Group performance

Member of the BARCLAYS Group

ABSA

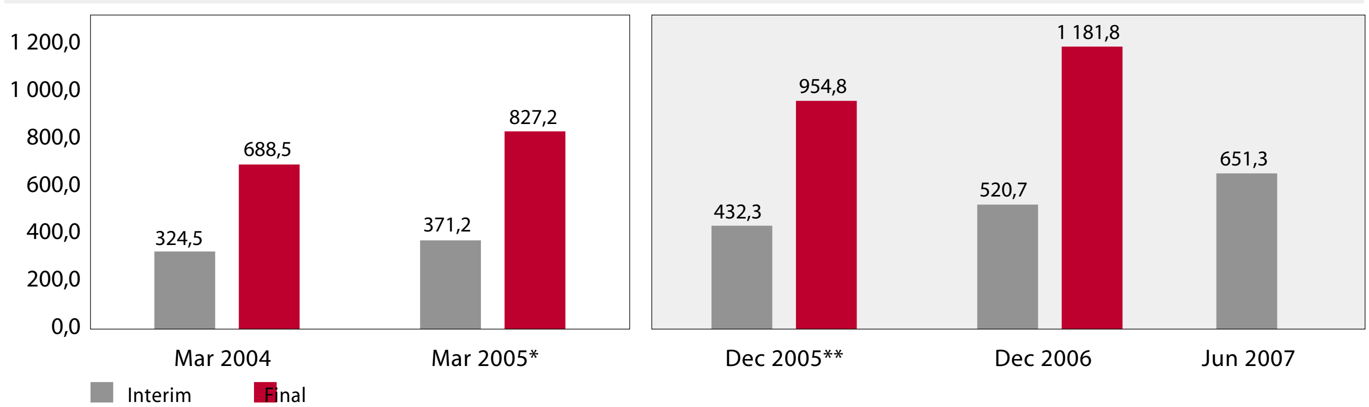
CONTENTS

Group performance

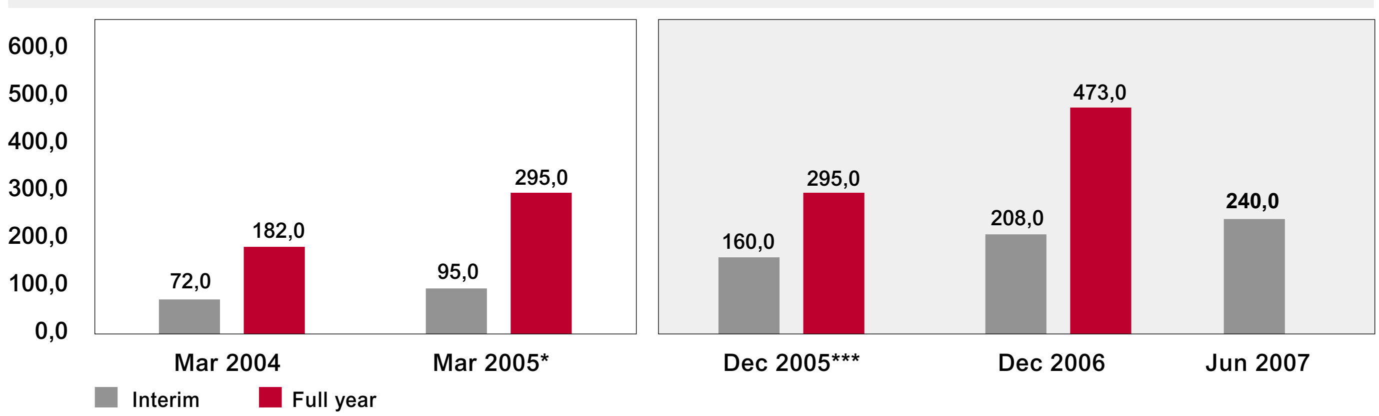
Financial highlights

	For the six months ended		For the twelve months ended
	30 June 2007	30 June 2006	31 December 2006
• Total assets	**R553,9 billion**	R463,3 billion	R495,1 billion
• Headline earnings	**R4 365 million**	R3 460 million	R7 872 million
• Market capitalisation	**R88,8 billion**	R67,2 billion	R84,1 billion
• Number of employees	**35 986**	34 688	35 154
• Number of customers	**8,8 million**	8,1 million	8,4 million
• Number of staffed outlets	**761**	727	749
• Number of ATMs	**7 455**	6 256	7 053

Headline earnings per share (cents)



Dividends per share (cents)



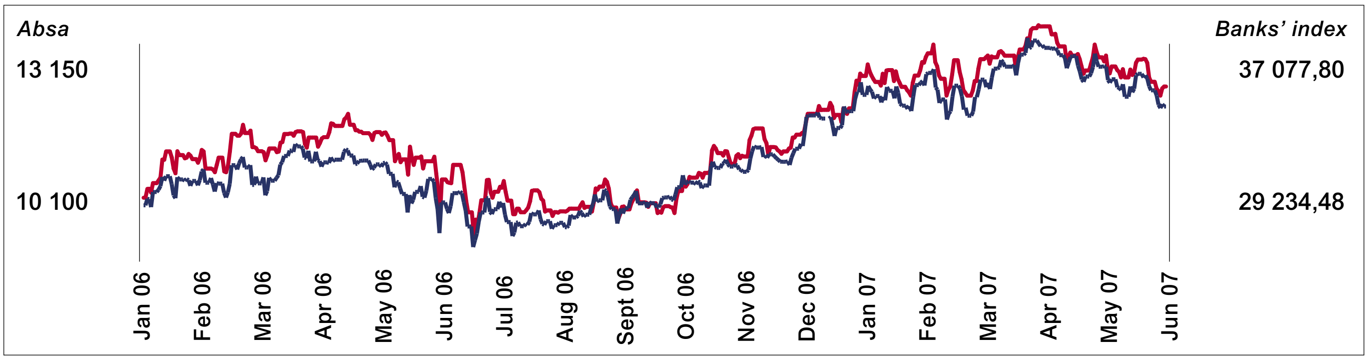
**The comparatives for September 2004 and March 2005 have been restated for International Financial Reporting Standards (IFRS) throughout the document. The comparatives have only been adjusted up to December 2005 for the restatements and reclassifications mentioned on pages 52 – 56.*

***Pro forma figures (six and twelve months).*

****For the six months ended 30 September 2005 and the nine months ended 31 December 2005.*

Share performance

Share performance *(cents)*



**Absa's annualised total return for the fifteen-month period was 35,3%.*

***Absa share price outperformed the banks' index by 0,47% (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		Twelve months ended
	30 June 2007	30 June 2006	31 December 2006
Number of shares in issue*	**674 955 074**	670 155 074	671 955 074
Market prices (cents per share):			
• closing	**13 150**	10 030	12 510
• high	**14 830**	12 400	12 615
• low	**12 170**	9 100	9 650
• average	**13 631**	11 289	10 944
Closing price/net asset value per share (excluding preference shares)	**2,62**	2,40	2,65
Closing price/headline earnings per share	**10,0**	9,6	10,6
Volume of shares traded (millions)	**165,0**	162,3	332,3
Value of shares traded (R millions)	**22 413,1**	18 137,6	35 925,7
Market capitalisation (R millions)	**88 756,6**	67 216,6	84 061,6

Includes **3 580 337 shares held by the Absa Group Limited Share Incentive Trust (December 2006: 2 654 828) and **290 815** shares held by Absa Life Limited (December 2006: 178 370).*

Group salient features

	Six months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2006* (Unaudited) (Restated)	Change %	Twelve months ended 31 December 2006** (Audited)
Income statement (Rm)				
Headline earnings***	**4 365**	3 460	26,2	7 872
Profit attributable to ordinary equity holders of the Group	**4 363**	3 445	26,6	8 105
Balance sheet (Rm)				
Total assets	**553 893**	463 252	19,6	495 112
Loans and advances to customers	**415 964**	345 980	20,2	374 946
Deposits due to customers	**291 306**	258 215	12,8	279 848
Financial performance (%)				
Return on average equity	**26,8**	24,7		27,4
Return on average assets	**1,69**	1,61		1,74
Loans-to-deposits ratio	**142,8**	134,0		134,0
Operating performance (%)				
Net interest margin on average assets	**3,32**	3,21		3,29
Net interest margin on average interest-bearing assets	**3,75**	3,66		3,73
Impairment losses on loans and advances as % of average loans and advances to customers	**0,49**	0,37		0,45
Non-performing advances as % of loans and advances to customers	**1,5**	1,4		1,3
Non-interest income as % of total operating income	**49,5**	49,9		51,1
Cost-to-income ratio	**53,6**	57,7		54,6
Effective tax rate, excluding indirect taxation	**29,6**	28,5		27,6
Share statistics (million)				
Number of shares in issue	**675,0**	670,2		672,0
Weighted average number of shares	**670,2**	664,5		666,1
Weighted average diluted number of shares	**716,5**	708,8		703,2
Share statistics (cents)				
Earnings per share	**651,0**	518,5	25,6	1 216,8
Diluted earnings per share	**610,0**	486,9	25,3	1 154,4
Headline earnings per share	**651,3**	520,7	25,1	1 181,8
Diluted headline earnings per share	**610,2**	489,0	24,8	1 121,3
Dividends per ordinary share relating to income for the period/year	**240,0**	208,0	15,4	473,0
Dividend cover (times)	**2,7**	2,5		2,5
Net asset value per share	**5 020**	4 173	20,3	4 717
Tangible net asset value per share	**4 971**	4 145	19,9	4 682
Capital adequacy (%)				
Absa Bank	**12,9**	12,7		12,3
Absa Group	**13,9**	12,9		13,1

**The comparatives for the six months ended 30 June 2006 have been restated for the deconsolidation of certain cell captives, the reclassification of certain assets and liabilities as well as the reclassification of interest and dividends on fair value through profit and loss assets. Refer to pages 52 – 53 for the restatement of prior year figures.*

***The comparatives for the twelve months ended 31 December 2006 have been reclassified for certain assets and liabilities as well as interest and investment gains on fair value through profit and loss assets. Refer to pages 54 – 55 for the restatement of prior year figures.*

****Excludes **R114 million** (December 2006: R73 million) profit attributable to preference equity holders of the Group.*

Group financial reporting structure

Absa Group Limited

Retail banking

- Absa Private Bank
- Retail Banking Services
  (in addition includes Flexi Banking Services, UB Micro Loans, Small Business, Virgin Money and Retail Delivery)
- Absa Home Loans
  (includes Repossessed Properties)
- Absa Card
- Absa Vehicle and Asset Finance (AVAF)

Commercial banking

- Absa Corporate and Business Bank (ACBB)

Investment banking

- Absa Capital

African operations

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

Bancassurance

Insurance

- Absa Life Limited
- Absa Insurance Company Limited

Investments

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

Profit and dividend announcement

Introduction

Absa maintained good earnings momentum in the six months to June 2007. Supported by positive economic conditions, all the clusters in the Group delivered strong performances. The Group increased headline earnings by 26,2% to R4 365 million compared with headline earnings of R3 460 million for the corresponding period of the previous year.

Financial performance

Headline earnings per share increased by 25,1% to 651,3 cents per share and fully diluted headline earnings per share grew by 24,8% to 610,2 cents per share. The dilution is as a result of the option-holding preference shares issued to the Group's black economic empowerment partner, Batho Bonke Capital (Proprietary) Limited and the employee share ownership programme, as well as ordinary share options issued in terms of the Group's incentive reward strategy.

The Group's return on assets increased from 1,61% in the prior period to 1,69% for the six months under review, driven by strong top-line revenue growth. The Group delivered a return on equity of 26,8% (six months ended 30 June 2006: 24,7%).

An interim dividend of 240 cents per share has been declared for the six months under review. This is 15,4% higher than the interim dividend declared for the six months ended 30 June 2006 and represents a dividend cover of 2,7 times. In view of the changing trading environment in the retail market, the board has adopted a prudent approach to ensure that the growth in dividend can be sustained for the full year. It is the Group's intention to maintain a dividend cover of 2,5 times for the full year.

The key features of the Group's performance included:

- excellent top-line income growth;
- strong advances growth;
- retail credit impairment charges that increased, albeit in line with expectations;
- a solid increase in fee income flowing from increased transaction volumes;
- strong investment performance; and
- improved diversification of earnings following strong growth in the contributions of Absa Corporate and Business Bank and Absa Capital.

Operating environment

Although the South African economic expansion is showing signs of moderation, the economy supported good growth in the financial services industry. Furthermore, the economy continues to experience significant structural shifts. Consumer spending has remained buoyant, driven by a growth in the middle class, and has led to increased levels of indebtedness. Increased debt financing costs and lower real disposable income growth rates are, however, expected to slow consumer debt accumulation in coming months.

Supply-side capital formation is expected to be the key future driver of the South African economy. Infrastructure and production capacity shortages are becoming increasingly evident. Investment is required to improve the long-term growth potential of the economy.

The Competition Commission's enquiry into banking fees has continued throughout the period under review. Absa has co-operated fully and has given detailed responses to all requests made by the enquiry panel. Absa has presented the facts and its views in comprehensive papers filed with the commission, focusing on topics such as automated teller machines (ATMs), payment card systems and interchange fees, the National Payments System and pricing behaviour. The Competition Commission is due to release its report in the latter part of 2007.

Group performance

Information on the Group performance, net asset value and capital adequacy is contained on pages **9** to **38**.

Information relating to the performance of the Group's segments is contained on pages **42** to **51**.

Basis of presentation and changes in accounting policies

Absa Group's interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and disclosures comply with International Accounting Standard (IAS) 34.

The transition to IFRS caused significant changes, which altered the measurement and recognition of certain items, having an impact on the disclosure in the financial statements. Some refinements to interpretation in the application of the IFRS standards also occurred. One such interpretation relates to the treatment of insurance cell captives.

Previously (in June 2006), all cell captives operated by the Group were consolidated, resulting in the assets of the cells being recognised with a corresponding liability equal to the amount of the asset in favour of the cell owner. In terms of the current interpretation, cell arrangements in relation to linked investment products will no longer be consolidated. The comparative information has been restated accordingly.

This restatement has resulted in a R3,5 billion reduction in the balance sheet for the six months ended 30 June 2006. There is no impact on the attributable or headline earnings of the Group.

The Group changed its accounting policy in December 2006 to recognise actuarial gains and losses in accordance with the "corridor method" allowed under IAS 19 – Employee Benefits. This change was prompted by the fact that the pension funds of the various African subsidiaries are consolidated. Management is of the view that this change results in more reliable and relevant information in relation to the underlying operations of those entities. The result of this change is immaterial in Group terms; hence, comparative information has not been restated.

Certain income statement and balance sheet line items have been reclassified to enhance the usefulness of the Group's reporting. Refer to pages 52 – 56 for the restatement of prior year figures.

Prospects

The domestic trading environment is expected to remain favourable, but inflationary pressures are expected to continue in the latter part of 2007, with the CPIX inflation rate continuing to test the 6% upper limit of the target range. The South African Reserve Bank is expected to continue its tight monetary policy to contain inflationary pressures.

The rate of increase in the broader CPI measure of inflation, including mortgage costs, is accelerating as a result of recent interest rate increases, impacting on affordability and real growth in household disposable income. This, combined with the expected ongoing impact of the NCA, will result in a slowing of advances growth and a further increase in credit impairments. Equity returns are also expected to slow during the remainder of the year.

These factors, together with the non-recurring revenue items included in the base for the six months ended 31 December 2006, are expected to lead to the rate of headline earnings growth for the full year being lower than the growth experienced for the six months under review.

On behalf of the board

G Marcus
Chairperson

S F Booysen
Group chief executive

2 August 2007

Declaration of interim ordinary dividend number 42

Shareholders are advised that an interim dividend of 240 cents per ordinary share has been declared on Thursday, 2 August 2007, and is payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 31 August 2007.

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

Last day to trade cum dividend	Friday, 24 August 2007
Shares trade ex dividend	Monday, 27 August 2007
Record date	Friday, 31 August 2007
Payment date	Monday, 3 September 2007

Share certificates may not be dematerialised or rematerialised between Monday, 27 August 2007, and Friday, 31 August 2007, both dates inclusive.

On Monday, 3 September 2007, the dividend will be transferred electronically to the bank accounts of certificated shareholders who use this facility. In respect of those who do not, cheques dated 3 September 2007 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, 3 September 2007.

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

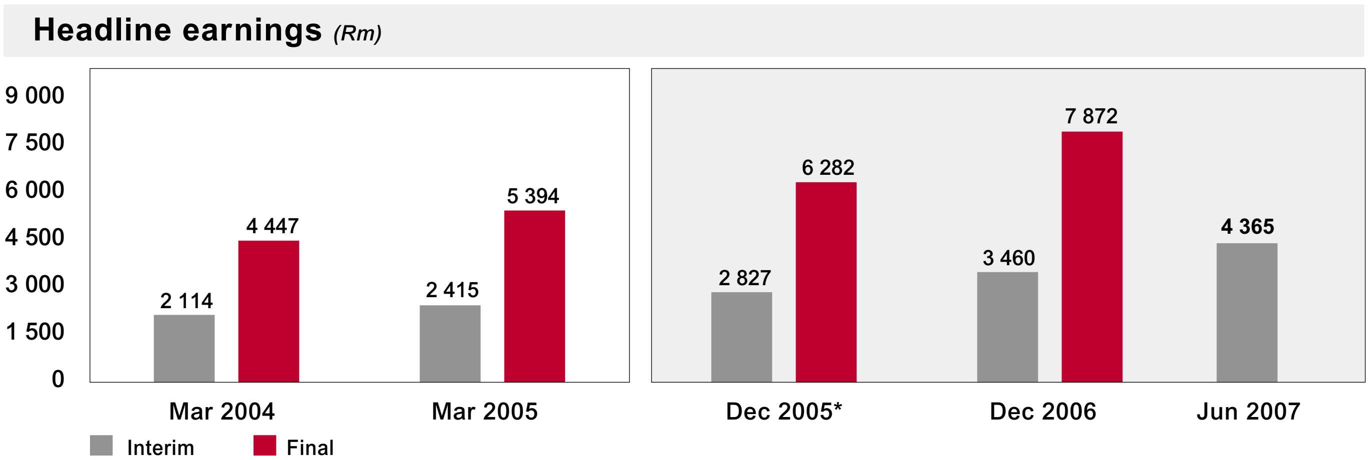
Group secretary

2 August 2007

Group performance

Headline earnings

Objective: Achieve real headline earnings growth of 10%.



**Pro forma figures (six and twelve months).*

Performance

The Group increased headline earnings by 26,2%, compared to June 2006, to R4 365 million. This growth outperforms the Group's objective of delivering real earnings growth of 10%.

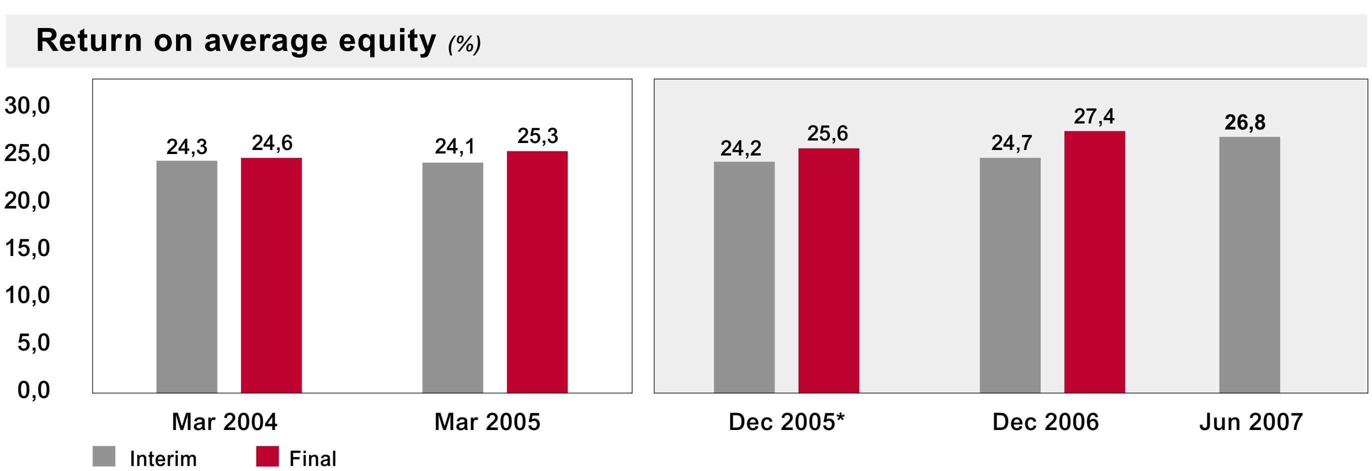
All banking business segments delivered a strong performance, compared to June 2006, with retail banking growing headline earnings by 24,1% and Absa Corporate and Business Bank and Absa Capital reflecting growth of 46,2% and 33,3% respectively.

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 normalised levels than experienced in the recent past. The higher impairment ratio as a result is in line with expectations.

The Bancassurance businesses delivered strong operating performances and posted attributable earnings growth of 33,9% compared to June 2006. This performance was the result of increased credit life business and a lower-than-expected claims experience in the life insurance operations, which was further supported by a strong equity market performance.

1. Return on average equity

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



**Pro forma figures (six and twelve months).*

Performance

The Group achieved a return on average equity (RoE) of 26,8% for the six months under review. The pleasing result has enabled the outperformance of the Group's objective of achieving an RoE of at least 5% above the Group's cost of equity.

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

RoE decomposition

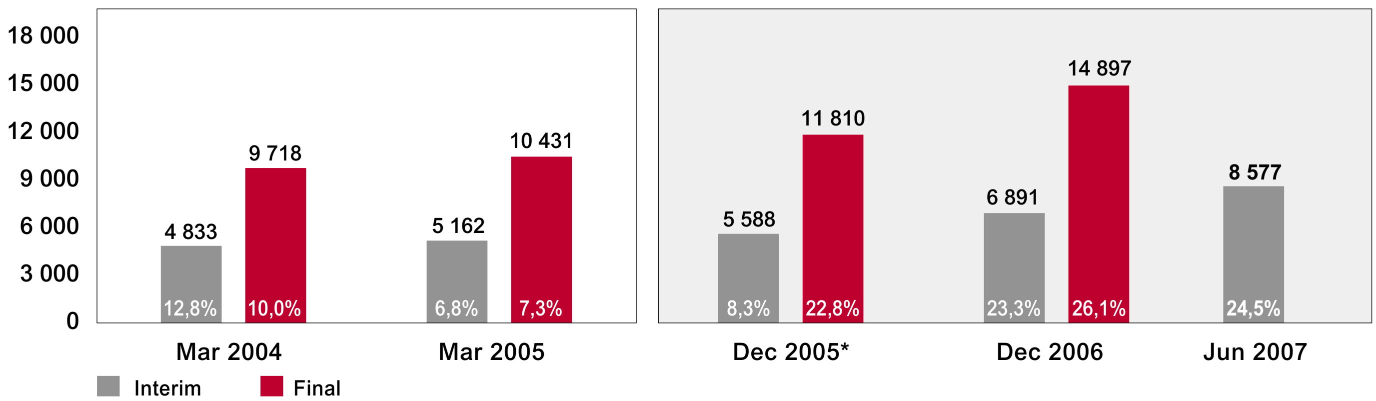
	Note	Six months ended				Twelve months ended
		30 June 2007		30 June 2006		31 December 2006
			%		%	%
Net interest/interest-bearing assets			**3,75**		3,66	3,73
		multiply		multiply		multiply
Interest-bearing assets/total assets			**0,89**		0,88	0,88
		equals		equals		equals
Net interest yield	2		**3,32**		3,21	3,29
		plus		plus		plus
Non-interest yield	3		**3,25**		3,20	3,43
		equals		equals		equals
Gross yield			**6,57**		6,41	6,72
		less		less		less
Impairment losses on loans and advances	4		**0,38**		0,28	0,35
		equals		equals		equals
Risk-adjusted yield			**6,19**		6,13	6,37
		less		less		less
Operating expenditure	5		**3,54**		3,69	3,68
		less		less		less
Taxation expense			**0,92**		0,84	0,89
		plus		plus		plus
Share of retained earnings of associated undertakings and joint ventures			**0,01**		0,03	0,03
		less		less		less
Minority interest			**0,05**		0,03	0,04
		less		plus		plus
Headline earnings adjustments			**(0,00)**		0,01	(0,05)
		equals		equals		equals
Return on average assets (RoA)	6		**1,69**		1,61	1,74
		multiply		multiply		multiply
Gearing (average assets/average equity)	7		**15,90**		15,28	15,78
		equals		equals		equals
Return on average equity (RoE)	1		**26,8**		24,7	27,4

2. Net interest yield

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

Interest income

Net interest income *(Rm and % growth)*



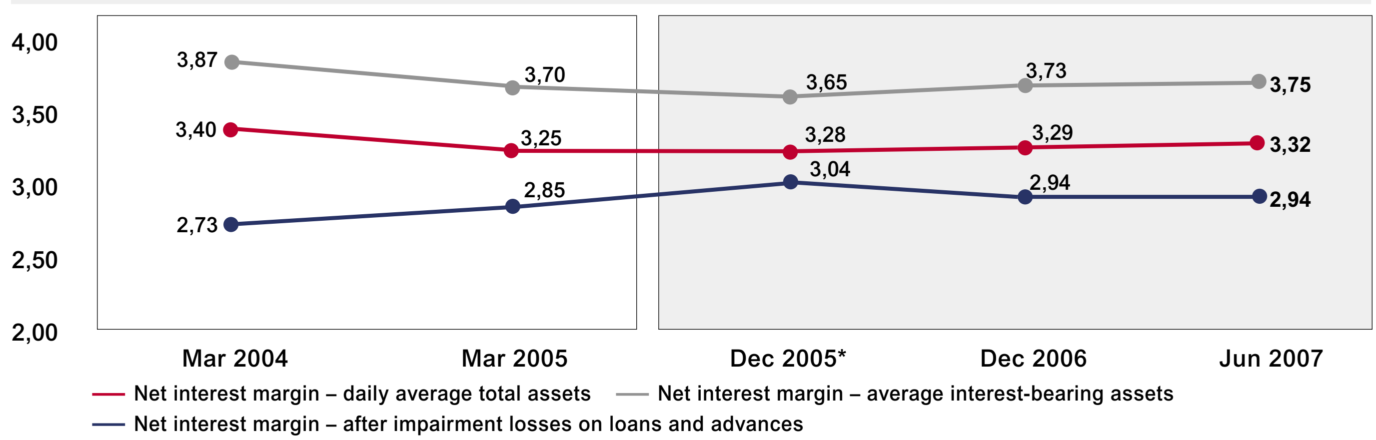
**Pro forma figures (six and twelve months) and growth on December 2004 (pro forma).*

Performance

The Group's net interest income grew strongly from R6 891 million for the six months ended 30 June 2006 to R8 577 million for the six months ended 30 June 2007. Net interest income benefited from strong advances growth, albeit at a slower rate than that achieved for 2006.

Loans and advances to customers increased by 20,2% from 30 June 2006. The growth in advances was largely supported by high growth in mortgages, credit cards and commercial property finance.

Net interest margin *(%)*

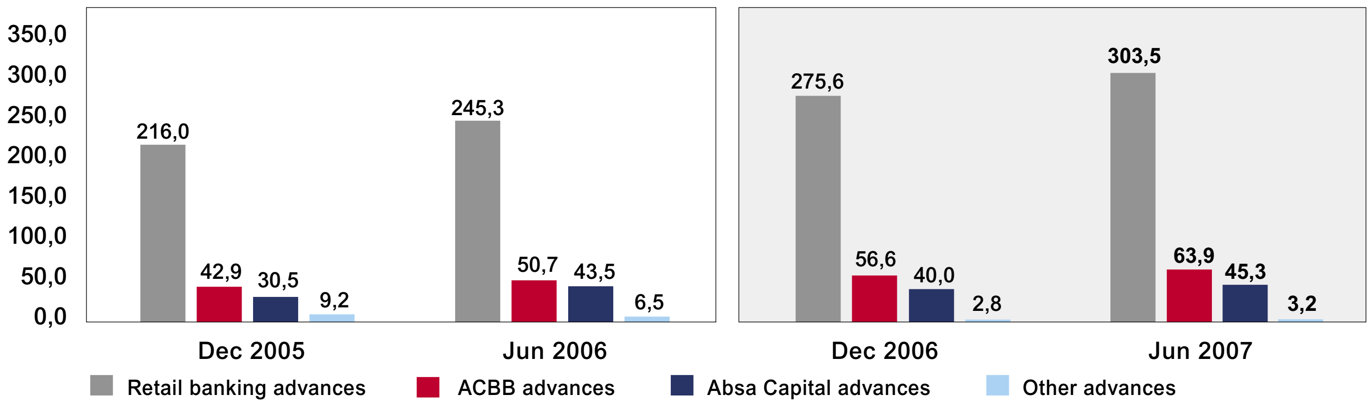


**Pro forma figures (twelve months).*

The Group's net interest margin in respect of average assets improved marginally to 3,32% for the six months under review, compared with 3,29% for the 2006 year. The net interest margin benefited from higher spreads earned on non-rate sensitive deposits and capital in the higher interest rate environment and a change in the asset mix in favour of higher yielding advances. This benefit was partially offset by competitive pressure on lending margins in mortgages, vehicle finance and commercial banking.

Loans and advances to customers

Total advances *(Rbn)*



Loans and advances mix (%)

Period	Retail banking	ACBB	Absa Capital	Other
Dec 2005	72,3	14,4	10,2	3,1
Jun 2006	70,9	14,6	12,6	1,9
Dec 2006	73,5	15,1	10,7	0,7
Jun 2007	**73,0**	**15,3**	**10,9**	**0,8**

Performance

Net advances to customers increased by 20,2% to R415 964 million,compared to 30 June 2006, with Retail banking, Absa Corporate and Business Bank and Absa Capital advances showing growth of 23,7%, 26,1% and 4,1% respectively.

The growth in retail advances continues to be driven by increased household credit extension. Residential mortgage advances grew by 24,7% and credit cards by 52,5%. Sound advances growth continues to be experienced in the affluent and high net worth market, with Absa Private Bank increasing its advances base by 16,8%.

The lower growth experienced in the instalment finance book of 16,5% can be attributed to slower growth in new motor vehicle sales and continued price pressure in the used vehicle market. Strategic alliances with key suppliers and manufacturers continue to contribute to the solid asset growth and is in line with AVAF's strategy to diversify its asset mix and target the corporate and business markets.

Both the large and medium business segments in ACBB drove advances growth in ACBB. The strong property market remained a solid contributor to the 26,1% total advances growth in ACBB, with CPF advances reflecting growth of 32,0%.

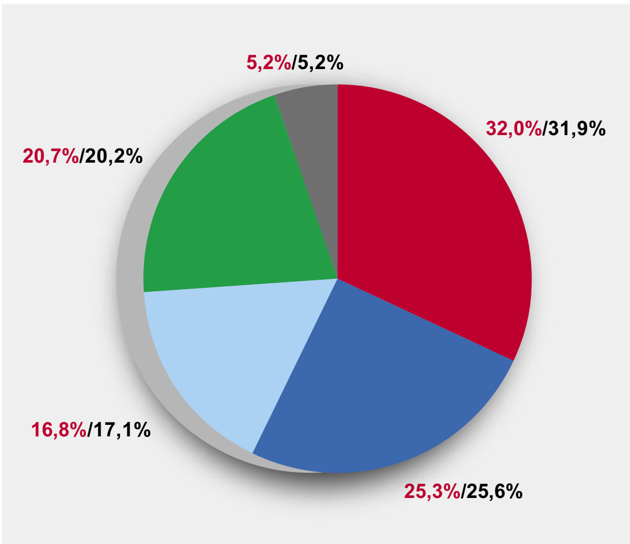
Absa Capital's increased alignment to the Barclays Capital model, shifts the focus from originating assets and holding them, thereby retaining the associated risk, to more of an originate and distribute strategy focused on fee income.

Refer to note 1 of the financial statements on page 27 of this report for further information about the Group's advances.

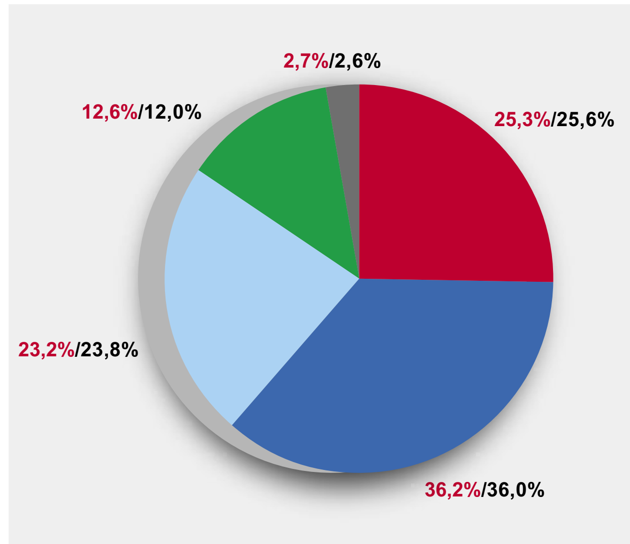
Market share

May 2007/December 2006* (%)

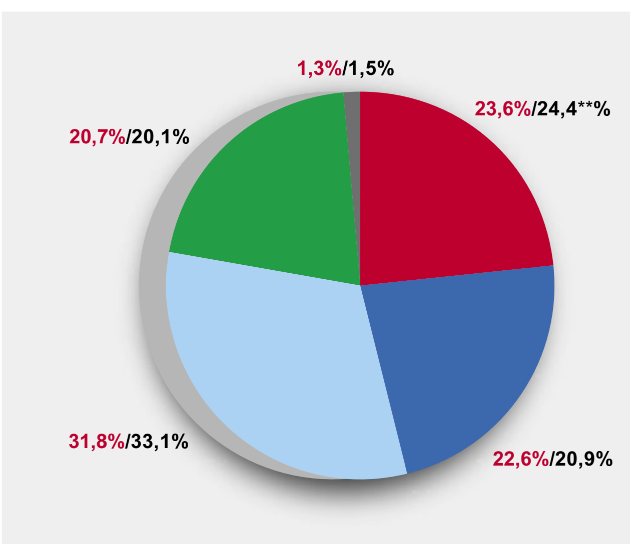
Mortgage loans



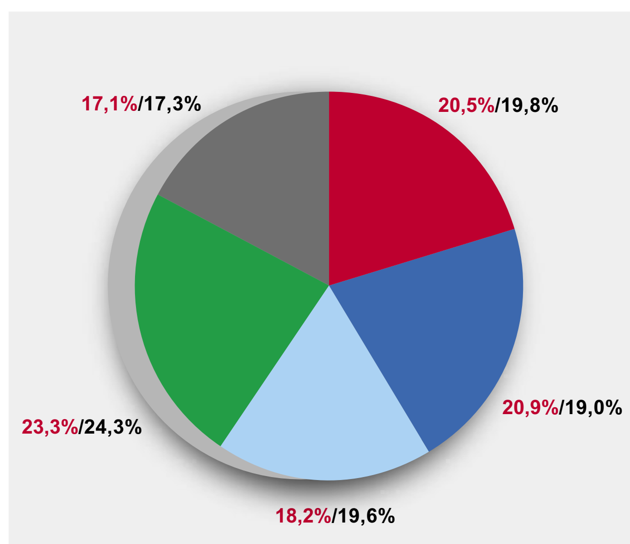
Credit cards



Instalment finance



Overdrafts and other loans



Absa Group　Standard Bank Group　FirstRand　Nedbank Group　Other

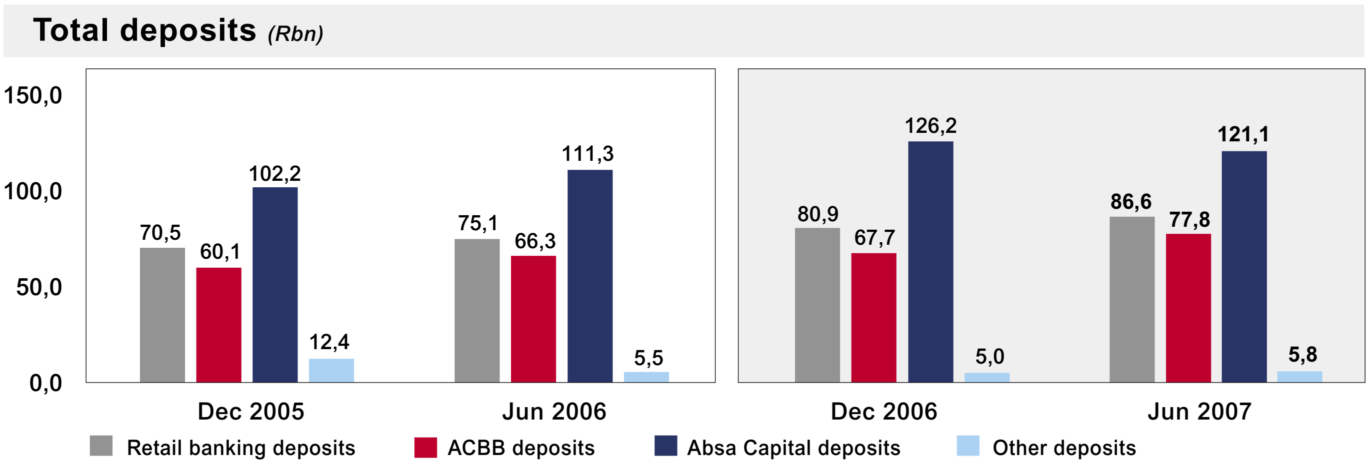
**Owing to the early results announcement, the market share information for June 2007 was not available for publication.*

***Securitisation of **R5,0 billion – 2,4% of market share** (December 2006: R3,1 billion – 1,5% of market share) has been excluded from the Absa instalment finance book.*

Performance

The Group exceeded market growth rates in overdrafts, while growing broadly in line with the market in mortgages and credit cards. The lower growth experienced in the instalment finance book can be attributed to slower growth in new motor vehicle sales and continued price pressure in the used vehicle market.

Deposits due to customers



Total funding (%)	**Jun 2007**	Jun 2006	Dec 2006
Deposits due to customers	**65,3**	70,3	76,8
Retail banking	**19,4**	20,4	20,0
ACBB	**17,5**	18,1	16,8
Absa Capital	**27,1**	30,3	31,3
Other	**1,3**	1,5	8,7
Deposits from banks	**7,8**	10,1	1,2
Debt securities in issue	**26,9**	19,6	22,0
	100,0	100,0	100,0

Performance

The Group's deposit base was bolstered by strong growth in the Absa Corporate and Business Bank deposit book and, in particular, strong growth in public sector deposits. Retail banking and Absa Corporate and Business Bank deposits comprise 36,9% of the Group's funding base, which is lower than the 38,5% recorded at 30 June 2006.

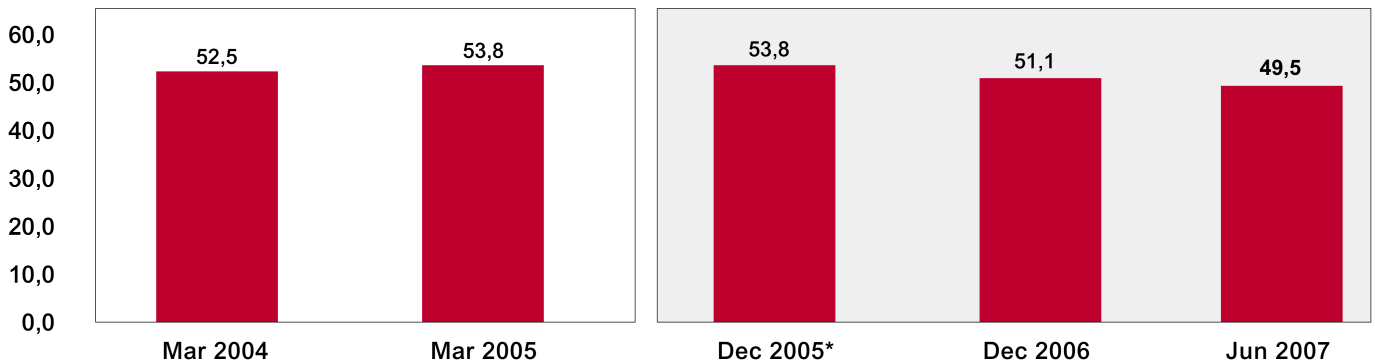
Retail banking and Absa Corporate and Business Bank deposits have grown 15,3% and 17,3% respectively, compared to 30 June 2006.

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

3. Non-interest income

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

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



**Pro forma figures (twelve months).*

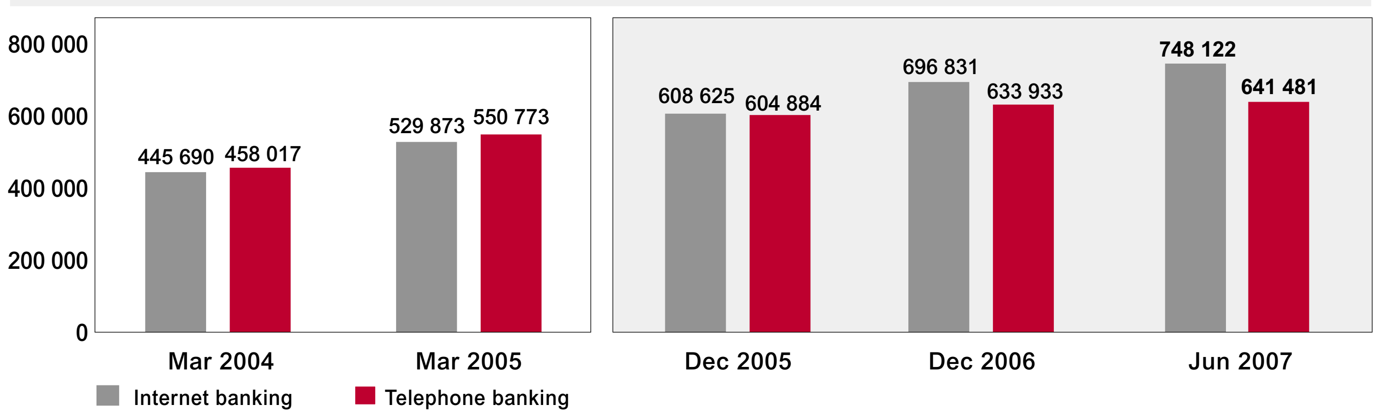
Performance

Non-interest income as a percentage of total income remained relatively unchanged at approximately 50% for the period under review. The Group recorded an 8,4% growth in its customer base during the past 12 months. The growing customer base and increased delivery channels contributed to increased transactional volumes and therefore also a growth in net fees and commissions to R5 626 million (up 17,1%). Absa has again maintained price increases at well below the ruling inflation rate.

Investment markets continued to grow strongly during the period under review, resulting in Absa's bancassurance operations experiencing impressive investment income growth amounting to R430 million compared with R305 million in the previous period. Gains of R135 million on the Group's commercial property equity portfolio further assisted in increasing non-interest income.

In addition to this, new business volumes for both of the Group's insurance operations remained strong and the Group's asset management business posted solid gains, fuelled by a 31,4% growth in assets under management to R116,2 billion compared to 30 June 2006.

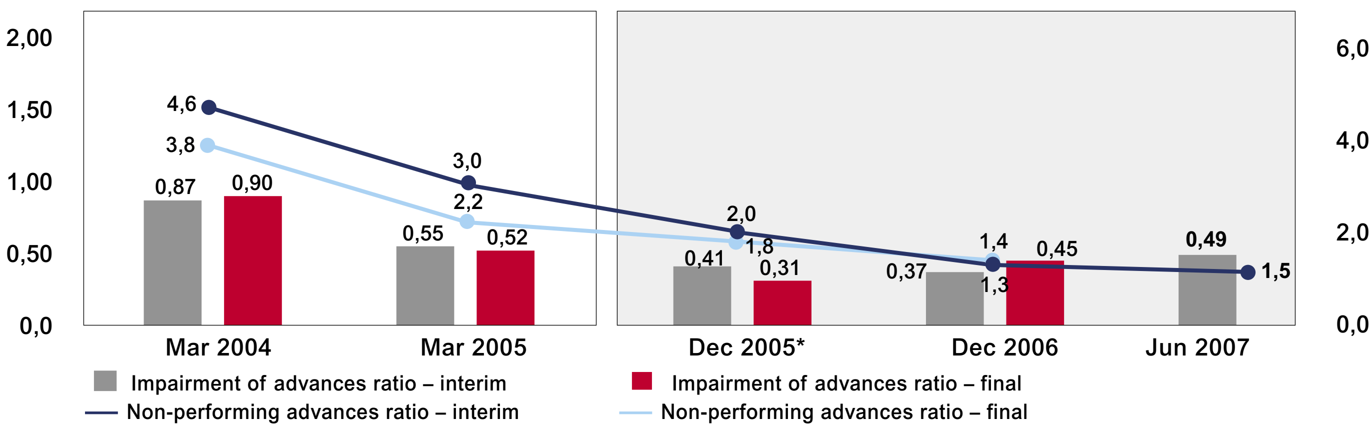
Internet and telephone banking *(Customers)*



The Group's electronic banking base continues to show growth from a high base. Internet and telephone banking customers increased by 7,4% and 1,2% respectively since 31 December 2006.

4. Impairment losses on loans and advances

Impairment losses *(%)*



**Pro forma figures (six and twelve months).*

Performance

Credit impairments have continued to rise from the cyclical low experienced over the last three reporting periods. The Group's impairment ratio (income statement charge as a percentage of average customer advances) increased from 0,37% for the six months ended 30 June 2006 to 0,45% for the full 2006 year, and 0,49% for the current period. The higher loss ratio resulted from increased delinquencies in the retail book and was offset to some degree by low impairments in corporate and business banking's operations. The Group implemented a more conservative approach to its retail banking scorecards and is enhancing collection strategies to counter the risk associated with the current credit cycle.

Legislative developments – National Credit Act (NCA)

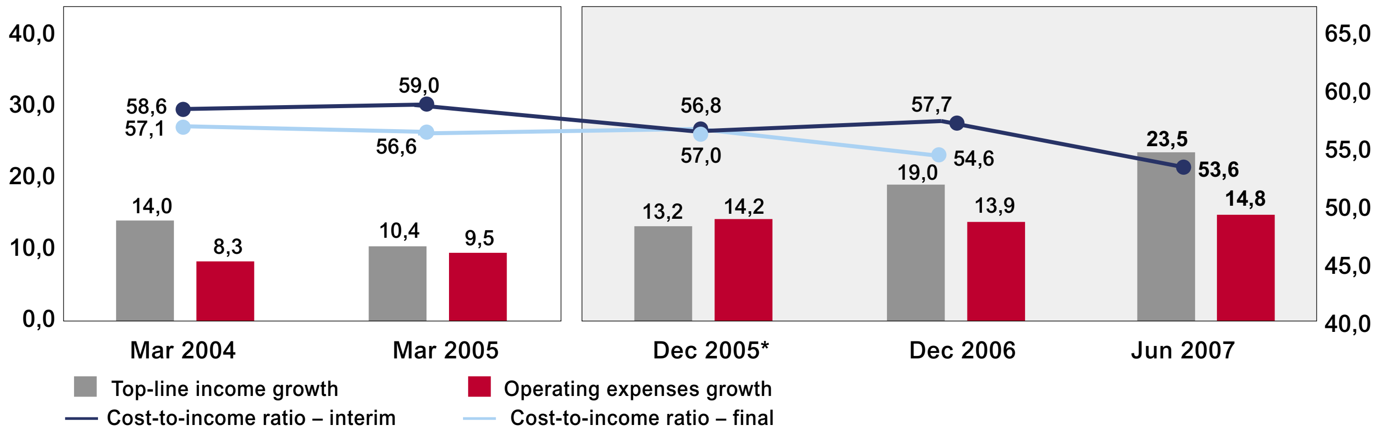
The NCA was promulgated on 13 March 2006 and implemented on 1 June 2007. It is the Group's view that this legislation will benefit and protect consumers. The Group has amended its systems and processes to ensure a responsible and consistent approach in interactions with customers and to maintain an audit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

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

5. Operating expenditure

Objective: Drive down the cost-to-income ratio towards the mid-fifties.

Cost-to-income ratio *(%)*



**Pro forma figures (six and twelve months).*

Performance

The Group's cost-to-income ratio improved from the 57,7% recorded for the six months ended 30 June 2006 to 53,6% in the period under review.

The increase in operating expenses can largely be attributed to costs associated with the expansion of the Group's distribution footprint, further costs relating to the realisation of the Absa-Barclays synergies, higher incentive provisions and expenditure relating to compliance. Consequently, staff cost was the major driver of the higher expenditure levels, with staff numbers 4,3% higher compared to the same period of 2006.

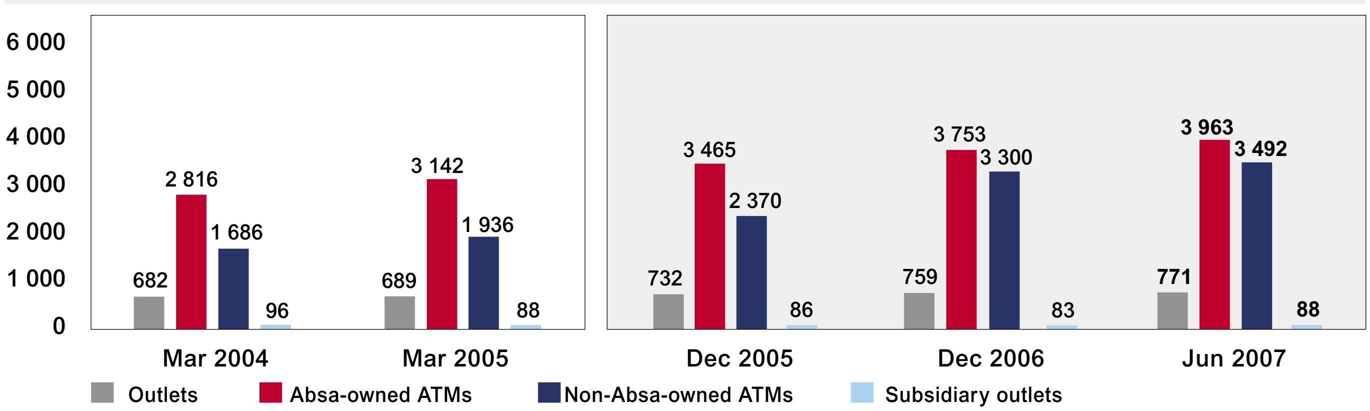
Revenue growth exceeded cost growth by 8,7% and the Group's objective is to achieve a cost-to-income ratio of around 50% over the next three years.

Absa-Barclays synergies – R650 million in sustainable synergies

The Group has made excellent progress with value-adding initiatives through co-operation with Barclays. As previously communicated, the sustainable profit before tax benefit that the Group aims to derive four years from the date of acquisition by Barclays of its controlling stake in Absa amounts to R1,4 billion per annum.

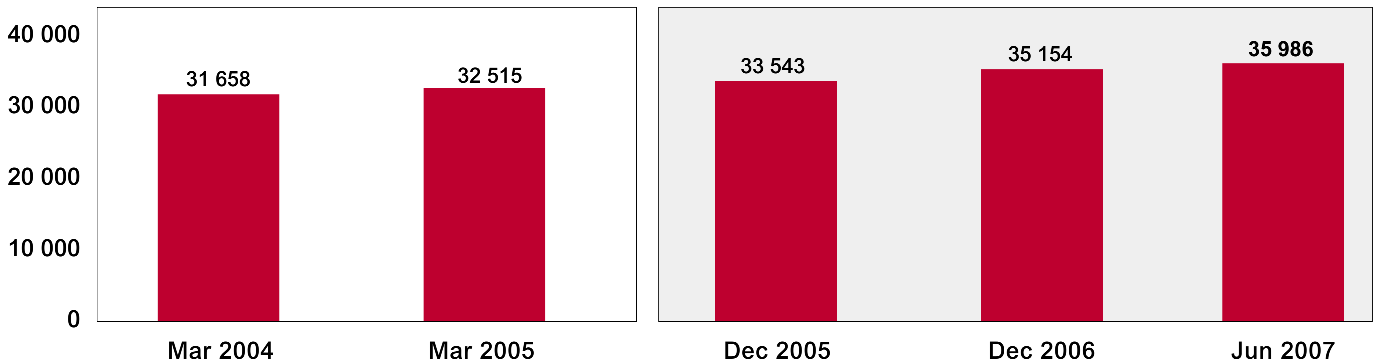
In the six months under review, sustainable profit before tax benefits of R650 million were realised. One-off integration costs for the period amounted to R300 million, resulting in a net benefit of R350 million for the period.

Delivery footprint *(Quantity)*



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

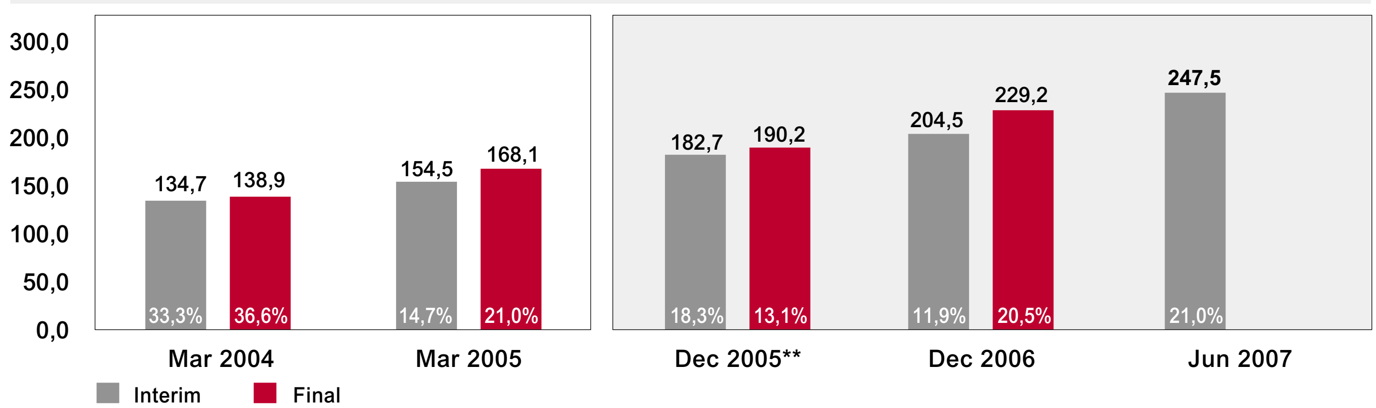
Employee complement* *(Employees)*



The employee complement figures exclude contract workers.

Staff costs grew by 25,4% (compared to June 2006) and represent 53,0% of the cost base. The key drivers of this increase included headcount growth to support expansion, service initiatives and compliance requirements. In addition, above inflation wage settlements and higher incentive provisions owing to the Group's strong performance contribute to the increase.

Headline earnings per employee (average)* *(R'000)*



**Annualised headline earnings.*

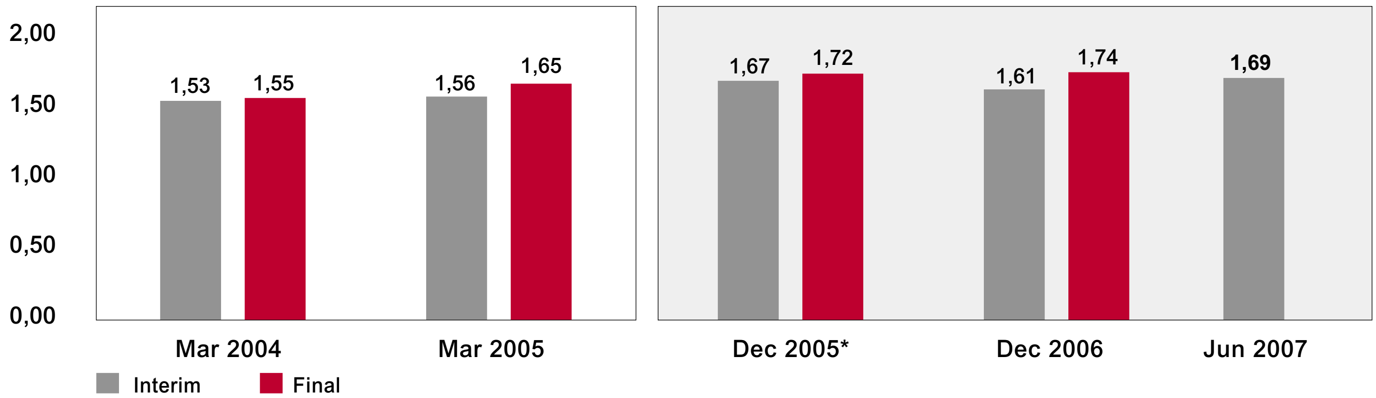
***Pro forma figures (six and twelve months).*

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

6. Return on average assets

Objective: Maintain an RoA of 1,5%.

Return on average assets *(%)*



**Pro forma figures (six and twelve months).*

Performance

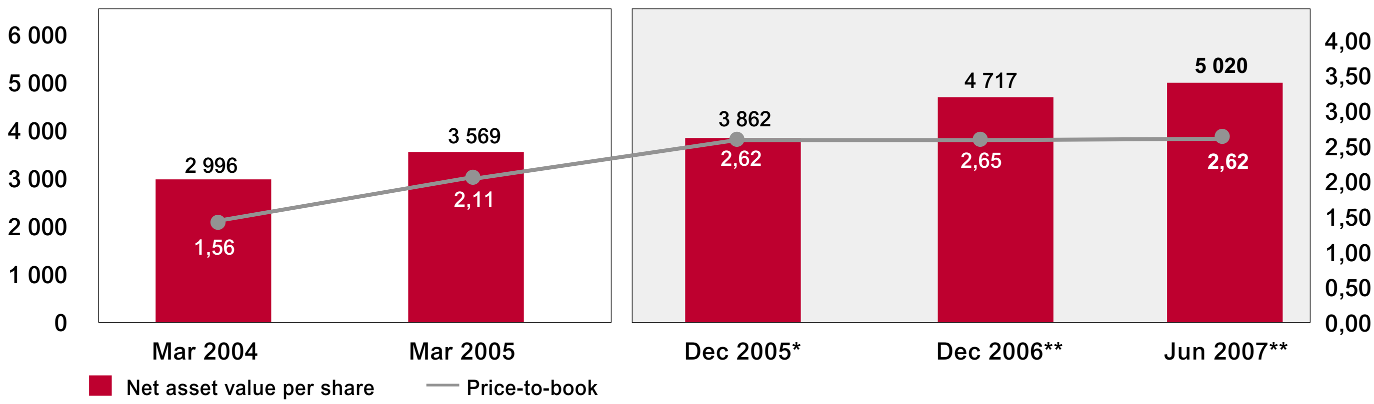
The return on average assets (RoA) increased from 1,61% to 1,69%, compared to 30 June 2006. This remains ahead of the Group's objective of maintaining an RoA of greater than 1,5%.

The increase is largely as a result of improved interest margin and positive "gearing" resulting from top-line income growth outpacing expenses growth.

The Group's asset base exceeded R500 billion for the first time, growing by 19,6% to R553,9 billion.

7. Net asset value

Net asset value per share *(cents and %)*



**Pro forma figures (twelve months).*

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

Performance

The Group's net asset value per share (excluding the Absa Bank non-cumulative, non-redeemable preference shares) increased by 20,3% compared to 30 June 2006. The Group's solid operational performance was the main driver of the growth in net asset value.

During the period under review, Absa Bank Limited (Absa Bank) issued a total of R1 518 million in non-cumulative, non-redeemable preference shares. Most of this capital (R1 425 million) was raised in a single issue in April 2007 at an effective dividend yield of 75% of prime. The first two tranches of Absa Bank's monthly preference share issuance programme comprised the balance. These Absa Bank preference shares rank *pari passu* with the Absa Bank preference shares already in issue.

On the basis of the prescribed consolidated regulatory capital requirements, the Group's capital stood at 13,9% of risk-weighted assets at 30 June 2007 (30 June 2006: 12,9%). The Group's primary capital ratio was 10,5% (30 June 2006: 9,8%) and its secondary capital ratio was 3,4% as at 30 June 2007 (30 June 2006: 3,1%).

On 16 July 2007, Absa Bank successfully issued notes to the value of EUR 600 million as part of its EUR medium-term note programme on the London Stock Exchange. These notes have a five-year term and carry a coupon of three-month Euribor plus 37,5 basis points. The notes provide term funding to Absa Bank which will support future growth and improve its liquidity and maturity profile.

Basel II Capital Impact

During April 2007, Absa participated in Quantitative Impact Study 5.5 (QIS5.5) to calculate the preliminary estimated capital impact of Basel II. The results of QIS5.5 were presented to the South African Reserve Bank (SARB) in order to assess the capital impact of Basel II on the industry. The expected impact based on this assessment indicated that there will not be a significant capital impact for Absa, although the validation of risk models was still in process.

In addition, as part of Pillar 2 of Basel II, the Absa Group is required to demonstrate the capability of the Group's Internal Capital Adequacy Assessment Process (ICAAP) to assess the overall capital adequacy of the Group in relation to the underlying risk profile and the strategy to maintain adequate capital levels. The existing economic capital methodology forms the basis of the Group's ICAAP.

Absa's internally calculated capital requirement will be reviewed by the SARB under its supervisory review process as part of Pillar 2. The objective of this supervisory review process will be to establish a common view between Absa and the SARB on the final regulatory capital required, as will be the case for all banks in the industry.

CONTENTS

Primary statements

Group balance sheet

	Note	30 June 2007 (Unaudited) Rm	30 June 2006 (Unaudited) (Restated) Rm	Change %	31 December 2006 (Audited) Rm
Assets					
Cash, cash balances and balances with central banks		**17 191**	10 729	60,2	16 461
Statutory liquid asset portfolio		**20 848**	18 929	10,1	20 829
Loans and advances to banks		**18 737**	25 148	(25,5)	21 800
Trading assets		**17 902**	26 540	(32,5)	17 983
Hedging assets		**796**	304	>100,0	676
Loans and advances to customers	1	**415 964**	345 980	20,2	374 946
Reinsurance assets		**399**	381	4,7	390
Other assets		**30 377**	10 907	>100,0	12 175
Investments		**26 278**	19 517	34,6	25 026
Investments in associated undertakings and joint ventures		**849**	1 047	(18,9)	693
Intangible assets		**328**	188	74,5	230
Property and equipment		**4 069**	3 482	16,9	3 750
Current tax assets		**34**	18	88,9	24
Deferred tax assets		**121**	82	47,6	129
Total assets		**553 893**	463 252	19,6	495 112
Liabilities					
Deposits from banks		**24 107**	30 298	(20,4)	24 817
Trading liabilities		**24 112**	27 137	(11,1)	23 484
Hedging liabilities		**2 994**	1 377	>100,0	1 902
Deposits due to customers		**291 306**	258 215	12,8	279 848
Debt securities in issue		**130 575**	78 896	65,5	98 940
Current tax liabilities		**366**	550	(33,5)	1 181
Liabilities under investment contracts		**6 108**	3 726	63,9	5 129
Policyholder liabilities under insurance contracts		**3 271**	2 970	10,1	3 187
Borrowed funds	2	**9 946**	8 325	19,5	8 420
Other liabilities and sundry provisions		**20 218**	18 234	10,9	10 746
Deferred tax liabilities		**2 229**	2 332	(4,4)	2 537
Total liabilities		**515 232**	432 060	19,3	460 191
Equity					
Capital and reserves					
Attributable to ordinary equity holders of the Group:					
Share capital		**1 342**	1 331	0,8	1 338
Share premium		**2 058**	1 950	5,5	2 067
Other reserves		**462**	551	(16,2)	412
Distributable reserves		**30 020**	24 134	24,4	27 876
		33 882	27 966	21,2	31 693
Minority interest – preference shares		**4 505**	2 992	50,6	2 992
Minority interest – ordinary shares		**274**	234	17,1	236
Total equity		**38 661**	31 192	23,9	34 921
Total equity and liabilities		**553 893**	463 252	19,6	495 112
Contingent liabilities – banking related		**11 943**	9 992	19,5	11 771

IAS 39: Balance sheet classification

	30 June 2007		30 June 2006	
	Assets Rm	**Liabilities Rm**	Assets Rm	Liabilities Rm
Fair value	**82 566**	**53 268**	76 018	48 206
Held for trading	**17 902**	**24 112**	26 540	27 137
• Trading assets designated as trading	**17 551**	**–**	26 340	–
• Trading liabilities designated as trading	**–**	**23 504**	–	26 578
• Non-qualifying hedging assets	**351**	**–**	200	–
• Non-qualifying hedging liabilities	**–**	**608**	–	559
Fair value through profit and loss	**43 218**	**29 156**	34 389	21 069
• Money markey assets	**2 660**	**–**	1 207	–
• Statutory liquid asset portfolio	**486**	**–**	4 330	–
• Hedging assets	**796**	**–**	304	–
• Loans and advances to customers	**13 390**	**–**	9 143	–
• Reinsurance assets	**399**	**–**	381	–
• Investments	**25 487**	**–**	19 024	–
• Hedging liabilities	**–**	**2 994**	–	1 377
• Deposits due to customers	**–**	**2 337**	–	4 432
• Debt securities in issue	**–**	**13 082**	–	9 266
• Liabilities under investment contracts	**–**	**6 108**	–	3 726
• Borrowed funds	**–**	**4 635**	–	2 268
Available-for-sale	**21 446**	**–**	15 089	–
• Money market assets	**648**	**–**	445	–
• Statutory liquid asset portfolio	**20 362**	**–**	14 599	–
• Investments	**436**	**–**	45	–
Amortised cost	**471 327**	**461 964**	387 234	383 854
Loans and receivables	**421 311**	**–**	361 985	–
Held to maturity	**1 138**	**–**	1 174	–
Non-trading liabilities	**–**	**439 152**	–	362 739
Other assets and liabilities	**48 878**	**22 812**	24 075	21 115
Total equity	**–**	**38 661**	–	31 192
	553 893	**553 893**	463 252	463 252

Group income statement

	Note	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006 (Unaudited) (Restated) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
Net interest income		**8 577**	6 891	24,5	14 897
Interest and similar income		**24 185**	17 331	39,5	37 600
Interest expense and similar charges		**(15 608)**	(10 440)	(49,5)	(22 703)
Impairment losses on loans and advances	3	**(985)**	(594)	(65,8)	(1 573)
		7 592	6 297	20,6	13 324
Net fee and commission income		**5 626**	4 805	17,1	10 374
Fee and commission income	4.1	**5 996**	5 077	18,1	10 951
Fee and commission expense	4.2	**(370)**	(272)	(36,0)	(577)
Net insurance premium income	4.3	**1 653**	1 408	17,4	2 994
Net insurance claims and benefits paid	4.4	**(778)**	(607)	(28,2)	(1 319)
Changes in insurance and investment liabilities		**(573)**	(294)	(94,9)	(748)
Gains and losses from banking and trading activities	4.5	**930**	610	52,5	1 416
Gains and losses from investment activities	4.6	**1 084**	588	84,4	1 891
Other operating income	4.7	**469**	359	30,6	938
Net operating income		**16 003**	13 166	21,5	28 870
Operating expenditure		**(9 590)**	(8 356)	(14,8)	(17 566)
Operating expenses	5.1	**(9 113)**	(7 935)	(14,8)	(16 620)
Non-credit related impairments	5.2	**(28)**	–	>(100,0)	(75)
Indirect taxation		**(449)**	(421)	(6,7)	(871)
Share of retained earnings of associated undertakings and joint ventures		**16**	69	(76,8)	113
Operating profit before income tax		**6 429**	4 879	31,8	11 417
Taxation expense		**(1 900)**	(1 389)	(36,8)	(3 151)
Profit for the period/year		**4 529**	3 490	29,8	8 266
Attributable to:					
Ordinary equity holders of the Group		**4 363**	3 445	26,6	8 105
Minority interest – preference shares		**114**	–	>(100,0)	73
Minority interest – ordinary shares		**52**	45	(15,6)	88
		4 529	3 490	29,8	8 266
• basic earnings per share (cents per share)		**651,0**	518,5	25,6	1 216,8
• diluted earnings per share (cents per share)		**610,0**	486,9	25,3	1 154,4
Headline earnings	6	**4 365**	3 460	26,2	7 872
• headline earnings per share (cents per share)		**651,3**	520,7	25,1	1 181,8
• diluted headline earnings per share (cents per share)		**610,2**	489,0	24,8	1 121,3

Group statement of changes in equity

	30 June 2007 (Unaudited) Rm	30 June 2006* (Unaudited) (Restated) Rm	Change %	31 December 2006 (Audited) Rm
Share capital	**1 342**	1 331	0,8	1 338
Opening balance	**1 338**	1 327	0,8	1 327
Shares issued	**6**	7	(14,3)	10
Transfer from share-based payments reserve	**0**	–	>100,0	0
Share buy-back in respect of Absa Group Limited Share Incentive Trust	**0**	–	>100,0	0
Elimination of treasury shares held by Absa Life Limited	**0**	1	(100,0)	0
Elimination of treasury shares held by Absa Group Limited Share Incentive Trust	**(2)**	(4)	50,0	1
Share premium	**2 058**	1 950	5,5	2 067
Opening balance	**2 067**	1 875	10,2	1 875
Shares issued	**103**	113	(8,8)	170
Transfer from share-based payments reserve	**21**	–	>100,0	23
Share buy-back in respect of Absa Group Limited Share Incentive Trust	**(82)**	–	>(100,0)	(17)
Elimination of treasury shares held by Absa Life Limited	**(17)**	13	>(100,0)	12
Elimination of treasury shares held by Absa Group Limited Share Incentive Trust	**(34)**	(51)	33,3	4
Other reserves	**462**	551	(16,2)	412
Opening balance	**412**	622	(33,8)	622
Movement in foreign currency translation reserve	**(4)**	209	>(100,0)	332
Movement in regulatory general credit risk reserve	**402**	250	60,8	46
Movement in available-for-sale reserve	**16**	2	>100,0	58
Movement in cash flow hedges reserve	**(436)**	(678)	35,7	(485)
Movement in insurance statutory reserve	**21**	14	50,0	38
Movement in associated undertakings and joint ventures' retained earnings reserve	**16**	69	(76,8)	113
Disposal of associated undertakings and joint ventures – release of reserves	**–**	–	–	(374)
Share-based payments for the period/year	**57**	63	(9,5)	85
Transfer from share-based payments reserve	**(22)**	–	>(100,0)	(23)
Distributable reserves	**30 020**	24 134	24,4	27 876
Opening balance	**27 876**	21 931	27,1	21 931
Subsidiary step-up acquisitions	**–**	–	–	(43)
Transfer to regulatory general credit risk reserve	**(402)**	(250)	(60,8)	(46)
Transfer to insurance statutory reserve	**(21)**	(14)	(50,0)	(38)
Transfer to associated undertakings and joint ventures' retained earnings reserve	**(16)**	(69)	76,8	(113)
Disposal of associated undertakings and joint ventures – release of reserves	**–**	–	–	374
Transfer from share-based payments reserve	**1**	–	>100,0	–
Profit attributable to ordinary equity holders	**4 363**	3 445	26,6	8 105
Dividends paid during the period/year	**(1 781)**	(909)	(95,9)	(2 294)
	33 882	27 966	21,2	31 693
Minority interest – preference shares	**4 505**	2 992	50,6	2 992
Opening balance	**2 992**	–	>100,0	–
Shares issued	**1 518**	3 000	(49,4)	3 000
Costs incurred	**(5)**	(8)	37,5	(8)
Profit attributable to preference equity holders	**114**	–	>100,0	73
Preference dividends paid during the period/year	**(114)**	–	>(100,0)	(73)
Minority interest – ordinary shares	**274**	234	17,1	236
Opening balance	**236**	246	(4,1)	246
Disposals	**–**	–	–	(40)
Other reserve movements	**(14)**	(57)	75,4	(58)
Minority share of profit	**52**	45	15,6	88
Total equity	**38 661**	31 192	23,9	34 921

**In June 2006 the sale of Bankhaus Wölbern had not yet been concluded. Shortly thereafter the sale was successfully concluded and to this end we have reclassified the NAV of Wölbern to other assets in June 2006 to ensure consistency with the treatment in December 2006.*

Group cash flow statement

	Note	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006 (Unaudited) (Restated) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
Net cash flow utilised in operating activities		**(1 422)**	(2 104)	32,4	(1 125)
Net cash flow utilised in investing activities		**(772)**	(973)	20,7	(5 233)
Net cash flow from financing activities		**1 317**	4 162	(68,4)	2 799
Net (decrease)/increase in cash and cash equivalents		**(877)**	1 085	>(100,0)	(3 559)
Cash and cash equivalents at the beginning of the period/year	1	**4 787**	8 343	(42,6)	8 343
Effects of exchange rate changes on cash and cash equivalents		**1**	3	(66,7)	3
Cash and cash equivalents at the end of the period/year	2	**3 911**	9 431	(58,5)	4 787

Notes to the cash flow statement

	30 June 2007 Rm	30 June 2006 Rm	Change %	31 December 2006 Rm
1. Cash and cash equivalents at the beginning of the period/year				
Coins and bank notes	**3 936**	3 431	14,7	3 431
Money on call	**851**	4 912	(82,7)	4 912
	4 787	8 343	(42,6)	8 343
2. Cash and cash equivalents at the end of the period/year				
Coins and bank notes	**2 688**	2 744	(2,0)	3 936
Money on call	**1 223**	6 687	(81,7)	851
	3 911	9 431	(58,5)	4 787

Notes to the financial statements

	30 June 2007 (Unaudited) Rm	30 June 2006 (Unaudited) (Restated) Rm	Change %	31 December 2006 (Audited) Rm
1. Loans and advances to customers				
Total retail advances				
Cheque accounts	**5 614**	4 940	13,6	5 024
Credit card accounts	**13 095**	8 585	52,5	11 245
Instalment finance	**60 482**	51 933	16,5	56 920
Loans to associated undertakings and joint ventures (i)	**6 246**	5 444	14,7	6 226
Mortgages	**205 912**	165 150	24,7	185 467
Personal loans	**9 782**	8 488	15,2	9 279
Microloans	**2 427**	1 102	>100,0	1 444
Other	**3 013**	2 519	19,6	2 872
Gross advances	**306 571**	248 161	23,5	278 477
Impairment losses on loans and advances	**(3 032)**	(2 874)	(5,5)	(2 894)
Net advances	**303 539**	245 287	23,7	275 583
Total Absa Corporate and Business Bank (ACBB) advances*				
Cheque accounts and corporate overdrafts	**14 871**	12 458	19,4	12 779
Foreign currency loans	**1 394**	925	50,7	1 551
Loans to associated undertakings and joint ventures (ii)	**1 061**	515	>100,0	967
Loans against pledge	**1 503**	1 510	(0,5)	1 521
Mortgages (including commercial property finance)	**31 212**	23 638	32,0	27 486
Overnight finance	**4 160**	3 279	26,9	3 109
Specialised finance	**901**	478	88,5	621
Term loans	**6 736**	6 398	5,3	7 130
Other	**3 576**	3 009	18,8	2 816
Gross advances	**65 414**	52 210	25,3	57 980
Impairment losses on loans and advances	**(1 501)**	(1 530)	1,8	(1 374)
Net advances	**63 913**	50 680	26,1	56 606
Total Absa Capital advances*				
Corporate overdrafts	**4 174**	735	>100,0	522
Foreign currency loans	**3 954**	6 463	(38,8)	3 045
Loans granted under resale agreements (Carries)	**6 048**	8 491	(28,8)	8 561
Loans to associated undertakings and joint ventures (iii)	**1 321**	578	>100,0	453
Overnight finance	**7 177**	4 819	48,9	4 261
Preference shares	**9 536**	9 449	0,9	9 097
Specialised and project finance	**10 299**	11 800	(12,7)	11 348
Other	**2 988**	1 411	>100,0	2 898
Gross advances	**45 497**	43 746	4,0	40 185
Impairment losses on loans and advances	**(180)**	(216)	16,7	(206)
Net advances	**45 317**	43 530	4,1	39 979
Total Other advances				
Cheque accounts	**932**	761	22,5	820
Foreign currency loans	**760**	4 362	(82,6)	725
Personal loans	**1 062**	821	29,4	928
Other	**614**	747	(17,8)	583
Gross advances	**3 368**	6 691	(49,7)	3 056
Impairment losses on loans and advances	**(173)**	(208)	16,8	(278)
Net advances	**3 195**	6 483	(50,7)	2 778
Total gross advances	**420 850**	350 808	20,0	379 698
Impairment losses on loans and advances	**(4 886)**	(4 828)	(1,2)	(4 752)
Total net advances	**415 964**	345 980	20,2	374 946

**Absa Corporate and Business Bank's advances balances that relate to the corporate business were moved from Absa Capital to ACBB advances. Prior year figures have been adjusted accordingly.*

(i) Previously reported in instalment finance and other retail advances.

(ii) Previously reported in mortgages.

(iii) Previously reported in securitised corporate loans.

	30 June 2007 (Unaudited) Rm	30 June 2006 (Unaudited) Rm	Change %	31 December 2006 (Audited) Rm
2. Borrowed funds				
Variable rate debentures	**–**	3	(100,0)	–
Secured redeemable compulsorily convertible debentures	**–**	3	(100,0)	–
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**	1 500	–	1 500
8,10% (AB06)	**2 000**	2 000	–	2 000
8,80% (AB07)	**1 725**	–	>100,0	–
Accrued interest	**299**	252	18,7	253
Fair value adjustment*	**(328)**	(184)	(78,3)	(85)
Redeemable cumulative option-holding preference shares	**150**	151	(0,7)	152
Shares issued	**158**	158	–	158
Consolidation of Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	**(12)**	(12)	–	(12)
Accrued dividend	**4**	5	(20,0)	6
	9 946	8 325	19,5	8 420

**Excludes impact of hedges.*

	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006 (Unaudited) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
3. Impairment losses on loans and advances				
Loans and advances to customers	**1 191**	774	(53,9)	1 952
Less: recoveries of impairment of advances	**(206)**	(180)	14,4	(379)
	985	594	(65,8)	1 573
Credit impairments per segment				
Retail banking	**910**	441	>(100,0)	1 195
Absa Corporate and Business Bank (ACBB)	**52**	135	61,5	331
Absa Capital	**1**	11	90,9	(2)
African operations	**16**	7	>(100,0)	52
Bancassurance	**(2)**	1	>100,0	2
Other	**8**	(1)	>(100,0)	(5)
Total charge to the income statement	**985**	594	(65,8)	1 573
Credit impairments per product				
Mortgage loans	**125**	110	(13,6)	209
Cheque accounts and corporate overdrafts	**119**	108	(10,2)	201
Instalment finance	**365**	182	>(100,0)	400
Credit cards	**229**	82	>(100,0)	168
Other advances	**196**	184	(6,5)	397
Microloans	**(43)**	–	>100,0	(120)
Commercial property finance	**15**	7	>(100,0)	5
Total identified impairment charge	**1 006**	673	(49,5)	1 260
Unidentified impairment	**185**	101	(83,2)	692
Impairment of advances before recoveries	**1 191**	774	(53,9)	1 952
Recoveries of credit impairments	**(206)**	(180)	14,4	(379)
Total charge to the income statement	**985**	594	(65,8)	1 573
Accumulated impairments				
Identified impairments	**2 997**	3 709	19,2	3 048
Non-performing loans	**2 203**	2 878	23,5	2 088
Other impaired loans	**578**	631	8,4	615
Net present value adjustment	**216**	200	(8,0)	345
Unidentified impairments	**1 889**	1 120	(68,7)	1 704
	4 886	4 829	(1,2)	4 752

	Outstanding balance Rm	Security and recoveries Rm	Net exposure Rm	Impairments raised Rm
3. Impairment losses on loans and advances (continued)				
Non-performing advances at 30 June 2007				
Personal loans	**303**	**166**	**137**	**137**
Retail overdrafts and credit cards	**746**	**135**	**611**	**611**
Foreign currency loans	**179**	**–**	**179**	**179**
Instalment finance	**655**	**230**	**425**	**425**
Mortgages	**3 656**	**3 274**	**382**	**382**
Microloans	**231**	**106**	**125**	**125**
Other	**396**	**52**	**344**	**344**
	6 166	**3 963**	**2 203**	**2 203**
Non-performing advances as % of loans and advances to customers	**1,5**			
Gross coverage ratio	**79,2**			
Net coverage ratio	**221,8**			
Non-performing advances at 31 December 2006	4 928	2 840	2 088	2 088
Non-performing advances as % of loans and advances to customers	1,3			
Gross coverage ratio	96,4			
Net coverage ratio	227,6			

	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006 (Unaudited) (Restated) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
4. Non-interest income				
4.1 Fee and commission income				
Asset management and related fees	**29**	13	>100,0	59
Credit related fees and commission	**4 845**	4 089	18,5	8 948
Credit cards	**792**	632	25,3	1 390
Cheque accounts	**1 230**	1 162	5,9	2 405
Electronic banking	**1 226**	1 055	16,2	2 248
Other	**1 597**	1 240	28,8	2 905
Corporate finance fees	**65**	45	44,4	136
Insurance commission received	**452**	399	13,3	771
Portfolio and other management fees	**104**	95	9,5	180
Trust and estate income	**111**	98	13,3	201
Pension fund payment services	**232**	222	4,5	452
External administration fees	**158**	116	36,2	204
	5 996	5 077	18,1	10 951
4.2 Fee and commission expense				
Fee and commission paid	**(370)**	(272)	(36,0)	(577)
4.3 Net insurance premium income				
Insurance premium revenue	**1 795**	1 549	15,9	3 269
Premiums ceded to reinsurers	**(142)**	(141)	(0,7)	(275)
	1 653	1 408	17,4	2 994

	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006 (Unaudited) (Restated) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
4.4 Net insurance claims and benefits paid				
Gross claims and benefits paid on insurance contracts	**(836)**	(622)	(34,4)	(1 376)
Reinsurance recoveries	**58**	15	>100,0	57
	(778)	(607)	(28,2)	(1 319)
Changes in insurance and investment liabilities	**(573)**	(294)	(94,9)	(748)
4.5 Gains and losses from banking and trading activities				
Net gains on investments	**375**	66	>100,0	530
Fair value through profit and loss	**375**	66	>100,0	363
Profit on disposal of associated undertakings and joint ventures	**–**	–	–	167
Dividend income	**13**	11	18,2	27
Net trading results	**585**	625	(6,4)	1 061
Derivatives (non-qualifying hedges)	**(43)**	(92)	53,3	(202)
	930	610	52,5	1 416
4.6 Gains and losses from investment activities				
Fair value through profit and loss	**1 040**	571	82,1	1 715
Net investment gains from insurance activities	**1 026**	586	75,1	1 635
Fair value gains	**706**	336	>100,0	1 167
Net interest income	**253**	168	50,6	344
Dividend income	**67**	82	(18,3)	124
Investment gains	**14**	(15)	>100,0	80
Other dividend income	**34**	17	100,0	72
Available-for-sale	**10**	–	>100,0	–
Profit on disposal of associated undertakings and joint ventures	**–**	–	–	54
Profit on disposal of subsidiary	**–**	–	–	50
	1 084	588	84,4	1 891
4.7 Other operating income				
Profit on sale of property and equipment	**11**	0	>100,0	11
Property development profit	**47**	69	(31,9)	148
Property rentals	**64**	44	45,5	92
Profit and loss on exchange differences	**30**	48	(37,5)	81
Unit/property trust commission	**178**	119	49,6	267
Other banking income	**139**	79	75,9	339
	469	359	30,6	938
Total non-interest income	**8 411**	6 869	22,4	15 546

	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006 (Unaudited) (Restated) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
5. Operating expenditure				
5.1 Operating expenses				
Amortisation	**20**	8	>(100,0)	37
Auditors' remuneration	**49**	48	(2,1)	69
Depreciation	**386**	369	(4,6)	739
Information technology cost	**598**	615	2,8	1 154
Marketing and advertising costs	**428**	354	(20,9)	728
Operating lease rentals	**459**	412	(11,4)	748
Professional fees	**349**	415	15,9	1 023
Barclays synergy costs	**300**	262	(14,5)	640
Staff costs	**4 833**	3 853	(25,4)	8 218
Other operating expenses	**1 691**	1 599	(5,8)	3 264
	9 113	7 935	(14,8)	16 620
5.2 Non-credit related impairments				
Associated undertakings and joint ventures	**–**	–	–	10
Available-for-sale assets and strategic investments	**–**	–	–	(5)
Computer software development costs	**28**	–	>(100,0)	66
Property and equipment	**–**	–	–	4
	28	–	>(100,0)	75
6. Determination of headline earnings				
Headline earnings is determined as follows:				
Profit attributable to ordinary equity holders of the Group	**4 363**	3 445	26,6	8 105
Adjustments for:				
Net profit on disposal of property and equipment	**(11)**	(0)	>(100,0)	(11)
Net loss/(profit) on disposal of available-for-sale assets and strategic investments	**13**	15	(13,3)	(231)
Impairment costs	**–**	–	–	9
Associated undertakings and joint ventures	**–**	–	–	10
Available-for-sale assets and strategic investments	**–**	–	–	(5)
Property and equipment	**–**	–	–	4
Headline earnings	**4 365**	3 460	26,2	7 872

	Number of shares		
	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)

7. Share trusts

Absa Group Limited Share Incentive Trust

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

	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)
Shares and options subject to the trust at the beginning of the period/year			
Options granted	**18 884 473**	25 125 744	25 125 744
Shares issued and options granted during the period/year	**160 000**	678 500	678 500
	19 044 473	25 804 244	25 804 244
Options exercised and implemented, options cancelled and shares released or repurchased by the trustees in terms of the rules of the trust	**(3 638 190)**	(2 420 608)	(6 919 771)
Shares and options subject to the trust at the end of the period/year	**15 406 283**	23 383 636	18 884 473

	30 June 2007 (Unaudited)		30 June 2006 (Unaudited)		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**	**67 495 507**	10,0	67 015 507	10,0	67 195 507
Shares and options subject to the trust	**(2,3)**	**(15 406 283)**	(3,5)	(23 383 636)	(2,8)	(18 884 473)
Balance of shares and options available	**7,7**	**52 089 224**	6,5	43 631 871	7,2	48 311 034

Details regarding the options granted and still outstanding at 30 June 2007 are as follows:

Expiry date*	**Number of options**	**Average option price R**
Year to 31 March 2008	101 395	30,64
Year to 31 March 2009	138 646	17,85
Year to 31 March 2010	275 572	27,68
Year to 31 March 2011	311 795	26,94
Year to 31 March 2012	878 864	36,91
Year to 31 March 2013	1 955 597	33,59
Year to 31 March 2014	2 276 640	35,30
Year to 31 March 2015	5 011 596	50,17
Year to 31 December 2015	3 777 678	91,48
Year to 31 December 2016	678 500	107,32
	15 406 283	**56,47**

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

7. **Share trusts** (continued)

	Number of shares		
	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)

Batho Bonke Capital (Proprietary) Limited

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

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

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

Outstanding at the end of the period/year	**73 152 000**	73 152 000	73 152 000

There were no options exercisable as at balance sheet date. The options outstanding have an exercise price range of R48,00 to R69,00 and weighted average contractual life of 2 years (30 June 2006: 3 years and 31 December 2006: 2,5 years).

Absa Group Limited Employee Share Ownership Administration (ESOP) Trust

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

A maximum of 7 315 200 preference shares are available for allocation to the trust. The trust has also been consolidated into the Group's financial statements. The trust held 6 085 200 redeemable cumulative option-holding preference shares at the end of the period (30 June 2006: 6 085 200 and 31 December 2006: 6 085 200).

Outstanding at the beginning of the period/year	**4 847 400**	5 359 400	5 359 400
Less: forfeited during the period/year	**(215 000)**	(279 200)	(512 000)
Outstanding at the end of the period/year	**4 632 400**	5 080 200	4 847 400

There were no options exercisable as at balance sheet date. The options outstanding have an exercise price range of R48,00 to R69,00 and weighted average contractual life of 2 years (30 June 2006: 3 years and 31 December 2006: 2,5 years).

7. Share trusts (continued)

Absa Group Phantom Performance Share Plan (Phantom PSP)

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

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

	Number of shares		
	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)
Outstanding at the beginning of the period/year	**1 118 350**	–	–
Granted during the period/year	**1 355 472**	–	1 118 350
Less: forfeited during the period/year	**(150 164)**	–	–
Outstanding at the end of the period/year	**2 323 658**	–	1 118 350

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

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

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

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

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

	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)
Outstanding at the beginning of the period/year	**37 059**	–	–
Granted during the period/year	**–**	–	37 059
Outstanding at the end of the period/year	**37 059**	–	37 059

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

7. Share trusts (continued)

	Number of shares		
	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)

Absa Group Phantom Joiners Share Award Plan (JSAP)

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

	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)
Outstanding at the beginning of the period/year	**90 067**	–	–
Granted during the period/year	**136 782**	–	90 067
Less: forfeited during the period/year	**(25 039)**	–	–
Outstanding at the end of the period/year	**201 810**	–	90 067

The options outstanding have no exercise price and a weighted average contractual life of 2,6 years (31 December 2006: 3,0 years).

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

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

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

	30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	31 December 2006 (Audited)
Outstanding at the beginning of the period/year	**–**	–	–
Granted during the period/year	**484 202**	–	–
Less: forfeited during the period/year	**(17 203)**	–	–
Outstanding at end of the period/year	**466 999**	–	–

The options outstanding have no exercise price and a weighted average contractual life of 3,9 years.

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

Capital adequacy

	30 June 2007 Unweighted assets Rm	30 June 2007 Risk-weighted assets Rm	30 June 2006 Risk-weighted assets Rm	31 December 2006 Risk-weighted assets Rm
Absa Bank Limited				
Risk-weighted assets				
Assets – banking activities				
On-balance sheet	**462 154**	**312 077**	246 463	278 231
Off-balance sheet	**839 034**	**9 176**	7 521	8 498
Total	**1 301 188**	**321 253**	253 984	286 729
Notional assets – trading activities	**–**	**9 253**	5 494	10 439
	1 301 188*	**330 506**	259 478	297 168

Qualifying capital	**Rm**	**%****	%**	%**
Primary capital				
Ordinary share capital	**303**	**0,1**	0,1	0,1
Ordinary share premium	**5 415**	**1,6**	2,0	1,8
Preference shares	**4 505**	**1,4**	1,2	1,0
Reserves	**20 277**	**6,2**	5,9	6,2
Impairments	**(18)**	**–**	(0,2)	–
	30 482	**9,3**	9,0	9,1
Secondary capital				
Subordinated redeemable debt	**10 325**	**3,1**	3,3	2,9
Regulatory credit provision/reserve	**1 719**	**0,5**	0,4	0,3
Revaluation reserve	**32**	**–**	–	–
Impairments	**(16)**	**–**	–	–
	12 060	**3,6**	3,7	3,2
Total qualifying capital	**42 542**	**12,9**	12,7	12,3

**Includes Central Securities Depository Participation (CSDP) of R781 203 million risk-weighted at 0%.*
***Percentage of capital to risk-weighted assets.*

	30 June 2007 Risk-weighted assets Rm	30 June 2007 Capital adequacy ratio %	30 June 2006 Capital adequacy ratio %	31 December 2006 Capital adequacy ratio %
Absa Group Limited and its banking subsidiaries				
South African operations				
Absa Bank	**330 506**	**12,9**	12,7	12,3
Non-South African operations				
Absa Bank London (a branch of Absa Bank)	**2 123**	**50,7**	20,2	44,9
Banco Austral, Sarl (Mozambique)	**473**	**18,3**	24,9	26,2
Bankhaus Wölbern & Co (Germany)*	**–**	**–**	10,7	–
Hesse Newman & Co (Germany)*	**–**	**–**	20,9	–
National Bank of Commerce (Tanzania)	**3 002**	**15,4**	13,2	12,8
Total banking operations	**336 104**	**13,1**	12,9	12,5
Risk-weighted assets (Rm)		**336 104**	271 716	302 458
Tier I capital (Rm)		**31 946**	25 558	28 316
Tier I ratio (%)		**9,5**	9,4	9,4
Absa Group Limited		**13,9**	12,9	13,1
Risk-weighted assets (Rm)		**347 778**	288 006	314 479
Tier I capital (Rm)		**36 572**	28 153	32 161
Tier I ratio (%)		**10,5**	9,8	10,2
Risk-weighted assets/total assets (%)		**62,8**	61,6	63,5

**Sold in the prior year.*

Shareholders' information

	30 June 2007 %	30 June 2006 %	31 December 2006 %
Major ordinary shareholders (top 10)*			
Barclays Bank PLC	**57,6**	56,6	56,5
Allan Gray Limited	**7,3**	5,9	6,7
Public Investment Corporation	**5,6**	3,6	4,8
Stanlib Asset Management	**3,4**	1,3	2,0
Old Mutual Asset Managers	**3,0**	4,2	3,3
Coronation Fund Managers	**2,9**	2,3	2,7
Sanlam Investment Management	**2,2**	2,4	2,3
Capital Group Companies Inc.	**2,0**	1,1	1,9
AXA Financial SA (Bernstein and Alliance)	**1,3**	2,1	1,8
Investec Asset Management	**0,9**	4,4	3,1
Absa Stockbrokers (Proprietary) Limited	**0,9**	0,8	0,9
Other	**12,9**	15,3	14,0
	100,0	100,0	100,0
Geographical			
England and Wales	**58,5**	57,6	57,3
South Africa	**32,3**	31,7	31,8
United States	**4,2**	5,2	5,5
Other countries	**2,7**	3,6	3,2
Below threshold	**2,3**	1,9	2,2
	100,0	100,0	100,0

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

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

	Ordinary shares	**Preference shares**	**Total shares**
Number of shares in issue at 30 June 2007	**674 955 074**	**79 237 500**	**754 192 574**

Shareholders' diary

Financial year-end	31 December 2007

Announcements

Announcement of the final results*	19 February 2008
Announcement of the interim results*	7 August 2008

Dividends

Dividend	**Declaration date**	**Last day to trade**	**Ex dividend date**	**Record date**	**Payment date**
Interim June 2007	2 August 2007	24 August 2007	27 August 2007	31 August 2007	3 September 2007
Final December 2007*	19 February 2008	7 March 2008	10 March 2008	14 March 2008	17 March 2008

**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 non-cumulative perpetual preference share capital, retained earnings and the reserves. This amount is then reduced by the portion of capital that is allocated to trading activities.

Secondary (Tier II) capital

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

Tertiary (Tier III) capital

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

Impairment losses on loans and advances as percentage of 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.

Gross coverage ratio

Total accumulated impairments as a percentage of the outstanding balance of non-performing advances.

Cost-to-income ratio

Operating expenses 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 ordinary share relating to income for the period/year

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

Earnings per share

Profit attributable to ordinary equity holders

Net profit for the period (not annualised)/year divided by the weighted average number of ordinary shares in issue during the period/year.

Headline earnings basis

Headline earnings for the period (not annualised)/year divided by the weighted average number of shares in issue during the period/year.

Fully diluted basis

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

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 as well as minority interest – preference shares.

Market capitalisation

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

Net asset value per share

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

Net interest margin on average assets
Net interest income 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, cash balances and balances with central banks, statutory liquid asset portfolio, certain loans and advances to banks as well as loans and advances to customers. (It includes cash and short-term assets, money market assets and capital market assets.)

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

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

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

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

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

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

Gains and losses from banking and trading activities
Comprises banking and trading portfolios and includes:
- realised gains on financial instruments held at amortised cost, held to maturity or available-for-sale.
- realised gains on the sale of associates, joint ventures and subsidiaries, within the banking portfolios.
- interest, dividends and all fair value movements on financial instruments held for trading or at fair value through profit and loss.

Gains and losses from investment activities
Comprises insurance and strategic investment portfolios and includes:
- realised gains on financial instruments held at amortised cost, held to maturity or available-for-sale.
- realised gains on the sale of associates, joint ventures and subsidiaries.
- interest, dividends and all fair value movements on financial instruments held for trading or at fair value through profit and loss.

IFRS 2 costs
In a share-based payment transaction an entity receives goods or services and pays for those goods or services either in shares or in other equity instruments. A transaction also is considered to be a share-based payment if the entity incurs a liability whose amount is based on the price or value of an entity's share or other entity instrument of the entity.

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

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

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

Business unit performance

Business unit performance

Member of the BARCLAYS Group

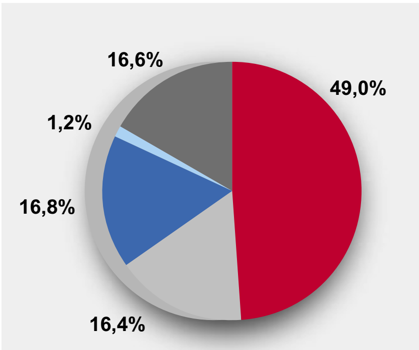
ABSA

CONTENTS

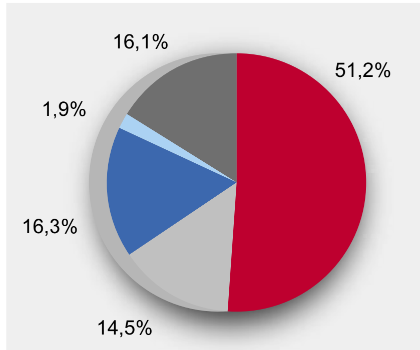
Business unit performance

Profit contribution by business area

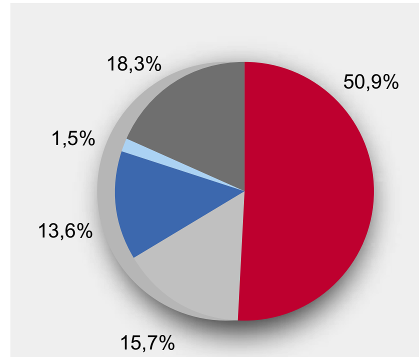
Six months ended 30 June 2007*



Six months ended 30 June 2006*



Twelve months ended 31 December 2006*



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

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

	Note	Six months ended 30 June 2007 (Unaudited) Rm	Six months ended 30 June 2006* (Unaudited) Rm	Change %	Twelve months ended 31 December 2006 (Audited) Rm
Banking operations					
Retail banking		**2 213**	1 783	24,1	4 166
Absa Private Bank		**102**	88	15,9	178
Retail Banking Services	1	**794**	541	46,8	1 423
Absa Home Loans and Repossessed Properties		**564**	493	14,4	1 086
Absa Card		**330**	287	15,0	700
Absa Vehicle and Asset Finance		**423**	374	13,1	779
Absa Corporate and Business Bank		**740**	506	46,2	1 282
Absa Capital		**757**	568	33,3	1 115
African operations	2	**52**	66	(21,2)	127
Corporate centre	3	**87**	104	(16,3)	311
Capital and funding centre		**90**	44	>100,0	131
Total banking		**3 939**	3 071	28,3	7 132
Bancassurance		**750**	560	33,9	1 500
Total earnings from business areas		**4 689**	3 631	29,1	8 632
Synergy costs (after tax)	4	**(212)**	(186)	(14,0)	(454)
Minority interest – preference shares		**(114)**	–	>(100,0)	(73)
Profit attributable to ordinary equity holders		**4 363**	3 445	26,6	8 105
Headline earnings adjustments		**2**	15	(86,7)	(233)
Total headline earnings		**4 365**	3 460	26,2	7 872

Notes

1. Retail Banking Services includes the results of Flexi Banking Services, UB Micro Loans, Small Business, Virgin Money and Retail Delivery.
2. The decline in earnings is the result of the Group's sale of its equity stake in Capricorn Investment Holdings (Proprietary) Limited (CIH), the holding company of Bank Windhoek in Namibia, during 2006.
3. Corporate centre's results include the Group's remaining international operations as well as non-financial services businesses.
4. Synergies relate to the integration of Absa and Barclays following the acquisition by Barclays of a majority share in Absa. Synergy costs are one-off costs incurred in achieving synergy benefits.

**The comparative period has been restated for:*

- *Migration of clients from Private Bank to Retail Banking Services in the current year.*
- *Virgin Money has been moved from Absa Home Loans to Retail Banking Services to align with current year disclosure.*
- *The finalisation of the client split between Absa Capital and Absa Corporate and Business Bank was concluded in November 2006, the June 2006 position has been restated to reflect this agreement.*

Segmental reporting per market segment

	Retail banking			Absa Corporate and Business Bank			Absa Capital		
	Jun 2007	Jun 2006	Change %	**Jun 2007**	Jun 2006	Change %	**Jun 2007**	Jun 2006	Change %
Income statement (Rm)									
Net interest income	**5 796**	4 703	23,2	**1 802**	1 491	20,9	**705**	577	22,2
Impairment losses on loans and advances	**(910)**	(441)	>(100,0)	**(52)**	(135)	61,5	**(1)**	(11)	90,9
Non-interest income	**4 362**	3 635	20,0	**989**	796	24,2	**975**	713	36,7
Operating expenses	**(5 874)**	(5 160)	(13,8)	**(1 637)**	(1 382)	(18,5)	**(600)**	(457)	(31,3)
Other	**(144)**	(116)	(24,1)	**(20)**	(22)	9,1	**(34)**	(60)	43,3
Operating profit before income tax	**3 230**	2 621	23,2	**1 082**	748	44,7	**1 045**	762	37,1
Taxation expense	**(1 017)**	(838)	(21,4)	**(342)**	(242)	(41,3)	**(288)**	(194)	(48,5)
Profit for the period	**2 213**	1 783	24,1	**740**	506	46,2	**757**	568	33,3
Attributable to:									
Ordinary equity holders of the Group	**2 213**	1 783	24,1	**740**	506	46,2	**757**	568	33,3
Minority interest – preference shares	**–**	–	–	**–**	–	–	**–**	–	–
Minority interest – ordinary shares	**–**	–	–	**–**	–	–	**–**	–	–
	2 213	1 783	24,1	**740**	506	46,2	**757**	568	33,3
Headline earnings	**2 213**	1 783	24,1	**740**	506	46,2	**757**	568	33,3
Balance sheet (Rm)									
Total assets*	**387 277**	311 641	24,3	**90 168**	74 716	20,7	**310 102**	278 552	11,3
Total advances	**303 539**	245 287	23,7	**63 913**	50 680	26,1	**45 317**	43 530	4,1
Total deposits	**86 553**	75 095	15,3	**77 829**	66 344	17,3	**121 071**	111 330	8,7
Total liabilities*	**369 327**	298 860	23,6	**84 380**	69 665	21,1	**304 901**	274 128	11,2
Financial performance (%)									
Return on average equity	**25,5**	26,6		**29,6**	21,6		**30,0**	26,7	
Return on average assets	**1,23**	1,22		**1,85**	1,42		**0,48**	0,47	
Operating performance (%)									
Net interest margin on average assets	**3,19**	3,22		**4,25**	4,18		**n/a**	n/a	
Impairment losses on loans and advances as % of average loans and advances to customers	**0,63**	0,38		**0,17**	0,58		**0,00**	0,05	
Non-interest income as % of operating income	**42,9**	43,6		**35,4**	34,8		**58,0**	55,3	
Cost-to-income ratio	**57,8**	61,9		**58,6**	60,5		**35,7**	35,4	
Cost-to-assets ratio	**3,2**	3,5		**3,9**	3,9		**0,4**	0,4	

Total assets and liabilities include intergroup balances of **R361 490 million (June 2006: R245 501 million).*

African operations			Bancassurance			Other			Absa Group		
Jun 2007	Jun 2006	Change %	Jun 2007	Jun 2006	Change %	Jun 2007	Jun 2006	Change %	Jun 2007	Jun 2006	Change %
243	170	42,9	34	(5)	>100,0	(3)	(45)	>100,0	8 577	6 891	24,5
(16)	(7)	>(100,0)	2	(1)	>100,0	(8)	1	>(100,0)	(985)	(594)	(65,8)
119	94	26,6	1 644	1 339	22,8	322	292	10,3	8 411	6 869	22,4
(211)	(168)	(25,6)	(578)	(483)	(19,7)	(213)	(285)	25,3	(9 113)	(7 935)	(14,8)
(5)	31	>(100,0)	(27)	(30)	10,0	(231)	(155)	(49,0)	(461)	(352)	(31,0)
130	120	8,3	1 075	820	31,1	(133)	(192)	30,7	6 429	4 879	31,8
(35)	(21)	(66,7)	(325)	(257)	(26,5)	107	163	(34,4)	(1 900)	(1 389)	(36,8)
95	99	(4,0)	750	563	33,2	(26)	(29)	10,3	4 529	3 490	29,8
52	66	(21,2)	750	560	33,9	(149)	(38)	>(100,0)	4 363	3 445	26,6
–	–	–	–	–	–	114	–	>(100,0)	114	–	>(100,0)
43	33	(30,3)	–	3	100,0	9	9	–	52	45	(15,6)
95	99	(4,0)	750	563	33,2	(26)	(29)	10,3	4 529	3 490	29,8
52	66	(21,2)	751	554	35,6	(148)	(17)	>(100,0)	4 365	3 460	26,2
7 122	6 444	10,5	29 635	18 277	62,1	91 079	19 123	>100,0	915 383	708 753	29,2
2 551	2 186	16,7	–	85	(100,0)	644	4 212	(84,7)	415 964	345 980	20,2
5 359	4 663	14,9	–	2	(100,0)	494	781	(36,7)	291 306	258 215	12,8
6 240	5 716	9,2	25 791	15 039	71,5	86 082	14 153	>100,0	876 721	677 561	29,4
21,0	26,6		38,4	33,0		n/a	n/a		26,8	24,7	
1,52	2,25		5,65	5,76		n/a	n/a		1,69	1,61	
7,13	5,79		n/a	n/a		n/a	n/a		3,32	3,21	
1,36	0,71		n/a	n/a		n/a	n/a		0,49	0,37	
32,8	35,6		98,6	100,4		n/a	n/a		49,5	49,9	
58,5	63,5		34,4	36,2		n/a	n/a		53,6	57,7	
6,2	5,7		4,3	5,0		n/a	n/a		3,3	3,5	

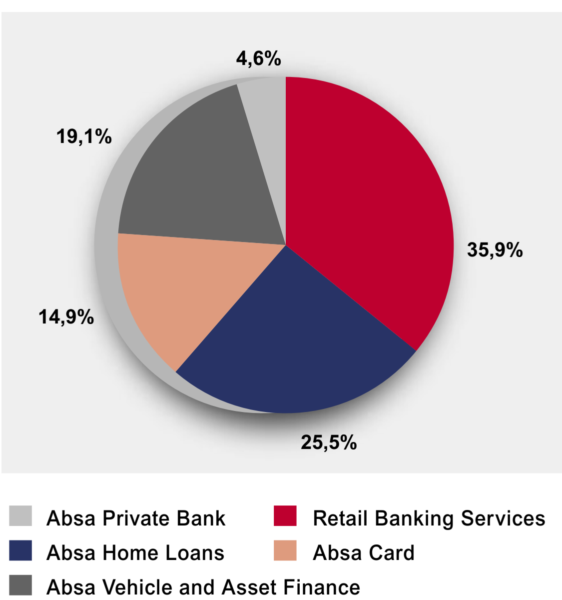
Retail banking

	Absa Private Bank		Retail Banking Services*		Absa Home Loans**	
	Jun 2007	Jun 2006	**Jun 2007**	Jun 2006	**Jun 2007**	Jun 2006
Headline earnings (Rm)	**102**	88	**794**	541	**564**	493
Return on average equity (%)	**13,9**	13,8	**101,0**	105,0	**14,0**	16,2
Cost-to-income ratio (%)	**72,0**	67,9	**70,0**	77,8	**39,8**	42,6
Total assets (Rm)	**28 665**	24 497	**76 275**	57 481	**197 852**	157 408
Total advances (Rm)	**26 544**	22 726	**15 447**	11 123	**184 013**	146 632
Total deposits (Rm)	**15 731**	13 156	**68 686**	59 704	**–**	–
Total liabilities (Rm)	**27 077**	23 241	**75 756**	57 771	**188 923**	151 046

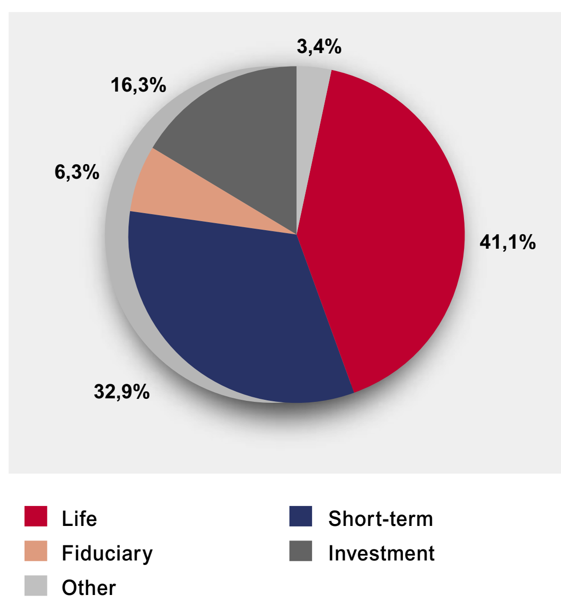
	Absa Card		Absa Vehicle and Asset Finance		Total	
	Jun 2007	Jun 2006	**Jun 2007**	Jun 2006	**Jun 2007**	Jun 2006
Headline earnings (Rm)	**330**	287	**423**	374	**2 213**	1 783
Return on average equity (%)	**70,9**	96,1	**15,6**	16,9	**25,5**	26,6
Cost-to-income ratio (%)	**44,1**	46,2	**44,1**	46,0	**57,8**	61,9
Total assets (Rm)	**12 588**	9 294	**71 897**	62 961	**387 277**	311 641
Total advances (Rm)	**11 418**	8 157	**66 117**	56 649	**303 539**	245 287
Total deposits (Rm)	**2 093**	2 194	**43**	41	**86 553**	75 095
Total liabilities (Rm)	**11 518**	8 620	**66 053**	58 182	**369 327**	298 860

Headline earnings %

Retail banking – June 2007



Bancassurance – June 2007



**Includes the results of Flexi Banking Services, UB Micro Loans, Small Business, Virgin Money and Retail Delivery.*

***Includes the results of Repossessed Properties.*

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

Bancassurance operations

	Note	30 June 2007	30 June 2006	Change %
Balance sheet (Rm)				
Assets				
Cash balances, money and capital market assets		**6 016**	5 923	1,6
Insurance	1	**4 224**	4 106	2,9
Other		**1 792**	1 817	(1,4)
Other assets*		**14 221**	6 410	>100,0
Investments		**9 362**	5 919	58,2
Insurance	1	**8 010**	5 032	59,2
Other		**1 352**	887	52,4
Property and equipment		**36**	25	44,0
Total assets		**29 635**	18 277	62,1
Liabilities				
Current tax liabilities		**52**	141	(63,1)
Liabilities under investment contracts		**6 108**	3 726	63,9
Policyholder liabilities under insurance contracts		**3 201**	2 891	10,7
Other liabilities and sundry provisions*		**16 047**	8 033	99,8
Deferred tax liabilities		**383**	248	54,4
Total liabilities		**25 791**	15 039	71,5
Total equity		**3 844**	3 238	18,7
Total equity and liabilities		**29 635**	18 277	62,1

1. Cash and investments (insurance operations)

	Jun 2007			
	Listed	**Unlisted**	**Fixed interest**	**Total**
Shareholder investments	**2 618**	**65**	**1 459**	**4 142**
Life	**834**	**3**	**405**	**1 242**
Non-life	**1 784**	**62**	**1 054**	**2 900**
Policyholder investment	**1 537**	**3 790**	**2 765**	**8 092**
Insurance contracts	**420**	**913**	**878**	**2 211**
Investment contracts	**1 117**	**2 877**	**1 887**	**5 881**

	Jun 2006			
	Listed	Unlisted	Fixed interest	Total
Shareholder investments	2 207	47	1 743	3 997
Life	798	6	541	1 345
Non-life	1 409	41	1 202	2 652
Policyholder investment	1 174	1 524	2 443	5 141
Insurance contracts	252	652	728	1 632
Investment contracts	922	872	1 715	3 509

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

In managing the liabilities toward policyholders, certain assets have been allocated to be specifically for the purpose of backing the policyholder liability, although no such split legally exists. The above disclosures reflect management of the policyholder liability rather than the legal claim.

	Note	Life insurance		
	Note	**Jun 2007**	Jun 2006	Change %
Income statement (Rm)				
Net earned premium		**664**	582	14,1
Net insurance claims		**(184)**	(132)	(39,4)
Investment income	1			
• policyholder insurance contracts		**132**	108	22,2
• policyholder investment contracts		**464**	173	>100,0
Changes in investment and insurance contracts				
• Insurance contracts		**(110)**	(120)	8,3
• Investment contracts		**(463)**	(174)	>(100,0)
Other income		**37**	25	48,0
Gross operating income		**540**	462	16,9
Commission*		**(123)**	(171)	28,1
Operating expenditure		**(91)**	(76)	(19,7)
Net operating income		**326**	215	51,6
Investment income on shareholder funds	1	**128**	112	14,3
Taxation		**(146)**	(111)	(31,5)
Profit attributable to ordinary equity holders		**308**	216	42,6
1. Investment income				
Policyholder – investment contracts		**464**	173	>100,0
Net interest income		**130**	43	>100,0
Dividend income		**6**	22	(72,7)
Fair value gains		**328**	108	>100,0
Policyholder – insurance contracts		**132**	108	22,2
Net interest income		**37**	36	2,8
Dividend income		**14**	7	100,0
Fair value gains		**81**	65	24,6
Shareholder funds		**128**	112	14,3
Net interest income		**10**	5	100,0
Dividend income		**6**	7	(14,3)
Fair value gains		**112**	100	12,0
Total		**724**	393	84,2
Net interest income		**177**	84	>100,0
Dividend income		**26**	36	(27,8)
Fair value gains		**521**	273	90,8

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

In managing the liabilities toward policyholders, certain assets have been allocated to be specifically for the purposes of backing the policyholders' liability, although no such split legally exists. The above disclosures reflect management of the policyholders' liability rather than the legal claim.

Short-term insurance			Other			Total bancassurance		
Jun 2007	Jun 2006	Change %	**Jun 2007**	Jun 2006	Change %	**Jun 2007**	Jun 2006	Change %
968	791	22,4	**21**	35	(40,0)	**1 653**	1 408	17,4
(594)	(460)	(29,1)	**–**	(15)	100,0	**(778)**	(607)	(28,2)
–	–	–	**–**	–	–	**132**	108	22,2
–	–	–	**–**	–	–	**464**	173	>100,0
–	–	–	**–**	–	–	**(110)**	(120)	8,3
–	–	–	**–**	–	–	**(463)**	(174)	>(100,0)
9	1	>100,0	**888**	751	18,2	**934**	777	20,2
383	332	15,4	**909**	771	17,9	**1 832**	1 565	17,1
(159)	(126)	(26,2)	**(300)**	(243)	(23,5)	**(582)**	(540)	(7,8)
(97)	(65)	(49,2)	**(417)**	(372)	(12,1)	**(605)**	(513)	(17,9)
127	141	(9,9)	**192**	156	23,1	**645**	512	26,0
216	125	72,8	**86**	68	26,5	**430**	305	41,0
(96)	(86)	(11,6)	**(83)**	(60)	(38,3)	**(325)**	(257)	(26,5)
247	180	37,2	**195**	164	18,9	**750**	560	33,9
–	–	–	**–**	–	–	**464**	173	>100,0
–	–	–	**–**	–	–	**130**	43	>100,0
–	–	–	**–**	–	–	**6**	22	(72,7)
–	–	–	**–**	–	–	**328**	108	>100,0
–	–	–	**–**	–	–	**132**	108	22,2
–	–	–	**–**	–	–	**37**	36	2,8
–	–	–	**–**	–	–	**14**	7	100,0
–	–	–	**–**	–	–	**81**	65	24,6
216	125	72,8	**86**	68	26,5	**430**	305	41,0
48	40	20,0	**28**	44	(36,4)	**86**	89	(3,4)
26	25	4,0	**15**	21	(28,6)	**47**	53	(11,3)
142	60	>100,0	**43**	3	>100,0	**297**	163	82,2
216	125	72,8	**86**	68	26,5	**1 026**	586	75,1
48	40	20,0	**28**	44	(36,4)	**253**	168	50,6
26	25	4,0	**15**	21	(28,6)	**67**	82	(18,3)
142	60	>100,0	**43**	3	>100,0	**706**	336	>100,0

	30 June 2007	30 June 2006	Change %
Embedded value and value of new business of Absa Life Limited (Rm)			
Shareholders' net assets	**1 263**	1 064	18,7
Cost of solvency capital	**(24)**	(18)	33,3
Value in force	**1 089**	999	9,0
Total embedded value	**2 328**	2 045	13,8
Embedded value earnings (Rm)	**352**	300	17,3
Return on embedded value (%)	**30,3**	31,5	
Embedded value new business (Rm)	**142**	131	8,4
Value of new business as a % of the present value of future premiums	**19,4**	18,0	
Net asset value of short-term insurance companies (Rm)	**2 018**	1 804	11,9
Managed funds (Rm)			
Estates	**2 510**	1 875	33,9
Portfolio management	**8 042**	6 447	24,7
Trusts	**5 283**	4 675	13,0
Participation bond schemes	**1 638**	1 389	17,9
Unit trusts	**63 142**	49 128	28,5
Linked investments	**20 948**	17 801	17,7
Other	**14 647**	7 148	>100,0
	116 210	88 463	31,4

Commentary

Retail banking – attributable earnings up by 24,1%

Attributable earnings of R2 213 million were achieved as a result of strong advances growth in most areas and healthy non-interest income growth. Mortgage advances increased by 24,7% and credit card advances by 52,5% from June 2006. Instalment finance showed solid growth in advances of 16,5% over the last twelve months, in spite of the decline in demand for new motor vehicles and the declining values of used motor vehicles. Retail banking's secured advances represent 86,9% of total advances, slightly lower than the 88,6% recorded at 30 June 2006, as a result of the strong growth achieved in credit card advances and personal loans.

Transaction volumes grew strongly. This growth emanated from the increased activities of existing and new customers. As a result, non-interest income grew by 20,0% compared with the comparable period in 2006, with the retail customer base having increased by 8,4% to 8,7 million in the past 12 months. Volumes in the branch network grew moderately. Good growth was experienced in ATM, internet and cell phone banking transactions.

Interest margins remained broadly in line with those of the corresponding period in 2006, benefiting from the endowment effect of interest rate increases and a slight change in the asset mix in favour of higher yielding advances. These benefits were countered by increased competition and the larger proportion of wholesale funding used.

The retail impairment ratio for the period was 0,63%, compared with the 0,38% and 0,48% for the first six months and full 2006 year respectively. The credit cycle in retail banking is evolving in line with expectations as a result of increased indebtedness and higher interest rates. The Group has been proactive in reviewing scorecards and increasing the capacity and effectiveness of its collections process.

Operating expenditure increased by 13,8%, mainly as a result of the continued expansion of the delivery footprint and higher business volumes.

Absa Corporate and Business Bank – attributable earnings up by 46,2%

Absa Corporate and Business Bank increased its attributable earnings to R740 million (six months ended 30 June 2006: R506 million). This performance was driven by a strong growth in advances, most significantly from commercial property finance in the medium and large segments. Strong deposit growth, particularly from the public sector and the medium business segment, as well as increased transaction volumes, assisted in lifting earnings growth. Growth in lending to large corporates remained modest, although some signs of increased activity are becoming evident.

The quality of the advances book improved further, as evidenced by an impairment loss ratio of 0,17% compared with the 0,58% for the six months ended 30 June 2006.

Operating expenses grew by 18,5%, mainly owing to an increased employee complement, which is aimed at increasing sales and service capacity.

During the period, the cluster continued with the implementation of the value-aligned performance measurement methodology and new operating models aimed at improving sales and operational efficiency. The enabling system, tools and practices were implemented during the period under review and the methodology is now applied in the medium and large business banking segments.

Absa Capital – attributable earnings up by 33,3%

Absa Capital increased attributable earnings to R757 million (six months ended 30 June 2006: R568 million), reflecting the continued expansion of Absa Capital's franchise.

Investor Services and Equity Investments performed strongly. Private equity investments remain a key pillar of the growth strategy and the first half of 2007 saw continued growth in this portfolio. Profits were buoyed by the harvesting of certain investments and the strong underlying performance of the portfolio.

Secondary Markets recorded solid growth, which was supported by a strong performance in agency trading. Product innovation and continued growth in the use of derivatives were key developments, along with increased customer flow.

Primary Markets' strategy of migrating away from an asset accumulation model towards an originate-and-distribute model showed clear results over the period, with the risk profile improving and fee income rising in excess of 150%. Overall, the business recorded moderate growth, having restructured to position for the change of strategy.

African operations – attributable earnings down by 21,2%

The Group's African operations experienced a decline in attributable earnings from the R66 million recorded in the prior period to R52 million for the six months ended 30 June 2007. The decline in earnings is the result of the Group's sale of its shareholding in Capricorn Investment Holdings (Proprietary) Limited (CIH), the holding company of Bank Windhoek in Namibia, during 2006. The remainder of the portfolio posted solid growth of 44,4% in attributable earnings.

National Bank of Commerce (NBC) in Tanzania continued to perform strongly. Its performance was driven by growth in advances (18,2%) and deposits (16,0%) during the past twelve months and the bank's ability to grow the yields earned on its various asset classes. Banco Austral in Mozambique performed well and experienced solid deposit (11,6%) and income (39,7%) growth for the period under review. Both NBC and Banco Austral incurred additional costs by investing in the expansion of their retail networks.

Bancassurance – attributable earnings up by 33,9%

Absa's bancassurance operations posted attributable earnings of R750 million for the six months under review.

The life insurance operations contributed 41,1% of earnings, benefiting from a particularly strong operational performance. This performance was the result of increased credit life business and a lower-than-expected claims experience, which was further supported by a strong equity market performance. The embedded value of the life business increased by 13,8% from 30 June 2006 to R2 328 million as at 30 June 2007. Embedded value earnings of R352 million for the six months ended 30 June 2007 represents a return on embedded value of 30,3% on an annualised basis.

The Group's short-term insurance operations increased earnings by 37,2%, which can be attributed to investment income and the growth in commercial business. A high claims experience in the motor and personal lines business tempered growth.

The Group's investment management operations reported growth in assets under management of R27,7 billion since 30 June 2006, to R116,2 billion as at 30 June 2007. Strong performances were recorded in the equity unit trust business and the Group's money market fund. A high level of operational gearing resulted in strong earnings growth in this business compared with the previous period.

Restatement of prior year figures

Restatement of prior year figures

Member of the BARCLAYS Group

ABSA

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Rm	Commentary	30 June 2006 (Unaudited) (As previously reported)	Accounting policy changes	Reclassi-fications	30 June 2006 (Unaudited) (Restated)
Assets					
Cash, cash balances and balances with central banks	1	10 775	(46)	–	10 729
Statutory liquid asset portfolio		18 929	–	–	18 929
Loans and advances to banks	2	12 999	–	12 149	25 148
Trading assets and hedging derivative assets	3	26 844	–	(304)	26 540
Hedging assets	3	–	–	304	304
Loans and advances to customers	2, 4 & 5	366 760	–	(20 780)	345 980
Reinsurance assets		381	–	–	381
Other assets	1 & 7	10 708	(6)	205	10 907
Investments	1 & 4	14 199	(3 476)	8 794	19 517
Investments in associated undertakings and joint ventures		1,047	–	–	1 047
Intangible assets		188	–	–	188
Property and equipment		3 482	–	–	3 482
Current tax assets		18	–	–	18
Deferred tax assets		82	–	–	82
Clients' liabilities under acceptances	5	161	–	(161)	–
Total assets		466 573	(3 528)	207	463 252
Liabilities					
Deposits from banks	2 & 6	–	–	30 298	30 298
Trading liabilities and heding derivative liabilities	3	28 514	–	(1 377)	27 137
Hedging liabilities	3	–	–	1 377	1 377
Deposits due to customers	2, 5 & 6	367 248	–	(109 033)	258 215
Debt securities in issue	6	–	–	78 896	78 896
Current tax liabilities	1	573	(23)	–	550
Liabilities under investment contracts	1	7 225	(3 499)	–	3 726
Policyholder liabilities under insurance contracts		2 970	–	–	2 970
Borrowed funds		8 325	–	–	8 325
Other liabilities and sundry provisions	1	18 240	(6)	–	18 234
Deferred tax liabilities		2 332	–	–	2 332
Liabilities to clients under acceptances	5	161	–	(161)	–
Total liabilities		435 588	(3 528)	–	432 060
Equity					
Capital and reserves					
Attributable to ordinary equity holders of the Group:					
Share capital		1 331	–	–	1 331
Share premium		1 950	–	–	1 950
Other reserves		551	–	–	551
Distributable reserves	7	23 927	–	207	24 134
		27 759	–	207	27 966
Minority interest – preference shares		2 992	–	–	2 992
Minority interest – ordinary shares		234	–	–	234
Total equity		30 985	–	207	31 192
Total equity and liabilities		466 573	(3 528)	207	463 252

Group income statement

Change in accounting policy and reclassifications

Restated for deconsolidation of certain cell captives and reclassifications of interest and dividends on fair value through profit and loss assets.

Rm	Commentary	Six months ended 30 June 2006 (Unaudited) (As previously reported)	Accounting policy changes	Reclassifications	Six months ended 30 June 2006 (Unaudited) (Restated)
Net interest income	1, 4 & 8	7 163	–	(272)	6 891
Interest and similar income		17 977	–	(646)	17 331
Interest expense and similar charges		(10 814)	–	374	(10 440)
Impairment losses on loans and advances		(594)	–	–	(594)
		6 569	–	(272)	6 297
Net fee and commission income		4 841	3	(39)	4 805
Fee and commission income	1 & 10	5 113	3	(39)	5 077
Fee and commission expense		(272)	–	–	(272)
Net insurance premium income	1	1 408	–	–	1 408
Net insurance claims and benefits paid		(607)	–	–	(607)
Changes in insurance and investment liabilities	1	(564)	270	–	(294)
Gains and losses from banking and trading activities	4, 8 & 9	461	–	149	610
Gains and losses from investment activities	1, 4, 8 & 9	629	(276)	235	588
Other operating income	9 & 10	432	–	(73)	359
Net operating income		13 169	(3)	–	13 166
Operating expenditure		(8 357)	1	–	(8 356)
Operating expenses	1	(7 936)	1	–	(7 935)
Impairments		–	–	–	–
Indirect taxation	1	(421)	0	–	(421)
Share of retained earnings of associated undertakings and joint ventures		69	–	–	69
Operating profit before income tax		4 881	(2)	–	4 879
Taxation expense	1	(1 391)	2	–	(1 389)
Profit for the period		3 490	–	–	3 490
Attributable to:					
Ordinary equity holders of the Group		3 445	–	–	3 445
Minority interest – preference shares		–	–	–	–
Minority interest – ordinary shares		45	–	–	45
		3 490	–	–	3 490
Headline earnings		3 460	–	–	3 460

Group balance sheet

Reclassifications

Reclassification of certain assets and liabilities.

Rm	Commentary	31 December 2006 (Audited) (As previously reported)	Reclassifications	31 December 2006 (Audited) (Restated)
Assets				
Cash, cash balances and balances with central banks		16 461	–	16 461
Statutory liquid asset portfolio		20 829	–	20 829
Loans and advances to banks		21 800	–	21 800
Trading assets and hedging derivative assets		17 983	–	17 983
Hedging assets		676	–	676
Loans and advances to customers	4	386 174	(11 228)	374 946
Reinsurance assets		390	–	390
Other assets		12 175	–	12 175
Investments	4	13 798	11 228	25 026
Investments in associated undertakings and joint ventures		693	–	693
Intangible assets		230	–	230
Property and equipment		3 750	–	3 750
Current tax assets		24	–	24
Deferred tax assets		129	–	129
Total assets		495 112	–	495 112
Liabilities				
Deposits from banks	6	35 156	(10 339)	24 817
Trading liabilities and heding derivative liabilities		23 484	–	23 484
Hedging liabilities		1 902	–	1 902
Deposits due to customers	6	368 449	(88 601)	279 848
Debt securities in issue	6	–	98 940	98 940
Current tax liabilities		1 181	–	1 181
Liabilities under investment contracts		5 129	–	5 129
Policyholder liabilities under insurance contracts		3 187	–	3 187
Borrowed funds		8 420	–	8 420
Other liabilities and sundry provisions		10 746	–	10 746
Deferred tax liabilities		2 537	–	2 537
Total liabilities		460 191	–	460 191
Equity				
Capital and reserves				
Attributable to ordinary equity holders of the Group:				
Share capital		1 338	–	1 338
Share premium		2 067	–	2 067
Other reserves		412	–	412
Distributable reserves		27 876	–	27 876
		31 693	–	31 693
Minority interest – preference shares		2 992	–	2 992
Minority interest – ordinary shares		236	–	236
Total equity		34 921	–	34 921
Total equity and liabilities		495 112	–	495 112

Group income statement

Reclassifications

Reclassification of interest and investment gains on fair value through profit and loss assets.

Rm	Commentary	Twelve months ended 31 December 2006 (Audited) (As previously reported)	Reclassifications	Twelve months ended 31 December 2006 (Audited) (Restated)
Net interest income	4 & 8	14 941	(44)	14 897
Interest and similar income		38 368	(768)	37 600
Interest expense and similar charges		(23 427)	724	(22 703)
Impairment losses on loans and advances		(1 573)	–	(1 573)
		13 368	(44)	13 324
Net fee and commission income		10 374	–	10 374
Fee and commission income		10 951	–	10 951
Fee and commission expense		(577)	–	(577)
Net insurance premium income		2 994	–	2 994
Net insurance claims and benefits paid		(1 319)	–	(1 319)
Changes in insurance and investment liabilities		(748)	–	(748)
Gains and losses from banking and trading activities	4 & 8	1 347	69	1 416
Gains and losses from investment activities	4 & 8	1 916	(25)	1 891
Other operating income		938	–	938
Net operating income		28 870	–	28 870
Operating expenditure		(17 566)	–	(17 566)
Operating expenses		(16 620)	–	(16 620)
Impairments		(75)	–	(75)
Indirect taxation		(871)	–	(871)
Share of retained earnings of associated undertakings and joint ventures		113	–	113
Operating profit before income tax		11 417	–	11 417
Taxation expense		(3 151)	–	(3 151)
Profit for the year		8 266	–	8 266
Attributable to:				
Ordinary equity holders of the Group		8 105	–	8 105
Minority interest – preference shares		73	–	73
Minority interest – ordinary shares		88	–	88
		8 266	–	8 266
Headline earnings		7 872	–	7 872

Commentary

Accounting policy changes

1. Deconsolidation of certain cell captives

The financial statements for the period ended 30 June 2006 included all the assets of the investment and insurance cells recognised as financial assets, and a liability equal to the amount of the assets was recognised in favour of the cell owner.

Where the cell is created for a linked investment product, the inclusion of assets and liabilities is no longer considered to be appropriate. This results in a reduction in both the assets and liabilities at 30 June 2006. From an income statement perspective only the fee received by the Group is now reflected.

Where the cell captive has been established for third party insurance purposes, a policy is issued by the Group. The policyholder therefore has a claim against the Group who will in turn recover amounts from the cell established and hence, consolidation remains appropriate.

This adjustment is consistent with the change applied at 31 December 2006.

Reclassifications

2. Change in banks/non-banks advances and deposits split

The financial statements for the period ended 30 June 2006 classified wholesale funding with banks as part of balances with customers. The Group has reclassified this funding as part of balances with banks.

3. Reclassification of non-qualifying hedges

The financial statements for the period ended 30 June 2006 classified non-qualifying asset and liability hedges as hedging assets or liabilities. The Group has reclassified these as trading assets or liabilities.

4. Abacas

Abacas is a conduit vehicle within Absa Capital that buys longer-term rated bonds and issues short-term paper. This vehicle is consolidated at an Absa Group level and the assets were reflected under “Loans and advances to customers” as the principal objective was to earn a spread on the difference in duration of the paper. The assets within the vehicle are mark-to-market. Management is of the view that a more appropriate classification would be “Investments” – comparatives have also been reclassified.

5. Clients’ liabilities under acceptances

The financial statements for the period ended 30 June 2006 disclosed clients’ liabilities under acceptances separately on the face of the balance sheet. The Group has now included them as part of loans and advances to/deposits from customers as they are of a similar nature.

6. Debt securities in issue

Negotiable certificates of deposits and other funding paper issued were previously reported as a sub-category of “Deposits due to customers” and “Deposits from banks”. Going forward, this will be disclosed on a separate line on the face of the balance sheet, called “Debt securities in issue.”

7. Sale of Bankhaus Wölbern

In June 2006 the sale of Bankhaus Wölbern had not yet been concluded. Shortly thereafter the sale was successfully concluded and to this end we have reclassified the NAV of Wölbern to other assets in June 2006 to ensure consistency with the treatment at December 2006.

8. Reclassification of interest

The financial statements for the period ended 30 June 2006 classified interest on investments held at fair value through profit and loss in net interest income. The Group has reclassified this interest and now discloses it under “Gains and losses from banking and trading/investment activities”.

9. Reclassification of dividend income

The financial statements for the period ended 30 June 2006 classified dividends on non-trading activities as part of other income. The Group has reclassified these to gains and losses on banking and trading/investment activities.

10. Fee and commission income

Reallocation of forex gains and losses to other operating income.