

ABSA GROUP LIMITED

Financial results

For the year ended 31 December 2007



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PRESENTATION TO THE IAS

GROUP PERFORMANCE

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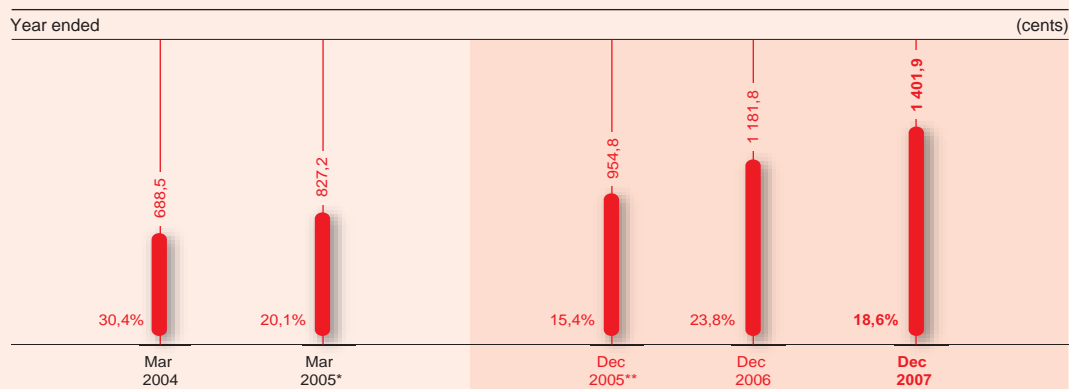


Financial highlights

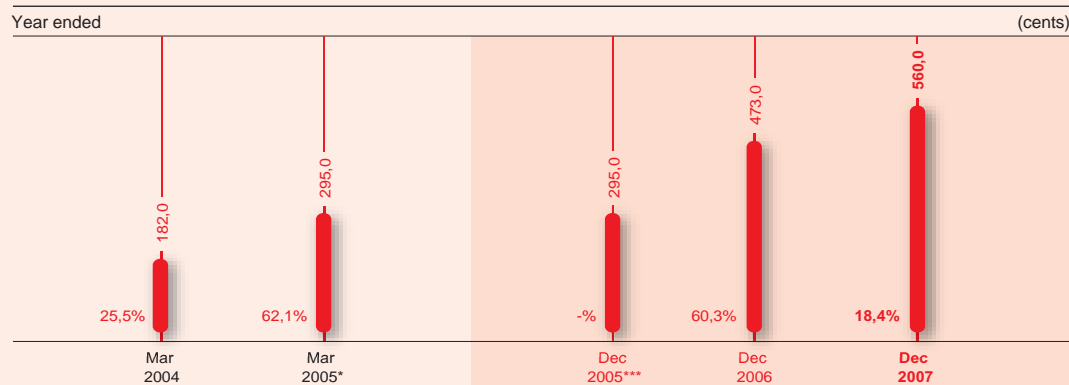
Year ended 31 December

	2007	2006
Total assets	R640,9 billion	R495,1 billion
Headline earnings	R9 413 million	R7 872 million
Market capitalisation	R75,3 billion	R84,1 billion
Number of employees	36 893	35 154
Number of customers (South Africa)	9,0 million	8,4 million
Number of staffed outlets (South Africa)	892	759
Number of ATMs (South Africa)	7 693	7 053

HEADLINE EARNINGS PER SHARE



DIVIDENDS PER SHARE



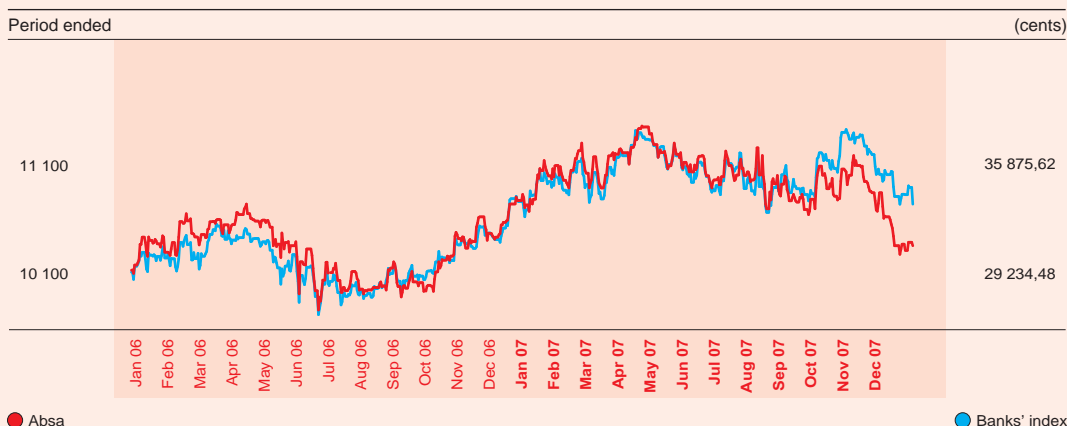
*The comparatives for March 2005 have been restated for International Financial Reporting Standards (IFRS) throughout the document. Only the December 2006 comparatives have been adjusted for the restatements and reclassifications mentioned on pages 70 – 72.

**Pro forma figures (twelve months).

***For the nine months ended 31 December 2005.

Share performance

SHARE PERFORMANCE



Share performance on the JSE Limited

Year ended 31 December

	2007	2006
Number of shares in issue*	678 573 074	671 955 074
Market prices (cents per share):		
• closing	11 100	12 510
• high	14 830	12 615
• low	10 832	9 650
• average	13 207	10 944
Closing price/net asset value per share (excluding preference shares)	2,00	2,65
Closing price/headline earnings per share	7,9	10,6
Volume of shares traded (millions)	343,7	332,3
Value of shares traded (R millions)	45 370,6	35 925,7
Market capitalisation (R millions)	75 321,6	84 061,6

*Includes **2 678 159** shares held by the Absa Group Limited Share Incentive Trust (December 2006: 2 654 828), **718 202** shares held by Absa Life Limited and Absa Fund Managers Limited (December 2006: 178 370) and **68 800** shares held by the Absa Group Limited Employee Share Ownership Administration (ESOP) Trust (December 2006: 0).

Shareholders' information

As at 31 December

	2007 %	2006 %
Major ordinary shareholders (top 10)*		
Barclays Bank PLC	58,8	56,5
Allan Gray Limited	6,8	6,7
Public Investment Corporation	6,1	4,8
Old Mutual Asset Managers	4,3	3,3
Sanlam Investment Management	2,0	2,3
Stanlib Asset Management	1,8	2,0
Coronation Fund Managers	1,8	2,7
AXA Financial SA (Bernstein and Alliance)	1,1	1,8
Absa Stockbrokers (Proprietary) Limited	1,0	0,9
Foord Asset Management	0,9	n/a
Capital Group Companies Inc.	n/a	1,9
Investec Asset Management	n/a	3,1
Other	15,4	14,0
	100,0	100,0
Geographical		
England and Wales	59,3	57,3
South Africa	32,9	31,8
United States	3,1	5,5
Other countries	2,6	3,2
Below threshold	2,1	2,2
	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 Absa Group Limited Employee Share Ownership Administrative Trust (ESOP) hold 75 619 500 redeemable cumulative option-holding preference shares (preference shares).

	Ordinary shares	Preference shares	Total shares
Number of shares in issue at 31 December 2007	678 573 074	75 619 500	754 192 574
Number of shares in issue at 31 December 2006	671 955 074	79 237 500	751 192 574

Shareholders' diary

Financial year-end

31 December 2007

Announcements

Announcement of the final results

19 February 2008

Announcement of the interim results*

7 August 2008

Dividends

Dividend	Declaration date	Last day to trade	Ex dividend date	Record date	Payment date
Final December 2007	19 February 2008	7 March 2008	10 March 2008	14 March 2008	17 March 2008
Interim June 2008*	7 August 2008	22 August 2008	25 August 2008	29 August 2008	1 September 2008

*Subject to change.

Group salient features

Year ended 31 December

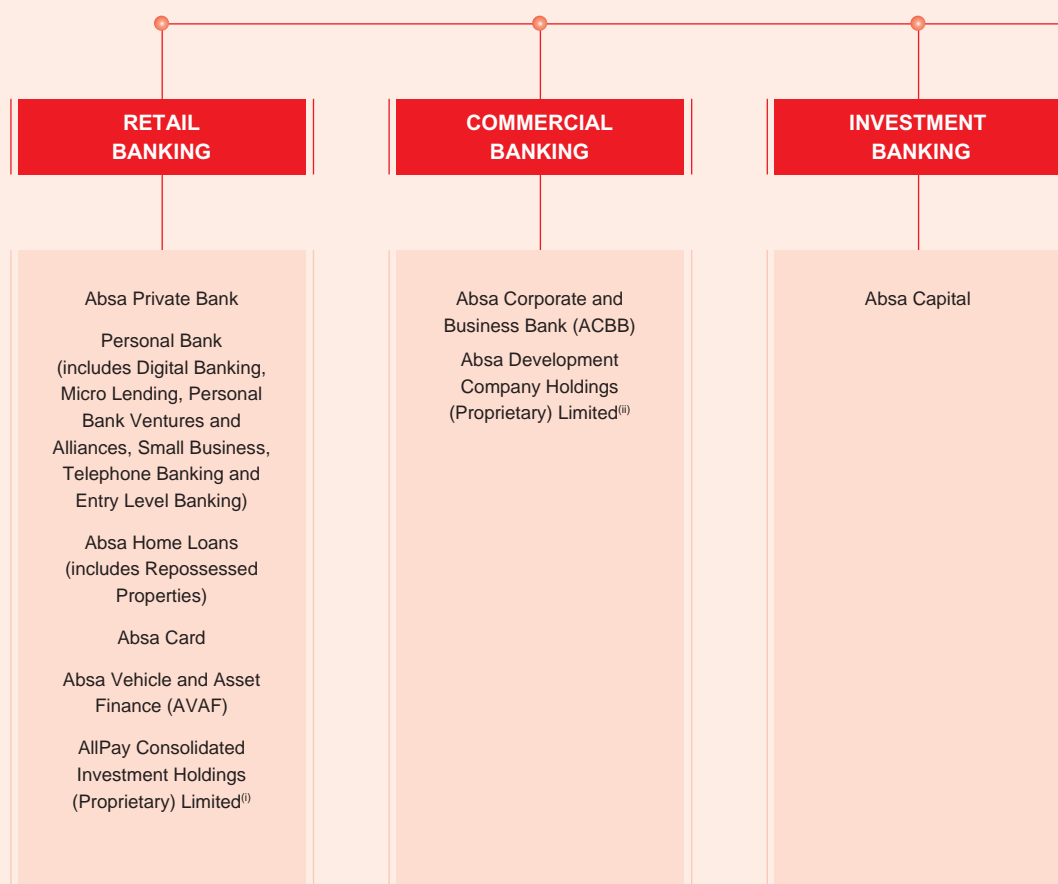
	2007 (Audited)	2006* (Audited)	Change %
Income statement (Rm)			
Headline earnings**	9 413	7 872	19,6
Profit attributable to ordinary equity holders of the Group	9 595	8 105	18,4
Balance sheet (Rm)			
Total assets	640 909	495 112	29,4
Loans and advances to customers	455 958	373 825	22,0
Deposits due to customers	310 512	279 848	11,0
Financial performance (%)			
Return on average equity	27,2	27,4	
Return on average assets	1,68	1,74	
Operating performance (%)			
Net interest margin on average assets	3,37	3,28	
Net interest margin on average interest-bearing assets	3,83	3,72	
Impairment losses on loans and advances as % of average loans and advances to customers	0,58	0,45	
Non-performing advances as % of loans and advances to customers	1,6	1,3	
Non-interest income as % of total operating income	47,0	50,2	
Cost-to-income ratio	51,8	53,8	
Effective tax rate, excluding indirect taxation	28,7	27,6	
Share statistics (million)			
Number of shares in issue	678,6	672,0	
Weighted average number of shares	671,5	666,1	
Weighted average diluted number of shares	716,4	703,2	
Share statistics (cents)			
Earnings per share	1 428,9	1 216,8	17,4
Diluted earnings per share	1 341,4	1 154,4	16,2
Headline earnings per share	1 401,9	1 181,8	18,6
Diluted headline earnings per share	1 316,1	1 121,3	17,4
Dividends per ordinary share relating to income for the year	560,0	473,0	18,4
Dividend cover (times)	2,5	2,5	
Net asset value per share	5 537	4 717	17,4
Tangible net asset value per share	5 493	4 682	17,3
Capital adequacy (%)			
Absa Bank	12,5	12,3	
Absa Group	13,1	13,1	

*Refer to pages 70 – 72 for the restatement and reclassification of prior year figures.

**After allowing for R313 million (December 2006: R73 million) profit attributable to preference equity holders of the Group.

Group financial reporting structure

Absa Group Limited



CHANGES IN GROUP FINANCIAL REPORTING STRUCTURE

⁽ⁱ⁾AllPay Consolidated Investment Holdings (Proprietary) Limited was moved from "Other Group activities" to "Retail banking" during the year under review.

⁽ⁱⁱ⁾Absa Development Company Holdings (Proprietary) Limited was moved from "Other Group activities" to "Commercial banking" during the year under review.

⁽ⁱⁱⁱ⁾Banco Austral, SRI (Mozambique) has changed its name to Barclays Bank Mozambique during the year under review.

^(iv)Disposed of the entire 48,5% interest in CBZ Holdings Limited during the year under review.

^(v)Absa Bank London excludes portions allocated to ACBB, Absa Capital and African operations.



Profit and dividend announcement

Overview

The Group increased headline earnings by 19,6% to R9 413 million, compared with headline earnings of R7 872 million for the year ended 31 December 2006 with strong contributions from commercial and investment banking.

Headline earnings per share increased by 18,6% to 1 401,9 cents per share and fully diluted headline earnings per share grew by 17,4% to 1 316,1 cents per share. The dilution in headline earnings per share flows from the option rights to obtain shares that have been issued to Batho Bonke Capital (Absa's black economic empowerment partner) and the Group's share incentive schemes.

The Group recorded a return on average assets of 1,68% for the year (2006: 1,74%) and a return on equity of 27,2% (2006: 27,4%).

A final dividend of 320 cents per share has been declared, bringing the total dividend for the year to 560 cents per ordinary share. This is up 18,4% from the 473 cents per share declared in respect of the year ended 31 December 2006 and represents a dividend cover of 2,5 times.

The key features of the Group's performance for 2007 include:

- advances growth of 22,0%;
- top-line income growth of 19,1%;
- an increase in the proportion of earnings from commercial and investment banking;
- improved operational efficiency; and
- an increase in retail credit impairment charges.

Operating environment

Despite mounting global uncertainties, the South African economy remained resilient in 2007, bolstered by strong commodity prices and favourable foreign financing. Economic growth is likely to have remained near 5% and this has underpinned solid growth in the financial services industry. When compared with the last three years, there have been important structural shifts in the nature of growth during 2007, with the consumption-led impulse of recent years slowing and investment-led growth pushing to the fore.

Absa was well positioned to leverage off this shift, as is evidenced from the strong earnings growth posted in both commercial and investment banking. Inflation has emerged as an important concern, with CPIX rising above the South African Reserve Bank's (SARB) 6% upper target in April and ending the year at 8,6%. This prompted a further 200 basis points in interest rate increases, on top of the 200 basis points delivered during 2006. The prime rate increased to 14,5% by the end of 2007, as compared to 10,5% in May 2006. As a consequence of higher debt servicing costs, consumer spending and credit extension have both moderated, particularly during the second half of 2007 as credit conditions for some households tightened further with the introduction of the National Credit Act.

Group performance

Information on the Group performance, net asset value and capital adequacy is contained on pages 11 – 57.

Information relating to the performance of the Group's segments is contained on pages 58 – 69.

Basis of presentation and changes in accounting policies

The Absa Group's annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Group adopted IFRS 7 – Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements: Capital Disclosures (amendment) during the year ended 31 December 2007. The adoption of IFRS 7 and the amendment to IAS 1 impacted disclosures made in the financial statements. The Group also made some reclassifications in the income statement as a result of the implementation of IFRS 7. The adoption of the standard had no impact on the reported profits or financial position of the Group.

The Group's results for the year ended 31 December 2007 have been audited by the Group's auditors, PricewaterhouseCoopers Inc. and Ernst & Young Inc. Their audit report is available for inspection at the Group's registered address, 3rd Floor, Absa Towers East, 170 Main Street, Johannesburg, 2001.

Prospects

Global uncertainties will continue to impact on financial markets and the banking environment in 2008. South Africa's large and rising current account deficit, in particular, leaves key financial markets exposed to the sentiment of foreign money managers. There are new domestic challenges as well. Recent disruptions to electricity supply, and the clear need to lower electricity demand, present a major challenge to business, particularly the energy dependent mining and manufacturing sectors. This is likely to lead economic growth lower, particularly in the first half of 2008. Inflation, already high, looks likely to face further upward pressure in the near-term before beginning a downward trajectory later in the year. However, interest rates are expected to remain at current levels for much of the year. Household indebtedness, coupled with the increased cost of credit, will continue to impact on affordability, resulting in a more moderate growth in advances and may lead to a further increase in the impairment charge.

On the other hand, record high commodity prices, particularly in precious metals, will help offset some of the impact felt in these sectors arising from the electricity supply problems. More generally, buoyant public and private investment spending looks likely to continue in 2008, not only helping to improve South Africa's long-term growth potential, but also mitigating downside risks to economic growth in the near-term and to support corporate and commercial lending and investment banking activities.

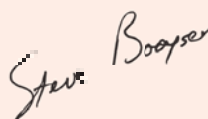
The resilience of the Group will be tested in 2008. Strategies and action plans are in place to address with these challenges and opportunities going forward.

On behalf of the board



G Marcus

Chairperson



S F Booysen

Group Chief Executive

19 February 2008

Declaration of final ordinary dividend number 43

Shareholders are advised that a dividend of 320 cents per ordinary share has been declared on Tuesday, 19 February 2008, and is payable to shareholders recorded in the register of members of the Group at the close of business on Friday, 14 March 2008.

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, 7 March 2008
Shares commence trading ex dividend	Monday, 10 March 2008
Record date	Friday, 14 March 2008
Payment of dividend	Monday, 17 March 2008

Share certificates may not be dematerialised or rematerialised between Monday, 10 March 2008, and Friday, 14 March 2008, both dates inclusive.

On Monday, 17 March 2008, 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 17 March 2008 will be posted on or about that date. The accounts of those shareholders that have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Monday, 17 March 2008.

Please refer to the financial results announcement of Absa Bank Limited and its subsidiaries for further information pertaining to the dividend for the non-cumulative, non-redeemable preference shares.

On behalf of the board



S Martin

Group Secretary

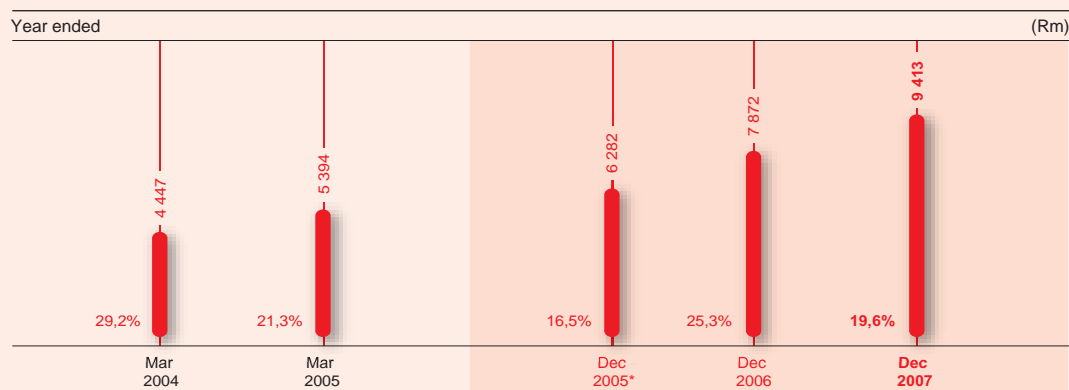
19 February 2008

Performance indicators

Headline earnings

Objective: Achieve real headline earnings growth of 10%.

HEADLINE EARNINGS



*Pro forma figures (twelve months).

PERFORMANCE

The Group increased headline earnings by 19,6%, compared to December 2006, to R9 413 million. This growth outperforms the Group's objective of delivering real headline earnings growth of 10%.

All banking business segments delivered a strong performance, compared to December 2006, with Retail banking growing attributable earnings by 20,1% and Absa Corporate and Business Bank (ACBB) and Absa Capital reflecting growth of 38,9% and 55,4% respectively. ACBB and Absa Capital increased their earnings contribution from 30,1% to 35,4%, in line with the Group's focus on improved diversification of its income streams.

These performances are underpinned by solid advances growth and transaction volumes. The Group tightened its credit criteria at the expense of market share to protect the quality of its book. This assisted the Group to maintain the credit impairment charge to within acceptable levels.

Absa Capital's growth was underpinned by excellent performances in Primary Markets, Secondary Markets and Equity Investments and Investor Services.

Absa's bancassurance operations posted attributable earnings of R1 502 million for 2007. The flat attributable earnings growth resulted mainly from the buoyant equity market performance achieved in 2006 which was not repeated in 2007. At an operating level, bancassurance produced growth of 9,0%, mainly attributable to continued new business growth and significant growth in assets under management.

In order to obtain a thorough understanding of factors contributing to the Group's performance, a RoE decomposition is provided below. The main components of the decomposition are discussed in the commentary that follows.

RoE decomposition*

Year ended 31 December

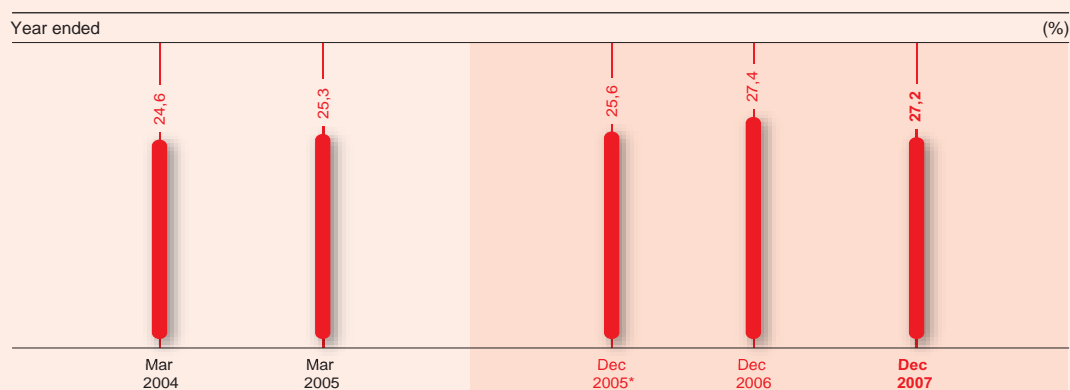
	Notes	2007 %	2006 %
Net interest/interest-bearing assets		3,83	3,72
		multiply	multiply
Interest-bearing assets/total assets		0,88	0,88
		equals	equals
Net interest yield	2	3,37	3,28
		plus	plus
Non-interest yield	3	2,98	3,32
		equals	equals
Gross yield		6,35	6,60
		less	less
Impairment losses	4	0,43	0,35
		equals	equals
Risk-adjusted yield		5,92	6,25
		less	less
Operating expenditure	5	3,30	3,56
		less	less
Taxation expense		0,85	0,89
		plus	plus
Share of retained earnings of associated undertakings and joint ventures		0,02	0,03
		less	less
Minority interest		0,08	0,04
		less	less
Headline earnings adjustments		0,03	0,05
		equals	equals
Return on average assets (RoA)	6	1,68	1,74
		multiply	multiply
Gearing (average assets/average equity)	7	16,19	15,76
		equals	equals
Return on average equity (RoE)	1	27,2	27,4

*Calculated as a % of average total assets.

1. Return on average equity

Objective: Maintain an RoE of at least 5% above the cost of equity.

RETURN ON AVERAGE EQUITY



*Pro forma figures (twelve months).

PERFORMANCE

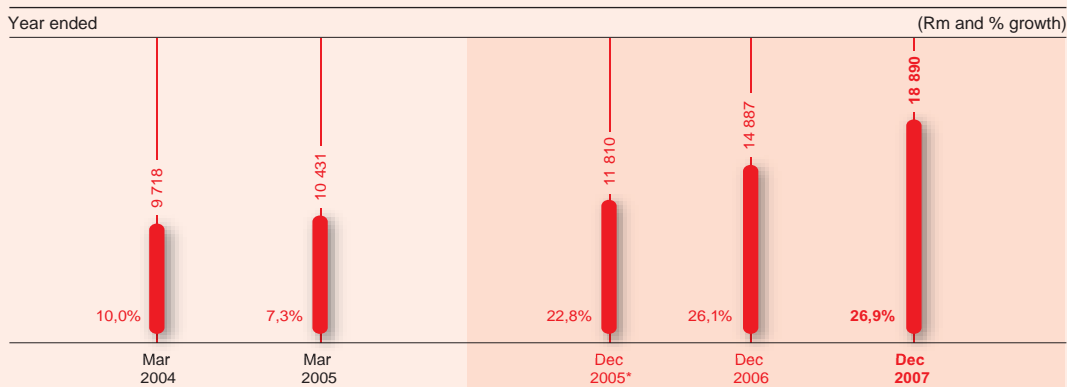
The Group achieved a return on average equity (RoE) of 27,2% for the year under review. The pleasing result has enabled the outperformance of the Group's objective of achieving an RoE of at least 5% above the Group's cost of equity.

2. Net interest yield

The drivers of the net interest yield are interest earned on advances and the cost of funding.

Interest income

NET INTEREST INCOME



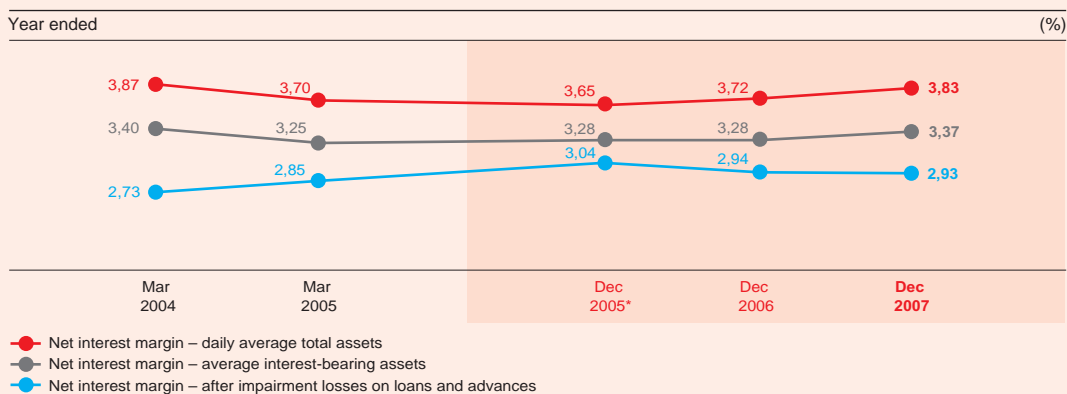
*Pro forma figures (twelve months) and growth calculated on December 2004 figures (pro forma twelve months).

PERFORMANCE

The Group's net interest income grew strongly from R14 887 million for the year ended 31 December 2006 to R18 890 million for the year ended 31 December 2007. Net interest income benefited from strong advances growth, albeit at a slower rate than that achieved for 2006.

Loans and advances to customers increased by 22,0% from 31 December 2006. The growth in advances was largely supported by high growth in mortgages, credit cards and commercial property finance.

NET INTEREST MARGIN

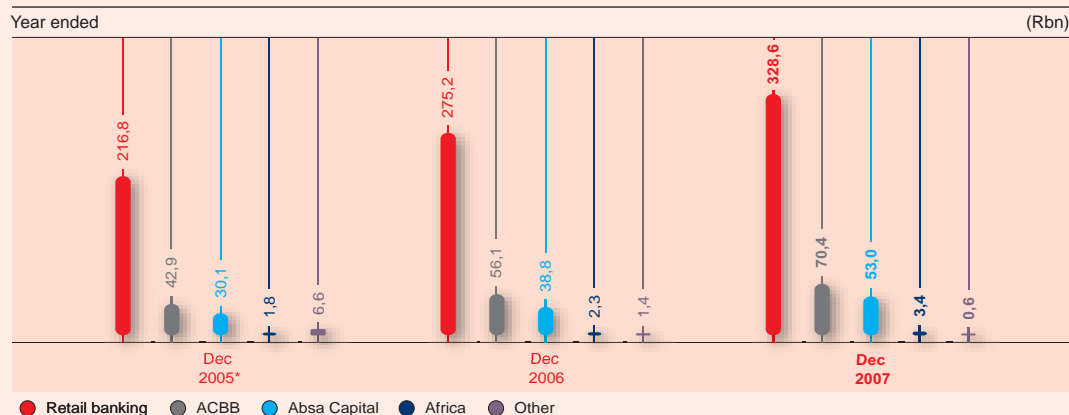


*Pro forma figures (twelve months).

The Group's net interest margin in respect of average assets improved to 3,37% for the year under review, compared with 3,28% for the 2006 year. Net interest income grew strongly on the back of improved margins and good growth in major advances products. The improvement in the net interest margin stems largely from the higher interest rate environment and greater net flows in capital and rate-insensitive retail deposits. Funding costs increased, reflecting higher wholesale funding levels and the reluctance of depositors to lengthen the tenure of their deposits in a rising interest rate environment.

Loans and advances to customers

NET ADVANCES



*The comparatives for December 2005 have been reclassified for Abacas and equity and shareholder loans.

LOANS AND ADVANCES MIX (%)

Period	Retail banking	ACBB	Absa Capital	Africa	Other
Dec 2005	72,6	14,4	10,2	0,6	2,2
Dec 2006	73,6	15,0	10,4	0,6	0,4
Dec 2007	72,2	15,4	11,6	0,7	0,1

PERFORMANCE

Net advances to customers increased by 22,0% to R455 958 million, compared to 31 December 2006, with Retail banking, Absa Corporate and Business Bank (ACBB) and Absa Capital advances showing growth of 19,4%, 25,3% and 36,6% respectively. However, advances growth has started to show signs of a slowdown, owing to the impact of higher interest rates and rising oil and food prices on consumer spending.

The growth in retail advances continues to be driven by increased household credit extension. Mortgage advances grew by 21,9% and credit cards by 23,0%. Sound advances growth continues to be experienced in the affluent and high net worth market, with Absa Private Bank increasing their advances base by 17,0%.

The lower growth experienced in the instalment finance book of 12,2% can be attributed to slower growth in new motor vehicle sales and continued price pressure in the used vehicle market. 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 in ACBB drove advances growth. The strong property market remained a solid contributor to the 25,3% total advances growth in ACBB, with Commercial Property Finance advances reflecting growth of 31,9%.

Refer to note 1 of the financial statements on page 36 of this report for further information about the Group's advances.

Market share

December 2007/December 2006 (%)



● Absa Group ● Standard Bank Group ● FirstRand ● Nedbank Group ● Other

*Securitisation of R1,6 billion – 0,2% of market share (December 2006: R0 billion) has been excluded from the Absa mortgage loan book.

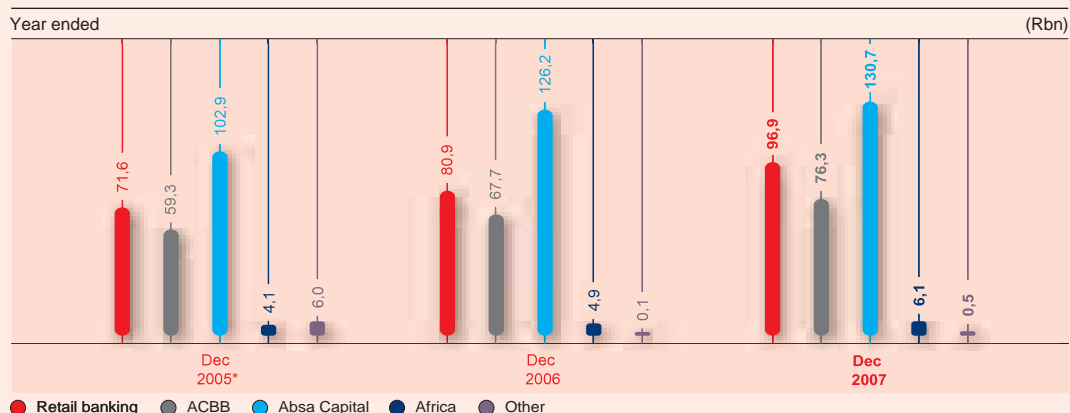
**Securitisation of R5,8 billion – 2,5% of market share (December 2006: R3,1 billion – 1,5% of market share) has been excluded from the Absa instalment finance book.

PERFORMANCE

The Group marginally lost market share in all products except overdrafts and other loans in favour of credit quality. Management is confident that this was the correct strategy taking into account the macro economic environment and a significant driver of the lower credit impairment ratio relative to the peers.

Deposits due to customers

TOTAL DEPOSITS



*The comparatives for December 2005 have been reclassified for debt securities in issue.

Total funding (%)	Dec 2007	Dec 2006	Dec 2005
Deposits due to customers	59,1	69,3	74,0
• Retail banking	18,4	20,0	21,7
• ACBB	14,5	16,8	18,0
• Absa Capital	24,9	31,3	31,2
• Africa	1,2	1,2	1,2
• Other	0,1	—	1,9
Deposits from banks	11,1	6,2	5,5
Debt securities in issue	29,8	24,5	20,5
	100,0	100,0	100,0

PERFORMANCE

The Group's deposit base was bolstered by strong growth in the Absa Corporate and Business Bank (ACBB) deposit book of 12,7% and, in particular, strong growth in public sector deposits aiding efforts to diversify its deposit base.

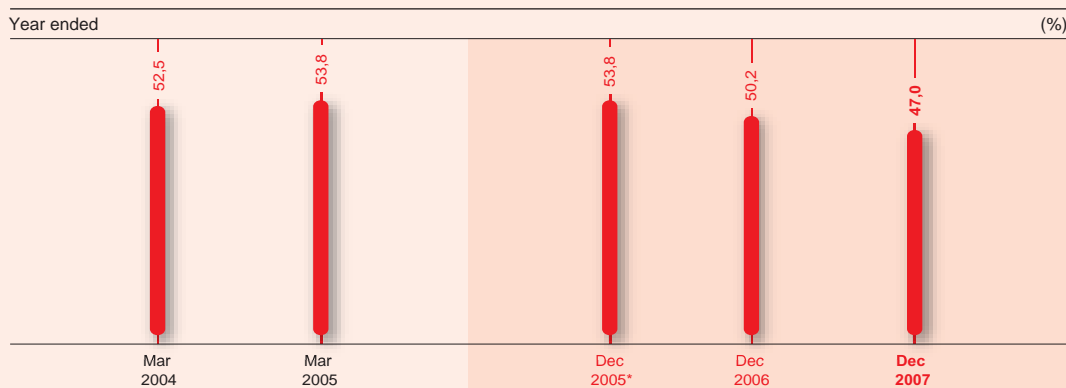
Retail banking's deposit base has grown 19,9%, compared to 31 December 2006. Savings accounts continue to be a major draw-card for new customers and the introduction of a new savings product to compete with money market unit trust proved popular. Wholesale deposits have shown year-on-year growth of only 3,5%, with the Group focusing on debt securities with a longer tenure to lengthen its funding maturity profile. This represents an improvement on 2006 growth, but lower than advances growth and the increased reliance on wholesale funding remains.

The Group gained market share in savings, medium-term and transmission deposits, assisted by a growth in client numbers and innovative new products.

3. Non-interest income

Objective: Maintain non-interest income at approximately 50% of top-line income.

NON-INTEREST INCOME AS % OF OPERATING INCOME (excluding impairment losses on loans and advances)



*Pro forma figures (twelve months).

PERFORMANCE

Non-interest income as a percentage of total income reduced to 47,0% for the year under review, but was adversely affected by the impact of IFRS 7 reclassifications. The increase in transaction volumes was supported by a growth of 7,1% in the customer base to 9 million and the deployment of additional delivery channels. An additional 133 points of presence, 640 ATMs, 155 self-service kiosks and 148 internet kiosks were installed during 2007.

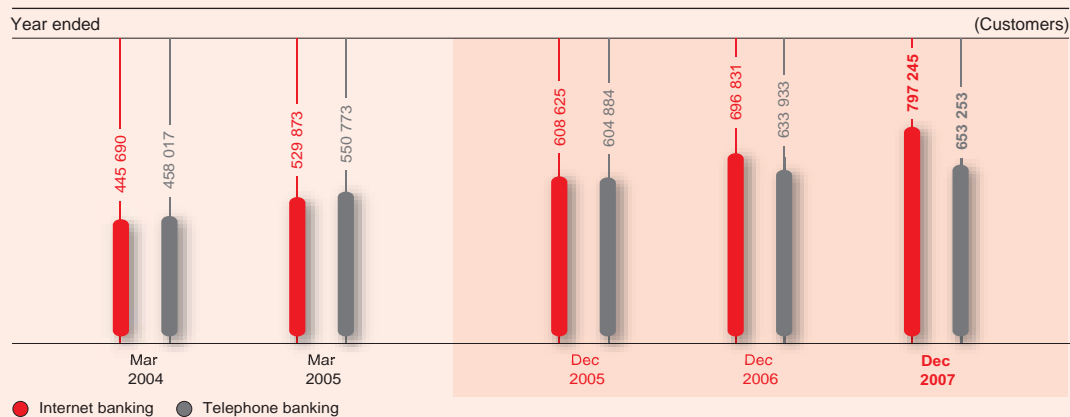
The growing customer base and increased delivery channels contributed to increased transactional volumes in Retail banking and Absa Corporate and Business Bank. As a result, net fee and commission income, regarded as annuity income and constituting more than two thirds of non-interest income, increased by 14,3% to R11 600 million (2006: R10 153 million). Strong growth in advisory fees by Absa Capital also contributed to the increase in fee and commission income. Absa has again maintained price increases at well below the ruling inflation rate.

Absa Capital experienced good growth in non-interest income through strong performances from the income generating activities of Equity Investments and Investor Services, Secondary Markets and Primary Markets. This was partially offset by lower income from the commercial property equity portfolio in Absa Corporate and Business Bank, down from R337 million to R318 million (including R60 million profit on sale of property in the current year).

Short-term insurance premiums grew by 21,2% and related claims increased by 23,7%. Long-term insurance premiums decreased by 9,7%, mainly as a result of the impact of the National Credit Act, in terms of which single premiums were changed to recurring premiums.

In addition to this, new business volumes for both the Group's insurance operations remained strong and the asset management businesses posted solid gains, fuelled by a 20,2% growth in assets under management to R123,7 billion, compared to 31 December 2006.

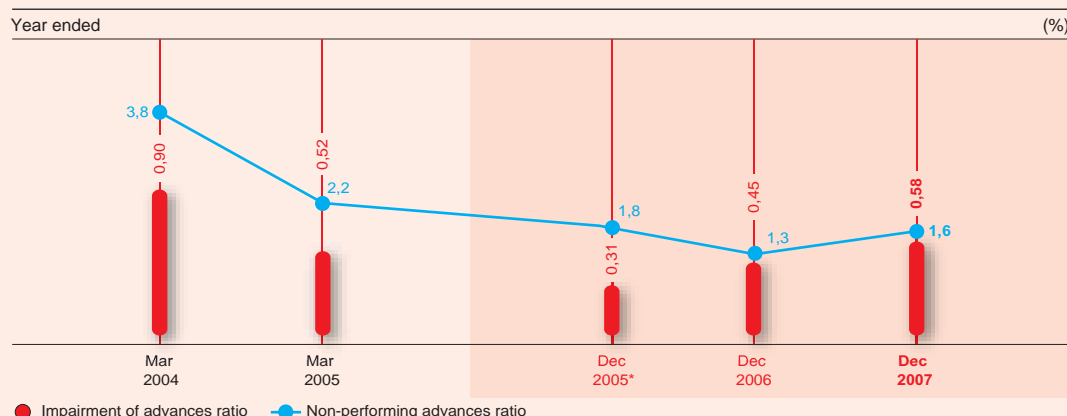
INTERNET AND TELEPHONE BANKING



The Group's electronic banking base continues to show growth from a high base. Internet and telephone banking customers increased by 14,4% and 3,0% respectively since 31 December 2006.

4. Impairment losses on loans and advances

IMPAIRMENT LOSSES



*Pro forma figures (twelve months).

PERFORMANCE

Credit impairments have continued to rise from the cyclical low experienced over the last three reporting periods. The Group's impairment ratio (income statement charge as a percentage of average customer advances) increased from 0,45% for the twelve months ended 31 December 2006 to 0,58% for the current year. The higher loss ratio resulted from increased delinquencies in the retail book and was offset to some degree by low impairments in the corporate and business banking operations. The Group implemented a more conservative approach to its retail banking scorecards and is enhancing collection strategies to counter the risk associated with the current credit cycle.

While impairments of the retail operations increased sharply, the impairment loss ratio is well within the long-term industry average. Although consumers are under increasing pressure, impairment charges have been somewhat curtailed by an increased focus on the collection process and the timely revision of credit criteria. Impairments in the commercial sector have remained low as the impact of higher interest rates has a tendency to lag for a longer period for these customers.

Legislative developments – National Credit Act (NCA)

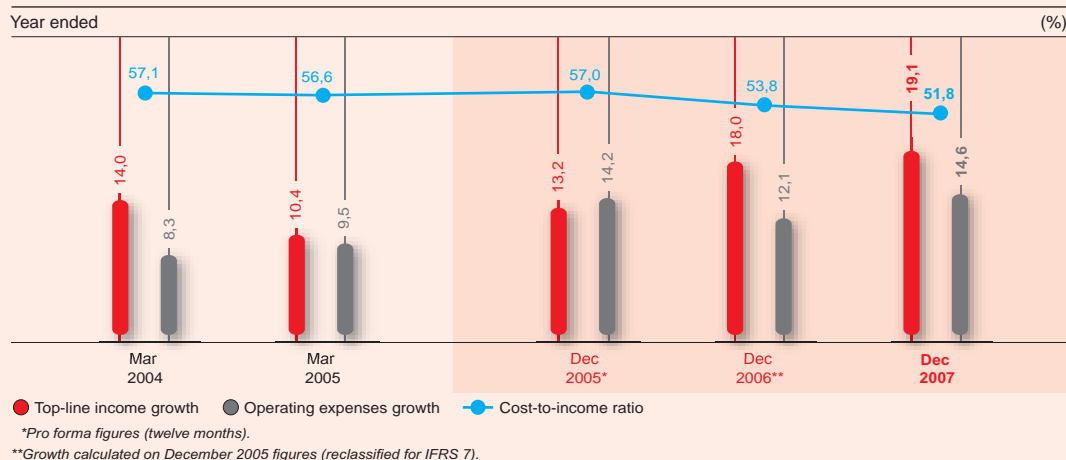
The NCA was promulgated on 13 March 2006 and implemented on 1 June 2007. It is the Group's view that this legislation will benefit and protect consumers. The Group has amended its systems and processes to ensure a responsible and consistent approach in interactions with customers and to maintain an audit trail of its engagements with customers. The direct costs associated with compliance amounted to approximately R100 million.

The Group aims to continue refining processes and technology solutions to bring about greater efficiencies and to identify opportunities for product development and improvements in the Group's customer relationship model. Absa remains committed to full compliance with the NCA's requirements and to supporting its intent. The Group participates actively in initiatives to improve customer education in an effort to prevent over-indebtedness.

5. Operating expenditure

Objective: Drive down the cost-to-income ratio towards 50%.

COST-TO-INCOME RATIO



PERFORMANCE

Revenue growth of 19,1% exceeded cost growth and drove down the cost-to-income ratio from the 53,8% recorded for 2006 to 51,8% for 2007. The Group's objective is to achieve a cost-to-income ratio of around 50%.

The past year has seen a strong focus on efficiency improvement initiatives and the Group has embraced the Lean approach. This ensures that knowledge held at all levels of staff is used to effect process improvements, improving customer service and removing unnecessary procedures. During the year under review, the Group increased its staff complement by 1 739 to cater for increased business growth and to staff new distribution outlets. Staff salary increases were higher than inflation and incentive awards were lifted by 20,9% on the back of the good financial performance. Marketing spend (including synergies) to support the Group's growing business increased by 24,8% and cash transportation costs increased by 16,4%.

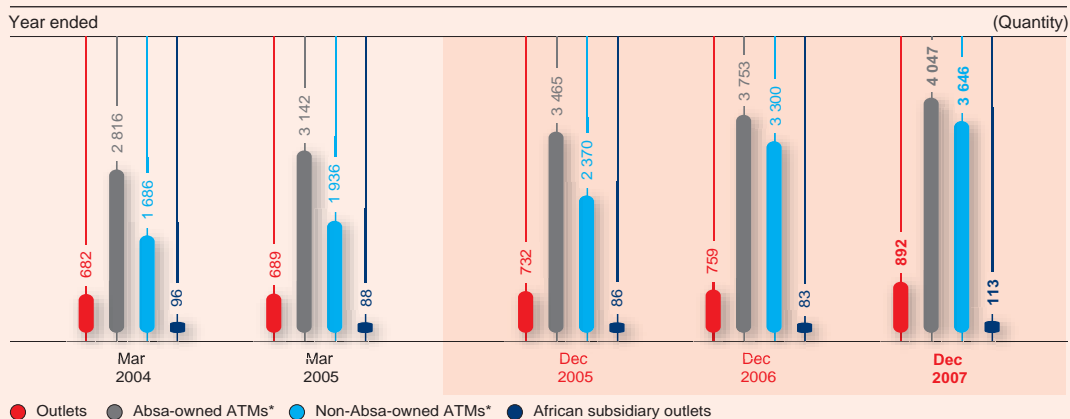
The Absa-Barclays integration programme delivered a sustainable increase in profit before tax of R1 428 million

The objective of this programme was to improve profit before tax by R1,4 billion by implementing best practices applied by Barclays. The Group is pleased to report that this target was achieved by year-end, 18 months ahead of plan. Actual sustainable synergies as at 31 December 2007 were R1 428 million comprising R698 million of revenue-generated synergies and R730 million in cost savings. The benefits were achieved in the following areas:

- Customer value interventions in the retail operations;
- The creation of a competitive investment bank;
- Best-practice sourcing, which includes leveraging off the global supplier contracts of Barclays; and
- The implementation of a new customer-centric operating model in ACBB, improving the quality and speed of credit decisions and enabling relationship managers to improve the profitability of customers by focusing on the provision of more appropriate solutions.

Over the past year, a further R675 million was expended on hiring the top available talent, implementing best practice methodologies and improving systems and processes. Since the inception of the programme, the total expenditure incurred to facilitate these savings amounted to R1,6 billion. Further expenses are expected to be incurred in 2008 to bring the total one-off investment to deliver these benefits to R1,8 billion. Absa and Barclays will continue to share ideas and best practices to deliver further benefits to shareholders to improve the competitiveness of the franchise.

DELIVERY FOOTPRINT



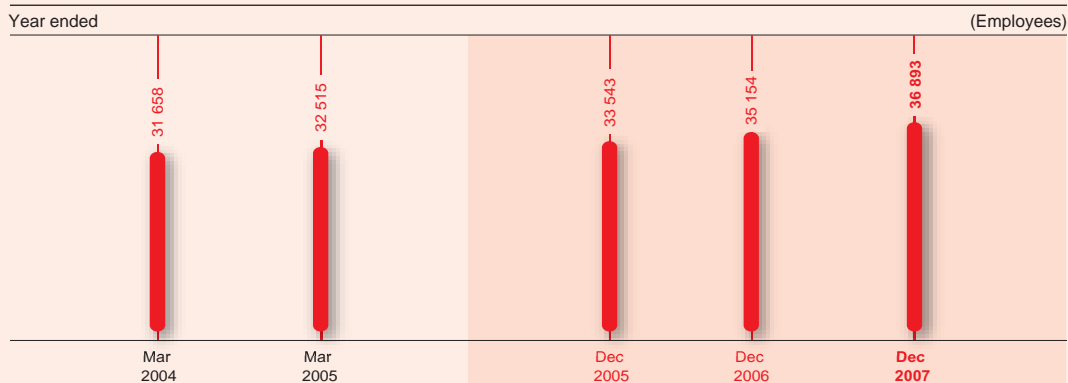
*South Africa

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.

ATMs

	Dec 2007	Dec 2006
Absa-owned	4 047	3 753
Branch ATMs	1 790	1 758
Remote ATMs	2 005	1 749
Corporate ATMs	20	20
Franchise ATMs	232	226
Non-Absa-owned	3 646	3 300
	7 693	7 053

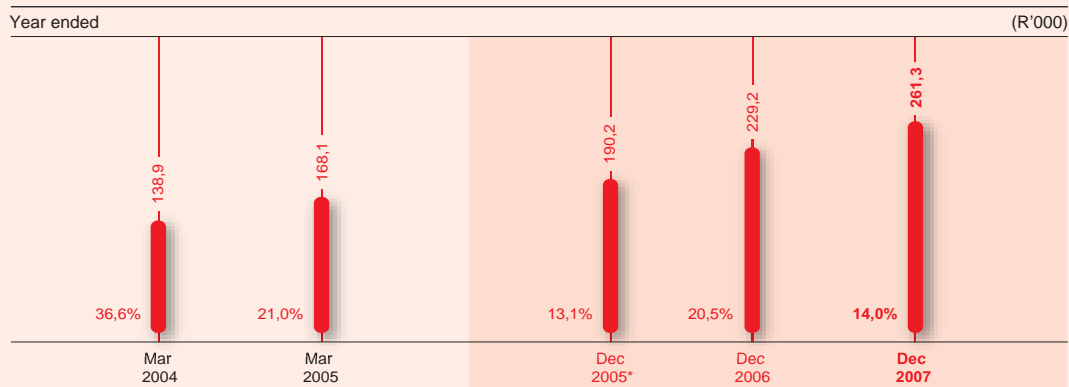
EMPLOYEE COMPLEMENT*



*The employee complement figures exclude contract workers.

Staff-related costs grew by 19,3% (compared to December 2006) and represent 54,9% 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 owing to the Group's strong performance contribute to the increase.

HEADLINE EARNINGS PER EMPLOYEE (AVERAGE)



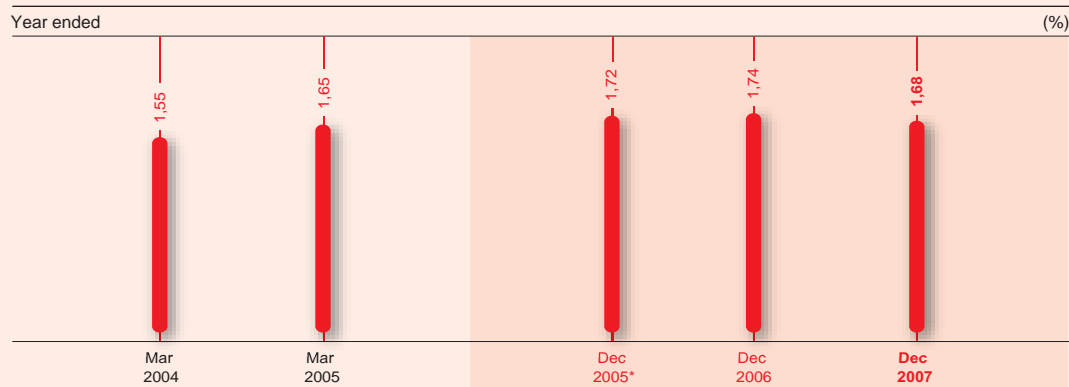
*Pro forma figures (twelve months).

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

6. Return on average assets

Objective: Maintain an RoA of 1.5%.

RETURN ON AVERAGE ASSETS



*Pro forma figures (twelve months).

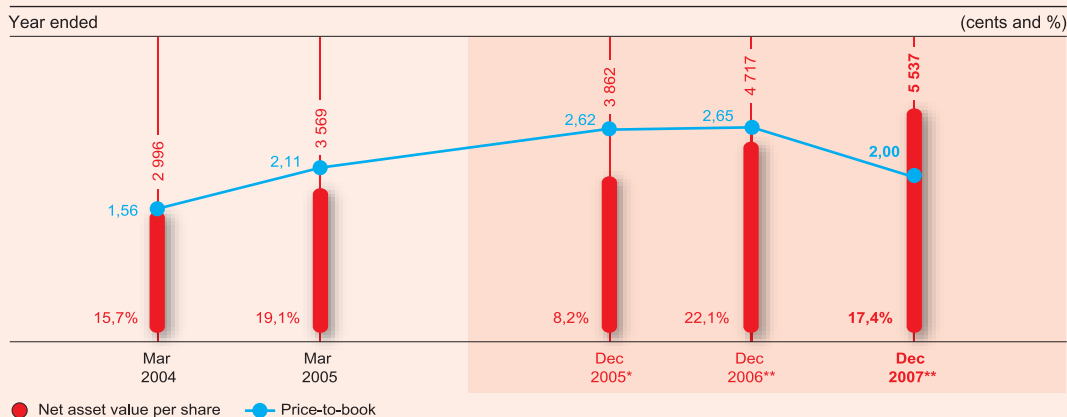
PERFORMANCE

The return on average assets (RoA) decreased from 1.74% to 1.68%, compared to 31 December 2006. The lower RoA is primarily related to the Bancassurance segment, reflecting flat earnings. This ratio remains ahead of the Group's objective of maintaining an RoA of greater than 1.5%.

Absa's asset base grew by 29.4% to R640.9 billion as at 31 December 2007. Interest-bearing assets increased by 27.9% and comprise 86.4% of total assets.

7. Net asset value

NET ASSET VALUE PER SHARE



*Pro forma figures (twelve months).

**The net asset value per share figure excludes the non-cumulative, non-redeemable preference shares issued.

PERFORMANCE

The Group's net asset value per share (excluding the Absa Bank's non-cumulative, non-redeemable preference shares) increased by 17,4% compared to 31 December 2006. The Group's solid operational performance was the main driver of the growth in net asset value.

Capital management

Introduction

Absa Group Limited (the Group) manages its capital within the minimum regulatory/statutory requirements, economic capital requirements as well as the target levels set by the board of directors. Economic capital is the amount of capital which the Group must hold to protect itself against exceptional losses at a given degree of confidence to maintain the desired credit rating (AA). It is calculated as the aggregate of the capital requirement for:

- Basel II Pillar 1 risks (market, credit and operational risks);
- risks not adequately covered under Pillar 1; and
- risks not measured under Pillar 1.

Capital management strategy

The capital management strategy is to continue to maximise shareholder value through optimising both the level and mix of capital resources. Decisions on the allocation of capital resources, conducted as part of the strategic planning review, are based on a number of factors including return on economic and regulatory capital.

Capital management objectives of the Group

- Meet the individual capital ratios required by our regulators plus a prudent buffer set by the board;
- Support endeavours of the Barclays Group to maintain a AA credit rating; and
- Generate sufficient capital to support asset growth.

Importance of capital management

The importance of capital planning is reflected by capital being managed as a board level priority in the Group. The board is responsible for assessing and approving a capital management policy, capital target levels, capital strategy and risk based capital allocation in the Group. The capital ratios, together with the short term and medium term capital plans, are disclosed as a minimum on a quarterly basis to the board of directors.

Capital adequacy

During the period under review Absa Bank was the first bank to introduce a monthly preference share auction programme and successfully placed preference shares amounting to R1,7 billion at yields between 72,25% and 75,0% of prime.

Absa Bank also issued a tier II bond (AB 07). The principal amount of the bond was R1 725 billion with legal maturity of 7 March 2019 and an option to call it on 7 March 2014. The issue spread for the bond was 110 basis points above the R201 government bond.

The securitisation of Absa Bank's home loans and vehicle finance receivables of R1,6 billion and R5,3 billion respectively assisted in the Group's management of risk-weighted assets.

On the basis of the prescribed consolidated regulatory capital requirements, the Group's capital stood at 13,1% of risk-weighted assets at 31 December 2007 (2006: 13,1%). The Group's primary capital ratio was 10,1% (2006: 10,2%) and its secondary capital ratio was 3,0% as at 31 December 2007 (2006: 2,9%).

Credit ratings

	Moody's November 2007	CA Ratings December 2006	Fitch Ratings November 2007	
	Absa Bank	Absa Group	Absa Bank	Absa Group
National				
Short-term	Prime-1.za	za A1+	F1+ (zaf)	F1+ (zaf)
Long-term	Aaa.za	Za AAA	AAA (zaf)	AAA (zaf)
Outlook	Stable	Stable	Stable	Stable
Local currency				
Short-term	Prime-1	—	—	—
Long-term	Aa2	—	A+	A+
Outlook	Stable	—	Negative	Negative
Foreign currency				
Short-term	Prime-2	—	F1	F1
Long-term	Baa1	—	A	A
Outlook	Positive	—	Stable	Stable
Bank Financial Strength	C	—	—	—
Outlook	Stable	—	—	—
Individual	—	—	B/C	B/C
Support	—	—	1	1

Basel II update

The Group successfully implemented the Basel II Accord (Basel II) on 1 January 2008. The preparation for this event required considerable time and effort from management and the board as well as a substantial investment of just over R300 million.

Approval has been received from the South African Reserve Bank to implement the advanced internal rating-based approach for retail credit whilst the foundation internal rating-based approach will be implemented for wholesale and corporate credit. The advanced measurement approach will be implemented for operational risk. The standardised approach for credit risk will be implemented for all African entities.

Absa Group has participated in the Quantitative Impact Studies and the parallel run processes initiated by the South African Reserve Bank to determine the impact of Basel II on the capital position. Management has refined the assumptions of the risk models and obtained guidance on the interpretation of the new Bank Regulations. The Group is in a position to comply with the requirements with effect from 1 January 2008.

The capital requirements of Absa Bank are expected to reduce while the net qualifying capital will also decrease as a result of:

- the deduction of the excess of expected loss (Basel II) above accounting impairments (IFRS) from qualifying capital; and
- portfolio impairments and general credit risk reserve no longer qualify as regulatory capital.

The impact of the capital adequacy ratio of Absa Bank is expected to be marginally positive.

The impact on the capital adequacy ratio of Absa Group will be more profound due to the fact that the excess capital of insurance entities that is held above the minimum regulatory requirement is excluded from the capital base of Absa Group, resulting in a reduction in the capital adequacy ratio of the Group.

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Group balance sheet

As at 31 December

	Notes	2007 (Audited) Rm	2006 (Audited) Rm	Change %
Assets				
Cash, cash balances and balances with central banks		20 629	16 461	25,3
Statutory liquid asset portfolio		22 957	20 829	10,2
Loans and advances to banks		54 025	21 800	>100,0
Trading assets		25 824	18 014	43,4
Hedging assets		725	645	12,4
Other assets		24 303	12 175	99,6
Current tax assets		185	24	>100,0
Loans and advances to customers	1	455 958	373 825	22,0
Reinsurance assets		485	390	24,4
Deferred tax assets		111	129	(14,0)
Investments		29 327	26 147	12,2
Investments in associated undertakings and joint ventures	2	1 469	693	>100,0
Intangible assets		301	230	30,9
Property and equipment		4 610	3 750	22,9
Total assets		640 909	495 112	29,4
Liabilities				
Deposits from banks		58 033	24 817	>100,0
Trading liabilities		34 919	24 125	44,7
Hedging liabilities		2 226	1 261	76,5
Other liabilities and sundry provisions		12 301	10 220	20,4
Current tax liabilities		183	1 181	(84,5)
Deposits due to customers	3	310 512	279 848	11,0
Debt securities in issue	4	156 424	98 940	58,1
Deferred tax liabilities		2 576	2 537	1,5
Liabilities under investment contracts		7 908	5 655	39,8
Policyholder liabilities under insurance contracts		3 318	3 187	4,1
Borrowed funds	5	9 949	8 420	18,2
Total liabilities		598 349	460 191	30,0
Equity				
Capital and reserves				
Attributable to ordinary equity holders of the Group:				
Share capital		1 350	1 338	0,9
Share premium		2 292	2 067	10,9
Other reserves		406	412	(1,5)
Retained earnings		33 527	27 876	20,3
		37 575	31 693	18,6
Minority interest – ordinary shares		341	236	44,5
Minority interest – preference shares		4 644	2 992	55,2
Total equity		42 560	34 921	21,9
Total equity and liabilities		640 909	495 112	29,4
Contingent liabilities – banking related		53 197	49 036	8,5

IAS 39: Balance sheet classification

As at 31 December

	2007		2006	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
Fair value	104 182	89 118	81 460	42 885
Held for trading	25 824	34 919	18 014	24 125
• Trading assets designated as trading	25 824	—	18 014	—
• Trading liabilities designated as trading	—	34 919	—	24 125
Designated as fair value	53 983	54 199	45 647	18 760
• Money market assets	3 644	—	2 377	—
• Statutory liquid asset portfolio	2 683	—	3 744	—
• Loans and advances to banks	257	—	—	—
• Hedging assets	725	—	645	—
• Loans and advances to customers	21 244	—	13 084	—
• Reinsurance assets	485	—	390	—
• Investments	24 945	—	25 407	—
• Deposits from banks	—	1 602	—	—
• Hedging liabilities	—	2 226	—	1 261
• Other liabilities and sundry provisions	—	234	—	—
• Deposits due to customers	—	38 466	—	265
• Debt securities in issue	—	3 763	—	11 579
• Liabilities under investment contracts	—	7 908	—	5 655
Available-for-sale	24 375	—	17 799	—
• Money market assets	737	—	463	—
• Statutory liquid asset portfolio	9 933	—	7 663	—
• Statutory liquid asset portfolio – hedging relationship	10 341	—	9 422	—
• Investments	3 364	—	251	—
Amortised cost	529 649	501 500	408 518	409 197
Loans and receivables	528 370	—	407 396	—
Held to maturity	1 279	—	1 122	—
Amortised cost liabilities	—	501 500	—	409 197
Non-financial assets and liabilities	7 078	7 731	5 134	8 109
Total equity	—	42 560	—	34 921
	640 909	640 909	495 112	495 112

Group income statement

Year ended 31 December

	Notes	2007 (Audited) Rm	2006 (Audited) Rm	Change %
Net interest income		18 890	14 887	26,9
Interest and similar income		55 123	37 569	46,7
Interest expense and similar charges		(36 233)	(22 682)	(59,7)
Impairment losses on loans and advances	6	(2 433)	(1 573)	(54,7)
Net interest income after impairment losses on loans and advances		16 457	13 314	23,6
Net fee and commission income		11 600	10 153	14,3
Fee and commission income	7.1	12 873	11 247	14,5
Fee and commission expense	7.2	(1 273)	(1 094)	(16,4)
Net insurance premium income	7.3	3 192	2 994	6,6
Net insurance claims and benefits paid	7.4	(1 603)	(1 319)	(21,5)
Changes in insurance and investment liabilities		(489)	(748)	34,6
Gains and losses from banking and trading activities	7.5	1 622	1 376	17,9
Gains and losses from investment activities	7.6	1 561	1 891	(17,5)
Other operating income	7.7	845	672	25,7
Operating income before operating expenses		33 185	28 333	17,1
Operating expenditure		(19 209)	(17 029)	(12,8)
Operating expenses	8.1	(18 442)	(16 089)	(14,6)
Non-credit related impairments	8.2	(58)	(75)	22,7
Indirect taxation		(709)	(865)	18,0
Share of retained earnings from associated undertakings and joint ventures		91	113	(19,5)
Operating profit before income tax		14 067	11 417	23,2
Taxation expense		(4 042)	(3 151)	(28,3)
Profit for the year		10 025	8 266	21,3
Attributable to:				
Ordinary equity holders of the Group		9 595	8 105	18,4
Minority interest – ordinary shares		117	88	(33,0)
Minority interest – preference shares		313	73	>(100,0)
		10 025	8 266	21,3
• basic earnings per share (cents per share)	10	1 428,9	1 216,8	17,4
• diluted earnings per share (cents per share)	10	1 341,4	1 154,4	16,2
Headline earnings	9	9 413	7 872	19,6
• headline earnings per share (cents per share)		1 401,9	1 181,8	18,6
• diluted headline earnings per share (cents per share)		1 316,1	1 121,3	17,4

Group income statement – banking and insurance activities

Year ended 31 December

	2007 Rm	2006 Rm	Change %
Income from banking and other activities	32 416	26 742	21,2
Net interest income	18 889	14 887	26,9
Interest and similar income	55 123	37 569	46,7
Interest expense and similar charges	(36 233)	(22 682)	(59,7)
Non-interest income	13 525	11 855	14,1
Net fee and commission income	10 910	9 604	13,6
Gains and losses from banking and trading activities	1 622	1 376	17,9
Other income	993	875	13,5
Income from bancassurance activities	5 275	5 178	1,9
Net insurance premium income	3 192	2 994	6,6
Net investment gains	1 393	1 635	(14,8)
Net fee and commission income	690	549	25,7
Total operating income	37 690	31 920	18,1
Impairment losses on loans and advances	(2 433)	(1 573)	(54,7)
Benefits due to policyholders	(2 073)	(2 014)	(2,9)
Net insurance claims and benefits paid	(1 603)	(1 319)	(21,5)
Changes in investment liabilities	(534)	(508)	(5,1)
Changes in insurance liabilities	45	(240)	>100,0
Other income	19	53	(64,2)
Income after impairment losses and policyholders' benefits	33 185	28 333	17,1
Operating expenditure in banking activities	(18 012)	(15 975)	(12,8)
Operating expenses	(17 292)	(15 093)	(14,6)
Non-credit related impairments	(58)	(75)	22,7
Indirect taxation	(662)	(807)	18,0
Operating expenditure in bancassurance activities	(1 197)	(1 054)	(13,6)
Operating expenses	(1 150)	(996)	(15,5)
Indirect taxation	(47)	(58)	19,0
Share of retained earnings of associated undertakings and joint ventures	91	113	(19,5)
Operating profit before income tax	14 067	11 417	23,2
Taxation expense	(4 042)	(3 151)	(28,3)
Profit for the year	10 025	8 266	21,3
Attributable to:			
Ordinary equity holders of the Group	9 595	8 105	18,4
Minority interest – ordinary shares	117	88	(33,0)
Minority interest – preference shares	313	73	>(100,0)
	10 025	8 266	21,3
Headline earnings	9 413	7 872	19,6

Group statement of changes in equity

As at 31 December

	2007 (Audited) Rm	2006 (Audited) Rm	Change %
Share capital	1 350	1 338	0,9
Opening balance	1 338	1 327	0,8
Shares issued	13	10	30,0
Transfer from share-based payment reserve	0	0	—
Share buy-back in respect of Absa Group Limited Share Incentive Trust	(0)	(0)	—
Elimination of treasury shares held by Absa Group Limited Share Incentive Trust	(0)	1	>(100,0)
Elimination of treasury shares held by Absa Life Limited and Absa Fund Managers Limited	(1)	0	>(100,0)
Elimination of treasury shares held by Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	(0)	—	(100,0)
Share premium	2 292	2 067	10,9
Opening balance	2 067	1 875	10,2
Shares issued	345	170	>100,0
Transfer from share-based payment reserve	93	23	>100,0
Share buy-back in respect of Absa Group Limited Share Incentive Trust	(130)	(17)	>(100,0)
Elimination of treasury shares held by Absa Group Limited Share Incentive Trust	(5)	4	>(100,0)
Elimination of treasury shares held by Absa Life Limited and Absa Fund Managers Limited	(73)	12	>(100,0)
Elimination of treasury shares held by Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	(5)	—	(100,0)
Other reserves	406	412	(1,5)
Opening balance	412	622	(33,8)
Movement in foreign currency translation reserve	(59)	332	>(100,0)
Movement in regulatory general credit risk reserve	435	46	>100,0
Movement in available-for-sale reserve	60	58	3,4
Movement in cash flow hedges reserve	(540)	(485)	(11,3)
Movement in insurance contingency reserve	20	38	(47,4)
Movement in associated undertakings and joint ventures' retained earnings reserve	91	113	(19,5)
Disposal of associated undertakings and joint ventures – release of reserves	—	(374)	100,0
Share-based payments for the year	81	85	(4,7)
Transfer from share-based payment reserve	(94)	(23)	>(100,0)

	2007 (Audited) Rm	2006 (Audited) Rm	Change %
Retained earnings	33 527	27 876	20,3
Opening balance	27 876	21 931	27,1
Subsidiary step-up acquisitions	2	(43)	>100,0
Transfer to regulatory general credit risk reserve	(435)	(46)	>(100,0)
Transfer to insurance contingency reserve	(20)	(38)	47,4
Transfer to associated undertakings and joint ventures' retained earnings reserve	(91)	(113)	19,5
Disposal of associated undertakings and joint ventures – release of reserves	—	374	(100,0)
Transfer from share-based payment reserve	1	—	100,0
Profit attributable to ordinary equity holders	9 595	8 105	18,4
Dividends paid during the year	(3 401)	(2 294)	(48,3)
	37 575	31 693	18,6
Minority interest – ordinary shares	341	236	44,5
Opening balance	236	246	(4,1)
Disposals	—	(40)	100,0
Other reserve movements	(12)	(58)	79,3
Minority share of profit	117	88	33,0
	4 644	2 992	55,2
Minority interest – preference shares			
Opening balance	2 992	—	100,0
Shares issued	1 658	3 000	(44,7)
Costs incurred	(6)	(8)	25,0
Profit attributable to preference equity holders	313	73	>100,0
Preference dividends paid during the year	(313)	(73)	>(100,0)
Total equity	42 560	34 921	21,9

Group cash flow statement

Year ended 31 December

	Notes	2007 (Audited) Rm	2006 (Audited) Rm	Change %
Net cash generated/(utilised) from operating activities		7 016	(4 016)	>100,0
Net cash utilised from investing activities		(4 996)	(2 342)	>(100,0)
Net cash (utilised)/generated from financing activities		(214)	2 799	>(100,0)
Net increase/(decrease) in cash and cash equivalents		1 806	(3 559)	>100,0
Cash and cash equivalents at the beginning of the year	1	4 787	8 343	(42,6)
Effect of exchange rate movements on cash and cash equivalents		3	3	—
Cash and cash equivalents at the end of the year	2	6 596	4 787	37,8
Notes to the cash flow statement				
1. Cash and cash equivalents at the beginning of the year				
Cash, cash balances and balances with central banks		3 936	3 431	14,7
Loans and advances to banks		851	4 912	(82,7)
		4 787	8 343	(42,6)
2. Cash and cash equivalents at the end of the year				
Cash, cash balances and balances with central banks		5 091	3 936	29,3
Loans and advances to banks		1 505	851	76,9
		6 596	4 787	37,8

Notes to the financial statements

As at 31 December

	2007 Rm	2006 Rm	Change %
1. Loans and advances to customers			
Total Retail advances			
Cheque accounts	6 278	5 024	25,0
Credit card accounts	13 827	11 245	23,0
Instalment finance	63 867	56 920	12,2
Loans to associated undertakings and joint ventures	6 467	6 226	3,9
Mortgages (including commercial property finance)	228 339	187 327	21,9
Personal loans	9 782	9 279	5,4
Microloans	2 645	1 444	83,2
UniFer book	189	464	(59,3)
New business	2 456	980	>100,0
Other	1 186	810	46,4
Gross advances	332 391	278 275	19,4
Impairment losses on loans and advances	(3 788)	(3 085)	(22,8)
Net advances	328 603	275 190	19,4
Total Absa Corporate and Business Bank (ACBB) advances			
Cheque accounts	12 873	10 356	24,3
Foreign currency loans	1 025	1 423	(28,0)
Loans to associated undertakings and joint ventures	1 028	967	6,3
Mortgages (including commercial property finance)	36 257	27 486	31,9
Overnight finance	4 568	3 109	46,9
Preference shares	1 135	—	100,0
Specialised finance and corporate overdrafts	5 662	4 565	24,0
Term loans	7 079	7 130	(0,7)
Other	2 278	2 478	(8,1)
Gross advances	71 905	57 514	25,0
Impairment losses on loans and advances	(1 535)	(1 374)	(11,7)
Net advances	70 370	56 140	25,3
Total Absa Capital advances			
Foreign currency loans	9 828	3 045	>100,0
Loans granted under resale agreements (Carries) and reverse repurchase agreements	8 233	8 561	(3,8)
Loans to associated undertakings and joint ventures	1 782	453	>100,0
Overnight finance	8 068	4 261	89,3
Preference shares	8 579	9 097	(5,7)
Wholesale overdrafts	13 901	11 873	17,1
Other	2 814	1 703	65,2
Gross advances	53 205	38 993	36,4
Impairment losses on loans and advances	(194)	(193)	(0,5)
Net advances	53 011	38 800	36,6

	2007 Rm	2006 Rm	Change %
1. Loans and advances to customers <i>(continued)</i>			
Total Africa advances			
Cheque accounts	1 222	820	49,0
Credit card accounts	14	11	27,3
Foreign currency loans	903	617	46,4
Personal and term loans	1 312	928	41,4
Other	—	2	(100,0)
Gross advances	3 451	2 378	45,1
Impairment losses on loans and advances	(111)	(87)	(27,6)
Net advances	3 340	2 291	45,8
Total Other advances			
Foreign currency loans	82	108	(24,1)
Mortgages (including commercial property finance)	83	760	(89,1)
Preference shares	163	204	(20,1)
Other	344	332	3,6
Gross advances	672	1 404	(52,1)
Impairment losses on loans and advances	(38)	—	(100,0)
Net advances	634	1 404	(54,8)
Total gross advances	461 624	378 564	21,9
Impairment losses on loans and advances	(5 666)	(4 739)	(19,6)
Total net advances	455 958	373 825	22,0
2. Investments in associated undertakings and joint ventures			
FFS Finance South Africa (Proprietary) Limited	261	211	23,7
MAN Financial Services (S.A.) (Proprietary) Limited	46	35	31,4
Commercial property finance related investments (ACBB)	1 059	343	>100,0
Other	103	104	(1,0)
	1 469	693	>100,0

	2007 Rm	2006 Rm	Change %
3. Deposits due to customers			
Total Retail deposits			
Call	2 669	3 096	(13,8)
Cheque accounts	25 238	23 144	9,0
Credit card	2 173	2 291	(5,2)
Fixed	24 947	20 191	23,6
Investment products	6 300	—	100,0
Notice	6 420	6 392	0,4
Savings and transmission	28 631	25 017	14,4
Other	574	724	(20,7)
Total deposits	96 952	80 855	19,9
Total Absa Corporate and Business Bank (ACBB) deposits			
Call	9 705	9 034	7,4
Cheque account	38 341	31 850	20,4
Fixed	24 518	22 462	9,2
Foreign currency	1 844	3 290	(44,0)
Other	1 893	1 055	79,4
Total deposits	76 301	67 691	12,7
Total Absa Capital deposits			
Call	33 352	30 050	11,0
Cheque account	31 197	33 779	(7,6)
Fixed	52 461	48 347	8,5
Foreign currency	6 049	8 173	(26,0)
Repurchase agreements	1 115	—	100,0
Other	6 489	5 848	11,0
Total deposits	130 663	126 197	3,5
Total Africa deposits			
Call	28	414	(93,2)
Cheque account	2 185	1 313	66,4
Fixed	481	340	41,5
Foreign currency	1 784	1 678	6,3
Savings and transmission	1 593	1 188	34,1
Other	48	41	17,1
Total deposits	6 119	4 974	23,0
Total Other deposits			
Fixed	—	1	(100,0)
Foreign currency	8	45	(82,2)
Other	469	85	>100,0
Total deposits	477	131	>100,0
Total deposits	310 512	279 848	11,0

	2007 Rm	2006 Rm	Change %
4. Debt securities in issue			
Customers	139 335	88 601	57,3
Abacas – Commercial paper issued	12 416	11 523	7,7
Floating rate notes	33 185	13 962	>100,0
Liabilities arising from securitised Special Purpose Entities (SPE)	9 985	3 494	>100,0
Negotiable certificates of deposit	62 509	43 554	43,5
Promissory notes	6 301	16 068	(60,8)
Other debt securities in issue	14 939	—	>100,0
Banks	17 089	10 339	65,3
Floating rate notes	2 764	—	>100,0
Negotiable certificates of deposit	13 416	5 828	>100,0
Promissory notes	909	4 511	(79,8)
	156 424	98 940	58,1
5. Borrowed funds			
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	1 500	—
8,10% (AB06)	2 000	2 000	—
8,80% (AB07)	1 725	—	100,0
Accrued interest	297	253	17,4
Fair value adjustment*	(326)	(85)	>(100,0)
Redeemable cumulative option-holding preference shares	153	152	0,7
Shares issued	158	158	—
Elimination of Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	(5)	(12)	58,3
Redemption of preference shares by Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	(7)	—	(100,0)
Accrued dividend	7	6	16,7
	9 949	8 420	18,2

*The fair value adjustment relates to subordinated callable notes designated as hedge items in a hedge relationship.

Notes to the financial statements

Year ended 31 December

	2007 Rm	2006 Rm	Change %
6. Impairment losses on loans and advances			
Loans and advances to customers	2 851	1 952	(46,1)
Less: recoveries of impairment of advances	(418)	(379)	10,3
	2 433	1 573	(54,7)
Credit impairments per segment			
Retail banking			
Absa Private Bank	69	61	(13,1)
Personal Bank	627	314	>(100,0)
Absa Home Loans and Repossessed Properties	485	194	>(100,0)
Absa Card	382	173	>(100,0)
Absa Vehicle and Asset Finance	672	453	(48,3)
Total charge	2 235	1 195	(87,0)
Impairment loss ratio	0,74	0,49	
Absa Corporate and Business Bank (ACBB)			
Total charge	148	331	55,3
Impairment loss ratio	0,23	0,67	

	2007 Rm	2006 Rm	Change %
6. Impairment losses on loans and advances <i>(continued)</i>			
Absa Capital			
Total charge	1	(2)	>(100,0)
Impairment loss ratio	0,00	0,00	
African operations			
Total charge	41	52	21,2
Impairment loss ratio	1,47	2,56	
Bancassurance and other			
Total charge	8	(3)	>(100,0)
Impairment loss ratio	n/a	n/a	
Total charge to the income statement	2 433	1 573	(54,7)
Accumulated impairments			
Identified impairments	3 656	3 035	(20,5)
Identified	3 320	2 690	(23,4)
Net present value adjustment	336	345	2,6
Unidentified impairments	2 010	1 704	(18,0)
	5 666	4 739	(19,6)

	Outstanding balance Rm	Fair value of collateral Rm	Net exposure Rm	Specific impairment Rm	Expected recoveries Rm
6. Impairment losses on loans and advances <i>(continued)</i>					
Non-performing advances at 31 December 2007					
Absa Home Loans	4 090	3 576	514	514	—
Absa Vehicle and Asset Finance	979	403	576	576	—
Absa Card	1 054	—	1 054	698	356
Other	639	386	253	253	—
Retail banking	6 762	4 365	2 397	2 041	356
Absa Corporate and Business Bank	408	260	148	148	—
Absa Capital	24	—	24	16	8
African operations and other	117	40	77	77	—
	7 311	4 665	2 646	2 282	364
Non-performing advances as % of loans and advances to customers	1,6				
Non-performing advances at 31 December 2006	4 987	2 700	2 287	1 996	291
Non-performing advances as % of loans and advances to customers	1,3				

	2007 Rm	2006 Rm	Change %
7. Non-interest income			
7.1 Fee and commission income			
Credit-related fees and commissions	10 208	9 054	12,7
Cheque accounts	2 575	2 405	7,1
Credit cards	1 551	1 390	11,6
Early redemption penalty income	196	256	(23,4)
Electronic banking	2 657	2 248	18,2
Foreign exchange fees and commissions	285	229	24,5
Savings accounts	1 801	1 512	19,1
Other	1 143	1 014	12,7
Corporate finance fees	289	136	>100,0
External administration fees	217	157	38,2
Insurance commission received	877	771	13,7
Pension fund payment services	489	452	8,2
Portfolio and other management fees	255	209	22,0
Trust and estate income	228	201	13,4
Unit/property trust income	310	267	16,1
	12 873	11 247	14,5

	2007 Rm	2006 Rm	Change %
7. Non-interest income <i>(continued)</i>			
7.2 Fee and commission expense			
Cheque processing fees	(147)	(136)	(8,1)
Debt collecting fees	(121)	(144)	16,0
Commission paid	(671)	(543)	(23,6)
Transaction based legal fees	(101)	(78)	(29,5)
Valuation fees	(130)	(91)	(42,9)
Other fee and commission expenses	(103)	(102)	(1,0)
	(1 273)	(1 094)	(16,4)
7.3 Net insurance premium income			
Insurance premium revenue	3 531	3 269	8,0
Premiums ceded to reinsurers	(339)	(275)	(23,3)
	3 192	2 994	6,6
7.4 Net insurance claims and benefits paid			
Gross claims and benefits paid on insurance contracts	(1 847)	(1 376)	(34,2)
Reinsurance recoveries	244	57	>100,0
	(1 603)	(1 319)	(21,5)
Changes in insurance and investment liabilities	(489)	(748)	34,6

	2007 Rm	2006 Rm	Change %
7.5 Gains and losses from banking and trading activities			
Designated fair value	878	(147)	>100,0
Debt securities in issue	(112)	—	(100,0)
Loans and advances and deposits	261	(381)	>100,0
Investments	783	389	>100,0
Debt instruments	(71)	(50)	(42,0)
Equity instruments	854	439	94,5
Statutory liquid assets portfolio	(54)	(155)	65,2
Associated undertakings and joint ventures	2	167	(98,8)
Dividends from associated banking entities	8	—	100,0
(Loss)/profit realised on disposal of associated undertakings and joint ventures	(6)	167	>(100,0)
Held for trading	663	1 357	(51,1)
Ineffective hedges	79	(1)	>100,0
Cash flow hedges	(60)	(5)	>(100,0)
Fair value hedges	139	4	>100,0
	1 622	1 376	17,9
7.6 Gains and losses from investment activities			
Fair value through profit and loss	1 418	1 715	(17,3)
Net investment gains from bancassurance activities	1 393	1 635	(14,8)
Policyholder – investment contracts	579	520	11,3
Policyholder – insurance contracts	243	378	(35,7)
Shareholder funds	571	737	(22,5)
Other investment gains	25	80	(68,8)
Dividend income	61	72	(15,3)
Profit realised on available-for-sale instruments	9	—	100,0
Profit realised on disposal of associated undertakings and joint ventures	37	54	(31,5)
Profit realised on disposal of subsidiary	36	50	(28,0)
	1 561	1 891	(17,5)

	2007 Rm	2006 Rm	Change %
7. Non-interest income <i>(continued)</i>			
7.7 Other operating income			
Exchange differences on operational activities	95	81	17,3
Profit on sale of property and equipment*	80	11	>100,0
Profit on sale of internally generated intangible assets	68	—	100,0
Property development profit	191	148	29,1
Property rentals	94	92	2,2
Sundry income	317	340	(6,8)
	845	672	25,7
Total non-interest income	16 728	15 019	11,4
<i>*Includes R60 million profit on sale of property (commercial property finance related).</i>			
8. Operating expenditure			
8.1 Operating expenses			
Property and equipment-related			
Accommodation costs	399	357	(11,8)
Amortisation	85	37	>(100,0)
Depreciation	780	739	(5,5)
Equipment rentals and maintenance	221	174	(27,0)
Insurance premiums	239	178	(34,3)
Operating lease rentals	1 017	953	(6,7)
Professional fees			
Auditors' remuneration	77	67	(14,9)
Other professional fees	850	880	3,4
Staff-related			
Staff costs	8 362	7 041	(18,8)
Incentive schemes	1 422	1 176	(20,9)
Other staff-related costs	333	262	(27,1)
Other			
Cash transportation costs	347	298	(16,4)
Clearing and bank charges	152	115	(32,2)
Frauds and losses	224	213	(5,2)
Information technology costs	1 140	1 154	1,2
Marketing and advertising costs	898	728	(23,4)
Printing, stationery, postage and telephone costs	965	835	(15,6)
Other operating costs	256	242	(5,8)
Barclays synergy costs	675	640	(5,5)
	18 442	16 089	(14,6)
8.2 Non-credit related impairments			
Associated undertakings and joint ventures	—	10	100,0
Available-for-sale assets	—	(5)	(100,0)
Computer software development costs	21	66	68,2
Property and equipment	—	4	100,0
Reposessed Properties	37	—	(100,0)
	58	75	22,7

	2007 Rm	2006 Rm	Change %
9. Determination of headline earnings*			
Headline earnings is determined as follows:			
Profit attributable to ordinary equity holders of the Group	9 595	8 105	18,4
Adjustments for:			
IAS 16 net profit on disposal of property and equipment	(57)	(8)	>(100,0)
IAS 21 recycle foreign currency translation reserve, disposal of investment in foreign operations	(29)	—	(100,0)
IAS 27 net profit on disposal of subsidiaries	(26)	(36)	27,8
IAS 28 and 31 net profit on disposal of associated undertakings and joint ventures	(31)	(167)	81,4
IAS 28 impairment of associated undertakings and joint ventures	—	7	(100,0)
IAS 28 underlying associated undertakings and joint ventures' earnings	(45)	(54)	16,7
IAS 36 impairment of assets	—	3	(100,0)
IAS 38 net profit on disposal and impairment of intangible assets	(43)	47	>(100,0)
IAS 39 release of available-for-sale reserves	49	(21)	>100,0
IAS 39 impairment of available-for-sale assets and strategic investments	—	(4)	100,0
Headline earnings	9 413	7 872	19,6

*After tax and minorities.

	2007 Rm	2006 Rm	Change %
10. Diluted earnings per share			
Profit attributable to ordinary equity holders of the Group	9 595	8 105	18,4
Interest expense on convertible debt (net of tax)	15	13	15,4
Diluted earnings	9 610	8 118	18,4
Issued shares at the beginning of the year	672,0	666,9	0,8
Effect of shares issued during the year	2,8	2,1	33,3
Less: treasury shares held by the Absa Group Limited Share Incentive Trust	(2,5)	(2,7)	7,4
Less: treasury shares held by Absa Life Limited and Absa Fund Managers Limited	(0,7)	(0,2)	>(100,0)
Less: treasury shares held by the Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	(0,1)	—	(100,0)
Weighted average number of ordinary shares in issue (millions)	671,5	666,1	0,8
Basic earnings per share (cents)	1 428,9	1 216,8	17,4
Weighted average number of ordinary shares in issue (millions)	671,5	666,1	0,8
Adjustments for shares at no value:			
options linked to redeemable preference shares (millions)	36,8	28,6	28,7
share options (millions)	8,1	8,5	(4,7)
Diluted weighted average number of ordinary shares in issue (millions)	716,4	703,2	1,9
Diluted earnings per share (cents)	1 341,4	1 154,4	16,2

Notes to the financial statements

As at 31 December

11. Share trusts

Absa Group Limited Share Incentive Trust

In terms of the rules of the Absa Group Limited Share Incentive Trust, the maximum number of shares of the Group that may be issued or transferred and/or in respect of which options may be granted to the participants, shall be limited to shares representing 10% of the total number of issued shares. Options are allocated to Group employees according to the normal human resources talent management processes. The options issued up to August 2005 (issue 192) had no performance criteria linked to them and vested in equal tranches after three, four and five years respectively. No dividends accrue to the optionholder over the period. The options expire after a period of 10 years from the issuing date. Options issued since August 2005 (issue 193) have vesting performance criteria associated with them, which require headline earnings per share to exceed an agreed benchmark over a three-year period from July 2005 for the options to vest. As required by IFRS, the trust has been consolidated into the Group's financial statements.

	Number of shares	
	2007 (Audited)	2006 (Audited)
Shares and options subject to the trust at the beginning of the year	18 778 473	25 125 744
Shares issued and options granted during the year	260 000	586 000
	19 038 473	25 711 744
Options exercised and implemented, options forfeited or cancelled and shares released or repurchased by the trustees in terms of the rules of the trust	(5 420 159)	(6 933 271)
Shares and options subject to the trust at the end of the year	13 618 314	18 778 473
Of which are exercisable	5 602 545	5 304 576

	2007 (Audited)		2006 (Audited)	
	% of total issued shares	Number of shares	% of total issued shares	Number of shares
Maximum shares and options available	10,0	67 857 307	10,0	67 195 507
Shares and options subject to the trust	(2,0)	(13 618 314)	(2,8)	(18 778 473)
Balance of shares and options available	8,0	54 238 993	7,2	48 417 034

Details regarding the options granted and still outstanding at 31 December 2007 are as follows:

Expiry date*	Number of options	Average option price R
Year to 31 March 2009	106 746	17,85
Year to 31 March 2010	255 314	27,68
Year to 31 March 2011	284 999	29,96
Year to 31 March 2012	829 131	36,60
Year to 31 March 2013	1 465 277	33,60
Year to 31 March 2014	1 925 474	35,35
Year to 31 March 2015	4 405 122	50,26
Year to 31 December 2015	3 572 751	91,44
Year to 31 December 2016	773 500	107,31
	13 618 314	58,41

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

11. Share trusts (continued)

Batho Bonke Capital (Proprietary) Limited

The Group entered into a black economic empowerment (BEE) transaction with Batho Bonke Capital (Proprietary) Limited in July 2004.

As the shares issued in terms of the transaction vested immediately and the issue was before 1 January 2005, the provisions of IFRS 2 were not applicable. No costs will be recognised in the income statement of the Group.

On 1 July 2004, 73 152 300 preference shares were issued. The preference shares receive a dividend calculated on par value of the preference shares at a rate of 72% of the prime overdraft rate. These dividends are compounded and paid semi-annually in arrear on 30 September and 31 March of each year. Absa Group will redeem the preference shares on exercise of the options by the participant or after five years from the date of issue. Options can be exercised from 1 July 2007, on 1 March, 1 June, 1 September or 1 December each year commencing from 1 July 2007. Exercise may occur in lots of 100 only and on payment of the option strike price, which will vary between R48,00 and R69,00 dependent on the 30-day volume weighted trading price on the JSE Limited.

	Number of shares	
	2007 (Audited)	2006 (Audited)
Outstanding at the end of the year	73 152 300	73 152 300

There were 73 152 300 options exercisable as at balance sheet date (31 December 2006: nil). The options outstanding have an exercise price range of R48,00 to R69,00 and weighted average contractual life of 1,5 years (31 December 2006: 2,5 years).

Absa Group Limited Employee Share Ownership Administration (ESOP) Trust

All employees (as of the implementation date – 1 July 2004) of South African wholly owned subsidiaries, including South African employees on secondment elsewhere in the Group (excluding executive directors of Absa Group and Absa Bank), were eligible to participate in this one-off offer. Each employee who elected to participate was issued and allocated 200 redeemable cumulative option-holding preference shares against a receipt of the R400 subscription price. On 1 July 2004, 6 085 200 preference shares were issued. The preference shares receive a dividend calculated on par value of the preference shares at a rate of 72% of the prime overdraft rate. These dividends are compounded and paid semi-annually in arrear on 30 September and 31 March of each year. Absa Group will redeem the preference shares on exercise of the options by the participant or after five years from the date of issue. Options can be exercised on 1 March, 1 June, 1 September or 1 December each year commencing from 1 July 2007. Exercise may occur in lots of 100 only and on payment of the option strike price, which will vary between R48,00 and R69,00 dependent on the 30-day volume weighted trading price on the JSE Limited.

A maximum of 7 315 200 preference shares are available for allocation to the trust. The trust has also been consolidated into the Group's financial statements. The trust held 2 467 200 redeemable cumulative option-holding preference shares at the end of the year of which 1 521 100 have been forfeited to date (31 December 2006: 1 237 800).

	Number of shares	
	2007 (Audited)	2006 (Audited)
Outstanding at the beginning of the year	4 847 400	5 359 400
Less: forfeited during the year	(308 500)	(512 000)
Less: exercised during the year	(3 592 800)	—
Outstanding at the end of the year	946 100	4 847 400

There were 946 100 options exercisable as at balance sheet date (31 December 2006: nil). The options outstanding have an exercise price range of R48,00 to R69,00 and weighted average contractual life of 1,5 years (31 December 2006: 2,5 years).

11. Share trusts (continued)

Absa Group Phantom Performance Share Plan (Phantom PSP)

The Phantom PSP was implemented as an alternative to the Absa Group Limited Share Incentive Trust. The Phantom PSP is a cash-settled plan and payments made to participants in respect of their awards are in the form of cash. The Phantom PSP shares (and any associated notional dividend shares) are awarded at no cost to the participants. The amount that is ultimately paid out to the participants is equal to the market value of a number of ordinary shares equal to the number of Phantom shares awarded to that participant, as determined after a three-year vesting period.

The vesting of the Phantom PSP awards will be subject to two non-market performance conditions which will be measured over a three-year period. The first performance condition is subject to a profit after tax hurdle, while the second condition is subject to an earnings per share target. The awards would be released to employees according to a sliding scale from 40% to 300% of the award, dependent upon the scale of achievement against the earnings per share benchmark and provided that the profit before tax threshold has been passed. If the threshold is not passed the award will not vest. The awards will vest after three years to the extent that the performance conditions are satisfied. These awards are forfeited in total if the Group performance fails to meet the minimum performance criteria.

	Number of shares	
	2007 (Audited)	2006 (Audited)
Outstanding at the beginning of the year	1 118 350	—
Granted during the year	1 382 085	1 118 350
Less: forfeited during the year	(177 552)	—
Outstanding at the end of the year	2 322 883	1 118 350

The options outstanding have no exercise price and a weighted average contractual life of 1,9 years (31 December 2006: 2,4 years).

As the terms and conditions of this share scheme dictate that options be exercised immediately on vesting, it means that at any given time there are no options which have vested but have not been exercised.

The Absa Group Executive Share Award Scheme (ESAS) – Voluntary (Restricted) Method

Certain qualifying participants with “banked bonuses” under any of the Group’s existing employee incentive schemes were allowed a one-off opportunity during the 2006 financial year to utilise banked bonuses to purchase nil-cost options in the ESAS.

The ESAS is an equity-settled share-based payment arrangement, where the participant’s notional bonus comprises a number of restricted nil-cost options, based on the allocation price of ordinary shares. If the participant is in the employ of the Group after the three-year vesting period, the participant will receive 20% matched shares. If the bonus award remains in the ESAS trust for another two years, the participant receives another 10% matched shares. Dividend shares are paid to participants on the ordinary shares as if the shares were held from inception. The number of dividend shares awarded is calculated on the initial allocation and on the 20% and 10% match, over the five-year period.

	Number of shares	
	2007 (Audited)	2006 (Audited)
Outstanding at the beginning of the year	37 059	—
Granted during the year	—	37 059
Outstanding at the end of the year	37 059	37 059

The options outstanding have no exercise price and a weighted average contractual life of 2,7 years (31 December 2006: 3,7 years). None of these options were exercisable at the balance sheet date.

11. Share trusts (continued)

Absa Group Phantom Joiners Share Award Plan (JSAP)

The JSAP is a cash-settled share-based payment arrangement that enables the Group to attract and motivate new employees by buying out the "in the money" portion of a participant's shares or options under their previous employer's share scheme by offering the employees Absa Group Phantom shares. There is no consideration payable for the grant of the award and the vesting of the awards is not subject to performance conditions. Dividends accrue to the participant over the vesting period which can be over two, three, five or six years.

	Number of shares	
	2007 (Audited)	2006 (Audited)
Outstanding at the beginning of the year	90 067	—
Granted during the year	284 133	90 067
Less: exercised during the year	(44 951)	—
Less: forfeited during the year	(16 874)	—
Outstanding at the end of the year	312 375	90 067

The options outstanding have no exercise price and a weighted average contractual life of 1,9 years (31 December 2006: 3,0 years).

As the terms and conditions of this share scheme dictate that options be exercised immediately on vesting, it means that at any given time there are no options which have vested but have not been exercised.

The Absa Group Phantom Executive Share Award Scheme (Phantom ESAS)

The Phantom ESAS is a cash-settled share-based payment arrangement, where the participant's notional bonus comprises a number of restricted nil-cost options, based on the allocation price of ordinary shares. If the participant is in the employ of the Group after the three-year vesting period, the participant will receive 20% bonus Phantom shares. If the bonus award remains in the ESAS scheme for another two years, the participant receives another 10% bonus Phantom shares. Dividend Phantom shares are paid to participants on the ordinary Phantom shares as if the shares were held from inception. The number of dividend shares awarded is calculated on the initial allocation and on the 20% and 10% bonus Phantom shares, over the five-year period.

	Number of shares	
	2007 (Audited)	2006 (Audited)
Outstanding at the beginning of the year	—	—
Granted during the year	486 722	—
Less: forfeited during the year	(30 656)	—
Outstanding at the end of the year	456 066	—

The options outstanding have no exercise price and a weighted average contractual life of 3,5 years.

As the terms and conditions of this share scheme dictate that options be exercised immediately on vesting, it means that at any given time there are no options which have vested but have not been exercised.

Capital adequacy

As at 31 December

	2007		2006
	Unweighted assets Rm	Risk-weighted assets Rm	Risk-weighted assets Rm
ABSA BANK LIMITED			
Risk-weighted assets			
Assets – banking activities			
On-balance sheet	521 137	338 385	278 231
Off-balance sheet	868 709	9 719	8 498
	1 389 846	348 104	286 729
Notional assets – trading activities	—	11 557	10 439
	1 389 846*	359 661	297 168
Qualifying capital			
	Rm	%**	%**
Primary capital			
Ordinary share capital	303	0,1	0,1
Ordinary share premium	5 415	1,5	1,8
Preference shares	4 644	1,3	1,0
Reserves	22 755	6,3	6,2
	33 117	9,2	9,1
Secondary capital			
Subordinated redeemable debt	10 325	2,9	2,9
Regulatory credit provision/reserve***	1 638	0,4	0,3
Impairments	(10)	(0,0)	—
	11 953	3,3	3,2
	45 070	12,5	12,3

*Includes Central Securities Depository Participation (CSDP) of R810 807 million risk-weighted at 0%.

**Percentage of capital to risk-weighted assets.

***Includes unidentified impairment provisions.

	2007	2006
	Risk-weighted assets Rm	Capital adequacy ratio %
ABSA GROUP LIMITED AND ITS BANKING SUBSIDIARIES		
South African operations		
Absa Bank	359 661	12,5
Non-South African operations		
Absa Bank London (a branch of Absa Bank)	2 760	40,5
Barclays Bank Mozambique	816	16,5
National Bank of Commerce (Tanzania)	3 535	13,2
Total banking operations	366 772	12,8
Risk-weighted assets (Rm)	366 772	302 458
Tier I capital (Rm)	34 657	28 316
Tier I ratio (%)	9,5	9,4
Absa Group Limited	13,1	13,1
Risk-weighted assets (Rm)	390 695	314 479
Tier I capital (Rm)	39 602	32 161
Tier I ratio (%)	10,1	10,2
Risk-weighted assets/total assets (%)	61,0	63,5

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 non-cumulative 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 average 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 expenses as a percentage of income from operations. Income consists of net interest income and non-interest income.

Cost-to-asset ratio

Operating expenses for the year/period (annualised) divided by average assets (calculated on a daily average basis), expressed as a percentage of average assets.

Dividend cover

Headline earnings per share divided by dividends per share.

Dividends per ordinary share relating to income for the year/period

Dividends per ordinary 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 ordinary equity holders

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

Headline earnings basis

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

Fully diluted basis

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

Headline earnings

Headline earnings is not a measure of sustainable earnings. Headline earnings reflect the operating performance of the Group separated from re-measurements (an amount recognised in the income statement relating to any change (realised or unrealised) in the carrying amount of an asset/liability that arose after the initial recognition of such asset or liability) as well as minority interest – preference shares.

Market capitalisation

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

Net asset value per share

Total equity attributable to ordinary equity holders divided by the number of shares in issue. The net asset value per share figure excludes the non-cumulative, non-redeemable preference shares issued.

Net interest margin on average assets

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

Net interest margin on average interest-bearing assets

Net interest income for the year 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

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 for the year/period (annualised).

Price-to-book

The closing share price relative to the net asset value.

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 year increased by shares issued during the year, 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.

Gains and losses from banking and trading activities

Comprises banking and trading portfolios and includes:

- realised gains on financial instruments held at amortised cost, held to maturity or available-for-sale;
- realised gains on the disposal of associated undertakings, joint ventures and subsidiaries, within the banking portfolios; and
- interest, dividends and fair value movements on certain financial instruments held for trading or at fair value through profit and loss.

Gains and losses from investment activities

Comprises insurance and strategic investment portfolios and includes:

- realised gains on financial instruments held at amortised cost, held to maturity or available-for-sale;
- realised gains on the disposal of associated undertakings, joint ventures and subsidiaries; and
- interest, dividends and fair value movements on certain financial instruments held for trading or at fair value through profit and loss.

IFRS 2 costs

In a share-based payment transaction an entity receives goods or services and pays for those goods or services either in shares or in other equity instruments. A transaction also is considered to be a share-based payment if the entity incurs a liability whose amount is based on the price or value of an entity's share or other entity instrument of the entity.

Borrowed funds

Borrowed funds represents subordinated callable bonds qualifying as long-term tier II capital issued by Absa Bank in terms of Section 1 of the Banks Act, 1990. The subordinated callable bonds are listed on the Bond Exchange of South Africa. It also includes preference shares classified as debt in terms of IAS 32 and 39.

Debt securities in issue

Comprised primarily of short-to-medium-term instruments issued by the Group and includes promissory notes, bonds, negotiable certificates of deposits and commercial paper. These instruments were previously reported under "Deposits due to customers" and "Deposits from banks".

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

BUSINESS UNIT PERFORMANCE

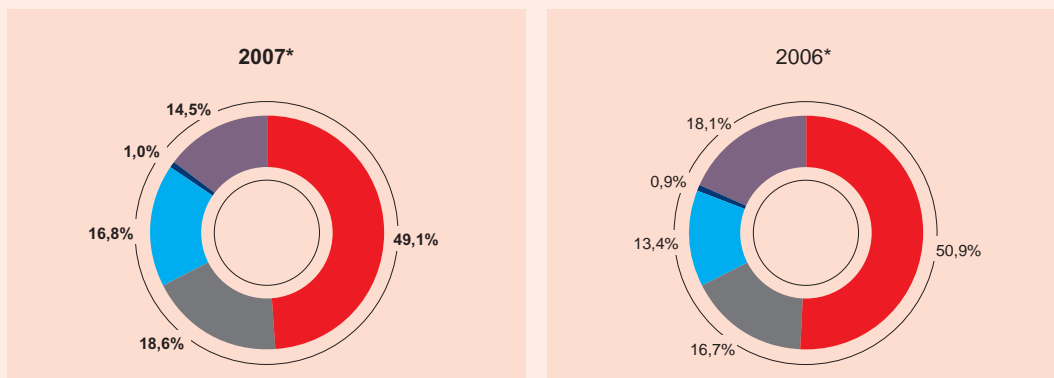
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Profit contribution by business area

Year ended 31 December



● Retail banking ● Absa Corporate and Business Bank ● Absa Capital ● African operations ● Bancassurance

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

	Notes	2007 (Audited) Rm	2006* (Audited) Rm	Change %
Banking operations				
Retail banking		5 071	4 222	20,1
Absa Private Bank		237	178	33,1
Personal Bank	1	2 070	1 479	40,0
Absa Home Loans and Repossessed Properties		1 288	1 086	18,6
Absa Card		706	700	0,9
Absa Vehicle and Asset Finance		770	779	(1,2)
Absa Corporate and Business Bank		1 922	1 384	38,9
Absa Capital		1 733	1 115	55,4
African operations	2	103	77	33,8
Corporate centre	3	(3)	203	>(100,0)
Capital and funding centre		59	131	(55,0)
Total banking		8 885	7 132	24,6
Bancassurance		1 502	1 500	0,1
Total earnings from business areas		10 387	8 632	20,3
Synergy costs (after tax)	4	(479)	(454)	(5,5)
Minority interest – preference shares		(313)	(73)	>(100,0)
Profit attributable to ordinary equity holders		9 595	8 105	18,4
Headline earnings adjustments		(182)	(233)	21,9
Total headline earnings		9 413	7 872	19,6

Notes

1. Personal Bank includes the results of Digital Banking, Micro Lending, Personal Bank Ventures and Alliances, Small Business, Telephone Banking and Entry Level Banking.
2. To provide comparability, the equity accounted earnings of Capricorn Investment Holdings, which was sold in 2006, has been moved to Corporate centre.
3. In the prior year Corporate centre included the profit on disposal of Bankhaus Wölbern, Capricorn, AST and JSE shares.
4. Synergies relate to the integration of Absa and Barclays following the acquisition by Barclays of a majority share in Absa. Synergy costs are one-off costs incurred in achieving synergy benefits.

*The comparative period has been restated for:

- Migration of clients from Private Bank to Personal Bank in the current year.
- AllPay Consolidated Investment Holdings (Proprietary) Limited was moved from Corporate centre to Retail banking during the year under review.
- Absa Development Company Holdings (Proprietary) Limited was moved from Corporate centre to Absa Corporate and Business Bank during the year under review.

Segmental reporting per market segment

	Retail banking			Absa Corporate and Business Bank			Absa Capital		
	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %
Income statement (Rm)									
Net interest income	12 816	10 006	28,1	3 897	3 092	26,0	1 655	1 092	51,6
Impairment losses on loans and advances	(2 235)	(1 195)	(87,0)	(148)	(331)	55,3	(1)	2	>(100,0)
Non-interest income	9 083	8 267	9,9	2 255	2 076	8,6	2 155	1 427	51,0
Operating expenses	(11 957)	(10 566)	(13,2)	(3 241)	(2 841)	(14,1)	(1 320)	(945)	(39,7)
Other	(270)	(278)	2,9	13	(14)	>100,0	(77)	(108)	28,7
Operating profit before income tax	7 437	6 234	19,3	2 776	1 982	40,1	2 412	1 468	64,3
Taxation expense	(2 341)	(1 989)	(17,7)	(851)	(598)	(42,3)	(679)	(353)	(92,4)
Profit for the year	5 096	4 245	20,0	1 925	1 384	39,1	1 733	1 115	55,4
Attributable to:									
Ordinary equity holders of the Group	5 071	4 222	20,1	1 922	1 384	38,9	1 733	1 115	55,4
Minority interest – ordinary shares	25	23	(8,7)	3	—	(100,0)	—	—	—
Minority interest – preference shares	—	—	—	—	—	—	—	—	—
	5 096	4 245	20,0	1 925	1 384	39,1	1 733	1 115	55,4
Balance sheet (Rm)									
Total advances	328 603	275 190	19,4	70 370	56 140	25,3	53 011	38 800	36,6
Investments in associated undertakings and joint ventures	341	283	20,5	1 059	344	>100,0	—	—	—
Other assets	104 839	75 403	39,0	19 456	24 934	(22,0)	371 432	243 110	52,8
Other assets – external	35 166	24 799	41,8	8 024	6 447	24,5	97 872	56 462	73,3
Other assets – internal*	69 673	50 604	37,7	11 432	18 487	(38,2)	273 560	186 648	46,6
Total assets	433 783	350 876	23,6	90 885	81 418	11,6	424 443	281 910	50,6
Total deposits	96 952	80 855	19,9	76 301	67 691	12,7	130 663	126 197	3,5
Other liabilities	315 469	255 330	23,6	7 614	8 470	(10,1)	288 071	151 416	90,3
Other liabilities – external	24 333	9 211	>100,0	6 528	7 354	(11,2)	232 967	141 452	64,7
Other liabilities – internal*	291 136	246 119	18,3	1 086	1 116	(2,7)	55 104	9 964	>100,0
Total liabilities	412 421	336 185	22,7	83 915	76 161	10,2	418 734	277 613	50,8

*Internal assets and liabilities for the Group are eliminated in "Other".

	African operations			Bancassurance			Other			Absa Group		
	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %
	533	376	41,8	(49)	37	>(100,0)	38	284	(86,6)	18 890	14 887	26,9
	(41)	(52)	21,2	1	(2)	>100,0	(9)	5	>(100,0)	(2 433)	(1 573)	(54,7)
	256	216	18,5	3 251	3 076	5,7	(272)	(43)	>(100,0)	16 728	15 019	11,4
	(479)	(383)	(25,1)	(1 150)	(996)	(15,5)	(295)	(358)	17,6	(18 442)	(16 089)	(14,6)
	(9)	(1)	>(100,0)	(47)	(58)	19,0	(286)	(368)	22,3	(676)	(827)	18,3
	260	156	66,7	2 006	2 057	(2,5)	(824)	(480)	(71,7)	14 067	11 417	23,2
	(68)	(19)	>(100,0)	(504)	(553)	8,9	401	361	11,1	(4 042)	(3 151)	(28,3)
	192	137	40,1	1 502	1 504	(0,1)	(423)	(119)	>(100,0)	10 025	8 266	21,3
	103	77	33,8	1 502	1 500	0,1	(736)	(193)	>(100,0)	9 595	8 105	18,4
	89	60	(48,3)	—	4	100,0	—	1	100,0	117	88	(33,0)
	—	—	—	—	—	—	313	73	>(100,0)	313	73	>(100,0)
	192	137	40,1	1 502	1 504	(0,1)	(423)	(119)	>(100,0)	10 025	8 266	21,3
	3 340	2 291	45,8	—	120	(100,0)	634	1 284	(50,6)	455 958	373 825	22,0
	49	46	6,5	—	—	—	20	20	—	1 469	693	>100,0
	4 820	4 283	12,5	37 526	23 829	57,5	(354 591)	(250 965)	(41,3)	183 482	120 594	52,1
	4 781	4 158	15,0	37 386	23 711	57,7	253	5 017	(95,0)	183 482	120 594	52,1
	39	125	(68,8)	140	118	18,6	(354 844)	(255 982)	(38,6)	—	—	—
	8 209	6 620	24,0	37 526	23 949	56,7	(353 937)	(249 661)	(41,8)	640 909	495 112	29,4
	6 119	4 974	23,0	—	—	—	477	131	>100,0	310 512	279 848	11,0
	1 099	718	53,1	33 618	19 911	68,8	(358 034)	(255 502)	(40,1)	287 837	180 343	59,6
	1 046	663	57,8	25 368	18 939	33,9	(2 405)	2 724	>(100,0)	287 837	180 343	59,6
	53	55	(3,6)	8 250	972	>100,0	(355 629)	(258 226)	(37,7)	—	—	—
	7 218	5 692	26,8	33 618	19 911	68,8	(357 557)	(255 371)	(40,0)	598 349	460 191	30,0

	Retail banking			Absa Corporate and Business Bank			Absa Capital		
	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %
Financial performance (%)									
Return on average equity	26,8	29,1		30,0	27,4		34,6	27,1	
Return on average assets	1,28	1,35		2,13	1,70		0,49	0,44	
Operating performance (%)									
Net interest margin on average assets	3,25	3,21		4,38	4,09		n/a	n/a	
Advances margin	2,80	2,90		3,21	3,44		n/a	n/a	
Deposit margin	3,85	3,67		1,94	1,82		n/a	n/a	
Impairment losses on loans and advances as % of average loans and advances to customers	0,74	0,49		0,23	0,67		0,00	0,00	
Non-interest income as % of operating income	41,4	45,2		36,6	40,2		56,6	56,6	
Top-line growth	19,8	24,9		19,0	17,8		51,2	29,8	
Cost growth	13,2	16,1		14,1	15,1		39,6	6,1	
Cost-to-income ratio	54,5	57,8		52,7	55,0		34,6	37,5	
Cost-to-assets ratio	3,1	3,4		3,8	3,8		0,4	0,4	
Other									
Customer base per segment (South Africa)	8 905 491	8 303 873	7,2	87 708	81 661	7,4	2 503	2 415	3,6
Restatement of prior year figures									
Abacas									
Reclassified from loans and advances to customers to investments							(11 228)		
Reclassified from interest to gains and losses from banking and trading activities							(44)		
Reclassified from gains and losses from investment activities to gains and losses from banking and trading activities							(25)		
Investments									
Reclassified from loans and advances to customers					(303)		(818)		
Debt securities in issue									
Reclassified from deposits due to customers		(3 494)			(1 458)		(83 447)		
Net interest income									
Reclassified from operating expenses							(4)		
Reclassified from indirect taxation							(6)		
Fee and commission income									
Reclassified from other operating income		(15)			(0)				
Fee and commission expense									
Reclassified from operating expenses		(237)			(9)		(1)		
Reclassified from fee income									
Gains and losses from banking and trading activities									
Reclassified from operating expenses							(72)	(40)	

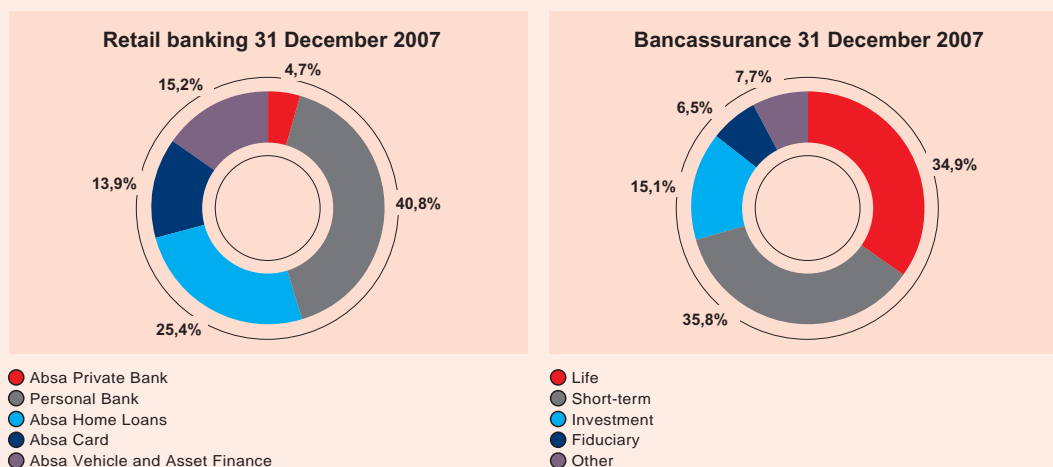
African operations			Bancassurance			Other			Absa Group		
Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %	Dec 2007	Dec 2006	Change %
20,1	17,1		37,8	38,9		n/a	n/a		27,2	27,4	
1,39	1,28		4,88	7,75		n/a	n/a		1,68	1,74	
7,49	6,26		n/a	n/a		n/a	n/a		3,37	3,28	
4,86	5,71		n/a	n/a		n/a	n/a		2,39	2,73	
5,06	3,86		n/a	n/a		n/a	n/a		1,33	0,72	
1,47	2,56		n/a	n/a		n/a	n/a		0,58	0,45	
32,4	36,5		101,5	98,8		n/a	n/a		47,0	50,2	
33,3	(7,1)		2,9	6,7		n/a	n/a		19,1	18,0	
25,3	(12,6)		15,5	8,9		n/a	n/a		14,6	12,1	
60,7	64,7		35,9	32,0		n/a	n/a		51,8	53,8	
6,5	6,4		3,7	5,2		n/a	n/a		3,2	3,6	
									8 995 702	8 387 949	7,2
										(11 228)	
										(44)	
										(25)	
										(1 121)	
							(202)			(88 601)	
										(4)	
										(6)	
				(250)			(1)			(266)	
	(3)			(5)			(233)			488	
				(29)						(29)	
										(40)	

Retail banking

	Absa Private Bank		Personal Bank*		Absa Home Loans**	
	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006
Attributable earnings (Rm)	237	178	2 070	1 479	1 288	1 086
Return on average equity (%)	15,4	13,3	102,7	114,3	15,1	16,5
Cost-to-income ratio (%)	69,2	71,5	65,7	70,2	34,6	39,6
Impairment losses on loans and advances as % of average loans and advances to customers	0,26	0,27	4,35	2,78	0,26	0,13
Total assets (Rm)	31 030	26 520	90 359	65 626	219 947	177 762
Total loans and advances (Rm)	28 709	24 548	15 749	13 082	202 497	165 218
Total deposits (Rm)	18 879	14 409	75 977	64 159	—	—
Total liabilities (Rm)	29 314	25 151	87 864	65 486	210 124	170 489

	Absa Card		Absa Vehicle and Asset Finance		Total	
	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006
Attributable earnings (Rm)	706	700	770	779	5 071	4 222
Return on average equity (%)	70,7	104,4	13,7	16,8	26,8	29,1
Cost-to-income ratio (%)	40,8	42,1	43,9	44,9	54,5	57,8
Impairment losses on loans and advances as % of average loans and advances to customers	3,50	2,08	1,02	0,80	0,74	0,49
Total assets (Rm)	13 995	11 189	78 452	69 779	433 783	350 876
Total loans and advances (Rm)	11 817	9 998	69 831	62 344	328 603	275 190
Total deposits (Rm)	2 065	2 247	31	40	96 952	80 855
Total liabilities (Rm)	12 807	10 380	72 312	64 679	412 421	336 185

ATTRIBUTABLE EARNINGS %



*Includes the results of Digital Banking, Micro Lending, Personal Bank Ventures and Alliances, Small Business, Telephone Banking and Entry Level Banking.

**Includes the results of Repossessed Properties.

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

Bancassurance operations

As at 31 December

	Note	2007	2006	Change %
Balance sheet (Rm)				
Assets				
Cash balances and money market assets		3 644	2 403	51,6
Insurance operations	1	3 200	2 025	58,0
Other		444	378	17,5
Other assets*		22 483	10 890	>100,0
Investments		11 362	10 626	6,9
Insurance operations	1	10 058	9 382	7,2
Other		1 304	1 244	4,8
Property and equipment		37	30	23,3
Total assets		37 526	23 949	56,7
Liabilities				
Current tax liabilities		129	223	(42,2)
Liabilities under investment contracts		7 908	5 655	39,8
Policyholder liabilities under insurance contracts		3 250	3 111	4,5
Other liabilities and sundry provisions*		22 089	10 574	>100,0
Deferred tax liabilities		242	348	(30,5)
Total liabilities		33 618	19 911	68,8
Total equity		3 908	4 038	(3,2)
Total equity and liabilities		37 526	23 949	56,7

1. Cash balances, money market assets and investments (insurance operations)

	2007			
	Listed	Unlisted	Cash and fixed interest	Total
Shareholder investments	2 561	181	1 199	3 941
Life	784	113	89	986
Non-Life	1 777	68	1 110	2 955
Policyholder investment	381	4 771	4 165	9 317
Insurance contracts	—	817	1 656	2 473
Investment contracts	381	3 954	2 509	6 844

	2006**			
	Listed	Unlisted	Cash and fixed interest	Total
Shareholder investments	2 417	199	1 050	3 666
Life	686	150	231	1 067
Non-Life	1 731	49	819	2 599
Policyholder investment	825	4 140	2 776	7 741
Insurance contracts	555	679	1 197	2 431
Investment contracts	270	3 461	1 579	5 310

*Other assets and liabilities include settlement account balances in Stockbrokers.

**Restated for structural change. "Insurance operations" only include Absa Life Limited and Absa Insurance Company Limited (Short-term).

In managing the liabilities toward policyholders, certain assets have been allocated specifically for the purposes of backing the policyholder liability, although no such split legally exists. The above disclosures reflect management of the policyholders.

Bancassurance operations

Year ended 31 December

		Life insurance	
	Note	2007	2006* Change %
Income statement (Rm)			
Net earned premium		1 142	1 265 (9,7)
Net insurance claims		(401)	(303) (32,3)
Investment income	1		
• policyholder investment contracts		495	520 (4,8)
• policyholder insurance contracts		170	317 (46,4)
Changes in investment and insurance contracts			
• Investment contracts		(482)	(508) 5,1
• Insurance contracts		45	(240) >100,0
Other income		24	16 50,0
Gross operating income			
Commission**		993	1 067 (6,9)
Operating expenditure		(196)	(344) 43,0
		(187)	(129) (45,0)
Net operating income			
Investment income on shareholder funds	1	610	594 2,7
Taxation		167	216 (22,7)
		(253)	(219) (15,5)
Profit attributable to ordinary equity holders of the Group			
		524	591 (11,3)
1. Investment income			
Policyholder – investment contracts			
		495	520 (4,8)
Net interest income		44	75 (41,3)
Dividend income		13	10 30,0
Fair value gains		438	435 0,7
Policyholder – insurance contracts			
		170	317 (46,4)
Net interest income		93	78 19,2
Dividend income		23	19 21,1
Fair value gains		54	220 (75,5)
Shareholder funds			
		167	216 (22,7)
Net interest income		9	15 (40,0)
Dividend income		15	12 25,0
Fair value gains		143	189 (24,3)
Total			
		832	1 053 (21,0)
Net interest income		146	168 (13,1)
Dividend income		51	41 24,4
Fair value gains		635	844 (24,8)

*Restated for structural change. "Insurance operations" only include Absa Life Limited and Absa Insurance Company Limited (Short-term).

**Commission includes internal commissions, eliminated on consolidation of Absa Group.

In managing the liabilities toward policyholders, certain assets have been allocated specifically for the purposes of backing the policyholder liability, although no such split legally exists. The above disclosures reflect management of the policyholders.

Short-term insurance			Other			Total bancassurance		
2007	2006*	Change %	2007	2006*	Change %	2007	2006	Change %
2 012	1 660	21,2	38	69	(44,9)	3 192	2 994	6,6
(1 244)	(1 006)	(23,7)	42	(10)	>100,0	(1 603)	(1 319)	(21,5)
—	—	—	84	—	100,0	579	520	11,3
73	61	19,7	—	—	—	243	378	(35,7)
—	—	—	(52)	—	(100,0)	(534)	(508)	(5,1)
—	—	—	—	—	—	45	(240)	>100,0
12	3	>100,0	1 203	1 144	5,2	1 239	1 163	6,6
853	718	18,8	1 315	1 203	9,3	3 161	2 988	5,8
(333)	(276)	(20,7)	—	2	(100,0)	(529)	(618)	14,4
(204)	(148)	(37,8)	(806)	(777)	(3,7)	(1 197)	(1 054)	(13,6)
316	294	7,5	509	428	18,9	1 435	1 316	9,0
292	363	(19,6)	112	158	(29,1)	571	737	(22,5)
(71)	(180)	60,6	(180)	(154)	(16,9)	(504)	(553)	8,9
537	477	12,6	441	432	2,1	1 502	1 500	0,1
—	—	—	84	—	100,0	579	520	11,3
—	—	—	4	—	100,0	48	75	(36,0)
—	—	—	44	—	100,0	57	10	>100,0
—	—	—	36	—	100,0	474	435	9,0
73	61	19,7	—	—	—	243	378	(35,7)
73	61	19,7	—	—	—	166	139	19,4
—	—	—	—	—	—	23	19	21,1
—	—	—	—	—	—	54	220	(75,5)
292	363	(19,6)	112	158	(29,1)	571	737	(22,5)
13	40	(67,5)	51	75	(32,0)	73	130	(43,8)
69	53	30,2	17	30	(43,3)	101	95	6,3
210	270	(22,2)	44	53	(17,0)	397	512	(22,5)
365	424	(13,9)	196	158	24,1	1 393	1 635	(14,8)
86	101	(14,9)	55	75	(26,7)	287	344	(16,6)
69	53	30,2	61	30	>100,0	181	124	46,0
210	270	(22,2)	80	53	50,9	925	1 167	(20,7)

Bancassurance operations

As at 31 December

	2007	2006	Change %
Embedded value and value of new business of Absa Life Limited (Rm)			
Shareholders' net assets	1 082	1 430	(24,3)
Cost of solvency capital	(20)	(20)	—
Value of business in force	1 029	1 076	(4,4)
Total embedded value	2 091	2 486	(15,9)
Embedded value earnings (Rm)	543	762	(28,7)
Return on embedded value (%)	21,8	37,2	
Embedded value of new business (Rm)	213	263	(19,0)
Value of new business as a % of the present value of future premiums	5,3	7,7	
Net asset value of short-term insurance companies (Rm)	1,845	1 844	0,1
Managed funds (Rm)			
Estates	2 850	2 223	28,2
Portfolio management	9 269	8 293	11,8
Trusts	5 719	4 980	14,8
Participation bond schemes	1 675	1 582	5,9
Unit trusts	68 733	61 545	11,7
Linked investments	22 805	15 503	47,1
Other	12 690	8 790	44,4
	123 741	102 916	20,2

Commentary

Retail banking – attributable earnings up by 20,1%

Attributable earnings of R5 071 million were achieved as a result of volume growth in advances, deposits and transactions, whereas impairments were contained to below the market average. Mortgage and credit card advances, in particular, increased by 21,9% and 23,0% respectively. Instalment finance advances grew by 12,2% over the year, despite the decline in the demand for new motor vehicles and the declining values of used motor vehicles. The overall composition of advances remained unchanged, with secured lending comprising 87,9% of the total advances book.

Transaction volumes increased by 8,2% emanating from an increase in the customer base, improved product use and improved accessibility. The retail customer base increased by 7,2% to 8,9 million as at 31 December 2007, compared with 8,3 million as at 31 December 2006. There was good growth in internet (20,0%) and cell phone banking transactions (26,0%) and moderate growth in ATM transactions (8,2%).

Net interest margins remained broadly in line with those in 2006. Margins on deposit products widened following the increase in interest rates and the composite asset margin was slightly better because the advances mix changed in favour of higher-yielding advances. These benefits were countered by increased competition and the larger proportion of wholesale funding used.

The retail impairment ratio for 2007 was 0,74%, compared with 0,49% for 2006. Consumers are under pressure as a result of higher interest rates and increased indebtedness. Credit criteria were strengthened early in 2007 in anticipation of the tougher environment and this has led to a marginal reduction in market share in some retail products. In addition, the capacity and technology of the collections department have been upgraded to deal with the increased number of customers that require assistance to manage their debt.

Operating expenses increased by 13,2%, mainly as a result of the continued expansion of the delivery footprint and higher business volumes. Initiatives were implemented to enhance efficiency, especially relating to process streamlining.

Absa Corporate and Business Bank (ACBB) – attributable earnings up by 38,9%

ACBB increased its attributable earnings to R1 922 million from the R1 384 million achieved in 2006. This performance was driven by growth in advances, deposits and transaction volumes. The quality of the advances book is sound, as evidenced by an impairment loss ratio of 0,23% compared with 0,67% for 2006.

Non-interest income increased by 8,6% over the past year. Electronic banking transaction volumes, which grew by 17,4%, underpinned the growth in non-interest income and the commercial property finance portfolio also performed well, contributing R318 million (14,1% of non-interest income) for the year. Cheque accounts and corporate overdraft fees, which constitute a third of non-interest income, grew moderately by 4,1% as customers migrated to more sophisticated electronic channels and products.

Operating expenses grew by 14,1%, mainly owing to an increased employee complement and the investment in upgrading expertise and skills.

Absa Capital – attributable earnings up by 55,4%

Absa Capital increased attributable earnings to R1 733 million from R1 115 million in 2006 due to a strong performance across all business units. A key driver of this growth has been the ability to leverage off the synergies between Barclays Capital and Absa Capital in terms of technology, operating models, products and distribution.

The revenue of Secondary Markets grew by 95,6% in 2007, and now contributes 37,2% of Absa Capital's revenue. Secondary Markets has become an area of strength for Absa Capital by providing a broader product offering and increasing the deal flow from new and existing clients.

The revenue of Primary Markets grew by 29,1% in 2007 and contributed 45,8% of Absa Capital's revenue for the year. Fee income, in particular, grew by 149,0% compared with 2006. Absa Capital has invested significantly in the Primary Markets business to enhance the team and transform the business approach according to a client centric model that offers comprehensive international and local solutions. This has resulted in increased client deal flow and strong performances in the securitisation, leveraged finance and global loans businesses.

The business of Equity Investments and Investor Services grew by 45,0% in 2007 and contributed 17,0% of Absa Capital's revenue for the year, with a significant proportion of earnings attributable to the realisation of investments. Active management of the investment portfolio has positioned Equity Investments favourably for future growth, whereas Investor Services continues to perform well by deepening relationships with key mandates.

Bancassurance – attributable earnings sustained at R1 502 million

The Group's bancassurance operations posted attributable earnings of R1 502 million for 2007 and achieved a return on equity of 37,8%. New business volume growth underpinned a strong operational performance. However, investment income for the benefit of shareholders, declined by 22,5% as a result of a less buoyant equity market in 2007 compared with 2006.

The Group's short-term insurance operations increased earnings by 12,6% and contributed 35,8% (2006: 31,8%) to the Group's bancassurance earnings. Gross premium income increased by 20,5%, which was primarily driven by strong growth in personal, agricultural and commercial business. However, a high claims experience in the motor and personal lines business, and losses on crop insurance tempered growth.

Absa Life contributed 34,9% (2006: 39,4%) to earnings but experienced an 11,3% decrease in earnings compared with 2006, primarily owing to the lower equity market performance. Embedded value earnings of R543 million for 2007 represented a return on embedded value of 21,8% (2006: 37,2%).

The Investment Management business unit grew earnings by 13,5% to contribute 15,1% (2006: 13,5%) to the earnings of the bancassurance cluster. Assets under management and administration as at 31 December 2007 grew by R21,6 billion (22,4%) to R118,3 billion as a result of improved inflows from retail and institutional investors.

Fiduciary Services increased its earnings by 27,5% from 2006 owing to increased business volumes in pension fund administration and growth in assets under administration.

African operations – attributable earnings up by 33,8%

Total revenue for the Group's African portfolio increased by 33,3% compared with 2006. This increase was driven by strong performances from the National Bank of Commerce (NBC) in Tanzania, and Barclays Bank Mozambique, previously known as Banco Austral, Sarl. Advances and deposits grew by 45,8% and 23,0% respectively.

The Group's African operations increased their presence in their respective markets by expanding their retail networks. Thirty branches were opened and 49 ATMs were installed during the year.

RESTATEMENT OF PRIOR YEAR FIGURES

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Group balance sheet

Reclassifications

Reclassification of certain assets and liabilities.

Rm	Commentary	31 December 2006 (Audited) (As previously reported)	Reclassi- fications	31 December 2006 (Audited) (Restated)
Assets				
Cash, cash balances and balances with central banks		16 461	—	16 461
Statutory liquid asset portfolio		20 829	—	20 829
Loans and advances to banks		21 800	—	21 800
Trading assets	1	17 983	31	18 014
Hedging assets	1	676	(31)	645
Other assets		12 175	—	12 175
Current tax assets		24	—	24
Loans and advances to customers	2 & 3	386 174	(12 349)	373 825
Reinsurance assets		390	—	390
Deferred tax assets		129	—	129
Investments	2 & 3	13 798	12 349	26 147
Investments in associated undertakings and joint ventures		693	—	693
Intangible assets		230	—	230
Property and equipment		3 750	—	3 750
Total assets		495 112	—	495 112
Liabilities				
Deposits from banks	4	35 156	(10 339)	24 817
Trading liabilities	1	23 484	641	24 125
Hedging liabilities	1	1 902	(641)	1 261
Other liabilities and sundry provisions	5	10 746	(526)	10 220
Current tax liabilities		1 181	—	1 181
Deposits due to customers	4	368 449	(88 601)	279 848
Debt securities in issue	4	—	98 940	98 940
Deferred tax liabilities		2 537	—	2 537
Liabilities under investment contracts	5	5 129	526	5 655
Policyholder liabilities under insurance contracts		3 187	—	3 187
Borrowed funds		8 420	—	8 420
Total liabilities		460 191	—	460 191
Equity				
Capital and reserves				
Attributable to ordinary equity holders of the Group:				
Share capital		1 338	—	1 338
Share premium		2 067	—	2 067
Other reserves		412	—	412
Retained earnings		27 876	—	27 876
		31 693	—	31 693
Minority interest – ordinary shares		236	—	236
Minority interest – preference shares		2 992	—	2 992
Total equity		34 921	—	34 921
Total equity and liabilities		495 112	—	495 112

Group income statement

Reclassifications

Reclassification of interest and investment gains on fair value through profit and loss assets as well as IFRS 7 reclassifications.

Rm	Commentary	Year ended 31 December 2006 (Audited) (As previously reported)	Reclassi- fications	Year ended 31 December 2006 (Audited) (Restated)
Net interest income	2 & 6	14 941	(54)	14 887
Interest and similar income		38 368	(799)	37 569
Interest expense and similar charges		(23 427)	745	(22 682)
Impairment losses on loans and advances		(1 573)	—	(1 573)
Net interest income after impairment losses on loans and advances		13 368	(54)	13 314
Net fee and commission income		10 374	(221)	10 153
Fee and commission income	7 & 8	10 951	296	11 247
Fee and commission expense	8	(577)	(517)	(1 094)
Net insurance premium income		2 994	—	2 994
Net insurance claims and benefits paid		(1 319)	—	(1 319)
Changes in insurance and investment liabilities		(748)	—	(748)
Gains and losses from banking and trading activities	2 & 8	1 347	29	1 376
Gains and losses from investment activities	2	1 916	(25)	1 891
Other operating income	7	938	(266)	672
Operating income before operating expenses		28 870	(537)	28 333
Operating expenditure		(17 566)	537	(17 029)
Operating expenses	8	(16 620)	531	(16 089)
Non-credit related impairments		(75)	—	(75)
Indirect taxation		(871)	6	(865)
Share of retained earnings from associated undertakings and joint ventures		113	—	113
Operating profit before income tax		11 417	—	11 417
Taxation expense		(3 151)	—	(3 151)
Profit for the year		8 266	—	8 266
Attributable to:				
Ordinary equity holders of the Group		8 105	—	8 105
Minority interest – ordinary shares		88	—	88
Minority interest – preference shares		73	—	73
		8 266	—	8 266
Headline earnings		7 872	—	7 872

Commentary

1. Trading and hedging assets and liabilities

Certain trading assets and liabilities previously aggregated with hedging assets and liabilities have been separated.

2. Abacas

Abacas is a conduit vehicle within Absa Capital that buys longer-term rated bonds and issues short-term paper. This vehicle is consolidated by the Group and the assets were reflected under "Loans and advances to customers". This is now classified as "Investments".

3. Equity and shareholder loans

Shareholder loans granted to Private Equity, Commercial Property Finance and Incubator Fund clients have been reclassified as part of the net investment in that entity. Previously these were shown as "Loans and advances to customers".

4. Debt securities in issue

Negotiable certificates of deposits and other funding paper issued were previously reported as a sub-category of "Deposits due to customers" and "Deposits from banks". This is disclosed on a separate line on the face of the balance sheet, called "Debt securities in issue".

5. Liabilities under investment contracts

The "General Fund", a fund which Absa Life is required to consolidate under IFRS, has been reclassified as an investment contract. The impact of this is the liabilities to policyholders have been moved from "Other liabilities and sundry provisions" to "Liabilities under investment contracts".

6. Reclassification of interest

Hedging income and expenses have been reclassified to better eliminate mismatches.

7. Fees from trust and other fiduciary activities

Unit/property trust income has been reclassified from "Other operating income" to "Fee and commission income".

8. Fee expenses and similar

While implementing IFRS 7, the Group adopted a policy where all fees paid relating to either a financial instrument or fee income, should be classified as a fee expense. Similarly any fees related to trading should be moved to "Gains and losses from banking and trading activities".

ABSA GROUP LIMITED

Financial results

for the year ended December 2007



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FUTURE PERSPECTIVE

- Steve Booysen



2

INTRODUCTION

Steve Booysen



3

FINANCIAL HIGHLIGHTS

- Headline earnings of R9.4 billion (↑ 19.6%)
- Headline earnings per share of 1 402 cents (↑ 18.6%)
- Attributable earnings of R9.6 billion (↑ 18.4%)
- Dividends per share of 560 cents (↑ 18.4%)
- Return on average equity of 27.2%
- Cost-to-income ratio of 51.8%



4

STRATEGIC INITIATIVES DELIVERING RESULTS

- Grow the franchise
- Diversify the earnings base
- Enhance risk management and collections
- Improve efficiency
- Leverage the Barclays relationship
- Attract and retain the best people

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BANKING BUSINESSES DRIVING GROWTH

Year ended 31 December 2007

	Earnings growth %	Earnings mix %	RoE %
• Retail banking	↑ 20	49	27
• Corporate and Business Bank	↑ 39	19	30
• Absa Capital	↑ 55	17	35
• African operations	↑ 34	1	20
• Bancassurance	← 0	14	38
Absa Group	↑ 18	100	27

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COMPLIANCE TO REGULATORY REQUIREMENTS

- National Credit Act successfully implemented
- Basel II up and running
- Compliance to international regulatory requirements
- Alignment of the Financial Sector Charter to the Codes of Good Practice

FINANCIAL REVIEW

Jacques Schindehütte

GROUP INCOME STATEMENT

Year ended 31 December

	2007 Rm	2006 Rm	Change %
Net interest income	18 890	14 887	↑ 27
Impairment charge	(2 433)	(1 573)	↑ 55
Non-interest income	16 728	15 019	↑ 11
Operating expenditure*	(19 209)	(17 029)	↑ 13
Taxation	(4 042)	(3 151)	↑ 28
Attributable earnings	9 595	8 105	↑ 18
Headline earnings	9 413	7 872	↑ 20

* Including indirect taxation and non-credit related impairments

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GROWTH IN ADVANCES

	Dec 2007 Rbn	YoY change %	Market share %	Advances mix %
• Mortgages and CPF*	265	22.9	31.1	57
• Credit cards	14	23.0	25.1	3
• Instalment finance	64	12.2	23.1	14
• Overdrafts and other	119	25.5	20.1	26
Gross advances	462	21.9	25.9	100

* Commercial property finance

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FUNDING OF BALANCE SHEET GROWTH

Year ended 31 December

	2007 Rbn	2006 Rbn	Change %	2007 mix %	2006 mix %
• Retail banking	97	81	↑ 20	15	16
- Low margin	35	22	↑ 59	5	4
- High margin	62	59	↑ 6	10	12
• Commercial	76	68	↑ 13	12	14
• Institutional	335	246	↑ 36	52	50
• Securitisation	10	4	↑ 186	2	1
• Capital	53	43	↑ 21	8	9
• 'Working capital'	70	53	↑ 32	11	11
Funds employed	641	495	↑ 29	100	100

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NORMALISATION OF CREDIT IMPAIRMENTS

Consumers under increased pressure

Year ended 31 December 2007

	2007		2006	
	*NPL	**Charge	*NPL	**Charge
• Retail banking	2.0	0.74	1.6	0.49
- Home loans	2.0	0.26	1.4	0.13
- Credit cards	8.4	3.50	5.0	2.08
- Asset finance	1.4	1.02	0.9	0.80
• Corporate and Business Bank	0.6	0.23	0.8	0.67
• Absa Capital	0.0	0.00	0.0	0.00
• African operations	3.4	1.47	5.6	2.56
Absa Group	1.6	0.58	1.3	0.45

* As a percentage of total advances

** As a percentage of average advances

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NET FEE AND COMMISSION INCOME

Comprising 69% of total non-interest income

	2007 Rm	Change %	Mix %
• Cheque accounts	2 575	↑ 7	20
• Credit cards	1 551	↑ 12	12
• Electronic banking	2 657	↑ 18	21
• Savings accounts	1 801	↑ 19	14
• Forex and other credit related fees	1 624	↑ 8	12
• Insurance commission received	877	↑ 14	7
• Asset management and fiduciary	1 010	↑ 21	8
• Pension fund payments and other	778	↑ 32	6
Gross fee and commission income	12 873	↑ 15	100

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EQUITY GAINS

Year ended 31 December

	2007 Rm	2006 Rm	Change %
• Bancassurance investment income	1 393	1 635	↓ 15
Less: Attributable to policyholders	(822)	(898)	↓ 8
• Attributable to shareholders	571	737	↓ 23
Less: Interest and dividends	(174)	(225)	↓ 23
• Investment gains on bancassurance	397	512	↓ 22
• Commercial property	258	337	↓ 23
• Equity investments	427	221	↑ 93

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GROWING THE FRANCHISE

	2007 %
Increase in costs	14.6
• Integration programme	0.2
• Operational costs	
- Compliance	1.0
- Cash transportation costs	0.3
- Insurance	0.4
- Maintenance and IT costs	0.2
• Investment in growth	
- Marketing	0.6
- Infrastructure	0.8
- Talent and training	1.8
- Frontline staff	0.4
- Incentives	0.9
'Core' cost growth	8.0

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CAPITAL MANAGEMENT

	Absa Bank			Absa Group		
	Tier I	Tier II	Total	Tier I	Tier II	Total
Basel I (%)	9.21	3.32	12.53	10.14	2.95	13.09
Basel II (%)	10.10	2.91	13.01	10.37	2.30	12.67
Target (%)	8.75	3.25	12.00	8.75	3.25	12.00
Surplus capital (Rbn)	0.50			2.00		

Risk-weighted assets (RWAs)	Basel I %	Basel II %
Credit risk	99	87
• Retail mortgages	33	21
• Credit cards	3	4
• Wholesale	32	33
• Other credit risk	31	29
Market risk	1	1
Operational risk	–	12
Total RWAs	100	100

Capital requirement (Rbn)	Basel I	Basel II
Minimum requirement	39.0	34.4
Buffer	8.8	7.9
Total	47.8	42.3
Qualifying capital (Rbn)	Tier I	Tier II
Basel I	39.6	11.5
Insurance surplus capital	(2.8)	–
Excess of expected loss	(1.5)	(1.5)
Other	1.3	(1.9)
Basel II	36.6	8.1

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ABSA CAPITAL

John Vitalo



17

THE RESULTS IN BRIEF

- Revenue of R3.8 billion
(↑ 51%)
- Attributable earnings of R1.7 billion
(↑ 55%)
- Contribution to Group earnings of 17%
(↑ 25%)
- Return on average equity of 35%
(↑ 28%)



* Net of impairments

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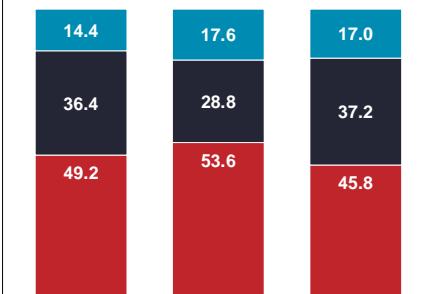


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BUSINESS UNIT REVENUE CONTRIBUTION

- Revenue mix continues to diversify in line with strategic objectives
- Change in mix driven by relatively stronger growth in Secondary Markets
- Objective is for Secondary Markets to contribute 50% of revenue

Absa Capital – business unit earnings mix (%)



■ Primary Markets (%) ■ Secondary Markets (%) ■ Equity Investments and Investor Services (%)

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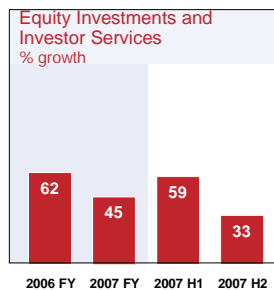
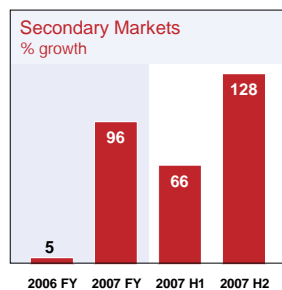
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REVENUE GROWTH BY BUSINESS UNIT

Strong revenue growth across all business units:

- Secondary Markets (↑ 96%)
- Primary Markets (↑ 29%)
- Equity Investments and Investor Services (↑ 45%)



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CORE PERFORMANCE DRIVERS

- Benefits flowing through from business model implementation
- Synergies with Barclays Capital
- Investment in talent
- Investment in organisational infrastructure
- Strong growth in client franchise
- Product innovation

SECONDARY MARKETS

- Full-year revenue growth of 96%
- Performance driven by:
 - Increased volumes across existing clients
 - Growth in the client base
 - Increased derivatisation of the business
 - Leveraged strong synergies with Barclays Capital to deliver product and system enhancements across Sales and Trading
- Proprietary trading revenue contribution is insignificant

PRIMARY MARKETS

- Full-year revenue growth of 29%
 - Excellent growth in fee income of 149% for 2007
- Growth achieved while significantly de-risking the business
- Portfolio implementation to actively manage credit risk and capital
- Client-centric approach with local and international offering
- Led and participated in several of the 2007 landmark transactions

EQUITY INVESTMENTS AND INVESTOR SERVICES

- Full-year revenue growth of 45%
- Equity Investments performed very well with growth driven by:
 - Increased deal flow
 - Active portfolio management
 - Strategic investments in BEE companies which continue to deliver value
- Investor Services continued to deliver solid cash flow
 - Retained key mandates and grew the client base

OUTLOOK

- Continue to build on the strong platform established over the past two years
- Key operational focus areas for 2008 include:
 - Attracting and retaining the best talent in the market
 - Growing the client franchise
 - Driving synergies with Barclays Capital
 - Investing in world-class systems and support structures
- Current market volatility presents both opportunities and challenges
- Continue to develop opportunities jointly with Absa Corporate and Business Bank (ACBB), retail banking and other business units

ABSA CORPORATE AND BUSINESS BANK

Robert Emslie

THE RESULTS IN BRIEF

- Attributable earnings of R1.9 billion (↑ 39%)
- Contribution to Group earnings of 19%
- Return on average equity of 30%
- Non-interest income contribution of 37%
- Cost-to-income ratio of 52.7%



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CORE PERFORMANCE DRIVERS

- Strong top-line revenue growth
- Quality of book drove lower impairments
- Comprehensive commercial property solutions
- Investment in sales and service capacity
- Large Business profits ↑ 42%
- Medium Business profits ↑ 30%

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STRATEGIC INITIATIVES

- New market segment focus
- New product focus
- Building alternative revenue streams
- Specialised focus teams, as well as supportive tools and training for new client acquisition
- Dedicated training capacity

FOCUS ON FIVE TIERS OF STRATEGY

- Expanding on the already established platform for success
- Further diversifying income streams
- Aggressive client and business acquisition
- Expanding client coverage footprint
- Attracting and retaining the best people in the market
- Ready to capitalise on investment-led growth

FUTURE PERSPECTIVE

Steve Booysen

CHALLENGING MACROECONOMIC OUTLOOK

- Global economic growth under pressure
- Domestic economic growth to moderate
- Domestic investment-led growth to continue
- But, we are facing some headwinds:
 - Ongoing inflationary pressure
 - Increasing household indebtedness
 - Infrastructure constraints
 - Rand volatility
 - Electricity crisis

OUR LONG-TERM STRATEGIES ARE FORMULATED TO ...

- Deliver market leadership
- Enhance our competitiveness
- Diversify our earnings mix
- Improve operational excellence
- Reduce risk

DELIVER MARKET LEADERSHIP AND ENHANCE OUR COMPETITIVENESS

- Protect and entrench leadership in retail banking
 - Retain longer-dated anchor products
 - Improve customer service
 - Promote customer loyalty
- Grow customer numbers and assets through further investment in distribution footprint, embedded products and the Absa brand
 - Further expand distribution footprint and channels
 - Enhance value proposition of anchor products
 - Leverage the Absa brand to grow customers and sell products

DIVERSIFY OUR EARNINGS MIX

- Expand emerging middle class market activities
 - Micro lending, credit cards and retailer finance market
- Position Absa as a top-two player in investment, corporate and business banking by 2010
 - Grow client franchise, expand market segment focus and accelerate new product areas
- Entrench position as leading bancassurer and expand into non-traditional customer base
 - Expand distribution footprint, improve cross-sell ratio and Absa customer penetration rate and grow assets under management
- Optimise existing African operations and seek new profitable opportunities

IMPROVE OPERATIONAL EXCELLENCE AND REDUCE RISK

- Achieve stated cost and process efficiency targets
 - Achieve a cost-to-income ratio target of 49.5% by 2009
 - Achieve LEAN process automation and efficiency
- Deliver optimal business design to enable us to rapidly respond to future threats and opportunities
 - Business, information, application and technology architecture
 - Identify threats and take pre-emptive and timeous action
 - Identify growth opportunities and invest in future business options

... WHICH INFORMS OUR KEY PRIORITIES FOR 2008

- Growing our customer base
- Attracting and retaining top talent
- Capital management and funding
- Risk management and collections
- Operating efficiency and productivity

ADDENDUM

NET INTEREST MARGIN

Percentage	Jan 2007	Jan 2006
Net interest margin – opening position	3.30	3.27
Reclassifications	(0.02)	–
Net interest margin – adjusted	3.28	3.27
• Impact of customer deposits (including risk strategies)	0.12	0.00
• Impact of customer advances	0.10	(0.02)
• International and African operations	0.02	0.05
• Impact on capital	0.11	0.08
• Impact on preference shares	0.03	0.01
• Investment and trading items	(0.16)	(0.02)
• Interest bearing instruments	(0.07)	(0.04)
• Other	(0.06)	(0.03)
Net interest margin – closing position	3.37	3.30
	Dec 2007	Dec 2006

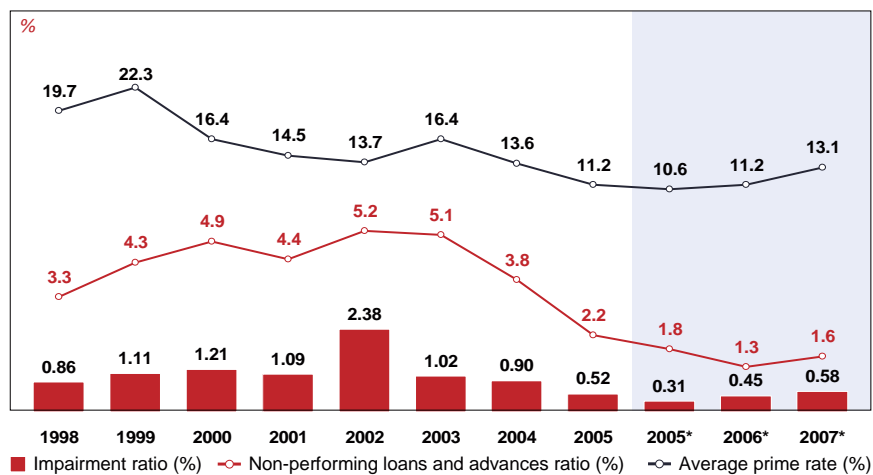
The average prime overdraft rate was 13.11% from January to December 2007 and 11.17% from January to December 2006

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CREDIT IMPAIRMENT TRENDS



* Year to 31 December

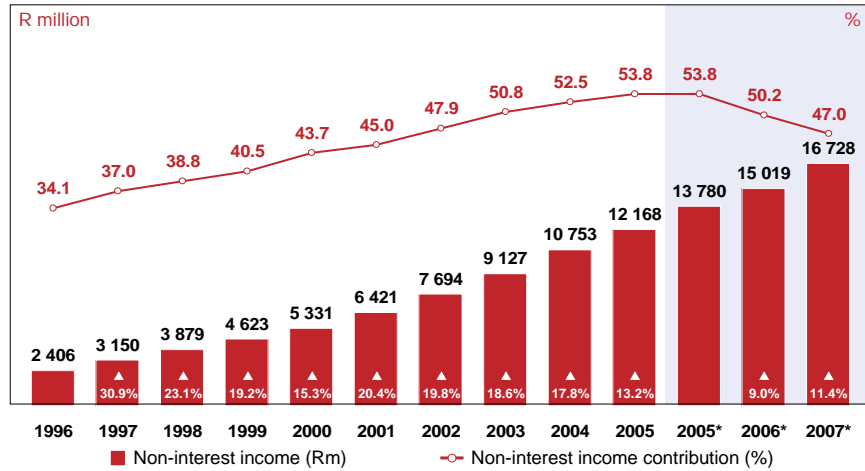
Note: 2006 and 2007 statistics adjusted for International Financial Reporting Standard (IFRS) 7

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NON-INTEREST INCOME



* Year to 31 December
Note: 2006 and 2007 statistics adjusted for IFRS 7

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NON-INTEREST INCOME

Year ended 31 December 2007

	2007 Rm	Mix %	Change %
• Net fee and commission income	11 600	69	↑ 14
• Investment income	1 561	9	↓ 18
• Trading and banking income	1 622	10	↑ 18
• Changes in insurance and investment liabilities	(489)	(3)	↑ 35
• Net insurance premium income	3 192	19	↑ 7
• Net insurance claims and benefits paid	(1 603)	(9)	↓ 22
• Property-related and sundry income	845	5	↑ 26
Total non-interest income	16 728	100	↑ 11

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BANCASSURANCE

Year ended 31 December

Life insurance		2007	2006	Change %
• Gross premium income	(Rm)	1 202	1 331	↓ 10
• Embedded value	(Rm)	2 091	2 486	↓ 16
• Embedded value of new business	(Rm)	213	263	↓ 19
• Embedded value earnings	(Rm)	543	762	↓ 29
• Return on embedded value	(%)	21.8	37.2	
• Net income after tax	(Rm)	524	591	↓ 11
Short-term insurance*				
• Gross premium income	(Rm)	2 305	1 910	↑ 21
• Loss ratio	(%)	62.5	61.7	
• Underwriting margin	(%)	10.3	12.1	
• Solvency margin	(%)	83.9	105.7	
• Net income after tax	(Rm)	537	477	↑ 13

* 2006 numbers restated for structural changes in the Group's short-term insurance operations

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BANCASSURANCE

Year ended 31 December

Investments		2007	2006	Change %
• Assets under management	(Rbn)	118	97	↑ 22
• Net flows (excluding money market)	(Rm)	7 989	7 477	↑ 7
• Money market net flows	(Rm)	8 057	8 971	↓ 10
• Net income after tax	(Rm)	227	200	↑ 14
Fiduciary				
• Assets under management – Trust	(Rm)	5 719	4 980	↑ 15
• Assets under management – Estates	(Rm)	2 850	2 249	↑ 27
• Net income after tax	(Rm)	98	77	↑ 27

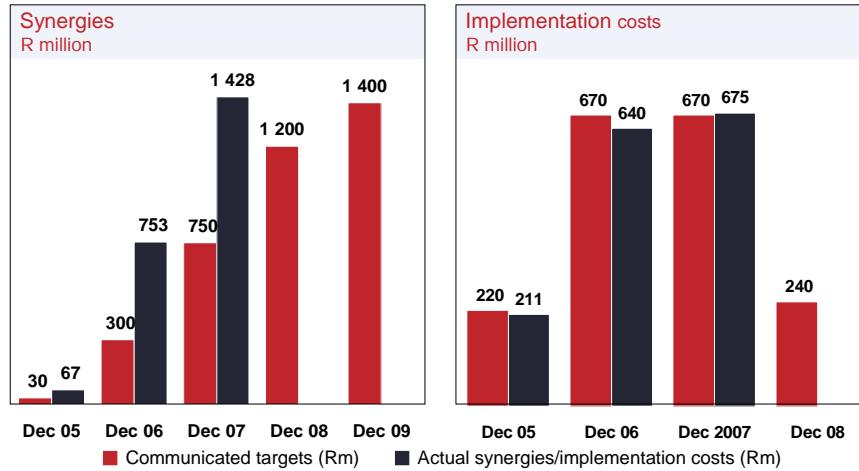
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SYNERGY TARGETS

Ahead of expectations



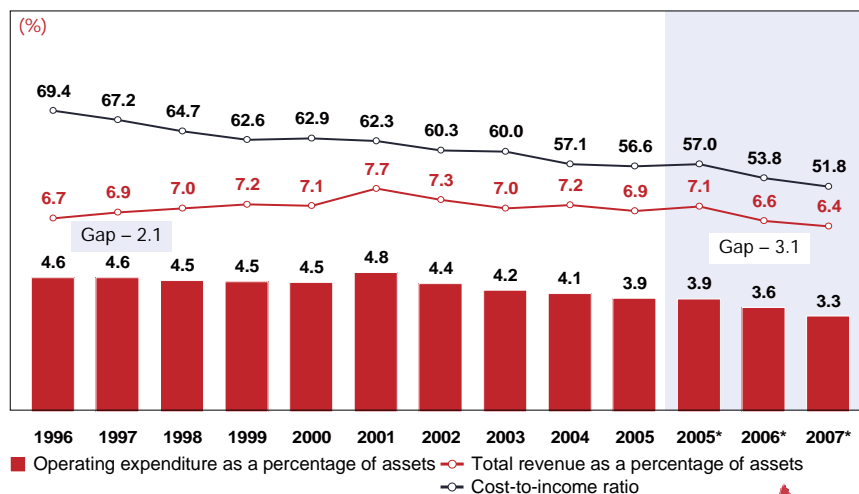
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ENHANCED EFFICIENCY

Driving a declining cost-to-income ratio



* Year to 31 December

Note: Only 2006 and 2007 statistics adjusted for IFRS 7

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POSITIVE GEARING

Year ended 31 December

	2007 Top-line income growth %	2007 Operating expenses growth %	2007 Cost- to-income ratio %	2006 Cost- to-income ratio %
• Retail banking	20	13	55	58
- Segment-focused*	21	16	66	70
- Home loans	20	6	35	40
- Credit cards	15	11	41	42
- Asset finance	11	8	44	45
• Corporate and Business Bank	19	14	53	55
• Absa Capital	51	40	35	38
• African operations	33	25	61	65
• Bancassurance	3	16	36	32
Absa Group	19	15	52	54

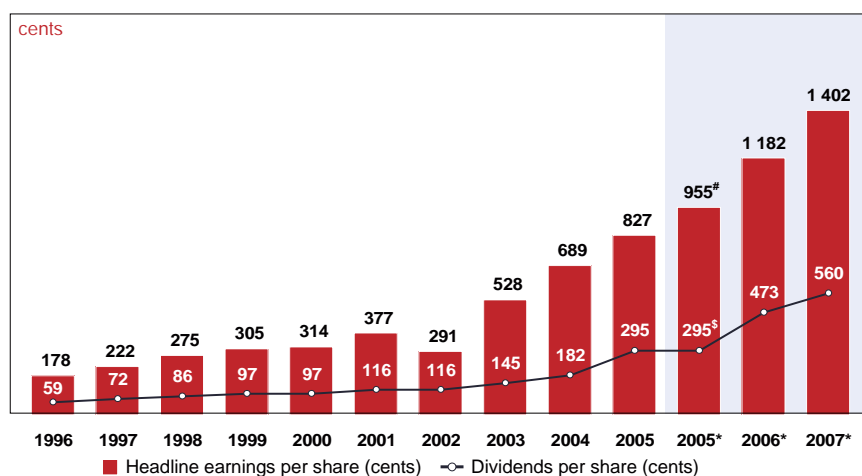
* Includes Personal Bank and Absa Private Bank

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VALUE CREATED FOR SHAREHOLDERS



* December statistics # Twelve months pro forma figures \$ For the nine months ended 31 December 2005
Note: Only 2006 and 2007 statistics adjusted for IFRS 7

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DISCLAIMER

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended and Section 27A of the US Securities Act of 1933, as amended with respect to certain of the plans, current goals and expectations of Absa Group Limited (Absa) relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "objective", "believe", or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding Absa's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operation.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including, but not limited to, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS and pending tax elections with regard to certain subsidiaries, as well as South African domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, the policies and actions of government and regulatory authorities, changes in legislation, the outcome of pending and future litigation, the impact of competition, and Absa's ability to increase earnings per share from acquisitions, which may be affected, among other things, by the ability to realise expected synergies, integrate businesses, and costs associated with the acquisition and integration - a number of which factors are beyond Absa's control. As a result, Absa's actual future results may differ materially from the plans, goals, and expectations set forth in Absa's forward-looking statements.

Any forward-looking statements made by or on behalf of Absa speak only as of the date they are made. Absa does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Absa has made or may make in documents it has filed or may file with South African regulatory authorities including its most recent annual report.



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JSE share code: ASA

Issuer code: AMAGB

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