

ABSA BANK LIMITED

Registration number: 1986/004794/06

Authorised financial services and registered credit provider (NCRCP7)

Incorporated in the Republic of South Africa

ISIN: ZAE000079810

JSE share code: ABSP

(Absa, Absa Bank, the Bank or the Company)

<p>ABSA BANK LIMITED: PROFIT AND DIVIDEND ANNOUNCEMENT UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011</p>
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CONSOLIDATED SALIENT FEATURES

	30 June		Change %	31 December
	2011	2010		2010(1)
	(Unaudited)	(Unaudited)		(Audited)
Statement of comprehensive income(Rm)				
Headline earnings(2)	3 733	3 000	24	6 412
Profit attributable to ordinary equity holder of the Bank	3 719	2 963	26	6 432
Statement of financial position				
Total assets (Rm)	677 814	675 162	0	680 923
Loans and advances to customers (Rm)	480 213	484 583	(1)	486 246
Deposits due to customers (Rm)	390 904	352 623	11	372 644
Loans-to-deposits ratio (%)	89,4	94,0		90,9
Off-statement of financial position(Rm)				
Assets under management and administration(3)	34 436	29 048	19	31 534
Financial performance (%)				
Return on average equity	15,5	13,8		14,2
Return on average assets	1,12	0,90		0,94
Return on average risk-weighted assets(4)	1,94	1,68		1,71

Operating performance (%)				
Net interest margin on average interest-bearing assets	3,72	3,66		3,69
Impairment losses on loans and advances as % of average loans and advances to customers	1,17	1,47		1,15
Non-performing advances as % of loans and advances to customers(4)	7,7	7,5		7,6
Non-interest income as % of total operating income	44,4	41,8		41,0
Cost-to-income ratio	54,8	54,0		56,7
Effective tax rate, excluding indirect taxation	27,1	26,2		27,1
Share statistics (million)				
(including "A" ordinary shares)				
Number of ordinary shares in issue	374,1	367,7		374,1
Weighted average number of ordinary shares in issue	374,1	367,7		369,9
Weighted average diluted number of ordinary shares in issue	374,1	367,7		369,9
Share statistics (cents)				
Headline earnings per share	997,9	815,9	22	1 733,4
Diluted headline earnings per share	997,9	815,9	22	1 733,4
Basic earnings per share	994,1	805,8	23	1 738,8
Diluted earnings per share	994,1	805,8	23	1 738,8
Dividends per ordinary share relating to income for the period/year	414,3	598,4	(31)	959,2
Dividend cover (times)	2,4	1,4		1,8
Net asset value per share	13 160	12 284	7	12 955
Tangible net asset value per share	12 982	12 135	7	12 781
Capital adequacy (%) (4)				
Absa Bank	16,0	14,9		14,8

Notes

(1)Comparatives have been reclassified. These reclassifications have not been audited. Refer to the "Reclassifications" section.

(2)After allowing for R143 million (30 June 2010: R162 million; 31 December 2010: R320 million) profit attributable to preference equity holders of the Bank.

(3)Comparatives have been restated for the inclusion of assets managed by Absa Capital on behalf of clients, exchange traded funds and alternative asset management funds, in order to align assets under management and administration to current market practice. These restatements have not been audited.

(4)These ratios have not been audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June		Change	31 December
	2011	2010		2010(1)
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm		Rm
Assets				
Cash, cash balances and balances with central banks	18 119	17 079	6	17 343
Statutory liquid asset portfolio	50 999	35 846	42	48 215
Loans and advances to banks	29 708	36 007	(17)	26 251
Trading portfolio assets	54 162	50 731	7	57 647
Hedging portfolio assets	3 564	3 515	1	4 662
Other assets	13 236	11 910	11	9 678
Current tax assets	16	161	(90)	5
Non-current assets held for sale 1	369	-	100	-
Loans and advances to customers 2	480 213	484 583	(1)	486 246
Loans to Absa Group companies	7 385	10 327	(28)	8 071
Investment securities	10 258	15 596	(34)	12 906
Investments in associates and joint ventures	397	441	(10)	406
Goodwill and intangible assets	664	548	21	643
Investment property	1 793	1 737	3	1 771
Property and equipment	6 859	6 582	4	6 987
Deferred tax assets	72	99	(27)	92
Total assets	677 814	675 162	0	680 923
Liabilities				
Deposits from banks	23 866	43 601	(45)	21 740
Trading portfolio liabilities	27 614	37 252	(26)	43 530
Hedging portfolio liabilities	1 351	1 286	5	1 881
Loans from Absa Group companies	4 599	-	100	-
Other liabilities	12 436	11 295	10	7 788
Provisions	1 099	807	36	1 533
Current tax liabilities	480	-	100	929

Deposits due to customers	390 904	352 623	11	372 644
Debt securities in issue	146 289	162 685	(10)	162 526
Borrowed funds	3 13 786	13 359	3	13 649
Deferred tax liabilities	1 382	2 319	(40)	2 073
Total liabilities	623 806	625 227	(0)	628 293
Equity				
Capital and reserves				
Attributable to equity holders of the Bank:				
Ordinary share capital	303	303	-	303
Ordinary share premium	11 465	10 465	10	11 465
Preference share capital	1	1	-	1
Preference share premium	4 643	4 643	-	4 643
Other reserves	2 824	3 090	(9)	3 704
Retained earnings	34 638	31 312	11	32 449
	53 874	49 814	8	52 565
Non-controlling interest	134	121	11	65
Total equity	54 008	49 935	8	52 630
Total equity and liabilities	677 814	675 162	0	680 923

Note
(1)Comparatives have been reclassified. These reclassifications have not been audited.
Refer to the "Reclassifications" section.

CONDENSED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. NON-CURRENT ASSETS HELD FOR SALE

The Bank has transferred certain investment securities designated at fair value through profit or loss, held by Absa Capital, as well as investments in associates, held by Absa Capital and Absa Business Bank, to non-current assets held for sale. This is because the carrying values of these investments, amounting to R369 million, will be recovered principally through the disposal thereof. Firm agreements are in place for the disposal of these investments at the reporting date, with it being highly probable that the outstanding conditions of these sale agreements will be met after the reporting date, resulting in the disposal of these investments.

2. NON-PERFORMING ADVANCES

	30 June 2011			
	Outstanding balance	Expected recoveries and fair value of collateral	Net exposure	Total identified impairment
	Rm	Rm	Rm	Rm
Cheque accounts	190	69	121	121
Credit cards	1 927	491	1 436	1 436
Instalment credit agreements	3 024	1 721	1 303	1 303
Microloans	378	76	302	302
Mortgages	25 217	20 464	4 753	4 753
Personal loans	1 214	505	709	709
Retail Banking	31 950	23 326	8 624	8 624
Cheque accounts	835	462	373	373
Commercial Asset Finance	943	346	597	597
Commercial Property Finance	2 631	2 124	507	507
Term loans	673	495	178	178
Absa Business Bank	5 082	3 427	1 655	1 655
Absa Capital	722	341	381	381
Non-performing advances	37 754	27 094	10 660	10 660
Non-performing advances ratio (%)	7,7			

	30 June 2010			
	Outstanding balance	Expected recoveries and fair value of collateral	Net exposure	Total identified impairment
	Rm	Rm	Rm	Rm
2. NON-PERFORMING ADVANCES (continued)				
Cheque accounts	172	93	79	79
Credit cards(1)	2 302	353	1 949	1 949
Instalment credit agreements(2)	2 601	1 571	1 030	1 030
Microloans(3)	341	64	277	277
Mortgages	25 665	20 822	4 843	4 843
Personal loans(4)	949	366	583	583
Retail Banking	32 030	23 269	8 761	8 761
Cheque accounts	1 022	521	501	501
Commercial Asset Finance	1 112	473	639	639
Commercial Property Finance	2 138	1 831	307	307
Term loans	744	551	193	193
Absa Business Bank(3)(5)	5 016	3 376	1 640	1 640
Absa Capital(5)	419	83	336	336
Non-performing advances	37 465	26 728	10 737	10 737
Non-performing advances ratio (%)	7,5			

Notes

Comparatives have been reclassified for the following structure changes made during the period under review:

(1) Debit Card was moved within Retail Banking from Retail Bank to Card.

(2) Absa Technology Finance Solutions was moved from Vehicle and Asset Finance within Retail Banking to Absa Business Bank.

(3) Absa Development Company division was moved from Absa Business Bank to Retail Bank within Retail Banking.

(4) Personal loan centres were moved within Retail Banking from Personal Loans to Retail Bank.

(5) The Bank's corporate client base was transferred from Absa Business Bank to Absa Capital following an initiative to optimise product delivery to its corporate clients.

	31 December 2010			
	Outstanding balance	Expected recoveries and fair value of collateral	Net exposure	Total identified impairment
	Rm	Rm	Rm	Rm
2. NON-PERFORMING ADVANCES (continued)				
Cheque accounts	220	110	110	110
Credit cards(1)	2 119	553	1 566	1 566
Instalment credit agreements(2)	3 058	1 776	1 282	1 282
Microloans(3)	445	84	361	361
Mortgages	25 569	20 678	4 891	4 891
Personal loans(4)	928	321	607	607
Retail Banking	32 339	23 522	8 817	8 817
Cheque accounts	880	448	432	432
Commercial Asset Finance	1 082	429	653	653
Commercial Property Finance	2 483	2 032	451	451
Term loans	667	484	183	183
Absa Business Bank(3)(5)	5 112	3 393	1 719	1 719
Absa Capital(5)	549	208	341	341
Non-performing advances	38 000	27 123	10 877	10 877
Non-performing advances ratio (%)	7,6			

Notes

Comparatives have been reclassified for the following structure changes made during the period under review:

(1) Debit Card was moved within Retail Banking from Retail Bank to Card.

(2) Absa Technology Finance Solutions was moved from Vehicle and Asset Finance within Retail Banking to Absa Business Bank.

(3) Absa Development Company division was moved from Absa Business Bank to Retail Bank within Retail Banking.

(4) Personal loan centres were moved within Retail Banking from Personal Loans to Retail Bank.

(5) The Bank's corporate client base was transferred from Absa Business Bank to Absa Capital following an initiative to optimise product delivery to its corporate clients.

	30 June			31 December	
	2011	2010		2010	
	(Unaudited)	(Unaudited)	Change	(Audited)	
	Rm	Rm	%	Rm	
3. BORROWED FUNDS					
Subordinated callable notes					
The subordinated debt instruments listed below qualify as secondary capital in terms of the Banks Act, No 94 of 1990 (as amended).					
<i>Interest rate</i>	<i>Final maturity date</i>				
8,75%	1 September 2017	1 500	1 500	-	1 500
8,80%	7 March 2019	1 725	1 725	-	1 725
8,10%	27 March 2020	2 000	2 000	-	2 000
10,28%	3 May 2022	600	600	-	600
Three-month JIBAR + 2,10%	3 May 2022	400	400	-	400
CPI-linked notes, fixed at the following coupon rates:					
6,25%	31 March 2018	1 886	1 886	-	1 886
6,00%	20 September 2019	3 000	3 000	-	3 000
5,50%	7 December 2028	1 500	1 500	-	1 500
Accrued interest		1 007	745	35	826
Fair value adjustment		168	3	>100	212
		13 786	13 359	3	13 649
<i>Portfolio analysis</i>					
Financial liabilities designated at fair value through profit or loss		750	731	3	739
Financial liabilities held at amortised cost		7 623	7 699	(1)	7 440
Amortised cost financial liabilities held in a fair value hedging relationship		5 413	4 929	10	5 470
		13 786	13 359	3	13 649

	30 June		Change	31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
4. FINANCIAL GUARANTEE CONTRACTS				
Financial guarantee contracts	384	614	(37)	599
5. COMMITMENTS				
Authorised capital expenditure				
Contracted but not provided for(1)	489	681	(28)	882
Operating lease payments due(2)				
No later than one year	1 025	1 116	(8)	1 029
Later than one year and no later than five years	1 977	2 129	(7)	1 965
Later than five years	393	352	12	386
	3 395	3 597	(6)	3 380
6. CONTINGENCIES				
Guarantees(3)	11 734	11 057	6	11 052
Irrevocable debt facilities(4)	22 942	40 461	(43)	46 348
Irrevocable equity facilities(4)	679	821	(17)	750
Letters of credit	3 764	4 951	(24)	4 653
Other	11	5	>100	43
	39 130	57 295	(32)	62 846

Notes

(1)The Bank has capital commitments in respect of computer equipment and property development. Management is confident that future net revenues and funding will be sufficient to cover these commitments.

(2)The operating lease commitments comprise a number of separate operating leases in relation to properties and equipment, none of which is individually significant to the Bank. Leases are negotiated for an average term of three to five years and rentals are renegotiated annually.

(3)Guarantees include performance and payment guarantee contracts.

(4)Irrevocable facilities are commitments to extend credit where the Bank does not have the right to terminate the facilities by written notice. Commitments generally have fixed expiry dates. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

7. ACQUISITIONS AND DISPOSALS OF BUSINESSES

7.1 Acquisition of business during the current period under review

7.1.1 On 1 June 2011, the Bank acquired 76% of the units in Absa Property Equity Fund (APEF) and, as a result, has taken on a majority share of the risks and rewards of the fund. APEF operates as a special purpose entity specifically for the investment in community upliftment projects and is consolidated in terms of SIC 12. The fund was previously consolidated under SIC 12 when the Bank held between 75% and 93% of the units (depending on the total units in issue at a specific point in time).

	Bank June 2011 Fair value recognised on acquisition Rm
Details of the net assets acquired and gain on bargain purchase are as follows:	
Cash, cash balances and balances with central banks	0
Other assets	1
Investments	277
Other liabilities	0
Non-controlling interest	(67)
Net assets acquired	211
<i>Satisfied by:</i>	
Cash outflow on acquisition	211
Fair value of net assets acquired	(211)
Gain on bargain purchase	-
Net cash outflow due to acquisition	211
Total cash and cash equivalents acquired	0

7. ACQUISITIONS AND DISPOSALS OF BUSINESSES (continued)

7.2 Acquisitions of businesses during the previous period/year

7.2.1 On 30 June 2010, the Virgin Money South Africa Proprietary Limited (VMSA) joint venture arrangement was terminated. This was based on a contractually agreed arrangement whereby, depending on the financial performance of the joint venture, its future existence will be determined. Due to the underperformance of the joint venture the arrangement was terminated and the Bank acquired the underlying business. The termination resulted in the Bank selling its 50% interest in VMSA for R1, while acquiring VMSA's credit and home loan business for R1. VMSA's credit card and home loan business contributed a net profit before tax of R40 million and revenue of R57 million to the Bank for the period from 30 June 2010 to 31 December 2010. If the acquisition occurred on 1 January 2010, the Bank's revenue would have been R116 million higher and the net profit before tax for the year would have been R21 million higher.

Details of the net assets acquired and gain on bargain purchase are as follows:	Bank December 2010 Fair value recognised on acquisition Rm
Intangible assets	3
Other liabilities	(1)
Deferred tax liabilities	(1)
Net assets acquired	1
<i>Satisfied by:</i>	
Fair value of net assets acquired	(1)
Gain on bargain purchase	(1)

This bargain purchase gain arose primarily due to the underperformance of the underlying VMSA credit card and home loan portfolio. Any transaction costs associated with the transaction were expensed when incurred. No contingent liabilities were recognised as a result of the acquisition and no contingent consideration is payable. No identifiable assets were identified of which the fair values could not be reliably measured. No material receivables were acquired as part of the transaction.

7. ACQUISITIONS AND DISPOSALS OF BUSINESSES (continued)	
7.2 Acquisitions of business during the previous period/year (continued)	
<p>7.2.2 Absa Bank previously had a 50% share in the preference shares of Sanlam Home Loans Proprietary Limited (SHL), the holding company of three securitisation vehicles. The investment in SHL had previously been equity accounted as the Bank and Sanlam Life Insurance Limited (Sanlam) had joint control over SHL. On 1 August 2010, the Bank acquired the remaining 50% preference shares in SHL, which resulted in the Bank controlling and consolidating SHL. SHL contributed a net profit before tax of R39 million and revenue of R12 million to the Bank for the period from 1 August 2010 to 31 December 2010. If the acquisition occurred on 1 January 2010, the Bank's revenue would have been R84 million higher and the net profit before tax for the year would have been R70 million higher.</p>	
<p>Details of the net assets acquired and gain on bargain purchase are as follows:</p>	<p>Bank December 2010 Fair value recognised on acquisition Rm</p>
Cash, cash balances and balances with central banks	409
Other assets	11
Loans and advances to customers	4 621
Other liabilities	(9)
Debt securities in issue	(3 687)
Shareholders' loans	(1 325)
Previously held interest	(10)
Net assets acquired	10
<i>Satisfied by:</i>	
Cash inflow on acquisition	(61)
Fair value of net liabilities acquired	(10)
Gain on bargain purchase	(71)

7. ACQUISITIONS AND DISPOSALS OF BUSINESSES (continued)

7.2 Acquisitions of businesses during the previous period/year (continued)

7.2.2 (continued)

The consideration paid was less than the fair value of the assets and liabilities acquired. No goodwill resulted from the transaction and the excess of R71 million, together with the gain of R10 million recognised as a result of remeasuring the previously held interest to fair value was realised in the statement of comprehensive income in "Other operating income". Any transaction costs associated to the acquisition have been expensed when incurred. No contingent liabilities were recognised as a result of the acquisition and no contingent consideration is payable. No identifiable assets were identified of which the fair values could not be reliably measured.

Subsequent to the acquisition the debt securities in issue were redeemed in full.

Mortgage loans with a fair value of R4 621 million were acquired as a result of the acquisition. The gross contractual capital amounts receivable were R4 685 million on acquisition date and an impairment provision of R64 million was carried against these loans on acquisition date.

The joint venture agreement was terminated due to the underperformance of the mortgage loan portfolio and consequently the Bank obtained full control of SHL. The underperformance of the mortgage loan portfolio gave rise to the gain on bargain purchase as the joint venture partner was willing to sell its 50% stake at below fair value of the underlying assets and liabilities.

	Bank December 2010 Rm
Net cash outflow due to acquisitions	0
Total cash and cash equivalents acquired	470

7. ACQUISITIONS AND DISPOSALS OF BUSINESSES (continued)	
7.3 Disposal of business during the current period under review	
There were no disposals during the current period under review.	
7.4 Disposal of businesses during the previous period/year	
7.4.1 Absa Property Equity Fund (APEF) operated as a special purpose entity specifically for the investment in community upliftment projects. This fund was previously consolidated in terms of SIC 12 as the Bank held between 75% and 93% of the units (depending on the total units in issue at a specific point in time) and was thereby exposed to the majority of risks and rewards within the fund.	
Between January 2010 and August 2010 the Bank disposed of some of the units it owned to the extent that its effective holding decreased to below 50% of the units in issue, at which point the fund was deconsolidated due to the Bank not being exposed to the majority of the risks and rewards of the fund anymore.	
No gain or loss was recognised on deconsolidation of the fund due to the underlying assets being measured at fair value.	
The remainder of the investment retained after deconsolidation was disposed of during September 2010 and October 2010.	
	Bank December 2010 Fair value on disposal Rm
Details of the net assets disposed of are as follows:	
Cash, cash balances and balances with central banks	22
Other assets	0
Investment securities	136
Other liabilities	0
Net assets disposed	158
<i>Satisfied by:</i>	
Non-controlling interest	(78)
Fair value of interest retained	(64)
Consideration received	16
Cash and cash equivalents disposed	(22)
Net cash outflow on disposal	(6)

8. ACQUISITIONS AND DISPOSALS OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES						
	30 June 2011		30 June 2010		31 December 2010	
	(Unaudited)		(Unaudited)		(Audited)	
	Effective holding (%)	Movement Rm	Effective holding (%)	Movement Rm	Effective holding (%)	Movement Rm
8.1 Net movement resulting from acquisitions and disposals of investments in associates and joint ventures						
Acquisitions and disposals during the current period under review:						
There were no acquisitions or disposals of associates and joint ventures during the current period under review.						
Transferred to non-current assets held for sale during the current period under review:						
Sekunjalo Investments Limited	26,4	(42)	26,4	-	26,4	-
Acquired during the previous period/year, at cost:						
Pinnacle Point Group Limited	-	-	-	95	-	95
Disposed during the previous period/year:						
Pinnacle Point Group Limited	-	-	-	(95)	-	(95)
Virgin Money South Africa Proprietary Limited	-	-	-	(0)	-	(0)
Transferred to subsidiaries during the previous period/year:						
Sanlam Home Loans Proprietary Limited	-	-	50,0	-	100,0	-
Transferred to investment securities designated at fair value through profit or loss during the previous period/year:						
Blue Financial Services Limited	-	-	20,2	-	6,7	(32)

8. ACQUISITIONS AND DISPOSALS OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (*continued*)

	30 June 2011	30 June 2010	31 December 2010
	(Unaudited)	(Unaudited)	(Audited)
	Rm	Rm	Rm
8.2 Details of transfers and purchase consideration on net assets acquired on the aforementioned acquisitions are as follows:			
Cash paid	-	95	95
Conversion of debt to equity	-	0	0
	-	95	95
8.3 Details of transfers and consideration received on net assets disposed of on the aforementioned disposals are as follows:			
Cash received	-	(95)	(95)
Loss on disposal	-	(0)	(0)
Transfer to investment securities	-	-	(32)
Transfer to non-current assets held for sale	(42)	-	-
	(42)	(95)	(127)

9. RELATED PARTIES				
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
9.1 Balances and transactions with ultimate parent company(1)(2)(3)				
The following are balances with, and transactions entered into with the ultimate parent company:				
Balances				
Loans and advances	20 473	12 704	63	15 586
Derivative assets	7 206	7 614	(5)	9 144
Nominal value of derivative assets	389 798	264 965	47	493 402
Other assets	1 075	1 952	(45)	552
Investment securities	434	369	18	434
Deposits	(5 197)	(5 540)	(6)	(6 082)
Derivative liabilities	(5 759)	(10 847)	(47)	(9 006)
Nominal value of derivative liabilities	(323 685)	(323 774)	(0)	(375 467)
Other liabilities	(1 796)	(57)	>100	(267)
Transactions				
Interest received	(82)	(35)	>100	(80)
Interest paid	32	15	>100	36
Net fee and commission income	(9)	-	100	(15)
Gains and losses from banking and trading activities	(68)	2 548	>100	1 646
Other operating income	(125)	(22)	>100	(42)
Operating expenditure	(25)	(169)	(85)	27
Notes				
<i>(1) Absa Group Limited is a subsidiary of Barclays Bank PLC, which has a majority equity interest in the Group.</i>				
<i>(2) All transactions entered into are on the same commercial terms and conditions as in the normal course of business.</i>				
<i>(3) Debit amounts are shown as positive; credit amounts are shown as negative.</i>				

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
9. RELATED PARTIES (continued)				
9.2 Balances and transactions with parent company(1)				
The following are balances with and transactions entered into with the parent company:				
Balances				
Loans and advances	159	136	17	139
Other liabilities	(191)	(218)	12	(174)
Transactions				
Dividends paid	1 350	900	50	3 100
Interest paid	4	6	(33)	10
Note	(1) Absa Bank is a wholly owned subsidiary of Absa Group Limited.			

9. RELATED PARTIES (continued)

9.3 Associates, joint ventures and retirement benefit fund

The Bank provides certain banking and financial services to associates and joint ventures. The Bank also provides a number of current and interest-bearing cash accounts to the Absa Group Pension Fund. These transactions are conducted on the same terms as third-party transactions and are not individually material.

In aggregate, the amounts included in the Bank's financial statements are as follows:

	30 June 2011		
	(Unaudited)		
	Associates and joint ventures Rm	Retirement benefit fund Rm	Total Rm
Value of Absa Group Pension Fund investments managed by the Bank	-	7 003	7 003
Value of Absa shares held by the Absa Group Pension Fund(1)	-	120	120
Value of other Absa securities held by the Absa Group Pension Fund	-	1 644	1 644
Statement of financial position			
Loans and advances	7 510	-	7 510
Other assets	56	-	56
Deposits	(2)	(73)	(75)
Other liabilities	(80)	-	(80)
Derivative transactions	2	-	2
Statement of comprehensive income			
Interest and similar income	(250)	-	(250)
Interest expense and similar charges	68	0	68
Fees received	(46)	(9)	(55)
Fees paid	84	-	84
Current service costs(2)	-	366	366

Notes

(1)Consists of Absa Group Limited ordinary shares and Absa Bank preference shares.

(2)Include employee contributions.

9. RELATED PARTIES (continued)			
9.4 Associates, joint ventures and retirement benefit fund (continued)			
	30 June 2010		
	(Unaudited)		
	Associates and joint ventures Rm	Retirement benefit fund Rm	Total Rm
Value of Absa Group Pension Fund investments managed by the Bank	-	6 716	6 716
Value of Absa shares held by the Absa Group Pension Fund(1)	-	92	92
Value of other Absa securities held by the Absa Group Pension Fund	-	1 964	1 964
Statement of financial position			
Loans and advances	7 394	-	7 394
Other assets	1 096	-	1 096
Deposits	(345)	(49)	(394)
Other liabilities	(50)	-	(50)
Statement of comprehensive income			
Interest and similar income	(379)	-	(379)
Interest expense and similar charges	2	0	2
Fees received	(57)	(9)	(66)
Fees paid	87	-	87
Current service costs(2)	-	335	335
Notes			
(1)Consists of Absa Group Limited ordinary shares and Absa Bank preference shares.			
(2)Include employee contributions.			

9. RELATED PARTIES (continued)			
9.5 Associates, joint ventures and retirement benefit fund (continued)			
	31 December 2010		
	(Audited)		
	Associates and joint ventures Rm	Retirement benefit fund Rm	Total Rm
Value of Absa Group Pension Fund investments managed by the Bank	-	7 193	7 193
Value of Absa shares held by the Absa Group Pension Fund(1)	-	116	116
Value of other Absa securities held by the Absa Group Pension Fund	-	1 582	1 582
Statement of financial position			
Loans and advances	7 275	-	7 275
Other assets	17	-	17
Deposits	(0)	(30)	(30)
Other liabilities	(47)	-	(47)
Derivative transactions	4	-	4
Statement of comprehensive income			
Interest and similar income	(617)	-	(617)
Interest expense and similar charges	8	1	9
Fees received	(106)	(17)	(123)
Fees paid	173	-	173
Current service costs(2)	-	635	635
Notes			
(1)Consists of Absa Group Limited ordinary shares and Absa Bank preference shares.			
(2)Include employee contributions.			

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
Net interest income	10 486	10 289	2	21 244
Interest and similar income	23 631	26 505	(11)	52 264
Interest expense and similar charges	(13 145)	(16 216)	19	(31 020)
Impairment losses on loans and advances	(2 790)	(3 532)	21	(5 578)
Net interest income after impairment losses on loans and advances	7 696	6 757	14	15 666
Net fee and commission income 1.1	6 520	6 116	7	12 416
Fee and commission income	6 955	6 535	6	13 378
Fee and commission expense	(435)	(419)	(4)	(962)
Gains and losses from banking and trading activities 1.2	1 566	1 116	40	1 851
Gains and losses from investment activities 1.3	18	4	>100	24
Other operating income	284	160	78	496
Operating profit before operating expenditure	16 084	14 153	14	30 453
Operating expenditure	(10 813)	(9 929)	(9)	(21 180)
Operating expenses 2.1	(10 346)	(9 555)	(8)	(20 440)
Other impairments 2.2	(37)	(82)	55	(109)
Indirect taxation	(430)	(292)	(47)	(631)
Share of post-tax results of associates and joint ventures	33	15	>100	(8)
Operating profit before income tax	5 304	4 239	25	9 265
Taxation expense	(1 440)	(1 111)	(30)	(2 507)
Profit for the period/year	3 864	3 128	24	6 758

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
Other comprehensive income				
Exchange differences on translation of foreign operations	52	(77)	>100	(234)
Movement in cash flow hedging reserve	(855)	644	>(100)	1 153
Fair value (losses)/gains arising during the period/year	(76)	1 791	>(100)	3 422
Amount removed from other comprehensive income and recognised in the profit and loss component of the statement of comprehensive income	(1 111)	(897)	(24)	(1 820)
Deferred tax	332	(250)	>100	(449)
Movement in available-for-sale reserve	(31)	(87)	64	170
Fair value (losses)/gains arising during the period/year	(62)	(168)	63	150
Amortisation of government bonds - release to the profit and loss component of the statement of comprehensive income	18	46	(61)	92
Deferred tax	13	35	(63)	(72)
Movement in retirement benefit asset	12	(4)	>100	19
Increase/(decrease) in retirement benefit surplus	17	(6)	>100	27
Deferred tax	(5)	2	>(100)	(8)
Total comprehensive income for the period/year	3 042	3 604	(16)	7 866

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
Profit attributable to:				
Ordinary equity holder of the Bank	3 719	2 963	26	6 432
Preference equity holders of the Bank	143	162	(12)	320
Non-controlling interest	2	3	(33)	6
	3 864	3 128	24	6 758
Total comprehensive income attributable to:				
Ordinary equity holder of the Bank	2 897	3 439	(16)	7 540
Preference equity holders of the Bank	143	162	(12)	320
Non-controlling interest	2	3	(33)	6
	3 042	3 604	(16)	7 866

CONDENSED NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended		Year ended	
	30 June		31 December	
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
1. NON-INTEREST INCOME				
1.1 Net fee and commission income				
Fee and commission income				
Asset management and other related fees	35	53	(34)	102
Consulting and administration fees	70	54	30	154
Credit-related fees and commissions	6 519	6 176	6	12 393
Cheque accounts	1 613	1 592	1	3 156
Credit cards(1)	991	867	14	1 788
Electronic banking	1 963	1 847	6	3 823
Other(2)	812	682	19	1 220
Savings accounts	1 140	1 188	(4)	2 406
Insurance commission received	210	100	>100	386
Project finance fees	71	107	(34)	205
Other	34	30	13	100
Trust and other fiduciary services(2)	16	15	7	38
Portfolio and other management fees	11	9	22	26
Trust and estate income	5	6	(17)	12
	6 955	6 535	6	13 378
Fee and commission expense				
Cheque processing fees	(85)	(88)	3	(173)
Debt collecting fees	(32)	(24)	(33)	(105)
Other	(152)	(142)	(7)	(329)
Transaction-based legal fees	(99)	(87)	(14)	(189)
Valuation fees	(67)	(78)	14	(166)
	(435)	(419)	(4)	(962)
Net fee and commission income	6 520	6 116	7	12 416
Notes				
(1)Includes merchant, acquiring and issuing fees.				
(2)Includes service, commission and credit-related fees on mortgage loan and foreign exchange transactions.				

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
1. NON-INTEREST INCOME (continued)				
1.1 Net fee and commission income (continued)				
Included above are net fees and commissions linked to financial instruments not at fair value:				
Fee and commission income				
Cheque accounts	1 613	1 592	1	3 156
Credit cards	518	427	21	865
Electronic banking	1 963	1 847	6	3 823
Other	562	504	12	1 021
Savings accounts	1 140	1 188	(4)	2 406
	5 796	5 558	4	11 271
Fee and commission expense	(85)	(88)	(3)	(173)
	5 711	5 470	4	11 098
1.2 Gains and losses from banking and trading activities				
Associates and joint ventures	-	42	(100)	87
Dividends received	-	-	-	45
Profit realised on disposal	-	42	(100)	42
Available-for-sale unwind from reserve				
Statutory liquid asset portfolio	(18)	(46)	61	(92)
Financial instruments designated at fair value through profit or loss	221	(494)	>100	(695)
Debt securities in issue	19	(10)	>100	(83)
Deposits from banks and due to customers	(229)	(793)	71	(1 618)

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
1. NON-INTEREST INCOME (continued)				
1.2 Gains and losses from banking and trading activities (continued)				
Investment securities	213	(71)	>100	190
Debt instruments	26	17	53	27
Listed equity instruments	157	(40)	>100	81
Unlisted equity and hybrid instruments	30	(48)	>100	82
Loans and advances to banks and customers	222	377	(41)	809
Statutory liquid asset portfolio	(4)	3	>(100)	7
Financial instruments held for trading				
Derivatives and trading instruments	1 359	1 579	(14)	2 451
Ineffective hedges	4	35	(89)	100
Cash flow hedges	25	43	(42)	115
Fair value hedges	(21)	(8)	>(100)	(15)
	1 566	1 116	40	1 851
1.3 Gains and losses from investment activities				
Available-for-sale unwind from reserves				
Investment securities				
Unlisted equity and hybrid instruments	0	-	100	-
Financial instruments designated at fair value through profit or loss				
Investment securities	18	3	>100	23
Listed equity instruments	17	2	>100	21
Unlisted equity and hybrid instruments	1	1	0	2
Subsidiaries				
Dividends received	0	1	>(100)	1
	18	4	>100	24

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
2. OPERATING EXPENDITURE				
2.1 Operating expenses				
Amortisation of intangible assets	90	47	91	101
Auditors' remuneration	70	65	8	131
Cash transportation	340	283	20	625
Depreciation	561	562	(0)	1 062
Equipment costs	93	105	(11)	206
Information technology	1 040	1 007	3	1 969
Investment property charges	-	0	(100)	4
Marketing costs	279	286	(2)	974
Operating lease expenses on properties	450	440	2	877
Printing and stationery	105	116	(9)	235
Professional fees	346	423	(18)	970
Staff costs	5 723	5 071	13	10 836
Bonuses	467	345	35	951
Current service costs on post-retirement benefits	337	274	23	525
Salaries	4 406	4 037	9	8 372
Share-based payments and incentive schemes	207	68	>100	280
Training costs	106	121	(12)	242
Other staff costs(1)	200	226	(12)	466
Telephone and postage	340	342	(1)	680
Other operating costs(2)	909	808	13	1 770
	10 346	9 555	8	20 440

Notes

(1)"Other staff costs" include recruitment costs, membership fees to professional bodies, staff parking, redundancy fees, study assistance, staff relocation and refreshment costs.

(2)"Other operating costs" include accommodation, travel and entertainment costs.

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
2. OPERATING EXPENDITURE (continued)				
2.2 Other impairments				
Financial instruments	2	21	(90)	38
Amortised cost instruments	2	5	(60)	13
Available-for-sale instruments	-	16	(100)	25
Other	35	61	(43)	71
Computer software development costs	-	4	(100)	4
Equipment	0	-	100	13
Investments in associates and joint ventures	-	50	(100)	29
Repossessed properties	35	7	>100	25
	37	82	(55)	109

	Six months ended				Net change %	Year ended	
	30 June					31 December	
	2011		2010			2010	
	(Unaudited)		(Unaudited)			(Audited)	
	Gross	Net	Gross	Net		Gross	Net
	Rm	Rm	Rm	Rm		Rm	Rm
3. HEADLINE EARNINGS							
Headline earnings(1) is determined as follows:							
Profit attributable to ordinary equity holder of the Bank		3 719		2 963	26		6 432
Adjustments for:							
IFRS 3 gain on bargain purchase	-	-	-	-	-	(72)	(72)
IAS 16 loss/(profit) on disposal of property and equipment	2	1	(5)	(4)	>100	(26)	(22)
IAS 28 and 31 headline earnings component of share of post-tax results of associates and joint ventures	(0)	(0)	(1)	(1)	92	(1)	(1)
IAS 28 and 31 net profit on disposal of investments associates and joint ventures	-	-	(42)	(42)	100	(42)	(42)
IAS 28 and 31 impairment of investments in associates and joint ventures	-	-	50	36	(100)	29	21
IAS 36 impairment of equipment and leasehold improvements	0	0	-	-	100	13	9
IAS 38 impairment of intangible assets	-	-	4	3	(100)	4	3
IAS 39 release of available-for-sale reserves	18	13	46	33	(61)	92	66
IAS 39 impairment of available-for-sale instruments	-	-	16	12	(100)	25	18
IAS 40 change in fair value of investment properties	-	-	-	-	-	(0)	(0)
Headline earnings		3 733		3 000	24		6 412
Note							
<i>(1)The net amount is reflected after taxation and non-controlling interest.</i>							

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 June		
	2011		
	(Unaudited)		
	Total equity attributable to equity holders of the Bank	Non- controlling interest	Total equity
	Rm	Rm	Rm
Balance at the beginning of the year	52 565	65	52 630
Other reserves	(880)	-	(880)
Transfer from share-based payment reserve	(102)	-	(102)
Share-based payments for the period	10	-	10
Other comprehensive income 1	(834)	-	(834)
Movement in associates' and joint ventures' retained earnings reserve	33	-	33
Disposal of associates and joint ventures - release of reserves	13	-	13
Retained earnings	2 189	-	2 189
Transfer from share-based payment reserve	102	-	102
Transfer of profit to associates' and joint ventures' retained earnings reserve	(33)	-	(33)
Disposal of associates and joint ventures - release of reserves	(13)	-	(13)
Contribution to equity-settled share-based payment schemes	(248)	-	(248)
Profit attributable to ordinary equity holder of the Bank 1	3 719	-	3 719
Profit attributable to preference equity holders of the Bank 1	143	-	143
Other comprehensive income - movement in retirement benefit asset 1	12	-	12
Ordinary dividends paid during the period	(1 350)	-	(1 350)
Preference dividends paid during the period	(143)	-	(143)

	Six months ended 30 June		
	2011		
	(Unaudited)		
	Total equity attributable to equity holders of the Bank	Non- controlling interest	Total equity
	Rm	Rm	Rm
Acquisition of business	-	67	67
Profit attributable to non-controlling equity holders of the Bank 1	-	2	2
Balance at the end of the period	53 874	134	54 008
Note			
1. Total comprehensive income			
Profit attributable to equity holders of the Bank	3 862	2	3 864
Other comprehensive income	(822)	-	(822)
	3 040	2	3 042

	Six months ended 30 June		
	2010		
	(Unaudited)		
	Total equity attributable to equity holders of the Bank	Non- controlling interest	Total equity
	Rm	Rm	Rm
Balance at the beginning of the year	47 318	100	47 418
Other reserves	524	-	524
Transfer from share-based payment reserve	(25)	-	(25)
Share-based payments for the period	8	-	8
Other comprehensive income 1	480	-	480
Movement in associates' and joint ventures' retained earnings reserve	19	-	19
Disposal of associates and joint ventures - release of reserves	42	-	42
Retained earnings	1 972	-	1 972
Transfer from share-based payment reserve	25	-	25
Transfer of profit to associates' and joint ventures' retained earnings reserve	(19)	-	(19)
Disposal of associates and joint ventures - release of reserves	(42)	-	(42)
Contribution to equity-settled share-based payment schemes	(51)	-	(51)
Profit attributable to ordinary equity holder of the Bank 1	2 963	-	2 963
Profit attributable to preference equity holders of the Bank 1	162	-	162
Other comprehensive income - movement in retirement benefit asset 1	(4)	-	(4)
Ordinary dividends paid during the period	(900)	-	(900)
Preference dividends paid during the period	(162)	-	(162)

	Six months ended 30 June		
	2010		
	(Unaudited)		
	Total equity attributable to equity holders of the Bank	Non- controlling interest	Total equity
	Rm	Rm	Rm
Acquisition of businesses	-	18	18
Profit attributable to non-controlling equity holders of the Bank 1	-	3	3
Balance at the end of the period	49 814	121	49 935
Note			
1. Total comprehensive income			
Profit attributable to equity holders of the Bank	3 125	3	3 128
Other comprehensive income	476	-	476
	3 601	3	3 604

	Year ended 31 December		
	2010		
	(Audited)		
	Total equity attributable to equity holder of the Bank	Non- controlling interest	Total equity
	Rm	Rm	Rm
Balance at the beginning of the year	47 318	100	47 418
Shares issued	1 000	-	1 000
Other reserves	1 138	-	1 138
Transfer from share-based payment reserve	(46)	-	(46)
Share-based payments for the year	43	-	43
Other comprehensive income 1	1 089	-	1 089
Movement in associates' and joint ventures' retained earnings reserve	(8)	-	(8)
Disposal of associates and joint ventures - release of reserves	60	-	60
Retained earnings	3 109	-	3 109
Contribution to equity-settled share-based payment schemes	(236)	-	(236)
Transfer from share-based payment reserve	46	-	46
Transfer of loss to associates' and joint ventures' retained earnings reserve	8	-	8
Disposal of associates and joint ventures - release of reserves	(60)	-	(60)
Profit attributable to ordinary equity holder of the Bank 1	6 432	-	6 432
Other comprehensive income - movement in retirement benefit surplus 1	19	-	19
Ordinary dividends paid during the year	(3 100)	-	(3 100)

	Year ended 31 December		
	2010		
	(Audited)		
	Total equity attributable to equity holder of the Bank	Non- controlling interest	Total equity
	Rm	Rm	Rm
Profit attributable to non-controlling equity holders of the Bank 1	-	6	6
Profit attributable to preference equity holders of the Bank 1	320	-	320
Preference dividends paid during the year	(320)	-	(320)
Increase in non-controlling equity holders' interest	-	37	37
Disposal of businesses	-	(78)	(78)
Balance at the end of the year	52 565	65	52 630
Note			
1. Total comprehensive income			
Profit attributable to equity holders of the Bank	6 752	6	6 758
Other comprehensive income	1 108	-	1 108
	7 860	6	7 866

CONDENSED NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
1. DIVIDENDS PER SHARE				
Dividends paid to ordinary equity holder during the period/year				
15 February 2011 final dividend number 49 of 360,9 cents per ordinary share (16 February 2010: 244,8 cents)	1 350	900	50	900
4 August 2010 interim dividend number 48 of 326,4 cents per ordinary share	-	-	-	1 200
27 August 2010 special dividend	-	-	-	1 000
	1 350	900	50	3 100
Dividends paid to ordinary equity holder relating to income for the period/year				
2 August 2011 interim dividend number 50 of 414,3 cents per ordinary share (4 August 2010: 326,4 cents)	1 550	1 200	29	1 200
27 August 2010 special dividend	-	1 000	(100)	1 000
15 February 2011 final dividend number 49 of 360,9 cents per ordinary share	-	-	-	1 350
	1 550	2 200	(30)	3 550

Note

The Secondary Tax on Companies (STC) payable by the Bank in respect of the dividend approved and declared subsequent to the reporting date, amounts to R155 million (30 June 2010: R120 million; 31 December 2010: R135 million). No provision has been made for the dividend and the related STC at the reporting date, in accordance with IFRS.

	Six months ended			Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)	Change	(Audited)
	Rm	Rm	%	Rm
1. DIVIDENDS PER SHARE (continued)				
Dividends paid to preference equity holders during the period/year				
15 February 2011 final dividend number 10 of 2 887,6 cents per preference share (16 February 2010: 3 280,3 cents)	143	162	(12)	162
4 August 2010 interim dividend number 9 of 3 197,5 cents per preference share	-	-	-	158
	143	162	(12)	320
Dividends paid to preference equity holders relating to income for the period/year				
2 August 2011 interim dividend number 11 of 2 858,3 cents per preference share (4 August 2010: 3 197,5 cents)	141	158	(11)	158
15 February 2011 final dividend number 10 of 2 887,6 cents per preference share (16 February 2010: 3 280,3)	-	-	-	143
	141	158	(11)	301
Note				
<p>The STC payable by the Bank in respect of the dividend approved and declared subsequent to the reporting date amounts to R14 million (30 June 2010: R16 million; 31 December 2010: R14 million). No provision has been made for the dividend and the related STC at the reporting date, in accordance with IFRS.</p>				

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
Net cash generated from operating activities	240	2 215	(89)	1 750
Net cash generated/(utilised) from investing activities	1 826	(176)	>100	775
Net cash utilised in financing activities	(1 741)	(1 613)	(8)	(3 156)
Net increase/(decrease) in cash and cash equivalents	325	426	(24)	(631)
Cash and cash equivalents at the beginning of the year 1	4 773	5 403	(12)	5 403
Effect of exchange rate movements on cash and cash equivalents	1	1	0	1
Cash and cash equivalents at the end of the period/year 2	5 099	5 830	(13)	4 773
NOTES				
1. Cash and cash equivalents at the beginning of the year				
Cash, cash balances and balances with central banks	4 431	4 543	(2)	4 543
Loans and advances to banks	342	860	(60)	860
	4 773	5 403	(12)	5 403
2. Cash and cash equivalents at the end of the period/year				
Cash, cash balances and balances with central banks	4 767	4 100	16	4 431
Loans and advances to banks	332	1 730	(81)	342
	5 099	5 830	(13)	4 773

CONSOLIDATED PROFIT CONTRIBUTION BY SEGMENT

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
Banking operations				
Retail Banking	1 644	960	71	3 104
Home Loans	7	(201)	>100	166
Vehicle and Asset Finance(1)	183	37	>100	226
Card(2)	751	542	39	1 380
Personal Loans(3)	303	170	78	515
Retail Bank(4)	400	412	(3)	817
Absa Business Bank(4)(5)	1 411	1 298	9	2 815
Absa Capital(5)	711	698	2	1 439
Corporate centre	240	177	36	(414)
Capital and funding centre	(144)	(8)	>(100)	(192)
Preference equity holders of the Bank	(143)	(162)	12	(320)
Profit attributable to ordinary equity holder of the Bank	3 719	2 963	26	6 432
Headline earnings adjustments	14	37	(62)	(20)
Headline earnings	3 733	3 000	24	6 412

Notes

Comparatives have been reclassified for the following structure changes made during the period under review:

(1) Absa Technology Finance Solutions was moved from Vehicle and Asset Finance within Retail Banking to Absa Business Bank.

(2) Debit Card was moved within Retail Banking from Retail Bank to Card.

(3) Personal loan centres were moved within Retail Banking from Personal Loans to Retail Bank.

(4) Absa Development Company division was moved from Absa Business Bank to Retail Bank within Retail Banking.

(5) The Bank's corporate client base was transferred from Absa Business Bank to Absa Capital following an initiative to optimise product delivery to its corporate clients.

CONSOLIDATED TOTAL REVENUE(1) CONTRIBUTION BY SEGMENT

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
Banking operations				
Retail Banking	10 918	10 154	8	21 022
Home Loans	1 958	1 618	21	3 480
Vehicle and Asset Finance(2)	1 118	997	12	2 015
Card(3)	1 801	1 642	10	3 470
Personal Loans(4)	1 053	921	14	1 960
Retail Bank(5)	4 988	4 976	0	10 097
Absa Business Bank(5)(6)	5 679	5 383	5	11 107
Absa Capital(6)	2 590	2 536	2	5 098
Corporate centre	(325)	(524)	38	(1 090)
Capital and funding centre	12	136	(91)	(106)
Total revenue	18 874	17 685	7	36 031

Notes

(1)Revenue includes net interest income and non-interest income.

Comparatives have been reclassified for the following structure changes made during the period under review:

(2)Absa Technology Finance Solutions was moved from Vehicle and Asset Finance within Retail Banking to Absa Business Bank.

(3)Debit Card was moved within Retail Banking from Retail Bank to Card.

(4)Personal loan centres were moved within Retail Banking from Personal Loans to Retail Bank.

(5)Absa Development Company division was moved from Absa Business Bank to Retail Bank within Retail Banking.

(6)The Bank's corporate client base was transferred from Absa Business Bank to Absa Capital following an initiative to optimise product delivery to its corporate clients.

CONSOLIDATED INTERNAL REVENUE(1) CONTRIBUTION BY SEGMENT

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
Banking operations				
Retail Banking	(5 272)	(6 952)	24	(12 992)
Home Loans	(6 423)	(7 887)	19	(15 157)
Vehicle and Asset Finance(2)	(1 214)	(1 417)	14	(2 764)
Card(3)	(158)	(212)	25	(384)
Personal Loans(4)	(284)	(314)	10	(611)
Retail Bank(5)	2 807	2 878	(2)	5 924
Absa Business Bank(5)(6)	1 319	643	>100	1 614
Absa Capital(6)	4 504	6 848	(34)	12 566
Corporate centre	(103)	(145)	29	(435)
Capital and funding centre	(510)	(365)	(40)	(820)
Internal revenue	(62)	29	>(100)	(67)

Notes

(1)Revenue includes net interest income and non-interest income.

Comparatives have been reclassified for the following structure changes made during the period under review:

(2)Absa Technology Finance Solutions was moved from Vehicle and Asset Finance within Retail Banking to Absa Business Bank.

(3)Debit Card was moved within Retail Banking from Retail Bank to Card.

(4)Personal loan centres were moved within Retail Banking from Personal Loans to Retail Bank.

(5)Absa Development Company division was moved from Absa Business Bank to Retail Bank within Retail Banking.

(6)The Bank's corporate client base was transferred from Absa Business Bank to Absa Capital following an initiative to optimise product delivery to its corporate clients.

CONSOLIDATED TOTAL ASSETS BY SEGMENT

	Six months ended		Change	Year ended
	30 June			31 December
	2011	2010		2010
	(Unaudited)	(Unaudited)		(Audited)
	Rm	Rm	%	Rm
Banking operations				
Retail Banking	445 870	439 596	1	454 004
Home Loans	238 879	237 641	1	242 722
Vehicle and Asset Finance(1)	45 221	48 541	(7)	50 242
Card(2)	21 942	19 500	13	21 098
Personal Loans(3)	13 582	11 507	18	12 887
Retail Bank(4)	126 246	122 407	3	127 055
Absa Business Bank(4)(5)	179 605	169 729	6	171 157
Absa Capital(5)	325 362	350 239	(7)	344 921
Corporate centre	(353 508)	(357 274)	1	(362 014)
Capital and funding centre	80 485	72 872	10	72 855
Total assets	677 814	675 162	0	680 923

Notes

Comparatives have been reclassified for the following structure changes made during the period under review:

(1) Absa Technology Finance Solutions was moved from Vehicle and Asset Finance within Retail Banking to Absa Business Bank.

(2) Debit Card was moved within Retail Banking from Retail Bank to Card.

(3) Personal loan centres were moved within Retail Banking from Personal Loans to Retail Bank.

(4) Absa Development Company division was moved from Absa Business Bank to Retail Bank within Retail Banking.

(5) The Bank's corporate client base was transferred from Absa Business Bank to Absa Capital following an initiative to optimise product delivery to its corporate clients.

RECLASSIFICATIONS

Some items within the statement of financial position as at 31 December 2010 were reclassified in the current period:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	(Audited)		
	As previously		
	reported	Reclassifications(1)	Reclassified
	Rm	Rm	Rm
Assets			
Cash, cash balances and balances with central banks	17 343	-	17 343
Statutory liquid asset portfolio	48 215	-	48 215
Loans and advances to banks	23 633	2 618	26 251
Trading portfolio assets	57 647	-	57 647
Hedging portfolio assets	4 662	-	4 662
Other assets	12 954	(3 276)	9 678
Current tax assets	5	-	5
Loans and advances to customers	485 588	658	486 246
Loans to Absa Group companies	8 071	-	8 071
Investment securities	12 906	-	12 906
Investments in associates and joint ventures	406	-	406
Goodwill and intangible assets	643	-	643
Investment properties	1 771	-	1 771
Property and equipment	6 987	-	6 987
Deferred tax assets	92	-	92
Total assets	680 923	-	680 923
Liabilities			
Deposits from banks	21 740	-	21 740
Trading portfolio liabilities	43 530	-	43 530
Hedging portfolio liabilities	1 881	-	1 881
Other liabilities	7 788	-	7 788
Provisions	1 533	-	1 533
Current tax liabilities	929	-	929

Deposits due to customers	372 644	-	372 644
Debt securities in issue	162 526	-	162 526
Loans from Absa Group companies	-	-	-
Borrowed funds	13 649	-	13 649
Deferred tax liabilities	2 073	-	2 073
Total liabilities	628 293	-	628 293
Equity			
Capital and reserves			
Attributable to equity holders of the Bank:			
Ordinary share capital	303	-	303
Ordinary share premium	11 465	-	11 465
Preference share capital	1	-	1
Preference share premium	4 643	-	4 643
Other reserves	3 704	-	3 704
Retained earnings	32 449	-	32 449
	52 565	-	52 565
Non-controlling interest	65	-	65
Total equity	52 630	-	52 630
Total equity and liabilities	680 923	-	680 923

Note

(1)The Group has reclassified certain collaterals within Absa Capital to "Loans and advances to banks" and "Loans and advances to customers" to reflect the true nature of these trades as collateralised loans. These reclassifications have not been audited.

Profit and dividend announcement

Introduction

Absa Bank ("the Bank" or "the Company") increased attributable earnings by 26% to R3 719 million, compared with the six months ended 30 June 2010 (June 2010: R2 963 million). Headline earnings improved by 24% to R3 733 million (June 2010: R3 000 million). Basic earnings per share increased by 23% to 994,1 cents per share and headline earnings per share increased by 22% to 997,9 cents per share. The Bank recorded a 15,5% return on average equity (June 2010: 13,8%) and return on average assets of 1,12% (June 2010: 0,90%) for the period under review.

Commentary on the operating environment and the results of Absa Bank Limited and its subsidiaries is set out in the Absa Group's financial results announcement. The Absa Group announcement was released on the JSE Limited Securities Exchange News Service and Absa Group's website (www.absa.co.za) on 2 August 2011 and published in the press on 3 August 2011.

Basis of presentation and changes in accounting policies

The Bank's 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 period under review are the same as the accounting policies in place for the year ended 31 December 2010.

Reclassifications

The Bank has reclassified certain collaterals to "Loans and advances to banks" and "Loans and advances to customers" to reflect the true nature of these trades as collateralised loans. This has resulted in comparatives being reclassified for December 2010.

Declaration of dividend number 11: Absa Bank non-cumulative, non-redeemable preference shares (Absa Bank preference shares)

The Absa Bank preference shares have an effective coupon rate of 63% of Absa Bank's prevailing prime overdraft lending rate (prime rate). Absa Bank's current prime rate is 9,0%.

Notice is hereby given that preference dividend number 11, equal to 63% of the average prime rate for 1 March 2011 to 31 August 2011, per Absa Bank

preference share has been declared for the period 1 March 2011 to 31 August 2011. The dividend is payable on Monday, 29 August 2011, to shareholders of the Absa Bank preference shares recorded in the register of members of the Company at the close of business on Friday, 26 August 2011. The directors of Absa Bank confirm that the Bank will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

Based on the current prime rate, the preference dividend payable for the period 1 March 2011 to 31 August 2011 would indicatively be 2 858,3 cents per Absa Bank preference share.

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 preference dividend are applicable:

Last day to trade cum dividend	Friday, 19 August 2011
Shares commence trading ex dividend	Monday, 22 August 2011
Record date	Friday, 26 August 2011
Payment date	Monday, 29 August 2011

Share certificates may not be dematerialised or rematerialised between Monday, 22 August 2011, and Friday, 26 August 2011, both dates inclusive. On Monday, 29 August 2011, 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 29 August 2011 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, 29 August 2011.

On behalf of the board

S Martin
Secretary
Johannesburg
2 August 2011

Please note that the preference dividend calculation dates are 28 (29) February and 31 August of each year and that the payment date may not be later than 45 days after the preference dividend calculation date.

Absa Bank Limited is a company domiciled in South Africa. Its registered office is the 7th floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001.

Absa Bank Limited

Administrative information

Registration number: 1986/004794/06

Authorised financial services and
registered credit provider (NCRCP7)

Incorporated in the Republic of South Africa

ISIN: ZAE000079810

JSE share code: ABSP

Registered office

7th Floor, Absa Towers West

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Johannesburg, 2001

Postal address: PO Box 7735

Johannesburg, 2000

Telephone: (+27 11) 350 4000

Telefax: (+27 11) 350 4009

Email: groupsec@absa.co.za

Board of directors

Independent non-executive directors

C Beggs, BP Connellan,

SA Fakie, G Griffin (Chairman),

MJ Husain, TM Mokgosi-Mwantembe,

EC Mondlane Jr¹, TS Munday, SG Pretorius,

BJ Willemse

Non-executive directors

YZ Cuba, BCMM de Vitry d'Avaucourt²,

AP Jenkins³, R Le Blanc³

Executive directors

DWP Hodnett (Financial Director), M Ramos (Chief Executive),

LL von Zeuner (Deputy Chief Executive)

¹Mozambican ²French ³British

Transfer secretary

South Africa

Computershare Investor Services

Proprietary Limited

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Sponsor

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No 1 Fricker Road, Cnr. Hurlingham Road,
Illovo, Johannesburg, 2196
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Sandton, 2146
Telephone: (+27 11) 507 0300
Telefax: (+27 11) 507 0503

Auditors

PricewaterhouseCoopers Inc.
Ernst & Young Inc.

Shareholder contact information

Shareholder and investment queries about the
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Group Secretary

S Martin
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Other Contacts

Group Media Relations

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Group Finance

JP Quinn (Group Financial Controller)
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