Absa Group Limited

Unaudited condensed consolidated financial results for the interim reporting period ended 30 June 2013

Member of BARCLAYS

Contents

Absa Group Limited

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

Unaudited condensed consolidated financial results
for the interim reporting period ended 30 June 2013

These unaudited condensed consolidated financial results were prepared by Absa Group Financial Reporting under the direction and supervision of the Group Financial Director, D W P Hodnett CA(SA).

Date of publication: 30 July 2013

Consolidated salient features

	30 June 2013	30 June 2012[1]	Change %	31 December 2012[1]
Statement of comprehensive income (Rm)				
Headline earnings[2]	**4 663**	4 313	8	8 738
Profit attributable to ordinary equity holders	**4 701**	4 170	13	8 324
Statement of financial position				
Total assets (Rm)	**841 333**	812 647	4	812 586
Loans and advances to customers (Rm)	**539 343**	505 730	7	527 328
Deposits due to customers (Rm)	**490 394**	458 344	7	477 853
Loans-to-deposits ratio (%)	**90,4**	86,9		90,2
Financial performance (%)				
Return on average equity	**14,0**	13,7		13,5
Return on average assets	**1,15**	1,10		1,08
Return on average risk-weighted assets	**2,10**	2,07		2,06
Operating performance (%)				
Net interest margin on average interest-bearing assets	**3,91**	3,88		3,79
Impairment losses on loans and advances as % of average loans and advances to customers	**1,35**	1,62		1,63
Non-performing loans as % of gross loans and advances to customers	**5,4**	6,4		5,8
Non-interest income as % of total operating income	**47,6**	48,7		48,9
Cost-to-income ratio	**54,9**	54,7		55,1
Effective tax rate, excluding indirect taxation	**27,4**	29,0		27,9
Share statistics (million)				
Number of ordinary shares in issue	**718,2**	718,2		718,2
Number of ordinary shares in issue (excluding treaury shares)	**717,7**	717,2		717,7
Weighted average number of ordinary shares in issue	**717,7**	717,5		717,6
Diluted weighted average number of ordinary shares in issue	**718,5**	719,3		719,2
Share statistics (cents)				
Headline earnings per share	**649,7**	601,1	8	1 217,7
Diluted headline earnings per share	**649,0**	599,6	8	1 215,0
Basic earnings per share	**655,0**	581,2	13	1 160,0
Diluted earnings per share	**654,3**	579,7	13	1 157,4
Dividends per ordinary share relating to income for the reporting period	**350**	315	11	684
Dividend cover (times)	**1,9**	1,9		1,8
Special dividend per ordinary share	**708**	—	100	—
Net asset value per share	**9 431**	8 934	6	9 317
Tangible net asset value per share	**9 072**	8 639	5	8 960
Capital adequacy (%)[3]				
Absa Group	**16,6**	16,9		17,4
Absa Bank	**16,8**	16,6		17,5
Off-statement of financial position (Rm)				
Assets under management and administration				
Financial Services	**205 173**	176 945	16	197 682
Money market	**60 226**	58 182	4	57 824
Non-money market	**144 947**	118 763	22	139 858
Corporate, Investment Bank and Wealth (CIBW)	**58 654**	42 796	37	49 268

Notes

[1]Refer to note 23 for reporting changes.

[2]After allowing for **R146 million** (30 June 2012: R 140 million; 31 December 2012: R295 million) profit attributable to preference equity holders of Absa Bank Limited.

[3]These ratios have been impacted by the implementation of Basel III. Refer to pages 103 to 118 of the Group's interim financial results booklet for further information.

Condensed consolidated statement of financial position

as at

	Note	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Assets					
Cash, cash balances and balances with central banks		**26 315**	26 032	1	26 547
Statutory liquid asset portfolio		**66 902**	60 061	11	63 020
Loans and advances to banks		**56 307**	58 044	(3)	44 651
Trading portfolio assets		**81 780**	96 867	(16)	87 317
Hedging portfolio assets		**3 567**	4 868	(27)	5 439
Other assets		**20 996**	19 930	5	14 189
Current tax assets		**561**	702	(20)	303
Non-current assets held for sale	1	**4 314**	6	>100	4 052
Loans and advances to customers	2	**539 343**	505 730	7	527 328
Reinsurance assets		**769**	1 010	(24)	1 003
Investment securities		**27 028**	25 974	4	25 624
Investments in associates and joint ventures		**642**	373	72	569
Investment properties		**1 125**	2 699	(58)	1 220
Property and equipment		**8 696**	7 781	12	8 397
Goodwill and intangible assets		**2 571**	2 115	22	2 561
Deferred tax assets		**417**	455	(8)	366
Total assets		**841 333**	812 647	4	812 586
Liabilities					
Deposits from banks		**44 110**	25 917	70	36 184
Trading portfolio liabilities		**56 549**	60 446	(6)	51 684
Hedging portfolio liabilities		**2 505**	3 251	(23)	3 855
Other liabilities		**25 531**	30 139	(15)	18 412
Provisions		**868**	1 136	(24)	1 681
Current tax liabilities		**490**	246	99	58
Non-current liabilities held for sale	1	**1 495**	—	100	1 480
Deposits due to customers	5	**490 394**	458 344	7	477 853
Debt securities in issue	6	**106 235**	123 786	(14)	106 779
Liabilities under investment contracts		**19 261**	20 219	(5)	18 768
Policyholder liabilities under insurance contracts		**3 506**	3 239	8	3 550
Borrowed funds	7	**15 657**	14 268	10	17 907
Deferred tax liabilities		**1 068**	1 549	(31)	1 595
Total liabilities		**767 669**	742 540	3	739 806
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital		**1 435**	1 434	0	1 435
Share premium		**4 467**	4 572	(2)	4 604
Retained earnings		**58 922**	55 341	6	56 889
Other reserves		**2 860**	2 725	5	3 941
		67 684	64 072	6	66 869
Non-controlling interest – ordinary shares		**1 336**	1 391	(4)	1 267
Non-controlling interest – preference shares		**4 644**	4 644	—	4 644
Total equity		**73 664**	70 107	5	72 780
Total liabilities and equity		**841 333**	812 647	4	812 586

Note

[1]Refer to note 23 for reporting changes.

Condensed consolidated statement of comprehensive income

for the reporting period ended

	Note	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Net interest income		**12 503**	11 853	5	23 992
Interest and similar income	8.1	**25 445**	25 725	(1)	50 599
Interest expense and similar charges	8.2	**(12 942)**	(13 872)	7	(26 607)
Impairment losses on loans and advances	3.1	**(3 546)**	(4 107)	14	(8 478)
Net interest income after impairment losses on loans and advances		**8 957**	7 746	16	15 514
Non-interest income		**11 342**	11 268	1	22 964
Net fee and commission income		**7 800**	7 581	3	15 507
Fee and commission income	9.1	**9 010**	8 785	3	17 936
Fee and commission expense	9.2	**(1 210)**	(1 204)	(0)	(2 429)
Net insurance premium income		**2 760**	2 757	0	5 618
Net insurance claims and benefits paid		**(1 356)**	(1 360)	0	(2 719)
Changes in investment and insurance contract liabilities		**(1 194)**	(875)	(36)	(1 707)
Gains and losses from banking and trading activities	9.3	**1 584**	1 917	(17)	3 778
Gains and losses from investment activities	9.4	**1 358**	908	50	1 736
Other operating income		**390**	340	15	751
Operating income before operating expenditure		**20 299**	19 014	7	38 478
Operating expenditure		**(13 572)**	(12 988)	(4)	(26 700)
Operating expenses	10.1	**(13 094)**	(12 643)	(4)	(25 881)
Other impairments	10.2	**(12)**	(11)	(9)	(113)
Indirect taxation		**(466)**	(334)	(40)	(706)
Share of post-tax results of associates and joint ventures		**79**	35	>100	249
Operating profit before income tax		**6 806**	6 061	12	12 027
Taxation expense		**(1 862)**	(1 760)	(6)	(3 355)
Profit for the reporting period		**4 944**	4 301	15	8 672
Other comprehensive income					
Items that will not be reclassified to the profit and loss component of the statement of comprehensive income:					
Movement in retirement benefit fund assets and liabilities		**60**	(12)	>100	(84)
Increase/(decrease) in retirement benefit surplus		**3**	(17)	>100	(61)
Decrease/(increase) in retirement benefit deficit		**75**	—	100	(59)
Deferred tax		**(18)**	5	>(100)	36
Total items that will not be reclassified to the profit and loss component of the statement of comprehensive income		**60**	(12)	>100	(84)
Items that are or may be reclassified subsequently to the profit and loss component of the statement of comprehensive income:					
Foreign exchange differences on translation of foreign operations		**454**	32	>100	140
Movement in cash flow hedging reserve		**(1 707)**	286	>(100)	405
Fair value (losses)/gains arising during the reporting period		**(1 467)**	1 409	>(100)	2 650
Amount removed from other comprehensive income and recognised in the profit and loss component of the statement of comprehensive income		**(906)**	(1 012)	10	(2 088)
Deferred tax		**666**	(111)	>100	(157)
Movement in available-for-sale reserve		**75**	370	(80)	1 109
Fair value gains arising during the reporting period		**105**	510	(79)	1 532
Amortisation of government bonds - release to the profit and loss component of the statement of comprehensive income		**4**	5	(20)	10
Deferred tax		**(34)**	(145)	77	(433)
Total items that are or may be reclassified subsequently to the profit and loss component of the statement of comprehensive income		**(1 178)**	688	>(100)	1 654
Total comprehensive income for the reporting period		**3 826**	4 977	(23)	10 242
Profit attributable to:					
Ordinary equity holders		**4 701**	4 170	13	8 324
Non-controlling interest – ordinary shares		**97**	(9)	>100	53
Non-controlling interest – preference shares		**146**	140	4	295
		4 944	4 301	15	8 672
Total comprehensive income attributable to:					
Ordinary equity holders		**3 525**	4 851	(27)	9 901
Non-controlling interest – ordinary shares		**155**	(14)	>100	46
Non-controlling interest – preference shares		**146**	140	4	295
		3 826	4 977	(23)	10 242
Earnings per share:					
Basic earnings per share (cents)		**655,0**	581,2	13	1 160,0
Diluted earnings per share (cents)		**654,3**	579,7	13	1 157,4

Note
[1]Refer to note 23 for reporting changes.

Condensed consolidated statement of changes in equity

for the reporting period ended

	30 June 2013			
	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
Balance at the beginning of the reporting period	66 869	1 267	4 644	72 780
Total comprehensive income for the reporting period	3 525	155	146	3 826
Profit for the reporting period	4 701	97	146	4 944
Other comprehensive income	(1 176)	58	—	(1 118)
Dividends paid during the reporting period	(2 645)	(50)	(146)	(2 841)
Purchase of Group shares in respect of equity-settled share-based payment schemes	(71)	—	—	(71)
Elimination of the movement in treasury shares held by Group entities	(99)	—	—	(99)
Movement in share-based payment reserve	6	—	—	6
Transfer from share-based payment reserve	(34)	—	—	(34)
Transfer to share capital and share premium	34	—	—	34
Value of employee services	6	—	—	6
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	—
Transfer from retained earnings	(2)	—	—	(2)
Transfer to foreign insurance subsidiary regulatory reserve	2	—	—	2
Movement in general credit risk reserve	—	—	—	—
Transfer from retained earnings	(102)	—	—	(102)
Transfer to general credit risk reserve	102	—	—	102
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(79)	—	—	(79)
Transfer to associates' and joint ventures' reserve	79	—	—	79
Acquisition of non-controlling interest and related transaction costs[1]	99	(36)	—	63
Balance at the end of the reporting period	67 684	1 336	4 644	73 664

Note

[1]During the current reporting period the Group increased its percentage shareholding in National Bank of Commerce Limited (NBC) from 55% to 66%. This increased shareholding was driven by a rights issue made by NBC. The Group exercised its rights, together with a portion of the rights relating to non-controlling shareholders. The shareholders that did not take up their portion of the rights issue were granted a one-year option to acquire such shares from Absa.

Condensed consolidated statement of changes in equity

for the reporting period ended

	30 June 2012[1]			
	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
Balance at the beginning of the reporting period as previously reported	62 308	1 453	4 644	68 405
Restatements	(103)	—	—	(103)
Restated balance at the beginning of the reporting period	62 205	1 453	4 644	68 302
Total comprehensive income for the reporting period	4 851	(14)	140	4 977
Profit for the reporting period	4 170	(9)	140	4 301
Other comprehensive income	681	(5)	—	676
Dividends paid during the reporting period	(2 810)	(103)	(140)	(3 053)
Purchase of Group shares in respect of equity-settled share-based payment schemes	(192)	—	—	(192)
Elimination of the movement in treasury shares held by Group entities	(10)	—	—	(10)
Movement in share-based payment reserve	28	—	—	28
Transfer from share-based payment reserve	(98)	—	—	(98)
Transfer to share capital and share premium	98	—	—	98
Value of employee services	28	—	—	28
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	—
Transfer from retained earnings	(8)	—	—	(8)
Transfer to foreign insurance subsidiary regulatory reserve	8	—	—	8
Movement in general credit risk reserve	—	—	—	—
Transfer to retained earnings	2	—	—	2
Transfer from general credit risk reserve	(2)	—	—	(2)
Movement in insurance contingency reserve[2]	—	—	—	—
Transfer to retained earnings	324	—	—	324
Transfer from insurance contingency reserve	(324)	—	—	(324)
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(35)	—	—	(35)
Transfer to associates' and joint ventures' reserve	35	—	—	35
Increase in the interest of non-controlling equity holders	—	55	—	55
Restated balance at the end of the reporting period	64 072	1 391	4 644	70 107

Notes

[1]Refer to note 23 for reporting changes.

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

Condensed consolidated statement of changes in equity

for the reporting period ended

	31 December 2012[1]			
	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
Balance at the beginning of the reporting period as previously reported	62 308	1 453	4 644	68 405
Restatements	(103)	—	—	(103)
Restated balance at the beginning of the reporting period	62 205	1 453	4 644	68 302
Total comprehensive income for the reporting period	9 901	46	295	10 242
Profit for the reporting period	8 324	53	295	8 672
Other comprehensive income	1 577	(7)	—	1 570
Dividends paid during the reporting period	(5 069)	(138)	(295)	(5 502)
Purchase of Group shares in respect of equity-settled share-based payment schemes	(211)	—	—	(211)
Elimination of the movement in treasury shares held by Group entities	30	—	—	30
Movement in share-based payment reserve	13	—	—	13
Transfer from share-based payment reserve	(110)	—	—	(110)
Transfer to share capital and share premium	110	—	—	110
Value of employee services	13	—	—	13
Movement in foreign insurance subsidiary regulatory reserve				
Transfer from retained earnings	(13)	—	—	(13)
Transfer to foreign insurance subsidiary regulatory reserve	13	—	—	13
Movement in general credit risk reserve	—	—	—	—
Transfer from retained earnings	(54)	—	—	(54)
Transfer to credit risk reserve	54	—	—	54
Movement in insurance contingency reserve[2]	—	—	—	—
Transfer to retained earnings	324	—	—	324
Transfer from insurance contingency reserve	(324)	—	—	(324)
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(249)	—	—	(249)
Transfer to associates' and joint ventures' reserve	249	—	—	249
Increase in the interest of non-controlling equity holders	—	35	—	35
Disposal of interest in subsidiary without loss of control	—	(129)	—	(129)
Restated balance at the end of the reporting period	66 869	1 267	4 644	72 780

Notes

[1]Refer to note 23 for reporting changes.

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

Condensed consolidated statement of cash flows

for the reporting period ended

	Note	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Net cash generated/(utilised) from operating activities		**3 314**	(2 659)	>100	5 423
Net cash (utilised)/generated in investing activities		**(1 114)**	1 830	>(100)	(1 728)
Net cash utilised in financing activities		**(4 784)**	(3 160)	(51)	(2 045)
Net (decrease)/increase in cash and cash equivalents		**(2 584)**	(3 989)	35	1 650
Cash and cash equivalents at the beginning of the reporting period	1	**11 716**	10 068	16	10 068
Effect of exchange rate movements on cash and cash equivalents		**(1)**	1	>(100)	(2)
Cash and cash equivalents at the end of the reporting period	2	**9 131**	6 080	50	11 716

Notes to the condensed consolidated statement of cash flows

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

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Cash, cash balances and balances with central banks[2]	**8 816**	7 893	12	7 893
Loans and advances to banks[3]	**2 900**	2 175	33	2 175
	11 716	10 068	16	10 068

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

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Cash, cash balances and balances with central banks[2]	**6 023**	4 776	26	8 816
Loans and advances to banks[3]	**3 108**	1 304	>100	2 900
	9 131	6 080	50	11 716

Notes

[1]Refer to note 23 for reporting changes.

[2]Includes coins and bank notes which are part of cash, cash balances and balances with central banks on the statement of financial position.

[3]Includes call advances, which are used as working capital of the Group and are a component of other advances within loans and advances to banks on the statement of financial position.

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

During the previous reporting period, the Group effected the following transfers to non-current assets and non-current liabilities held for sale, which remain within this category during the current reporting period:

Retail and Business Banking (RBB) segment:

- In the CPF Equity division, net assets in one of its subsidiaries, totalling R294 million, as well as one of its property equity investments with a carrying value of R25 million. Legal transfer is expected to take place during the fourth quarter of 2013.
- In the CPF Equity division, property and equipment with a carrying value of R22 million and a contract for the sale of The Pivot Office Park, with a carrying value of R66 million, was also concluded with legal transfer expected to take place before the fourth quarter of 2013 (previously classified as investment property).

Financial Services segment:

- Net assets totalling R46 million in Absa Insurance Risk Management Services Limited, a subsidiary of Absa Insurance Company Limited. The disposal of the subsidiary is due to take place during the fourth quarter of 2013.
- Net assets totalling R223 million in the Absa Property Equity Fund (APEF). Management's intention is to dispose of further units in the APEF such that the Group no longer has control over the APEF.
- Gross assets and liabilities totalling R1,7 billion and R1,7 billion, respectively in the General Fund. This transfer is as a result of the amalgamation of the General Fund with the Absa Select Equity Fund and is currently pending approval from the Financial Services Board.
- An investment in One Commercial Investment Holdings Cell Captive with a net asset value of R59 million from investments in associates and joint ventures.

During the current reporting period, the Group effected the following disposal from non-current assets held for sale:

RBB segment:

- The investment in Sekunjalo Investments Limited, with a carrying value of R20 million. The investment was subsequently sold in January 2013.

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

RBB segment:

- In the Commercial Property Finance Equity (CPF Equity) division, an investment property in one of its subsidiaries, with a carrying value of R190 million. Legal transfer is expected to take place during the fourth quarter of 2013.

Head office, inter-segment eliminations and Other segment:

- Two properties with a carrying value of R16 million in the Corporate Real Estate division, currently in the process of being auctioned, with legal transfer expected to take place on conclusion of the transaction. Legal transfer is expected to take place during the second quarter of 2014.

2. Loans and advances to customers

	30 June			31 December
	2013 Rm	2012[1] Rm	Change %	2012[1] Rm
Cheque accounts	**34 296**	36 576	(6)	33 809
Corporate overdrafts and specialised finance loans	**4 997**	8 126	(39)	5 121
Credit cards	**34 783**	22 686	53	33 034
Foreign currency loans	**17 799**	9 591	86	13 143
Instalment credit agreements	**63 160**	58 509	8	60 489
Gross advances	**76 267**	70 157	9	73 124
Unearned finance charges	**(13 107)**	(11 648)	(13)	(12 635)
Reverse repurchase agreements	**6 309**	2 045	>100	4 698
Loans to associates and joint ventures	**10 719**	8 718	23	10 094
Microloans	**2 046**	1 876	9	2 002
Mortgages	**280 665**	287 572	(2)	282 778
Other loans and advances[2]	**3 155**	3 802	(17)	3 226
Overnight finance	**17 365**	14 360	21	18 862
Personal and term loans	**32 976**	29 863	10	33 654
Preference shares	**6 602**	6 873	(4)	6 342
Wholesale overdrafts	**38 812**	28 162	38	34 088
Gross loans and advances to customers	**553 684**	518 759	7	541 340
Impairment losses on loans and advances (refer to note 3)	**(14 341)**	(13 029)	(10)	(14 012)
	539 343	505 730	7	527 328

Notes

[1]Refer to note 23 for reporting changes.

[2]Include customer liabilities under acceptances, working capital solutions and collateralised loans.

3. Impairment losses on loans and advances

Reconciliation of total impairment losses on loans and advances to customers	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Balance at the beginning of the reporting period	**14 012**	12 131	16	12 131
Amounts written off during the reporting period	**(3 187)**	(2 898)	10	(6 355)
Exchange differences	**1**	3	(67)	(4)
Interest on impaired financial assets (refer to note 8.1)	**(449)**	(548)	18	(1 018)
	10 377	8 688	19	4 754
Impairments raised during the reporting period	**3 964**	4 341	(9)	9 258
Balance at the end of the reporting period	**14 341**	13 029	10	14 012
Comprising:				
Identified impairments	**13 302**	12 284	8	13 040
Unidentified impairments	**1 039**	745	39	972
	14 341	13 029	10	14 012

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
3.1 Statement of comprehensive income charge				
Impairments raised during the reporting period	**3 964**	4 341	(9)	9 258
Identified impairments	**3 879**	4 403	(12)	9 100
Unidentified impairments	**85**	(62)	>100	158
Recoveries of loans and advances previously written off[2]	**(418)**	(234)	(79)	(780)
	3 546	4 107	(14)	8 478

Notes

[1]Refer to note 23 for reporting changes.

[2]Includes collection costs of R59 million (30 June 2012: R87 million; 31 December 2012: R188 million).

4. Non-performing loans

	30 June 2013 Outstanding balance Rm	Expected recoveries and fair value of collateral Rm	Net exposure Rm	Total identified impairment Rm	Coverage ratio %
RBB	**29 082**	**18 023**	**11 059**	**11 059**	**38,0**
Retail Banking	**23 241**	**14 330**	**8 911**	**8 911**	**38,3**
Cheque accounts	**102**	**28**	**74**	**74**	**72,6**
Credit cards	**1 971**	**639**	**1 332**	**1 332**	**67,6**
Edcon portfolio	**309**	**53**	**256**	**256**	**82,8**
Instalment credit agreements	**1 661**	**852**	**809**	**809**	**48,7**
Microloans	**406**	**113**	**293**	**293**	**72,2**
Mortgages	**17 384**	**12 138**	**5 246**	**5 246**	**30,2**
Personal loans	**1 408**	**507**	**901**	**901**	**64,0**
Business Banking	**5 841**	**3 693**	**2 148**	**2 148**	**36,8**
Cheque accounts	**1 208**	**774**	**434**	**434**	**35,9**
Commercial asset finance	**351**	**88**	**263**	**263**	**74,9**
Commercial property finance	**2 893**	**1 829**	**1 064**	**1 064**	**36,8**
Term loans	**1 389**	**1 002**	**387**	**387**	**27,9**
CIBW	**862**	**288**	**574**	**574**	**66,6**
Financial Services	**16**	**—**	**16**	**16**	**100,0**
Non-performing loans	**29 960**	**18 311**	**11 649**	**11 649**	**38,9**
Non-performing loans ratio (%)	**5,4**				

4. Non-performing loans *(continued)*

	30 June 2012[1]				
	Outstanding balance Rm	Expected recoveries and fair value of collateral Rm	Net exposure Rm	Total identified impairment Rm	Coverage ratio %
RBB	32 044	21 862	10 182	10 182	31,8
Retail Banking	28 075	19 331	8 744	8 744	31,1
Cheque accounts	206	72	134	134	65,0
Credit cards	1 937	700	1 237	1 237	63,9
Instalment credit agreements	2 443	1 115	1 328	1 328	54,4
Microloans	389	131	258	258	66,3
Mortgages	21 742	16 823	4 919	4 919	22,6
Personal loans	1 358	490	868	868	63,9
Business Banking	3 969	2 531	1 438	1 438	36,2
Cheque accounts	837	520	317	317	37,9
Commercial asset finance	496	150	346	346	69,8
Commercial property finance	1 865	1 273	592	592	31,7
Term loans	771	588	183	183	23,7
CIBW	985	432	553	553	56,2
Non-performing loans	33 029	22 294	10 735	10 735	32,5
Non-performing loans ratio (%)	6,4				

Note
[1]Refer to note 23 for reporting changes.

	31 December 2012[1]				
	Outstanding balance Rm	Expected recoveries and fair value of collateral Rm	Net exposure Rm	Total identified impairment Rm	Coverage ratio %
RBB	30 296	19 319	10 977	10 977	36,2
Retail Banking	24 267	15 595	8 672	8 672	35,7
Cheque accounts	166	61	105	105	63,3
Credit cards	1 842	608	1 234	1 234	66,9
Instalment credit agreements	1 790	895	895	895	50,0
Microloans	410	148	262	262	63,9
Mortgages	18 798	13 445	5 353	5 353	28,5
Personal loans	1 261	438	823	823	65,3
Business Banking	6 029	3 724	2 305	2 305	38,2
Cheque accounts	1 016	661	355	355	34,9
Commercial asset finance	443	146	297	297	67,0
Commercial property finance	3 222	1 882	1 340	1 340	41,6
Term loans	1 348	1 035	313	313	23,2
CIBW	1 167	510	657	657	56,3
Financial Services	20	—	20	20	100,0
Non-performing loans	31 483	19 829	11 654	11 654	37,0
Non-performing loans ratio (%)	5,8				

Note
[1]Refer to note 23 for reporting changes.

5. Deposits due to customers

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Call deposits	**51 736**	47 553	9	56 667
Cheque account deposits	**152 155**	139 671	9	143 861
Credit card deposits	**1 807**	1 823	(1)	1 938
Fixed deposits	**129 584**	122 755	6	125 800
Foreign currency deposits	**12 682**	9 305	36	12 253
Notice deposits	**55 406**	47 083	18	55 728
Other deposits[2]	**2 230**	2 625	(15)	2 133
Repurchase agreements with non-banks	**3 813**	12 432	(69)	1 503
Savings and transmission deposits	**80 981**	75 097	8	77 970
	490 394	458 344	7	477 853

Note

[1]Refer to note 23 for reporting changes.

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

6. Debt securities in issue

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
Credit linked notes	**9 451**	10 169	(7)	9 800
Floating rate notes	**49 113**	63 981	(23)	52 638
Liabilities arising from securitised special purpose entities	**2 372**	4 219	(44)	2 391
Negotiable certificates of deposit	**23 040**	21 372	8	17 575
Other debt securities in issue	**7**	—	100	7
Promissory notes	**833**	1 316	(37)	1 378
Structured notes and bonds	**543**	1 253	(57)	1 098
Senior notes	**20 876**	21 476	(3)	21 892
	106 235	123 786	(14)	106 779

Note

[1]Refer to note 23 for reporting changes.

7. Borrowed funds

		30 June 2013 Rm	30 June 2012 Rm	Change %	31 December 2012 Rm
Subordinated callable notes					
The subordinated debt instruments listed below qualify as secondary capital in terms of the Banks Act, No 94 of 1990 (as amended).					
Interest rate	**Final maturity date**				
8,75%	1 September 2017	**—**	1 500	(100)	—
8,80%	7 March 2019	**1 725**	1 725	—	1 725
8,10%	27 March 2020	**2 000**	2 000	—	2 000
10,28%	3 May 2022	**600**	600	—	600
8,295%	21 November 2023	**1 188**	—	100	1 188
Three-month JIBAR + 2,10%	3 May 2022	**400**	400	—	400
Three-month JIBAR + 1,95%	21 November 2022	**1 805**	—	100	1 805
Three-month JIBAR + 2,05%	21 November 2023	**2 007**	—	100	2 007
CPI-linked notes, fixed at the following coupon rates:					
6,25%	31 March 2018	**—**	1 886	(100)	1 886
6,00%	20 September 2019	**3 000**	3 000	—	3 000
5,50%	7 December 2028	**1 500**	1 500	—	1 500
Accrued interest		**1 358**	1 339	1	1 462
Fair value adjustment		**74**	318	(77)	334
		15 657	14 268	10	17 907

8. Net-interest income

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
8.1 Interest and similar income				
Interest and similar income is earned from:				
Cash, cash balances and balances with central banks	**100**	81	23	166
Fair value adjustments on hedging instruments	**521**	660	(21)	1 331
Investment securities	**74**	112	(34)	202
Loans and advances to banks	**426**	391	9	865
Other loans and advances to banks	**354**	364	(3)	771
Reverse repurchase agreements	**72**	27	>100	94
Loans and advances to customers	**21 930**	22 196	(1)	43 327
Cheque accounts	**1 588**	1 427	11	3 034
Corporate overdrafts and specialised finance loans	**136**	309	(56)	387
Credit cards	**2 738**	1 592	72	3 593
Foreign currency loans	**189**	124	52	288
Instalment credit agreements	**2 852**	2 788	2	5 550
Interest on impaired financial assets (refer to note 3)	**449**	548	(18)	1 018
Loans to associates and joint ventures	**304**	232	31	494
Microloans	**246**	247	(0)	505
Mortgages	**9 832**	10 684	(8)	20 986
Other loans and advances to customers[2]	**123**	675	(82)	307
Overnight finance	**400**	397	1	814
Personal and term loans	**1 749**	1 871	(7)	3 661
Preference shares	**229**	259	(12)	485
Wholesale overdrafts	**1 095**	1 043	5	2 205
Other interest income[3]	**195**	182	7	542
Statutory liquid asset portfolio	**2 199**	2 103	5	4 166
	25 445	25 725	(1)	50 599

Notes

[1]Refer to note 23 for reporting changes.

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

[3]Includes items such as inter-segment eliminations between interest and similar income, interest expense and similar charges, gains and losses from banking and trading activities and gains and losses from investment activities.

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
8.2 Interest expense and similar charges				
Interest expense and similar charges are paid on:				
Borrowed funds	**661**	708	(7)	1 352
Debt securities in issue	**2 928**	4 246	(31)	8 392
Deposits due to customers	**9 154**	9 325	(2)	18 043
Call deposits	**1 359**	1 446	(6)	2 881
Cheque account deposits	**1 548**	1 767	(12)	3 174
Credit card deposits	**4**	139	(97)	9
Fixed deposits	**3 497**	3 481	0	6 992
Foreign currency deposits	**88**	40	>100	114
Notice deposits	**1 459**	1 195	22	2 471
Other deposits due to customers	**140**	140	0	228
Savings and transmission deposits	**1 059**	1 117	(5)	2 174
Deposits from banks	**234**	229	2	577
Call deposits	**135**	164	(18)	450
Fixed deposits	**94**	45	>100	103
Other deposits from banks	**5**	20	(75)	24
Fair value adjustments on hedging instruments	**606**	(337)	>100	(998)
Interest incurred on finance leases	**12**	30	(60)	51
Other interest expense[2]	**(653)**	(329)	(98)	(810)
	12 942	13 872	(7)	26 607

Notes

[1]Refer to note 23 for reporting changes.

[2]Includes items such as inter-segment eliminations between interest and similar income, interest expense and similar charges, gains and losses from banking and trading activities and gains and losses from investment activities.

9. Non-interest income

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
9.1 Fee and commission income				
Asset management and other related fees	**86**	34	>100	158
Consulting and administration fees	**258**	257	0	566
Credit-related fees and commissions	**6 141**	6 125	0	12 404
Cheque accounts	**1 779**	1 790	(1)	3 589
Credit cards[2]	**350**	224	56	617
Electronic banking	**1 997**	1 996	0	4 068
Other credit-related fees and commissions[3]	**855**	892	(4)	1 642
Savings accounts	**1 160**	1 223	(5)	2 488
Insurance commission received	**616**	452	36	1 077
Investment banking fees	**123**	104	18	252
Merchant income	**1 027**	948	8	2 013
Other fee and commission income	**102**	80	28	224
Pension fund payment services[4]	**—**	122	(100)	122
Trust and other fiduciary services	**657**	663	(1)	1 120
Portfolio and other management fees	**531**	546	(3)	870
Trust and estate income	**126**	117	8	250
	9 010	8 785	3	17 936
9.2 Fee and commission expense				
Cheque processing fees	**(75)**	(81)	7	(161)
Insurance commission paid	**(484)**	(447)	(8)	(945)
Other fee and commission expense	**(477)**	(392)	(22)	(914)
Transaction-based legal fees	**(67)**	(112)	40	(209)
Trust and other fiduciary service fees	**(36)**	(114)	68	(73)
Valuation fees	**(71)**	(58)	(22)	(127)
	(1 210)	(1 204)	(0)	(2 429)
Net fee and commission income	**7 800**	7 581	3	15 507

Notes

[1]Refer to note 23 for reporting changes.

[2]Includes acquiring and issuing fees.

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

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

9. Non-interest income *(continued)*

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
9.3 Gains and losses from banking and trading activities				
Net (losses)/gains on investments	**(22)**	151	>(100)	93
Debt instruments designated at fair value through profit or loss	**75**	71	6	179
Equity instruments designated at fair value through profit or loss	**(93)**	85	>(100)	(76)
Available-for-sale unwind from reserves	**(4)**	(5)	20	(10)
Net trading result[2]	**1 540**	1 776	(13)	3 674
Net trading income excluding the impact of hedge accounting	**1 619**	1 756	(8)	3 652
Ineffective portion of hedges	**(79)**	20	>(100)	22
Cash flow hedges	**(83)**	19	>(100)	45
Fair value hedges	**4**	1	>100	(23)
Other gains/(losses)[2]	**66**	(10)	>100	11
	1 584	1 917	(17)	3 778
Net trading income excluding the impact of hedge accounting	**1 619**	1 756	(8)	3 652
Gains/(losses) on financial instruments designated at fair value through profit or loss	**535**	(410)	>100	(857)
Net gains on financial assets designated at fair value through profit or loss	**320**	285	12	1 129
Net gains/(losses) on financial liabilities designated at fair value through profit or loss	**215**	(695)	>100	(1 986)
Gains on financial instruments held for trading	**1 084**	2 166	(50)	4 509
Other gains/(losses)	**66**	(10)	>100	11
Losses on financial instruments designated at fair value through profit or loss	**(5)**	(51)	90	(52)
Gains on financial instruments held for trading	**71**	41	73	63

Notes
[1]Refer to note 23 for reporting changes.
[2]In order to provide for improved disclosure, certain revenue streams have been reclassified from other to net trading results.

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
9.4 Gains and losses from investment activities				
Available-for-sale unwind from reserves	**1**	1	0	2
Net gains on investments from insurance activities	**1 345**	867	55	1 686
Policyholder – insurance contracts	**95**	125	(24)	329
Policyholder – investment contracts	**1 129**	626	80	1 086
Shareholder funds[2]	**121**	116	4	271
Other gains	**12**	40	(70)	48
	1 358	908	50	1 736
Net gains on investments from insurance activities	**1 345**	867	55	1 686
Gains on financial instruments designated at fair value through profit or loss	**1 346**	867	55	1 687
Losses on financial instruments held for trading	**(1)**	—	(100)	(1)

Notes
[1]Refer to note 23 for reporting changes.
[2]Includes treasury shares held by Group entities, which are eliminated on consolidation.

10. Operating expenditure

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
10.1 Operating expenses				
Amortisation of intangible assets	**174**	132	32	255
Auditors' remuneration	**102**	99	3	177
Cash transportation	**336**	377	(11)	646
Depreciation	**724**	683	6	1 303
Equipment costs	**135**	197	(31)	287
Information technology	**1 042**	1 154	(10)	2 134
Investment property charges – change in fair value	**5**	154	(97)	408
Marketing costs	**486**	355	37	1 024
Operating lease expenses on properties	**563**	545	3	1 058
Other operating expenses[2]	**958**	757	26	1 887
Other property costs	**132**	198	(33)	399
Printing and stationery	**113**	110	3	220
Professional fees	**578**	271	>100	860
Property costs	**578**	640	(10)	1 270
Staff costs	**6 776**	6 537	4	13 159
Bonuses	**425**	425	—	985
Current service costs on post-retirement benefits	**395**	363	9	721
Other staff costs[3]	**266**	255	4	470
Salaries	**5 335**	5 177	3	10 308
Share-based payments	**223**	221	1	463
Training costs	**132**	96	38	212
Telephone and postage	**392**	434	(10)	794
	13 094	12 643	4	25 881

Notes

[1]Refer to note 23 for reporting changes.

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

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

	30 June 2013 Rm	30 June 2012 Rm	Change %	31 December 2012 Rm
10.2 Other impairments				
Financial instruments – amortised cost instruments	**4**	9	(56)	6
Other impairments	**8**	2	>100	107
Computer software development costs	**—**	—	—	89
Goodwill	**—**	18	(100)	18
Investments in associates and joint ventures	**6**	—	100	—
Repossessed properties	**2**	(16)	>100	0
	12	11	9	113

11. Headline earnings

	30 June					31 December	
	2013		2012[1]		Net[2]	2012[1]	
	Gross Rm	Net[2] Rm	Gross Rm	Net[2] Rm	Change %	Gross Rm	Net[2] Rm
Headline earnings is determined as follows:							
Profit attributable to ordinary equity holders		**4 701**		4 170	13		8 324
Total headline earnings adjustment:		**(38)**		143	>(100)		414
IFRS 3 – Goodwill impairment	**—**	**—**	18	18	(100)	18	18
IAS 16 – Loss/(profit) on disposal of property and equipment	**3**	**3**	(40)	(32)	>100	(81)	(63)
IAS 28 and IFRS 11 – Headline earnings component of share of post-tax results of associates and joint ventures	**—**	**—**	—	—	—	(1)	(1)
IAS 28 and IFRS 11 – Impairment of investments in associates and joint ventures	**6**	**6**	—	—	100	—	—
IAS 36 and IAS 38 – Loss on disposal and impairment of intangible assets	**0**	**0**	—	—	100	92	65
IAS 39 – Release of available-for-sale reserves	**4**	**3**	5	3	0	10	7
IAS 40 – Change in fair value of investment properties	**(56)**	**(50)**	154	154	>(100)	408	388
Headline earnings		**4 663**		4 313	8		8 738
Diluted headline earnings[3]		**4 663**		4 313	8		8 738
Headline earnings per share (cents)		**649,7**		601,1	8		1 217,7
Diluted headline earnings per share (cents)		**649,0**		599,6	8		1 215,0

Notes
[1]Refer to note 23 for reporting changes.
[2]The net amount is reflected after taxation and non-controlling interest.
[3]There are currently no instruments in issue that will have a dilutive impact on the profit attributable to ordinary equity holders.

12. Dividends per share

	30 June			31 December
	2013 Rm	2012 Rm	Change %	2012 Rm
Dividends declared to ordinary equity holders				
Interim dividend (30 July 2013: 350 cents) (27 July 2012: 315 cents)[1,2]	**2 514**	2 262	11	2 262
Dividends paid on treasury shares – interim[1,3]	**—**	(3)	100	(3)
Special dividend (30 July 2013: 708 cents)[2]	**5 085**	—	100	—
Final dividend (12 February 2013: 369 cents)[1]	**—**	—	—	2 650
Dividends paid on treasury shares – final[1,3]	**—**	—	—	(5)
	7 599	2 259	>100	4 904
Dividends declared to non-controlling preference equity holders				
Interim dividend (30 July 2013: 2 999,4521 cents) (27 July 2012: 3 134,6575 cents)	**148**	155	(5)	155
Final dividend (12 February 2013: 2 950,5479 cents)	**—**	—	—	146
	148	155	(5)	301

13. Acquisitions and disposals of businesses

Acquisitions and disposals

There were no interests acquired/disposed of during the current reporting period.

Notes

[1]Included in the statement of changes in equity is the final ordinary dividend of **R2 645 million** paid during the current reporting period, net of treasury shares (30 June 2012: final ordinary dividend of R2 810 million; 31 December 2012: interim ordinary dividend of R2 259 million and final ordinary dividend of R2 810 million).

[2]Dividend amount is calculated on the number of shares in issue as at 30 June 2013. It excludes the shares to be issued for consideration on the finalisation of the acquisition of the Barclays Africa operations.

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

14. Related parties

The following are defined as related parties of the Group:

- the parent company;
- fellow subsidiaries, associates and joint venture of the parent company;
- subsidiaries;
- associates, joint ventures and retirement benefit fund;
- an entity controlled/jointly controlled or significantly influenced by any individual referred to above;
- post-employment benefit plans for the benefit of employees or any entity that is a related party of the Group; and
- children and/or dependants and spouses or partners of the individuals referred to above.

	30 June			31 December
	2013 Rm	2012 Rm	Change %	2012 Rm
14.1 Balances and transactions with parent company[1]				
The Group's parent company is Barclays Bank PLC, which owns 55,5% (30 June 2012 and 31 December 2012: 55,5%) of the ordinary shares in Absa Group Limited. The remaining 44,5% (30 June 2012 and 31 December 2012: 44,5%) of the shares are widely held on the Johannesburg Stock Exchange (JSE).				
Balances				
Loans and advances to banks	**21 567**	35 795	(40)	20 698
Derivative assets	**19 491**	12 685	54	14 310
Nominal value of derivative assets	**1 096 263**	694 589	58	1 399 103
Other assets	**2 229**	4 025	(45)	896
Investment securities	**533**	584	(9)	584
Deposits from banks	**(14 856)**	(8 391)	(77)	(8 968)
Derivative liabilities	**(17 461)**	(12 299)	(42)	(13 842)
Nominal value of derivative liabilities	**829 843**	552 403	50	1 213 065
Other liabilities	**(2 125)**	(3 510)	39	(59)
Transactions				
Interest and similar income	**(141)**	(82)	(72)	(204)
Interest expense and similar charges	**34**	51	(33)	106
Net fee and commission income	**(9)**	(9)	0	(18)
Gains and losses from banking and trading activities	**66**	(152)	>100	(158)
Other operating income	**(7)**	(23)	70	(37)
Operating expenditure	**43**	(28)	>100	(12)
Dividends paid	**1 471**	1 563	(6)	2 819

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

There were no bad debt expenses and provisions for bad debts that related to balances and transactions with the parent company.

Note

[1]Debit amounts are shown as positive, credit amounts are shown as negative.

14. Related parties

14.2 Balances and transactions with fellow subsidiaries, associates and joint ventures of the parent company[1,2] *(continued)*

	30 June			31 December
	2013 Rm	2012 Rm	Change %	2012 Rm
Balances				
Loans and advances to banks	**190**	47	>100	221
Derivative assets	**39**	195	(80)	37
Nominal value of derivative assets	**1 146**	4 375	(74)	947
Other assets	**175**	83	>100	87
Deposits from banks	**(905)**	(764)	(18)	(1 016)
Derivative liabilities	**0**	7	(99)	5
Nominal value of derivative liabilities	**1 723**	948	82	521
Other liabilities	**(131)**	(120)	(9)	(61)
Transactions				
Interest and similar income	**—**	—	—	—
Net fee and commission income	**(3)**	(4)	25	(7)
Other operating income	**—**	—	—	126
Operating expenditure	**(110)**	72	>(100)	(3)

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

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

Notes

[1]Debit amounts are shown as positive, credit amounts are shown as negative.

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

15. Assets under management and administration

	30 June 2013 Rm	30 June 2012 Rm	Change %	31 December 2012 Rm
Alternative asset management and exchange-traded funds	**51 039**	36 773	39	41 957
Deceased estates	**2 182**	2 258	(3)	2 012
Other assets under management and administration	**13 704**	11 155	23	12 995
Participation bond schemes	**1 287**	2 533	(49)	2 184
Portfolio management	**45 374**	28 161	61	44 222
Private equity	**811**	762	6	819
Trusts	**3 967**	3 508	13	3 783
Unit trusts	**145 463**	134 591	8	138 978
	263 827	219 741	20	246 950

16. Financial guarantee contracts

	30 June 2013 Rm	30 June 2012 Rm	Change %	31 December 2012 Rm
Financial guarantee contracts[1]	**96**	157	(39)	146

Note

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

17. Commitments

	30 June 2013 Rm	30 June 2012 Rm	Change %	31 December 2012 Rm
Authorised capital expenditure				
Contracted but not provided for[1]	**942**	970	(3)	578
Operating lease payments due[2]				
No later than one year	**1 018**	1 048	(3)	936
Later than one year and no later than five years	**1 515**	1 899	(20)	1 948
Later than five years	**193**	382	(49)	365
	2 726	3 330	(18)	3 249
Sponsorship payments due[3]				
No later than one year	**225**	104	>100	289
Later than one year and no later than five years	**755**	260	>100	884
	980	364	>100	1 173

Notes

[1]The Group has capital commitments in respect of computer equipment and property development. Management is confident that future net revenue and funding will be sufficient to cover these commitments.

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

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

18. Contingencies

	30 June 2013 Rm	30 June 2012 Rm	Change %	31 December 2012 Rm
Guarantees[2]	**17 204**	14 158	22	16 217
Irrevocable debt facilities[2]	**48 408**	44 842	8	46 483
Irrevocable equity facilities[2]	**510**	538	(5)	543
Letters of credit	**4 254**	5 513	(23)	6 670
Other contingencies	**6**	4	50	6
	70 382	65 055	8	69 919

Notes

[1]Guarantees include performance and payment guarantee contracts.

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

19. Segment reporting

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
19.1 Headline earnings contribution by segment				
RBB	**2 901**	1 954	48	4 392
Retail Banking	**2 119**	1 447	46	3 472
Home Loans	**156**	(623)	>100	(992)
Vehicle and Asset Finance	**523**	377	39	847
Card	**896**	811	10	1 888
Personal Loans	**148**	253	(42)	587
Retail Bank	**413**	588	(30)	1 127
AllPay	**(17)**	41	>(100)	15
Business Banking	**782**	507	54	920
CIBW	**1 206**	1 301	(7)	2 710
Head office, inter-segments eliminations and Other	**(115)**	417	>(100)	371
Enterprise Functions	**29**	152	(81)	443
Group Treasury	**(81)**	76	>(100)	122
Consolidation Centre	**(63)**	189	>(100)	(194)
Total banking	**3 992**	3 672	9	7 473
Financial Services	**671**	641	5	1 265
Headline earnings	**4 663**	4 313	8	8 738

Note

[1]Refer to note 23 for reporting changes.

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
19.2 Total revenue[2] by segment				
RBB	**17 760**	16 714	6	34 149
Retail Banking	**13 625**	12 723	7	26 120
Home Loans	**1 905**	2 052	(7)	4 210
Vehicle and Asset Finance	**1 619**	1 478	10	3 052
Card	**3 485**	2 493	40	5 458
Personal Loans	**938**	1 005	(7)	2 010
Retail Bank	**5 676**	5 535	3	11 222
AllPay	**2**	160	(99)	168
Business Banking	**4 135**	3 991	4	8 029
CIBW	**4 238**	4 109	3	8 529
Head office, inter-segments eliminations and Other	**(259)**	324	>(100)	247
Enterprise Functions	**(120)**	136	>(100)	160
Group Treasury	**(108)**	139	>(100)	243
Consolidation Centre	**(31)**	49	>(100)	(156)
Total banking	**21 739**	21 147	3	42 925
Financial Services	**2 106**	1 974	7	4 031
Total revenue	**23 845**	23 121	3	46 956

Notes

[1]Refer to note 23 for reporting changes.

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

19. Segment reporting *(continued)*

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
19.3 Internal total revenue[2] by segment				
RBB	**(4 530)**	(4 979)	9	(9 286)
Retail Banking	**(5 256)**	(5 589)	6	(10 665)
Home Loans	**(5 682)**	(6 285)	10	(12 082)
Vehicle and Asset Finance	**(1 755)**	(1 733)	(1)	(3 453)
Card	**(693)**	(429)	(62)	(860)
Personal Loans	**(254)**	(278)	9	(523)
Retail Bank	**3 123**	3 123	0	6 235
AllPay	**5**	13	(62)	18
Business Banking	**726**	610	19	1 379
CIBW	**6 206**	5 507	13	10 393
Head office, inter-segments eliminations and Other	**(1 451)**	(320)	>(100)	(669)
Enterprise Functions	**(132)**	60	>(100)	54
Group Treasury	**(509)**	(544)	6	(924)
Consolidation Centre	**(810)**	164	>(100)	201
Total banking	**225**	208	8	438
Financial Services	**(225)**	(208)	(8)	(438)
Total internal revenue	**—**	—	—	—

Notes

[1]Refer to note 23 for reporting changes.

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

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
19.4 Total assets by segment				
RBB	**611 447**	587 082	4	611 699
Retail Banking	**521 280**	497 182	5	522 094
Home Loans	**224 203**	229 609	(2)	227 138
Vehicle and Asset Finance	**75 402**	68 630	10	72 391
Card	**44 174**	30 843	43	43 659
Personal Loans	**13 409**	12 960	3	13 318
Retail Bank	**163 935**	155 082	6	165 401
AllPay	**157**	58	>100	187
Business Banking	**90 167**	89 900	0	89 605
CIBW	**511 632**	478 360	7	473 453
Head office, inter-segments eliminations and Other	**(314 381)**	(284 048)	(11)	(303 486)
Enterprise Functions	**8 187**	7 056	16	7 971
Group Treasury	**95 780**	98 875	(3)	96 568
Consolidation Centre	**(418 348)**	(389 979)	(7)	(408 025)
Total banking	**808 698**	781 394	3	781 666
Financial Services	**32 635**	31 253	4	30 920
Total assets	**841 333**	812 647	4	812 586

Note

[1]Refer to note 23 for reporting changes.

19. Segment reporting *(continued)*

	30 June 2013 Rm	30 June 2012[1] Rm	Change %	31 December 2012[1] Rm
19.5 Total liabilities by segment				
RBB	**604 876**	582 986	4	604 537
Retail Banking	**516 232**	493 667	4	516 104
Home Loans	**223 759**	230 020	(3)	227 919
Vehicle and Asset Finance	**74 135**	67 560	10	70 850
Card	**42 460**	29 630	43	41 099
Personal Loans	**13 261**	12 707	4	12 731
Retail Bank	**162 619**	153 809	6	163 411
AllPay	**(2)**	(59)	97	94
Business Banking	**88 644**	89 319	(1)	88 433
CIBW	**507 958**	474 215	7	467 835
Head office, inter-segments eliminations and Other	**(372 985)**	(341 089)	(9)	(358 788)
Enterprise Functions	**8 148**	6 856	19	7 512
Group Treasury	**39 366**	44 653	(12)	43 925
Consolidation Centre	**(420 499)**	(392 598)	(7)	(410 225)
Total banking	**739 849**	716 112	3	713 584
Financial Services	**27 820**	26 428	5	26 222
Total liabilities	**767 669**	742 540	3	739 806

20. Fair value of financial instruments

The table below summarises the carrying amounts and fair values of those financial instruments not held at fair value:

	30 June	
	2013	
	Carrying Value Rm	Fair Value Rm
Financial assets		
Balances with other central banks	1 851	1 851
Balances with the South African Reserve Bank (SARB)	13 290	13 290
Coins and bank notes	6 023	6 023
Money market assets	1 229	1 229
Cash, cash balances and balances with central banks	22 393	22 393
Loans and advances to banks	42 521	42 521
Other assets	18 887	18 887
Retail Banking	350 479	350 512
Cheque accounts	2 464	2 464
Credit cards	32 841	32 841
Instalment credit agreements	59 943	59 810
Loans to associates and joint ventures	8 801	8 801
Microloans	1 674	1 752
Mortgages	229 322	229 410
Other advances	330	330
Personal loans and term loans	15 104	15 104
Business Banking	63 387	63 260
Cheque accounts	18 717	18 717
Commercial asset finance	10 346	10 353
Commercial property finance	23 194	23 060
Term loans	11 130	11 130
CIBW	106 090	110 655
Other and inter-segment eliminations	1 253	1 253
Loans and advances to customers - net of impairment losses on loans and advances	521 209	521 115
Investment securities	644	644
Total	605 654	605 560
Financial liabilities		
Deposits from banks	33 758	33 758
Other liabilities	22 213	22 213
Call deposits	51 736	51 736
Cheque account deposits	152 040	152 040
Credit card deposits	1 809	1 807
Fixed deposits	112 919	112 919
Foreign currency deposits	12 682	12 682
Notice deposits	55 406	55 406
Other deposits	1 809	1 809
Saving and transmission deposits	80 981	80 981
Deposits due to customers	469 380	469 380
Debt securities in issue	94 562	94 562
Borrowed funds	11 699	11 699
Total	631 612	631 612

21. Fair value hierarchy disclosures

21.1 Valuation methodology

The table below shows the Group's financial instruments that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.
A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is set out in the table below:

	30 June		
	2013		
	Valuations with reference to observable prices	Valuations based on observable inputs	Valuations based on unobservable inputs
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3 Rm
Available-for-sale financial assets	43 106	39	50
Cash, cash balances and balances with central banks	787	—	—
Statutory liquid asset portfolio	40 177	—	—
Investment securities	2 142	39	50
Available-for-sale financial assets in a fair value hedging relationship			
Statutory liquid asset portfolio	26 722	—	—
Financial assets designated at fair value through profit or loss	13 110	28 068	13 430
Cash, cash balances and balances with central banks	2 637	498	—
Statutory liquid asset portfolio	—	3	—
Loans and advances to banks	—	13 786	—
Other assets	—	9	16
Loans and advances to customers	—	6 700	6 830
Investment securities	10 473	7 072	6 584
Financial assets held for trading	25 285	57 547	991
Derivative assets	—	47 879	105
Trading portfolio assets	25 285	6 077	886
Hedging portfolio assets	—	3 567	—
Investment securities	—	24	—
Total financial assets	108 223	85 654	14 471
Financial liabilities designated at fair value through profit or loss	—	46 272	6 742
Deposits from banks	—	10 352	—
Other liabilities	—	23	—
Deposits due to customers	—	14 307	6 707
Debt securities in issue	—	2 329	35
Liabilities under investment contracts	—	19 261	—
Financial liabilities held for trading	6 959	51 767	328
Derivative liabilities	13	49 262	328
Trading portfolio liabilities	6 946	—	—
Hedging portfolio liabilities	—	2 505	—
Total financial liabilities	6 959	98 039	7 070

21.1.1 Fair value measurement and valuation processes

The Group has an established control framework with respect to the measurement of fair values. The framework includes a valuation committee and an Independent Valuation Control (IVC) team, where IVC are independent of front office management.

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

IVC independently verifies the results of trading and investment operations and all significant fair value measurements. IVC sources independent data from various external sources as well as internal risk areas when performing independent price verification for all fair value positions. IVC assesses and documents the inputs obtained from independent sources to measure fair value to support conclusions that such valuations are in accordance with IFRS and internal valuation policies.

The valuation 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 Group Audit and Compliance Committee.

21. Fair value hierarchy disclosures *(continued)*

21.1 Valuation methodology *(continued)*

21.1.2 Significant transfers between the levels

During the reporting period debt securities in issue to the value of R225 million were transfered from level 3 to level 2, refer to 21.4, as the maturity period of the underlying securities is less than five years and as such all of the unobservable inputs have now become observable. Transfers between the levels of this nature are only effected dependent on the observability of the unobservable inputs.

21.2 Valuations based on observable inputs

Valuations based on observable inputs include:

Level 1

Financial instruments valued 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.

This category includes highly liquid government and other bonds, active listed equities, exchange-traded commodities and exchange-traded derivatives.

Level 2

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

This category includes certain African government bills, private equity investments, loans and advances, investments in debt instruments, commodity derivatives, credit derivatives, equity derivatives, foreign exchange derivatives, interest rate derivatives, repurchase agreements, deposits and debt securities.

21.3 Valuations based on unobservable inputs

Valuations based on unobservable inputs include:

Level 3

Financial instruments valued using inputs that are not based on observable market data (unobservable data) such as an entity's own assumptions about assumptions of market participants in pricing the asset or liability.

This category includes certain private equity investments, loans and advances, investments in debt instruments, credit derivatives, equity derivatives, foreign exchange derivatives, interest rate derivatives, repurchase agreements, deposits and debt securities.

In determining the value of level 3 financial instruments, the following are the principal inputs that can require judgement:

(i) Volatility

Volatility is a key input in the valuation of options across all asset classes. For some asset classes, volatility is unobservable.

(ii) Basis risk

Basis risk is a key input in the valuation of cross currency swaps. For some currency pairs or maturities, basis risk is unobservable.

(iii) Credit spreads

Credit spreads are key inputs in the valuation of credit default swaps, credit linked notes and debt instruments or liabilities. For some issuers or tenors, credit spreads are unobservable.

(iv) Yield curves

Yield curves are key inputs in the valuation of certain debt instruments. For some debt instruments, yield curves are unobservable.

(v) Future earnings and marketability discounts

Future earnings and marketability discounts are key inputs in the valuation of certain private equity investments. Forecast earnings and marketability discounts are unobservable for some investments.

(vi) Comparator multiples

Comparator multiples and point of difference applied to chosen multiples are key inputs in the valuation of certain private equity investments. Price earnings multiples and point of difference applied to chosen multiples are unobservable for some investments.

(vii) Discount rates

Discount rates are key inputs in the valuation of certain private equity investments. Discount rates are unobservable for some investments.

Judgemental inputs on valuation of principal instruments

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

21. Fair value hierarchy disclosures *(continued)*

21.3 Valuations based on unobservable inputs *(continued)*

Level 3 *(continued)*

Debt securities and treasury as well as other eligible bills

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

Equity instruments

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

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

Derivatives

Derivative contracts can be exchange-traded or traded 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

Loans and advances are valued using discounted cash flow models, applying either market rates, where applicable, or, where the counterparty is a bank, rates currently offered by other financial institutions for placings with similar characteristics.

Deposits, debt securities in issue and borrowed funds or issuances with similar characteristics. Where these instruments include embedded derivatives, the embedded derivative component is valued using the methodology for derivatives as detailed above.

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.

21.4 Movements on financial instruments subsequently measured at fair value using valuations based on unobservable inputs (Level 3)

A reconciliation of the opening balances to closing balances for all movements on level 3 financial instruments per IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) classification is set out below:

	30 June			
	2013			
Financial assets	Available-for-sale financial assets Rm	Financial assets designated at fair value through profit or loss Rm	Financial assets held for trading Rm	Total financial assets excluding derivatives Rm
Opening balance at the beginning of the reporting period	42	12 837	873	13 752
Movement in other comprehensive income	—	116	—	116
Net interest income	—	487	—	487
Gains and losses from banking and trading activities	—	(122)	13	(109)
Gains and losses from investment activities	—	(65)	—	(65)
Purchases	—	250	—	250
Sales	(1)	(3)	—	(4)
Settlements	—	(70)	—	(70)
Transferred to assets/liabilities	9	—	—	9
Closing balance at the end of the reporting period	50	13 430	886	14 366

21. Fair value hierarchy disclosures *(continued)*

21.4 Movements on financial instruments subsequently measured at fair value using valuations based on unobservable inputs (Level 3) *(continued)*

	30 June		
	2013		
Financial liabilities	Financial liabilities designated at fair value through profit or loss Rm	Financial liabilities held for trading Rm	Total financial liabilities including net derivatives Rm
Opening balance at the beginning of the reporting period	7 859	(5)	7 854
Net interest income	—	26	26
Gains and losses from banking and trading activities	(956)	170	(786)
Purchases	—	(1)	(1)
Issues	65	—	65
Transferred to liabilities	—	33	33
Movement out of Level 3	(225)	—	(225)
Closing balance at the end of the reporting period	6 743	223	6 966

21.5 Unrealised gains and losses on level 3 positions

The total unrealised gains and losses for the reporting period on level 3 positions held at the reporting date per IAS 39 classification are set out below:

	30 June		
	2013		
	Financial assets designated at fair value through profit or loss Rm	Financial liabilities designated at fair value through profit or loss Rm	Financial liabilities held for trading Rm
Net interest income	55	—	—
Gains and losses from banking and trading activities	210	(690)	24
	265	(690)	24

21. Fair value hierarchy disclosures *(continued)*

21.6 Sensitivity analysis of valuations using unobservable inputs

As part of the Group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that most impact this sensitivity analysis are those within the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations.

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

	30 June 2013				
		Potential effect recorded in profit and loss		Potential effect recorded directly in equity	
	Significant unobservable parameters[1]	Favourable Rm	Un-favourable Rm	Favourable Rm	Un-favourable Rm
Loans and advances	i, iii, iv, vii	60	88	—	—
Net derivatives	i, ii, iv, vii	325	284	—	—
Structured notes and deposits	vii	500	500	—	—
		885	872	—	—

Instrument	Parameter	Positive/(negative) variance in parameters
Credit derivatives	Credit spreads	100/(100) bps
Equity derivatives	Volatilities	10/(10)%
Foreign currency options	Volatilities	10/(10)%
Foreign currency swaps and foreign interest rate products	Basis risk and yield curve	100/(100) bps
Loans and advances designated at fair value through profit or loss	Credit spreads	100/(100) bps
Private equity	Future earnings and marketability discount	15/(15)%
	Comparator multiples	
	Discount rates	
Structured notes and deposits designated at fair value through profit or loss	Yield curve	100/(100) bps

Note
[1]Refer to note 21.3 for details of unobservable parameters.

21. Fair value hierarchy disclosures *(continued)*

21.7 Measurement of financial instruments at Level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as Level 2 in the fair value hierarchy.

Category of asset/liability	Types of financial instruments included	Valuation techniques applied	Significant observable inputs
Available-for-sale financial assets			
Investment securities	Equity investments, bonds and index linked bonds	Discounted cash flow	The underlying price of the market traded instrument
Financial assets designated at fair value through profit or loss			
Statutory liquid asset portfolio	Reverse repurchase agreements	Discounted cash flow	Observable market related interest rates related to the underlying instruments
Loans and advances to banks	Loans and advances and repurchase agreements	Discounted cash flow	Interest rate curves, money market curves
Other assets	Current assets relating to investment contracts as well as sundry receivables designated at fair value	Listed equity – is valued at the last market bid price. Unlisted equity is valued at par. Other items are valued utilising discounted cash flow models.	The underlying price of the market traded instrument
Loans and advances to customers	Loans and advances and repurchase agreements	Discounted cash flow	Interest rate curves, money market curves
Investment securities	Listed and unlisted equity and debt instruments, listed and unlisted preference shares, bonds and debt instruments, linked insurance policies with other insurance companies, and structured deposits	Listed equity – is valued at the last market bid price. Unlisted equity is valued at par. Other items are valued utilising discounted cash flow models.	The underlying price of the market traded instrument
Financial assets held for trading			
Trading and hedging portfolio assets[1]	Swaps, index linked swaps, exchange traded notes, exchange traded funds, options, futures, currency swaps, credit default swaps, contracts for difference, variance swaps, forward rate agreements, Caps & Floors, non-derivative money market assets, listed and unlisted equity and debt instruments	Discounted cash flows, net asset value models, asian arithmetic fix, price curve models, Black-Scholes models, hazard rate models, underlying spot models, synthetic underlying forward models, digital Black-Scholes skew models, forward start Black-Scholes models, PDE Local Volatility – Continuous Barrier, PDE Local Volatility – Discrete Trinomial Barrier, PDE Local Volatility – Window Trinomial Barrier, and the Black-Derman-Toy model.	➜ Swaps, index linked swaps, forward rate agreements: interest rate curves; ➜ Non-derivative money market assets: interest rate curves, money market curves; ➜ Currency swaps: interest rate curves, basis curves; ➜ Exchange traded funds, exchange traded notes, futures, contracts for difference, listed and unlisted equity and debt instruments: Listed price on the exchange or interest rate curves and the underlying price of the market traded instrument; ➜ Options, variance swaps, Caps&Floors: interest rates, volatility, underlying prices (if applicable eg. stock of FX rates); ➜ Credit default swaps: interest rates, credit spreads

Note

[1]Includes derivative assets.

21. Fair value hierarchy disclosures *(continued)*

21.7 Measurement of financial instruments at Level 2 *(continued)*

Category of asset/liability	Types of financial instruments included	Valuation techniques applied	Significant observable inputs
Financial liabilities designated at fair value through profit or loss			
Deposits from banks	Fixed deposits, foreign currency deposits and repurchase agreements	Discounted cash flow	Interest rate curves and money market curves
Deposits due to customers	Bills, repurchase agreements with non-banks, BuySellBack agreements, floating rate notes, deposits, certificates of deposit, commercial paper and other money market instruments	Discounted cash flow	Interest rate curves and money market curves
Debt securities in issue	Bonds and index linked bonds	Discounted cash flow	The underlying price of the market traded instrument and interest rate curves
Liabilities under investment contracts	Various linked assets such as promissory notes, structured deposits, collective investment schemes etc.	Discounted cash flow	The underlying price of the market traded instrument and interest rate curves
Other liabiliites	Current liabilities under investment contracts as well as sundry payables designated at fair value through profit and loss	Discounted cash flow	The underlying price of the market traded instrument, as well as interest rate curves and money market curves
Financial liabilities held for trading			
Trading and hedging portfolio liabilities[1]	Swaps, index linked swaps, exchange traded funds, options, futures, currency swaps, credit default swaps, contracts for difference, variance swaps, forward rate agreements, Caps & Floors	Discounted cash flows, net asset value models, asian arithmetic fix, price curve models, Black-Scholes models, hazard rate models, underlying spot models, synthetic underlying forward models, digital Black-Scholes skew models, forward start Black-Scholes models, PDE Local Volatility – Continuous Barrier, PDE Local Volatility – Discrete Trinomial Barrier, PDE Local Volatility – Window Trinomial Barrier, and the Black-Derman-Toy model.	➜ Swaps, index linked swaps, forward rate agreements: interest rate curves; ➜ Non-derivative money market assets: interest rate curves, money market curves; ➜ Currency swaps: interest rate curves, basis curves; ➜ Exchange traded funds, exchange traded notes, futures, contracts for difference, listed and unlisted equity and debt instruments: listed price on the exchange or interest rate curves and the underlying price of the market traded instrument; ➜ Options, variance swaps, Caps&Floors: interest rates, volatility, underlying prices (if applicable eg. stock of FX rates); ➜ Credit default swaps: interest rates, credit spreads

Note
[1]Includes derivative liabilities.

21. Fair value hierarchy disclosures *(continued)*

21.8 Measurement of financial instruments at Level 3

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Category of asset/liability	Types of financial instruments included	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs	Fair value measurement sensitivity to the unobservable inputs
Available-for-sale financial assets					
Investment securities	Unlisted equity investments	Dividend yield	Growth rates Dividend cover ratio	8% – 12% 4,0 – 4,4	Significant increases in any of the unobservable inputs in isolation would result in higher fair values.
Financial assets designated at fair value through profit or loss					
Loans and advances to customers	Wholesale overdrafts, preference shares, foreign currency loans, commercial property financing loans.	Discounted cash flow, and dividend yield models	Credit ratings	Credit spreads vary between 1.35 and 7,5%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.
Investment securities	Listed and unlisted equity and debt instruments.	Discounted cash flows, third party valuations, Earnings before interest, tax, depreciation and amortisation (EBITDA) multiples, income capitalisation valuations, net asset value models	Weighted average cost of capital, EBITDA multiples, liquidity discounts, minority discounts, capitalisation rates	Discount rates between 9,7% and 18%, multiples between 5,5 and 6,1	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.
Financial assets held for trading					
Trading and hedging portfolio assets[1]	Swaps, index linked swaps, options, currency swaps, credit default swaps, variance swaps	Discounted cash flows, Asian arithmetic fix, price curve models, Black-Scholes models, hazard rate models, digital black scholes skew models, forward start Black-scholes models and the Black-Derman-Toy model	Various unobservable inputs are utilised dependent on the model and instrument valued, these include ZAR-SWAP tenor spread curves, ZAR-REAL less than one year, single stock option volatilities, South African currency curves after two years, Credit spreads, quanto ratios, recovery rates, underlying equity volatility for certain stocks	ZAR-SWAP tenor spread curves: range of spreads over ZAR-SWAP – 0,49% to 0,1% ZAR-REAL less than 1 year: 0 to 1,8% Single stock option volatilities: 19.6% to 58.9% Equity option volatilities: 14.5% to 43.5% Some African currency basis curves after 2 years: –3.2% to 0.9% Credit spreads (includes untested curves that are subject to other controls): 0,1% to 6% Quanto ratios, recovery rates	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.

Note
[1]Includes derivative assets.

21. Fair value hierarchy disclosures *(continued)*

21.8 Measurement of financial instruments at Level 3 *(continued)*

Category of asset/liability	Types of financial instruments included	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs	Fair value measurement sensitivity to the unobservable inputs
Financial liabilities designated at fair value through profit or loss					
Deposits due to customers	Bills, repurchase agreements with non-banks, BuySellBack agreements, floating rate notes, deposits, certificates of deposit, commercial paper and other money market instruments	Discounted cash flow	ZAR MM funding spread greater than 5 years	0,85% to 1,2%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.
Debt securities in issue	Bonds, index linked bonds and Private equity debt	Discounted cash flow	Credit spread	10 to 20 basis points	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.
Financial liabilities held for trading					
Trading and hedging portfolio liabilities[1]	Swaps, index linked swaps, options, futures, currency swaps, credit default swaps, variance swaps, forward rate agreements, Caps & Floors	Discounted cash flows, asian arithmetic fix, Black-Scholes models, hazard rate models, forward start Black-Scholes models, and the Black-Derman-Toy model	ZAR-REAL less than 1 year, ZAR-SWAP tenor spread curves, some single stock option volatilities, South African currency curves after 2 years, Credit spreads, quanto ratios, recovery rates, underlying equity volatilities for some stocks are unobservable	ZAR-SWAP tenor spread curves: Range of spreads over ZAR-SWAP – 0,49% to 0,1% ZAR-REAL less than 1 year: 0 to 1,8% Single stock option volatilities: 19,6% to 58,9% Equity pption volatilities: 14,5% to 43,5% Some African currency basis curves after 2 years: –3,2% to 0.9% Credit spreads (includes untested curves that are subject to other controls): 0,1% to 6% Quanto ratios, recovery rates	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.

21.9 Unrecognised gains/(losses) as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in the statement of comprehensive income that relates to the difference between the transaction price (the fair value at initial recognition) 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 2013 Rm
Opening balance at the beginning of the reporting period	(93)
New transactions	11
Amounts recognised in the profit and loss component of the statement of comprehensive income during the reporting period	(7)
Net losses at the end of the reporting period	(89)

Note

[1]Includes derivative liabilities.

22. Offsetting financial assets and financial liabilities

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities, on a net basis on the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously, The Group reports derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements on a net basis.

The following table shows the impact of netting arrangements on the statement of financial position for recognised financial assets and liabilities that are reported net on the statement of financial position and those derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements which did not qualify for presentation on a net basis. The table also shows potential netting not recognised on the statement of financial position that results from arrangements that do not meet all the IAS 32 netting criteria, because there is no intention to net settle or realise simultaneously, and related financial collateral that mitigates credit risk.

The net amounts presented are not intended to represent the Group's actual credit exposure as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

	30 June 2013							
	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
	Gross amounts Rm	Amounts set off Rm	Net amounts reported on the statement of financial position[1] Rm	Offsetting financial instruments Rm	Financial collateral[2] Rm	Net amount Rm	Amounts not subject to enforceable netting arrange-ments[3] Rm	Total per statement of financial position[4] Rm
Derivative financial assets	71 991	(23 230)	48 761	(40 818)	(4 573)	3 370	2 787	51 548
Reverse repurchase agreements and other similar secured lending	40 583	(11 425)	29 158	—	(29 158)	—	—	29 158
Total assets	112 574	(34 655)	77 919	(40 818)	(33 731)	3 370	2 787	80 706
Derivative financial liabilities	(71 636)	23 230	(48 406)	40 818	1 619	(5 969)	(3 698)	(52 104)
Repurchase agreements and other similar secured borrowing	(18 312)	—	(18 312)	—	18 312	—	—	(18 312)
Total liabilities	(89 948)	23 230	(66 718)	40 818	19 931	(5 969)	(3 698)	(70 416)

Notes

[1]Net amounts reported on the statement of financial position' comprises exposure that has been netted on the statement of financial position in compliance with IAS 32 (net exposure) and exposures that are subject to legally enforceable netting arrangements but have not been netted on the statement of financial position.

[2]Financial collateral excludes over-collateralisation and amounts, which are measured at fair value and have been limited to the net statement of financial position exposure.

[3]In certain jurisdictions a contractual right of set-off is subject to uncertainty under the laws of the jurisdiction and therefore netting is not applied and the amounts are classed as not subject to legally enforceable netting arrangements.

[4]Total per statement of financial position' is the sum of 'Net amounts reported on the statement of financial position' which are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

22. Offsetting financial assets and financial liabilities *(continued)*

30 June 2012

	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
	Gross amounts Rm	Amounts set off Rm	Net amounts reported on the statement of financial position[1] Rm	Offsetting financial instruments Rm	Financial collateral[2] Rm	Net amount Rm	Amounts not subject to enforceable netting arrangements[3] Rm	Total per statement of financial position[4] Rm
Derivative financial assets	63 562	(19 507)	44 055	(38 522)	(2 304)	3 229	10 220	54 275
Reverse repurchase agreements and other similar secured lending	30 322	—	30 322	—	(30 322)	—	—	30 322
Total assets	93 884	(19 507)	74 377	(38 522)	(32 626)	3 229	10 220	84 597
Derivative financial liabilities	(68 919)	19 507	(49 412)	38 522	755	(10 135)	(2 138)	(51 550)
Repurchase agreements and other similar secured borrowing	(22 384)	16	(22 368)	—	22 368	—	—	(22 368)
Total liabilities	(91 303)	19 523	(71 780)	38 522	23 123	(10 135)	(2 138)	73 918

31 December 2012

	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
	Gross amounts Rm	Amounts set off Rm	Net amounts reported on the statement of financial position[1] Rm	Offsetting financial instru-ments Rm	Financial collateral[2] Rm	Net amount Rm	Amounts not subject to enforceable netting arrangements[3] Rm	Total per statement of financial position[4] Rm
Derivative financial assets	70 921	(20 956)	49 965	(43 818)	(3 148)	2 999	2 280	52 245
Reverse repurchase agreements and other similar secured lending	30 055	(11 424)	18 631	—	(18 631)	—	—	18 631
Total assets	100 976	(32 380)	68 596	(43 818)	(21 779)	2 999	2 280	70 876
Derivative financial liabilities	(68 444)	20 956	(47 488)	43 818	784	(2 886)	(3 125)	(50 613)
Repurchase agreements and other similar secured borrowing	(15 207)	—	(15 207)	—	15 207	—	—	(15 207)
Total liabilities	(83 651)	20 956	(62 695)	43 818	15 991	(2 886)	(3 125)	(65 820)

Notes

[1]Net amounts reported on the statement of financial position comprises exposure that has been netted on the statement of financial position in compliance with IAS 32 (net exposure) and exposures that are subject to legally enforceable netting arrangements but have not been netted on the statement of financial position.

[2]Financial collateral excludes over-collateralisation and amounts, which are measured at fair value and have been limited to the net statement of financial position exposure.

[3]In certain jurisdictions a contractual right of set-off is subject to uncertainty under the laws of the jurisdiction and therefore netting is not applied and the amounts are classed as not subject to legally enforceable netting arrangements.

[4]Total per statement of financial position is the sum of net amounts reported on the statement of financial position which are subject to enforceable netting arrangements and amounts not subject to enforceable netting arrangements.

22. Offsetting financial assets and financial liabilities *(continued)*

Offsetting and collateral arrangements

Derivative assets and liabilities

Credit risk is mitigated where possible through netting agreements, such as the International Swaps and Derivative Association (ISDA) Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral (cash and non-cash) is also obtained, often daily, for the net exposure between counterparties where possible to further mitigate credit risk.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing

Credit risk is mitigated where possible through netting agreements such as global master repurchase agreements and global master securities lending agreements whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral is obtained and typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and the credit risk mitigation strategies used by the Group are further explained in the Credit risk mitigation, collateral and other credit enhancements section (pages 22 to 63) of the Risk management report for 31 December 2012.

23. Reporting changes

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.

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.

For more information on the financial reporting changes that have impacted the financial results of the comparative reporting periods of the Group, refer to pages 120 to 140 of the Group's interim financial results booklet.

23. Reporting changes *(continued)*

Impact of accounting policy changes on the Group's results

Condensed consolidated statement of comprehensive income for the 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
Profit for the reporting period	4 320	—	(8)	(11)	4 301

23. Reporting changes *(continued)*

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

Condensed consolidated statement of comprehensive income for the 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 the profit and loss component of the statement of comprehensive income					
Movement in retirement benefit fund assets 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 the profit and loss component of the statement of comprehensive income	27	—	—	(39)	(12)
Items that are or may be reclassified subsequently to the profit and loss component of the statement of comprehensive income					
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 the profit and loss component of the statement of comprehensive income	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

23. Reporting changes *(continued)*

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

23. Reporting changes *(continued)*

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

23. Reporting changes *(continued)*

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 the profit and loss component of the statement of comprehensive income					
Movement in retirement benefit fund assets 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 the profit and loss component of the statement of comprehensive income	(242)	—	—	158	(84)
Items that are or may be reclassified subsequently to the profit and loss component of the statement of comprehensive income					
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 the profit and loss component of the statement of comprehensive income	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

23. Reporting changes *(continued)*

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

- Diluted headline earnings per share (diluted HEPS) increased 8% to 649,0 cents.
- Pre-provision profit increased 3% to R10,8 billion.
- Declared an 11% higher ordinary dividend per share (DPS) of 350 cents.
- Declared a special DPS of 708 cents.
- Revenue grew 3% to R23,8 billion.
- Net interest margin on average interest-bearing assets increased to 3,91% from 3,88%.
- Non-interest income increased 1% to R11,3 billion and accounted for 48% of total revenue.
- Contained operating expenses growth to 4%, increasing our cost-to-income ratio to 54,9% from 54,7%.
- Loans and advances to customers grew 7% to R539,3 billion, while deposits due to customers increased 7% to R490,4 billion.
- Credit impairments decreased 14% to R3,5 billion, resulting in a 1,35% credit loss ratio from 1,62%.
- RoE increased to 14,0% from 13,7%.
- RoRWA increased to 2,10% and RoA increased to 1,15% from 2,07% and 1,10% respectively.
- NAV per share grew 6% to 9 431 cents.
- Absa Group's Common Equity Tier 1 capital adequacy ratio was 12,5%, well above regulatory requirements and our Board targets.

Overview of results

Absa Group's headline earnings increased 8% to R4 663 million from R4 313 million, and attributable profit grew 13% to R4 701 million. Diluted HEPS also increased 8% to 649,0 cents from 599,6 cents. The Group's RoE improved to 14,0% from 13,7%, slightly above its cost of equity. An interim DPS of 350 cents, and a special DPS of 708 cents were declared after considering regulatory changes, the Group's strong capital position, strategic plans and near-term business objectives. The dividends are based on the 847,8 million shares in issue after completing the combination with the Barclays Africa operations.

Improved credit impairments, particularly in retail mortgages and commercial property finance, were the main reasons for higher earnings. However, pre-provision profit increased 3% to R10,8 billion, largely due to continued focus on operating costs while revenue growth remained modest.

RBB headline earnings increased 48%, due to lower credit impairments and continued cost containment. Financial Services' headline earnings increased 5%, while CIBW headline earnings decreased 7%, due to lower Private Equity valuations and difficult second quarter trading conditions in Markets.

Operating environment

While global growth continued to recover, growth in emerging market economies was somewhat slower than expected. Central banks provided support by cutting interest rates mostly in emerging markets and also injecting liquidity into the financial system.

South Africa's growth slowed sharply in the first quarter to 0,9% from 2,1% the previous quarter, on the back of production stoppages in the manufacturing sectors and a generally weaker economic environment. Growth in household consumption slowed further in the first half, reflecting deteriorating household balance sheets, a lacklustre job market, subdued confidence, rising inflation and moderating real wage growth. Consumers' demand for credit continued to slow during the period. The rand exchange rate weakened sharply due to domestic factors, such as industrial action and global risk aversion.

Group performance

Statement of financial position

Total Group assets increased 4% to R841 billion at 30 June 2013, largely due to 7% growth in loans and advances to customers and 11% higher statutory liquid assets. Loans and advances to banks decreased 3%.

Group performance *(continued)*

Statement of financial position *(continued)*

Loans and advances to customers

Gross loans and advances to customers increased 7% to R553,7 billion. Retail Banking's gross loans increased 4%, given 53% growth in credit cards following the Edcon transaction, 9% higher vehicle asset finance, offset by 2% lower mortgages. Gross Business Banking loans decreased 6%, due to 11% lower commercial property finance. Gross CIBW loans grew 23%, due to strong growth in foreign currency loans, reverse repurchase agreements and overnight finance.

The Group maintained its strong liquidity position, growing deposits due to customers 7% or by R32 billion to R490 billion. Its funding tenor also remained robust with an average long-term funding ratio of 28,2% for the reporting period, up from 25,6% in 2012. Deposits due to customers contributed 76,5% to total funding up from 75,4%, while the proportion of debt securities in issue dropped to 16,6% from 20,3%. Retail Banking's deposits increased 4% to R133 billion to maintain its leading market share. Business Banking's deposits grew 6%, largely due to 25% growth in investment products. CIBW's deposits increased 9%, due to 13% growth in fixed deposits, cheque account and notice deposits. The Group's loans-to-deposits ratio increased to 90,4% from 86,9%.

Net asset value

The Group's NAV increased 6% to R67,7 billion, as the Group generated retained earnings of R2,1 billion in the first half. Absa Group's NAV per share grew 6% to 9 431 cents.

Capital to risk-weighted assets

The Group's risk-weighted assets (RWAs) increased 7% to R457,5 billion from R426,5 billion as at 30 June 2012 due to 7% growth in loans and advances to customers and implementing Basel III from 1 January 2013. The Group maintained its strong capital levels, which remain above Board targets and regulatory requirements. Absa Group's Common Equity Tier 1 and Tier 1 capital adequacy ratios (including unappropriated profits) were slightly lower at 12,5% and 13,5% respectively (from 13,2% and 14,3%). The Group's total capital ratio decreased to 16,6% from 16,9%. The interim DPS of 350 cents and special dividends of 708 cents are well considered, based on the Group's strong capital position, internal capital generation, strategy and growth plans. With solid free cash flow generation, our leverage remains low at 12,2 times.

Statement of comprehensive income

Net interest income

Net interest income increased 5% to R12 503 million from R11 853 million, and average interest-bearing assets grew 5%. The net interest margin increased to 3,91% from 3,88%, largely due to the acquisition of the Edcon portfolio in November 2012. The Group's deposit margin decreased and the contributions from the hedging and endowment were lower.

Impairment losses on loan and advances

Impairments declined 14% to R3 546 million from R4 107 million, resulting in a lower credit loss ratio of 1,35% from 1,62%. Unidentified impairments and identified impairments for performing loans increased 14% to R2,7 billion, which amounts to 0,51% of performing loans from 0,46% at 31 December 2012.

Retail Banking's credit impairments decreased 11% to R3,0 billion, improving its credit loss ratio to 1,77% from 2,04%. As expected, the credit loss ratio for secured loans improved, while those of unsecured loans increased off a low base.

Home Loans credit impairments decreased 53% to R1,1 billion from R2,4 billion following last year's elevated base. Mortgages non-performing loan (NPL) coverage increased to 30,2% from 22,6%. The mortgage legal portfolio decreased 5% to R13,7 billion. Vehicle and Asset Finance's (VAF) credit loss ratio improved to 1,11% from 1,24%, reflecting reduced trade centre stock due to a focus on collections.

With consumers under pressure, Personal Loans' credit loss ratio increased to 7,17% from 6,14%. Card's charge increased substantially to R835 million from R220 million, as the Edcon portfolio with a credit loss ratio of 9,56% added R440 million. The credit impairment on the remaining Card book grew 80% to R395 million, which represents a 3,31% credit loss ratio from 2,04%.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Impairment losses on loans and advances *(continued)*

Business Banking's credit impairments decreased 22% to R430 million improving its credit loss ratio to 1,33% from 1,65%, largely due to lower impairments in the African operations and commercial property finance.

Total NPLs improved 9%, or by R3,1 billion to R29,6 billion since 30 June 2012. Retail Banking's NPLs fell 17% to R22,2 billion. The total NPL cover improved to 38,9% from 32,5%, with increases in mortgages and personal loans in particular. NPLs as a percent of customer loans and advances improved to 5,4% from 6,4% at 30 June 2012 and 5,8% at 31 December 2012.

Non-interest income

Non-interest income increased 1% to R11 342 million from R11 268 million. Net fee and commission income rose 3%, as flat electronic banking fees and lower cheque and savings account fees dampened 56% higher credit card fees due to acquiring the Edcon portfolio, 36% growth in insurance commission received and 18% higher investment banking fees.

Retail Banking's non-interest income was slightly lower at R5,4 billion, in part due to the loss of AllPay's social grants payment contract in 2012. Excluding AllPay, non-interest income grew 2%, with 17% growth in Home Loans and 18% in VAF. Retail Banking's net fee and commission income declined 3% to R5,1 billion, reflecting changing customer behaviour, price changes, customer attrition and AllPay's lower contribution.

Business Banking's net fee and commission income increased 5%, despite lower debit order fees and cheque payment volumes. Electronic banking fees increased 8% on 2% higher electronic payment volumes.

CIBW's non-interest income increased 2%, mainly due to a 3% increase in Markets' net trading results despite difficult trading conditions in the second quarter and lower Private Equity revaluations.

Financial Services' revenue grew 7% to R2,1 billion, driven by 8% growth in net Life Insurance premium income and 16% higher assets under management in Investments, which offset higher weather-related crop claims.

Operating expenses

Operating expenses increased 4% to R13 094 million (30 June 2012: R12 643 million). The Group's cost-to-income ratio increased marginally to 54,9% from 54,7%.

Staff costs grew 4% to R6,8 billion, reflecting 3% higher salary costs and 38% growth in staff training costs, together with a continued focus on operational efficiencies. Non-staff expenses grew 3%, due to 37% higher marketing costs and a 26% rise in other operating expenses. The former reflects the renewal of certain sponsorship rights and timing of marketing costs and are expected to be similar to 2012 levels. The Group is making progress in optimising property costs, which fell 10% to R578 million. Telephone and postage costs also declined 10% to R392 million and cash transportation costs decreased 11% to R336 million. The change in fair value charge for investment properties decreased from R154 million to R5 million, with an additional fair value gain recognised in other operating income.

Total information technology-related spend was flat at R2,6 billion and accounted for 20% of the Group's costs. Amortisation of intangible assets increased 32% to R174 million, reflecting prior period spend on our digital and mobile platforms. Our professional fees more than doubled to R578 million, due to project delivery including our branch transformation, increased regulatory requirements and costs of R49 million relating to the Barclays Africa transaction.

Retail Banking's operating expenses increased 7%, or 4% excluding the Edcon portfolio. Business Banking's costs fell 8% due to large declines in its Equities and rest of Africa expenses. Excluding these, Business Banking's costs declined 2%. CIBW's operating expenses increased 3% while continuing to invest in key growth areas. Financial Services' operating expenses grew 9% due to its expansion into the rest of Africa and amortisation on new operating systems.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Taxation

The taxation expense increased 6% to R1 862 million, although our effective tax rate decreased to 27,4% from 29,0%. The lower effective rate was mainly due to the withdrawal of secondary tax on companies.

Segment performance

Retail Banking

Headline earnings increased 46% to R2 119 million from R1 447 million, largely due to lower credit impairments as Home Loans' 53% lower charge outweighed the inclusion of the Edcon portfolio and higher impairments in unsecured lending. Revenue grew 7%, however, this increased only 96%, excluding the Edcon portfolio, due to the loss of the AllPay contract, pressure on transaction volumes and muted growth in loans and advances to customers. Retail Banking's cost-to-income ratio improved to 53,2% from 53,4% in spite of continued investment spend and low revenue growth.

Home Loans' lower operating expenses and credit impairments saw it return to profitability, while VAF's 10% revenue growth and lower costs generated 39% headline earnings growth. Despite higher credit impairments, Card's earnings increased 10% after including the Edcon portfolio. Personal Loans' earnings fell 42%, as its revenue decreased 7% and impairments rose 19%. Within Retail Bank, a division of Retail Banking, earnings fell 30%, given higher impairments and slightly lower non-interest income.

Business Banking

Business Banking's headline earnings increased 54% to R782 million from R507 million, mainly due to R290 million decrease in losses from its equities portfolio and rest of Africa operations. Net interest income remained under pressure due to lower advances and margin compression, although net fee and commission income grew 5%. Credit impairments improved 22%, particularly in the rest of Africa and commercial property finance. Operating expenses declined 8%, reducing its cost-to-income ratio to 60,4% from 68,1% and increasing its return on regulatory capital (RoRC) to 19,6% from 10,5%.

CIBW

Headline earnings declined 7% to R1 206 million from R1 301 million, reflecting lower Private Equity revaluations and difficult trading conditions in Markets in the second quarter.

Net revenue increased 3% with Corporate increasing 14% due to strong growth in corporate debt and increased volumes in trade products. Investment Banking net revenue increased 31% as client activity drove higher average loans and advances and increased advisory mandates, together with related fee income. Markets revenue was flat on the prior period. Private Equity and Infrastructure Investments revenue declined 76% on lower revaluations of investments. Wealth's net revenue fell 19% reflecting higher unidentified credit impairments and reduced referrals for large investment market trades. Operating expenses growth was contained to 3%, while investing in key growth areas. RoRC declined to 16,6% from 19,3%, due to lower earnings and an increase in market risk risk-weighted assets on implementing Basel III.

Financial Services

Headline earnings grew 5% to R671 million from R641 million. The reporting period saw further improvement in Life new business volumes, strong net fund inflows in Investments and significant weather-related crop claims in Insurance. Net operating income also grew 5% to R867 million. Life embedded value of new business increased 21% to R183 million due to strong new business volumes. Investments' headline earnings increased 36%, given strong net fund inflows of R4,7 billion in 2012 and R6,2 billion this year. Gross insurance premiums increased 10% while net insurance premiums remained relatively constant. Net premium income for the South African insurance operations declined 3% to R2 434 million due to exiting non-core products that failed to make an adequate contribution to profitability in 2012 (corporate, commercial fleet and guarantees) and low new business volumes in homeowners cover and personal lines in the first quarter. Significant weather-related claims for crop cover resulted in an underwriting loss of R52 million (net of expenses) in this product for the period. The risk appetite of this product has been reviewed and a number of changes, including pricing, have been implemented to improve future performance. Net premium income grew 42% in the rest of Africa and net operating income rose 85% to R37 million. Total operating expenses increased 9%, mainly due to expansion into the rest of Africa, the amortisation of new operating systems recently implemented and the consolidation of cell captives following IFRS changes. RoE improved to 28,4% from 27,8%.

Prospects

Fiscal austerity measures across most advanced economies are the main drag facing the global economy in 2013. Emerging markets are expected to perform better, supported by fiscal stimulus and monetary easing. Global Gross Domestic Product (GDP) growth is expected to remain subdued at 3,0% in 2013 from around 3,1% last year. We expect sub-Saharan Africa to grow 5,1% this year.

Moderating consumer demand, weak business confidence, infrastructure constraints and continuing labour market tensions (especially in the mining sector) all point to weak local growth. The current account deficit will keep weighing on the rand, generating inflationary pressures. Overall, we expect slower growth of around 2,3% in 2013 from last year's 2,5%. The SARB will likely leave the rand to find its own level and tolerate a temporary breach of consumer price index (CPI) above the 3% – 6% target band. Our base case for the next upward move in rates is in late 2014.

Against this backdrop, we expect mid-single digit loan growth this year and a broadly stable net interest margin. We will continue to focus on operating costs, while investing for growth. Consequently, our cost-to-income ratio is expected to be similar to last year's. Our credit loss ratio is expected to improve materially from last year's 1,63%, but remains above our through the cycle 1,25%. Our RoE is expected to improve from 2012's 13,5%.

Basis of presentation

The Group's interim financial results have been prepared in accordance with the recognition and measurement requirements of IFRS, Interpretations issued by the IFRS Interpretations Committee, the going concern principle and using the historical-cost basis, except where specifically indicated otherwise in the accounting policies contained in the most recent annual consolidated financial statements.

The Group's unaudited condensed consolidated interim financial statements comply with the disclosure requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting.

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and the application of judgement are inherent in the formation of estimates. The accounting policies that are deemed critical to the Group's results and financial position, in terms of the materiality of the items to which the policy is applied, and which involve a high degree of judgement including the use of assumptions and estimation, are impairment of loans and advances, goodwill impairment, valuation of financial instruments, impairment of available-for-sale financial assets, impairment of investments in associates and joint ventures, deferred tax assets, post-retirement benefits, provisions, share-based payments, liabilities arising from claims made under short-term insurance contracts, liabilities arising from claims made under life-term insurance contracts, income taxes 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 2012 except for:

- new and amended standards that became effective for the first time during the reporting period as specified in note 1.30 of the accounting policies contained in the most recent annual consolidated financial statements;
- a change in the Group's internal accounting policy for the classification of collection costs; and
- inter-segmental changes including allocation of elements of the Head office segment to business segments and portfolio changes between operating segments.

The above changes were explained in detail in the Absa Group Limited SENS announcement on 18 July 2013. Please refer to that document for further detail.

Events after the reporting period

The directors are not aware of any events occurring between the reporting date of 30 June 2013 and the date of authorisation of these condensed consolidated financial results as defined in IAS 10 Events after the reporting period.

The necessary conditions and regulatory approvals to conclude the combination of Absa Group Limited and the Barclays Africa businesses have been fulfilled subsequent to the reporting date. The fulfilment of these conditions will enable the transaction to be concluded on 31 July 2013.

On behalf of the Board

W E Lucas-Bull
Group Chairman

M Ramos
Group Chief Executive

Johannesburg
30 July 2013

Declaration of interim ordinary dividend number 54

Shareholders are advised that an interim ordinary dividend of 350 cents per ordinary share was declared today, 30 July 2013, for the six months ended 30 June 2013. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 13 September 2013. The directors of Absa Group confirm that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

The dividend will be subject to the new dividend tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a) (i) to (x) 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 Group has utilised R105 956 747,25 of secondary tax on companies (STC) credits (equivalent to 12,49857 cents per share), which will be distributed to ordinary shareholders through this interim dividend.
- The local dividend tax rate is fifteen per cent (15%).
- The gross local dividend amount is 350 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 299,37479 cents per ordinary share for shareholders liable to pay for the dividend tax.
- Absa Group currently has 718 210 043 ordinary shares in issue and will have 847 750 379 ordinary shares in issue (includes 465 296 treasury shares) as from 31 July 2013, following the conclusion of the combination of Absa Group with the Barclays Africa operations.
- Absa Group's income tax reference number is 9150116714.

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

Last day to trade cum dividend	Friday, 6 September 2013
Shares commence trading ex dividend	Monday, 9 September 2013
Record date	Friday, 13 September 2013
Payment date	Monday, 16 September 2013

Share certificates may not be dematerialised or rematerialised between Monday, 9 September 2013 and Friday, 13 September 2013, both dates inclusive. On Monday, 16 September 2013, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility.

In respect of those who do not, cheques dated 16 September 2013 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will be credited on Monday, 16 September 2013.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
30 July 2013

Declaration of special ordinary dividend number 1

Shareholders are advised that a special dividend of 708 cents per ordinary share was declared today, 30 July 2013. The special dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 22 November 2013. The directors of Absa Group confirm that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

The dividend will be subject to the new dividend tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- No STC credits have been utilised with regard to this special dividend.
- The local dividend tax rate is fifteen per cent (15%).
- The gross local dividend amount is 708 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 601,80 cents per ordinary share for shareholders liable to pay for the dividend tax.
- Absa Group currently has 718 210 043 ordinary shares in issue and will have 847 750 379 ordinary shares in issue (includes 465 296 treasury shares) as from 31 July 2013, following the conclusion of the combination of Absa Group with the Barclays Africa operations.
- Absa Group's income tax reference number is 9150116714.

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

Last day to trade cum dividend	Friday, 15 November 2013
Shares commence trading ex dividend	Monday, 18 November 2013
Record date	Friday, 22 November 2013
Payment date	Monday, 25 November 2013

Share certificates may not be dematerialised or rematerialised between Monday, 18 November 2013 and Friday, 22 November 2013, both dates inclusive. On Monday, 25 November 2013, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility.

In respect of those who do not, cheques dated 25 November 2013 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will be credited on Monday, 25 November 2013.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
30 July 2013

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

Administration and contact details

Absa Group Limited

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

Registered office

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

Board of directors

Group independent non-executive directors

C Beggs, Y Z Cuba, W E Lucas-Bull (Group Chairman),
M J Husain, P B Matlare, T S Munday, S G Pretorius

Group non-executive directors

P A Clackson[1], R Le Blanc[1], A V Vaswani[2]

Group executive directors

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

Transfer secretary

South Africa

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

ADR depositary

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

Auditors

PricewaterhouseCoopers Inc.
Ernst & Young Inc.

Sponsors

Lead independent sponsor

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

Joint sponsor

Absa Bank Limited (acting through its
Corporate and Investment Bank division)
15 Alice Lane, Sandton, 2196
Private Bag X10056, Sandton, 2146
Telephone (+27 11) 895 6843
Telefax: (+27 11) 895 7809

Shareholder contact information

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

Group Investor Relations

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

Company Secretary

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

Other contacts

Group Communications

M Wanendeya (Head Communications Africa)
Telephone: (+27 11) 350 7207
Email: mwambu.wanendeya@absa.co.za

Group Finance

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

Head office switchboard

Telephone: (+27 11) 350 4000

Website address

www.absa.co.za

Notes
[1]British
[2]Singaporean