ABSA

Today, tomorrow, together.

Reporting changes

2012 and 2011 restatement document

Member of BARCLAYS

Contents

Overview of reporting changes

This document provides users of the Group's financial statements with information regarding financial reporting changes that will impact the results of the comparative reporting periods to be disclosed alongside the Group's results for the interim reporting period ended 30 June 2013.

These financial reporting changes are driven by:

1. The implementation of new International Financial Reporting Standards (IFRS), specifically IFRS 10 Consolidated Financial Statements (IFRS 10) and IAS 19 Employee Benefits (amended 2011) (IAS 19R). All other amendments to IFRS effective for the current reporting period have had no significant impact on the Group's reported results.
2. A change in the Group's internal accounting policy for the classification of collection costs.
3. Inter-segmental operational changes including allocation of elements of the Head office segment to business segments and portfolio changes between operating segments.

Only the implementation of new IFRS impacts the net financial results of the Group. The change in the Group's internal accounting policy for the classification of collection costs impacts the individual lines on which these costs are accounted for but not the net results of the Group. The inter-segmental changes for Head office allocations and portfolio changes affect the reported results of the individual businesses in the segment report, but they have no impact on the Group's primary statements.

Note that this document provides information regarding the impact of these reporting changes on selected key elements of the financial statements only.

Accounting policy changes due to new IFRS

IFRS 10 and IAS 19R became effective for annual periods beginning on or after 1 January 2013 and result in restatement of the Group's results for the reporting period ended 31 December 2011 and 2012, as well as the interim reporting period ended 30 June 2012. The 2012 restatements reflect the application of both IFRS 10 and IAS 19R. No restatement has been effected for IFRS 10 in the 2011 reporting period, in line with the transitional provisions of the standard.

IFRS 10

IFRS 10 replaces the requirements of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard introduces new criteria to determine whether entities in which the Group has interests should be consolidated. Implementation of this new standard results in the Group consolidating a small number of entities that were previously not consolidated and deconsolidating a small number of entities that were previously consolidated.

IAS 19R

IAS 19R amends the requirements of IAS 19 Employee Benefits. The standard introduces a number of changes relating to defined benefit plans, including the elimination of the 'corridor approach' and the removal of the recognition of expected returns on plan assets within profit or loss in favour of interest income on plan assets being recognised in profit or loss at the rate used to discount the pension fund obligation. The difference between net interest income recognised in profit or loss and expected return on plan assets is recognised in other comprehensive income. Furthermore, the revised standard stipulates that the interest cost on reserves owing to members of the plan is to be included in profit or loss. The revised standard also introduces enhanced disclosures relating to defined benefit plans, clarifies the accounting for termination benefits and modifies the classification of items between short-term and long-term employee benefits.

For the Absa Group, the main impacts of implementing IAS 19R were the removal of the recognition of expected returns on plan assets within profit or loss in favour of interest income on plan assets being recognised in profit or loss at the rate used to discount the pension fund obligation and the recognition of interest cost on reserves owing to members in profit or loss. In addition some benefits previously classified as short-term benefits are reclassified as long-term benefits.

Internal accounting policy changes

Collection costs

From 1 January 2013 the Group elected to change its accounting policy for certain 'collection costs' to better align with Barclays PLC internal accounting policies.

Costs incurred in the follow up and collection of outstanding and overdue balances, previously recognised as part of operating expenses and fee expenses, within 'net fee and commission income', have been reclassified to 'recoveries' within the 'impairment losses on loans and advances' line in the statement of comprehensive income.

To ensure comparability, the comparative reporting periods have been restated.

Impact of accounting policy changes on the Group's results

The financial impact of the changes in the Group's accounting policies for IFRS 10, IAS 19R and the revised policy for the classification of collection costs on the financial performance of the Group in comparative financial reporting periods is indicated in the tables to follow.

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the interim reporting period ended 30 June 2012

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Net interest income	11 909	—	(56)	—	11 853
Interest and similar income	25 807	—	(82)	—	25 725
Interest expense and similar charges	(13 898)	—	26	—	(13 872)
Impairment losses on loans and advances	(4 020)	(87)	—	—	(4 107)
Net interest income after impairment losses on loans and advances	**7 889**	**(87)**	**(56)**	**—**	**7 746**
Non-interest income	11 174	47	47	—	11 268
Net fee and commission income	7 542	47	(8)	—	7 581
Fee and commission income	8 785	—	—	—	8 785
Fee and commission expense	(1 243)	47	(8)	—	(1 204)
Net insurance premium income	2 757	—	—	—	2 757
Net insurance claims and benefits paid	(1 360)	—	—	—	(1 360)
Changes in investment and insurance contract liabilities	(618)	—	(257)	—	(875)
Gains and losses from banking and trading activities	1 868	—	49	—	1 917
Gains and losses from investment activities	641	—	267	—	908
Other operating income	344	—	(4)	—	340
Operating income before operating expenditure	**19 063**	**(40)**	**(9)**	**—**	**19 014**
Operating expenditure	(13 011)	40	(2)	(15)	(12 988)
Operating expenses	(12 666)	40	(2)	(15)	(12 643)
Other impairments	(11)	—	—	—	(11)
Indirect taxation	(334)	—	—	—	(334)
Share of post-tax results of associates and joint ventures	35	—	—	—	35
Operating profit before income tax	**6 087**	**—**	**(11)**	**(15)**	**6 061**
Taxation expense	(1 767)	—	3	4	(1 760)
Profit for the reporting period	**4 320**	**—**	**(8)**	**(11)**	**4 301**
Profit attributable to:					
Ordinary equity holders	4 189	—	(8)	(11)	4 170
Non-controlling interest – ordinary shares	(9)	—	—	—	(9)
Non-controlling interest – preference shares	140	—	—	—	140
	4 320	**—**	**(8)**	**(11)**	**4 301**

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the interim reporting period ended 30 June 2012 *(continued)*

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Profit for the reporting period	4 320	—	(8)	(11)	4 301
Other comprehensive income					
Items that will not be reclassified to profit and/or loss					
Movement in retirement benefit fund asset and liabilities	27	—	—	(39)	(12)
Increase/(decrease) in retirement benefit surplus	46	—	—	(63)	(17)
Increase in retirement benefit deficit	—	—	—	—	—
Deferred tax	(19)	—	—	24	5
Total items that will not be reclassified to profit or loss	**27**	**—**	**—**	**(39)**	**(12)**
Items that are or may be reclassified subsequently to profit and/or loss					
Foreign exchange differences on translation of foreign operations	32	—	—	—	32
Movement in cash flow hedging reserve	286	—	—	—	286
Fair value gains arising during the reporting period	1 409	—	—	—	1 409
Amount removed from other comprehensive income and recognised in the profit and loss component of the statement of comprehensive income	(1 012)	—	—	—	(1 012)
Deferred tax	(111)	—	—	—	(111)
Movement in available-for-sale reserve	370	—	—	—	370
Fair value gains arising during the reporting period	510	—	—	—	510
Amortisation of government bonds – release to the profit and loss component of the statement of comprehensive income	5	—	—	—	5
Deferred tax	(145)	—	—	—	(145)
Total items that are or may be reclassified subsequently to profit and/or loss	**688**	**—**	**—**	**—**	**688**
Total comprehensive income for the reporting period	**5 035**	**—**	**(8)**	**(50)**	**4 977**
Total comprehensive income attributable to:					
Ordinary equity holders	4 909	—	(8)	(50)	4 851
Non-controlling interest – ordinary shares	(14)	—	—	—	(14)
Non-controlling interest – preference shares	140	—	—	—	140
	5 035	**—**	**(8)**	**(50)**	**4 977**

Salient features – operating performance

	As previously reported %	Restatements %	Restated %
Net interest margin on average interest-bearing assets	3,89[1]	(0,01)	3,88
Impairment losses on loans and advances as % of average loans and advances to customers	1,59	0,03	1,62
Non-interest income as % of total operating income	48,4	0,3	48,7

Note

[1]The Group reassessed its criteria applied to determine the balance of interest-bearing assets in line with best practice. This resulted in a restatement of the net interest margin on average interest-bearing assets for the comparative reporting periods.

Overview of reporting changes

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of financial position as at 30 June 2012

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Assets					
Cash, cash balances and balances with central banks	25 620	—	412	—	26 032
Statutory liquid asset portfolio	60 061	—	—	—	60 061
Loans and advances to banks	58 044	—	—	—	58 044
Trading portfolio assets	96 768	—	99	—	96 867
Hedging portfolio assets	4 868	—	—	—	4 868
Other assets	20 112	—	34	(216)	19 930
Current tax assets	703	—	(1)	—	702
Non-current assets held for sale	6	—	—	—	6
Loans and advances to customers	506 661	—	(931)	—	505 730
Reinsurance assets	1 010	—	—	—	1 010
Investment securities	21 530	—	4 444	—	25 974
Investments in associates and joint ventures	373	—	—	—	373
Investment properties	2 699	—	—	—	2 699
Property and equipment	7 781	—	—	—	7 781
Goodwill and intangible assets	2 115	—	—	—	2 115
Deferred tax assets	455	—	—	—	455
Total assets	**808 806**	**—**	**4 057**	**(216)**	**812 647**
Liabilities					
Deposits from banks	25 827	—	90	—	25 917
Trading portfolio liabilities	60 446	—	—	—	60 446
Hedging portfolio liabilities	3 251	—	—	—	3 251
Other liabilities	30 071	—	68	—	30 139
Provisions	1 136	—	—	—	1 136
Current tax liabilities	247	—	(1)	—	246
Deposits due to customers	457 880	—	464	—	458 344
Debt securities in issue	125 127	—	(1 341)	—	123 786
Liabilities under investment contracts	15 427	—	4 792	—	20 219
Policyholder liabilities under insurance contracts	3 239	—	—	—	3 239
Borrowed funds	14 268	—	—	—	14 268
Deferred tax liabilities	1 619	—	(3)	(67)	1 549
Total liabilities	**738 538**	**—**	**4 069**	**(67)**	**742 540**
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital	1 434	—	—	—	1 434
Share premium	4 572	—	—	—	4 572
Retained earnings	55 502	—	(12)	(149)	55 341
Other reserves	2 725	—	—	—	2 725
	64 233	—	(12)	(149)	64 072
Non-controlling interest – ordinary shares	1 391	—	—	—	1 391
Non-controlling interest – preference shares	4 644	—	—	—	4 644
Total equity	**70 268**	**—**	**(12)**	**(149)**	**70 107**
Total liabilities and equity	**808 806**	**—**	**4 057**	**(216)**	**812 647**

Salient features – financial performance

	As previously reported %	Restatements %	Restated %
Return on average equity (RoE)	13,8	(0,1)	13,7
Return on average assets (RoA)	1,11	(0,01)	1,10

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2012

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Net interest income	24 111	—	(119)	—	23 992
Interest and similar income	50 766	—	(167)	—	50 599
Interest expense and similar charges	(26 655)	—	48	—	(26 607)
Impairment losses on loans and advances	(8 290)	(188)	—	—	(8 478)
Net interest income after impairment losses on loans and advances	**15 821**	**(188)**	**(119)**	**—**	**15 514**
Non-interest income	22 741	104	119	—	22 964
Net fee and commission income	15 435	104	(32)	—	15 507
Fee and commission income	17 936	—	—	—	17 936
Fee and commission expense	(2 501)	104	(32)	—	(2 429)
Net insurance premium income	5 618	—	—	—	5 618
Net insurance claims and benefits paid	(2 719)	—	—	—	(2 719)
Changes in investment and insurance contract liabilities	(980)	—	(727)	—	(1 707)
Gains and losses from banking and trading activities	3 670	—	108	—	3 778
Gains and losses from investment activities	963	—	773	—	1 736
Other operating income	754	—	(3)	—	751
Operating income before operating expenditure	**38 562**	**(84)**	**—**	**—**	**38 478**
Operating expenditure	(26 693)	84	(10)	(81)	(26 700)
Operating expenses	(25 874)	84	(10)	(81)	(25 881)
Other impairments	(113)	—	—	—	(113)
Indirect taxation	(706)	—	—	—	(706)
Share of post-tax results of associates and joint ventures	249	—	—	—	249
Operating profit before income tax	**12 118**	**—**	**(10)**	**(81)**	**12 027**
Taxation expense	(3 377)	—	—	22	(3 355)
Profit for the reporting period	**8 741**	**—**	**(10)**	**(59)**	**8 672**
Profit attributable to:					
Ordinary equity holders	8 393	—	(10)	(59)	8 324
Non-controlling interest – ordinary shares	53	—	—	—	53
Non-controlling interest – preference shares	295	—	—	—	295
	8 741	**—**	**(10)**	**(59)**	**8 672**

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2012 *(continued)*

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Profit for the reporting period	8 741	—	(10)	(59)	8 672
Other comprehensive income					
Items that will not be reclassified to profit and/or loss					
Movement in retirement benefit fund asset and liabilities	(242)	—	—	158	(84)
Decrease in retirement benefit surplus	(279)	—	—	218	(61)
Increase in retirement benefit deficit	(59)	—	—	—	(59)
Deferred tax	96	—	—	(60)	36
Total items that will not be reclassified to profit or loss	**(242)**	**—**	**—**	**158**	**(84)**
Items that are or may be reclassified subsequently to profit and/or loss					
Foreign exchange differences on translation of foreign operations	140	—	—	—	140
Movement in cash flow hedging reserve	405	—	—	—	405
Fair value gains arising during the reporting period	2 650	—	—	—	2 650
Amount removed from other comprehensive income and recognised in the profit and loss component of the statement of comprehensive income	(2 088)	—	—	—	(2 088)
Deferred tax	(157)	—	—	—	(157)
Movement in available-for-sale reserve	1 109	—	—	—	1 109
Fair value gains arising during the reporting period	1 532	—	—	—	1 532
Amortisation of government bonds – release to the profit and loss component of the statement of comprehensive income	10	—	—	—	10
Deferred tax	(433)	—	—	—	(433)
Total items that are or may be reclassified subsequently to profit and/or loss	**1 654**	**—**	**—**	**—**	**1654**
Total comprehensive income for the reporting period	**10 153**	**—**	**(10)**	**99**	**10 242**
Total comprehensive income attributable to:					
Ordinary equity holders	9 812	—	(10)	99	9 901
Non-controlling interest – ordinary shares	46	—	—	—	46
Non-controlling interest – preference shares	295	—	—	—	295
	10 153	**—**	**(10)**	**99**	**10 242**

Salient features – operating performance

	As previously reported %	Restatements %	Restated %
Net interest margin on average interest-bearing assets	3,80[1]	(0,01)	3,79
Impairment losses on loans and advances as % of average loans and advances to customers	1,59	0,04	1,63
Non-interest income as % of total operating income	48,5	0,4	48,9

Note

[1]The Group reassessed its criteria applied to determine the balance of interest-bearing assets in line with best practice. This resulted in a restatement of the net interest margin on average interest-bearing assets for the comparative reporting periods.

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of financial position as at 31 December 2012

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Assets					
Cash, cash balances and balances with central banks	26 221	—	326	—	26 547
Statutory liquid asset portfolio	63 020	—	—	—	63 020
Loans and advances to banks	44 649	—	2	—	44 651
Trading portfolio assets	87 203	—	114	—	87 317
Hedging portfolio assets	5 439	—	—	—	5 439
Other assets	14 189	—	—	—	14 189
Current tax assets	304	—	(1)	—	303
Non-current assets held for sale	4 052	—	—	—	4 052
Loans and advances to customers	528 191	—	(863)	—	527 328
Reinsurance assets	1 003	—	—	—	1 003
Investment securities	20 555	—	5 069	—	25 624
Investments in associates and joint ventures	569	—	—	—	569
Investment properties	1 220	—	—	—	1 220
Property and equipment	8 397	—	—	—	8 397
Goodwill and intangible assets	2 561	—	—	—	2 561
Deferred tax assets	366	—	—	—	366
Total assets	**807 939**	**—**	**4 647**	**—**	**812 586**
Liabilities					
Deposits from banks	36 035	—	149	—	36 184
Trading portfolio liabilities	51 684	—	—	—	51 684
Hedging portfolio liabilities	3 855	—	—	—	3 855
Other liabilities	18 215	—	197	—	18 412
Provisions	1 681	—	—	—	1 681
Current tax liabilities	59	—	(1)	—	58
Non-current liabilities held for sale	1 480	—	—	—	1 480
Deposits due to customers	477 427	—	426	—	477 853
Debt securities in issue	108 044	—	(1 265)	—	106 779
Liabilities under investment contracts	13 609	—	5 159	—	18 768
Policyholder liabilities under insurance contracts	3 550	—	—	—	3 550
Borrowed funds	17 907	—	—	—	17 907
Deferred tax liabilities	1 599	—	(4)	—	1 595
Total liabilities	**735 145**	**—**	**4 661**	**—**	**739 806**
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital	1 435	—	—	—	1 435
Share premium	4 604	—	—	—	4 604
Retained earnings	56 903	—	(14)	—	56 889
Other reserves	3 941	—	—	—	3 941
	66 883	—	(14)	—	66 869
Non-controlling interest – ordinary shares	1 267	—	—	—	1 267
Non-controlling interest – preference shares	4 644	—	—	—	4 644
Total equity	**72 794**	**—**	**(14)**	**—**	**72 780**
Total liabilities and equity	**807 939**	**—**	**4 647**	**—**	**812 586**

Salient features – financial performance

	As previously reported %	Restatements %	Restated %
Return on average equity (RoE)	13,6	(0,1)	13,5
Return on average assets (RoA)	1,09	(0,01)	1,08

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2011

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Net interest income	24 429	—	—	—	24 429
Interest and similar income	51 191	—	—	—	51 191
Interest expense and similar charges	(26 762)	—	—	—	(26 762)
Impairment losses on loans and advances	(5 081)	(168)	—	—	(5 249)
Net interest income after impairment losses on loans and advances	**19 348**	**(168)**	**—**	**—**	**19 180**
Non-interest income	21 403	87	—	—	21 490
Net fee and commission income	15 293	87	—	—	15 380
Fee and commission income	17 422	—	—	—	17 422
Fee and commission expense	(2 129)	87	—	—	(2 042)
Net insurance premium income	5 209	—	—	—	5 209
Net insurance claims and benefits paid	(2 517)	—	—	—	(2 517)
Changes in investment and insurance contract liabilities	(914)	—	—	—	(914)
Gains and losses from banking and trading activities	2 594	—	—	—	2 594
Gains and losses from investment activities	966	—	—	—	966
Other operating income	772	—	—	—	772
Operating income before operating expenditure	**40 751**	**(81)**	**—**	**—**	**40 670**
Operating expenditure	(26 581)	81	—	17	(26 483)
Operating expenses	(25 458)	81	—	17	(25 360)
Other impairments	(52)	—	—	—	(52)
Indirect taxation	(1 071)	—	—	—	(1 071)
Share of post-tax results of associates and joint ventures	40	—	—	—	40
Operating profit before income tax	14 210	—	—	17	14 227
Taxation expense	(4 026)	—	—	(5)	(4 031)
Profit for the reporting period	**10 184**	**—**	**—**	**12**	**10 196**
Profit attributable to:					
Ordinary equity holders	9 674	—	—	12	9 686
Non-controlling interest – ordinary shares	226	—	—	—	226
Non-controlling interest – preference shares	284	—	—	—	284
	10 184	**—**	**—**	**12**	**10 196**

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2011
(continued)

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Profit for the reporting period	10 184	—	—	12	10 196
Other comprehensive income					
Items that will not be reclassified to profit and/or loss					
Movement in retirement benefit plan asset and liabilities	(51)	—	—	(111)	(162)
Decrease in retirement benefit surplus	(66)	—	—	(155)	(221)
Increase in retirement benefit deficit	(5)	—	—	—	(5)
Deferred tax	20	—	—	44	64
Total items that will not be reclassified to profit or loss	**(51)**	**—**	**—**	**(111)**	**(162)**
Items that are or may be reclassified subsequently to profit and/or loss					
Foreign exchange differences on translation of foreign operations	522	—	—	—	522
Movement in cash flow hedging reserve	(237)	—	—	—	(237)
Fair value gains arising during the reporting period	1 972	—	—	—	1 972
Amount removed from other comprehensive income and recognised in the profit and loss component of the statement of comprehensive income	(2 300)	—	—	—	(2 300)
Deferred tax	91	—	—	—	91
Movement in available-for-sale reserve	(17)	—	—	—	(17)
Fair value losses arising during the reporting period	(58)	—	—	—	(58)
Amortisation of government bonds – release to the profit and loss component of the statement of comprehensive income	20	—	—	—	20
Deferred tax	21	—	—	—	21
Total items that are or may be reclassified subsequently to profit and/or loss	**268**	**—**	**—**	**—**	**268**
Total comprehensive income for the reporting period	**10 401**	**—**	**—**	**(99)**	**10 302**
Total comprehensive income attributable to:					
Ordinary equity holders	9 791	—	—	(99)	9 692
Non-controlling interest – ordinary shares	326	—	—	—	326
Non-controlling interest – preference shares	284	—	—	—	284
	10 401	**—**	**—**	**(99)**	**10 302**

Salient features – operating performance

	As previously reported %	Restatements %	Restated %
Net interest margin on average interest-bearing assets	4,15[1]	—	4,15
Impairment losses on loans and advances as % of average loans and advances to customers	1,01	0,03	1,04
Non-interest income as % of total operating income	46,7	0,1	46,8

Note

[1]The Group reassessed its criteria applied to determine the balance of interest-bearing assets in line with best practice. This resulted in a restatement of the net interest margin on average interest-bearing assets for the comparative reporting periods.

Impact of accounting policy changes on the Group's results *(continued)*

Condensed consolidated statement of financial position as at 31 December 2011

	As previously reported Rm	Change in accounting policy Rm	IFRS 10 Rm	IAS 19R Rm	Restated Rm
Assets					
Cash, cash balances and balances with central banks	26 997	—	—	—	26 997
Statutory liquid asset portfolio	57 473	—	—	—	57 473
Loans and advances to banks	57 499	—	—	—	57 499
Trading portfolio assets	84 623	—	—	—	84 623
Hedging portfolio assets	4 299	—	—	—	4 299
Other assets	14 730	—	—	(138)	14 592
Current tax assets	288	—	—	—	288
Non-current assets held for sale	35	—	—	—	35
Loans and advances to customers	504 925	—	—	—	504 925
Reinsurance assets	1 009	—	—	—	1 009
Investment securities	21 182	—	—	—	21 182
Investments in associates and joint ventures	420	—	—	—	420
Investment properties	2 839	—	—	—	2 839
Property and equipment	7 996	—	—	—	7 996
Goodwill and intangible assets	2 135	—	—	—	2 135
Deferred tax assets	269	—	—	—	269
Total assets	**786 719**	**—**	**—**	**(138)**	**786 581**
Liabilities					
Deposits from banks	38 339	—	—	—	38 339
Trading portfolio liabilities	55 960	—	—	—	55 960
Hedging portfolio liabilities	2 456	—	—	—	2 456
Other liabilities	14 695	—	—	—	14 695
Provisions	1 710	—	—	—	1 710
Current tax liabilities	267	—	—	—	267
Deposits due to customers	440 960	—	—	—	440 960
Debt securities in issue	130 262	—	—	—	130 262
Liabilities under investment contracts	15 233	—	—	—	15 233
Policyholder liabilities under insurance contracts	3 183	—	—	—	3 183
Borrowed funds	14 051	—	—	—	14 051
Deferred tax liabilities	1 198	—	—	(39)	1 159
Total liabilities	**718 314**	**—**	**—**	**(39)**	**718 275**
Equity					
Capital and reserves					
Attributable to ordinary equity holders					
Share capital	1 434	—	—	—	1 434
Share premium	4 676	—	—	—	4 676
Retained earnings	53 813	—	—	(99)	53 714
Other reserves	2 385	—	—	—	2 385
	62 308	—	—	(99)	62 209
Non-controlling interest – ordinary shares	1 453	—	—	—	1 453
Non-controlling interest – preference shares	4 644	—	—	—	4 644
Total equity	**68 405**	**—**	**—**	**(99)**	**68 306**
Total liabilities and equity	**786 719**	**—**	**—**	**(138)**	**786 581**

Salient features – financial performance

	As previously reported %	Restatements %	Restated %
Return on average equity (RoE)	16,4	—	16,4
Return on average assets (RoA)	1,32	—	1,32

Overview of reporting changes

Inter-segmental reclassifications

In accordance with IFRS 8 Operating Segments (IFRS 8), segmental reporting reflects how the Group's businesses are managed and reported to the Chief Operating Decision Maker (CODM). From 1 January 2013, a number of changes were made to the way in which the Group's businesses are managed and reported to the CODM.

Head office allocations

The Group elected to allocate additional Head office elements to the business segments so that the aggregate of the business' segment results is more closely aligned to the Group's total results.

For each income and expense item previously recorded under the Head office segment, consideration was given to whether there is a logical basis for increased allocation of such items to other business segments. The primary changes were:

- Intra-group allocation of funding costs and other Group Treasury items now includes all income derived from the Group's liquid asset portfolio as well as allocation of the dividends paid on the non-controlling preference shares, secondary tax on companies and an increased allocation of intra-group interest. The allocation is based on the risk-weighted assets carried by each business segment.
- Internal funding revenue generated by "Money Markets" desk in CIBW was moved from the Markets business to Group Treasury (in the Head office segment) and was in turn allocated out to the business segments.
- Head office operating cost items have been allocated to business segments wherever practicable using the most appropriate driver of the cost.
- Fees recognised in 'Operating income before operating expenditure' and 'Taxation expense', that were payable and receivable between business lines within CIBW and between CIBW and Head office in respect of Structured Capital Markets activities, have been eliminated. Both the allocation of secondary tax on companies, referred to above, and this item impacts the relative tax rates of segments.

The Group's Head office segment will now represent a smaller proportion of the Group's earnings and will primarily consist of: group consolidation entries; accounting mismatches (defined as IFRS accounting adjustments not deemed relevant to business segment performance); timing items (items allocated to business segments with a timing lag) and corporate items that cannot be meaningfully allocated to business segments.

The impact of the changes in the allocation methodology on the headline earnings of the individual business segments is as indicated in the table below:

	Interim 30 June 2012 Rm	31 December 2012 Rm
RBB	(1)	52
Retail Banking	(5)	34
Business Banking	4	18
CIBW	(36)	(55)
Financial Services	(37)	(73)
Head office, inter-segment eliminations and Other	74	76

Portfolio changes

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 certain business lines between operating segments. The primary changes are detailed below.

- Commercial property finance (CPF) debt – management responsibility for a number of large advances were transferred from RBB to CIBW.
- Commercial Asset Finance (CAF) – this business line was previously included in Business Banking. To take advantage of synergies with the existing Vehicle and Asset Finance (VAF) portfolio in Retail Banking, the portfolio was moved to Retail Banking.
- Barclays Bank Mozambique S.A. (BBM) and National Bank of Commerce Limited (NBC) Treasury – segmentation of treasury-related results between RBB, CIBW and Head office was reviewed and amended to better align with changing management responsibility and the segmentation principles applied by Barclays in the rest of Africa.
- Certain operations that were previously conducted from individual business segments were transferred to Head office to become shared services. In turn, their costs were allocated out to relevant business segments in line with the revised approach to head office allocations.

Inter-segmental reclassifications *(continued)*

Portfolio changes *(continued)*

The impact of these changes on the headline earnings of the individual business segments is reflected in the table below:

	Interim 30 June 2012 Rm	31 December 2012 Rm
RBB	22	(6)
Retail Banking	84	7
Business Banking	(62)	(13)
CIBW	(7)	(35)
Financial Services	—	—
Head office, inter-segment eliminations and Other	(15)	41

The impact of the change in accounting policies as well as the head office allocations and portfolio changes on the performance of the business segments is indicated in the tables that follow.

Segmental report per market segment

Retail and Business Banking (RBB)

for the interim reporting period ended 30 June 2012

	As previously reported Rm	Change in accounting policy Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	9 623	—	366	(141)	9 848
Impairment losses on loans and advances	(3 917)	(87)	—	42	(3 962)
Non-interest income	6 880	47	—	(61)	6 866
Operating expenses	(9 723)	40	(3)	173	(9 513)
Other	(201)	—	—	8	(193)
Operating profit before income tax	2 662	—	363	21	3 046
Taxation expense	(900)	—	(269)	8	(1 161)
Profit for the reporting period	**1 762**	**—**	**94**	**29**	**1 885**
Profit attributable to:					
Ordinary equity holders	1 770	—	(1)	22	1 791
Non-controlling interest – ordinary shares	(8)	—	—	7	(1)
Non-controlling interest – preference shares	—	—	95	—	95
	1 762	**—**	**94**	**29**	**1 885**
Headline earnings	**1 933**	**—**	**(1)**	**22**	**1 954**
as at 30 June 2012					
Statement of financial position					
Loans and advances to customers	411 948	—	—	(6 985)	404 963
Investment securities	1 253	—	—	—	1 253
Other assets	176 038	—	258	4 570	180 866
Total assets	**589 239**	**—**	**258**	**(2 415)**	**587 082**
Deposits due to customers	205 982	—	—	(2 154)	203 828
Debt securities in issue	4 256	—	—	—	4 256
Other liabilities	374 623	—	258	21	374 902
Total liabilities	**584 861**	**—**	**258**	**(2 133)**	**582 986**

Salient features – operating and financial performance

	As previously reported %	Restatements %	Restated %
Net interest margin on average interest-bearing assets	3,68[1]	0,10	3,78
Impairment losses on loans and advances as % of average loans and advances to customers	1,92	0,06	1,98
Non-interest income as % of total operating income	41,7	(0,6)	41,1
Return on average assets (RoA)	0,67	0,01	0,68

Note

[1]The Group reassessed its criteria applied to determine the balance of interest-bearing assets in line with best practice. This resulted in a restatement of the net interest margin on average interest-bearing assets for the comparative reporting periods.

Retail and Business Banking (RBB) *(continued)*

for the reporting period ended 31 December 2012

	As previously reported Rm	Change in accounting policy Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	20 004	—	577	(311)	20 270
Impairment losses on loans and advances	(8 153)	(188)	—	106	(8 235)
Non-interest income	13 849	104	—	(74)	13 879
Operating expenses	(19 535)	84	(6)	263	(19 194)
Other	(397)	—	—	23	(374)
Operating profit before income tax	5 768	—	571	7	6 346
Taxation expense	(1 765)	—	(319)	3	(2 081)
Profit for the reporting period	**4 003**	**—**	**252**	**10**	**4 265**
Profit attributable to:					
Ordinary equity holders	3 961	—	52	(6)	4 007
Non-controlling interest – ordinary shares	42	—	—	16	58
Non-controlling interest – preference shares	—	—	200	—	200
	4 003	**—**	**252**	**10**	**4 265**
Headline earnings	**4 346**	**—**	**52**	**(6)**	**4 392**
as at 30 June 2012					
Statement of financial position					
Loans and advances to customers	419 644	—	—	(8 117)	411 527
Investment securities	1 042	—	—	—	1 042
Other assets	194 313	—	350	4 467	199 130
Total assets	**614 999**	**—**	**350**	**(3 650)**	**611 699**
Deposits due to customers	216 309	—	—	(3 826)	212 483
Debt securities in issue	3 636	—	—	—	3 636
Other liabilities	387 612	—	307	499	388 418
Total liabilities	**607 557**	**—**	**307**	**(3 327)**	**604 537**

Salient features – operating and financial performance

	As previously reported %	Restatements %	Restated %
Net interest margin on average interest-bearing assets	3,75[1]	0,07	3,82
Impairment losses on loans and advances as % of average loans and advances to customers	1,98	0,06	2,04
Non-interest income as % of total operating income	40,9	(0,3)	40,6
Return on average assets (RoA)	0,74	0,01	0,75

Note

[1]The Group reassessed its criteria applied to determine the balance of interest-bearing assets in line with best practice. This resulted in a restatement of the net interest margin on average interest-bearing assets for the comparative reporting periods.

Segmental report per market segment

Corporate, Investment Banking and Wealth (CIBW)

for the interim reporting period ended 30 June 2012

	As previously reported Rm	Accounting restatements Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	1 520	(56)	119	143	1 726
Impairment losses on loans and advances	(9)	—	—	(42)	(51)
Non-interest income	2 766	45	(402)	(26)	2 383
Operating expenses	(2 344)	—	3	(98)	(2 439)
Other	(52)	—	—	—	(52)
Operating profit before income tax	1 881	(11)	(280)	(23)	1 567
Taxation expense	(530)	3	289	3	(235)
Profit for the reporting period	**1 351**	**(8)**	**9**	**(20)**	**1 332**
Profit attributable to:					
Ordinary equity holders	1 352	(8)	(36)	(7)	1 301
Non-controlling interest – ordinary shares	(1)	—	—	(13)	(14)
Non-controlling interest – preference shares	—	—	45	—	45
	1 351	**(8)**	**9**	**(20)**	**1 332**
Headline earnings	**1 352**	**(8)**	**(36)**	**(7)**	**1 301**
as at 30 June 2012					
Statement of financial position					
Loans and advances to customers	94 297	(931)	—	6 985	100 351
Investment securities	7 315	54	—	(485)	6 884
Other assets	378 197	(454)	86	(6 704)	371 125
Total assets	**479 809**	**(1 331)**	**86**	**(204)**	**478 360**
Deposits due to customers	252 142	464	—	2 149	254 755
Debt securities in issue	95 384	(1 341)	—	—	94 043
Other liabilities	128 020	(443)	123	(2 283)	125 417
Total liabilities	**475 546**	**(1 320)**	**123**	**(134)**	**474 215**

Salient features – operating and financial performance

	As previously reported %	Restatements %	Restated %
Impairment losses on loans and advances as % of average loans and advances to customers	0,02	0,08	0,10
Non-interest income as % of total operating income	64,5	(6,5)	58,0
Return on average assets (RoA)	0,50	(0,02)	0,48

Corporate, Investment Banking and Wealth (CIBW) (continued)

for the reporting period ended 31 December 2012

	As previously reported Rm	Accounting restatement Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	2 964	(119)	162	314	3 321
Impairment losses on loans and advances	(117)	—	—	(106)	(223)
Non-interest income	5 664	105	(516)	(45)	5 208
Operating expenses	(4 666)	—	6	(246)	(4 906)
Other	21	—	—	—	21
Operating profit before income tax	3 866	(14)	(348)	(83)	3 421
Taxation expense	(1 027)	4	388	17	(618)
Profit for the reporting period	**2 839**	**(10)**	**40**	**(66)**	**2 803**
Profit attributable to:					
Ordinary equity holders	2 810	(10)	(55)	(35)	2 710
Non-controlling interest – ordinary shares	29	—	—	(31)	(2)
Non-controlling interest – preference shares	—	—	95	—	95
	2 839	**(10)**	**40**	**(66)**	**2 803**
Headline earnings	**2 810**	**(10)**	**(55)**	**(35)**	**2 710**
as at 31 December 2012					
Statement of financial position					
Loans and advances to customers	107 907	(863)	—	8 116	115 160
Investment securities	8 314	226	—	(621)	7 919
Other assets	357 734	(460)	94	(6 994)	350 374
Total assets	**473 955**	**(1 097)**	**94**	**501**	**473 453**
Deposits due to customers	261 317	426	—	3 819	265 562
Debt securities in issue	84 252	(1 265)	—	—	82 987
Other liabilities	122 462	(246)	146	(3 076)	119 286
Total liabilities	**468 031**	**(1 085)**	**146**	**743**	**467 835**

Salient features – operating and financial performance

	As previously reported %	Restatements %	Restated %
Impairment losses on loans and advances as % of average loans and advances to customers	0,12	0,9	0,21
Non-interest income as % of total operating income	65,6	(4,5)	61,1
Return on average assets (RoA)	0,52	(0,02)	0,50

Segmental report per market segment

Financial Services

for the interim reporting period ended 30 June 2012

	As previously reported Rm	Accounting restatements Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	2	—	—	—	2
Impairment losses on loans and advances	(4)	—	—	—	(4)
Non-interest income	1 970	2	—	—	1 972
Operating expenses	(980)	(2)	(51)	—	(1 033)
Other	(49)	—	—	—	(49)
Operating profit before income tax	939	—	(51)	—	888
Taxation expense	(262)	—	14	—	(248)
Profit for the reporting period	**677**	**—**	**(37)**	**—**	**640**
Profit attributable to:					
Ordinary equity holders	677	—	(37)	—	640
Non-controlling interest – ordinary shares	—	—	—	—	—
Non-controlling interest – preference shares	—	—	—	—	—
	677	**—**	**(37)**	**—**	**640**
Headline earnings	**678**	**—**	**(37)**	**—**	**641**

as at 30 June 2012

	As previously reported Rm	Accounting restatements Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of financial position					
Loans and advances to customers	185	—	—	—	185
Investment securities	17 777	4 390	—	—	22 167
Other assets	8 508	444	(51)	—	8 901
Total assets	**26 470**	**4 834**	**(51)**	**—**	**31 253**
Deposits due to customers	—	—	—	—	—
Debt securities in issue	—	—	—	—	—
Other liabilities	21 608	4 834	(14)	—	26 428
Total liabilities	**21 608**	**4 834**	**(14)**	**—**	**26 428**

Salient features – operating and financial performance

	As previously reported %	Restatements %	Restated %
Impairment losses on loans and advances as % of average loans and advances to customers	5,29	—	5,29
Non-interest income as % of total operating income	99,9	—	99,9
Return on average assets (RoA)	5,22	(1,04)	4,18

Financial Services *(continued)*

for the reporting period ended 31 December 2012

	As previously reported Rm	Accounting restatement Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	6	—	—	—	6
Impairment losses on loans and advances	(24)	—	—	—	(24)
Non-interest income	4 010	14	—	—	4 024
Operating expenses	(2 027)	(10)	(101)	—	(2 138)
Other	(118)	—	—	—	(118)
Operating profit before income tax	1 847	4	(101)	—	1 750
Taxation expense	(526)	(4)	28	—	(502)
Profit for the reporting period	**1 321**	**—**	**(73)**	**—**	**1 248**
Profit attributable to:					
Ordinary equity holders	1 321	—	(73)	—	1 248
Non-controlling interest – ordinary shares	—	—	—	—	—
Non-controlling interest – preference shares	—	—	—	—	—
	1 321	**—**	**(73)**	**—**	**1 248**
Headline earnings	**1 338**	**—**	**(73)**	**—**	**1 265**
as at 31 December 2012					
Statement of financial position					
Loans and advances to customers	296	—	—	—	296
Investment securities	15 003	4 843	—	—	19 846
Other assets	10 553	326	(101)	—	10 778
Total assets	**25 852**	**5 169**	**(101)**	**—**	**30 920**
Deposits due to customers	—	—	—	—	—
Debt securities in issue	—	—	—	—	—
Other liabilities	21 081	5 169	(28)	—	26 222
Total liabilities	**21 081**	**5 169**	**(28)**	**—**	**26 222**

Salient features – operating and financial performance

	As previously reported %	Restatements %	Restated %
Impairment losses on loans and advances as % of average loans and advances to customers	12,37	—	12,37
Non-interest income as % of total operating income	99,9	—	99,9
Return on average assets (RoA)	5,16	(1,03)	4,13

Head office, inter-segment eliminations and Other

for the interim reporting period ended 30 June 2012

	As previously reported Rm	Accounting restatements Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	764	—	(485)	(2)	277
Impairment losses on loans and advances	(90)	—	—	—	(90)
Non-interest income	(442)	—	402	87	47
Operating expenses	381	(15)	51	(75)	342
Other	(8)	—	—	(8)	(16)
Operating profit before income tax	605	(15)	(32)	2	560
Taxation expense	(75)	4	(34)	(11)	(116)
Profit for the reporting period	**530**	**(11)**	**(66)**	**(9)**	**444**
Profit attributable to:					
Ordinary equity holders	390	(11)	74	(15)	438
Non-controlling interest – ordinary shares	—	—	—	6	6
Non-controlling interest – preference shares	140	—	(140)	—	—
	530	**(11)**	**(66)**	**(9)**	**444**
Headline earnings	**369**	**(11)**	**74**	**(15)**	**417**
as at 30 June 2012					
Statement of financial position					
Loans and advances to customers	231	—	—	—	231
Investment securities	(4 815)	—	—	485	(4 330)
Other assets	(282 128)	338	(293)	2 134	(279 949)
Total assets	**(286 712)**	**338**	**(293)**	**2 619**	**(284 048)**
Deposits due to customers	(244)	—	—	5	(239)
Debt securities in issue	25 487	—	—	—	25 487
Other liabilities	(368 720)	488	(367)	2 262	(366 337)
Total liabilities	**(343 477)**	**488**	**(367)**	**2 267**	**(341 089)**

Head office, inter-segment eliminations and Other *(continued)*

for the reporting period ended 31 December 2012

	As previously reported Rm	Accounting restatements Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of comprehensive income					
Net interest income	1 137	—	(739)	(3)	395
Impairment losses on loans and advances	4	—	—	—	4
Non-interest income	(782)	—	516	119	(147)
Operating expenses	354	(81)	101	(17)	357
Other	(76)	—	—	(23)	(99)
Operating profit before income tax	637	(81)	(122)	76	510
Taxation expense	(59)	22	(97)	(20)	(154)
Profit for the reporting period	**578**	**(59)**	**(219)**	**56**	**356**
Profit attributable to:					
Ordinary equity holders	301	(59)	76	41	359
Non-controlling interest – ordinary shares	(18)	—	—	15	(3)
Non-controlling interest – preference shares	295	—	(295)	—	—
	578	**(59)**	**(219)**	**56**	**356**
Headline earnings	**313**	**(59)**	**76**	**41**	**371**

as at 31 December 2012

	As previously reported Rm	Accounting restatements Rm	Head office allocations Rm	Portfolio restatements Rm	Restated Rm
Statement of financial position					
Loans and advances to customers	344	—	—	1	345
Investment securities	(3 804)	—	—	621	(3 183)
Other assets	(303 407)	575	(343)	2 527	(300 648)
Total assets	**(306 867)**	**575**	**(343)**	**3 149**	**(303 486)**
Deposits due to customers	(199)	—	—	7	(192)
Debt securities in issue	20 156	—	—	—	20 156
Other liabilities	(381 481)	577	(425)	2 577	(378 752)
Total liabilities	**(361 524)**	**577**	**(425)**	**2 584**	**(358 788)**