Absa Group Limited Interim financial results for the six months ended 30 June 2009

Member of the BARCLAYS Group

ABSA GROUP LIMITED

Interim financial results

For the six months ended 30 June 2009

ABSA

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Group performance

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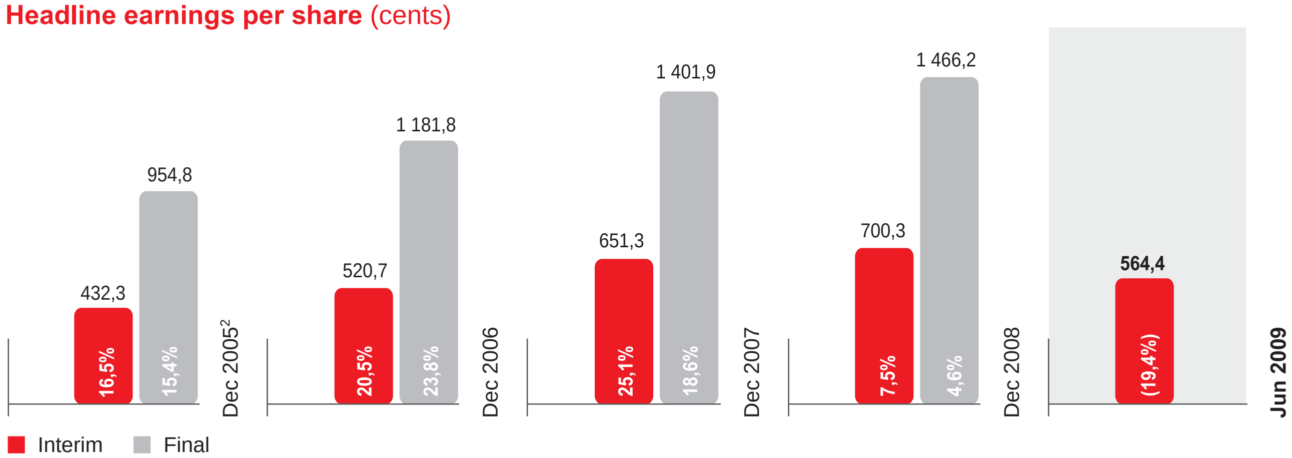
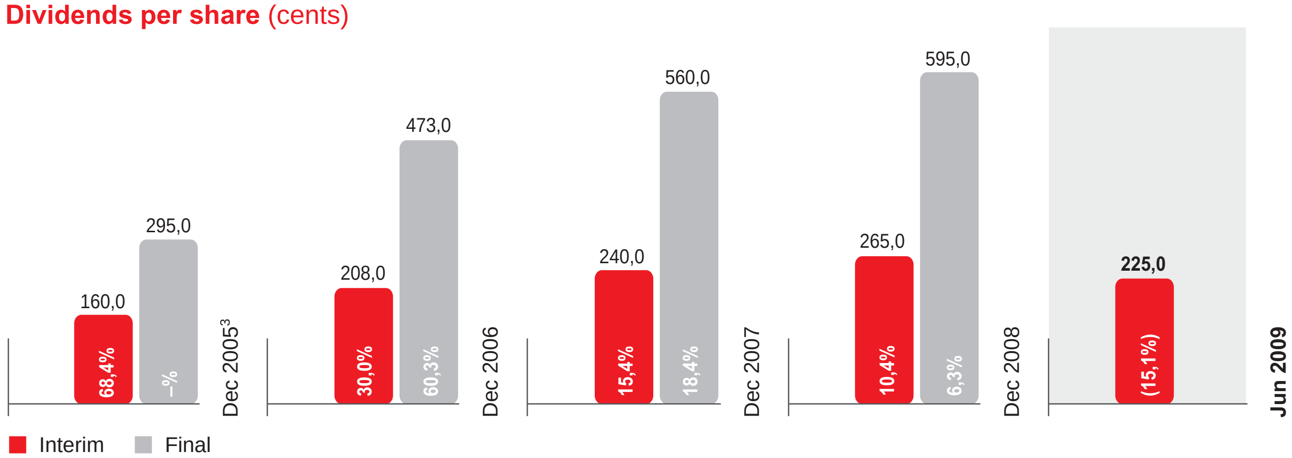
Financial highlights

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Total assets	**R754,3 billion**	R 737,6 billion	R 773,8 billion
Headline earnings	**R3 826 million**	R4 731 million	R9 908 million
Market capitalisation	**R79,0 billion**	R55,8 billion	R73,6 billion
Number of customers[1]	**11 million**	10 million	11 million
Number of staffed outlets[1]	**1 081**	1 176	1 192
Number of ATMs[1]	**9 211**	8 338	9 104

Headline earnings per share (cents)



Dividends per share (cents)



Notes

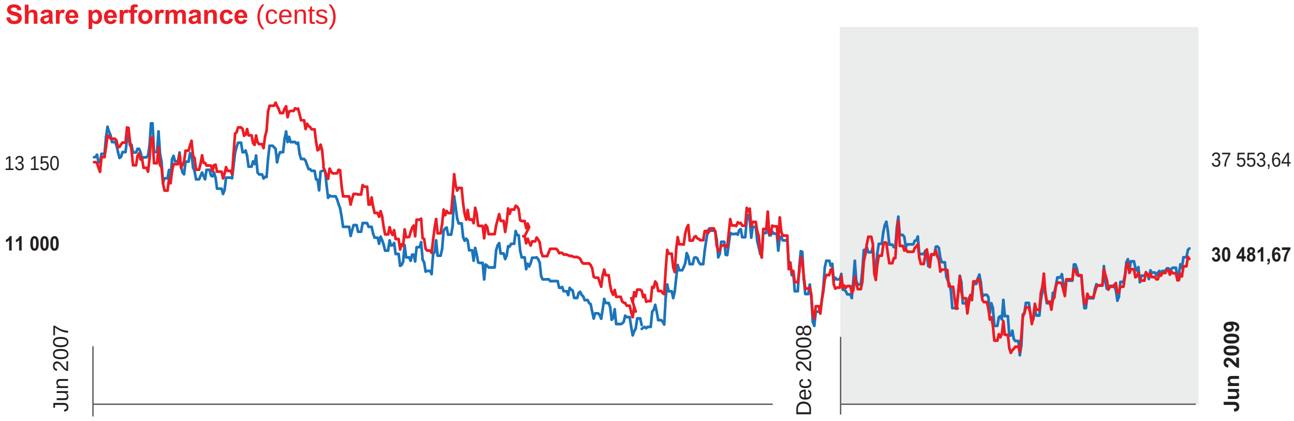
[1] *Including African operations.*

[2] *Pro forma figures (six and twelve months).*

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

Share performance

Share performance (cents)



Notes

[1]*Absa's annual total return for the twelve month period was 41,4%.*

[2]*Absa's share price outperformed the banks' index by 12,72% over the twelve 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 30 June 2009	Six months ended 30 June 2008	Change %	Year ended 31 December 2008
Number of shares in issue[1]	**718 210 043**	680 128 701	5,6	680 278 301
Market prices (cents per share):				
– closing	**11 000**	8 201	34,1	10 815
– high	**11 000**	11 999	(8,3)	11 999
– low	**8 130**	7 900	2,9	7 900
– average	**9 806**	9 861	(0,6)	9 954
Closing price/net asset value per share (excluding preference shares)	**1,63**	1,40		1,56
Price to earnings (P/E) ratio (closing price/headline earnings per share)	**9,7**	5,8		7,4
Volume of shares traded (millions)	**301,0**	244,1	23,3	551,4
Value of shares traded (R millions)	**29 142,8**	23 734,1	22,8	54 635,7
Market capitalisation (R millions)	**79 003,1**	55 777,4	41,6	73 572,1

Note

[1]*Include **24 678 764** shares linked bridging finance given to Batho Bonke Capital (Proprietary) Limited, **2 617 988** shares held by Absa Group Limited Share Incentive Trust (December 2008: 2 400 220), **1 225 512** shares held by Absa Life Limited and Absa Fund Managers Limited (December 2008: 905 111), and **no** shares held by Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust (December 2008: 500).*

Shareholders' information

Ordinary shares

	30 June 2009 %	30 June 2008 %	31 December 2008 %
Major ordinary shareholders (top 10)[1]			
Barclays Bank PLC	**55,4**	58,8	58,6
Public Investment Corporation	**5,9**	5,5	8,5
Batho Bonke Capital (Proprietary) Limited	**5,1**	—	—
Old Mutual Asset Managers	**3,5**	4,0	2,6
Investec Asset Management	**2,1**	n/a	1,6
Stanlib Asset Management	**1,9**	1,5	2,0
Sanlam Investment Management	**1,8**	1,0	1,1
AXA Financial SA (Bernstein and Alliance)	**1,3**	n/a	0,9
Allan Gray Limited	**1,0**	7,9	4,1
Foord Asset Management	**1,0**	1,1	1,1
Absa Stockbrokers (Proprietary) Limited[2]	**n/a**	1,1	1,1
RMB Asset Management	**n/a**	2,3	n/a
Coronation Fund Managers	**n/a**	0,8	n/a
Other	**21,0**	16,0	18,4
	100,0	100,0	100,0
Geographical split			
England and Wales	**56,0**	59,1	59,1
South Africa	**33,2**	33,7	31,0
United States	**4,6**	2,7	4,1
Other countries	**4,2**	2,4	3,9
Below threshold	**2,0**	2,1	1,9
	100,0	100,0	100,0

Notes

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

[2]*Represents shareholding on behalf of various private clients.*

Preference shares

Batho Bonke Capital (Proprietary) Limited and Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust hold **no** (December 2008: 75 260 000) redeemable cumulative option-holding preference shares (preference shares).

Black economic empowerment (BEE) transaction

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

On 1 June 2009, Absa entered into an agreement with Batho Bonke to assist in the partial realisaton and exercise of these options. Refer to page 42 for further information.

Shareholders' diary

Financial year-end	31 December 2009
Annual general meeting[1]	21 April 2010

Announcements

Announcement of the interim results	3 August 2009
Announcement of the final results[1]	16 February 2010

Dividends

Dividend	Declaration date	Last day to trade	Ex dividend date	Record date	Payment date
Interim June 2009	3 August 2009	21 August 2009	24 August 2009	28 August 2009	31 August 2009
Final December 2009[1]	16 February 2010	5 March 2010	8 March 2010	12 March 2010	15 March 2010

Note

[1]*Subject to change.*

Group salient features

	Six months ended 30 June 2009 (Unaudited)	Six months ended 30 June 2008[1] (Unaudited)	Change %	Year ended 31 December 2008[1] (Audited)
Statement of comprehensive income (Rm)				
Headline earnings[2]	**3 826**	4 731	(19,1)	9 908
Profit attributable to ordinary equity holders of the Group	**3 272**	5 335	(38,7)	10 592
Statement of financial position (Rm)				
Total assets	**754 312**	737 577	2,3	773 758
Loans and advances to customers	**521 427**	489 319	6,6	532 171
Deposits due to customers	**370 096**	347 207	6,6	382 281
Off-balance sheet (Rm)				
Managed funds	**149 523**	121 704	22,9	125 100
Financial performance (%)				
Return on average equity	**16,4**	24,6		23,4
Return on average assets	**1,02**	1,39		1,37
Operating performance (%)				
Net interest margin on average assets[4]	**2,86**	3,15		3,06
Net interest margin on average interest-bearing assets[4]	**3,51**	3,78		3,68
Impairment losses on loans and advances as % of average loans and advances to customers	**1,86**	0,93		1,19
Non-performing advances as % of loans and advances to customers[1 & 4]	**6,6**	2,9		4,1
Non-interest income as % of total operating income	**48,7**	47,8		48,5
Cost-to-income ratio	**46,6**	49,3		49,4
Effective tax rate, excluding indirect taxation	**23,9**	26,2		26,1
Share statistics (million)				
Number of shares in issue	**718,2**	680,1		680,3
Weighted average number of shares	**677,9**	675,6		675,7
Weighted average diluted number of shares	**696,1**	711,4		702,8
Share statistics (cents)				
Earnings per share	**482,7**	789,7	(38,9)	1 567,5
Diluted earnings per share	**470,9**	751,1	(37,3)	1 509,5
Headline earnings per share	**564,4**	700,3	(19,4)	1 466,2
Diluted headline earnings per share	**550,5**	666,2	(17,4)	1 412,1
Dividends per ordinary share relating to income for the period/year	**225,0**	265,0	(15,1)	595,0
Dividend cover (times)	**2,5**	2,6		2,5
Net asset value per share	**6 762**	5 849	15,6	6 950
Tangible net asset value per share	**6 623**	5 800	14,2	6 809
Capital adequacy (%)[3 & 4]				
Absa Bank	**13,7**	13,5		14,0
Absa Group	**13,9**	13,9		14,1

Notes

[1] *Refer to pages 75 – 84 for the restatement of prior year figures. The non-performing advances ratio's comparatives have been restated, refer to page 45 for the restatement of prior year figures.*

[2] *After allowing for **R234 million** (June 2008: R220 million) profit attributable to preference equity holders of the Group.*

[3] *Refer to pages 54 – 55 for the capital adequacy section reflecting Tier I and Tier II capital ratio's.*

[4] *These ratio's are unaudited.*

Group financial reporting structure

Absa Group Limited

Retail banking

- Retail Bank[1]
- Absa Home Loans (including Repossessed Properties[2])
- Absa Card
- Absa Vehicle and Asset Finance (AVAF)
- AllPay Consolidated Investment Holdings (Proprietary) Limited
- Africa Retail[3]
  - Barclays Bank Mozambique (BBM)
  - National Bank of Commerce Limited (NBC) (Tanzania)
- Meeg Bank Limited
- Woolworths Financial Services (Proprietary) Limited

Corportate and commercial banking

- Absa Corporate and Business Bank (ACBB)
- Absa Development Company Holdings (Proprietary) Limited
- Commercial Asset Finance (CAF)
- Africa Corporate[3]
  - Barclays Bank Mozambique (BBM)
  - National Bank of Commerce Limited (NBC) (Tanzania)
- Absa Bank London – Business Bank[4]

Investment banking

- Absa Capital
- Absa Wealth[5]
- Africa Treasury[3]
  - Barclays Bank Mozambique (BBM)
  - National Bank of Commerce Limited (NBC) (Tanzania)
- Absa Bank London – Corporate[4]

Changes in the Group financial reporting structure

[1] *Retail Bank caters for the needs of the Group's mass market through to affluent individuals as well as the small business market.*

[2] *Repossessed Properties was moved from Other Group activities to Retail banking during the period under review.*

[3] *The Group's African operations segment has been allocated to the various segments where those businesses are managed in terms of IFRS 8. Banco Comercial Angolano (Angola) has been sold during the period under review.*

[4] *Absa Bank London's results are also allocated to Corporate and commercial as well as Investment banking in terms of IFRS 8.*

[5] *Absa Wealth was moved from Retail banking to Investment banking during the period under review. Absa Wealth caters for the needs of the high net worth market.*

[6] *Absa Manx Insurance Company Limited was moved from Bancassurance to Other Group activities during the period under review.*

Bancassurance

Insurance

Absa Life Limited

Absa Insurance Company Limited

Investments

Absa Fund Managers Limited

Absa Mortgage Fund Managers (Proprietary) Limited

Absa Stockbrokers (Proprietary) Limited

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

Other Group activities

Corporate Real Estate Services (CRES)

Absa Manx Insurance Company Limited[6]

International operations

Absa Bank London[4]

Profit and dividend announcement

Salient features

– Revenue increased by 3,6% to R20 981 million
– Cost-to-income ratio improved from 49,3% to 46,6%
– Headline earnings per share declined by 19,4% to 564,4 cents per share
– Earnings per share declined by 38,9% to 482,7 cents per share
– Impairment charge increased by 121,9% to R4 834 million
– Return on average equity (RoE) of 16,4%
– Net asset value per share increased by 15,6% to 6 762 cents per share
– Interim dividend of 225,0 cents per share declared

"The Group's results reflect the challenging macroeconomic environment. Rising impairments, margin contraction and a reduction in the value of investment portfolios have impacted the Group's performance. Absa, however, remains profitable and well capitalised. Our customer deposits are growing, costs are well controlled and fee income continues to grow at a steady pace. In this environment it is important that we manage our businesses to protect and enhance our financial performance. These challenging times require a focus on the fundamentals of banking. Our priorities are therefore to support our customers, maintain asset quality and improve cost efficiencies".

Group Chief Executive, Maria Ramos

Overview

The Absa Group Limited (the Group) recorded a decline of 19,1% in headline earnings to R3 826 million for the six months ended 30 June 2009. Headline earnings per share (HEPS) decreased by 19,4% to 564,4 cents per share and fully diluted HEPS decreased by 17,4% to 550,5 cents per share.

Attributable earnings declined by 38,7% to R3 272 million. The pronounced decline in attributable earnings is largely as a result of a once-off gain of R636 million, arising from the Visa Inc initial public offering share allocation, recorded in the prior period and a R788 million (R1 095 million before tax) impairment in the value of certain associate investments.

The Retail bank recorded a 30,9% decline in earnings as a result of rising impairments and slowing advances growth. The decline in earnings reflects the considerable pressure on consumers despite the relief brought about by the 450 basis point reduction in interest rates since December 2008.

The Commercial bank experienced a sharp rise in impairments. This, was offset by increased revenues arising from growth in advances, deposits and non-interest income, which resulted in a 2,6% rise in earnings for the period.

The bancassurance cluster recorded a 4,8% decrease in attributable earnings and achieved an RoE of 38,3%. Operating income grew by 8,5% as a result of strong growth in institutional business and short-term insurance. Investment income on shareholder funds of the bancassurance subsidiaries was, however, adversely impacted by declining interest rates and volatile equity markets.

Absa Capital and Absa Wealth[1] recorded a significant decline in earnings to R129 million as a result of the impairment raised against the carrying value of associate investments. The earnings, excluding this impairment, declined by 9,7% to R917 million. The Markets[2] business unit, continued to show growth while the Investment Banking[3] business slowed due to reduced client deal flow in debt markets and advisory services. The value of the private equity portfolio declined due to the deteriorating macroeconomic environment.

Costs were well contained across the Group, decreasing by 2,0% as operating efficiency initiatives and cost management measures yielded positive results.

The Group continued to grow its customer deposits, recording a 6,6% increase in total deposits.

The Group maintained its strong capital position with a Tier I capital ratio of 11,5% and total capital ratio of 13,9% as at 30 June 2009; well above the targets set by the Group board and regulatory requirements.

An interim dividend of 225,0 cents per share was declared representing a dividend cover of 2,5 times.

Operating environment

Global economic conditions in the first half of 2009 remained challenging, despite the significant intervention by policy-makers around the world. Recessionary conditions and rising levels of unemployment prevailed across many of the developed markets, while some emerging markets experienced a marked slowdown in economic activity.

Notes

[1]*Absa Wealth is now reported with Absa Capital (previously reported with Absa Retail). Prior year comparative results have been restated to take account of this.*

[2]*Markets business unit – is a combination of the old Secondary Markets business unit as well as the old Investor Services business unit.*

[3]*Investment Banking refers to the old Primary Markets business unit.*

South Africa started to show signs of significant macroeconomic strain. GDP growth declined by 6,4% (annualised) in the first quarter of 2009, with the mining and the manufacturing sectors posting particularly sharp falls of 33% and 23%, respectively. The Business Confidence Index, one of the lead indicators of investment trends for the private sector, reached ten-year lows in the first half of 2009. Real household disposable income declined 4,5% (annualised) in the first quarter of the year despite lower inflation. Equity markets and house prices also fell, lowering household wealth further. In addition, unemployment continued to rise with data from Statistics South Africa indicating that the formal non-agricultural economy shed 179,000 jobs in the first quarter of the year. This contributed to a fall in consumer spending of 4,9% (annualised) in the first quarter of 2009.

Given the strain experienced by both businesses and households, support for economic growth during the current year will be largely dependent on the public sector-led infrastructure programmes. The South African Reserve Bank has reduced policy rates by 450 basis points since December 2008, contributing to a reduction in debt-service payments for both households and corporates. This, together with lower inflation, should provide some relief to consumer budgets. Household consumption, however, is not expected to rise in the near-term. Rising unemployment levels, the underutilisation of labour and more prudent credit lending criteria are likely to result in the continuing deleveraging of the consumer.

The Group, therefore, expects economic conditions to remain challenging for the remainder of the year with a slow recovery in the medium term.

	June 2009	December 2008	June 2008	December 2007	June 2007	**June 2009[1] (Average)**
Prime overdraft rate	**11,0**	15,0	15,5	14,5	13,0	**13,8**
House price index	**327,8**	352,6	355,6	354,2	342,2	**346,5**
Disposable income/household debt[2]	**76,6**	76,3	76,4	77,9	76,5	**76,7**

Notes

[1] *Average over a period of 2 years.*

[2] *June 2009 represents the Absa estimate and has been used for comparison purposes.*

Group performance

Information on the Group performance, net asset value and capital adequacy is contained on pages 11 – 55.

Information relating to the performance of the Group's segments is contained on pages 59 – 74.

Prospects and strategic focus

The economy is unlikely to record positive growth for the current financial year. Interest rate declines should bring about relief to households and corporates. Consumption, however, is likely to remain constrained as a result of the continued effects of consumer deleveraging. Global recessionary conditions, deteriorating household wealth and weak employment prospects remain significant risks to an economic recovery in the near-term whilst market sentiment is likely to remain fragile.

Business volumes are, therefore, likely to show limited growth. Arrears and non-performing loans are expected to continue rising. Margins are expected to remain under pressure due to the continued higher cost of funding.

The Group has implemented comprehensive measures to protect future earnings. A disciplined approach to risk and cost management will remain a priority. The Group also remains focussed on maintaining asset quality while, at the same time, being actively alert and seeking opportunities to lend where signs of recovery are evident. The Group is committed to supporting its customers by strengthening relationships during these challenging times.

In the light of the challenging macroeconomic environment, the Group's performance for the year ending December 2009 is expected to remain under pressure.

Basis of presentation and changes in accounting policies

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

The accounting policies applied in preparing the financial results for the six months ended 30 June 2009 are the same as the accounting policies in place for the year ended 31 December 2008, with the exceptions mentioned below.

The following amendments to published standards affected the Group during the period:

– Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term 'total comprehensive income', which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total

Profit and dividend announcement

comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The amendment also requires two sets of comparative numbers to be provided for the financial position in any year where there has been a restatement or reclassification of balances. Revised IAS 1, which became mandatory for the Group's 2009 consolidated financial statements, will not affect the financial position or results of the Group but has introduced some changes to the presentation of the consolidated financial statements.

– Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 became mandatory for the Group's 2009 consolidated financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions, the Group has applied the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commenced on or after the effective date 1 January 2009. There will, therefore, be no impact on prior periods in the Group's 2009 consolidated financial statements. The standard did not have a material impact on the current period's results.

The following reclassifications have been effected to the Group's prior year disclosures:

– Gains and losses from financial instruments, used as part of the Group's interest rate management, have been reclassified to net interest income from gains and losses from banking and trading activities, in line with the Group's accounting policy. This reclassification eliminates mismatches previously experienced between these two income statement lines.

– During the 2007 financial year, the Commercial bank commenced with investments in unlisted Commercial Property Finance related entities. The investment portfolio was classified as 'investments in associates' as the equity investments generally ranged between 20% and 50% of the company's issued equity.

During 2008, these investments were reclassified from 'investments in associates' to 'unlisted investments' being measured at fair value through profit and loss according to the scope exclusion for venture capital organisations in IAS 28 – *Investments in Associates*.

The carrying value of the investments reclassified from the 'investments in associates' category to the 'unlisted investments' category as at 30 June 2008 was R648million.

Declaration of interim ordinary dividend number 46

Shareholders are advised that an interim ordinary dividend of 225,0 cents per ordinary share was declared today, Monday 3 August 2009. The interim ordinary dividend is payable to shareholders recorded in the register of members of the Group at the close of business on Friday, 28 August 2009.

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

Last day to trade cum dividend	Friday, 21 August 2009
Shares commence trading ex dividend	Monday, 24 August 2009
Record date	Friday, 28 August 2009
Payment date	Monday, 31 August 2009

Share certificates may not be dematerialised or rematerialised between Monday, 24 August 2009, and Friday, 28 August 2009, both dates inclusive.

On Monday, 31 August 2009, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not, cheques dated 31 August 2009 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will be credited on Monday, 31 August 2009.

On behalf of the board

S Martin
Group Secretary

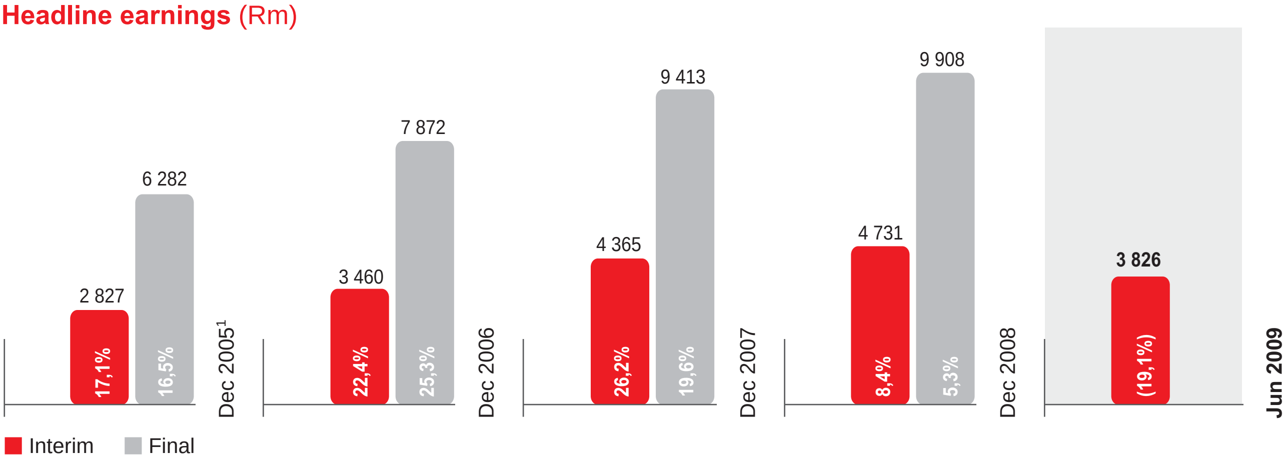
3 August 2009
Johannesburg

Performance indicators

Headline earnings

Objective: Compounded annual growth rate of 15% over 5 years.

Headline earnings (Rm)



Note
[1]*Pro forma figures (six and twelve months).*

Performance:

The Group's headline earnings decreased by 19,1%, from R4 731 million in June 2008 to R3 826 million in the current period. The compounded annual growth rate over 5 years is 9,8% and therefore below the target of 15%.

Headline and attributable earnings from Retail declined by 40,7% and 30,9% respectively. Profit before tax and credit impairments was 24,9% higher; however, a 110,0% increase in impairments reduced the profit before tax to 35,1% below June 2008 levels.

Attributable earnings of Absa Corporate and Business Bank increased by 2,6% and headline earnings declined by 0,9%. Profit before tax and credit impairments increased by 21,7%. Credit impairments were 197,7% higher than the June 2008 base and reduced profit before tax growth to 1,4%.

Absa Capital posted headline and attributable earnings which are 9,3% and 88,0% below the comparative period of 2008. The significant difference in attributable earnings compared to headline earnings is as a consequence of the impairment of investments arising from single stock future defaults which has been excluded from headline earnings. Markets continued to perform very well, however, poor equity market performances impacted negatively on the private equity portfolio managed by Absa Capital.

Bancassurance posted attributable earnings of R672 million, 4,8% below the earnings level reported in June 2008. At a net operating income level earnings growth was 8,5%, but a 32,9% decrease in investment returns on shareholder funds and a 20,8% increase in taxation resulted in the lower headline earnings performance.

Performance indicators

RoE decomposition[1]

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.

		Six months ended 30 June		Year ended 31 December
	Note	2009 (Unaudited) %	2008 (Unaudited) %	2008 (Audited) %
Net interest/interest-bearing assets[2]		**3,51**	3,78	3,68
		multiply	multiply	multiply
Interest-bearing assets/total assets[2]		**0,81**	0,83	0,83
		equals	equals	equals
Net interest yield[2]	2	**2,86**	3,15	3,06
		plus	plus	plus
Non-interest yield[2]	3	**2,71**	2,84	2,88
		equals	equals	equals
Gross yield		**5,57**	5,99	5,94
		less	less	less
Impairment losses	4	**1,28**	0,64	0,81
		equals	equals	equals
Risk-adjusted yield		**4,29**	5,35	5,13
		less	less	less
Operating expenses	5	**2,60**	2,93	2,93
		less	less	less
Indirect taxation and other impairments	6	**0,43**	0,15	0,11
		less	less	less
Taxation expense		**0,30**	0,58	0,55
		less	plus	plus
Share of retained earnings from associates and joint ventures		**0,00**	0,01	0,01
		less	less	less
Minority interest		**0,09**	0,08	0,09
		plus	less	less
Headline earnings adjustments		**0,15**	0,23	0,09
		equals	equals	equals
Return on average assets (RoA)	7	**1,02**	1,39	1,37
		multiply	multiply	multiply
Gearing (average assets/average equity)	8	**16,12**	17,74	17,05
		equals	equals	equals
Return on average equity (RoE)	1	**16,4**	24,6	23,4

Notes

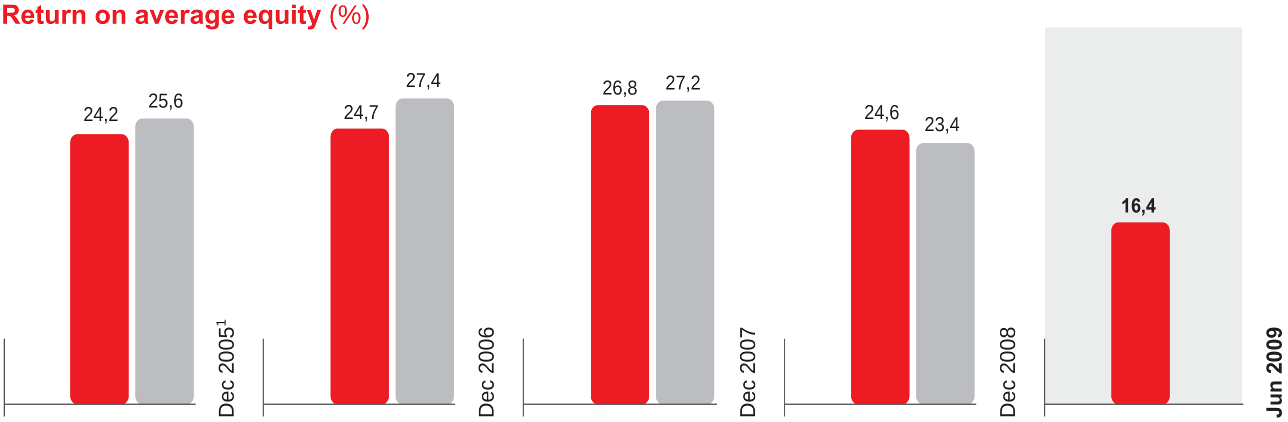
[1]*Calculated as a % of average total assets.*

[2]*These ratio's are unaudited.*

1. Return on average equity

Objective: RoE of 6% above the cost of equity (CoE). Return on average economic capital (ROEC) is 8% above CoE.

Return on average equity (%)



Note

[1] *Pro forma figures (six and twelve months).*

Performance:

The Group's return on average equity (RoE) was 16,4% during the period under review. This compares to 23,4% achieved during the 2008 year and 24,6% for the six months to June 2008. The cost of equity of the Group is 14,0%.

The ROEC of Retail was 12,4% and therefore below the cost of equity. The loss incurred by Home Loans and low earnings in vehicle financing following high credit impairment levels were the reasons for the relatively low returns on capital.

The ROEC of ACBB was 17,0% and therefore 3,0% above cost of equity in spite of increasing impairment levels and the impact of the continued poor performance of equity markets (Commercial Property Finance).

Absa Capital achieved a ROEC of 18,5% (based on headline earnings and therefore excludes the impairments on investments arising fro single stock feature defaults), mostly on the back of very strong trading results.

Bancassurance is a subsidiary of the Group and manages its own equity and regulatory capital requirements. Efficient utilisation of capital and a good operating performance assisted this cluster in achieving a ROE of 38,3%.

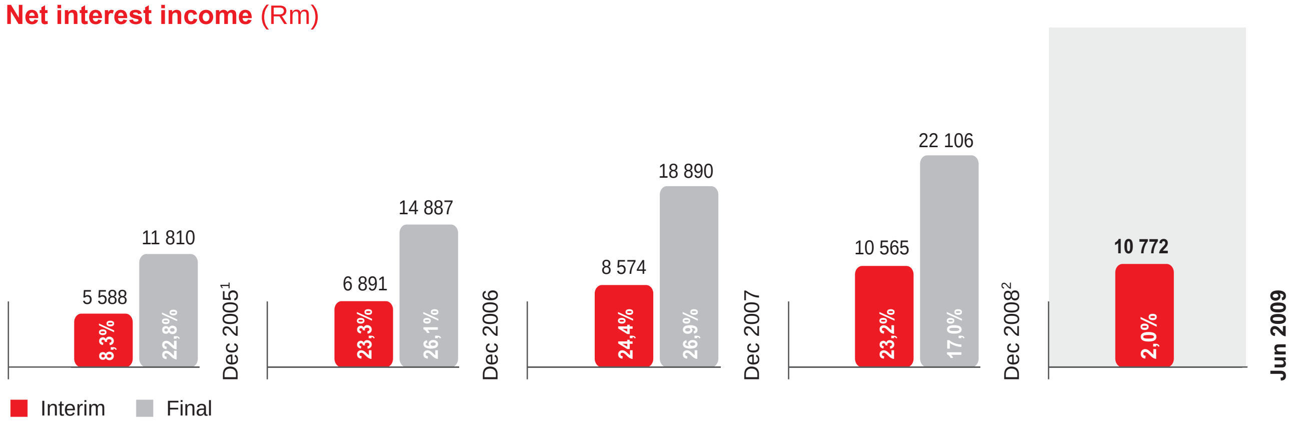
Return on average economic capital

June 2008	22,6%
December 2008	23,9%
June 2009	**17,7%**

2. Net interest yield

Net interest income

Net interest income (Rm)



Notes

[1]*Pro forma figures (six and twelve months) and growth % calculated on June 2004 and December 2004 figures (pro forma six and twelve months).*

[2]*Only 2008 comparatives have been restated for profits and losses from financial instruments used as part of the Group's interest rate risk management strategy.*

Performance:

Net interest income increased by 2,0% and the margin on total assets and interest-bearing assets declined by 29 and 27 basis points (bpts) respectively.

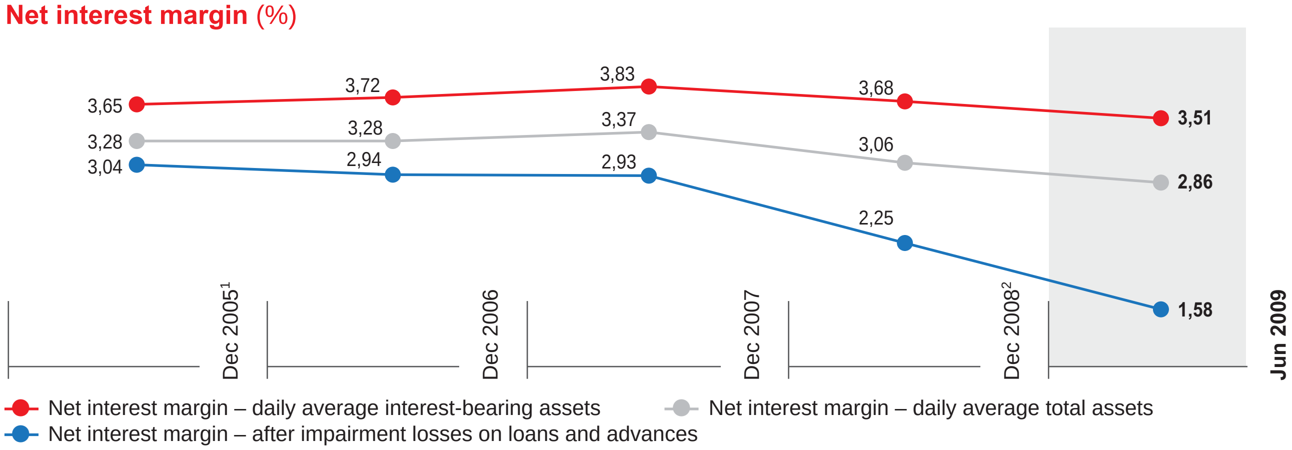
Advances margins in the Retail environment improved by 15 basis points due to improved client pricing and the acquisition of Woolworths Financial Services, partly offset by the negative impact of interest suspended on delinquent accounts and the higher cost of wholesale funding. Deposit margins continued to decline as a result of the strong growth in low margin products e.g. Investment Advantage.

Advances margins in ACBB reduced by 28 basis points in spite of increased pricing to clients. The impact of interest suspended (28 bpts) and funding (11 bpts) were too significant to be offset by client pricing. Deposit margins also came under pressure in a highly competitive environment.

Interest rates declined by 450 basis points since December 2008 and the extent and speed of interest rate declines resulted in a repricing mismatch between prime-linked assets and term-linked liabilities (predominantly three-months).

The negative impact of lower interest rates on shareholder funds added a further 5 basis point contraction to margins.

Net interest margin (%)



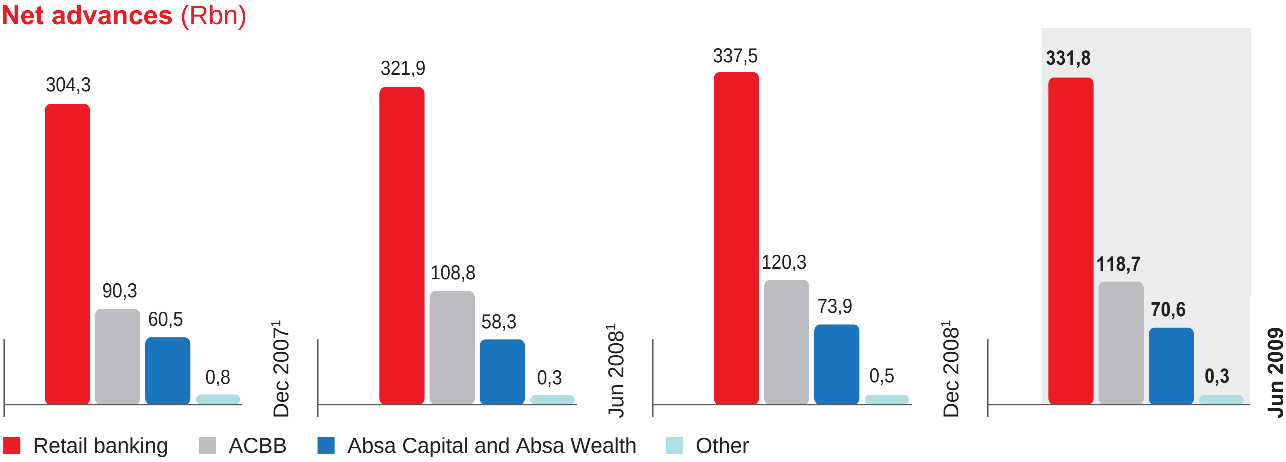
Note

[1]*Pro forma figures (twelve months).*

[2]*Only 2008 comparatives have been restated for profits and losses from financial instruments used as part of the Group's interest rate risk management strategy.*

Loans and advances to customers

Net advances (Rbn)



Note

[1]*Comparatives have been restated for the move of Absa Wealth from Retail banking to Absa Capital. Only June 2008 comparatives have been adjusted for the Africa segmentation.*

Loans and advances mix (%)

	December 2007	June 2008	December 2008	**June 2009**
Retail banking	66,7	65,8	63,4	**63,6**
ACBB	19,8	22,2	22,6	**22,8**
Absa Capital and Absa Wealth	13,3	11,9	13,9	**13,5**
Other	0,2	0,1	0,1	**0,1**
	100,0	100,0	100,0	**100,0**

Loans and advances (Rm and %)

	December 2007 Rm	June 2008 Rm	December 2008 Rm	**June 2009 Rm**	Growth Annualised %	Growth Year-on-year %
Retail banking						
Mortgages	228 339	238 955	249 737	**251 458**	1,4	5,2
Instalment finance	47 159	48 008	47 756	**43 557**	(17,7)	(9,3)
Credit cards	13 831	14 471	19 522	**19 973**	4,7	38,0
Personal loans	10 299	10 184	11 789	**12 162**	6,4	19,4
Other loans	8 277	14 899	15 369	**13 742**	(21,3)	(7,8)
	307 905	326 517	344 173	**340 892**	(1,9)	4,4
ACBB	92 122	110 648	122 201	**121 055**	(1,9)	9,4
Absa Capital and Absa Wealth	60 754	58 486	74 141	**70 946**	(8,7)	21,3
Other	843	339	514	**312**	(79,3)	(8,0)
Gross advances	461 624	495 990	541 029	**533 205**	(2,9)	7,5
Impairment losses on loans and advances	(5 666)	(6 671)	(8 858)	**(11 778)**	(66,5)	(76,6)
	455 958	489 319	532 171	**521 427**	(4,1)	6,6

Performance:

Net loans and advances to customers increased by 6,6% to R521,4 billion. The Retail bank, which constitutes 63,6% of total net advances, recorded moderate growth of 3,1%, resulting mainly from reduced demand for credit and prudent lending criteria.

The Commercial bank grew net advances by 9,0% to R118,7 billion by increasing the specialised finance and cheque account portfolios. Prudent risk management implemented over the six-month period and reduced appetite for credit, however, resulted in an overall decline in Commercial bank advances since December 2008.

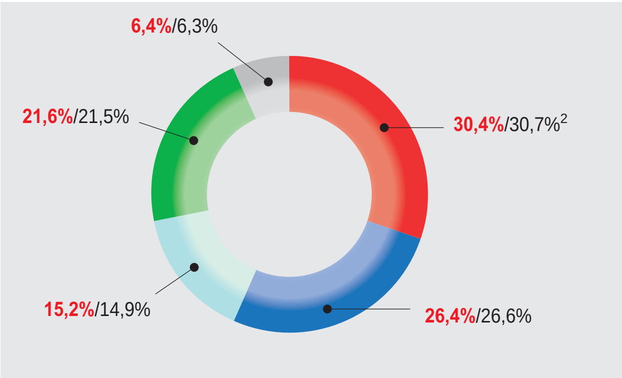
Refer to note 2 of the financial statements on page 37 of this report for further information about the Group's advances.

Performance indicators

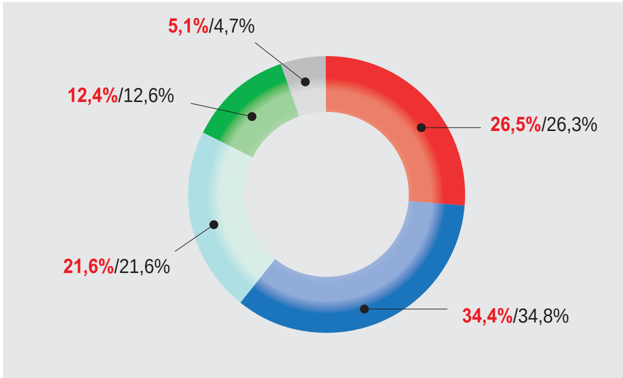
Market share

May 2009/December 2008 (%)[1]

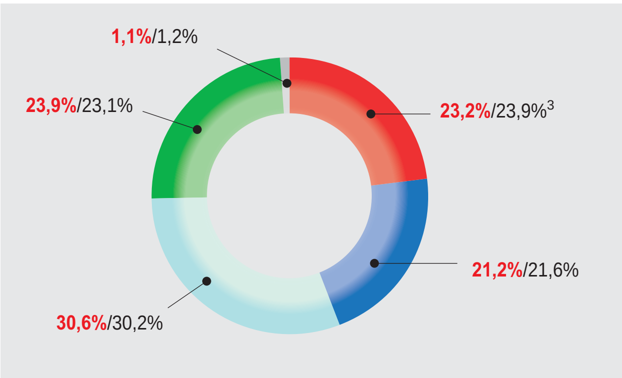
Mortgage loans



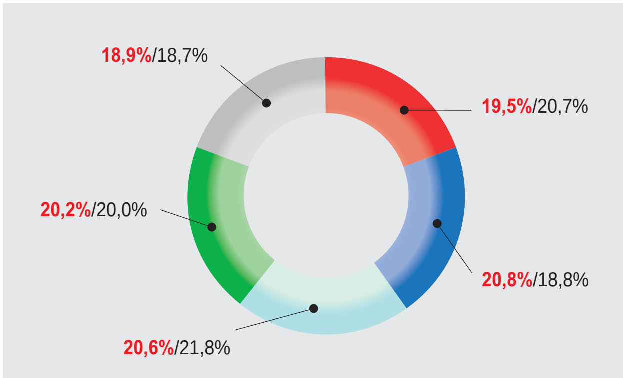
Credit cards



Instalment finance



Overdrafts and other loans



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

Notes

[1] *Owing to the early results announcement, the market share information for June 2009 was not available for publication.*

[2] *Securitisation of **R3,2 billion – 0,3% of market share** (December 2008: R3,3 billion – 0,3% of market share) has been excluded from the Absa mortgage loan book.*

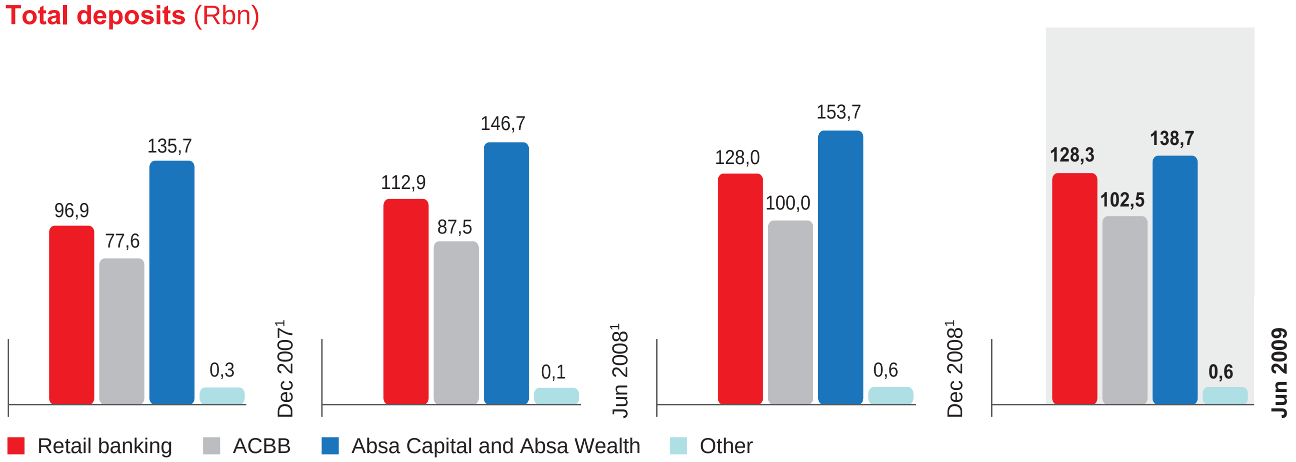
[3] *Securitisation of **R1,9 billion – 0,8% of market share** (December 2008: R3,4 billion – 1,3% of market share) has been excluded from the Absa instalment finance book.*

Performance:

The Group reduced market share in instalment finance, mortgage loans, overdrafts and other loans and gained market share marginally in credit cards. Since December 2008 Absa lost market share in respect of mortgages (0,3%) mainly due to the continued application of stringent credit criteria.

Deposits due to customers

Total deposits (Rbn)



Note

[1]*Comparatives have been restated for the move of Absa Wealth from Retail banking to Absa Capital. Only June 2008 comparatives have been adjusted for the Africa segmentation.*

Total funding (%)

	December 2007	June 2008	December 2008	**June 2009**
Deposits due to customers	59,1	60,7	63,4	**63,0**
Retail banking	18,5	19,8	21,2	**21,8**
ACBB	14,8	15,3	16,6	**17,5**
Absa Capital and Absa Wealth	25,7	25,6	25,5	**23,6**
Other	0,1	0,0	0,1	**0,1**
Deposits from banks	11,1	11,2	9,1	**7,1**
Debt securities in issue	29,8	28,1	27,5	**29,9**
	100,0	100,0	100,0	**100,0**

Total funding composition (Rm and %)

	June 2008 Rm	December 2008 Rm	**June 2009 Rm**	Growth Annualised %	Growth Year-on-year %
Retail deposits	112 915	127 953	**128 296**	0,5	13,6
Low margin	41 796	56 723	**56 487**	(0,8)	35,2
High margin	71 119	71 230	**71 809**	1,6	1,0
Commercial deposits	87 567	100 046	**102 551**	5,0	17,1
Institution funding	371 702	374 815	**356 820**	(9,7)	(4,1)
	572 184	602 814	**587 667**	(5,1)	2,7

Performance:

Retail deposits grew 13,6% compared to June 2008. The largest growth was achieved in respect of the Investment Advantage product (91,1%) and Notice deposits (48,9%). The impacts of the economic environment and lower interest rate environment have been evident in the last six months and deposits levels since December 2008 have grown by only 0,5%.

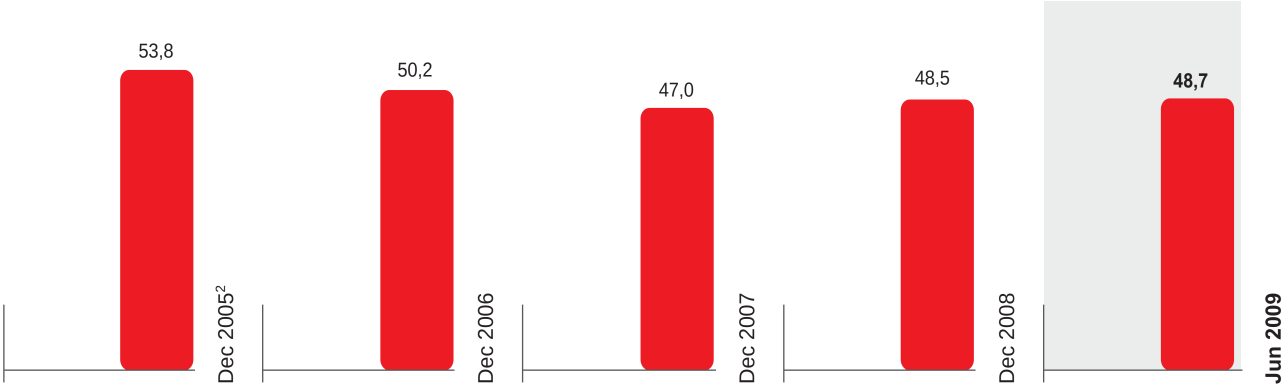
Commercial deposits grew by 17,1% since June 2008 and 5,0% annualised compared to December 2008. Fixed and call deposits were up by 21,3% and 43,4% respectively. Customer deposits increased by R15 billion compared to advances growth of marginally below R10 billion, reducing the funding gap by more than R5 billion.

Performance indicators

3. Non-interest income

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

Non-interest income as % of operating income (%)[1]



Notes

[1]Excluding impairment losses on loans and advances.

[2]Pro forma figures (twelve months).

Performance:

Non-interest income increased by 5,4% to R10 209 million. Net fee and commission income, which constituted approximately 67,6% of non-interest income, grew by 14,9% to R 6 903 million as a result of increased fees and transaction volumes in the retail operations.

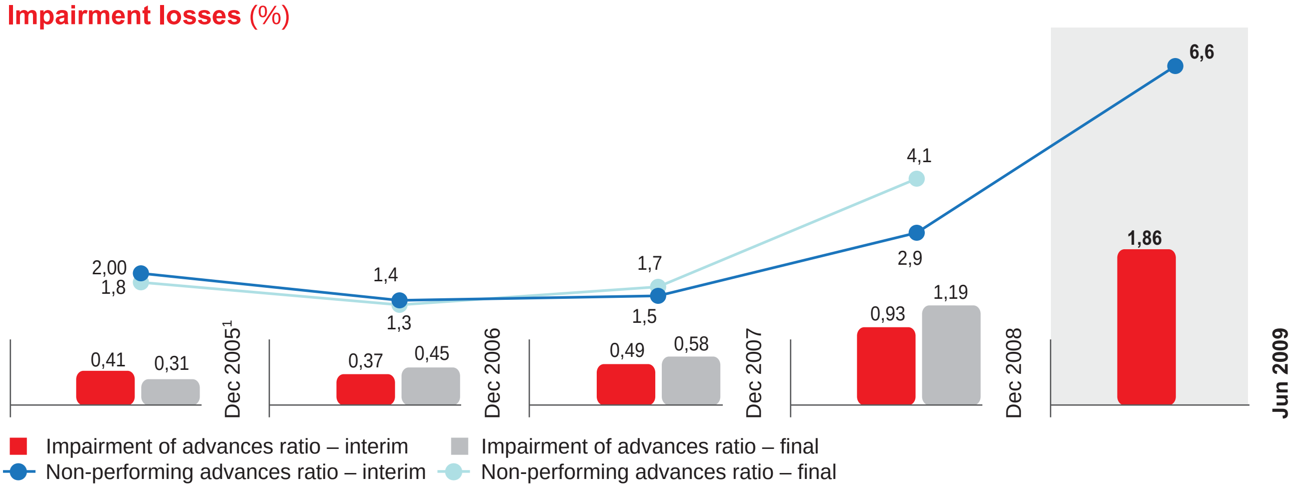
The bancassurance gross premium and fee income remained resilient. The investment business fee income grew by 25,4% supported by higher assets under management and administration which grew 23,1% to R144 billion. Short-term and long-term insurance premiums increased by 8,0% and 10,1% respectively.

Net trading income grew by 28,3% to R1 115 million, reflecting the strong growth in the Markets business of Absa Capital. This growth was mainly due to the broadening of the client offering, market volatility and an increase in the number of significant risk management transactions facilitated for clients. Fee and other income declined as a result of a lower year-on-year contribution from the Investment Banking business due to reduced deal flow in debt markets and advisory services. The slowdown in the macroeconomic environment impacted valuations of the private equity and infrastructure investments portfolio, resulting in a R223 million reduction in the value of the portfolio.

Volatile investment markets continued to impact investment income resulting in a loss of R67 million related to the listed equity investment portfolio in the Commercial bank and R106 million gain in investment income on shareholders' funds for the bancassurance business.

4. Impairment losses on loans and advances

Impairment losses (%)



Note

[1]*Pro forma figures (six and twelve months).*

Performance:

Credit impairments, as a percentage of average advances, increased to 1,86% from 0,93% in June 2008. The impairment charge to the income statement increased by 121,9% to R4 834 million.

Retail bank and Commercial bank impairments increased by 110,0% to R4 204 million and by 197,7% to R524 million respectively. The rise in impairments is attributed to continued financial distress, experienced by both consumers and corporates, and declining asset values. The Retail and Commercial bank continued to focus on maintaining credit criteria so that acceptable levels of profitability and asset quality were retained across all clusters.

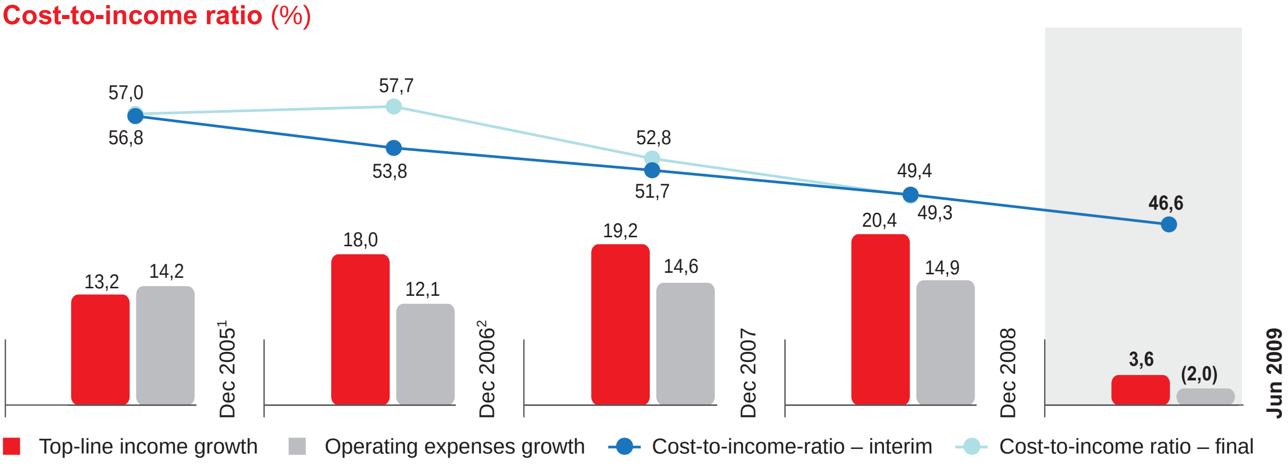
Absa Capital and Absa Wealth's impairments increased to R120 million as a result of the increase in the probability of default for some corporate clients.

Performance indicators

5. Operating expenses

Objective: To achieve a cost-to-income ratio lower than 50% and best in peer-group.

Cost-to-income ratio (%)



Notes

[1]*Pro forma figures (twelve months).*

[2]*Growth calculated June 2005 and December 2005 figures (pro forma six and twelve months), reclassified for IFRS 7 for comparability.*

Performance:

The cost-to-income ratio improved to 46,6% as income growth exceeded cost growth.

The continued focus on cost management throughout the Group has resulted in a 2,0% decrease in operating expenses to R9 782 million. This was attributed principally to the reduction in staff costs, financial incentives and limited discretionary spending.

The Group will continue to implement efficiency initiatives and strong cost management measures during the remainder of the year.

6. Other impairments

The Group acquired substantial shareholdings in four companies in December 2008 following the failure of a broker client to honour its commitments in respect of single stock futures transactions. The companies are listed on the JSE securities exchange and the traded price of the shares has declined significantly in the first half of 2009. Accounting standards require that in such circumstances consideration should be given to whether the asset should be impaired.

Management performed a detailed review and valuation for each of these investments. While the valuation took into consideration the challenges faced by these companies in the current macroeconomic environment, it is not regarded as an indication of the intrinsic value that may ultimately be delivered to their shareholders.

An impairment of R1095 million (pre-tax) has therefore been raised against the carrying value of these investments.

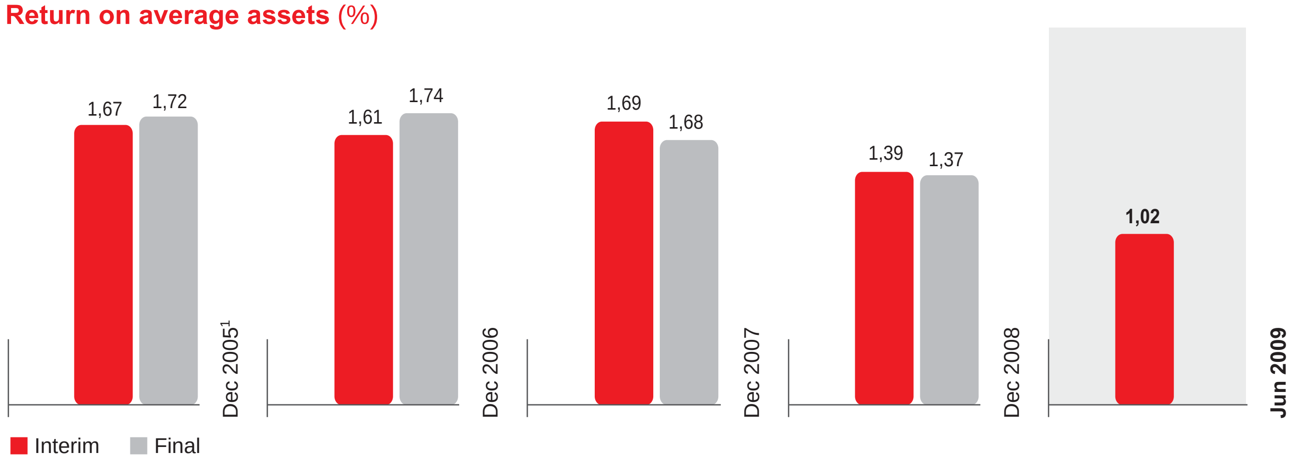
In the case of the Pinnacle Point Group (PPG), in particular, the carrying value has been fully impaired. The decision to impair the full carrying value follows a prudent and considered assessment by the Absa board in light of the capital raising program that PPG is yet to complete to enable it to continue operations without undue liquidity constraints. In this regard, the board agreed on 31 July 2009 to increase the Group's equity investment in PPG by up to a further R220 million, through a new investment of up to R150 million and the conversion of an existing R70 million debt facility to equity, subject to certain conditions precedent, including a requirement that PPG is successful in raising at least a further R100 million of equity from third-party funders.

The provision raised reduces the overall equity exposure relating to these investments from R1 540 million to R445 million and accordingly reduces the risk to the future earnings of the Group.

In line with the Group's approach to extract value from all its asset portfolios, these investments will be reviewed and managed in the most appropriate manner in order to realise value for shareholders.

7. Return on average assets

Return on average assets (%)



Note

[1] *Pro forma figures (six and twelve months).*

Performance:

The Group's asset base as at 30 June 2009 increased by 2,3% to R754,3 billion, largely due to growth in loans and advances to customers, and in trading portfolio assets.

The RoA declined from 1,39% to 1,02%. The decline of 37 basis points can be attributed to:

– higher credit impairments impacted RoA negatively by 62 basis points

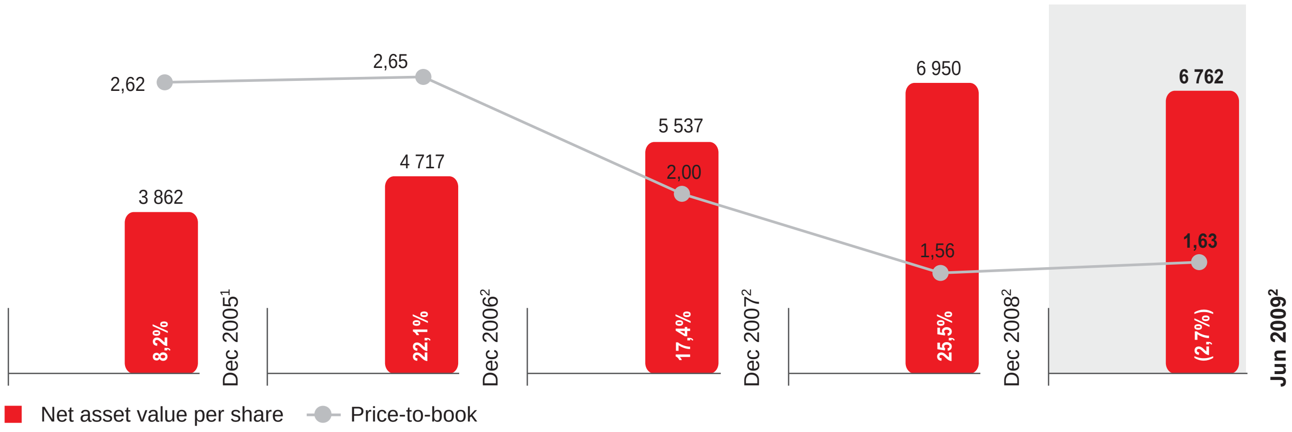
– the margin decline had a negative impact of 20 basis points

– this was offset by improvements on non-interest income, lower expense levels and taxation.

Performance indicators

8. Net asset value

Net asset value per share (cents and price-to-book (%))



Notes

[1] *Pro forma figures (twelve months).*

[2] *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 increased by 15,6% to 6 762 cents per share from June 2008. The net asset value was positively impacted by surplus capital generated from net profits after the payment of dividends amounting to R2 476 million. The increase in the net asset value per share was further enhanced by an increase in reserves, notably an increase in the cash flow hedging reserve of R3 562 million since June 2008. Cash flow hedges are implemented by the Group as part of the interest rate risk management strategy. This, together with the higher capital level of the Group and lower attributable earnings, resulted in a lower RoE of 16,4% at 30 June 2009, compared to 24,6% at 30 June 2008.

During the period under review, the Group preserved its strong capital adequacy position. As at 30 June 2009, the capital levels of the Group were 10,3% (31 December 2008: 10,3%) at a Core Tier I level, 11,5% (31 December 2008: 11,6%) at Tier I level, and total capital of 13,9% (31 December 2008: 14,1%). At 30 June 2009, Absa Bank's Core Tier I ratio and Tier I ratio stood at 9,5% and 10,8% respectively, while its total capital level was at 13,7%.

Additional capital requirements resulting from the deteriorating credit environment were largely offset by the curtailment in balance sheet growth during the period under review. Emphasis was, therefore, placed on additional capital generation and the replacement of maturing capital instruments. In this regard:

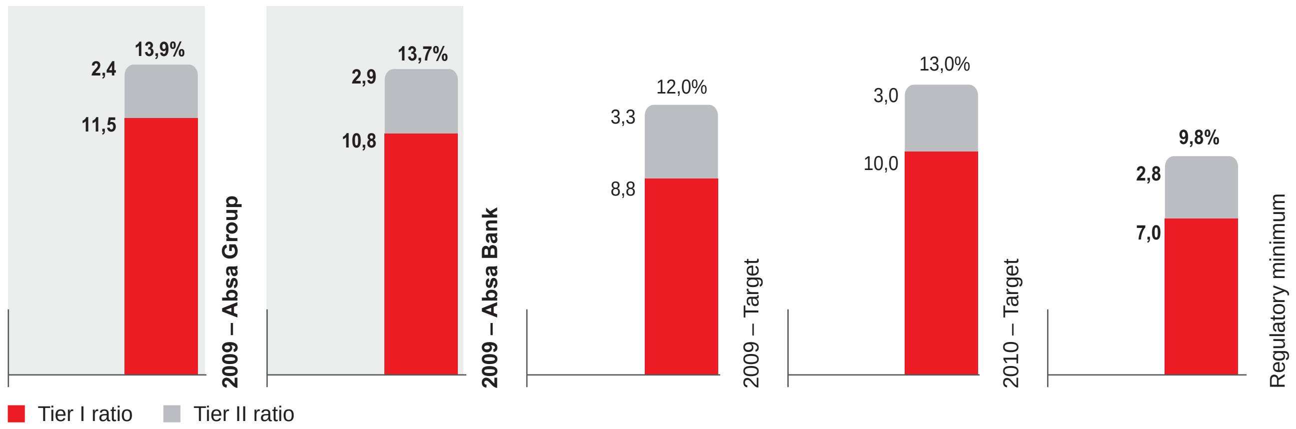
- Absa Bank Limited issued inflation-linked bonds amounting to R3,0 billion, at an equivalent spread of between 300 – 325 basis points above the three-month JIBAR rate. These bonds qualify as Tier II capital and were issued to replace the AB02 bond of R3,1 billion that matured in March 2009; and
- The Group generated additional capital of R0,7 billion, after provision for a dividend cover of 2,5 times headline earnings per share.

Shareholders approved the realisation and execution of the Batho Bonke Capital (Proprietary) Limited (Batho Bonke) transaction at its annual general meeting held on the 21 April 2009. This was achieved on 1 June 2009 by:

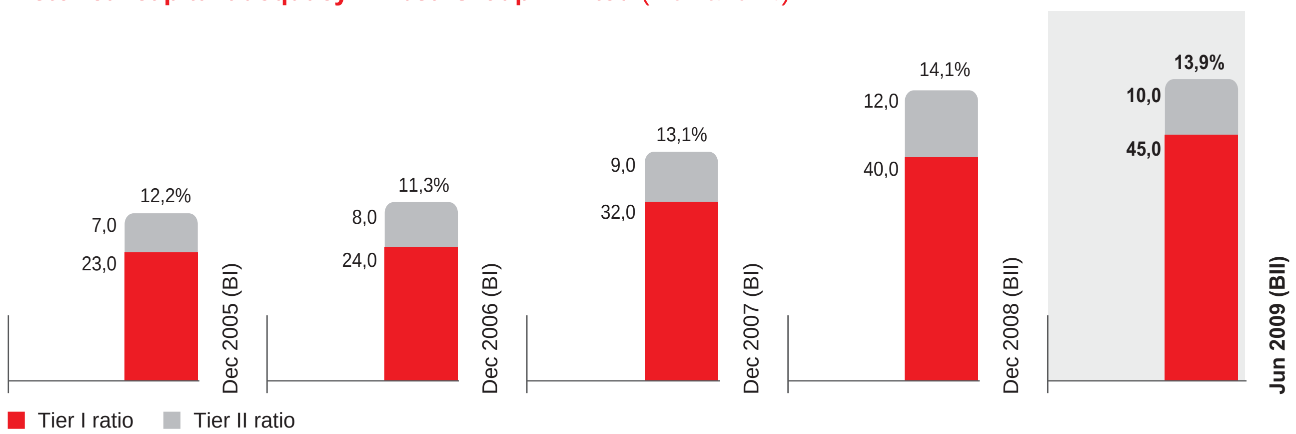
- A specific repurchase and cancellation by Absa of 49,9% of the Group's redeemable option-holding preference shares held by Batho Bonke for an amount of R1 062 million;
- An issue by Absa of approximately 36,6 million ordinary shares arising from the exercise by Batho Bonke of 50,1% of the options attaching to the Group's redeemable option-holding preference shares held by Batho Bonke; and
- A provision by Absa of a three-month bridging facility (until 1 September 2009) amounting to R1 686 million, thus enabling Batho Bonke to fully exercise 50,1% of the options.

Batho Bonke is currently in the process of raising third-party funding from a consortium of institutions to settle the Absa bridging facility. Should Batho Bonke raise the funding, the bridging facility will be repaid resulting in a capital accretion of R1 686 million to the Group. If, however, the funding is not achieved the capital position of the Group will remain unchanged.

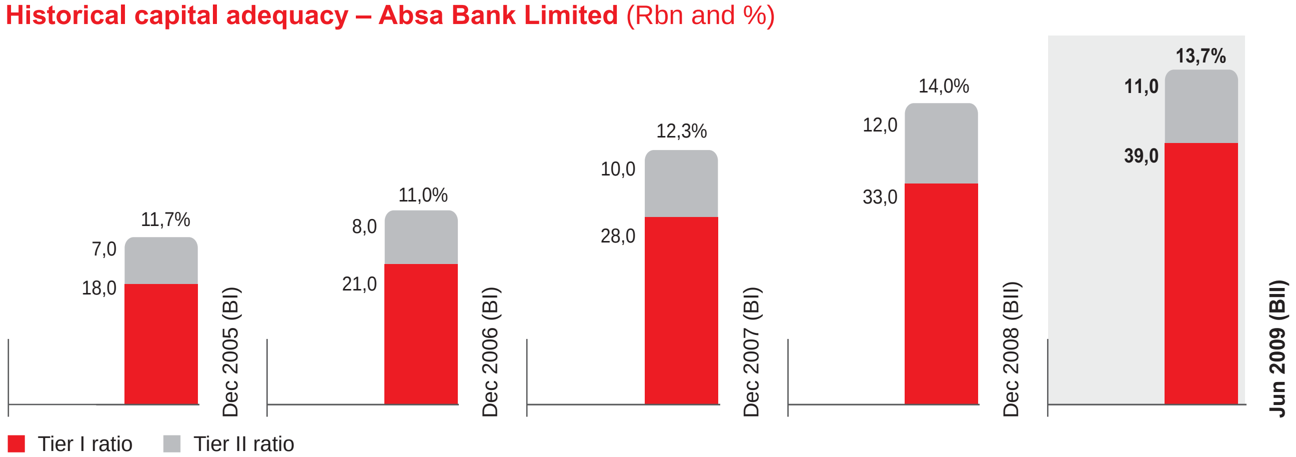
Capital adequacy (%)



Historical capital adequacy – Absa Group Limited (Rbn and %)



Historical capital adequacy – Absa Bank Limited (Rbn and %)



Performance indicators

Capital management

Introduction

The Group and Absa Bank manage its capital within the minimum regulatory/statutory requirements, economic capital requirements as well as the target levels set by the board of directors.

Capital management strategy

Absa's capital management strategy is focused on maximising shareholder value by optimising the level and mix of capital resources. Decisions on the allocation of capital resources, conducted as part of the strategic planning review, are based on a number of factors including return on Economic and Regulatory capital. This is conducted as part of the internal capital adequacy assessment process (ICAAP) and strategic planning review.

Capital management objectives of the Group

Absa has a number of capital management objectives:

– meeting the individual capital ratios required by our regulators and the Group's Board;
– maintaining an adequate level of available capital resources as cover for the EC requirements calculated at a 99.95% confidence level;
– generating sufficient capital to support asset growth; and
– achieving an international A credit rating

Importance of capital management

Capital is managed as a board level priority in Absa which reflects the importance of capital planning. The Board is responsible for assessing and approving Absa's capital management policy, capital target levels and capital strategy. The capital ratios, together with the short term and medium term capital plans, are set annually and reviewed monthly at the Capital Management Committee (CMC) and are reported at least quarterly to the Absa Group Board.

Absa Group's cost of equity

The Group's average cost of equity for the period was 14%. The cost of equity is based on the Capital Asset Pricing Model (CAPM).

Credit ratings

	Moody's July 2009	Fitch Ratings April 2009	
	Absa Bank	Absa Bank	Absa Group
National			
Short-term	Prime-1.za	F1+ (zaf)	F1+ (zaf)
Long-term	Aa1.za	AAA (zaf)	AAA (zaf)
Outlook	Negative	Stable	Stable
Local Currency			
Short-term	Prime-1	—	—
Long-term	Aa3	A	A
Outlook	Negative	Negative	Negative
Foreign Currency			
Short-term	Prime-2	F1	F1
Long-term	A3	A	A
Outlook	Positive	Negative	Negative
Bank Financial Strength	C	C	C
Outlook	Negative	—	—
Support	—	1	1

Changes in ratings over the year

Fitch affirmed the National, Local and Foreign Currency ratings for Absa Bank and Group but downgraded the Bank Financial Strength rating of Absa Bank and Group from 'B/C' to 'C'.

Basel II

The implementation of Basel II on 1 January 2008 has provided the Group with an internationally recognised framework that incorporates best practice in risk and capital management. Under Basel II, banks are expected to hold capital commensurate with the risks assumed. Basel II places emphasis on 3 Pillars:

– Pillar 1 – minimum capital requirement
– Pillar 2 – supervisory review
– Pillar 3 – market discipline

Pillar 1

Absa Group has received approval from the SARB to use the following approaches in order to calculate the regulatory capital requirement under Basel II:

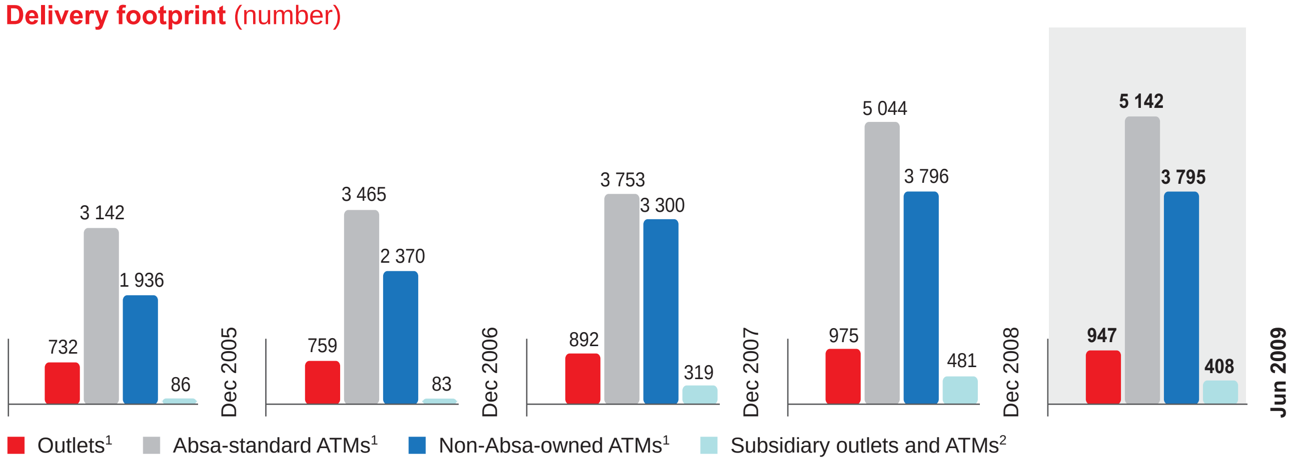
– Retail credit risk – Advanced IRB
– Wholesale credit risk – Foundation IRB
– Operational risk – Advanced Measurement Approach
– Market risk – Internal model
– Equity investment risk – Simple risk weight Approach
– Africa – Standardised Approach

Pillar 2

The SARB conducted the annual ICAAP on-site review during April 2009. The focus of the visit was on the stress-testing process of Absa.

Operational key performance indicators

Delivery footprint (number)



Notes

[1] *South Africa.*

[2] *Subsidiary outlets include ATM's in other countries.*

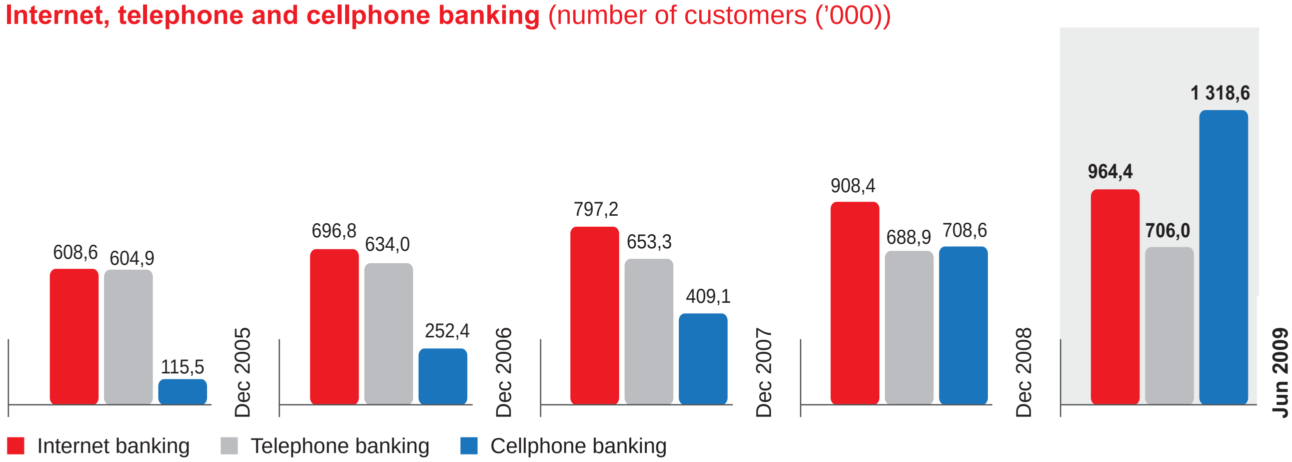
Performance:

Absa consolidated branch outlets during the past six months to improve efficiency by closing unprofitable outlets. An additional 97 ATM's were installed to improve coverage and service delivery to clients.

Cash transactions at the counter increased by 3,9% and the use of ATM's by Absa customers declined by 1,4%.

ATMs	Dec 2008	Jun 2009
Absa-standard	5 044	**5 142**
Branch ATMs	1 887	**1 860**
Remote ATMs	2 124	**2 350**
Corporate ATMs	17	**17**
Franchise ATMs	286	**187**
Self service kioks	343	**343**
Internet kioks	385	**385**
Cash acceptor	2	**—**
Absa non-standard	3 796	**3 795**
	8 840	**8 937**

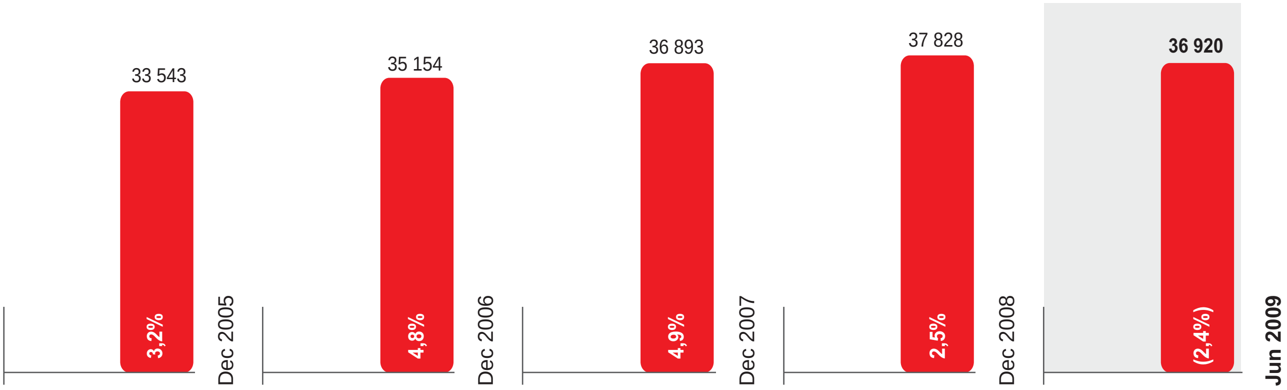
Internet, telephone and cellphone banking (number of customers ('000))



Performance:

Electronic banking fees increased by 18,3% as a result of the continued growth of clients using the Absa internet and/or cellphone banking offering.

Employee complement[1] (number of employees)



Note

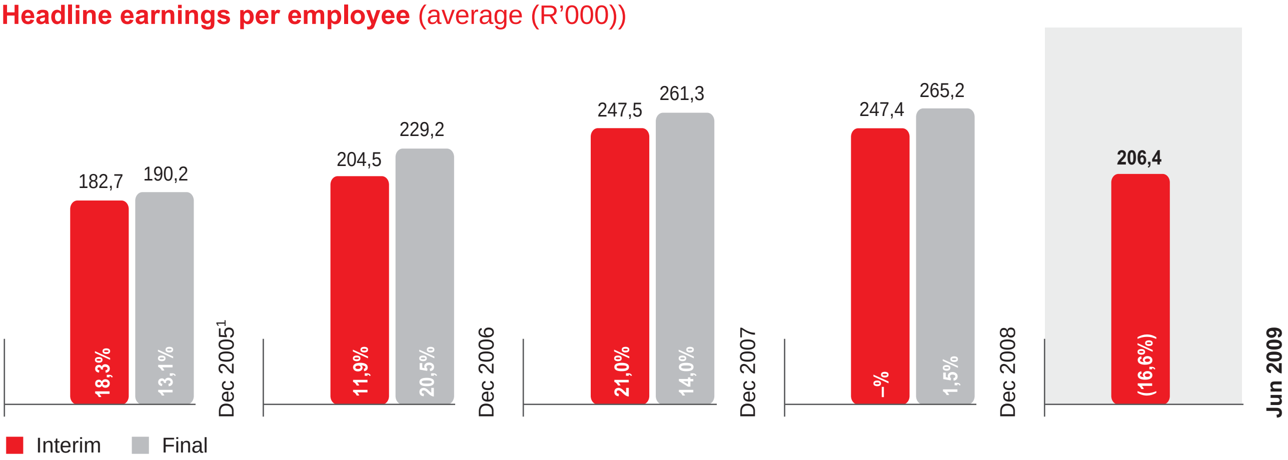
[1] *The employee complement figures exclude contract workers.*

Performance:

Staff salaries were only 0,5% higher than the comparative 2008 period in spite of the average salary increase of approximately 9%. Permanent staff numbers reduced by 908 during the past six months and contractors/temporary staff numbers decreased by a further 1 087. The reduction in permanent staff was achieved through normal staff attrition.

In spite of the overall lower staff numbers, the group continued to invest in its collections and risk management capacity. Staff numbers in frontline customer services areas were not reduced.

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



Note

[1] *Pro forma figures (six and twelve months).*

Primary statements

Group statement of financial position

	Note	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
Assets					
Cash, cash balances and balances with central banks		**22 411**	22 446	(0,2)	24 847
Statutory liquid asset portfolio		**32 213**	27 978	15,1	33 043
Loans and advances to banks		**48 386**	61 859	(21,8)	44 662
Trading portfolio assets		**68 123**	62 191	9,5	78 879
Hedging portfolio assets		**2 824**	2 032	39,0	3 139
Other assets		**20 779**	37 066	(43,9)	16 397
Current tax assets		**620**	543	14,2	23
Non-current assets held-for-sale	1	**2 017**	2 254	(10,5)	2 495
Loans and advances to customers	2	**521 427**	489 319	6,6	532 171
Reinsurance assets		**847**	714	18,6	903
Investments		**24 346**	24 390	(0,2)	26 980
Investments in associates and joint ventures	3	**789**	1 047	(24,6)	2 144
Intangible assets		**965**	331	191,5	957
Investment property		**2 087**	—	100,0	667
Property and equipment		**6 121**	5 270	16,1	6 208
Deferred tax assets		**357**	137	160,6	243
Total assets		**754 312**	737 577	2,3	773 758
Liabilities					
Deposits from banks		**41 885**	64 259	(34,8)	54 633
Trading portfolio liabilities		**64 341**	64 256	0,1	72 737
Hedging portfolio liabilities		**1 188**	4 815	(75,3)	1 080
Other liabilities and sundry provisions		**20 055**	26 220	(23,5)	15 193
Current tax liabilities		**237**	85	178,8	385
Deposits due to customers	4	**370 096**	347 207	6,6	382 281
Debt securities in issue	5	**175 686**	160 718	9,3	165 900
Liabilities under investment contracts		**11 053**	9 183	20,4	10 377
Policyholder liabilities under insurance contracts		**2 740**	3 070	(10,7)	3 076
Borrowed funds	6	**11 823**	11 087	6,6	12 296
Deferred tax liabilities		**2 496**	1 864	33,9	2 834
Total liabilities		**701 600**	692 764	1,3	720 792
Equity					
Capital and reserves					
Attributable to ordinary equity holders of the Group:					
Share capital	7.1 & 7.2	**1 379**	1 353	1,9	1 354
Share premium		**3 071**	2 356	30,3	2 251
Other reserves		**1 738**	(970)	279,2	3 010
Retained earnings		**40 711**	37 041	9,9	40 665
		46 899	39 780	17,9	47 280
Minority interest – ordinary shares		**1 169**	389	200,5	1 042
Minority interest – preference shares		**4 644**	4 644	—	4 644
Total equity		**52 712**	44 813	17,6	52 966
Total equity and liabilities		**754 312**	737 577	2,3	773 758
Contingent liabilities – banking related		**45 248**	42 381	6,8	46 692

IAS 39: Statement of financial position classification

	30 June			
	2009		2008	
	Assets Rm	Liabilities and equity Rm	Assets Rm	Liabilities and equity Rm
Fair value through profit and loss	**123 564**	**98 903**	125 541	112 348
Designated at fair value	**52 969**	**33 374**	61 318	43 277
Money market assets	**2 610**	**—**	4 826	—
Statutory liquid asset portfolio	**4 919**	**—**	6 786	—
Loans and advances to banks	**5 338**	**—**	15 753	—
Loans and advances to customers	**17 919**	**—**	12 416	—
Investments	**22 183**	**—**	21 537	—
Deposits from banks	**—**	**5 888**	—	14 373
Deposits due to customers	**—**	**12 622**	—	11 062
Debt securities in issue	**—**	**3 118**	—	7 134
Liabilities under investment contracts	**—**	**11 053**	—	9 183
Borrowed funds	**—**	**693**	—	1 525
Held for trading	**67 771**	**64 341**	62 191	64 256
Trading assets classified as trading	**67 771**	**—**	62 191	—
Trading liabilities classified as trading	**—**	**64 341**	—	64 256
Hedging instruments	**2 824**	**1 188**	2 032	4 815
Hedging portfolio assets	**2 824**	**—**	2 032	—
Hedging portfolio liabilities	**—**	**1 188**	—	4 815
Available-for-sale	**30 089**	**—**	25 166	—
Money market assets	**748**	**—**	999	—
Statutory liquid asset portfolio	**15 381**	**—**	12 684	—
Loans and advances to customers	**305**	**—**	628	—
Investments	**1 766**	**—**	2 363	—
Hedged items				
Statutory liquid asset portfolio	**11 889**	**—**	8 492	—
Amortised cost	**584 076**	**594 072**	573 698	573 249
Designated at amortised cost	**583 482**	**582 270**	573 698	559 968
Cash, cash balances and balances with central banks	**18 617**	**—**	15 757	—
Loans and advances to banks	**43 048**	**—**	46 106	—
Other assets	**19 208**	**—**	35 560	—
Loans and advances to customers	**502 609**	**—**	476 275	—
Deposits from banks	**—**	**35 997**	—	49 886
Other liabilities and sundry provisions	**—**	**16 903**	—	24 072
Deposits due to customers	**—**	**357 474**	—	336 145
Debt securities in issue	**—**	**166 329**	—	146 074
Borrowed funds	**—**	**5 567**	—	3 791
Hedged items	**594**	**11 802**	—	13 281
Loans and advances to customers	**594**	**—**	—	—
Debt securities in issue	**—**	**6 239**	—	7 510
Borrowed funds	**—**	**5 563**	—	5 771
Held-to-maturity	**857**	**—**	1 370	—
Money market assets	**436**	**—**	864	—
Statutory liquid asset portfolio	**24**	**—**	16	—
Investments	**397**	**—**	490	—
Non-financial assets and liabilities	**15 726**	**8 625**	11 802	7 167
Total equity	**—**	**52 712**	—	44 813
	754 312	**754 312**	737 577	737 577

Group statement of comprehensive income

	Note	Six months ended 30 June 2009 (Unaudited) Rm	Six months ended 30 June 2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Unaudited) Rm
Net interest income		**10 772**	10 565	2,0	22 106
Interest and similar income		**35 493**	35 177	0,9	76 260
Interest expense and similar charges		**(24 721)**	(24 612)	(0,4)	(54 154)
Impairment losses on loans and advances	10	**(4 834)**	(2 178)	(121,9)	(5 839)
Net interest income after impairment losses on loans and advances		**5 938**	8 387	(29,2)	16 267
Net fee and commission income		**6 903**	6 007	14,9	13 343
Fee and commission income	11.1	**7 629**	6 707	13,7	14 804
Fee and commission expense	11.2	**(726)**	(700)	(3,7)	(1 461)
Net insurance premium income	11.3	**1 844**	1 710	7,8	3 511
Net insurance claims and benefits paid	11.4	**(1 010)**	(914)	(10,5)	(1 890)
Changes in investment and insurance liabilities	11.5	**10**	244	(95,9)	(70)
Gains and losses from banking and trading activities	11.6	**1 281**	1 226	4,5	3 331
Gains and losses from investment activities	11.7	**454**	269	68,8	1 064
Other operating income	11.8	**727**	1 141	(36,3)	1 515
Operating income before operating expenditure		**16 147**	18 070	(10,6)	37 071
Operating expenditure		**(11 389)**	(10 498)	(8,5)	(21 935)
Operating expenses	12.1	**(9 782)**	(9 985)	2,0	(21 193)
Other impairments	12.2	**(1 179)**	(0)	>(999,9)	(18)
Indirect taxation		**(428)**	(513)	16,6	(724)
Share of retained earnings from associates and joint ventures		**(1)**	45	(102,2)	73
Operating profit before income tax		**4 757**	7 617	(37,5)	15 209
Taxation expense		**(1 138)**	(1 995)	43,0	(3 966)
Profit for the period/year		**3 619**	5 622	(35,6)	11 243
Profit attributable to:					
Ordinary equity holders of the Group		**3 272**	5 335	(38,7)	10 592
Minority interest – ordinary shares		**113**	67	68,7	194
Minority interest – preference shares		**234**	220	6,4	457
		3 619	5 622	(35,6)	11 243
> basic earnings per share (cents per share)	7.4	**482,7**	789,7	(38,9)	1 567,5
> diluted earnings per share (cents per share)	7.4	**470,9**	751,1	(37,3)	1 509,5
Headline earnings	13	**3 826**	4 731	(19,1)	9 908
> headline earnings per share (cents per share)		**564,4**	700,3	(19,4)	1 466,2
> diluted headline earnings per share (cents per share)		**550,5**	666,2	(17,4)	1 412,1

	Six months ended 30 June			Year ended 31 December
	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Unaudited) Rm
Profit for the period/year	**3 619**	5 622	(35,6)	11 243
Other comprehensive income				
Exchange differences on translation of foreign operations	**(280)**	340	(182,4)	241
Movement in cash flow hedging reserve:	**(507)**	(1 409)	64,0	2 660
Fair value (losses)/gains arising during the period/year	**(817)**	(2 745)	70,2	2 054
Amount removed from equity and recognised in the income statement	**113**	778	(85,5)	1 636
Deferred tax	**197**	558	(64,7)	(1 030)
Movement in available-for-sale reserve:	**(319)**	(8)	>(999,9)	(89)
Fair value losses arising during the period/year	**(234)**	(89)	(162,9)	(240)
Amount removed from equity and recognised in the income statement	**(205)**	—	(100,0)	—
Amortisation of government bonds – release to the income statement	**41**	22	86,4	85
Deferred tax	**79**	59	33,9	66
Total comprehensive income for the period/year	**2 513**	4 545	(44,7)	14 055
Total comprehensive income attributable to:				
Ordinary equity holders of the Group	**2 160**	4 271	(49,4)	13 411
Minority interest – ordinary shares	**119**	54	120,4	187
Minority interest – preference shares	**234**	220	6,4	457
	2 513	4 545	(44,7)	14 055

Group income statement – banking and insurance activities

	Six months ended 30 June 2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Unaudited) Rm
Income from banking and other activities	**19 266**	18 606	3,5	39 449
Net interest income	**10 772**	10 565	2,0	22 106
Interest and similar income	**35 493**	35 177	0,9	76 260
Interest expense and similar charges	**(24 721)**	(24 612)	(0,4)	(54 154)
Non-interest income	**8 494**	8 041	5,6	17 343
Net fee and commission income	**6 520**	5 627	15,9	12 552
Gains and losses from banking and trading activities	**1 281**	1 226	4,5	3 331
Other income	**693**	1 188	(41,7)	1 460
Income from bancassurance activities	**2 602**	2 254	15,4	5 222
Net insurance premium income	**1 867**	1 691	10,4	3 473
Net gains from investment and insurance activities	**352**	183	92,3	958
Net fee and commission income	**383**	380	0,8	791
Total operating income	**21 868**	20 860	4,8	44 671
Impairment losses on loans and advances	**(4 834)**	(2 178)	(121,9)	(5 839)
Benefits due to policyholders	**(887)**	(612)	(44,9)	(1 761)
Net insurance claims and benefits paid	**(1 020)**	(935)	(9,1)	(1 911)
Changes in investment and insurance liabilities	**10**	244	(95,9)	(70)
Investments contracts	**(153)**	20	(865,0)	(438)
Insurance contracts	**163**	224	(27,2)	368
Other income	**123**	79	55,7	220
Income after impairment losses and policyholders' benefits	**16 147**	18 070	(10,6)	37 071
Operating expenditure in banking activities	**(10 625)**	(9 791)	(8,5)	(20 473)
Operating expenses	**(9 051)**	(9 301)	2,7	(19 817)
Other impairments	**(1 175)**	(0)	>(999,9)	11
Indirect taxation	**(399)**	(490)	18,6	(667)
Operating expenditure in bancassurance activities	**(764)**	(707)	(8,1)	(1 462)
Operating expenses	**(731)**	(684)	(6,9)	(1 376)
Other impairments	**(4)**	—	(100,0)	(29)
Indirect taxation	**(29)**	(23)	(26,1)	(57)
Share of retained earnings from associates and joint ventures	**(1)**	45	(102,2)	73
Operating profit before income tax	**4 757**	7 617	(37,5)	15 209
Taxation expense	**(1 138)**	(1 995)	43,0	(3 966)
Profit for the period/year	**3 619**	5 622	(35,6)	11 243
Attributable to:				
Ordinary equity holders of the Group	**3 272**	5 335	(38,7)	10 592
Minority interest – ordinary shares	**113**	67	68,7	194
Minority interest – preference shares	**234**	220	6,4	457
	3 619	5 622	(35,6)	11 243
Headline earnings	**3 826**	4 731	(19,1)	9 908

Condensed Group statement of changes in equity

	30 June			31 December
	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
Share capital	**1 379**	1 353	1,9	1 354
Opening balance	**1 354**	1 350	0,3	1 350
Shares issued	**26**	3	766,7	3
Transfer from share-based payment reserve	**0**	0	—	0
Share buy-back in respect of Absa Group Limited Share Incentive Trust	**(0)**	(0)	—	(0)
Elimination of treasury shares held by Absa Group Limited Share Incentive Trust	**(0)**	(1)	99,0	1
Elimination of treasury shares held by Absa Life Limited and Absa Fund Managers Limited	**(1)**	1	(200,0)	0
Elimination of treasury shares held by Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust	**—**	0	—	(0)
Share premium	**3 071**	2 356	30,3	2 251
Opening balance	**2 251**	2 292	(1,8)	2 292
Shares issued	**859**	63	>999,9	72
Costs incurred	**(0)**	—	(100,0)	—
Transfer from share-based payment reserve	**26**	14	85,7	41
Share buy-back in respect of Absa Group Limited Share Incentive Trust	**(25)**	(21)	(19,0)	(63)
Elimination of treasury shares held by Absa Group Limited Share Incentive Trust	**(12)**	(26)	53,8	7
Elimination of treasury shares held by Absa Life Limited, Absa Fund Managers Limited and Absa Capital	**(28)**	29	(196,6)	(6)
Elimination of treasury shares held by Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust	**0**	5	(97,5)	5
Elimination of gains and losses from derivative instruments on own shares	**—**	—	—	(97)
Other reserves	**1 738**	(970)	279,2	3 010
Opening balance	**3 010**	406	641,4	384
Reclassification of investments in associates and joint ventures to investments	**—**	(22)	100,0	—
Other comprehensive income	**(1 112)**	(1 064)	(4,5)	2 819
Movement in foreign currency translation reserve	**(286)**	353	(181,0)	248
Movement in cash flow hedging reserve	**(507)**	(1 409)	64,0	2 660
Movement in available-for-sale reserve	**(319)**	(8)	>(999,9)	(89)
Movement in regulatory general credit risk reserve	**(12)**	(370)	96,8	(434)
Movement in insurance contingency reserve	**9**	14	(35,7)	22
Movement in associates and joint ventures' retained earnings reserve	**(1)**	45	(102,2)	73
Disposal of associates and joint ventures – release of reserves	**(101)**	(16)	(531,3)	(3)
Share-based payments for the period/year	**(29)**	52	(155,8)	193
Transfer from share-based payment reserve	**(26)**	(15)	(73,3)	(44)

Consended Group statement of changes in equity

	30 June			31 December
	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
Retained earnings	**40 711**	37 041	9,9	40 665
Opening balance	**40 665**	33 527	21,3	33 549
Reclassification of investments in associates and joint ventures to investments	**—**	22	(100,0)	—
Movement in regulatory general credit risk reserve	**12**	370	(96,8)	434
Transfer to insurance contingency reserve	**(9)**	(14)	35,7	(22)
Transfer to associates and joint ventures' retained earnings reserve	**1**	(45)	102,2	(73)
Disposal of associates and joint ventures – release of reserves	**101**	16	531,3	3
Share buy-back in respect of Absa Group Limited Share Incentive Trust	**—**	—	—	153
Transfer from share-based payment reserve	**(0)**	1	(100,0)	3
Profit attributable to ordinary equity holders	**3 272**	5 335	(38,7)	10 592
Ordinary dividends paid during the period/year	**(2 242)**	(2 171)	(3,3)	(3 974)
Repurchase of preference shares held by Batho Bonke Capital (Proprietary) Limited	**(1 089)**	—	(100,0)	—
	46 899	39 780	17,9	47 280
Minority interest – ordinary shares	**1 169**	389	200,5	1 042
Opening balance	**1 042**	341	205,6	341
Acquisition and disposal of subsidiaries	**44**	30	46,7	548
Dividends declared during the period/year	**(36)**	(36)	—	(34)
Minority share of profit	**113**	67	68,7	194
Other comprehensive income – foreign currency translation effects	**6**	(13)	146,2	(7)
Minority interest – preference shares	**4 644**	4 644	—	4 644
Opening balance	**4 644**	4 644	—	4 644
Profit attributable to preference equity holders	**234**	220	6,4	457
Preference dividends paid during the period/year	**(234)**	(220)	(6,4)	(457)
Total equity	**52 712**	44 813	17,6	52 966

Condensed Group statement of cash flows

	Note	Six months ended 30 June 2009 (Unaudited) Rm	Six months ended 30 June 2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Audited) Rm
Net cash generated/(utilised) from operating activities		**1 086**	(3 033)	135,8	3 236
Net cash generated/(utilised) from investing activities		**1 372**	1 964	(30,1)	(1 737)
Net cash utilised in financing activities		**(3 004)**	(813)	(269,5)	(2 497)
Net decrease in cash and cash equivalents		**(546)**	(1 882)	71,0	(998)
Cash and cash equivalents at the beginning of the period/year	1	**5 600**	6 596	(15,1)	6 596
Effect of exchange rate movement on cash and cash equivalents		**2**	(4)	150,0	2
Cash and cash equivalents at the end of the period/year	2	**5 056**	4 710	7,3	5 600
Notes to the statement of cash flows					
1. Cash and cash equivalents at the beginning of the period/year					
Cash, cash balances and balances with central banks		**4 726**	5 091	(7,2)	5 091
Loans and advances to banks		**874**	1 505	(41,9)	1 505
		5 600	6 596	(15,1)	6 596
2. Cash and cash equivalents at the end of the period/year					
Cash, cash balances and balances with central banks		**3 630**	3 251	11,7	4 726
Loans and advances to banks		**1 426**	1 459	(2,3)	874
		5 056	4 710	7,3	5 600

Condensed notes to the financial statements

	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
1. Non-current assets held-for-sale				
Absa Capital Private Equity transferred investments into a private equity fund. The accounting requirements for derecognition have not yet been met and consequently the assets remain on the Group's balance sheet. Assets of R2 017 million (June 2008: R2 254 million and December 2008: R2 495 million) have been classified as non-current assets held for-sale on 30 June 2009 balance sheet in terms of IFRS 5.				
2. Loans and advances to customers				
Total retail advances				
Cheque accounts	**4 769**	5 561	(14,2)	4 873
Credit card accounts[1]	**19 973**	14 471	38,0	19 522
Instalment finance	**43 557**	48 008	(9,3)	47 756
Loans to associates and joint ventures	**5 094**	5 279	(3,5)	5 441
Mortgages (including commercial property finance)	**251 458**	238 955	5,2	249 737
Personal loans	**12 162**	10 184	19,4	11 789
Microloans	**3 445**	3 586	(3,9)	4 034
UniFer book	**165**	184	(10,3)	173
New business	**3 280**	3 402	(3,6)	3 861
Other	**434**	473	(8,2)	1 021
Gross advances	**340 892**	326 517	4,4	344 173
Impairment losses on loans and advances	**(9 039)**	(4 592)	(96,8)	(6 655)
	331 853	321 925	3,1	337 518

Note

[1]Include a balance of ***R5,8 billion*** *(June 2008: R– billion; December 2008: R4,5 billion) relating to Woolworths Financial Services.*

	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
Total Absa Corporate and Business Bank (ACBB) advances				
Cheque accounts	**20 919**	18 292	14,4	20 748
Foreign currency loans	**2 408**	2 630	(8,4)	2 928
Loans to associates and joint ventures	**2 072**	2 588	(19,9)	2 644
Instalment finance	**19 300**	20 184	(4,4)	20 340
Mortgages (including commercial property finance)	**46 883**	39 759	17,9	47 102
Overnight finance	**6 052**	4 598	31,6	5 138
Preference shares	**1 096**	1 133	(3,3)	1 241
Specialised finance and corporate overdrafts	**9 888**	10 048	(1,6)	10 239
Term loans	**9 439**	8 878	6,3	8 667
Other	**2 998**	2 538	18,1	3 154
Gross advances	**121 055**	110 648	9,4	122 201
Impairment losses on loans and advances	**(2 394)**	(1 803)	(32,8)	(1 921)
	118 661	108 845	9,0	120 280

	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
2. Loans and advances to customers *(continued)*				
Total Absa Capital and Absa Wealth advances				
Cheque accounts	**2 989**	2 602	14,9	2 767
Foreign currency loans	**6 698**	5 154	30,0	9 711
Loans granted under resale agreements (Carries) and reverse repurchase agreements	**6 423**	3 775	70,1	7 072
Loans to associates and joint ventures	**1 100**	1 393	(21,0)	1 109
Mortgages	**6 849**	5 480	25,0	6 368
Overnight finance	**7 244**	7 634	(5,1)	6 007
Preference shares	**7 060**	7 059	0,0	7 938
Corporate loans and overdrafts	**31 025**	23 885	29,9	31 671
Other	**1 558**	1 504	3,6	1 498
Gross advances	**70 946**	58 486	21,3	74 141
Impairment losses on loans and advances	**(342)**	(229)	(49,4)	(243)
	70 604	58 257	21,2	73 898
Total Other advances				
Foreign currency loans	**—**	138	(100,0)	107
Preference shares	**200**	138	45,2	200
Other	**112**	63	77,8	207
Gross advances	**312**	339	(8,0)	514
Impairment losses on loans and advances	**(3)**	(47)	93,7	(39)
	309	292	6,0	475
Total gross advances	**533 205**	495 990	7,5	541 029
Impairment losses on loans and advances	**(11 778)**	(6 671)	(76,6)	(8 858)
Total net advances	**521 427**	489 319	6,6	532 171

Note

Comparatives have been restated for the move of Absa Wealth from Retail banking to Absa Capital. Only June 2008 comparatives have been adjusted for the Africa segmentation.

	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
3. Investments in associates and joint ventures				
Blue Financial Services Limited[1]	**316**	—	100,0	—
Commercial property finance related – listed (ACBB)[2]	**—**	640	(100,0)	714
FFS Finance South Africa (Proprietary) Limited	**291**	282	3,2	300
MAN Financial Services (S.A.) (Proprietary) Limited	**58**	53	9,4	56
Pinnacle Point Group Limited[3]	**—**	—	—	931
Sekunjalo Investments Limited	**57**	—	100,0	59
Other	**67**	72	(6,9)	84
	789	1 047	(24,6)	2 144

Notes

[1]*Classification changed from available-for-sale investment to investment in associate as Absa now owns more than 20% in Blue Financial Services Limited as a result of an additional holding acquired.*

[2]*Listed commercial property finance related investments in associates were disposed of in 2009.*

[3]*Equity investment which arose as a result of client defaults on Single Stock Futures transactions in Absa Capital was fully impaired during 2009.*

Condensed notes to the financial statements

	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
4. Deposits due to customers				
Total retail deposits				
Call	**2 316**	2 545	(9,0)	2 501
Cheque accounts	**24 252**	26 917	(9,9)	26 331
Credit card accounts	**1 860**	1 983	(6,2)	2 048
Fixed	**28 141**	27 055	4,0	30 641
Investment products	**27 092**	14 176	91,1	23 813
Notice	**9 960**	6 688	48,9	6 844
Savings and transmission	**33 421**	32 986	1,3	33 506
Other	**1 254**	565	121,9	2 269
	128 296	112 915	13,6	127 953
Total Absa Corporate and Business Bank (ACBB) deposits				
Call	**16 119**	11 240	43,4	16 053
Cheque accounts	**45 408**	44 165	2,8	42 611
Fixed	**33 121**	27 313	21,3	33 954
Foreign currency	**4 045**	2 506	61,4	4 046
Other	**3 858**	2 343	64,7	3 382
	102 551	87 567	17,1	100 046
Total Absa Capital and Absa Wealth deposits				
Call	**41 290**	38 339	7,7	43 748
Cheque accounts	**26 173**	33 545	(22,0)	30 753
Fixed	**56 229**	60 322	(6,8)	60 165
Foreign currency	**4 964**	5 104	(2,7)	6 087
Repurchase agreements	**3 662**	733	399,6	2 217
Other	**6 341**	8 620	(26,4)	10 732
	138 659	146 663	(5,5)	153 702
Total Other deposits	**590**	62	855,2	851,60
Total deposits	**370 096**	347 207	6,6	382 281

Note

Comparatives have been restated for the move of Absa Wealth from Retail banking to Absa Capital. Only June 2008 comparatives have been adjusted for the Africa segmentation.

	30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	31 December 2008 (Audited) Rm
5. Debt securities in issue				
Abacas – commercial paper and floating rate notes	**5 762**	10 152	(43,2)	6 640
Floating rate notes	**79 678**	59 817	33,2	63 906
Liabilities arising from securitised SPEs	**5 739**	8 271	(30,6)	6 858
Negotiable certificates of deposit	**67 834**	60 916	11,4	69 260
Promissory notes	**2 095**	4 931	(57,5)	3 823
Other debt securities in issue	**14 578**	16 631	(12,3)	15 413
	175 686	160 718	9,3	165 900

	30 June			31 December
	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
6. Borrowed funds				
Subordinated callable notes				
14,25% (AB02)	**—**	3 100	(100,0)	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**	1 725	—	1 725
3-month JIBAR + 0,97% (3,97% Nacs)	**86**	86	—	86
3-month JIBAR + 0,97% (6,25% Nacs)	**994**	994	—	994
3-month JIBAR + 1,00% (6,25% Nacs)	**179**	179	—	179
3-month JIBAR + 1,09% (6,25% Nacs)	**361**	—	100,0	361
3-month JIBAR + 1,20% (6,25% Nacs)	**266**	266	—	266
Subordinated callable note (3-month JIBAR +3,20%)	**3 000**	—	100,0	—
Accrued interest	**403**	328	22,9	379
Fair value adjustment	**(191)**	(743)	74,3	54
Redeemable cumulative option-holding preference shares	**—**	152	(100,0)	152
Shares issued	**158**	158	—	158
Elimination of shares held by the Absa Group Limited Employee Share Ownership Administration (ESOP) Trust	**(3)**	(8)	62,5	(4)
Redemption of preference shares for the Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust	**(9)**	(4)	(125,0)	(8)
Redemption of preference shares by Batho Bonko Capital (Proprietary) Limited shares	**(146)**	—	(100,0)	—
Accrued dividend	**—**	6	(100,0)	6
	11 823	11 087	6,6	12 296

Condensed notes to the financial statements

		30 June			31 December
		2009 (Unaudited) Number of shares – millions	2008 (Unaudited) Number of shares – millions	Change value	2008 (Audited) Number of shares – millions
7.	**Share capital**				
7.1	**Ordinary share capital**				
	Issued ordinary shares of R2,00 each	**718,2**	680,1	38,1	680,3
	Less: shares linked to Batho Bonke Capital (Proprietary) Limited bridging finance	**(24,7)**	—	(24,7)	—
		693,5	680,1	13,4	680,3
	Less: treasury shares held by the Absa Group Limited Share Incentive Trust	**(2,6)**	(3,3)	0,7	(2,4)
	Less: treasury shares held by Absa Life Limited and Absa Fund Managers Limited	**(1,2)**	(0,5)	(0,7)	(0,9)
	Less: treasury shares held by Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust	**—**	(0,0)	0,0	(0,0)
	Number of shares in issue	**689,7**	676,3	13,4	677,0
	Shares issued from June 2008 to June 2009				
	The following ordinary shares were issued during the year to meet the obligation of the Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust:				
	– On 12 September 2008, 86 300 shares at R69,00 per share, being R2,00 par value and R67,00 share premium	**0,1**			
	– On 15 December 2008, 63 300 shares at R64,10 per share, being R2,00 par value and R62,10 share premium.	**0,1**			
	– On 17 March 2009, 93 900 shares at R64,80 per share, being R2,00 par value and R62,80 share premium.	**0,1**			
	– On 24 June 2009, 434 900 shares at R68,30 per share, being R2,00 par value and R66,30 share premium.	**0,4**			
	The following ordinary shares were issued to meet the obligation of the Absa Group Limited Share Incentive Trust:				
	– On 24 June 2009, 753 642 shares at R41,67 per share, being R2,00 par value and R39,97 share premium.	**0,8**			
	– On 15 June 2009, 36 649 300 shares at R68,30 per share, being R2,00 par value and R66,30 share premium.	**36,6**			
	– 24 678 764 shares of the 36 649 300 were subscribed for by Batho Bonke Capital (Proprietary) Limited but have been funded by means of a three-month back-up facilitiy provided by Absa Group Limited.	**(24,7)**			
		13,4			
7.2	**Preference share capital – unlisted**				
	Issued redeemable cumulative option-holding preference shares of R2,00 each	**—**	75,6	(75,6)	75,3

	30 June 2009 (Unaudited) Number of shares – millions	30 June 2008 (Unaudited) Number of shares – millions	Change value	31 December 2008 (Audited) Number of shares – millions
7.2 Preference share capital – unlisted *(continued)*				
Shares redeemed from June 2008 to June 2009				
The following options held in the Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust were exercised by employees:				
– On 12 September 2008, 86 300 preference shares were redeemed and converted into ordinary share capital.	**(0,1)**			
– On 15 December 2008, 63 300 preference shares were redeemed and converted into ordinary share capital.	**(0,1)**			
– On 17 March 2009, 93 900 preference shares were redeemed and converted into ordinary share capital.	**(0,1)**			
– On 24 June 2009, 445 300 preference shares were redeemed and converted into ordinary share capital.	**(0,4)**			
– 1 578 900 options were forfeited and cancelled on 1 July 2009.	**(1,7)**			
The following options held by Batho Bonke Capital (Proprietary) Limited were exercised and cancelled.				
– On 15 June 2009, 36 649 300 preference shares were redeemed and converted into ordinary share capital.	**(36,7)**			
– On 24 June 2009, 36 503 000 preference shares were bought back and cancelled.	**(36,5)**			
	(75,6)			

7.3 Black economic empowerment (BEE) transaction

The Group entered into a black economic empowerment (BEE) transaction with Batho Bonke Capital (Proprietary) Limited (Batho Bonke) in July 2004. In terms of this transaction, Batho Bonke was issued with 73 152 300 compulsory redeemable cumulative option holding preference shares. These shares expire on 1 July 2009.

On 1 June 2009, Absa entered into an agreement with Batho Bonke to assist in the partial realisation and exercise of these options. This was achieved through the repurchase and cancellation of 49,9% of the preference shares and the exercise of the remaining 36 649 300 options by Batho Bonke.

The exercise by Batho Bonke of the remaining 50,1% options was financed partially through the proceeds from the repurchase of 49,9% preference shares and through a three-month bridging facility provided by Absa.

The bridging facility offered by the Group is seen as a modification to the existing options and extends the option life to 1 September. This modification does not result in an increase in the fair value of the options and therefore no IFRS 2 Share-based payment charge is recognised in the current period for this transaction.

Batho Bonke is currently in the process of raising third-party funding from a consortium of institutions to settle the Absa bridging facility. Should Batho Bonke raise the funding, the bridging facility will be repaid, resulting in a capital accretion of R1 686 million of the Group. If, however, the funding is not achieved, the capital position of the Group will remain unchanged.

Condensed notes to the financial statements

		30 June			31 December
		2009 (Unaudited) Number of shares – millions	2008 (Unaudited) Number of shares – millions	Change value	2008 (Audited) Number of shares – millions
7.4	**Earnings per share**				
	Earnings	**3 272**	5 335	(38,7)	10 592
	Interest expense on convertible debt (net of tax)	**6**	8	(25,0)	16
	Diluted earnings	**3 278**	5 343	(38,6)	10 608
	Issued shares at the beginning of the period/year[1]	**680,3**	678,5	1,8	678,5
	Effect of shares issued during the year[1]	**1,0**	0,1	1,0	0,8
	Less: treasury shares held by the Absa Group Limited Employee Share Ownership Administrative Trust	**(0,0)**	(0,0)	0,0	(0,0)
	Less: treasury shares held by the Absa Group Limited Share Incentive Trust	**(2,2)**	(2,5)	0,3	(2,7)
	Less: treasury shares held by Absa Life Limited and Absa Fund Managers Limited	**(1,2)**	(0,5)	(0,7)	(0,9)
	Weighted average number of ordinary shares in issue (millions)	**677,9**	675,6	2,3	675,7
	Basic earnings per share (cents)	**482,7**	789,7		1 567,5
	Weighted average number of ordinary shares in issue	**677,9**	675,6	2,3	675,7
	Adjustments for:				
	options linked to ordinary shares	**3,8**	4,2	(0,4)	3,8
	options linked to Batho Bonke bridging finance	**14,4**	—	14,4	—
	options linked to redeemable preference shares	**—**	31,6	(31,6)	23,3
	Weighted average diluted number of ordinary shares in issue (millions)	**696,1**	711,4	(15,3)	702,8
	Diluted earnings per share (cents)	**470,9**	751,1		1 509,5

		Six months ended 30 June			Year ended 31 December
		2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
8.	**Managed funds**				
	Estates	**2 685**	2 931	(8,4)	2 545
	Portfolio management	**12 094**	6 457	87,3	6 399
	Trusts	**5 203**	5 883	(11,6)	5 019
	Participation bond schemes	**1 974**	1 840	7,3	2 125
	Unit trusts	**73 391**	67 360	9,0	69 111
	Linked investments	**41 685**	23 956	74,0	29 462
	Other	**12 491**	13 277	(5,9)	10 439
		149 523	121 704	22,9	125 100
9.	**Commitments**				
	Authorised capital expenditure				
	Contracted but not provided for[2]	**1 521**	1 368	11,2	703

Notes

[1]*Actual number of shares.*

[2]*The Group has capital commitments in respect of construction buildings, computer equipment and property purchases. Management is confident that future net revenues and funding will be sufficient to cover these commitments.*

	Six months ended 30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Audited) Rm
10. Impairment losses on loans and advances				
Income statement charge				
Impairments raised during the period/year	**5 018**	2 344	(114,1)	6 327
Identified impairments	**4 461**	1 868	(138,8)	5 743
Identified impairments – net present value adjustment	**458**	326	(40,5)	1 164
Unidentified impairments	**99**	150	34,0	(580)
Recoveries of loans and advances previously written off	**(184)**	(166)	10,8	(488)
	4 834	2 178	(121,9)	5 839
Credit impairments per segment				
Retail banking				
Retail Bank	**692**	478	(44,8)	1 023
Absa Home Loans	**2 073**	852	(143,3)	2 549
Absa Card	**761**	267	(185,0)	774
Absa Vehicle and Asset Finance	**678**	405	(67,4)	1 177
Total charge	**4 204**	2 002	(110,0)	5 523
Impairment losses ratio	**2,52**	1,27		1,72
Absa Corporate and Business Bank (ACBB)				
Total charge	**524**	176	(197,7)	287
Impairment losses ratio	**0,90**	0,36		0,28
Absa Capital and Absa Wealth				
Total charge	**120**	4	>(999,9)	30
Impairment losses ratio	**0,32**	0,01		0,22
Other				
Total charge	**(14)**	(4)	250,0	(1)
Impairment losses ratio	**n/a**	n/a		n/a
Total charge to the income statement	**4 834**	2 178	(121,9)	5 839
Group impairment losses ratio	**1,86**	0,93		1,19
Balance sheet				
Balance at the beginning of the period/year	**8 858**	5 666	(56,3)	5 666
Exchange differences	**(1)**	3	133,3	—
Interest on impaired assets	**(470)**	(214)	119,6	(529)
Amounts written off during the period/year	**(1 627)**	(1 128)	44,2	(2 606)
Impairments raised during the period/year	**5 018**	2 344	(114,1)	6 327
	11 778	6 671	(76,6)	8 858
Comprising:				
Identified impairments	**10 249**	4 511	(127,2)	7 428
Identified	**9 290**	4 063	(128,6)	6 457
Net present value adjustment[1]	**959**	448	(114,1)	971
Unidentified impairments	**1 529**	2 160	29,2	1 430
	11 778	6 671	(76,6)	8 858

Note

[1]*Only includes NPV adjustment in respect of legal book. The NPV adjustment relating to pre-legal NPL's not stripped out of identified impairments.*

Condensed notes to the financial statements

	Outstanding balance Rm	Fair value of collateral Rm	Net Exposure Rm	Specific impairment Rm	Expected recoveries Rm
Non-performing advances at 30 June 2008					
Absa Home Loans	**22 237**	**16 665**	**5 572**	**3 147**	**2 425**
Absa Card	**2 652**	**—**	**2 652**	**1 891**	**761**
Absa Vehicle and Asset Finance	**3 120**	**1 604**	**1 516**	**1 269**	**247**
Other	**3 404**	**1 365**	**2 039**	**1 239**	**800**
Retail banking	**31 413**	**19 634**	**11 779**	**7 546**	**4 233**
Absa Corporate and Business Bank (ACBB)	**3 023**	**1 933**	**1 090**	**971**	**119**
Absa Capital and Absa Wealth	**578**	**213**	**365**	**99**	**266**
	35 014	**21 780**	**13 234**	**8 616**	**4 618**
Non-performing advances as % of loans and advances to customers	**6,6**				
Non-performing advances at 30 June 2008[1]	14 356	8 603	5 753	3 559	2 194
Non-performing advances as % of loans and advances to customers[1]	2,9				
Non-performing advances at 31 December 2008[1]	22 139	13 627	8 512	5 633	2 879
Non-performing advances as % of loans and advances to customers[1]	4,1				

Note

[1]*The NPL definition was changed during the year from 4 + payments down and legal to 3 + payments down and legal. Comparatives have been restated accordingly.*

	Six months ended 30 June 2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Audited) Rm
11. Non-interest income				
11.1 Fee and commission income				
Credit-related fees and commissions	**6 035**	5 189	16,3	11 197
Cheque accounts	**1 606**	1 456	10,3	3 027
Credit card accounts	**889**	752	18,2	1 624
Early redemption penalty income	**56**	95	(41,1)	174
Electronic banking	**1 633**	1 380	18,3	3 021
Foreign exchange fees and commissions	**148**	147	0,7	316
Savings accounts	**1 098**	1 009	8,8	2 111
Sundry	**605**	350	72,9	924
Asset management and other related fees	**65**	61	6,6	124
Consulting and actuarial fees	**109**	101	7,9	206
External administration fees	**86**	127	(32,3)	228
Insurance commission received	**408**	452	(9,7)	962
Pension fund payment services	**273**	233	17,2	526
Portfolio and other management fees[1]	**137**	116	18,1	238
Project finance fees[1]	**180**	167	7,8	686
Trust and estate income[1]	**112**	120	(6,7)	259
Unit and property trust income[1]	**172**	132	30,3	281
Other	**52**	9	477,8	97
	7 629	6 707	13,7	14 804

Note

[1]Disclosed as part of trust and fiduciary services.

	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
11.2 Fee and commission expense				
Cheque processing fees	**(93)**	(84)	(10,7)	(168)
Commission paid	**(361)**	(386)	6,5	(830)
Debt collecting fees	**(34)**	(43)	20,9	(89)
Transaction-based legal fees	**(61)**	(45)	(35,6)	(91)
Valuation fees	**(79)**	(75)	(5,3)	(152)
Other	**(98)**	(67)	(46,3)	(131)
	(726)	(700)	(3,7)	(1 461)
11.3 Net insurance premium income				
Insurance premium revenue	**2 153**	1 903	13,1	3 896
Premiums ceded to reinsurers	**(309)**	(193)	(60,1)	(385)
	1 844	1 710	7,8	3 511
11.4 Net insurance claims and benefits paid				
Gross claims and benefits paid on insurance contracts	**(1 131)**	(955)	(18,4)	(2 124)
Reinsurance recoveries	**121**	41	195,1	234
	(1 010)	(914)	(10,5)	(1 890)
11.5 Changes in investment and insurance liabilities				
Investment contracts	**(153)**	20	(865,0)	(438)
Insurance liabilities	**163**	224	(27,2)	368
	10	244	(95,9)	(70)

Condensed notes to the financial statements

	Six months ended 30 June 2009 (Unaudited) Rm	30 June 2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Audited) Rm
11. Non-interest income *(continued)*				
11.6 Gains and losses from banking and trading activities				
Net gains on investments	**112**	323	(65,3)	1 203
Available-for-sale	**175**	(22)	895,5	(85)
Designated at fair value through profit or loss	**(9)**	339	(102,7)	1 288
(Loss)/profit on disposal of and dividend income from associates and joint ventures	**(54)**	6	>(999,9)	—
Net trading income[1]	**1 115**	869	28,3	2 111
Other	**54**	34	58,8	17
	1 281	1 226	4,5	3 331

Note

[1]*Refer to page 58 for the definition of net trading income.*
[2]*December 2008 reclassifications unaudited.*

	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
11.7 Gains and losses from investment activities				
Designated at fair value through profit or loss	**449**	267	68,2	1 045
Net investment gains from insurance activities	**352**	183	92,3	958
Policyholder – investment contracts	**173**	18	861,1	492
Policyholder – insurance contracts	**73**	7	942,9	113
Shareholder funds	**106**	158	(32,9)	353
Other investment gains	**97**	84	15,5	87
Profit on disposal of and dividend income from associates and joint ventures	**15**	2	650,0	31
Loss on disposal of subsidiaries	**(10)**	—	(100,0)	(12)
	454	269	68,8	1 064
11.8 Other operating income				
Exchange differences	**48**	88	(45,5)	237
Income from maintenance contracts	**15**	24	(37,5)	48
Investment property income	**71**	—	100,0	22
Profit on disposal of intangible assets[1]	**65**	740	(91,2)	740
Profit on disposal of property and equipment	**32**	35	(8,6)	51
Property development profit	**19**	41	(53,7)	57
Rental income from property subleases	**96**	75	28,0	111
Sundry income	**381**	138	176,1	249
	727	1 141	(36,3)	1 515

Note

[1]*Comparatives include profit of R740 million on derecognition of VISA membership in March 2008.*

	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
Total non-interest income	**10 209**	9 683	5,4	20 804

	Six months ended 30 June 2009 (Unaudited) Rm	Six months ended 30 June 2008 (Unaudited) Rm	Change %	Year ended 31 December 2008 (Audited) Rm
12. Operating expenditure				
12.1 Operating expenses				
Property and equipment-related				
Accommodation costs	**974**	869	(12,1)	1 948
Amortisation	**71**	55	(29,1)	150
Depreciation	**537**	418	(28,5)	856
Equipment rental and maintenance	**133**	132	(0,8)	278
Insurance premiums	**88**	117	24,8	131
Professional fees				
Auditors' remuneration	**75**	54	(38,9)	89
Other professional fees	**406**	415	2,2	965
Staff-related				
Staff costs	**4 839**	4 813	(0,5)	9 907
Incentive schemes and share-based payments	**104**	649	84,0	1 697
Other				
Cash transportation costs	**230**	196	(17,3)	413
Clearing and bank charges	**94**	59	(59,3)	137
Communication and printing	**538**	512	(5,1)	1 100
Frauds and losses	**173**	170	(1,8)	290
Information technology costs	**847**	666	(27,2)	1 489
Investment property charges	**—**	—	—	7
Marketing and advertising costs	**362**	485	25,4	961
Travelling and entertainment	**116**	176	34,1	383
Other operating expenses	**195**	199	2,0	392
	9 782	9 985	2,0	21 193
12.2 Other impairments				
Financial instruments	**32**	—	(100,0)	30
Amortised cost instruments	**4**	—	(100,0)	29
Available-for-sale instruments	**28**	—	(100,0)	1
Other	**1 147**	0	>(999,9)	(12)
Computer software development costs	**—**	—	—	1
Goodwill	**38**	—	(100,0)	—
Investments in associates and joint ventures	**1 067**	—	(100,0)	—
Repossessed Properties	**42**	0	>(999,9)	(13)
	1 179	0	>(999,9)	18

Condensed notes to the financial statements

	Six months ended 30 June			Year ended 31 December
	2009 (Unaudited) Rm	2008 (Unaudited) Rm	Change %	2008 (Audited) Rm
13. Determination of headline earnings				
Headline earnings[1] is determined as follows:				
Profit attributable to ordinary equity holders	**3 272**	5 335	(38,7)	10 592
Adjustments for:				
IAS 16 net profit on disposal of property and equipment	**(23)**	(25)	8,0	(37)
IAS 21 recycled foreign currency translation reserve, disposal of investments in foreign operations	**—**	—	—	(38)
IAS 27 net loss on disposal of subsidiaries	**7**	—	100,0	17
IAS 28 and 31 net loss/(profit) on disposal of associates and joint ventures	**24**	—	100,0	(29)
IAS 28 impairment of investments in associates and joint ventures	**768**	—	100,0	—
IAS 28 headline earnings component of associates and joint ventures' earnings	**(4)**	(11)	63,6	(54)
IAS 38 net profit on disposal of and impairment of intangible assets	**(47)**	(636)	92,6	(635)
IAS 39 release of available-for-sale reserves	**(158)**	16	>(999,9)	61
IAS 39 disposal of and impairment of available-for-sale assets	**10**	52	(80,8)	31
IAS 40 change in fair value of investment properties	**(50)**	—	(100,0)	—
IFRS 3 impairment of goodwill	**27**	—	100,0	—
Headline earnings	**3 826**	4 731	(19,1)	9 908

Note

[1]*The net amount is reflected after taxation and minority interest.*

14. Share trusts

Absa Group Limited Share Incentive Trust (Share Incentive Trust)

In terms of the rules of the 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 from time to time. This scheme is an equity-settled share-based payment arrangement and options are allocated to 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 vesting period. The options expire after a period of ten years from the issuing date. Options issued since August 2005 (issue 193) have performance criteria associated with them, which require headline earnings per share to exceed an agreed benchmark over a three-year period from the grant date for the options to vest. Participants need to be in the employment of the Group at the vesting date in order to be entitled to the options.

	Number of shares			
	30 June			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the beginning of the period/year	**9 967 474**	13 618 314	(26,8)	13 618 314
Exercised during the period/year	**(1 415 495)**	(1 377 021)	(2,8)	(3 252 141)
Forfeited during the period/year	**(1 511)**	(137 489)	98,9	(398 699)
Outstanding at the end of the period/year	**8 550 468**	12 103 804	(29,4)	9 967 474
Of which are exercisable	**5 973 250**	4 727 984	26,3	5 943 962

14. Share trusts *(continued)*

Details regarding the options granted and still outstanding at 30 June 2009 are as follows:

	Number of options	Average option price R
Expiry date[1]		
Year to 31 March 2010	145 795	27,68
Year to 31 March 2011	171 447	26,58
Year to 31 March 2012	498 698	36,52
Year to 31 March 2013	693 407	33,65
Year to 31 March 2014	695 516	35,57
Year to 31 March 2015	2 528 761	50,00
Year to 31 December 2015	3 039 344	91,28
Year to 31 December 2016	777 500	107,13
	8 550 468	

Note

[1]*Options are exercisable at least five years before expiry date.*

Batho Bonke Capital (Proprietary) Limited

The Group entered into a black economic empowerment (BEE) transaction with Batho Bonke Capital (Proprietary) Limited in July 2004. The shares issued in terms of the transaction vested immediately. Due to the shares issued vesting immediately and also as a result of the issue being before 1 January 2005, the provisions of IFRS 2 Share-based payments were not applicable. In the current period 49,9% of the options were repurchased from Batho Bonke (Proprietary) Limited at a discount to their fair value. Batho Bonke utilised the proceeds to exercise 11 970 536 options. The Group has provided bridging finance for the remaining 24 678 764 options. The life of these options was effectively extended extended for three months, effective 1 June 2009. The modification does not result in an increase in the fair value of these options and therefore, in terms of the provisions of IFRS 2, no cost is recognised in the income statement in the current period.

	Number of shares			
	30 June			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the end of the period/year	**73 152 300**	73 152 300	—	73 152 300
Exercised during the period/year	**(11 970 536)**	—	(100,0)	—
Repurchased during the period/year	**(36 503 000)**	—	(100,0)	—
Outstanding at the end of the period/year	**24 678 764**	73 152 300	(66,3)	73 152 300
Of which are exercisable	**—**	73 152 300	(100,0)	73 152 300

The options outstanding have an exercise price of R70,69 (30 June 2008 and 31 December 2008 exercise price range of R48,00 to R69,00) and weighted average contractual life of 0,2 years (30 June 2008: 1,0 year and 31 December 2008: 0,5 years).

Condensed notes to the financial statements

14. Share trusts *(continued)*

Absa Group Limited Employee Share Ownership Administrative (ESOP) Trust

As of the implementation date (1 July 2004), all employees of South African wholly owned subsidiaries (excluding executive directors of Absa Group Limited and Absa Bank Limited), were eligible to participate in this one-off equity-settled share-based payment scheme. Each employee who elected to participate was issued and allocated 200 compulsory redeemable cumulative option-holding preference shares against a receipt of the R400,00 subscription price. A maximum of 7 315 200 preference shares were available for allocation to the trust.

On 1 July 2004, 6 085 200 preference shares were issued. The preference shares receive a dividend calculated on the 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. The Group will redeem the preference shares on exercise of the options by the employee or on forfeiture of the options on the final option exercise date. Options vest after three years from the date of issue and are forfeited 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.

	Number of shares			
	30 June			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the beginning of the period/year	**559 400**	946 100	(40,9)	946 100
Exercised during the period/year	**(539 200)**	(218 800)	(146,4)	(367 500)
Forfeited during the period/year	**(20 200)**	(19 100)	(5,8)	(19 200)
Outstanding at the end of the period/year	**—**	708 200	(100,0)	559 400
Of which are exercisable	**—**	708 200	(100,0)	559 400

Absa Group Phantom Performance Share Plan (Phantom PSP)

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 to the participants is equal to the market value of a number of ordinary shares, 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, starting on the first day of the financial year in which the award is made. 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			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the beginning of the period/year	**2 201 242**	2 322 883	(5,2)	2 322 883
Granted during the period/year	**38 904**	—	100,0	17 415
Forfeited during the period/year	**(19 211)**	(37 471)	48,7	(139 056)
Exercised during the period/year	**(933 112)**	—	(100,0)	—
Outstanding at the end of the period/year	**1 287 823**	2 285 412	(43,7)	2 201 242

The options outstanding have no exercise price and a weighted average contractual life of 0,7 years (30 June 2008: 2,4 years and 31 December 2008: 1,1 years).

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

14. Share trusts *(continued)*

The ABSA Group Executive Share Award Scheme (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. There is an initial three-year vesting period, after which, the paticipant will receive their initial allocation as well as 20% matched options. If the participant remains in the employ of the Group and in the ESAS for a further two years, the participant receives another 10% matched options. 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 share allocation and on the 20% and/or 10% matched shares, over the three- or five-year period. Employees that received a performance bonus in excess of a predetermined amount were compelled to place a set percentage of the bonus award into the ESAS. Employees also had the option of utilising more of their bonus award for voluntary ESAS options.

	Number of shares			
	30 June			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change	2008 (Audited)
Outstanding at the beginning of the period/year	**1 015 218**	37 059	>999,9	37 059
Granted during the period/year	**1 330 780**	1 019 114	30,6	1 019 114
Forfeited during the period/year	**—**	(2 739)	100,0	(40 955)
Outstanding at the end of the period/year	**2 345 998**	1 053 434	122,7	1 015 218

The options outstanding have no exercise price and a weighted average contractual life of 4,3 years (30 June 2008: 4,7 years and 31 December 2008: 4,1 years). None of these options were exercisable at the balance sheet date.

ABSA Group Phantom Joiners Share Award Plan (JSAP)

The JSAP is a cash-settled share-based payment arrangement that enables the Group to attract and motivate new employees by buying out the "in the money" portion of a participant's shares or options under their previous employer's share scheme by offering the employees Absa Group Limited phantom shares. 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.

	Number of shares			
	30 June			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the beginning of the period/year	**953 745**	312 375	205,3	312 375
Granted during the period/year	**117 679**	452 280	(74,0)	787 996
Exercised during the period/year	**(114 398)**	(52 467)	(118,0)	(127 387)
Forfeited during the period/year	**(42 120)**	(10 451)	(303,0)	(19 239)
Outstanding at the end of the period/year	**914 906**	701 737	30,4	953 745

The options outstanding have no exercise price and a weighted average contractual life of 2,6 years (30 June 2008: 2,5 years and 31 December 2008: 2,9 years).

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

Condensed notes to the financial statements

14. Share trusts *(continued)*

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

The Phantom ESAS is a cash-settled share-based payment arrangement, where the participant's notional bonus comprises a number of restricted nil-cost options, based on the allocation price of ordinary shares. If the participant is in the employ of the Group after the three-year vesting period, the participant will receive their initial allocation and 20% bonus phantom shares. If the participant remains in the employ of the Group and in the Phantom ESAS scheme for a further two years, the participant receives an additional 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 phantom shares awarded is therefore calculated on the initial allocation and on the 20% and 10% bonus phantom shares, over the three or five-year period. Employees that received performance bonuses in excess of a predetermined amount were compelled to place a set percentage of the bonus award into the Phantom ESAS. Employees also had the option of utilising more of their bonus award for voluntary Phantom ESAS shares.

	Number of shares			
	30 June			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the beginning of the period/year	**554 148**	456 066	(21,5)	456 066
Granted during the period/year	**—**	123 526	(100,0)	123 526
Forfeited during the period/year	**(2 037)**	(4 723)	56,9	(25 444)
Outstanding at the end of the period/year	**552 111**	574 869	(4,0)	554 148
Of which are exercisable	**123 526**	—	100,0	—

The options outstanding have no exercise price and a weighted average contractual life of 2,5 years (30 June 2008: 3,5 and 31 December 2008: 3,0 years).

Absa Group Performance Share Plan (PSP)

The PSP was implemented in the current year as an equity-settled share-based payment arrangement. Participants are awarded a number of nil cost options. These options will then be converted into Absa Group Limited shares after a three-year vesting period and on achieving performance conditions attached to the award. The vesting of the PSP awards will be subject to non-market and market-related performance conditions which will be measured over a three-year period, starting on the first day of the financial year in which the award is made. 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			31 December
	2009 (Unaudited)	2008 (Unaudited)	Change %	2008 (Audited)
Outstanding at the beginning of the period/year	**2 007 730**	—	100,0	—
Granted during the period/year	**1 596 059**	1 789 246	(10,8)	2 133 707
Forfeited during the period/year	**(6 905)**	(9 335)	26,0	(125 977)
Outstanding at the end of the period/year	**3 596 884**	1 779 911	102,1	2 007 730

The options outstanding have no exercise price and a weighted average contractual life of 2,2 years (30 June 2008: 2,7 years and 31 December 2008: 2,2 years). None of these options are exercisable at the balance sheet date.

15. Acquisitions and disposals

15.1 *Banco Comercial Angolano S.A.R.L. (BCA)*

The Group disposed of its 50% equity investment in BCA during June 2009. The profit on sale amounted to R15 million.

15.2 *Sale of investment in associate – Ambit Properties Limited and subsidiary – Ambit Management Services (Proprietary) Limited*

Absa Corporate and Business Bank held 34,5% of Ambit Properties' equity, and these shares were exchanged for ApexHi shares in terms of a scheme proposed by ApexHi whereby ApexHi would acquire the entire shareholding of Ambit Properties Limited. This resulted in a loss of R58 million on disposal of the investment in Ambit Properties Limited (previously recognised as an investment in associate). In addition ApexHi acquired the management rights to Ambit Properties Limited from Absa.

15.3 *Acquisition of additional shares in CPF venture capital organisations*

During the period the South African Reserve Bank approved the additional 50% acquisition of the development company Ngwenya River Estate (Proprietary) Limited, increasing the Group's shareholding to 100%.

The Group increased its shareholding in Abseq Properties (Proprietary) Limited from 50% to a controlling interest of 80% through the purchase of additional shares for R16 million. In addition, an option that was acquired in 2007 was exercised, increasing the Group's shareholding to 85%.

Capital adequacy

	30 June 2009 Basel II Risk-weighted assets Rm		30 June 2008 Basel II Risk-weighted assets Rm	31 December 2008 Basel II Risk-weighted assets Rm
Absa Bank Limited				
Risk-weighted assets				
Credit risk	**259 469**		253 694	252 839
Operational risk	**41 830**		39 797	39 098
Market risk	**8 158**		3 894	5 088
Equity investment risk	**34 829**		27 951	41 079
Other risk	**14 048**		13 812	14 767
	358 334		339 148	352 871
Qualifying capital	**Rm**	**%[1]**	%[1]	%[1]
Primary capital				
Ordinary share capital	**303**	**0,1**	0,1	0,1
Ordinary share premium	**9 414**	**2,6**	2,8	2,7
Preference share capital and premium	**4 644**	**1,3**	1,4	1,3
Reserves[2]	**26 126**	**7,3**	6,8	7,4
Less: Deductions	**(1 760)**	**(0,5)**	(0,5)	(0,5)
Fifty percent of amount by which expected loss exceeds eligible provisions	**(1 592)**	**(0,5)**	(0,5)	(0,5)
Fifty percent of first loss credit enhancement provided in respect of a securitisation scheme	**(35)**	**—**	—	—
Other deductions	**(133)**	**—**	—	—
	38 727	**10,8**	10,6	11,0
Secondary capital				
Subordinated redeemable debt	**12 111**	**3,4**	3,4	3,5
Regulatory credit provision/reserve	**—**	**—**	—	—
Less: Deductions	**(1 637)**	**(0,5)**	(0,5)	(0,5)
Fifty percent of amount by which expected loss exceeds eligible provisions	**(1 592)**	**(0,5)**	(0,5)	(0,5)
Fifty percent of first loss credit enhancement provided in respect of a securitisation scheme	**(35)**	**—**	—	—
Other deductions	**(10)**	**—**	—	—
	10 474	**2,9**	2,9	3,0
Total qualifying capital	**49 201**	**13,7**	13,5	14,0

Notes

[1]*Percentage of capital to risk-weighted assets.*

[2]*Reserves include unappropriated banking profits.*

Capital adequacy

	30 June 2009 Basel II Risk-weighted assets Rm		30 June 2008[1] Basel II Risk-weighted assets Rm	31 December 2008 Basel II Risk-weighted assets Rm
Absa Group Limited				
Risk-weighted assets				
Credit risk	**283 369**		265 263	
Operational risk	**49 415**		44 279	
Market risk	**8 158**		3 894	
Equity investment risk	**31 315**		22 942	
Other risk	**20 098**		15 835	
	392 355		352 213	380 997
Qualifying capital	**Rm**	**%[1]**	%[1]	%[1]
Primary capital				
Ordinary share capital	**1 379**	**0,4**	0,3	0,4
Ordinary share premium	**3 071**	**0,8**	0,6	0,6
Preference share capital and premium	**4 644**	**1,2**	1,3	1,2
Reserves[2]	**37 674**	**9,6**	9,8	9,9
Minority interest	**1 169**	**0,3**	0,1	0,3
Less: Deductions	**(3 028)**	**(0,8)**	(0,7)	(0,8)
Goodwill	**(569)**	**(0,1)**	—	(0,2)
Financial and insurance entities not consolidated	**(234)**	**(0,1)**	(0,2)	(0,1)
Fifty percent of amount by which expected loss exceeds eligible provisions	**(1 800)**	**(0,5)**	(0,5)	(0,4)
Fifty percent of first loss credit enhancement provided in respect of a securitisation scheme	**(62)**	**—**	—	(0,01)
Other deductions	**(363)**	**(0,1)**	—	—
	44 909	**11,5**	11,4	11,6
Secondary capital				
Subordinated redeemable debt	**11 611**	**3,00**	3,2	3,1
General allowance for credit impairment, after deferred tax (Standardised approach)	**52**	**—**	—	0,0
Less: Deductions	**(2 106)**	**(0,6)**	(0,7)	(0,6)
Financial and insurance entities not consolidated	**(234)**	**(0,1)**	(0,2)	(0,1)
Fifty percent of amount by which expected loss exceeds eligible provisions	**(1 800)**	**(0,5)**	(0,5)	(0,4)
Fifty percent of first loss credit enhancement provided in respect of a securitisation scheme	**(62)**	**—**	—	(0,1)
Other deductions	**(10)**	**—**	—	—
	9 557	**2,4**	2,5	2,5
Total qualifying capital	**54 466**	**13,9**	13,9	14,1

Notes

[1]Percentage of capital to risk-weighted assets.

[2]Reserves include unappropriated banking profits.

Definitions

Price (closing) earnings ratio

The closing price of ordinary shares divided by headline earnings per share for the period/year.

Market capitalisation

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

Headline earnings

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

Economic capital

Economic capital is defined as the minimum capital needed to maintain an AA investment rating under an extreme stress scenario.

Net interest margin on average assets

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

Net interest margin on average interest-bearing assets

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

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

Impairments on loans and advances 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. Impairment losses on loans and advances for the period/year divided by total average advances (calculated on a daily average basis), expressed as a percentage.

Non-performing advances

A loan is typically considered non-performing once its delinquency reaches a trigger point, this is typically when interest is suspended (in accordance with Absa policy) or is moved to the legal environment for recovery. As a consequence, a loan that has defaulted is not necessarily non performing (unless certain criteria are met).

Non-interest income as percentage of total operating income

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

Cost-to-income ratio

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

Cost-to-asset ratio

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

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.

Definitions

Earnings per share

Profit attributable to ordinary equity holders

Net profit for the period/year less attributable to minorities divided by the weighted average number of ordinary shares in issue during the period/year.

Headline earnings basis

Headline earnings for the period/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.

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

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

Dividend cover

Headline earnings per share divided by dividends per share.

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.

Price-to-book

The closing share price relative to the net asset value.

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 9,75% of risk-weighted assets. Non-South African banks within the Group have similar requirements.

Risk-weighted assets

Risk-weighted assets are determined by applying the following:

– advanced IRB approach for retail credit;

– foundation IRB approach for wholesale and corporate credit;

– Advanced Measurement Approach for operational risk;

– Internal Models Approach for market risk;

– IRB simple risk weight approach for equity investment risk on the banking book; and

– standardised approach for all African entities for both credit and operational risk.

Primary (Tier I) capital

Primary capital consists of issued ordinary share capital, non-cumulative perpetual preference share capital, retained earnings, hybrid debt instruments (in terms of Basel II) and certain accounting reserves. This amount excludes surplus capital from insurance entities. This amount is further reduced with 50% of the amount that expected losses exceed eligible provisions. Further deductions against Tier I capital include goodwill and certain investments.

Secondary (Tier II) capital

Secondary capital includes cumulative preference shares and subordinated debt (prescribed debt instruments). This amount is further reduced with 50% of the amount that expected losses exceed eligible provisions

Tertiary (Tier III) capital

Tertiary capital comprises prescribed unsecured subordinated debt with a minimum original maturity of two years.

Non-current assets held-for-sale

Assets held-for-sale are those non-current assets where it is highly probable that the carrying amount will be recovered principally through a sale transaction within one period/year from the date of classification. For the sale to be considered highly probable, Board approval is required for the plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated.

Assets held-for-sale are valued at the lower of its carrying amount and fair value less costs to sell.

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.

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.

Non-interest income

Non-interest income consists of the following income statement line items: net fee and commission income, net insurance premium income, net insurance 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.

Gains and losses from banking and trading activities

Comprises banking and trading portfolios and includes:

– realised gains on financial instruments held at amortised cost, held to maturity or available-for-sale.

– realised gains on the disposal of associates, joint ventures and subsidiaries, within the banking portfolios.

– realised and unrealised gains and losses on fair value through profit or loss designated instruments.

– interest, dividends and fair value movements on certain financial instruments held for trading or at fair value through profit or loss.

Net trading income

Net trading income includes the profits and losses on Absa Capital's desks classified as "trading desks" arising from both the purchase and sale of trading instruments and the revaluation to market value, as well as Absa Capital's hedge ineffectiveness. This includes the interest income and interest expense from these instruments and the related funding cost. This also includes similar activities from the African operations.

Gains and losses from investment activities

Comprises insurance and strategic investment portfolios and includes:

– realised gains on financial instruments held at amortised cost, held to maturity or available-for-sale.

– realised gains on the disposal of associates, joint ventures and subsidiaries.

– interest, dividends and fair value movements on certain financial instruments held for trading or at fair value through profit or loss.

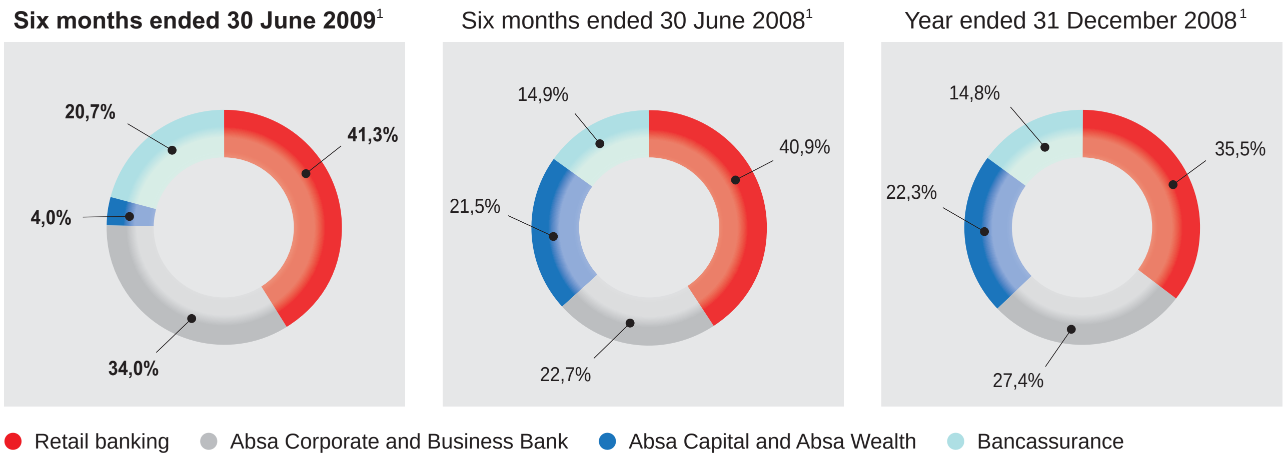
IFRS 2 costs

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 equity instrument of the entity.

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

Business unit performance

Profit contribution by business area



Note

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

	Six months ended 30 June 2009 (Unaudited) Rm	Six months ended 30 June 2008[1] (Unaudited) Rm	Change %	Year ended 31 December 2008[1] (Audited) Rm
Banking operations				
Retail banking	**1 336**	1 934	(30,9)	3 627
Retail Bank	**1 740**	1 146	51,8	2 635
Absa Home Loans	**(721)**	281	(356,6)	139
Absa Card	**304**	258	17,8	554
Absa Vehicle and Asset Finance	**13**	249	(94,8)	299
Absa Corporate and Business Bank	**1 098**	1 070	2,6	2 806
Absa Capital and Absa Wealth	**129**	1 016	(87,3)	2 276
Absa Capital	**120**	1 001	(88,0)	2 249
Underlying peformance	**908**	1 001	(9,3)	2 249
Single Stock Futures – equity investments impairments	**(788)**	—	(100,0)	—
Absa Wealth	**9**	15	(40,0)	27
Corporate centre[2]	**368**	842	(56,3)	821
Capital and funding centre	**(97)**	(13)	(646,2)	4
Minority interest – preference shares	**(234)**	(220)	(6,4)	(457)
Total banking	**2 600**	4 629	(43,8)	9 077
Bancassurance	**672**	706	(4,8)	1 515
Profit attributable to ordinary equity holders	**3 272**	5 335	(38,7)	10 592
Headline earnings adjustments	**554**	(604)	191,7	(684)
Total headline earnings	**3 826**	4 731	(19,1)	9 908

Notes

[1] *The comparative periods have been restated for:*
- *African operations have been split between Retail banking, Absa Corporate and Business Bank and Absa Capital during 2008. This split is in line with the current business model. Comparatives for June 2008 have been restated accordingly.*
- *Absa Wealth was moved from Retail banking to Corporate Centre during the period under review.*
- *Repossessed Properties was moved from Corporate centre to Retail banking during the period under review.*
- *Absa Manx Insurance Company Limited was moved from Bancassurance to Corporate centre during the period under review.*
- *These restatements have not been audited for December 2008.*

[2] *Corporate centre includes the profit on VISA IPO shares in the comparative periods.*

Contents

Segmental reporting per market segment

	Retail banking 30 June 2009 Rm	2008[1] Rm	Change %
Income statement			
Net interest income	**7 091**	6 612	7,2
Net interest income – external	**17 727**	18 572	(4,5)
Net interest income – internal	**(10 636)**	(11 960)	11,1
Impairment losses on loans and advances	**(4 204)**	(2 002)	(110,0)
Non-interest income	**5 783**	4 961	16,6
Non-interest income – external	**5 577**	4 733	17,8
Non-interest income – internal	**206**	228	(9,6)
Depreciation and amortisation	**(186)**	(157)	(18,5)
Operating expenses	**(6 439)**	(6 390)	(0,8)
Other impairments	**(41)**	(0)	>(999,9)
Indirect taxation	**(149)**	(198)	24,7
Share of retained earnings from associates and joint ventures	**(13)**	11	(218,2)
Operating profit before income tax	**1 842**	2 837	(35,1)
Taxation expense	**(432)**	(867)	50,2
Profit for the period	**1 410**	1 970	(28,4)
Attributable to:			
Ordinary equity holders of the Group	**1 336**	1 934	(30,9)
Minority interest – ordinary shares	**74**	36	105,6
Minority interest – preference shares	**—**	—	—
	1 410	1 970	(28,4)

Note

[1]*June 2008 comparatives have been restated for structure changes as well as the reclassification of Commercial Property Funds' unlisted investments to investments and profits and losses from financial instruments to interest and similar income. Refer to page 75 – 84 for reclassification of prior year figures. June 2007 and December 2007 comparatives have not been restated.*

Absa Corporate and Business Bank			Absa Capital and Absa Wealth			Bancassurance		
30 June			30 June			30 June		
2009 Rm	2008[1] Rm	Change %	**2009 Rm**	2008[1] Rm	Change %	**2009 Rm**	2008[1] Rm	Change %
2 792	2 709	3,1	**1 040**	1 250	(16,8)	**13**	3	333,3
3 538	3 301	7,2	**(11 082)**	(12 099)	8,4	**9**	3	200,0
(746)	(592)	(26,0)	**12 122**	13 349	(9,2)	**4**	—	100,0
(524)	(176)	(197,7)	**(120)**	(4)	>(999,9)	**—**	1	(100,0)
1 423	1 053	35,1	**1 275**	1 232	3,5	**1 702**	1 640	3,8
1 232	850	44,9	**1 379**	1 496	(7,8)	**1 853**	1 786	3,8
191	203	(5,9)	**(104)**	(264)	(60,6)	**(151)**	(146)	3,4
(19)	(14)	(35,7)	**(63)**	(6)	(950,0)	**(11)**	(14)	21,4
(2 068)	(2 029)	(1,9)	**(858)**	(1 032)	16,9	**(720)**	(670)	(7,5)
(38)	—	(100,0)	**(1 095)**	—	(100,0)	**(4)**	—	(100,0)
(22)	(39)	43,6	**(37)**	(36)	(2,8)	**(29)**	(23)	(26,1)
7	25	(72,0)	**—**	—	—	**—**	—	—
1 551	1 529	1,4	**142**	1 404	(89,9)	**951**	937	1,5
(433)	(444)	2,5	**5**	(388)	101,3	**(279)**	(231)	(20,8)
1 118	1 085	3,0	**147**	1 016	(85,5)	**672**	706	(4,8)
1 098	1 070	2,6	**129**	1 016	(87,3)	**672**	706	(4,8)
19	14	35,7	**18**	—	100,0	**—**	—	—
1	1	—	**—**	—	—	**—**	—	—
1 118	1 085	3,0	**147**	1 016	(85,5)	**672**	706	(4,8)

Other			Head office and intersegment eliminations			Absa Group		
30 June			30 June			30 June		
2009 **Rm**	2008[1] Rm	Change %	**2009** **Rm**	2008[1] Rm	Change %	**2009** **Rm**	2008[1] Rm	Change %
(210)	(35)	(500,0)	**46**	26	76,9	**10 772**	10 565	2,0
509	800	(36,4)	**71**	(12)	(691,7)	**10 772**	10 565	2,0
(719)	(835)	13,9	**(25)**	38	(165,8)	**—**	—	—
—	3	(100,0)	**14**	—	100,0	**(4 834)**	(2 178)	(121,9)
(104)	192	(154,2)	**130**	605	(78,5)	**10 209**	9 683	5,4
(98)	117	(183,8)	**266**	701	(62,1)	**10 209**	9 683	5,4
(6)	75	(108,0)	**(136)**	(96)	(41,7)	**—**	—	—
(41)	(42)	2,4	**(288)**	(240)	(20,0)	**(608)**	(473)	(28,5)
44	63	(30,2)	**867**	546	(58,8)	**(9 174)**	(9 512)	3,6
—	—	—	**(1)**	—	(100,0)	**(1 179)**	(0)	>(999,9)
(37)	(30)	(23,3)	**(154)**	(187)	17,6	**(428)**	(513)	16,6
—	—	—	**5**	9	(44,4)	**(1)**	45	(102,2)
(348)	151	(330,5)	**619**	759	(18,4)	**4 757**	7 617	(37,5)
44	(57)	177,2	**(43)**	(8)	(437,5)	**(1 138)**	(1 995)	43,0
(304)	94	(423,4)	**576**	751	(23,3)	**3 619**	5 622	(35,6)
(538)	(126)	327,0	**575**	735	(21,8)	**3 272**	5 335	(38,7)
—	—	—	**2**	17	(88,2)	**113**	67	68,7
234	220	6,4	**(1)**	(1)	—	**234**	220	6,4
(304)	94	(423,4)	**576**	751	(23,3)	**3 619**	5 622	(35,6)

Segmental reporting per market segment

	Retail banking 30 June 2009	2008[1]	Change %
Balance sheet (Rm)			
Loans and advances to customers	**331 853**	321 925	3,1
Investments	**9**	1 103	(99,2)
Investments in associates and joint ventures	**291**	311	(6,4)
Other assets	**133 832**	117 254	14,1
Other assets – external	**7 292**	7 010	4,0
Other assets – internal[2]	**126 540**	110 244	14,8
Total assets	**465 985**	440 593	5,8
Deposits due to customers	**128 296**	112 915	13,6
Other liabilities	**335 131**	325 294	3,0
Other liabilities – external	**8 065**	11 659	(30,8)
Other liabilities – internal[2]	**327 066**	313 635	4,3
Total liabilities	**463 427**	438 209	5,8
Financial performance (%)			
Return on average economic capital[3]	**12,4**	19,0	
Return on average assets	**0,5**	0,94	
Operating performance (%)			
Net interest margin on average assets	**3,09**	3,23	
Net interest margin on average interest-bearing assets	**3,93**	3,91	
Impairment losses on loans and advances as % of average loans and advances to customers	**2,52**	1,27	
Non-interest income as % of total operating income	**44,9**	42,9	
Top-line growth[1]	**11,2**	19,0	
Cost growth[1]	**1,2**	17,7	
Cost-to-income ratio	**51,5**	56,6	
Cost-to-assets ratio	**2,9**	3,2	
Other			
Banking customer base per segment (including African operations) (millions)	**11**	10	12,6
Atrributable income from the rest of Africa	**33**	(14)	346,3

Notes

[1]June 2008 comparatives have been restated for structure changes as well as the reclassification of Commercial Property Funds' unlisted investments to investments and profits and losses from financial instruments to interest and similar income. Refer to page 75 – 84 for reclassification of prior year figures. June 2007 and December 2007 comparatives have not been restated.

[2]Internal assets and liabilities include all interdivisional and intragroup asset and liability balances. June 2008 comparatives have been restated accordingly. Internal assets and liabilities for the Group are eliminated in "Head office and other intersegment eliminations".

[3]Bancassurance return on average equity (RoE) is 38,3% (June 2008: 43,5%) and Absa Group's RoE is 16,4% (June 2008: 24,6%).

Absa Corporate and Business Bank 30 June			Absa Capital and Absa Wealth 30 June			Bancassurance 30 June		
2009	2008[1]	Change %	2009	2008[1]	Change %	2009	2008[1]	Change %
118 661	108 845	9,0	70 604	58 257	21,2	—	—	—
2 810	2 013	39,6	12 238	11 095	10,3	10 185	9 858	3,3
129	694	(82,0)	352	—	100,0	—	—	—
19 440	10 860	79,0	339 885	373 785	(9,1)	24 150	24 410	(1,1)
7 677	4 005	91,7	130 250	152 729	(14,7)	22 596	22 683	(0,4)
11 763	6 855	71,6	209 635	221 056	(5,2)	1 554	1 727	(10,0)
141 040	122 412	15,2	423 079	443 137	(4,5)	34 335	34 268	0,2
102 551	87 567	17,1	138 659	146 663	(5,5)	—	—	—
36 687	33 288	10,2	281 637	293 905	(4,2)	30 700	31 151	(1,4)
6 042	5 026	20,2	273 770	289 267	(5,4)	26 353	22 651	16,3
30 645	28 262	8,4	7 867	4 638	69,6	4 347	8 500	(48,9)
139 238	120 855	15,2	420 295	440 568	(4,6)	30 700	31 151	(1,4)
17,0	21,1		17,7	18,2		127,0	130,7	
1,55	1,68		0,42	0,47		4,40	4,88	
4,07	4,25		n/a	n/a		n/a	n/a	
4,44	5,41		n/a	n/a		n/a	n/a	
0,90	0,36		0,32	0,01		n/a	n/a	
33,8	28,0		55,0	49,6		99,2	99,8	
12,1	12,5		(6,7)	37,8		4,4	1,0	
2,2	9,0		(11,3)	54,3		6,8	19,5	
49,5	54,3		39,8	41,8		42,6	41,7	
3,0	3,2		0,4	0,5		4,8	3,8	
0	0	—	0	0	—	—	—	—
10	27	(60,7)	88	77	14,0	—	13,0	(100.0)

Other			Head office and intersegment eliminations			Absa Group		
30 June			30 June			30 June		
2009	2008[1]	Change %	2009	2008[1]	Change %	2009	2008[1]	Change %
887	289	206,9	(578)	3	—	521 427	489 319	6,6
—	—	—	(896)	321	(378,3)	24 346	24 390	(0,2)
—	—	—	17	42	(59,5)	789	1 047	(24,6)
62 482	52 824	18,3	(372 040)	(356 312)	(4,4)	207 749	222 821	(6,8)
35 740	30 867	15,8	4 194	5 527	(24,1)	207 749	222 821	(6,8)
26 742	21 957	21,8	(376 234)	(361 839)	(4,0)	—	—	—
63 369	53 113	19,3	(373 497)	(355 946)	(5,1)	754 312	737 577	2,3
—	—	—	590	62	851,6	370 096	347 207	6,6
24 024	20 732	15,9	(376 675)	(358 813)	(5,0)	331 504	345 557	(4,1)
21 839	19 357	12,8	(4 565)	(2 403)	(90,0)	331 504	345 557	(4,1)
2 185	1 375	58,9	(372 110)	(356 410)	(4,4)	—	—	—
24 024	20 732	15,9	(376 085)	(358 751)	(4,8)	701 600	692 764	1,3
n/a	n/a		n/a	n/a		17,7	22,6	
n/a	n/a		n/a	n/a		1,02	1,39	
n/a	n/a		n/a	n/a		2,86	3,15	
n/a	n/a		n/a	n/a		3,51	3,79	
n/a	n/a		n/a	n/a		1,86	0,93	
n/a	n/a		n/a	n/a		48,7	47,8	
n/a	n/a		n/a	n/a		3,6	21,3	
n/a	n/a		n/a	n/a		(2,1)	13,2	
n/a	n/a		n/a	n/a		46,6	49,3	
n/a	n/a		n/a	n/a		2,6	2,9	
—	—	—	—	—	—	11	10	12,2
24	(5)	603,3	—	—	—	103	98	57,7

Retail banking

	Retail Bank 30 June		Absa Home Loans 30 June		Absa Card 30 June	
	2009	2008	**2009**	2008	**2009**	2008
Total revenue – external (Rm)	**4 357**	4 422	**12 753**	13 323	**2 814**	1 874
Net interest income – external	**(93)**	562	**12 707**	13 271	**1 861**	1 172
Non-interest income – external	**4 450**	3 860	**46**	52	**953**	702
Total revenue – internal (Rm)	**3 658**	2 636	**(11 155)**	(11 355)	**(717)**	(578)
Net interest income – internal	**3 534**	2 495	**(11 229)**	(11 445)	**(716)**	(575)
Non-interest income – internal	**124**	141	**74**	90	**(1)**	(3)
Attributable earnings (Rm)[1]	**1 740**	1 146	**(721)**	281	**304**	258
Impairment losses on loans and advances as a % of average loans and advances to customers (%)[2]	**3,09**	2,36	**1,86**	0,81	**8,41**	4,46
Cost-to-income ratio (%)	**60,7**	67,1	**31,7**	34,3	**39,3**	49,3
Loans and advances to customers (Rm)	**43 856**	41 567	**224 022**	215 986	**17 947**	12 247
Total assets (Rm)	**147 175**	126 783	**241 661**	233 590	**24 654**	14 349
Deposits due to customers (Rm)	**126 590**	111 059	**—**	—	**1 704**	1 847
Total liabilities (Rm)	**145 615**	125 404	**242 030**	233 438	**23 857**	14 203
Return on average economic capital (%)	**59,3**	47,0	**—**	8,0	**22,5**	23,1

	Absa Vehicle and Asset Finance 30 June		Total 30 June	
	2009	2008	**2009**	2008
Total revenue – external (Rm)	**3 380**	3 686	**23 304**	23 305
Net interest income – external	**3 252**	3 567	**17 727**	18 572
Non-interest income – external	**128**	119	**5 577**	4 733
Total revenue – internal (Rm)[1]	**(2 216)**	(2 435)	**(10 430)**	(11 732)
Net interest income – internal	**(2 225)**	(2 435)	**(10 636)**	(11 960)
Non-interest income – internal	**9**	—	**206**	228
Attributable earnings (Rm)	**13**	249	**1 336**	1 934
Impairment losses on loans and advances as a % of average loans and advances to customers (%)[2]	**2,88**	1,57	**2,52**	1,27
Cost-to-income ratio (%)	**37,1**	39,7	**51,5**	56,6
Loans and advances to customers (Rm)	**46 028**	52 125	**331 853**	321 925
Total assets (Rm)	**52 495**	65 871	**465 985**	440 593
Deposits due to customers (Rm)	**2**	9	**128 296**	112 915
Total liabilities (Rm)	**51 925**	65 164	**463 427**	438 209
Return on average economic capital (%)	**0,8**	11,4	**12,4**	19,0

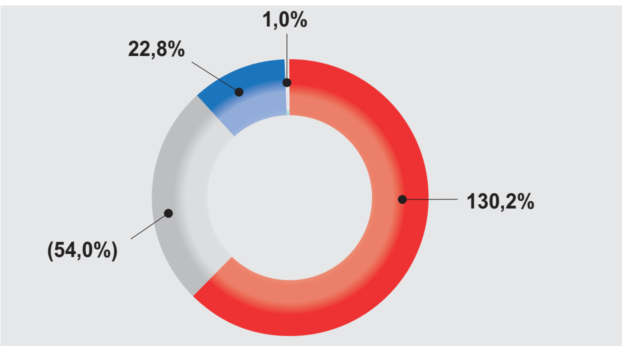
Notes

[1]These results are after the allocation of head office and support charges.

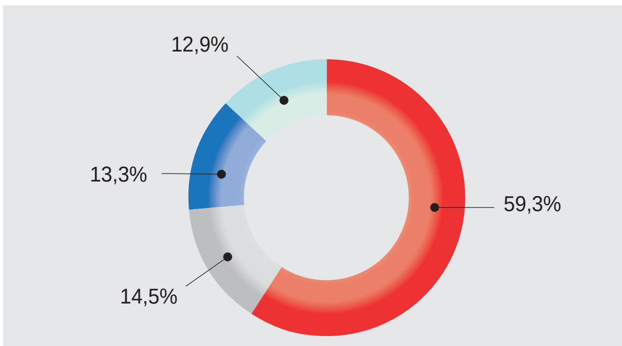
[2]Refer to note 10 for the impairment charge to the income statement.

Attributable earnings (%)

30 June 2009



30 June 2008



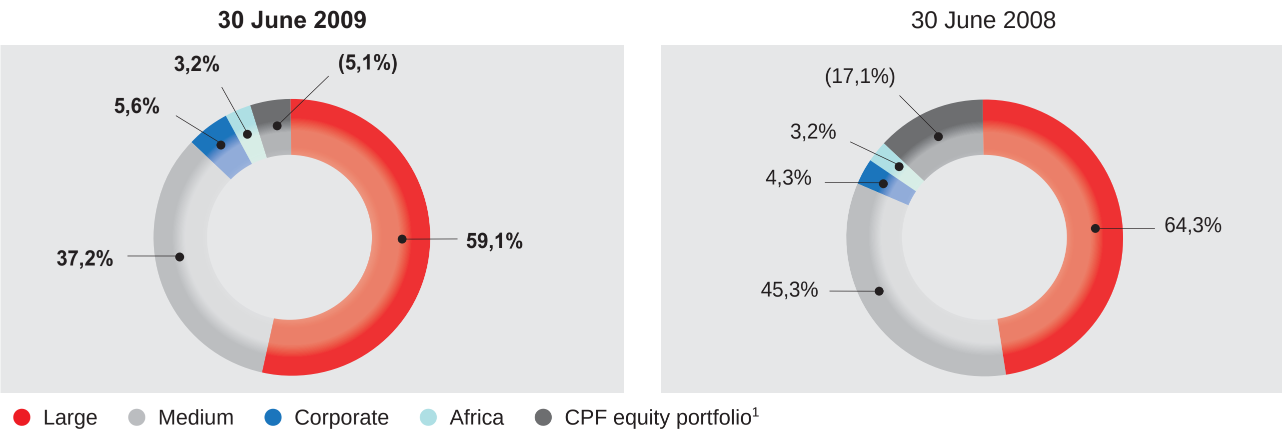
Retail Bank   Absa Home Loans   Absa Card   Absa Vehicle and Asset Finance

Absa Corporate and Business Bank

	30 June 2009 Rm	2009 Excluding listed equities Rm	2008 Rm	2008 Excluding listed equities Rm	Change %	Change % Excluding listed equities
Income statement						
Net interest income	**2 792**	**2 792**	2 709	2 709	3,1	3,1
Impairment losses on loans and advances	**(524)**	**(524)**	(176)	(176)	(197,7)	(197,7)
Non-interest income	**1 423**	**1 490**	1 053	1 311	35,2	13,7
Operating expenses	**(2 087)**	**(2 087)**	(2 043)	(2 043)	(2,2)	(2,2)
Other	**(53)**	**(53)**	(14)	(14)	(278,6)	(278,6)
Operating profit before income tax	**1 551**	**1 618**	1 529	1 787	1,4	(9,5)
Taxation expense	**(433)**	**(452)**	(444)	(516)	2,4	12,4
Profit for the period	**1 118**	**1 166**	1 085	1 271	3,0	(8,3)
Attributable to:						
Ordinary equity holders of the Group	**1 098**	**1 146**	1 070	1 256	2,6	(8,8)
Minority interest – ordinary shares	**19**	**19**	14	14	35,7	35,7
Minority interest – preference shares	**1**	**1**	1	1	—	—
	1 118	**1 166**	1 085	1 271	3,0	(8,3)

	30 June 2009 Rm	2008 Rm	Change %
Operating profit before income tax by business area			
Large	**917**	983	(6,7)
Medium	**578**	692	(16,5)
Corporate	**86**	66	30,3
Africa	**50**	49	2,0
CPF equity portfolio[1]	**(80)**	(261)	69,3
Listed	**(67)**	(259)	74,1
Unlisted	**(13)**	(2)	(550,0)
	1 551	1 529	1,4

Operating profit before income tax (%)



Note

[1] *Includes realised and unrealised profits on CPF, this however excludes Absa wholly-owned subsidiaries.*

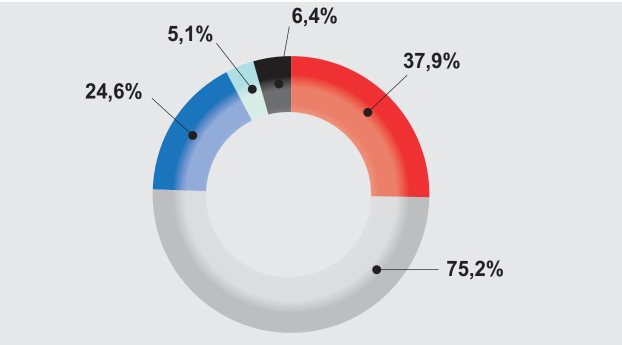
Absa Capital and Absa Wealth

	Absa Capital 30 June		Absa Wealth 30 June		Total 30 June		
	2009 Rm	2008 Rm	**2009 Rm**	2008 Rm	**2009 Rm**	2008 Rm	Change %
Income statement							
Net interest income	**917**	1 156	**123**	94	**1 040**	1 250	(16,8)
Impairment losses on loans and advances	**(91)**	10	**(29)**	(14)	**(120)**	(4)	>(999,9)
Non-interest income	**1 229**	1 183	**46**	49	**1 275**	1 232	3,5
Operating expenses	**(797)**	(932)	**(124)**	(105)	**(921)**	(1 037)	11,2
Other	**(1 129)**	(34)	**(3)**	(2)	**(1 132)**	(36)	>(999,9)
Operating profit before income tax	**129**	1 383	**13**	22	**142**	1 405	(89,8)
Taxation expense	**9**	(382)	**(4)**	(7)	**5**	(389)	>999,9
Profit for the period	**138**	1 001	**9**	15	**147**	1 016	(85,5)
Attributable to:							
Ordinary equity holders of the Group	**120**	1001	**9**	15	**129**	1 016	(87,3)
Minority interest – ordinary shares	**18**	—	**—**	—	**18**	—	100,0
Minority interest – preference shares	**—**	—	**—**	—	**—**	—	—
	138	1001	**9**	15	**147**	1 016	(85,5)
Balance sheet							
Loans and advances to customers	**60 313**	49 719	**10 291**	8 538	**70 604**	58 257	21,2
Total assets	**411 951**	433 845	**11 128**	9 292	**423 079**	443 137	(4,5)
Deposits due to customers	**132 151**	141 169	**6 508**	5 494	**138 659**	146 663	(5,5)
Total liabilities	**409 174**	431 281	**11 121**	9 281	**420 295**	440 568	(4,6)

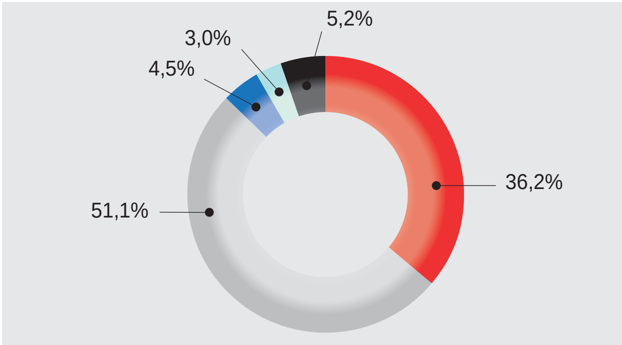
	30 June		
	2009 Rm	2008 Rm	Change %
Net revenue contribution by business area[1]			
Investment banking	**831**	898	(7,5)
Markets	**1 651**	1 266	30,4
Private Equity and Infrastructure Investments	**(540)**	112	>(999,9)
Single Stock Futures and Other	**113**	73	54,8
Total Absa Capital revenue	**2 055**	2 349	(12,5)
Private Banking and Investment Management	**140**	129	8,5
	2 195	2 478	(11,4)

Net revenue contribution[1] (%)

30 June 2009



30 June 2008



Investment banking Markets Private Equity and Infrastructure Investments
Single Stock Futures and Other Private Banking and Investment Management

Note

[1] Net revenue includes net interest and non-interest income after credit impairments.

Bancassurance operations

	Note	30 June 2009 Rm	2008[1] Rm	Change %
Balance Sheet				
Assets				
Cash balances and money market assets		**6 853**	6 114	12,1
Insurance operations	1	**5 637**	4 677	20,5
Other subsidiaries		**1 216**	1 437	(15,4)
Other assets[2]		**16 551**	17 521	(5,5)
Financial assets backing investment and insurance liabilities		**10 886**	10 587	2,8
Investments		**10 185**	9 929	2,6
Insurance operations	1	**10 093**	9 860	2,4
Other subsidiaries		**92**	69	33,3
Other assets backing policyholder liabilities				
Insurance operations	1	**691**	667	3,6
Derivatives backing shareholder investments				
Insurance operations	1	**10**	(9)	>999,9
Property and equipment		**45**	45	—
Total assets		**34 335**	34 267	0,2
Liabilities				
Current tax liabilities		**25**	30	(16,7)
Liabilities under investment contracts		**11 053**	9 183	20,4
Policyholder liabilities under insurance contracts[3]		**2 435**	2 866	(15,0)
Other liabilities and sundry provisions[2]		**17 141**	18 892	(9,3)
Deferred tax liabilities		**47**	179	(73,7)
Total liabilities		**30 701**	31 150	(1,4)
Total equity		**3 634**	3 117	16,6
Total equity and liabilities		**34 335**	34 267	0,2

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

	30 June 2009					
	Listed equity Rm	Unlisted equity Rm	Capital market assets Rm	Derivatives and other Rm	Cash and money market assets Rm	Total Rm
Shareholder investments	**422**	**284**	**930**	**10**	**1 254**	**2 900**
Life	**422**	**84**	**234**	**10**	**400**	**1 150**
Non-Life	**—**	**200**	**696**	**—**	**854**	**1 750**
Policyholder investments	**2 390**	**5 208**	**859**	**691**	**4 383**	**13 531**
Investment contracts[4]	**2 390**	**4 506**	**268**	**510**	**3 390**	**11 064**
Insurance contracts[4]	**—**	**702**	**591**	**181**	**993**	**2 467**
Total	**2 812**	**5 492**	**1 789**	**701**	**5 637**	**16 431**

	30 June 2008					
	Listed equity Rm	Unlisted equity Rm	Capital market assets Rm	Derivatives and other Rm	Cash and money market assets Rm	Total Rm
Shareholder investments	1 797	180	813	(9)	230	3 011
Life	593	112	88	—	134	927
Non-Life	1 204	68	725	(9)	96	2 084
Policyholder investments	1 483	4 684	903	667	4 447	12 184
Investment contracts[4]	1 483	3 867	—	483	3 368	9 201
Insurance contracts[4]	—	817	903	184	1 079	2 983
Total	3 280	4 864	1 716	658	4 677	15 195

Notes

[1] *Absa Manx Insurance Company Limited was moved from Bancassurance to Corporate centre during the period under review. Comparatives have been restated accordingly.*

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

[3] *In managing the policyholder liability, certain assets have been allocated specifically for the purpose of backing this liability. The above disclosure reflects this split of assets between policyholders and shareholders.*

[4] *Include R593 million (June 2008: R742 million) in unlisted insurance contracts representing Absa Life Limited's investment in the Absa General Fund. This fund is consolidated as an investment contract at an Absa Group level and disclosed as such in the consolidated financial statements.*

Bancassurance operations

	Note	Life 30 June 2009 Rm	2008[1] Rm	Change %
Income statement				
Net earned premium		**586**	539	8,7
Net insurance claims		**(197)**	(210)	6,2
Investment income	1			
policyholder investment contracts		**150**	16	837,5
policyholder insurance contracts		**22**	(35)	162,9
Changes in investment and insurance liabilities				
policyholder investment contracts		**(143)**	9	>(999,9)
policyholder insurance contracts		**163**	224	(27,4)
Other income		**(3)**	(4)	25,0
Gross operating income		**578**	539	7,2
Net commission paid by insurance companies[2]		**(108)**	(95)	(13,7)
Operating expenses		**(90)**	(85)	(5,9)
Other		**(22)**	(17)	(29,4)
Net operating income		**358**	342	4,7
Investment income on shareholder funds	1	**10**	86	(88,4)
Taxation expense		**(102)**	(128)	20,3
Profit attributable to ordinary equity holders		**266**	300	(11,3)
1. Investment income				
Policyholder – investment contracts		**150**	16	837,5
Net interest income		**177**	140	26,4
Dividend income		**43**	7	514,3
Fair value gains		**(70)**	(131)	46,6
Policyholder – insurance contracts[3]		**22**	(35)	162,9
Net interest income		**46**	52	(11,5)
Dividend income		**36**	—	100,0
Fair value gains		**(60)**	(87)	31,0
Shareholder funds		**10**	86	(88,4)
Net interest income		**7**	9	(22,2)
Dividend income		**7**	5	40,0
Fair value gains		**(4)**	72	(105,6)
Total		**182**	67	171,6
Net interest income		**230**	201	14,4
Dividend income		**86**	12	616,7
Fair value gains		**(134)**	(146)	8,2

Notes

[1]*Absa Manx Insurance Company Limited was moved from Bancassurance to Corporate centre during the period under review. Comparatives have been restated accordingly.*

[2]*Net commission paid includes internal commission, eliminated on consolidation of Absa Group.*

[3]*In managing the short-term policyholder liability, certain assets have been allocated specifically for the purpose of backing this liability. The above disclosure reflects the income earned on these assets.*

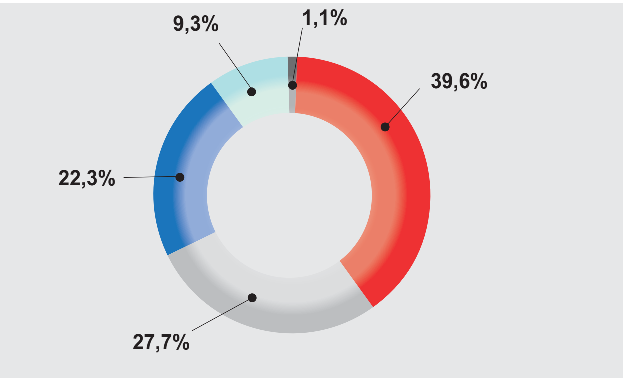
Insurance 30 June			Other 30 June			Total bancassurance 30 June		
2009 Rm	2008[1] Rm	Change %	2009 Rm	2008[1] Rm	Change %	2009 Rm	2008[1] Rm	Change %
1 281	1 152	11,2	—	—	—	1 867	1 691	10,4
(823)	(725)	(13,5)	—	—	—	(1 020)	(935)	(9,1)
—	—	—	23	2	>999,9	173	18	861,1
51	42	21,4	—	—	—	73	7	942,9
—	—	—	(10)	11	>(999,9)	(153)	20	(865,0)
—	—	—	—	—	—	163	224	(27,2)
13	8	62,5	805	716	12,4	815	720	13,2
522	477	9,4	818	729	12,2	1 918	1 745	9,9
(200)	(164)	(22,0)	—	—	—	(308)	(259)	(18,9)
(126)	(130)	3,1	(515)	(469)	(9,8)	(731)	(684)	(6,9)
(1)	—	(100,0)	(11)	(6)	(83,3)	(34)	(23)	(47,8)
195	183	6,6	292	254	15,0	845	779	8,5
71	50	42,0	25	22	13,6	106	158	(32,9)
(80)	(19)	(321,1)	(97)	(84)	(15,5)	(279)	(231)	(20,8)
186	214	(13,1)	220	192	14,6	672	706	(4,8)
—	—	—	23	2	>999,9	173	18	861,1
—	—	—	1	3	(66,7)	178	143	24,5
—	—	—	8	10	(20,0)	51	17	200,0
—	—	—	14	(11)	227,3	(56)	(142)	60,6
51	42	21,4	—	—	—	73	7	942,9
51	42	21,4	—	—	—	97	94	3,2
—	—	—	—	—	—	36	—	100,0
—	—	—	—	—	—	(60)	(87)	31,0
71	50	42,0	25	22	13,6	106	158	(32,9)
68	20	240,0	(27)	19	(242,1)	48	48	—
34	28	21,4	—	3	(100,0)	41	36	13,9
(31)	2	>(999,9)	52	—	100,0	17	74	(77,0)
122	92	32,6	48	24	100,0	352	183	92,3
119	62	91,9	(26)	22	(218,2)	323	285	13,3
34	28	21,4	8	13	(38,5)	128	53	141,5
(31)	2	>(999,9)	66	(11)	700,0	(99)	(155)	361,1

Bancassurance operations

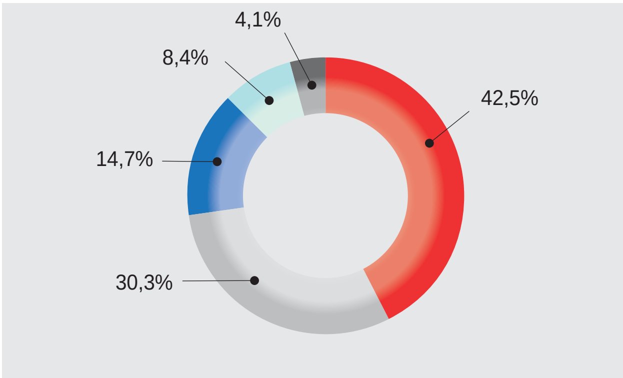
	30 June 2009	2008	Change %
Embedded value and value of new business of Absa Life Limited (Rm)			
Shareholders' net assets	**1 150**	827	39,1
Cost of solvency capital	**(96)**	(19)	(405,3)
Value of business in force	**1 060**	903	17,4
	2 114	1 711	23,6
Embedded value earnings (Rm)	**149**	219	(32,0)
Return on embedded value (%)	**14,7**	22,1	
Embedded value of new business (Rm)	**164**	135	21,5
Value of new business as a % of the present value of future premiums	**9,0**	4,3	
Net asset value of short-term insurance companies (Rm)	**1 808**	1 705	6,0

Attributable earnings (%)

30 June 2009



30 June 2008



Life   Insurance   Investment   Fiduciary   Other

Commentary

Retail banking

Attributable earnings for the Retail bank declined by 30,9% to R1 336 million as a result of reduced demand for lending products, rising impairments and prudent lending criteria. Despite the deteriorating economic environment the Retail bank increased its top-line income by 11,2% and contained cost growth to 1,2%.

Advances grew by a moderate 3,1% due to a decline in both application volumes and lending approval rates. The acquisition of the Woolworths Financial Services (Proprietary) Limited (WFS) book in October 2008 contributed to a 38,0% increase in credit card advances. Secured lending products now comprise 86,5% (June 2008: 87,9%) of the total advances book.

Customer deposits grew 13,6% due to increased investment products and savings and transmission accounts. The Group retains the largest share of the individual deposit and advances market in South Africa[1].

The overall interest margin on net assets showed a slight 0,14% decrease year-on-year, due primarily to growth in low-margin retail deposits.

Transaction volumes across core products remained moderate during the period with volumes expanding by 3,01%. The Retail bank's digital channels continued to record healthy transaction and customer growth. Internet and cellphone banking transaction volumes increased by 16,5% and 9,3% respectively. The number of Internet banking users increased by 14,6%.

The impairment ratio rose from 1,27% in June 2008 to 2,52% leading to the impairment charge increasing by 110,0% to R4 204 million. This was mainly due to higher impairments from Absa Home Loans and Absa Vehicle and Asset Finance which increased by 143,3% to R2 073 million, and by 67,4% to R678 million, respectively.

The key risks to the impairment forecasts remain the potential rise in unemployment and declining house prices. The cluster remains focused on maintaining acceptable levels of profitability and asset quality. The business aims to continually monitor and track indications of a sustained improvement to the health of the consumer balance sheet and will adapt its operating model accordingly.

Note

[1] *SA market share statistics BA 900 (May 2009).*

Absa Corporate and Business Bank (ACBB)

The Commercial bank increased its attributable earnings by 2,6% to R1 098 million. Equity market volatility during the period resulted in a decline of R67 million in the value of the listed commercial equity investments, thereby reducing some of the positive operating performance of the cluster.

Total advances increased by 9,0% year-on-year. However lower demand for credit and declining approval rates resulted in lower advances growth since December 2008.

The cluster remains focused on growing deposits, which is reflected in the year-on-year growth of 17,1%. Competition for liquidity in the market remained high, resulting in downward pressure on deposit margins.

Customer distress increased during the period particularly in the medium and large business segments. The impairment charge consequently increased by 197,7% to R524 million with the impairment ratio increasing to 0,90% from 0,35% in June 2008. During the period under review, further steps were taken to enhance the monitoring of credit quality, controls and collections.

Non-interest income grew strongly and was underpinned by transaction volume growth, which increased by 12,0% following a 2,5% increase in customer numbers and the implementation of improved cash and electronic banking solutions for customers. Transaction income on cheque and corporate overdraft accounts, representing 66,0% of fee income, increased by 10,0% and electronic banking income increased by 22,0%. This was partly offset by a 37,0% and 36,0% decrease in Commercial Property Finance and Specialised Finance fees due to lower business volumes.

The Commercial bank remains focused on managing rising impairments, increasing non-interest revenue, and cost control, while maintaining strong credit quality at adequate returns for the remainder of the year. The cluster will also continue to enhance the range of corporate and commercial banking products and specialised services available to customers.

Commentary

Absa Capital and Absa Wealth

Attributable earnings for Absa Capital and Absa Wealth declined by 87,3% to R129 million. Headline earnings declined by 9,7% to R917 million, from R1 016 million in June 2008. The difference between the decline in headline and attributable earnings relates to the R788 million (after tax) impairment raised against the carrying value of certain associate investments.

The Markets business continued to show strong growth with revenue increasing by 30,4% to R1 651 million. This is attributable to the broadening of the product offering, market volatility and an increase in the number of significant risk management transactions facilitated for clients.

The current economic environment has negatively impacted financing product deal flow. As a result, the revenue of the Investment Banking business during the period declined by 7,5% to R831 million.

The Private Equity and Infrastructure Investments business unit recorded negative net revenue of R540 million mainly due to increased funding costs of R347 million and a decline of R223 million in the value of the portfolio.

Absa Wealth, a business unit aimed at providing a full range of onshore and offshore wealth management services to the high and ultra-high net-worth market, was previously reported under the retail cluster and is now included under Absa Capital. Revenue (net of credit impairments) in Absa Wealth, grew by 8,5% following strong growth in client balances and improved margins. The value of client funds under advice increased despite falling equity markets, reflecting the growth in client numbers and in product improvements. The business continues to invest in staff, product and infrastructure platforms to drive future growth.

Bancassurance

The bancassurance cluster operating income increased by 8,5% to R845 million for the period under review. This growth was underpinned by a further rise in premium and fee income. Investment income on shareholders' funds was adversely impacted by lower interest rates and continued volatility in the local and international markets, resulting in a reduction of 32,9% to R106 million. Attributable earnings declined by 4,8% to R672 million (June 2008: R706 million). The cluster retained its capital efficient and cash generative profile and achieved an RoE of 38,3% (June 2008: 43,5%).

Assets under management and administration in the investment business increased by 23,1% to R144 billion. Total net inflows amounted to R25,0 billion, supported by the acquisition of significant institutional mandates during the period under review. This contributed to the increase of 25,4% in fee income. New retail business volumes into non-money market funds remained under pressure. The cluster's investment process continues to yield positive results and a number of Absa unit trusts are rated in the first quartile over one and three-year periods.

Absa Life's gross premium income increased by 10,1% to R619 million (June 2008: R562 million), despite a slowdown in new credit granted by the Retail bank. The embedded value of new business increased by 21,5% to R164 million (June 2008: R135 million) as a result of the continued diversification to stand-alone risk products for the affluent customer segment as well as protection solutions for the entry-level market. Embedded value earnings of R149 million to June 2009 represents a return on embedded value of 14,7% (June 2008: 22,1%).

Short-term Insurance gross premium income increased by 8,0% to R1 358 million (June 2008: R1 257 million). The impact of adverse weather conditions and increases in fire-related claims on the commercial property portfolio contributed to the deterioration of the loss ratio from 62,4% to 64,2%. Stringent risk selection methodology and cost efficiency, assisted by good underwriting performance in the crop insurance book, resulted in an overall underwriting margin of 11,6% (June 2008: 11,5%).

The employee benefits business operating earnings grew by 23,5%, supported by the six-month contribution of the acquisitions completed in the prior year. The trust business operating income experienced negative growth of 17,8% due to declining asset values of estates and trusts under administration.

The distribution business experienced difficult operating conditions and deteriorating lapse ratios were experienced specifically in the recurring premium-saving business.

The bancassurance business continues to focus on further leveraging the Group's infrastructure and customer base to improve cross-selling ratios, while also ensuring capacity to diversify income streams and to improve customer and asset retention.

Restatement of prior year figures

Contents

Group statement of financial position

Reclassifications

Reclassification of investments in associates and joint ventures to investments.

	30 June 2008 (Unaudited) (As previously reported) Rm	Reclassifi-cations Rm	30 June 2008 (Unaudited) (Restated) Rm
Assets			
Cash, cash balances and balances with central banks	22 446	—	22 446
Statutory liquid asset portfolio	27 978	—	27 978
Loans and advances to banks	61 859	—	61 859
Trading portfolio assets	62 191	—	62 191
Hedging portfolio assets	2 032	—	2 032
Other assets	37 066	—	37 066
Current tax assets	543	—	543
Non-current assets held-for-sale	2 254	—	2 254
Loans and advances to customers	489 319	—	489 319
Reinsurance assets	714	—	714
Investments	23 742	648	24 390
Investments in associates and joint ventures	1 695	(648)	1 047
Intangible assets	331	—	331
Property and equipment	5 270	—	5 270
Deferred tax assets	137	—	137
Total assets	737 577	—	737 577
Liabilities			
Deposits from banks	64 259	—	64 259
Trading portfolio liabilities	64 256	—	64 256
Hedging portfolio liabilities	4 815	—	4 815
Other liabilities and sundry provisions	26 220	—	26 220
Current tax liabilities	85	—	85
Deposits due to customers	347 207	—	347 207
Debt securities in issue	160 718	—	160 718
Liabilities under investment contracts	9 183	—	9 183
Policyholder liabilities under insurance contracts	3 070	—	3 070
Borrowed funds	11 087	—	11 087
Deferred tax liabilities	1 864	—	1 864
Total liabilities	692 764	—	692 764
Equity			
Capital and reserves			
Attributable to ordinary equity holders of the Group:			
Share capital	1 353	—	1 353
Share premium	2 356	—	2 356
Other reserves	(951)	(19)	(970)
Retained earnings	37 022	19	37 041
	39 780	—	39 780
Minority interest – ordinary shares	389	—	389
Minority interest – preference shares	4 644	—	4 644
Total equity	44 813	—	44 813
Total equity and liabilities	737 577	—	737 577

Group income statement

Reclassifications

Reclassification of investments in associates and joint ventures to investments as well as profits and losses from financial instruments to interest and similar income.

	Six months ended 30 June 2008 (Unaudited) (As previously reported) Rm	Reclassifi-cations Rm	Six months ended 30 June 2008 (Unaudited) (Restated) Rm
Net interest income	10 220	345	10 565
Interest and similar income	34 832	345	35 177
Interest expense and similar charges	(24 612)	—	(24 612)
Impairment losses on loans and advances	(2 178)	—	(2 178)
Net interest income after impairment losses on loans and advances	8 042	345	8 387
Net fee and commission income	6 007	—	6 007
Fee and commission income	6 707	—	6 707
Fee and commission expense	(700)	—	(700)
Net insurance premium income	1 710	—	1 710
Net insurance claims and benefits paid	(914)	—	(914)
Changes in investment and insurance liabilities	244	—	244
Gains and losses from banking and trading activities	1 573	(347)	1 226
Gains and losses from investment activities	269	—	269
Other operating income	1 141	—	1 141
Operating income before operating expenditure	18 072	(2)	18 070
Operating expenditure	(10 498)	—	(10 498)
Operating expenses	(9 985)	—	(9 985)
Other impairments	(0)	—	(0)
Indirect taxation	(513)	—	(513)
Share of retained earnings from associates and joint ventures	42	3	45
Operating profit before income tax	7 616	1	7 617
Taxation expense	(1 994)	(1)	(1 995)
Profit for the period	5 622	—	5 622
Attributable to:			
Ordinary equity holders of the Group	5 335	—	5 335
Minority interest – ordinary shares	67	—	67
Minority interest – preference shares	220	—	220
	5 622	—	5 622
Headline earnings	4 731	—	4 731

Group income statement

Reclassifications

Reclassification of profits and losses from financial instruments to interest and similar income (not audited).

	Year ended 31 December 2008 (Audited) (As previously reported) Rm	Reclassifi-cations Rm	Year ended 31 December 2008 (Audited) (Restated) Rm
Net interest income	21 795	311	22 106
Interest and similar income	75 949	311	76 260
Interest expense and similar charges	(54 154)	—	(54 154)
Impairment losses on loans and advances	(5 839)	—	(5 839)
Net interest income after impairment losses on loans and advances	15 956	311	16 267
Net fee and commission income	13 343	—	13 343
Fee and commission income	14 804	—	14 804
Fee and commission expense	(1 461)	—	(1 461)
Net insurance premium income	3 511	—	3 511
Net insurance claims and benefits paid	(1 890)	—	(1 890)
Changes in investment and insurance liabilities	(70)	—	(70)
Gains and losses from banking and trading activities	3 642	(311)	3 331
Gains and losses from investment activities	1 064	—	1 064
Other operating income	1 515	—	1 515
Operating income before operating expenditure	37 071	—	37 071
Operating expenditure	(21 935)	—	(21 935)
Operating expenses	(21 193)	—	(21 193)
Other impairments	(18)	—	(18)
Indirect taxation	(724)	—	(724)
Share of retained earnings from associates and joint ventures	73	—	73
Operating profit before income tax	15 209	—	15 209
Taxation expense	(3 966)	—	(3 966)
Profit for the period	11 243	—	11 243
Attributable to:			
Ordinary equity holders of the Group	10 592	—	10 592
Minority interest – ordinary shares	194	—	194
Minority interest – preference shares	457	—	457
	11 243	—	11 243
Headline earnings	9 908	—	9 908

Segmental reporting per market segment

Structure changes: Africa segmentation, Absa Wealth, Repossessed Properties and Absa Manx Insurance Company.
Reclassifications: Investments in associates and joint ventures to investments and profits and losses from financial instruments to interest and similar income

	Retail banking 30 June 2008			Absa Corporate and Business Bank 30 June 2008		
	(As previously reported) Rm	Reclassifications Rm	(Restated) Rm	(As previously reported) Rm	Reclassifications Rm	(Restated) Rm
Income statement						
Net interest income	6 703	(91)	6 612	2 744	(35)	2 709
Net interest income – external	18 912	(340)	18 572	3 335	(34)	3 301
Net interest income – internal	(12 209)	249	(11 960)	(591)	(1)	(592)
Impairment losses on loans and advances	(2 016)	14	(2 002)	(175)	(1)	(176)
Non-interest income	5 085	(124)	4 961	991	62	1 053
Non-interest income – external	4 851	(118)	4 733	847	3	850
Non-interest income – internal	234	(6)	228	144	59	203
Depreciation and amortisation	(162)	5	(157)	(14)	—	(14)
Operating expenses	(6 492)	102	(6 390)	(2 028)	(1)	(2 029)
Other impairments	—	—	—	—	—	—
Indirect taxation	(204)	6	(198)	(34)	(5)	(39)
Share of retained earnings from associates and joint ventures	20	(9)	11	21	4	25
Operating profit before income tax	2 934	(97)	2 837	1 505	24	1 529
Taxation expense	(880)	13	(867)	(441)	(3)	(444)
Profit for the period	2 054	(84)	1 970	1 064	21	1 085
Attributable to:						
Ordinary equity holders of the Group	2 012	(78)	1 934	1 039	31	1 070
Minority interest – ordinary shares	42	(6)	36	25	(11)	14
Minority interest – preference shares[1]	—	—	—	—	1	1
	2 054	(84)	1 970	1 064	21	1 085

Note

[1]*Reclassified in line with current year disclosure.*

Absa Capital and Absa Wealth			Absa Capital			Bancassurance		
30 June 2008			30 June 2008			30 June 2008		
(As previously reported) Rm	Reclassifi-cations Rm	(Restated) Rm	(As previously reported) Rm	Reclassifi-cations Rm	(Restated) Rm	(As previously reported) Rm	Reclassifi-cations Rm	(Restated) Rm
—	1 250	1 250	1 136	(1 136)	—	3	—	3
—	(12 099)	(12 099)	(12 476)	12 476	—	3	—	3
—	13 349	13 349	13 612	(13 612)	—	—	—	—
—	(4)	(4)	10	(10)	—	1	—	1
—	1 232	1 232	1 172	(1 172)	—	1 703	(63)	1 640
—	1 496	1 496	1 400	(1 400)	—	1 850	(64)	1 786
—	(264)	(264)	(228)	228	—	(147)	1	(146)
—	(6)	(6)	—	—	—	(14)	—	(14)
—	(1 032)	(1 032)	(896)	896	—	(670)	—	(670)
—	—	—	—	—	—	—	—	—
—	(36)	(36)	(33)	33	—	(23)	—	(23)
—	—	—	—	—	—	—	—	—
—	1 404	1 404	1 389	(1 389)	—	1 000	(63)	937
—	(388)	(388)	(388)	388	—	(248)	17	(231)
—	1 016	1 016	1 001	(1 001)	—	752	(46)	706
—	1 016	1 016	1 001	(1 001)	—	752	(46)	706
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	1 016	1 016	1 001	(1 001)	—	752	(46)	706

Other			Head office and intersegment eliminations			Absa Group		
30 June 2008			30 June 2008			30 June 2008		
(As previously reported) Rm	Reclassifications Rm	(Restated) Rm	(As previously reported) Rm	Reclassifications Rm	(Restated) Rm	(As previously reported) Rm	Reclassifications Rm	(Restated) Rm
(639)	604	(35)	273	(247)	26	10 220	345	10 565
1 009	(209)	800	(563)	551	(12)	10 220	345	10 565
(1 648)	813	(835)	836	(798)	38	—	—	—
2	1	3	—	—	—	(2 178)	—	(2 178)
462	(270)	192	617	(12)	605	10 030	(347)	9 683
464	(347)	117	618	83	701	10 030	(347)	9 683
(2)	77	75	(1)	(95)	(96)	—	—	—
(42)	—	(42)	(241)	3	(240)	(473)	—	(473)
42	21	63	532	14	546	(9 512)	—	(9 512)
—	—	—	—	—	—	—	—	—
(31)	1	(30)	(188)	(1)	(187)	(513)	—	(513)
—	—	—	1	8	9	42	3	45
(206)	357	151	994	(235)	759	7 616	1	7 617
119	(176)	(57)	(156)	148	(8)	(1 994)	(1)	(1 995)
(87)	181	94	838	(87)	751	5 622	—	5 622
(87)	(39)	(126)	618	117	735	5 335	—	5 335
—	—	—	—	17	17	67	—	67
—	220	220	220	(221)	(1)	220	—	220
(87)	181	94	838	(87)	751	5 622	—	5 622

Segmental reporting per market segment

Structure changes: Africa segmentation, Absa Wealth, Repossessed Properties and Absa Manx Insurance Company.
Reclassifications: Investments in associates and joint ventures to investments and profits and losses from financial instruments to interest and similar income.

	Retail banking 30 June 2008 (As previously reported)	Retail banking 30 June 2008 Reclassifi-cations	Retail banking 30 June 2008 (Restated)	Absa Corporate and Business Bank 30 June 2008 (As previously reported)	Absa Corporate and Business Bank 30 June 2008 Reclassifi-cations	Absa Corporate and Business Bank 30 June 2008 (Restated)
Balance sheet (Rm)						
Loand and advances to customers	329 677	(7 752)	321 925	109 631	(786)	108 845
Investments	—	1 103	1 103	—	2 013	2 013
Investments in associates and joint ventures	369	(58)	311	1 342	(648)	694
Other assets	120 372	(3 118)	117 254	4 720	6 141	10 860
Other assets – external	13 762	(6 752)	7 010	2 136	1 869	4 005
Other assets – internal	106 610	3 634	110 244	2 584	4 271	6 855
Total assets	450 418	(9 825)	440 593	115 693	6 719	122 412
Deposits due to customers	116 081	(3 166)	112 915	89 893	(2 236)	87 567
Other liabilities	331 929	(6 635)	325 294	22 863	10 425	33 288
Other liabilities – external	15 346	(3 687)	11 659	5 026	—	5 026
Other liabilities – internal	316 583	(2 948)	313 635	17 837	10 425	28 262
Total liabilities	448 010	(9 801)	438 209	112 756	8 099	120 855
Financial performance (%)						
Return on average economic capital[1]	19,9		19,0	20,5		21,1
Return on average assets	0,93		0,94	1,88		1,68
Operating performance (%)						
Net interest margin on average assets	3,10		3,23	4,96		4,25
Impairment losses on loans and advances as % of average loans and advances to customers	1,21		1,27	0,35		0,36
Non-interest income as % of total operating income	43,1		42,9	26,5		28,0
Top-line growth	17,7		19,0	11,7		12,5
Cost growth	15,3		17,7	8,9		9,0
Cost-to-income ratio	56,4		56,6	54,7		54,3
Cost-to-assets ratio	3,1		3,2	3,7		3,2

Note

[1]*Bancassurance return on average equity (RoE) as previously reported: 40,4%; restated: 43,5%. Absa Group's return on average equity is 24,6%.*

	Absa Capital and Absa Wealth 30 June 2008 (As previously reported)	Reclassifi-cations	(Restated)	**Absa Capital** 30 June 2008 (As previously reported)	Reclassifi-cations	(Restated)	**Bancassurance** 30 June 2008 (As previously reported)	Reclassifi-cations	(Restated)
	—	58 257	58 257	49 719	(49 719)	—	—	—	—
	—	11 095	11 095	—	—	—	—	9 858	9 858
	—	—	—	—	—	—	—	—	—
	—	373 785	373 785	382 079	(382 079)	—	34 937	(10 527)	24 410
	—	152 729	152 729	161 673	(161 673)	—	34 846	(12 163)	22 683
	—	221 056	221 056	220 406	(220 406)	—	91	1 636	1 727
	—	443 137	443 137	431 798	(431 798)	—	34 937	(669)	34 268
	—	146 663	146 663	141 168	(141 168)	—	—	—	—
	—	293 905	293 905	288 517	(288 517)	—	31 386	(235)	31 151
	—	289 267	289 267	287 798	(287 798)	—	22 892	(241)	22 651
	—	4 638	4 638	719	(719)	—	8 494	6	8 500
	—	440 568	440 568	429 685	(429 685)	—	31 386	(235)	31 151
	—		18,2	19,1		—	137,9		130,7
	—		0,47	0,47		—	4,17		4,88
	—		n/a	n/a		—	n/a		n/a
	—		0,01	(0,04)		—	n/a		n/a
	—		49,6	50,8		—	99,8		99,8
	—		37,8	39,5		—	1,8		1,0
	—		54,3	55,6		—	18,9		19,5
	—		41,8	38,8		—	40,1		41,7
	—		0,5	0,4		—	3,8		3,8

Other			Head office and intersegment eliminations			Absa Group		
30 June 2008			30 June 2008			30 June 2008		
(As previously reported)	Reclassifi-cations	(Restated)	(As previously reported)	Reclassifi-cations	(Restated)	(As previously reported)	Reclassifi-cations	(Restated)
289	—	289	3	—	3	489 319	—	489 319
—	—	—	—	321	321	—	24 390	24 390
—	—	—	(16)	58	42	1 695	(648)	1 047
31 142	21 682	52 824	(326 687)	(29 626)	(356 312)	246 563	(23 742)	222 821
10 284	20 583	30 867	23 862	(18 336)	5 527	255 263	(23 742)	222 821
20 585	1 099	21 957	(350 549)	(11 290)	(361 839)	—	—	—
31 431	21 682	53 113	(326 700)	(29 246)	(355 946)	737 577	—	737 577
—	—	—	65	(3)	62	347 207	—	347 207
32 764	(12 032)	20 732	(361 902)	3 089	(358 813)	345 557	—	345 557
31 164	(11 807)	19 357	(16 669)	14 266	(2 403)	345 557	—	345 557
1 600	(225)	1 375	(345 233)	11 177	(356 410)	—	—	—
32 764	(12 032)	20 732	(361 837)	3 086	(358 751)	692 764	—	692 764
n/a		n/a	n/a		n/a	22,6		22,6
n/a		n/a	n/a		n/a	1,39		1,39
n/a		n/a	n/a		n/a	3,05		3,15
n/a		n/a	n/a		n/a	0,93		0,93
n/a		n/a	n/a		n/a	49,5		47,8
n/a		n/a	n/a		n/a	21,3		21,3
n/a		n/a	n/a		n/a	13,2		13,2
n/a		n/a	n/a		n/a	49,3		49,3
n/a		n/a	n/a		n/a	2,9		2,9

Commentary

1. Commercial Property Fund investment in associates and joint ventures

During the 2007 financial year Absa Corporate and Business Bank launched the Commercial Property Finance division. The CPF division's aim is to identify and invest in property developments by obtaining an equity investment in the identified company and/or provide financing. The investment portfolio was previously classified as investment in associates as the equity investment generally ranges between 30% and 50% of the company's issued equity.

During 2008 these investments were reclassified from investments in associates to unlisted investments being measured at fair value through profit and loss according to the scope exclusion in IAS 28, Investments in Associates. The following factors were considered in reclassifying the investments:

– The investments are in start-up ventures with an expectation of capital growth rather than income return.
– The aim is to generate growth in the medium term in the investments and an exit strategy is usually defined when the investment is made.
– The investments are typically in businesses unrelated to Absa Group's business.
– The investments are managed on a fair value basis.
– The value of the investments reclassified from the investment in associates category to the unlisted investments category was R648 million.

2. Profits and losses from financial instruments

During 2009 all profits and losses from financial instruments used as part of the Group's interest rate risk management strategy have been reclassified to net interest income in line with the Group's accounting policy in order to eliminate mismatches experienced on this line.

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading, designated at fair value through profit and loss, or available-for-sale (other than financial instruments used to economically hedge the Group's interest rate risk), are recognised in "Net interest income" in the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate. The value of the profits and losses reclassified for June 2008 was R345 million (December 2008: R311 million).

Administrative information

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Issuer code: AMAGB

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BASTION GRAPHICS