



African Bank Holdings Limited

Unaudited Consolidated Condensed Interim Financial Statements

For the six months
ended **31 March 2024**

These financial statements were prepared under the supervision of
A. Chetti CA(SA) Registration number: 2014/176855/06

African Bank Holdings Limited

(Registration Number 2014/176855/06)

Unaudited Consolidated Condensed Interim Financial Statements
for the six months ended 31 March 2024

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Unaudited Consolidated Condensed Interim Financial Statements represent the financial position and financial results of the African Bank Holdings Limited Group. The African Bank Holdings Limited Group consists of African Bank Holdings Limited, its subsidiaries African Bank Limited ("the Bank" and/or "ABL") and African Insurance Group Limited ("AIG") as well as its indirectly held subsidiaries, Grindrod Bank Limited ("GBL") and Grindrod Financial Holdings Limited ("GFH") (together referred to as the "Group").

The Directors are responsible for the preparation and fair presentation of the Unaudited Consolidated Condensed Interim Financial Statements, comprising of the Consolidated Statement of Financial Position as at 31 March 2024, the Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the six month period ended 31 March 2024, and the Notes to the Consolidated Condensed Interim Financial Statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS[®] Accounting Standards ("IFRS Accounting Standards") and in the manner required by the Companies Act of South Africa No. 71 of 2008 ("the Companies Act").

The Directors' responsibilities include:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these Financial Statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- maintaining adequate accounting records and an effective system of risk management.

In the prior financial period, an application was submitted to the Prudential Authority to transfer the business activities within Grindrod Financial Holdings Limited ("GFH Group") into ABL and ultimately deregister the legal entities within the GFH Group. The Group received the written approval from the Minister of Finance through the Prudential Authority on 14 March 2024. The approval is subject to the terms contained in the notice and the business transfer and deregistration is required to take place within 18 months from the approval date.

In October 2023, ABL entered into a binding agreement with Sasfin Bank Limited ("Sasfin Bank" or "SBL") and Sasfin Private Equity Investment Holdings Proprietary Limited ("SPEIH"), subsidiaries of the listed entity Sasfin Holdings Limited ("Sasfin Holdings"), to acquire its Capital Equipment Finance ("CEF") and its Commercial Property Finance ("CPF") businesses, as going concerns, in one indivisible transaction. This transaction is subject to various conditions precedent, such as a favourable outcome of a due diligence review, Board of Director approvals, Prudential Authority and other regulatory approvals, which is expected to be concluded during the 2024 financial year.

The Group intends to implement a broad-based employee share ownership scheme, the purpose of which is to align employee and shareholder interests, allowing employees to participate in value-creation and to support the attraction and retention initiatives of the Group. The share scheme would hold no more than 10% of the ordinary shareholding of ABHL (post the issue of shares) and each eligible employee will receive an equal allocation. At the extra-ordinary general meeting held on 26 March 2024, shareholders voted in favour of the necessary resolutions to implement the employee share ownership scheme as it represents another important step in our Excelerate25 strategic journey as the Group continues building a customer centric, data and digitally enabled diversified business that is scalable and sustainable.

The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

CHANGES IN DIRECTORS AND BOARD COMMITTEES

The following changes in Directors have taken place during the six month period ended 31 March 2024 and up until 30 May 2024:

Resignations	Appointments
Chrisanthi Michaelides resigned as Acting Executive Director on the AIG Board on 5 October 2023 due to the appointment of Anbann Chetti as CFO.	Anbann Chetti was appointed as Executive Director on the AIG Board with effect from 6 October 2023 to fill a vacancy in his capacity as CFO.

DEBT OFFICER

Chrisanthi Michaelides resigned as the Debt Officer on 17 November 2023 due to the appointment of the CFO. Anbann Chetti has been appointed as the Debt Officer, effective 17 November 2023. This appointment followed the stepping down by Ms Chrisanthi Michaelides and handing over the Debt Officer position to the Group's Chief Financial Officer. The Board has considered and is satisfied with the competence, qualifications and experience of the Debt Officer.

APPROVAL OF THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL

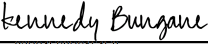
African Bank Holdings Limited

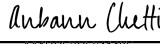
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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Unaudited Consolidated Condensed Interim Financial Statements found on pages 5 to 57 were approved by the Board of Directors on 30 May 2024 and are signed on its behalf by:

DocuSigned by:

83B24F88B6154E8...
K Bungane
Director

DocuSigned by:

AA1DCE3CF64148F...
A Chetti
Director

Midrand
30 May 2024

A signed copy of the Unaudited Consolidated Condensed Interim Financial Statements is available for inspection through a secure electronic manner at the election of the person requesting inspection.

African Bank Holdings Limited

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Unaudited Consolidated Condensed Interim Financial Statements
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rmillion	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited) Restated ¹	30 September 2023 (audited) Restated ¹
Assets				
Cash and cash equivalents	3	5,980	2,578	4,333
Financial investments	4	16	16	14
Sovereign debt securities	5	4,544	8,262	8,234
Net advances	2	32,741	32,380	31,984
Accounts receivable and other assets		891	439	522
Derivatives		2	98	124
Insurance contract asset	7	419	586	410
Property, equipment and right-of-use assets		680	673	710
Intangible assets		347	263	353
Current tax assets	6	15	16	32
Deferred tax assets	6	1,416	1,405	1,366
Goodwill		115	115	115
Total assets		47,166	46,831	48,197
Liabilities and equity				
Liabilities				
Creditors and other liabilities		1,266	1,159	1,286
Short-term funding		22,904	22,991	26,017
Long-term funding		10,603	10,950	8,604
Total liabilities		34,773	35,100	35,907
Equity				
Ordinary share capital		5	5	5
Ordinary share premium		9,995	9,995	9,995
Retained income		2,393	1,731	2,290
Total equity		12,393	11,731	12,290
Total equity and liabilities		47,166	46,831	48,197

¹ The Statement of Financial Position has been restated as a result of the transition to IFRS 17 Insurance Contracts. Refer to note 19.

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CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Rmillion	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited) Restated ^{1, 2}	30 September 2023 (audited) Restated ²
Interest income on advances	8.1	3,524	3,914	7,343
Other interest income ¹	8.2	493	213	898
Interest expense and similar charges ¹	10	(1,351)	(1,132)	(2,481)
Net Interest Income		2,666	2,995	5,760
Fair value gain on financial investment ³		11	2	2
Foreign exchange loss recognised on translation		6	(2)	(4)
Fair value gains/(losses) from derivatives, assets and liabilities		5	(7)	35
Non-interest income	11	839	668	1,635
Total income before investment in insurance result		3,527	3,656	7,428
Insurance revenue	7	756	831	1,636
Insurance service expenses	7	(475)	(523)	(1,023)
Insurance service result		281	308	613
Insurance finance expense	7	(272)	(238)	(719)
Dividend income		304	270	787
Net investment in insurance result²		313	340	681
Net income from operations		3,840	3,996	8,109
Credit impairment charge ¹	9	(1,355)	(2,240)	(3,262)
Income after credit impairment charge		2,485	1,756	4,847
Operating costs	12	(2,239)	(2,319)	(4,752)
Gain on bargain purchase		-	276	276
Indirect taxation: VAT		(80)	(25)	(93)
Operating (loss)/profit		166	(312)	278
(Loss)/profit before taxation		166	(312)	278
Taxation		37	269	238
(Loss)/profit for the period		203	(43)	516
Attributable to:				
Shareholders of African Bank Holdings Limited		203	(43)	516
Total comprehensive (loss)/profit for the period		203	(43)	516

¹ The presentation has changed to better present the results for the year in terms of IAS 1.41 and the totals may have changed but the individual lines have not changed.

² The Statement of Total Comprehensive Income has been restated as a result of the transition to IFRS 17 Insurance Contracts. Refer to note 19.

³ This was previously called income on core income funds however, those investments are disclosed as financial investments on the Statement of Financial Position. This line has been renamed to be inclusive of movements on all financial investments. The current period movements relates to movements in money market investments.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rmillion	Ordinary share capital	Ordinary share premium	Retained income	Total
Balance at 30 September 2022	5	9,995	1,887	11,887
Restatements – Transition to IFRS 17 ¹			(13)	(13)
Restated balance at 1 October 2022¹	5	9,995	1,874	11,874
Total comprehensive loss for the financial year	-	-	516	516
Dividends declared	-	-	(100)	(100)
Balance at 30 September 2023	5	9,995	2,290	12,290
Total comprehensive loss for the period	-	-	203	203
Dividends declared	-	-	(100)	(100)
Balance at 31 March 2024	5	9,995	2,393	12,393

¹ This restatement is as a result of the transition to IFRS 17 Insurance Contracts. Refer to note 19.

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CONSOLIDATED STATEMENT OF CASH FLOWS

Rmillion	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited) Restated ²	30 September 2023 (audited) Restated ²
Cash flows from/(used in) operating activities				
Cash utilised in operations	13	(1,005)	(1,601)	(2,176)
Interest received ¹		3,503	3,720	7,403
Interest paid		(1,088)	(917)	(1,911)
Direct taxation paid	6	61	(26)	(49)
Indirect taxation received/(paid)		(36)	25	34
Movement in assets and liabilities		-		
Increase in gross advances		(1,825)	(3,024)	(3,195)
Decrease in sovereign debt securities		3,770	2,950	2,586
Increase/(decrease) in customer deposits		1,263	(287)	(151)
Increase/(decrease) in transactional banking		2,134	(50)	(393)
Increase in other assets (receivables)		(88)	(64)	(217)
Decrease other liabilities		(2,846)	(187)	(135)
Decrease in deferred fees and other items related to advances		(46)	(18)	-
Proceeds from sale of negotiable securities		-	-	278
Net cash inflow from operating activities		3,797	521	2,074
Cash flows from investing activities				
Acquisition of property and equipment		(196)	(47)	(195)
Acquisition of intangible assets		(74)	(30)	(108)
Dividends received	7	304	270	787
Net investments disposed	4	2	162	160
Net cash flow on acquisition of Ubank		-	441	440
Net cash flow on acquisition of GFH Group		-	(150)	(161)
Net cash inflow from investing activities		36	646	924
Cash flows from financing activities				
Funding raised		343	321	3,224
Funding redeemed		(2,494)	(263)	(3,153)
Principal payment of lease liabilities		(75)	(74)	(137)
Dividends paid		(115)	(100)	(100)
Settlement of derivative instruments		149	(17)	(39)
Net cash outflow from financing activities		(2,192)	(133)	(205)
Increase in cash and cash equivalents		1,641	1,034	2,793
Cash and cash equivalents at the beginning of the period		4,333	1,544	1,544
Effect of exchange rate changes on cash and cash equivalents		6		(4)
Cash and cash equivalents at the end of the period		5,980	2,578	4,333

¹ Interest received comprises of interest on advances, origination fees and service fees.

² In 31 March 2023, the movements relating to wholesale funding were split in the Statement of Cash Flows, into short-term funding and long-term funding. To simplify the disclosure, the funding has been presented in the manner in which it is managed. In 31 March 2023, interest expense and interest income was presented on an accrual basis in the "cash utilised in operations" note. In the 2023 AFS, the disclosure has been updated to present the cash element of interest expense and interest income directly in the Statement of Cash Flows in the "cash generated from operations" section and the accrual portion of interest expense and interest income is presented with the related financial instruments in the "cash generated from operating activities" section. The comparative figures have moved to the respective sections of the Statement of Cash Flows.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

ABHL is a public company incorporated in the Republic of South Africa. ABHL is an unlisted registered bank controlling company under the Banks Act.

The shares in ABHL are privately held by the South African Reserve Bank ("SARB") (50.00%), the Government Employees Pension Fund (25.00%), FirstRand Bank Limited (6.55%), The Standard Bank of South Africa Limited (5.95%), Absa Trading and Investments Solutions Proprietary Limited (4.95%), Nedbank Limited (4.10%), Investec Bank Limited (2.45%) and Capitec Bank Limited (1.00%). Percentages indicate percentage holding.

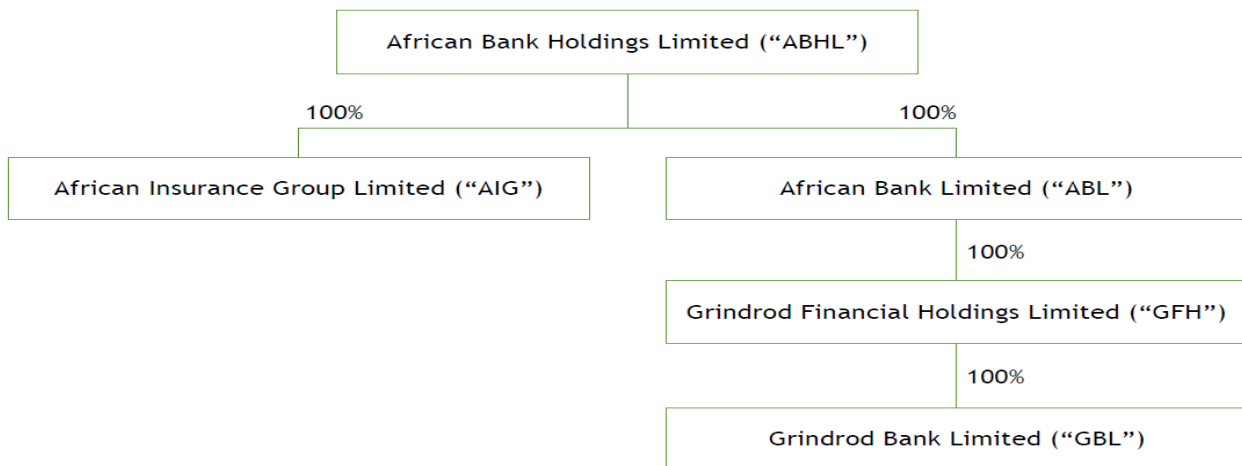
ABHL holds 100% of the issued share capital of ABL. ABL holds 100% of the ordinary share capital of GFH and 100% of the preference shares of GBL, which is a 100% held subsidiary of GFH. ABL acquired its ordinary shareholding and its preference shareholding in the prior financial year. As a result of the acquisition, ABHL indirectly holds 100% of GFH and its subsidiaries ("GFH Group"). In the prior financial period, an application was submitted to the Prudential Authority to transfer the business activities within the GFH Group into ABL and ultimately deregister the legal entities within the GFH Group. The Group received the written approval from the Minister of Finance through the Prudential Authority on 14 March 2024. The approval is subject to the terms contained in the notice and the business transfer and deregistration is required to take place within 18 months from the approval date.

ABHL also holds 100% of the issued share capital of AIG. Its main business is holding an investment in a cell captive arrangement provided by Guardrisk Insurance Company Limited ("Guardrisk").

The Group's business operations consist of Consumer Banking and Business Banking. The core product offering for Consumer Banking consists of unsecured lending (personal loans and credit cards), transactional banking (including overdrafts) and retail investments. The Group, through AIG's investment in a cell captive, is able to sell insurance products (credit life and funeral cover insurance products) under its own brand. These insurance products are provided to the Bank's Consumer Banking customers. Business Banking offers a range of products, including mortgage bonds, secured lending (term loans and revolving facilities) and transactional banking (including overdrafts).

The registered office and principal place of business of the Group is disclosed in Annexure B. The Consolidated Condensed Interim Financial Statements found on pages 5 to 57 were approved by the Board of Directors on 30 May 2024.

1.1 Group Structure



1.2 Accounting policies

1.2.1 Statement of compliance

The Group's Unaudited Consolidated Condensed Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") and comply with, the International Accounting Standards Board ("IASB®"), interpretations issued by the IFRS Interpretations Committee of the IASB ("IFRIC®"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa No. 71 of 2008 ("the Companies Act") and the JSE Debt Listings Requirements.

1.2.2 Basis of preparation

The Group's Consolidated Condensed Interim Financial Statements have been prepared in accordance with the going concern principle and a historical cost basis is applied, except where specifically indicated otherwise in the accounting policies.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

1.2.2 Basis of preparation continued...

The Group's Consolidated Condensed Interim Financial Statements are presented in the South African Rand, which is the Group's functional currency. All monetary information and figures have been rounded to the nearest million Rand (Rmillion), unless otherwise stated.

1.2.3 Application of the going concern principle

The Board's assessment regarding the going concern assumption is based on judgement applied to uncertain future events, which are significant and impacts the Group's ability to raise funding and generate cash and cash equivalents from assets held by the Group. In considering the Group's going concern assumption with respect to the existing and expected future economic conditions, the Board (through its subcommittees) assessed the Group's budgets and cash flow forecasts, which included the expected impacts of the Capital Equipment Finance and Commercial Property Finance acquisitions.

In the Board's opinion, the Group's ability to raise funding and generate cash and cash equivalents is expected to continue. The Board is satisfied with the Group's capital position as the capital ratios currently, and over the forecasted period, remain above the Regulatory Minimum and Board approved internal targets. The Group's performance as at 31 March 2024 displays an improved position as compared to the six month period ended 31 March 2023. This is expected to continue as the Group is forecasted to maintain profitability.

The Board took liquidity risk into account in its assessment that the Group is a going concern. In the Board's opinion there is no material uncertainty regarding the Group's ability to meet its obligations and to pay its debts as they become due in the ordinary course of business. To ensure that the Group is able to meet its obligations and to pay its debts as they become due, the Group has a number of initiatives, which includes its significant retail funding portfolio, and its continued presence in the wholesale market to secure funding from the capital markets. The Group successfully issued Tier 2 bonds during December 2023 amounting to R825 million, further augmenting the Group's wholesale funding base.

From a business continuity perspective, the prolonged and excessive loadshedding currently experienced has been identified as a significant risk to operations, however it is currently being mitigated through the use of inverters, generators and solar installations and expected impacts will continue being monitored. The Group is satisfied that it has the necessary skills to continue operations and is continuously ensuring that plans are in place to retain current staff and attract new hires where necessary.

On this basis, the Directors consider that the Group has adequate resources to continue operating for the foreseeable future and deem it appropriate to apply the going concern basis in preparing the Group's Consolidated Condensed Interim Financial Statements for the six month period ended 31 March 2024.

1.3 Material accounting policies

The Group's Consolidated Condensed Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 30 September 2023, which were prepared in accordance with IFRS Accounting Standards. The accounting policies are consistent with those reported in the most recent Annual Financial Statements (30 September 2023), except for:

- IFRS 17 Insurance Contracts ("IFRS 17") - IFRS 17 became effective for annual periods commencing on or after 1 January 2023 and replaced IFRS 4 Insurance Contracts. Refer to note 19.

No new or amended IFRS Accounting Standards and interpretations became effective for the six months ended 31 March 2024 which would materially impact the Group's Consolidated Condensed Interim Financial statements or the accounting policies other than IFRS 17.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions that relate to impairment provisions for advances that are not readily apparent from other sources. The estimates and associated assumptions are continually evaluated, and management applies their knowledge of current events and actions that may be undertaken in the future, but actual results may ultimately differ from estimates. The critical judgements that management have made in the process of applying the Group's accounting policies and key estimation uncertainties are disclosed as part of the relevant accounting policies.

The principal considerations applied by management in making judgements, estimates and assumptions relate to the following:

- Expected credit loss ("ECL") (refer to note 2);
- Fair value estimates (refer to note 14);
- Taxation (refer to note 6);
- Estimated useful life of PPE and intangibles;
- Long term incentives; and
- Insurance contract asset (refer to note 7).

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances****Portfolios**

Net advances comprise of the following portfolios:

- The Business Banking portfolio consists of Business Banking advances that are originated by the Bank and the GFH Group, since acquisition thereof, as well as Business Banking advances acquired through business combinations in the previous financial year.
- The Consumer Banking portfolio consists of Consumer Banking advances that are originated by the Bank and those acquired through business combinations in the previous financial year, as well as those advances acquired in the 2016 financial year.

2.1 Total advances

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Advances at FVTPL	1,940	1,887	1,888
Advances at amortised cost	30,801	30,493	30,096
Total	32,741	32,380	31,984
Undrawn irrevocable Consumer Banking commitments	913	780	852
Undrawn irrevocable Business Banking commitments ¹	213	-	926
Maximum exposure to credit risk	33,867	33,160	33,762

¹ In the Annual Financial Statements for 30 September 2023, undrawn irrevocable commitments for Business Banking was disclosed as R4,368 million. The correct figure is R926 million as presented above.

2.2 Net advances measured at FVTPL

Rmillion¹	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Mandatorily measured at FVTPL	1,622	1,473	1,572
Designated at FVTPL	318	414	316
Total advances at FVTPL	1,940	1,887	1,888

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for the six months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****2.2 Net advances measured at FVTPL continued...****2.3 Net advances measured at amortised cost**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Gross advances	41,227	41,702	41,446
Deferred fees	(276)	(372)	(320)
Gross advances after deferred origination and administration fees	40,951	41,330	41,126
Consumer Banking ¹	30,599	32,481	31,503
Business Banking	10,352	8,849	9,623
Balance of impairment provision at the end of the period	(10,150)	(10,837)	(11,030)
Balance of impairment provision at the beginning of the period	(11,030)	(9,633)	(10,640)
Impairment provisions raised on advances ²	(1,752)	(2,461)	(3,889)
Impairment provisions raised on interest from stage 3	375	(382)	(464)
Impairment provision released upon write-offs of underlying exposure	2,257	1,639	3,963
Net advances	30,801	30,493	30,096
Consumer Banking	20,661	21,688	20,574
Business Banking	10,140	8,805	9,522

The Consumer Banking advances balance includes modification losses amounting to R1 088 million (31 March 2023: R988 million, 30 September 2023: R1 127 million) with an amortised cost of R787 million (31 March 2023: R525 million, 30 September 2023: R1 264 million).

The Business Banking advances balance includes modification losses amounting to Rnil (31 March 2023: R1 million, 30 September 2023: R2 million) with an amortised cost of Rnil (31 March 2023: R2 902 million, 30 September 2023: R2 902 million).

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances continued...****Advances at amortised cost - Consumer Banking****2.3.1 Reconciliation of ECL of gross advances of originated and acquired advances for Consumer Banking as at 31 March 2024 (unaudited)***The below ECL movements depict the differential movements when advances transfer to or from the different stages*

Rmillion	ECL						Gross Advances ²					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Opening balance 1 October 2023	1,128	463	241	8,381	715	10,929	13,700	3,028	1,469	12,194	1,112	31,503
Changes due to movements in arrears profile of advances	(60)	(56)	95	1,311	18	1,308	(1,157)	(351)	371	1,216	5	84
Transfer from stage 1	-	349	211	579	-	1,139	-	1,656	999	803	-	3,458
Transfer from stage 2: SICR	146	-	72	271	-	489	1,468	-	342	376	-	2,186
Transfer from stage 2: arrears	8	15	-	662	-	685	79	73	-	918	-	1,070
Transfer from stage 3	75	22	21	-	-	118	754	106	100	-	-	960
Transfer to stage 1	-	(310)	(17)	(543)	-	(870)	-	(1,468)	(79)	(754)	-	(2,301)
Transfer to stage 2: SICR	(165)	-	(15)	(77)	-	(257)	(1,656)	-	(73)	(106)	-	(1,835)
Transfer to stage 2: arrears	(99)	(72)	-	(72)	-	(243)	(999)	(342)	-	(100)	-	(1,441)
Transfer to stage 3	(80)	(79)	(194)	-	-	(353)	(803)	(376)	(918)	-	-	(2,097)
Transfer to write off/ balance growth up to write-off	55	19	17	491	18	600	-	-	-	79	5	84

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for the six months ended 31 March 2024

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.1 Advances at amortised cost - Consumer Banking continued...**

Rmillion	ECL						Gross Advances ²					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to changes in balances of advances	39	(104)	14	(2,515)	(173)	(2,739)	2,303	(522)	207	(2,583)	(234)	(829)
Change due to movement in balances of existing advances	(70)	(41)	2	174	(42)	23	(563)	(202)	17	314	(88)	(522)
Issuance of Consumer Banking advances	302	-	47	20	-	369	3,177	-	155	28	-	3,360
Modifications that did not give rise to de-recognition	-	-	-	-	-	-	203	(139)	83	(186)	-	(39)
Purchase of Consumer Banking advances	-	-	-	-	-	-	724	-	-	-	-	724
Change due to de-recognition (other than write-off)	(115)	(31)	(3)	(684)	(42)	(875)	(1,160)	(149)	(16)	(714)	(57)	(2,096)
Change due to write-off ¹	(78)	(32)	(32)	(2,025)	(89)	(2,256)	(78)	(32)	(32)	(2,025)	(89)	(2,256)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.1 Advances at amortised cost - Consumer Banking continued...**

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to change in model assumptions	(289)	300	19	390	21	440	(363)	492	(403)	89	26	(159)
Changes due to changes in model assumptions	(289)	300	19	390	21	440	(363)	492	(403)	89	26	(159)
Closing balance 31 March 2024	818	603	369	7,567	581	9,938	14,483	2,647	1,644	10,916	909	30,599

¹ The decrease in the advances as a result of the write-off is equal to the decrease in ECL, as advances are 100% provided for before being written off. The contractual amount outstanding on advances that were written off during the current financial year that are still subject to enforcement activities is R2,256 million. Where these advances are in stage 1 or 2, these advances did not meet the criteria for being classified as credit-impaired, prior to been written off.

² The gross advances balances are net of deferred fees.

Factors impacting and contributing to significant changes in the ECL during the current period:

ECL models were recalibrated during the current financial year to reflect more up-to-date data and to ensure alignment with industry practice. The impact of this amounted to R214 million.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances continued...**

Advances at amortised cost - 2023 Comparatives

2.3.2 Reconciliation of ECL of gross advances of originated and acquired advances for Consumer Banking as at 31 March 2023 (unaudited)¹

Rmillion	ECL					Gross advances ⁴					2016 acquired book
	Stage 1	Stage 2		Stage 3	Total	Stage 1	Stage 2		Stage 3	Total	
		SICR	Arrears				SICR	Arrears			
Opening balance 1 October 2022	1,194	304	732	7,354	9,584	15,189	2,917	1,612	10,211	29,929	587
Changes due to movements in arrears profile of advances	(98)	(67)	118	2,145	2,098	(1,815)	(552)	151	2,317	100	5
Transfer from stage 1	-	349	412	1,150	1,911	-	1,858	924	1,554	4,336	-
Transfer from stage 2: SICR	159	-	124	281	564	2,014	-	266	380	2,660	-
Transfer from stage 2: arrears	14	3	-	711	728	160	18	-	960	1,138	-
Transfer from stage 3	28	44	43	-	115	347	232	97	-	676	-
Transfer to stage 1	-	(379)	(65)	(257)	(701)	-	(2,014)	(160)	(347)	(2,521)	-
Transfer to stage 2: SICR	(146)	-	(8)	(171)	(325)	(1,858)	-	(18)	(232)	(2,108)	-
Transfer to stage 2: arrears	(75)	(50)	-	(72)	(197)	(924)	(266)	-	(97)	(1,287)	-
Transfer to stage 3	(123)	(71)	(438)	-	(632)	(1,554)	(380)	(960)	-	(2,894)	-
Transfer to write off/ balance growth up to write-off	45	37	50	503	635	-	-	2	99	101	5

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.2 Advances at amortised cost - 2023 Comparatives continued...**

Rmillion	ECL					Gross advances ⁴					2016 acquired book
	Stage 1	Stage 2		Stage 3	Total	Stage 1	Stage 2		Stage 3	Total	
		SICR	Arrears				SICR	Arrears			
Changes due to changes in balances of advances	309	(107)	38	(1,105)	(865)	2,900	(162)	112	(797)	2,053	(196)
Change due to movement in balances of existing advances	(62)	(30)	(16)	257	149	(779)	(159)	(43)	348	(633)	(93)
Modifications that did not give rise to derecognition						(265)	207	(6)	(47)	(111)	
Purchase of Consumer Banking advances ¹	-	-	-	-	-	321	-	-	222	543	-
Issuance of Consumer Banking advances	544	-	98	176	818	5,217	-	230	235	5,682	-
Change due to de-recognition (other than write-off)	(123)	(31)	(19)	(45)	(218)	(1,544)	(164)	(44)	(62)	(1,814)	(17)
Change due to write-off ²	(50)	(46)	(25)	(1,493)	(1,614)	(50)	(46)	(25)	(1,493)	(1,614)	(86)
Changes due to change in model assumptions	19	209	(94)	(158)	(24)	144	(23)	145	(349)	(82)	85
Changes due to changes in model assumptions	19	209	(94)	(158)	(24)	144	(23)	145	(349)	(82)	85
Closing balance 31 March 2023	1,424	339	794	8,236	10,793	16,418	2,180	2,020	11,382	32,000	481

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

2.3.2 Advances at amortised cost - 2023 Comparatives continued...

- ¹ The purchase of Consumer Banking advances arose from the acquisition of certain assets and liabilities from Ubank Limited.
- ² The decrease in the advances as a result of the write-off is equal to the decrease in ECL and relates only to Consumer Banking, as advances are 100% provided for before being written off. The contractual amount outstanding on advances that were written off during the current financial year that are still subject to enforcement activities is R1 614 million (refer to credit impairment charges, note 3.1.2).
- ³ The gross advances balances are net of deferred fees.

Factors impacting and contributing to significant changes in the ECL during the current period:

The ECL models were recalibrated with recent observed behaviour between October 2022 and March 2023 which increased the model calculated ECL.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances continued...****2.3.3 Reconciliation of ECL of gross advances of originated and acquired advances for Consumer Banking as at 30 September 2023 (audited)***The below ECL movements depict the differential movements when advances transfer to or from the different stages**No movements are expected into or out of the stage reflected*

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Opening balance 1 October 2022	1,194	304	732	7,354	1,007	10,592	15,189	2,917	1,612	10,211	1,594	31,523
Changes due to movements in arrears profile of advances	224	209	319	3,434	80	4,266	(3,273)	135	79	3,527	20	488
Transfer from stage 1	-	323	302	2,042	-	2,667	-	1,715	733	2,755	-	5,203
Transfer from stage 2: SICR	107	-	98	480	-	685	1,363	-	210	650	-	2,223
Transfer from stage 2: arrears	14	15	-	564	-	593	175	84	-	762	-	1,021
Transfer from stage 3	23	100	35	-	-	158	291	534	75	-	-	900
Transfer to stage 1	-	(256)	(81)	(215)	-	(552)	-	(1,364)	(175)	(291)	-	(1,830)
Transfer to stage 2: SICR	(135)	-	(39)	(395)	-	(569)	(1,715)	-	(84)	(534)	-	(2,333)
Transfer to stage 2: arrears	(51)	(39)	-	(56)	-	(146)	(733)	(210)	-	(75)	-	(1,018)
Transfer to stage 3	(218)	(122)	(354)	-	-	(694)	(2,755)	(649)	(762)	-	-	(4,166)
Transfer to write off/ balance growth up to write-off	484	188	358	1,014	80	2,124	101	25	82	260	20	488

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.3 Reconciliation of ECL of gross advances of originated and acquired advances for Consumer Banking as at 30 September 2023 (audited) continued...**

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to changes in balances of advances	(283)	(202)	(443)	(1,400)	(436)	(2,764)	1,323	(50)	(222)	(1,036)	(640)	(625)
Change due to movement in balances of existing advances	(88)	(64)	(21)	392	(138)	81	(1,119)	(342)	(42)	504	(339)	(1,338)
Issuance of Consumer Banking advances	535	144	40	809	-	1,528	5,406	687	320	1,239	-	7,652
Modifications that did not give rise to de-recognition	-	-	-	-	-	-	(215)	104	(3)	(136)	-	(250)
Purchase of Consumer Banking advances ¹	-	-	-	-	-	-	381	-	-	-	41	422
Change due to de-recognition (other than write-off)	(205)	(50)	(30)	(118)	(31)	(434)	(2,605)	(267)	(65)	(160)	(75)	(3,172)
Change due to write-off ²	(525)	(232)	(432)	(2,483)	(267)	(3,939)	(525)	(232)	(432)	(2,483)	(267)	(3,939)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.3 Reconciliation of ECL of gross advances of originated and acquired advances for Consumer Banking as at 30 September 2023 (audited) continued...**

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to change in model assumptions	(7)	152	(367)	(1,007)	64	(1,165)	461	26	-	(508)	138	117
Changes due to changes in model assumptions	(7)	152	(367)	(1,007)	64	(1,165)	461	26	-	(508)	138	117
Closing balance 30 September 2023	1,128	463	241	8,381	715	10,929	13,700	3,028	1,469	12,194	1,112	31,503

¹ The purchase of Consumer Banking advances arose from the acquisition of certain assets and liabilities from Ubank Limited.

² The decrease in the advances as a result of the write-off is equal to the decrease in ECL, as advances are 100% provided for before being written off. The contractual amount outstanding on advances that were written off during the current financial year that are still subject to enforcement activities is R3 939 million (refer to credit impairment charges, note 9). Where these advances are in stage 1 or 2, these advances did not meet the criteria for being classified as credit-impaired, prior to been written off.

³ The gross advances balances are net of deferred fees.

⁴ This table has been redesigned to include the advances acquired in 2016 under "POCI" and disclosed on a gross basis. In the 2022 financial year, these advances were disclosed on a net basis. The opening carrying amount as at 1 October 2022 amounted to R587 million; this amount can be reconciled by considering the opening balances disclosed in the table above for gross advances and ECL of R1,594 million and R1,007 million respectively. The movements in this category relates to advances acquired in 2016, as well as advances acquired during the current financial year which qualified for this categorisation.

Factors impacting and contributing to significant changes in the ECL during the current period:

ECL models were recalibrated during the current financial year to reflect more up-to-date data, as well as considering the appropriateness of applying the remaining term rather than contractual term. The impact of this amounted to R997 million.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances continued...****2.3.4 Reconciliation of ECL of gross advances of originated and acquired advances for Business Banking as at 31 March 2024 (unaudited)***The below ECL movements depict the differential movements when advances transfer to or from the different stages*

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Opening balance 1 October 2023	44	-	-	-	57	101	7,922	152	63	360	1,126	9,623
Changes due to movements in arrears profile of advances	(4)	1	-	33	-	30	(1,219)	623	(24)	620	-	-
Transfer from stage 1	-	1	-	3	-	4	-	641	38	688	-	1,367
Transfer from stage 2: SICR	-	-	-	-	-	-	17	-	1	-	-	18
Transfer from stage 2: arrears	-	-	-	-	-	-	8	-	-	55	-	63
Transfer from stage 3	-	-	-	-	-	-	123	-	-	-	-	123
Transfer to stage 1	-	-	-	-	-	-	-	(17)	(8)	(123)	-	(148)
Transfer to stage 2: SICR	(1)	-	-	-	-	(1)	(641)	-	-	-	-	(641)
Transfer to stage 2: arrears	-	-	-	-	-	-	(38)	(1)	-	-	-	(39)
Transfer to stage 3	-	-	-	30	-	30	(688)	-	(55)	-	-	(743)
Transfer to write off/ balance growth up to write-off	(3)	-	-	-	-	(3)	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.4 Reconciliation of ECL of gross advances of originated and acquired advances for Business Banking as at 31 March 2024 (unaudited) continued...****Reconciliation of ECL of gross advances of originated and acquired advances for Business Banking as at 31 March 2024 (unaudited)**

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to changes in balances of advances	7	1	-	52	22	82	722	(78)	(2)	63	24	729
Change due to movement in balances of existing advances	5	1	-	52	23	81	476	(94)	(2)	63	51	494
Modifications that did not give rise to de-recognition	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Business Banking advances ¹	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Business Banking advances ³	2	-	-	-	-	2	470	16	-	-	-	486
Change due to de-recognition (other than write-off)	-	-	-	-	-	-	(224)	-	-	-	(26)	(250)
Change due to write-off ²	-	-	-	-	(1)	(1)	-	-	-	-	(1)	(1)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.4 Reconciliation of ECL of gross advances of originated and acquired advances for Business Banking as at 31 March 2024 (unaudited) continued...**

Rmillion	ECL					Gross Advances ³						
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to change in model assumptions	(1)	-	-	-	-	(1)	-	-	-	-	-	-
Changes due to changes in model assumptions	(1)	-	-	-	-	(1)	-	-	-	-	-	-
Closing balance 31 March 2024	46	2	-	85	79	212	7,425	697	37	1,043	1,150	10,352

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances continued...**

Advances at amortised cost - 2023 Comparatives

2.3.5 Reconciliation of ECL of gross advances of originated and acquired advances for Business Banking as at 31 March 2023 (unaudited)*The below ECL movements depict the differential movements when exposures transfer to or from the different stages*

Rmillion	ECL					Gross advances ⁴				
	Stage 1	Stage 2		Stage 3	Total	Stage 1	Stage 2		Stage 3	Total
		SICR	Arrears				SICR	Arrears		
Opening balance 1 October 2022	48	-	-	-	48	1,760	-	-	-	1,760
Changes due to movements in arrears profile of advances	(1)	1	(1)	1	-	(409)	133	217	59	-
Transfer from stage 1	-	-	-	1	1	-	569	519	59	1,147
Transfer from stage 2: SICR	-	-	-	-	-	517	-	-	-	517
Transfer from stage 2: arrears	-	1	-	-	1	221	81	-	-	302
Transfer to stage 1	-	-	-	-	-	-	(517)	(221)	-	(738)
Transfer to stage 2: SICR	-	-	(1)	-	(1)	(569)	-	(81)	-	(650)
Transfer to stage 2: arrears	-	-	-	-	-	(519)	-	-	-	(519)
Transfer to stage 3	(1)	-	-	-	(1)	(59)	-	-	-	(59)
Changes due to changes in balances of advances	(1)	(1)	-	(2)	(4)	5,997	(6)	6	1,092	7,089
Change due to movement in balances of existing advances	(1)	(1)	-	22	20	(186)	(6)	26	31	(135)
Purchase of Business Banking advances ¹	-	-	-	-	-	5,307	-	-	1,094	6,401
Issuance of Business Banking advances	1	-	-	-	1	957	-	18	-	975
Change due to de-recognition (other than write-off)	(1)	-	-	-	(1)	(81)	-	(38)	(9)	(128)
Change due to write-off ²	-	-	-	(24)	(24)	-	-	-	(24)	(24)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.5 Advances at amortised cost - 2023 Comparatives
continued...**

Rmillion	ECL					Gross advances ⁴				
	Stage 1	Stage 2		Stage 3	Total	Stage 1	Stage 2		Stage 3	Total
		SICR	Arrears				SICR	Arrears		
Changes due to change in model assumptions	-	-	-	-	-	-	-	-	-	-
Change in ECL due to write-off policy change	-	-	-	-	-	-	-	-	-	-
Changes due to changes in model assumptions	-	-	-	-	-	-	-	-	-	-
Closing balance 31 March 2023	46	-	(1)	(1)	44	7,348	127	223	1,151	8,849

¹ The purchase of Business Banking advances arose from the GFH Group acquisition.

² The decrease in the advances as a result of the write-off is equal to the decrease in ECL and relates only to Business Banking advances, as advances are 100% provided for before being written off. The contractual amount outstanding on advances that were written off during the current financial year that are still subject to enforcement activities is R25 million (refer to credit impairment charges, note 9).

³ The gross advances balances are net of deferred fees.

Factors impacting and contributing to significant changes in the ECL during the current period:

The ECL model's assumptions related to forward-looking information (FLI) for the Probability of Default (PD) and Loss Given Default (LGD), were reassessed during March 2023. The FLI adjustments for PDs and LGDs were amended based on this assessment, which resulted in movement in general provisions.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2. Net advances continued...****2.3.6 Reconciliation of ECL of gross advances for Business Banking as at 30 September 2023 (audited)**

Rmillion	ECL						Gross Advances ³					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Opening balance 1 October 2022	48	-	-	-	-	48	1,760	-	-	-	-	1,760
Changes due to movements in arrears profile of advances	(1)	-	-	1	-	-	(576)	148	58	370	-	-
Transfer from stage 1	-	-	-	1	-	1	-	148	58	370	-	576
Transfer to stage 2: SICR	-	-	-	-	-	-	(148)	-	-	-	-	(148)
Transfer to stage 2: arrears	-	-	-	-	-	-	(58)	-	-	-	-	(58)
Transfer to stage 3	(1)	-	-	-	-	(1)	(370)	-	-	-	-	(370)
Changes due to changes in balances of advances	(5)	-	-	(1)	57	51	6,738	4	5	(10)	1,126	7,863
Change due to movement in balances of existing advances	(12)	-	-	(1)	81	68	(67)	4	5	(15)	84	11
Purchase of Business Banking advances ¹	-	-	-	-	-	-	5,305	-	-	-	1,089	6,394
Issuance of Business Banking advances ³	8	-	-	-	-	8	2,130	-	-	5	-	2,135
Change due to de-recognition (other than write-off)	(1)	-	-	-	-	(1)	(630)	-	-	-	(23)	(653)
Change due to write-off ²	-	-	-	-	(24)	(24)	-	-	-	-	(24)	(24)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**2.3.6 Reconciliation of ECL of gross advances for Business Banking as at 30 September 2023 (audited) continued...**

Rmillion	ECL					Gross Advances ³						
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ⁴	Total
		SICR	Arrears					SICR	Arrears			
Changes due to change in model assumptions	2	-	-	-	-	2	-	-	-	-	-	-
Changes due to changes in model assumptions	2	-	-	-	-	2	-	-	-	-	-	-
Closing balance 30 September 2023	44	-	-	-	57	101	7,922	152	63	360	1,126	9,623

¹ The purchase of Business Banking advances arose from the GFH Group acquisition.

² The decrease in the advances as a result of the write-off is equal to the decrease in ECL, as advances are 100% provided for before being written off. The contractual amount outstanding on advances that were written off during the current financial year that are still subject to enforcement activities is R24 million (refer to credit impairment charges, note 9).

³ The gross advances balances are net of deferred fees.

⁴ This category relates to advances acquired during the current financial year which qualified for this categorisation.

Factors impacting and contributing to significant changes in the ECL during the current period:

ECL models were recalibrated during the current financial year to reflect more up-to-date data.

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2. Net advances continued...

2.4 Credit quality of advances

2.4.1 Advances analysis

Rmillion	31 March 2024 (unaudited)			31 March 2023 (unaudited) ¹			30 September 2023 (audited)		
	Consumer Banking	Business Banking	Total	Consumer Banking	Business Banking	Total	Consumer Banking	Business Banking	Total
Gross advances	30,776	10,451	41,227	33,574	8,948	42,522	31,726	9,720	41,446
Deferred fee	(177)	(99)	(276)	(273)	(99)	(372)	(223)	(97)	(320)
Gross advances after deferred fee	30,599	10,352	40,951	33,301	8,849	42,150	31,503	9,623	41,126
Stage 1	14,483	7,425	21,908	16,418	7,348	23,766	13,700	7,922	21,622
Stage 2	4,291	734	5,025	4,201	350	4,551	4,497	215	4,712
Stage 3 ¹	10,916	1,043	11,959	11,382	80	11,462	12,194	360	12,554
POCI	909	1,150	2,059	1,301	1,071	2,372	1,112	1,126	2,238
Total credit exposure	30,599	10,352	40,951	33,302	8,849	42,151	31,503	9,623	41,126
Total ECL	(9,938)	(212)	(10,150)	(11,613)	(44)	(11,657)	(10,928)	(101)	(11,029)
Stage 1	(818)	(46)	(864)	(1,424)	(32)	(1,456)	(1,128)	(44)	(1,172)
Stage 2	(972)	(2)	(974)	(1,133)	-	(1,133)	(704)	-	(704)
Stage 3	(7,567)	(85)	(7,652)	(8,236)	-	(8,236)	(8,381)	-	(8,381)
POCI	(581)	(79)	(660)	(820)	(12)	(832)	(715)	(57)	(772)
Net advances	20,661	10,140	30,801	21,688	8,805	30,493	20,574	9,522	30,096

¹ The presentation of the comparative information has changed as the advances acquired during previous financial years are now presented gross in the POCI category along with other advances that qualify for that categorisation.

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Percentage	31 March 2024 (unaudited)			31 March 2023 (unaudited) ¹			30 September 2023 (audited)		
	Consumer Banking	Business Banking	Total	Consumer Banking	Business Banking	Total	Consumer banking	Business banking	Total
Stage 1	5.6%	0.6%	3.9%	8.7%	0.4%	6.1%	8.2%	0.6%	5.4%
Stage 2	22.7%	0.3%	19.4%	27.0%	0.0%	24.9%	15.7%	0.0%	14.9%
Stage 3	69.3%	8.1%	64.0%	72.4%	0.0%	71.9%	68.7%	0.0%	66.8%
POCI ¹	63.9%	6.9%	32.1%	63.0%	1.1%	35.1%	64.3%	5.1%	34.5%
Total impairment as a % of total gross advances	32.5%	2.0%	24.8%	34.9%	0.5%	27.7%	34.7%	1.0%	26.8%

Reconciliation of ECL

Balance at the beginning of the period	(10,929)	(101)	(11,030)	(9,585)	(48)	(9,633)	(10,592)	(48)	(10,640)
Impairment provisions raised on interest from stage 3 advances	402	(27)	375	(367)	(15)	(382)	(431)	(33)	(464)
Net movement in impairment provisions (note 9)	(1,667)	(85)	(1,752)	(2,455)	(6)	(2,461)	(3,845)	(44)	(3,889)
Impairment provision released in respect of bad debt write-offs	2,256	1	2,257	1,614	25	1,639	3,939	24	3,963
Balance at the end of the period	(9,938)	(212)	(10,150)	(10,793)	(44)	(10,837)	(10,929)	(101)	(11,030)

¹ The presentation of the comparative information has changed as the advances acquired during previous financial years are now presented gross in the POCI category along with other advances that qualify for that categorisation.

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3. Cash and cash equivalents

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Call deposits¹	888	544	652
ZAR	849	542	650
Foreign denominated	39	2	2
Deposits with the SARB	880	831	874
Current accounts²	4,212	1,203	2,807
Gross cash and cash equivalents	5,980	2,578	4,333
Non-cash adjustment: ECL ³	-	-	-
Net cash and cash equivalents	5,980	2,578	4,333
Maximum exposure to credit risk	5,980	2,578	4,333

The Group uses foreign currency denominated deposits to mitigate against risks arising from changes in foreign currency exchange rates, where the Group's debt is denominated in a currency other than the functional currency.

¹ Rand call deposits are held with SA banks and can be withdrawn on demand. Rand-denominated call deposits bear interest at rates varying from 7.75% to 8.75% NACM (2023: from 5.95% to 8.25%). Foreign-denominated call deposits consist of foreign currency that the Group uses to mitigate against the changes in cash flows arising from changes in foreign currency rates, where the debt is denominated in a currency other than the functional currency and can be withdrawn on demand.

² Current accounts earn interest at floating interest rates which are generally linked to the Prime rate.

³ ECL is raised on credit risk arising from the counterparties with whom the deposits are held. All deposits are classified as stage 1. There were no movements between stages for these deposits during the financial year. The ECL charge for the current reporting period is immaterial.

4. Financial investments

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Private equity investments	3	3	3
Unit trust investments	-	3	-
Other investments	13	10	11
Total	16	16	14

5. Sovereign debt securities

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Listed	4,551	8,270	8,245
Treasury bills	1,978	5,709	5,685
Government bonds	2,573	2,561	2,560
Unlisted			
Gross sovereign debt securities	4,551	8,270	8,245
Adjustment: ECL	(7)	(8)	(11)
Net sovereign debt securities	4,544	8,262	8,234
Maximum exposure to credit risk	4,544	8,262	8,234

6. Current and deferred tax

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Current tax asset	15	16	32
Deferred tax asset	1,416	1,405	1,366
Total	1,431	1,421	1,398

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**6. Current and deferred tax continued...****6.1 Net deferred tax asset**

Rmillion	Opening balance	Deferred tax impact of business combination	Deferred tax impact of items recognised in profit or loss	Closing balance
31 March 2024 (unaudited)				
Temporary differences				
Property and equipment	5	-	(5)	-
Right-of-use asset	1	(3)	(35)	(37)
Intangible assets	(20)	-	13	(7)
Net advances	(6)	(16)	22	-
Accounts receivable and other assets - sundry receivable	139	-	(142)	(3)
Credit impairment	1,056	-	(73)	983
Accounts receivable and other assets - prepayments	(38)	-	35	(3)
Creditors and other liabilities - tax impact from the buy-back of liabilities	(2)	-	3	1
Estimated tax loss	188	-	180	368
Lease liability	3	3	34	40
Creditors and other liabilities - provisions	12	-	2	14
Creditors and other liabilities - accruals related to payroll	2	(1)	48	49
Fair value adjustments	-	4	(16)	(12)
Deferred revenue	26	(3)	-	23
Capital losses	-	-	-	-
Total¹	1,366	(16)	66	1,416

Rmillion	Opening balance	Deferred tax impact of business combination ¹	Deferred tax impact of items recognised in profit or loss	Closing balance
31 March 2023 (unaudited)				
Temporary differences				
Advances measured at amortised cost	-	(8)	1	(7)
Property and equipment	-	6	1	7
Right-of-use asset	3	-	1	4
Advances measured at FVTPL	-	(16)	16	-
Credit impairment	958	13	129	1,100
Accounts receivable and other assets - prepayments	(12)	(1)	(21)	(34)
Creditors and other liabilities - tax impact from the buy-back of liabilities	(2)	-	-	(2)
Estimated tax loss	-	-	180	180
Lease liability	-	-	-	-
Creditors and other liabilities - accruals related to payroll	117	47	(13)	151
Capital losses	-	7	(1)	6
Total¹	1,064	48	293	1,405

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**6. Current and deferred tax continued...**

Rmillion	Opening balance	Acquired (GBL)	Acquired (Ubank)	Deferred tax impact of items recognised in profit or loss	Closing balance
30 September 2023 (audited)					
Temporary differences					
Property and equipment	-	-	5	-	5
Right-of-use asset	3	(4)	-	2	1
Intangible assets	-	(18)	19	(21)	(20)
Net advances	-	(11)	3	2	(6)
Accounts receivable and other assets - sundry receivable	117	-	-	22	139
Credit impairment	958	9	-	89	1,056
Accounts receivable and other assets - prepayments	(12)	-	-	(26)	(38)
Creditors and other liabilities - tax impact from the buy-back of liabilities	(2)	-	-	-	(2)
Estimated tax loss	-	-	-	188	188
Lease liability	-	4	-	(1)	3
Creditors and other liabilities - provisions	-	12	-	-	12
Creditors and other liabilities - accruals related to payroll	-	3	-	(1)	2
Deferred revenue	-	22	-	4	26
Capital losses	-	5	-	(5)	-
Total¹	1,064	22	27	253	1,366

¹ The estimated current tax loss that arose in the current financial period is R180 million (31 March 2023: R180 million, 30 September 2023: R180 million) and the capital loss is R0 million (31 March 2023: R6 million, 30 September 2023: R0 million). The recoverability of the deferred tax asset is assessed by the Group on a regular basis. The deferred tax asset recognised by the Group will be recovered through allowable tax deductions and taxable income in future financial periods. In applying judgement in recognising deferred tax assets and the recoverability thereof, management has critically assessed all available information, including future business profit projections and the past achievement thereof. This was done by considering taxable profits forecasted over a one-year period using the approved Board budget.

7. Insurance contract asset

Rmill	31 March 2024 (unaudited)	31 March 2023 (unaudited) Restated ¹	30 September 2023 (audited) Restated ¹
African Insurance Group Limited Cell No. 00124			
Initial investment	281	281	281
Re-measurement of initial investment	138	305	129
Carrying value at closing balance	419	586	410

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for the six months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****7. Insurance contract asset continued...**

Rmill	31 March 2024 (unaudited)	31 March 2023 (unaudited) Restated ¹	30 September 2023 (audited) Restated ¹
Opening balance	129	235	235
Net movement in insurance services	9	70	(106)
Insurance revenue	756	831	1,636
Premium earned	756	831	1,636
Insurance service expenses	(475)	(523)	(1,023)
Claims costs	(278)	(320)	(652)
Fees and commission paid	(82)	(93)	(172)
Actuarial movements	12	28	76
Taxation	(127)	(138)	(275)
Insurance service result	281	308	613
Insurance finance income/(expense)	(272)	(238)	(719)
Investment income	32	32	68
Dividends paid to cell shareholders	(304)	(270)	(787)
Carrying value at closing balance	138	305	129

¹ The comparative figures for 31 March 2023 and 30 September 2023 have been restated as a result of the transition of IFRS 17 Insurance Contracts. Refer to note 19.

The Group, through AIG, has entered into a cell captive agreement arranged by Guardrisk, a licensed insurance company whereby the Group, as cell shareholder is able to sell insurance products under its own brand. The cell captive is a ring-fenced insurance business established to serve not only the insurance needs of the customers of the Bank, such as credit life policies and funeral policies, but to provide insurance products to individuals who are not customers of the Bank. The cell captive agreement effectively represents an investment in a separate class of shares in Guardrisk, which entitles the Group to participate in the insurance cover offered in terms of the cell captive agreement. The participation is restricted to the results of the insurance business that is placed with Guardrisk as the licensed cell captive insurer.

Guardrisk is the principal to the insurance contract, however the business is underwritten on behalf of the Group as cell shareholder. The cell captive arrangement transfers significant insurance risk (of the policies issued to customers by the cell captive insurer) from the cell captive insurer to the Group by requiring the Group to maintain the solvency of the cell captive structure.

The cell captive agreement meets the definition of a reinsurance contract as the cell captive agreement is considered to have transferred significant insurance risk to the Group due to the contractual requirement imposed on the Group to maintain the capital requirements of the cell. The cell captive arrangement thereby creates an in-substance reinsurance contract between the Group and the cell captive insurer, with the Group acting as a reinsurer to the cell captive insurer.

In terms of the cell captive arrangement, Guardrisk undertakes the professional insurance and financial management of the cell, including functions related to underwriting, reinsurance, management of claims, actuarial, statistical analyses, investment and accounting services. The cell captive is disclosed as a non-current asset in the Statement of Financial Position as "Insurance contract asset".

Movements during the year, are presented in the Statement of Total Comprehensive Income and comprise the following:

- premiums earned relate to business written during the period on the credit life risk of unsecured loans with the purpose of covering any credit life claims on these advances as well as premiums written for funeral cover;
- claims costs comprise claims and related expenses paid in the period and changes in the provisions for claims incurred but not reported and related expenses, together with any adjustments to claims from prior years;

Commissions and other costs that vary with, and are related to, securing new and renewing existing insurance contracts are expensed to the Consolidated Statement of Total Comprehensive Income at the point they are incurred. The Group additionally earns a binder fee and an outsourcing fee for providing underwriting services to the cell captive. Claims incurred comprise claims that are paid in the year and changes in the accruals for outstanding claims, including accruals for claims incurred but not reported and any other adjustments to claims from the previous year.

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Insurance risk is the possibility that the insured event occurs and that benefit payments and expenses exceed the carrying value of the insurance liabilities. In the event that the insurance liabilities increased to the extent that it depletes the capital in the cell captive, the Group would be contractually required to provide additional capital to maintain the solvency of the investment in the cell captive arrangement.

Insured events are largely random but can be specific. The actual number of claims, benefits and the amount thereof will vary from year to year. Statistically, the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcomes. Diversification of the portfolio with respect to risk factors reduces insurance risk.

Guardrisk is responsible for evaluating all retention of risks in terms of statistical and underwriting disciplines, under the mandate set for the cell arrangement. Factors specifically applicable to the Group that aggravate insurance risk include those arising from a lack of risk diversification in terms of type and amount of risk, geographical area and specific industries covered. The Group sells credit life insurance products and funeral policies, which introduces diversification into the portfolio. These products are also sold to geographically spread policyholders, further mitigating concentration risk.

The following summarises the insurance risks to which the Group is exposed and the methods by which the Group and Guardrisk seek to mitigate these risks:

- mortality and morbidity risk - estimates are based on standard industry tables and experience studies that reflect recent historical experience, adjusted where appropriate to reflect experience. Estimates are closely monitored and reviewed by management. Furthermore, assured limits are in place to further mitigate these risks;
- contract persistency risk - experience is closely monitored and pricing incorporates consideration for persistency risk in order to mitigate this risk. The cell also holds sufficient capital to guard against this risk;
- expenses risk - expenses are monitored monthly and managed through the budgeting process. Majority of the expenses are linked to the underlying performance of the cell or to the premiums underwritten, and the fixed expenses in the cell are considered immaterial;
- retrenchment risk - the cell's contracts are classified as "short-tailed", meaning most claims are settled within a year after the loss date. The cell takes all reasonable steps to ensure it has appropriate information regarding its claims exposure and practices sound reserving. Furthermore, there are specific margins added to mitigate the risk of inadequate reserves; and
- business volume risk - business volume is highly correlated to the business volume of ABL and this is closely monitored. Pricing assumptions may be updated to allow appropriately for the expenses incurred in the cell. The majority of the expenses are related to the performance of the cell, while the fixed expenses are considered immaterial.

In determining the value of insurance liabilities, assumptions need to be made regarding future rates of mortality and morbidity, termination rates, expenses and investment performance. The investment in insurance assets is more sensitive to the rates of mortality and termination applied in the valuation of the underlying insurance liabilities. The assumptions are informed by past claims experience and by Guardrisk's broad and extensive industry level insight and experience and are assessed annually.

The uncertainty of these rates may result in actual experience being different from that assumed and, hence, actual cash flows being different from those projected. In the extreme, actual claims and benefits may exceed the liabilities.

8. Interest income**8.1 Interest income on advances**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Interest on advances	3,216	3,317	6,736
Origination fees	113	134	226
Service fees	195	463	381
Total	3,524	3,914	7,343

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**8. Interest income continued...****8.2 Other interest income**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Cash and cash equivalents	46	21	93
Sundry interest income ¹	447	192	805
Total	493	213	898

Other interest income is calculated using the effective interest method.

¹ Sundry interest income consists of interest on sovereign debt securities.**9. Credit impairment charge**

Rmillion	31 March 2024 ² (unaudited)		
	Consumer Banking	Business Banking	Total
Net movement in impairment provisions (Refer to 2.4.2)	1,667	85	1,752
Modification that does not give rise to derecognition	(39)	-	(39)
Net impairment charge	1,628	85	1,713
Post write-off recoveries	(358)	-	(358)
Total	1,270	85	1,355

Rmillion	31 March 2023 (unaudited)			
	Consumer Banking	Business Banking	2016 acquired book	Total
Net movement in impairment provisions	2,455	6	2	2,463
Modification that does not give rise to derecognition	111	(1)	-	110
Net impairment charge	2,566	5	2	2,573
Post write-off recoveries	(177)	7	(163)	(333)
Total	2,389	12	(161)	2,240

Rmillion	30 September 2023 ¹ (audited)		
	Consumer Banking	Business Banking	Total
Net movement in impairment provisions ¹ (Refer to 2.2.2)	3,845	44	3,889
Modification that does not give rise to derecognition	250	2	252
Net impairment charge	4,095	46	4,141
Post write-off recoveries	(879)	-	(879)
Total	3,216	46	3,262

¹ The presentation of this note has changed to separately show the credit impairment charge for Business Banking and Consumer Banking. There is no impact on the total credit impairment charge for the financial year. The 2016 Acquired book which was separately disclosed in the comparative figures for 31 March 2023 has been combined into Consumer Banking.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**10. Interest expense and similar charges**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Call deposits	314	212	515
Fixed deposits	69	147	239
Negotiable certificates of deposit	194	98	279
Retail deposits	564	489	1,003
Subordinated bonds	30	-	-
Transactional banking	23	28	49
Unsecured listed bonds	148	148	340
Other			
Right-of-use asset - finance cost	9	10	17
Other interest	-	-	39
Total	1,351	1,132	2,481

11. Non-interest income

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited) ⁴	30 September 2023 (audited)
Collection fees	53	67	126
Commission on value-added services ¹	101	62	132
Credit card fees and transactional fees	519	300	860
Fair value gains and losses on advances ²	11	75	14
Insurance - binder and outsourcing arrangements fees ³	86	102	196
Other income	69	62	307
Total	839	668	1,635

¹ This relates to commission earned on the issue of prepaid vouchers for airtime, data and utilities.

² Fair value gains and losses on advances are derived from the Group's fair value advances portfolio.

³ These fees are earned through the intermediary agreement held with Guardrisk for the premiums collected and new business generated by the Group relating to the Group cell captive. In addition, the Group has earned income as an agent for the relationship with Hollard.

⁴ The categorisation of non-interest income has changed, however the total has not changed.

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for the six months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****12. Operating costs**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited) ³	30 September 2023 (audited) ³
Advertising and marketing costs	120	109	232
Amortisation of intangible assets	32	23	62
Audit fees	16	12	23
Bank charges and strike costs ¹	55	63	122
Card transaction costs	204	156	295
Collection costs	11	32	69
Depreciation on property, equipment and right-of-use assets	127	131	227
Information technology costs	216	168	378
Other expenses	138	260	316
Printing, stationery and courier costs	12	7	21
Professional fees	131	85	365
Rental and maintenance costs	136	121	278
Costs related to property rentals ²	99	90	200
Other rental and maintenance costs ²	37	31	78
Staff costs	961	1,065	2,145
Basic remuneration	807	781	1,549
Contribution to provident fund	88	68	153
Commission paid to sales agents	7	2	3
Employee benefits expense	31	182	356
Executive Directors' and Prescribed Officers' remuneration	28	32	84
Non-executive directors fees	10	10	13
Telephone, fax and other communication costs	56	62	125
Travel cost	14	15	26
Write-off of property, equipment and right-of-use assets	-	-	55
Total	2,239	2,319	4,752

¹ Included in the bank charges and strike costs line are costs paid for the platform on which advances are disbursed and collected.

² Included in the costs related to property rentals is the value of the short-term and low value leases of R24 million (31 March 2023: R26 million, 30 September 2023: R26 million).

³ The categorisation of operating cost has changed, however the total has not changed.

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13. Cash utilised in operations

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited) Restated ¹	30 September 2023 (audited) Restated ¹
Profit before tax	166	(312)	278
Adjustment for:	(1,171)	(1,289)	(2,454)
Indirect taxation: VAT	80	25	93
Dividend income	(304)	(270)	(787)
Net investment in insurance result (refer to note 7)	(9)	(70)	106
Increase in impairment of advances	1,612	2,483	3,868
Amortisation of intangible assets	32	23	62
Depreciation of property, equipment and ROU assets	127	131	227
Write-off of property, equipment and ROU assets and intangible assets	-	-	55
Other interest income	(504)	-	(898)
Interest expense and similar charges	1,343	-	2,465
Fair value movements on derivative instruments	(26)	7	(35)
Fair value adjustments on assets	(6)	(6)	-
Profit on disposal of financial asset (other income)	-	(7)	(7)
Movement in other interest income accrual	-	(139)	-
Movement in interest expense accrual	-	748	-
Interest income on advances	(3,524)	(3,820)	(7,343)
Other adjustments on funding instruments	-	(128)	-
Finance cost from lease liability	8	10	16
Gain on bargain purchase	-	(276)	(276)
Total	(1,005)	(1,601)	(2,176)

¹ The above note has been restated as a result of the transition to IFRS 17 Insurance Contracts. Refer to note 19.

14. Assets and liabilities measured at fair value or for which fair values are disclosed

14.1 Valuation models

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS Accounting Standards requires an entity to classify fair values measured and/or disclosed according to a hierarchy that reflects the significance of observable market inputs.

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

The Group measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discounting rates, foreign currency exchange rates, bond and equity prices, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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for the six months ended 31 March 2024

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

14.1 Valuation models continued...

Recurring fair values

The Group currently measures and presents advances measured at FVTPL, financial investments, derivative assets and derivative liabilities at fair value, whilst all other financial instruments are measured and presented at amortised cost. The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only market data and require little management judgement and estimation.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as swaps. Availability of observable market prices and model inputs reduce the need for management judgement and estimation and also reduce the uncertainty associated with determining fair values. Availability of observable market prices and inputs vary depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Fair value estimates obtained from models reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty, where appropriate.

Fair value for disclosure

In determining the fair value for disclosure purposes of instruments measured and presented at amortised cost, the Group uses its own valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include advances and certain funding loans for which there is no active market.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of an appropriate discount rate. Fair value estimates obtained from models include adjustments to take account of the credit risk of the Group and the counterparty, where appropriate.

General

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recently observed transactions and experiences. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair values, and management judgement is required to select the most appropriate point in the range.

Advances

The fair value of advances was derived using a discounted cash flow technique. The Group modelled the expected future cash flows by extrapolating the most recent observed cash flows on advances.

Amortised cost and fair value are both based upon present value of future cash flow techniques, however, the following significant differences exist between the amortised cost which includes ECL and fair value methodologies:

- fair value includes all expected cash flows, whereas impairments under IFRS 9 only consider ECL for the subsequent 12-month period for advances classified as stage 1;
- the impairment cash flows are not reduced by the expected cost of collection unless it is directly attributable; and
- the discount rate used for purposes of estimating the fair value of advances is based on current market circumstances, whereas the discount rate used for ECL is based on the original effective interest rate, which is also adjusted for credit risk where the advances are considered to be credit-impaired at acquisition/origination.

Amortised cost requires the future cash flows to be discounted at the advance's original effective interest rate, whereas the fair value methodology discounts the expected cash flows at a required rate of return.

14.2 Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes formalised policies and an approval and review process.

When third party information is used to measure fair value, the following procedures are performed in order to ensure that valuations meet the requirements of IFRS Accounting Standards:

- verifying that the third party is approved for use in pricing the relevant type of financial instrument; and
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions.

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The following table provides an analysis of financial instruments that are measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position.

Rmillion	Level 1	Level 2	Level 3	Total
31 March 2024 (unaudited)				
Financial assets				
<i>Recurring fair value measurement</i>				
Financial investments	-	16	-	16
Derivative instruments	-	2	-	2
Advances measured at FVTPL	-	472	1,468	1,940
Total	-	490	1,468	1,958

Rmillion	Level 1	Level 2	Level 3	Total
31 March 2023 (unaudited)				
Financial assets				
<i>Recurring fair value measurement</i>				
Financial Investments	10	-	6	16
Derivative instruments	-	98	-	98
Advances measured at FVTPL	-	414	1,450	1,864
Total	10	512	1,456	1,978

Rmillion	Level 1	Level 2	Level 3	Total
30 September 2023 (audited)				
Financial assets				
<i>Recurring fair value measurement</i>				
Financial investments	-	14	-	14
Derivative instruments	-	124	-	124
Advances measured at FVTPL	-	1,888	-	1,888
Total	-	2,026	-	2,026

14.4 Valuation techniques, significant observable inputs and sensitivity of level 2 financial instruments measured at fair value

The table below indicates the valuation techniques and significant observable inputs used in the determination of the fair value at which the financial instruments are measured, with fair value derived from observable inputs (level 2).

Rmillion	Valuation basis / techniques	Significant observable inputs	Variance in fair value measurement	Effect on profit / (loss) (after tax)
31 March 2024 (unaudited)				
Assets				
JIBAR-linked interest rate swaps	Discounted cash flow	Yield curves, credit default spreads and JIBAR curves	10% in spot rate	-
Inflation-linked interest rate swaps	Discounted cash flow	Risk-free rates	100 bps	-
Financial investments measured at FVTPL	Discounted cash flows	Expected cash flows/Discount rate	1% reduction in expected cash flows	-

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Advances measured at FVTPL	Discounted cash flows	Credit spreads, swap and prime curve	1% reduction in expected cash flows	-
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Rmillion	Valuation basis / techniques	Significant observable inputs	Variance in fair value measurement	Effect on profit / (loss) (after tax)
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31 March 2023 (unaudited)**Assets**

JIBAR-linked interest rate swaps	Discounted cash flow	Yield curves, credit default spreads and JIBAR curves	10% in spot rate	-
Inflation-linked interest rate swaps	Discounted cash flow	Risk-free rates	100 bps	-
Financial investments measured at FVTPL	Discounted cash flows	Expected cash flows/Discount rate	1% reduction in expected cash flows	-
Advances measured at FVTPL	Discounted cash flows	Credit spreads, swap and prime curve	1% reduction in expected cash flows	-

Rmillion	Valuation basis / techniques	Significant observable inputs	Variance in fair value measurement	Effect on profit / (loss) (after tax)
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30 September 2023 (audited)**Assets**

JIBAR-linked interest rate swaps	Discounted cash flow	Yield curves, credit default spreads and JIBAR curves	10% in spot rate	-
Inflation-linked interest rate swaps	Discounted cash flow	Risk-free rates	100 bps	-
Financial investments measured at FVTPL	Discounted cash flows	Expected cash flows/Discount rate	1% reduction in expected cash flows	-
Advances measured at FVTPL	Discounted cash flows	Credit spreads, swap and prime curve	1% reduction in expected cash flows	-

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**14. Assets and liabilities measured at fair value or for which fair values are disclosed continued...****Valuation techniques, significant observable inputs and sensitivity of level 3 financial instruments measured at fair value**

The table below indicates the valuation techniques and significant observable and unobservable inputs used in the determination of the fair value at which the financial instruments are measured, with fair value derived from observable inputs (level 3).

Rmillion	Valuation basis / techniques	Significant observable inputs	Significant unobservable inputs	Variance in fair value measurement	Effect on profit / (loss) (after tax)
31 March 2024 (unaudited)					
Financial investments at FVTPL	Dividend yield method	Risk-free rate	Dividend growth rate	100bps/ (100bps)	17/ (16)
Advances measured at FVTPL	Discounted cash flow	Swap and prime curves	Credit spreads	100bps/ (100bps)	<1/ (<1)

Rmillion	Valuation basis / techniques	Significant observable inputs	Significant unobservable inputs	Variance in fair value measurement	Effect on profit / (loss) (after tax)
31 March 2023 (unaudited)					
Financial investments at FVTPL	Dividend yield method	Risk-free rate	Dividend growth rate	100bps/ (100bps)	17/ (16)
Advances measured at FVTPL	Discounted cash flow	Swap and prime curves	Credit spreads	100bps/ (100bps)	<1/ (<1)

Rmillion	Valuation basis / techniques	Significant observable inputs	Significant unobservable inputs	Variance in fair value measurement	Effect on profit / (loss) (after tax)
31 September 2023 (audited)					
Financial investments at FVTPL	Dividend yield method	Risk-free rate	Dividend growth rate	100bps/ (100bps)	17/ (16)
Advances measured at FVTPL	Discounted cash flow	Swap and prime curves	Credit spreads	100bps/ (100bps)	<1/ (<1)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**14.4.1 Valuation techniques, significant observable inputs and sensitivity of level 3 financial instruments measured at fair value continued...****14.5 Assets and liabilities for which fair value is disclosed**

Rmillion	Level 1	Level 2	Level 3	Total	Carrying amount
31 March 2024 (unaudited)					
Financial assets					
Sovereign debt securities ¹	2,325	1,976	-	4,301	4,544
Net advances at amortised cost ²	-	-	34,325	34,325	30,801
Total	2,325	1,976	34,325	38,626	35,345
Financial liabilities					
Wholesale funding	-	2,081	-	2,081	2,211
Total	-	2,081	-	2,081	2,211
31 March 2023 (unaudited)					
Financial assets					
Government bonds	2,442	-	-	2,442	2,561
Treasury bills	5,707	-	-	5,707	5,709
Deposits with South African Reserve Bank	-	831	-	831	831
Net advances at amortised cost	-	-	33,283	33,283	30,493
Total	8,149	831	33,283	42,263	39,594
Short-term funding	-	12,602	7,727	20,329	22,991
Unsecured bonds (listed on JSE)	-	2,128	-	2,128	1,841
Unsecured long-term loans	-	492	8,593	9,085	9,109
Total	-	15,222	16,320	31,542	33,941
30 September 2023 (audited)					
Financial assets					
Sovereign debt securities	8,031	-	-	8,031	8,234
Net advances at amortised cost	-	-	31,678	31,678	30,096
Total	8,031	-	31,678	39,709	38,330
Financial liabilities					
Wholesale funding	-	5,055	-	5,055	4,330
Total	-	5,055	-	5,055	4,330

The fair values of the following items are not disclosed as the values of these assets and liabilities closely approximate their carrying amount due to their short-term or on-demand repayment terms:

- cash and cash equivalents;
- deposits with SARB;
- accounts receivables and other assets;
- creditors and accruals; and
- retail and business deposits.

¹ The fair value of listed bonds reflects the current listed price as at the end of the financial year, but is categorised as level 2 due to the lack of market liquidity for the listed bonds.

² The fair value of Consumer Banking advances measured at amortised cost is R21,884 million (31 March 2023: R24,773 million, 30 September 2023: R24,773 million) and Business Banking advances measured at amortised cost is R12,441 million (31 March 2023: R8,510 million, 30 September 2023: R8,510 million).

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**15. Analysis of classification of financial assets and liabilities****15.1 Analysis of classification of financial assets**

Financial assets are measured either at fair value or at amortised cost. The principal accounting policies describe how the class of financial instruments are measured and how income including fair value gains and losses, are recognised.

Rmillion	Note	Amortised cost	Financial instruments mandatorily at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Non-financial instruments	Total	Current	Non-current
31 March 2024 (unaudited)								
Cash and cash equivalents	3	5,980	-	-	-	5,980	5,980	-
Financial investments	4	-	16	-	-	16	16	-
Sovereign debt securities	5	4,544	-	-	-	4,544	2,018	2,526
Net advances	2	30,801	1,622	318	-	32,741	13,963	18,778
Accounts receivable and other assets		661	-	-	230	891	661	230
Derivatives		-	2	-	-	2	-	2
Insurance contract asset	7	-	-	-	419	419	-	419
Property, equipment and right-of-use asset		-	-	-	680	680	-	680
Intangible assets		-	-	-	347	347	-	347
Current tax assets	6	-	-	-	15	15	15	-
Deferred tax assets	6	-	-	-	1,416	1,416	-	1,416
Goodwill		-	-	-	115	115	-	115
Total assets		41,986	1,640	318	3,222	47,166	22,652	24,513

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for the six months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****15.1 Analysis of classification of financial assets continued...**

	Note	Amortised cost	Financial instruments mandatorily at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Non-financial instruments	Total	Current	Non-current
Rmillion								
31 March 2023 (unaudited)								
Cash and cash equivalents	3	2,578	-	-	-	2,578	2,578	-
Financial investments	4	-	16	-	-	16	16	-
Sovereign debt securities	5	8,262	-	-	-	8,262	8,262	-
Net advances	2	30,493	1,473	414	-	32,380	-	32,380
Deferred tax assets	6	-	-	-	1,405	1,405	-	1,405
Current tax assets	6	-	-	-	16	16	16	-
Property, equipment and ROU asset		-	-	-	673	673	-	673
Accounts receivable and other assets		203	-	-	236	439	203	236
Intangible assets		-	-	-	263	263	-	263
Insurance contract asset	7	-	-	-	586	586	-	586
Derivatives		-	98	-	-	98	-	98
Goodwill		-	-	-	115	115	-	115
Total assets		41,536	1,587	414	3,294	46,831	11,075	35,756

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**15.1 Analysis of classification of financial assets continued...**

	Note	Amortised cost	Financial instruments mandatorily at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Non-financial instruments	Total	Current	Non-current
Rmillion								
30 September 2023 (audited)								
Cash and cash equivalents	3	4,333	-	-	-	4,333	4,333	-
Financial investments	4	-	14	-	-	14	14	-
Sovereign debt securities	5	8,234	-	-	-	8,234	8,234	-
Net advances	2	30,096	1,572	316	-	31,984	15,049	16,935
Current tax	6	-	-	-	32	32	32	-
Deferred tax assets	6	-	-	-	1,366	1,366	-	1,366
Property, equipment and right-of-use asset		-	-	-	710	710	-	710
Accounts receivable and other assets		346	-	-	176	522	346	176
Insurance contract asset	7	-	-	-	410	410	-	410
Intangible assets		-	-	-	353	353	-	353
Goodwill		-	-	-	115	115	-	115
Derivatives		-	124	-	-	124	-	124
Total assets		43,009	1,710	316	3,162	48,197	28,008	20,189

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15. Analysis of classification of financial assets and liabilities continued...

15.2 Analysis of classification of financial liabilities

Financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies describe how the class of financial instruments are measured and how expenses, including fair value gains and losses, are recognised.

Rmillion	Note	Amortised cost	Fair value	Non-financial liabilities	Total	Current	Non-current
31 March 2024 (unaudited)							
Short-term funding		22,904	-	-	22,904	22,904	-
Creditors and other liabilities		1,059	-	207	1,266	1,059	207
Long-term funding		10,603	-	-	10,603	-	10,603
Total liabilities		34,566	-	207	34,773	23,963	10,810
31 March 2023 (unaudited)							
Short-term funding		22,991	-	-	22,991	22,991	-
Creditors and other liabilities		810	-	349	1,159	-	1,159
Bonds and other long-term funding		10,950	-	-	10,950	-	10,950
Total liabilities		34,751	-	349	35,100	22,991	12,109
30 September 2023 (audited)							
Short-term funding		26,017	-	-	26,017	26,017	-
Creditors and other liabilities		849	-	437	1,286	1,120	165
Long-term funding		8,604	-	-	8,604	15	8,589
Total liabilities		35,470	-	437	35,907	27,152	8,754

16. Related party information

Members of the Group's Executive Committee are considered to be Key Management Personnel of the Group.

16.1 Balances with related parties

R'000	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Gross advances			
Key Management Personnel ¹	1,149	7,219	276
Deposits			
Key Management Personnel ²	1,960	28,819	5,919

Refer to note 3 for deposits held with the SARB.

¹ The amounts advanced to Key Management Personnel are at arm's length and consist of credit cards and other loans.

² The amounts deposited by Key Management Personnel are held in transactional accounts and retail savings accounts and are at market-related rates, terms and conditions.

16.2 Transactions with related parties are disclosed below

R'000	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Interest income			
Key Management Personnel	356	175	81
Interest paid			
Key Management Personnel	143	205	166

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In the current financial period, no contracts were entered into in which Directors or Key Management Personnel had an interest and which significantly affected the business of the Group.

The Directors had no interest in any third-party or company responsible for managing any of the business activities of the Group.

17. Operating segments**Segment information**

The financial information for each reportable segment is set out below. Comparative information has not been provided because the Group only had one operating segment in the prior year.

31 March 2024 (unaudited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Statement of Comprehensive Income					
Interest income on advances	2,912	617	3,529	(5)	3,524
Other interest income ¹	318	263	581	(66)	515
Interest expense and similar charges ²	(876)	(542)	(1,418)	67	(1,351)
Net interest income	2,354	338	2,692	(4)	2,688
Non-interest income	685	154	839	-	839
Total income from operations	3,039	492	3,531	(4)	3,527
Insurance revenue	756	-	756	-	756
Insurance service expenses	(475)	-	(475)	-	(475)
Dividend income	304	-	304	-	304
Insurance finance income/(expense)	(272)	-	(272)	-	(272)
Net income from operations	3,352	492	3,844	(4)	3,840
Credit impairment charge	(1,270)	(85)	(1,355)	-	(1,355)
Operating costs ³	(2,029)	(201)	(2,230)	(9)	(2,239)
Indirect taxation: VAT	(72)	(8)	(80)	-	(80)
Profit /(loss) before taxation	(19)	198	179	(13)	166
Taxation	65	(32)	33	4	37
Profit /(loss) for the period	46	166	212	(9)	203

31 March 2024 (unaudited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Statement of Financial Position					
Cash and cash equivalents	3,301	3,509	6,810	(830)	5,980
Financial investments	841	3	844	(828)	16
Investments in subsidiaries	4,944	-	4,944	(4,944)	-
Sovereign debt securities	2,457	2,087	4,544	-	4,544
Derivatives	-	2	2	-	2
Net advances	20,661	12,080	32,741	-	32,741
Accounts receivable and other assets	554	268	822	69	891
Insurance contract asset	-	-	-	419	419
Property, equipment and right-of-use asset	638	34	672	8	680
Intangible assets	301	16	317	30	347
Deferred tax assets	1,399	35	1,434	(18)	1,416
Current tax	27	-	27	(12)	15
Goodwill	-	-	-	115	115
Total assets	35,123	18,034	53,157	(5,991)	47,166

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**17.1 Segment information continued...**

31 March 2024 (unaudited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Current tax	-	10	10	(10)	-
Creditors and other liabilities	1,129	67	1,196	70	1,266
Short-term and long-term funding	21,581	13,642	35,223	(1,716)	33,507
Total liabilities	22,710	13,719	36,429	(1,656)	34,773

¹ "Other interest income" includes "Income from core income funds" and "Fair value gains/(losses) from derivatives assets and liabilities" for segmental reporting purposes.

² "Interest expense and similar charges" includes "Foreign exchange (loss)/gain recognised on translation", for segmental reporting purposes.

³ The Consumer Banking operating costs consist of all costs arising in African Bank Limited. An appropriate cost allocation framework is currently under development. The costs allocated to the Consumer Banking and Business Banking segments will change once the framework is finalised.

31 March 2023 (unaudited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Statement of Comprehensive Income					
Interest income on advances	3,325	592	3,917	(3)	3,914
Other interest income	211	-	211	2	213
Interest expense and similar charges ²	(749)	(404)	(1,153)	14	(1,139)
Net interest income	2,787	188	2,975	13	2,988
Non-interest income	558	110	668	-	668
Total income from operations	3,345	298	3,643	13	3,656
Credit impairment charge	(2,228)	(12)	(2,240)	-	(2,240)
Movement in remeasurement of insurance contracts	339	-	339	(269)	70
Dividend income	-	-	-	270	270
Gain on bargain purchase	-	-	-	276	276
Operating costs ¹	(2,155)	(164)	(2,319)	-	(2,319)
Indirect taxation: VAT	(20)	(5)	(25)	-	(25)
Profit /(loss) before taxation	(719)	117	(602)	290	(312)
Taxation	268	(5)	263	6	269
Profit /(loss) for the year	(451)	112	(339)	296	(43)

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31 March 2023 (unaudited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Statement of Financial Position					
Cash and cash equivalents	1,745	1,179	2,924	(346)	2,578
Financial investments	10	6	16	-	16
Sovereign debt securities	3,946	4,316	8,262	-	8,262
Derivatives	95	3	98	-	98
Net advances	21,688	10,657	32,345	35	32,380
Accounts receivable and other assets	354	86	440	(1)	439
Insurance contract asset	-	-	-	598	598
Property, equipment and right-of-use asset	654	19	673	-	673
Intangible assets	207	-	207	56	263
Deferred tax assets	1,388	66	1,454	(49)	1,405
Current tax	25	(9)	16	-	16
Goodwill	-	-	-	115	115
Investments	1,557	-	1,557	(1,557)	-
Total assets	31,669	16,323	47,992	(1,149)	46,843
Creditors and other liabilities	1,080	66	1,146	13	1,159
Short-term and long-term funding	21,827	12,521	34,348	(407)	33,941
Total liabilities	22,907	12,587	35,494	(394)	35,100

¹ The Consumer Banking operating costs consist of all costs arising in African Bank Limited. An appropriate cost allocation framework is currently under development. The costs allocated to the Consumer Banking and Business Banking segments will change once the framework is finalised.

² "Interest expense and similar charges" includes "Foreign exchange (loss)/gain recognised on translation", for segmental reporting purposes.

30 September 2023 (audited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Statement of Comprehensive Income					
Interest income on advances	6,430	938	7,368	(25)	7,343
Other interest income ¹	478	457	935	-	935
Interest expense and similar charges ²	(1,522)	(979)	(2,501)	16	(2,485)
Net interest income	5,386	416	5,802	(9)	5,793
Non-interest income	1,369	266	1,635	-	1,635
Total income from operations	6,755	682	7,437	(9)	7,428
Credit impairment charge	(3,216)	(46)	(3,262)	-	(3,262)
Movement in remeasurement of insurance contracts	670	-	670	(787)	(117)
Dividend income	-	-	-	787	787
Gain on bargain purchase	-	-	-	276	276
Operating costs ³	(4,344)	(391)	(4,735)	(17)	(4,752)
Indirect taxation: VAT	(86)	(7)	(93)	-	(93)
Profit /(loss) before taxation	(221)	238	17	250	267
Taxation	250	(19)	231	7	238
Profit /(loss) for the year	29	219	248	257	505

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Unaudited Consolidated Condensed Interim Financial Statements
for the six months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****17.1 Segment information continued...**

30 September 2023 (audited)					
Rmillion	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments	Total
Statement of Financial Position					
Cash and cash equivalents	2,856	1,477	4,333	-	4,333
Financial investments	1,568	3	1,571	(1,557)	14
Sovereign debt securities	4,540	3,694	8,234	-	8,234
Derivatives	120	4	124	-	124
Net advances	20,574	11,380	31,954	30	31,984
Accounts receivable and other assets	436	87	523	(1)	522
Insurance contract asset	-	-	-	412	412
Property, equipment and right-of-use asset	691	19	710	-	710
Intangible assets	353	-	353	-	353
Deferred tax assets	1,343	44	1,387	(21)	1,366
Current tax	26	6	32	-	32
Goodwill	-	-	-	115	115
Investments	-	-	-	-	-
Total assets	32,508	16,714	49,221	(1,022)	48,199
Creditors and other liabilities	981	306	1,287	(1)	1,286
Short-term and long-term funding	21,702	13,160	34,862	(241)	34,621
Bonds and other long-term funding	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	22,683	13,466	36,149	(242)	35,907

¹ "Other interest income" includes "Income from core income funds" and "Fair value gains/(losses) from derivatives assets and liabilities" for segmental reporting purposes.

² "Interest expense and similar charges" includes "Foreign exchange (loss)/gain recognised on translation", for segmental reporting purposes.

³ The Consumer Banking operating costs consist of all costs arising in African Bank Limited. An appropriate cost allocation framework is currently under development. The costs allocated to the Consumer Banking and Business Banking segments will change once the framework is finalised.

18. Change in estimate

The Group previously considered a customer entering into debt review to be an indicator that the account is credit-impaired, irrespective of the staging immediately prior to commencing the debt review process. During November 2023, the Group revised this rule as follows:

- If a customer is in stage 1 when entering into debt review, this would be considered as an indicator that credit risk has increased significantly and the account would move to stage 2.

This change impacted only the categorisation of the advances balance into the relevant staged and did not result in a gain or loss as the measurement of advances in either stage 2 or stage 3 amounts to lifetime expected credit losses.

19. Restatements due to transition to IFRS 17**Transition to IFRS 17 Insurance Contracts**

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The cell captive agreement meets the definition of a reinsurance contract contained in IFRS 17 as the cell captive agreement is considered to have transferred significant insurance risk to the Group due to the contractual requirement imposed on the Group to maintain the capital requirements of the cell. The cell captive arrangement thereby creates an in-substance reinsurance contract between the Group and the cell captive insurer, with the Group acting as a reinsurer to the cell captive insurer.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**19.1 Transition to IFRS 17 Insurance Contracts continued...**

The Group has applied IFRS 17 for the annual reporting period beginning on 1 October 2023. The impact of this transition was recognised as an adjustment to the carrying amounts of the insurance contract asset retained earnings on 1 October 2022, and the 2023 comparatives were restated.

Product classification

Contracts under which an entity (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

The Group offers the following products, which are insurance contracts, to its customers through the cell captive agreement with Guardrisk:

- credit life; and
- funeral.

In terms of the cell captive agreement, the underlying customer is the policyholder, Guardrisk is the insurer, and the Group is the beneficiary of the insurance contracts.

Component separation

In certain instance, IFRS 17 may require that a legal contract be separated into its different components. Please see summary below:

Might indicate separation is appropriate:

- Different risks covered are not inter-dependent;
- Components do not lapse together;
- Components are sold separately;
- Insurance components are bundled together solely for the administrative convenience of the policyholder.

Relevant but insufficient in itself to conclude that separation is appropriate:

- Different products or coverages with different risks are combined into one legal contract;
- Information is available to separate cash flows for different risks in a legal contract.

Based on the terms and conditions of the cell captive agreement, separation will not be applicable for the in-substance reinsurance agreement issued.

Aggregation

IFRS 17 requires an entity to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Contracts in different product lines (for example single premium fixed annuities compared with regular term life assurance) would not be expected to have similar risks and hence would be expected to be in different portfolios.

The Group assessed its contracts into the following three distinct categories:

- contracts that are onerous at initial recognition;
- contract that, on initial recognition, have no significant possibility of subsequently becoming onerous; and
- contracts that are neither onerous nor have no significant possibility of becoming onerous subsequently.

No onerous groups of insurance contracts existed at the transition date. Groups of reinsurance contracts are established such that each group comprises a single contract.

Contract boundaries

In terms of IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract within the group. The period covered by the premiums within the contract boundary is the coverage period. Cash flows from in-substance reinsurance contracts are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which Guardrisk is compelled to pay amounts to the reinsurer (the Group) or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

19.1 Transition to IFRS 17 Insurance Contracts continued...

The Group's shareholder agreement with Guardrisk provides the unilateral right to both the Group and Guardrisk to terminate the agreement upon providing the other party with 12 months written notice, therefore the contract boundary is 12 months.

Coverage period

In terms of IFRS 17, the coverage period is the period during which the entity provides insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract. Even though the contract boundary is 12 months due to the cancellation clause mentioned above, the coverage period would extend beyond this 12 month period as the Group would remain liable to provide insurance contract services for the remaining period of the underlying insurance contracts.

Recognition

An entity shall recognise a group of insurance contracts it issues from the earliest of the following:
the beginning of the coverage period of the group of contracts;

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

Initial and subsequent measurement

IFRS 17 introduces a measurement model based on estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk-adjustment for non-financial risk and a contractual service margin. Contracts are subject to different requirements depending on whether they are classified as direct participation contracts or contracts without direct participation. All contracts in the Group are classified as contracts without direct participation features and the Premium Allocation Approach ("PAA") has been applied as it produces a measurement of the LRC that would not differ materially had the General Measurement Model been applied.

On initial recognition of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Group has elected to recognise insurance acquisition cash flows as expenses when they are incurred. Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group recognises the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Discount rate and risk adjustment

The cell captive is managed and administered by the cell captive provider Guardrisk. Guardrisk utilises discount rates and risk adjustment factors that is relevant to the population within the cell. The Group does not further adjust this data as no insurance related activities takes place outside the cell.

Derecognition and contract modification

The Group derecognises a contract when it is extinguished (ie when the specified obligations in the contract expire or are discharged or cancelled).

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the company treats the change in cash flows caused by the modifications as changes in estimates of fulfilment cash flows.

Presentation and disclosure

The cell captive is disclosed on in the Statement of Financial Position as "Insurance contract asset".

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

19.1 Transition to IFRS 17 Insurance Contracts continued...

The Group disaggregates amounts recognised in the statement of profit or loss and OCI into:

- insurance service result, comprising:
 - insurance revenue; and
 - insurance service expenses; and
- insurance finance income or expenses.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period on the passage of time, unless another basis is more appropriate.

Loss components

The Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts, if applicable. An entity recognises a loss and an increase in the liability for remaining coverage if facts and circumstances indicate, at any time during the coverage period, that a group of contracts is onerous. If a group of contracts is deemed to be onerous, then the increase in the liability for remaining coverage and the loss recognised is equal to the difference between the fulfilment cash flows that relate to remaining coverage of the group determined when applying the GMM and the carrying amount of the liability for remaining coverage determined when applying the PAA.

When determining the fulfilment cash flows that relate to the remaining coverage of the group, an entity does not include in the measurement an adjustment for the time value of money and the effect of financial risk if it does not reflect these in the measurement of its liability for incurred claims. If the entity adjusts the future cash flows for the time value of money and the effect of financial risk, then it determines the discount rate consistently with the requirements for the general measurement model.

Insurance service expense

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- incurred claims and other insurance service expenses;
- amortisation of insurance acquisition cash flows;
- losses on onerous contracts and reversals of such losses, if applicable; and
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amount of groups of contracts arising from the effects of the time value of money, financial risk and changes therein. The entity presents insurance finance income or expenses in profit or loss.

Transition

The Group applied the fully retrospective approach ("FRA"), however the retrospective adjustment has been determined from 1 July 2020 until 30 September 2022. The Group determined that assessing the impact prior 1 July 2020, under the PAA approach, would not result in an outcome that is materially different.

Significant estimates and judgements

- Future cash flows – Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. The Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes historical data about claims and other experience, updated to reflect current expectations of future events. The Group takes into account current expectations of future events that might affect those cash flows. Expectations of future changes in legislation are only taken into account once the change in legislation is substantively enacted.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**19. Restatements due to transition to IFRS 17 continued...**

Rmillion	September 2023 as previously reported	Restatement	September 2023 Restated	March 2023 as previously reported	Restatement	March 2023 Restated	01 October 2022 Restated
Assets							
Non-current assets							
Cash and cash equivalents	4,333	-	4,333	2,578	-	2,578	1,544
Financial investments	14	-	14	16	-	16	160
Sovereign debt securities	8,234	-	8,234	8,262	-	8,262	2,444
Net advances	31,984	-	31,984	32,380	-	32,380	22,647
Accounts receivable and other assets	522	-	522	439	-	439	202
Derivatives	124	-	124	98	-	98	85
Insurance contract asset	412	(2)	410	598	(12)	586	516
Property, equipment and right-of-use assets	710	-	710	673	-	673	562
Intangible assets	353	-	353	263	-	263	153
Current tax assets	32	-	32	16	-	16	-
Deferred tax assets	1,366	-	1,366	1,405	-	1,405	1,064
Goodwill	115	-	115	115	-	115	-
Total assets	48,199	(2)	48,197	46,843	(12)	46,831	29,377

Rmillion	September 2023 as previously reported	Restatement	September 2023 Restated	March 2023 as previously reported	Restatement	March 2023 Restated	01 October 2022 Restated
Liabilities and equity							
Liabilities							
Creditors and other liabilities	1,286	-	1,286	1,159	-	1,159	887
Short-term funding	26,017	-	26,017	22,991	-	22,991	5,756
Long-term funding	8,604	-	8,604	10,950	-	10,950	10,848
Total liabilities	35,907	-	35,907	35,100	-	35,100	17,503

Rmillion	September 2023 as previously reported	Restatement	September 2023 Restated	March 2023 as previously reported	Restatement	March 2023 Restated	01 October 2022 Restated
Equity							
Ordinary share capital	5	-	5	5	-	5	5
Ordinary share premium	9,995	-	9,995	9,995	-	9,995	9,995
Retained income	2,292	(2)	2,290	1,743	(12)	1,731	1,874
Total equity	12,292	(2)	12,290	11,743	(12)	11,731	11,874
Total equity and liabilities	48,199	(2)	48,197	46,843	(12)	46,831	29,377

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**19. Restatements due to transition to IFRS 17 continued...**

Rmillion	September 2023 as previously reported	Restatement	September 2023 Restated	March 2023 as previously reported	Restatement	March 2023 Restated
Interest income on advances	7,343	-	7,343	3,914	-	3,914
Other interest income ¹	898	-	898	213	-	213
Interest expense and similar charges ¹	(2,481)	-	(2,481)	(1,132)	-	(1,132)
Net Interest Income	5,760	-	5,760	2,995	-	2,995
Income from core income funds	2	-	2	2	-	2
Foreign exchange loss recognised on translation	(4)	-	(4)	(2)	-	(2)
Fair value gains from derivatives, assets and liabilities	35	-	35	(7)	-	(7)
Non-interest income	1,635	-	1,635	668	-	668
Total income before investment in insurance result	7,428	-	7,428	3,656	-	3,656
Insurance revenue	-	1,636	1,636	-	831	831
Insurance service expenses	-	(1,023)	(1,023)	-	(523)	(523)
Dividend income	787	-	787	270	-	270
Insurance service result	-	613	613	-	308	308
Insurance finance expense	-	(719)	(719)	-	(238)	(238)
Net investment in insurance result	-	(106)	(106)	-	70	70
Net income from operations	8,215	(106)	8,109	3,926	70	3,996
Credit impairment charge	(3,262)	-	(3,262)	(2,240)	-	(2,240)
Income after credit impairment charge	4,953	(106)	4,847	1,686	70	1,756
Movement in remeasurement of insurance contracts	(117)	117	-	69	(69)	-
Operating costs	(4,752)	-	(4,752)	(2,319)	-	(2,319)
Gain on bargain purchase	276	-	276	276	-	276
Indirect taxation: VAT	(93)	-	(93)	(25)	-	(25)
Operating profit	267	11	278	(313)	1	(312)
			-			-
Profit before taxation	267	11	278	(313)	1	(312)
Taxation	238	-	238	269	-	269
Profit for the period	505	11	516	(44)	1	(43)

20. Events after the reporting date

There were no matters or circumstances arising since the reporting date, not otherwise dealt with in the Unaudited Consolidated Condensed Interim Financial Statements, which significantly affected the financial position as at 31 March 2024, or the results of its operations or cash flows for the period then ended.

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ANNEXURE A: ACRONYMS AND ABBREVIATIONS

The following acronyms and abbreviations have been used in these Financial Statements.

R'000	Thousands of rand
ABHL	African Bank Holdings Limited
ABL	African Bank Limited
AIG	African Insurance Group Limited
ALCO	Asset and Liability Committee
Bank	African Bank Limited and/or African Limited Bank Group
CAR	Capital Adequacy Ratio
CEO	Group Chief Executive Officer
CFO	Group Chief Financial Officer
CHF	Swiss Franc
CMC	Credit and Models Committee
COVID-19	Coronavirus
CPI	Consumer Price Index
CRO	Group Chief Risk Officer
DMTN	Domestic medium-term note programme
ECL	Expected credit losses
EMTN	Euro medium-term note programme
Exco	Executive Committee
FSB	Financial Services Board
FVTPL	Fair value through profit or loss
GBL	Grindrod Bank Limited
GFH	Grindrod Financial Holdings Limited
GFH Group	Grindrod Financial Holdings Limited Group
IAS®	International Accounting Standards
IASB®	International Accounting Standards Board
IBNR	Incurred but not reported
ICAAP	Internal Capital Adequacy and Assessment Process
IFRIC®	IFRIC® Interpretations
IFRS®	IFRS® Accounting Standards
IT	Information Technology
JIBAR	Three months Johannesburg interbank agreed rate
JSE	JSE Limited
LTIP	Long-term incentive plan
MRC	Model Risk Committee
NACA	Nominal annual compounded annually
NACM	Nominal annual compounded monthly
NACQ	Nominal annual compounded quarterly
NACS	Nominal annual compounded semi-annually
NCA	National Credit Act No 34 of 2005
Prime	Prime interest rate in South Africa
PSI	Portfolio specific impairment
RCMC	Risk and Capital Management Committee
RDS	Residual Debt Services Limited (under curatorship)
Rm / Rmillion	Millions of rand
RSA	Republic of South Africa
SAFEX	South Africa Future Exchange
SARB	South African Reserve Bank
SI	Specific impairment

SICR	Significant increase in credit risk
SPLEC	Special Projects and Large Exposures Committee
TAA	Tax Administration Act
The Bank Act	The Banks Act No. 94 of 1990
The Companies Act	The Companies Act No. 71 of 2008
Tier I	Primary capital
Tier II	Secondary capital
UBank	Ubank Limited
USD	United States Dollar
VAT	Value Added Tax
ZAR	South African Rand

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ANNEXURE B: CORPORATE INFORMATION

Group Company Secretary

T Singh

African Bank Holdings Limited

Incorporated in the Republic of South Africa

Registered Bank

Registration number 2014/176855/06

African Bank Limited is an Authorised Financial Services and Registered Credit Provider

Holding company: African Bank Holdings Limited

Registered office

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