BARCLAYS

Condensed results of the reviewed consolidated financial statements for the period ended 30 June 2019

Economic outlook

Global and Sub- Saharan Africa outlook

Global growth is expected to ease to 3.2% in 2019 from 3.6% in 2018 before picking up moderately to 3.5% in 2020 according to IMF forecasts. Growth expectations were lowered on account of the prevailing weakness in business and consumer confidence, prolonged uncertainty on Brexit and heightened trade tensions between the United States of America and China, There are significant downside risks to the projected growth pickup in 2020 as it is presuming stabilisation in the currently stressed emerging markets and developing economies and progress toward resolving trade policy differences.

Economic recovery in Sub-Saharan Africa (SSA) remains on track despite some larger markets, notably South Africa and Nigeria continuing to experience headwinds. Undoubtedly, the recovery remains fragile as indicated by first quarter GDP data, which confirmed ongoing difficulties driven by factors such as low fiscal buffers, adverse weather conditions, weak business and consumer confidence levels, and the weaker global backdrop, among others. The Southern Africa region is experiencing drought, impacting agriculture output and putting upward pressure on food prices. Growth in SSA is expected at 3.4 % in 2019 and 3.6% in 2020 (IMF forecasts) as strong growth in many non-resource-intensive countries partially offsets the lacklustre performance of the region's largest economies.

Domestic economic outlook

The local economy remained resilient in the first few months of the year, rising by 4.3% year-on-year in the first quarter of 2019 (Q1 - 2019). Despite the promising start to the year we expect real GDP growth to slow down to 3.9% this year from 4.5% in 2018 as both the mining and non-mining sectors experience a more challenging environment. Key risks to growth include a weaker global environment and continued US–China trade tensions. This has resulted in the global demand for diamonds softening significantly in 2019 due to higher polished inventories and as demand for high-end jewellery stagnates. Secondly, Southern African Customs Union (SACU) revenue pool projections are likely to disappoint over the medium term due to the fiscal risks facing the South African economy and continued weak GDP growth performance.

The outlook for the non-mining sector is also uncertain. The current drought is likely to negatively impact the agricultural sector where conditions are expected to deteriorate further looking at the prevailing grazing and water situation. The drought also poses a threat to water-dependent manufacturing industries.

Inflation and interest rate outlook

Headline inflation remained below the lower band of the Central Bank's objective range of 3 - 6% in the second quarter (Q2 - 2019) mainly reflecting base effects associated with the increase in public transport fares and electricity tariffs in the second quarter of 2018. We expect inflation to remain at modest levels even as it moves above 3%. Upward inflation pressures will come from public servants salary and minimum wage increase, domestic currency weakness and drought in Southern Africa leading to an increase in food prices. However, this is counterweighed by lower global oil prices and weaker domestic demand. Therefore we expect inflation to remain within the Central Bank's 3 - 6 % objective range in the medium term.

The central bank reduced the bank rate by 25 basis points from 5% to 4.75% in August 2019 responding to growth concerns amid weaker global and regional economic growth. On the back of the positive inflation outlook we expect the bank rate to remain unchanged at 4.75% but see an increased possibility of another 25 basis points cut due to expectations of looser global monetary policy.

Financial performance

Statement of comprehensive income

Despite the challenging environment we operate in, a steady growth in income across the business segments relative to the previous year has characterised our performance for the period under review. We achieved a profit before tax of P387 million on statutory basis representing growth of 49% year-on-year. This performance was influenced by growth in income, contained costs and favourable credit losses. Total income is up year-on-year by 9% translating to an increase of P67 million, propelled by balance sheet growth of 6% and an increase in our net fees and commission income by 5% year-on-year. We continued to drive momentum across all our key segments to negate the effects of compressed margins arising from an increase in cost of funding.

Net Interest income increased 8% year-on-year, mainly driven by balance sheet growth. The business remained resilient in its selected market segments and continued to drive credit growth.

Operating costs were well contained with the business achieving a cost to income ratio of 53% for the period ended 30 June 2019. This is in line with our strategy to achieve cost to income ratio of lower 50's. We incurred total costs of P431 million on a statutory basis representing an increase of 8% year-on-year on a normalised view costs grew by 4%. We continue to seek opportunities to realise cost efficiencies to ensure a sustainable business operation.

On a year-on-year basis our credit losses decreased by 110% in comparison to the previous year with an overall net recovery of P8 million for the period ending 30 June 2019. Our year-to-date expected credit losses performance has benefited from a significant recovery from one of our corporate clients, our enhanced collections capability and conservative credit extension to high risk sectors.

Statement of financial position

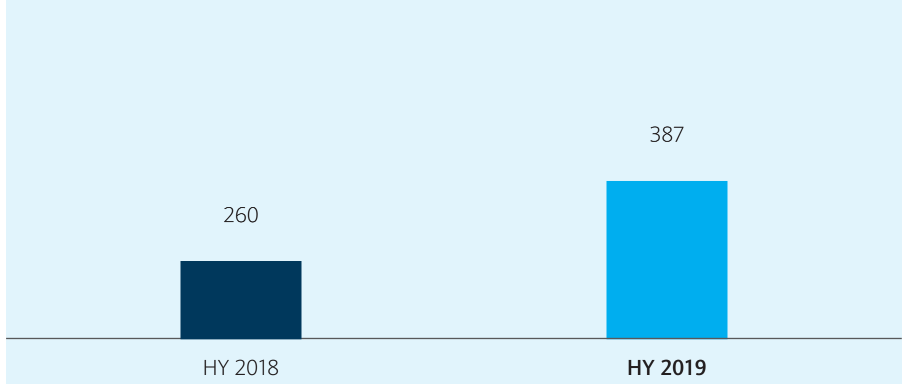
Loans and advances to customers grew 12% year-on-year to P12.8 billion from P11.4 billion. The growth in loans was realised across all business segments as we continue to focus on client penetration and acquisition to drive up our volumes. Customer liabilities increased by 7% year-on-year to P13 billion from P12 billion driven by positive growth across our business segments. Our balance sheet position remains solid at a total financial position of P17.9 billion, with strong liquidity and capital adequacy levels. Our regulatory capital position stood at P2.5 billion representing a ratio of 18% against the regulatory limit of 15% and liquid assets ratio was well above the regulatory minimum of 10%.

Key performance highlights

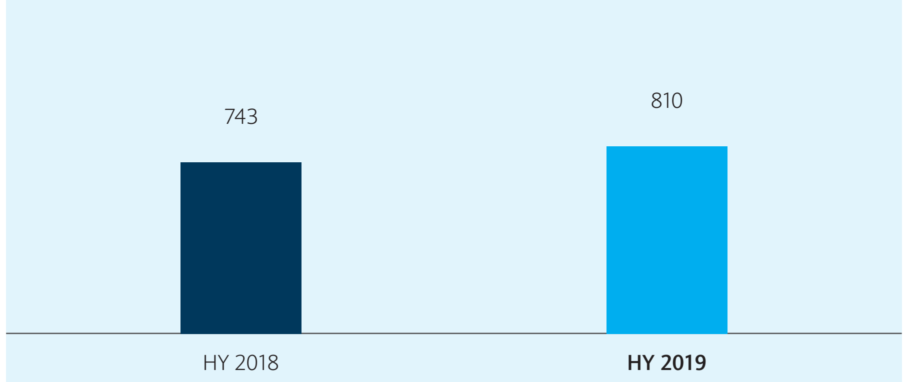
Profit before tax	Net interest income	Net fee and commission income
49%	8%	5%

Total income	Cost to income ratio	Return on equity
9%	53%	28%

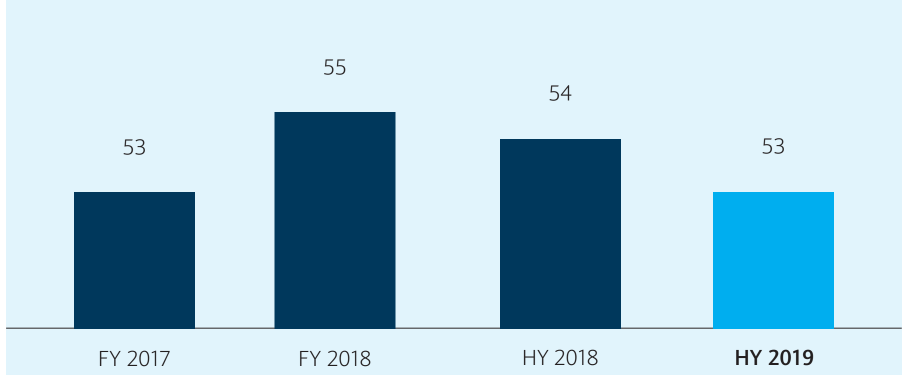
Profit before tax (P'million)



Total income (P'million)



Cost to income ratio %



Consolidated statement of comprehensive income
For the period ended 30 June 2019

	Reviewed half year ended 30 June 2019 P'000	Reviewed half year ended 30 June 2018 P'000	% Change
Effective interest income	663 508	596 204	11%
Effective interest expense	(132 532)	(105 926)	25%
Net interest income	**530 976**	**490 278**	8%
Fee and commission income	226 653	193 860	17%
Fee and commission expense	(40 347)	(17 151)	135%
Net fee and commission income	**186 306**	**176 709**	5%
Net trading and investing income	82 513	74 598	11%
Other income	9 954	1 509	560%
Total income	**809 749**	**743 094**	9%
Expected credit losses	8 254	(85 172)	(110%)
Net operating income	**818 003**	**657 922**	24%
Staff costs	(232 678)	(215 780)	8%
Infrastructure costs	(55 720)	(53 711)	4%
Administration and general expenses	(142 302)	(128 851)	10%
Operating expenses	**(430 700)**	**(398 342)**	8%
Profit before tax	**387 303**	259 580	49%
Taxation	(88 523)	(58 497)	51%
Profit for the period	**298 780**	**201 083**	49%
Other comprehensive income (OCI)			
Items that are or may be reclassified subsequently to profit or loss:			
Financial assets at fair value through OCI			
Net gain/(loss) on Financial assets at fair value through OCI	2 015	(632)	(419%)
	2 015	(632)	(419%)
Total other comprehensive income/(loss) for the period, net of tax	**2 015**	**(632)**	(419%)
Total comprehensive income for the period, net of tax	**300 795**	**200 451**	50%
Earnings per share			
Basic and diluted (thebe per share)	**35.06**	**23.52**	49%

Consolidated statement of financial position
as at 30 June 2019

	Reviewed as at 30 June 2019 P'000	[4]Restated as at 30 June 2018 P'000	% Change Year-on-year	Audited as at 31 December 2018 P'000
Assets				
Cash	**333 488**	319 161	4%	476 107
Balances at the Central Bank	**1 426 826**	1 763 876	(19%)	543 710
Trading portfolio assets	**67 232**	83 935	(20%)	513
Derivative financial instruments	**32 818**	20 989	56%	19 058
Financial assets at fair value through OCI	**1 378 031**	1 508 545	(9%)	1 901 953
Loans and advances to banks	**956 305**	778 501	23%	1 053 266
Due from related companies	**578 620**	698 938	(17%)	811 422
Loans and advances to customers note 4	**12 769 413**	11 353 334	12%	11 834 679
Other receivables	**174 101**	202 176	(14%)	186 166
Property, plant and equipment	**185 888**	134 388	38%	133 137
Non-current assets held for sale	**-**	-	n/a	149
Intangible assets	**978**	764	28%	1 138
Deferred tax assets note 4	**59 538**	80 654	(26%)	63 614
Total assets	**17 963 238**	**16 945 261**	**6%**	**17 024 912**
Equity and liabilities				
Liabilities				
Deposits from banks	**621 993**	290 084	114%	357 972
Due to related companies	**718 415**	1 464 986	(51%)	1 525 543
Customer deposits	**12 994 203**	12 111 557	7%	11 854 620
Derivative financial instruments	**28 846**	14 872	94%	12 328
Other payables	**491 087**	698 788	30%	333 409
Provisions	**52 930**	32 965	61%	48 710
Current tax payable	**4 745**	123	3 758%	2 415
Debt securities in issue	**588 934**	253 510	132%	537 667
Subordinated debt	**358 305**	254 436	41%	358 356
Total liabilities	**15 859 458**	**15 121 321**	**5%**	**15 031 020**
Shareholders' equity				
Stated capital	**17 108**	17 108	0%	17 108
General risk reserves	**118 347**	107 206	10%	118 347
Fair value reserves	**1 275**	(902)	(241%)	(740)
Share-based payment reserve	**2 791**	6 888	(59%)	3 148
Share capital reserve	**2 060**	2 060	0%	2 060
Retained income note 4	**1 962 199**	1 691 580	16%	1 853 969
Total equity attributable to equity holders	**2 103 780**	**1 823 940**	**15%**	**1 993 892**
Total equity and liabilities	**17 963 238**	**16 945 261**	**6%**	**17 024 912**

Condensed consolidated statement of changes in equity
For the period ended 30 June 2019

	Stated capital P'000	General risk reserve P'000	Fair value reserves P'000	Available -for-sale investments revaluation reserve	Share-based payment reserve P'000	Retained earnings P'000	Share capital reserve P'000	Total equity attributable to shareholders P'000
Balance at 1 January 2018	**17 108**	**107 206**	**-**	**(270)**	**6 104**	**1 820 410**	**2 060**	**1 952 618**
Decrease resulting from adoption of IFRS 9 restated note 4	-	-	(270)	270	-	(149 909)	-	(149 909)
Profit for the period	-	-	-	-	-	201 081	-	201 081
Other comprehensive income for the period	-	-	(632)	-	-	-	-	(632)
Total comprehensive income for the period	-	-	(632)	-	-	201 081	-	200 449
Payment of dividends	-	-	-	-	-	(180 002)	-	(180 002)
Recognision of share based payments	-	-	-	-	784	-	-	784
Total transactions with owners	-	-	-		784	(180 002)	-	(179 218)
Balance at 30 June 2018 note 4	17 108	107 206	(902)	-	6 888	1 691 580	2 060	1 823 940
Balance at 1 July 2018	**17 108**	**107 206**	**(902)**		**6 888**	**1 691 580**	**2 060**	**1 823 940**
Profit for the period	-	-	-	-	-	253 463	-	253 463
Other comprehensive loss for the period	-	-	162	-	-	-	-	162
Total comprehensive income for the period	-	-	162	-	-	253 463	-	253 625
Payment of dividends	-	-	-	-	-	(79 933)	-	(79 933)
Recognition of share based payments	-	-	-	-	(3 740)	-	-	(3 740)
Transfers from/(to) retained earnings	-	11 141	-	-	-	(11 141)	-	-
Total transactions with owners	-	11 141	-	-	(3 740)	(91 074)	-	(83 673)
Balance at 31 December 2018	17 108	118 347	(740)	-	3 148	1 853 969	2 060	1 993 892
Balance at 1 January 2019	**17 108**	**118 347**	**(740)**	**-**	**3 148**	**1 853 969**	**2 060**	**1 993 892**
Decrease resulting from adoption of IFRS 16	**-**	**-**	**-**	**-**	**-**	**(552)**	**-**	**(552)**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**298 780**	**-**	**298 780**
Other comprehensive income for the period	**-**	**-**	**2 015**	**-**	**(357)**	**-**	**-**	**1 658**
Total comprehensive income for the period	**-**	**-**	**2 015**	**-**	**(357)**	**298 780**	**-**	**300 438**
Payment of dividends	**-**	**-**	**-**	**-**	**-**	**(189 998)**	**-**	**(189 998)**
Recognition of share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers from/(to) retained earnings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(189 998)**	**-**	**(189 998)**
Balance at 30 June 2019	**17 108**	**118 347**	**1 275**	**-**	**2 791**	**1 962 199**	**2 060**	**2 103 780**

Condensed results of the reviewed consolidated financial statements for the period ended 30 June 2019

Corporate and Investment Banking (CIB)

The first half of 2019 has seen restrained growth in the economy which is mirrored in the corporate segment financial performance with CIB revenue up 6% year-on-year. Much anticipated government spending has not emerged as a driver of the economy, although there is growth in other sectors. The sectors that have performed well in this period include wholesale and retail, hospitality, healthcare and telecommunications. Natural resource focus has shifted from diamonds as evidenced by lower production and sales in the first six months of 2019, although there is renewed interest in base metals and coal.

Non-interest income was up by 8% driven by growth in transaction volumes in our Markets business.

There has been a recovery of a balance due from corporate during the period which has led to a positive variance on the expected credit losses line, and as a result of this, corporate segment profit is significantly up year-on-year.

Retail and Business Banking (RBB)

Retail and Business Banking has made significant progress towards the delivery of its strategy. Growth of 16% was registered in loans and advances to customers, which accounted for 9% growth in the net-interest-income. Deposits due to customer grew by 14% year-on-year.

Net fee and commission Income increased year-on-year by 6%, on the backdrop of increased transactional volumes and increased uptake of our digital channels.

In order to provide instant benefits to our customers when they transact at various merchants outlets, we have signed new partnership agreements. Our customers can now enjoy discounts at merchants such as restaurants, hotels, clothing stores as well as health and beauty spas.

One of the key components of our strategy is to offer convenience to our customers when transacting. There has been good growth in both the registrations and usage of Digital channels such as mobile, internet and the Barclays Application.

The branches remain pivotal to our distribution strategy. The Bank has undertaken refurbishment and relocation of some key branches across the country to improve the overall customer and employee experience in the branches.

Citizenship

In line with our new purpose statement "Bringing possibilities to life," the Bank continues to make in-roads in providing education and skills to young people across Botswana. Through the continued implementation of the Ready to Work program and the Barclays F.G. Mogae Scholarship Fund, we are making steady progress in contributing positively towards building a Botswana future fit work force.

In March 2019, 32 scholarship recipients received training from Elevate Education, an international organization based in South Africa. Elevate Education is committed to enhancing the study skills of students so they can achieve excellent results. Our scholarship recipients were taken through research, writing and presentation skills mainly because they are currently focused on their dissertations.

The Barclays Ready to Work program is focused on preparing young people for the world of work. Through our implementation partners, Project Concern International and Stepping Stones International, we continue to provide training in employability and entrepreneurship to youth. During the period we have trained 1 575 youth in Mochudi, Molepolole, Kanye, Mahalapye, Bobonong and Gaborone.

The Day of the African Child was commemorated by colleagues, with a focus on raising awareness on the rights of children. In addition, colleagues fundraising efforts have resulted in the donation of much needed personal care products and clothing to disadvantaged communities.

The Bank remains committed to contributing to the development of Botswana and will demonstrate that commitment through the efficient implementation of relevant programs.

Outlook

As the journey towards re-branding to Absa continues, our commitment towards our employees, customers, communities and shareholders remains our highest priority. We remain Brave, Passionate and Ready as we bring the possibilities for our stakeholders to life.

Dividend

Notice is hereby given that an interim dividend of 12.908 thebe per share for the period ended 30 June 2019 was declared on 29 August 2019, and subject to regulatory approval, will be payable on 25 October 2019 to those shareholders registered at the close of business on 15 October 2019, with an ex-dividend date of 11 October 2019. In accordance with the Republic of Botswana Income Tax (Cap 52:01), as amended, applicable withholding tax will be deducted by the Bank from the gross dividend. This translates to 38% dividends growth compared to the previous period.

Oduetse A. Motshidisi
Chairman

Keabetswe Pheko- Moshagane
Managing Director

Condensed consolidated statement of cash flows
For the period ended 30 June 2019

	Reviewed half year ended 30 June 2019 P'000	Reviewed half year ended 30 June 2018 P'000	Audited year ended 31 December 2018 P'000
Cash used in operations	(89 958)	(69 262)	(183 845)
Net increase in loans and advances to customers	(922 165)	(744 950)	(1 396 865)
Interest received	663 508	596 204	1 214 973
Interest paid	(132 316)	(107 825)	(220 179)
Income taxes paid net of refunds	(82 118)	(77 779)	(133 196)
Increase in deposits due to customers	1 139 583	1 131 013	883 695
(Increase)/decrease in long term loans due from related parties	(657 519)	(512 828)	471 032
(Decrease)/increase in long term deposits due to other banks	(66 051)	-	71 453
(Increase)/ decrease in long term loans due to related parties	(103 265)	328 634	59 218
Increase in trading portfolio assets	(66 719)	(83 821)	(399)
Increase in statutory reserve with the Central Bank	(44 845)	(18 648)	(46 749)
Increase in derivative financial instruments	(2 758)	(10 019)	(10 632)
Net cash (used in)/generated by operating activities	**(364 623)**	**430 719**	**708 506**
Cash flows from investing activities			
Payments for property, plant and equipment	(10 545)	(9 341)	(21 696)
Proceeds from disposal of property, plant and equipment	10 239	12	358
Payments for intangible assets	-	-	(622)
(Increase)/decrease in long term financial instruments held at FVOCI	(423 009)	-	154 261
Net cash (used)/generated by investing activities	**(423 315)**	**(9 329)**	**132 301**
Cash flows from financing activities			
Dividends paid to shareholders	(189 998)	(180 002)	(259 935)
Issuance of debt securities	84 000	51 000	332 910
Redemption of debt securities	(33 000)	(111 312)	-
Proceeds from surbodinated debt	-	-	102 590
Net cash (used in)/generated by financing activities	**(138 998)**	**(240 314)**	**175 565**
Net(decrease)/increase in cash and cash equivalents	**(926 936)**	**181 076**	**1 016 372**
Cash and cash equivalents at the beginning of the year	3 689 922	2 673 550	2 673 550
Cash and cash equivalents at the end of the period/year	**2 762 986**	**2 854 626**	**3 689 922**

Notes to the condensed results of the reviewed consolidated financial statements
For the period ended 30 June 2019

Accounting policies

Accounting policies are the same and there has not been any significant changes except for IFRS 16, IFRIC23 and amendments to IAS19

1. Reporting entity and basis of accounting
Barclays Bank of Botswana Limited (the "Bank") is a public company listed on the Botswana Stock Exchange and domiciled in Botswana. These condensed interim financial statements ("interim financial statements") for the six months ended 30 June 2019 comprise the company and its wholly owned subsidiary Barclays Insurance Services Proprietary Limited (together referred to as the 'Group').

The Bank is primarily involved in the provision of commercial retail and wholesale banking and auxiliary services. Barclays Insurance Services Proprietary Limited (the "Company") is an insurance agent which earns commission fees from referral of Life ad Non- Life insurance products.

These financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last audited annual consolidated financial statements as at the end of the year ended 31 December 2018 ('last financial statements'). They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

The accounting Policies are the same as the last financial statements and there has not been any significant changes except for IFRS 16, IFRIC 23 and amendments to IAS19. Changes in accounting policies as a result of the adoption in IFRS 16 are detailed in the Interim Financial Statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 29 August 2019.

2. Use of judgements and estimates
In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of the assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements for the year ended 31 December 2018. New judgements and estimates related to the adoption of IFRS 16 adopted in the current period are as explained in these Interim Financial Statements.

3. Profit before Income Tax
The expected credit recovery includes a recovery of P66 million on one of the corporate clients which impacted the expected losses positively. Further the Bank recognised a profit on disposal of an interest in one of its properties amounting to P10 million. This is included in other income.

No further significant items of an unusual nature, size or incidence have been charged to operating profit during the review period.

4. IFRS 9 Restatement
The impact of the IFRS 9 restatement was taken in retained earnings net of tax. At the time of publishing the half year results for the period ending 30 June 2018 the impact of adopting IFRS 9 was assessed as P129 million net of tax, a subsequent review of the model resulted in an increase in the allowance for the expected credit losses at 1 January 2018. This resulted in the total impact of adopting IFRS 9 being P150 million net of tax decrease, in the retained earnings, as reported on the changes in the equity for the year ended 31 December 2018.

5. Contingent Liabilities and Commitments
There has been no significant change in the nature of contingent liabilities and commitments with off-balance sheet risk from those reported in the annual financial statements for the year ended 31 December 2018.

	Reviewed as at 30 June 19 P'000	Reviewed as at 30 June 18 P'000	Audited as at 31 December 18 P'000
Undrawn commitments to customers	2 686 128	2 548 739	2 060 405
Letters of credit	312 922	24 040	320 739
Guarantees	272 372	274 116	217 022
	3 271 422	2 846 895	2 598 166

6. Capital commitments
At 30 June 2019 the commitments for capital expenditure authorised and contracted for amounted to P6,3 million (31 December 2018: P4,9 million), and the commitments for capital expenditure authorised but not under contracted for amounted to P41.4 million (31 December 2018: P24.2 million).

7. Related Party Transactions
There has been no significant change in the nature of related party transactions from those reported in the annual financial statements for the year ended 31 December 2018.

8. Independent auditors report
Our independent auditors KPMG have reviewed the condensed consolidated interim financial statements of Barclays Bank of Botswana Limited in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Their review report on the condensed interim financial statements is available for inspection at the Bank's registered office.

5th Floor, Building 4
Prime Plaza
Plot 74358
Central Business District
Gaborone

9. Events occurring after reporting date
An interim dividend amounting to P110 million was declared on 29 August 2019 , subject to regulatory approval will be payable on 25 October 2019 to those shareholders registered at the close of business on 15 October 2019, with an ex-dividend date of 11 October 2019. In accordance with the Republic of Botswana Income Tax (Cap 52:01), as amended, applicable withholding tax will be deducted by the Bank from the gross dividend.

There were no other material changes in the affairs of the Bank between the 30 June 2019 period end and the date of the approval of these condensed consolidated interim financial information.

Statement of comprehensive income
30 June 2019

	Retail and Business Banking P'000	Corporate and Investment Banking P'000	Barclays PLC separation costs P'000	Consolidated P'000
Net interest income	399 579	131 397	-	530 976
Net fee and commission income	162 612	23 725	(31)	186 306
Net trading and other income	28 365	65 741	(1 639)	92 467
Total income	**590 556**	**220 863**	**(1 670)**	**809 749**
Expected credit losses	(47 571)	55 825	-	8 254
Net operating income	**542 985**	**276 688**	**(1 670)**	**818 003**
Operating expenses	(324 612)	(89 821)	(16 267)	(430 700)
Profit before tax	**218 373**	**186 867**	**(17 937)**	**387 304**
Taxation	(50 905)	(41 564)	3 946	(88 523)
Profit for the year	**167 468**	**145 303**	**(13 991)**	**298 780**

Statement of financial position
30 June 2019

Assets				
Trading portfolio assets	-	67 232	-	67 232
Financial instruments held at fair value through OCI	1 378 031	-	-	1 378 031
Derivative financial assets	-	32 818	-	32 818
Loans and advances to customers	8 469 608	4 299 805	-	12 769 413
Liabilities				
Customer deposits	5 763 160	7 231 043	-	12 994 203
Derivative financial liabilities	-	28 846	-	28 846
Debt securities in issue	588 934	-	-	588 934
Subordinated debt	358 305	-	-	358 305

Statement of comprehensive income
30 June 2018

	Retail and Business Banking P'000	Corporate and Investment Banking P'000	Barclays PLC Transitional Costs P'000	Consolidated P'000
Net interest income	368 063	122 213	-	490 276
Net fee and commission income	152 772	23 937	-	176 709
Net trading and other income	14 755	61 352	-	76 107
Total Income	**535 590**	**207 502**	**-**	**743 092**
Expected credit losses	(15 900)	(69 272)	-	(85 172)
Net operating income	**519 690**	**138 230**	**-**	**657 920**
Operating expenses	(338 071)	(60 169)	(102)	(398 342)
Profit before income tax	**181 619**	**78 061**	**(102)**	**259 578**
Income tax expense	(38 301)	(20 218)	22	(58 497)
Profit for the period	**143 318**	**57 843**	**(80)**	**201 081**

Statement of financial position - [4]restated
30 June 2018

Assets				
Trading portfolio assets	-	83 935		83 935
Available-for-sale investments	1 508 545	-		1 508 545
Derivative financial instruments	-	20 989		20 989
Loans and advances to customers	7 310 698	4 042 636		11 353 334
Liabilities				
Deposits due to customers	5 049 123	7 062 434		12 111 557
Derivative financial instruments	3 593	11 279		14 872
Debt securities in issue	253 510	-		253 510
Borrowed funds	254 436	-		254 436

Segment reporting
For the period ended 30 June 2019

The group has identified its reportable segments based on a combination of products and services offered to customers and clients and in the manner in which the Group's business are managed and reported to the Chief Operating Decision Maker (CODM).

Business segments
The Bank comprises the following main business segments:

- **Corporate and Investment Banking**
  This segment offers corporate and investment banking solutions. The business models centre on delivering specialist investment banking, financing, risk management and advisory solutions across asset classes to corporates, financial institutions and government clients. Markets and Sales have been aggregated into CIB.

- **Retail and Business Banking**
  This segment provides a comprehensive range of commercial banking products and services to medium, small businesses and retail customers. Retail, Business Banking, Head Office and Treasury other have been aggregated into the RBB segment.

Segment results
The measurement of segment results is in line with the basis of information presented to the chief operating decision maker for internal management reporting purposes.

Assets excluding loans and advances to customers, financial instruments, trading portfolio assets and derivative instruments and liabilities excluding deposits due to customers, derivative financial instruments and debt securities in issue are not identifiable to any one of the reportable segments and can be used interchangeably between segments.
As a result these are not reviewed by the chief operating decision maker. Therefore segmental disclosure relating to these has not been provided.

All transactions between segments are carried out in the normal course of business. Our management reporting systems report our inter-segment service at a cost reduction and do not recognise them as internal revenue. Inter-segment service mainly represent utilisation of manpower resource of one segment by another on a project-by-project basis. Inter-segment services are charged based on an internal cost rate including certain indirect and direct overhead costs, but without profit margin.

BARCLAYS

Condensed results of the reviewed consolidated financial statements for the period ended 30 June 2019

Normalised view vs IFRS view

Absa Group Limited is on a journey to separate from Barclays Plc , a process expected to be completed by June 2020. As a consequence of the foregoing, the Group is required to incur certain costs as part of the separation from Barclays Plc. These costs are necessary to ensure a seamless separation of the African entities from Barclays Plc.

These separation costs are governed by a Transitional Services Agreement (TSA) with Absa Group Limited that defines the nature and terms of the costs. The separation costs will form part of the operating expenditure until the separation is complete.

The below statements show a reconciliation of the IFRS view and what is called the normalised view. Normalised view is essentially a term that is meant to give the market a view of underlyin performance of the business when we exclude the once off transitional costs referred to above.

Normalised profit before tax

56%

Normalised costs to income ratio

51 %

Normalised return on equity

28%

Normalised view vs IFRS view
consolidated statement of comprehensive income
for the period ended 30 June 2019

	IFRS View 30 June 2019 P'000	Barclays PLC Separation costs 30 June 2019 P'000	Normalised view June 2019 P'000	IFRS View 30 June 2018 P'000	Barclays PLC Separation costs 30 June 2018 P'000	Normalised view June 2018 P'000	Change in normalised results vs prior year %
Effective interest income	663 508	-	663 508	596 204	-	596 204	11%
Effective interest expense	(132 532)	-	(132 532)	(105 926)	-	(105 926)	25%
Net interest income	**530 976**	**-**	**530 976**	**490 278**	**-**	**490 278**	**8%**
Fee and commission income	226 653	-	226 653	193 860	-	193 860	17%
Fee and commission expense	(40 347)	(31)	(40 316)	(17 151)	-	(17 151)	135%
Net fee and commission income	186 306	(31)	186 337	176 709	-	176 709	5%
Net trading income	82 513	(1 639)	84 152	74 598	-	74 598	13%
Other income	9 954	-	9 954	1 509	-	1 509	560%
Total income	**809 749**	**(1 670)**	**811 419**	**743 094**	**-**	**743 094**	**9%**
Expected credit losses on loans and advances	8 254	-	8 254	(85 172)	-	(85 172)	(110%)
Net operating income	**818 003**	**(1 670)**	**819 673**	**657 922**	**-**	**657 922**	**24%**
Staff costs	(232 678)	(471)	(232 207)	(215 780)		(215 780)	8%
Infrastructure costs	(55 720)	(14)	(55 706)	(53 711)	-	(53 711)	4%
Administration and general expenses	(142 302)	(15 782)	(126 520)	(128 851)	(102)	(128 749)	(2%)
Operating expenses	**(430 700)**	**(16 267)**	**(412 763)**	**(398 342)**	**(102)**	**(398 240)**	**4%**
Profit before tax	387 303	(17 937)	405 240	259 580	(102)	259 682	56%
Taxation	(88 523)	3 946	(92 469)	(58 497)	22	(58 519)	58%
Profit for the period	**298 780**	**(13 991)**	**312 771**	**201 083**	**(80)**	**201 163**	**55%**

Normalised view vs IFRS view
consolidated statement of financial position
as at 30 June 2019

	IFRS view 30 June 2019 P'000	Barclays PLC Separation costs 30 June 2019 P'000	Normalised view 30 June 2019 P'000	[4]Restated IFRS view 30 June 2018 P'000	Barclays PLC Separation costs 30 June 2018 P'000	Normalised view 30 June 2018 P'000	Change in normalised results vs prior year %
Assets					**-**		
Cash	333 488	-	333 488	319 161	-	319 161	4%
Balances at the Central Bank	1 426 826	-	1 426 826	1 763 876	-	1 763 876	(19%)
Trading portfolio assets	67 232	-	67 232	83 935	-	83 935	(20%)
Derivative financial instruments	32 818	-	32 818	20 989	-	20 989	56%
Financial assets at fair value through OCI	1 378 031	-	1 378 031	1 508 545	-	1 508 545	(9%)
Loans and advances to banks	956 305	-	956 305	778 501	-	778 501	23%
Due from related companies	578 620	(6 019)	584 639	698 938	-	698 938	(16%)
Loans and advances to customers	12 769 413	-	12 769 413	11 353 334	-	11 353 334	12%
Other receivables	174 101	(85)	174 186	202 176	-	202 176	(14%)
Property, plant and equipment	185 888	-	185 888	134 388	-	134 388	38%
Intangible assets	978	-	978	764	-	764	28%
Deferred tax assets	59 538	-	59 538	80 654	-	80 654	(26%)
Total assets	**17 963 238**	**(6 104)**	**17 969 342**	**16 945 261**	**-**	**16 945 261**	**6%**
Equity and liabilities							
Liabilities							
Deposits from banks	621 993	-	621 993	290 084	-	290 084	114%
Due to related companies	718 415	20	718 395	1 464 986	-	1 464 986	(51%)
Customer deposits	12 994 203	-	12 994 203	12 111 557	-	12 111 557	7%
Derivative financial instruments	28 846	-	28 846	14 872	-	14 872	94%
Other payables	504 903	6 458	498 445	698 788	58	698 788	(29%)
Provisions	39 114	-	39 114	32 965	-	32 965	19%
Current tax payable	4 745	1 409	3 336	123	22	123	2 612%
Debt securities in issue	588 934	-	588 934	253 510	-	253 510	132%
Subordinated debt	358 305	-	358 305	254 436	-	254 436	41%
Total liabilities	**15 859 458**	**7 886**	**15 851 572**	**15 121 321**	**80**	**15 121 321**	**5%**
Shareholders' equity							
Stated capital	17 108	-	17 108	17 108	-	17 108	-
General risk reserves	118 347	-	118 347	107 206	-	107 206	10%
Fair value reserves	1 275	-	1 275	(902)	-	(902)	(241%)
Share-based payment reserve	2 791	-	2 791	6 888	-	6 888	(59%)
Share capital reserve	2 060	-	2 060	2 060	-	2 060	-
Retained income	1 962 199	(13 991)	1 976 190	1 691 580	(80)	1 691 580	17%
Total equity attributable to equity holders	**2 103 780**	**(13 991)**	**2 117 771**	**1 823 940**	**(80)**	**1 823 940**	**16%**
Total equity and liabilities	**17 963 238**	**(6 104)**	**17 969 342**	**16 945 261**	**-**	**16 945 261**	**6%**