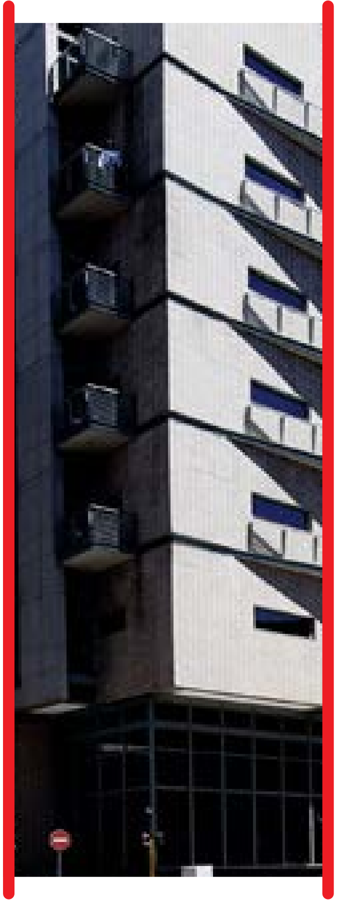
Absa Group Limited



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Shareholders' information

31 December 2012

Member of
BARCLAYS

Contents

Audited condensed consolidated financial results

Absa Group Limited

Authorised financial services and registered credit provider (NCRCP7)
Registration number: 1986/003934/06
Incorporated in the Republic of South Africa
JSE share code: ASA
Issuer code: AMAGB
ISIN: ZAE000067237

These summarised financial results are a summary of the audited annual consolidated financial statements of the Group, which were prepared by Absa Group Financial Reporting under the direction and supervision of the Group Financial Director, D W P Hodnett CA(SA).

Auditors' report

Ernst & Young Inc. and PricewaterhouseCoopers Inc., Absa Group Limited's independent auditors, have audited the consolidated annual financial statements of Absa Group Limited from which management prepared the condensed consolidated financial results. The auditors have expressed an unqualified audit opinion on the consolidated annual financial statements. The condensed consolidated financial results comprise the condensed consolidated statement of financial position at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and selected explanatory notes, excluding items not indicated as audited. The audit report of the consolidated annual financial statements is available for inspection at the registered office of Absa Group Limited.

Consolidated salient features

31 December

	2012	2011[1]	Change %
Statement of comprehensive income (Rm)			
Headline earnings[2]	8 807	9 719	(9)
Profit attributable to ordinary equity holders of the Group	8 393	9 674	(13)
Statement of financial position			
Total assets (Rm)	807 939	786 719	3
Loans and advances to customers (Rm)	528 191	504 925	5
Deposits due to customers (Rm)	477 427	440 960	8
Loans-to-deposits ratio (%)[3]	90,2	88,4	
Off-statement of financial position (Rm)			
Assets under management and administration	246 950	213 186	16
Financial performance (%)			
Return on average equity (RoE)[3]	13,6	16,4	
Return on average assets (RoA)[4]	1,09	1,32	
Return on average risk-weighted assets (RoRWA)[4]	2,07	2,35	
Operating performance (%)			
Net interest margin on average interest-bearing assets[4]	3,87	4,11	
Impairment losses on loans and advances as % of average loans and advances to customers[4]	1,59	1,01	
Non-performing loans as % of loans and advances to customers[4]	5,8	6,9	
Non-interest income as % of total operating income[3]	48,5	46,7	
Cost-to-income ratio[3]	55,2	55,5	
Effective tax rate, excluding indirect taxation[3]	27,9	28,3	
Share statistics (million)			
Number of ordinary shares in issue	718,2	718,2	
Number of ordinary shares in issue (excluding treasury shares)	717,7	717,0	
Weighted average number of shares in issue	717,6	716,8	
Diluted weighted average number of ordinary shares in issue	719,2	719,9	
Share statistics (cents)			
Headline earnings per share	1 227,3	1 355,9	(9)
Diluted headline earnings per share	1 224,6	1 350,0	(9)
Basic earnings per share	1 169,6	1 349,6	(13)
Diluted earnings per share	1 167,0	1 343,8	(13)
Dividends per ordinary share relating to income for the reporting period[3]	684	684	—
Dividend cover (times)[3]	1,8	2,0	
Net asset value per share[3]	9 319	8 690	7
Tangible net asset value per share[3]	8 962	8 392	7
Capital adequacy (%)[4]			
Absa Group	17,4	16,7	
Absa Bank	17,5	16,2	

Notes

[1]Comparatives have been reclassified, refer to note 23.

[2]After allowing for **R295 million** (2011: R284 million) profit attributable to preference equity holders of Absa Bank Limited.

[3]These ratios have been calculated by management based on extracted audited information contained in the financial statements.

[4]These ratios are unaudited.

Condensed consolidated statement of financial position

as at 31 December

	Note	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %	2010[1] (Audited) Rm
Assets					
Cash, cash balances and balances with central banks		**26 221**	26 997	(3)	23 741
Statutory liquid asset portfolio		**63 020**	57 473	10	48 215
Loans and advances to banks		**44 649**	57 499	(22)	27 572
Trading portfolio assets		**87 203**	84 623	3	62 047
Hedging portfolio assets		**5 439**	4 299	27	4 662
Other assets		**14 189**	14 730	(4)	11 960
Current tax assets		**304**	288	6	196
Non-current assets held for sale	3	**4 052**	35	>100	—
Loans and advances to customers	4,5,6	**528 191**	504 925	5	509 598
Reinsurance assets		**1 003**	1 009	(1)	860
Investment securities		**20 555**	21 182	(3)	24 446
Investments in associates and joint ventures		**569**	420	35	416
Investment properties		**1 220**	2 839	(57)	2 523
Property and equipment		**8 397**	7 996	5	7 493
Goodwill and intangible assets		**2 561**	2 135	20	1 794
Deferred tax assets		**366**	269	36	434
Total assets		**807 939**	786 719	3	725 957
Liabilities					
Deposits from banks		**36 035**	38 339	(6)	15 406
Trading portfolio liabilities		**51 684**	55 960	(8)	47 454
Hedging portfolio liabilities		**3 855**	2 456	57	1 881
Other liabilities		**18 215**	14 695	24	11 239
Provisions		**1 681**	1 710	(2)	1 808
Current tax liabilities		**59**	267	(78)	965
Non-current liabilities held for sale	3	**1 480**	—	100	—
Deposits due to customers	7	**477 427**	440 960	8	387 598
Debt securities in issue	8	**108 044**	130 262	(17)	164 545
Liabilities under investment contracts		**13 609**	15 233	(11)	13 964
Policyholder liabilities under insurance contracts		**3 550**	3 183	12	3 001
Borrowed funds	9	**17 907**	14 051	27	13 649
Deferred tax liabilities		**1 599**	1 198	33	2 298
Total liabilities		**735 145**	718 314	2	663 808
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital		**1 435**	1 434	0	1 433
Share premium		**4 604**	4 676	(2)	4 590
Retained earnings		**56 903**	53 813	6	47 958
Other reserves		**3 941**	2 385	65	2 309
		66 883	62 308	7	56 290
Non-controlling interest – ordinary shares		**1 267**	1 453	(13)	1 215
Non-controlling interest – preference shares		**4 644**	4 644	—	4 644
Total equity		**72 794**	68 405	6	62 149
Total liabilities and equity		**807 939**	786 719	3	725 957

Note

[1]Comparatives have been reclassified, refer to note 23.

Condensed consolidated statement of comprehensive income

for the reporting period ended 31 December

	Note	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %
Net interest income		**24 111**	24 429	(1)
Interest and similar income	10.1	**50 766**	51 191	(1)
Interest expense and similar charges	10.2	**(26 655)**	(26 762)	0
Impairment losses on loans and advances	5	**(8 290)**	(5 081)	(63)
Net interest income after impairment losses on loans and advances		**15 821**	19 348	(18)
Non-interest income		**22 741**	21 403	6
Net fee and commission income		**15 435**	15 293	1
Fee and commission income	11.1	**17 936**	17 422	3
Fee and commission expense	11.2	**(2 501)**	(2 129)	(17)
Net insurance premium income		**5 618**	5 209	8
Net insurance claims and benefits paid		**(2 719)**	(2 517)	(8)
Changes in investment and insurance contract liabilities		**(980)**	(914)	(7)
Gains and losses from banking and trading activities	11.3	**3 670**	2 594	41
Gains and losses from investment activities	11.4	**963**	966	(0)
Other operating income		**754**	772	(2)
Operating income before operating expenditure		**38 562**	40 751	(5)
Operating expenditure		**(26 693)**	(26 581)	(0)
Operating expenses	12.1	**(25 874)**	(25 458)	(2)
Other impairments	12.2	**(113)**	(52)	>(100)
Indirect taxation		**(706)**	(1 071)	34
Share of post-tax results of associates and joint ventures		**249**	40	>100
Operating profit before income tax		**12 118**	14 210	(15)
Taxation expense		**(3 377)**	(4 026)	16
Profit for the reporting period		**8 741**	10 184	(14)
Other comprehensive income				
Foreign exchange differences on translation of foreign operations		**140**	522	(73)
Movement in cash flow hedging reserve		**405**	(237)	>100
Fair value gains arising during the reporting period		**2 650**	1 972	34
Amount removed from other comprehensive income and recognised in the profit and loss component of the statement of comprehensive income		**(2 088)**	(2 300)	9
Deferred tax		**(157)**	91	>(100)
Movement in available-for-sale reserve		**1 109**	(17)	>100
Fair value gains/(losses) arising during the reporting period		**1 532**	(58)	>100
Amortisation of government bonds – release to the profit and loss component of the statement of comprehensive income		**10**	20	(50)
Deferred tax		**(433)**	21	>(100)
Movement in retirement benefit fund asset and liabilities		**(242)**	(51)	>(100)
Decrease in retirement benefit fund surplus		**(279)**	(66)	>(100)
Increase in retirement benefit fund deficit		**(59)**	(5)	>(100)
Deferred tax		**96**	20	>100
Total comprehensive income for the reporting period		**10 153**	10 401	(2)
Profit attributable to:				
Ordinary equity holders		**8 393**	9 674	(13)
Non-controlling interest – ordinary shares		**53**	226	(77)
Non-controlling interest – preference shares		**295**	284	4
		8 741	10 184	(14)
Total comprehensive income attributable to:				
Ordinary equity holders		**9 812**	9 791	0
Non-controlling interest – ordinary shares		**46**	326	(86)
Non-controlling interest – preference shares		**295**	284	4
		10 153	10 401	(2)
Earnings per share:				
Basic earnings per share (cents)		**1 169,6**	1 349,6	(13)
Diluted earnings per share (cents)		**1 167,0**	1 343,8	(13)

Note

[1] Comparatives have been reclassified, refer to note 23.

Condensed consolidated statement of cash flows

for the reporting period ended 31 December

	Note	2012 (Audited) Rm	2011 (Audited) Rm	Change %
Net cash generated from operating activities		**5 577**	8 305	(33)
Net cash utilised in investing activities		**(1 882)**	(511)	>(100)
Net cash utilised in financing activities		**(2 045)**	(4 143)	51
Net increase in cash and cash equivalents		**1 650**	3 651	(55)
Cash and cash equivalents at the beginning of the reporting period	1	**10 068**	6 417	57
Effect of exchange rate movements on cash and cash equivalents		**(2)**	0	>(100)
Cash and cash equivalents at the end of the reporting period	2	**11 716**	10 068	16
Notes				
1. Cash and cash equivalents at the beginning of the reporting period				
Cash, cash balances and balances with central banks		**7 893**	4 939	60
Loans and advances to banks		**2 175**	1 478	47
		10 068	6 417	57
2. Cash and cash equivalents at the end of the reporting period				
Cash, cash balances and balances with central banks		**8 816**	7 893	12
Loans and advances to banks		**2 900**	2 175	33
		11 716	10 068	16

Condensed consolidated statement of changes in equity

for the reporting period ended 31 December

	2012 (Audited) Capital and reserves attributable to ordinary equity holders Rm	2012 (Audited) Non-controlling interest – ordinary shares Rm	2012 (Audited) Non-controlling interest – preference shares Rm	2012 (Audited) Total equity Rm	2011 (Audited) Capital and reserves attributable to ordinary equity holders Rm	2011 (Audited) Non-controlling interest – ordinary shares Rm	2011 (Audited) Non-controlling interest – preference shares Rm	2011 (Audited) Total equity Rm
Balance at the beginning of the reporting period	**62 308**	**1 453**	**4 644**	**68 405**	56 290	1 215	4 644	62 149
Total comprehensive income for the reporting period	**9 812**	**46**	**295**	**10 153**	9 791	326	284	10 401
Profit for the reporting period	**8 393**	**53**	**295**	**8 741**	9 674	226	284	10 184
Other comprehensive income	**1 419**	**(7)**	**—**	**1 412**	117	100	—	217
Dividends paid during the reporting period	**(5 069)**	**(138)**	**(295)**	**(5 502)**	(3 744)	(173)	(284)	(4 201)
Purchase of Group shares in respect of equity-settled share-based payment schemes	**(211)**	**—**	**—**	**(211)**	(281)	—	—	(281)
Elimination of the movement in treasury shares held by Group entities	**30**	**—**	**—**	**30**	194	—	—	194
Movement in share-based payment reserve	**13**	**—**	**—**	**13**	58	—	—	58
Transfer from share-based payment reserve	**(110)**	**—**	**—**	**(110)**	(174)	—	—	(174)
Transfer to share capital and share premium	**110**	**—**	**—**	**110**	174	—	—	174
Value of employee services	**13**	**—**	**—**	**13**	58	—	—	58
Movement in foreign insurance subsidiary regulatory reserve[1]	**—**	**—**	**—**	**—**	—	—	—	—
Transfer to foreign insurance subsidiary regulatory reserve	**13**	**—**	**—**	**13**	(48)	—	—	(48)
Transfer from retained earnings	**(13)**	**—**	**—**	**(13)**	48	—	—	48
Movement in general credit risk reserve	**—**	**—**	**—**	**—**	—	—	—	—
Transfer to general credit risk reserve	**54**	**—**	**—**	**54**	19	—	—	19
Transfer from retained earnings	**(54)**	**—**	**—**	**(54)**	(19)	—	—	(19)
Movement in insurance contingency reserve[2]	**—**	**—**	**—**	**—**	—	—	—	—
Transfer from insurance contingency reserve	**(324)**	**—**	**—**	**(324)**	40	—	—	40
Transfer to retained earnings	**324**	**—**	**—**	**324**	(40)	—	—	(40)
Share of post-tax results of associates and joint ventures	**—**	**—**	**—**	**—**	—	—	—	—
Transfer to associates' and joint ventures' reserve	**249**	**—**	**—**	**249**	13	—	—	13
Transfer from retained earnings	**(249)**	**—**	**—**	**(249)**	(13)	—	—	(13)
Increase in the interest of non-controlling equity holders	**—**	**35**	**—**	**35**	—	21	—	21
Disposal of interest in subsidiary without loss of control	**—**	**(129)**	**—**	**(129)**	—	64	—	64
Balance at the end of the reporting period	**66 883**	**1 267**	**4 644**	**72 794**	62 308	1 453	4 644	68 405

Notes

[1]The foreign insurance subsidiary regulatory reserve is calculated on the basis of the following minimum percentages of profits recorded in each reporting period for that subsidiary:

- 20% until the value of reserves represents half of the minimum capital required under the foreign insurance subsidiary's legislation.
- 10% from the time the amount specified in the preceding paragraph, has been attained.

[2]This reserve is no longer required due to a change in the Financial Services Board (FSB) regulations.

Condensed notes to the consolidated financial statements

31 December

1. Basis of presentation

The condensed consolidated financial results of Absa Group Limited and its subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee and AC 500 standards as issued by the South African Accounting Practices Board or its successor, the going concern principle, and using the historical-cost basis, except where specifically indicated otherwise in the accounting policies. The presentation and disclosure complies with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting (IAS 34).

The preparation of financial information requires the use of estimates and assumptions about future conditions. The accounting policies that are deemed critical to the Group's results and financial position and which involve a high degree of judgement including the use of assumptions and estimation, are impairment of loans and advances, goodwill impairment, valuation of financial instruments, impairment of available-for-sale financial assets, impairment of investments in associates and joint ventures, deferred tax assets, consolidation of special purpose entities, post-retirement benefits, provisions, share-based payments, liabilities arising from claims made under short-term insurance contracts, liabilities arising from claims made under life insurance contracts, income taxes and offsetting financial assets and liabilities.

2. Accounting policies

The accounting policies applied in preparing the financial statements during the reporting period are the same as the accounting policies in place for the reporting period ended 31 December 2011. Amendments and changes to IFRS that are mandatory for the 31 December 2012 reporting period are specified in the most recent audited annual consolidated financial statements. These amendments resulted in additional disclosures being presented but had a minimal impact on the financial results during the reporting period.

Change in accounting estimate – Policyholder liabilities under insurance contracts

Policyholder liabilities under insurance contracts are valued using Standard of Actuarial Practices (SAP) 104: Calculation of the value of assets, liabilities and capital adequacy requirements of long-term insurers, issued by the Actuarial Society of South Africa. SAP104 allows for additional margins if the Statutory Actuary believes that the compulsory margins are insufficient for prudent provisioning and/or to defer the release of profits in line with policy design and Company practice. These margins are incorporated into the liability calculations.

It is the policy of the Group that profit margins contained in the premium basis, which are expected to be released in future as the business runs off, should not be capitalised and recognised prematurely. Such margins should only be released to profits once premiums have been received and the risk cover has been provided.

Management considered it appropriate to provide for these margins as a result of not having sufficiently large volumes of business and accompanying data. As a result there were random fluctuations in the policyholder liabilities and the discretionary margins provided to some extent a buffer against these fluctuations. However, the volumes of business have shown positive growth over the past reporting periods and a more credible volume of data has emerged. Management have set the margins to 0% (2011: 0%). The only remaining discretionary margin is to hold a liability equal to the surrender value of a policy and the elimination of all negative liabilities. This margin mainly represents a mass lapse scenario to ensure that solvency is maintained if all in-force policies are cancelled.

3. Non-current assets held for sale

During the reporting period, the Group effected the following transfers to non-current assets and non-current liabilities held for sale:

- Through the Retail and Business Banking (RBB) segment:
  - The investment in Sekunjalo Investments Limited, with a carrying value of R20 million. This investment was subsequently sold in January 2013.
  - In the Commercial Property Finance Equity (CPF Equity) division, net assets in one of its subsidiaries, totalling R1 209 million, as well as one of its property equity investments with a carrying value of R10 million.
  - In the CPF Equity division, investments in Kilkishen Investments Proprietary Limited and Stand 1135 Houghton Proprietary Limited with a carrying value of R36 million from investments in associates and joint ventures.
  - In the CPF Equity division, property and equipment with a carrying value of R22 million. A contract for the sale of The Pivot Office Park, with a carrying value of R66 million was also concluded (previously classified as investment property).
- Through the Financial Services segment:
  - Transferred an investment in One Commercial Investment Holdings Cell Captive with a carrying value of R10 million from investments in associates and joint ventures.
  - Transferred net assets totalling R44 million in Absa Insurance Risk Management Services Limited, a subsidiary of Absa Insurance Company Limited (AIC). The disposal of the subsidiary is due to take place during 2013.
  - Transferred net assets totalling R245 million in the Absa Property Equity Fund (APEF). Management's intention is to dispose of further units in the APEF such that the Group no longer has control over the APEF.
  - Transferred gross assets and liabilities totalling R1,7 billion and R700 million respectively in the General Fund. This transfer is as a result of the amalgamation of the General Fund with the Absa Select Equity Fund due to take place during 2013.
- Through the Head office and Other segment:
  - Transferred several properties in the Corporate Real Estate division, whose contracts for sale were concluded in the previous reporting period.

4. Loans and advances to customers

	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %	2010[1] (Audited) Rm
Cheque accounts	**33 809**	33 398	1	32 005
Corporate overdrafts and specialised finance loans	**5 121**	10 681	(52)	9 612
Credit cards[2]	**33 034**	21 579	53	20 663
Foreign currency loans	**13 143**	9 628	37	6 609
Instalment credit agreements	**60 489**	57 385	5	56 967
Gross advances	**73 124**	68 540	7	67 517
Unearned finance charges	**(12 635)**	(11 155)	(13)	(10 550)
Reverse repurchase agreements with non-banks	**4 698**	1 613	>100	3 063
Loans to associates and joint ventures	**10 094**	7 909	28	8 025
Microloans	**2 002**	1 922	4	2 069
Mortgages	**282 778**	292 463	(3)	307 054
Other loans and advances[3]	**3 226**	4 619	(30)	3 766
Overnight finance	**18 862**	12 320	53	7 647
Personal and term loans	**33 654**	29 925	12	28 283
Preference shares	**6 342**	6 958	(9)	6 622
Wholesale overdrafts	**34 951**	26 656	31	31 115
Gross loans and advances to customers	**542 203**	517 056	5	523 500
Impairment losses on loans and advances (refer to note 5)	**(14 012)**	(12 131)	(16)	(13 902)
	528 191	504 925	5	509 598

5. Impairment losses on loans and advances

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
Balance at the beginning of the reporting period	**12 131**	13 902	(13)
Amounts written off during the reporting period	**(6 355)**	(6 493)	2
Exchange differences	**(4)**	1	>(100)
Interest on impaired assets (refer to note 10.1)	**(1 018)**	(1 173)	13
	4 754	6 237	(24)
Impairments raised during the reporting period	**9 258**	5 894	57
Balance at the end of the reporting period	**14 012**	12 131	16
Comprising:			
Identified impairments	**13 040**	11 306	15
Performing loans[4]	**1 386**	1 429	(3)
Non-performing loans[4]	**11 654**	9 877	18
Unidentified impairments	**972**	825	18
	14 012	12 131	16

5.1 Statement of comprehensive income charge for the reporting period ended 31 December

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
Impairments raised during the reporting period	**9 258**	5 894	57
Identified impairments	**9 100**	6 015	51
Unidentified impairments	**158**	(121)	>100
Recoveries of loans and advances previously written off	**(968)**	(813)	(19)
	8 290	5 081	63

Notes

[1]Comparatives have been reclassified, refer to note 23.
[2]Includes the acquisition of the Edcon store card portfolio.
[3]Includes customer liabilities under acceptances, working capital solutions and collateralised loans.
[4]The breakdown of identified impairments between performing and non-performing loans is unaudited.

6. Non-performing loans

	2012 (Unaudited) Outstanding balance Rm	Expected recoveries and fair value of collateral Rm	Net exposure Rm	Total identified impairments Rm	Coverage ratio %
RBB	30 583	19 445	11 138	11 138	36,4
Retail Markets	24 040	15 498	8 541	8 541	35,5
Cheque accounts	166	61	105	105	63,3
Credit cards	1 842	608	1 234	1 234	67,0
Instalment credit agreements	1 563	798	764	764	48,9
Microloans	410	148	262	262	63,9
Mortgages	18 798	13 445	5 353	5 353	28,5
Personal loans	1 261	438	823	823	65,3
Business Markets	6 543	3 947	2 597	2 597	39,7
Cheque accounts	1 120	716	404	404	36,1
Commercial asset finance	670	242	428	428	63,9
Commercial property finance	3 222	1 883	1 340	1 340	41,6
Term loans	1 531	1 106	425	425	27,8
Corporate, Investment Banking and Wealth (CIBW)	880	384	496	496	56,4
Financial Services	20	—	20	20	100,0
Non-performing loans	31 483	19 829	11 654	11 654	37,0
Non-performing loans ratio (%)	5,8				

	2011 (Unaudited) Outstanding balance Rm	Expected recoveries and fair value of collateral Rm	Net exposure Rm	Total identified impairments Rm	Coverage ratio %
RBB	34 692	25 254	9 438	9 438	27,2
Retail Markets	30 142	22 307	7 835	7 835	26,0
Cheque accounts	184	52	132	132	71,7
Credit cards	2 013	713	1 300	1 300	64,6
Instalment credit agreements	2 645	1 370	1 275	1 275	48,2
Microloans	348	76	272	272	78,2
Mortgages	23 590	19 558	4 032	4 032	17,1
Personal loans	1 362	538	824	824	60,5
Business Markets	4 550	2 947	1 603	1 603	35,2
Cheque accounts	749	432	317	317	42,3
Commercial asset finance	932	395	537	537	57,6
Commercial property finance	1 894	1 354	540	540	28,5
Term loans	975	766	209	209	21,4
CIBW	844	405	439	439	52,0
Non-performing loans	35 536	25 659	9 877	9 877	27,8
Non-performing loans ratio (%)	6,9				

Condensed notes to the consolidated financial statements

as at 31 December

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
7. Deposits due to customers			
Call deposits	**56 667**	55 783	2
Cheque account deposits	**143 861**	134 505	7
Credit card deposits	**1 938**	1 884	3
Fixed deposits	**125 800**	125 273	0
Foreign currency deposits	**12 253**	8 947	37
Notice deposits	**55 728**	28 500	96
Other deposits[1]	**1 707**	2 771	(38)
Repurchase agreements with non-banks	**1 503**	8 734	(83)
Savings and transmission deposits	**77 970**	74 563	5
	477 427	440 960	8
8. Debt securities in issue			
Credit linked notes	**9 800**	8 976	9
Floating rate notes	**53 903**	69 553	(23)
Liabilities arising from securitised special purpose entities (SPEs)	**2 391**	4 218	(43)
Negotiable certificates of deposit	**17 575**	30 214	(42)
Other debt securities	**7**	—	100
Promissory notes	**1 378**	1 550	(11)
Structured notes and bonds	**1 098**	1 451	(24)
Senior notes	**21 892**	14 300	53
	108 044	130 262	(17)
9. 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).			
Interest rate — Final maturity date			
8,75% — 1 September 2017	**—**	1 500	(100)
8,80% — 7 March 2019	**1 725**	1 725	—
8,10% — 27 March 2020	**2 000**	2 000	—
10,28% — 3 May 2022	**600**	600	—
8,295% — 21 November 2023	**1 188**	—	100
Three-month JIBAR + 2,10% — 3 May 2022	**400**	400	—
Three-month JIBAR + 1,95% — 21 November 2022	**1 805**	—	100
Three-month JIBAR + 2,05% — 21 November 2023	**2 007**	—	100
CPI-linked notes, fixed at the following coupon rates:			
6,25% — 31 March 2018	**1 886**	1 886	—
6,00% — 20 September 2019	**3 000**	3 000	—
5,50% — 7 December 2028	**1 500**	1 500	—
Accrued interest	**1 462**	1 157	26
Fair value adjustment	**334**	283	18
	17 907	14 051	27

Note

[1]Includes partnership contributions received, deposits due on structured deals, preference investments on behalf of customers and unclaimed deposits.

Condensed notes to the consolidated financial statements

for the reporting period ended 31 December

	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %
10. Net interest income			
10.1 Interest and similar income			
Interest and similar income is earned from:			
Cash, cash balances and balances with central banks	**166**	159	4
Fair value adjustments on hedging instruments	**(185)**	1 063	>(100)
Investment securities	**202**	390	(48)
Loans and advances to banks	**865**	989	(13)
Other	**771**	834	(8)
Reverse repurchase agreements	**94**	155	(39)
Loans and advances to customers	**43 589**	43 818	(1)
Cheque accounts	**3 034**	2 947	3
Corporate overdrafts and specialised finance loans	**484**	664	(27)
Credit cards	**3 593**	2 991	20
Foreign currency loans	**288**	177	63
Instalment credit agreements	**5 550**	5 577	(0)
Interest on impaired financial assets (refer to note 5)	**1 018**	1 173	(13)
Loans to associates and joint ventures	**494**	417	18
Microloans	**505**	544	(7)
Mortgages	**20 986**	22 062	(5)
Other loans and advances[2]	**299**	378	(21)
Overnight finance	**814**	584	39
Personal and term loans	**3 661**	3 649	0
Preference shares	**485**	619	(22)
Wholesale overdrafts	**2 378**	2 036	17
Other interest income[3]	**545**	486	12
Statutory liquid asset portfolio	**5 584**	4 286	30
	50 766	51 191	(1)
10.2 Interest expense and similar charges			
Interest expense and similar charges are paid on:			
Borrowed funds	**1 352**	1 350	0
Debt securities in issue	**8 485**	9 596	(12)
Deposits due to customers	**17 999**	16 467	9
Call deposits	**2 881**	3 082	(7)
Cheque account deposits	**3 130**	2 761	13
Credit card deposits	**9**	10	(10)
Fixed deposits	**6 992**	7 153	(2)
Foreign currency deposits	**114**	100	14
Notice deposits	**2 471**	777	>100
Other deposits	**228**	489	(53)
Savings and transmission deposits	**2 174**	2 095	4
Deposits from banks	**577**	581	(1)
Call deposits	**450**	480	(6)
Fixed deposits	**103**	98	5
Other deposits	**24**	3	>100
Fair value adjustments on hedging instruments	**(998)**	(472)	>(100)
Interest incurred on finance leases	**51**	85	(40)
Other interest expense[4]	**(811)**	(845)	4
	26 655	26 762	(0)

Notes

[1] Comparatives have been reclassified, refer to note 23.

[2] Includes items such as interest on factored debtors' books.

[3] Includes items such as overnight interest on contracts for differences as well as inter-segment eliminations between 'Interest and similar income', 'Interest expense and similar charges', 'Gains and losses from banking and trading activities' and 'Gains and losses from investment activities'.

[4] Includes items such as inter-segment eliminations between 'Interest and similar income', 'Interest expense and similar charges', 'Gains and losses from banking and trading activities' and 'Gains and losses from investment activities'.

Condensed notes to the consolidated financial statements

for the reporting period ended 31 December

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
11. Non-interest income			
11.1 Fee and commission income			
Asset management and other related fees	**158**	129	22
Consulting and administration fees	**566**	520	9
Credit-related fees and commissions	**12 404**	12 051	3
Cheque accounts	**3 589**	3 334	8
Credit cards[1,2]	**617**	473	30
Electronic banking	**4 068**	4 095	(1)
Other credit-related fees and commissions[3]	**1 642**	1 762	(7)
Savings accounts	**2 488**	2 387	4
Insurance commission received	**1 077**	901	20
Investment banking fees	**252**	222	14
Merchant income[2]	**2 013**	1 806	11
Other fee and commission income	**224**	256	(13)
Pension fund payment services[4]	**122**	484	(75)
Trust and other fiduciary services	**1 120**	1 053	6
Portfolio and other management fees	**870**	801	9
Trust and estate income	**250**	252	(1)
	17 936	17 422	3
11.2 Fee and commission expense			
Cheque processing fees	**(161)**	(171)	6
Insurance commission paid	**(943)**	(877)	(8)
Other fee and commission expense	**(913)**	(659)	(39)
Transaction-based legal fees	**(313)**	(229)	(37)
Trust and other fiduciary service fees	**(44)**	(51)	14
Valuation fees	**(127)**	(142)	11
	(2 501)	(2 129)	(17)
Net fee and commission income	**15 435**	15 293	1
11.3 Gains and losses from banking and trading activities			
Net gains on investments[5,6]	**93**	437	(79)
Debt instruments designated at fair value through profit or loss	**179**	215	(17)
Equity instruments designated at fair value through profit or loss	**(76)**	242	>(100)
Available-for-sale unwind from reserves	**(10)**	(20)	50
Net trading result[6]	**3 566**	2 271	57
Net trading income excluding the impact of hedge accounting	**3 544**	2 245	58
Ineffective portion of hedges	**22**	26	(15)
Cash flow hedges	**45**	33	36
Fair value hedges	**(23)**	(7)	>(100)
Other gains/(losses)	**11**	(114)	>100
	3 670	2 594	41

Notes

[1]Includes acquiring and issuing fees.

[2]During the current reporting period, certain clearing fees were reclassified from 'Credit cards' to 'Merchant income' to more accurately present Card non-interest income. This resulted in a reclassification of comparatives.

[3]Includes service, credit-related fees and commissions on mortgage loans and foreign exchange transactions.

[4]During the current reporting period, net fee and commission income in AllPay reduced significantly due to the termination of the South African Social Security Agency contract.

[5]In order to provide improved disclosure, revaluations between debt and equity instruments have been reclassified.

[6]Due to structure changes, certain revenue streams have been reclassified from 'Markets' to 'Corporate'. This also resulted in a reclassification from 'Net trading result' to 'Net gains on investments'.

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
11. Non-interest income *(continued)*			
11.3 Gains and losses from banking and trading activities *(continued)*			
Net trading income excluding the impact of hedge accounting	**3 544**	2 245	58
Losses on financial instruments designated at fair value through profit or loss	**(857)**	(836)	(3)
Net gains on financial assets designated at fair value through profit or loss	**1 129**	495	>100
Net losses on financial liabilities designated at fair value through profit or loss	**(1 986)**	(1 331)	(49)
Gains on financial instruments held for trading	**4 401**	3 081	43
Other gains/(losses)	**11**	(114)	>100
Losses on financial instruments designated at fair value through profit or loss	**(52)**	(78)	33
Gains/(losses) on financial instruments held for trading	**63**	(36)	>100
11.4 Gains and losses from investment activities			
Available-for-sale unwind from reserves	**2**	1	100
Net gains on investments from insurance activities[1]	**913**	886	3
Policyholder – insurance contracts	**329**	173	90
Policyholder – investment contracts	**313**	511	(39)
Shareholder funds	**271**	202	34
Other gains[2]	**48**	79	(39)
	963	966	(0)
Net gains on investments from insurance activities	**913**	886	3
Gains on financial instruments designated at fair value through profit or loss	**913**	880	4
Gains on financial instruments held for trading	**—**	6	(100)

Notes

[1]Includes treasury shares held by Group entities, which are eliminated on consolidation.

[2]Includes gains and losses from instruments designated at fair value through profit or loss.

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
12. Operating expenditure			
12.1 Operating expenses			
Amortisation of intangible assets	**255**	289	(12)
Auditors' remuneration	**176**	166	6
Cash transportation	**646**	726	(11)
Depreciation	**1 303**	1 261	3
Equipment costs	**287**	224	28
Information technology (IT)[1]	**2 134**	2 241	(5)
Investment properties charges – change in fair value	**408**	41	>100
Marketing costs	**1 024**	1 036	(1)
Operating lease expenses on properties	**1 058**	1 018	4
Other operating expenses[2]	**1 960**	1 276	54
Other property costs	**399**	286	40
Printing and stationery	**220**	253	(13)
Professional fees[1]	**862**	1 076	(20)
Property costs	**1 270**	1 120	13
Staff costs	**13 078**	13 642	(4)
Bonuses	**985**	1 285	(23)
Current service costs on post-retirement benefits	**640**	772	(17)
Other staff costs[3]	**470**	487	(3)
Salaries	**10 308**	10 379	(1)
Share-based payments	**463**	467	(1)
Training costs	**212**	252	(16)
Telephone and postage	**794**	803	(1)
	25 874	25 458	2
12.2 Other impairments			
Financial instruments at amortised cost	**6**	5	20
Other	**107**	47	>100
Computer software development costs	**89**	—	100
Goodwill	**18**	28	(36)
Investments in associates and joint ventures	**—**	(2)	100
Repossessed properties	**0**	21	>(100)
	113	52	>100

Notes

[1]'Information technology' and 'Professional fees' include research and development costs totalling **R113 million** (2011: R101 million).

[2]Includes fraud losses, travel and entertainment costs and collection costs.

[3]Includes recruitment costs, membership fees to professional bodies, staff parking, redundancy fees, study assistance, staff relocation and refreshment costs.

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	2012 (Audited) Gross Rm	2012 (Audited) Net[1] Rm	2011 (Audited) Gross Rm	2011 (Audited) Net[1] Rm	Net change %
13. Headline earnings					
Headline earnings is determined as follows:					
Profit attributable to ordinary equity holders		**8 393**		9 674	(13)
Total headline earnings adjustments:		**414**		45	>100
IAS 36 – Goodwill impairment	**18**	**18**	28	28	(36)
IAS 16 – Profit on disposal of property and equipment	**(81)**	**(63)**	(33)	(30)	>(100)
IAS 28 and 31 – Headline earnings component of share of post-tax results of associates and joint ventures	**(1)**	**(1)**	(0)	(0)	>(100)
IAS 28 and 31 – Impairment reversal of investments in associates and joint ventures	**—**	**—**	(2)	(1)	100
IAS 38 and 36 – Loss on disposal and impairment of intangible assets	**92**	**65**	2	1	>100
IAS 39 – Release of available-for-sale reserves	**10**	**7**	20	14	(50)
IAS 40 – Change in fair value of investment properties	**408**	**388**	39	33	>100
Headline earnings/diluted headline earnings		**8 807**		9 719	(9)
Headline earnings per share (cents)		**1 227,3**		1 355,9	(9)
Diluted headline earnings per share (cents)		**1 224,6**		1 350,0	(9)

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
14. Dividends per share			
Ordinary dividend paid[2]			
Interim dividend (27 July 2012: 315 cents) (2 August 2011: 292 cents)	**2 262**	2 098	8
Dividends paid on treasury shares – interim dividend[3]	**(3)**	(3)	(0)
Final dividend (12 February 2013: 369 cents) (10 February 2012: 392 cents)	**2 650**	2 815	(6)
Dividends paid on treasury shares – final dividend[3]	**n/a**	(5)	100
	4 909	4 905	0
Preference dividend paid[2]			
Interim dividend (27 July 2012: 3 134,6575 cents) (2 August 2011: 2858,3014 cents)	**155**	141	10
Final dividend (12 February 2013: 2 950,5479 cents) (10 February 2012: 2 827,2329 cents)	**146**	140	4
	301	281	7

In 2007, the Minister of Finance announced a two-phased approach to Secondary Tax on Companies (STC) reform, which included the reduction of the STC tax rate to 10% and the replacement of STC with a new dividend withholding tax on shareholders (DWT). On 1 April 2012, DWT came into effect and the tax ceased to be levied at a company level, and is now levied on the shareholders who receive the dividends.

Unutilised STC credits at the end of the previous reporting period were utilised against the STC payable on the final dividend declared in February 2012. Deferred tax assets relating to unutilised STC credits up to 31 March 2012 have been utilised.

Notes

[1]The net amount is reflected after taxation and non-controlling interest.

[2]Included in the statement of changes in equity is the interim dividend paid during the current reporting period of **R2 259 million** (2011: R2 095 million) and the final dividend declared at the end of the previous reporting period of **R2 810 million** (2010: R1 649 million). These amounts are net of the dividend paid on treasury shares. Also included in the statement of changes in equity is the interim preference dividend paid during the current reporting period of **R155 million** (2011: R141 million) and the final preference dividend declared at the end of the previous reporting period of **R140 million**, (2010: R143 million) paid to preference equity holders.

[3]Dividends paid on treasury shares are calculated at the date of payment.

15. Acquisitions and disposals

Acquisitions

Subsidiaries and business combinations

Absa Financial Services Limited (AFS) obtained regulatory approval to start a new life insurance business in Zambia through its subsidiary Absa Financial Services Africa Holdings Proprietary Limited (AFSAH). AFSAH injected R15 million by subscribing in the ordinary share capital during the reporting period for the subsidiary, Barclays Life Zambia Limited.

During the reporting period, the Group, through its wholly-owned subsidiary Absa Bank Limited, (the Bank) acquired the remaining 50% shareholding in NewFunds Proprietary Limited (NewFunds) from Vunani Capital Proprietary Limited. Following the acquisition, the Group owns 100% of the shares in NewFunds. At the acquisition date, the investment was recognised at R2 million. No gain/(loss) was recognised in the statement of comprehensive income. NewFunds is a collective investment scheme manager that provides various management services to collective investment schemes.

On 1 September 2011, AFSAH acquired 100% of the share capital of Global Alliance Seguros S.A. (GA) for an initial purchase price of R156 million. The purchase price was subject to a guaranteed net asset value (NAV) of R77 million and the outcome of a due diligence investigation at the acquisition date, which is customary for a transaction of this nature. The due diligence highlighted a shortfall in the actual NAV, which resulted in AFSAH and the seller entering into negotiations to resolve the differences. The seller accepted the outcome of the due diligence and the final purchase price was settled at R129 million. The difference between the initial purchase price paid of R156 million and the final purchase price of R129 million was kept in an escrow account and refunded to the Group at the end of May 2012. The acquisition price of R129 million is represented by net assets of R54 million, goodwill of R24 million and other intangible assets, net of deferred tax of R51 million.

Other significant assets

The Group, through the Bank, acquired the store card portfolio of Edcon Proprietary Limited (Edcon). This portfolio consists of approximately four million active store cards. A cash consideration equal to the net book value was paid on the acquisition date as at 1 November 2012. The Group is responsible for credit management, fraud, risk, finance, legal, compliance and key back office operations, while Edcon manages the front office operations and primary customer interaction.

The net book value of the Edcon store card portfolio (Edcon portfolio), as at 1 November 2012, amounted to approximately R8,7 billion. The Edcon portfolio is not considered to be a business combination in terms of IFRS 3, Business Combinations (IFRS 3). The acquisition was accounted for as an acquisition of a financial asset and therefore disclosed as 'Credit cards' in 'Loans and advances to customers' (refer to note 4). The acquisition will result in an increase of R8 279 million in net loans and advances and R388 million in intangible assets (the majority of which relate to 'customer lists and relationships' with no impact on the statement of comprehensive income at the acquisition date. This transaction relates to the acquisition of the South African Edcon portfolio. The transactions relating to the other jurisdictions are to be completed in 2013.

The significant ratios are impacted mainly by the increase in the Group's asset base as a result of the increase in 'Loans and advances to customers'. The statement of comprehensive income impact is R141 million in the current reporting period

Associates and joint ventures

During the reporting period, the Group, through its Home Loans division, entered into a joint venture arrangement with other commercial banks in South Africa and created the Document Exchange Association (DEA), an unincorporated entity. The DEA's main purpose will be the facilitation and development of software to electronically exchange bank statements between local banks where these documents are used in the customer credit application process.

Disposals

Subsidiaries, business combinations and other

The Bank, through its Commercial Property Finance (CPF) division, sold all of its Class C units (effectively a holding of 64,08%) in the APEF to Absa Financial Services Proprietary Limited on 28 June 2012. The transaction is a common control transaction since APEF and Absa Financial Services Proprietary Limited are ultimately controlled by the same party, both before and after the transaction. The Bank has recognised the disposal of APEF, while Absa Financial Services Proprietary Limited has recognised the acquisition. There is no change in the accounting and presentation of the CPF division and no impact on the Group's reported profits. The transfer resulted in net assets of R340 million being transferred between RBB and Financial Services.

15. Acquisitions and disposals *(continued)*

Disposals *(continued)*

Subsidiaries, business combinations and other (continued)

APEF operates as a special purpose entity (SPE) and was consolidated in terms of SIC-12, Consolidated – Special Purpose Entities (SIC-12), as the Group held the majority of the units in issue and was thereby exposed to the majority of the risks and rewards of the fund.

During July 2012, AFS disposed of some of the units it owned in the APEF to the extent that its effective holding decreased. Management's intention is to dispose of further units such that AFS will no longer have control over the APEF. As at the reporting date, AFS remains committed to its sale plan involving loss of control. The investment in APEF has therefore been classified as a non-current asset held for sale.

No gain or loss was recognised on deconsolidation in the Group consolidated results due to the underlying assets being measured at fair value.

16. Related parties

Barclays Bank PLC owns **55,5%** (2011: 55,5%) of the ordinary shares in the Group. The remaining **44,5%** (2011: 44,5%) of the shares are widely held on the Johannesburg Stock Exchange (JSE).

The following are defined as related parties of the Group:

- key management personnel (refer to note 16.1 and 16.2);
- the parent company (refer to note 16.3);
- fellow subsidiaries, associates and joint ventures of the parent company (refer to note 16.4);
- subsidiaries;
- associates, joint ventures and retirement benefit fund;
- an entity controlled/jointly controlled or significantly influenced by any individual referred to above;
- post-employment benefit plans for the benefit of employees or any entity that is a related party of the Group; and
- children and/or dependants and spouses or partners of the individuals referred to above.

For the remainder of this note, debit amounts are shown as positive, credit amounts are shown as negative.

16.1 Balances and transactions with key management personnel

IAS 24 requires the identification of key management personnel, who are individuals responsible for planning, directing and controlling the activities of the entity, including directors. Key management personnel are defined as executive and non-executive directors and members of the Group Executive Committee (Exco). Entities controlled by key management personnel are also considered to be related parties.

A number of banking and insurance transactions are entered into with key management personnel in the normal course of business, under terms that are no more favourable than those arranged with third parties. These include loans, deposits and foreign currency transactions.

The related party transactions, outstanding balances at the end of the reporting period, and related expenses and income with related parties for the reporting period are as follows:

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
Balances			
Loans	**455**	680	(33)
Deposits	**(15)**	(34)	56
Guarantees issued by the Group	**103**	79	30
Other investments	**40**	81	(51)

Loans include mortgages, asset finance transactions, overdraft and other credit facilities. Loans to key management personnel are provided on the same terms and conditions as loans to employees of the Group, including interest rates and collateral requirements.

Loans to key management personnel of **Rnil** (2011: Rnil) were written off as irrecoverable. Loans to entities controlled by key management personnel of **Rnil** (2011: Rnil) were written off as irrecoverable.

In addition to the specific guarantees, a number of key management personnel and entities controlled by key management personnel have unlimited surety with the Group. There were no bad debt expenses and provision for bad debts that related to balances with key management personnel.

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
16. Related parties *(continued)*			
16.1 Balances and transactions with key management personnel *(continued)*			
Transactions			
Interest income	**(45)**	(56)	20
Interest expense	**1**	1	0
Insurance premiums paid	**0,41**	0,41	0
Insurance claims received	**0,08**	0,17	(53)
16.2 Key management personnel compensation			
Directors			
Post-employment benefit contributions	**1**	1	0
Salaries and other short-term benefits	**30**	33	(9)
Share-based payments	**32**	27	19
Termination benefits	**12**	—	100
	75	61	23
Other key management personnel			
Post-employment benefit contributions	**2**	2	0
Salaries and other short-term benefits	**65**	42	55
Share-based payments	**47**	36	31
Termination benefits	**0**	3	(100)
	114	83	37
16.3 Balances and transactions with the parent company			
Balances			
Loans and advances to banks	**20 698**	41 065	(50)
Derivative assets	**14 310**	10 254	40
Nominal value of derivative assets	**1 399 103**	637 611	>100
Other assets	**896**	338	>100
Investment securities	**584**	499	17
Deposits from banks	**(8 968)**	(5 784)	(55)
Derivative liabilities	**(13 842)**	(10 488)	(32)
Nominal value of derivative liabilities	**(1 213 065)**	(462 870)	>(100)
Other liabilities	**(59)**	(1 167)	>100
Transactions			
Interest and similar income	**(204)**	(111)	84
Interest and similar expense	**106**	67	58
Net fee and commission income	**(18)**	—	(100)
Gains and losses from banking and trading activities	**(158)**	(136)	(16)
Other operating income	**(37)**	(152)	76
Operating expenditure/recovered expenses	**(12)**	(115)	>(100)
Dividends paid	**2 819**	2 082	35

Trade balances must be settled in accordance with market conventions applicable to the underlying transaction. Non-trade balances must be settled by the close of the month immediately following the month in which the transaction occurred. Further, settlement must be in the currency required by the parent company. In exceptional cases, it may be impractical or inefficient to settle balances monthly. In such cases, the unsettled balances must be explicitly agreed to on a monthly basis in writing and full settlement must be made at least quarterly. There were no bad debt expenses and provisions for bad debts that related to balances and transactions with the parent company.

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
16. Related parties *(continued)*			
16.4 Balances and transactions with fellow subsidiaries, associates and joint ventures of the parent company[1]			
Balances			
Loans and advances to banks	**221**	188	18
Derivative assets	**37**	0	>100
Nominal value of a derivative assets	**947**	608	56
Other assets	**87**	—	100
Deposits from banks	**(1 016)**	—	(100)
Derivative liabilities	**5**	(72)	>100
Nominal value of derivative liabilities	**(521)**	(1 441)	>100
Other liabilities	**(61)**	(52)	17
Transactions			
Interest and similar income	**—**	(2)	100
Net fee and commission income	**(7)**	(12)	42
Other operating income	**(3)**	—	(100)
Operating expenditures/recovered expenses	**126**	152	>(100)

Trade balances must be settled in accordance with market conventions applicable to the underlying transaction. Non-trade balances must be settled by the close of the month immediately following the month in which the transaction occurred. Further, settlement must be in the currency required by the fellow subsidiary, associate or joint venture receiving the settlement. In exceptional cases, it may be impractical or inefficient to settle balances monthly. In such cases, the unsettled balances must be explicitly agreed to on a monthly basis in writing, and full settlement must be made at least quarterly.

There were no bad debt expenses and provisions for bad debts that related to balances and transactions with fellow subsidiaries, associates and joint ventures.

	2012 (Audited) Rm	2011 (Audited) Rm	Change %
17. Assets under management and administration			
Alternative asset management and exchange-traded funds	**41 957**	30 486	38
Deceased estates[2]	**2 012**	2 166	(7)
Other	**12 995**	13 882	(6)
Participation bond schemes	**2 184**	2 544	(14)
Portfolio management	**44 222**	26 792	65
Private equity	**819**	728	13
Trusts[2]	**3 783**	3 343	13
Unit trusts	**138 978**	133 245	4
	246 950	213 186	16
18. Financial guarantee contracts			
Financial guarantee contracts[3]	**146**	356	(59)

Notes

[1]Fellow subsidiaries, associates and joint ventures are those entities of Barclays Bank PLC.

[2]These balances are unaudited.

[3]Financial guarantee contracts represent contracts where the Group undertakes to make specified payments to a counterparty, should the counterparty suffer a loss as a result of a specified debtor failing to make payment when due in accordance with the terms of a debt instrument. This amount represents the maximum off-statement of financial position exposure, which is not necessarily the measurement recognised in the statement of financial position in accordance with IFRS.

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as at 31 December

		2012 (Audited) Rm	2011 (Audited) Rm	Change %
19.	**Commitments**			
	Authorised capital expenditure			
	Contracted but not provided for[1]	**578**	283	>100
	Operating lease payments due[2]			
	No later than one year	**936**	1 106	(15)
	Later than one year and no later than five years	**1 948**	2 136	(9)
	Later than five years	**365**	585	(38)
		3 249	3 827	(15)
	Sponsorship payments due[3]			
	No later than one year	**289**	209	38
	Later than one year and no later than five years	**884**	299	>100
		1 173	508	>100
20.	**Contingencies**			
	Guarantees[4]	**16 217**	13 226	23
	Irrevocable debt facilities[5]	**46 483**	46 189	1
	Irrevocable equity facilities[5]	**543**	494	10
	Letters of credit	**6 670**	5 190	29
	Other	**6**	10	(40)
		69 919	65 109	7

Notes

[1] The Group 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 property and equipment, none of which is individually significant to the Group. Leases are negotiated for an average term of three to five years and rentals are renegotiated annually.

[3] The Group has sponsorship commitments in respect of sports, arts and culture. Certain sponsorship agreements expire in 2013 and are under review by management for renewal in the foreseeable future.

[4] Guarantees include performance and payment guarantee contracts.

[5] Irrevocable facilities are commitments to extend credit where the Group 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.

21. Segment performance

21.1 Condensed consolidated profit contribution by segment

	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %
Banking operations			
RBB	**4 346**	6 106	(29)
Retail Markets	**3 436**	4 243	(19)
Home Loans	**(992)**	516	>(100)
Vehicle and Asset Finance	**791**	403	96
Card (including Edcon)	**2 088**	1 757	19
Personal Loans	**587**	720	(18)
Retail Bank	**947**	647	46
AllPay	**15**	200	(93)
Business Markets	**910**	1 863	(51)
CIBW	**2 810**	2 230	26
Corporate Centre	**239**	(37)	>100
Capital and funding centres	**369**	329	12
Non-controlling interest – preference shares[2]	**(295)**	(284)	(4)
Total banking	**7 469**	8 344	(10)
Financial Services	**1 338**	1 375	(3)
Headline earnings	**8 807**	9 719	(9)

21.2 Condensed consolidated total revenue[3] contribution by segment

	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %
Banking operations			
RBB	**33 853**	33 514	1
Retail Markets	**24 855**	24 334	2
Home Loans	**4 202**	4 129	2
Vehicle and Asset Finance	**2 236**	2 171	3
Card (including Edcon)	**5 727**	4 970	15
Personal Loans	**1 971**	2 108	(6)
Retail Bank	**10 551**	10 353	2
AllPay	**168**	603	(72)
Business Markets	**8 998**	9 180	(2)
CIBW	**8 628**	7 822	10
Corporate Centre	**(492)**	(198)	>(100)
Capital and funding centres	**847**	679	25
Total banking	**42 836**	41 817	2
Financial Services	**4 016**	4 015	0
Total revenue	**46 852**	45 832	2

Notes

[1]Comparatives have been reclassified, refer to note 23.

[2]Includes the elimination of non-controlling interest – preference shares.

[3]Revenue includes net interest income and non-interest income.

21. Segment performance *(continued)*

21.3 Condensed consolidated total internal revenue[2] contribution by segment

	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %
Banking operations			
RBB	**(10 252)**	(11 727)	13
Retail Markets	**(10 080)**	(10 935)	8
Home Loans	**(12 082)**	(12 888)	6
Vehicle and Asset Finance	**(2 498)**	(2 435)	(3)
Card (including Edcon)	**(745)**	(633)	(18)
Personal Loans	**(523)**	(569)	8
Retail Bank	**5 750**	5 556	3
AllPay	**18**	34	(47)
Business Markets	**(172)**	(792)	78
CIBW	**10 622**	12 692	(16)
Corporate Centre	**253**	606	(58)
Capital and funding centres	**(185)**	(1 170)	84
Total banking	**438**	401	9
Financial Services	**(438)**	(401)	(9)
Total internal revenue	**—**	—	—

21.4 Condensed consolidated total assets by segment

	2012 (Audited) Rm	2011[1] (Audited) Rm	Change %
Banking operations			
RBB	**614 999**	582 184	6
Retail Markets	**501 461**	471 476	6
Home Loans	**227 138**	239 566	(5)
Vehicle and Asset Finance	**51 942**	46 511	12
Card (including Edcon)	**43 731**	29 456	48
Personal Loans	**13 318**	13 494	(1)
Retail Bank	**165 145**	140 692	17
AllPay	**187**	1 757	(89)
Business Markets	**113 538**	110 708	3
CIBW	**473 955**	466 840	2
Corporate Centre	**(398 985)**	(371 915)	11
Capital and funding centres	**92 118**	83 967	11
Total banking	**782 087**	761 076	3
Financial Services	**25 852**	25 643	1
Total assets	**807 939**	786 719	3

22. Fair value hierarchy disclosures

Significant transfers of financial instruments between levels

There have been no significant transfers of financial instruments between levels during the current reporting period.

	2011 (Audited)		
	Valuations with reference to observable prices Level 1 Rm	Valuations based on observable inputs Level 2 Rm	Valuations based on unobservable inputs Level 3 Rm
Financial liabilities designated at fair value through profit and loss			
Deposits due to customers	—	655	(655)

Notes

[1]Comparatives have been reclassified, refer to note 23.

[2]Internal revenue includes net interest income and non-interest income.

23. Reclassifications

Some items within the financial statements for the reporting periods ended 31 December 2011 and 31 December 2010 were reclassified in the current reporting period.

23.1 Initial margin

During the current reporting period, the Group reclassified certain initial margins placed as collateral which were previously disclosed as 'Other assets' to 'Loans and advances to banks' and 'Loans and advances to customers' in order to reflect the true nature of these balances as collateralised loans. This has resulted in comparatives being reclassified for the 2011 and 2010 reporting periods as reflected in the table that follows:

		2011 (Audited)	
	As previously reported Rm	Reclassifications Rm	Reclassified Rm
Loans and advances to banks	57 432	67	57 499
Other assets	16 219	(1 489)	14 730
Loans and advances to customers	503 503	1 422	504 925

		2010 (Audited)	
	As previously reported Rm	Reclassifications Rm	Reclassified Rm
Loans and advances to banks	27 495	77	27 572
Other assets	12 855	(895)	11 960
Loans and advances to customers	508 780	818	509 598

23.2 Elimination of funding interest

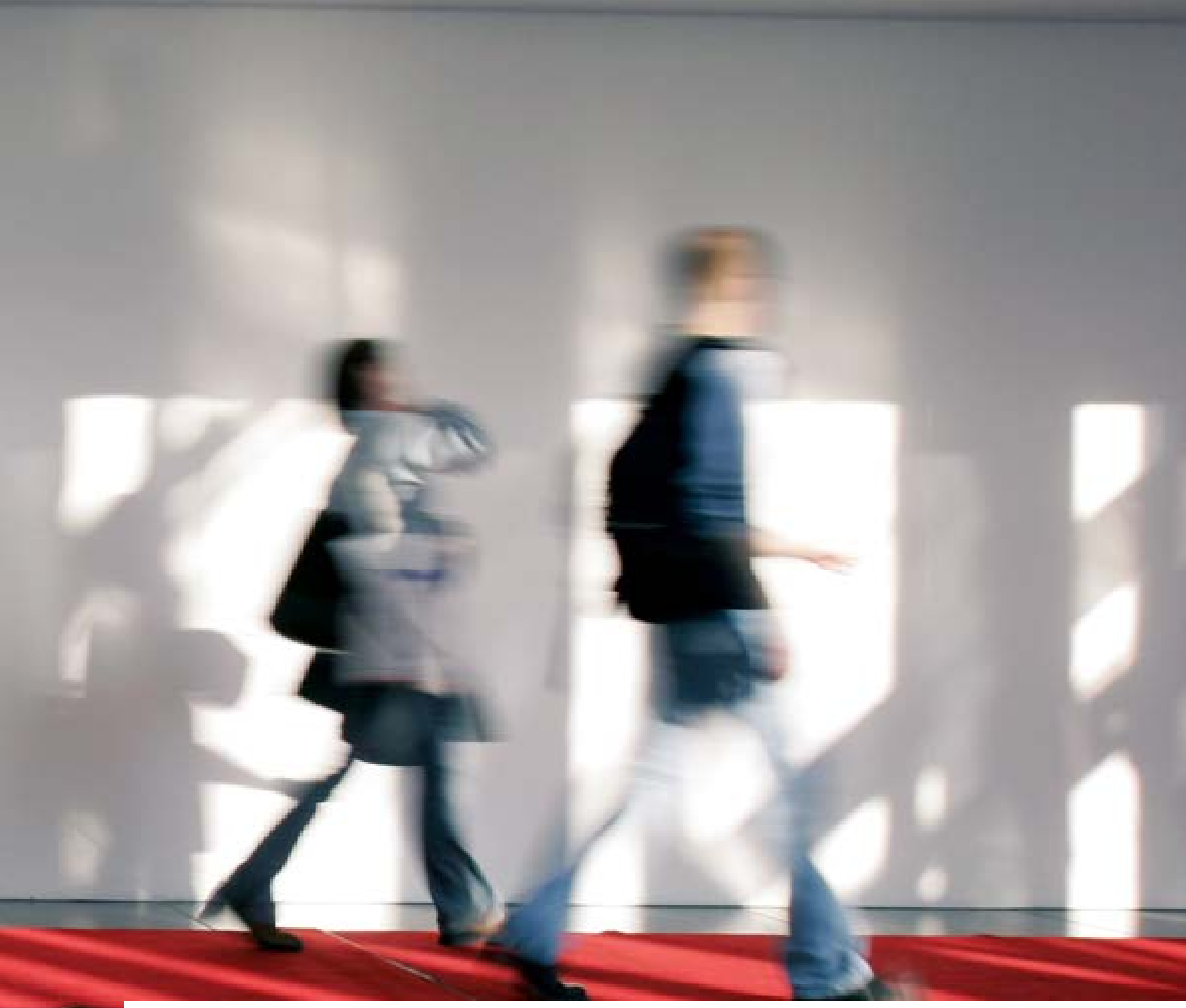
During the current reporting period, the Group refined the elimination of funding interest between 'Interest and similar income' and 'Interest expense and similar charges'. This resulted in comparatives being reclassified for the 2011 reporting period as reflected in the table that follows:

		2011 (Audited)	
	As previously reported Rm	Reclassifications Rm	Reclassified Rm
Interest and similar income	51 221	(30)	51 191
Interest expense and similar charges	(26 792)	30	(26 762)

23.3 Segment reclassifications

The following segment reclassifications have taken place during the current reporting period:

- As part of the One Absa strategy, the segments of Retail Markets (previously known as Retail Banking) and Business Markets (previously known as Absa Corporate and Business Bank) were merged into the RBB segment.
- Absa Cash Solutions Group Processing Centre and Integrated Processing Services were moved from the Corporate Centre to RBB.
- Absa Development Company Holdings Proprietary Limited, a subsidiary of the Group, was segmented into Retail Markets and Business Markets. Its results were previously reported in Retail Markets.
- The Group's corporate customers and products were transferred from Business Markets to CIBW following an initiative to optimise product delivery to its corporate customers.
- Support Services was renamed to Enterprise Core Services, which consists of a significant division namely the Corporate Centre.
- Foreign Exchange and Group Payments were moved from the Corporate Centre to CIBW.



Notice of annual general meeting


Notice of annual general meeting

A member of the Company entitled to attend and vote at the below mentioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. Meeting attendees will be required to provide satisfactory identification before being allowed to participate in the meeting.

Absa Group Limited
(Incorporated in the Republic of South Africa)
Authorised financial services and registered credit provider (NCRCP7)
Registration number: 1986/003934/06
("the Company")
JSE share code: ASA
Issuer code: AMAGB
ISIN: ZAE000067237

Record date: 19 April 2013

Notice is hereby given that the 27th (twenty-seventh) annual general meeting ("AGM") of ordinary shareholders will be held in the P W Sceales Auditorium, Absa Towers, 160 Main Street, Johannesburg, on Thursday, 2 May 2013 at 11:00, for the purposes of considering, and if deemed fit, passing the ordinary and special resolutions below.

Agenda

1. **Ordinary resolution number 1 – Annual financial statements**
   "To consider and endorse the Company's audited annual financial statements, including the reports of the directors, audit committee and auditors, for the year ended 31 December 2012."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

2. **Ordinary resolution number 2 – Reappointment of the auditors**
   "Resolved to reappoint PricewaterhouseCoopers Inc. (with Mr John Bennett as designated auditor) and Ernst & Young Inc. (with Mr Emilio Pera as designated auditor) as the auditors of the Company until the conclusion of the next AGM."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

Motivation for ordinary resolution number 2

Shareholders are requested to consider, and if deemed appropriate, to reappoint PricewaterhouseCoopers Inc. (with Mr John Bennett as designated auditor) and Ernst & Young Inc. (with Mr Emilio Pera as designated auditor) as the auditors of the Company to hold office until the conclusion of the next AGM. The Group Audit and Compliance Committee has recommended and the Board has endorsed the above reappointments.

3. **Ordinary resolution number 3 – re-election of C Beggs**
   "Resolved that C Beggs, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and who has offered himself for re-election, is hereby reappointed as a director of the Company with immediate effect."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

4. **Ordinary resolution number 4 – re-election of Y Z Cuba**
   "Resolved that Y Z Cuba, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and who has offered herself for re-election, is hereby reappointed as a director of the Company with immediate effect."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

5. **Ordinary resolution number 5 – re-election of R Le Blanc**
   "Resolved that R Le Blanc, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and who has offered himself for re-election, is hereby reappointed as a director of the Company with immediate effect."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

6. **Ordinary resolution number 6 – re-election of T S Munday**

   "Resolved that T S Munday, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and who has offered himself for re-election, is hereby reappointed as a director of the Company with immediate effect."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

7. **Ordinary resolution number 7 – re-election of M D C D N C Ramos**

   "Resolved that M D C D N C Ramos, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and who has offered herself for re-election, is hereby reappointed as a director of the Company with immediate effect."

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

   The profiles of the directors standing for re-election as outlined in ordinary resolutions 3 to 7 above appear on pages 6 to 7 of the integrated report.

   The following directors are retiring at the conclusion of this AGM, and have not offered themselves for re-election (see note below resolution 10):
   S A Fakie
   T M Mokgosi-Mwantembe
   E C Mondlane, Jr
   L L von Zeuner
   B J Willemse

8. **Ordinary resolution number 8 – Confirmation of appointment of a director: W E Lucas-Bull**

   "Resolved that the appointment of W E Lucas-Bull as a director of the Company with effect 1 April 2013 is hereby confirmed."

   Ms Lucas-Bull's profile appears on page 8 of the integrated report.

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

9. **Ordinary resolution number 9 – Confirmation of appointment of a director: A V Vaswani**

   "Resolved that the appointment of A V Vaswani as a director of the Company with effect 1 March 2013 is hereby confirmed."

   Mr Vaswani's profile appears on page 8 of the integrated report.

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

10. **Ordinary resolution number 10 – Confirmation of appointment of a director: P A Clackson**

   "Resolved that the appointment of P A Clackson as director of the Company with effect 1 March 2013 is hereby confirmed."

   Mr Clackson's profile appears on page 8 of the integrated report.

   Percentage of voting rights required to pass this resolution: 50% + 1 vote

Motivation for ordinary resolution number 8 to 10

In terms of the Company's Memorandum of Incorporation, the appointment by the Board of directors or any persons as directors of the Company during the year after the last AGM requires confirmation by shareholders at the first AGM of the Company following the appointment of such persons. Ms W E Lucas-Bull and Messrs A V Vaswani and P A Clackson were appointed as directors of the Company subsequent to the last AGM. The Board recommends to shareholders that their appointment be confirmed.

S A Fakie, T M Mokgosi-Mwantembe and L L von Zeuner will remain on the board of Absa Bank Limited, the wholly-owned subsidiary of the Company. E C Mondlane, Jr and B J Willemse will join the board of Absa Financial Services Limited, another wholly-owned subsidiary of the Company which is the holding company of the Absa Group's short-term, life, and asset management businesses.

Following the above retirements, the re-elections and the confirmations, and should resolutions 3 to 10 be passed, the Board of –

- the Company will comprise 12 members, namely: C Beggs, P A Clackson, Y Z Cuba, D W P Hodnett, M J Husain, R Le Blanc, W E Lucas-Bull, P B Matlare, T S Munday, S G Pretorius, M Ramos and A V Vaswani. During the course of the coming months, two additional Board appointments will be made, to represent the Pan-African interests of the Company going forward.
- Absa Bank Limited will comprise 10 members, namely: C Beggs, Y Z Cuba, S A Fakie, D W P Hodnett, M J Husain, W E Lucas-Bull, T M Mokgosi-Mwantembe, T S Munday, M Ramos and L L von Zeuner.

11. **Ordinary resolution number 11 – Placing of the authorised but unissued ordinary share capital under the control of the directors**

    "Resolved that the authorised but unissued ordinary shares of the Company (other than those specifically identified and authorised for issue in terms of any other authority by shareholders) are hereby placed under the control of the directors, subject to any applicable legislation and the JSE Listings Requirements and any other stock exchange upon which ordinary shares in the capital of the Company may be quoted or listed from time to time. The directors are hereby authorised (other than those specifically identified and authorised for issue in terms of any other authority by shareholders) to allot and issue those ordinary shares on any such terms and conditions as they deem fit, subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to the lower of 5% (five per cent) of the number of ordinary shares in issue as at 31 December 2012 or the maximum number of authorised but unissued ordinary shares from time to time."

    The maximum number of shares that can be allotted and issued in terms of the above is the lower of 5% (five per cent) of the number of ordinary shares in issue as at 31 December 2012 , being 35 910 502 (thirty-five million nine hundred and ten thousand five hundred and two) ordinary shares of the 718 210 043 (seven-hundred and eighteen million two-hundred and ten thousand and forty-three) ordinary shares in issue as at 31 December 2012 or the maximum number of authorised but unissued ordinary shares from time to time.

    Percentage of voting rights required to pass this resolution: 50% + 1 vote

Motivation for ordinary resolution number 11

In terms of the Company's Memorandum of Incorporation, the members of the Company have to approve the placement of the unissued ordinary shares under the control of the directors.

Unless renewed, the existing authority granted by the members at the previous AGM on 3 May 2012 expires at the forthcoming AGM. The authority will be subject to the Companies Act, the Banks Act and the JSE Listings Requirements. The aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to the lower of 5% (five per cent) of the number of ordinary shares in issue as at 31 December 2012 or the maximum number of authorised but unissued ordinary shares from time to time.

The directors have decided to seek annual renewal of this authority, in accordance with best practice. The directors have no current plans to make use of this authority, but are seeking its renewal to ensure that the Company has maximum flexibility in managing the Group's capital resources.

12. **Ordinary resolution number 12 – Non-binding vote on the Company's remuneration policy**

    "To endorse on a non-binding advisory basis, the Company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of Board committees)."

    Percentage of voting rights required to pass this resolution: 50% + 1 vote

Motivation for the non-binding vote on the Company's remuneration policy

King III recommends that the remuneration policy be tabled to shareholders for a non-binding vote at each AGM. The Company's remuneration policy appears in the remuneration summary on pages 76 to 99 of the integrated report.

13. **Special resolution number 1 – Remuneration of non-executive directors**

"Resolved to approve the proposed remuneration to be payable to non-executive directors of the Company for the period 1 May 2013 to and including the last day of the month preceding the date of the next AGM thereafter, as set out in the table below:

Category	Note	**Remuneration for the 12-month period from 1 May 2013 to 30 April 2014 R**	Remuneration for the 12-month period from 1 May 2012 to 30 April 2013 R	Increase
Board Chairman	1	**4 500 000**	3 860 000	17%
Board member	2, 3, 4	**415 000**	368 000 (previously 184 000 for Company only)	13%
Group Audit and Compliance Committee (GACC) member	5	**225 000**	200 000	13%
Group Risk and Capital Management Committee (GRCMC) member	5	**225 000**	200 000	13%
Group Remuneration and Human Resources Committee (GRHRC) member	5	**125 000**	110 000	14%
Directors' Affairs Committee (DAC) member		**85 000**	75 000	13%
Concentration Risk Committee (CoRC) (incorporating Credit Committee: Large Exposures and Group Credit Committee) member	6	**40 000** **1 925 per facility reviewed**	37 500 1 800 per facility reviewed	7% 7%
Social and Ethics Committee (SEC)	6	**90 000**	75 000	20%
Disclosure Committee (DC)	6	**67 500**	60 000	13%
IT Committee	6	**75 000**	n/a	n/a
Board Finance Committee (BFC)		**16 600 per meeting**	15 500 per meeting	7%
Special Board meeting		**28 500 per meeting**	25 200 per meeting	13%
Special (*ad hoc*) Board committee meetings and sub-committee meetings		**17 500 per meeting**	15 500 per meeting	13%
Consultancy work		**3 900 per hour**	3 650 per hour	7%

Notes

[1]The Company Board Chairman's fee covers chairmanship and membership of all of the Company's and any of its subsidiaries' Board committees and sub-committees.

[2]Executive directors of the Company do not receive fees as members of the Company Board.

[3]The prior year's fee paid to members of the Company and Absa Bank Limited boards was R368 000, i.e. R184 000 per member per board. The Bank and Company boards have run concurrently. With effect from 1 May 2013, these boards will operate separately, with distinct membership and separate agendas. The proposed fee for members of the Company Board is based on a aggregate fee with an annual inflation and market adjustment of 7% and a structural adjustment of 5% to recognise the complexity and extended size of the Company.

[4]Fees paid to members of the Board domiciled outside South Africa, will be converted to pound sterling at the prevailing exchange rate as at 1 May 2013. In addition, at the Group Chairman's discretion, *ad hoc* fees for travel time may be paid to these non-South African directors.

[5]The GACC, GRCMC and GRHRC chairmen receive fees equal to two and a half times (2,5x) the fee payable to a GACC, GRCMC and GRHRC member.

[6]The chairmen of Board committees and sub-committees other than the GACC, GRCMC and GRHRC receive fees equal to twice the fee payable to members of these committees.

Full particulars of all remuneration and benefits for the past year, as well as the process followed by the Group Remuneration and Human Resources Committee in recommending such Board remuneration and benefits, are contained on pages 76 to 99 of the integrated report.

Percentage of voting rights required to pass this resolution: 75%

Motivation for special resolution number 1

Shareholders are requested to consider and, if deemed appropriate, sanction the proposed remuneration payable to non-executive directors for the period 1 May 2013 to 30 April 2014 as set out above.

The reason for the passing of the special resolution is to comply with the provisions of the Companies Act.

The effect of the special resolution is that, if approved by the shareholders at the AGM, the fees payable to non-executive directors until the next AGM will be as set out in the table above.

14. Special resolution number 2 – General repurchases

"Resolved that the Company or any subsidiary of the Company may, subject to the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements and any other stock exchange upon which the securities in the capital of the Company may be quoted or listed from time to time, repurchase ordinary shares issued by the Company, provided that this authority shall be valid only until the date of the next annual general meeting of the Company or for 15 (fifteen) months from the date of the resolution, whichever is the earlier, and may be varied by a special resolution at any general meeting of the Company at any time prior to the AGM."

Pursuant to the above and as required in terms of the JSE Listings Requirements, the following additional information is submitted:

It is recorded that the Company or any subsidiary of the Company may only make a general repurchase of ordinary shares if:

- the repurchase of ordinary shares is effected through the order book operated by the JSE trading system and is done without any prior understanding or arrangement between the Company or the relevant subsidiary and the counterparty;
- the Company or the relevant subsidiary is authorised thereto by its Memorandum of Incorporation;
- the Company or the relevant subsidiary is authorised thereto by its shareholders in terms of a special resolution of the Company or the relevant subsidiary in general meeting, which authorisation shall be valid only until the date of the next AGM or for 15 (fifteen) months from the date of the resolution, whichever is the shorter;
- repurchases are made at a price no greater than 10% (ten per cent) above the volume weighted average of the market value for the ordinary shares for the 5 (five) business days immediately preceding the date on which the repurchase is effected;
- at any point in time, the Company or the relevant subsidiary may only appoint one agent to effect any repurchases on the Company's behalf;
- the Company or the relevant subsidiary does not repurchase securities during a prohibited period defined in terms of the JSE Listings Requirements, unless it has a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- a paid press announcement, containing full details of such repurchases is published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the number of securities in issue prior to the repurchases and for each 3% (three per cent), on a cumulative basis, thereafter; and
- the general repurchase of any ordinary shares is (notwithstanding the 20% limit in the JSE Listings Requirements) limited to a maximum of 10% (ten per cent) of the Company's issued ordinary share capital in any one financial year.

In terms of the general authority given under this special resolution, any acquisition of ordinary shares shall be subject to:

- the Companies Act;
- the JSE Listings Requirements and any other applicable stock exchange rules, as may be amended from time to time;
- the sanction of any other relevant authority whose approval is required in law; and
- a resolution by the Board that they authorised the repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group.

After having considered the effect of any repurchases of ordinary shares pursuant to this general authority, the directors of the Company in terms of the Companies Act, and the JSE Listings Requirements confirm that they will not undertake such repurchase of ordinary shares unless:

- the Company and the Group would be able to repay their debts in the ordinary course of business for the period of 12 (twelve) months after the date of the notice of the AGM;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards and the Company's accounting policies used in the latest audited Group financial statements, will be in excess of the liabilities of the Company and the Group for the period of 12 (twelve) months after the date of the notice of the AGM;
- the Company and the Group will have adequate capital and reserves for ordinary business purposes for the period of 12 (twelve) months after the date of the notice of the AGM; and

- the working capital of the Company and the Group will be adequate for ordinary business purposes for the period of 12 (twelve) months after the date of the notice of the AGM.

The Company undertakes that it will not enter the market to repurchase the Company's securities, in terms of this general authority, until such time as the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the JSE Listings Requirements.

The maximum number of shares that can be repurchased under this authority amounts to 71 821 004 (seventy-one million eight hundred and twenty-one thousand and four) ordinary shares (10% (ten per cent) of 718 210 043 (seven-hundred and eighteen million two-hundred and ten thousand and forty-three) ordinary shares in issue as at 31 December 2012).

For the purposes of considering the special resolution and in compliance with paragraph 11.26 of the JSE Listings Requirements, certain information is either listed below or has been included in the integrated report:

- Directors and management – refer to pages 6 to 9 of the integrated report.
- Major shareholders – refer to page 108 of the integrated report.
- No material changes in the financial or trading position of the Company and its subsidiaries since 31 December 2012.
- Directors' interests in securities – refer to page 109 of the integrated report.
- Share capital of the Company – refer to page 110 of the integrated report.
- The directors, whose names are set out on pages 6 to 7 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information contained in this notice and accompanying documents and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard, and further that this notice contains all information required by law and the Listings Requirements.
- There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware), which may or have had a material effect on the Company's financial position over the past 12 (twelve) months preceding the date of this notice of annual general meeting.

Percentage of voting rights required to pass this resolution: 75%

Motivation for the special resolution number 2

The Company's Memorandum of Incorporation contains a provision allowing the Company or any subsidiary of the Company to repurchase securities issued by the Company. This is subject to the approval of the members in terms of the Company's Memorandum of Incorporation, the Companies Act, the Banks Act and the JSE Listings Requirements. The existing general authority, granted by members at the previous AGM on 3 May 2012, is due to expire, unless renewed.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase the securities issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

The proposed general authority would enable the Company or any subsidiary of the Company to repurchase up to a maximum of 71 821 004 (seventy-one million eight hundred and twenty-one thousand and four) ordinary shares (10% (ten per cent) of 718 210 043 (seven-hundred and eighteen million two-hundred and ten thousand and forty-three) ordinary shares in issue as at 31 December 2012), with a stated upper limit on the price payable, which reflects the JSE Listings Requirements.

The reason for the passing of the special resolution is to enable the Company or any of its subsidiaries, by way of a general authority from shareholders, to repurchase ordinary shares issued by the Company.

The effect of the special resolution will be to permit the Company or any of its subsidiaries to repurchase such ordinary shares in terms of the Companies Act. This authority will only be used if circumstances are appropriate.

15. Special resolution number 3 – Financial assistance to any person as envisaged in section 44 of the Companies Act

"Resolved that:

the Company be and is hereby authorised, in terms of a general authority contemplated in section 44(3)(a)(ii) of the Companies Act for a period of two years from the date of this resolution, to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise as defined in section 44(2) of the Companies Act ("Financial Assistance") to any person for the purposes or in connection with:

(i) the subscription of any option or any securities issued or to be issued by the Company or a related or inter-related company; or

(ii) the purchase of any securities of the Company or a related or inter-related company;

subject to the Board of directors of the Company being satisfied that:

(iii) pursuant to section 44(3)(b)(i) of the Companies Act, immediately after providing the Financial Assistance, the Company would satisfy the solvency and liquidity test (as defined in section 4(1) of the Companies Act);

(iv) pursuant to section 44(3)(b)(ii) of the Companies Act, the terms under which the Financial Assistance is proposed to be given are fair and reasonable to the Company; and

(v) any conditions or restrictions in respect of the granting of the Financial Assistance set out in the Company's Memorandum of Incorporation have been complied with."

Percentage of voting rights required to pass this resolution: 75%.

Motivation for the special resolution number 3

The reason is that section 44 of the Companies Act regulates the provision of Financial Assistance by the Company to any person by way of a loan, guarantee, the provision of security or otherwise for the purpose of or in connection with, (i) the subscription of any option, or any securities, issued or to be issued by the Company or related or inter-related company, or (ii) for the purchase of any securities of the Company, or a related or inter-related company.

The effect is that this will allow the Board of the Company, always subject to applicable law in particular the solvency and liquidity requirements as set out in the Act, to provide Financial Assistance to any person for the purposes envisaged in section 44(2) of the Companies Act.

16. Special resolution number 4 – Financial assistance to a related or inter-related company/corporation

"Resolved that:

the Company be and is hereby authorised, in terms of a general authority contemplated in section 45(3)(a)(ii) of the Companies Act for a period of two years from the date of this resolution, to provide direct or indirect financial assistance (as defined in section 45(1) of the Companies Act) ("Financial Assistance") to the following categories of persons ("Categories of Persons"):

(a) related or inter-related company or corporation; and/or

(b) member of a related or inter-related corporation;

subject to, in relation to each grant of Financial Assistance to the Categories of Persons of such Financial Assistance, the Board of directors of the Company being satisfied that:

(i) pursuant to section 45(3)(b)(i) of the Companies Act, immediately after providing the Financial Assistance, the Company would satisfy the solvency and liquidity test (as defined in section 4(1) of the Companies Act);

(ii) pursuant to section 45(3)(b)(ii) of the Companies Act, the terms under which the Financial Assistance is proposed to be given are fair and reasonable to the Company; and

(iii) any conditions or restrictions in respect of the granting of the Financial Assistance set out in the Company's Memorandum of Incorporation have been complied with."

Percentage of voting rights required to pass this resolution: 75%.

Motivation for the special resolution number 4

The reason is that section 45 of the Companies Act regulates the provision of Financial Assistance by the Company to certain Categories of Persons. The term Financial Assistance has been defined in the Companies Act in wide terms and includes lending money, guaranteeing a loan or obligation, and securing any debt or obligation but excludes lending money in the ordinary course of business by a company whose primary business is the lending of money. The Companies Act stipulates that the Board of directors of the Company may provide Financial Assistance as contemplated in section 45 of the Companies Act to the Categories of Persons, provided that the shareholders of the Company passed a special resolution within the previous two years which approves such Financial Assistance generally for such Categories of Persons.

The effect is that this will allow the Board of the Company, always subject to applicable law in particular the solvency and liquidity requirements as set out in the Act, to provide Financial Assistance to the said Categories of Persons.

Proxy and voting procedures

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend or vote at the annual general meeting and are entitled to appoint a proxy to attend, speak and vote in their stead. The person so appointed need not be a member of the Company.

Certificated members or dematerialised members with "own name" registration who are unable to attend the annual general meeting but wish to be represented thereat must complete the proxy form on page 35 of this leaflet.

In order to be effective, proxy forms should be delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001 or be posted to PO Box 61051, Marshalltown, 2107 so as to reach this address no later than 11:00 on 29 April 2013.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their participant (formerly Central Securities Depository Participant) or their stockbroker:

- to furnish their participant or stockbroker with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary letter of representation.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a member of the Company.

Meeting attendees will be required to provide satisfactory identification before being allowed to participate in the meeting.

By order of the Board

N R Drutman
Group Company Secretary

28 March 2013

Appendix to the notice of annual general meeting

Important notes about the annual general meeting ("AGM")

Date:	Thursday, 2 May 2013 at 11:00.
Venue:	P W Sceales Auditorium, Absa Towers, 160 Main Street, Johannesburg
Time:	The AGM will start promptly at 11:00. Shareholders wishing to attend are advised to be in the auditorium no later than 10:45. Reception staff at the Absa Towers complex will direct shareholders to the AGM venue. Refreshments will be served after the AGM.
Admission:	Shareholder, representatives of shareholders and proxies attending the AGM are requested to register at the registration desk in the auditorium reception area at the venue. Proof of identity may be required for registration purposes.
Security:	Secure parking is provided at the venue by prior arrangement. Attendees are requested not to bring cameras, laptop computers or tape recorders. Cellular telephones should be switched off for the duration of the proceedings.

Other important notes

1. General

Shareholders wishing to attend the AGM have to ensure beforehand with the Company's transfer secretaries that their shares are in fact registered in their name. Should this not be the case and the shares are registered in any other name or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party in whose name the shares are registered to be able to attend and vote in their personal capacity. The proxy form contains detailed instructions in this regard.

2. Certificated shareholders and dematerialised shareholders with "own name" registration

If you are the registered holder of certificated Absa Group Limited ordinary shares or hold dematerialised Absa Group Limited ordinary shares in your own name and you are unable to attend the AGM but wish to be represented at the AGM or, if you wish to participate via electronic communication, you must complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on 29 April 2013.

Shareholders wishing to participate in the AGM via electronic communication are required to deliver written notice to the registered office of the Company, at 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg (marked for the attention of Nadine Drutman, the Group Company Secretary) by no later than 11:00 on Monday, 29 April 2013, that they wish to participate via electronic communication at the AGM. In order for the notice to be valid, it must contain:

(a) if the shareholder is an individual, a certified copy of his/her identity document and/or passport;

(b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the General Meeting via electronic communication; and

(c) a valid email address and/or facsimile number.

By no later than 10:00 on Tuesday, 30 April 2013 the Company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid notice of the relevant details through which the shareholder can participate via electronic communication.

Shareholders participating in the AGM notice via electronic communication, will not be able to vote at the AGM, and will be required to submit a proxy form in order to vote.

3. Dematerialised shareholders

If you are the holder of dematerialised Absa Group ordinary shares, but not the holder of dematerialised Absa ordinary shares in your own name, you must timeously provide you participant or stockbroker with your voting instructions for the AGM in terms of the custody agreement entered into with your participant or stockbroker. If, however, you wish to attend the AGM in person, then you must request your participant or stockbroker timeously to provide you with the necessary letter of representation to attend and vote your shares.

4. Proxies

Shareholders must ensure that their proxy forms reach the transfer secretaries as indicated in note 2 above by no later than 11:00 on 29 April 2013.

5. Enquiries

Any shareholder having difficulties or queries with regard to the AGM or the above may contact the Group Company Secretary, Nadine Drutman, on +27 11 350 5347.

6. Results of the AGM

The results of the meeting will be posted on SENS as soon as practicably possible after the AGM.

Form of proxy

NUMBER OF SHARES

Absa Group Limited
Registration number: 1986/003934/06
JSE code : ASA
Issuer code : AMAGB
ISIN code: ZAE000067237
("Absa" or "the Company")

Record date: 19 April 2013

TO BE COMPLETED ONLY BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION.

I/We ____
(name(s) in block letters)

of ____
(address in block letters)

being a member of the Company, entitled to vote and holding ______________________ shares do hereby appoint

____

____ or failing him/her

____ or failing him/her

the chairperson of the annual general meeting ("AGM") as my/our proxy to attend and speak and vote for me/us (and consent that all resolutions to be passed be conducted by way of a poll) and on my/our behalf at the AGM of members of the Company to be held in the P W Sceales Auditorium, Absa Towers, 160 Main Street, Johannesburg on Thursday, 2 May 2013 at 11:00 and at any adjournment thereof, as follows:

	In favour of	Against	Abstain
1. To consider the Company financial statements			
2. To reappoint the Company's auditors			
3. Re-election of C Beggs			
4. Re-election of Y Z Cuba			
5. Re-election of R Le Blanc			
6. Re-election of T S Munday			
7. Re-election of M D C D N C Ramos			
8. To confirm the appointment of a new director appointed after the last AGM: W E Lucas-Bull			
9 To confirm the appointment of a new director appointed after the last AGM: A V Vaswani			
10. To confirm the appointment of a new director appointed after the last AGM: P A Clackson			
11. Resolution regarding the placing of unissued shares under the control of the directors			
12. Non-binding advisory vote on the Company's remuneration policy			
13. Special resolution to sanction the proposed remuneration of the non-executive directors, payable from 1 May 2013			
14. Special resolution regarding the authority for a general repurchase of ordinary shares of the Company			
15. Special resolution of Financial Assistance – section 44			
16. Special resolution of Financial Assistance – section 45			

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. Meeting participants will be required to provide satisfactory identification before being allowed to participate in the meeting.

Signed at ______________________ on ______________________ 2013

Full name(s) ____
(in block letters)

Signature(s) ____

Assisted by (guardian) ______________________ Date ______________________

If signing in a representative capacity, see note 4 on page 36.

Notes to the form of proxy

1. If two or more proxies attend the AGM, then that person attending the AGM whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
2. The chairperson of the AGM may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes.
3. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatories.
4. Documentary evidence establishing the authority of a person signing the proxy form in a representative or other legal capacity must be attached to this form, unless previously recorded by the Company or the transfer secretaries or waived by the chairperson of the meeting.
5. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
6. In order to be effective, proxy forms must be delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 or be posted to PO Box 61051, Marshalltown, 2107, so as to reach this address by not later than 11:00 on Monday, 29 April 2013.
7. The delivery of a duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the AGM and speaking and voting thereat instead of his/her proxy.
8. Where there are joint holders of shares:
   - 8.1. any one holder may sign the form of proxy; and
   - 8.2. the vote of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the Company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
9. Shareholders holding dematerialised shares (without "own name" registration) who wish to attend the AGM must contact their participant or stockbroker, who will furnish them with the necessary letter of representation to attend the AGM. Alternatively, such shareholders must instruct their participant or stockbroker as to how they wish to vote in this regard. This has to be done in terms of the agreement entered into between such shareholders and their participant or stockbroker.

Administration and contact details

Absa Group Limited

Authorised financial services and registered credit provider (NCRCP7)
Registration number: 1986/003934/06
Incorporated in the Republic of South Africa
JSE share code: ASA
Issuer code: AMAGB
ISIN: ZAE000067237

Registered office

7th Floor, Absa Towers West
15 Troye Street, Johannesburg, 2001
PO Box 7735, Johannesburg, 2000
Telephone: (+27 11) 350 4000
Email: groupsec@absa.co.za

Board of directors

Group independent non-executive directors

C Beggs, Y Z Cuba, S A Fakie, G Griffin (Group Chairman), M J Husain, P B Matlare, T M Mokgosi-Mwantembe, E C Mondlane Jr[1], T S Munday, S G Pretorius, B J Willemse

Group non-executive directors

A P Jenkins[2], R Le Blanc[2], I R Ritossa[3, 4], L L von Zeuner[5]

Group executive directors

D W P Hodnett (Group Financial Director), M Ramos (Group Chief Executive)

Transfer secretary

South Africa

Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone: (+27 11) 370 5000
Telefax: (+27 11) 370 5271/2

ADR depositary

BNY Mellon
101 Barclay Street, 22W, New York, NY, 10286
Telephone: +1 212 815 2248

Auditors

PricewaterhouseCoopers Inc.
Ernst & Young Inc.

Notes
[1]Mozambican
[2]British
[3]Australian
[4]Resigned 31 December 2012
[5]Became a non-executive director, effective 1 January 2013

Sponsors

Lead independent sponsor

J. P. Morgan Equities South Africa Proprietary Limited
No 1 Fricker Road, Cnr. Hurlingham Road,
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone: (+27 11) 507 0300
Telefax: (+27 11) 507 0503

Joint sponsor

Absa Corporate and Investment Banking,
a division of Absa Bank Limited
15 Alice Lane, Sandton, 2196
Private Bag X10056, Sandton, 2146
Telephone: (+27 11) 506 7951/
(+27 11) 895 6821
Telefax: (+27 11) 895 7809

Shareholder contact information

Shareholder and investment queries about the Absa Group should be directed to the following areas:

Group Investor Relations

A M Hartdegen (Head Investor Relations)
Telephone: (+27 11) 350 2598
Email: investorrelations@absa.co.za

Company Secretary

N R Drutman
Telephone: (+27 11) 350 5347
Email: groupsec@absa.co.za

Other contacts

Head of Communications, Africa

M Wanendeya
Telephone: (+27 11) 350 7207
Email: Mwambu.wanendeya@absa.co.za

Head office switchboard

Telephone: (+27 11) 350 4000

Group Finance

R Stromsoe (Head: Group Finance)
Telephone: (+27 11) 895 6365

Website address

www.absa.co.za