Absa Bank Limited

Unaudited consolidated financial results for the interim reporting period ended 30 June 2023

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Financial director statement

These interim financial results were prepared by Absa Group Financial Control under the direction and supervision of the Financial Director, J P Quinn CA(SA). Finance is led by the Financial Director who reports directly to the Chief Executive Officer.

The Financial Director has regular unrestricted access to the Board of Directors (Board) as well as to the Group Audit and Compliance Committee (GACC). Finance is responsible for establishing a strong control environment over the Bank's financial reporting processes and serves as an independent control function advising business management, escalating identified risks and establishing policies or processes to manage risk.

Board approval

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

Together with the GACC, the Board has reviewed and approved the unaudited interim consolidated financial results (hereafter referred to as 'financial results') contained in the announcement released on the Stock Exchange News Service (SENS) on 14 August 2023. The GACC and the Board are satisfied that the details disclosed in the SENS are a fair presentation of the financial results and comply, in all material respects, with the relevant provisions of the Companies Act, JSE Listings Requirements, IFRS and interpretations of IFRS, IAS 34 Interim Financial Reporting (IAS 34) and SAICA's Reporting Guides.

Absa Bank Limited
Unaudited interim consolidated financial results for the interim reporting period ended 30 June 2023.

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

The report is available from the Company's website. Copies of the full announcement may also be requested at the Company's registered office, at no charge, during office hours on normal business days.

Profit and dividend announcement

for the interim reporting period ended 30 June 2023

Declaration of final preference share dividend number 35

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

Absa Bank's current prime rate is 11.75%.

Notice is hereby given that preference dividend number 35, equal to 70% of the average prime rate for 1 March 2023 to 31 August 2023 per Absa Bank preference share has been declared, for the period 1 March 2023 to 31 August 2023.

The dividend is payable on Monday, 18 September 2023, to shareholders of the Absa Bank preference shares recorded in the Register of Members of the Company at the close of business on Friday, 15 September 2023.

The Board of Absa Bank confirms that the Bank will satisfy the solvency and liquidity test immediately after completion of the dividend distribution and for the next 12 months.

Based on the average prime rate, the preference dividend payable for the period 1 March 2023 to 31 August 2023 would indicatively be 4 035.06849 cents per Absa Bank preference share, on assumption that there will be no further changes in the prime rate between the declaration date and 31 August 2023.

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

- The dividend has been declared out of income reserves.
- The local dividend tax rate is twenty per cent (20%).
- The gross local dividend amount is 4 035.06849 cents per preference share for shareholders exempt from the dividend tax.
- The net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 3 228.05479 cents per preference share.
- Absa Bank currently has 4 944 839 preference shares in issue.
- Absa Bank's income tax reference number is 9575117719.

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

Last day to trade cum dividend	Tuesday, 12 September 2023
Shares commence trading ex-dividend	Wednesday, 13 September 2023
Record date	Friday, 15 September 2023
Payment date	Monday, 18 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 September 2023 and Friday, 15 September 2023, both dates inclusive. On Monday, 18 September 2023, the dividend will be electronically transferred to the bank accounts of certificated shareholders. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will also be credited on Monday, 18 September 2023.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
14 August 2023

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

IFRS interim consolidated financial results

for the interim reporting period ended 30 June 2023

Overview of results

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

Commentary relating to the Bank's unaudited interim consolidated interim financial results is included in the Group results, as presented to shareholders on 14 August 2023.

Basis of presentation

The Bank's interim consolidated financial results for the interim reporting periods ended 30 June 2023 and 30 June 2022 are unaudited and have not been independently reviewed by the Bank's external auditors. These financial results have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), interpretations issued by the IFRS interpretations committee (IFRS-IC), the South African Institute of Chartered Accountants' Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act.

The accounting policies, presentation and disclosure of the unaudited interim consolidated financial results comply with IAS 34.

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

Accounting policies

The accounting policies applied in preparing the unaudited interim consolidated financial results are consistent with those applied in the Bank's annual consolidated financial statements for the reporting period ended 31 December 2022, except for those highlighted below.

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

- **Adoption of new IFRS, specifically IFRS 17**

  IFRS 17 – *Insurance contracts* replaces IFRS 4 – *Insurance contracts* and is effective for annual periods beginning on or after 1 January 2023. It should be noted that the implications of IFRS 17 do not have a significant impact on these interim financial results

- **Amendments to IAS 1** – *Classification of liabilities as current or non-current*

  The amendments aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IAS 8** – *Accounting Policies, Changes in Accounting Estimates and Errors*

  The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments are effective for reporting periods beginning on or after 1 January 2023.

- **Amendments to IAS 1 and IFRS Practice Statement 2** – *Disclosure of Accounting Policies*

  The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, guidelines and examples have been developed to explain and demonstrate the application of the `four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

  The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

- **Amendments to IAS 12 International Tax Reform – Pillar Two Model Rule**

  The Organisation for Economic Co-operation and Development published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum, 15% tax rate. The amendments will introduce:
  - A temporary exception – to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. This will help ensure consistency in the financial statements while easing the implementation of the rules; and
  - Targeted disclosure requirements – to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The above amendments do not have a significant impact on the unaudited interim consolidated financial results of the Bank.

Standards issued not yet effective

A number of new standards and amendments to existing standards have been issued but are not yet effective for the reporting period. Unless specifically noted to the contrary, these amendments are not expected to have a material impact on the Bank once effective.

Events after the reporting period

The directors are not aware of any events (as defined per IAS10 Events after the Reporting Period) after the reporting date of 30 June 2023 until the date of authorisation of these interim consolidated financial results.

On behalf of the Board

M S Moloko
Group Chairman

A Rautenbach
Chief Executive Officer

J P Quinn
Financial Director

Johannesburg
14 August 2023

Interim consolidated IFRS salient features

for the reporting period ended

	30 June		31 December
	2023 Rm	2022 Rm	2022 Rm
Statement of financial position			
Net asset value (NAV) (Rm)	**90 798**	90 302	90 791
Gross loans and advances (Rm)	**1 091 158**	1 031 646	1 065 993
Total assets (Rm)	**1 532 383**	1 464 057	1 479 352
Deposits (Rm)	**1 071 406**	1 009 868	1 015 623
Loans to deposits and debt securities ratio (%)	**82.3**	84.5	84.7
Average loans to deposits and debt securities ratio (%)	**84.6**	85.0	85.1
Statement of comprehensive income (Rm)			
Income	**32 550**	31 300	64 074
Operating expenses	**19 203**	17 471	37 122
Pre-provision profit	**13 347**	13 829	26 952
Credit impairments charges	**6 847**	4 153	8 687
Profit attributable to ordinary equity holders	**3 854**	5 998	11 314
Headline earnings	**3 917**	6 148	11 650
Financial performance (%)			
Return on equity (RoE)	**8.7**	13.7	13.0
Return on average assets (RoA)	**0.5**	0.8	0.8
Return on risk-weighted assets (RoRWA)	**1.19**	1.96	1.81
Stage 3 loans ratio on gross loans and advances	**5.45**	4.95	4.92
Operating performance (%)			
Net interest margin on average interest-bearing assets	**3.60**	3.70	3.68
Credit loss ratio	**0.63**	0.85	0.85
Non-interest as a percentage of total income	**32.7**	35.0	30.9
Cost-to-income ratio	**59.0**	55.8	57.9
JAWS	**(6)**	5	4
Effective tax rate	**21.6**	27.2	26.0
Share statistics (million)			
Number of ordinary shares in issue	**448.3**	448.3	448.3
Weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Diluted weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Share statistics (cents)			
Basic earnings per ordinary share (EPS)	**859.7**	1 337.9	2 523.8
Diluted basic earnings per ordinary share (DEPS)	**859.7**	1 337.9	2 523.8
Headline earnings per ordinary share (HEPS)	**873.7**	1 371.4	2 598.7
Diluted headline earnings per ordinary share (DHEPS)	**873.7**	1 371.4	2 598.7
Dividend per ordinary share relating to income for the reporting period	**501.9**	1 003.8	1 673.0
Dividend payout ratio (%)	**57**	73	64
NAV per ordinary share	**20 254**	20 100	20 300
Tangible NAV per ordinary share	**17 709**	17 771	17 742
Capital adequacy (%)			
Absa Bank Limited	**17.3**	18.1	17.6
Common Equity Tier 1 (%)			
Absa Bank Limited	**13.0**	13.1	12.5

Headline earnings is presented after allowing for **R174m** (30 June 2022: R123m; 31 December 2022: R266m) profit attributable to preference equity holders and **R426m** (30 June 2022: R305m; 31 December 2022: R609m) profit attributable to Additional Tier 1 capital holders.

Interim consolidated statement of financial position

as at

	Note	30 June 2023 Rm	30 June Restated 2022 Rm	31 December 2022 Rm
Assets				
Cash, cash balances and balances with central banks		**45 165**	34 955	37 344
Investment securities		**146 344**	122 050	128 439
Trading portfolio assets		**161 326**	156 824	156 071
Hedging portfolio assets		**6 856**	5 694	4 972
Other assets		**21 274**	42 066	17 263
Current tax assets		**69**	84	45
Non-current assets held for sale	1	**77**	104	90
Loans and advances	2	**1 054 449**	998 980	1 032 520
Loans to Absa Group Companies		**67 501**	74 957	73 203
Investments in associates and joint ventures		**1 767**	1 635	1 725
Property and equipment		**11 472**	11 717	11 686
Goodwill and intangible assets		**11 419**	10 634	11 255
Deferred tax assets		**4 664**	4 357	4 739
Total assets		**1 532 383**	1 464 057	1 479 352
Liabilities				
Trading portfolio liabilities		**76 481**	96 281	91 397
Hedging portfolio liabilities		**2 499**	2 900	2 237
Other liabilities		**34 395**	43 987	23 993
Provisions		**2 567**	2 737	4 051
Current tax liabilities		**487**	712	381
Deposits		**1 071 406**	1 009 868	1 015 623
Debt securities in issue		**210 044**	172 587	203 275
Loans from Absa Group Companies		**11 094**	7 906	9 152
Borrowed funds	3	**20 440**	25 103	26 282
Deferred tax liabilities		**25**	26	23
Total liabilities		**1 429 438**	1 362 107	1 376 414
Equity				
Capital and reserves				
Attributable to equity holders:				
Ordinary share capital		**304**	304	304
Ordinary share premium		**36 880**	36 880	36 880
Preference share capital		**1**	1	1
Preference share premium		**4 643**	4 643	4 643
Additional Tier 1 capital		**7 503**	7 004	7 503
Retained earnings		**53 099**	52 810	52 632
Other reserves		**515**	308	975
Total equity		**102 945**	101 950	102 938
Total liabilities and equity		**1 532 383**	1 464 057	1 479 352

Trading and Hedging portfolio assets and liabilities have been restated. Refer to the reporting changes overview in note 15.

Interim consolidated statement of comprehensive income

for the reporting period ended

	Note	30 June 2023 Rm	30 June 2022 Rm	31 December 2022 Rm
Net interest income		**21 922**	20 344	42 387
Interest and similar income		**58 937**	40 634	89 169
Effective interest income		**57 535**	39 598	87 254
Other interest income		**1 402**	1 036	1 915
Interest expense and similar charges		**(37 015)**	(20 290)	(46 782)
Non-interest income	4	**10 628**	10 956	21 687
Net fee and commission income		**9 685**	9 397	19 332
Fee and commission income		**10 611**	10 444	21 350
Fee and commission expense		**(926)**	(1 047)	(2 018)
Gains and losses from banking and trading activities		**652**	1 398	1 586
Gains and losses from investment activities		**3**	10	3
Other operating income		**288**	151	766
Total income		**32 550**	31 300	64 074
Credit impairment charges		**(6 847)**	(4 153)	(8 687)
Operating income before operating expenses		**25 703**	27 147	55 387
Operating expenses		**(19 203)**	(17 471)	(37 122)
Other expenses		**(860)**	(889)	(1 916)
Other impairments	5	**(96)**	(233)	(591)
Indirect taxation		**(764)**	(656)	(1 325)
Share of post-tax results of associates and joint ventures		**42**	42	132
Operating profit before income tax		**5 682**	8 829	16 481
Taxation expense		**(1 228)**	(2 403)	(4 292)
Profit for the reporting period		**4 454**	6 426	12 189
Profit attributable to:				
Ordinary equity holders		**3 854**	5 998	11 314
Preference shares		**174**	123	266
Other equity – Additional Tier 1 capital		**426**	305	609
		4 454	6 426	12 189
Earnings per share:				
Basic earnings per share (cents)		**859.7**	1 337.9	2 523.8
Diluted earnings per share (cents)		**859.7**	1 337.9	2 523.8

Interim consolidated statement of comprehensive income

for the reporting period ended

	30 June 2023 Rm	30 June 2022 Rm	31 December 2022 Rm
Profit for the reporting period	**4 454**	6 426	12 189
Other comprehensive income			
Items that will not be reclassified to profit or loss	**(155)**	(8)	(152)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	**1**	(5)	(1)
Fair value (losses)/gains	**1**	(6)	(1)
Deferred tax	**—**	1	—
Movement on liabilities designated at fair value through profit or loss (FVTPL) due to changes in own credit risk	**(142)**	5	(151)
Fair value movements	**(196)**	13	(202)
Deferred tax	**54**	(8)	51
Movement in retirement benefit fund assets and liabilities	**(14)**	(8)	0
(Decrease)/increase in retirement benefit surplus	**(19)**	(15)	(36)
Deferred tax	**5**	7	36
Items that are or may be subsequently reclassified to profit or loss	**(221)**	(3 929)	(3 567)
Movement in foreign currency translation reserve	**(3)**	—	2
Differences in translation of foreign operations	**(3)**	—	2
Movement in cash flow hedging reserve	**(196)**	(4 535)	(4 477)
Fair value losses	**(528)**	(4 239)	(3 439)
Amount removed from other comprehensive income and recognised in profit or loss	**260**	(1 997)	(2 718)
Deferred tax	**72**	1 701	1 680
Movement in fair value of debt instruments measured at FVOCI	**(22)**	606	908
Fair value gains	**35**	861	1 291
Release to profit or loss	**(66)**	(13)	(7)
Deferred tax	**9**	(242)	(376)
Total comprehensive income for the reporting period	**4 078**	2 489	8 470
Total comprehensive income attributable to:			
Ordinary equity holders	**3 478**	2 061	7 595
Preference shares	**174**	123	266
Additional Tier 1 capital	**426**	305	609
	4 078	2 489	8 470

Interim consolidated statement of changes in equity

for the reporting period ended

	Number of ordinary shares[1] '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
Balance at the beginning of the reporting period	**448 301**	**304**	**36 880**	**1**	**4 643**	**7 503**
Total comprehensive income	—	—	—	—	174	426
Profit for the period	—	—	—	—	174	426
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(174)	—
Distributions paid during the reporting period	—	—	—	—	—	(426)
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
Balance at the end of the reporting period	**448 301**	**304**	**36 880**	**1**	**4 643**	**7 503**

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

Interim consolidated statement of changes in equity

for the reporting period ended

30 June 2023										
Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
52 633	976	42	(3 213)	1	1 422	976	1 748	102 940	—	102 940
3 700	(222)	(22)	(196)	(4)	—	—	—	4 078	—	4 078
3 854	—	—	—	—	—	—	—	4 454	—	4 454
(154)	(222)	(22)	(196)	—	—	—	—	(376)	—	(376)
(3 000)	—	—	—	—	—	—	—	(3 174)	—	(3 174)
—	—	—	—	—	—	—	—	(426)	—	(426)
(192)	—	—	—	—	—	—	—	(192)	—	(192)
—	(281)	—	—	—	—	(281)	—	(281)	—	(281)
—	(471)	—	—	—	—	(471)	—	(471)	—	(471)
—	374	—	—	—	—	374	—	374	—	374
—	(184)	—	—	—	—	(184)	—	(184)	—	(184)
(42)	42	—	—	—	—	—	42	—	—	—
53 099	515	20	(3 409)	(3)	1 422	695	1 790	102 945	—	102 945

Interim consolidated statement of changes in equity

for the reporting period ended

	Number of ordinary shares[1] '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
Balance at the beginning of the previous reporting period	448 301	304	36 880	1	4 643	7 004
Total comprehensive income	—	—	—	—	123	305
Profit for the period	—	—	—	—	123	305
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(123)	—
Distributions paid during the reporting period	—	—	—	—	—	(305)
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
Restated balance at the end of the reporting period	448 301	304	36 880	1	4 643	7 004

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

Interim consolidated statement of changes in equity

for the reporting period ended

30 June 2022

Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
48 841	4 047	(866)	1 264	(1)	1 422	614	1 614	101 720	—	101 720
5 990	(3 929)	606	(4 535)	—	—	—	—	2 489	—	2 489
5 998	—	—	—	—	—	—	—	6 426	—	6 426
(8)	(3 929)	606	(4 535)	—	—	—	—	(3 937)	—	(3 937)
(2 000)	—	—	—	—	—	—	—	(2 123)	—	(2 123)
—	—	—	—	—	—	—	—	(305)	—	(305)
21	—	—	—	—	—	—	—	21	—	21
—	148	—	—	—	—	148	—	148	—	148
—	(177)	—	—	—	—	(177)	—	(177)	—	(177)
—	301	—	—	—	—	301	—	301	—	301
—	24	—	—	—	—	24	—	24	—	24
(42)	42	—	—	—	—	—	42	—	—	—
52 810	308	(260)	(3 271)	(1)	1 422	762	1 656	101 950	—	101 950

Interim consolidated statement of changes in equity

for the reporting period ended

	Number of ordinary shares[1] '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
Balance at the end of the previous reporting period	448 301	304	36 880	1	4 643	7 004
Total comprehensive income	—	—	—	—	266	609
Profit for the period	—	—	—	—	266	609
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(266)	—
Distributions paid during the reporting period	—	—	—	—	—	(609)
Issuance of Additional Tier 1 capital	—	—	—	—	—	499
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
Restated balance at the end of the reporting period	448 301	304	36 880	1	4 643	7 503

(1) Includes ordinary shares and 'A' ordinary shares.

(2) On 30 September 2022, the Board of Directors disposed of Integrated Processing Solutions.

Interim consolidated statement of changes in equity

for the reporting period ended

31 December 2022

Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity attributable to equity holders Rm	Non-controlling interest – ordinary shares Rm	Total equity Rm
48 841	4 047	(866)	1 264	(1)	1 422	614	1 614	101 719	—	101 719
11 162	(3 567)	908	(4 477)	2	—	—	—	8 470	—	8 470
11 314	—	—	—	—	—	—	—	12 189	—	12 189
(152)	(3 567)	908	(4 477)	2	—	—	—	(3 719)	—	(3 719)
(6 500)	—	—	—	—	—	—	—	(6 766)	—	(6 766)
—	—	—	—	—	—	—	—	(609)	—	(609)
—	—	—	—	—	—	—	—	499	—	499
(738)	—	—	—	—	—	—	—	(738)	—	(738)
—	363	—	—	—	—	363	—	363	—	363
—	(318)	—	—	—	—	(318)	—	(318)	—	(318)
—	554	—	—	—	—	554	—	554	—	554
—	127	—	—	—	—	127	—	127	—	127
(132)	132	—	—	—	—	—	132	—	—	—
52 631	975	42	(3 213)	1	1 422	975	1 746	102 938	—	102 938

Interim consolidated statement of cash flows

for the reporting period ended

	Note	30 June 2023 Rm	30 June 2022 Rm	31 December 2022 Rm
Net cash generated from/(utilised in) operating activities		**23 113**	10 526	20 064
Income taxes paid		**(1 139)**	(1 429)	(3 967)
Net cash generated from/(utilised in) other operating activities		**24 252**	11 955	24 031
Net cash (utilised in) investing activities		**(1 892)**	(1 758)	(4 709)
Purchase of property and equipment		**(892)**	(586)	(1 613)
Purchase of intangible assets		**(1 318)**	(1 280)	(3 246)
Proceeds from sale of non-current assets held for sale		**14**	55	54
Net cash generated from other investing activities		**304**	53	96
Net cash (utilised in)/generated from financing activities		**(9 505)**	(4 349)	(9 217)
Issuance of Additional Tier 1 capital		**—**	—	1 999
Expiry of Additional Tier 1 capital		**—**	—	(1 500)
Proceeds from borrowed funds		**—**	—	1 916
Repayment of borrowed funds		**(4 952)**	(1 142)	(2 204)
Dividends paid		**(3 439)**	(2 123)	(6 766)
Net cash utilised in other financing activities		**(1 114)**	(1 084)	(2 662)
Net increase/(decrease) in cash and cash equivalents		**11 716**	4 419	6 138
Cash and cash equivalents at the beginning of the reporting period		**36 464**	33 189	30 325
Cash and cash equivalents at the end of the reporting period		**48 180**	37 608	36 463

Notes to the interim consolidated statement of cash flows

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

	30 June 2023 Rm	30 June 2022 Rm	31 December 2022 Rm
Mandatory reserve balances with the SARB and other central banks	**23 454**	18 551	19 379
Coins and bank notes	**6 241**	7 277	6 067
Loans and advances to banks	**6 769**	7 360	4 880
	36 464	33 188	30 326

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

	30 June 2023 Rm	30 June 2022 Rm	31 December 2022 Rm
Mandatory reserve balances with the SARB and other central banks	**30 306**	19 856	23 454
Coins and bank notes	**5 343**	6 589	6 241
Loans and advances to banks	**12 531**	11 163	6 769
	48 180	37 608	36 464

Cash and cash equivalents at the beginning of the reporting period has been restated. Refer to the reporting changes overview in note 15. Loans and advances to banks includes call advances, which are used as working capital by the Bank.

Notes to the interim consolidated financial results

for the reporting period ended

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

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

- Head Office, Treasury and other operations disposed of property with a carrying amount of **R11m**.
- Everyday Banking has disposed of property with a carrying amount of **R2m**.

The following movements in non-current assets and non-current liabilities held for sale were effected during the interim period ended 30 June 2022:

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

The following movements in non-current assets and non-current liabilities held for sale were effected during the previous period ended 31 December 2022:

- Head Office, Treasury and other operations disposed of property and equipment with a carrying amount of R34m.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of R67m to non-current assets held for sale.

Notes to the interim consolidated financial results

for the reporting period ended

2. Loans and advances

2.1 ECL analysis by market segment and class of credit exposure

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1		
		Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
Product Solutions Cluster	—	354 116	1 530	0.43
Home Loans	—	257 499	511	0.20
Vehicle and Asset Finance	—	96 617	1 019	1.05
Everyday Banking	—	50 667	2 120	4.18
Card	—	30 077	965	3.21
Personal Loans	—	17 907	902	5.04
Transactions and Deposits	—	2 683	253	9.43
Other	—	—	—	—
Relationship Banking	—	120 198	283	0.24
CIB	82 204	262 474	803	0.31
Head Office, Treasury and other operations	—	5 856	(171)	—
Loans and advances to customers	—	5 856	3	0.05
Reclassification to provisions	—	—	(174)	—
Loans and advances to customers	82 204	793 311	4 565	0.58
Loans and advances to banks	20 118	49 452	32	0.06
Total loans and advances	102 322	842 763	4 597	0.55

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

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1		
		Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
Product Solutions Cluster	—	335 664	1 556	0.46
Home Loans	—	244 659	499	0.20
Vehicle and Asset Finance	—	91 005	1 057	1.16
Everyday Banking	—	47 995	2 065	4.30
Card	—	28 125	928	3.30
Personal Loans	—	17 346	905	5.22
Transactions and Deposits	—	2 524	232	9.19
Other	—	—	—	—
Relationship Banking	—	116 373	721	0.62
CIB	81 399	234 712	796	0.34
Head Office, Treasury and other operations	—	201	(150)	—
Loans and advances to customers	—	201	4	1.99
Reclassification to provisions	—	—	(154)	—
Loans and advances to customers	81 399	734 945	4 988	0.68
Loans and advances to banks	38 554	50 224	60	0.12
Total loans and advances	119 953	785 169	5 048	0.64

Comparatives for loans and advances to customers and loans and advances to banks for CIB have been restated due to data refinements and process enhancements. This restatement decrease stage 2 gross loans and advances to customers by R3.2bn and decrease stage 2 gross loans and advances to banks by R766m with offsetting movements observed on Stage 1 balances.

The segment split numbers have been restated, refer to the reporting changes overview.

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

30 June 2023

Stage 2			Stage 3			
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
35 823	2 333	6.51	34 513	11 697	33.89	408 892
24 092	965	4.01	24 848	6 971	28.05	297 992
11 731	1 368	11.66	9 665	4 726	48.90	110 900
7 956	2 360	29.66	11 095	8 792	79.24	56 446
3 491	1 236	35.41	5 313	4 131	77.75	32 549
3 505	882	25.16	5 138	4 156	80.89	20 610
960	242	25.21	592	453	76.52	3 287
—	—	—	52	52	100	—
18 609	979	5.26	8 464	3 805	44.96	142 204
21 549	303	1.41	5 437	1 975	36.33	368 583
—	(106)	—	—	(34)	—	6 167
—	—	—	—	—	—	5 853
—	(106)	—	—	(34)	—	314
83 937	5 869	6.99	59 509	26 235	44.09	982 292
2 627	8	0.30	—	—	—	72 157
86 564	5 877	6.79	59 509	26 235	44.09	1 054 449

30 June 2022

Stage 2			Stage 3			
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
33 187	2 141	6.45	28 468	10 163	35.70	383 459
23 822	795	3.34	20 436	6 017	29.44	281 606
9 365	1 346	14.37	8 032	4 146	51.62	101 853
6 434	2 037	31.66	8 712	6 694	76.84	52 345
2 942	1 129	38.38	4 721	3 717	78.73	30 014
2 819	712	25.26	3 458	2 577	74.52	19 429
673	196	29.12	481	348	72.35	2 902
—	—	—	52	52	100	—
13 258	1 017	7.67	8 382	3 424	40.85	132 851
22 219	256	1.15	5 475	2 011	36.73	340 742
—	(105)	—	—	(27)	—	483
—	—	—	—	—	—	197
—	(105)	—	—	(27)	—	286
75 098	5 346	7.12	51 037	22 265	43.63	909 880
389	7	1.80	—	—	—	89 100
75 487	5 353	7.09	51 037	22 265	43.63	998 980

Notes to the interim consolidated financial results

for the reporting period ended

2. Loans and advances (continued)

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

		Stage 1		
	Carrying amount of financial assets measured at fair value through profit or loss Rm	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
Product Solutions Cluster	—	351 516	1 534	0.44
Home Loans	—	257 438	496	0.19
Vehicle and Asset Finance	—	94 078	1 038	1.10
Everyday Banking	—	49 101	2 078	4.23
Card	—	29 213	934	3.20
Personal Loans	—	17 279	908	5.25
Transactions and Deposits	—	2 609	236	9.05
Other	—	—	—	—
Relationship Banking	—	119 008	544	0.46
CIB	73 802	266 520	761	0.29
Head Office, Treasury and other operations	—	2 873	(157)	—
Loans and advances to customers	—	2 873	3	0.10
Reclassification to provisions	—	—	(160)	—
Loans and advances to customers	73 802	789 018	4 760	0.60
Loans and advances to banks	34 426	41 167	20	0.05
Total loans and advances	108 228	830 185	4 780	0.58

Comparatives for loans and advances to customers and loans and advances to banks for CIB have been restated due to data refinements and process enhancements. This restatement increased stage 2 gross loans to customers by R8.9bn and decreased stage 2 gross loans to banks by R1.6bn with offsetting movements observed on Stage 1 balances.

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

Notes to the interim consolidated financial results

for the reporting period ended

31 December 2022

Stage 2			Stage 3			
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
33 309	2 209	6.63	29 587	10 315	34.86	400 354
22 364	926	4.14	21 178	6 156	29.07	293 402
10 945	1 283	11.72	8 409	4 159	49.46	106 952
8 213	2 371	28.87	9 272	7 190	77.55	54 947
3 217	1 138	35.37	4 819	3 729	77.38	31 448
4 147	1 009	24.33	3 919	3 046	77.72	20 382
849	224	26.38	482	363	75.31	3 117
—	—	—	52	52	100	—
12 844	747	5.82	7 674	3 536	46.08	134 699
19 824	302	1.52	5 876	2 177	37.05	362 782
2	(136)	—	—	(26)	—	3 194
2	—	—	—	—	—	2 872
—	(136)	—	—	(26)	—	322
74 192	5 493	7.40	52 409	23 192	44.25	955 976
979	8	0.82	—	—	—	76 544
75 171	5 501	7.32	52 409	23 192	44.25	1 032 520

Notes to the interim consolidated financial results

for the reporting period ended

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance

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

	30 June 2023					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	**15 560**	**13 272**	**5 067**	**3 119**	**(309)**	**36 709**
Stage 1	1 530	2 120	283	833	(169)	4 597
Stage 2	2 333	2 360	979	311	(106)	5 877
Stage 3	11 697	8 792	3 805	1 975	(34)	26 235
Undrawn facilities	—	—	—	—	**315**	**315**
Stage 1	—	—	—	—	175	175
Stage 2	—	—	—	—	106	106
Stage 3	—	—	—	—	34	34
Total loans and advances and undrawn facilities	**15 560**	**13 272**	**5 067**	**3 119**	**6**	**37 024**

	30 June 2022					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	13 860	10 796	5 162	3 127	(279)	32 666
Stage 1	1 556	2 065	721	853	(147)	5 048
Stage 2	2 141	2 037	1 017	263	(105)	5 353
Stage 3	10 163	6 694	3 424	2 011	(27)	22 265
Undrawn facilities	—	—	—	—	286	286
Stage 1	—	—	—	—	154	154
Stage 2	—	—	—	—	105	105
Stage 3	—	—	—	—	27	27
Total loans and advances and undrawn facilities	13 860	10 796	5 162	3 127	7	32 952

The segment split numbers have been restated, refer to the reporting changes overview.

	31 December 2022					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	14 058	11 639	4 827	3 266	(317)	33 473
Stage 1	1 534	2 078	544	779	(155)	4 780
Stage 2	2 209	2 371	747	310	(136)	5 501
Stage 3	10 315	7 190	3 536	2 177	(26)	23 192
Undrawn facilities	—	—	—	—	325	325
Stage 1	—	—	—	—	163	163
Stage 2	—	—	—	—	136	136
Stage 3	—	—	—	—	26	26
Total loans and advances and undrawn facilities	14 058	11 639	4 827	3 266	8	33 798

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

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

	30 June 2023					
Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	14 058	11 639	4 827	3 266	8	33 798
Stage 1	1 534	2 078	544	779	8	4 943
Stage 2	2 209	2 371	747	310	—	5 637
Stage 3	10 315	7 190	3 536	2 177	—	23 218
Transfers between stages	—	—	—	—	—	—
Stage 1 net transfers	241	23	278	(64)	—	478
Transfers (from)/to stage 1	518	462	332	(69)	—	1 243
Transfers from/(to) stage 2	(195)	(247)	(42)	5	—	(479)
Transfers (to) stage 3	(82)	(192)	(12)	—	—	(286)
Stage 2 net transfers	(363)	(1 115)	(299)	64	—	(1 713)
Transfers from/(to) stage 1	(412)	(426)	(307)	69	—	(1 076)
Transfers (from)/to stage 2	710	377	67	(5)	—	1 149
Transfers (to) stage 3	(661)	(1 066)	(59)	—	—	(1 786)
Stage 3 net transfers	122	1 092	21	—	—	1 235
Transfers (to) stage 1	(106)	(35)	(25)	—	—	(166)
Transfers (to) stage 2	(515)	(130)	(25)	—	—	(670)
Transfers to stage 3	743	1 257	71	—	—	2 071
Credit impairment charges raised	2 273	3 493	562	445	—	6 773
Amounts written off	(1 395)	(2 343)	(589)	(660)	(2)	(4 989)
Net change in interest	624	483	267	68	—	1 442
Balance at the end of the reporting period	15 560	13 272	5 067	3 119	6	37 024
Stage 1	1 530	2 120	283	833	6	4 772
Stage 2	2 333	2 360	979	311	—	5 983
Stage 3	11 697	8 792	3 805	1 975	—	26 269

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

	30 June 2022					
Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	13 155	10 476	5 237	2 922	7	31 797
Stage 1	1 534	1 939	683	1 137	7	5 300
Stage 2	2 001	1 902	913	256	—	5 072
Stage 3	9 620	6 635	3 641	1 529	—	21 425
Transfers between stages	—	—	—	—	—	—
Stage 1 net transfers	378	100	178	(18)	—	638
Transfers (from) /to stage 1	571	434	268	(26)	—	1 247
Transfers from/(to) stage 2	(138)	(192)	(80)	8	—	(402)
Transfers (to) stage 3	(55)	(142)	(10)	—	—	(207)
Stage 2 net transfers	(390)	(867)	(233)	19	—	(1 471)
Transfers from/(to) stage 1	(445)	(377)	(237)	26	—	(1 033)
Transfers (from)/to stage 2	537	279	128	(7)	—	937
Transfers (to) stage 3	(482)	(769)	(124)	—	—	(1 375)
Stage 3 net transfers	12	767	55	(1)	—	833
Transfers (to) stage 1	(126)	(57)	(31)	—	—	(214)
Transfers (to) stage 2	(399)	(87)	(48)	—	—	(534)
Transfers (from)/to stage 3	537	911	134	(1)	—	1 581
Credit impairment charges raised	1 341	2 352	307	158	—	4 158
Amounts written off	(1 034)	(2 349)	(608)	(25)	—	(4 016)
Net change in interest	398	317	226	71	—	1 012
Balance at the end of the reporting period	13 860	10 796	5 162	3 127	7	32 952
Stage 1	1 556	2 065	721	853	7	5 202
Stage 2	2 141	2 037	1 017	263	—	5 458
Stage 3	10 163	6 694	3 424	2 011	—	22 292

Previously the Bank presented the credit impairment charges raised and net change in interest as one line item. To enhance the disclosure, this has been disaggregated to provide users with more detailed information.

Furthermore, the segment split numbers have been restated, refer to the reporting changes overview.

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
	31 December 2022					
Balances at the beginning of the reporting period	13 155	10 477	5 236	2 922	7	31 797
Stage 1	1 534	1 940	682	1 137	7	5 300
Stage 2	2 001	1 902	913	256	—	5 072
Stage 3	9 620	6 635	3 641	1 529	—	21 425
Transfers between stages	—	—	—	—	—	—
Stage 1 net transfers	546	83	337	(47)	—	919
Transfers (from)/to stage 1	805	525	409	(56)	—	1 683
Transfers from/(to) stage 2	(159)	(203)	(42)	8	—	(396)
Transfers from/(to) stage 3	(100)	(239)	(30)	1	—	(368)
Stage 2 net transfers	(200)	(812)	(411)	48	—	(1 375)
Transfers from/(to) stage 1	(500)	(425)	(351)	56	—	(1 220)
Transfers (from)/to stage 2	909	419	110	(8)	—	1 430
Transfers (to) stage 3	(609)	(806)	(170)	—	—	(1 585)
Stage 3 net transfers	(346)	729	74	(1)	—	456
Transfer (to) stage 1	(305)	(101)	(58)	—	—	(464)
Transfer (to) stage 2	(750)	(216)	(68)	—	—	(1 034)
Transfers (from)/to stage 3	709	1 046	200	(1)	—	1 954
Credit impairment charges raised	2 607	5 185	771	333	1	8 897
Amounts written off	(2 677)	(4 750)	(1 648)	(176)	—	(9 251)
Net change in interest	973	727	468	187	—	2 355
Balance at the end of the reporting period	14 058	11 639	4 827	3 266	8	33 798
Stage 1	1 534	2 078	544	779	8	4 943
Stage 2	2 209	2 371	747	310	—	5 637
Stage 3	10 315	7 190	3 536	2 177	—	23 218

2. Loans and advances (continued)

2.3 Macro-overlays and forward-looking assumptions

Macro-overlays

The Bank continues to use macro-overlays to ensure adequate protection against future losses. The macro-overlay has however materially reduced from pandemic-period highs as a larger portion of anticipated risks are now captured through incurred losses or recalibrated IFRS 9 models, which reflect the COVID-19 loss experience. The remaining macro-overlay is primarily held for adjustments for vulnerable sectors in CIB.

Coverage levels have remained fairly stable despite the reduction in the macro-overlay. For further details on expected credit loss analysis by market segment and credit exposure type, please see note 2.1.

Macroeconomic scenarios

ECL estimation must reflect an unbiased and probability-weighted estimate of future losses. This is determined by evaluating a range of possible macroeconomic outcomes.

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

Despite the current market conditions being marked by global shocks and high uncertainty, the Bank has maintained its probability-weightings of 40%, 30%, and 30% for the baseline, upside, and downside scenarios respectively. However, to address the unprecedented environment, the ranges between the baseline, mild upside, and downside macroeconomic scenarios have been adjusted to cater for the prevailing uncertainty.

The following table shows the key forecast assumptions used for South Africa to calculate the Bank's credit impairment charge for the reporting period ended 30 June 2023:

	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP (%)	0.7	1.6	1.7	1.8	1.0	2.0	2.2	2.3	(0.3)	0.2	1.0	1.3
CPI (%)	5.8	4.8	4.6	4.4	5.7	4.2	4.0	3.9	6.1	6.6	5.9	5.4
Average repo rate (%)	11.4	11.3	11.0	11.0	11.4	10.6	10.0	10.0	11.7	13.1	12.5	12.5

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

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

The following table shows the key forecast assumptions used for South Africa to calculate the Bank's impairment charge for the reporting period ended 31 December 2022:

	Baseline				Mild upside				Mild downside			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Real GDP (%)	1.6	1.1	1.8	1.9	1.9	1.6	2.4	2.5	0.9	(1.1)	0.6	0.8
CPI (%)	6.8	5.3	4.5	4.5	6.7	4.1	4.1	4.0	7.0	7.8	5.4	5.1
Average repo rate (%)	5.3	7.3	6.8	6.8	5.2	6.3	6.0	6.0	5.3	9.0	8.5	8.1

Notes to the interim consolidated financial results

for the reporting period ended

2. Loans and advances (continued)

2.3 Macro-overlays and forward-looking assumptions (continued)

Sensitivity of expected credit losses

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

	30 June 2023	
	Rm	**% change**
ECL allowance on stage 1 and stage 2 loans and advances	**10 474**	**—**
Baseline	**9 984**	**(5)**
Upside	**10 461**	**—**
Downside	**11 157**	**7**

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

	31 December 2022	
	Rm	% change
ECL allowance on stage 1 and stage 2 loans and advances	10 281	—
Baseline	10 032	(2)
Upside	8 664	(16)
Downside	12 254	19

In addition, as at 30 June 2023, the Bank assessed what the impact on expected credit losses would be, if 5% of the gross carrying amount of loans and advances to customers in stage 1 experience a SICR and move to stage 2. The ECL changes below include the effect on undrawn committed facilities and guarantees which are reflected as 'provisions' in the statement of financial position. This impact has been presented below:

	30 June 2023	
	Stage 2	
	Increase in gross carrying amount Rm	**Increase in expected credit loss Rm**
Product Solutions Cluster	**17 706**	**1 077**
Everyday Banking	**2 533**	**645**
Relationship Banking	**6 010**	**302**
CIB	**13 124**	**144**

	30 June 2022	
	Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
Product Solutions Cluster	16 783	1 005
Everyday Banking	2 400	657
Relationship Banking	5 818	411
CIB	11 736	95

The segment split numbers have been restated, refer to the reporting changes overview.

2. Loans and advances (continued)

2.3 Macro-overlays and forward-looking assumptions (continued)

	31 December 2022 Stage 2 Increase in gross carrying amount Rm	Increase in expected credit loss Rm
Product Solutions Cluster	17 576	1 088
Everyday Banking	2 455	605
Relationship Banking	5 950	319
CIB	13 326	164

Comparatives for CIB have been restated due to data refinements and process enhancements. These adjustments led to the reallocation of exposures between stage 1 and stage 2. Please refer to 2.1 ECL analysis by market segment and class of credit exposure for further information.

3. Borrowed funds

During the reporting period the significant movements in borrowed funds were as follows: **R0m** (30 June 2022: R0m; 31 December 2022: R1 916m) of subordinated notes were issued and **R4 952m** (30 June 2022: R1 142m; 31 December 2022: R2 024m) were redeemed.

4. Disaggregation of non-interest income

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

30 June 2023	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	613	5 636	2 806	1 523	33	10 611
Consulting and administration fees	69	—	56	16	—	141
Transactional fees and commissions	391	5 145	1 795	1 160	31	8 522
Cheque accounts	—	1 601	834	69	—	2 504
Credit cards	—	962	101	—	20	1 083
Electronic banking	—	1 910	520	655	1	3 086
Other	391	169	282	440	10	1 292
Savings accounts	—	503	58	(4)	—	557
Merchant income	—	276	859	—	—	1 135
Trust and other fiduciary services fees	—	—	33	9	—	42
Other fees and commissions	1	9	40	115	2	167
Insurance commissions received	152	206	2	—	—	360
Investment banking fees	—	—	21	223	—	244
Other income from contracts with customers	—	—	12	—	—	12
Other non-interest income, net of expenses	(3)	(197)	(284)	698	(208)	5
Total non-interest income	610	5 439	2 534	2 221	(175)	10 628

Credit cards include acquiring and issuing fees.

Other transactional fees and commissions income include service and credit-related fees of **R911m** (30 June 2022: R448m; 31 December 2022: R873m) and exchange commission **R421m** (30 June 2022: R359m; 31 December 2022: R795m).

Notes to the interim consolidated financial results

for the reporting period ended

4. Disaggregation of non-interest income (continued)

	30 June 2022					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	561	5 781	2 834	1 334	(66)	10 444
Consulting and administration fees	69	—	61	17	—	147
Transactional fees and commissions	351	5 342	1 868	978	(2)	8 537
Cheque accounts	—	1 414	857	79	—	2 350
Credit cards	—	882	91	—	—	973
Electronic banking	—	2 037	596	537	(3)	3 167
Other	351	384	261	362	1	1 359
Savings accounts	—	625	63	—	—	688
Merchant income	—	270	819	—	—	1 089
Trust and other fiduciary services fees	—	—	37	10	—	47
Other fees and commissions	1	6	29	119	(64)	91
Insurance commissions received	140	163	2	—	—	305
Investment banking fees	—	—	18	210	—	228
Other income from contracts with customers	—	—	19	—	—	19
Other non-interest income, net of expenses	(22)	(423)	(345)	1 054	229	493
Total non-interest income	539	5 358	2 508	2 388	163	10 956

The segment split numbers have been restated. Refer to the report overview on note 15.

	31 December 2022					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	1 155	11 740	5 768	2 714	(27)	21 350
Consulting and administration fees	137	—	122	32	27	318
Transactional fees and commissions	727	10 798	3 744	2 055	71	17 395
Cheque accounts	—	2 921	1 729	155	—	4 805
Credit cards	—	1 868	194	—	43	2 105
Electronic banking	—	4 045	1 136	1 154	—	6 335
Other[(1)]	727	715	561	748	28	2 779
Savings accounts	—	1 249	124	(2)	—	1 371
Merchant income	—	563	1 717	—	—	2 280
Trust and other fiduciary services fees	—	—	76	18	—	94
Other fees and commissions	2	9	66	244	(125)	196
Insurance commissions received	289	370	4	—	—	663
Investment banking fees	—	—	39	365	—	404
Other income from contracts with customers	—	—	27	—	—	27
Other non-interest income, net of expenses	(46)	(555)	(700)	1 223	388	310
Total non-interest income	1 109	11 185	5 095	3 937	361	21 687

Notes to the interim consolidated financial results

for the reporting period ended

5. Other impairments

	30 June 2023 Rm	30 June 2022 Rm	31 December 2022 Rm
Intangible assets	**7**	—	237
Property and equipment	**89**	233	354
	96	233	591

Property and equipment's impairment of **R89m** (30 June 2022: R233m; 31 December 2022: R354m) includes an impairment of a right-of-use assets of **R18m**, an impairment of furniture and other equipment of **R56m** and an impairment of buildings of **R15m**.

6. Headline earnings

	30 June 2023 Gross Rm	30 June 2023 Net Rm	30 June 2022 Gross Rm	30 June 2022 Net Rm	31 December 2022 Gross Rm	31 December 2022 Net Rm
Headline earnings are determined as follows:						
Profit attributable to ordinary equity holders of the Bank		**3 854**		5 998		11 314
Total headline earnings adjustments:		**63**		150		336
IFRS 5 – Profit on disposal of non-current assets held for sale	**(3)**	**(2)**	(20)	(15)	(20)	(15)
IAS 16 – Profit on disposal of property and equipment	**(4)**	**(3)**	(4)	(3)	(2)	—
IAS 16 and IAS 36 – Insurance recovery of property and equipment	**—**	**—**	—	—	(126)	(92)
IAS 36 – Impairment of property and equipment	**89**	**63**	233	168	354	254
IAS 36 – Impairment of intangible assets	**7**	**5**	—	—	237	185
IAS 40 – Profit on disposal of investment property	**—**	**—**	—	—	(0)	(0)
Change in tax rate	**—**	**—**	—	—	—	4
Headline earnings/diluted headline earnings		**3 917**		6 148		11 650
Headline earnings per share/diluted headline earnings per share (cents)		**873.7**		1 371.4		2 598.7

The net headline earnings amounts reflected above are after the effects of taxation and non-controlling interest.

Notes to the interim consolidated financial results

for the reporting period ended

7. Dividends per share

	30 June		31 December
	2023 Rm	2022 Rm	2022 Rm
Dividends declared to ordinary equity holders			
Interim dividend **(14 August 2023: 501.89456 cents per share (cps))** (15 August 2022: 1003.78911 cps)	**2 250**	4 500	4 500
Final dividend (13 March 2023: 669.19274 cps)	**—**	—	3 000
	2 250	4 500	7 500
Dividends declared to preference equity holders (net of treasury shares)			
Interim dividend **(14 August 2023: 4 035.06848 cps)** (15 August 2022: 2 883.42466 cps)	**200**	143	143
Final dividend (13 March 2023: 3 509.58904 cps)	**—**	—	174
	200	143	317
Distributions declared and paid to additional Tier 1 capital note holder			
Distribution			
10 January 2023: 28 250.30 Rands per note (rpn); 10 January 2022: 21 024.73 rpn	**35**	26	26
27 January 2023: 27 831.89 rpn; 27 January 2022: 20 751.67 rpn	**34**	26	26
16 February 2023: 25 894.77 rpn; 28 February 2022: 20 860.19 rpn	**52**	35	35
28 February 2023: 29 490.41 rpn; 07 March 2022: 20 236.90 rpn	**50**	28	28
6 March 2023: 28 588.96 rpn; 14 March 2022: 23 747.26 rpn	**39**	36	36
11 April 2023: 30 000.08 rpn; 11 April 2022: 21 525.81 rpn	**37**	27	27
28 April 2023: 29 960.19 rpn; 28 April 2022: 21 087.07 rpn	**36**	26	26
16 May 2023: 26 895.07 rpn; 30 May 2022: 21 732.79 rpn	**54**	36	36
29 May 2023: 29 465.75 rpn; 06 June 2022: 21 109.51 rpn	**49**	29	29
5 June 2023: 29 212.25 rpn; 13 June 2022: 24 744.52 rpn	**40**	37	37
11 July 2022: 22 769.95 rpn	**—**	—	28
27 July 2022: 22 068.49 rpn	**—**	—	27
29 August 2022: 23 415.67 rpn	**—**	—	39
05 September 2022: 22 792.38 rpn	**—**	—	31
12 September 2022: 26 345.12 rpn	**—**	—	40
10 October 2022: 24 515.15 rpn	**—**	—	30
27 October 2022: 25 878.67 rpn	**—**	—	31
28 November 2022: 25 574.74 rpn	**—**	—	43
05 December 2022: 24 993.84 rpn	**—**	—	34
	426	305	609
Dividends paid to ordinary equity holders (net of treasury shares)			
Final dividend **(24 April 2023: 669.19274 cps)** (22 April 2022: 446.12851 cps)	**3 000**	2 000	2 000
Interim dividend (19 September 2022: 1003.78911 cps)	**—**	—	4 500
	3 000	2 000	6 500
Dividends paid to non-controlling preference equity holders			
Final dividend **(24 April 2023: 3 509.58904 cps)** (22 April 2022: 2 494.10959 cps)	**174**	123	123
Interim dividend (19 September 2022: 2 883.42524 cps)	**—**	—	143
	174	123	266

Notes to the interim consolidated financial results

for the reporting period ended

8. Acquisitions and disposals of businesses and other similar transactions

8.1. Acquisitions of businesses and other similar transactions during the current reporting period

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

8.2 Disposals of businesses and other similar transactions during the current reporting period

As part of the agreement between Absa Group Limited and Sanlam Investment Holdings. NewFunds (RF) Proprietary Limited, a subsidiary of Absa Bank, resigned as manager of the NewFunds Collective Investment Scheme in Securities (NewFunds CIS). This has resulted in the deconsolidation of NewFunds CIS.

.8.3 Acquisitions of businesses during the previous reporting periods

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

8.4 Disposals of businesses during the previous reporting periods

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

9. Related parties

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

9.1. Prior period related party events and transactions

Sello Moloko commenced the role of Chairman designate of Absa Bank after the retirement of Wendy Lucas-Bull with effect from 1 April 2022.

10. Contingencies, commitments and similar items

	30 June		31 December
	2023 Rm	2022 Rm	2022 Rm
Guarantees	**37 952**	40 874	44 102
Irrevocable debt facilities	**98 343**	97 313	98 379
Letters of credit	**13 464**	13 077	12 873
Other	**0**	1	10
	149 759	151 265	155 364
Authorised capital expenditure			
Contracted but not provided for	**522**	597	622

The Bank reviewed its classification of certain undrawn facilities granted to customers. As a result of this review, the classification of certain facilities was amended from irrevocable to revocable. This reclassification more accurately reflects the underlying terms of these facilities. The June 2022 numbers have been restated from R141 780m to R97 313m.

Guarantees include performance guarantee contracts and financial guarantee contracts.

Financial guarantee contracts represent contracts where the Bank undertakes to make specified payments to a counterparty, should the counterparty suffer a loss as a result of a specified debtor failing to make payment when due in accordance with the terms of a debt instrument. This amount represents the maximum off-statement of financial position exposure.

Irrevocable debt facilities do not include other lending facilities which are revocable but for which an impairment provision has been raised (i.e. revolving products). The value of these other lending facilities is included in the credit risk disclosure, whereas the above table presents only those gross loan commitments that are contractually committed and are legally irrevocable.

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.

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

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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.

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

10. Contingencies, commitments and similar items (continued)

Legal proceedings

Legal matters

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

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

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

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

Regulatory developments

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

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

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

Income taxes

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

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

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

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11. Segment reporting

The Bank has identified its operating model with 'geography' and 'customer' as primary dimensions, creating a platform for increased focus and dedicated management capacity. The identified reportable segments are presented in a manner in which the Bank's businesses are managed and reported to the Chief Operating Decision
Maker (CODM).

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

The Bank has changed its operating model, which was effective from 1 July 2022. This change is part of the Bank's journey to enhance market competitiveness, while also improving its transformation position. In essence, the Bank has moved from two commercial businesses, Corporate and Investment Bank (CIB) and Retail and Business Banking (RBB), to four business units (Everyday Banking, Relationship Banking, Product Solutions, CIB).

	30 June 2023						
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Barclays PLC separation effects Rm	Total Rm
Headline earnings	331	1 506	1 821	2 449	(1 820)	(370)	3 917
Total income	5 265	12 306	7 408	7 755	(241)	57	32 550
Profit	478	1 600	1 937	2 684	(1 877)	(368)	4 454
Internal income	16 797	(10 143)	(2 750)	(3 310)	(3 375)	(58)	(2 839)
Total assets	463 642	381 782	271 134	923 359	(509 170)	1 636	1 532 383
Total liabilities	460 382	380 205	268 691	919 743	(598 331)	(1 252)	1 429 438

	30 June 2022						
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Barclays PLC separation effects Rm	Total Rm
Headline earnings	744	1 881	2 018	2 560	(792)	(263)	6 148
Total income	4 909	11 453	7 029	7 286	601	22	31 300
Profit	851	1 940	2 111	2 725	(938)	(263)	6 426
Internal income	(9 723)	7 235	1 957	(11 664)	6 825	23	(5 347)
Total assets	434 197	358 867	247 808	910 236	(489 778)	2 727	1 464 057
Total liabilities	431 539	355 419	244 808	905 700	(574 468)	(891)	1 362 107

	31 December 2022						
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Barclays PLC separation effects Rm	Total Rm
Headline earnings	1 960	3 948	4 046	4 211	(1 891)	(624)	11 650
Total income	10 247	24 040	14 423	14 136	1 170	58	64 074
Profit	2 149	4 056	4 227	4 552	(2 172)	(623)	12 189
Internal income	(23 301)	16 138	4 574	(6 739)	7 572	58	(1 698)
Total assets	455 098	377 147	265 637	909 794	(530 477)	2 153	1 479 352
Total liabilities	450 637	373 129	261 184	904 354	(611 785)	(1 105)	1 376 414

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

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

	30 June			
	2023		2022	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial assets				
Balances with the SARB	39 822	39 822	28 366	28 366
Coins and bank notes	5 343	5 343	6 589	6 589
Cash, cash balances and balances with central banks	45 165	45 165	34 955	34 955
Investment securities	42 305	41 335	35 960	35 582
Other assets	18 369	18 369	39 816	39 816
Product Solutions Cluster	408 892	390 880	383 459	376 927
Home Loans	297 993	289 485	281 606	275 311
Vehicle and Asset Finance	110 899	101 395	101 853	101 616
Everyday Banking	56 447	56 447	52 345	52 023
Card	32 550	32 550	30 014	30 014
Personal loans	20 611	20 611	19 429	19 107
Transactions and Deposits	3 286	3 286	2 902	2 902
Relationship Banking	142 204	128 523	132 851	134 970
CIB	286 378	287 442	259 343	262 364
Head Office, Treasury and other operations	6 167	6 167	483	483
Loans and advances to customers	900 088	869 460	828 481	826 767
Loans and advances to banks	52 039	52 039	50 546	50 546
Loans and advances	952 127	921 499	879 027	877 313
Loans to Group companies	67 501	67 668	74 957	74 957
Total assets (not held at fair value)	1 125 467	1 094 036	1 064 715	1 062 623
Financial liabilities				
Other liabilities	31 776	31 776	41 295	41 295
Call deposits	78 521	78 521	95 038	95 038
Cheque account deposits	237 877	237 877	238 748	238 748
Credit card deposits	2 047	2 047	2 056	2 056
Fixed deposits	189 583	189 784	157 660	157 510
Foreign currency deposits	51 533	51 533	45 711	45 711
Notice deposits	71 415	71 415	70 758	70 758
Other deposits	787	787	1 033	1 033
Saving and transmission deposits	247 393	247 393	221 129	221 129
Deposits due to customers	879 156	879 357	832 133	831 983
Deposits from banks	64 812	64 852	41 177	41 175
Deposits	943 968	944 209	873 310	873 158
Debt securities in issue	128 757	128 080	129 512	129 276
Borrowed funds	20 440	20 473	25 103	25 030
Loans from Group companies	11 094	11 094	7 906	7 906
Total liabilities (not held at fair value)	1 136 035	1 135 632	1 077 126	1 076 665

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

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

	31 December 2022	
	Carrying amount Rm	Fair value Rm
Financial assets		
Balances with the SARB	31 103	31 103
Coins and bank notes	6 241	6 241
Cash, cash balances and balances with central banks	37 344	37 344
Investment securities	40 763	40 337
Other assets	14 837	14 601
Product Solutions Cluster	400 354	384 544
Home Loans	293 402	285 089
Vehicle and Asset Finance	106 952	99 455
Everyday Banking	54 946	53 285
Card	31 446	31 446
Personal loans	20 382	18 721
Transactions and Deposits	3 118	3 118
Relationship Banking	134 699	133 472
CIB	288 980	291 903
Head Office, Treasury and other operations	3 195	3 195
Loans and advances to customers	882 174	866 399
Loans and advances to banks	42 118	42 118
Loans and advances	924 292	908 517
Loans to Group companies	73 203	73 255
Total assets (not held at fair value)	1 090 439	1 074 054
Financial liabilities		
Other liabilities	21 488	21 302
Call deposits	88 501	88 501
Cheque account deposits	236 318	236 318
Credit card deposits	2 142	2 142
Fixed deposits	171 107	171 119
Foreign currency deposits	41 388	41 388
Notice deposits	67 562	67 562
Other deposits	871	871
Saving and transmission deposits	236 768	236 768
Deposits due to customers	844 657	844 669
Deposits from banks	53 311	53 307
Deposits	897 968	897 976
Debt securities in issue	141 055	140 946
Borrowed funds	26 282	26 269
Loans from Group companies	9 152	9 152
Total liabilities (not held at fair value)	1 095 945	1 095 645

13. Assets and liabilities held at fair value

13.1 Fair value measurement and valuation processes

Financial assets and financial liabilities

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

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

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

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

Investment properties

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

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

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

Commodities

The determination of the fair value of commodities uses external data, which includes quoted prices on an active market.

13.2 Fair value measurements

Valuation inputs

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

Quoted market prices – Level 1

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

Valuation technique using observable inputs – Level 2

Inputs classified as Level 2 are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices), but do not constitute quoted prices that are included within Level 1. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Valuation technique using significant unobservable inputs – Level 3

Fair values are classified as Level 3 if their determination incorporates significant inputs that are not based on observable market data (that is, they are unobservable inputs). Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations as well through employing other analytical techniques.

Judgemental inputs on valuation of principal instruments

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

Debt securities and treasury and other eligible bills

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

Equity instruments

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

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

Derivatives

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

Loans and advances

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

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

13.2 Fair value measurements (continued)

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.

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

13.3 Fair value adjustments

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

Bid-offer valuation adjustments

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

Uncollateralised derivative adjustments

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

Model valuation adjustments

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

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

13.4 Fair value hierarchy

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

	30 June							
	2023				2022			
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Investment securities	30 501	68 047	5 491	104 039	33 901	44 438	7 751	86 090
Trading and hedging portfolio assets	85 053	74 451	8 200	167 704	72 831	78 904	10 163	161 898
Debt instruments	81 143	2 142	101	83 386	67 356	2 571	236	70 163
Derivative assets	—	63 577	2 710	66 287	—	65 129	6 059	71 188
Commodity derivatives	—	193	—	193	—	1 742	3	1 745
Credit derivatives	—	27	393	420	—	20	241	261
Equity derivatives	—	3 534	2 310	5 844	—	4 539	5 814	10 353
Foreign exchange derivatives	—	19 049	7	19 056	—	16 647	1	16 648
Interest rate derivatives	—	40 774	—	40 774	—	42 181	—	42 181
Equity instruments	538	—	—	538	4 018	—	—	4 018
Money market assets	3 372	8 732	5 389	17 493	1 457	11 204	3 868	16 529
Loans and advances	—	94 881	7 442	102 323	—	105 974	13 853	119 827
Total financial assets	115 554	237 379	21 133	374 066	106 732	229 316	31 767	367 815
Financial liabilities								
Trading and hedging portfolio liabilities	17 216	61 219	544	78 979	33 557	65 203	421	99 181
Derivative liabilities	—	61 219	544	61 763	—	65 203	421	65 624
Commodity derivatives	—	99	—	99	—	1 603	—	1 603
Credit derivatives	—	—	391	391	—	—	261	261
Equity derivatives	—	2 808	153	2 961	—	5 503	157	5 660
Foreign exchange derivatives	—	18 530	—	18 530	—	17 963	—	17 963
Interest rate derivatives	—	39 782	—	39 782	—	40 134	3	40 137
Short positions	17 216	—	—	17 216	33 557	—	—	33 557
Deposits	3	125 268	2 167	127 438	2	134 344	2 212	136 558
Debt securities in issue	—	81 214	73	81 287	993	42 082	—	43 075
Total financial liabilities	17 219	267 701	2 784	287 704	34 552	241 629	2 633	278 814
Non-financial assets								
Commodities	480	—	—	480	619	—	—	619
Non-recurring fair value measurements								
Non-current assets held for sale	—	—	77	77	—	—	104	104

As a result of the uncertainties inherent in measuring the fair value of financial instruments at level 3, its measurement is estimated based on valuation assumptions and inputs derived from market expectations. Estimation involves judgements based on the latest available, reliable information. Resultantly, any changes in key assumptions relating to their valuation is treated as a change in accounting estimate and has been accounted for prospectively in the financial statements.

Non-current assets and liabilities held for sale includes certain items classified in terms of the requirements of IFRS 5 which are measured at fair value in terms of their respective standards.

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

13.4 Fair value hierarchy (continued)

	31 December 2022			
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets				
Investment securities	44 522	38 575	4 580	87 677
Trading and hedging portfolio assets	84 706	65 645	10 078	160 429
Debt instruments	81 011	2 348	486	83 845
Derivative assets	—	58 098	3 950	62 048
Commodity derivatives	—	188	—	188
Credit derivatives	—	32	192	224
Equity derivatives	—	5 027	3 752	8 779
Foreign exchange derivatives	—	16 388	6	16 394
Interest rate derivatives	—	36 463	—	36 463
Equity instruments	1 201	—	—	1 201
Money market assets	2 494	5 199	5 642	13 335
Loans and advances	—	98 701	9 527	108 228
Total financial assets	129 228	202 921	24 185	356 334
Financial liabilities				
Trading and hedging portfolio liabilities	36 847	56 424	363	93 634
Derivative liabilities	—	56 424	363	56 787
Commodity derivatives	—	117	—	117
Credit derivatives	—	—	260	260
Equity derivatives	—	4 588	90	4 678
Foreign exchange derivatives	—	16 934	13	16 947
Interest rate derivatives	—	34 785	—	34 785
Short positions	36 847	—	—	36 847
Deposits	1	115 373	2 281	117 655
Debt securities in issue	1 222	60 997	—	62 219
Total financial liabilities	38 070	232 794	2 644	273 508
Non-financial assets				
Commodities	614	—	—	614
Non-recurring fair value measurements				
Non-current assets held for sale	—	—	90	90

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

13.5 Measurement of assets and liabilities categorised at Level 2

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

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Cash, cash balances and balances with central banks	Discounted cash flow models	Underlying price of market instruments and/or interest rates
Trading and hedging portfolio assets and liabilities		
Debt instruments	Discounted cash flow models	Underlying price of market instruments and/or interest rates
Derivatives		
Commodity derivatives	Discounted cash flow techniques, option pricing models such as the Black Scholes model, futures pricing models and/or Exchange Traded Fund (ETF) models	Spot price of physical or futures, market interest rates and/or volatilities
Credit derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Interest rate, recovery rate and credit spread and/or quanto ratio
Equity derivatives	Discounted cash flow models, option pricing models and/or futures pricing models	Spot share prices, market interest rates, volatility and/or dividend stream
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Spot price, interest rate curves, repurchase agreements, money market curves and/or volatilities.
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves, repurchase agreement curves, money market curves and/or volatility
Money market assets	Discounted cash flow models	Money market curves and/or interest rates
Loans and advances	Discounted cash flow models	Interest rates and/or money market curves
Investment securities and investments linked to investment contracts	Listed equities: market bid price	Underlying price of market traded instruments and/or interest rate curves
Deposits	Discounted cash flow models	Interest rate curve, money market curves and/or credit spreads
Debt securities in issue, liabilities under investment contracts and other liabilities	Discounted cash flow models	Underlying price of market traded instruments and/or interest rate curves

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

13.6 Reconciliation of Level 3 assets and liabilities

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

	30 June 2023			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	**10 078**	**9 527**	**4 580**	**24 185**
Net interest income	**—**	**57**	**44**	**101**
Gains and losses from banking and trading activities	**(384)**	**(132)**	**23**	**(493)**
Gains and losses from investment activities	**—**	**—**	**2**	**2**
Purchases	**2 444**	**32**	**609**	**3 085**
Sales	**(3 876)**	**(1 251)**	**(745)**	**(5 872)**
Transfer to Level 3	**160**	**—**	**1 230**	**1 390**
Transfer out of Level 3	**(222)**	**(791)**	**(252)**	**(1 265)**
Closing balance at the end of the reporting period	**8 200**	**7 442**	**5 491**	**21 133**

	30 June 2022			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	2 327	16 729	6 424	25 480
Net interest income	—	219	42	261
Gains and losses from banking and trading activities	(385)	(136)	54	(467)
Purchases	3 058	2 637	1 400	7 095
Sales	(163)	(1 101)	(1 407)	(2 671)
Movement in other comprehensive income	—	(1)	(107)	(108)
Transfer to Level 3	5 725	—	1 598	7 323
Transfer out of Level 3	(399)	(4 494)	(253)	(5 146)
Closing balance at the end of the reporting period	10 163	13 853	7 751	31 767

	31 December 2022			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	2 327	16 729	6 424	25 480
Net interest income	—	202	144	346
Gains and losses from banking and trading activities	(544)	(447)	(52)	(1 043)
Purchases	5 689	816	596	7 101
Sales	(304)	(2 463)	(3 358)	(6 125)
Movement in other comprehensive income	—	—	14	14
Transfer to Level 3	3 450	—	813	4 263
Transfer out of Level 3	(540)	(5 310)	(1)	(5 851)
Closing balance at the end of the reporting period	10 078	9 527	4 580	24 185

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

13.6 Reconciliation of Level 3 assets and liabilities (continued)

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

	30 June 2023			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	363	2 281	—	2 644
Gains and losses from banking and trading activities	114	(76)	—	38
Issues	111	507	—	618
Settlements	(29)	(250)	—	(279)
Transfer to Level 3	—	—	73	73
Transfer out of Level 3	(15)	(295)	—	(310)
Closing balance at the end of the reporting period	544	2 167	73	2 784

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

	31 December 2022			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	273	1 974	—	2 247
Gains and losses from banking and trading activities	(31)	(84)	—	(115)
Issues	240	1 145	—	1 385
Settlements	(8)	(736)	—	(744)
Transfer to Level 3	2	—	—	2
Transfer out of Level 3	(113)	(18)	—	(131)
Closing balance at the end of the reporting period	363	2 281	—	2 644

13.7 Significant transfers between levels

During the 2023 and 2022 reporting periods, transfers between levels occurred because of changes in the observability of valuation inputs, in some instances owing to changes in the level of market activity. Transfers have been reflected as if they had taken place at the beginning of the year. Transfers between Level 1 and Level 2 are not considered significant for disclosure.

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

13.8 Unrealised gains and losses on Level 3 assets and liabilities

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

	30 June 2023						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	2 339	(132)	219	2 426	(431)	775	344

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

	31 December 2022						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	2 777	(306)	24	2 495	(30)	354	324

13.9 Sensitivity analysis of valuations using unobservable inputs

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

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

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

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

13.9 Sensitivity analysis of valuations using unobservable inputs (continued)

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

		30 June 2023	
	Significant unobservable parameters	Potential effect recorded in profit or loss Favourable/(Unfavourable) Rm	Potential effect recorded directly in equity Favourable/(Unfavourable) Rm
Deposits	**Absa Group Limited/Absa funding**	**99/(106)**	**—/—**
Investment securities	**Risk adjustment yield curves, future earnings and marketability discounts**	**—/—**	**(178)/185**
Loans and advances	**Credit spreads**	**(521)/576**	**—/—**
Trading and hedging portfolio assets	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**(85)/90**	**—/—**
Trading and hedging portfolio liabilities	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**(101)/101**	**—/—**

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

		31 December 2022	
	Significant unobservable parameters	Potential effect recorded in profit or loss Favourable/(Unfavourable) Rm	Potential effect recorded directly in equity Favourable/(Unfavourable) Rm
Deposits	Absa Group Limited/Absa funding	119/ (128)	—/ —
Investment securities and investments linked to investment contracts	Risk adjustment yield curves, future earnings and marketability discounts	—/ —	(77)/80
Loans and advances	Credit spreads	(623)/ 683	—/ —
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	216/ (210)	—/ —
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(457)/ 457	—/ —

The significant unobservable inputs used in determining the fair value of the investment properties are annual rent, discount rates, prevailing bulk selling prices and annual growth rate. Significant increases/decreases of these inputs in isolation, would result in a significantly lower/higher fair value measurement of the investment properties.

Notes to the interim consolidated financial results

for the reporting period ended

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

13.10 Measurement of assets and liabilities at Level 3

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

			30 June		31 December
			2023	2022	2022
Category of asset/liability	**Valuation techniques applied**	**Significant unobservable inputs**	Range of estimates utilised for the unobservable inputs		
Loans and advances	Discounted cash flow and/or dividend yield models	Credit spreads	**0.01% to 5.33%**	0.04% to 3.07%	0.035% to 3.21%
Investment securities	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Risk adjusted yield curves, future earnings, marketability discounts and/or competitor multiples	**Discount rate of 8% to 8.5%**	Discount rate of 8% to 8.5%	Discount rate of 8.5%
Trading and hedging portfolio assets and liabilities					
Debt instruments	Discounted cash flow models	Credit spreads	**0.15% to 4.16%**	0.01% to 4.55%	0.305% to 4.020%
Derivative assets					
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Credit spreads, Recovery rates and/or Quanto ratio	**0.0352% to 16.64% 49.43% to 84.9% 15% to 82.3%**	0.09% to 24.15% 15% to 82.3%, 49% to 100%	0.1% to 24.22% 15% to 82.3% 49% to 100%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	**8.2% to 37.5%**	18.15% to 55.98%	16.4% to 38.9%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	**5.51% to 28.7%**	3.35% to 23%	5.03% to 40%
Interest rate derivatives	Discounted cash flow and/or option pricing models	Real yield curves (greater than 1 year), repurchase agreement curves (greater than 1 year), funding spreads	**0.05% to 0.1%**	0.025% to 9.3125%	0.05% to 9.395%
Deposits	Discounted cash flow models	The Bank's funding spreads (greater than 5 years)	**1.15% to 1.5%**	1.250% to 1.625%	1.150% to 1.575%
Debt securities in issue	Discounted cash flow models	Funding curves (greater than 5 years)	**1.15% to 1.5%**	1.250% to 1.625%	1.150% to 1.575%
Investment properties	Discounted cash flow models	Estimates of periods in which rental units will be disposed of	**1 to 6 years**	1 to 6 years	1 to 6 years
		Annual selling price escalations	**6% to 8%**	6% to 8%	6% to 8%
		Income capitalisation rates	**8% to 8.5%**	8% to 8.5%	8% to 8.5%
		Risk adjusted discount rates	**10% to 15%**	10% to 15%	10% to 15%

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

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

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

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

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

	30 June		31 December
	2023 Rm	2022 Rm	2022 Rm
Opening balance at the beginning of the reporting period	**(634)**	(521)	(521)
New transactions	—	(394)	(394)
Amounts recognised in profit or loss during the reporting period	**156**	116	281
Closing balance at the end of the reporting period	**(478)**	(799)	(634)

13.12 Third-party credit enhancements

There were no significant liabilities measured at fair value and issued with inseparable third-party credit enhancements.

14. Interest rate benchmark reform

Background

As disclosed in the Bank's annual consolidated and separate financial statements for the year ended 31 December 2022 (2022 AFS), the GBP, EUR and JPY LIBOR rates and the one-week and two-month USD LIBOR rates were discontinued at 31 December 2021. The remaining USD LIBOR rates were discontinued at 30 June 2023.

The transition journey for JIBAR has made some progress at an industry level however transition timelines are yet to be formally announced by the SARB. The Bank participates in the SARB's MPG which has started the preparations for the transition of JIBAR to ZARONIA at an industry level. ZARONIA is currently in an observation period – the observation period is likely to conclude by the end of October 2023. It is anticipated that derivatives referencing ZARONIA will commence trading post the ZARONIA observation period. The Bank will leverage the experience it gained in the IBOR transition journey to plan for the upcoming JIBAR transition. The Bank's JIBAR journey thus far involves daily submission of transaction data to the SARB for the calculation and publication of ZARONIA.

15. Reporting changes overview

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

15.1 Change in accounting policy for Cash and cash equivalents

The IFRS Interpretation Committee published an agenda decision on 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of cash flows) – Agenda Paper 3' in April 2022. Based on the aforementioned agenda decision, the Statement of Cash flows of the Bank has been reviewed and it was concluded that the mandatory reserves with the SARB and other central banks should be included as 'Cash and cash equivalents' in the Statement of cash flows. The portion which is included in cash and cash equivalents is that which can be utilised by the Bank. This is calculated by applying the percentage that is accessible to the Bank in accordance with the regulatory terms.

As required by IAS 8, the aforementioned changes have been applied retrospectively to all prior periods affected. These changes in accounting policy do not have an impact on the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, or earnings per share of the Bank. Refer to note 15.2 for impact.

15. Reporting changes overview (continued

15.2 Correction of prior period errors

15.2.1 Nostros

As part of the review of what constitutes Cash and cash equivalents, it was identified that nostro balances with foreign banks have been incorrectly excluded from Cash and cash equivalents and the Statement of cash flows has subsequently been corrected.

As required by IAS 8, the aforementioned changes have been applied retrospectively to all prior periods affected. These errors have no impact on the Statement of comprehensive income, Statement of financial position or, earnings per share of the Bank.

Refer to 15.2 for the impact on the aforementioned changes.

	30 June 2022			
Statement of cash flows	As previously reported Rm	Mandatory reserve balances with the SARB and other central banks (Refer to Note 15.1) Rm	Nostros Refer to Note 15.2.1 Rm	Restated Rm
Cash and cash equivalents	7 831	19 856	9 921	37 608

15.2.2 Trading and Hedging portfolio assets and liabilities and debt securities

In terms of the Bank's accounting policy, movements in the fair value of collateral held on certain over the counter (OTC) derivative contracts is, in terms of the requirements of IAS 32, required to be offset against the related derivative market-to-market movement and presented on a net basis on the statement of financial position. Certain movements in the fair value of the collateral linked to the Bank's hedging strategy were historically reported as part of Trading portfolio assets and Trading portfolio liabilities, as opposed to Hedging portfolio assets and Hedging portfolio liabilities, respectively. These items have been adjusted to correctly set off derivative movements from movements in collateral in terms of the requirements of IAS 32.

Furthermore, as part of the Bank's ongoing process to improve financial controls and processes, it was identified that the fair value of certain credit linked note (CLN) instruments had been incorrectly recognised as part of Trading portfolio assets, as opposed to Debt securities in issue.

As required by IAS 8, the aforementioned changes have been applied retrospectively to all prior periods affected. These errors have no impact on the Statement of comprehensive income, Statement of changes in equity, or earnings per share of the Bank.

The impact of the aforementioned restatement is as follows:

Statement of financial position	As previously reported Rm	Nostros Rm	Restated Rm
Assets			
Trading portfolio assets	156 423	401	156 824
Hedging portfolio assets	6 095	(401)	5 694
Liabilities			
Trading portfolio assets	(92 099)	(4 182)	96 281
Hedging portfolio assets	(7 082)	4 182	2 900

15. Reporting changes overview (continued)

15.3 Changes to reportable segments and business portfolios

Reportable segment changes

The Bank has changed its operating model, which was effective from 1 July 2022. This change is part of the Bank's journey to enhance market competitiveness, while also improving its transformation position. In essence, the Bank has moved from two commercial businesses, Corporate and Investment Banking (CIB) and Retail and Business Banking (RBB), to four business units (Everyday Banking, Relationship Banking, Product Solutions and CIB).

Business portfolio changes

Business portfolio changes below resulted in the restatement of the business units' financial results for comparative periods but have had no impact on the overall financial position or net earnings of the Bank.

a) The following reallocations occurred within total income:
   i. Revenue received from Islamic Banking in Everyday Banking was aligned to Bank's accounting policy and therefore eliminated the adjustment required in Head Office.
   ii. Group Treasury refined its allocation methodology to better reflect the underlying performance of the relevant business units which resulted in the reallocation of net interest income.

	30 June 2022			
Statement of comprehensive income	As previously reported Rm	Business portfolio changes Rm	Reportable segment changes Rm	Restated Rm
Total income				
RBB	22 768	—	(22 768)	—
Product Solutions Cluster	n/a	90	4 819	4 909
Everyday Banking	n/a	310	11 143	11 453
Relationship Banking	n/a	222	6 807	7 029
CIB	6 886	400	—	7 286
Head Office, Treasury and other operations	1 646	(1 023)	—	623

b) Costs related to business units have been reallocated between the relevant segments, resulting in an adjustment to operating expenses.

	30 June 2022			
Statement of comprehensive income	As previously reported Rm	Business portfolio changes Rm	Reportable segment changes Rm	Restated Rm
Operating expenses				
RBB	(12 318)	—	12 318	—
Product Solutions Cluster	n/a	(335)	(1 961)	(2 296)
Everyday Banking	n/a	346	(6 567)	(6 221)
Relationship Banking	n/a	(91)	(3 790)	(3 881)
CIB	(3 645)	(64)	—	(3 709)
Head Office, Treasury and other operations	(1 508)	144	—	(1 364)

15. Reporting changes overview (continued)

15.3 Changes to reportable segments and business portfolios (continued)

c) The reallocations as described in note (a) to (b) above resulted in adjustments to the related intercompany balances. These balances are included in "other assets" and "other liabilities" the impact of which is shown in the table below.

	30 June 2022			
Statement of financial position	As previously reported Rm	Business portfolio changes Rm	Reportable segment changes Rm	Restated Rm
Other assets				
RBB	428 036	—	(428 036)	—
Product Solutions Cluster	n/a	(1)	31 171	31 143
Everyday Banking	n/a	1 754	290 179	291 933
Relationship Banking	n/a	1 075	106 685	107 760
CIB	460 057	(2 414)	—	457 290
Head Office, Treasury and other operations	(545 064)	(413)	—	(545 097)
Other liabilities				
RBB	560 094	—	(560 094)	—
Product Solutions Cluster	n/a	722	428 935	429 657
Everyday Banking	n/a	(91)	76 409	76 318
Relationship Banking	n/a	339	54 750	55 089
CIB	464 937	(3 534)	—	461 403
Head Office, Treasury and other operations	(845 380)	2 565	—	(842 815)

Interim consolidated normalised financial results

for the reporting period ended

Normalised financial results as a consequence of the Barclays PLC separation

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

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

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

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

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

Basis of presentation

Normalised results

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

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

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

Interim consolidated normalised salient features

for the reporting period ended

	30 June		31 December
	2023	2022	2022
Statement of financial position			
NAV	**87 910**	86 684	87 533
Total assets (Rm)	**1 530 747**	1 461 330	1 477 199
Statement of comprehensive income (Rm)			
Income	**32 493**	31 278	64 016
Operating expenses	**18 696**	17 091	36 205
Pre-provision profit	**13 797**	14 187	27 811
Credit impairments charges	**6 847**	4 154	8 687
Profit attributable to ordinary equity holders	**4 822**	6 689	12 812
Headline earnings	**4 287**	6 411	12 274
Financial performance (%)			
Return on equity (RoE)	**9.8**	14.9	14.3
Return on average assets (RoA))	**0.5**	0.9	0.9
Return on risk-weighted assets (RoRWA)	**1.30**	2.05	1.91
Operating performance (%)			
Net interest margin on average interest-bearing assets	**3.60**	3.70	3.67
Non-interest as a percentage of total income	**32.7**	35.0	33.9
Cost-to-income ratio	**57.5**	54.6	56.6
JAWS	**(6)**	4	4
Effective tax rate	**21.8**	27.2	26.1
Share statistics (million)			
Weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Diluted weighted average number of ordinary shares in issue	**448.3**	448.3	448.3
Share statistics (cents)			
Headline earnings per ordinary share (HEPS)	**955.4**	1 430.1	2 737.9
Diluted headline earnings per ordinary share (DHEPS)	**955.4**	1 430.1	2 737.9
Basic earnings per ordinary share (EPS)	**942.0**	1 396.8	2 662.9
Diluted basic earnings per ordinary share (DEPS)	**942.0**	1 396.8	2 662.9
Dividend per ordinary share relating to income for the reporting period	**501.9**	1 003.8	1 673.0
Dividend payout ratio (%)	**53**	70	61
NAV per ordinary share	**19 610**	19 336	19 526
Tangible NAV per ordinary share	**17 384**	17 520	17 458
Capital adequacy (%)			
Absa Bank Limited	**17.3**	18. 1	17.6
Common Equity Tier 1 (%)			
Absa Bank Limited	**13.0**	13. 1	12.5

Refer to the interim consolidated normalised reconciliation for the interim period ended 30 June 2023 for further information as presented on pages 51 – 53.

Headline earnings is presented after allowing for **R174m** (30 June 2022: R123m; 31 December 2022: R266m) profit attributable to preference equity holders and **R426m** (30 June 2022: R305m; 31 December 2022: R609m) profit attributable to Additional Tier 1 capital holders.

Interim consolidated reconciliation of IFRS to normalised results

for the reporting period ended

	30 June 2023		
	IFRS Bank performance	Barclays separation effects	Normalised Bank performance
Statement of financial position (Rm)			
Loans and advances	1 054 449	—	1 054 449
Investment securities	146 344	—	146 344
Other assets	331 590	(1 636)	329 954
Total assets	1 532 383	(1 636)	1 530 747
Deposits	1 071 406	0	1 071 406
Debt securities in issue	210 044	—	210 044
Other liabilities	147 988	1 252	149 227
Total liabilities	1 429 438	1 252	1 430 677
Equity	102 945	(2 888)	100 057
Total equity and liabilities	1 532 383	(1 636)	1 530 734
Key performance ratios (%)			
RoA	0.5	n/a	0.5
RoE	8.7	n/a	9.8
Capital adequacy	17.3	n/a	17.3
Common Equity Tier 1	13.0	n/a	13.0
Share statistics (cents)			
Diluted headline earnings per ordinary share	873.7	n/a	955.4
Statement of comprehensive income (Rm)			
Net interest income	21 922	(58)	21 864
Non-interest income	10 628	1	10 629
Total income	32 550	(57)	32 493
Credit impairment charges	(6 847)	—	(6 847)
Operating expenses	(19 203)	507	(18 696)
Other expenses	(860)	32	(828)
Share of post-tax results of associates and joint ventures	42	—	42
Operating profit before income tax	5 682	482	6 164
Tax expenses	(1 228)	(114)	(1 342)
Profit for the reporting period	4 454	368	4 822
Profit attributable to:			
Ordinary equity holders	3 854	370	5 422
Ordinary shares	—	—	—
Preference shares	(174)	—	(174)
Additional Tier 1	(426)	—	(426)
	4 454	370	4 822
Headline earnings	3 917	370	4 287
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.60	n/a	3.60
Credit loss ratio	0.63	n/a	0.63
Non-interest income as % of total income	32.7	n/a	32.7
Income growth (%)	4.0	n/a	3.9
Operating expenses growth (%)	9.9	n/a	9.4
Cost-to-income ratio	59.0	n/a	57.5
Effective tax rate	21.6	n/a	21.8

IFRS Bank performance, presents the IFRS information as extracted from the Bank's interim consolidated financial results for the interim reporting period ended 30 June 2023.

Barclays separation effects, presents the financial effects of the separation on the summary consolidated financial results of the Bank.

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

Interim consolidated reconciliation of IFRS to normalised results

for the reporting period ended

	30 June 2022		
	IFRS Bank performance	Barclays separation effects	Normalised Bank performance
Statement of financial position (Rm)			
Loans and advances	998 980	—	998 980
Investment securities	122 050	—	122 050
Other assets	343 027	(2 727)	340 300
Total assets	1 464 057	(2 727)	1 461 330
Deposits	1 009 868	—	1 009 868
Debt securities in issue	172 587	—	172 587
Other liabilities	179 652	891	180 543
Total liabilities	1 362 107	891	1 362 998
Equity	101 950	(3 618)	98 332
Total equity and liabilities	1 464 057	(2 727)	1 461 330
Key performance ratios (%)			
RoA	0.8	n/a	0.8
RoE	13.7	n/a	13.7
Capital adequacy	18.1	n/a	18.1
Common Equity Tier 1	13.1	n/a	13.1
Share statistics (cents)			
Diluted headline earnings per ordinary share	1 371.4	n/a	1 430.1
Statement of comprehensive income (Rm)			
Net interest income	20 344	(23)	20 321
Non-interest income	10 956	1	10 957
Total income	31 300	(22)	31 278
Credit impairment charges	(4 153)	—	(4 153)
Operating expenses	(17 471)	381	(17 091)
Other expenses	(889)	—	(889)
Share of post-tax results of associates and joint ventures	42	—	42
Operating profit before income tax	8 829	358	9 187
Tax expenses	(2 403)	(95)	(2 498)
Profit for the reporting period	6 426	263	6 689
Profit attributable to:			
Ordinary equity holders	5 998	263	6 261
Ordinary shares	—	—	—
Preference shares	123	—	123
Additional Tier 1	305	—	305
	6 426	263	6 689
Headline earnings	6 148	263	6 411
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.70	n/a	3.70
Credit loss ratio	0.85	n/a	0.85
Non-interest income as % of total income	35.0	n/a	35.0
Income growth (%)	8.7	n/a	8.7
Operating expenses growth (%)	3.9	n/a	5.0
Cost-to-income ratio	55.8	n/a	54.6
Effective tax rate	27.2	n/a	27.2

IFRS performance, presents the IFRS information as extracted from the Bank's interim consolidated financial results for the reporting period ended 30 June 2022.

Barclays separation effects, presents the financial effects of the separation on the interim consolidated financial results of the Bank.

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

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

Interim consolidated reconciliation of IFRS to normalised results

for the reporting period ended

	31 December 2022		
	IFRS Bank performance	Barclays separation effects	Normalised Bank performance
Statement of financial position (Rm)			
Loans and advances	1 032 520	—	1 032 520
Investment securities	128 439	—	128 439
Other assets	318 393	(2 153)	316 240
Total assets	1 479 352	(2 153)	1 477 199
Deposits	1 015 623	(0)	1 015 623
Debt securities in issue	203 275	—	203 275
Other liabilities	157 516	1 105	158 621
Total liabilities	1 376 414	1 105	1 377 519
Equity	102 938	(3 258)	99 680
Total equity and liabilities	1 479 352	(2 153)	1 477 199
Key performance ratios (%)			
RoA	0.8	n/a	0.8
RoE	13.0	n/a	14.3
Capital adequacy	17.6	n/a	17.6
Common Equity Tier 1	12.5	n/a	12.5
Share statistics (cents)			
Diluted headline earnings per ordinary share	2 598.7	n/a	2 737.9
Statement of comprehensive income (Rm)			
Net interest income	42 387	—	42 387
Non-interest income	21 687	(58)	21 629
Total income	64 074	(58)	64 016
Credit impairment charges	(8 687)	—	(8 687)
Operating expenses	(37 122)	917	(36 205)
Other expenses	(1 916)	—	(1 916)
Share of post-tax results of associates and joint ventures	132	—	132
Operating profit before income tax	16 481	859	17 340
Tax expenses	(4 292)	(236)	(4 528)
Profit for the reporting period	12 189	623	12 812
Profit attributable to:			
Ordinary equity holders	11 314	623	11 937
Ordinary shares	—	—	—
Preference shares	266	—	266
Additional Tier 1	609	—	609
	12 189	623	12 812
Headline earnings	11 650	624	12 274
Operating performance (%)			
Net interest margin on average interest-bearing assets	3.68	n/a	3.67
Credit loss ratio	0.85	n/a	0.85
Non-interest income as % of total income	33.9	n/a	33.9
Income growth (%)	9.5	n/a	9.5
Operating expenses growth (%)	5.4	n/a	5.8
Cost-to-income ratio	57.9	n/a	56.6
Effective tax rate	26.0	n/a	26.1

IFRS Bank performance, presents the IFRS information as extracted from the Bank's IFRS summary consolidated financial results for the reporting period ended 31 December 2022.

Barclays separation effects, presents the financial effects of the separation on the summary consolidated financial results of the Bank.

Normalised performance, presents the summary consolidated financial results of the Bank, after adjusting for the consequences of the separation.

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

Glossary

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

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

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

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

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

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

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

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

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

Pre-provision profit
Total income less operating expenses.

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

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

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

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

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

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

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

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