ABSA GROUP LIMITED

INTERIM FINANCIAL RESULTS

For the six months ended 30 June 2006

Member of the BARCLAYS Group

ABSA

ABSA GROUP LIMITED

ABSA GROUP PERFORMANCE

For the six months ended 30 June 2006

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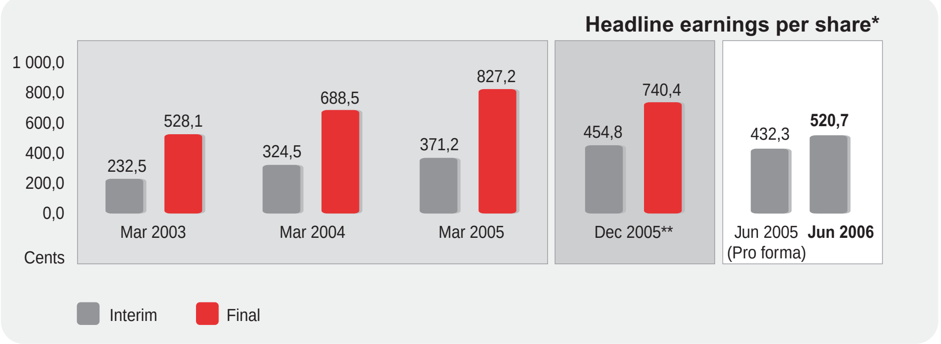
ABSA GROUP PERFORMANCE

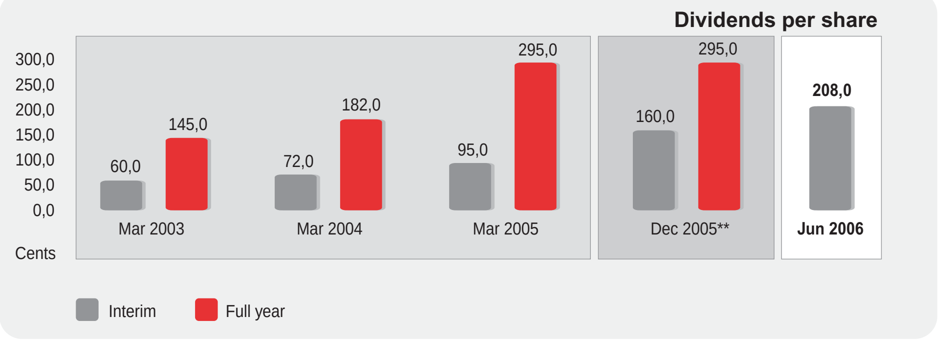
Financial highlights

For the periods ended

	30 June 2006	31 December 2005
› Total assets	**R466,6 billion**	R407,4 billion
› Headline earnings	**R3 460 million**	R2 827 million*
› Market capitalisation	**R67,2 billion**	R67,4 billion
› Number of employees	**34 688**	33 543
› Number of customers	**8,1 million**	7,7 million
› Number of staffed outlets	**727**	718
› Number of ATMs	**6 256**	5 835

**June 2005 (six months).*

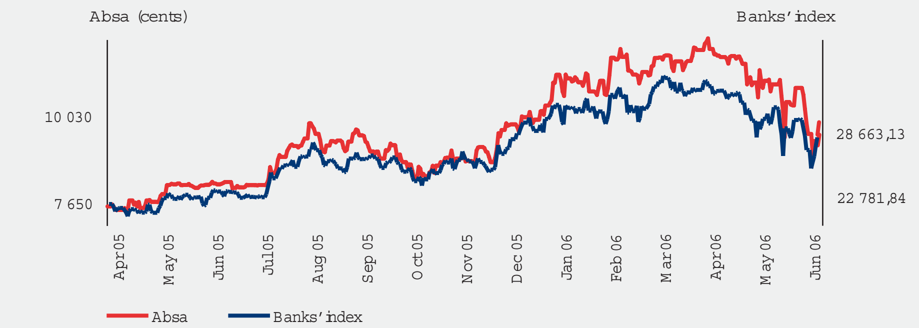




**The comparatives for September 2004 and March 2005 have been restated for International Financial Reporting Standards (IFRS).*

***Nine months.*

Share performance



**Absa's annualised total return for the fifteen month period was 30,6%.*

***Absa's share price outperformed the banks' index by 3,71% (annualised) over the fifteen month period. Total return was used to calculate the relative performance (calculated using an annualised dividend yield).*

Share performance on the JSE Limited

	Six months ended		Nine months ended
	30 June 2006 (Unaudited)	30 June 2005 (Unaudited) (Pro forma)	31 December 2005 (Audited)
Number of shares in issue*	**670 155 074**	666 855 074	666 855 074
Market prices (cents per share):			
› closing	**10 030**	8 248	10 100
› high	**12 400**	8 345	10 320
› low	**9 100**	7 125	7 475
› weighted average	**11 289**	7 804	8 674
Closing price/net asset value per share (excluding preference shares)	**2,42**	2,31	2,60
Closing price/headline earnings per share	**9,6**	9,5	10,3
Volume of shares traded (millions)**	**162,3**	179,1	298,2
Value of shares traded (R millions)	**18 137,6**	13 958,3	26 443,4
Market capitalisation (R millions)	**67 216,6**	55 002,2	67 352,4

Includes **4 304 541 shares held by the Absa Group Limited Share Incentive Trust (December 2005: 3 074 268) and **166 715** shares held by Absa Life Limited (December 2005: 388 200).*

***Only one block trade, of 14,5 million shares, was traded through the JSE during the Barclays acquisition in the period ended 31 December 2005. The remainder of the shares were tendered directly to Barclays by Absa shareholders.*

Group salient features

	Six months ended			Nine months ended
	30 June 2006 (Unaudited)	30 June 2005 (Unaudited) (Pro forma)	Change %	31 December 2005 (Audited)
Income statement (Rm)				
Headline earnings	**3 460**	2 827	22,4	4 902
Profit attributable to equity holders	**3 445**	2 934	17,4	4 776
Balance sheet (Rm)				
Total assets	**466 573**	376 703	23,9	407 422
Loans and advances to customers	**366 760**	289 468	26,7	322 097
Deposits due to customers and banks	**367 248**	293 436	25,2	328 729
Financial performance (%)				
Return on average equity	**24,7**	24,2		26,5
Return on average assets, excluding acceptances	**1,60**	1,67		1,73
Loans to deposits ratio	**99,9**	98,6		98,0
Operating performance (%)				
Net interest margin on average assets	**3,27**	3,29		3,36
Net interest margin on average interest-bearing assets	**3,65**	3,66		3,77
Impairment losses on loans and advances as % of average loans and advances to customers	**0,35**	0,41		0,26
Non-performing advances as % of loans and advances to customers	**1,3**	2,0		1,7
Non-interest income as % of total operating income	**47,9**	53,4		51,1
Cost-to-income ratio	**57,7**	56,8		58,0
Effective tax rate – excluding indirect taxation	**28,5**	29,0		31,1
Share statistics (million)				
Number of shares in issue	**670,2**	666,9		666,9
Weighted average number of shares	**664,5**	653,8		662,1
Weighted average diluted number of shares	**708,8**	691,8		690,8
Share statistics (cents)				
Headline earnings per share	**520,7**	432,3	20,4	740,4
Diluted headline earnings per share	**489,0**	409,5	19,4	710,9
Earnings per share	**518,5**	448,7	15,6	721,4
Diluted earnings per share	**486,9**	425,0	14,6	692,7
Dividends per share relating to income for the period	**208,0**	n/a		295,0
Dividend cover (times)	**2,5**	n/a		2,5
Net asset value per share	**4 142**	3 573	15,9	3 890
Tangible net asset value per share	**4 114**	3 545	16,1	3 861
Capital adequacy (%)				
Absa Bank	**12,7**	11,0		10,7
Absa Group	**12,9**	12,1		11,3

Group financial reporting structure

Absa Group Limited

Retail banking

- Absa Private Bank
- Retail Banking Services (includes FlexiBanking Services, UB Micro Loans and Small Business)
- Absa Home Loans (includes Repossessed Properties)
- Absa Card
- Absa Vehicle and Asset Finance (AVAF)
- Virgin Money South Africa*

Commercial banking

- Absa Corporate and Business Banking Services

Investment banking

- Absa Capital**
- Absa Trading and Investment Solutions Holdings Limited

African operations

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

Changes in the financial reporting structure of the Group

*Absa Bank entered into a joint venture with Virgin Money during the period under review.

**In May 2006, Absa Capital was launched, which represents a combination of the global expertise of Barclays Capital and the specialist local knowledge of Absa Corporate and Merchant Bank (ACMB).

***The Group has increased its shareholding in Abvest Holdings (Proprietary) Limited to 100% during March 2006. Abvest is now included under the Group's bancassurance operations.

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

*****The Group has sold Bankhaus Wölbern & Co to an external party (subject to conditions to be fulfilled) during the period under review.

Bancassurance

Insurance

- Absa Life Limited
- Absa Insurance Company Limited

Investments

- Absa Fund Managers Limited
- Absa Mortgage Fund Managers (Proprietary) Limited
- Absa Stockbrokers (Proprietary) Limited and Portfolio Managers (Proprietary) Limited
- Absa Investment Management Services (Proprietary) Limited
- Abvest Holdings (Proprietary) Limited ***

Fiduciary

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

Other

- Absa Brokers (Proprietary) Limited
- Absa Manx Insurance Company Limited
- Absa Syndicate Investments Holdings Limited

Other Group activities

Other companies

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

International operations

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

Profit and dividend announcement

Introduction

The Group's interim reporting period has changed from the six months ended 30 September to the six months ended 30 June. This change was necessitated by the need to align Absa's financial reporting with that of its controlling shareholder, Barclays PLC. To facilitate evaluation and interpretation, these results are compared with unaudited *pro forma* results for the six months ended 30 June 2005.

Solid headline earnings growth

Absa Group Limited delivered solid headline earnings growth for the six months ended 30 June 2006. Headline earnings for the period under review increased by 22,4% to R3 460 million compared with *pro forma* headline earnings of R2 827 million for the corresponding period of the previous financial year. Attributable earnings growth was lower at 17,4% for the period under review owing to the inclusion of the profit from the sale of Stonehage Financial Services Holdings Limited in the attributable earnings for the six months ended 30 June 2005.

The Group's banking operations performed strongly and the contribution to headline earnings was well spread across all business segments. Absa's bancassurance contribution was negatively affected by increased equity market volatility.

Headline earnings per share increased by 20,4%, from 432,3 cents per share to 520,7 cents per share.

Fully diluted headline earnings per share amounted to 489,0 cents per share for the six months under review. This is an increase of 19,4% compared with the same period of the previous year and represents a dilution of 6,1% or 31,7 cents per share. This dilution flows from the increase in value of the options issued to the Absa Group Limited Share Incentive Trust, the Absa Share Ownership Trust (the trust established to facilitate Absa's employee share ownership programme), and Batho Bonke Capital (Proprietary) Limited (Absa's black economic empowerment partner).

The Group delivered a return of 24,7% on average shareholders' equity (June 2005: 24,2%). An interim dividend of 208 cents per share has been declared. This is 30,0% higher than the interim dividend declared for the six months ended 30 September 2005 and represents a dividend cover of 2,5 times.

Operating environment

After some slowdown in the rate of economic expansion during the second half of 2005, economic growth picked up to 4,2% annualised in the first quarter of 2006, compared with 3,2% in the fourth quarter of 2005. The primary sectors experienced a significant degree of weakness in the first quarter owing to the further strengthening of the rand by 5% on a real effective basis. However, supply-side data up to May suggest that, despite further weakness in mining caused by lower gold output, manufacturing activity and activity in the tertiary sectors remained firm into the second quarter.

Gross domestic expenditure grew at an exceptionally strong pace, rising by nearly 15% annualised in the first quarter. The strong demand conditions in the economy caused a further acceleration in credit growth. Both household net savings and debt levels showed some deterioration.

There have nevertheless been indications of a slowdown in the rate of expansion of expenditure in the economy in the second quarter. Motor vehicle sales growth eased a little and the rate of increase in house prices declined further. Although the rate of domestic private sector credit growth remained persistently above 20% (year-on-year) in the first five months of 2006, credit growth slowed slightly in May and can be expected to ease further given the changed interest rate environment.

South African financial markets did not escape the impact of investor concerns regarding higher US inflation and the rising global trade, investment and saving imbalances. Commodity prices fell in the second quarter and many emerging market currencies, including South Africa's, were negatively affected by fears that global growth would succumb to the effects of the tighter monetary policies of numerous monetary authorities.

South Africa's large current account deficit of 6,4% of GDP in the first quarter contributed to rand weakness in May and June and added weight to the argument of the South African Reserve Bank (SARB) that inflation may break through the upper inflation target limit of 6%. Consequently, the SARB's repo rate was raised by 50 basis points in early June, with indications that more rate increases may be imminent.

For banks, the tighter monetary policy could, over time, have an adverse effect on volumes and bad debt provisions. However, higher interest rates are not expected to materially affect economic growth, with the slightly weaker rand likely to lend support to South Africa's exports.

Group performance

Information on the Group performance, net asset value and capital adequacy is contained on pages 9 to 32.

Information relating to the performance of the Group's segments, is contained on pages 36 to 41.

Changes in accounting policies

The prior year saw significant change, with the transition to IFRS. This changed the measurement and recognition of certain items and had a significant impact on the format of the financial statements, especially the income statement. In the current six months, there were further changes to accounting standards. These standards have been assessed and it is believed that they do not have any material impact on the financial statements. Consequently, no changes in accounting policy requiring a restatement of the Group's financial position or results are required.

Prospects

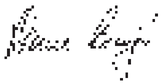
The domestic economic landscape is expected to remain favourable, but further global instability remains a possibility. Monetary policy tightening is expected to cause some moderation in credit growth numbers over the next twelve to eighteen months. Inflation is expected to accelerate, but economic growth is likely to remain firm at around 4% per annum.

Interest margins are expected to remain relatively stable over the next year owing to the benefits of the expected increase in interest rates being offset by the increasingly competitive market and increased reliance on wholesale funding.

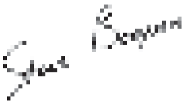
Consumer debt affordability levels are expected to remain acceptable, with the household debt-to-income ratio increasing at a slower pace than previously experienced. As a result, credit quality should remain good, but the impairment charge will move to more normalised levels than those achieved for the past two reporting periods.

Given the current volatility of the equity markets, the Group's bancassurance earnings for the full year are unlikely to match the earnings of the previous year. In addition, some deceleration in advances growth is expected over the next six months owing to possible further increases in interest rates. This may lead to the rate of headline earnings growth being somewhat lower for the full year compared with the growth experienced for the six months under review.

On behalf of the board



D C Cronjé › *Chairman*



S F Booysen › *Group chief executive*

3 August 2006

Declaration of interim ordinary dividend number 40

Shareholders are advised that an interim dividend of 208 cents per ordinary share was declared on Thursday, 3 August 2006, and is payable to shareholders recorded in the register of members of the company at the close of business on Friday, 1 September 2006.

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

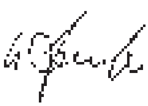
Last day to trade cum dividend	Friday, 25 August 2006
Shares commence trading ex dividend	Monday, 28 August 2006
Record date	Friday, 1 September 2006
Payment of dividend	Monday, 4 September 2006

Share certificates may not be dematerialised or rematerialised between Monday, 28 August 2006 and Friday, 1 September 2006, both dates inclusive.

On Monday, 4 September 2006, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not, cheques dated 4 September 2006 will be posted on or about that date. The accounts of shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Monday, 4 September 2006.

Please refer to the interim 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

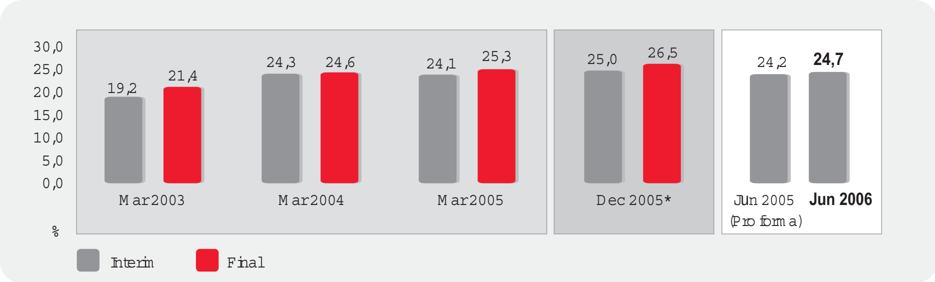


W R Somerville › *Group secretary*

3 August 2006

Group performance

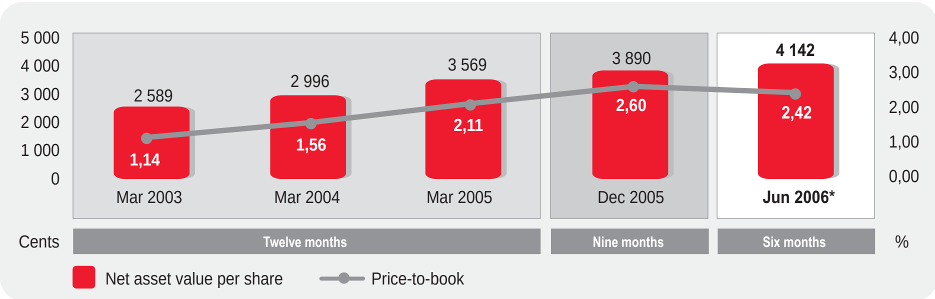
Return on average equity



Nine months.

The Group achieved a return on average equity (RoE) of 24,7% for the six months under review. The pleasing result has enabled a sustained outperformance of the Group's objective of achieving an RoE of at least 5% above the Group's cost of equity.

Capital



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

The net asset value of the Absa Group (excluding the Absa Bank non-cumulative, non-redeemable preference shares) increased by 15,9% from 3 573 cents per share at 30 June 2005 to 4 142 cents per share at 30 June 2006 as a result of the Group's strong operational performance.

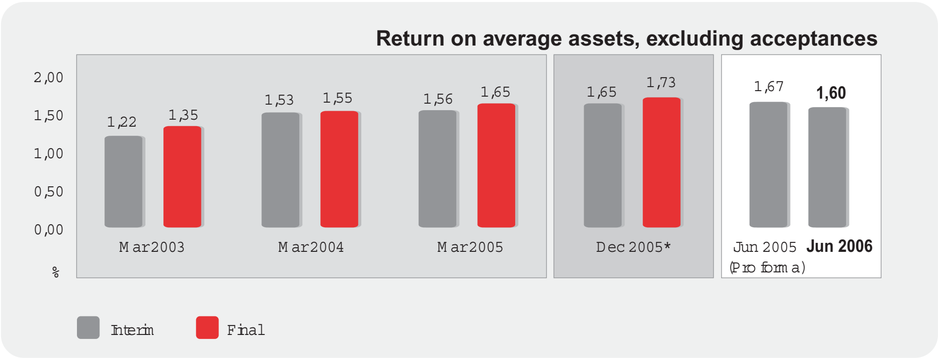
During the period under review, Absa Bank Limited (Absa Bank) issued a tier II bond (AB06). The principal amount of the bond was R2 billion with a final maturity date of 27 March 2020. The issue spread for the bond was 68,5 basis points above the R157. Absa Bank also issued R3 billion in non-cumulative, non-redeemable preference shares during the period under review. These preference shares were allocated at a coupon rate of 63% of the prime overdraft lending rate and were listed on the JSE Limited on 25 April 2006.

On the basis of the prescribed consolidated regulatory capital requirements, the Group's capital stood at 12,9% of risk-weighted assets at 30 June 2006 (December 2005: 11,3%). The Group's primary capital ratio was 9,6% (December 2005: 8,6%) and its secondary capital ratio was 3,3% (December 2005: 2,7%) as at 30 June 2006.

Basel II

Absa has aligned its Basel II implementation with the timelines of the Barclays Group programme. Absa's Basel II development is nearing completion and preparations are under way for the 2007 parallel run. Based on the international Basel II rules, prior to any local amendments, which have not been finalised, Absa remains confident that the anticipated lower capital requirements from credit risk will be sufficient to offset any additional capital required from areas such as operational risk.

Return on average assets



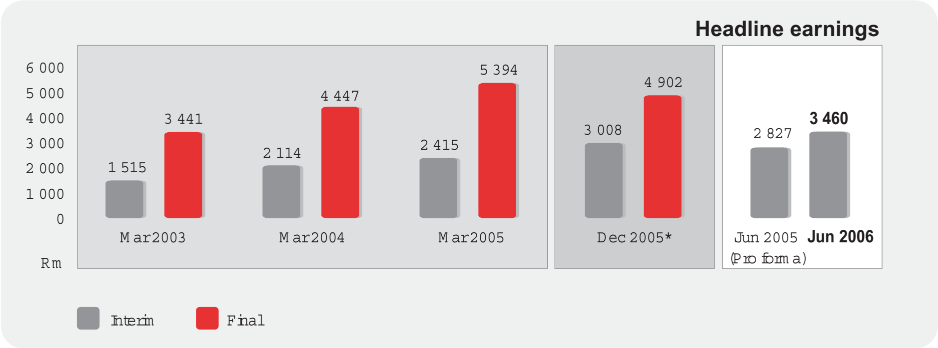
**Nine months.*

The return on average assets (excluding acceptances) (RoA) decreased from 1,73% to 1,60%, compared to 31 December 2005. This still remains in line with the Group's objective of maintaining an RoA of greater than 1,5%.

The reduction is largely as a result of softer equity markets in the current period compared to the nine months to 31 December 2005 and the strong asset growth in the period.

Earnings

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



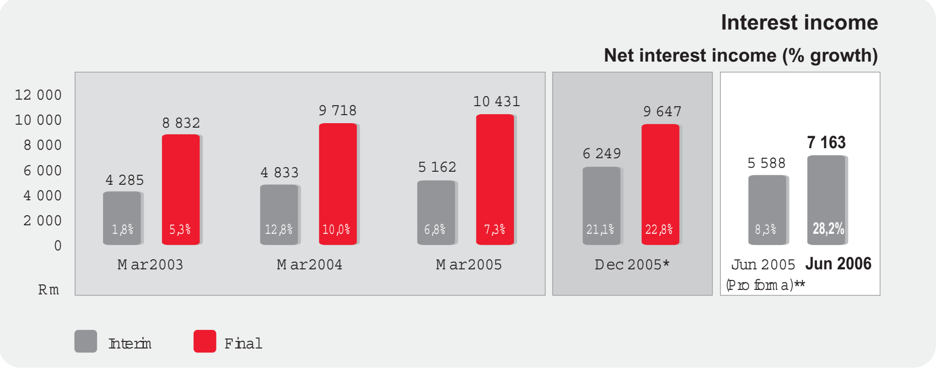
**Nine months.*

The Group increased headline earnings by 22,4%, compared to June 2005, to R3 460 million. This growth outperforms the Group's objective of delivering real earnings growth of 10%.

All banking business segments delivered a strong performance, compared to June 2005, with retail banking growing headline earnings by 24,3% and Absa Corporate and Business Banking Services, Absa Capital and the african operations reflecting growth of 57,6%, 21,9% and 61,0% respectively.

These performances are underpinned by solid advances growth. Consumer debt affordability is expected to remain acceptable, therefore credit quality should remain sound, but at more sustainable levels than experienced in the recent past.

The Bancassurance businesses delivered sound operating performances, but were impacted by volatile equity markets, which resulted in lower returns in the current period compared to the comparable six months.

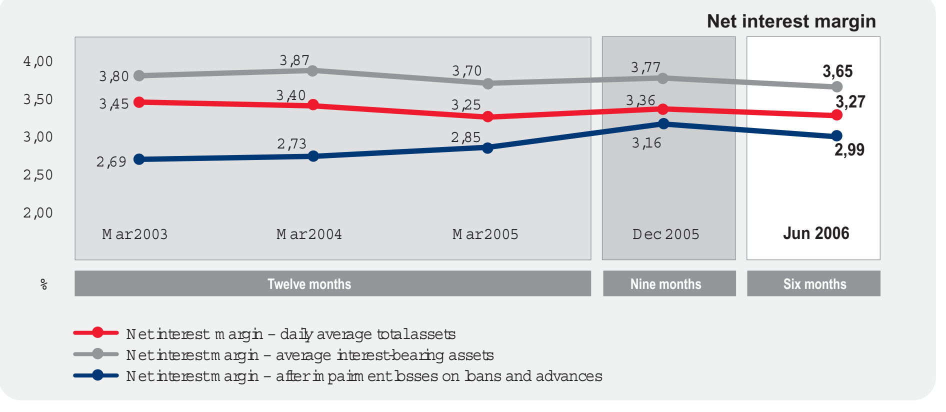


*Nine months. The growth percentages were calculated based on nine month December 2004 pro forma figures (refer to the 31 December 2005 financial results booklet).

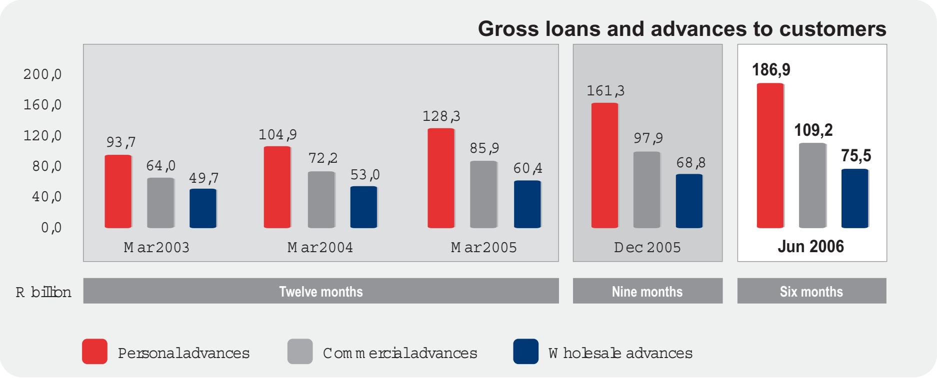
**The growth percentages were calculated based on September 2004 figures.

The Group's net interest income grew strongly from R5 588 million for the six months to 30 June 2005 to R7 163 million for the six months ended 30 June 2006.

Credit demand remained strong. Loans and advances to customers increased by 27,7% (annualised) from 31 December 2005, or 26,7% from 30 June 2005. Mortgage loans and credit card growth remained the core drivers of this growth.



The Group's net interest margin in respect of average assets contracted marginally, from 3,29% for the six months ended 30 June 2005 to 3,27% for the six months ended 30 June 2006. This was caused by an increased reliance on wholesale funding as well as an increasingly competitive marketplace, partly offset by the funding raised through the preference share issue.



Loans and advances mix (%)

Period	Personal	Commercial	Wholesale
March 2003	45,2	30,9	23,9
March 2004	45,6	31,4	23,0
March 2005	46,7	31,3	22,0
December 2005	49,2	29,8	21,0
June 2006	**50,3**	**29,4**	**20,3**

Gross advances increased by 25,7% to R371 589 million, compared to 30 June 2005, with personal, commercial and wholesale advances showing growth of 36,1%, 21,9% and 9,5% respectively.

The growth in personal advances continues to be driven by increased household credit extension. Residential mortgage advances grew by 37,0% and credit cards by 49,1%. Sound advances growth continues to be experienced in the affluent and high net worth market, with Absa Private Bank increasing their advances base by 18,6%.

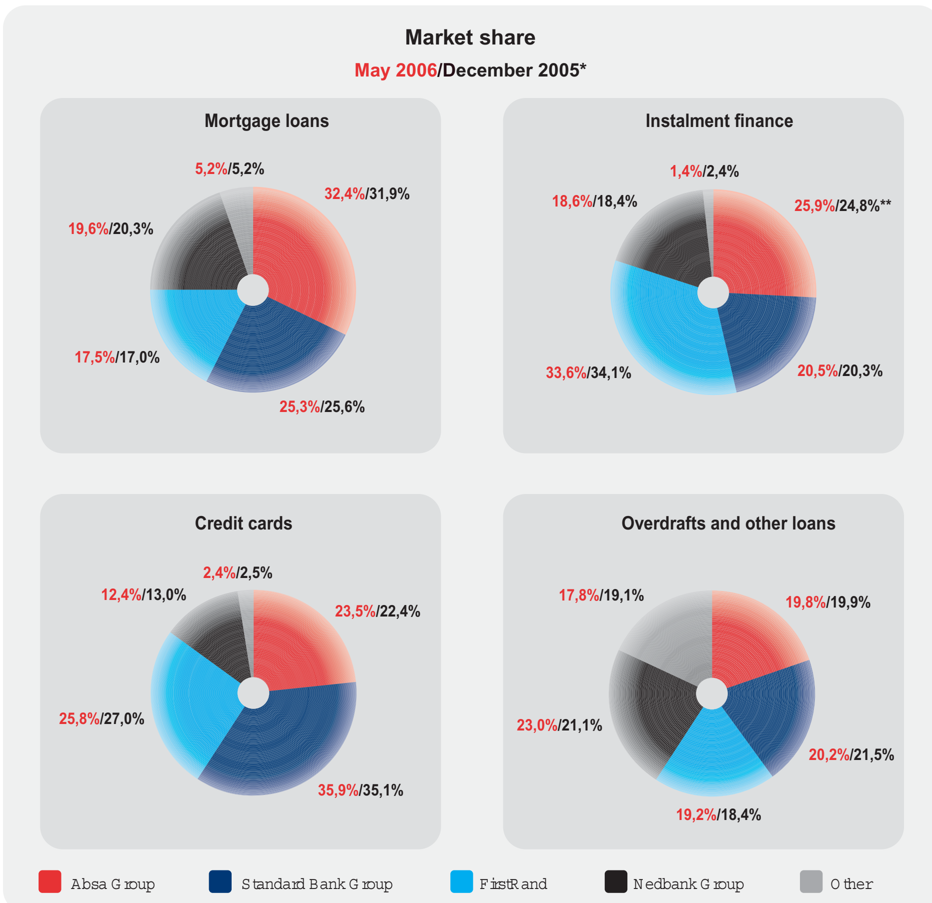
Absa's repossessed properties portfolio continues to decline, with the total number of properties in possession declining by 28,6% from December 2005. The remaining properties in this portfolio (3 776 properties) have been adequately provided for.

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

Both the large and medium business segments drove Absa Corporate and Business Banking Services' advances growth. The strong property market remained a solid contributor to the 21,9% growth in commercial lending.

The Group's wholesale advances experienced 9,5% growth, however, the demand for traditional interest-bearing products remained under pressure. Investments undertaken by Absa's securitisation vehicle (Abacas) and the appetite for preference share funding and specialised and project finance contributed significantly to the growth. These assets attract fees and offer narrower margins than traditional lending products.

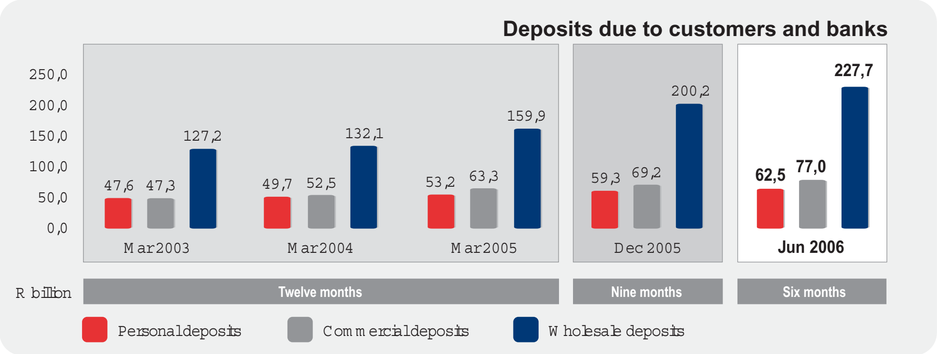
Refer to note 1 of the financial statements on page 24 of this report for further information about the Group's advances.



**Owing to the early results announcement, the market share information for June 2006 was not available for publication.*

***Securitisation of R1,9 billion – 1,0% of market share (December 2005: R2,7 billion – 1,5% of market share) has been excluded from the Absa instalment finance book.*

The competitive landscape remains extremely challenging. The strong advances growth has seen Absa gain market share in mortgages, credit card and instalment finance.



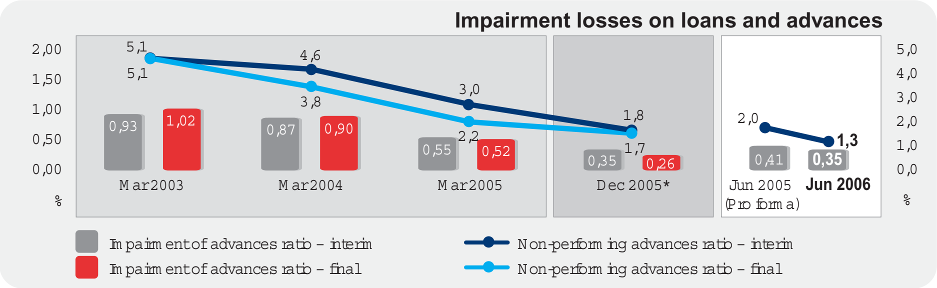
Deposits mix (%)

Period	Personal	Commercial	Wholesale
March 2003	21,4	21,3	57,3
March 2004	21,2	22,4	56,4
March 2005	19,2	22,9	57,9
June 2005 (Pro forma)	18,6	21,9	59,5
December 2005	18,0	21,1	60,9
June 2006	**17,0**	**21,0**	**62,0**

Personal and commercial deposits comprise 38,0% of the Group's funding base, which is lower than the 39,1% recorded at 31 December 2005. This can be attributed to a change in the funding mix towards wholesale advances.

The ability to attract retail deposits at a time when interest rates have been at historic low levels remains difficult as investors look to higher yielding asset classes.

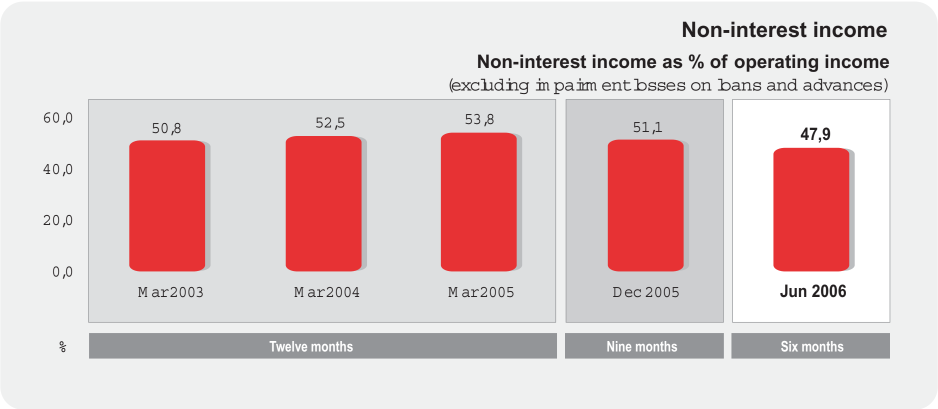
Despite this, personal and commercial deposits have grown 11,1% and 22,5% respectively (on an annualised basis), compared to 31 December 2005.



*Nine months.

The impairment charge of R594 million for the period was slightly higher than the R568 million recorded for the same period of 2005. On an annualised basis, the Group's impairment ratio (income statement charge as a percentage of average advances) for the period was 0,35% compared with the 0,41% achieved for the six months ended 30 June 2005. This ratio is slightly higher than the ratio recorded for the nine months ended 31 December 2005 owing to a slight increase in irregular accounts, particularly in Absa Home Loans and Retail Banking Services. The ratio of non-performing advances to total advances has continued its downward trend and improved to 1,3% (June 2005: 2,0%).

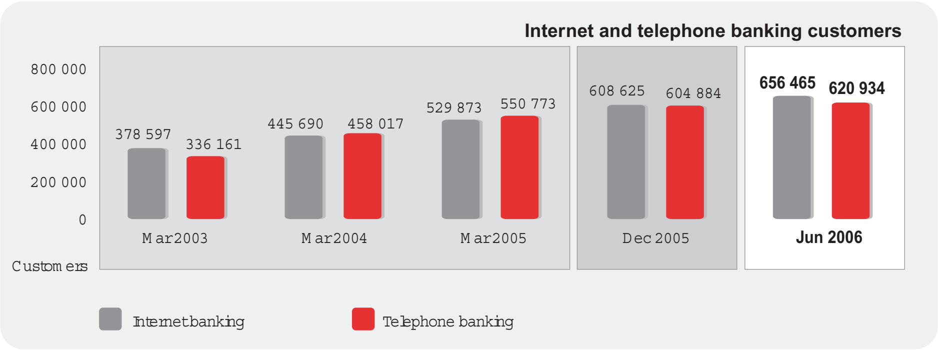
The Group's credit management policies, procedures and techniques remain sound and will be further enhanced by continuing to apply best practice. The levels of provisions held in the Group are prudent and adequately cover the risk of uncollectable amounts.



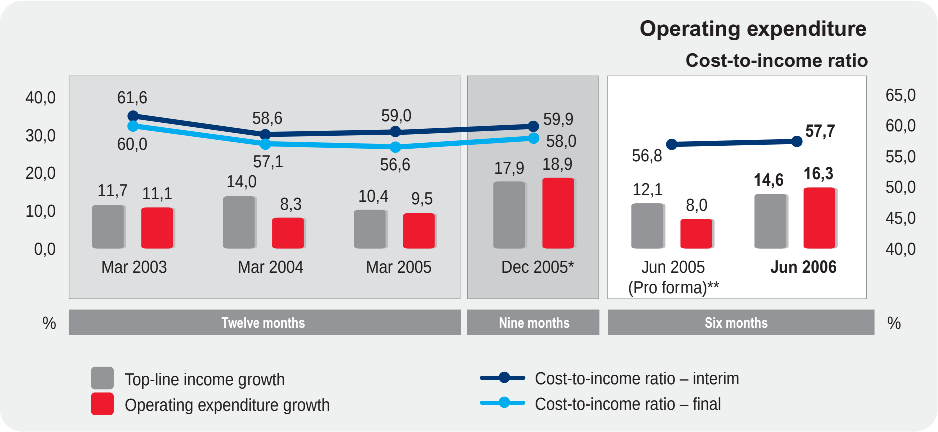
Non-interest income as a percentage of operating income declined from 51,1% to 47,9%.

Non-interest income remained relatively steady in relation to the comparable period of the previous year (including International Financial Reporting Standards (IFRS) reclassifications). Net fees and commissions increased by 4,0% compared with the same period of the previous financial year. Transaction volumes in the retail environment continued to grow and revenue growth of 15,0% was achieved for the period, despite price increases well below inflation. Other areas recorded lower growth rates, in part owing to IFRS reclassifications only applied prospectively from 1 April 2005. Revenue from secondary market trading activities was 35,6% higher than for the same period of 2005.

The low non-interest income growth can also be attributed to the closure of the Group's international operations outside Africa and the lower fair value gains in respect of its listed equity portfolio.



The Group's electronic banking base continues to show growth from a high base. Internet- and telephone banking customers increased by 7,9% and 2,7% respectively since 31 December 2005.



**The growth percentages were calculated based on nine month December 2004 pro forma figures (refer to the 31 December 2005 financial results booklet).*

***The growth percentages were calculated based on September 2004 figures.*

The Group's cost-to-income ratio improved marginally to 57,7% from the 58,0% achieved for the nine months ended 31 December 2005.

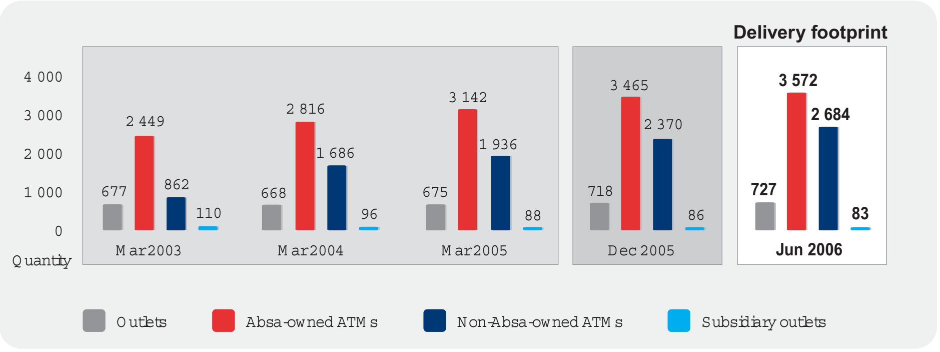
The Group's operating expenses grew slightly more than top-line income growth compared with the same period of the previous year. The growth in operating expenses can primarily be attributed to the further expansion of the Group's branch and ATM network, regulatory and compliance related activities, as well as higher staff costs. The increased staff costs emanate from the Group's emphasis on customer service in an environment where banking transactions and activities continued to increase. Barclays integration costs, a focus on customer education as well as performance-related incentives also resulted in increased costs. If the costs relating to the Barclays implementation initiatives are excluded, the Group's operating expenses grew by 12,5%.

Barclays integration programme

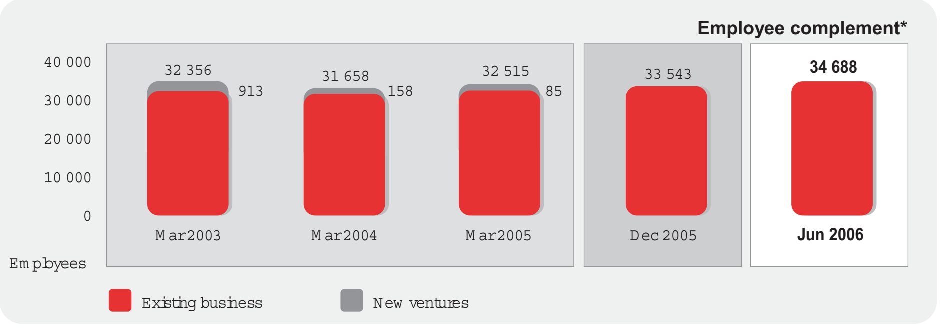
The Group has made good progress with the initiatives to deliver the sustainable future benefits envisaged as part of the transaction whereby Barclays PLC acquired a controlling shareholding in Absa. In the first six months of 2006, R197 million in synergies has been delivered. Integration costs for the period were R262 million, resulting in a net charge of R65 million for the period. The board believes that the Group is on track to achieve the targets previously communicated to the market.

Emphasis is currently being placed on activities resulting from the Barclays acquisition of a controlling stake in Absa. These activities are best practice initiatives, the synergy realisation programme and the Sarbanes-Oxley implementation.

Absa has agreed in principle to acquire the nine Barclays sub-Saharan African businesses. The proposed acquisition will be subject to regulatory and shareholder approval. Once the initiatives relating to the Baclays transaction referred to above have been completed, the proposed acquisition of the Barclays sub-Saharan African operations will become a priority.

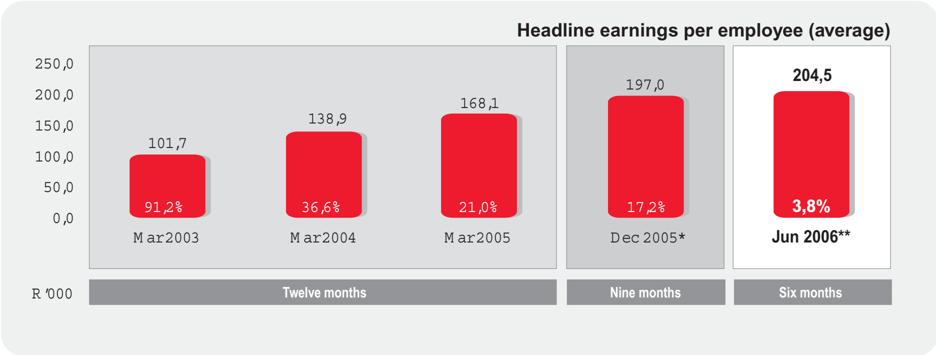


Absa remains committed to investing in its delivery footprint, with an emphasis on a presence in rural and previously disadvantaged communities. The focus is on optimising the outlet network and striking a balance between traditional outlets and alternative/electronic delivery mechanisms.



**The employee complement figures exclude contract workers.*

Staff costs grew by 9,7% (compared to June 2005) and represent 48,6% 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.



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

***Compared to June 2005, the growth was 17,0%.*

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

Group balance sheet

	Note	30 June 2006 (Unaudited) Rm	30 June 2005 (Unaudited) (Pro forma) Rm	Change %	31 December 2005 (Audited) Rm
Assets					
Cash, cash balances and balances with central banks		**10 775**	13 043	(17,4)	15 043
Statutory liquid asset portfolio		**18 929**	14 434	31,1	16 289
Loans and advances to banks		**12 999**	4 226	>100,0	4 602
Trading assets and hedging derivative assets		**26 844**	33 002	(18,7)	23 846
Loans and advances to customers	1	**366 760**	289 468	26,7	322 097
Reinsurance contracts		**381**	343	11,1	423
Other assets		**10 708**	6 730	59,1	6 762
Investments		**14 199**	11 103	27,9	12 759
Investments in associated undertakings and joint ventures		**1 047**	660	58,6	895
Intangible assets		**188**	183	2,7	191
Property and equipment		**3 482**	3 284	6,0	3 451
Current tax assets		**18**	17	5,9	17
Deferred tax assets		**82**	87	(5,7)	86
Clients' liabilities under acceptances		**161**	123	30,9	961
Total assets		**466 573**	376 703	23,9	407 422
Liabilities					
Trading liabilities and hedging derivative liabilities		**28 514**	32 385	(12,0)	21 401
Deposits due to customers and banks		**367 248**	293 436	25,2	328 729
Current tax liabilities		**573**	409	40,1	438
Liabilities under investment contracts		**7 225**	4 645	55,5	6 287
Policyholder liabilities under insurance contracts		**2 970**	2 724	9,0	2 736
Borrowed funds	2	**8 325**	5 756	44,6	6 483
Other liabilities and sundry provisions		**18 240**	11 210	62,7	11 824
Deferred tax liabilities		**2 332**	1 957	19,2	2 562
Liabilities to clients under acceptances		**161**	123	30,9	961
Total liabilities		**435 588**	352 645	23,5	381 421
Equity					
Capital and reserves attributable to equity holders:					
Share capital		**1 331**	1 314	1,3	1 327
Share premium		**1 950**	1 673	16,6	1 875
Preference share capital		**1**	–	>100,0	–
Preference share premium		**2 991**	–	>100,0	–
Other reserves		**551**	692	(20,4)	622
Distributable reserves		**23 927**	20 147	18,8	21 931
		30 751	23 826	29,1	25 755
Minority interest		**234**	232	0,9	246
Total equity		**30 985**	24 058	28,8	26 001
Total equity and liabilities		**466 573**	376 703	23,9	407 422
Contingent liabilities – banking related		**9 992**	14 730	(32,2)	16 331

IAS 39: Balance sheet classification as at 30 June 2006

	Assets Rm	Liabilities Rm
Fair value	**77 830**	**42 439**
Held for trading	26 341	26 578
› Trading assets	26 341	–
› Trading liabilities	–	26 578
Fair value through profit and loss	36 890	15 861
› Statutory liquid asset portfolio	4 330	–
› Loans and advances to customers	17 936	–
› Investments	13 740	–
› Deposits due to customers	–	4 432
› Borrowed funds	–	2 268
› Hedging derivative assets	503	–
› Hedging derivative liabilities	–	1 936
› Reinsurance contracts	381	–
› Liabilities under investment contracts	–	7 225
Available-for-sale		
› Statutory liquid asset portfolio	14 599	–
Amortised cost	**388 743**	**393 149**
Loans and receivables	348 824	–
Held to maturity	1 174	–
Non-trading liabilities	–	371 843
Other assets and liabilities	38 745	21 306
Total equity	**—**	**30 985**
	466 573	**466 573**

Group income statement

	Note	Six months ended 30 June 2006 (Unaudited) Rm	Six months ended 30 June 2005 (Unaudited) (Pro forma) Rm	Change %	Nine months ended 31 December 2005 (Audited) Rm
Net interest income		**7 163**	5 588	28,2	9 647
Interest and similar income		**17 977**	13 977	28,6	23 212
Interest expense and similar charges		**(10 814)**	(8 389)	(28,9)	(13 565)
Impairment losses on loans and advances	3	**(594)**	(568)	(4,6)	(569)
		6 569	5 020	30,9	9 078
Net fee and commission income		**4 841**	4 657	4,0	7 067
Fee and commission income	4.1	**5 113**	4 881	4,8	7 750
Fee and commission expense	4.2	**(272)**	(224)	(21,4)	(683)
Net insurance premium income		**1 408**	1 074	31,1	1 948
Insurance premium revenue		**1 549**	1 243	24,6	2 146
Premiums ceded to reinsurers		**(141)**	(169)	16,6	(198)
Net insurance claims and benefits paid		**(607)**	(487)	(24,6)	(797)
Gross claims and benefits paid on insurance contracts		**(622)**	(508)	(22,4)	(913)
Reinsurance recoveries		**15**	21	(28,6)	116
Changes in insurance and investment liabilities		**(564)**	(257)	>(100,0)	(1 026)
Gains and losses from banking and trading activities	4.3	**461**	264	74,6	781
Gains and losses from investment activities	4.4	**629**	663	(5,1)	1 336
Other operating income	4.5	**432**	503	(14,1)	759
Net operating income		**13 169**	11 437	15,1	19 146
Operating expenditure		**(8 357)**	(7 266)	(15,0)	(12 216)
Operating expenses	5.1	**(7 936)**	(6 824)	(16,3)	(11 438)
Impairments	5.2	**—**	(14)	100,0	(54)
Indirect taxation		**(421)**	(428)	1,6	(724)
Share of profit of associated undertakings and joint venture companies		**69**	22	>100,0	101
Operating profit before income tax		**4 881**	4 193	16,4	7 031
Taxation expense		**(1 391)**	(1 216)	(14,4)	(2 187)
Profit for the period		**3 490**	2 977	17,2	4 844
Attributable to:					
Equity holders of the Group		**3 445**	2 934	17,4	4 776
Minority interest		**45**	43	(4,7)	68
		3 490	2 977	17,2	4 844
› basic earnings per share (cents per share)		**518,5**	448,7	15,6	721,4
› diluted earnings per share (cents per share)		**486,9**	425,0	14,6	692,7
Headline earnings	6	**3 460**	2 827	22,4	4 902
› headline earnings per share (cents per share)		**520,7**	432,3	20,4	740,4
› diluted headline earnings per share (cents per share)		**489,0**	409,5	19,4	710,9

Group statement of changes in equity

	30 June 2006 (Unaudited) Rm	30 June 2005 (Unaudited) (Pro forma) Rm	Change %	31 December 2005 (Audited) Rm
Share capital	**1 331**	1 314	1,3	1 327
Opening balance	**1 327**	1 310	1,3	1 310
Prospective IFRS adjustment – treasury shares Absa Life Limited	**—**	(2)	100,0	(2)
Shares issued	**7**	24	(70,8)	24
Elimination of treasury shares held by Absa Life Limited	**1**	1	–	1
Consolidation of Absa Group Limited Share Incentive Trust	**(4)**	(19)	78,9	(6)
Share premium	**1 950**	1 673	16,6	1 875
Opening balance	**1 875**	1 611	16,4	1 611
Prospective IFRS adjustment – treasury shares Absa Life Limited	**—**	(40)	100,0	(40)
Shares issued	**113**	382	(70,4)	382
Elimination of treasury shares held by Absa Life Limited	**13**	10	30,0	13
Consolidation of Absa Group Limited Share Incentive Trust	**(51)**	(290)	82,4	(91)
Preference share capital				
Shares issued	**1**	–	>100,0	–
Preference share premium	**2 991**	–	>100,0	–
Shares issued	**2 999**	–	>100,0	–
Costs incurred	**(8)**	–	> (100,0)	–
Other reserves	**551**	692	(20,4)	622
Opening balance	**622**	543	14,5	383
Movement in foreign currency translation reserve	**234**	(35)	>100,0	(130)
Movement in regulatory general credit risk reserve	**250**	–	>100,0	–
Movement in available-for-sale reserve	**2**	60	(96,7)	90
Movement in cash flow hedges reserve	**(678)**	65	> (100,0)	97
Movement in insurance statutory reserve	**14**	11	27,3	11
Movement in associated undertakings and joint ventures' retained earnings reserve	**69**	22	>100,0	101
Movement in share based payments reserve	**63**	26	>100,0	70
Disposal of reserves	**(25)**	–	> (100,0)	–
Distributable reserves	**23 927**	20 147	18,8	21 931
Opening balance	**21 931**	18 880	16,2	19 969
IFRS adjustments applied prospectively	**—**	(301)	100,0	(301)
Transfer to insurance statutory reserve	**(14)**	(11)	(27,3)	(11)
Transfer to associated undertakings and joint ventures' retained earnings reserve	**(69)**	(22)	> (100,0)	(101)
Transfer to regulatory general credit risk reserve	**(250)**	–	> (100,0)	–
Acquisition of reserves	**10**	–	>100,0	–
Disposal of reserves	**(217)**	–	> (100,0)	–
Profit attributable to equity holders	**3 445**	2 934	17,4	4 776
Dividends paid during the period	**(909)**	(1 333)	31,8	(2 401)
	30 751	23 826	29,1	25 755
Minority interest	**234**	232	0,9	246
Opening balance	**246**	206	19,4	232
Other reserve movements	**(57)**	(17)	> (100,0)	(54)
Minority share of profit	**45**	43	4,7	68
Total equity	**30 985**	24 058	28,8	26 001

Group cash flow statement

	Note	Six months ended 30 June 2006 (Unaudited) Rm	Six months ended 30 June 2005 (Unaudited) (Pro forma) Rm	Change %	Nine months ended 31 December 2005 (Audited) Rm
Net cash flow from operating activities		**294**	4 057	(92,8)	1 487
Net cash flow (utilised in)/from investing activities		**(3 357)**	(762)	> (100,0)	1 429
Net cash flow from/(utilised in) financing activities		**4 148**	(2 596)	>100,0	(1 370)
Net increase in cash and cash equivalents		**1 085**	699	55,2	1 546
Cash and cash equivalents at the beginning of the period	1	**8 343**	5 674	47,0	6 796
Effects of exchange rate changes on cash and cash equivalents		**3**	1	>100,0	1
Cash and cash equivalents at the end of the period	2	**9 431**	6 374	48,0	8 343

Notes to the cash flow statement

1. Cash and cash equivalents at the beginning of the period

Cash, cash balances and balances with central banks	**15 043**	11 674	28,9	13 183
Statutory liquid asset portfolio	**16 289**	13 850	17,6	14 384
Loans and advances to banks	**4 602**	1 063	>100,0	3 528
Less: amounts not held for cash flow purposes	**(27 591)**	(20 913)	(31,9)	(24 299)
	8 343	5 674	47,0	6 796

2. Cash and cash equivalents at the end of the period

Cash, cash balances and balances with central banks	**10 775**	13 043	(17,4)	15 043
Statutory liquid asset portfolio	**18 929**	14 434	31,1	16 289
Loans and advances to banks	**12 999**	4 226	>100,0	4 602
Less: amounts not held for cash flow purposes	**(33 272)**	(25 329)	(31,4)	(27 591)
	9 431	6 374	48,0	8 343

Notes to the financial statements

	30 June 2006 (Unaudited) Rm	30 June 2005 (Unaudited) (Pro forma) Rm	Change %	31 December 2005 (Audited) Rm
1. Loans and advances to customers				
Total personal advances				
Mortgages	**165 143**	120 558	37,0	142 888
Advances	**164 964**	120 246	37,2	142 639
Repossessed properties	**179**	312	(42,6)	249
Cheque accounts	**3 110**	3 309	(6,0)	3 122
Personal loans	**7 892**	5 587	41,3	6 275
Credit card accounts	**8 489**	5 695	49,1	6 918
Micro loans	**1 102**	1 467	(24,9)	1 416
Other	**1 174**	667	76,0	719
Gross advances	**186 910**	137 283	36,1	161 338
Impairment losses on loans and advances	**(2 154)**	(2 473)	12,9	(2 303)
Net advances	**184 756**	134 810	37,0	159 035
Total commercial advances				
Mortgages (including commercial property finance)	**26 328**	21 148	24,5	23 218
Cheque accounts	**12 926**	10 615	21,8	10 981
Instalment finance*	**55 269**	45 482	21,5	50 297
Term loans	**7 826**	6 492	20,5	7 096
Specialised finance	**1 732**	1 798	(3,7)	1 813
Other	**5 105**	3 999	27,7	4 454
Gross advances	**109 186**	89 534	21,9	97 859
Impairment losses on loans and advances	**(2 032)**	(1 654)	(22,9)	(1 647)
Net advances	**107 154**	87 880	21,9	96 212
Total wholesale advances				
Corporate overdrafts	**2 692**	2 976	(9,5)	2 577
Foreign currency loans	**10 954**	17 927	(38,9)	15 054
Specialised and project finance	**20 713**	14 734	40,6	16 806
Overnight finance	**3 867**	4 782	(19,1)	5 921
Preference shares	**9 677**	10 222	(5,3)	10 514
Commodities	**1 105**	1 118	(1,2)	901
Loans granted under resale agreements (Carries)	**10 147**	5 590	81,5	4 531
Securitised corporate loans (Abacas)	**9 371**	6 727	39,3	8 703
Other	**6 967**	4 840	43,9	3 816
Gross advances	**75 493**	68 916	9,5	68 823
Impairment losses on loans and advances	**(643)**	(2 138)	69,9	(1 973)
Net advances	**74 850**	66 778	12,1	66 850
Total gross advances	**371 589**	295 733	25,7	328 020
Impairment losses on loans and advances	**(4 829)**	(6 265)	22,9	(5 923)
Total net advances	**366 760**	289 468	26,7	322 097

**Although Absa Vehicle and Asset Finance (AVAF) operates in both the personal and commercial markets, this business unit is now included in the retail banking segment. 33,32% (30 June 2005: 32,53%) of AVAF's total advances are in respect of businesses.*

	30 June 2006 (Unaudited) Rm	30 June 2005 (Unaudited) (Pro forma) Rm	Change %	31 December 2005 (Audited) Rm
2. Borrowed funds				
Subordinated convertible loans				
16,60% effective rate	**—**	30	(100,0)	—
Redeemable convertible cumulative preference shares	**—**	31	(100,0)	—
Unsecured subordinated redeemable debentures				
14,65% nominal rate	**—**	200	(100,0)	—
14,45% nominal rate	**—**	300	(100,0)	—
17,90% nominal rate	**—**	250	(100,0)	—
Variable rate debentures	**3**	3	—	3
Secured redeemable compulsorily convertible debentures	**3**	3	—	3
Subordinated callable notes				
14,25% (AB02)	**3 100**	3 100	—	3 100
10,75% (AB03)	**1 100**	1 100	—	1 100
3-month JIBAR + 0,75% (AB04)	**400**	400	—	400
8,75% (AB05)	**1 500**	—	>100,0	1 500
8,10% (AB06)	**2 000**	—	>100,0	—
Accrued interest and fair value adjustment	**68**	193	(64,8)	226
Redeemable cumulative option-holding preference shares	**151**	146	3,4	151
	8 325	5 756	44,6	6 483

	Six months ended 30 June 2006 (Unaudited) Rm	Six months ended 30 June 2005 (Unaudited) (Pro forma) Rm	Change %	Nine months ended 31 December 2005 (Audited) Rm
3. Impairment losses on loans and advances				
Loans and advances to customers	**774**	703	(10,1)	815
Less: recoveries of impairment of advances	**(180)**	(135)	33,3	(246)
	594	568	(4,6)	569
Credit impairments per segment				
Retail banking	**441**	311	(41,8)	348
Absa Corporate and Business Banking Services	**135**	302	55,3	111
Absa Capital	**11**	(121)	> (100,0)	152
African operations	**7**	12	41,7	12
Bancassurance	**1**	2	50,0	3
Other	**(1)**	62	>100,0	(57)
Total charge to the income statement	**594**	568	(4,6)	569
Credit impairments per product				
Mortgage loans	**82**	43	(90,7)	77
Cheque accounts	**104**	115	9,6	129
Instalment finance	**182**	133	(36,8)	276
Credit cards	**82**	51	(60,8)	69
Other retail and commercial advances	**122**	145	15,9	75
Other wholesale advances	**66**	81	18,5	122
Micro loans	**—**	38	100,0	(3)
Repossessed properties	**28**	10	> (100,0)	(70)
Commercial property finance	**7**	15	53,3	18
Total specific impairment charge	**673**	631	(6,7)	693
Portfolio impairment	**101**	72	(40,3)	122
Impairment of advances before recoveries	**774**	703	(10,1)	815
Recoveries of credit impairments	**(180)**	(135)	33,3	(246)
Total charge to the income statement	**594**	568	(4,6)	569
Accumulated impaired advances				
Specific impairments	**3 709**	5 084	27,0	4 904
Non-performing loans	**2 878**	3 891	26,0	3 572
Other impaired loans	**631**	1 001	37,0	1 100
Net present value adjustment	**200**	192	(4,2)	232
Portfolio impairments	**1 120**	1 181	5,2	1 019
	4 829	6 265	22,9	5 923

3. Impairment losses on loans and advances (continued)

	Outstanding balance Rm	Security and recoveries Rm	Net exposure Rm	Impairments raised Rm
Non-performing advances at 30 June 2006				
Personal loans	**217**	**128**	**89**	**89**
Retail overdrafts and credit cards	**633**	**103**	**530**	**530**
Foreign currency loans	**51**	**—**	**51**	**51**
Instalment finance	**324**	**110**	**214**	**214**
Mortgages	**1 624**	**1 343**	**281**	**281**
Microloans	**1 287**	**200**	**1 087**	**1 087**
Other	**662**	**36**	**626**	**626**
	4 798	**1 920**	**2 878**	**2 878**
Non-performing advances as % of loans and advances to customers	**1,3**			
Gross coverage ratio	**100,6**			
Net coverage ratio	**167,8**			
Non-performing advances at 31 December 2005	5 576	2 004	3 572	3 572
Non-performing advances as % of loans and advances to customers	1,7			
Gross coverage ratio	106,2			
Net coverage ratio	165,8			
Non-performing advances at 30 June 2005	5 821	1 930	3 891	3 891
Non-performing advances as % of loans and advances to customers	2,0			
Gross coverage ratio	107,6			
Net coverage ratio	161,0			

	Six months ended 30 June 2006 (Unaudited) Rm	Six months ended 30 June 2005 (Unaudited) (Pro forma) Rm	Change %	Nine months ended 31 December 2005 (Audited) Rm
4. Non-interest income				
4.1 Fee and commission income				
Asset management and related fees	**13**	48	(72,9)	30
Credit related fees and commission	**4 103**	3 894	5,4	5 779
Credit cards	**632**	533	18,6	863
Cheque accounts	**1 162**	1 046	11,1	1 624
Electronic banking	**1 055**	958	10,1	1 530
Other	**1 254**	1 357	(7,6)	1 762
Corporate finance fees	**45**	116	(61,2)	265
Insurance commission received	**432**	379	14,0	891
Portfolio and other management fees	**92**	25	>100,0	152
Trust and estate income	**98**	87	12,6	127
Pension fund payment services	**222**	208	6,7	326
External administration fees	**108**	124	(12,9)	180
	5 113	4 881	4,8	7 750
4.2 Fee and commission expense				
Broking commissions paid	**(272)**	(224)	(21,4)	(683)
4.3 Gains and losses from banking and trading activities				
Net gains on investments	**114**	(23)	>100,0	291
Available-for-sale	**—**	–	–	5
Fair value through profit and loss	**114**	(23)	>100,0	286
Net trading results	**476**	351	35,6	744
Derivatives (non-qualifying hedges)	**(129)**	(64)	> (100,0)	(254)
	461	264	74,6	781
4.4 Gains and losses from investment activities				
Fair value through profit and loss	**615**	538	14,3	1 451
Net investment gains in Life insurance company (before transfer to Life Fund)	**475**	331	43,5	1 052
Investment gains	**140**	207	(32,4)	399
Available-for-sale	**14**	125	(88,8)	(115)
	629	663	(5,1)	1 336

	Six months ended 30 June 2006 (Unaudited) Rm	Six months ended 30 June 2005 (Unaudited) (Pro forma) Rm	Change %	Nine months ended 31 December 2005 (Audited) Rm
4. Non-interest income (continued)				
4.5 Other operating income				
Dividend income	**111**	134	(17,2)	211
Profit on sale of property and equipment	**0**	9	(100,0)	18
Property development profit	**69**	68	1,5	95
Property rental	**44**	64	(31,3)	53
Unit/property trust commission	**119**	103	15,5	170
Other banking income	**89**	125	(28,8)	212
	432	503	(14,1)	759
Net insurance premium income	**1 408**	1 074	31,1	1 948
Net insurance claims and benefits paid	**(607)**	(487)	(24,6)	(797)
Changes in insurance and investment liabilities	**(564)**	(257)	> (100,0)	(1 026)
Total non-interest income	**6 600**	6 417	2,9	10 068
5. Operating expenditure				
5.1 Operating expenses				
Amortisation	**8**	9	11,1	13
Auditors' remuneration	**48**	37	(29,7)	69
Depreciation	**369**	364	(1,4)	550
Information technology cost	**615**	598	(2,8)	813
Marketing and advertising costs	**354**	302	(17,2)	541
Operating lease rentals	**412**	385	(7,0)	557
Professional fees	**415**	463	10,4	691
Costs relating to Barclays transaction	**—**	—	—	120
Barclays synergy costs	**262**	—	> (100,0)	211
Staff costs	**3 853**	3 512	(9,7)	5 735
Other operating expenditure	**1 600**	1 154	(38,6)	2 138
	7 936	6 824	(16,3)	11 438
5.2 Impairments				
Goodwill	**—**	14	100,0	—
Computer software development costs	**—**	—	—	40
Available-for-sale investments	**—**	—	—	14
	—	14	100,0	54
6. Determination of headline earnings				
Headline earnings is determined as follows:				
Profit attributable to equity holders	**3 445**	2 934	17,4	4 776
Adjustments for:				
Net loss/(profit) on disposal of property and equipment	**0**	(9)	100,0	(18)
Net loss/(profit) on disposal of available-for-sale assets and strategic investments	**15**	(112)	>100,0	130
Impairment costs	**—**	14	(100,0)	14
Available-for-sale assets and strategic investments	**—**	—	—	14
Goodwill impaired	**—**	14	(100,0)	—
Headline earnings	**3 460**	2 827	22,4	4 902

	Number of shares		
	30 June 2006 (Unaudited)	30 June 2005 (Unaudited) (Pro forma)	31 December 2005 (Audited)
7. Absa Group Limited Share Incentive Trust			
Shares and options subject to the trust at the beginning of the period			
Shares issued to participants	**—**	587 741	432 741
Options granted	**25 125 744**	32 747 931	30 705 178
	25 125 744	33 335 672	31 137 919
Shares issued and options granted during the period	**678 500**	225 000	4 346 639
	25 804 244	33 560 672	35 484 558
Options exercised and implemented, options cancelled and shares released or repurchased by the trustees in terms of the rules of the trust	**(2 420 608)**	(6 225 371)	(10 358 814)
Shares and options subject to the trust at the end of the period	**23 383 636**	27 335 301	25 125 744

	30 June 2006 (Unaudited)		30 June 2005 (Unaudited) (Pro forma)		31 December 2005 (Audited)	
	% of total issued shares	**Number of shares**	% of total issued shares	Number of shares	% of total issued shares	Number of shares
Maximum shares and options available	**10,0**	**67 015 507**	10,0	66 685 507	10,0	66 685 507
Shares and options subject to the trust	**(3,5)**	**(23 383 636)**	(4,1)	(27 335 301)	(3,8)	(25 125 744)
Balance of shares and options available	**6,5**	**43 631 871**	5,9	39 350 206	6,2	41 559 763

Details regarding the options granted and still outstanding at 30 June 2006 are as follows:

Expiry date*	**Number of options**	**Average option price R**
Year to 31 March 2007	75 076	20,77
Year to 31 March 2008	185 255	30,56
Year to 31 March 2009	194 119	17,85
Year to 31 March 2010	410 871	27,65
Year to 31 March 2011	511 778	26,80
Year to 31 March 2012	2 869 734	36,81
Year to 31 March 2013	4 184 749	33,62
Year to 31 March 2014	3 786 621	35,35
Year to 31 March 2015	6 251 925	49,84
Year to 31 December 2015	4 235 008	91,49
Year to 31 December 2016	678 500	107,00
	23 383 636	**50,79**

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

Capital adequacy

Capital adequacy of Absa Bank Limited

	30 June 2006 Unweighted assets Rm	30 June 2006 Risk-weighted assets Rm	30 June 2005 Risk-weighted assets (Pro forma) Rm	31 December 2005 Risk-weighted assets Rm
Risk-weighted assets				
Assets – Banking activities				
On balance sheet	372 334	246 463	195 040	220 920
Off balance sheet	589 625	7 521	9 638	11 119
Total	961 959	253 984	204 678	232 039
Notional assets – Trading activities	—	5 494	13 098	14 096
	961 959	259 478	217 776	246 135
	Rm	%*	%*	%*
Qualifying capital				
Primary capital				
Share capital	303	0,1	0,1	0,1
Share premium	8 407	3,2	1,3	1,9
Reserves	15 391	5,9	6,7	6,0
Impairments	(583)	(0,2)	(0,3)	(0,3)
	23 518	9,0	7,8	7,7
Secondary capital				
Subordinated convertible loans	—	—	0,3	–
Subordinated redeemable debt	8 600	3,3	2,4	2,7
Regulatory credit provision/reserve	1 033	0,4	0,6	0,3
Revaluation reserve	34	—	0,1	–
Impairments	(107)	—	(0,2)	–
	9 560	3,7	3,2	3,0
Total qualifying capital	33 078	12,7	11,0	10,7

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

Capital adequacy of Absa Group Limited and its banking subsidiaries

	30 June 2006 Risk-weighted assets	30 June 2006 Capital adequacy ratio	30 June 2005 Capital adequacy ratio (Pro forma)	31 December 2005 Capital adequacy ratio
	Rm	%	%	%
South African operations				
Absa Bank	**259 478**	**12,7**	11,0	10,7
Meeg Bank	**—**	**—**	10,0	–
Non-South African operations				
Absa Asia (Hong Kong)	**—**	**—**	37,9	150,2
Absa Bank London (a branch of Absa Bank)	**5 397**	**20,2**	12,6	16,7
Absa Bank Singapore (a branch of Absa Bank)	**—**	**—**	10,0	10,0
Banco Austral, Sarl (Mozambique)	**506**	**24,9**	31,8	27,4
Bankhaus Wölbern & Co (Germany)	**3 573**	**10,7**	10,0	10,1
Hesse Newman & Co (Germany)	**451**	**20,9**	19,5	21,2
National Bank of Commerce (Tanzania)	**2 311**	**13,2**	13,1	16,1
Total banking operations	**271 716**	**12,9**	11,1	11,0
Risk-weighted assets (Rm)		**271 716**	235 327	258 259
Tier I capital (Rm)		**25 558**	19 038	20 861
Tier I ratio (%)		**9,4**	8,1	8,1
Absa Group Limited		**12,9**	12,1	11,3
Risk-weighted assets (Rm)		**288 006**	259 864	279 935
Tier I capital (Rm)		**27 653**	24 582	23 956
Tier I ratio (%)		**9,6**	9,5	8,6
Risk weighted assets/total assets		**61,6**	68,9	68,6

Shareholders' information

	30 June 2006 %	31 December 2005 %
Major ordinary shareholders (top 10)*		
Barclays Bank PLC	**56,6**	56,6
Allan Gray Limited	**5,9**	4,5
Investec Asset Management	**4,4**	4,2
Old Mutual Asset Managers	**4,2**	5,4
Public Investment Corporation	**3,6**	4,0
Sanlam Investment Management	**2,4**	2,1
Coronation Fund Managers	**2,3**	2,3
AXA Financial SA (Bernstein and Alliance)	**2,1**	1,7
Stanlib Asset Management	**1,3**	1,0
Capital Group Companies Inc.	**1,1**	n/a
T. Rowe Price Associates Inc.	**n/a**	0,9
Other	**16,1**	17,3
	100.0	100.0

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

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

	Ordinary shares	Preference shares	Total shares
Shares in issue at 30 June 2006	**670 155 074**	**79 237 500**	**749 392 574**

Shareholders' diary

Financial year-end	31 December 2006
Announcements	
Announcement of the final results*	20 February 2007

Dividends

Dividend	Declaration date	Last day to trade	Ex dividend date	Record date	Payment date
Interim June 2006	3 August 2006	25 August 2006	28 August 2006	1 September 2006	4 September 2006

**Subject to change.*

Definitions

Capital adequacy ratio

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

Primary (Tier I) capital

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

Secondary (Tier II) capital

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

Tertiary (Tier III) capital

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

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

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

Cost-to-income ratio

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

Dividend cover

Headline earnings per share divided by dividends per share.

Dividends per share relating to income for the period

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

Earnings per share

Profit attributable to equity holders

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

Headline earnings basis

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

Fully diluted basis

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

Headline earnings

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

Market capitalisation

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

Net asset value per share

Total shareholders' equity excluding minority shareholders' equity divided by the 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 divided by average assets excluding acceptances (calculated on a daily average basis), expressed as a percentage of average assets.

Net interest margin on average interest-bearing assets

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

Non-interest income as percentage of operating income

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

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

Price (closing) earnings ratio

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

Price-to-book

The closing share price relative to the net asset value.

Repossessed Properties

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

Risk-weighted assets

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

Weighted average number of shares

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

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

ABSA GROUP LIMITED

BUSINESS UNIT PERFORMANCE

For the six months ended 30 June 2006

BUSINESS UNIT PERFORMANCE

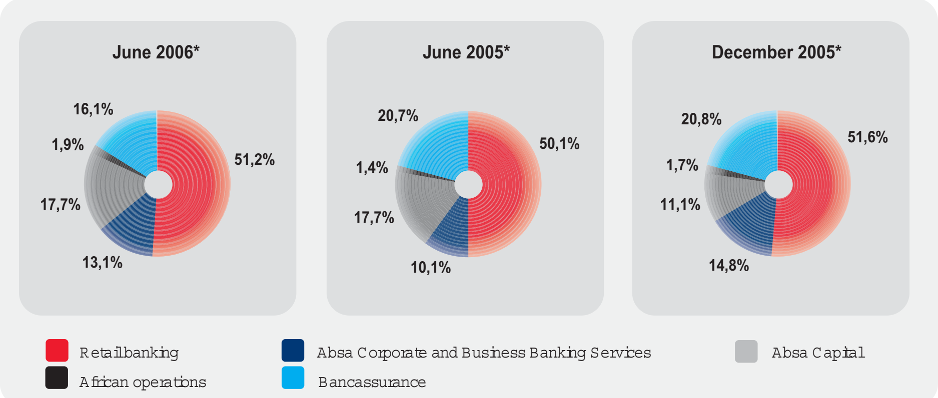
Member of the BARCLAYS Group

ABSA

CONTENTS

BUSINESS UNIT PERFORMANCE

Profit contribution by business area



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

	Note	Six months ended 30 June 2006 (Unaudited) Rm	Six months ended 30 June 2005 (Unaudited) (Pro forma) Rm	Change %	Nine months ended 31 December 2005 (Audited) Rm
Banking operations					
Retail banking		**1 783**	1 434	24,3	2 666
Absa Private Bank		**126**	107	17,8	153
Retail Banking Services	1	**535**	404	32,4	805
Absa Home Loans and Repossessed Properties		**461**	399	15,5	793
Absa Card		**287**	225	27,6	385
Absa Vehicle and Asset Finance (AVAF)		**374**	299	25,1	530
Absa Corporate and Business Banking Services	2	**457**	290	57,6	764
Absa Capital	2	**617**	506	21,9	572
African operations		**66**	41	61,0	90
Corporate centre	3	**104**	103	1,0	(92)
Capital and funding centre		**44**	(32)	>100,0	(29)
Total banking		**3 071**	2 342	31,1	3 971
Bancassurance		**560**	592	(5,4)	1 075
Costs relating to the Barclays transaction		**—**	–	–	(120)
Synergy costs (after tax)		**(186)**	–	> (100,0)	(150)
Total attributable earnings		**3 445**	2 934	17,4	4 776
Headline earnings adjustments		**15**	(107)	>100,0	126
Total headline earnings		**3 460**	2 827	22,4	4 902

Notes
1. *Retail Banking Services includes the results of Flexi Banking Services, UB Micro Loans and Small Business.*
2. *Includes the transfer of corporate banking business from Absa Capital to Absa Corporate and Business Banking Services. The June 2005 figures have been restated accordingly. The December 2005 audited results have not been adjusted.*
3. *Corporate centre's results include the Group's international operations, which are in the process of being wound down, as well as non-financial services businesses.*

Segmental reporting per market segment

	Retail banking		Absa Corporate and Business Banking		Absa Capital	
	June 2006	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)
Income statement (Rm)						
Net interest income	**4 703**	3 869	**1 480**	1 237	**654**	350
Impairment of advances	**(441)**	(311)	**(135)**	(302)	**(11)**	121
Non-interest income	**3 635**	3 167	**749**	720	**552**	284
Other operating expenditure	**(5 160)**	(4 447)	**(1 393)**	(1 210)	**(446)**	(371)
Equity accounted earnings	**37**	(6)	**(3)**	–	**—**	1
Taxation and other	**(991)**	(838)	**(241)**	(155)	**(132)**	121
Attributable earnings	**1 783**	1 434	**457**	290	**617**	506
Headline earnings	**1 783**	1 417	**457**	290	**617**	506
Balance sheet (Rm)						
Total assets*	**311 641**	241 007	**95 288**	78 610	**257 980**	176 887
Total advances	**245 339**	185 916	**56 365**	42 010	**62 300**	47 480
Total deposits	**76 938**	67 784	**84 828**	72 762	**200 375**	135 354
Total liabilities*	**298 860**	231 432	**90 289**	50 458	**253 504**	197 813
Financial performance (%)						
Return on average equity	**26,6%**	28,6%	**19,5%**	16,7%	**29,0%**	31,5%
Return on average assets, excluding acceptances	**1,22%**	1,24%	**1,01%**	0,75%	**0,54%**	0,62%
Operating performance (%)						
Net interest margin on average assets	**3,22%**	3,39%	**3,26%**	3,21%	**0,57%**	0,43%
Charge for impairment of advances to average advances	**0,39%**	0,36%	**0,51%**	1,50%	**0,04%**	(0,55%)
Non-interest income as % of operating income	**43,6%**	45,0%	**33,6%**	36,8%	**45,8%**	44,8%
Cost-to-income ratio	**61,9%**	63,2%	**62,5%**	61,8%	**37,0%**	58,5%
Cost-to-assets ratio	**3,5%**	3,9%	**3,1%**	3,1%	**0,4%**	0,5%

**Total assets and liabilities include intergroup balances of R249 602 million (June 2005: R167 950 million).*

African operations		Bancassurance		Other		Absa Group	
June 2006	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)
170	183	**200**	155	**(44)**	(206)	**7 163**	5 588
(7)	(12)	**(1)**	(2)	**1**	(62)	**(594)**	(568)
94	140	**1 136**	1 210	**434**	896	**6 600**	6 417
(168)	(244)	**(484)**	(434)	**(285)**	(118)	**(7 936)**	(6 824)
32	38	**—**	28	**3**	(39)	**69**	22
(55)	(64)	**(291)**	(365)	**(147)**	(400)	**(1 857)**	(1 701)
66	41	**560**	592	**(38)**	71	**3 445**	2 934
66	39	**554**	611	**(17)**	(36)	**3 460**	2 827
6 444	4 744	**21 805**	13 530	**23 017**	29 875	**716 175**	544 653
2 186	1 557	**85**	128	**485**	12 377	**366 760**	289 468
4 663	3 571	**2**	—	**442**	13 965	**367 248**	293 436
5 716	4 152	**18 567**	11 088	**18 254**	25 652	**685 190**	520 595
26,6%	22,7%	**33,0%**	45,6%	**n/a**	n/a	**24,7%**	24,2%
2,25%	1,69%	**5,77%**	9,79%	**n/a**	n/a	**1,60%**	1,67%
5,79%	7,96%	**n/a**	n/a	**n/a**	n/a	**3,27%**	3,29%
0,71%	1,67%	**n/a**	n/a	**n/a**	n/a	**0,35%**	0,41%
35,6%	43,3%	**85,0%**	88,6%	**n/a**	n/a	**47,9%**	53,4%
63,5%	75,4%	**36,2%**	31,8%	**n/a**	n/a	**57,7%**	56,8%
5,7%	10,6%	**5,0%**	7,0%	**n/a**	n/a	**3,7%**	4,1%

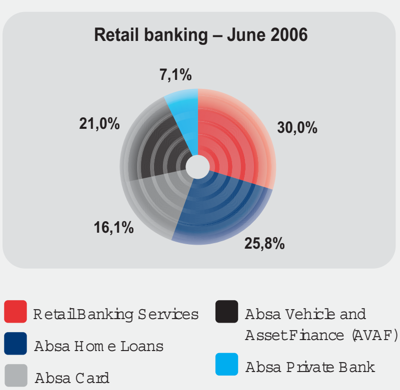
Retail banking

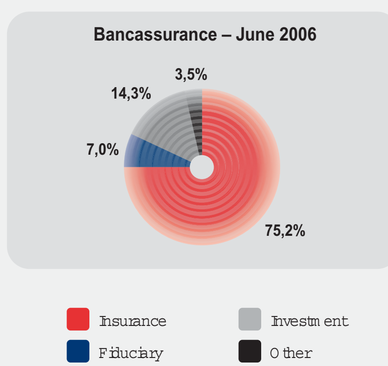
	Absa Private Bank*		Retail Banking Services**		Absa Home Loans***	
	June 2006	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)
Headline earnings (Rm)	**126**	110	**535**	400	**461**	399
Return on average equity (%)	**19,7%**	21,9%	**104,5%**	94,2%	**15,2%**	18,4%
Cost-to-income ratio (%)	**67,9%**	66,9%	**76,7%**	79,0%	**45,5%**	45,5%
Total assets (Rm)	**24 497**	20 441	**57 481**	49 944	**157 408**	115 165
Total advances (Rm)	**22 523**	18 979	**11 378**	8 655	**146 632**	107 295
Total deposits (Rm)	**17 571**	14 881	**55 086**	47 863	**—**	—

	Absa Card		Absa Vehicle and Asset Finance		Total	
	June 2006	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)	**June 2006**	June 2005 (Pro forma)
Headline earnings (Rm)	**287**	225	**374**	283	**1 783**	1 417
Return on average equity (%)	**96,1%**	99,5%	**16,9%**	17,4%	**26,6%**	28,6%
Cost-to-income ratio (%)	**46,2%**	45,7%	**46,0%**	47,1%	**61,9%**	63,2%
Total assets (Rm)	**9 294**	6 142	**62 961**	49 315	**311 641**	241 007
Total advances (Rm)	**8 157**	5 459	**56 649**	45 528	**245 339**	185 916
Total deposits (Rm)	**2 194**	2 120	**2 087**	2 920	**76 938**	67 784

**Includes the results of Personal Financial Services.*
***Includes the results of Flexi Banking Services, UB Micro Loans and Small Business.*
****Includes the results of Repossessed Properties.*
Note: These results are after the allocation of head office and support charges.

Headline earnings %





Commentary

During the period under review, a review of the Group's financial reporting structure was undertaken. The result of the review is that Retail Banking Services, FlexiBanking Services as well as Small Business are now reported as a single unit referred to as Retail Banking Services. Absa Vehicle and Asset Finance (AVAF) has been included in the retail banking segment. Absa Corporate and Business Banking Services is now reported separately, as is Absa Capital. Financial services will now be referred to as bancassurance.

Retail banking – attributable earnings up 24,3%

Retail banking operations continued to benefit from solid advances growth of 13,6% from 31 December 2005, or 27,2% on an annualised basis. This is primarily owing to continued mortgage and credit card advances growth. On an annualised basis, these advances grew at 31,1% and 45,4% respectively. Retail banking achieved solid attributable earnings growth and increased its attributable earnings contribution to R1 783 million (June 2005: R1 434 million). Retail Banking Services, Absa Card and AVAF performed strongly, growing attributable earnings for the six months by 32,4%, 27,6% and 25,1% respectively.

Infrastructure investment for the six months under review continued and included the opening of 12 staffed outlets, which are predominantly situated in previously disadvantaged areas. A further 14 outlets were upgraded during the six months under review and an additional 421 ATMs were added to the delivery footprint. These ATMs were further augmented with 20 internet kiosks and 10 self-service kiosks.

Transaction volumes continued to grow, especially in Absa Card and Retail Banking Services. The growth in transaction volumes emanated from the increased activities of existing customers, especially in terms of electronic transactions, and growth in the retail customer base from 7,2 million in June 2005 to 8,0 million in June 2006, representing a growth of 11%. With regard to Absa Card, the increase in transactions reflects the change in Absa Card's strategy, which has entailed deploying Barclays knowledge, skills and capabilities.

Retail banking's impairment ratio for the period was 0,39% compared with the 0,36% achieved for the six months ended 30 June 2005. This ratio is higher than the ratio recorded for the nine months ended 31 December 2005 owing to a slight increase in irregular accounts, particularly in Absa Home Loans and Retail Banking Services.

Absa Corporate and Business Banking Services – attributable earnings up 57,6%

Absa Corporate and Business Banking Services increased its attributable earnings to R457 million from the R290 million recorded for the six months ended 30 June 2005. The core profit drivers were solid advances and deposit growth of 34,2% and 16,6% respectively compared with 30 June 2005.

Some margin pressure was experienced on selected advance and deposit products owing to increased market competition. Transaction income benefited from the growth in the customer base as well as the growth in transaction volumes, particularly from electronic transactions. The quality of the advances book improved further, as Absa Corporate and Business Banking Services' impairment losses as a percentage of loans and advances to customers of 0,51% for the six months ended 30 June 2006 were lower than the 1,50% recorded for the six months ended 30 June 2005.

Absa Capital – attributable earnings up 21,9%

During the period under review, Absa Capital was launched. The new investment bank is the result of the integration of Absa Corporate and Merchant Bank, with its established track record, local network and expertise, with the international financing and risk management capabilities of Barclays Capital.

Absa Capital has undergone a period of restructuring to configure itself to pursue a more customer-centric business model. This initiative includes refocusing on core investment banking business activities, which have seen a migration of some activities into Absa Corporate and Business Banking Services.

The investment bank has demonstrated a solid 21,9% growth in profit after tax for the six months under review compared with the same period of 2005. This growth was underpinned by strong top-line income growth.

African operations – attributable earnings up 61,0%

The Group's African operations achieved an attributable earnings contribution of R66 million for the six months under review (June 2005: R41 million).

Banco Austral, Sarl (Mozambique) benefited from higher transaction volumes for the year to date and the National Bank of Commerce (Tanzania) from higher non-interest income, higher advance levels and lower impairment levels. Capricorn Investment Holdings (Namibia) continued to perform well, primarily as a result of strong advances growth.

These results also include earnings from Banco Comercial Angolano (Angola) for the first time.

Bancassurance – attributable earnings down 5,4%

Absa's bancassurance operations recorded attributable earnings of R560 million for the six months under review compared with the R592 million recorded for the six months ended 30 June 2005. Despite the lower attributable earnings attained, the Group's bancassurance activities performed well, with strong operational and underwriting performances by both the life assurance and short-term insurance operations. Equity markets reflected increased volatility, which resulted in lower returns compared with the previous period.

Absa Life's earnings were mainly driven by significant sales success, particularly in respect of retail credit risk business. With regard to the Group's short-term insurance operations, increased volumes and maintained claims management efficiencies contributed to good profitability on short-term property insurance.

Assets under management increased by R8,0 billion to R80,7 billion. This resulted mainly from the strong inflow into fixed interest and money market funds and positive investor sentiment. Absa Brokers made strong inroads into the short-term market, especially personal lines business.

Emphasis continues to be placed on further product delivery integration with Absa branches, expanding the product range to satisfy customer needs, customer retention and increased cross-selling.

Other

The Group's international operations in Singapore and Asia have been closed and the London office has been significantly scaled down and has been repositioned as a booking office. Absa's operation in Germany, Bankhaus Wölbern & Co., has been sold subject to conditions to be fulfilled. The impact on attributable earnings is not significant, amounting to a reduction of R23 million for the period under review.

Administrative information

Controlling company

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

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Telefax: +27 11 350-4009
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Sponsors

Lead sponsor

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

Co-sponsor

Absa Capital
Corporate Finance (a division of Absa Bank Limited)
(Registration number 1986/004794/06)
3rd Floor, Absa Towers North, 3W 2,
180 Commissioner Street, Johannesburg, 2001

Transfer secretaries

South Africa

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

ADR depositary

The Bank of New York
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