3
Subordinated redeemable debt	6 600	2,7	2,6
Regulatory credit provision/reserve	717	0,3	0,6
Revaluation reserve	34	—	0,1
Impairments	(92)	—	(0,2)
	7 259	3,0	3,4
Total qualifying capital	26 268	10,7	11,4

**The comparatives for March 2005 have been restated for IFRS.*

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

Capital adequacy of Absa Group Limited and its banking subsidiaries

	31 December 2005 Risk-weighted assets Rm	31 December 2005 Capital adequacy ratio %	31 March 2005 Capital adequacy ratio (Restated)* %
South African operations			
Absa Bank	246 135	10,7	11,4
Non-South African operations			
Absa Asia (Hong Kong)	247	150,2	29,6
Absa Bank London (a branch of Absa Bank)	5 357	16,7	11,3
Absa Bank Singapore (a branch of Absa Bank)	738	10,0	10,0
Banco Austral, Sarl (Mozambique)	409	27,4	28,8
Bankhaus Wölbern & Co (Germany)	3 121	10,1	10,6
Hesse Newman & Co (Germany)	358	21,2	19,4
National Bank of Commerce (Tanzania)	1 894	16,1	16,1
Total banking operations	258 259	11,0	11,4
Risk-weighted assets (Rm)		258 259	217 640
Tier I capital (Rm)		20 861	17 738
Tier I ratio (%)		8,1	8,2
Absa Group Limited		11,3	12,0
Risk-weighted assets (Rm)		279 935	249 825
Tier I capital (Rm)		23 956	22 791
Tier I ratio (%)		8,6	9,1

**The comparatives for March 2005 have been restated for IFRS.*

shareholders' information

	31 December 2005 %	31 March 2005 %
Major ordinary shareholders (top 10)*		
Barclays Bank PLC	**56,6**	—
Old Mutual Asset Managers	**5,4**	7,6
Allan Gray Limited	**4,5**	7,9
Investec Asset Management	**4,2**	5,0
Public Investment Corporation	**4,0**	8,0
Coronation Fund Managers	**2,3**	2,9
Sanlam Investment Management	**2,1**	3,5
Bernstein Investment Research Management	**1,7**	—
Stanlib Asset Management	**1,0**	2,8
T. Rowe Price Associates Inc.	**0,9**	—
RMB Asset Management	**—**	7,1
Sanlam	**—**	19,4
Financial Securities Limited	**—**	9,4
Other	**17,3**	26,4
	100,0	100,0

**Owing to the Barclays acquisition of a controlling stake in Absa, only the top 10 shareholders are disclosed.*

Batho Bonke Capital (Proprietary) Limited and the Employee Share Ownership Programme (ESOP) hold 79 237 500 redeemable cumulative option-holding preference shares (preference shares).

	Ordinary shares	Preference shares	Total shares
Shares in issue at 31 December 2005	**666 855 074**	**79 237 500**	**746 092 574**

shareholders' diary

Financial year-end	31 December 2005
Annual general meeting	11 April 2006

Announcements

Announcement of the final results	21 February 2006

Dividends

Dividend	Declaration date	Last day to trade	*Ex* dividend date	Record date	Payment date
Final December 2005	21 February 2006	10 March 2006	13 March 2006	17 March 2006	20 March 2006
Interim June 2006	3 August 2006	25 August 2006	28 August 2006	1 September 2006	4 September 2006

definitions

Capital adequacy ratio

The capital adequacy of South African banks is measured in terms of the South African Banks Act requirements. The ratio is calculated by dividing the primary (Tier I), secondary (Tier II) and tertiary (Tier III) capital by the risk-weighted assets. The minimum South African total capital adequacy ratio for banks is now 10% of risk-weighted assets. Non-South African banks within the Group have similar requirements.

Primary (Tier I) capital

Primary capital consists of issued ordinary share capital and perpetual preference share capital, retained earnings and the reserves. This amount is then reduced by the portion of capital that is allocated to trading activities.

Secondary (Tier II) capital

Secondary capital is made up of compulsory convertible loans, the general impairment provision/reserve and 50% of any revaluation reserves.

Tertiary (Tier III) capital

Tertiary capital is made up of unappropriated profits in the trading book.

Impairment losses on loans and advances as percentage of loans and advances to customers

Advances impairments are made where there is objective evidence that the Group will not be able to collect all amounts due. The impairment is the difference between the carrying and recoverable amount. The estimated recoverable amount is the present value of expected future cash flows which may result from restructuring, liquidation or collateral held.

Cost-to-income ratio

Operating expenditure as a percentage of income from operations. Income consists of net interest income and non-interest income.

Dividend cover

Headline earnings per share divided by dividends per share.

Dividends per share relating to income for the period

Dividends per share for the year is the actual interim dividends paid and the final dividends declared for the year under consideration, expressed as cents per share. Dividends per share for the interim period is the interim dividends declared for the period.

Earnings per share

Profit attributable to equity holders

Net profit for the period divided by the weighted average number of ordinary shares in issue during the period.

Headline earnings basis

Headline earnings divided by the weighted average number of shares in issue during the period.

Fully diluted basis

The amount of profit for the period that is attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the period, both adjusted for the effects of all dilutive potential ordinary shares, assuming they had been in issue for the period.

Headline earnings

Headline earnings is not a measure of sustainable earnings. Headline earnings reflect the operating performance of the Group separated from profits and losses on capital items.

Market capitalisation

The Group's closing share price times the number of shares in issue.

Net asset value per share

Total shareholders' equity excluding minority shareholders' equity divided by the weighted number of shares in issue, less any treasury shares held.

Net interest margin on average assets

Net interest income divided by average assets excluding acceptances (calculated on a daily average basis), expressed as a percentage of average assets.

Net interest margin on average interest-bearing assets

Net interest income divided by average interest-bearing assets (calculated on a daily average basis), expressed as a percentage of average interest-bearing assets. Average interest-bearing assets consist of cash, cash balances and balances with central banks, statutory liquid asset portfolio loans and advances to banks as well as loans and advances to customers. (It includes cash and short-term assets, money market assets and capital market assets.)

Non-interest income as percentage of operating income

Non-interest income as a percentage of income from operations. (Income consists of net interest income and non-interest income.)

Non-interest income consists of the following income statement line items: Net fee and commission income, net insurance premium income, net claims and benefits paid, changes in insurance and investment liabilities, gains and losses from banking and trading activities, gains and losses from investment activities as well as other operating income.

Price (closing) earnings ratio

The closing price of ordinary shares divided by headline earnings per share.

Price-to-book

The closing share price relative to the net asset value.

Repossessed properties

Properties acquired through payment defaults on an advance secured by the property.

Risk-weighted assets

Risk-weighted assets are determined by applying risk weights to balance sheet assets and off balance sheet financial instruments according to the relative credit risk of the counterparty. The risk weighting for each balance sheet asset and off balance sheet financial instrument is regulated by the South African Banks Act or by regulations in the respective countries of the other banking licences.

Weighted average number of shares

The number of shares in issue at the beginning of the period increased by shares issued during the period, weighted on a time basis for the period during which they participated in the income of the Group, less treasury shares held by entities in the Group, weighted on a time basis for the period during which the entities held these shares.

These definitions should be read in conjunction with the Group's accounting policies, which also clarify certain terms used.

BUSINESS UNIT PERFORMANCE

for the nine months ended 31 December 2005

ABSA GROUP LIMITED

BUSINESS UNIT PERFORMANCE

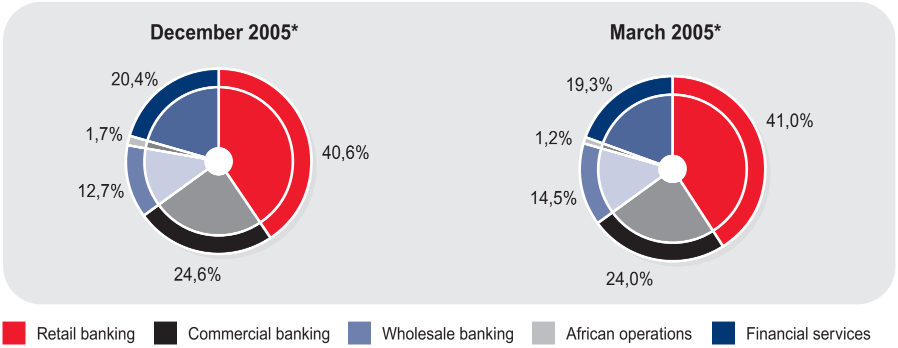
Member of the BARCLAYS Group

ABSA

contents

Business unit performance

profit contribution by business area



**Calculated after the allocation of capital, funding and corporate centre and the Barclays transaction costs.*

	Note	**31 December 2005 (Audited) Rm**	31 March 2005 (Audited) (Restated)* Rm
Banking operations			
Retail banking		**2 136**	2 397
Absa Private Bank	1	**153**	221
Retail Banking Services		**355**	404
Flexi Banking Services		**200**	203
Absa Home Loans and Repossessed Properties		**793**	838
Absa Card		**385**	441
Small Business		**250**	290
Commercial banking		**1 294**	1 403
Business Banking Services		**764**	844
Absa Vehicle and Asset Finance		**530**	559
Wholesale banking	2	**669**	843
African operations		**90**	71
Corporate centre	3	**(213)**	(288)
Capital and funding centre		**(29)**	(159)
Total banking		**3 947**	4 267
Insurance, fiduciary and investment operations		**1 075**	1 127
Costs relating to the Barclays transaction		**(120)**	—
Total headline earnings		**4 902**	5 394

**The comparatives for March 2005 have been restated for IFRS.*

Notes

1 *Personal Financial Services was merged with Absa Private Bank from 1 November 2005 and is now measured as a single unit.*

2 *This includes the international operations which are in the process of being sold or closed.*

3 *In addition to non-financial services businesses, this also incorporates costs relating to strategic initiatives which have not been allocated to business units – primarily SAP and Basel II development costs. A higher STC charge, as a result of the lower dividend cover, and Barclays integration costs also contributed to this increase.*

segmental reporting per market segment

	Retail		Commercial		Wholesale	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
Income statement (Rm)						
Net interest income	**4 916**	5 771	**3 373**	3 550	**1 044**	958
Net interest income – external	**9 060**	9 916	**4 646**	4 937	**(4 649)**	(4 753)
Net interest income – internal	**(4 144)**	(4 145)	**(1 273)**	(1 387)	**5 693**	5 711
Impairment of advances	**(128)**	(355)	**(331)**	(639)	**(195)**	(267)
Non-interest income	**4 548**	5 452	**1 498**	1 861	**1 414**	1 735
Depreciation and amortisation	**(38)**	(51)	**(5)**	(9)	**(18)**	(17)
Other operating expenditure	**(5 968)**	(7 008)	**(2 453)**	(2 665)	**(1 428)**	(1 513)
Equity accounted earnings	**(1)**	2	**55**	—	**—**	1
Taxation and other	**(1 193)**	(1 403)	**(843)**	(695)	**(148)**	(54)
Attributable earnings	**2 136**	2 408	**1 294**	1 403	**669**	843
Headline earnings	**2 136**	2 397	**1 294**	1 403	**669**	843
Balance sheet (Rm)						
Total assets	**221 762**	182 733	**114 469**	102 038	**258 701**	214 188
Total assets – external	**165 806**	133 225	**91 134**	78 529	**122 901**	111 440
Total assets – internal	**55 956**	49 508	**23 335**	23 509	**135 800**	102 748
Total advances	**164 940**	132 206	**88 248**	76 115	**66 100**	58 071
Investment in associates	**16**	28	**232**	177	**37**	14
Total deposits	**70 448**	62 745	**53 777**	50 565	**171 551**	135 202
Total liabilities	**214 388**	177 636	**107 005**	96 367	**251 976**	207 729
Total liabilities – external	**72 628**	64 951	**56 577**	54 246	**228 597**	186 146
Total liabilities – internal	**141 760**	112 685	**50 428**	42 121	**23 379**	21 583
Financial performance (%)						
Return on average equity	**41,0%**	39,9%	**26,2%**	27,9%	**14,0%**	14,8%
Return on average assets, excluding acceptances	**1,57%**	1,42%	**1,73%**	1,49%	**0,59%**	0,45%
Operating performance (%)						
Net interest margin on average assets	**3,23%**	3,43%	**4,14%**	3,77%	**0,59%**	0,59%
Charge for impairment of advances to average advances	**0,11%**	0,30%	**0,53%**	0,92%	**0,42%**	0,49%
Non-interest income as % of operating income	**48,1%**	48,6%	**30,7%**	34,4%	**57,5%**	58,8%
Cost-to-income ratio	**63,5%**	62,9%	**50,5%**	49,4%	**58,8%**	56,8%
Cost-to-assets ratio	**3,9%**	4,2%	**3,0%**	2,8%	**0,8%**	0,8%

	African operations		Financial services		Other		Absa Group	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
	263	229	**266**	333	**(215)**	(410)	**9 647**	10 431
	277	248	**266**	333	**47**	(250)	**9 647**	10 431
	(14)	(19)	**—**	—	**(262)**	(160)	**—**	—
	(12)	(20)	**(3)**	(3)	**100**	—	**(569)**	(1 284)
	229	185	**2 057**	2 051	**322**	884	**10 068**	12 168
	(28)	(26)	**(11)**	(14)	**(464)**	(618)	**(564)**	(735)
	(320)	(288)	**(657)**	(763)	**(48)**	187	**(10 874)**	(12 050)
	34	59	**—**	28	**13**	(31)	**101**	59
	(76)	(65)	**(577)**	(340)	**(196)**	(613)	**(3 033)**	(3 170)
	90	74	**1 075**	1 292	**(488)**	(601)	**4 776**	5 419
	90	71	**1 075**	1 127	**(362)**	(447)	**4 902**	5 394
	5 387	4 390	**17 022**	13 279	**18 250**	21 906	**635 591**	538 534
	5 383	4 387	**16 912**	13 279	**5 286**	6 301	**407 422**	347 161
	4	3	**110**	—	**12 964**	15 605	**228 169**	191 373
	1 786	1 160	**93**	167	**930**	521	**322 097**	268 240
	320	245	**—**	—	**290**	143	**895**	607
	4 088	3 168	**—**	—	**434**	304	**300 298**	251 984
	4 703	3 814	**13 486**	10 017	**18 032**	19 466	**609 590**	515 029
	4 385	3 504	**12 441**	8 480	**6 793**	6 329	**381 421**	323 656
	318	310	**1 045**	1 537	**11 239**	13 137	**228 169**	191 373
	16,9%	13,8%	**42,0%**	38,5%	**n/a**	n/a	**26,5%**	25,3%
	2,09%	1,74%	**9,46%**	9,41%	**n/a**	n/a	**1,73%**	1,65%
	7,15%	5,30%	**n/a**	n/a	**n/a**	n/a	**3,36%**	3,25%
	0,79%	1,82%	**n/a**	n/a	**n/a**	n/a	**0,26%**	0,52%
	46,6%	44,7%	**88,5%**	92,7%	**n/a**	n/a	**51,1%**	53,8%
	70,6%	74,9%	**28,8%**	33,0%	**n/a**	n/a	**58,0%**	56,6%
	9,4%	7,2%	**5,9%**	5,8%	**n/a**	n/a	**3,1%**	3,3%

Retail banking

	Absa Private Bank*		Retail Banking Services		Flexi Banking Services	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
Headline earnings (Rm)	**153**	221	**355**	404	**200**	203
Return on average equity (%)	**17,6%**	22,4%	**93,6%**	79,1%	**226,6%**	202,9%
Cost-to-income ratio (%)	**69,0%**	65,1%	**78,0%**	78,8%	**76,1%**	77,7%
Total assets (Rm)	**20 910**	18 106	**5 243**	5 076	**1 192**	774
Total advances (Rm)	**20 672**	18 040	**5 223**	5 058	**918**	497
Total deposits (Rm)	**16 354**	14 281	**32 504**	30 352	**5 909**	3 991

Commercial banking

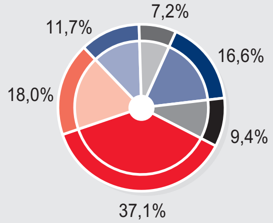
	Business Banking Services		AVAF		Total	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
Headline earnings (Rm)	**764**	844	**530**	559	**1 294**	1 403
Return on average equity (%)	**35,0%**	38,4%	**19,2%**	19,7%	**26,2%**	27,9%
Cost-to-income ratio (%)	**52,3%**	50,8%	**47,6%**	47,2%	**50,5%**	49,4%
Total assets (Rm)	**39 202**	34 272	**51 932**	44 257	**91 134**	78 529
Total advances (Rm)	**37 210**	32 799	**51 038**	43 316	**88 248**	76 115
Total deposits (Rm)	**50 858**	47 700	**2 919**	2 865	**53 777**	50 565

**Includes the results of Personal Financial Services.*
***Includes the results of Repossessed Properties.*
Note: These results are after the allocation of head office and support charges.

Absa Home Loans**		Absa Card		Small Business		Total	
Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
793	838	**385**	441	**250**	290	**2 136**	2 397
20,9%	22,6%	**106,3%**	113,5%	**102,9%**	90,1%	**41,0%**	39,9%
42,4%	37,7%	**45,5%**	44,6%	**68,6%**	69,9%	**63,5%**	62,9%
128 245	99 924	**6 910**	5 448	**3 306**	3 897	**165 806**	133 225
128 191	99 851	**6 630**	5 161	**3 306**	3 599	**164 940**	132 206
—	—	**2 230**	2 047	**13 451**	12 074	**70 448**	62 745

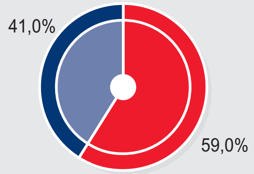
Headline earnings %

Retail banking
December 2005



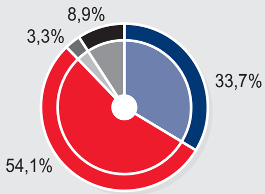
Absa Private Bank
Flexi Banking Services
Absa Card
Retail Banking Services
Absa Home loans
Small Business

Commercial banking
December 2005



Business Banking Services
Absa Vehicle and Asset Finance (AVAF)

Financial services
December 2005



Life assurance
Short-term insurance
Advisory services
Wealth management

NINE MONTHS PRO FORMA FIGURES

ABSA GROUP LIMITED

NINE MONTHS
PRO FORMA FIGURES

Member of the BARCLAYS Group

ABSA

contents

Nine months pro forma figures

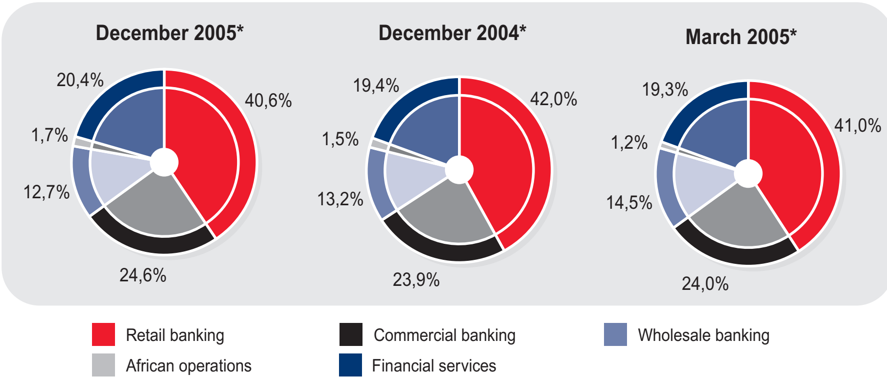
	Nine months ended 31 December **2005 (Audited)**	2004 (Unaudited) (Pro forma)	Change %
Income statement (Rm)			
Headline earnings	**4 902**	4 014	22,1
Net income attributable to shareholders	**4 776**	3 942	21,2
Financial performance (%)			
Return on average equity*	**26,5**	25,2	
Return on average assets, excluding acceptances*	**1,73**	1,63	
Operating performance (%)			
Net interest margin on average assets*	**3,36**	3,28	
Net interest margin on average interest-bearing assets*	**3,77**	3,69	
Impairment losses on loans and advances as % of average loans and advances to customers*	**0,26**	0,54	
Non-performing advances as % of loans and advances to customers	**1,7**	2,4	
Non-interest income as % of total operating income	**51,1**	52,6	
Cost-to-income ratio	**58,0**	57,5	
Share statistics (million)			
Number of shares in issue	**666,9**	655,1	
Weighted average number of shares	**662,1**	650,5	
Weighted average diluted number of shares	**690,8**	669,3	
Share statistics (cents)			
Headline earnings per share	**740,4**	617,0	20,0
Diluted headline earnings per share	**710,9**	600,7	18,3
Earnings per share	**721,4**	605,9	19,1
Diluted earnings per share	**692,7**	589,9	17,4
Dividends per share relating to income for the period	**295,0**	n/a	
Dividend cover (times)	**2,5**	n/a	
Net asset value per share	**3 890**	3 577	8,8
Capital adequacy (%)			
Absa Bank	**10,7**	11,5	
Absa Group	**11,3**	12,1	

**These ratios have been annualised owing to the nine month period.*

group income statement

	Nine months ended 31 December 2005 (Audited) Rm	Nine months ended 31 December 2004 (Unaudited) (Pro forma) Rm	Change %	Twelve months ended 31 March 2005 (Audited) (Restated)* Rm
Net interest income	**9 647**	7 924	21,7	10 431
Interest and similar income	**23 212**	21 445	8,2	26 937
Interest expense and similar charges	**(13 565)**	(13 521)	(0,3)	(16 506)
Impairment losses on loans and advances	**(569)**	(978)	41,8	(1 284)
	9 078	6 946	30,7	9 147
Net fee and commission income	**7 067**	6 395	10,5	8 920
Fee and commission income	**7 750**	6 995	10,8	9 703
Fee and commission expense	**(683)**	(600)	(13,8)	(783)
Net insurance premium income	**1 948**	1 562	24,7	2 051
Insurance premium revenue	**2 146**	1 815	18,2	2 341
Premiums ceded to reinsurers	**(198)**	(253)	21,7	(290)
Net claims and benefits paid	**(797)**	(673)	(18,4)	(929)
Gross claims and benefits paid on insurance contracts	**(913)**	(713)	(28,1)	(1 023)
Reinsurance recoveries	**116**	40	>100,0	94
Changes in insurance and investment activities	**(1 026)**	(677)	(51,6)	(668)
Gains and losses from banking and trading activities	**781**	596	31,0	870
Gains and losses from investment activities	**1 336**	973	37,3	1 228
Other operating income	**759**	619	22,6	696
Net operating income	**19 146**	15 741	21,6	21 315
Operating expenses	**(12 216)**	(10 302)	(18,6)	(13 708)
Operating expenses	**(11 438)**	(9 619)	(18,9)	(12 785)
Impairments	**(54)**	(104)	48,1	(118)
Indirect taxation	**(724)**	(579)	(25,0)	(805)
Share of profit of associated and joint venture companies	**101**	48	>100,0	59
Operating profit before income tax	**7 031**	5 487	28,1	7 666
Taxation expense	**(2 187)**	(1 486)	(47,2)	(2 172)
Profit for the period	**4 844**	4 001	21,1	5 494
Attributable to:				
Equity holders of the Group	**4 776**	3 942	21,2	5 419
Minority interest	**68**	59	15,3	75
	4 844	4 001	21,1	5 494
› basic earnings per share (cents)	**721,4**	605,9	19,1	831,0
› diluted earnings per share (cents)	**692,7**	589,9	17,4	801,6
Headline earnings	**4 902**	4 014	22,1	5 394
› headline earnings per share (cents)	**740,4**	617,0	20,0	827,2
› diluted headline earnings per share (cents)	**710,9**	600,7	18,3	797,9

**The comparatives for March 2005 have been restated for IFRS.*



**Calculated after the allocation of capital, funding and corporate centre and the Barclays transaction costs.*

	Note	Nine months ended 31 December **2005 (Audited) Rm**	2004 (Unaudited) (Pro forma) Rm	Change %	Twelve months ended 31 March 2005 (Audited) (Restated)* Rm
Banking operations					
Retail banking		**2 136**	1 759	21,4	2 397
Absa Private Bank	1	**153**	152	0,7	221
Retail Banking Services		**355**	275	29,1	404
Flexi Banking Services		**200**	165	21,2	203
Absa Home Loans and Repossessed Properties		**793**	627	26,5	838
Absa Card		**385**	320	20,3	441
Small Business		**250**	220	13,6	290
Commercial banking		**1 294**	999	29,5	1 403
Business Banking Services		**764**	621	23,0	844
Absa Vehicle and Asset Finance		**530**	378	40,2	559
Wholesale banking	2	**669**	554	20,8	843
African operations		**90**	62	45,2	71
Corporate centre	3	**(213)**	(97)	>(100,0)	(288)
Capital and funding centre		**(29)**	(75)	61,3	(159)
Total banking		**3 947**	3 202	23,3	4 267
Insurance, fiduciary and investment operations		**1 075**	812	32,4	1 127
Costs relating to the Barclays transaction		**(120)**	—	>(100,0)	—
Total headline earnings		**4 902**	4 014	22,1	5 394

**The comparatives for March 2005 have been restated for IFRS.*

Notes

1 *Personal Financial Services was merged with Absa Private Bank from 1 November 2005 and is now measured as a single unit.*

2 *This includes the international operations which are in the process of being sold or closed.*

3 *In addition to non-financial services businesses, this also incorporates costs relating to strategic initiatives which have not been allocated to business units – primarily SAP and Basel II development costs. A higher STC charge, as a result of the lower dividend cover, and Barclays integration costs also contributed to this increase.*

Retail banking – headline earnings up 21,4%

Retail banking increased its headline earnings contribution to R2 136 million (December 2004: R1 759 million), with strong performances from all customer segment and product business units. Retail Banking Services and Absa Home Loans (net of repossessed properties) performed strongly, growing headline earnings for the nine months by 29,1% and 26,5% respectively. Although the earnings of the private bank did not increase from those of the comparable period, this entity met expectations after taking account of the restructuring exercise. The restructuring enables the delivery of an enhanced service offering to a larger number of customers.

The strong performance of retail banking as a whole resulted from a buoyant consumer and property market and a low interest rate environment. Net advances were 24,8% higher than those recorded for the year ended 31 March 2005. The main driver was mortgage loan growth, up 28,4% from March 2005, which was well-supported by credit card and personal loan growth of 28,5% and 26,0% respectively.

Increased transaction volumes continued to drive non-interest income growth. Price increases contributed moderately as they were kept well below the inflation rate. The growth in transaction volumes emanated from the increased activities of existing customers and growth in the retail customer base from 6,9 million in March 2005 to 7,6 million in December 2005.

The credit impairment charge in the retail market declined to a historical low of 0,11%. This charge reflects the quality of the advances portfolio and the improved net worth of customers, partly owing to the strong growth in residential property values.

During the nine months under review, 43 new staffed outlets were opened, mainly in previously disadvantaged areas, and a further 48 extensively upgraded. An additional 757 ATMs were added to the delivery footprint. This expansion of the Group's delivery reach enhances the sustainability of future revenue growth and provides access to financial services to a far greater proportion of the South African population.

Commercial banking – headline earnings up 29,5%

Commercial banking increased its headline earnings contribution to R1 294 million. Profit drivers included advances growth of 15,9% (mainly in the large and medium business segments and asset and vehicle financing), improved credit quality and returns generated from property related investments.

Business Banking Services experienced some margin pressure on selected advance and deposit products, but was able to grow its customer base and market share. Despite the solid advances growth of 17,9%, the 0,53% credit impairment charge was lower than the March 2005 ratio of 0,92%. Investments in a number of listed property vehicles contributed handsomely to non-interest income.

During recent years, Absa Vehicle and Asset Finance (AVAF) has extended its reach beyond its traditional vehicle finance markets into financing other classes of commercial moveable assets. Resulting from this strategy, office automation finance, in particular, experienced solid growth in the period under review.

AVAF benefited from strong growth in new vehicle sales owing to low interest rates and a lack of vehicle price increases. This assisted AVAF in increasing its market share in the new vehicle segment. In addition to this AVAF retained its leadership position in the pre-owned vehicle market.

Wholesale banking – headline earnings up 20,8%

The demand for credit in the large corporate market continues to be sluggish, although there are indications that capacity utilisation is reaching high levels. The Group's domestic operations nevertheless achieved advances growth of 13,8% by focusing on specialised and project finance. Transaction income benefited from increased deal flows in merchant banking, particularly in the areas of empowerment and project finance. Revenue from treasury trading activities was strong, particularly during the last quarter, as a result of increased customer flows. Investment banking posted R101 million in respect of gains on private equity investments.

The Group's international operations in Singapore and Asia will be closed by the end of the first quarter of 2006 and the London office significantly scaled down. This contributed to a loss of R39 million being posted by these entities for the period under review. Bankhaus Wölbern performed well and posted earnings of R99 million for the period. Subsequent to 31 December 2005, the Group has agreed to sell Bankhaus Wölbern conditional on, inter alia, German and South African regulatory approval.

Other African operations – headline earnings up 45,2%

The Group's African operations outside of South Africa performed satisfactorily, with the Tanzanian and Namibian operations leading the way. Although the contribution from the Group's African operations remains modest, the returns in this environment are potentially attractive and support the Group's rationale for further expansion in Africa.

Financial services – headline earnings up 32,4%

The Group's bancassurance activities performed exceptionally well, with very strong operational and underwriting performances by both the life assurance and short-term insurance operations. Strong equity markets also contributed handsomely.

Absa Life's earnings were mainly driven by significant sales success, particularly in respect of retail credit risk business. Favourable weather conditions and claims management efficiencies contributed to good profitability on short-term property insurance.

Absa Brokers made strong inroads into the short-term market, especially personal lines business and e-delivery. Absa Trust achieved record levels of trust asset values under management and also experienced significant growth in terms of the inflow of wills.

Current focus areas include further product delivery integration with Absa branches, expansion of the product range to satisfy customer needs, customer retention and increased cross-selling.

PRESENTATION TO THE IAS

financial results for the nine months ended 31 December 2005

ABSA GROUP LIMITED

PRESENTATION TO THE IAS

Member of the BARCLAYS Group

ABSA

SLIDES TO FOLLOW