Absa Bank Limited

Unaudited condensed consolidated financial results for the interim reporting period ended 30 June 2022

Contents

Financial director statement

These interim financial results were prepared by Absa Group Financial Control under the direction and supervision of the Financial Director, J P Quinn CA(SA).

Finance is led by the Financial Director who reports directly to the Chief Executive Officer.

The Financial Director has regular unrestricted access to the Board of Directors (Board) as well as to the Group Audit and Compliance Committee (GACC).

Finance is responsible for establishing a strong control environment over the Absa Bank Limited's financial reporting processes and serves as an independent control function advising business management, escalating identified risks and establishing policies or processes to manage risk.

Board approval

The Board oversees the Bank's activities and holds management accountable for adhering to the risk governance framework. To do so, directors review reports prepared by the businesses, risk and others. They exercise sound independent judgement, and probe and challenge recommendations, as well as decisions made by management.

Together with the GACC, the Board has reviewed and approved the unaudited condensed consolidated financial results for the interim reporting period ended 30 June 2022 (hereafter referred to as the 'financial results') contained in the announcement released on the Stock Exchange News Service (SENS) on 15 August 2022. The GACC and the Board are satisfied that the details disclosed in the SENS are a fair presentation of the financial results and comply, in all material respects, with the relevant provisions of the Companies Act, JSE Limited Listings Requirements, IFRS and interpretations of IFRS, IAS 34 *Interim Financial Reporting* (IAS 34) and SAICA's Reporting Guides.

Absa Bank Limited
Unaudited condensed consolidated financial results for the interim reporting period ended 30 June 2022.

Authorised financial services and registered credit provider (NCRCP7)
Registration number: 1986/004794/06
Incorporated in the Republic of South Africa
JSE share code: ABSP
ISIN: ZAE000079810
(Absa, Absa Bank, the Bank or the Company)

This report is available from the Company's website, copies of the full announcement may also be requested at the Company's registered office, at no charge, during office hours on normal business days, subject to COVID-19 office protocols. This report is also available at the sponsor's office.

Profit and dividend announcement

for the interim reporting period ended 30 June 2022

Declaration of interim preference share dividend number 33

Absa Bank non-cumulative, non-redeemable preference shares (Absa Bank preference shares)

The Absa Bank preference shares have an effective coupon rate of 70% of Absa Bank's prevailing prime overdraft lending rate (prime rate). Absa Bank's current prime rate is 9%.

Notice is hereby given of preference dividend number 33, equal to 70% of the average prime rate for 1 March 2022 to 31 August 2022 per Absa Bank preference share has been declared, for the period 1 March 2022 to 31 August 2022.

The dividend is payable on Monday, 19 September 2022, to shareholders of the Absa Bank preference shares recorded in the Register of Members of the Company at the close of business on Friday, 16 September 2022.

The Board of Absa Bank confirms that the Bank will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

Based on the average prime rate, the preference dividend payable for the period 1 March 2022 to 31 August 2022 would indicatively be 2 883.42466 cents per Absa Bank preference share, on the assumption that there will be no further changes in the prime rate between the declaration date and 31 August 2022.

The dividend will be subject to dividends withholding tax at a rate of 20%. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Limited Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- The local dividend tax rate is twenty per cent (20%).
- The gross local dividend amount is 2 883.42466 cents per preference share for shareholders exempt from the dividend tax.
- The net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 2 306.73973 cents per preference share.
- Absa Bank currently has 4 944 839 preference shares in issue.
- Absa Bank's income tax reference number is 9575117719.

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

Last day to trade cum dividend	Tuesday, 13 September 2022
Shares commence trading ex-dividend	Wednesday, 14 September 2022
Record date	Friday, 16 September 2022
Payment date	Monday, 19 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 September 2022 and Friday, 16 September 2022, both dates inclusive. On Monday, 19 September 2022, the dividend will be electronically transferred to the bank accounts of shareholders.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
15 August 2022

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

IFRS condensed consolidated financial results

for the interim reporting period ended 30 June 2022

Overview of results

Absa Bank Limited (the Bank) is a subsidiary of Absa Group Limited (the Group), which is listed on the exchange operated by the JSE Limited. These unaudited condensed consolidated interim financial results are published to provide information to holders of the Bank's listed non-cumulative, non-redeemable preference shares.

Commentary relating to the Bank's unaudited condensed consolidated interim financial results is included in the Group results, as presented to shareholders on 15 August 2022.

Basis of presentation

The Bank's condensed consolidated financial results for the interim reporting periods ended 30 June 2022 and 30 June 2021 are unaudited and have not been independently reviewed by the Bank's external auditors. These financial results have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS-IC), the South African Institute of Chartered Accountants, Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa.

The presentation and disclosures of the unaudited condensed consolidated financial results comply with IAS 34.

The directors assess the Bank's future performance and financial position on an ongoing basis and have no reason to believe that the Bank will not be a going concern in the foreseeable future. For this reason, the information in this report has been prepared on a going concern basis.

Accounting policies

The accounting policies applied in preparing the unaudited condensed consolidated financial results are consistent to those applied in the Bank's annual consolidated financial statements for the reporting period ended 31 December 2021, except for those highlighted below.

Standards, amendments to standards and circulars adopted for the first time in the current reporting period

- **Amendment to IAS 16** – *Property, Plant and Equipment – Proceeds before intended use*

  The amendments, which are applicable for financial periods beginning on or after 1 January 2022, amend the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- **Amendment to IAS 37** – *Provisions, Contingent Liabilities, Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*

  The amendments, which are applicable for financial periods beginning on or after 1 January 2022, specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

A number of other new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Bank has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial results.

Events after the reporting period

The Bank has assessed the impact of the announcement made on 30 June 2022 relating to the strengthening of the Group Executive Committee and the introduction of a refined operating model on the Bank's segments. The changes are effective on 01 July 2022, and as such, the Bank has identified that these changes do not affect the Bank's segment reporting and related parties' disclosures in its financial results for the interim reporting period ended 30 June 2022. The Bank is in the process of understanding the impact of these changes on its year-end disclosures. Please refer to note 11 which provides further detail on these changes.

Other than the aforementioned, the Board is not aware of any other events (as defined per IAS 10 – *Events after the Reporting Period*) after the reporting date of 30 June 2022 and the date of authorisation of these condensed consolidated financial results.

On behalf of the Board

M S Moloko
Group Chairman

A Rautenbach
Group Chief Executive

J P Quinn
Group Financial Director

Johannesburg
15 August 2022

Condensed consolidated IFRS salient features

for the reporting period ended

	30 June		31 December
	2022 Rm	2021 Rm	2021 Rm
Statement of comprehensive income (Rm)			
Income	**31 300**	28 797	58 492
Operating expenses	**17 471**	16 816	35 232
Pre-provision profit	**13 829**	11 981	23 261
Credit impairments charges	**4 153**	3 756	6 395
Profit attributable to ordinary equity holders	**5 998**	5 191	10 573
Headline earnings[(1)]	**6 148**	5 217	10 726
Statement of financial position			
Net Asset Value (NAV) (Rm)	**90 302**	85 638	90 971
Gross loans and advances[(2)] (Rm)	**1 031 646**	930 034	964 212
Total assets (Rm)	**1 464 057**	1 320 971	1 350 998
Deposits[(2)] (Rm)	**1 009 868**	938 959	974 121
Loans to deposits and debt securities ratio[(3), (4)] (%)	**84.5**	84.1	84.6
Average loans to deposits and debt securities ratio[(3), (4)] (%)	**85.0**	83.4	84.5
Financial performance (%)			
Return on equity (RoE)	**13.7**	12.5	12.5
Return on average assets (RoA)[(5)]	**0.8**	0.8	0.8
Return on risk-weighted assets (RoRWA)	**1.96**	1.66	1.66
Stage 3 loans ratio on gross loans and advances	**4.95**	5.45	5.14
Operating performance (%)			
Net interest margin on average interest-bearing assets	**3.70**	3.62	3.60
Credit loss ratio[(5)]	**0.85**	0.81	0.67
Non-interest as a percentage of total income	**35.0**	35.8	34.5
Cost-to-income ratio	**55.8**	58.4	60.2
JAWS[(6)]	**5**	3	3
Effective tax rate	**27.2**	26.4	26.6
Share statistics (million)			
Number of ordinary shares in issue	**448.3**	448.3	448.3
Weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Diluted weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Share statistics (cents)			
Basic earnings per ordinary share (EPS)	**1 337.9**	1 158.1	2 358.5
Diluted basic earnings per ordinary share (DEPS)	**1 337.9**	1 158.1	2 358.5
Headline earnings per ordinary share (HEPS)	**1 371.4**	1 163.7	2 392.6
Diluted headline earnings per ordinary share (DHEPS)	**1 371.4**	1 163.7	2 392.6
Dividend per ordinary share relating to income for the reporting period	**1 003.8**	—	446.1
Dividend payout ratio (%)	**73**	—	19
NAV per ordinary share	**20 100**	19 100	20 100
Tangible NAV per ordinary share	**17 771**	16 946	17 770
Capital adequacy (%)			
Absa Bank Limited	**18.1**	17.7	17.9
Common Equity Tier 1 (%)			
Absa Bank Limited	**13.1**	11.8	12.4

(1) After allowing for **R123m** (30 June 2021: R120m; 31 December 2021: R242m) profit attributable to preference equity holders and **R305m** (30 June 2021: R290m; 31 December 2021: R585m) profit attributable to Additional Tier 1 capital holders.

(2) These numbers have been restated, refer to the reporting changes overview, note 15.5.

(3) These numbers have been restated to include the balances relating to 'loans and advances to banks' and 'deposits due to banks' in line with the changes per note 15.5.

(4) The ratios are calculated based on net loans and advances.

(5) The ratios presented at 30 June 2021 were restated for a revised number of annualised days.

(6) This ratio has been restated to reflect the correct signage.

Condensed consolidated statement of financial position

as at

	Note	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Assets				
Cash, cash balances and balances with central banks		**34 955**	33 779	33 751
Investment securities		**122 050**	118 640	116 265
Trading portfolio assets		**156 423**	150 544	141 815
Hedging portfolio assets		**6 095**	6 849	5 157
Other assets		**42 066**	24 399	16 737
Current tax assets		**84**	32	66
Non-current assets held for sale	1	**104**	82	57
Loans and advances[1]	2	**998 980**	896 790	932 775
Loans to Group Companies		**74 957**	62 782	76 733
Investments in associates and joint ventures		**1 635**	1 641	1 593
Property and equipment		**11 717**	13 009	12 382
Goodwill and intangible assets		**10 634**	9 657	10 406
Deferred tax assets		**4 357**	2 767	3 261
Total assets		**1 464 057**	1 320 971	1 350 998
Liabilities				
Trading portfolio liabilities		**92 099**	79 260	67 354
Hedging portfolio liabilities		**7 082**	3 804	3 659
Other liabilities		**43 987**	43 225	35 833
Provisions		**2 737**	2 727	3 947
Current tax liabilities		**712**	52	102
Deposits[1]		**1 009 868**	938 959	974 121
Debt securities in issue		**172 587**	127 454	128 571
Loans from Group Companies		**7 906**	892	9 214
Borrowed funds	3	**25 103**	27 293	26 459
Deferred tax liabilities		**26**	16	19
Total liabilities		**1 362 107**	1 223 682	1 249 279
Equity				
Capital and reserves				
Attributable to equity holders:				
Ordinary share capital		**304**	304	304
Ordinary share premium		**36 879**	36 879	36 879
Preference share capital		**1**	1	1
Preference share premium		**4 643**	4 643	4 643
Additional Tier 1 capital		**7 004**	7 004	7 004
Retained earnings		**52 811**	43 575	48 841
Other reserves		**308**	4 880	4 047
		101 950	97 286	101 719
Non-controlling interest – ordinary shares		**—**	3	—
Total equity		**101 950**	97 289	101 719
Total liabilities and equity		**1 464 057**	1 320 971	1 350 998

[1] These numbers have been restated, refer to the reporting changes overview, note 15.5.

Condensed consolidated statement of comprehensive income

for the reporting period ended

	Note	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Net interest income		**20 344**	18 489	38 301
Interest and similar income		**40 634**	35 737	72 144
Effective interest income		**39 598**	34 824	70 492
Other interest income		**1 036**	913	1 652
Interest expense and similar charges		**(20 290)**	(17 248)	(33 843)
Non-interest income	4	**10 956**	10 308	20 191
Net fee and commission income		**9 397**	8 821	18 073
Fee and commission income		**10 444**	9 702	19 777
Fee and commission expense		**(1 047)**	(881)	(1 704)
Gains and losses from banking and trading activities		**1 398**	1 357	1 722
Gains and losses from investment activities		**10**	2	1
Other operating income		**151**	128	395
Total income		**31 300**	28 797	58 492
Credit impairment charges		**(4 153)**	(3 756)	(6 395)
Operating income before operating expenses		**27 147**	25 041	52 097
Operating expenses		**(17 471)**	(16 815)	(35 232)
Other expenses		**(889)**	(652)	(1 461)
Other impairments	5	**(233)**	(56)	(326)
Indirect taxation		**(656)**	(596)	(1 135)
Share of post-tax results of associates and joint ventures		**42**	40	132
Operating profit before income tax		**8 829**	7 614	15 536
Taxation expense		**(2 403)**	(2 013)	(4 139)
Profit for the reporting period		**6 426**	5 601	11 397
Profit attributable to:				
Ordinary equity holders		**5 998**	5 191	10 573
Non-controlling interest – ordinary shares		**—**	—	(3)
Preference equity holders		**123**	120	242
Additional Tier 1 capital		**305**	290	585
		6 426	5 601	11 397
Earnings per share:				
Basic earnings per share (cents)		**1 337.9**	1 158	2 358.5
Diluted earnings per share (cents)		**1 337.9**	1 158	2 358.5

Condensed consolidated statement of comprehensive income

for the reporting period ended

	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Profit for the reporting period	**6 426**	5 601	11 397
Other comprehensive income			
Items that will not be reclassified to profit or loss	**(8)**	92	54
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	**(5)**	7	10
Fair value (losses)/gains	**(6)**	9	13
Deferred tax	**1**	(2)	(3)
Movement on liabilities designated at fair value through profit or loss (FVTPL) due to changes in own credit risk	**5**	15	(26)
Fair value movements	**13**	20	(36)
Deferred tax	**(8)**	(5)	10
Movement in retirement benefit fund assets and liabilities	**(8)**	70	70
(Decrease)/increase in retirement benefit surplus	**(15)**	97	98
Deferred tax	**7**	(27)	(28)
Items that are or may be subsequently reclassified to profit or loss	**(3 929)**	(2 263)	(3 406)
Movement in foreign currency translation reserve	**—**	—	(2)
Differences in translation of foreign operations	**—**	—	(2)
Movement in cash flow hedging reserve	**(4 535)**	(3 147)	(4 051)
Fair value losses	**(4 239)**	(2 246)	(1 463)
Amount removed from other comprehensive income and recognised in profit or loss	**(1 997)**	(2 125)	(4 163)
Deferred tax	**1 701**	1 224	1 575
Movement in fair value of debt instruments measured at FVOCI	**606**	884	647
Fair value gains	**861**	1 458	1 015
Release to profit or loss	**(13)**	(230)	(120)
Deferred tax	**(242)**	(344)	(248)
Total comprehensive income for the reporting period	**2 489**	3 430	8 045
Total comprehensive income attributable to:			
Ordinary equity holders	**2 061**	3 020	7 221
Non-controlling interest – ordinary shares	**—**	0	(3)
Preference shares	**123**	120	242
Additional Tier 1 capital	**305**	290	585
	2 489	3 430	8 045

Condensed consolidated statement of changes in equity

for the reporting period ended

	Number of ordinary shares[1] '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
Balance at the beginning of the reporting period	**448 301**	**304**	**36 879**	**1**	**4 643**	**7 004**
Total comprehensive income	—	—	—	—	123	305
Profit for the period	—	—	—	—	123	305
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(123)	—
Distributions paid during the reporting period	—	—	—	—	—	(305)
Net contribution from/distribution to the Group in respect of equity-settled share-based payment schemes	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
Balance at the end of the reporting period	**448 301**	**304**	**36 879**	**1**	**4 643**	**7 004**

All movements reflected are net of taxation.

[1] Includes ordinary shares and 'A' ordinary shares.

Condensed consolidated statement of changes in equity

for the reporting period ended

30 June 2022										
Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
48 841	4 047	(866)	1 264	(1)	1 422	614	1 614	101 719	—	101 719
5 990	(3 929)	606	(4 535)	—	—	—	—	2 489	—	2 489
5 998	—	—	—	—	—	—	—	6 426	—	6 426
(8)	(3 929)	606	(4 535)	—	—	—	—	(3 937)	—	(3 937)
(2 000)	—	—	—	—	—	—	—	(2 123)	—	(2 123)
—	—	—	—	—	—	—	—	(305)	—	(305)
22	—	—	—	—	—	—	—	22	—	22
—	148	—	—	—	—	148	—	148	—	148
—	(177)	—	—	—	—	(177)	—	(177)	—	(177)
—	301	—	—	—	—	301	—	301	—	301
—	24	—	—	—	—	24	—	24	—	24
(42)	42	—	—	—	—	—	42	—	—	—
52 811	308	(260)	(3 271)	(1)	1 422	762	1 656	101 950	—	101 950

Condensed consolidated statement of changes in equity

for the reporting period ended

	Number of ordinary shares[1] '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
Balance at the beginning of the reporting period	448 301	304	36 879	1	4 643	7 004
Total comprehensive income	—	—	—	—	120	290
Profit for the period	—	—	—	—	120	290
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(120)	—
Distributions paid during the reporting period	—	—	—	—	—	(290)
Net contribution from/distribution to the Group in respect of equity-settled share-based payment schemes	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
Balance at the end of the reporting period	448 301	304	36 879	1	4 643	7 004

All movements reflected are net of taxation.

[1] Includes ordinary shares and 'A' ordinary shares.

Condensed consolidated statement of changes in equity

for the reporting period ended

30 June 2021										
Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
38 507	7 058	(1 513)	5 315	1	1 422	336	1 497	94 396	3	94 399
5 282	(2 262)	885	(3 147)	—	—	—	—	3 430	—	3 430
5 191	—	—	—	—	—	—	—	5 601	—	5 601
91	(2 262)	885	(3 147)	—	—	—	—	(2 171)	—	(2 171)
—	—	—	—	—	—	—	—	(120)	—	(120)
—	—	—	—	—	—	—	—	(290)	—	(290)
(174)	—	—	—	—	—	—	—	(174)	—	(174)
—	44	—	—	—	—	44	—	44	—	44
—	(238)	—	—	—	—	(238)	—	(238)	—	(238)
—	256	—	—	—	—	256	—	256	—	256
—	26	—	—	—	—	26	—	26	—	26
(40)	40	—	—	—	—	—	40	—	—	—
43 575	4 880	(628)	2 168	1	1 422	380	1 537	97 286	3	97 289

Condensed consolidated statement of changes in equity

for the reporting period ended

	Number of ordinary shares[1] '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
Balance at the beginning of the reporting period	448 301	304	36 879	1	4 643	7 004
Total comprehensive income	—	—	—	—	242	585
Profit for the period	—	—	—	—	242	585
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(242)	—
Distributions paid during the reporting period	—	—	—	—	—	(585)
Issuance of Additional Tier 1 capital	—	—	—	—	—	—
Net contribution from/distribution to the Group in respect of equity-settled share-based payment schemes	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
Disposal of associates and joint ventures[2]	—	—	—	—	—	—
Balance at the end of the reporting period	448 301	304	36 879	1	4 643	7 004

All movements reflected are net of taxation.

[1] Includes ordinary shares and 'A' ordinary shares.

[2] On 30 September 2021, the Board of Directors disposed of Integrated Processing Solutions.

Condensed consolidated statement of changes in equity

for the reporting period ended

31 December 2021										
Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
38 507	7 058	(1 513)	5 315	1	1 422	336	1 497	94 396	3	94 399
10 627	(3 406)	647	(4 051)	(2)	—	—	—	8 048	(3)	8 045
10 573	—	—	—	—	—	—	—	11 400	(3)	11 397
54	(3 406)	647	(4 051)	(2)	—	—	—	(3 352)	—	(3 352)
—	—	—	—	—	—	—	—	(242)	—	(242)
—	—	—	—	—	—	—	—	(585)	—	(585)
—	—	—	—	—	—	—	—	—	—	—
(176)	—	—	—	—	—	—	—	(176)	—	(176)
—	278	—	—	—	—	278	—	278	—	278
—	(253)	—	—	—	—	(253)	—	(253)	—	(253)
—	461	—	—	—	—	461	—	461	—	461
—	70	—	—	—	—	70	—	70	—	70
(132)	132	—	—	—	—	—	132	—	—	—
15	(15)	—	—	—	—	—	(15)	—	—	—
48 841	4 047	(866)	1 264	(1)	1 422	614	1 614	101 719	—	101 719

Condensed consolidated statement of cash flows

for the reporting period ended

	Note	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Net cash generated from/(utilised in) operating activities		**7 767**	(5 458)	(2 047)
Income taxes paid		**(1 429)**	(1 603)	(3 717)
Net cash generated from/(utilised in) other operating activities		**9 196**	(3 855)	1 670
Net cash (utilised in) investing activities		**(1 757)**	(1 270)	(3 064)
Purchase of property and equipment		**(586)**	(309)	(886)
Purchase of intangible assets		**(1 280)**	(1 053)	(2 644)
Proceeds from sale of non-current assets held for sale		**55**	63	112
Net cash generated from other investing activities		**54**	29	354
Net cash generated from financing activities		**(4 349)**	5 549	2 498
Proceeds from borrowed funds		**—**	6 866	6 866
Repayment of borrowed funds		**(1 142)**	(231)	(2 381)
Dividends paid		**(2 123)**	(120)	(242)
Net cash utilised in other financing activities		**(1 084)**	(966)	(1 745)
Net increase/(decrease) in cash and cash equivalents		**1 661**	(1 179)	(2 613)
Cash and cash equivalents at the beginning of the reporting period	1	**6 170**	8 783	8 783
Cash and cash equivalents at the end of the reporting period	2	**7 831**	7 604	6 170

Notes to the condensed consolidated statement of cash flows

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

	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Cash, cash balances and balances with central banks[1]	**6 067**	8 352	8 352
Loans and advances to banks[2]	**103**	431	431
	6 170	8 783	8 783

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

	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Cash, cash balances and balances with central banks[1]	**6 589**	7 277	6 067
Loans and advances to banks[2]	**1 242**	327	103
	7 831	7 604	6 170

[1] Includes coins and bank notes.

[2] Includes call advances, which are used as working capital for the Bank.

Notes to the condensed consolidated financial results

for the reporting period ended

1. Non-current assets and non-current liabilities held for sale

The following movements in non-current assets and non-current liabilities held for sale occurred during the current reporting period:

- RBB disposed of property and equipment with a carrying amount of **R3m**.
- Head Office, Treasury and other operations disposed of property with a carrying amount of **R32m**.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of **R82m** to non-current assets held for sale.

The following movements in non-current assets and non-current liabilities held for sale were effected during the interim period ended 30 June 2021:

- Head Office, Treasury and other operations disposed property and equipment with a carrying amount of R54m.

The following movements in non-current assets and non-current liabilities held for sale were effected during the previous period ended 31 December 2021:

- Head Office, Treasury and other operations disposed of property and equipment with a carrying amount of R93m.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of R15m to non-current assets held for sale and a R1m impairment was recognised on remaining assets previously classified as held for sale.

Notes to the condensed consolidated financial results

for the reporting period ended

2. Loans and advances

2.1 ECL analysis by market segment and class of credit exposure

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1 Gross carrying amount Rm	Stage 1 ECL allowance Rm	Stage 1 ECL coverage %
RBB	—	500 032	4 342	0.87
Home Loans	—	244 659	499	0.20
Vehicle and Asset Finance	—	91 005	1 057	1.16
Everyday Banking	—	47 995	2 065	4.30
Card	—	28 125	928	3.30
Personal Loans	—	17 346	905	5.22
Transactions and Deposits	—	2 524	232	9.19
Relationship Banking	—	116 373	721	0.62
RBB Other	—	—	—	—
CIB	81 399	231 505	796	0.34
Head Office, Treasury and other operations	—	201	(150)	—
Loans and advances to customers	—	201	4	1.99
Reclassification to provisions[1]	—	—	(154)	—
Loans and advances to customers	81 399	731 738	4 988	0.68
Loans and advances to banks	38 554	49 458	60	0.12
Total loans and advances	119 953	781 196	5 048	0.65

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1 Gross carrying amount Rm	Stage 1 ECL allowance Rm	Stage 1 ECL coverage %
RBB[2]	—	456 905	4 781	1.05
Home Loans	—	219 277	498	0.23
Vehicle and Asset Finance	—	85 223	1 210	1.42
Everyday Banking	—	44 445	2 123	4.78
Card	—	26 272	1 077	4.10
Personal Loans	—	15 366	717	4.67
Transactions and Deposits	—	2 807	329	11.72
Relationship Banking[2]	—	107 960	950	0.88
RBB Other	—	—	—	—
CIB[2,3]	99 415	180 529	1 271	0.70
Head Office, Treasury and other operations	—	221	(186)	—
Loans and advances to customers	—	221	4	1.81
Reclassification to provisions[1]	—	—	(190)	—
Loans and advances to customers[3]	99 415	637 655	5 866	0.92
Loans and advances to banks[3]	16 957	29 980	31	0.10
Total loans and advances	116 372	667 635	5 897	0.88

(1) This represents the ECL allowance on undrawn facilities which has resulted in the ECL allowance on loans and advances exceeding the carrying amount of the drawn exposure. To the extent that such occurs, a 'provision' is recognised on the Bank's statement of financial position.

(2) These numbers have been restated, refer to the reporting changes overview, note 15.2.

(3) These numbers have been restated, refer to the reporting changes overview, note 15.5.

30 June 2022

Stage 2			Stage 3			
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
52 879	5 195	9.82	45 562	20 281	44.51	568 655
23 822	795	3.34	20 436	6 017	29.44	281 606
9 365	1 346	14.37	8 032	4 146	51.62	101 853
6 434	2 037	31.66	8 660	6 642	76.70	52 345
2 942	1 129	38.38	4 721	3 717	78.73	30 014
2 819	712	25.26	3 458	2 577	74.52	19 429
673	196	29.12	481	348	72.35	2 902
13 258	1 017	7.67	8 382	3 424	40.85	132 851
—	—	—	52	52	100	—
25 426	256	1.01	5 475	2 011	36.73	340 742
—	(105)	—	—	(27)	—	483
—	—	—	—	—	—	197
—	(105)	—	—	(27)	—	286
78 305	5 346	6.83	51 037	22 265	43.63	909 880
1 155	7	0.61	—	—	—	89 100
79 460	5 353	6.74	51 037	22 265	43.63	998 980

30 June 2021

Stage 2			Stage 3			
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
51 817	4 400	8.49	45 452	21 396	47.07	523 597
25 153	839	3.34	19 841	5 735	28.90	257 199
7 630	948	12.42	7 104	3 817	53.73	93 982
5 002	1 580	31.59	10 152	7 877	77.59	48 019
2 027	912	44.99	4 988	4 012	80.43	27 286
2 678	574	21.43	4 614	3 440	74.56	17 927
297	94	31.65	550	425	77.27	2 806
14 032	1 033	7.36	8 302	3 915	47.16	124 396
—	—	—	53	52	98.11	1
41 632	302	0.73	5 217	1 385	26.55	323 835
139	(98)	—	—	(55)	—	699
139	—	—	—	—	—	356
—	(98)	—	—	(55)	—	343
93 588	4 604	4.92	50 669	22 726	44.85	848 131
1 770	17	0.96	—	—	—	48 659
95 358	4 621	4.85	50 669	22 726	44.85	896 790

Notes to the condensed consolidated financial results

for the reporting period ended

2. Loans and advances (continued)

2.1 ECL analysis by market segment and class of credit exposure (continued)

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1 Gross carrying amount Rm	Stage 1 ECL allowance Rm	Stage 1 ECL coverage %
RBB[1]	—	477 689	4 156	0.87
Home Loans	—	236 453	637	0.27
Vehicle and Asset Finance	—	87 151	897	1.03
Everyday Banking	—	45 363	1 940	4.28
Card	—	26 525	925	3.49
Personal Loans	—	16 454	805	4.89
Transactions and Deposits	—	2 384	210	8.81
Relationship Banking[1]	—	108 722	682	0.63
RBB Other	—	—	—	—
CIB[1]	89 988	216 371	1 096	0.51
Head Office, Treasury and other operations	—	275	(160)	—
Loans and advances to customers	—	275	4	1.45
Reclassification to provisions[2]	—	—	(164)	—
Loans and advances to customers	89 988	694 335	5 092	0.73
Loans and advances to banks	21 887	27 444	44	0.16
Total loans and advances	111 875	721 779	5 136	0.71

[1] These numbers have been restated, refer to the reporting changes overview, note 15.2.

[2] This represents the ECL allowance on undrawn facilities which has resulted in the ECL allowance on loans and advances exceeding the carrying amount of the drawn exposure. To the extent that such occurs, a 'provision' is recognised on the Bank's statement of financial position.

31 December 2021

Stage 2			Stage 3			
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
50 680	4 816	9.50	44 087	19 896	45.13	543 588
21 091	803	3.81	19 869	5 699	28.68	270 274
9 807	1 198	12.22	7 135	3 921	54.95	98 077
6 052	1 902	31.43	8 681	6 583	75.83	49 671
2 618	1 010	38.58	4 779	3 760	78.68	28 227
2 726	697	25.57	3 391	2 459	72.52	18 610
708	195	27.54	511	364	71.23	2 834
13 730	913	6.65	8 349	3 641	43.61	125 565
—	—	—	53	52	98.11	1
29 200	250	0.86	5 434	1 529	28.14	338 118
64	(139)	—	—	(57)	—	695
64	—	—	—	—	—	335
—	(139)	—	—	(57)	—	360
79 944	4 927	6.16	49 521	21 368	43.15	882 401
1 093	6	0.55	—	—	—	50 374
81 037	4 933	6.09	49 521	21 368	43.15	932 775

Notes to the condensed consolidated financial results

for the reporting period ended

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance

The following tables set out the breakdown of the ECL for loans and advances and undrawn facilities:

	30 June 2022			
	RBB Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	**29 818**	**3 127**	**(279)**	**32 666**
Stage 1	4 342	853	(147)	5 048
Stage 2	5 195	263	(105)	5 353
Stage 3	20 281	2 011	(27)	22 265
Undrawn facilities	—	—	286	286
Stage 1	—	—	154	154
Stage 2	—	—	105	105
Stage 3	—	—	27	27
Total loans and advances and undrawn facilities	**29 818**	**3 127**	**7**	**32 952**

	30 June 2021			
	RBB Rm	CIB[(1)] Rm	Head Office, Treasury and other operations[(1)] Rm	Total expected credit losses[(1)] Rm
Loans and advances	30 577	3 004	(337)	33 244
Stage 1	4 781	1 300	(184)	5 897
Stage 2	4 400	319	(98)	4 621
Stage 3	21 396	1 385	(55)	22 726
Undrawn facilities	—	—	343	343
Stage 1	—	—	190	190
Stage 2	—	—	98	98
Stage 3	—	—	55	55
Total loans and advances and undrawn facilities	30 577	3 004	6	33 587

	31 December 2021			
	RBB Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	28 868	2 922	(353)	31 437
Stage 1	4 156	1 137	(157)	5 136
Stage 2	4 816	256	(139)	4 933
Stage 3	19 896	1 529	(57)	21 368
Undrawn facilities	—	—	360	360
Stage 1	—	—	164	164
Stage 2	—	—	139	139
Stage 3	—	—	57	57
Total loans and advances and undrawn facilities	28 868	2 922	7	31 797

[(1)] These numbers have been restated, refer to the reporting changes overview, note 15.5.

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

The following tables set out a reconciliation of the opening and closing IFRS 9 ECL allowances for loans and advances, by market segment:

Loans and advances at amortised cost and undrawn facilities	30 June 2022 RBB Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balance at the beginning of the reporting period	**28 868**	**2 922**	**7**	**31 797**
Stage 1	4 156	1 137	7	5 300
Stage 2	4 816	256	—	5 072
Stage 3	19 896	1 529	—	21 425
Transfers between stages	—	—	—	—
Stage 1 net transfers	656	(18)	—	638
Stage 2 net transfers	(1 490)	19	—	(1 471)
Stage 3 net transfers	834	(1)	—	833
Credit impairment charges raised and interest in suspense	4 941	229	—	5 170
Amounts written off	(3 991)	(25)	—	(4 016)
Balance at the end of the reporting period	**29 818**	**3 127**	**7**	**32 952**
Stage 1	4 342	853	7	5 202
Stage 2	5 195	263	—	5 458
Stage 3	20 281	2 011	—	22 292

Loans and advances at amortised cost and undrawn facilities	30 June 2021 RBB Rm	CIB[(1)] Rm	Head Office, Treasury and other operations[(1)] Rm	Total expected credit losses[(1)] Rm
Balance at the beginning of the reporting period	31 541	2 885	6	34 432
Stage 1	4 246	1 335	6	5 587
Stage 2	5 703	381	—	6 084
Stage 3	21 592	1 169	—	22 761
Transfers between stages	—	—	—	—
Stage 1 net transfers	1 516	(28)	—	1 488
Stage 2 net transfers	(1 579)	73	—	(1 506)
Stage 3 net transfers	63	(45)	—	18
Credit impairment charges raised and interest in suspense	3 778	280	—	4 058
Amounts written off	(4 742)	(161)	—	(4 903)
Balance at the end of the reporting period	30 577	3 004	6	33 587
Stage 1	4 781	1 300	6	6 087
Stage 2	4 400	319	—	4 719
Stage 3	21 396	1 385	—	22 781

(1) These numbers have been restated, refer to the reporting changes overview, note 15.5.

Notes to the condensed consolidated financial results

for the reporting period ended

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

The following table sets out a reconciliation of the opening and closing IFRS 9 ECL allowances for loans and advances, by market segment:

	31 December 2021			
Loans and advances at amortised cost and undrawn facilities	RBB Rm	CIB Rm	Head Office, Treasury and other Operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	31 541	2 885	6	34 432
Stage 1	4 246	1 335	6	5 587
Stage 2	5 703	381	—	6 084
Stage 3	21 592	1 169	—	22 761
Transfers between stages	—	—	—	—
Stage 1 net transfers	1 535	(52)	—	1 483
Stage 2 net transfers	(925)	48	—	(877)
Stage 3 net transfers	(610)	4	—	(606)
Credit impairment charges raised and interest in suspense	7 166	358	1	7 525
Amounts written off	(9 839)	(321)	—	(10 160)
Balance at the end of the reporting period	28 868	2 922	7	31 797
Stage 1	4 156	1 137	7	5 300
Stage 2	4 816	256	—	5 072
Stage 3	19 896	1 529	—	21 425

2.3 Macro-overlays, payment relief and forward-looking assumptions

Macro-overlays

The determination of the Bank's ECL remains a significant area of judgement and estimation. Since the onset of the COVID-19 pandemic, the Bank used management adjustments to account for changes in forward-looking assumptions and to cater for risks not yet reflected in impairment models.

Since the second half of 2021, data used in the calibration of ECL parameter models were refreshed for the first time since the onset of the COVID-19 pandemic. Therefore, some risks previously accounted for through the macro-overlay are now recognised via modelled ECL. Accordingly, a portion of the macro-overlay has been released to the extent that the COVID-19 loss experience is now captured in the models. In addition, the latest macroeconomic forecasts were incorporated directly into the ECL parameter models within the South African retail portfolios resulting in a larger portion of ECL estimation being driven by modelled output.

The table below provides a Statement of Comprehensive Income impact assessment of how changes in forward-looking assumptions and movements in the macro-overlay ("macro impact") impacts the Bank's credit impairment charge. The impairment charge impact of refreshing model parameters with the latest performance data (model parameter refresh) is also disclosed as a portion of the macro-overlay and will be consumed to the extent that the COVID-19 loss experienced is replaced with a model-driven output.

	30 June						31 December		
	2022			2021			2021		
	Macro impact Rm	Model parameter refresh Rm	Net impact on impairment charge Rm	Macro impact Rm	Model parameter refresh Rm	Net impact on impairment charge Rm	Macro impact Rm	Model parameter refresh Rm	Net impact on impairment charge Rm
RBB	**(657)**	**(159)**	**(816)**	125	—	125	(2 104)	1 361	(743)
Home Loans	**(181)**	**42**	**(139)**	—	—	—	(271)	154	(117)
Vehicle and Asset Finance	**(295)**	**(76)**	**(371)**	—	—	—	(435)	198	(237)
Everyday Banking	**(25)**	**(125)**	**(150)**	129	—	129	(1 144)	978	(166)
Card	**(50)**	**(63)**	**(113)**	129	—	129	(502)	469	(33)
Personal Loans	**45**	**(66)**	**(21)**	—	—	—	(544)	475	(69)
Transactions and Deposits	**(20)**	**4**	**(16)**	—	—	—	(98)	34	(64)
Relationship Banking	**(156)**	**—**	**(156)**	(4)	—	(4)	(254)	31	(223)
RBB Other	**—**	**—**	**—**	—	—	—	—	—	—
CIB	**(250)**	**—**	**(250)**	(41)	—	(41)	(201)	—	(201)
Head Office, Treasury and other operations	**(11)**	**—**	**(11)**	—	—	—	(12)	—	(12)
Total	**(918)**	**(159)**	**(1 077)**	84	—	84	(2 317)	1 361	(956)

2. Loans and advances (continued)

2.3 Macro-overlays, payment relief and forward-looking assumptions (continued)

A net release of **R1 077m** was recognised in the first half of 2022, mainly attributable to the consumption of the macro-overlay, as a larger portion of the anticipated risks are now captured through incurred losses or recalibrated IFRS 9 models which reflect the COVID-19 loss experience. This was partially offset by the impact of deteriorating macroeconomic scenarios relative to the reporting period ending 31 December 2021. The credit impairment charge and credit loss ratio should however be assessed on a holistic basis as pandemic-related losses, which largely offset the movements referenced above, are not ring-fenced and disclosed separately.

A net release of R956m was recognised for the full year 2021. This was mainly driven by the improvement in macroeconomic assumptions relative to the initial expectations had in 2020 and the consumption of the macro-overlay as anticipated risks either materialised or dissipated during this period.

The reassessment of the macro-overlay in the first half of 2021 suggested a portion of the macro-overlay should be released given an improving macroeconomic outlook during the early parts of 2021. However, given the renewed uncertainty emerging from the severity of the third wave and the potential of protracted lockdowns, the macro-overlay was largely retained across portfolios.

Macroeconomic scenarios

ECL estimation must reflect an unbiased and probability-weighted estimate of future losses. This is determined by evaluating a range of possible macroeconomic outcomes. While economic activity across South Africa had started to recover due to the easing of lockdown restrictions, economic concerns remain due to higher levels of unemployment, sovereign debt and inflation. Accordingly, these risks have been incorporated in the scenarios used to calculate the Bank's impairment charge as at 30 June 2022.

Several factors are considered in developing macroeconomic scenarios, including economic growth or contraction and anticipated recovery, expected inflation, sector-specific impacts, business confidence, property prices, household spending, exchange rate fluctuations, unemployment rates, key fiscal responses initiated by governments and regulatory authorities.

The following table shows the key forecast assumptions used for South Africa to calculate the Bank's credit impairment charge for the interim reporting period ended 30 June 2022:

	Baseline					Mild upside					Mild downside				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Real GDP (%)	2.0	1.8	1.8	1.9	2.0	2.5	2.2	2.2	2.4	2.5	1.2	0.9	1.0	1.1	1.1
CPI (%)	5.9	5.4	4.7	4.6	4.6	5.4	4.8	4.8	4.6	4.6	7.0	6.8	5.2	4.9	5.0
Average repo rate (%)	4.6	5.7	6.3	6.5	6.5	4.6	6.1	6.8	6.8	6.8	5.0	7.5	8.0	7.5	7.5

The following table shows the key forecast assumptions used for South Africa to calculate the Bank's impairment charge for the interim reporting period ended 30 June 2021:

	Baseline					Mild upside					Mild downside				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Real GDP (%)	3.8	2.3	2.1	2.1	2.2	4.4	2.9	2.3	2.5	2.5	3.3	0.6	1.0	1.2	1.3
CPI (%)	3.7	4.0	4.1	4.4	4.6	3.8	4.2	4.3	4.5	4.6	4.0	4.6	4.7	5.0	5.1
Average repo rate (%)	3.5	3.9	4.6	4.8	4.8	3.5	4.2	5.1	5.5	5.5	3.6	4.9	5.9	6.0	6.0

The following table shows the key forecast assumptions used for South Africa to calculate the Bank's impairment charge for the reporting period ended 31 December 2021:

	Baseline					Mild upside					Mild downside				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Real GDP (%)	5.2	1.7	2.0	2.0	2.0	5.5	2.2	2.5	2.3	2.3	4.9	0.8	1.1	1.0	1.0
CPI (%)	4.4	4.4	4.2	4.3	4.4	4.4	4.4	4.4	4.4	4.6	4.5	5.2	5.2	5.3	5.3
Average repo rate (%)	3.5	3.9	4.7	6.1	6.5	3.5	4.3	5.2	6.4	7.3	3.5	4.1	5.9	7.0	7.8

Baseline scenarios as at 30 June 2022

South Africa

The outlook for the global, regional and domestic environment remains unusually uncertain. Subsequent waves of COVID-19 have each been generally less disruptive to the economy, and this pattern is expected to persist. Geopolitical concerns, particularly surrounding the Russia/Ukraine conflict look likely to impact the outlook for some time, with the ongoing impact to oil, food and other supply chains difficult to predict. Global financial conditions have tightened and are expected to tighten significantly further over 2022 and 2023, causing fluctuations in global asset markets, placing pressure on some emerging market assets, and generally leading to considerable global dollar strength against most global peers.

In addition to these global shocks, the domestic economy also faces a number of South Africa-specific uncertainties. Energy availability is strained, the potential for a repeat of July 2021's social unrest is heightened, and the impact of higher inflation and rising domestic interest rates on a generally weak economy are all important sources of risk to the outlook.

Full-year data for 2021 shows that the economy grew by 4.9%, slightly weaker than we had previously forecast, but still sufficient to leave South Africa on track to recover to pre-COVID-19 levels of economic activity during 2022. Significant revision of past National Accounts data by the South African Reserve Bank (SARB) revealed an economy that was larger than previously measured. At the time of modelling, the Group forecast GDP growth of 2.0% for 2022, a number that includes an early estimate of the impact of severe flooding in KZN during April, and 1.8% for each of 2023 and 2024. Electricity load shedding is expected to be at the same level of severity in 2022 as it was in 2021, and then to improve slowly thereafter.

2. Loans and advances (continued)

2.3 Macro-overlays, payment relief and forward-looking assumptions (continued)

For the household sector, employment outcomes were somewhat worse in 2021 than previously forecast, but the Group expects some of that weaker base to be recovered more quickly in 2022 than earlier forecast. A similar pattern of a somewhat weaker than expected 2021 and a marginally upgraded forecast for 2022 is seen in forecast household incomes growth. The SARB's revision of historical data has seen household debt and debt service as ratios of disposable income both move lower in the recent history and over the forecast period, even as interest rates during 2022 are expected to increase more rapidly than previously expected. We anticipate house price growth to continue to lag overall consumer price increase, implying small price falls for housing in real terms.

South Africa's public finances remain under pressure, though significant windfall taxes from parts of the corporate sector have provided space for near-term budget outperformance and the National Treasury was able to announce a lower outcome for the financial year ended 2022 and a better deficit trajectory for 2023 and beyond. The Group has upgraded its outlook on the country's sovereign rating so that it is now expected to remain at current levels over the next several years.

Consumer inflation is forecast to be materially higher than expected earlier, reflecting largely the expected impact of higher food and energy prices resulting from the Russia/Ukraine geopolitical conflict. At the time of the forecast exercise, CPI was projected to increase by an average of 5.9% in 2022 and by 5.4% in 2023, as compared to 4.4% and 4.2%, respectively in the modelling round done six months earlier.

As a consequence of expected heightened inflation over the next two years at the time of the economic modelling work, the SARB's repo rate was expected to rise to 5.25% by end-2022, and a further 125bps over the course of 2023/2024 to take the rate to 6.5% by end-2024. That forecast reflects an accelerated pace of rate rises, particularly in 2022, as compared to the earlier forecast round, but with the end-2024 rate being the same. At the time of the modelling the market was forecasting a larger rate hiking cycle.

Sensitivity of expected credit losses

For the purposes of the Bank's actual weighting of its economic scenarios, a 40% probability weighting is applied to the baseline scenario, with a 30% probability weighting applied to both the upside and downside scenarios. However, given the level of uncertainty required in the determination of ECL, the Bank has conducted a sensitivity analysis in order to indicate the impact on the ECL when assigning a probability weighting of 100% to each macroeconomic variable scenario. The analysis only reflects the impact of changing the probability assigned to each scenario to 100% and does not include management adjustments required to provide a more appropriate assessment of risk.

	30 June 2022	
	Rm	**% change**
ECL allowance on stage 1 and stage 2 loans and advances	**10 400**	**—**
Baseline	**9 998**	**(4)**
Upside	**9 889**	**(5)**
Downside	**11 454**	**10**

	30 June 2021	
	Rm	% change
ECL allowance on stage 1 and stage 2 loans and advances	10 518	—
Baseline	10 266	(2)
Upside	10 120	(4)
Downside	11 235	7

	31 December 2021	
	Rm	% change
ECL allowance on stage 1 and stage 2 loans and advances	10 069	—
Baseline	9 855	(2)
Upside	9 825	(2)
Downside	10 547	5

In addition, as at 30 June 2022, the Bank assessed what the impact on expected credit losses would be if 5% of the gross carrying amount of loans and advances to customers in stage 1 experience a significant increase in credit risk and move to stage 2. The ECL changes below include the effect on undrawn committed facilities and guarantees which are reflected as 'provisions' in the statement of financial position. This impact has been presented below:

	30 June 2022	
	Stage 2	
	Increase in gross carrying amount Rm	**Increase in expected credit loss Rm**
RBB	**25 013**	**2 246**
CIB	**11 575**	**78**

2. Loans and advances (continued)

2.3 Macro-overlays, payment relief and forward-looking assumptions (continued)

	30 June 2021 Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
RBB	22 843	1 700
CIB	8 843	1

	31 December 2021 Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
RBB	23 890	2 062
CIB	10 813	38

Payment relief measures

Payment relief provided to clients under Directive 3/2020 has fully matured. Inflows into arrears of the expired payment relief portfolio have stabilised and the portfolio is performing in line with expectation. The credit portfolio is once again managed on a holistic basis and the normal credit stage allocation methodology is applied across the entire portfolio. Please refer to note 2.1 for an ECL analysis by market segment and class of credit exposure for the entire portfolio.

3. Borrowed funds

During the reporting period the significant movements in borrowed funds were as follows: **R0m** (30 June 2021: R6 866m; 31 December 2021: R6 866m) of subordinated notes were issued and **R1 142m** (30 June 2021: R231m; 31 December 2021: R2 381m) were redeemed.

Notes to the condensed consolidated financial results

for the reporting period ended

4. Disaggregation of non-interest income

The following table disaggregates non-interest income splitting it into income received from contracts with customers by major service lines and per reportable segment, and other items making up non-interest income:

	30 June 2022				
	RBB Rm	CIB Rm	Head Office, Treasury and other operations Rm	Barclays PLC separation effects Rm	Total Rm
Fee and commission income from contracts with customers	9 176	1 334	(66)	—	10 444
Consulting and administration fees	130	17	0	—	147
Transactional fees and commissions	7 561	978	(2)	—	8 537
Cheque accounts	2 271	79	—	—	2 350
Credit cards	973	—	—	—	973
Electronic banking	2 630	537	—	—	3 167
Other[1]	999	362	(2)	—	1 359
Savings accounts	688	—	—	—	688
Merchant income	1 089	—	—	—	1 089
Trust and other fiduciary services fees	37	10	—	—	47
Other fees and commissions	36	119	(64)	—	91
Insurance commissions received	305	—	—	—	305
Investment banking fees	18	210	—	—	228
Other income from contracts with customers	23	—	—	—	23
Other non-interest income, net of expenses	(794)	1 054	229	0	489
Total non-interest income	**8 405**	**2 388**	**163**	**—**	**10 956**

	30 June 2021				
	RBB Rm	CIB Rm	Head Office, Treasury and other operations Rm	Barclays PLC separation effects Rm	Total Rm
Fee and commission income from contracts with customers	8 557	1 200	(55)	—	9 702
Consulting and administration fees	162	9	14	—	185
Transactional fees and commissions	7 001	939	(19)	—	7 921
Cheque accounts	2 300	71	—	—	2 371
Credit cards	878	—	—	—	878
Electronic banking	2 145	531	—	—	2 676
Other[1]	912	337	(19)	—	1 230
Savings accounts	766	—	—	—	766
Merchant income	1 010	—	—	—	1 010
Trust and other fiduciary services fees	31	7	—	—	38
Other fees and commissions	28	121	(50)	—	99
Insurance commissions received	314	—	—	—	314
Investment banking fees	11	124	—	—	135
Other income from contracts with customers[2]	30	—	—	(4)	26
Other non-interest income, net of expenses[2]	(673)	1 221	17	15	580
Total non-interest income[2]	7 914	2 421	(38)	11	10 308

[1] Other transactional fees and commissions income include service and credit-related fees of **R448m** (June 2021: R328m), exchange commission of **R359m** (June 2021: R308m).

[2] These numbers have been restated, refer to the reporting changes overview, note 15.4.

4. Disaggregation of non-interest income (continued)

	31 December 2021				
	RBB Rm	CIB Rm	Head Office, Treasury and other operations Rm	Barclays PLC separation effects Rm	Total Rm
Fee and commission income from contracts with customers	17 388	2 477	(88)	—	19 777
Consulting and administration fees	300	24	20	—	344
Transactional fees and commissions	14 198	1 857	(20)	—	16 035
Cheque accounts	4 546	135	—	—	4 681
Credit cards	1 820	—	—	—	1 820
Electronic banking	4 510	1 083	—	—	5 593
Other[1]	1 820	639	(20)	—	2 439
Savings accounts	1 502	—	—	—	1 502
Merchant income	2 101	—	—	—	2 101
Trust and other fiduciary services fees	61	18	—	—	79
Other fees and commissions	61	223	(88)	—	196
Insurance commissions received	631	—	—	—	631
Investment banking fees	36	355	—	—	391
Other income from contracts with customers	151	—	(1)	(15)	135
Other non-interest income, net of expenses[2]	(1 224)	1 502	(14)	15	279
Total non-interest income[2]	16 315	3 979	(103)	—	20 191

5. Other impairments

	30 June		31 December
	2022 Rm	2021 Rm	2021 Rm
Intangible assets[3]	—	—	144
Investments in associates and joint ventures[4]	—	—	(11)
Non-current assets held for sale[5]	—	—	1
Property and equipment[6]	**233**	56	192
	233	56	326

6. Headline earnings

	30 June				31 December	
	2022		2021		2021	
	Gross Rm	**Net[7] Rm**	Gross Rm	Net[7] Rm	Gross Rm	Net[7] Rm
Headline earnings is determined as follows:						
Profit attributable to ordinary equity holders of the Bank		**5 998**		5 191		10 573
Total headline earnings adjustments:		**150**		26		153
IFRS 5 – Profit on disposal of non-current assets held for sale	**(20)**	**(15)**	(9)	(7)	(20)	(16)
IFRS 5 – Re-measurement of non-current assets held for sale	—	—	—	—	1	1
IAS 16 – (Profit)/loss on disposal of property and equipment	**(4)**	**(3)**	(9)	(8)	2	—
IAS 16 and IAS 36 – Insurance recovery of property and equipment damaged during riots	—	—	—	—	(121)	(87)
IAS 28 – (Reversal)/impairment of investments in associates and joint ventures	—	—	—	—	(11)	(11)
IAS 28 – Profit on disposal of associates and joint ventures	—	—	—	—	(1)	(1)
IAS 36 – Impairment of property and equipment	**233**	**168**	56	41	217	157
IAS 36 – Impairment of intangible assets	—	—	—	—	144	110
Headline earnings/diluted headline earnings		**6 148**		5 217		10 726
Headline earnings per share/diluted headline earnings per share (cents)		**1 371.4**		1 163.7		2 392.6

(1) Other transactional fees and commissions income include service and credit-related fees of R644m, exchange commission of R680m.
(2) These numbers have been restated, refer to the reporting changes overview, note 15.4.
(3) The Bank has impaired certain software assets totalling **R0m** (30 June 2021: R0m and 31 December 2021: R144m) for which the value in use is determined to be zero.
(4) An impairment loss reversal of R11m was recognised in the previous financial year related to the dissolution of Integrated Processing Solutions.
(5) The Bank has impaired certain assets totalling **R0m** (30 June 2021: R0m and 31 December 2021: R1m) which have been classified as held for sale under IFRS 5.
(6) Included in the R233m, is the impairment of a right of use asset of R117m, impairment of Absa Towers East of R63m and impairment of the Bridge Park property of R21m due to the underutilisation of the properties.
(7) The net amount is reflected after taxation and non-controlling interest.

Notes to the condensed consolidated financial results

for the reporting period ended

7. Dividends per share

	30 June 2022 Rm	30 June 2021 Rm	31 December 2021 Rm
Dividends declared to ordinary equity holders			
Interim dividend **(15 August 2022: 1003.78911 cents per share (cps))** (16 August 2021: 0 cps)	**4 500**	—	—
Final dividend (14 March 2022: 446.12851 cps)	**—**	—	2 000
	4 500	—	2 000
Dividends declared to preference equity holders (net of treasury shares)			
Interim dividend **(15 August 2022: 2883.42466 cps)** (16 August 2021: 2 470.13699 cps)	**143**	122	122
Final dividend **(–)** (14 March 2022: 2 494.10959 cps)	**—**	—	123
	143	122	245
Distributions declared and paid to additional Tier 1 capital note holder			
Distribution			
10 January 2022: 21 024.73 Rands per note (rpn); 11 January 2021: 20214.47 rpn	**26**	25	25
27 January 2022: 20 751.67 rpn	**25**	24	24
28 February 2022: 20 860.19 rpn; 26 February 2021: 19 268.38 rpn	**35**	32	32
07 March 2022: 20 236.90 rpn; 05 March 2021: 18 786.19 rpn	**28**	26	26
14 March 2022: 23 747.26 rpn; 12 March 2021: 22 301.37 rpn	**36**	33	33
11 April 2022: 21 545.81 rpn; 12 April 2021: 20 922.52 rpn	**27**	26	26
28 April 2022: 21 087.07 rpn; 28 April 2021: 20 423.89 rpn	**25**	25	25
30 May 2022: 21 732.79 rpn; 28 May 2021: 20 299.23 rpn	**36**	34	34
06 June 2022: 21 109.51 rpn; 07 June 2021: 20 324.60 rpn	**29**	28	28
13 June 2022: 24 744.52 rpn; 14 June 2021: 23 971.29 rpn	**37**	36	36
12 July 2021: 20 984.85 rpn	**—**	—	26
27 July 2021: 20 280.82 rpn[(1)]	**—**	—	25
30 August 2021: 21 074.03 rpn	**—**	—	36
06 September 2021: 19 778.16 rpn	**—**	—	27
13 September 2021: 23 268.58 rpn	**—**	—	35
11 October 2021: 21 047.18 rpn	**—**	—	26
27 October 2021: 20 751.67 rpn	**—**	—	25
29 November 2021: 20 361.56 rpn	**—**	—	34
06 December 2021: 19 738.27 rpn	**—**	—	27
13 December 2021: 23 248.63 rpn	**—**	—	35
	304	289	585
Dividends paid to ordinary equity holders			
Final dividend **(2022: 446.12851 cps)** (2021: 0 cps)	**2 000**	—	—
Interim dividend (2021: 0 cps)	**—**	—	—
	2 000	—	—
Dividends paid to preference equity holders			
Final dividend **(4 March 2022: 2 494.10959)** (25 April 2021: 2 429.86301 cps)	**123**	120	120
Interim dividend (2021: 0 cps)	**—**	—	122
	123	120	242

(1) In December 2021, the Bank inadvertently disclosed an incorrect 'distributions declared' date. This has been corrected to 27 July 2021.

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8. Acquisitions and disposals of businesses and other similar transactions

8.1. Acquisitions of businesses during the current reporting period

There were no major acquisitions of businesses during the current reporting period.

8.2 Disposals of businesses during the current reporting period

There were no disposals of businesses during the current reporting period.

8.3 Acquisitions of businesses during the previous reporting periods

There were no acquisitions of businesses during the previous reporting periods.

8.4 Disposals of businesses during the previous reporting periods

The Bank disposed of Card Issuing and Personal loan books on 30 June 2021. The Bank received a cash consideration of R94m on disposal. The Bank disposed of the Integrated Processing Solution investment on 30 September 2021. The Bank received a cash consideration of R12m on disposal.

9. Related parties

Arrie Rautenbach was appointed as Chief Executive Officer of Absa Group effective 29 March 2022 whilst Jason Quinn resumed his position as Group Financial Director. Punki Modise was appointed as Interim Chief Executive of Retail Business Banking and remains on the Executive Committee.

Sello Moloko commenced the role as Group Chairman after the retirement of Wendy Lucas-Bull with effect from 01 April 2022.

9.1. Prior period related party events and transactions

Daniel Mminele announced his resignation as the Group Chief Executive of Absa Group Limited from 30 April 2021. The Board appointed Jason Quinn as the interim Group Chief Executive and Punkie Modise as the interim Group Financial Director with effect from 20 April 2021 and 23 April 2021, respectively.

The Board appointed Sello Moloko as an independent non-executive director and Chairman designate with effect from 1 December 2021. He commenced his role as Chairman of Absa Group on 1 April 2022, taking over from Wendy Lucas-Bull, who retired from the position with effect from 1 April 2022.

Following the decision to dissolve Integrated Processing Solutions Proprietary Limited, the Group disposed of the Integrated Processing Solution investment on 30 September 2021. The Group received a cash consideration of R12m on disposal.

10. Contingencies, commitments and similar items

	30 June		31 December
	2022 Rm	2021 Rm	2021 Rm
Guarantees	**40 874**	37 475	36 293
Irrevocable debt facilities/other lending facilities	**141 780**	143 763	144 832
Letters of credit	**13 077**	6 530	9 475
Other	**1**	—	—
	195 732	187 768	190 600
Authorised capital expenditure			
Contracted but not provided for	**597**	507	509

10. Contingencies, commitments and similar items (continued)

Legal proceedings

Legal matters

The Bank is engaged in various other legal, competition and regulatory matters both in South Africa and a number of other jurisdictions. It is involved in legal proceedings which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data protection, money laundering, employment, environmental and other statutory and common law issues.

The Bank is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Bank is or has been engaged.

At the present time, the Bank does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters will not be material to the Bank's results of operations or cash flow for a particular period, depending on, amongst other things, the amount of the loss resulting from the matter(s) and the amount of income otherwise reported for the reporting period.

The Bank has not disclosed the contingent liabilities associated with these matters either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the outcome of the matter. Provision is made for all liabilities which are expected to materialise.

Regulatory developments

The scale of regulatory change remains challenging post the reforms introduced in response to the global financial crisis. These reforms resulted in significant tightening of regulation and changes to regulatory structures globally and locally, especially for companies that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny in the operation of the banking and consumer credit industries globally and locally which, in some cases, is leading to increased regulation.

The nature and impact of future changes in the legal framework, policies and regulatory action, especially in the areas of financial crime, banking and insurance regulation, cannot currently be fully predicted and are beyond the Bank's control. We are also awaiting policy positions to be taken by Regulators. Some of these are likely to have an impact on the Bank's customers, business lines, systems and earnings.

The Bank is continuously evaluating its programmes and controls in general relating to compliance with regulation and responding to the same. The Bank undertakes monitoring, review and assurance activities, and has also adopted appropriate remedial and/or mitigating steps, where necessary or advisable, and has made disclosures on material findings as and when appropriate. The Bank regards the relationship with Regulators as very important and manages such engagements on a continuous basis.

The relief measures provided by the PA in 2020 of a temporary relaxation of both capital supply and short-term liquidity requirements, enabled banks to continue the provision of credit into the economy during this period of financial stress. This support was discontinued in its entirety in April 2022.

Income taxes

The Bank is subject to income taxes in numerous jurisdictions and the calculation of the Bank's tax charge and provisions for income taxes necessarily involves a degree of estimation and judgement. There are many transactions and calculations for which the ultimate tax treatment is uncertain or in respect of which the relevant tax authorities may indicate disagreement with the Bank's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The Bank recognises provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due after taking into account external advice where appropriate. The carrying amount of any resulting provisions will be sensitive to the manner in which tax matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authorities. There may be significant uncertainty around the final outcome of tax proceedings, which in many instances, will only be concluded after a number of years. Management estimates are informed by a number of factors including, inter alia, the progress made in discussions or negotiations with the tax authorities, the advice of expert legal counsel, precedent set by the outcome of any previous claims, as well as the nature of the relevant tax environment.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made. These risks are managed in accordance with the Bank's Tax Risk Framework.

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11. Segment reporting

The identified reportable segments in the following table are disclosed based on how the Group's businesses have been managed and reported at the reporting date to the Group Executive Committee which is seen as the Chief Operating Decision Maker.

	30 June		31 December
	2022 Rm	2021 Rm	2021 Rm
11.1 Headline earnings by segment[1]			
RBB	**4 254**	4 343	9 515
CIB	**2 319**	2 075	3 603
Head Office, Treasury and other operations[2]	**(162)**	(842)	(1 763)
Barclays PLC separation effects[3]	**(263)**	(359)	(629)
Total headline earnings	**6 148**	5 217	10 726
11.2 Total income by segment[1]			
RBB	**22 768**	21 353	43 722
CIB	**6 886**	6 846	12 857
Head Office, Treasury and other operations[2]	**1 624**	575	1 889
Barclays PLC separation effects[3]	**22**	23	24
Total income	**31 300**	28 797	58 492
11.3 Total profit by segment[1]			
RBB	**4 512**	4 591	9 982
CIB	**2 484**	2 239	3 894
Head Office, Treasury and other operations[2]	**(307)**	(867)	(1 812)
Barclays PLC separation effects[3]	**(263)**	(362)	(667)
Total income	**6 426**	5 601	11 397
11.4 Total internal income by segment[1]			
RBB	**(1 154)**	(207)	(252)
CIB	**(12 063)**	1 961	3 394
Head Office, Treasury and other operations[2]	**7 847**	1 492	4 480
Barclays PLC separation effects[3]	**23**	12	25
Total internal income	**(5 347)**	3 258	7 647
11.5 Total assets by segment[1]			
RBB	**1 038 242**	954 668	1 021 897
CIB	**913 003**	835 795	825 435
Head Office, Treasury and other operations[2]	**(489 915)**	(473 410)	(499 557)
Barclays PLC separation effects[3]	**2 727**	3 918	3 223
Total assets	**1 464 057**	1 320 971	1 350 998
11.6 Total liabilities by segment[1]			
RBB	**1 030 977**	947 732	1 009 791
CIB	**909 588**	832 902	820 962
Head Office, Treasury and other operations[2]	**(577 567)**	(556 528)	(580 660)
Barclays PLC separation effects[3]	**(891)**	(424)	(814)
Total liabilities	**1 362 107**	1 223 682	1 249 279

On 30 June 2022, the Bank announced a refinement to its operating model which is effective from 01 July 2022. This change is part of the Bank's journey to enhance market competitiveness with due consideration to its transformation imperative. In essence, the Bank will move from two commercial businesses, Corporate and Investment Bank (CIB) Pan-Africa and Retail and Business Banking (RBB) Pan-Africa, to five business units (Everyday Banking, Relationship Banking, Product Solutions, CIB Pan-Africa and RBB Absa Regional Operations). The impact of this announcement on segment reporting for the year ended 31 December 2022 is in the process of being determined.

[1] These numbers have been restated, refer to the reporting changes overview, note 15.

[2] Head Office, Treasury and other operations represent reconciling stripe and is not a reporting segment.

[3] Barclays separation effects is the reconciling stripe and does not represent a reportable segment.

12. Financial assets and financial liabilities not held at fair value

The following table summarises the carrying amounts and fair value of those assets and liabilities not held at fair value.

	30 June			
	2022		2021	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial assets				
Balances with the SARB	28 366	28 366	26 502	26 502
Coins and bank notes	6 589	6 589	7 277	7 277
Cash, cash balances and balances with central banks	34 955	34 955	33 779	33 779
Investment securities	35 960	35 582	31 462	33 121
Other assets	39 816	39 816	21 882	21 882
RBB[1]	568 655	563 920	523 596	518 354
Home Loans	281 606	275 311	257 200	255 067
Vehicle and Asset Finance	101 853	101 616	93 981	92 515
Everyday Banking	52 345	52 023	48 019	47 363
Card	30 014	30 014	27 285	27 285
Personal loans	19 429	19 107	17 928	17 272
Transactions and Deposits	2 902	2 902	2 806	2 806
Relationship Banking[1]	132 851	134 970	124 396	123 408
RBB Other	0	0	1	1
CIB[1, 2]	259 343	262 364	224 421	228 266
Head Office, Treasury and other operations	483	483	699	699
Loans and advances to customers[2]	828 481	826 767	748 716	747 319
Loans and advances to banks[2]	50 546	50 546	31 702	31 702
Loans and advances	879 027	877 313	780 418	779 021
Loans to Group companies	74 957	74 957	62 782	62 782
Total assets (not held at fair value)	1 064 715	1 062 623	930 323	930 584
Financial liabilities				
Other liabilities	41 295	41 295	40 289	40 289
Call deposits[2]	95 038	95 038	82 302	82 302
Cheque account deposits	238 748	238 748	238 965	238 965
Credit card deposits	2 056	2 056	1 954	1 954
Fixed deposits	157 660	157 510	152 402	156 736
Foreign currency deposits[2]	45 711	45 711	32 876	32 876
Notice deposits	70 758	70 758	74 738	74 738
Other deposits[2]	1 033	1 033	877	877
Savings and transmission deposits	221 129	221 129	201 544	201 544
Deposits due to customers[2]	832 133	831 983	785 658	789 992
Deposits from banks[2]	41 177	41 175	50 877	51 145
Deposits	873 310	873 158	836 535	841 137
Debt securities in issue	129 512	129 276	104 849	105 427
Borrowed funds	25 103	25 030	27 293	27 432
Loans from Group companies	7 906	7 906	892	892
Total liabilities (not held at fair value)	1 077 126	1 076 665	1 009 858	1 015 177

(1) These numbers have been restated, refer to the reporting changes overview, note 15.2.

(2) These numbers have been restated, refer to the reporting changes overview, note 15.5.

12. Financial assets and financial liabilities not held at fair value (continued)

The following table summarises the carrying amounts and fair value of those assets and liabilities not held at fair value.

	31 December 2021	
	Carrying amount Rm	Fair value Rm
Financial assets		
Balances with the SARB	27 684	27 684
Coins and bank notes	6 067	6 067
Cash, cash balances and balances with central banks	33 751	33 751
Investment securities	32 900	33 919
Other assets	14 392	14 392
RBB[1]	543 589	547 389
Home Loans	270 275	266 310
Vehicle and Asset Finance	98 077	100 807
Everyday Banking	49 672	49 845
Card	28 227	28 227
Personal loans	18 611	18 784
Transactions and Deposits	2 834	2 834
Relationship Banking[1]	125 565	130 427
CIB[1]	248 129	249 152
Head Office, Treasury and other operations	695	695
Loans and advances to customers	792 413	797 236
Loans and advances to banks	28 486	28 486
Loans and advances	820 899	825 722
Loans to Group companies	76 733	76 733
Total assets (not held at fair value)	978 675	984 517
Financial liabilities		
Other liabilities	33 357	33 357
Call deposits	90 398	90 398
Cheque account deposits	229 375	229 375
Credit card deposits	2 137	2 137
Fixed deposits	154 785	154 186
Foreign currency deposits	33 429	33 429
Notice deposits	70 148	70 148
Other deposits	935	935
Savings and transmission deposits	225 300	225 300
Deposits due to customers	806 507	805 908
Deposits from banks	46 239	46 229
Deposits	852 746	852 137
Debt securities in issue	103 394	102 718
Borrowed funds	26 459	26 282
Loans from Group companies	9 214	9 214
Total liabilities (not held at fair value)	1 025 170	1 023 708

[1] These numbers have been restated, refer to the reporting changes overview, note 15.2.

13. Assets and liabilities held at fair value

13.1 Fair value measurement and valuation processes

Financial assets and financial liabilities

The Bank has an established control framework with respect to the measurement of fair values. The framework includes a Traded Risk and Valuations Committee and an Independent Valuation Control (IVC) team, which is independent from the front office.

The Traded Risk and Valuations Committee, which comprises representatives from senior management, will formally approve valuation policies and any changes to valuation methodologies. Significant valuation issues are reported to the Absa Group Audit and Compliance Committee.

The Traded Risk and Valuations Committee is responsible for overseeing the valuation control process and will therefore consider the appropriateness of valuation techniques and inputs for fair value measurement.

The IVC team independently verifies the results of trading and investment operations and all significant fair value measurements. They source independent data from external independent parties, as well as internal risk areas when performing independent price verification for all financial instruments held at fair value. They also assess and document the inputs obtained from external independent sources to measure the fair value which supports conclusions that valuations are performed in accordance with IFRS and internal valuation policies.

Commodity derivatives

The fair value of commodities is determined primarily using data derived from markets in which the underlying commodities are traded.

13.2 Fair value measurements

Valuation inputs

IFRS 13 requires an entity to classify fair values measured and/or disclosed according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined as follows:

Quoted market prices – Level 1

Fair values are classified as Level 1 if they have been determined using observable prices in an active market. Such fair values are determined with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Fair values are classified as Level 2 if they have been determined using models for which inputs are observable in an active market.

A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Valuation technique using significant unobservable inputs – Level 3

Fair values are classified as Level 3 if their determination incorporates significant inputs that are not based on observable market data (unobservable inputs). An input is deemed significant if it is shown to contribute more than 10% to the fair value of an item. Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

Judgemental inputs on valuation of principal instruments

The following summary sets out the principal instruments whose valuation may involve judgemental inputs:

Debt securities and treasury and other eligible bills

These instruments are valued, based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined by reference to quoted market prices for similar instruments or, in the case of certain mortgage-backed securities, valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

Equity instruments

Equity instruments are valued, based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined by reference to quoted market prices for similar instruments or by using valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

Also included in equity instruments are non-public investments, which include investments in venture capital organisations. The fair value of these investments is determined using appropriate valuation methodologies which, dependent on the nature of the investment, may include discounted cash flow analysis, enterprise value comparisons with similar companies and price: earnings comparisons. For each investment, the relevant methodology is applied consistently over time.

Derivatives

Derivative contracts can be exchange-traded or traded over-the-counter (OTC). OTC derivative contracts include forward, swap and option contracts related to interest rates, bonds, foreign currencies, credit spreads, equity prices and commodity prices or indices on these instruments. Fair values of derivatives are obtained from quoted market prices, dealer price quotations, discounted cash flow and option pricing models.

Loans and advances

The disclosed fair value of loans and advances is determined by discounting contractual cash flows. Discount factors are determined using the relevant forward base rates (as at valuation date) plus the originally priced spread. Where a significant change in credit risk has occurred, an updated spread is used to reflect valuation date pricing. Behavioural cash flow profiles, instead of contractual cash flow profiles, are used to determine expected cash flows where contractual cash flow profiles would provide an inaccurate fair value.

Deposits, debt securities in issue and borrowed funds

Deposits, debt securities in issue and borrowed funds are valued using discounted cash flow models, applying rates currently offered for issuances with similar characteristics. Where these instruments include embedded derivatives, the embedded derivative component is valued using the methodology for derivatives as detailed above.

The fair value of amortised cost deposits repayable on demand is considered to be equal to their carrying value. For other financial liabilities at amortised cost the disclosed fair value approximates the carrying value because the instruments are short term in nature or have interest rates that reprice frequently.

13. Assets and liabilities held at fair value

(continued)

13.3 Fair value adjustments

The main valuation adjustments required to arrive at a fair value are described below:

Bid-offer valuation adjustments

For assets and liabilities where the Bank is not a market maker, mid prices are adjusted to bid and offer prices respectively. Bid-offer adjustments reflect expected close out strategy and, for derivatives, the fact that they are managed on a portfolio basis. The methodology for determining the bid-offer adjustment for a derivative portfolio will generally involve netting between long and short positions and the bucketing of risk by strike and term in accordance with hedging strategy. Bid-offer levels are derived from market sources, such as broker data. For those assets and liabilities where the firm is a market maker and has the ability to transact at, or better than, mid-price (which is the case for certain equity, bond and vanilla derivative markets), the mid-price is used, since the bid-offer spread does not represent a transaction cost.

Uncollateralised derivative adjustments

A fair value adjustment is incorporated into uncollateralised derivative valuations to reflect the impact on fair value of counterparty credit risk, the Bank's own credit quality, as well as the cost of funding across all asset classes.

Model valuation adjustments

Valuation models are reviewed under the Bank's model governance framework. This process identifies the assumptions used and any model limitations (for example, if the model does not incorporate volatility skew). Where necessary, fair value adjustments will be applied to take these factors into account. Model valuation adjustments are dependent on the size of portfolio, complexity of the model, whether the model is market standard and to what extent it incorporates all known risk factors. All models and model valuation adjustments are subject to review on at least an annual basis.

13. Assets and liabilities held at fair value (continued)

13.4 Fair value hierarchy

The following table shows the Bank's assets and liabilities that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety.

	30 June							
	2022				2021			
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3[1] Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Investment securities	33 901	44 438	7 751	86 090	37 643	42 249	7 285	87 177
Trading and hedging portfolio assets	72 831	78 904	10 163	161 898	68 292	86 595	1 719	156 606
Debt instruments	67 356	2 571	236	70 163	62 629	1 432	219	64 280
Derivative assets	—	65 129	6 059	71 188	—	73 401	329	73 730
Commodity derivatives	—	1 742	3	1 745	—	743	31	774
Credit derivatives	—	20	241	261	—	1	139	140
Equity derivatives	—	4 539	5 814	10 353	—	6 750	143	6 893
Foreign exchange derivatives	—	16 647	1	16 648	—	16 575	2	16 577
Interest rate derivatives	—	42 181	—	42 181	—	49 332	14	49 346
Equity instruments	4 018	—	—	4 018	4 882	—	—	4 882
Money market assets	1 457	11 204	3 868	16 529	781	11 762	1 171	13 714
Loans and advances[2]	—	105 974	13 853	119 827	—	102 191	14 180	116 371
Total financial assets	106 732	229 316	31 767	367 815	105 935	231 035	23 184	360 154
Financial liabilities								
Trading and hedging portfolio liabilities	33 557	65 203	421	99 181	24 789	58 129	147	83 065
Derivative liabilities	—	65 203	421	65 624	—	58 129	147	58 276
Commodity derivatives	—	1 603	—	1 603	—	760	1	761
Credit derivatives	—	—	261	261	—	—	107	107
Equity derivatives	—	5 503	157	5 660	—	3 790	29	3 819
Foreign exchange derivatives	—	17 963	—	17 963	—	13 798	—	13 798
Interest rate derivatives	—	40 134	3	40 137	—	39 781	10	39 791
Short positions	33 557	—	—	33 557	24 789	—	—	24 789
Deposits[2]	2	134 344	2 212	136 558	124	99 880	2 418	102 422
Debt securities in issue	993	42 082	—	43 075	1 043	21 561	—	22 604
Total financial liabilities	34 552	241 629	2 633	278 814	25 956	179 570	2 565	208 091
Non-financial assets								
Commodities	619	—	—	619	787	—	—	787
Non-recurring fair value measurements								
Non-current assets held for sale[3]	—	—	104	104	—	—	82	82

[1] As a result of the uncertainties inherent in measuring the fair value of financial instruments, its measurement is estimated based on valuation assumptions and inputs derived from market expectations. Estimation involves judgements based on the latest available, reliable information. Resultantly, any changes in key assumptions relating to their valuation is treated as a change in accounting estimate and has been accounted for prospectively in the financial statements.

[2] These numbers have been restated, refer to note 15.4 for further details.

[3] Includes certain items classified in terms of the requirements of IFRS 5 which are measured at fair value in terms of their respective standards.

13. Assets and liabilities held at fair value (continued)

13.4 Fair value hierarchy (continued)

	31 December 2021			
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3[1] Rm	Total Rm
Financial assets				
Investment securities	37 400	39 541	6 424	83 365
Trading and hedging portfolio assets	71 515	72 488	2 327	146 330
Debt instruments	66 545	2 058	122	68 725
Derivative assets	—	58 010	1 386	59 396
Commodity derivatives	—	907	13	920
Credit derivatives	—	2	140	142
Equity derivatives	—	7 349	1 232	8 581
Foreign exchange derivatives	—	10 089	1	10 090
Interest rate derivatives	—	39 663	—	39 663
Equity instruments	3 877	—	—	3 877
Money market assets	1 093	12 420	819	14 332
Loans and advances	—	95 147	16 729	111 876
Total financial assets	108 915	207 176	25 480	341 571
Financial liabilities				
Trading and hedging portfolio liabilities	21 146	49 594	273	71 013
Derivative liabilities	—	49 594	273	49 867
Commodity derivatives	—	823	1	824
Credit derivatives	—	—	93	93
Equity derivatives	—	2 513	169	2 682
Foreign exchange derivatives	—	11 490	—	11 490
Interest rate derivatives	—	34 768	10	34 778
Short positions	21 146	—	—	21 146
Deposits	156	119 245	1 974	121 375
Debt securities in issue	975	24 202	—	25 177
Total financial liabilities	22 277	193 041	2 247	217 565
Non-financial assets				
Commodities	642	—	—	642
Non-recurring fair value measurements				
Non-current assets held for sale[2]	—	—	57	57

[1] As a result of the uncertainties inherent in measuring the fair value of financial instruments, its measurement is estimated based on valuation assumptions and inputs derived from market expectations. Estimation involves judgements based on the latest available, reliable information. Resultantly, any changes in key assumptions relating to their valuation is treated as a change in accounting estimate and has been accounted for prospectively in the financial statements.

[2] Includes certain items classified in terms of the requirements of IFRS 5 which are measured at fair value in terms of their respective standards.

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13. Assets and liabilities held at fair value (continued)

13.5 Measurement of assets and liabilities categorised at Level 2

The following table presents information about the valuation techniques and significant observable inputs used in measuring assets and liabilities categorised as Level 2 in the fair value hierarchy:

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Trading and hedging portfolio assets and liabilities		
Debt instruments	Discounted cash flow models	Underlying price of market instruments and/or interest rates
Derivatives		
Commodity derivatives	Discounted cash flow techniques, option pricing models, futures pricing models and/or Exchange Traded Fund (ETF) models	Spot price of physical or futures, market interest rates and/or volatilities
Credit derivatives	Discounted cash flow techniques and/or market standard credit derivative pricing	Interest rate, recovery rate and credit spread and/or quanto ratio
Equity derivatives	Discounted cash flow models, option pricing models and/or futures pricing models	Spot price, interest rate, volatility and/or dividend stream
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models	Spot price, interest rate curves, basis curves and/or volatilities
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves, repurchase agreement curves, money market curves and/or volatilities
Money market assets	Discounted cash flow models	Money market curves and/or interest rates
Loans and advances	Future cash flows are discounted using market-related interest rates, adjusted for credit inputs, over the contractual period of the instruments (that is, discounted cash flow)	Interest rate curves, money market curves and/or credit spreads
Investment securities	Discounted cash flow models	Underlying price of market traded instruments and/or interest rates
Deposits	Discounted cash flow models	Interest rate curve , money market curves and/or credit spreads
Debt securities in issue and other liabilities	Discounted cash flow models	Underlying price of market traded instruments, interest rate curves and/or credit spreads

Notes to the condensed consolidated financial results

for the reporting period ended

13. Assets and liabilities held at fair value (continued)

13.6 Reconciliation of Level 3 assets and liabilities

A reconciliation of the opening balances to closing balances for all movements on Level 3 assets is set out below:

	30 June 2022			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	**2 327**	**16 729**	**6 424**	**25 480**
Net interest income	**—**	**219**	**42**	**261**
Gains and losses from banking and trading activities	**(385)**	**(136)**	**54**	**(467)**
Purchases	**3 058**	**2 636**	**1 400**	**7 094**
Sales	**(163)**	**(1 101)**	**(1 407)**	**(2 671)**
Movement in other comprehensive income	**—**	**—**	**(107)**	**(107)**
Transfer to Level 3	**5 725**	**—**	**1 598**	**7 323**
Transfer out of Level 3	**(399)**	**(4 494)**	**(253)**	**(5 146)**
Closing balance at the end of the reporting period	**10 163**	**13 853**	**7 751**	**31 767**

	30 June 2021			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	2 502	13 597	9 612	25 711
Net interest income	—	184	30	214
Gains and losses from banking and trading activities	125	(774)	128	(521)
Purchases	531	3 404	571	4 506
Sales	(69)	(3 128)	(1 002)	(4 199)
Movement in other comprehensive income	—	—	(238)	(238)
Transfer to Level 3	260	1 099	—	1 359
Transfer out of Level 3	(1 630)	(202)	(1 816)	(3 648)
Closing balance at the end of the reporting period	1 719	14 180	7 285	23 184

	31 December 2021			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	2 502	13 597	9 612	25 711
Net interest income	—	180	47	227
Gains and losses from banking and trading activities	906	(96)	(5)	805
Purchases	626	6 009	916	7 551
Sales	(42)	(4 137)	(2 913)	(7 092)
Movement in other comprehensive income	—	—	21	21
Settlements	—	—	(60)	(60)
Transfer to Level 3	175	1 176	—	1 351
Transfer out of Level 3	(1 840)	—	(1 194)	(3 034)
Closing balance at the end of the reporting period	2 327	16 729	6 424	25 480

13. Assets and liabilities held at fair value (continued)

13.6 Reconciliation of Level 3 assets and liabilities (continued)

A reconciliation of the opening balances to closing balances for all movements on Level 3 liabilities is set out below:

	30 June 2022		
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	273	1 974	2 247
Gains and losses from banking and trading activities	145	(42)	103
Issues	1	639	640
Settlements	(1)	(359)	(360)
Transfer to Level 3	11	—	11
Transfer out of Level 3	(8)	—	(8)
Closing balance at the end of the reporting period	421	2 212	2 633

	30 June 2021		
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	173	3 562	3 735
Gains and losses from banking and trading activities	(37)	(2 257)	(2 294)
Issues	9	2 317	2 326
Settlements	—	(1 277)	(1 277)
Transfer to Level 3	8	73	81
Transfer out of Level 3	(6)	—	(6)
Closing balance at the end of the reporting period	147	2 418	2 565

	31 December 2021		
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	172	3 562	3 734
Gains and losses from banking and trading activities	48	(118)	(70)
Issues	55	373	428
Settlements	(1)	(1 692)	(1 693)
Transfer out of Level 3	(1)	(151)	(152)
Closing balance at the end of the reporting period	273	1 974	2 247

13.7 Significant transfers between levels

During the 2022 and 2021 reporting periods, transfers between levels occurred because of changes in the observability of valuation inputs, in some instances owing to changes in the level of market activity. Transfers have been reflected as if they had taken place at the beginning of the year. Transfers between level 1 and level 2 are not considered significant for disclosure.

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13. Assets and liabilities held at fair value (continued)

13.8 Unrealised gains and losses on Level 3 assets and liabilities

The total unrealised gains and losses for the reporting period on Level 3 positions held at the reporting date are set out below:

	30 June 2022						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	**5 025**	**1 517**	**92**	**6 634**	**(96)**	**250**	**154**

	30 June 2021						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	97	(451)	103	(251)	(81)	1 480	1 399

	31 December 2021						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	147	1 833	45	2 025	189	1 190	1 379

13.9 Sensitivity analysis of valuations using unobservable inputs

As part of the Bank's risk management processes, we perform a sensitivity analysis on the significant unobservable parameters, in order to determine the impact of reasonably possible alternative assumptions on the valuation of level 3 financial assets and liabilities. The assets and liabilities that mostly impact this sensitivity analysis are those with more illiquid and/or structured portfolios. The alternatives assumptions are applied independently and do not take account of any cross correlation between assumptions that would reduce the overall effect on the valuations.

The following table reflects the reasonable possible variances applied to significant parameters utilised in our valuations.

Significant unobservable parameter	Positive/(negative) variance applied to parameters
Credit spreads	100/(100) bps
Volatilities	10/(10)%
Basis curves	100/(100) bps
Yield curves and repo curves	100/(100) bps
Future earnings and marketability discounts	15/(15)%
Funding spreads	100/(100) bps

13. Assets and liabilities held at fair value (continued)

13.9 Sensitivity analysis of valuations using unobservable inputs (continued)

A significant parameter has been deemed to be one which may result in a charge to profit or loss, or a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item. This is demonstrated by the following sensitivity analysis which includes a reasonable range of possible outcomes:

		30 June 2022	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits	Absa Group Limited/Absa funding	134/(145)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/—	(109)/111
Loans and advances	Credit spreads	(879)/957	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	146/(146)	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(290)/290	—/—

		30 June 2021	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits	Absa Group Limited/Absa funding	183/(202)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/—	(124)/127
Loans and advances	Credit spreads	(862)/937	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(19)/19	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	23/(23)	—/—

		31 December 2021	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits	Absa Group Limited/Absa funding	126/(138)	—/ —
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/ —	(113)/116
Loans and advances	Credit spreads	(979)/1 060	—/ —
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(41)/41	—/ —
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(37)/37	—/ —

13. Assets and liabilities held at fair value (continued)

13.10 Measurement of assets and liabilities at Level 3

The following table presents information about the valuation techniques and significant unobservable inputs used in measuring assets and liabilities categorised as Level 3 in the fair value hierarchy:

			30 June		31 December
			2022	2021	2021
Category of asset/liability	**Valuation techniques applied**	**Significant unobservable inputs**	Range of estimates utilised for the unobservable inputs		
Loans and advances	Discounted cash flow and/or dividend yield models	Credit spreads	**0.04% – 3.07%**	1.27% to 3.7%	1.4% to 3.7%
Investment securities	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Risk adjusted yield curves, future earnings, marketability discounts and/or competitor multiples	**Discount rate of 8% – 8.5%**	Discount rate of 8%	Discount rate of 8.5%
Trading and hedging portfolio assets and liabilities					
Debt instruments	Discounted cash flow models	Credit spreads	**0.01% – 4.55%**	0.17% to 12.9%	0.04% to 4.55%
Derivative assets					
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Credit spreads, Recovery rates and/or Quanto ratio	**0.09% – 24.15%, 15% – 82.3%, 49% – 100%**	0.013% – 26.5%, 15% – 82.3%, 50% – 100%	0.035% – 4.502%, 15% – 93.2%, 54% – 100%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	**18.15% – 55.98%**	16.12% to 44.4%	17.77% to 68.49%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	**3.35% – 29.80%**	0.55% to 23%	0.88% to 20%
Interest rate derivatives	Discounted cash flow and/or option pricing models	Real yield curves (less than 1 year), repurchase agreement curves (less than 1 year), funding spreads	**0.025% – 9.3125%**	0.25% to 4.925%	0.052% to 7.3%
Deposits	Discounted cash flow models	The Bank's funding spreads (greater than 5 years)	**1.250% – 1.625%**	1.15% to 1.6%	1.15% to 1.6%
Debt securities in issue	Discounted cash flow models	Funding curves (greater than 5 years)	**1.250% – 1.625%**	1.15% to 1.6%	1.15% to 1.6%

For assets or liabilities held at amortised cost and disclosed in levels 2 or 3 of the fair value hierarchy, the discounted cash flow valuation technique is used. Interest rates and money market curves are considered unobservable inputs for items which mature after five years. However, if the items mature in less than five years, these inputs are considered to be observable, depending on other facts and circumstances.

For debt securities in issue held at amortised cost, a further significant input would be the underlying price of the market traded instrument.

The sensitivity of the fair value measure is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on fair values.

A majority of the items included in the non-current assets held for sale balance consists of financial instruments which are measured in terms of their respective standards (IFRS 9).

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13. Assets and liabilities held at fair value (continued)

13.11 Unrecognised (gains) as a result of the use of valuation models using unobservable inputs

The amount that is yet to be recognised in the statement of comprehensive income that relates to the difference between the transaction price and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is as follows:

	30 June		31 December
	2022 Rm	2021 Rm	2021 Rm
Opening balance at the beginning of the reporting period	**(521)**	(446)	(446)
New transactions	**(394)**	(192)	(212)
Amounts recognised in profit or loss during the reporting period	**116**	61	137
Closing balance at the end of the reporting period	**(799)**	(577)	(521)

13.12 Third-party credit enhancements

There were no significant liabilities measured at fair value and issued with inseparable third-party credit enhancements during the current and previous reporting periods.

14. Interest rate benchmark reform

Background

The Bank structures and executes a variety of transactions, including equity-linked offerings, debt issuances, lending activities as well as structured and derivative transactions.

Fair value hedges are used by the Bank to protect against changes in the fair value of financial instruments due to movements in interest rates and are therefore affected by the interest rate benchmark reform. The financial instruments hedged for interest rate risk include fixed rate investment securities, fixed rate loans and advances, fixed debt securities and borrowed funds. The hedging instruments typically utilised are interest rate swaps or cross currency swaps, which reference a floating rate, namely ZAR JIBAR or USD LIBOR.

Cash flow hedges are used by the Bank to protect against the potential cash flow variability arising from exposure to interest rate and foreign currency risk and are therefore also affected by interest rate benchmark reform. The financial instruments designated as hedged items include variable rate loans and advances, and the hedging instruments typically utilised are interest rate swaps or cross currency swaps which reference a floating rate, namely ZAR JIBAR or USD LIBOR.

In addition, the Bank has derivative and non-derivative financial instruments linked to IBORs that are not in hedge accounting relationships.

The GBP, EUR and JPY LIBOR rates and the one-week and two-month USD LIBOR rates were discontinued at 31 December 2021. The remaining USD LIBOR rates is expected to be discontinued post 30 June 2023.

The Bank's exposure to IBORs subject to change at 31 December 2021 were not significant compared to those expected to be changed post June 2023. The GBP LIBOR, EUR LIBOR, JPY LIBOR and US LIBOR have transitioned to the Sterling Overnight Index Average (SONIA), Euro Short-Term Rate (€STR), Tokyo Overnight Average Rate (TONAR) and Secured Overnight Financing Rate (SOFR), respectively, as alternative reference rates.

The SARB announced in 2020 that the Johannesburg Interbank Average Rate (JIBAR) would cease to exist in the near future as it did not comply with the IOSCO Principles for Financial Benchmarks. The SARB Market Practitioners Bank (MPG), a joint public-private body, has been mandated to facilitate decisions on the choice of alternative reference rates for financial contracts that should replace JIBAR.

The transition journey for JIBAR is still in its nascency and transition timelines are yet to be announced by the SARB. The Bank participates in the South African Reserve Bank (SARB's) MPG and has started its own preparations for the transition of JIBAR. Lessons learned during the LIBOR transition journey will pave the way for an efficient transition of JIBAR in due course.

The Bank's IBOR transition steering committee, which comprises a series of business and function workstreams with oversight and coordination provided by a central project team, is currently managing the transition. Workstreams actively participate in industry-wide working banks to remain informed of the latest developments and to ensure consistency with the approaches of other market participants.

The main risks to which the Bank is exposed as a result of IBOR reform are operational as detailed below:

Conduct risk: The transition to alternative benchmark rates could result in the risk of market or customer misconduct, which may lead to customer complaints, regulatory sanctions or reputational impact. This includes the risk of misleading clients, anti-competitive practices, both during and after transition (such as collusion and information sharing), and risks arising from conflicts of interest.

Pricing and Valuation considerations: International Securities and Derivatives Association (ISDA) published the IBOR Fallbacks Supplement and ISDA 2020 IBOR Fallbacks Protocol on 23 October 2020. New fallbacks for derivatives linked to key IBORs came into effect on 25 January 2021, ensuring a viable safety net is in place in the event an IBOR becomes permanently unavailable while entities continue to have exposure to that rate. The supplement incorporates the fallbacks into all new non-cleared derivatives contracts from 25 January 2021 that reference the 2006 ISDA Definitions. Derivative participants can incorporate the fallback into legacy non-cleared derivatives contracts via use of an ISDA protocol or through bilateral negotiation. For cleared derivatives, central counterparties (CCPs) have incorporated the ISDA IBOR fallbacks in their rule books for both new and legacy contracts.

Accounting: If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to discontinuation of hedge accounting relationships, increased volatility in profit or loss if re-designated hedges are not fully effective and volatility in the profit or loss if non-derivative financial instruments are modified or derecognised. The Bank is aiming to agree changes to contracts that would allow IFRS 9 reliefs to apply. In particular, the Bank is not seeking to novate derivatives or close out derivatives and enter into new on-market derivatives where derivatives have been designated in hedging relationships.

Notes to the condensed consolidated financial results

for the reporting period ended

14. Interest rate benchmark reform (continued)

Litigation risk: If no agreement is reached to implement the interest rate benchmark reform on existing contracts (e.g. arising from differing interpretation of existing fallback terms), there is a risk of litigation and prolonged disputes with counterparties which could give rise to additional legal and other costs. The Bank is working proactively with all counterparties to minimise this risk from occurring.

Operational risk: Our Bank's IT systems are undergoing upgrades to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time resulting in additional manual procedures which give rise to operational risks.

These risks are being managed through either the Bank's IBOR Steering Committee or where more appropriate the relevant function best placed to monitor and/or mitigate risk.

Developments made towards implementing alternative benchmark interest rates

For derivatives subject to interest rate reform, the Bank and a significant portion of its counterparties have adhered to the ISDA IBOR Fallbacks Protocol (the "Protocol") as well as the IBOR Fallbacks Supplement (the "Supplement") published by the ISDA in October 2020. The protocol has become effective on 25 January 2021, and provides for the calculation of an economically equivalent rate to previous rates when IBORs are no longer available.

The Bank has been systematically including fallback language in all new contracts as of January 2021 across all LIBOR currencies. For legacy contracts referencing LIBOR, particularly for non-USD currencies, the Bank has either included fallback language into the contracts or actively transitioned these to new risk-free rates, i.e. re-contracted using the risk-free rates in preparation of the cessation of LIBOR. As at 31 December 2021 all active transactions referencing non-USD LIBOR, either contain fallback language, have been actively transitioned or will naturally roll-off as they do not have further reset dates. Absa is in the process of transiting contracts referencing USD LIBOR either through the use of fallbacks or the active transitions approach and will aim to complete this activity by 30 June 2023.

The Bank will continue to apply the Phase 1 amendments to IFRS 9/ IAS 39 until the uncertainty on the timing and amount of cash flows arising from interest rate benchmark reform ends. It is expected that this uncertainty will continue until the Bank's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread. The Bank has elected to apply the Phase 2 amendments prospectively from effective date with no restatement of comparatives.

The Bank has certain designated hedging relationships where hedged items and/or hedging instruments reference an interest rate benchmark. These rates are in the process of being transitioned to risk free rates (RFRs) as these rates will no longer exist once the interest rate benchmark reform is finalised.

The Bank's cash flow hedging relationships of JIBAR and US dollar LIBOR risks extend beyond the anticipated cessation dates for both IBORs. There is uncertainty over the timing and amount of the replacement rate cash flows which may impact the hedging relationship, i.e. its effectiveness assessment and highly probable assessment. For the purposes of these assessments, the Bank assumes that the hedged benchmark interest rate, the cash flows of the hedged item and/or the hedging instrument will not be altered as a result of IBOR reform.

If a hedging relationship impacted by uncertainty about IBOR reform has not been highly effective throughout the financial reporting period, then the Bank evaluates whether the hedge is expected to be highly effective prospectively and whether the effectiveness of the hedging relationship can be reliably measured. The hedging relationship will not be discontinued as long as it meets all criteria for hedge accounting, with the exception of the requirement that the hedge was actually highly effective.

Hedging relationships impacted by uncertainty about IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and the hedging instrument, which may lead to hedge ineffectiveness. The Bank has measured its hedging instruments indexed to IBORs using available quoted market rates for IBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in IBOR on a similar basis.

The table below provides more information on the hedge accounting relationships that are impacted by interest rate benchmark reform:

30 June 2022

	Notional amount						
	ZAR JIBAR Rm	USD LIBOR Rm	EUR LIBOR[1] Rm	JPY LIBOR[1] Rm	Total Rm	Notional not impacted by benchmark reform Rm	Total Notional Rm
Cash Flow Hedges	196 083	—	—	—	196 083	1 618	197 701
Interest Rate Swaps	195 012	—	—	—	195 012	—	195 012
Cross Currency Swaps	1 071	—	—	—	1 071	647	1 718
Forwards	—	—	—	—	—	971	971
Fair Value Hedges	59 350	4 094	—	—	63 444	647	64 091
Interest Rate Swaps	58 360	4 094	—	—	62 454	647	63 101
Cross Currency Swaps	—	—	—	—	—	—	—
Inflation Rate Swaps	990	—	—	—	990	—	990

[1] These exposures have transitioned to the new risk-free rate following the remediation that was undertaken in 2021.

14. Interest rate benchmark reform (continued)

	31 December 2021						
	Notional amount						
	ZAR JIBAR Rm	USD LIBOR Rm	EUR LIBOR Rm	JPY LIBOR Rm	Total Rm	Notional not impacted by benchmark reform Rm	Total Notional Rm
Cash Flow Hedges	192 956	—	50	128	193 134	2 204	195 338
Interest Rate Swaps	180 649	—	—	—	180 649	—	180 649
Cross Currency Swaps	12 307	—	50	128	12 485	—	12 485
Forwards	—	—	—	—	—	2 204	2 204
Fair Value Hedges	61 052	15 943	—	128	77 123	—	77 123
Interest Rate Swaps	56 625	15 943	—	128	72 696	—	72 696
Cross Currency Swaps	2 857	—	—	—	2 857	—	2 857
Inflation Rate Swaps	1 570	—	—	—	1 570	—	1 570

The table below provides information on financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period:

	30 June 2022					
	Carrying values of financial instruments impacted by benchmark reform and yet to transition					
	USD LIBOR Rm	**GBP LIBOR[3] Rm**	**EUR LIBOR[3] Rm**	**JPY LIBOR[3] Rm**	**Other Rm**	**Total Rm**
Non-derivative assets[1]	**60 108**	—	—	—	—	**60 108**
Non-derivative liabilities[1]	**5 692**	—	—	—	—	**5 692**
Derivative notionals[2]	**855 795**	—	—	—	—	**855 795**

	31 December 2021					
	Carrying values of financial instruments impacted by benchmark reform and yet to transition					
	USD LIBOR Rm	GBP LIBOR Rm	EUR LIBOR Rm	JPY LIBOR Rm	Other Rm	Total Rm
Non-derivative assets[1]	90 676	1 573	1 697	15	—	93 961
Non-derivative liabilities[1]	5 251	—	—	—	—	5 251
Derivative notionals[2]	972 088	4 001	2 212	63	—	978 364

Financial instrument modifications due to IBOR reforms

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform if the following conditions are met; the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

(1) Includes both on balance sheet and off-balance sheet exposures. Carrying amounts for on balance sheet and notional amounts for off-balance sheet have been included.

(2) Balances represent the notional amount of derivative assets and liabilities directly impacted by the IBOR reform.

(3) These exposures have transitioned to the new risk-free rate following the remediation that was undertaken in 2021.

Notes to the condensed consolidated financial results

for the reporting period ended

15. Reporting changes overview

The Bank effected the following financial reporting changes during the current reporting period:

15.1 Costs related to business units have been allocated from Head Office to the relevant segments, resulting in the restatement of operating expenses and other expenses between segments.

	30 June 2021			31 December 2021		
	As previously reported Rm	Cost re-allocation Rm	Restated Rm	As previously reported Rm	Cost re-allocation Rm	Restated Rm
Operating expenses						
RBB	(11 806)	173	(11 633)	(24 102)	309	(23 793)
CIB	(3 511)	70	(3 441)	(7 301)	147	(7 154)
Head Office and Treasury operations	(955)	(243)	(1 198)	(2 822)	(456)	(3 278)
Other expenses						
RBB	(216)	(29)	(245)	(579)	(27)	(606)
CIB	(89)	(1)	(90)	(249)	(3)	(252)
Head Office and Treasury operations	(362)	30	(332)	(694)	30	(664)

15.2 Portions of the Commercial Property Finance portfolio were moved between RBB and CIB to align with client portfolio segmentation. These resulted in the restatement of the carrying amount for the respective segments. Included in the June 2021 CIB re-allocation is a prior period error adjustment of R3 717m between banks and customers (refer to note 15.5).

	30 June 2021				31 December 2021		
	As previously reported Rm	BU change impact Rm	Prior period error (Refer 15.5) Rm	Restated Rm	As previously reported Rm	BU change impact Rm	Restated Rm
Portfolio change							
RBB	124 382	43	—	124 425	125 712	(109)	125 603
CIB	220 771	3 674	(3 717)	220 728	248 143	109	248 252

15.3 The Bank moved some business units between RBB and CIB, which resulted in movements of intercompany balances reported in other assets and other liabilities in Head Office, due to changes of intergroup eliminations. The inter-segment impact for June 2021 in other liabilities is inclusive of the change made due to the disclosure enhancement initiative implemented by the Bank in December 2021 to disclose deposits from banks separate from other liabilities and the prior period error (refer to 15.5).

	30 June 2021					31 December 2021		
	As previously reported Rm	BU change impact Rm	Prior period error Rm	Bank disclosure change Rm	Restated Rm	As previously reported Rm	BU change impact Rm	Restated Rm
Other assets								
RBB	382 791	7 902	—	—	390 693	436 416	156	436 572
CIB	436 603	451	—	—	437 054	404 719	749	405 468
Head Office, Treasury and other operations	(517 769)	(8 353)	—	—	(526 122)	(542 400)	(905)	(543 305)
Other liabilities								
RBB	506 350	7 879		(1)	514 228	541 230	(83)	541 147
CIB	486 719	359	(3 306)	(55 437)	428 335	407 499	749	408 248
Head Office, Treasury and other operations	(748 386)	(8 238)	(2 125)	(26 122)	(784 871)	(801 328)	(666)	(801 994)
Barclays Separation	(423)	—	—	—	(423)	—	—	—

15. Reporting changes overview (continued

15.4 Revenue received from Islamic Banking in RBB was aligned with the Group's accounting policy and therefore eliminated the adjustment required in Head Office.

	30 June 2021			31 December 2021		
	As previously reported Rm	Re-allocation Rm	Restated Rm	As previously reported Rm	Re-allocation Rm	Restated Rm
Total Income						
RBB	21 418	(65)	21 353	43 849	(126)	43 723
CIB	6 846	(1)	6 845	12 854	3	12 857
Head Office, Treasury and other operations	510	66	576	1 765	123	1 888

15.5 Correction of prior period error

The Bank has identified a statement of financial position misclassification between 'Loans and advances to banks' and 'Loans and advances to customers' as well as 'Deposits from banks' and 'Deposits from customers' as a broker was incorrectly classified as a bank as opposed to a customer. This has resulted in R12.8bn previously being reported as 'Loans and advances to banks', which should have been disclosed as 'Loans and advances to customers' and R5.4bn previously included in 'Deposits from banks', which should have been reported as 'Deposits from customers' for the interim reporting period ended 30 June 2021.

In accordance with IAS 8 requirements, the Bank has restated the statement of financial position for the interim reporting period ended 30 June 2021. This has no impact on the statement of comprehensive income, statement of changes in equity and statement of cash flows.

The restatement presents the Bank with the opportunity to align the statement of financial position presentation of loans and advances and deposits to that of peer banks i.e., combining 'Loans and advances to banks' and 'Loans and advances to customers' to be reported in one line as 'Loans and advances', and similarly combining 'Deposits due to customers' and 'Deposits due to banks' to be reported in one line as 'Deposits'. The change will enhance the Bank's comparability and relevance to its peers in the market. The impact of the restatement and combining the aforementioned items are disclosed below. The loans and advances and deposits split between customers and banks is still disclosed in the notes. Refer to note 2.

	30 June 2021			
	As previously reported Rm	Correction of error Rm	Aggregation of banks and customers Rm	Restated Rm
Assets				
Loans and advances to banks	61 452	(12 793)	(48 659)	—
Loans and advances to customers	835 338	12 793	(848 131)	—
Loans and advances	—	—	896 790	896 790
Liabilities				
Deposits from banks	86 991	(5 431)	(81 560)	—
Deposits due to customers	851 968	5 431	(857 399)	—
Deposits	—	—	938 959	938 959

16. Additional risk management disclosure

At the start of the COVID-19 pandemic the Bank provided additional risk disclosures to highlight risks the Bank is exposed to as a result of both financial assets held and financial liabilities issued. The COVID-19 risk management disclosures were aimed at demonstrating the impact that the virus has had on the Bank's credit, liquidity, and market risks, as well as the way in which it manages its capital. For the current reporting period the Bank has disclosed all COVID-19 related disclosures in the Impact of COVID-19 note, to the extent they remain relevant, as such the additional risk management section will not be presented.

Detailed risk management disclosures are included in the annual financial statements.

Condensed consolidated normalised financial results

for the reporting period ended

Normalised financial results as a consequence of the Barclays PLC separation

Barclays PLC contributed R12.1 billion in 2017 (approximately $1 billion at the time) towards the three-year separation programme, which comprised mainly IT and brand projects, and which commenced on 6 June 2017.

The Separation Programme was completed within agreed timelines. All 273 projects achieved Separation and 198 service schedules were terminated. The final Separation Forum was held on 15 December 2020, where all formal closures were approved. The SARB, Absa Regional Operations (ARO) as well as the United Kingdom (UK) regulators have since been informed that Barclays PLC and Absa Group Limited have concluded and closed the Separation Programme.

The separation process had a significant impact on the past interim financial results, most notably an increase in the capital base and internally generated intangible assets, together with generated endowment revenues, and amortisation of the aforementioned assets as they are brought into use. The aforementioned results show a disconnect between the underlying business performance and the IFRS interim financial results. Normalised results have therefore been disclosed to reflect the underlying business performance.

The following presents the items which have been excluded from the normalised results:

- Barclays PLC contribution (including the endowment benefit)
- Hedging linked to separation activities
- Technology and brand separation projects
- Depreciation, amortisation and impairments on the aforementioned projects
- Transitional service payments to Barclays PLC
- Employee cost and benefits linked to separation activities
- Separation project execution and support cost.

Basis of presentation

Normalised results

The condensed consolidated normalised financial results have been prepared to illustrate the impact of the separation from Barclays PLC and adjust for the interest income on Barclays PLC's separation contribution, hedging linked to the separating activities, operating expenses (including amortisation of intangible assets) and other expenses (collectively the 'separation'). The Bank will present normalised results for future periods where the financial impact of separation is considered material. Normalisation does not affect divisional disclosures.

Normalised results have been prepared for illustrative purposes only and because of their nature may not fairly present the Bank's financial position, changes in equity, cash flows and results of operations.

These results are considered to be pro forma financial information and have been presented in accordance with the JSE Limited Listings Requirements, which require that pro forma financial information be complied in terms of the JSE Limited Listings Requirement, the SAICA Guide on Pro Forma Financial Information and any relevant guidance issued by the IRBA. The normalised results are the responsibility of the Bank's Board. The condensed consolidated financial results have not been audited or independently reviewed by the Bank's external auditors.

Condensed consolidated normalised salient features

for the reporting period ended

	30 June		31 December
	2022[1]	2021	2021
Statement of comprehensive income (Rm)			
Income	**31 278**	28 774	58 468
Operating expenses	**17 091**	16 271	34 225
Pre-provision profit	**14 187**	12 503	24 243
Credit impairments charges	**4 153**	3 756	6 396
Profit attributable to ordinary equity holders	**6 689**	5 963	11 239
Headline earnings[2]	**6 411**	5 576	11 355
Statement of financial position (Rm)			
Net Asset Value (NAV)	**86 684**	81 291	86 034
Total assets	**1 461 330**	1 317 053	1 347 775
Financial performance (%)			
Return on equity (RoE)	**14.9**	14.2	13.9
Return on average assets (RoA))[3]	**0.9**	0.9	0.9
Return on risk-weighted assets (RoRWA)	**2.05**	1.78	1.77
Operating performance (%)			
Net interest margin on average interest-bearing assets	**3.70**	3.62	3.60
Non-interest as a percentage of total income	**35.0**	35.8	34.5
Cost-to-income ratio	**54.6**	56.5	58.5
JAWS	**4**	2	1
Effective tax rate	**27.2**	26.6	26.7
Share statistics (million)			
Weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Diluted weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Share statistics (cents)			
Headline earnings per ordinary share (HEPS)	**1 430.1**	1 243.8	2 532.9
Diluted headline earnings per ordinary share (DHEPS)	**1 430.1**	1 243.8	2 532.9
Basic earnings per ordinary share (EPS)	**1 396.8**	1 238.9	2 507.0
Diluted basic earnings per ordinary share (DEPS)	**1 396.8**	1 238.9	2 507.0
Dividend per ordinary share relating to income for the reporting period	**1 003.8**	—	446.1
Dividend payout ratio (%)	**70**	—	18
NAV per ordinary share	**19 336**	18 133	19 191
Tangible NAV per ordinary share	**17 520**	16 727	17 516
Capital adequacy (%)[4]			
Absa Bank Limited	**18.1**	17.7	17.9
Common Equity Tier 1 (%)[4]			
Absa Bank Limited	**13.1**	11.8	12.4

[1] Please refer to the condensed consolidated normalised reconciliation for the period ended 30 June 2022 for further information as presented on page 51 to 53.

[2] After allowing for **R123m** (30 June 2021: R242m; 31 December 2021: R242m) profit attributable to preference equity holders and **R305m** (30 June 2021: R585m; 31 December 2021: R585m) profit attributable to additional Tier 1 capital holders.

[3] The ratio presented at 30 June 2021 was restated for a revised number of annualised days.

[4] Due to the completion of the Bank's separation from Barclays PLC, it has been decided that the difference between normalised and IFRS capital ratios is no longer significant, and that the Bank will only report capital ratios on an IFRS basis. Prior reporting periods have been restated to align with IFRS reporting standards.

Condensed consolidated reconciliation of IFRS to normalised results

for the reporting period ended

	30 June 2022		
	IFRS Bank performance[1]	Barclays separation effects[2]	Normalised Bank performance[3]
Statement of comprehensive income (Rm)			
Net interest income	20 344	(23)	20 321
Non-interest income	10 956	1	10 957
Total income	31 300	(22)	31 278
Credit impairment charges	(4 153)	—	(4 153)
Operating expenses	(17 471)	380	(17 091)
Other expenses	(889)	—	(889)
Share of post-tax results of associates and joint ventures	42	—	42
Operating profit before income tax	8 829	358	9 187
Tax expenses	(2 403)	(95)	(2 498)
Profit for the reporting period	6 426	263	6 689
Profit attributable to:			
Ordinary equity holders	5 998	263	6 261
Ordinary shares	—	—	—
Preference shares	123	—	123
Additional Tier 1	305	—	305
	6 426	263	6 689
Headline earnings	6 148	263	6 411
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.70	n/a	3.70
Credit loss ratio	0.85	n/a	0.85
Non-interest income as % of total income	35.0	n/a	35.0
Income growth (%)	8.7	n/a	8.7
Operating expenses growth (%)	3.9	n/a	5.0
Cost-to-income ratio	55.8	n/a	54.6
Effective tax rate	27.2	n/a	27.2
Statement of financial position (Rm)			
Loans and advances	998 980	—	998 980
Investment securities	122 050	—	122 050
Other assets	343 027	(2 727)	340 300
Total assets	1 464 057	(2 727)	1 461 330
Deposits	1 009 868	—	1 009 868
Debt securities in issue	172 587	—	172 587
Other liabilities	179 652	891	180 543
Total liabilities	1 362 107	891	1 362 998
Equity	101 950	(3 618)	98 332
Total equity and liabilities	1 464 057	(2 727)	1 461 330
Key performance ratios (%)			
RoA	0.8	n/a	0.8
RoE	13.7	n/a	13.7
Capital adequacy[4]	18.1	n/a	18.1
Common Equity Tier 1[4]	13.1	n/a	13.1
Share statistics (cents)			
Diluted headline earnings per ordinary share	1 371.4	n/a	1 430.1

[1] IFRS Bank performance presents the IFRS information as extracted from the Bank's condensed consolidated financial results for the reporting period ended 30 June 2022.

[2] Barclays separation effects presents the financial effects of the separation on the condensed consolidated financial results of the Bank.

[3] Normalised Bank performance presents the condensed consolidated financial results of the Bank, after adjusting for the consequences of the separation.

[4] Due to the completion of the Bank's separation from Barclays PLC, it has been decided that the difference between normalised and IFRS capital ratios is no longer significant, and that the Bank will only report capital ratios on an IFRS basis. Prior reporting periods have been restated to align with IFRS reporting standards.

Condensed consolidated reconciliation of IFRS to normalised results

for the reporting period ended

	30 June 2021		
	IFRS Bank performance[1]	Barclays separation effects[2]	Normalised Bank performance[3]
Statement of comprehensive income (Rm)			
Net interest income	18 489	(12)	18 477
Non-interest income	10 308	(11)	10 297
Total income	28 797	(23)	28 774
Credit impairment charges	(3 756)	—	(3 756)
Operating expenses	(16 815)	544	(16 271)
Other expenses	(652)	(16)	(668)
Share of post-tax results of associates and joint ventures	40	—	40
Operating profit before income tax	7 614	505	8 119
Tax expenses	(2 013)	(143)	(2 156)
Profit for the reporting period	5 601	362	5 963
Profit attributable to:			
Ordinary equity holders	5 191	362	5 553
Preference shares	120	0	120
Additional Tier 1	290	0	290
	5 601	362	5 963
Headline earnings	5 217	359	5 576
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.62	n/a	3.62
Credit loss ratio[4]	0.81	n/a	0.81
Non-interest income as % of total income	35.8	n/a	35.8
Income growth (%)	12.0	n/a	13.2
Operating expenses growth (%)	9.3	n/a	11.2
Cost-to-income ratio	58.4	n/a	56.5
Effective tax rate	26.4	n/a	26.6
Statement of financial position (Rm)			
Loans and advances[5]	896 790	—	896 790
Investment securities	118 640	—	118 640
Other assets	305 541	(3 918)	301 623
Total assets	1 320 971	(3 918)	1 317 053
Deposits[5]	938 959	—	938 959
Debt securities in issue	127 454	—	127 454
Other liabilities[6]	157 268	424	157 692
Total liabilities	1 223 681	424	1 224 105
Equity	97 290	(4 342)	92 948
Total equity and liabilities	1 320 971	(3 918)	1 317 053
Key performance ratios (%)			
RoA[4]	0.8	n/a	0.9
RoE	12.5	n/a	14.2
Capital adequacy[7]	17.7	n/a	17.7
Common Equity Tier 1[7]	11.8	n/a	11.8
Share statistics (cents)			
Diluted headline earnings per ordinary share	1 163.7	n/a	1 243.8

(1) IFRS Bank performance presents the IFRS information as extracted from the Bank's condensed consolidated financial results for the reporting period ended 30 June 2021.

(2) Barclays separation effects presents the financial effects of the separation on the condensed consolidated financial results of the Bank.

(3) Normalised Bank performance presents the condensed consolidated financial results of the Bank, after adjusting for the consequences of the separation.

(4) This ratio has been restated in order to correctly reflect the normalised return on assets and credit loss ratios for the period ended 30 June 2021.

(5) The numbers have been restated, refer to reporting changes overview, note 15.4.

(6) This represents the contribution of R12.1bn that was received from Barclays PLC, net of amounts already spent on separation activities. The cash received is held centrally by Treasury and is presented as an intersegmental asset in 'Other liabilities'.

(7) Due to the completion of the Bank's separation from Barclays PLC, it has been decided that the difference between normalised and IFRS capital ratios is no longer significant, and that the Bank will only report capital ratios on an IFRS basis. Prior reporting periods have been restated to align with IFRS reporting standards.

Condensed consolidated reconciliation of IFRS to normalised results

for the reporting period ended

	31 December 2021		
	IFRS Bank performance[(1)]	Barclays separation effects[(2)]	Normalised Bank performance[(3)]
Statement of comprehensive income (Rm)			
Net interest income	38 301	(25)	38 276
Non-interest income	20 191	1	20 192
Total income	58 492	(24)	58 468
Credit impairment charges	(6 395)	1	(6 396)
Operating expenses	(35 232)	1 007	(34 225)
Other expenses	(1 461)	(61)	(1 522)
Share of post-tax results of associates and joint ventures	132	—	132
Operating profit before income tax	15 536	921	16 457
Tax expenses	(4 139)	(254)	(4 393)
Profit for the reporting period	11 397	667	12 064
Profit attributable to:			
Ordinary equity holders	10 573	667	11 240
Ordinary shares	(3)	—	(3)
Preference shares	242	—	242
Additional Tier 1	585	—	585
	11 397	667	12 064
Headline earnings	10 726	629	11 355
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.60	n/a	3.60
Credit loss ratio	0.67	n/a	0.67
Non-interest income as % of total income	34.5	n/a	34.5
Income growth (%)	9.0	n/a	9.4
Operating expenses growth (%)	6.1	n/a	8.5
Cost-to-income ratio	60.2	n/a	58.5
Effective tax rate	26.6	n/a	26.7
Statement of financial position (Rm)			
Loans and advances	932 775	—	932 775
Investment securities	116 265	—	116 265
Other assets	301 958	(3 223)	298 735
Total assets	1 350 998	(3 223)	1 347 775
Deposits	974 121	—	974 121
Debt securities in issue	128 571	—	128 571
Other liabilities[(4)]	146 587	814	147 401
Total liabilities	1 249 279	814	1 250 093
Equity	101 719	(4 037)	97 682
Total equity and liabilities	1 350 998	(3 223)	1 347 775
Key performance ratios (%)			
RoA	0.8	n/a	0.8
RoE	12.5	n/a	13.9
Capital adequacy[(5)]	17.9	n/a	17.9
Common Equity Tier 1[(5)]	12.4	n/a	12.4
Share statistics (cents)			
Diluted headline earnings per ordinary share	2 392.6	n/a	2 532.9

(1) IFRS Bank performance presents the IFRS information as extracted from the Bank's IFRS condensed consolidated interim financial results for the reporting period ended 31 December 2021.

(2) Barclays separation effects presents the financial effects of the separation on the condensed consolidated financial results of the Bank.

(3) Normalised Bank performance presents the condensed consolidated interim financial results of the Bank, after adjusting for the consequences of the separation.

(4) This represents the contribution of R12.1bn that was received from Barclays PLC, net of amounts already spent on separation activities. The cash received is held centrally by Treasury and is presented as an intersegmental asset in 'Other liabilities'.

(5) Due to the completion of the Bank's separation from Barclays PLC, it has been decided that the difference between normalised and IFRS capital ratios is no longer significant, and that the Bank will only report capital ratios on an IFRS basis.

Glossary

Average loans to deposits and debt securities ratio

Loans and advances as a percentage of deposits and debt securities in issue (calculated on daily weighted averages).

Capital adequacy ratio

The capital adequacy of South African banks is measured in terms of the requirements of the SARB. The ratio is calculated by the aggregate amount of qualifying capital and reserve funds dividend by RWA. The base minimum South African total capital adequacy ratio for banks is 10% of RWA. Non-South African banks have similar capital adequacy methodology requirements.

Capital – Common Equity Tier 1 capital adequacy ratio

A measurement of a bank's core equity capital compared with its total risk-weighted assets. This is the measure of a bank's financial strength. The Common Equity Tier 1 excludes any preference shares or non-controlling interests when determining the calculation.

Cost-to-income ratio

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

Coverage ratio

Impairment losses on loans and advances as a proportion of gross loans and advances.

Credit loss ratio

Impairment losses on loans and advances for the reporting period, divided by total average advances (calculated on a daily weighted average basis).

Dividend per ordinary share relating to income for the reporting period

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

Special dividend per ordinary share is a payment made by the Bank that is considered separate from the typical recurring dividend cycle, expressed as cents per share.

Dividend payout ratio

The total amount of dividends paid out per share divided by the headline earnings per share.

Earnings per share

Basic earnings per share

This constitutes the net profit for the reporting period, less earnings attributable to non-controlling interest, divided by the weighted average number of ordinary shares in issue during the reporting period.

Diluted basic earnings per share

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

Headline earnings

Headline earnings reflects the operating performance separated from remeasurements (an amount recognised in the statement of comprehensive income relating to any change (realised or unrealised) in the carrying amount of an asset/liability that arose after the initial recognition of such asset or liability) as well as non-controlling interest of preference shares or ordinary shares, where relevant.

Headline earnings per share

Headline earnings per share

Profit attributable to ordinary equity holders after adjusting for separately identifiable remeasurements, net of tax and non-controlling interest, divided by the weighted average number of ordinary shares in issue. A remeasurement is an amount recognised in profit or loss relating to any change in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability.

Diluted headline earnings per share

Diluted headline earnings per share is calculated by adjusting both the headline earnings and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, assuming they had been in issue for the reporting period.

Jaws

A measure used to demonstrate the extent to which the Bank's income from operations growth rate exceeds operating expenses growth rate. Income from operations consists of net interest income and non-interest income.

Loans-to-deposits and debt securities ratio

Loans and advances as a percentage of deposits and debt securities in issue.

Glossary

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

Net interest margin on average interest-bearing assets
Net interest income for the reporting period, divided by average interest-bearing assets (calculated on a daily weighted average basis), expressed as a percentage of average interest-bearing assets.

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

Pre-provision profit
Total income less operating expenses.

Return on assets (RoA)
Annualised headline earnings as a proportion of total average assets.

Return on average equity (RoE)
Annualised headline earnings as a proportion of average equity.

Return on average regulatory capital
Measure of efficient use, by segment, of regulatory capital.

Return on average risk-weighted assets
Annualised headline earnings as a proportion of average risk-weighted assets.

Stage 3 loans ratio on gross loans and advances
Stage 3 loans and advances as a percentage of gross loans and advances.

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

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

Contact information

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