Absa Bank Limited

Unaudited condensed consolidated financial results for the interim reporting period ended 30 June 2019

Contents

The Board of Directors 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.

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

Finance is led by the Group's Financial Director who reports directly to the Chief Executive Officer. The Financial Director has regular and unrestricted access to the Board of Directors as well as to the Group Audit and Compliance Committee (GACC).

Together with the GACC, the Board has reviewed and approved the condensed consolidated interim financial results including the reporting changes contained in the announcement released on the Stock Exchange News Services (SENS) on 13 August 2019. The GACC and the Board of Directors are satisfied that the changes disclosed in the SENS result in fair presentation of the condensed consolidated financial position and comply, in all material respects, with the relevant provisions of the Companies Act, IFRS and interpretations of IFRS, and SAICA's Reporting Guides.

Absa Bank Limited

Unaudited condensed consolidated interim financial results

for the reporting period ended 30 June 2019.

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)

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

Declaration of interim preference share dividend number 27

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 10.00%.

Notice is hereby given that preference dividend number 27, equal to 70% of the average prime rate for 1 March 2019 to 31 August 2019, on the assumption that there are no further changes in the prime rate between the declaration date and 31 August 2019, per Absa Bank preference share has been declared for the period 1 March 2019 to 31 August 2019. The dividend is payable on Monday, 16 September 2019, to shareholders of the Absa Bank preference shares recorded in the Register of Members of the Company at the close of business on Friday, 13 September 2019.

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

Based on the average prime rate, the interim preference dividend payable for the period 1 March 2019 to 31 August 2019 would indicatively be 3595.89 cents per Absa Bank preference share, subject to any further change in the prime rate.

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 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 3595.89 cents per preference share for shareholders exempt from the dividend tax, subject to any change in the prime rate between the date of declaration and 31 August 2019.
- The net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 2876.712 cents per preference share, subject to any change in the prime rate between the date of declaration and 31 August 2019.
- 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, 10 September 2019
Shares commence trading ex dividend	Wednesday, 11 September 2019
Record date	Friday, 13 September 2019
Payment date	Monday, 16 September 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 September 2019 and Friday, 13 September 2019, both dates inclusive. On Monday, 16 September 2019, the dividend will be electronically transferred to the bank accounts of shareholders.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg

13 August 2019

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

Condensed consolidated interim financial results

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 condensed consolidated interim financial results is included in the Group results, as presented to shareholders on 13 August 2019.

Basis of presentation

IFRS financial results

The Bank's unaudited condensed consolidated interim 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 accounting policies applied in preparing the unaudited condensed consolidated interim financial results comply with IAS 34 Interim Financial Reporting (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.

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. The accounting policies that are deemed critical to the Bank's results and financial position, in terms of the materiality of the items to which the policies are applied, and which involve a high degree of judgement including the use of assumptions and estimation, are impairment of financial assets measured at amortised cost, goodwill impairment, fair value measurements, impairment of fair value through other comprehensive income, consolidation of structured or sponsored entities, post-retirement benefits, provisions, income taxes, share-based payments and offsetting of financial assets and liabilities.

Accounting policies

The accounting policies applied in preparing the unaudited condensed consolidated interim financial statements are the same as those in place for the reporting period ended 31 December 2018, except for:

(1) Changes of the Bank's operating segments and business portfolios, which have been presented per note 15.
(2) Adoption of new IFRS, specifically IFRS 16 Leases (IFRS 16) and IFRIC 23 Uncertainty over Income Tax Treatments.
(3) Amendments to IAS 19 Employee Benefits.
(4) Change in presentation of interest expense in the Statement of Comprehensive Income (SOCI).

Events after the reporting period

The directors are not aware of any events (as defined by IAS 10 Events after the Reporting Period), after the reporting date of 30 June 2019 and the date of authorisation of these unaudited condensed consolidated interim financial results.

On behalf of the Board

W E Lucas-Bull
Chairman

R van Wyk
Chief Executive Officer

J P Quinn
Financial Director

Johannesburg

12 August 2019

Condensed consolidated IFRS salient features

for the reporting period ended

	30 June		31 December
	2019	Restated 2018	2018
Statement of comprehensive income (Rm)			
Income[1]	**26 065**	25 445	51 843
Operating expenses	**16 464**	16 394	34 341
Profit attributable to ordinary equity holders[1]	**4 246**	3 966	7 480
Headline earnings[1][2]	**4 276**	4 159	7 853
Statement of financial position			
Loans and advances to customers (Rm)[1]	**769 884**	683 807	735 200
Total assets (Rm)[1]	**1 154 828**	1 028 517	1 079 679
Deposits due to customers (Rm)	**659 347**	590 827	605 647
Loans to deposits and debt securities ratio (%)[1]	**93.7**	93. 5	96. 0
Average loans to deposits and debt securities ratio (%)[3]	**85.8**	88. 5	88. 0
Financial performance (%)			
Return on equity (RoE)[1]	**11.0**	11.0	10.4
Return on average assets (RoA)[1]	**0.77**	0.85	0.77
Return on risk-weighted assets (RoRWA)[1]	**1.51**	1.56	1.44
Stage 3 loans ratio on gross loans and advances[1]	**4.59**	5.09	4.81
Operating performance (%)			
Net interest margin on average interest-bearing assets[1]	**3.48**	3.69	3.65
Credit loss ratio on gross loans and advances to customers and banks[1]	**0.71**	0.69	0.68
Non-interest as a percentage of total income[1]	**41.3**	42.6	42.2
Cost-to-income ratio[1]	**63.2**	64.4	66.2
Jaws[1]	**(2)**	9	(5)
Effective tax rate	**25.8**	27.4	27.2
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)			
Headline earnings per ordinary share (HEPS)[1]	**953.6**	927. 7	1 751.7
Diluted headline earnings per ordinary share (DHEPS)[1]	**953.6**	927. 7	1 751.7
Basic earnings per ordinary share (EPS)[1]	**947.1**	884. 9	1 668.7
Diluted basic earnings per ordinary share (DEPS)[1]	**947.1**	884. 9	1 668.7
Dividend per ordinary share relating to income for the reporting period	**446.1**	602. 3	713.8
Dividend cover (times)[1]	**2.1**	1.5	2.5
Net asset value (NAV) per ordinary share[1]	**18 035**	16 907	17 022
Tangible NAV per ordinary share[1]	**16 253**	15 811	15 406
Capital adequacy (%)			
Absa Bank Limited	**16.6**	17.9	16.5
Common Equity Tier 1 (%)			
Absa Bank Limited	**12.2**	13.5	12.3

(1) The numbers in relation to 30 June 2018 have been restated, please refer to note 15.2 for more details.

(2) After allowing for **R174m** (30 June 2018: R176m; 31 December 2018: R351m) profit attributable to preference equity holders and **R169m** (30 June 2018: R96m; 31 December 2018: R190m) profit attributable to Additional Tier 1 capital holders.

(3) The average loans to deposit and debt securities in issue ratio has been added. The ratio is based on loans and advances to customers, loans and advances to banks, deposits due to customers, deposits from banks and debt securities in issue. It is calculated on a daily weighted average instead of the balances at reporting date. This ratio will be applied going forward.

Condensed consolidated statement of financial position

as at

	Note	30 June 2019 Rm	30 June Restated 2018 Rm	31 December 2018 Rm
Assets				
Cash, cash balances and balances with central banks		**29 432**	24 698	22 679
Investment securities		**87 022**	86 794	93 576
Loans and advances to banks[1]	2	**51 443**	49 214	40 533
Trading portfolio assets		**100 310**	96 333	101 271
Hedging portfolio assets		**3 357**	2 320	2 407
Other assets[1]		**44 320**	26 591	22 294
Current tax assets[1]		**852**	820	366
Non-current assets held for sale	1	**—**	37	50
Loans and advances to customers[1]	2	**769 884**	683 807	735 200
Loans to Absa Group Companies[1]		**41 960**	36 975	37 363
Investments in associates and joint ventures[1]		**1 520**	1 187	1 310
Investment properties		**—**	165	180
Property and equipment		**15 701**	13 663	13 609
Goodwill and intangible assets		**7 989**	4 912	7 246
Deferred tax assets[1]		**1 038**	1 001	1 595
Total assets[1]		**1 154 828**	1 028 517	1 079 679
Liabilities				
Deposits from banks		**121 762**	95 723	127 959
Trading portfolio liabilities		**45 969**	57 011	46 280
Hedging portfolio liabilities		**1 294**	1 334	1 343
Other liabilities[1]		**50 466**	38 250	31 907
Provisions		**1 653**	1 468	2 682
Current tax liabilities[1]		**57**	1	66
Deposits due to customers		**659 347**	590 827	605 647
Debt securities in issue[1]		**162 547**	140 544	160 042
Borrowed funds	3	**21 804**	21 416	20 052
Deferred tax liabilities[1]		**14**	5	15
Total liabilities[1]		**1 064 913**	946 579	995 993
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		**4 419**	1 500	2 741
Retained earnings[1]		**38 637**	34 741	35 209
Other reserves[1]		**5 031**	3 869	3 918
		89 914	81 937	83 695
Non-controlling interest – ordinary shares		**1**	1	(9)
Total equity[1]		**89 915**	81 938	83 686
Total liabilities and equity[1]		**1 154 828**	1 028 517	1 079 679

[1] The numbers in relation to 30 June 2018 have been restated, please refer to note 15.2 for more details.

Condensed consolidated statement of comprehensive income

for the reporting period ended

	Note	30 June 2019 Rm	30 June Restated 2018 Rm	31 December 2018 Rm
Net interest income[1]		**15 291**	14 613	29 952
Interest and similar income[1]		**41 662**	36 018	74 155
Effective interest income[1]		**41 059**	35 699	72 565
Other interest income[1]		**603**	319	1 590
Interest expense and similar charges[1],[2]		**(26 371)**	(21 405)	(44 203)
Non-interest income	4	**10 774**	10 832	21 891
Net fee and commission income[1]		**9 471**	9 024	18 491
Fee and commission income[1]		**10 214**	9 737	19 781
Fee and commission expense		**(743)**	(713)	(1 290)
Gains and losses from banking and trading activities		**926**	1 770	3 177
Gains and losses from investment activities		**1**	4	1
Other operating income[1]		**376**	34	222
Total income[1]		**26 065**	25 445	51 843
Impairment losses[1]		**(2 860)**	(2 518)	(5 078)
Operating income before operating expenses[1]		**23 205**	22 927	46 765
Operating expenses		**(16 464)**	(16 394)	(34 341)
Other expenses[1]		**(646)**	(755)	(1 579)
Other impairments	5	**(44)**	(183)	(433)
Indirect taxation[1]		**(602)**	(572)	(1 146)
Share of post-tax results of associates and joint ventures		**93**	56	179
Operating profit before income tax[1]		**6 188**	5 834	11 024
Taxation expense[1]		**(1 599)**	(1 596)	(3 002)
Profit for the reporting period[1]		**4 589**	4 238	8 022
Profit attributable to:				
Ordinary equity holders[1]		**4 246**	3 966	7 481
Preference equity holders		**174**	176	351
Additional Tier 1 capital		**169**	96	190
		4 589	4 238	8 022
Earnings per share:				
Basic earnings per share (cents)[1]		**947.1**	884.9	1 668.7
Diluted earnings per share (cents)[1]		**947.1**	884.9	1 668.7

[1] The numbers in relation to 30 June 2018 have been restated, please refer to note 15.2 for more details.

[2] The Bank has elected to change its accounting policy to no longer present other interest expense and similar charges separately from interest expense calculated using the effective interest method. This results in more relevant information as in this manner, the Bank achieves consistency with its peers. This does not impact the prior reporting periods' results, as total other interest expense and similar charges was Rnil.

Condensed consolidated statement of comprehensive income

for the reporting period ended

	30 June		31 December
	2019	Restated 2018	2018
	Rm	Rm	Rm
Profit for the reporting period[1]	**4 589**	4 238	8 022
Other comprehensive income			
Items that will not be reclassified to profit or loss	**(27)**	3	(11)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	**2**	2	19
Fair value gains	**3**	2	27
Deferred tax	**(1)**	—	(8)
Movement on liabilities designated at fair value through profit or loss (FVTPL) due to changes in own credit risk	**(20)**	5	(13)
Fair value losses	**(28)**	(45)	(71)
Deferred tax	**8**	50	58
Movement in retirement benefit fund assets and liabilities	**(9)**	(4)	(17)
Decrease in retirement benefit surplus	**(11)**	(6)	(24)
Deferred tax	**2**	2	7
Items that are or may be subsequently reclassified to profit or loss	**972**	(205)	(236)
Movement in cash flow hedging reserve	**973**	(588)	(247)
Fair value gains/(losses)	**1 693**	(737)	207
Amount removed from other comprehensive income and recognised in profit or loss	**(342)**	(80)	(550)
Deferred tax	**(378)**	229	96
Movement in fair value of debt instruments measured at FVOCI	**(1)**	383	11
Fair value (losses)/gains	**(2)**	529	26
Release to profit or loss	**—**	3	(9)
Deferred tax	**1**	(149)	(6)
Total comprehensive income for the reporting period[1]	**5 534**	4 036	7 775
Total comprehensive income attributable to:			
Ordinary equity holders[1]	**5 191**	3 764	7 234
Preference shares	**174**	176	351
Additional Tier 1 capital	**169**	96	190
	5 534	4 036	7 775

[1] The numbers in relation to 30 June 2018 have been restated, please refer to note 15.2 for more details.

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 end of the previous reporting period	**448 301**	**304**	**36 879**	**1**	**4 643**	**2 741**
Impact of adopting new accounting standards at 1 January 2019						
IFRS 16	—	—	—	—	—	—
Adjusted balance at the beginning of the reporting period	**448 301**	**304**	**36 879**	**1**	**4 643**	**2 741**
Total comprehensive income	—	—	—	—	174	169
Profit for the period	—	—	—	—	174	169
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(174)	—
Transactions with non-controlling interest holders	—	—	—	—	—	—
Distributions paid during the reporting period	—	—	—	—	—	(169)
Issuance of Additional Tier 1 capital	—	—	—	—	—	1 678
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Intercompany recharge	—	—	—	—	—	—
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**	**4 419**

All movements are reflected net of taxation.

(1) This includes ordinary shares and 'A' ordinary shares.

30 June 2019

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
35 209	3 918	(13)	402	1	1 422	794	1 312	83 695	(9)	83 686
(198)	—	—	—	—	—	—	—	(198)	—	(198)
35 011	3 918	(13)	402	1	1 422	794	1 312	83 497	(9)	83 488
4 217	974	1	973	—	—	—	—	5 534	—	5 534
4 246	—	—	—	—	—	—	—	4 589	—	4 589
(29)	974	1	973	—	—	—	—	945	—	945
(500)	—	—	—	—	—	—	—	(674)	—	(674)
—	—	—	—	—	—	—	—	—	10	10
—	—	—	—	—	—	—	—	(169)	—	(169)
—	—	—	—	—	—	—	—	1 678	—	1 678
2	—	—	—	—	—	—	—	2	—	2
—	46	—	—	—	—	46	—	46	—	46
—	(224)	—	—	—	—	(224)	—	(224)	—	(224)
—	244	—	—	—	—	244	—	244	—	244
—	26	—	—	—	—	26	—	26	—	26
(93)	93	—	—	—	—	—	93	—	—	—
38 637	5 031	(12)	1 375	1	1 422	840	1 405	89 914	1	89 915

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 end of the previous reporting period	448 301	304	36 879	1	4 643	1 500
Impact of adopting new accounting standards at 1 January 2018						
IFRS 9[2]	—	—	—	—	—	—
IFRS 15	—	—	—	—	—	—
Adjusted balance at the beginning of the reporting period	448 301	304	36 879	1	4 643	1 500
Total comprehensive income	—	—	—	—	—	—
Profit for the period[2]	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	—	—
Distributions paid during the reporting period	—	—	—	—	—	—
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Intercompany recharge	—	—	—	—	—	—
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	1 500

All movements are reflected net of taxation.

[1] This includes ordinary shares and 'A' ordinary shares.

[2] These numbers have been restated, refer to note 15.2 for further details.

30 June 2018

Retained earnings[2] Rm	Total other reserves[2] 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[2] Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
37 855	4 145	87	649	1	1 422	749	1 237	85 327	2	85 329
(4 000)	(236)	(132)	—	—	—	—	(104)	(4 236)	—	(4 236)
(44)	—	—	—	—	—	—	—	(44)	—	(44)
33 811	3 909	(45)	649	1	1 422	749	1 133	81 047	2	81 049
4 238	(202)	386	(588)	—	—	—	—	4 036	—	4 036
4 238	—	—	—	—	—	—	—	4 238	—	4 238
—	(202)	386	(588)	—	—	—	—	(202)	—	(202)
(3 176)	—	—	—	—	—	—	—	(3 176)	(1)	(3 177)
(96)	—	—	—	—	—	—	—	(96)	—	(96)
20	—	—	—	—	—	—	—	20	—	20
—	106	—	—	—	—	106	—	106	—	106
—	(193)	—	—	—	—	(193)	—	(193)	—	(193)
—	327	—	—	—	—	327	—	327	—	327
—	(28)	—	—	—	—	(28)	—	(28)	—	(28)
(56)	56	—	—	—	—	—	56	—	—	—
34 741	3 869	341	61	1	1 422	855	1 189	81 937	1	81 938

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 end of the previous reporting period	448 301	304	36 879	1	4 643	1 500
IFRS 9	—	—	—	—	—	—
IFRS 15	—	—	—	—	—	—
Adjusted balance at the beginning of the reporting period	448 301	304	36 879	1	4 643	1 500
Total comprehensive income	—	—	—	—	351	190
Profit for the period	—	—	—	—	351	190
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(351)	—
Distributions paid during the reporting period	—	—	—	—	—	(190)
Issuance of Additional Tier 1 capital	—	—	—	—	—	1 241
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
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	2 741

All movements are reflected net of taxation.

[1] This includes ordinary shares and 'A' ordinary shares.

31 December 2018

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
37 855	4 145	87	649	1	1 422	749	1 237	85 327	2	85 329
(4 000)	(236)	(132)	—	—	—	—	(104)	(4 236)	—	(4 236)
(44)	—	—	—	—	—	—	—	(44)	—	(44)
33 811	3 909	(45)	649	1	1 422	749	1 133	81 047	2	81 049
7 449	(215)	32	(247)	—	—	—	—	7 775	—	7 775
7 481	—	—	—	—	—	—	—	8 022	—	8 022
(32)	(215)	32	(247)	—	—	—	—	(247)	—	(247)
(5 700)	—	—	—	—	—	—	—	(6 051)	(11)	(6 062)
—	—	—	—	—	—	—	—	(190)	—	(190)
—	—	—	—	—	—	—	—	1 241	—	1 241
(172)	—	—	—	—	—	—	—	(172)	—	(172)
—	45	—	—	—	—	45	—	45	—	45
—	(429)	—	—	—	—	(429)	—	(429)	—	(429)
—	497	—	—	—	—	497	—	497	—	497
—	(23)	—	—	—	—	(23)	—	(23)	—	(23)
(179)	179	—	—	—	—	—	179	—	—	—
35 209	3 918	(13)	402	1	1 422	794	1 312	83 695	(9)	83 686

Condensed consolidated statement of cash flows

for the reporting period ended

	Note	30 June 2019 Rm	30 June Restated 2018 Rm	31 December Restated 2018 Rm
Net cash (utilised in)/generated from other operating activities		**(2 760)**	(4 336)	6 346
Income taxes paid		**(1 904)**	(1 921)	(3 614)
Net cash (utilised in)/generated from other operating activities		**(856)**	(2 415)	9 960
Net cash utilised in investing activities		**(2 110)**	(1 459)	(5 482)
Purchase of property and equipment		**(1 093)**	(1 361)	(2 641)
Purchase of intangible assets[1]		**(1 190)**	(1 295)	(1 295)
Proceeds from sale of non-current assets held for sale		**63**	1 155	1 079
Net cash generated from/(utilised in) other investing activities[1]		**110**	42	(2 625)
Net cash generated from/(utilised) financing activities		**2 428**	2 186	(1 946)
Issue of Additional Tier 1 capital		**1 678**	—	1 241
Proceeds from borrowed funds		**1 580**	5 488	6 432
Repayment of borrowed funds		**—**	—	(3 195)
Dividends paid		**(664)**	(3 176)	(6 062)
Net cash utilised in other financing activities		**(166)**	(126)	(362)
Net decrease in cash and cash equivalents		**(2 442)**	(3 609)	(1 082)
Cash and cash equivalents at the beginning of the reporting period	1	**9 958**	11 040	11 040
Cash and cash equivalents at the end of the reporting period	2	**7 516**	7 431	9 958

Notes to the condensed consolidated statement of cash flows

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

	30 June 2019 Rm	30 June Restated 2018 Rm	31 December Restated 2018 Rm
Cash, cash balances and balances with central banks[2]	**9 570**	9 684	9 684
Loans and advances to banks[3]	**388**	1 356	1 356
	9 958	11 040	11 040

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

	30 June 2019 Rm	30 June Restated 2018 Rm	31 December Restated 2018 Rm
Cash, cash balances and balances with central banks[2]	**7 392**	6 833	9 570
Loans and advances to banks[3]	**124**	598	388
	7 516	7 431	9 958

[1] In order to provide more transparent disclosures, the condensed consolidated statement of cash flows has been expanded to include the purchase of intangible assets separately rather than including it in the total net cash utilised in other investing activities. Comparatives have been restated accordingly.

[2] Includes coins and bank notes.

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

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 were effected during the current reporting period:

- Head office, Treasury and other operations in South Africa disposed of property and equipment with a carrying amount of **R50m**.

The following movements in non-current assets and non-current liabilities held for sale were effected during the previous reporting period ended 30 June 2018:

- Retail and Business Banking South Africa (RBB South Africa) disposed of a loan book with a carrying amount of R1 118m and property and equipment with a carrying amount of R1m.
- Head office transferred property and equipment with a carrying amount of R37m 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 previous reporting period ended 31 December 2018:

- RBB South Africa disposed of a loan book with a carrying amount of R1 118m and property and equipment with a carrying amount of R1m.
- Head office transferred property and equipment with a carrying amount of R50m to non-current assets held for sale.

2. Loans and advances

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1		
		Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
RBB South Africa	—	428 461	2 746	0.64
Home Loans	—	203 935	266	0.13
Vehicle and Asset Finance	—	71 282	436	0.61
Everyday Banking	—	45 478	1 245	2.74
Card	—	25 719	714	2.78
Personal Loans	—	17 298	464	2.68
Transactions and Deposits	—	2 461	67	2.72
Relationship Banking	—	107 766	799	0.74
RBB Other	—	—	—	—
CIB South Africa	68 114	190 839	392	0.21
Head Office, Treasury and other operations in South Africa	—	296	(225)	—
Loans and advances to customers	—	296	7	2.36
Reclassification to provisions[1]	—	—	(232)	—
Loans and advances to customers	68 114	619 596	2 913	0.47
Loans and advances to banks	27 657	22 190	17	0.08
Total loans and advances to customers and banks	95 771	641 786	2 930	0.46

[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. This excess is recognised in 'Provisions' on the Bank's statement of financial position.

30 June 2019

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
36 123	3 227	8.93	36 328	14 817	40.79	480 122
14 221	267	1.88	18 627	4 935	26.49	231 315
5 675	672	11.84	5 146	2 026	39.37	78 969
6 641	1 780	26.80	7 306	5 029	68.83	51 371
3 178	1 215	38.23	4 202	2 988	71.11	28 182
2 388	392	16.42	2 640	1 709	64.73	19 761
1 075	173	16.09	464	332	71.55	3 428
9 586	508	5.30	5 196	2 775	53.41	118 466
—	—	—	53	52	98.11	1
29 139	324	1.11	2 396	857	35.77	288 915
74	(236)	—	—	(16)	—	847
74	—	—	—	—	—	363
—	(236)	—	—	(16)	—	484
65 336	3 315	5.07	38 724	15 658	40.43	769 884
1 618	5	0.31	3	3	100.00	51 443
66 954	3 320	4.96	38 727	15 661	40.44	821 327

2. Loans and advances (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 South Africa[1][2]	—	397 943	2 821	0.71
Home Loans	—	197 295	287	0.15
Vehicle and Asset Finance	—	65 848	487	0.74
Everyday Banking	—	40 169	1 190	2.96
Card	—	22 806	650	2.85
Personal Loans	—	15 209	483	3.18
Transactions and Deposits	—	2 154	57	2.65
Relationship Banking	—	94 631	857	0.91
RBB Other	—	—	—	—
CIB South Africa[1][2]	37 727	172 097	434	0.25
Head Office, Treasury and other operations in South Africa	—	391	(179)	—
Loans and advances to customers	—	391	9	2.30
Reclassification to provisions[3]	—	—	(188)	—
Loans and advances to customers	37 727	570 431	3 076	0.54
Loans and advances to banks	27 515	19 965	9	0.05
Total loans and advances to customers and banks	65 242	590 396	3 085	0.52

	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 South Africa[2]	—	410 559	2 682	0.65
Home Loans	—	200 004	289	0.14
Vehicle and Asset Finance	—	68 966	450	0.65
Everyday Banking	—	42 215	1 214	2.88
Card	—	24 298	640	2.63
Personal Loans	—	15 707	521	3.32
Transactions and Deposits	—	2 210	53	2.40
Relationship Banking	—	99 374	729	0.73
RBB Other	—	—	—	—
CIB South Africa[2]	45 263	196 649	415	0.21
Head Office, Treasury and other operations in South Africa	—	300	(195)	—
Loans and advances to customers	—	300	6	2.00
Reclassification to provisions[3]	—	—	(201)	—
Loans and advances to customers	45 263	607 508	2 902	0.48
Loans and advances to banks	19 800	18 307	7	0.04
Total loans and advances to customers and banks	65 063	625 815	2 909	0.46

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

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

[3] 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. This excess is recognised in 'Provisions' in the Bank's statement of financial position.

30 June 2018[1]

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
35 951	3 265	9.08	35 866	14 216	39.64	449 458
15 341	256	1.67	18 574	4 641	24.99	226 026
5 837	758	12.99	4 320	1 637	37.89	73 123
6 518	1 792	27.49	7 015	4 843	69.04	45 877
3 128	1 243	39.74	4 091	2 932	71.67	25 200
2 256	369	16.36	2 489	1 609	64.64	17 493
1 134	180	15.87	435	302	69.43	3 184
8 255	459	5.56	5 903	3 041	51.52	104 432
—	—	—	54	54	100.00	—
22 842	331	1.45	2 595	1 432	55.18	233 064
483	(203)	—	—	(29)	—	1 285
483	1	0.21	—	—	—	864
—	(204)	—	—	(29)	—	421
59 276	3 393	5.72	38 461	15 619	40.61	683 807
1 750	7	0.40	—	—	—	49 214
61 026	3 400	5.57	38 461	15 619	40.61	733 021

31 December 2018

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
35 684	3 254	9.12	35 594	14 237	40.00	461 664
14 092	238	1.69	18 318	4 801	26.21	227 086
6 041	734	12.15	4 754	1 805	37.97	76 772
6 216	1 745	28.07	7 191	4 860	67.58	47 803
2 459	1 100	44.73	4 103	2 875	70.07	26 245
2 623	453	17.27	2 598	1 634	62.89	18 320
1 134	192	16.93	490	351	71.63	3 238
9 335	537	5.75	5 279	2 719	51.51	110 003
—	—	—	52	52	100.00	—
30 749	305	0.99	2 860	1 978	69.16	272 823
9	(191)	—	—	(18)	—	713
9	—	—	—	—	—	303
—	(191)	—	—	(18)	—	410
66 442	3 368	5.07	38 454	16 197	42.12	735 200
2 446	13	0.53	—	—	—	40 533
68 888	3 381	4.91	38 454	16 197	42.12	775 733

Condensed notes to the consolidated financial results

for the reporting period ended

3. Borrowed funds

During the reporting period the significant movements in borrowed funds were as follows: **R1 580m** (30 June 2018: R5 488m; 31 December 2018: R6 432m) of subordinated notes were issued and **Rnil** (30 June 2018: Rnil; 31 December 2018: R3 195m) were redeemed.

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 2019				
	RBB South Africa Rm	CIB South Africa Rm	Head Office, Treasury and other operations in South Africa Rm	Barclays PLC separation effects Rm	Total Rm
Fee and commission income from contracts with customers	9 170	1 053	(9)	—	10 214
Consulting and administration fees	131	10	1	—	142
Transactional fees and commissions	7 776	803	9	—	8 588
Cheque accounts	2 700	68	—	—	2 768
Credit cards	1 100	—	—	—	1 100
Electronic banking	2 158	505	—	—	2 663
Other[(1)]	805	230	9	—	1 044
Savings accounts	1 013	—	—	—	1 013
Merchant income	891	—	—	—	891
Trust and other fiduciary services fees	34	2	—	—	36
Other fees and commissions	15	84	(19)	—	80
Insurance commissions received	298	—	—	—	298
Investment banking fees	25	154	—	—	179
Other income from contracts with customers	16	—	1	—	17
Other non-interest income, net of expenses	(42)	335	278	(28)	543
Total non-interest income	9 144	1 388	270	(28)	10 774

(1) Includes fees on mortgage loans and foreign currency transactions.

4. Disaggregation of non-interest income (continued)

	30 June 2018[1]				
	RBB South Africa Rm	CIB South Africa Rm	Head Office, Treasury and other operations in South Africa Rm	Barclays PLC separation effects Rm	Total Rm
Fee and commission income from contracts with customers	8 699	1 065	(27)	—	9 737
Consulting and administration fees	117	12	—	—	129
Transactional fees and commissions	7 427	736	2	—	8 165
Cheque accounts	2 646	55	—	—	2 701
Credit cards	1 070	—	—	—	1 070
Electronic banking	2 014	520	1	—	2 535
Other[2]	664	160	—	—	824
Savings accounts	1 033	1	1	—	1 035
Merchant income	807	—	—	—	807
Trust and other fiduciary services fees	34	—	1	—	35
Other fees and commissions	22	71	(30)	—	63
Insurance commissions received	272	—	—	—	272
Investment banking fees	20	246	—	—	266
Other income from contracts with customers	26	—	(9)	—	17
Other non-interest income, net of expenses	(340)	786	220	412	1 078
Total non-interest income	8 385	1 851	184	412	10 832

	31 December 2018[1]				
	RBB South Africa Rm	CIB South Africa Rm	Head Office, Treasury and other operations in South Africa Rm	Barclays PLC separation effects Rm	Total Rm
Fee and commission income from contracts with customers	17 693	2 145	(57)	—	19 781
Consulting and administration fees	238	23	—	—	261
Transactional fees and commissions	15 023	1 572	(5)	—	16 590
Cheque accounts	5 270	115	—	—	5 385
Credit cards	2 204	—	—	—	2 204
Electronic banking	4 163	1 082	(1)	—	5 244
Other[2]	1 323	374	(5)	—	1 692
Savings accounts	2 063	1	1	—	2 065
Merchant income	1 721	—	—	—	1 721
Trust and other fiduciary services fees	70	2	—	—	72
Other fees and commissions	44	113	(52)	—	105
Insurance commissions received	556	—	—	—	556
Investment banking fees	41	435	—	—	476
Other income from contracts with customers	64	—	(12)	—	52
Other non-interest income, net of expenses	(454)	1 747	239	526	2 058
Total non-interest income	17 303	3 892	170	526	21 891

[1] These numbers have been restated. Refer to note 15.2 for more details.

[2] Includes fees on mortgage loans and foreign currency transactions.

5. Other impairments

	30 June 2019 Rm	30 June 2018 Rm	31 December 2018 Rm
Impairment raised on financial instruments	—	1	—
Other	44	182	433
Goodwill	—	—	34
Intangible assets	—	—	1
Property and equipment[1]	44	182	398
	44	183	433

6. Headline earnings

	30 June 2019 Gross Rm	30 June 2019 Net[2] Rm	30 June 2018 Gross Rm	30 June 2018 Net[2],[3] Rm	31 December 2018 Gross Rm	31 December 2018 Net[2] Rm
Headline earnings is determined as follows:						
Profit attributable to ordinary equity holders of the Bank		4 246		3 966		7 481
Total headline earnings adjustments:		30		193		372
IAS 36 – Goodwill impairment	—	—	—	—	34	34
IFRS 5 – Loss on disposal of non-current assets held for sale	—	—	40	40	40	40
IAS 16 – Loss on disposal of property and equipment	4	3	15	11	17	12
IAS 36 – Impairment of property and equipment	44	33	182	142	398	297
IAS 36 – Impairment of intangible assets	—	—	—	—	1	1
IFRS 5 – Re-measurement of non-current assets held for sale	(9)	(6)	—	—	—	—
IAS 40 – Change in fair value of investment properties	—	—	—	—	(15)	(12)
Headline earnings/diluted headline earnings		**4 276**		4 159		7 853
Headline earnings per share/diluted headline earnings per share (cents)		**953.6**		927.7		1 751.7

[1] Management have decided to dispose of certain property and equipment resulting in an impairment of **R44m** (30 June 2018:R182m; 31 December 2018: R398m). As the property and equipment will be disposed of, the impairment was calculated based on fair value less costs to sell.

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

[3] The 30 June 2018 numbers have been restated, refer to note 15.2.

7. Dividends per share

	30 June 2019 Rm	30 June 2018 Rm	31 December 2018 Rm
Dividends declared to ordinary equity holders			
Interim dividend **(13 August 2019: 446.12851 cents per share (cps))** (6 August 2018: 602.27349 cps)	**2 000**	2 700	2 700
Final dividend (11 March 2019: 111.532 cps)	**—**	—	500
	2 000	2 700	3 200
Dividends declared to preference equity holders			
Interim dividend **(13 August 2019: 3 595.89 cps)** (6 August 2018: 3 542.67 cps)	**178**	175	175
Final dividend (11 March 2019: 3 518.6986 cps)	**—**	—	174
	178	175	349
Distributions declared to Additional Tier 1 capital note holders			
Distribution	**169**	96	190
10 January 2019: 29 981.67 Rand per note (rpn)	**37**	—	—
12 March 2019: 32 263.01 rpn; 12 March 2018: 31 500 rpn[(1)]	**47**	47	47
10 April 2019: 29 342.47 rpn	**36**	—	—
12 June 2019: 31 561.64 rpn; 12 June 2018: 32 200 rpn[(1)]	**49**	49	49
12 September 2018: 31 675.726 rpn[(1)]	**—**	—	47
12 December 2018: 31 620.63 rpn[(1)]	**—**	—	47
	169	96	190
Dividends paid to ordinary equity holders			
Final dividend **(15 April 2019: 109.30149 cps)** (16 April 2018: 669.1927668 cps)	**500**	3 000	3 000
Interim dividend (17 September 2018: 602.27349 cps)	**—**	—	2 700
	500	3 000	5 700
Dividends paid to preference equity holders			
Final dividend **(15 April 2019: 3 518.6986 cps)** (16 April 2018: 3 558.01 cps)	**174**	176	176
Interim dividend (17 September 2018: 3 542.67 cps)	**—**	—	175
	174	176	351
Distributions paid to Additional Tier 1 capital note holders			
Distribution	**169**	96	190
10 January 2019: 29 981.67 rpn	**37**	—	—
12 March 2019: 32 263.01 rpn; 12 March 2018: 31 500 rpn[(1)]	**47**	47	47
10 April 2019: 29 342.47 rpn	**36**	—	—
12 June 2019: 31 561.64 rpn; 12 June 2018: 32 200 rpn[(1)]	**49**	49	49
12 September 2018: 31 675.726 rpn[(1)]	**—**	—	47
12 December 2018: 31 620.63 rpn[(1)]	**—**	—	47
	169	96	190

[(1)] In order to provide more transparent disclosures, the distributions declared and paid to Additional Tier 1 capital note holders have been expanded to separately disclose the amount declared/paid at each date rather than including the total for each period. Comparatives have been restated accordingly.

8. Acquisitions and disposals of businesses and other similar transactions

8.1.1 Acquisitions of businesses during the current reporting period

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

8.1.2 Disposals of businesses during the current reporting period

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

8.2.1 Acquisitions of businesses during the previous reporting periods

During the prior periods (that is for the 6 month period ended 30 June 2018, as well as the 12 month period ended 31 December 2018), the Bank acquired the remaining 50% in a non-core investment, which was previously held as an investment in associate at fair value. The acquisition of the investment had an effective acquisition date of 16 March 2018 and is a business combination within the scope of IFRS 3. The acquisition date fair value of the consideration transferred amounted to R198m.

The Bank also acquired a 100% holding in Home Obligors Mortgage Enhanced Securities (RF) Limited (Homes) a structured entity (SE) established in 2006 as a securitisation funding vehicle. Since its establishment in 2006, Homes has been accounted for as a subsidiary of Absa Group Limited. The transaction meets the definition of a business combination under common control, and in accordance with the Bank's policy, predecessor accounting is applied. The assets, liabilities and equity of Homes were transferred to the consolidated Bank financial statements at their carrying amount on the date of transfer. The acquisition of Homes at R100 had an effective date of 1 December 2018.

	Pacific Heights	Home Obligors Mortgage Enhanced Securities (RF) Limited	Bank
		2018	
	Fair value recognised on acquisition Rm	Carrying amount recognised on acquisition Rm	Rm
Consideration at date of acquisition:			
Cash	30	—	30
Acquisition date fair value of initial interest	168	—	168
Total consideration	198	—	198
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and balances at central banks	15	—	15
Loans and advances to customers	—	1 754	1 754
Loans and advances to banks	—	48	48
Other assets	4	—	4
Investment properties	165	—	165
Current tax assets	1	4	5
Other liabilities	(14)	(1)	(15)
Deferred tax assets/(liabilities)	(7)	2	(5)
Subordinated liabilities	—	(1 807)	(1 807)
Total identifiable net assets	164	—	164
Goodwill	34	—	34
Total	198	—	198

A summary of the total net cash outflow and cash and cash equivalents related to acquisitions and disposals of businesses and other similar transactions is included below:

	2018 Rm
Summary of net cash outflow due to acquisitions	30

8.2.2 Disposals of businesses during the previous reporting periods

During the prior reporting periods, (that is for the 6 months period ended 30 June 2018, as well as the 12 months period ended 31 December 2018), apart from the businesses classified as non-current assets/liabilities held for sale and disposed of (refer to note 1) there were no other disposals of businesses that were finalised during the prior reporting period. The cash consideration received on disposals included in non-current assets/ liabilities held for sale was (30 June 2018: Rnil; 31 December 2018: R1 079m).

9. Related parties

Maria Ramos announced her retirement as the CEO of Absa Bank Limited effective from 28 February 2019. The Board appointed René van Wyk as Absa's Chief Executive Officer with effect from 1 March 2019.

There were no significant transactions with related parties of Absa Bank Limited during the previous reporting period.

10. Commitments

	30 June		31 December
	2019 Rm	2018 Rm	2018 Rm
Authorised capital expenditure			
Contracted but not provided for	**763**	664	589

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

Operating lease payments due		
No later than one year	1 065	981
Later than one year and no later than five years	2 617	2 561
Later than five years	781	667
	4 463	4 209

The operating lease commitments in respect of prior periods comprise a number of separate operating leases in relation to property and equipment, none of which is individually significant to the Bank. Leases are negotiated for an average term of three to five years. Following the implementation of IFRS 16 from 1 January 2019, the disclosure relating to 'Operating lease payments due' will no longer be disclosed.

11. Contingencies

	30 June		31 December
	2019 Rm	2018 Rm	2018 Rm
Guarantees	**35 020**	31 045	34 479
Irrevocable debt facilities/other lending facilities[(1)]	**173 908**	149 172	166 198
Letters of credit	**6 161**	3 269	6 828
Other	**62**	87	63
	215 151	183 573	207 568

Guarantees include performance guarantee contracts and financial guarantee contracts.

Financial guarantee contracts represent contracts where the Bank undertakes to make specified payments to a counterparty, should the counterparty suffer a loss as a result of a specified debtor failing to make payment when due in accordance with the terms of a debt instrument.

Irrevocable facilities are commitments to extend credit where the Bank does not have the right to terminate the facilities by written notice. Following the implementation of IFRS 9 other lending facilities in respect of which expected credit losses are recognised have been included above, as the Bank does not enforce the ability to revoke these facilities in the normal day-to-day management thereof.

Commitments generally have fixed expiry dates. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

An impairment provision of **R58m** (30 June 2018: R28m; 31 December 2018: R30m) has been raised on guarantees, **R20m** (30 June 2018: R8m; 31 December 2018: R43m) has been raised for letters of credit and **R485m** (30 June 2018: R421m; 31 December 2018: R409m) on irrevocable debt facilities/other lending facilities.

Other contingencies fall outside the scope of the expected credit losses model of IFRS 9.

(1) The 30 June 2018 number has been restated, refer to note 15.2.

11. Contingencies (continued)

Legal proceedings

The Bank has been party to proceedings against it during the reporting period. As at the reporting date the material cases are disclosed below:

- Ayanda Collective Investment Scheme (the Scheme): Absa Capital Investor Services was the trustee of Ayanda Collective Investment Scheme, in which Corporate Money Managers (CMM) managed a portfolio of assets within the Scheme. The joint curators of the CMM group of companies and the Altron Pension Fund (an investor in the fund) allege that the defendants caused damages to them arising from their alleged failure to meet their obligations in the trust deed together with their statutory obligations set out in the Collective Investment Scheme Act, in respect of which they seek payment of R934m.
- MyRoof: During 2015, Absa terminated an agreement in terms of which MyRoof provided to Absa an online electronic system that facilitated the advertising and sale of distressed Home Loan properties. A dispute subsequently arose, with MyRoof contending that Absa owed to it certain commission-based fee revenue. This resulted in the institution of arbitration proceedings in which MyRoof claims a statement and debatement of account. Absa is disputing both the substance and quantum of the claim.

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 Banks'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. In terms of the requirements of IFRS, cases where the Bank's obligation is now determined to be remote have no longer been disclosed above.

Regulatory matters

The scale of regulatory change remains challenging and the global financial crisis has resulted in a 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 of the operation of the banking and consumer credit industries globally 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. Some of these are likely to have an impact on the Bank's businesses, systems and earnings.

The Bank is continuously evaluating its programmes and controls in general relating to compliance with regulation. The Bank undertakes monitoring, review and assurance activities, and the Bank has also adopted appropriate remedial and/or mitigating steps, where necessary or advisable, and has made disclosures on material findings as and when appropriate.

In February 2017 the South African Competition Commission (SACC) referred Barclays PLC, BCI and Absa Bank Limited, a subsidiary of Absa Group Limited, among other banks, to the Competition Tribunal to be prosecuted for breaches of South African antitrust law related to Foreign Exchange trading of South African Rand. The SACC found from its investigation that between 2007 and 2013 the banks had engaged in various forms of collusive behaviour. Barclays PLC was the first to bring the conduct to the attention of the SACC under its leniency programme and has cooperated with, and will continue to cooperate with, the SACC in relation to this matter. The SACC is therefore not seeking an order from the Tribunal to impose any fine on Barclays Bank PLC, BCI or Absa Bank Limited.

Income taxes

The Bank is subject to income taxes in numerous jurisdictions and the calculation of the Bank's tax charge and liabilities 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 liabilities for anticipated tax 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 liabilities 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.

Condensed notes to the consolidated financial results

for the reporting period ended

12. Segment reporting

	30 June 2019 Rm	30 June 2018[(1)] Rm	31 December 2018[(1)] Rm
12.1 Headline earnings by segment			
RBB South Africa	**4 064**	3 919	8 263
CIB South Africa	**1 255**	1 426	2 881
Head Office, Treasury and other operations in South Africa[(2)]	**(580)**	(471)	(1 521)
Barclays PLC separation effects[(3)]	**(463)**	(715)	(1 770)
Total headline earnings	**4 276**	4 159	7 853
12.2 Total income by segment			
RBB South Africa	**21 114**	19 990	40 929
CIB South Africa	**4 884**	5 161	10 735
Head Office, Treasury and other operations in South Africa[(2)]	**(18)**	(293)	(677)
Barclays PLC separation effects[(3)]	**85**	587	856
Total income	**26 065**	25 445	51 843
12.3 Total internal income by segment			
RBB South Africa	**(4 166)**	(4 303)	(8 248)
CIB South Africa	**(3 206)**	(3 357)	(8 389)
Head Office, Treasury and other operations in South Africa[(2)]	**8 628**	7 566	14 784
Barclays PLC separation effects[(3)]	**113**	175	330
Total internal income	**1 369**	81	(1 523)
12.4 Total assets by segment			
RBB South Africa	**822 765**	751 988	797 055
CIB South Africa	**606 246**	515 192	522 181
Head Office, Treasury and other operations in South Africa[(2)]	**(278 052)**	(240 267)	(242 716)
Barclays PLC separation effects[(3)]	**3 869**	1 604	3 159
Total assets	**1 154 828**	1 028 517	1 079 679
12.5 Total liabilities by segment			
RBB South Africa	**816 255**	749 684	790 469
CIB South Africa	**603 647**	512 573	518 063
Head Office, Treasury and other operations in South Africa[(2)]	**(350 557)**	(307 176)	(306 694)
Barclays PLC separation effects[(3)]	**(4 432)**	(8 502)	(5 845)
Total liabilities	**1 064 913**	946 579	995 993

(1) Operational changes, management changes and associated changes to the way in which the CODM views the performance of each business segment, have resulted in the reallocation of earnings, assets and liabilities between operating segments. For details on the business portfolio changes refer to note 15.3.

(2) Head Office, Treasury and other operations in South Africa represents a reconciling stripe and is not a reporting segment.

(3) 'Barclays PLC separation effects' is the reconciling stripe between IFRS and normalised results and does not represent a reportable segment.

13. Assets and liabilities not held at fair value

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

	30 June			
	2019		2018	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial assets				
Balances with the South African Reserve Bank	22 040	22 040	17 862	17 862
Coins and bank notes	7 392	7 392	6 833	6 833
Cash, cash balances and balances with central banks	29 432	29 432	24 695	24 695
Investment securities	6 612	6 710	5 498	5 498
Loans and advances to banks[1]	23 786	23 786	21 699	21 398
Other assets	42 191	42 191	24 589	24 589
RBB South Africa[2]	480 122	481 359	449 458	449 495
Home Loans	231 315	231 315	226 026	226 026
Vehicle and Asset Finance	78 969	79 291	73 123	73 423
Everyday Banking	51 371	52 161	45 877	46 441
Card	28 182	28 779	25 200	25 590
Personal loans	19 761	19 915	17 493	17 631
Transactions and Deposits	3 428	3 467	3 184	3 220
Relationship Banking	118 466	118 591	104 432	103 605
RBB Other	1	1	—	—
CIB South Africa[2]	220 801	220 801	195 337	195 337
Head Office, Treasury and other operations in South Africa	847	847	1 285	1 285
Loans and advances to customers – net of impairment losses[1]	701 770	703 007	646 080	646 117
Loans to Group companies[1]	41 960	41 960	36 975	36 975
Total assets (not held at fair value)[1]	845 751	847 086	759 536	759 272
Financial liabilities				
Deposits from banks	55 268	55 268	64 582	64 582
Other liabilities	16 148	16 148	35 708	35 708
Call deposits	64 226	64 226	58 786	58 786
Cheque account deposits	170 720	170 720	154 676	154 676
Credit card deposits	1 792	1 792	1 788	1 788
Fixed deposits	149 064	149 064	130 708	130 397
Foreign currency deposits	19 437	19 437	16 897	16 897
Notice deposits	62 106	62 106	58 946	58 946
Other deposits	1 021	1 021	1 300	1 300
Savings and transmission deposits	141 890	141 890	136 663	136 663
Deposits due to customers	610 256	610 256	559 764	559 453
Debt securities in issue[1]	134 375	136 451	136 185	136 185
Borrowed funds	21 804	21 804	21 416	21 416
Total liabilities (not held at fair value)[1]	837 851	839 927	817 655	817 344

[1] These numbers have been restated, refer to note 15.2.

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

13. Assets and liabilities not held at fair value (continued)

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

	31 December 2018	
	Carrying amount Rm	Fair value Rm
Financial assets		
Balances with the South African Reserve Bank	13 108	13 108
Coins and bank notes	9 571	9 571
Cash, cash balances and balances with central banks	22 679	22 679
Investment securities	6 219	6 270
Loans and advances to banks	20 733	23 191
Other assets	20 065	20 073
RBB South Africa[1]	461 664	464 116
Home Loans	227 086	227 086
Vehicle and Asset Finance	76 772	77 087
Everyday Banking	47 803	48 390
Card	26 245	26 652
Personal loans	18 320	18 464
Transactions and Deposits	3 238	3 274
Relationship Banking	110 003	111 553
CIB South Africa[1]	227 560	227 560
Head Office, Treasury and other operations in South Africa	713	713
Loans and advances to customers – net of impairment losses	689 937	691 358
Loans to Group companies	37 363	37 363
Total assets (not held at fair value)	796 996	800 935
Financial liabilities		
Deposits from banks	73 069	77 174
Other liabilities	29 641	29 654
Call deposits	57 981	57 981
Cheque account deposits	156 435	156 435
Credit card deposits	1 904	1 904
Fixed deposits	133 031	133 031
Foreign currency deposits	17 541	17 541
Notice deposits	58 367	58 367
Other deposits	1 473	1 473
Savings and transmission deposits	141 066	141 066
Deposits due to customers	567 798	567 798
Debt securities in issue	144 154	146 438
Borrowed funds	20 052	20 052
Total liabilities (not held at fair value)	834 714	841 116

(1) These numbers have been restated, refer to note 15.4.

14. Assets and liabilities held at fair value

14.1 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.

Investment properties

The fair value of investment properties is determined based on the most appropriate methodology applicable to the specific property. Methodologies include the market comparable approach that reflects recent transaction prices for similar properties, discounted cash flows and income capitalisation methodologies. In estimating the fair value of the properties, the highest and best use of the properties is taken into account.

Where possible the fair value of the Bank's investment properties is determined through valuations performed by external independent valuators.

When the Bank's internal valuations are different to that of the external independent valuers, detailed procedures are performed to substantiate the differences, whereby the IVC team verifies the procedures performed by the front office and considers the appropriateness of any differences to external independent valuations.

14.2 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.

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

14.2 Fair value measurements (continued)

Judgemental inputs on valuation of principal instruments (continued)

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 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.

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 to banks and customers 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.

14.3 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.

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

14.4 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							
	2019				2018			
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Cash, cash balances and balances with central banks	—	—	—	—	—	3	—	3
Investment securities	41 880	25 501	13 029	80 410	38 321	34 898	8 078	81 297
Loans and advances to banks	—	27 657	—	27 657	—	26 961	554	27 515
Trading and hedging portfolio assets	41 886	55 878	4 976	102 740	30 964	64 605	2 508	98 077
Debt instruments	40 170	778	212	41 160	28 845	738	74	29 657
Derivative assets	—	47 734	2 783	50 517	—	57 997	848	58 845
Commodity derivatives	—	289	71	360	—	2 026	—	2 026
Credit derivatives	—	—	164	164	—	—	165	165
Equity derivatives	—	1 917	2 474	4 391	—	3 019	601	3 620
Foreign exchange derivatives	—	7 922	6	7 928	—	12 438	4	12 442
Interest rate derivatives	—	37 606	68	37 674	—	40 514	78	40 592
Equity instruments	651	—	—	651	733	—	—	733
Money market assets	1 065	7 366	1 981	10 412	1 386	5 870	1 586	8 842
Loans and advances to customers	—	52 181	15 933	68 114	—	28 717	9 010	37 727
Total financial assets	83 766	161 217	33 938	278 921	69 285	155 184	20 150	244 619
Financial liabilities								
Deposits from banks	—	66 491	3	66 494	—	31 141	—	31 141
Trading and hedging portfolio liabilities	8 789	37 281	1 193	47 263	4 684	53 039	622	58 345
Derivative liabilities	—	37 281	1 193	38 474	—	53 039	622	53 661
Commodity derivatives	—	394	69	463	—	1 977	—	1 977
Credit derivatives	—	—	145	145	—	—	158	158
Equity derivatives	—	1 952	589	2 541	—	3 264	249	3 513
Foreign exchange derivatives	—	7 279	136	7 415	—	15 625	4	15 629
Interest rate derivatives	—	27 656	254	27 910	—	32 173	211	32 384
Short positions	8 789	—	—	8 789	4 684	—	—	4 684
Deposits due to customers	—	45 814	3 276	49 090	184	28 063	2 815	31 062
Debt securities in issue	—	28 171	—	28 171	—	4 324	35	4 359
Total financial liabilities	8 789	177 757	4 472	191 018	4 868	116 567	3 472	124 907
Non-financial assets								
Commodities	927	—	—	927	576	—	—	576
Investment properties	—	—	—	—	—	—	165	165
Non-recurring fair value measurements								
Non-current assets held for sale[1]	—	—	—	—	—	—	37	37

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

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

14.4 Fair value hierarchy (continued)

Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
	31 December 2018			
Financial assets				
Investment securities	42 352	35 468	9 537	87 357
Loans and advances to banks	—	19 800	—	19 800
Trading and hedging portfolio assets	45 107	53 819	3 449	102 375
Debt instruments	43 005	789	445	44 239
Derivative assets	—	43 680	2 450	46 130
Commodity derivatives	—	1 263	224	1 487
Credit derivatives	—	—	173	173
Equity derivatives	—	3 433	1 947	5 380
Foreign exchange derivatives	—	7 980	26	8 006
Interest rate derivatives	—	31 004	80	31 084
Equity instruments	533	—	—	533
Money market assets	1 569	9 350	554	11 473
Loans and advances to customers	—	34 602	10 661	45 263
Total financial assets	87 459	143 689	23 647	254 795
Financial liabilities				
Deposits from banks	—	54 871	19	54 890
Trading and hedging portfolio liabilities	11 072	35 097	1 454	47 623
Derivative liabilities	—	35 097	1 454	36 551
Commodity derivatives	—	1 267	222	1 489
Credit derivatives	—	—	174	174
Equity derivatives	—	2 313	778	3 091
Foreign exchange derivatives	—	8 391	19	8 410
Interest rate derivatives	—	23 126	261	23 387
Short positions	11 072	—	—	11 072
Deposits due to customers	238	34 789	2 822	37 849
Debt securities in issue	3	15 885	—	15 888
Total financial liabilities	11 313	140 642	4 295	156 250
Non-financial assets				
Commodities	1 304	—	—	1 304
Investment properties	—	—	180	180
Non-recurring fair value measurements				
Non-current assets held for sale[1]	—	—	50	50

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

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

14.5 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
Cash, cash balances and balances with central banks	Discounted cash flow models	Underlying price of market traded instruments and/or interest rates
Loans and advances to banks	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 rates and/or money market curves, as well as credit spreads
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	Interest rate curves, basis curves and/or volatilities
Interest rate derivatives	Discounted cash flow and/or swaption 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 to customers	Discounted cash flow models	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 from banks	Discounted cash flow models	Interest rate curve , money market curves and/or credit spreads
Deposits due to customers	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

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

14.6 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 2019					
	Trading and hedging portfolio assets Rm	Loans and advances to customers Rm	Loans and advances to banks Rm	Investment securities Rm	Investment properties Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	**3 449**	**10 661**	**—**	**9 537**	**180**	**23 827**
Net interest income	**—**	**235**	**—**	**63**	**—**	**298**
Gains and losses from banking and trading activities	**656**	**506**	**—**	**38**	**—**	**1 200**
Purchases	**398**	**4 679**	**—**	**—**	**—**	**5 077**
Sales	**(46)**	**(82)**	**—**	**(10)**	**(180)**	**(318)**
Movement in other comprehensive income	**—**	**—**	**—**	**(73)**	**—**	**(73)**
Transfer to Level 3	**1 244**	**21**	**—**	**3 979**	**—**	**5 244**
Transfer (out) of Level 3	**(725)**	**(87)**	**—**	**(505)**	**—**	**(1 317)**
Closing balance at the end of the reporting period	**4 976**	**15 933**	**—**	**13 029**	**—**	**33 938**

	30 June 2018					
	Trading and hedging portfolio assets Rm	Loans and advances to customers Rm	Loans and advances to banks Rm	Investment securities Rm	Investment properties Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	1 824	4 741	484	5 946	—	12 995
Net interest income	—	32	—	40	—	72
Gains and losses from banking and trading activities	418	(59)	8	(8)	—	359
Gains and losses from investment activities	—	—	—	10	—	10
Purchases	485	5 470	62	2 297	165	8 479
Sales	(95)	(61)	—	—	—	(156)
Movement in other comprehensive income	—	—	—	(9)	—	(9)
Transfer (out) of Level 3	(124)	(1 113)	—	—	—	(1 237)
Step acquistion	—	—	—	(198)	—	(198)
Closing balance at the end of the reporting period	2 508	9 010	554	8 078	165	20 315

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

14.6 Reconciliation of Level 3 assets and liabilities (continued)

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

	31 December 2018					
	Trading and hedging portfolio assets Rm	Loans and advances to customers Rm	Loans and advances to banks Rm	Investment securities Rm	Investment properties Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	1 824	4 741	484	5 946	—	12 995
Net interest income	—	153	—	89	—	242
Other income	—	—	—	—	15	15
Gains and losses from banking and trading activities	1 240	427	—	26	—	1 693
Gains and losses from investment activities	—	—	—	23	—	23
Purchases	1 174	6 617	—	3 181	165	11 137
Sales	(257)	(156)	(18)	(507)	—	(938)
Movement in other comprehensive income	—	—	—	(37)	—	(37)
Transfer to Level 3	357	—	—	2 928	—	3 285
Transfer (out) of Level 3	(889)	(1 121)	(466)	(1 914)	—	(4 390)
Step acquisition of subsidiary	—	—	—	(198)	—	(198)
Closing balance at the end of the reporting period	3 449	10 661	—	9 537	180	23 827

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

14.6 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 2019				
	Deposits from banks Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	**19**	**1 454**	**2 822**	**—**	**4 295**
Gains and losses from banking and trading activities	**—**	**144**	**182**	**—**	**326**
Issues	**—**	**135**	**1 162**	**—**	**1 297**
Settlements	**(16)**	**—**	**(14)**	**—**	**(30)**
Transfer (out) of Level 3	**—**	**(540)**	**(876)**	**—**	**(1 416)**
Closing balance at the end of the reporting period	**3**	**1 193**	**3 276**	**—**	**4 472**

	30 June 2018				
	Deposits from banks Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	—	944	1 572	488	3 004
Gains and losses from banking and trading activities	—	(202)	—	—	(202)
Purchases	—	1	—	—	1
Issues	—	—	4 352	—	4 352
Settlements	—	—	(1 618)	—	(1 618)
Transfer in/(out) of Level 3	—	(121)	(1 491)	(453)	(2 065)
Closing balance at the end of the reporting period	—	622	2 815	35	3 472

	31 December 2018				
	Deposits from banks Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	—	944	1 572	488	3 004
Gains and losses from banking and trading activities	—	(52)	5	—	(47)
Issues	19	1 043	2 500	—	3 562
Settlements	—	(344)	(766)	—	(1 110)
Transfer (out) of Level 3	—	(137)	(489)	(488)	(1 114)
Closing balance at the end of the reporting period	19	1 454	2 822	—	4 295

14.6.1 Significant transfers between levels

During the 2019 and 2018 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.

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

14.7 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 2019						
	Trading and hedging portfolio assets Rm	Loans and advances to customers Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	**1 915**	**695**	**460**	**3 070**	**122**	**(268)**	**(146)**

	30 June 2018						
	Trading and hedging portfolio assets Rm	Loans and advances to customers Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	848	581	304	1 733	622	—	622

	31 December 2018						
	Trading and hedging portfolio assets Rm	Loans and advances to customers Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	2 589	1 027	233	3 849	(174)	134	(40)

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

14.8 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 most impact this sensitivity analysis are those with more illiquid and/or structured portfolios. The alternative 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

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 2019	
		Potential effect recorded in profit or loss	**Potential effect recorded directly in equity**
	Significant unobservable parameters	**Favourable/(Unfavourable) Rm**	**Favourable/(Unfavourable) Rm**
Deposits due to customers	**Absa Group Limited/Absa funding**	**180/(180)**	**—/—**
Investment securities	**Risk adjustment yield curves, future earnings and marketability discounts**	**—/—**	**(32)/32**
Loans and advances to customers	**Credit spreads**	**(444)/444**	**—/—**
Trading and hedging portfolio assets	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**455/(455)**	**—/—**
Trading and hedging portfolio liabilities	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**(256)/256**	**—/—**

		30 June 2018	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits due to customers	Absa Group Limited/Absa funding	32/(29)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	81/(127)	263/(254)
Loans and advances to customers	Credit spreads	133/(131)	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	338/(338)	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	84/(84)	—/—

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

14.8 Sensitivity analysis of valuations using unobservable inputs (continued)

		31 December 2018	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Loans and advances to bank	Absa Group Limited/Absa funding	—/—	—/—
Deposits due to customers	Absa Group Limited/Absa funding	178/(178)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/—	(20)/20
Loans and advances to customers	Credit spreads	(323)/323	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	162/(162)	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(224)/224	—/—

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

14.9 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:

Category of asset/ liability	Valuation techniques applied	Significant unobservable inputs	30 June 2019	30 June 2018	31 December 2018
			Range of estimates utilised for the unobservable inputs		
Loans and advances to banks and customers	Discounted cash flow and/or dividend yield models	Credit spreads	**2.45% to 3.21%**	0.04% to 1.97%	0.513% to 3.235%
Investment securities	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Marketability discounts and/or comparator multiples	**Discount rate of 7.75% to 8%**	Discount rate of 7.75% to 8%	Discount rate of 7.75% to 8%
Trading and hedging portfolio assets and liabilities					
Debt instruments	Discounted cash flow models	Credit spreads	**0.15% to 8.2%**	0.15% to 8.2%	0.15% to 8.2%
Derivative assets					
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Credit spreads, recovery rates and/or quanto ratio	**0.03% to 14%, 15% to 76%, 60% to 90%**	0.03% to 14%, 15% to 76%, 60% to 90%	0.03% to 14%, 15% to 76%, 60% to 90%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	**10.3% to 52.8%**	14.3% to 41.9%	14.91% to 53.2%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	**1.41% to 27%**	3% to 45%	(4.48)% to 24.7%
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	**0.05% to 8.7%**	0.21% to 7.2%	0.20% to 9.34%
Deposits due to customers	Discounted cash flow models	The Bank's funding spreads (greater than 5 years)	**2.2% to 3.7%**	1.3% to 1.9%	1.3% to 1.8%
Debt securities in issue	Discounted cash flow models	Funding curves (greater than 5 years)	**1.2% to 1.8%**	1.3% to 1.9%	1.3% to 1.8%
Investment properties	Discounted cash flow models	Estimates of periods in which rental units will be disposed of	**1 to 6 years**	1 to 6 years	1 to 6 years
		Annual selling price escalations	**6%**	0% to 6%	6%
					6%
		Annual rental escalations	**n/a**	n/a	n/a
		Expense ratios	**n/a**	n/a	n/a
		Vacancy rates	**n/a**	n/a	n/a
		Income capitalisation rates	**7.5% to 8%**	7.5% to 8%	7.5% to 8%
		Risk adjusted discount rates	**10% to 15%**	11% to 15%	10% to 15%

For assets or liabilities measured 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 measured 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.

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

14.10 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
	2019 Rm	2018 Rm	2018 Rm
Opening balance at the beginning of the reporting period	**(428)**	(134)	(134)
New transactions	**(21)**	—	(367)
Amounts recognised in profit or loss during the reporting period	**39**	—	73
Closing balance at the end of the reporting period	**(410)**	(134)	(428)

14.11 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.

15. Reporting changes overview

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

15.1 Implementation of IFRS 16

15.2 Changes to comparatives

- Amendments due to developments in IFRS 9 accounting interpretations
- Common control transaction

15.3 Changes to reportable segments and business portfolios

15.4 Changes to loans and advances

15.1 Implementation of IFRS 16 Leases

IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases, and it replaces IAS 17 *Leases* (IAS 17), IFRIC 4 *Determining whether an arrangement contains a lease* (IFRIC 4), SIC–15 *Operating Leases – Incentives* (SIC-15) and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* (SIC-27).

One of the key changes of IFRS 16 is the introduction of a single lessee accounting model which requires a lessee to recognise assets and liabilities, for lease contracts with a term of more than 12 months, unless the underlying asset is of low value, eliminating the classification of leases as either operating leases or finance leases. As a result, a depreciation charge for the right-of-use assets and interest expense on lease liabilities is recognised instead of the straight-line operating lease expense. Lessor accounting remains similar to the previous standard (IAS 17) in which lessors continue to classify leases as finance or operating leases.

The Bank has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019 with no restatement of comparatives.

The Bank elected the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases, and to apply a single discount rate to a portfolio of leases with similar characteristics. Significant judgement was applied in determining the appropriate incremental borrowing rate to use. The rates used consider the tenor of the lease, currency of the lease, credit risk of the specific lessee and the economic environment. The weighted average incremental rate, determined as at 1 January 2019 was between 8% and 9%. For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at initial application was determined as the carrying amount of the leased asset and lease liability under IAS 17 at 31 December 2018.

In the application of this model the Bank has recognised the following at the date of initial application (unless the lease term is shorter than 12 months or the underlying asset is of low value):

(a) A lease liability for all leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the entity's incremental borrowing rate at the date of initial application; and

(b) A right of use asset, measured retrospectively, using the applicable entity's incremental borrowing rate at the date of initial application.

15. Reporting changes overview (continued)

15.1 Implementation of IFRS 16 Leases (continued)

15.1.1 The table below summarises the total impact of IFRS 16 on the Bank's statement of changes in equity:

	Share capital and share premium Rm	Preference share capital and share premium Rm	Additional Tier 1 capital Rm	Retained earnings Rm	Other reserves Rm	Capital and reserves attributable to equity holders Rm	Non-controlling interest-ordinary shares Rm	Total equity Rm
Balance reported as at 31 December 2018	37 183	4 644	2 741	35 209	3 918	83 695	(9)	83 686
Impact of adopting IFRS 16	—	—	—	(198)	—	(198)	—	(198)
Adjusted balance as at 1 January 2019	37 183	4 644	2 741	35 011	3 918	83 497	(9)	83 488

15.1.2 The following table summarises the total impact of IFRS 16 on the Bank's statement of financial position as at 1 January 2019

	31 December 2018 Rm	Impact of initial adoption of IFRS 16 Rm	1 January 2019 Rm
Assets			
Property and equipment	13 609	2 713	16 322
Deferred tax assets	1 595	77	1 672
Total assets	1 079 679	2 790	1 082 469
Liabilities			
Other liabilities[1]	31 907	2 988	34 895
Total liabilities	995 993	2 988	998 981
Equity			
Capital and reserves			
Attributable to ordinary equity holders:			
Retained earnings	35 209	(198)	35 011
	83 695	(198)	83 497
Non-controlling interest - ordinary shares	(9)	—	(9)
Total equity	83 686	(198)	83 488
Total liabilities and equity	1 079 679	2 790	1 082 469

15.1.3 The table below reconciles the previously disclosed operating lease commitments to the lease liabilities recognised on 1 January 2019:

	Rm
Operating lease commitments at 31 December 2018	4 209
Discounted using the incremental borrowing rate at 1 January 2019	(695)
Finance lease liabilities recognised	3 514
Reconciling items	
Previously disclosed commitments subject to recognition exemption	(141)
Lease liabilities recognised at 1 January 2019	3 373

[1] Includes an amount of **R3 373m** relating to the IFRS 16 lease liability, which is offset by the release of the IAS 17 straight lining lease liability of **R385m**.

15. Reporting changes overview (continued)

15.2 Changes to comparatives (continued)

15.2.1 Amendments due to developments in IFRS 9 accounting interpretations

There are two areas of technical interpretation which have evolved since the publication of the Bank's IFRS 9 disclosures as at 30 June 2018. These are as follows:

15.2.1.1 Exclusion of post write-off recoveries from loss given default (LGD) modelling

IFRS 9 provides that financial assets should be written off, and accordingly derecognised, when it is considered that there is no reasonable expectation of recovery. The Bank has well-governed internal policies, which define how an individual account should be assessed for write-off, and ensure that post write-off recoveries remain insignificant over the long run. Further, the policies are recalibrated over time, as and when actual recovery experience changes. While the Bank's write-off policy determines the point of derecognition at an individual account level, it also impacts the level of recoveries modelled on a collective basis for the purposes of determining the LGDs to be applied at a portfolio level. The Bank's LGD models have historically included the present value of all forecast recoveries on a pool of loans, over the full life of such loans, thereby including cash flows which would otherwise be classified as post write-off recoveries, from an accounting perspective.

While the guidance regarding derecognition under IFRS 9 remains largely unchanged from IAS 39, IFRS 9 does explicitly provide that write-off constitutes a derecognition event. The IFRS 9 requirements for write-off have been one of the most robustly debated topics following the banking industry's adoption of the standard. With evolving IFRS 9 technical interpretation, the Bank has reconsidered the approach previously applied to LGD modelling for accounting purposes. The Bank is of the view that under IFRS 9, the write-off assumptions should be consistently applied at both an individual account level and on a collective modelling basis. The original treatment applied as at 30 June 2018 has been adjusted accordingly. The exclusion of post write-off recoveries from LGD, under IFRS 9, has resulted in a significant increase in the allowance for ECL recognised in the statement of financial position, as at 1 January 2018. The change in valuation methodology did not have a significant impact on the credit losses recognised during the previous interim reporting period, since the impact on both the 1 January 2018 and 30 June 2018 ECL allowances, were of a similar magnitude. The amendment was taken into account in December 2018.

15.2.1.2 Interest recoveries on cured stage 3 financial assets

IFRS 9 requires interest income on stage 3 assets to be calculated based on the net carrying value of the exposure, that is, the gross carrying value less the ECL allowance. In order to practically give effect to this requirement, the Bank suspends the recognition of contractual interest, and then, recognises interest calculated by multiplying the net carrying value by the effective interest rate (EIR). Interest income recognised on stage 3 assets will therefore be less than the contractual interest charged. In some instances, the Bank may recover contractual interest which is in excess of that previously recognised under IFRS 9. This prompted extensive industry debate regarding where such excess should be presented, as a credit impairment gain, reflecting a credit recovery event, or as interest income, reflecting recovery of interest in the ordinary course of business. A request for clarification regarding this IFRS 9 requirement was submitted to the IFRS-IC in August 2018. At the IFRS-IC meeting held in November 2018, the committee observed that any unrecognised interest, which is subsequently recovered, should be presented as a credit impairment gain. As a result, the Bank has amended its accounting treatment, however this does not impact profit or loss, but it does reduce both the Bank's ECL and interest income. The amendment was taken into account in December 2018.

15. Reporting changes overview (continued)

15.2 Changes to comparatives (continued)

15.2.1 Amendments due to developments in IFRS 9 accounting interpretations (continued)

The following table summarises the total impact of the above on the statement of financial position as at 1 January 2018.

		Impact of IFRS 9				
			IFRS 9 ECL			
	31 December 2017 Rm	Classification and measurement[1] Rm	Reported ECL[2] Rm	Exclusion of PWOR from LGD[3] Rm	Total IFRS 9 ECL Impact Rm	1 January 2018 Rm
Assets						
Investment securities	76 524	(195)	—	—	—	76 329
Loans and advances to banks	43 217	—	(26)	—	(26)	43 191
Loans and advances to customers	660 492	(20)	(3 827)	(1 246)	(5 073)	655 399
Investments in associates and joint ventures[4]	1 235	—	(73)	(31)	(104)	1 131
Other assets[5]	206 890	55	792	349	1 141	208 086
Total assets	988 358	(160)	(3 134)	(928)	(4 062)	984 136
Liabilities						
Trading portfolio liabilities	59 834	(20)	—	—	—	59 814
Provisions[6]	2 073	—	452	—	452	2 525
Other liabilities[5]	841 122	—	(419)	—	(419)	840 703
Total liabilities	903 029	(20)	33	—	33	903 042
Equity						
Capital and reserves						
Attributable to equity holders:						
Ordinary share capital	304	—	—	—	—	304
Ordinary share premium	36 879	—	—	—	—	36 879
Preference share capital	1	—	—	—	—	1
Preference share premium	4 643	—	—	—	—	4 643
Additional Tier 1 capital	1 500	—	—	—	—	1 500
Retained earnings	37 855	—	(3 103)	(897)	(4 000)	33 855
Other reserves	4 145	(140)	(64)	(31)	(95)	3 910
	85 327	(140)	(3 167)	(928)	(4 095)	81 092
Non-controlling interest – ordinary shares	2	—	—	—	—	2
Total equity	85 329	(140)	(3 167)	(928)	(4 095)	81 094
Total liabilities and equity	988 358	(160)	(3 134)	(928)	(4 062)	984 136

15.2.2 Common control transaction

The Bank acquired a 100% holding in Home Obligors Mortgage Enhanced Securities (RF) Limited (Homes) a structured entity (SE) established in 2006 as a securitisation funding vehicle. Since its establishment in 2006, Homes has been accounted for as a subsidiary of Absa Group Limited. The transaction meets the definition of a business combination under common control, and in accordance with the Bank's policy, predecessor accounting is applied. The assets, liabilities and equity of Homes were transferred to the consolidated Bank financial statements at their carrying value on the date of transfer.

[1] Classification and measurement reclassifications relate to two portfolios:
- Short-term commodity-linked instruments that had embedded derivatives which were previously bifurcated under IAS 39, have been mandatorily classified at FVPTL under IFRS 9; and
- A portfolio of CPI linked investment securities that have been reclassified from available-for-sale to amortised cost.

[2] Reflects the IFRS 9 ECL impact, as previously presented as at 30 June 2018.
[3] Reflects the financial impact of amending the Bank's methodology for calculating the LGD on loans and advances to customers.
[4] Reflects the change in the Bank's share of net assets from associates and joint ventures due to their adoption of IFRS 9.
[5] Relates to the adjustments to deferred tax and current tax assets.
[6] The increase in the carrying amount of provisions relates to the expected credit losses recognised on financial guarantee contracts, letters of credit and undrawn facilities (to the extent that it exceeds the gross carrying amount of loans and advances to customers at an account level).

15. Reporting changes overview (continued)

15.2 Changes to comparatives (continued)

15.2.2 Common control transaction (continued)

The impact of the above changes on the Bank's statement of financial position as at 30 June 2018 is set out in the following table:

	As previously reported 30 June 2018 Rm	Exclusion of PWOR from LGD Rm	Common control transaction Rm	Restated 30 June 2018 Rm
Assets				
Loans and advances to banks	49 173	—	41	49 214
Other assets	26 593	—	(2)	26 591
Current tax assets	614	206	—	820
Loans and advances to customers	683 152	(1 246)	1 901	683 807
Loans to Group companies	38 730	—	(1 755)	36 975
Investments in associates and joint ventures	1 217	(31)	1	1 187
Deferred tax assets	860	143	(2)	1 001
Total assets	1 029 261	(928)	184	1 028 517
Liabilities				
Other liabilities	38 249	—	1	38 250
Current tax liabilities	—		1	1
Debt securities in issue	140 363	—	181	140 544
Deferred tax liabilities	12	—	(7)	5
Total liabilities	946 403	—	176	946 579
Equity				
Capital and reserves				
Retained earnings	35 629	(897)	9	34 741
Other reserves	3 901	(31)	(1)	3 869
Total equity	82 858	(928)	8	81 938
Total liabilities and equity	1 029 261	(928)	184	1 028 517
Irrevocable debt facilities	148 673		499	149 172

The impact of the above changes on the Bank's statement of comprehensive income for the period ended 30 June 2018 is set out in the following table:

	As previously reported 30 June 2018 Rm	Change in presentation of interest recoveries on cured stage 3 assets Rm	Common control transaction Rm	Restated 30 June 2018 Rm
Net interest income	14 915	(314)	12	14 613
Interest and similar income	36 241	(314)	91	36 018
Interest expense and similar charges	(21 326)	—	(79)	(21 405)
Net fee and commision income	9 023	—	1	9 024
Fee and commission income	9 736	—	1	9 737
Other operating income	36	—	(1)	35
Total income	25 747	(314)	12	25 445
Impairment losses	(2 831)	314	(1)	(2 518)
Operating income before operating expenses	22 916	—	11	22 927
Other expenses	(754)	—	(1)	(755)
Indirect tax	(571)	—	(1)	(572)
Operating profit before income tax	5 824	—	10	5 834
Taxation expense	(1 593)	—	(3)	(1 596)
Profit for the reporting period	4 231	—	7	4 238
Profit attributable to ordinary equity holders	3 959	—	7	3 966
Headline earnings	4 151	—	8	4 159
Basic earnings per share (cents)	883.3	—	1.6	884.9
Diluted earnings per share (cents)	883.3	—	1.6	884.9

15. Reporting changes overview (continued)

15.3 Changes to reportable segments and business portfolios

The following changes to reportable segments and business portfolios have occurred during the reporting period:

15.3.1 The Bank has refined its operating model which resulted in Wealth no longer being a reportable segment on its own and is now part of Relationship Banking in RBB South Africa.

15.3.2 Software projects and other assets, liabilities (together with the funding provided by Treasury) and associated income and expenses which were previously centrally maintained, have been moved from Head Office in South Africa to the various responsible segments to ensure end-to-end accountability of business activities.

15.3.3 The Absa Namibia representative office, which was previously reported in RBB South Africa has been moved to CIB South Africa to support its regional expansion strategy.

15.3.4 RBB South Africa has aligned its operating model to enable a more customer centric approach which will offer more holistic product offerings. The business has now been arranged into the following units:

- **Home Loans** – offers residential property-related finance solutions direct to customers through personalised services, a range of electronic channels, and intermediaries such as estate agents and mortgage originators.
- **Vehicle and Asset Finance (VAF)** – offers funding solutions for passenger and light commercial vehicles to individual customers through approved dealerships, and preferred suppliers. VAF's Joint Venture with Ford Financial Services is an extension of the business and reinforces the strategic intent of establishing and harnessing relationships with dealers and customers.
- **Everyday Banking** – offers the day to day banking services for the retail customer and includes:
  - **Card** – offers credit cards via a mix of Absa-branded and cobranded offerings including British Airways, Avios and Virgin Money. Included in this portfolio are partnerships with Edcon, which offers in-store cards and Woolworths Financial Services, which offers in-store cards, credit cards, personal loans and short-term insurance products.
  - **Personal Loans** – offers unsecured instalment loans through face-to-face engagements, call centre agents as well as electronic and digital channels.
  - **Transactional and Deposits** – offers a full range of transactional banking, savings and investment products, rewards programme and services through a variety of channels. These include the branch and self-service terminal network, digital channels as well as through a third-party retailer.
- **Relationship Banking** – consists of business units and associated products, where a name relationship exists and was formed to provide customers with a single 'warm-body' relationship manager rather than multiple touch points within the Group. The businesses consolidated into Relationship Banking include Card Acquiring, Commercial Asset Finance (CAF), Business Banking (including associated lending, transactional and deposit products), Private Banking, Wealth and Financial Advisory. Relationship Banking also includes an Equity Portfolio which is being reduced in an orderly manner.
- **RBB Other** – includes investment spend, cost associates with the restructure holding companies and related consolidation entries as well as allocated shareholder overhead expenses.

The aforementioned segment and business portfolio changes have resulted in the restatement of financial results for the respective segments, but have not impacted the overall position or net earnings of the Bank.

15. Reporting changes overview (continued)

15.3 Changes to reportable segments and business portfolios (continued)

The following tables set out the changes to the reportable segments for the period ended 30 June 2018 and 31 December 2018:

	Previously published Rm	Restatements 15.2.1.1 Rm	15.2.1.2 Rm	15.2.2 Rm
Headline earnings by segment				
RBB South Africa	4 083	—	—	8
CIB South Africa	1 385	—	—	—
Wealth	(198)	—	—	—
Head Office, Treasury and other operations in South Africa	(404)	—	—	—
Barclays PLC separation effects	(715)	—	—	—
	4 151	—	—	8
Total income by segment				
RBB South Africa	20 432	—	(314)	12
CIB South Africa	5 214	—	—	—
Wealth	208	—	—	—
Head Office, Treasury and other operations in South Africa	(695)	—	—	—
Barclays PLC separation effects	588	—	—	—
	25 747	—	(314)	12
Total assets by segment				
RBB South Africa[1]	746 268	(928)	—	184
CIB South Africa	514 632	—	—	—
Wealth	6 590	—	—	—
Head Office, Treasury and other operations in South Africa	(239 832)	—	—	—
Barclays PLC separation effects	1 603	—	—	—
	1 029 261	(928)	—	184
Total liabilities by segment				
RBB South Africa	742 955	—	—	176
CIB South Africa	512 052	—	—	—
Wealth	6 820	—	—	—
Head Office, Treasury and other operations in South Africa	(306 922)	—	—	—
Barclays PLC separation effects	(8 502)	—	—	—
	946 403	—	—	176

[1] The RBB South Africa total assets balance has been corrected from the amount previously disclosed as at 30 June 2018. The amount previously disclosed was R747 268m.

	30 June 2018				
		Changes to reportable segments			
	Restated before changes to reportable segments Rm	15.3.1 Rm	15.3.2 Rm	15.3.3 Rm	Restated Rm
	4 091	(198)	30	(4)	3 919
	1 385	—	37	4	1 426
	(198)	198	—	—	—
	(404)	—	(67)	—	(471)
	(715)	—	—	—	(715)
	4 159	—	—	—	4 159
	20 130	208	(341)	(7)	19 990
	5 214	—	(60)	7	5 161
	208	(208)	—	—	—
	(695)	—	402	—	(293)
	588	—	(1)	—	587
	25 445	—	—	—	25 445
	745 524	6 590	608	(734)	751 988
	514 632	—	(174)	734	515 192
	6 590	(6 590)	—	—	—
	(239 832)	—	(435)	—	(240 267)
	1 603	—	1	—	1 604
	1 028 517	—	—	—	1 028 517
	743 131	6 820	463	(730)	749 684
	512 052	—	(209)	730	512 573
	6 820	(6 820)	—	—	—
	(306 922)	—	(254)	—	(307 176)
	(8 502)	—	—	—	(8 502)
	946 579	—	—	—	946 579

15. Reporting changes overview (continued)

15.3 Changes to reportable segments and business portfolios (continued)

	31 December 2018				
		Changes to reportable segments			
	Previously published Rm	15.3.1 Rm	15.3.2 Rm	15.3.3 Rm	Restated Rm
Headline earnings by segment					
RBB South Africa	8 646	(388)	17	(12)	8 263
CIB South Africa	2 819	—	50	12	2 881
Wealth	(388)	388	—	—	—
Head Office, Treasury and other operations in South Africa	(1 454)	—	(67)	—	(1 521)
Barclays PLC separation effects	(1 770)	—	—	—	(1 770)
	7 853	—	—	—	7 853
Total income by segment					
RBB South Africa	41 247	430	(733)	(15)	40 929
CIB South Africa	10 842	—	(122)	15	10 735
Wealth	430	(430)	—	—	—
Head Office, Treasury and other operations in South Africa	(1 532)	—	855	—	(677)
Barclays PLC separation effects	856	—	—	—	856
	51 843	—	—	—	51 843
Total assets by segment					
RBB South Africa	791 709	7 370	(979)	(1 045)	797 055
CIB South Africa	521 468	—	(332)	1 045	522 181
Wealth	7 370	(7 370)	—	—	—
Head Office, Treasury and other operations in South Africa	(244 027)	—	1 311	—	(242 716)
Barclays PLC separation effects	3 159	—	—	—	3 159
	1 079 679	—	—	—	1 079 679
Total liabilities by segment					
RBB South Africa	784 795	7 791	(1 084)	(1 033)	790 469
CIB South Africa	517 415	—	(385)	1 033	518 063
Wealth	7 791	(7 791)	—	—	—
Head Office, Treasury and other operations in South Africa	(308 163)	—	1 469	—	(306 694)
Barclays PLC separation effects	(5 845)	—	—	—	(5 845)
	995 993	—	—	—	995 993

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15. Reporting changes overview (continued)

15.4 Changes to loans and advances

The presentation of the loans and advances note has been updated to re-align to the RBB operating model, which has resulted in comparatives being restated. Refer to note 15.3.

The following tables set out the impact of the above changes on the loans and advances note for the periods ended 30 June 2018 and 31 December 2018:

	30 June 2018					
	Previously published			Restated		
Loans and advances to customers	Gross carrying amount Rm	ECL allowance Rm	Net carrying amount Rm	Exclusion of PWOR from LGD Rm	Common control transaction	Restated net carrying amount Rm
RBB South Africa	463 238	18 766	444 472	1 246	1 901	445 127
Retail Banking South Africa	392 499	15 226	377 273	1 176	1 901	377 998
Credit cards	30 855	4 303	26 552	533	—	26 019
Instalment credit agreements	81 222	2 966	78 256	334	—	77 922
Loans to associates and joint ventures	24 682	1	24 681	—	—	24 681
Mortgages	226 666	5 049	221 617	61	1 901	223 457
Other loans and advances	2 731	48	2 683	—	—	2 683
Overdrafts	6 287	505	5 782	86	—	5 696
Personal and term loans	20 056	2 354	17 702	162	—	17 540
Business Banking South Africa	70 739	3 540	67 199	70	—	67 129
Wealth	5 321	266	5 055	—	—	5 055
CIB South Africa[(1)]	234 536	2 197	232 339	—	—	232 339

	31 December 2018		
	Previously published		
Loans and advances to customers	Gross carrying amount Rm	ECL allowance Rm	Net carrying amount Rm
RBB South Africa	476 884	19 923	456 961
Retail Banking South Africa	403 452	16 639	386 813
Credit cards	31 577	4 627	26 950
Instalment credit agreements	85 650	3 373	82 277
Loans to associates and joint ventures	25 490	1	25 489
Mortgages	229 556	5 296	224 260
Other loans and advances	3 512	62	3 450
Overdrafts	6 668	631	6 037
Personal and term loans	20 999	2 649	18 350
Business Banking South Africa	73 432	3 284	70 148
Wealth	5 984	250	5 734
CIB South Africa[(1)]	274 490	2 698	271 792

(1) A net carrying amount of **R725m** (Dec 2018: R1 031m) relating to the Absa Namibia representative office has been moved from RBB South Africa to CIB South Africa to support its regional expansion strategy.

New operating model

Home Loans Rm	Vehicle Asset Finance Rm	Card Rm	Personal Loans Rm	Transactions and Deposits Rm	Everyday Banking Rm	Relationship Banking Rm	RBB Other Rm	Restated RBB South Africa net carrying amount Rm
226 026	73 123	25 200	17 493	3 184	45 877	104 432	—	449 458
—	—	25 200	—	—	25 200	819	—	26 019
—	49 193	—	—	—	—	28 729	—	77 922
—	21 804	—	—	—	—	2 877	—	24 681
223 458	—	—	—	—	—	—	—	223 458
—	2 126	—	—	—	—	557	—	2 683
2 568	—	—	—	3 137	3 137	(9)	—	5 696
—	—		17 493	47	17 540	—	—	17 540
—	—	—	—	—	—	67 129	—	67 129
—	—	—	—	—	—	5 055	—	5 055
—	—	—	—	—	—	(725)	—	(725)

New operating model

Home Loans Rm	Vehicle Asset Finance Rm	Card Rm	Personal Loans Rm	Transactions and Deposits Rm	Everyday Banking Rm	Relationship Banking Rm	RBB Other Rm	Restated RBB South Africa net carrying amount Rm
227 086	76 771	26 243	18 333	3 228	47 804	110 003		461 664
—	—	26 243	—	—	26 243	707	—	26 950
—	52 009	—	—	—	—	30 268	—	82 277
—	22 328	—	—	—	—	3 161	—	25 489
224 260	—	—	—	—	—	—	—	224 260
—	2 434	—	—	—	—	1 016	—	3 450
2 826	—	—	—	3 211	3 211	—	—	6 037
—	—		18 333	17	18 350	—	—	18 350
—	—	—	—	—	—	70 148	—	70 148
—	—	—	—	—	—	5 734	—	5 734
—	—	—	—	—	—	(1 031)	—	(1 031)

Condensed consolidated normalised financial results

for the reporting period ended

Normalised financial results as a consequence of Barclays PLC separation

On 1 March 2016, Barclays PLC announced its intention to sell down its 62.3% interest in the Group. A comprehensive separation programme was initiated by Barclays PLC and the Group to determine possible interactions between the companies to ensure that the Group can operate as an independent and sustainable group without the involvement of Barclays PLC.

Barclays PLC currently holds 14.9% in the Group.

As part of its divestment Barclays PLC contributed £765m to the Group, primarily in recognition of the investments required for the Group to separate from Barclays PLC. Investments will be made primarily in rebranding, technology and separation-related projects and it is expected that these will neutralise the capital and cash flow impact of separation investments on the Group over time.

The separation process has impacted the Group's financial results, most notably as it has had an increase in the capital base and generated endowment revenue thereon. International Financial Reporting Standards (IFRS) required that the Barclays PLC contribution be recognised directly in equity, while the subsequent investment expenditure (including the depreciation or amortisation of capitalised assets), has been and will continue to be recognised in profit or loss. The aforementioned results in a disconnect between underlying business performance and the IFRS financial results during the separation period. Normalised financial results have therefore been disclosed and will continue to be disclosed while the underlying business performance is materially different from the IFRS financial results.

Refer to page 4 for the IFRS results.

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

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

Basis of presentation

Normalised financial results

The unaudited condensed consolidated interim normalised financial results (normalised 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 and other expenses, as well as the tax impact of the aforementioned items (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.

The normalised results have not been prepared using the accounting policies of the Bank and do not comply with IFRS. These results are considered to be pro forma financial information and have been prepared in terms of the JSE Limited Listings Requirements. The pro forma financial information, is the responsibility of the Bank's Board of Directors.

Condensed consolidated normalised financial results

for the reporting period ended

	30 June		31 December
	2019	Restated 2018	2018
Statement of comprehensive income (Rm)			
Income[1]	**25 980**	24 857	50 987
Operating expenses	**15 827**	15 039	31 499
Profit attributable to ordinary equity holders[1]	**4 709**	4 682	9 252
Headline earnings[1][2]	**4 739**	4 874	9 623
Statement of financial position			
Total assets (Rm)[1]	**1 150 959**	1 026 913	1 076 520
Financial performance (%)			
Return on equity (RoE)[1]	**13.7**	15.0	14.7
Return on average assets (RoA)[1]	**0.86**	1.01	0.95
Return on risk-weighted assets (RoRWA)[1]	**1.67**	1.83	1.77
Operating performance (%)			
Net interest margin on average interest-bearing assets[1]	**3.46**	3.68	3.63
Non-interest as a percentage of total income[1]	**41.6**	41.9	41.9
Cost-to-income ratio[1]	**60.9**	60.5	61.8
Jaws[1]	**1**	4	(3)
Effective tax rate	**25.3**	25.8	25.7
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]	**1 057.1**	1 087.2	2 146.6
Diluted headline earnings per ordinary share (DHEPS)[1]	**1 057.1**	1 087.2	2 146.6
Basic earnings per ordinary share (EPS)[1]	**1 050.4**	1 044.4	2 063.6
Diluted basic earnings per ordinary share (DEPS)[1]	**1 050.4**	1 044.4	2 063.6
Dividend per ordinary share relating to income for the reporting period	**446.1**	602.3	713.8
Dividend cover (times)	**2.37**	1.8	3.0
NAV per ordinary share[1]	**16 183**	14 652	15 013
Tangible NAV per ordinary share[1]	**15 152**	13 871	13 997
Capital adequacy (%)			
Absa Bank Limited	**15. 8**	16.3	15.4
Common Equity Tier 1 (%)			
Absa Bank Limited	**11. 3**	11.9	11.2

[1] The numbers in relation to 30 June 2018 have been restated. Please refer to 15.2 for more details.

[2] After allowing for **R174m** (30 June 2018: R176m; 31 December 2018: R351m) profit attributable to preference equity holders and **R169m** (30 June 2018: R96m; 31 December 2018: R190m) profit attributable to Additional Tier 1 capital holders

Condensed consolidated normalised financial results

for the reporting period ended

	30 June 2019		
	IFRS Bank performance[1]	Barclays separation effects[2]	Normalised Bank performance[3]
Statement of comprehensive income (Rm)			
Net interest income	15 291	114	15 177
Non-interest income	10 774	(29)	10 803
Total income	26 065	85	25 980
Impairment losses	(2 860)	—	(2 860)
Operating expenses	(16 464)	(637)	(15 827)
Other expenses	(646)	(25)	(621)
Share of post-tax results of associates and joint ventures	93	—	93
Operating profit before income tax	6 188	(577)	6 765
Tax expenses	(1 599)	114	(1 713)
Profit for the reporting period	4 589	(463)	5 052
Profit attributable to:			
Ordinary equity holders	4 246	(463)	4 709
Preference shares	174	—	174
Additional Tier 1	169	—	169
	4 589	(463)	5 052
Headline earnings	4 276	(463)	4 739
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.48	n/a	3.46
Credit loss ratio on gross loans and advances to customers and banks	0.71	n/a	0.71
Non-interest income as % of total income	41.3	n/a	41.6
Income growth (%)	2.4	n/a	5
Operating expenses growth (%)	0.4	n/a	5
Cost-to-income ratio	63.2	n/a	60.9
Effective tax rate	25.8	n/a	25.3
Statement of financial position (Rm)			
Loans and advances to customers	769 884	—	769 884
Loans and advances to banks	51 443	—	51 443
Investment securities	87 022	—	87 022
Other assets	246 479	3 869	242 610
Total assets	1 154 828	3 869	1 150 959
Deposits due to customers	659 347	—	659 347
Debt securities in issue	162 547	—	162 547
Other liabilities	243 019	(4 432)[4]	247 451
Total liabilities	1 064 913	(4 432)	1 069 345
Equity	89 915	8 301	81 614
Total equity and liabilities	1 154 828	3 869	1 150 959
Key performance ratios (%)			
RoA	0.77	n/a	0.86
RoE	11.0	n/a	13.7
Capital adequacy	16.6	n/a	15.8
Common Equity Tier 1	12.2	n/a	11.3
Share statistics (cents)			
Diluted headline earnings per ordinary share	953.6	n/a	1 057.1

[1] IFRS performance, presents the IFRS information as extracted from the Bank's condensed consolidated financial results for the reporting period ended 30 June 2019.
[2] Barclays PLC separation effects, presents the financial effects of the separation on the condensed consolidated financial results of the Bank.
[3] Normalised performance, presents the condensed consolidated 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'.

Condensed consolidated normalised financial results

for the reporting period ended

	30 June 2018		
	IFRS Bank performance[2]	Barclays separation effects[3]	Normalised Bank performance[4]
Statement of comprehensive income (Rm)			
Net interest income[1]	14 613	176	14 437
Non-interest income	10 832	412	10 420
Total income[1]	25 445	588	24 857
Impairment losses[1]	(2 518)	—	(2 518)
Operating expenses	(16 394)	(1 355)	(15 039)
Other expenses[1]	(755)	(77)	(678)
Share of post-tax results of associates and joint ventures	56	—	56
Operating profit before income tax[1]	5 834	(844)	6 678
Tax expenses[1]	(1 596)	128	(1 724)
Profit for the reporting period[1]	4 238	(716)	4 954
Profit attributable to:			
Ordinary equity holders[1]	3 966	(716)	4 682
Preference shares	176	—	176
Additional Tier 1	96	—	96
	4 238	(716)	4 954
Headline earnings	4 159	(714)	4 873
Operating performance (%)			
Net interest margin on average interest-bearing assets[1]	3.69	n/a	3.68
Credit loss ratio on gross loans and advances to customers and banks[1]	0.69	n/a	0.69
Non-interest income as % of total income[1]	42.6	n/a	41.9
Income growth[1] (%)	2.6	n/a	1. 4
Operating expenses growth (%)	11. 6	n/a	5. 6
Cost-to-income ratio[1]	64.4	n/a	60.5
Effective tax rate	27.4	n/a	25.8
Statement of financial position (Rm)			
Loans and advances to customers[1]	683 807	—	683 807
Loans and advances to banks[1]	49 214	—	49 214
Investment securities	86 794	—	86 794
Other assets[1]	208 702	1 604	207 098
Total assets[1]	1 028 517	1 604	1 026 913
Deposits due to customers	590 827	—	590 827
Debt securities in issue[1]	140 544	—	140 544
Other liabilities[1]	215 208	(8 502)[5]	223 710
Total liabilities[1]	946 579	(8 502)	955 081
Equity[1]	81 938	10 106	71 832
Total equity and liabilities[1]	1 028 517	1 604	1 026 913
Key performance ratios (%)			
RoA[1]	0.85	n/a	1.01
RoE[1]	11.0	n/a	15.0
Capital adequacy	17.9	n/a	16.3
Common Equity Tier 1	13.5	n/a	11.9
Share statistics (cents)			
Diluted headline earnings per ordinary share[1]	927.7	n/a	1 087.2

[1] The numbers in relation to 30 June 2018 have been restated. Please refer to 15.2 for more details.
[2] IFRS performance, presents the IFRS information as extracted from the Bank's condensed consolidated financial results for the reporting period ended 30 June 2018.
[3] Barclays PLC separation effects, presents the financial effects of the separation on the condensed consolidated financial results of the Bank.
[4] Normalised performance, presents the condensed consolidated financial results of the Bank, after adjusting for the consequences of the separation.
[5] 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'

Condensed consolidated normalised financial results

for the reporting period ended

	31 December 2018		
	IFRS Bank performance[1]	Barclays separation effects[2]	Normalised Bank performance[2]
Statement of comprehensive income (Rm)			
Net interest income	29 952	331	29 621
Non-interest income	21 891	525	21 366
Total income	51 843	856	50 987
Impairment losses	(5 078)	—	(5 078)
Operating expenses	(34 341)	(2 841)	(31 500)
Other expenses	(1 579)	(173)	(1 406)
Share of post-tax results of associates and joint ventures	179	—	179
Operating profit before income tax	11 024	(2 158)	13 182
Tax expenses	(3 002)	388	(3 390)
Profit for the reporting period	8 022	(1 770)	9 792
Profit attributable to:			
Ordinary equity holders	7 481	(1 770)	9 251
Preference shares	351	—	351
Additional Tier 1	190	—	190
	8 022	(1 770)	9 792
Headline earnings	7 853	(1 770)	9 623
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.65	n/a	3.63
Credit loss ratio on gross loans and advances to customers and banks	0.68	n/a	0.68
Non-interest income as % of total income	42.2	n/a	41.9
Income growth (%)	3	n/a	3
Operating expenses growth (%)	9	n/a	6
Cost-to-income ratio	66.2	n/a	61.8
Effective tax rate	27.2	n/a	25.7
Statement of financial position (Rm)			
Loans and advances to customers	735 200	—	735 200
Loans and advances to banks	40 533	—	40 533
Investment securities	93 576	—	93 576
Other assets	210 370	3 159	207 211
Total assets	1 079 679	3 159	1 076 520
Deposits due to customers	605 647	—	605 647
Debt securities in issue	160 042	—	160 042
Other liabilities	230 304	(5 845)[4]	236 149
Total liabilities	995 993	(5 845)	1 001 838
Equity	83 686	9 004	74 682
Total equity and liabilities	1 079 679	3 159	1 076 520
Key performance ratios (%)			
RoA	0.77	n/a	0.95
RoE	10.4	n/a	14.7
Capital adequacy	16.5	n/a	15.4
Common Equity Tier 1	12.3	n/a	11.2
Share statistics (cents)			
Diluted headline earnings per ordinary share	1 751.7	n/a	2 146.6

[1] IFRS performance, presents the IFRS information as extracted from the Bank's summary provisional consolidated financial results for the reporting period ended 31 December 2018.
[2] Barclays PLC separation effects, presents the financial effects of the separation on the condensed consolidated financial results of the Bank.
[3] Normalised performance, presents the condensed consolidated 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'.

Contact information

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Please direct media queries to
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