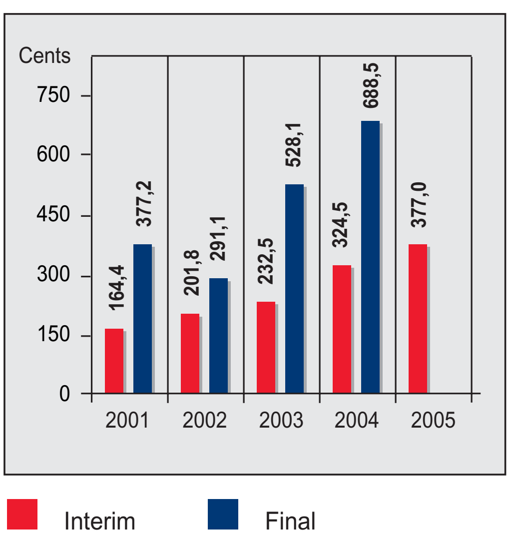
Financial highlights

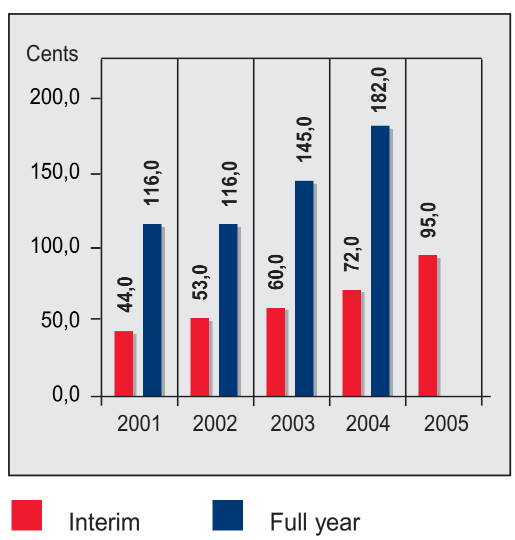
for the six months ended 30 September 2004

- Headline earnings **up 16,0%**
- Headline earnings per share **16,2% higher**
- Return on average equity **24,2%**
- Dividends per share **up 31,9%**

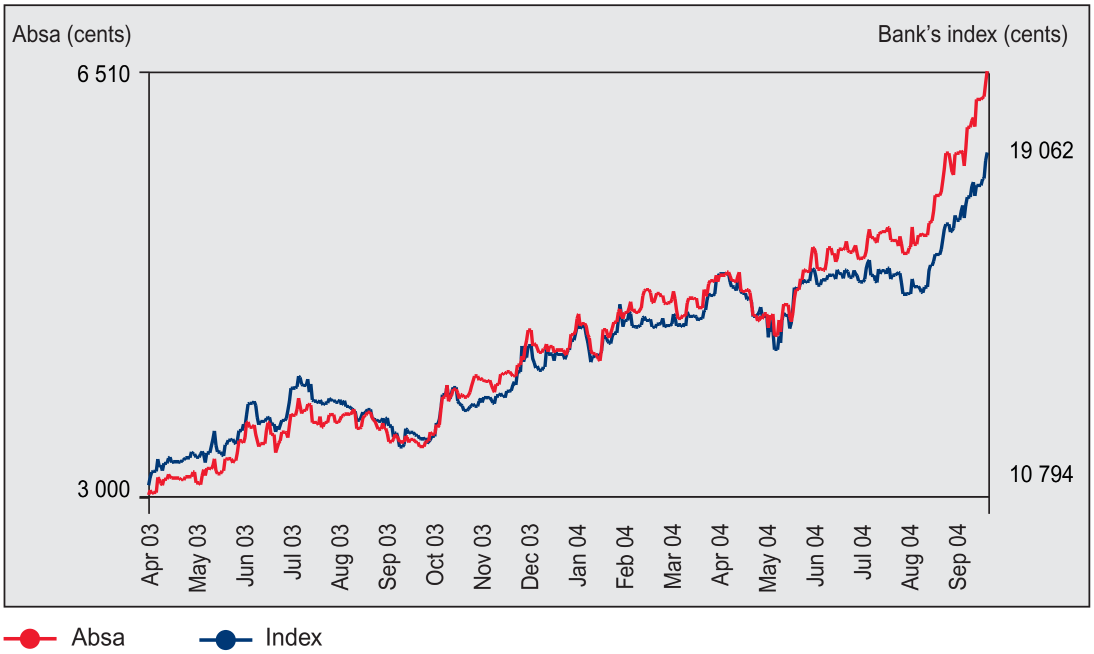
Headline earnings per share



Dividends per share



Share performance



Share performance on the JSE Securities Exchange South Africa

	Six months ended 30 September 2004 (Unaudited)	Six months ended 30 September 2003 (Unaudited)	Year ended 31 March 2004 (Audited)
Number of shares in issue ('000)*	**651 055**	651 055	651 055
Market prices (cents per share):			
Closing	**6 510**	3 446	4 664
High	**6 510**	3 800	4 700
Low	**4 320**	2 940	3 000
Weighted average	**5 209**	3 398	3 623
Closing price/net asset value per share	**2,00**	1,25	1,56
Closing price/headline earnings per share	**8,7**	5,3	6,8
Volume of shares traded (millions)	**242,0**	229,9	459,9
Value of shares traded (R millions)	**12 606,9**	7 813,3	17 930,8
Market capitalisation (R millions)	**42 383,7**	22 435,4	30 365,2

**Includes 475 ('000) shares held by the share incentive trust (March 2004: 5 376 ('000)).*

Salient features

	Six months ended 30 September **2004 (Unaudited)**	2003 (Unaudited)	Change %	Year ended 31 March 2004 (Audited)
Income statement (Rm)				
Headline earnings	**2 453**	2 114	16,0	4 447
Attributable income	**2 392**	2 087	14,6	4 505
Balance sheet (Rm)				
Total assets	**313 860**	283 909	10,5	306 848
Total advances	**242 626**	206 298	17,6	222 395
Total deposits and current accounts	**252 707**	225 467	12,1	234 380
Financial performance (%)				
Return on average equity	**24,2**	24,3		24,6
Return on average assets, excluding acceptances	**1,58**	1,53		1,55
Operating performance (%)				
Net interest margin on average assets	**3,43**	3,50		3,40
Net interest margin on average interest-bearing assets	**3,84**	3,96		3,87
Charge for impairment of advances to average advances	**0,55**	0,87		0,90
Non-performing advances to total advances	**3,0**	4,6		3,8
Non-interest income as % of operating income	**51,2**	50,7		52,5
Cost-to-income ratio	**59,2**	58,6		57,1
Share statistics (cents)				
Number of shares in issue (million)	**651,1**	651,1		651,1
Weighted average number of shares (million)	**650,6**	651,5		645,9
Weighted average diluted number of shares (million)	**665,5**	651,5		651,3
Headline earnings per share	**377,0**	324,5	16,2	688,5
Diluted headline earnings per share	**369,0**	324,5	13,7	682,8
Earnings per share	**367,7**	320,3	14,8	697,5
Diluted earnings per share	**359,9**	320,3	12,4	691,7
Dividends per share declared, relating to income for the period	**95,0**	72,0	31,9	182,0
Dividend cover (times)	**4,0**	4,5		3,8
Net asset value per share	**3 248**	2 749	18,2	2 996
Capital adequacy (%)				
Absa Bank	**13,0**	11,3		12,3
Absa Group	**13,4**	12,7		13,0

Group financial reporting structure

ABSA

PERSONAL BANKING

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

COMMERCIAL BANKING

- Business Banking Services*
- Small Business*
- Absa Vehicle and Asset Finance (AVAF)
- MLS Bank Limited

WHOLESALE BANKING

Domestic operations

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

International operations

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

AFRICAN OPERATIONS

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

Changes in the composition of the Group

* Small Business was split from Business Banking Services with effect from 1 December 2003.

** Absa increased its shareholding in Abvest Holdings (Proprietary) Limited, to 90% during the period under review.

FINANCIAL SERVICES

Life assurance
- Absa Life Limited

Short-term insurance
- Absa Insurance Company Limited
- Absa Syndicate Investments Holdings Limited
- Absa Manx Insurance Company

Advisory services
- Absa Brokers (Proprietary) Limited
- Absa Consultants & Actuaries (Proprietary) Limited
- Absa Health Care Consultants (Proprietary) Limited

Wealth management
- Absa Fund Managers Limited
- Absa Trust Limited
- Absa Mortgage Fund Managers (Proprietary) Limited
- Stonehage Financial Services Holdings Limited
- Absa Stockbrokers (Proprietary) Limited and Portfolio Services (Proprietary) Limited
- Absa Investment Management Services (Proprietary) Limited

OTHER GROUP ACTIVITIES

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

Profit and dividend announcement

INTRODUCTION

Absa continues to deliver strong earnings growth

Absa Group is pleased to announce headline earnings of R2 453 million (377,0 cents per share) for the six months to 30 September 2004. This represents a growth of 16,0% when compared with the headline earnings of R2 114 million (324,5 cents per share) for the comparable period of the previous financial year. Diluted headline earnings per share increased by 13,7% to 369,0 cents per share.

The return on average assets improved from 1,53% to 1,58% and the Group delivered a return of 24,2% on average shareholders' equity. An interim dividend of 95 cents per share, 31,9% higher than that of the corresponding period, has been declared. This high dividend growth is owing to the achievement of the regulatory capital adequacy requirements and the resultant migration to a normal dividend cover ratio.

The six months under review were characterised by the retention of market share, enhanced quality of the advances book and increased profitability through an emphasis on the fundamentals.

Personal and commercial banking and the bancassurance arm of the Group capitalised on the buoyant retail market conditions to post solid results. Quality asset growth, increased transaction volumes and a reduction in the charge for impairment of advances underpinned the performance of these business areas.

Good underwriting results and stronger equity markets assisted the solid contribution from Absa Financial Services.

The contribution from wholesale banking and the international operations was lower than the corresponding period of the previous year owing to sluggish demand for credit in the corporate sector, reduced earnings from trading and the alignment to a lower risk appetite. However, prospects for the full year are more positive.

Banking operations in other African countries continue to make good progress and are performing in line with expectations.

Diluted headline earnings per share

The options issued to the staff share scheme and Batho Bonke Capital (Proprietary) Limited, Absa's black economic empowerment partner, has caused a dilution in headline earnings per share of 2,1% to 369,0 cents per share. Accordingly, the growth in fully diluted headline earnings per share was 13,7% compared with the corresponding six-month period.

ACCOUNTING POLICIES

AC 140 (IFRS 3) – Business Combinations – is an accounting statement that applies to accounting for business combinations and any resultant goodwill for which the agreement date is on or after 31 March 2004.

In accordance with the statement, the amortisation of goodwill ceased with effect from 1 April 2004. However, goodwill needs to be tested for impairment at least annually. Accordingly, an impairment test was conducted on the carrying value of goodwill on the Group's balance sheet at 1 April 2004. The result of this assessment, which included consideration of past performance and future prospects, is an impairment charge of R84 million for the six months.

The financial statements of the Group comply in all material respects with South African Statements of Generally Accepted Accounting Practice and are, other than as described above, consistent with those applied in the previous year.

OPERATING ENVIRONMENT

After a year of slow economic growth in 2003, sharply lower interest rates going into 2004 brought about a steady recovery in gross domestic product growth rates.

The manufacturing sector has been a major beneficiary of the lower interest rates and strong domestic demand. After a recession during much of 2003, this sector has recovered with recent output growth in excess of 6%.

Improved weather conditions in the early part of 2004 enabled agriculture to record positive seasonally adjusted output growth during the first half of the year.

Consumer demand has been a key driver of the growth recovery, and recent year-on-year growth in new vehicle sales was in excess of 22%.

The confidence of the household sector is also reflected in the residential property market, with year-on-year growth in average house prices in the region of 35%.

Real household disposable income growth has been boosted by lower interest rates and recent wage increases higher than inflation.

The strong growth in both consumer demand and in house prices occurred during the first half of the financial year as a result of last year's aggressive interest rate cuts. The prime rate declined from 17,0% in June 2003 to 11,5% by December 2003.The pace of interest rate reductions has been far slower in 2004, with only one further fifty basis point reduction in August 2004.

Profit and dividend announcement (continued)

GROUP PERFORMANCE

Information on the Group performance, the performance of the Group's segments, net asset value and capital adequacy is contained on pages 10 to 23.

APPROACH BY BARCLAYS PLC

On 23 September 2004, it was announced that Barclays PLC (Barclays), a leading international financial institution, and Absa were in discussions about a possible partial offer by Barclays to all Absa shareholders to acquire a majority stake in Absa. Progress has been made in this regard and discussions with Barclays are continuing.

PROSPECTS

Credit growth is expected to remain buoyant for the near term and the inflation outlook and interest rate view remain stable. In view of the low interest rate environment, interest rate margins are likely to contract marginally over the next six months. However, the improvement in credit quality and advances growth should counter any negative impact on the Group's net interest margins. Barring a material deterioration in the financial markets, the Group is well positioned to sustain the performance of the past six months for the full year.

On behalf of the board

D C Cronjé
Chairman

S F Booysen
Group chief executive

22 November 2004

DECLARATION OF ORDINARY DIVIDEND NO 36

Notice is hereby given that an interim dividend of 95 cents per ordinary share has been declared and is payable to shareholders recorded in the register of members of the company at the close of business on Friday, 24 December 2004.

In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Securities Exchange South Africa, the company has determined the following salient dates for the payment of the dividend:

Last day to trade cum-dividend	Friday, 17 December 2004
Shares commence trading ex-dividend	Monday, 20 December 2004
Record date	Friday, 24 December 2004
Payment of dividend	Tuesday, 28 December 2004

Share certificates may not be dematerialised/rematerialised between Monday, 20 December 2004 and Friday, 24 December 2004, both days inclusive.

On Tuesday, 28 December 2004, 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 28 December 2004, will be posted on or about that date. The accounts of shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Tuesday, 28 December 2004.

On behalf of the board

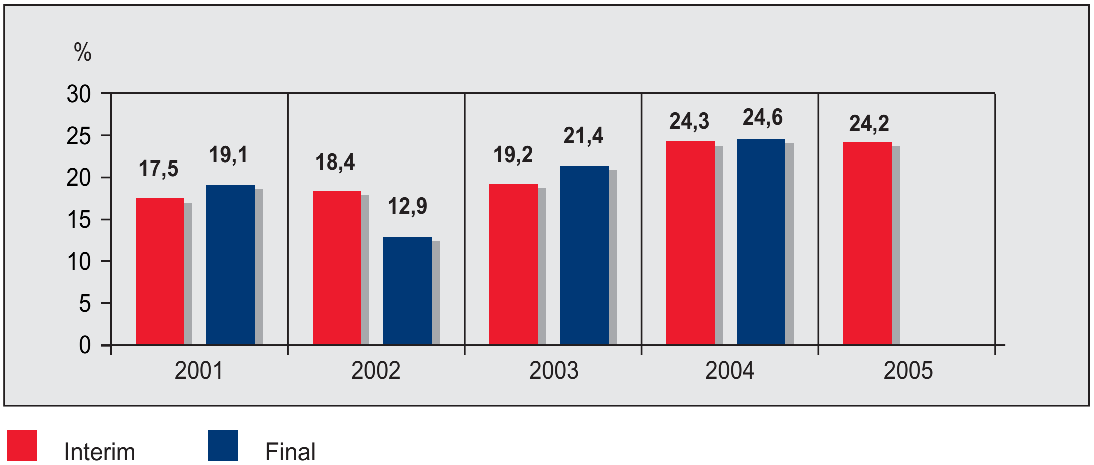
W R Somerville

Group secretary

22 November 2004

Group performance

RETURN ON AVERAGE EQUITY



The Group achieved a return on average equity of 24,2% for the six months under review. This is comfortably above its objective of 23% for the 2005 financial year.

Although Absa is confident that it is able to achieve an RoE in excess of 23% in the short term, the lower interest and inflationary environment in South Africa could result in lower returns over time. The Group has subsequently revised its objective with the aim of achieving an RoE of at least 5% above the cost of equity (CoE) in the longer term.

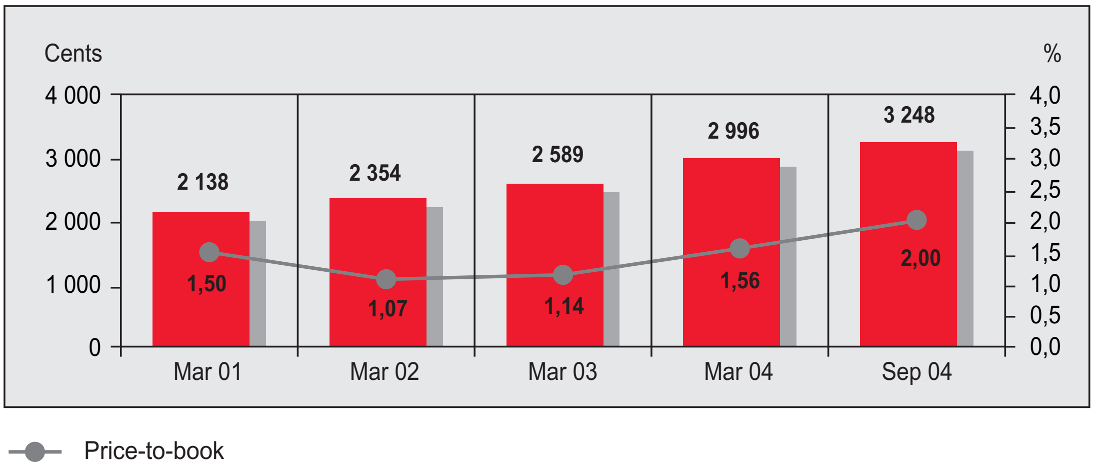
The Group created value of R900 million for its shareholders by achieving an RoE for the six-month period that is 8,9% greater than the Group's cost of equity (CoE). (The Group's CoE for the 2005 financial year has been set at 15,3%.)

The satisfactory RoE achieved can be attributed to a combination of the Group's sound capital management practices and the improved return on assets.

CAPITAL

	Mar 01	Mar 02	Mar 03	Mar 04	Sep 04
Capital ratio (averge capital/average assets) (%)	6,91	6,67	6,30	6,31	6,53
Equity multiplier (average assets/average capital)	14,47	15,00	15,86	15,80	15,31

Net asset value per share



The net asset value of the Absa Group increased by 18,2%, from 2 749 cents per share to 3 248 cents per share, owing to the Group's strong operational performance.

The optimum capital levels of the Group, as represented by net asset value, are determined with reference to the Group's evaluation of economic capital, the desire to optimise returns for shareholders, regulatory and credit rating requirements as well as acquisition strategies. Currently, the Group has R15,31 in assets for each R1,00 in equity and Absa aims to maintain this equity multiplier ratio at between 14,5 and 15,5.

On the basis of the prescribed consolidated capital requirements of the South African Reserve Bank (SARB), the Group's capital stood at 13,4% of risk-weighted assets at 30 September 2004 (September 2003: 12,7%). Absa Bank's primary capital ratio was 8,5% (September 2003: 7,2%) and the secondary capital ratio was 4,5% (September 2003: 4,1%).

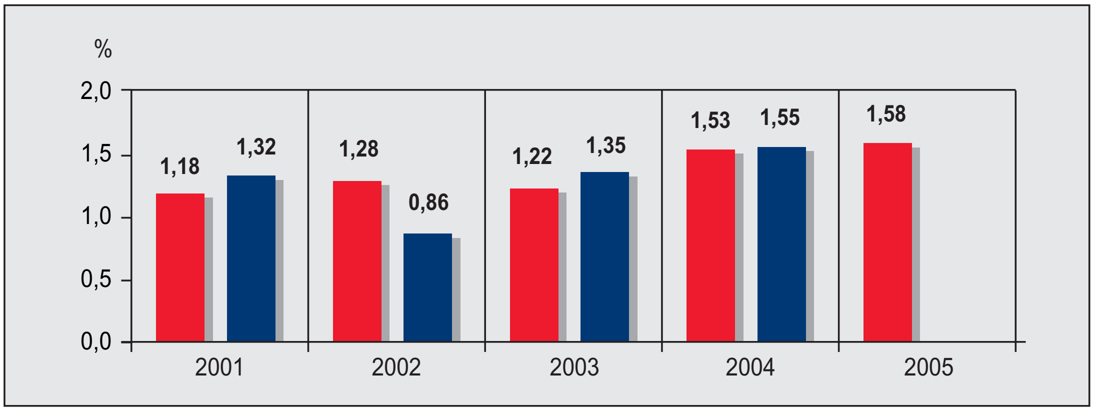
The bank's primary capital position (tier I) is in line with the Group's preferred primary capital level of between 8,0% and 8,5%. The bank's secondary (tier II) capital is expected to decline in March 2005 with the redemption of the Group's AB01 bond (R1,25 billion).

Basel II

The Group is making good progress with the implementation of Basel II and is confident that the anticipated lower capital requirements arising from credit risk will be sufficient to offset any additional capital requirements attributable to areas such as operational risk.

Group performance (continued)

RETURN ON AVERAGE ASSETS

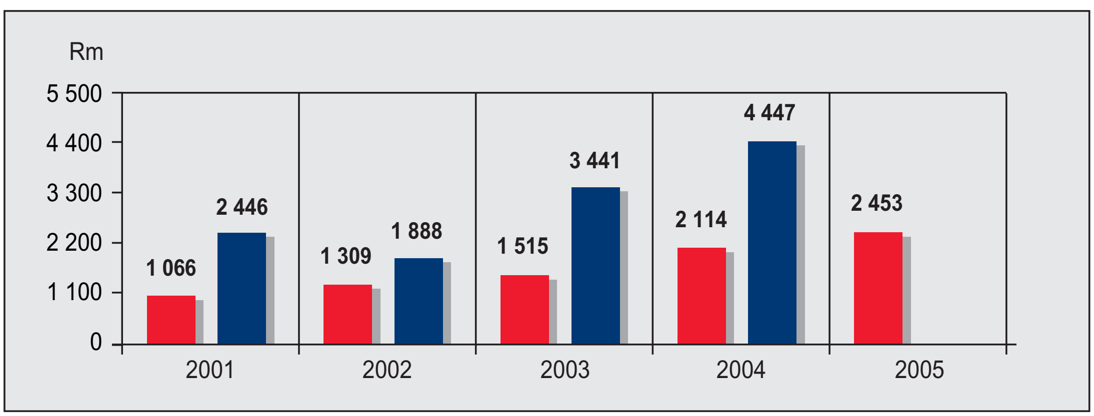


Interim Final

The Group's return on average assets (RoA) improved from 1,53% to 1,58% for the six months under review. This is in line with the Group's objective of achieving a RoA of in excess of 1,50%.

EARNINGS

Headline earnings



Interim Final

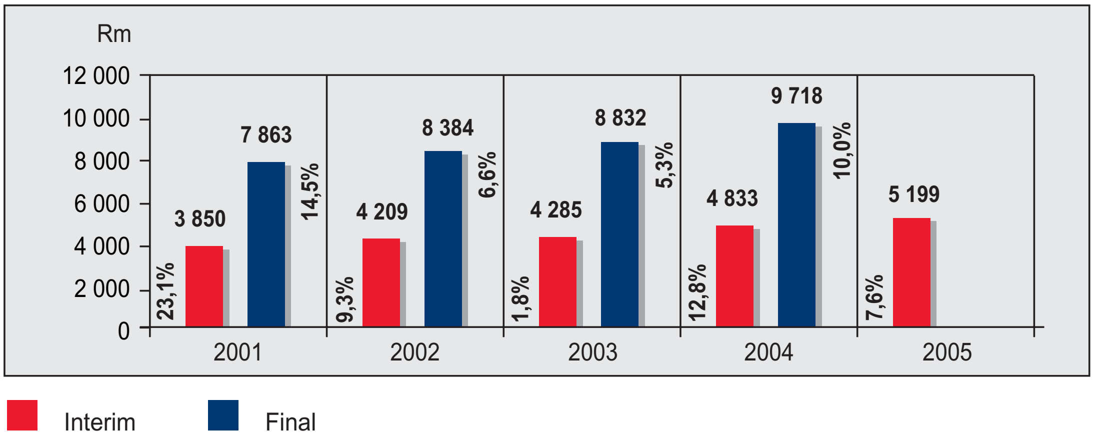
Headline earnings of R2 453 million were achieved for the six months to September 2004. This represents a growth of 16,0% when compared with the headline earnings of R2 114 million for the comparable period of the previous financial year.

The personal market contributed R945 million (38,5%), with the commercial, wholesale and financial services segments contributing 30,5%, 12,6% and 18,6% respectively.

The increase in the Group's RoA and headline earnings can be attributed to the maintenance of interest rate margins, enhanced returns from non-interest income owing to greater electronic banking transaction volumes, increased credit card transactions, service fees and commissions, and bancassurance-related earnings. The improved quality of the Group's advances book also assisted in enhancing the Group's RoA and headline earnings.

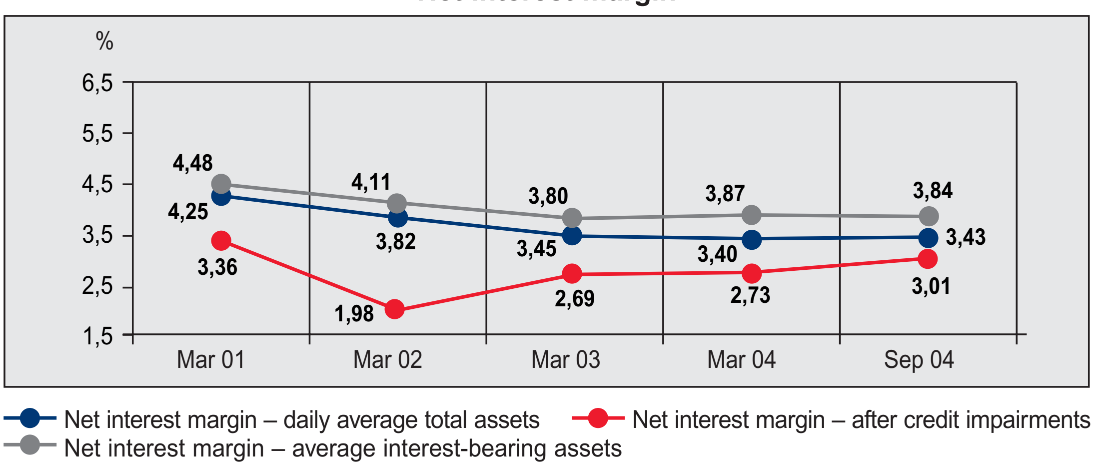
Interest income

Net interest income



Net interest income increased by 7,6% because of strong advances growth of 17,6% (particularly in the personal and commercial markets), offset by a moderate decline of seven basis points in the net interest margin. Hedging initiatives and improved asset margins mitigated the negative endowment effect of lower interest rates on capital and low-rate deposits. Furthermore, competitive rates and focused marketing campaigns enabled the Group to grow its personal and commercial deposits by a solid 9%. This growth in deposits is underpinned by strong growth in cheque account balances (16,7%) and savings accounts (15,4%).

Net interest margin

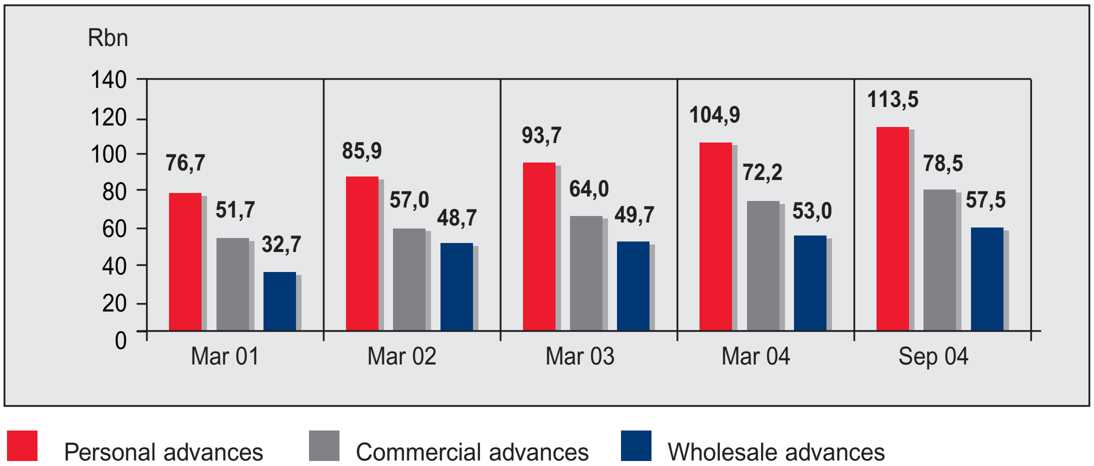


The net interest margin (on average advances) for the six months under review increased by three basis points from the margin achieved for the year ended 31 March 2004. However, when comparable periods are analysed, a moderate decline of seven basis points was experienced. The movement in the margin can primarily be ascribed to the negative endowment impact of retail deposits and capital.

On average the prime overdraft rate for the six months was 245 basis points lower than the average for the 2004 financial year. Lending margins were assisted by lower non-performing advances levels, resulting in lower levels of suspended interest. The Group has a number of strategies in place to ensure the protection of net interest margins, including the use of dynamic hedging to ensure that the repricing mismatch of assets and liabilities is within well defined parameters.

Group performance (continued)

Gross advances



Absa's gross advances increased by 16,2% from September 2003, with personal, commercial and wholesale advances showing sound growth of 15,3%, 16,2% and 17,8% respectively.

The growth in personal advances was driven by increased household credit extension. Residential mortgage advances grew by 18,2% and credit cards by 21,3%. Strong advances growth was experienced in the affluent and high net worth market, with Absa Private Bank and Personal Financial Services increasing their respective advances bases by 25% and 40%.

Absa's property in possession portfolio has been reduced substantially, with the total number of properties in possession declining by 23,6% from September 2003. The remaining properties in this portfolio (7 357 properties) have been adequately provided for.

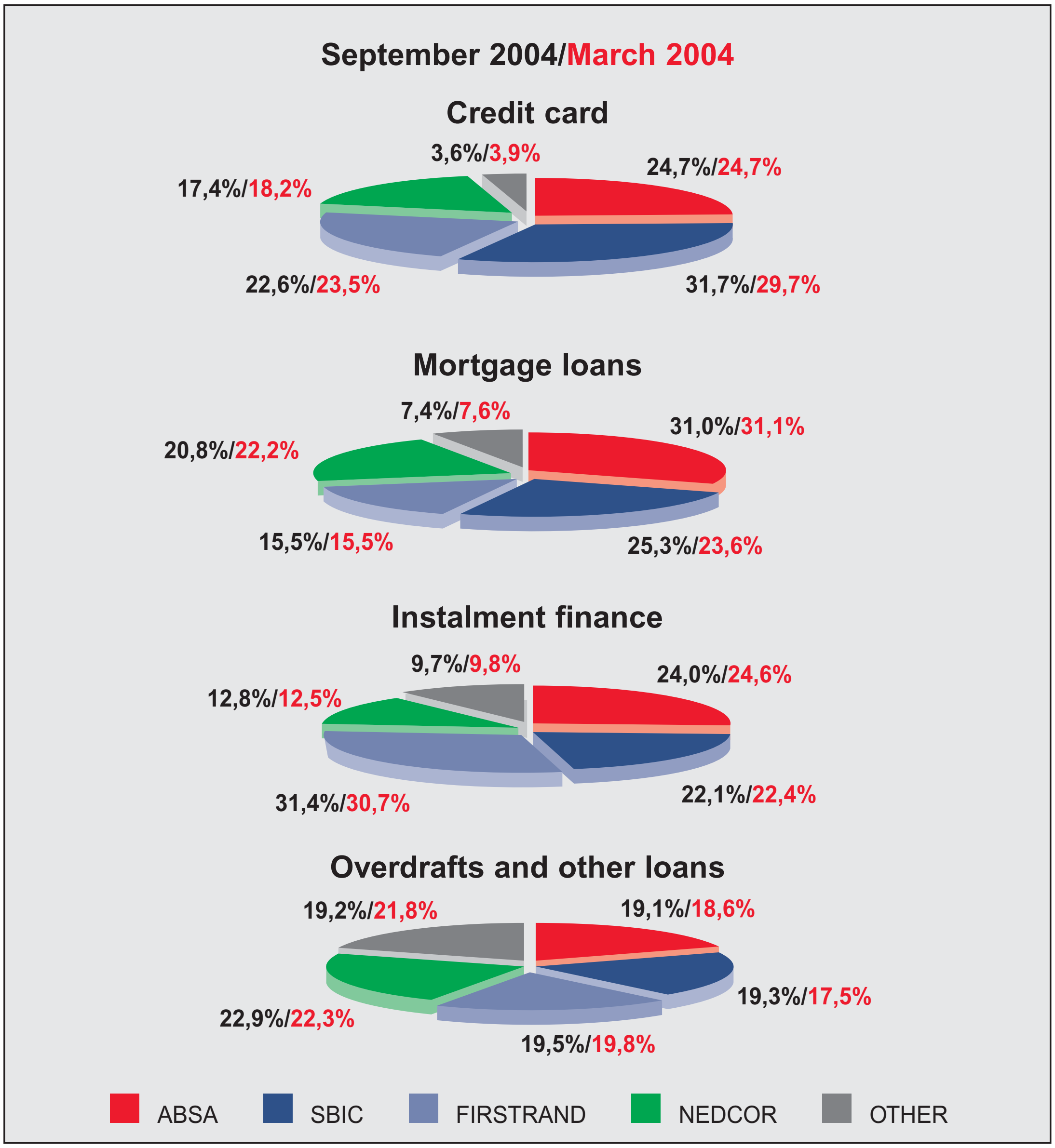
The solid growth in commercial banking advances was partly as a result of record new business volumes being achieved by Absa Asset and Vehicle Finance (AVAF). This growth was assisted by the lower interest rate environment, coupled with low vehicle price inflation. The establishment of strategic alliances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

Business Banking Services advances growth was driven by both the large and medium business segments. The strong property market made a significant contribution to the 34,9% growth in commercial property finance transactions.

Although the Group's wholesale advances experienced good growth, the demand for traditional interest-bearing products remained under pressure. Advances under resale agreements and investments undertaken by Absa's securitisation vehicle (ABACAS) contributed significantly to the growth of 17,8%. These assets attract fees rather than interest.

Refer to note 1 of the financial statements on page 29 of this report for further information regarding the Group's advances.

Market share

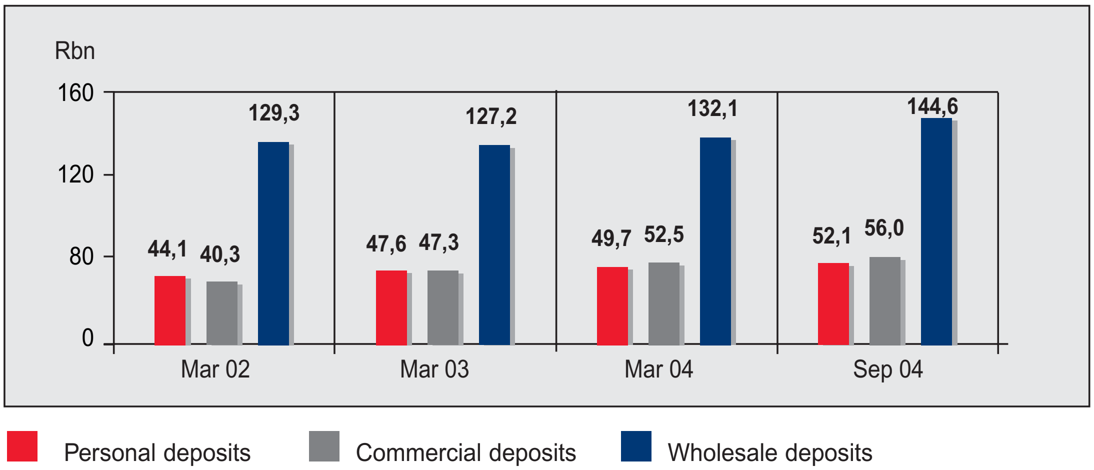


The Group's market share improved marginally in respect of advances for the six months under review (in relation to March 2004). The Group experienced a slight contraction in market share in both mortgage advances (0,1%) and instalment finance (0,6%). The decline in market share of mortgage advances is a function of the maturity of the Group's mortgage advances book, which is being eroded by the increasing propensity of individuals to accelerate the repayment of their mortgage advances.

The market share information relating to instalment finance excludes the securitisation transaction. If this transaction was included, Absa's market share would increase to 25,4%. The securitised vehicle's loans remain under the administration of the Group.

Group performance (continued)

Deposits



Personal and commercial banking deposits represent 42,8% of the Group's funding base (personal banking: 20,6%, commercial banking: 22,2%), which is marginally lower than the 43,6% recorded at 31 March 2004.

The growth in personal banking deposits of 9,7% consisted of growth in cheque account deposits (10,4%) and savings and transmission accounts (12,9%).

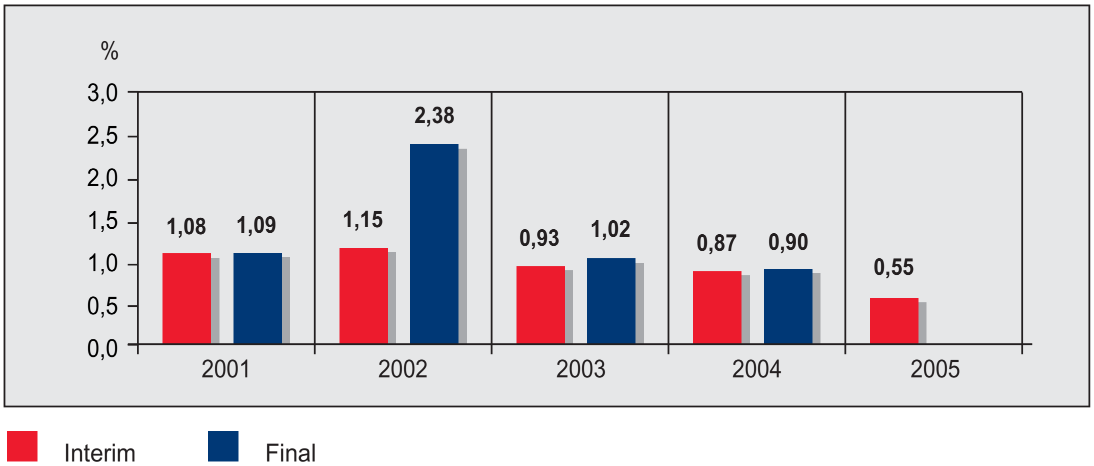
The growth in commercial banking deposits (13,2%) was mainly owing to strong deposit growth in the public sector and agribusiness.

Deposit market share

The Group's deposit market share improved marginally for the six months under review (in relation to March 2004). Savings deposits and long-term deposits were the core drivers of the marginal increase in deposit market share. These increases can be attributed to aggressive marketing campaigns aimed at strengthening the Group's deposit base.

Credit impairments

Charge for impairment of advances to average advances



The low interest rate environment had a positive impact on the affordability of credit for consumers and therefore on debt servicing costs. Household debt relative to disposable income was at 54,8% during the second quarter of 2004 and has remained substantially below the 1998 peak. This, together with the maintenance of strict credit approval criteria, supported the continued improvement in the quality of the advances book, especially in the personal market. As a result, the charge for impairment of advances to average advances decreased to 0,55% (September 2003: 0,87%).

During the period under review no further credit impairment charges were required in respect of UniFer's advances and neither were any reversals of previous impairment charges made.

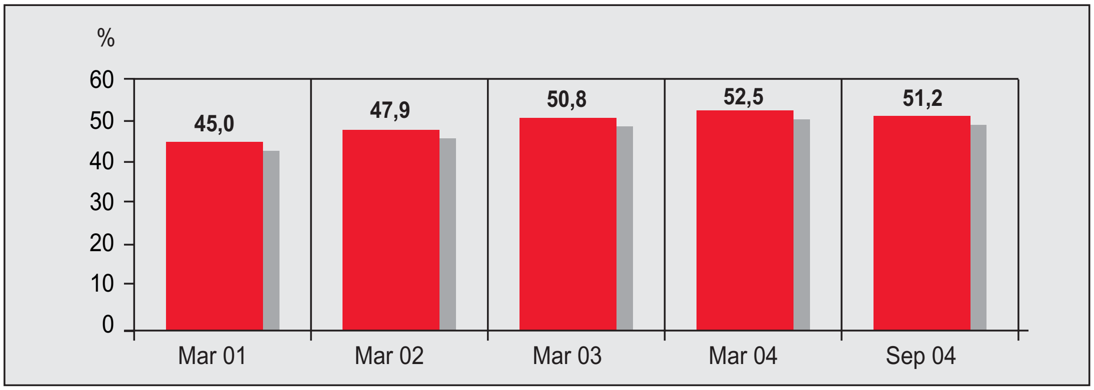
The Group is confident that the book is adequately provided. The net outstanding book was R577 million at 30 September 2004 and the gross book was provided for to the extent of 88%.

Group performance (continued)

Non-interest income

Non-interest income as a % of operating income

(excl. credit impairments)



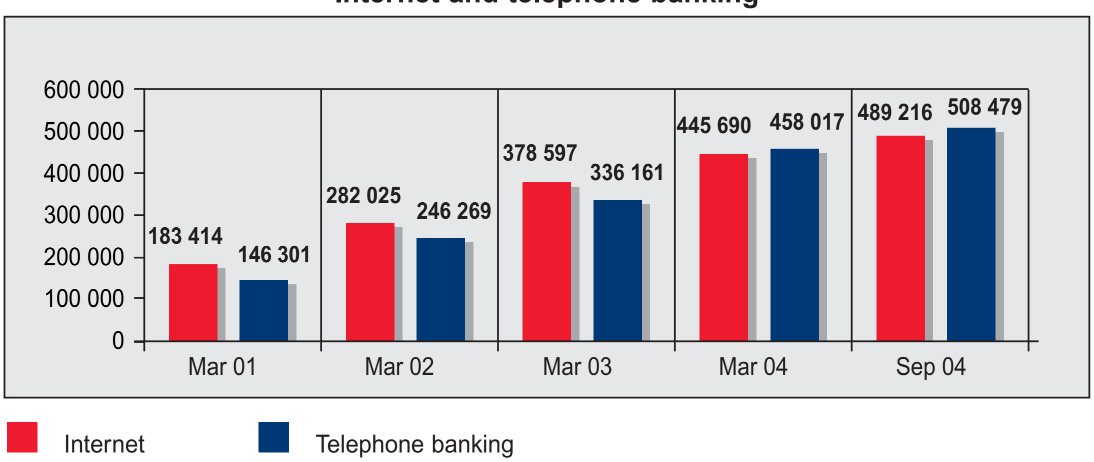
Non-interest income as a percentage of operating income improved marginally from 50,7% to 51,2%. This is in line with the Group's strategy to maintain non-interest income at greater than 50% of the Group's top-line revenue base.

Commission and fee income grew encouragingly, largely as a result of greater electronic banking volumes, increased card transactions and service fees and commissions.

Gross trading income declined by almost half as a result of non-directional markets and reduced volatility, especially in respect of foreign exchange trading. This was partially compensated for by lower funding costs. On a net basis, the decline was only 9,0%.

Insurance-related income benefited from the greater volumes generated by the personal banking business units and improved underwriting loss ratios. The Group's investment portfolios appreciated by R93 million, compared with the exceptional R237 million for the comparable period.

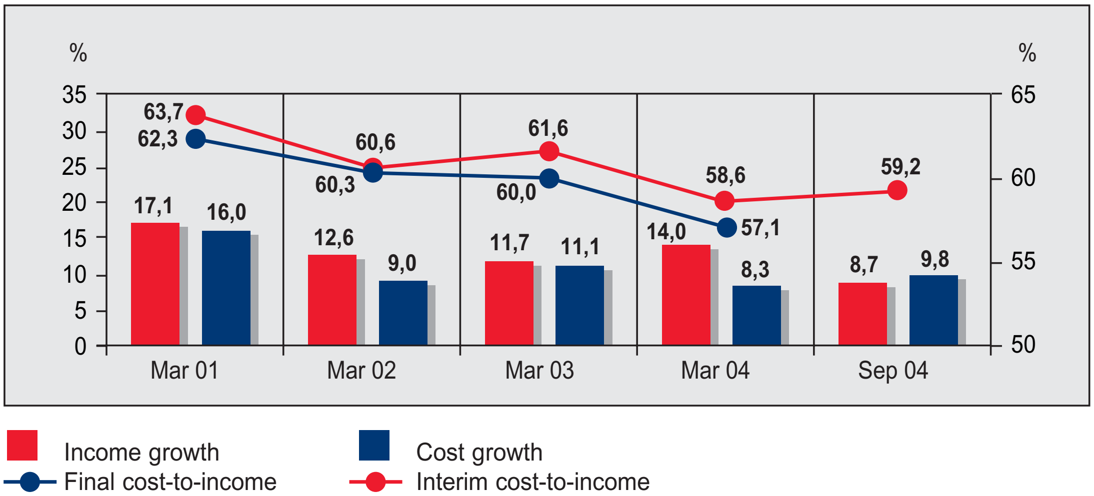
Internet and telephone banking



The Group's electronic banking base continues to grow strongly off a high base, with the Group's internet and telephone banking customers growing by 9,8% and 11,0% respectively from 31 March 2004. This has resulted in solid transaction growth from electronic sources, especially from internet banking and cellphone banking. A slight decline was recorded in teller transactions, primarily as a result of customers shifting from cheque transactions to electronic banking.

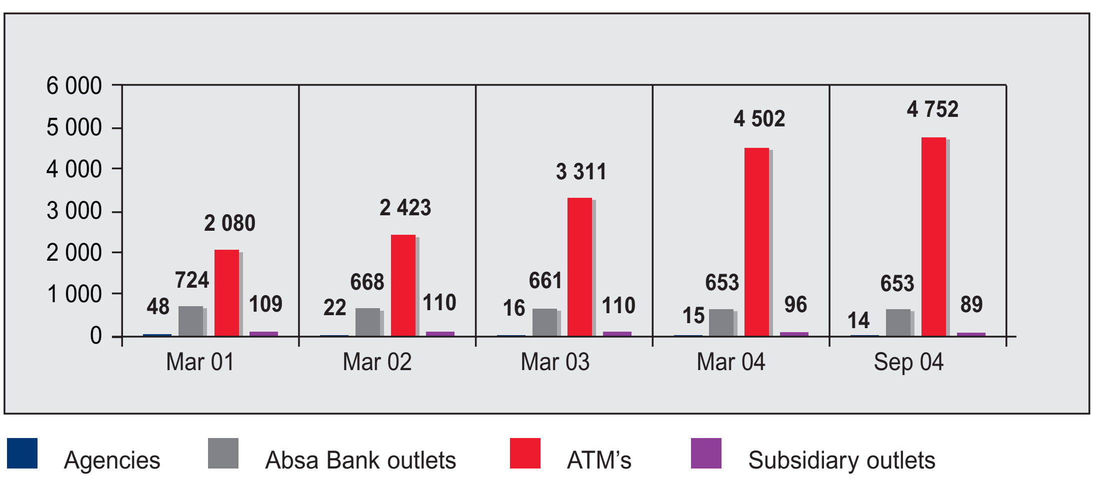
Operating expenditure

Cost-to-income



Operating expenditure increased by 9,8%, following investment in projects to ensure compliance with Basel II, the Financial Advisory and Intermediary Services (FAIS) Act and the Financial Intelligence Centre (FIC) Act, as well as investment in expanding the Group's delivery footprint. As a result, the cost-to-income ratio increased slightly to 59,2% from 58,6% for the comparable period.

Delivery footprint

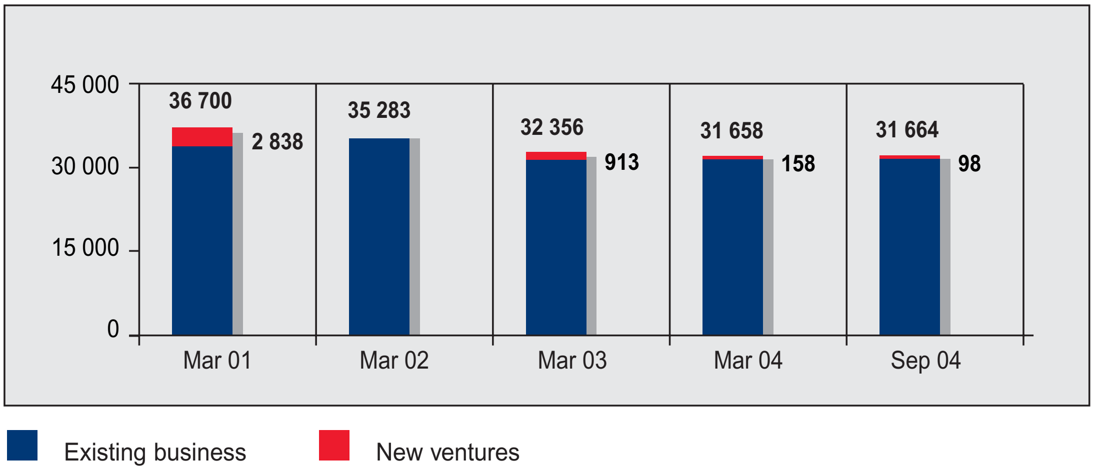


Absa has extensive delivery reach, spanning the entire country. In the past few years, the focus has been on optimising the outlet network, with a significant decline in the number of staffed outlets. During the six months under review, the total number of staffed outlets remained relatively static. However, despite the lack of movement in total outlet numbers, the delivery network in previously disadvantaged areas has been expanded. In enhancing the Group's delivery reach, emphasis has been placed on the growth of the ATM network. A number of these improved Absa's presence in rural communities.

Group performance (continued)

Operating expenditure (continued)

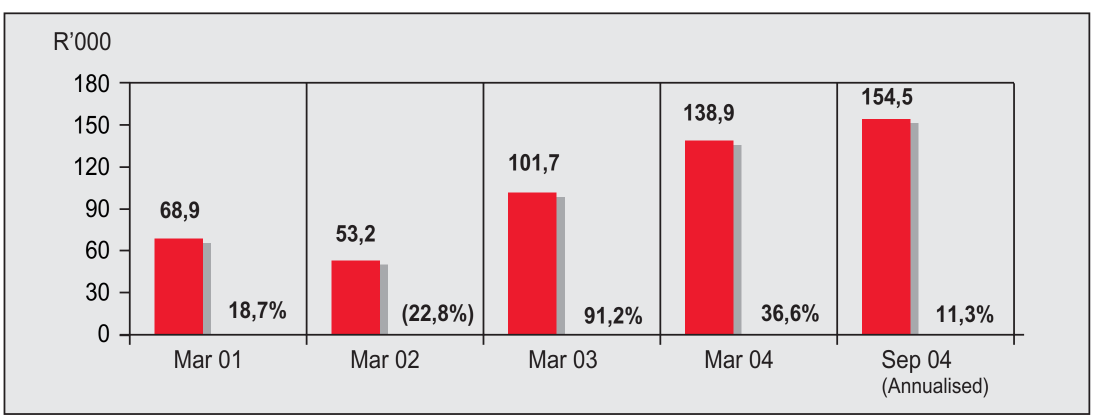
Staff complement



Staff costs grew by 10,2% and represent 48,9% of the Group's cost base, which is slightly higher than the ratio achieved in the comparable six months of the previous financial year (48,7%). The core drivers of staff cost increases are above-inflation wage increases and higher incentive provisions owing to the Group's strong performance to date, not an increase in staff numbers, which declined by 0,6% from September 2003.

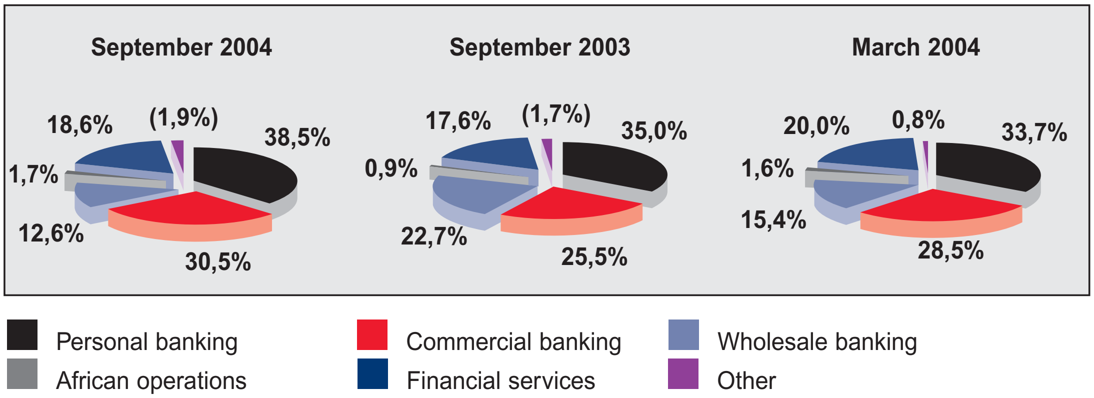
Going forward, staff numbers are not expected to decline owing to an increased emphasis on customer service. However, enhanced efficiencies and staff productivity will remain central issues.

Headline earnings per staff member



The growth in headline earnings per staff member reflects the Group's ability to leverage existing infrastructure to generate additional income and process greater volumes without incurring additional costs.

PROFIT CONTRIBUTION



	Six months ended 30 September 2004 (Unaudited) Rm	2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
Personal banking	**945**	740	27,7	1 497
Absa Private Bank	**8**	4	100,0	1
Personal Financial Services	**71**	67	6,0	129
Retail Banking Services	**164**	149	10,1	263
Flexi Banking Services	**80**	48	66,7	125
Home Loans	**480**	385	24,7	764
Repossessed Properties	**(60)**	(68)	11,8	(142)
Absa Card	**200**	153	30,7	355
Meeg Bank	**2**	2	—	2
Commercial banking	**747**	540	38,3	1 266
Business Banking Services	**383**	219	74,9	589
Small Business	**142**	131	8,4	232
Absa Vehicle and Asset Finance (AVAF)	**222**	169	31,4	403
MLS Bank*	**—**	21	(100,0)	42
Wholesale banking	**308**	480	(35,8)	684
Domestic operations	**272**	393	(30,8)	750
International operations	**36**	87	(58,6)	(66)
African operations	**42**	19	>100,0	75
Total banking	**2 042**	1 779	14,8	3 522
Financial services	**457**	372	22,8	890
Capital and funding centre	**(39)**	(59)	33,9	(60)
Corporate centre	**(7)**	22	>(100,0)	95
Total headline earnings	**2 453**	2 114	16,0	4 447

**MLS Bank was incorporated as part of Absa Bank from 1 April 2004.*

Group performance (continued)

PROFIT CONTRIBUTION (continued)

Personal banking

Personal banking increased its headline earnings contribution by 27,7% to R945 million. A strong performance was obtained from mortgage advances and credit cards, as advances grew by 18,2% and 21,3% respectively. Growth in fees and commissions approached the mid-teens. This growth mainly related to electronic banking and credit card turnover volumes and savings account fees.

Flexi Banking Services grew its customer base in respect of deposits. This mitigated the margin contraction owing to the lower interest rate environment. The credit impairment charge in the personal market declined by 33,7% and this charge, as a percentage of average advances, was reduced to 41 basis points.

The strong growth in residential property prices over the past few years had a notable positive impact on the net worth of customers and home loan security values, with an accompanying marked improvement in credit quality.

Efforts to improve customer service and investment in outlets in historically disadvantaged communities, driven by business imperatives, increased the operating cost of this segment, but the long-term benefits of this strategy will have positive results in future.

Commercial banking

The commercial banking segment achieved earnings growth of 38,3%, mainly flowing from solid advances and deposit growth and improved credit quality.

The lower interest rate environment coupled with low vehicle price inflation has stimulated the motor industry, resulting in Absa Vehicle and Asset Finance (AVAF) achieving record levels of new business volumes. The establishment of strategic alliances with key suppliers and manufacturers also contributed to the solid asset growth.

AVAF’s strategy to diversify its asset mix and to target the corporate and business markets was successful and was instrumental in offsetting the impact of lower demand for pre-owned vehicles.

Although improved credit quality was the major contributor to Business Banking Services’ excellent performance for the period, the customer acquisition drive is paying dividends. A focus on cost optimisation by refining the operating model, enhanced process efficiencies and innovative product development provides a sound platform for the remainder of the year.

Wholesale and international banking

The Group's wholesale and international banking activities recorded a decline in earnings of 35,8% for the six months under review. This resulted from tough market conditions, right sizing the balance sheet to align with a lower risk appetite and a high prior-year earnings base.

The revision of risk appetite in respect of structured trade and commodity finance, together with the subdued credit demand of corporates, depressed earnings for the period. Annuity-type transactional business continues to perform satisfactorily and the merchant banking transaction pipeline for the remainder of the year holds promise.

The revised business model introduced into Absa Corporate and Merchant Bank (ACMB) will assist all the respective product areas in combining their efforts to provide customers with integrated solutions. In addition, emphasis will be placed on obtaining a greater market share of primary customer relationships.

Proprietary trading declined in the period under review, although the net trading result was only modestly affected - reducing by 9,0% year on year. The capital and debt markets division performed well with sound earnings growth and a strong market presence through a number of sizable and innovative transactions.

The strategy for the international wholesale operations has been repositioned to focus on trade-related business in selected offshore markets with a strong emphasis on trade flows to and from Africa. This will result in refocusing these operations and ensuring better employment of capital.

Other African operations

The headline earnings contribution from African operations outside South Africa doubled to R42 million for the six months, with the operations in Tanzania and Mozambique both trading profitably. In these African operations, the emphasis remains on improving operational efficiencies and growing retail deposits and commercial assets.

Financial services

The Group's bancassurance activities again excelled owing to a strong operational performance and healthy underwriting results. Cross-selling opportunities were used well and product penetration levels continue to improve.

Favourable weather conditions, reduced instances of underinsurance and increased property prices assisted the short-term insurance company to post record underwriting results.

The life assurance operation has maintained its efficiency to maximise the profitability of strong new business inflows. This, together with equity market gains, was instrumental in achieving an earnings growth of 22,8% off the high earnings base of the corresponding period of the previous year.

Group balance sheet

	Note	30 September 2004 (Unaudited) Rm	30 September 2003 (Unaudited) Rm	Change %	31 March 2004 (Audited) Rm
Assets					
Cash and short-term assets		**15 234**	13 397	13,7	14 068
Money market assets		**5 198**	6 360	(18,3)	3 688
Capital market assets		**6 924**	5 875	17,9	9 161
Statutory liquid asset portfolio		**12 359**	14 680	(15,8)	12 598
Advances	1	**242 626**	206 298	17,6	222 395
Derivative and trading assets		**14 760**	24 502	(39,8)	28 267
Other assets		**6 047**	3 563	69,7	5 846
Investments		**6 671**	4 861	37,2	5 792
Associated companies		**641**	634	1,1	624
Property and equipment		**2 543**	2 547	(0,2)	2 597
Goodwill		**140**	107	30,8	84
Intangible assets		**51**	57	(10,5)	50
Deferred taxation		**159**	281	(43,4)	167
Taxation		**47**	—	—	28
Client liabilities under acceptances		**460**	747	(38,4)	1 483
Total assets		**313 860**	283 909	10,5	306 848
Shareholders' equity and liabilities					
Share capital		**1 301**	1 302	(0,1)	1 291
Share premium		**1 443**	1 513	(4,6)	1 309
Reserves		**18 384**	15 093	21,8	16 750
Shareholders' equity		**21 128**	17 908	18,0	19 350
Minority shareholders' equity		**163**	239	(31,8)	171
Total shareholders' equity and minority shareholders' equity		**21 291**	18 147	17,3	19 521
Liabilities					
Deposits and current accounts		**252 707**	225 467	12,1	234 380
Deferred taxation		**1 416**	1 243	13,9	1 331
Taxation		**728**	311	>100,0	567
Derivative liabilities		**17 354**	23 649	(26,6)	30 856
Other liabilities		**6 609**	5 053	30,8	6 256
Provisions		**1 321**	1 822	(27,5)	1 272
Insurance funds		**4 754**	1 784	>100,0	4 115
Other borrowed funds	2	**7 220**	5 686	27,0	7 067
Liabilities to clients under acceptances		**460**	747	(38,4)	1 483
Total liabilities		**292 569**	265 762	10,1	287 327
Total shareholders' equity and liabilities		**313 860**	283 909	10,5	306 848
Contingent liabilities		**20 500**	14 137	45,0	16 637

AC 133: Balance sheet classification as at 30 September 2004

	Assets Rm	Liabilities Rm
Fair value	**57 479**	**18 824**
Held for trading	17 611	17 354
– Money market assets	2 364	—
– Capital market assets	402	—
– Investments	85	—
– Derivative and trading assets	14 760	—
– Derivative liabilities	—	17 354
Fair value election	32 213	1 470
– Money market assets	2 460	—
– Capital market assets	6 331	—
– Statutory liquid asset portfolio	3 320	—
– Advances	13 671	—
– Investments	6 431	—
– Deposits and current accounts	—	1 470
Available-for-sale	7 655	—
– Statutory liquid asset portfolio	4 765	—
– Advances	2 735	—
– Investments	155	—
Amortised cost	**256 381**	**273 745**
Originated loans and receivables	226 220	—
Held to maturity	10 376	—
Non-trading liabilities	—	263 212
Other assets and liabilities	19 785	10 533
Total shareholders' equity and minority shareholders' equity	—	**21 291**
	313 860	**313 860**

Group income statement

	Note	Six months ended 30 September 2004 (Unaudited) Rm	Six months ended 30 September 2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
Interest income		**13 626**	16 049	(15,1)	28 901
Interest expense		**(8 427)**	(11 216)	24,9	(19 183)
Net interest income		**5 199**	4 833	7,6	9 718
Impairment of advances	3	**(637)**	(882)	27,8	(1 900)
Income from lending activities		**4 562**	3 951	15,5	7 818
Non-interest income	4	**5 465**	4 978	9,8	10 753
Operating income		**10 027**	8 929	12,3	18 571
Operating expenditure	5	**(6 316)**	(5 750)	(9,8)	(11 679)
Indirect taxation		**(364)**	(320)	(13,8)	(672)
Impairment charge		**(84)**	—	—	(116)
Net income from operations		**3 263**	2 859	14,1	6 104
Share of associated companies' income		**38**	44	(13,6)	119
Net income before taxation		**3 301**	2 903	13,7	6 223
Taxation		**(868)**	(777)	(11,7)	(1 627)
Net income after taxation		**2 433**	2 126	14,4	4 596
Minority shareholders' interest		**(41)**	(39)	(5,1)	(91)
Net income attributable to shareholders		**2 392**	2 087	14,6	4 505
Headline earnings	6	**2 453**	2 114	16,0	4 447
Headline earnings per share		**377,0**	324,5	16,2	688,5
Diluted headline earnings per share		**369,0**	324,5	13,7	682,8
Earnings per share		**367,7**	320,3	14,8	697,5
Diluted earnings per share		**359,9**	320,3	12,4	691,7

Statement of changes in equity

	30 September **2004** **(Unaudited)** **Rm**	30 September 2003 (Unaudited) Rm	31 March 2004 (Audited) Rm
Share capital	**1 301**	1 302	1 291
Opening balance	**1 291**	1 303	1 303
Shares bought back	**—**	(1)	(1)
Consolidation of share incentive trust	**10**	—	(11)
Share premium	**1 443**	1 513	1 309
Opening balance	**1 309**	1 532	1 532
Utilised during share buy back	**—**	(19)	(19)
Consolidation of share incentive trust	**134**	—	(204)
Non-distributable reserves	**807**	1 190	755
Opening balance	**755**	443	443
AC 133 opening adjustments in respect of:			
– regulatory general credit risk reserve	**—**	451	451
– available-for-sale assets reserve	**—**	(78)	(78)
– value of investments held by short-term insurance companies	**—**	134	134
Movement in foreign currency translation reserve	**8**	(113)	(286)
Movement in regulatory general credit risk reserve	**69**	11	(119)
Movement in available-for-sale assets reserve	**(67)**	112	(2)
Movement in cash flow hedges reserve	**18**	188	95
Insurance contingency reserve	**21**	11	34
Changes in value of investments held by short-term insurance companies	**—**	—	(5)
Associated companies' earnings reserve	**3**	31	88
Distributable reserves	**17 577**	13 903	15 995
Opening balance	**15 995**	13 588	13 588
AC 133 opening adjustment	**—**	(1 165)	(1 165)
Consolidation of share incentive trust	**—**	—	97
Transfer to insurance contingency reserve	**(21)**	(11)	(34)
Transfer to associated companies' earnings reserve	**(3)**	(31)	(92)
Transfer (to)/from regulatory general credit risk reserve	**(69)**	(11)	119
Attributable income	**2 392**	2 087	4 505
Dividends paid during the period	**(717)**	(554)	(1 023)
Total shareholders' equity at end of period	**21 128**	17 908	19 350

Group cash flow statement

	Six months ended 30 September		Year ended 31 March
	2004 (Unaudited) Rm	2003 (Unaudited) Rm	2004 (Audited) Rm
Cash retained from operating activities			
Cash generated by operations	**3 745**	3 477	8 206
Net (decrease)/increase in operating funds	**(751)**	629	(3 290)
Taxation paid	**(997)**	(1 364)	(1 890)
Net cash inflow from operating activities	**1 997**	2 742	3 026
Net cash (outflow) from investing activities	**(977)**	(1 819)	(2 780)
Net cash inflow from financing activities	**152**	—	1 509
Other movements	**(6)**	(143)	(304)
Net increase in cash and cash equivalents	**1 166**	780	1 451
Cash and short-term assets at beginning of period	**14 068**	12 617	12 617
Cash and short-term assets at end of period	**15 234**	13 397	14 068

Notes to the financial statements

	Six months ended 30 September 2004 (Unaudited) Rm	Six months ended 30 September 2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
1. Advances				
Total personal advances				
Mortgages	**97 663**	82 852	17,9	89 267
Advances	**97 268**	82 310	18,2	88 777
Repossessed properties	**395**	542	(27,1)	490
Cheque accounts	**3 078**	2 908	5,8	2 928
Personal loans	**4 691**	4 294	9,2	4 437
Credit card accounts	**4 837**	3 987	21,3	4 393
Micro loans	**1 937**	2 983	(35,1)	2 722
Other	**1 276**	1 375	(7,2)	1 126
Gross advances	**113 482**	98 399	15,3	104 873
Impairment of advances	**(3 035)**	(4 479)	32,2	(3 916)
Net advances	**110 447**	93 920	17,6	100 957
Total commercial advances				
Mortgages (including commercial property finance)	**19 025**	13 723	38,6	16 333
Cheque accounts	**8 802**	9 236	(4,7)	9 334
Instalment finance*	**38 740**	31 981	21,1	35 708
Term loans	**5 719**	7 099	(19,4)	5 177
Specialised finance	**2 013**	1 548	30,0	1 224
Other	**4 182**	3 974	5,2	4 463
Gross advances	**78 481**	67 561	16,2	72 239
Impairment of advances	**(2 131)**	(2 502)	14,8	(2 061)
Net advances	**76 350**	65 059	17,4	70 178

**Although Absa Vehicle and Asset Finance operates in both the personal and commercial markets, this division is included in the commercial banking segment. 66,9% of Absa Vehicle and Asset Finance's total advances are in respect of consumers (personal market).*

Notes to the financial statements (continued)

	Six months ended 30 September 2004 (Unaudited) Rm	Six months ended 30 September 2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
1. Advances (continued)				
Total wholesale advances				
Corporate overdrafts	**2 015**	3 110	(35,2)	2 067
Foreign currency loans	**16 029**	14 407	11,3	15 639
Specialised and project finance	**12 288**	9 606	27,9	13 914
Overnight finance	**4 124**	3 703	11,4	1 710
Preference shares	**7 891**	4 910	60,7	5 762
Commodities	**1 036**	1 434	(27,8)	914
Advances under resale agreements	**5 027**	5 475	(8,2)	4 814
Securitised corporate loans	**4 647**	1 450	>100,0	3 773
Other	**4 453**	4 730	(5,9)	4 393
Gross advances	**57 510**	48 825	17,8	52 986
Impairment of advances	**(1 681)**	(1 506)	(11,6)	(1 726)
Net advances	**55 829**	47 319	18,0	51 260
Total gross advances	**249 473**	214 785	16,2	230 098
Impairment of advances	**(6 847)**	(8 487)	19,3	(7 703)
Total net advances	**242 626**	206 298	17,6	222 395
2. Other borrowed funds				
Subordinated convertible loans				
16,60% effective	**138**	286	52,1	138
Unsecured subordinated redeemable debentures				
15,70% nominal	**300**	300	—	300
14,65% nominal	**200**	200	—	200
14,45% nominal	**300**	300	—	300
17,90% nominal	**250**	250	—	250
Subordinated callable notes				
15,00% (AB01)	**1 250**	1 250	—	1 250
14,25% (AB02)	**3 100**	3 100	—	3 100
10,75% (AB03)	**1 100**	—	—	1 100
3-month JIBAR +0,75% (AB03)	**400**	—	—	400
Redeemable convertible preference shares	**23**	—	—	29
Redeemable preference shares	**159**	—	—	—
	7 220	5 686	(27,0)	7 067

3. Impairment of advances

	Six months ended 30 September 2004 (Unaudited) Rm	Six months ended 30 September 2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
Personal banking	**218**	329	33,7	557
Commercial banking	**306**	404	24,3	763
Wholesale banking	**95**	129	26,4	567
Domestic operations	**62**	83	25,3	214
International operations	**33**	46	28,3	353
African operations	**13**	3	>(100,0)	(7)
Other	**5**	17	70,6	20
Charge to the income statement	**637**	882	27,8	1 900
Credit impairments per product				
Residential mortgages	**148**	176	15,9	323
Cheque accounts	**177**	176	(0,6)	423
Personal loans	**76**	54	(40,7)	113
Instalment finance	**115**	105	(9,5)	209
Credit cards	**38**	47	19 1	79
Other retail advances	**60**	161	62,7	116
Other wholesale advances	**91**	144	36,8	580
Micro loans	**—**	11	100,0	29
Repossessed properties	**21**	1	>(100,0)	62
Commercial property finance	**1**	24	95,8	54
Total specific impairment charge	**727**	899	19,1	1 988
Portfolio impairment	**24**	64	62,5	124
Impairment of advances before recoveries	**751**	963	22,0	2 112
Recoveries of credit impairments	**(114)**	(81)	40,7	(212)
Total charge to the income statement	**637**	882	27,8	1 900

Notes to the financial statements (continued)

3. Impairment of advances
(continued)

	Six months ended 30 September 2004 (Unaudited) Rm	Six months ended 30 September 2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
Accumulated impaired advances				
Specific impairments	**5 770**	7 480	(22,9)	6 642
Non-performing loans	**4 583**	6 182	(25,9)	5 332
Other impaired loans	**406**	352	15,3	388
Net present value adjustment	**781**	946	(17,4)	922
Portfolio impairments	**1 077**	1 007	7,0	1 061
	6 847	8 487	(19,3)	7 703

	Out-standing balance Rm	Security and recoveries Rm	Net exposure Rm	Impair-ments raised Rm
Non-performing advances at 30 September 2004				
Personal and term loans	**275**	**108**	**167**	**167**
Retail overdrafts and credit cards	**828**	**218**	**610**	**610**
Foreign currency loans	**873**	**186**	**687**	**687**
Instalment finance	**353**	**92**	**261**	**261**
Mortgages	**2 401**	**1 731**	**670**	**670**
Micro loans	**1 806**	**342**	**1 464**	**1 464**
Other	**827**	**103**	**724**	**724**
	7 363	**2 780**	**4 583**	**4 583**
Non-performing advances as a % of total advances	**3,0**			
Non-performing advances as at 31 March 2004	8 688	3 356	5 332	5 332
Non-performing advances as a % of total advances	3,8			

	Six months ended 30 September 2004 (Unaudited) Rm	Six months ended 30 September 2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
4. Non-interest income				
Banking-related income	**4 443**	3 979	11,7	8 700
Commissions and fees	**3 656**	3 078	18,8	6 712
Net trading income	**268**	510	(47,5)	987
Knowledge-based income	**63**	61	3,3	159
Valuation fees	**56**	35	60,0	78
Unit and property trust income	**96**	81	18,5	174
Pension payment services	**228**	201	13,4	421
Other banking income	**76**	13	>100,0	169
Insurance-related income	**751**	590	27,3	1 236
Net broking commission	**167**	205	(18,5)	399
Trust and estate income	**74**	64	15,6	148
Net insurance underwriting surplus	**221**	127	74,0	231
Net life surplus	**165**	107	54,2	283
Other	**124**	87	42,5	175
Investment income	**240**	369	(35,0)	685
Net profit on realisation of investments	**66**	69	(4,3)	231
Mark-to-market adjustment on equity investments	**93**	237	(60,8)	262
Dividend income	**81**	63	28,6	192
Other activities	**31**	40	(22,5)	132
Profit on the disposal of property and equipment	**5**	15	(66,7)	45
Property development profits	**10**	9	11,1	10
Property rentals	**16**	16	—	77
	5 465	4 978	9,8	10 753
5. Operating expenditure				
Amortisation	**7**	37	81,1	64
Auditors' remuneration	**20**	19	(5,3)	49
Depreciation	**334**	318	(5,0)	663
Information technology costs	**561**	509	(10,2)	873
Marketing and advertising	**271**	224	(21,0)	395
Operating lease charges	**245**	253	3,2	689
Professional fees	**390**	289	(34,9)	783
Staff costs	**3 088**	2 801	(10,2)	5 708
Other operating expenditure	**1 400**	1 300	(7,7)	2 455
	6 316	5 750	(9,8)	11 679

Notes to the financial statements (continued)

	Six months ended 30 September 2004 (Unaudited) Rm	2003 (Unaudited) Rm	Change %	Year ended 31 March 2004 (Audited) Rm
6. Determination of headline earnings				
Net income attributable to shareholders	**2 392**	2 087	14,6	4 505
Adjustments for:				
Net profit on disposal of property and equipment	**(5)**	(15)	66,7	(45)
Profit on disposal of available-for-sale assets	**(18)**	—	—	(150)
Loss/(profit) on disposal of strategic investments and subsidiaries	**—**	17	(100,0)	(16)
Impairment of strategic investments, associates and property	**—**	—	—	104
Goodwill impaired and written off	**84**	25	>100,0	49
Headline earnings	**2 453**	2 114	16,0	4 447

	Number of shares Six months ended 30 September 2004 (Unaudited)	2003 (Unaudited)	Year ended 31 March 2004 (Audited)
7. Staff share incentive trust			
Shares and options subject to the Trust at beginning of period			
Shares issued to participants	**847 702**	1 168 620	1 168 620
Options granted	**33 964 889**	37 939 043	37 939 043
	34 812 591	39 107 663	39 107 663
Shares issued and options granted during the period	**6 805 603**	5 629 310	5 905 310
	41 618 194	44 736 973	45 012 973
Options exercised and implemented, options cancelled and shares released or repurchased by the Trustees in terms of the rules of the Trust	**(5 829 888)**	(3 937 518)	(10 200 382)
Shares and options subject to the Trust at end of period	**35 788 306**	40 799 455	34 812 591
Comprising			
Shares issued to participants	**727 472**	902 433	847 702
Options granted and unexercised	**35 060 834**	39 897 022	33 964 889
	35 788 306	40 799 455	34 812 591

	Six months ended 30 September **2004** % of total issued shares	**2004** Number of shares	2003 % of total issued shares	2003 Number of shares	Year ended 31 March 2004 % of total issued shares	2004 Number of shares
Maximum shares and options available	**10,0**	**65 105 507**	10,0	65 105 507	10,0	65 105 507
Shares and options subject to the Trust	**(5,5)**	**(35 788 306)**	(6,3)	(40 799 455)	(5,3)	(34 812 591)
Balance of shares and options available	**4,5**	**29 317 201**	3,7	24 306 052	4,7	30 292 916

Details regarding the options granted and still outstanding at 30 September 2004 are as follows:

Expiry date*	**Number of options**	**Average option price R**
Year to 31 March 2005	82 335	11,05
Year to 31 March 2006	120 050	14,54
Year to 31 March 2007	416 973	20,77
Year to 31 March 2008	819 897	30,54
Year to 31 March 2009	887 749	19,03
Year to 31 March 2010	3 485 828	27,56
Year to 31 March 2011	2 630 528	26,64
Year to 31 March 2012	6 955 341	36,79
Year to 31 March 2013	7 748 051	33,62
Year to 31 March 2014	5 178 650	35,26
Year to 31 March 2015	6 735 432	48,70
	35 060 834	35,55

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

Segment reporting

for the six months ended 30 September

Market

	Personal		Commercial		Wholesale	
	2004	2003	**2004**	2003	**2004**	2003
Income statement (Rm)						
Net interest income	**2 350**	2 277	**2 136**	1 961	**613**	508
Impairment of advances	**(218)**	(329)	**(306)**	(404)	**(95)**	(129)
Non-interest income	**2 319**	2 015	**1 223**	1 040	**562**	946
Operating expenditure	**(2 939)**	(2 741)	**(1 936)**	(1 738)	**(743)**	(669)
Taxation and other	**(567)**	(482)	**(370)**	(319)	**(29)**	(176)
Headline earnings	**945**	740	**747**	540	**308**	480
Balance sheet (Rm)						
Total assets*	**150 907**	133 301	**108 153**	93 512	**173 195**	166 081
Total advances	**110 228**	94 024	**75 532**	64 282	**55 802**	47 239
Total deposits	**48 939**	45 352	**58 938**	49 944	**142 097**	126 302
Financial performance (%)						
Return on average equity	**35,0**	33,2	**27,6**	22,7	**10,5**	19,2
Return on average assets, excluding acceptances	**1,26**	1,10	**1,43**	1,20	**0,35**	0,59
Operating performance (%)						
Net interest margin	**3,13**	3,38	**4,09**	4,34	**0,70**	0,62
Credit impairment ratio	**0,41**	0,72	**0,84**	1,29	**0,35**	0,54
Non-interest/total income	**49,7**	46,9	**36,4**	34,7	**47,8**	65,1
Cost-to-income ratio	**62,9**	63,9	**57,7**	57,9	**63,3**	46,0
Cost-to-assets	**3,9**	4,1	**3,7**	3,8	**0,8**	0,8

**Total assets include intergroup balances of R139 144 million (2003: R125 380 million).*

	African Operations 2004	African Operations 2003	Financial Services 2004	Financial Services 2003	Other 2004	Other 2003	Absa Group 2004	Absa Group 2003
	110	98	**75**	94	**(85)**	(105)	**5 199**	4 833
	(13)	(3)	**(3)**	(7)	**(2)**	(10)	**(637)**	(882)
	84	90	**877**	700	**400**	187	**5 465**	4 978
	(143)	(156)	**(339)**	(307)	**(216)**	(139)	**(6 316)**	(5 750)
	4	(10)	**(153)**	(108)	**(143)**	30	**(1 258)**	(1 065)
	42	19	**457**	372	**(46)**	(37)	**2 453**	2 114
	4 063	4 337	**10 809**	5 603	**5 877**	6 455	**453 004**	409 289
	1 117	965	**167**	145	**(220)**	(357)	**242 626**	206 298
	3 005	3 151	**—**	—	**(272)**	718	**252 707**	225 467
	22,3	16,5	**34,8**	34,3	**n/a**	n/a	**24,2**	24,3
	2,84	1,85	**8,83**	14,16	**n/a**	n/a	**1,58**	1,53
	5,29	4,14	**n/a**	n/a	**n/a**	n/a	**3,43**	3,50
	2,47	0,62	**n/a**	n/a	**n/a**	n/a	**0,55**	0,87
	43,6	47,8	**92,2**	88,2	**n/a**	n/a	**51,2**	50,7
	73,5	82,9	**35,6**	38,7	**n/a**	n/a	**59,2**	58,6
	6,9	6,6	**6,5**	11,7	**n/a**	n/a	**4,1**	4,2

Segment reporting (continued)

for the six months ended 30 September

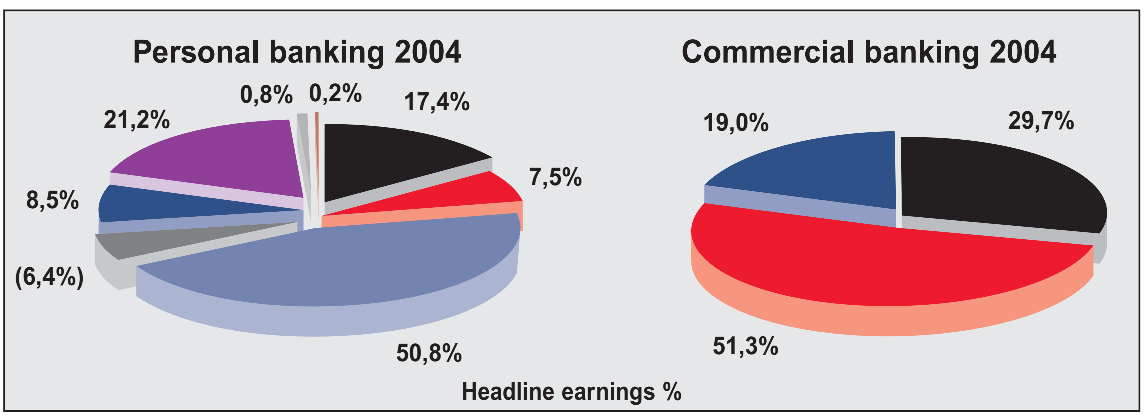
Market

Personal Banking

	Absa Private Bank		Personal Financial Services		Retail Banking Services		Flexi Banking Services	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Headline earnings (Rm)	**8**	4	**71**	67	**164**	149	**80**	48
ROE (%)	**9,6**	5,5	**29,8**	34,6	**59,5**	61,6	**631,5**	405,0
Cost-to-income (%)	**74,5**	72,7	**69,8**	67,3	**78,7**	77,9	**76,7**	88,2
Total assets (Rm)	**2 826**	1 970	**12 942**	12 575	**29 513**	27 086	**4 872**	4 849
Total advances (Rm)	**2 566**	1 749	**9 527**	6 679	**4 439**	4 138	**667**	1 422
Total deposits (Rm)	**1 786**	1 332	**12 084**	11 890	**28 502**	26 132	**3 842**	3 117

Commercial Banking

	Business Banking Services*		Small Business*		AVAF		MLS Bank	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Headline earnings (Rm)	**383**	219	**142**	131	**222**	169	**—**	21
ROE (%)	**35,8**	20,8	**133,6**	89,7	**17,4**	15,2	**—**	13,4
Cost-to-income (%)	**54,9**	57,9	**70,0**	70,3	**53,8**	55,7	**—**	35,1
Total assets (Rm)	**50 965**	45 379	**11 215**	10 043	**41 933**	33 941	**4 040**	4 149
Total advances (Rm)	**30 698**	26 373	**2 716**	2 707	**38 416**	31 413	**3 702**	3 789
Total deposits (Rm)	**45 256**	40 384	**10 752**	9 511	**2 930**	31	**—**	18



Personal banking 2004 Retail Banking Services, Personal Financial Services, Home Loans, Repossessed Properties, Flexi Banking Services, Absa Card, Absa Private Bank, Meeg Bank
Commercial banking 2004 Absa Vehicle and Asset Finance (AVAF), Business Banking Services, Small Business

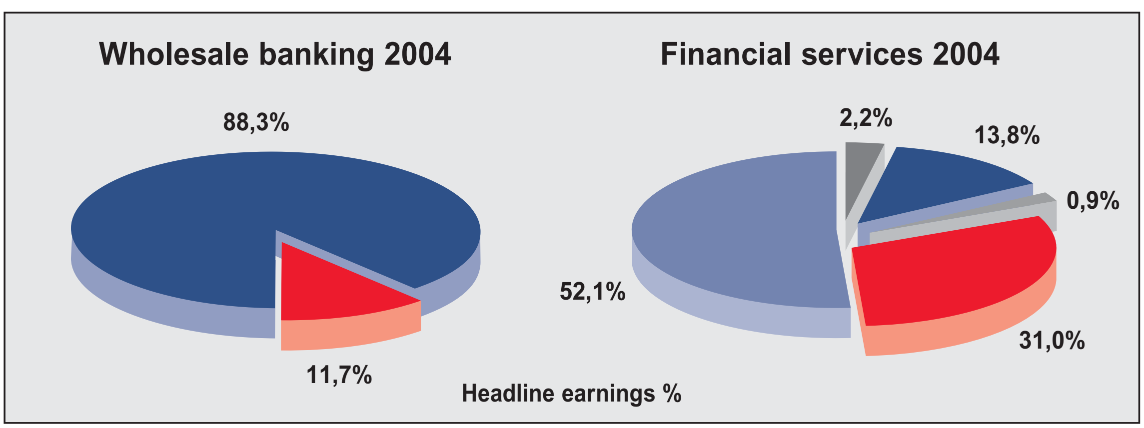
Note: These results are after the allocation of all head office and support charges.

**In the previous year Small Business was still part of Business Banking Services.*

Home Loans 2004	Home Loans 2003	Repossessed Properties 2004	Repossessed Properties 2003	Absa Card 2004	Absa Card 2003	Meeg Bank 2004	Meeg Bank 2003	Total 2004	Total 2003
480	385	**(60)**	(68)	**200**	153	**2**	2	**945**	740
28,7	25,2	**n/a**	n/a	**113,9**	104,6	**18,9**	10,4	**35,0**	33,2
35,9	35,1	**n/a**	n/a	**44,8**	44,3	**76,2**	60,8	**62,9**	63,9
94 735	81 662	**13**	252	**5 240**	4 162	**766**	745	**150 907**	133 301
87 912	75 666	**5**	222	**4 612**	3 676	**500**	472	**110 228**	94 024
—	—	**—**	—	**2 037**	2 188	**688**	693	**48 939**	45 352

Wholesale Banking

Total 2004	Total 2003	Domestic 2004	Domestic 2003	International 2004	International 2003	Total 2004	Total 2003
747	540	**272**	393	**36**	87	**308**	480
27,6	22,7	**11,5**	20,5	**6,1**	14,9	**10,5**	19,2
57,7	57,9	**62,4**	44,5	**66,2**	50,6	**63,3**	46,0
108 153	93 512	**150 166**	141 636	**23 029**	24 445	**173 195**	166 081
75 532	64 282	**46 124**	37 114	**9 678**	10 125	**55 802**	47 239
58 938	49 944	**125 306**	109 227	**16 791**	17 075	**142 097**	126 302



Wholesale banking 2004 Domestic operations International operations
Financial services 2004 Advisory services Wealth creation Other Life insurance Short-term insurance

Capital adequacy

Capital adequacy of Absa Bank Limited

	30 September 2004 Unweighted assets Rm	30 September 2004 Risk-weighted assets Rm	30 September 2003 Risk-weighted assets Rm	31 March 2004 Risk-weighted assets Rm
Risk-weighted assets				
Assets – banking activities				
On balance sheet	**244 431**	**164 963**	145 049	153 021
Off balance sheet	**473 229**	**11 320**	8 609	16 887
Total	**717 660**	**176 283**	153 658	169 908
Notional assets – trading activities	**—**	**5 577**	11 458	6 409
	717 660	**181 860**	165 116	176 317

Qualifying capital	**Rm**	**%***	%*	%*
Primary capital				
Share capital	**293**	**0,2**	0,2	0,2
Share premium	**1 606**	**0,9**	1,0	0,9
Reserves	**14 301**	**7,8**	6,7	7,1
Impairments	**(731)**	**(0,4)**	(0,7)	(0,5)
	15 469	**8,5**	7,2	7,7
Secondary capital				
Subordinated convertible loans	**627**	**0,4**	0,4	0,4
Subordinated redeemable debt	**6 710**	**3,7**	3,3	3,8
Regulatory credit provision/reserve	**1 160**	**0,6**	0,6	0,5
Revaluation reserve	**119**	**0,1**	0,1	0,1
Impairments	**(499)**	**(0,3)**	(0,3)	(0,2)
	8 117	**4,5**	4,1	4,6
Total qualifying capital	**23 586**	**13,0**	11,3	12,3

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

Capital adequacy of Absa Group Limited and its banking subsidiaries

	Risk-weighted assets Rbn	30 September 2004 %	30 September 2003 %	31 March 2004 %
Absa Asia	**1,2**	**32,3**	24,5	39,4
Absa Bank	**181,9**	**13,0**	11,3	12,3
Absa Bank London (a branch of Absa Bank)	**8,1**	**10,7**	7,1	11,9
Absa Bank Singapore (a branch of Absa Bank)	**3,1**	**(7,6)**	2,0	(6,6)
Banco Austral, Sarl	**0,3**	**38,0**	16,4	36,1
Bankhaus Wölbern & Co	**3,0**	**10,4**	11,2	11,1
Meeg Bank	**0,4**	**10,8**	11,3	10,9
MLS Bank*	**—**	**—**	11,5	10,7
National Bank of Commerce	**1,4**	**13,2**	17,0	15,3
Total banking operations	**199,4**	**12,5**	11,3	12,1
Risk-weighted assets (Rm)		**199 430**	186 531	194 220
Tier 1 capital (Rm)		**16 808**	13 547	15 126
Tier 1 ratio (%)		**8,4**	7,3	7,8
Absa Group Limited		**13,4**	12,7	13,0
Risk-weighted assets (Rm)		**228 820**	201 780	210 502
Tier 1 capital (Rm)		**21 567**	18 416	19 188
Tier 1 ratio (%)		**9,4**	9,1	9,1

**MLS Bank's banking licence was cancelled on 1 April 2004 and the activities of MLS Bank was incorporated in Absa Bank.*

Unaudited balance sheets for five years

at 30 September

	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
Assets					
Cash and short-term assets	**15 234**	13 397	11 251	6 574	6 597
Money market assets	**5 198**	6 360	10 914	8 612	3 591
Capital market assets	**6 924**	5 875	2 306	1 959	2 061
Statutory liquid asset portfolio	**12 359**	14 680	17 940	14 366	12 332
Advances	**242 626**	206 298	192 860	170 037	149 381
Derivative and trading assets	**14 760**	24 502	—	—	—
Other assets and taxation	**6 253**	3 844	7 308	4 241	4 952
Investments	**6 671**	4 861	5 798	3 763	3 326
Associated companies	**641**	634	471	378	254
Property and equipment	**2 543**	2 547	2 769	2 347	2 383
Intangible assets	**191**	164	56	170	158
Client liabilities under acceptances	**460**	747	1 605	1 312	2 315
Total assets	**313 860**	283 909	253 278	213 759	187 350
Shareholders' equity and liabilities					
Shareholders' equity	**21 128**	17 908	16 176	14 711	12 585
Minority shareholders' equity	**163**	239	218	452	587
Total Shareholders' equity and minority shareholders' equity	**21 291**	18 147	16 394	15 163	13 172
Liabilities					
Deposits and current accounts	**252 707**	225 467	221 551	186 529	161 188
Derivative liabilities	**17 354**	23 649	—	—	—
Other liabilities, provisions and taxation	**10 074**	8 429	7 891	6 585	6 555
Insurance funds	**4 754**	1 784	1 460	1 291	1 013
Other borrowed funds	**7 220**	5 686	4 377	2 879	3 107
Liabilities to clients under acceptances	**460**	747	1 605	1 312	2 315
Total liabilities	**292 569**	265 762	236 884	198 596	174 178
Total Shareholders' equity and liabilities	**313 860**	283 909	253 278	213 759	187 350
Contingencies	**20 500**	14 137	18 813	13 558	13 399

Unaudited income statements for five years

for the six months ended 30 September

	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
Interest income	**13 626**	16 049	14 388	11 939	10 838
Interest expense	**(8 427)**	(11 216)	(10 103)	(7 730)	(6 988)
Net interest income	**5 199**	4 833	4 285	4 209	3 850
Impairment of advances	**(637)**	(882)	(881)	(938)	(795)
Income from lending activities	**4 562**	3 951	3 404	3 271	3 055
Non-interest income	**5 465**	4 978	4 318	3 547	3 007
Operating income	**10 027**	8 929	7 722	6 818	6 062
Operating expenditure	**(6 316)**	(5 750)	(5 298)	(4 697)	(4 366)
Indirect taxation	**(364)**	(320)	(255)	(299)	(232)
Impairment charge	**(84)**	—	(31)	—	—
Net income from operations	**3 263**	2 859	2 138	1 822	1 464
Share of associated companies' income	**38**	44	44	31	18
Net income before taxation	**3 301**	2 903	2 182	1 853	1 482
Taxation	**(868)**	(777)	(637)	(484)	(357)
Net income after taxation	**2 433**	2 126	1 545	1 369	1 125
Minority shareholders' interest	**(41)**	(39)	(29)	(71)	(59)
Net income attributable to shareholders	**2 392**	2 087	1 516	1 298	1 066
Non-headline earnings items	**61**	27	(1)	11	—
Headline earnings	**2 453**	2 114	1 515	1 309	1 066

Shareholders' information

	30 September 2004 %	30 September 2003 %	31 March 2004 %
Sanlam Limited and associates	**21,3**	22,6	21,3
Financial Securities Limited (Remgro)	**9,4**	9,4	9,4
Mines Pension Funds	**0,6**	1,3	0,6
Public Investment Commissioner (PIC)	**7,8**	8,4	8,7
Managed funds and other corporate holdings	**51,2**	51,9	49,6
Individuals	**9,7**	6,4	10,4
	100,0	100,0	100,0

Shareholders' diary

Financial year-end	31 March 2005
Annual general meeting	19 August 2005

Reports

Announcement of the final results	30 May 2005

Dividends

Dividend	Declaration date	Last day to trade	Ex dividend date	Record date	Payment date
Interim 2004/05	22 November 2004	17 December 2004	20 December 2004	24 December 2004	28 December 2004
Final 2005/06	31 May 2005	17 June 2005	20 June 2005	24 June 2005	27 June 2005

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 1), secondary (Tier 2) and tertiary (Tier 3) 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 1) capital
Primary capital consists of issued ordinary share capital and perpetual preference share capital, retained earnings and the reserves. This amount is then reduced by the portion of capital that is allocated to trading activities.

Secondary (Tier 2) capital
Secondary capital is made up of compulsorily convertible loans, the general impairment provision/reserve and 50% of any revaluation reserves.

Tertiary (Tier 3) capital
Tertiary capital is made up of unappropriated profits in the trading book.

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

Cost-to-income ratio
Operating expenditure as a percentage of income from operations. (Income consists of net interest income and non-interest income.)

Dividend cover
Headline earnings per share divided by dividends per share.

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

Earnings per share
Attributable earnings basis
Net profit for the period divided by the weighted average number of ordinary shares in issue during the period.

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

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

Definitions (continued)

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

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

Net asset value per share
Total shareholders' equity, excluding minority shareholders equity, divided by the number of shares in issue, less any treasury shares held.

Net interest margin on average assets
Net interest income 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 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 and short-term assets, money market assets, capital market assets, statutory liquid asset portfolio and net advances.

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

Price (closing) earnings ratio
The closing price of ordinary shares divided by headline earnings per share.

Price-to-book
The closing share price relative to the net asset value.

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

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

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

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

Administrative information

Controlling company

Absa Group Limited (Registration number: 1986/003934/06)
JSE code: ASA Issuer code: AMAGB ISIN code: ZAE000013389

REGISTERED OFFICE
3rd Floor, Absa Towers East
170 Main Street, Johannesburg, 2001
Postal address: PO Box 7757
Johannesburg, 2000
Telephone (011) 350-4000
Telefax (011) 350-4928
e-mail: groupsec@absa.co.za

OVERSEAS OFFICES

London Branch
75 King William Street, London, EC4N 7AB
Telephone (094420) 7 711-6400
Telefax (094420) 7 711-6550
e-mail: info@absa.co.uk

Hamburg
Bankhaus Wölbern & Co. (AG & Co. KG)
Reg No HRA 51805
Herrengraben 74, Hamburg, D-20459
Telephone (094940) 37608-158
Telefax (094940) 37 608 166
e-mail: info@woelbern.de

Hamburg (Representative office)
Herrengraben 74
Hamburg, D-20459
Telephone (094940) 3697 9730-0
Telefax (094940) 36973036
e-mail: stephan@absa.de

Hong Kong
Absa Bank (Asia) Limited
Reg No 116188
Room 1303-1310
13th Floor, Dah Sing, Financial Centre
108 Gloucester Road, Wanchai, Hong Kong
Telephone (09852) 2531-9388
Telefax (09852) 2802-1908
e-mail: absahk@absaasia.com

Isle of Man
Absa Manx Holdings Limited
Reg No 076041C
3rd Floor, 18 - 20 North Quay
Douglas, Isle of Man, IM1 4LE
Telephone (09441624) 615-042
Telefax (09441624) 614-943
e-mail: mail@amalgamated-finance.com

New York (Representative office)
805 Third Avenue, 10th Floor
New York, NY 10022
Telephone (091212) 805-8353
Telefax (091212) 805-8360/1
e-mail: luis.ponce@absausa.com

Shanghai (Representative office)
Room 404, Dynasty Business Centre
457 Wulumuqi Road North
Shanghai, 200040
People's Republic of China
Telephone (098621) 6249-7050
Telefax (098621) 6249-0181
e-mail: juliaabsash@online.sh.cn

Singapore Branch
9 Temasek Boulevard
#40-01 Suntec Tower Two,
Singapore 038989
Telephone (0965) 6 333-1033
Telefax (0965) 6 333-1066
e-mail: absasgsg@absa.com.sg

Analysts, investors and others seeking information on the Group should contact Willie Roux at Group Investor Relations.
Telephone (+27 11) 350-4061. Telefax (+27 11) 350-6487
e-mail: willier@absa.co.za