



African Bank 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: 2014/176899/06 NCR registration
number NCRCP7638 An Authorised Financial Services and Registered
Credit Provider

African Bank Limited

(Registration Number 2014/176899/06)

Unaudited Consolidated Condensed Interim Financial Statements
for the 6 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 Limited Group. The African Bank Limited Group consists of African Bank Limited ("ABL"), its 100% directly held subsidiary (Grindrod Financial Holdings Limited) and its 100% indirectly held subsidiaries including Grindrod Bank Limited (together referred to as "the Bank").

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, the Notes to the 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 Grindrod Financial Holdings Group. The Bank received 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 of GFH Group 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 Bank 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 Bank. 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. The Directors have made an assessment of the Bank'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.

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 Bank continues building a customer centric, data and digitally enabled diversified business that is scalable and sustainable.

CHANGES IN DIRECTORS AND BOARD COMMITTEES

During the six month period ended 31 March 2024 and up to 30 May 2024, there were no appointment or resignations of Directors and there have been no change in membership of Board committees.

DEBT OFFICER

Chrisanthi Michaelides resigned as the Debt Officer, 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.

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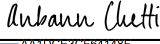
STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

APPROVAL OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

The Unaudited Consolidated Condensed Interim Financial Statements found on pages 5 to 50 were approved by the Board of Directors on 30 May 2024 and are signed on its behalf by:

DocuSigned by:

K Bungane
Director

DocuSigned by:

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.

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

Rmillion	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Assets				
Cash and cash equivalents	3	5,974	2,572	4,328
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
Property, equipment and right-of-use asset		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		46,741	46,239	47,782
Liabilities and equity				
Liabilities				
Creditors and other liabilities		1,264	1,158	1,284
Short-term funding		22,962	23,046	26,259
Long-term funding		10,603	10,950	8,605
Total liabilities		34,829	35,154	36,148
Equity				
Ordinary share capital		5	5	5
Ordinary share premium		14,044	13,325	13,657
Accumulated loss		(2,137)	(2,245)	(2,028)
Total equity		11,912	11,085	11,634
Total equity and liabilities		46,741	46,239	47,782

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

Rmillion	Note	For the six months ended 31 March 2024 (unaudited)	For the six months ended 31 March 2023 (unaudited) ^{1, 2}	30 September 2023 (audited)
Interest income on advances	7	3,524	3,914	7,343
Other interest income ¹	7	491	211	897
Interest expense and similar charges ¹	9	(1,356)	(1,142)	(2,497)
Net Interest Income		2,659	2,983	5,743
Fair value gain on financial investments ²		11	2	2
Foreign exchange gains/(losses) recognised on translation		6	(2)	(4)
Non-interest income	10	839	667	1,635
Fair value gains from derivatives, assets and liabilities		5	(7)	35
Total income from operations		3,520	3,643	7,411
Credit impairment charge	8	(1,355)	(2,240)	(3,262)
Income after credit impairment charge		2,165	1,403	4,149
Operating costs	11	(2,233)	(2,316)	(4,748)
Gain on bargain purchase		-	276	276
Indirect taxation: VAT		(80)	(25)	(93)
Operating loss		(148)	(662)	(416)
Loss before taxation		(148)	(662)	(416)
Taxation		39	272	243
Loss for the period		(109)	(390)	(173)
Attributable to:				
Owner of African Bank Limited		(109)	(390)	(173)
Total comprehensive loss for the period		(109)	(390)	(173)

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 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 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Rmillion	Ordinary share capital	Ordinary share premium	Accumulated loss	Total
Balance at 30 September 2022	5	12,930	(1,855)	11,080
Total comprehensive loss for the period	-	-	(173)	(173)
Issue of equity	-	727	-	727
Balance at 30 September 2023	5	13,657	(2,028)	11,634
Issue of equity ¹	-	387	-	387
Total comprehensive loss for the period	-	-	(109)	(109)
Balance at 31 March 2024	5	14,044	(2,137)	11,912

¹ ABL issued 2 shares to the value of R387 million which was fully paid up in the 2024 financial period.

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

Rmillion	Note	For the six months ended 31 March 2024 (unaudited)	For the six months ended 31 March 2023 (unaudited) ²	30 September 2023 (audited) ²
Cash flows from operating activities				
Cash utilised in operations	12	(1,008)	(1,600)	(2,172)
Interest received ¹		3,556	3,710	7,390
Interest paid		(1,143)	(917)	(1,944)
Direct taxation paid		63	(23)	(44)
Indirect taxation received/(paid)		(85)	25	34
Movement in assets and liabilities				
Increase in gross advances		(1,776)	(3,024)	(3,194)
Decrease in sovereign debt securities		3,770	2,950	2,586
Decrease in customer deposits		1,263	-	(192)
Increase in retail funding		-	(287)	-
Decrease/(increase) in transactional banking deposits raised		2,134	(50)	(393)
Increase in other assets		(83)	(65)	(212)
(Decrease)/Increase in other liabilities		(2,895)	(187)	(111)
Increase in deferred fees and other items related to advances		(46)	(18)	-
Proceeds from sale of negotiable securities		-	-	278
Net cash inflow/(outflow) from operating activities		3,750	514	2,026
Cash flows from investing activities				
Acquisition of property, equipment and right-of-use assets		(196)	(47)	(194)
Acquisition of intangible assets		(74)	(30)	(108)
Withdrawals of financial investments	4	(2)	104	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		(272)	318	137
Cash flows from financing activities				
Funding raised		700	3,982	4,701
Funding redeemed		(2,984)	(3,924)	(4,461)
Principal payment of lease liabilities		(75)	(74)	(137)
Share issue		-	395	727
Sale/(Purchase) of shares		387	-	-
Dividends paid		(15)	-	-
Redemption of derivative instruments		149	(17)	(39)
Net cash inflow from financing activities		(1,838)	362	791
Increase/(decrease) in cash and cash equivalents		1,640	1,194	2,954
Cash and cash equivalents at the beginning of the period		4,328	1,378	1,378
Effect of exchange rate changes on cash and cash equivalents		6	-	(4)
Cash and cash equivalents at the end of the period		5,974	2,572	4,328

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

African Bank Limited ("ABL" and/or "the Bank") is a public company incorporated in the Republic of South Africa and is registered as a bank under the Banks Act No. 94 of 1990 ("the Banks Act") operating within the Republic of South Africa.

ABL holds 100% of the ordinary share capital of Grindrod Financial Holdings Limited ("GFH") and 100% of the preference shares of Grindrod Bank Limited ("GBL"), which is a 100% subsidiary of GFH. The shareholding in GFH was acquired in the 2023 financial year, and the transaction was accounted for as a business combination. As a result of the acquisition, ABL controls GFH Group as it directly holds 100% of the ordinary shares in GFH and indirectly holds 100% in GFH's subsidiaries. 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 Bank received 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 of GFH Group is required to take place within 18 months from the approval date.

The Bank'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 overdrafts) and retail investments. The Bank concurrently also serves as an agent to provide consummate credit and life insurance cover to Consumer Banking customers of the Bank. 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 Bank is disclosed in Annexure B. The Consolidated Condensed Interim Financial Statements found on pages 5 to 50 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 Bank's Unaudited Consolidated Condensed Interim Financial Statement are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"), and comply with, the International Accounting Standards Board, IFRIC® interpretations ("IFRIC interpretations"), 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 Bank'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.

The Bank's Consolidated Condensed Interim Financial Statements are presented in the South African Rand, which is the Bank'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 Bank's ability to raise funding and generate cash and cash equivalents from assets held by the Bank. In considering the Bank's going concern assumption with respect to the existing and expected future economic conditions, the Board (through its subcommittees) assessed the Bank's budgets and cash flow forecasts, which included the expected impacts of the Capital Equipment Finance and Commercial Property Finance acquisitions.

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General information continued...

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

The Board took liquidity risk into account in its assessment that the Bank is a going concern. In the Board's opinion there is no material uncertainty regarding the Bank'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 Bank is able to meet its obligations and to pay its debts as they become due, the Bank 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 Bank successfully issued Tier 2 bonds during December 2023 amounting to R825 million, further augmenting the Bank'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 Bank 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 Bank has adequate resources to continue operating for the foreseeable future and deem it appropriate to apply the going concern basis in preparing the Bank's Consolidated Condensed Interim Financial Statements for the six month period ended 31 March 2024.

1.3 Material accounting policies

The Bank'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.

No new or amended IFRS Accounting Standards and interpretations became effective for the six months ended 31 March 2024 which would impact the Bank's Consolidated Condensed Interim Financial Statements or the accounting policies.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Bank'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 Bank'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 13);
- Taxation - Judgement and uncertainty (refer to note 6);
- Estimated useful life of PPE and intangibles; and
- Long-term incentives.

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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.

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

Rmillion ¹	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

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).

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Net advances continued...

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 million (31 March 2023: R2 902 million, 30 September 2023: R2 902 million).

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**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 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	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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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**Net advances 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	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 ¹	-	-	-	-	-	-	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 ²	(78)	(32)	(32)	(2,025)	(89)	(2,256)	(78)	(32)	(32)	(2,025)	(89)	(2,256)

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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 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 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.

³ 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 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**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)⁴**

Rmillion	ECL					Gross advances ³					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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Rmillion	ECL					Gross advances ³					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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Net advances 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, as advances are 100% provided for before being written off. The contractual amount outstanding on advances that were written off during the current financial period that are still subject to enforcement activities is R1,614 million (refer to credit impairment charges, note 8). 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 *Advances acquired in 2016 have been combined into the Consumer Banking portfolio and disclosed as POCI advances. The opening balance in the table above amounted to R587 million and reflected the net carrying amount. This amount can be reconciled to the opening balances of the prior financial year by considering the opening balances disclosed in 2.3.3 below for gross advances and ECL of R1,594 million and R1,007 million respectively.*

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**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 ²					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ³	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**Net advances continued...**

Rmillion	ECL					Gross Advances ²						
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ³	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	-	-	-	-	-	-	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 ¹	(525)	(232)	(432)	(2,483)	(267)	(3,939)	(525)	(232)	(432)	(2,483)	(267)	(3,939)

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Rmillion	ECL						Gross Advances ²					
	Stage 1	Stage 2		Stage 3	POCI	Total	Stage 1	Stage 2		Stage 3	POCI ³	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 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 R3 939.2 million (refer to credit impairment charges, note 16). 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.

³ 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:

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**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 exposures 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	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**Net advances 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	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	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Business Banking advances	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)
Changes due to change in model assumptions	(1)	-	-	-	-	(1)	-	-	-	-	-	-
Changes due to changes in model assumptions	(1)	-	-	-	-	(1)	-	-	-	-	-	-

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS*Net advances 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			
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**Net advances continued...****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 ³				
	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**Net advances continued...**

Rmillion	ECL					Gross advances ³				
	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 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 R0 million (refer to credit impairment charges, note 8). 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.

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

The ECL models 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**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)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**Net advances 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	(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)
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

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Net advances continued...

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 8).

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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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**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	41,366
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	41,046
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	4,200	350	4,550	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	33,301	8,849	42,150	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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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**Net advances continued...****2.4.2 Impairment as % of gross advances**

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 provision	(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	881	544	646
ZAR	844	542	644
Foreign denominated	37	2	2
Deposits with the SARB	880	831	874
Current accounts²	4,213	1,197	2,808
Gross cash and cash equivalents	5,974	2,572	4,328
Non-cash adjustment: ECL ³	-	-	-
Net cash and cash equivalents	5,974	2,572	4,328
Maximum exposure to credit risk	5,974	2,572	4,328

The Bank uses foreign currency denominated deposits to mitigate against risks arising from changes in foreign currency exchange rates, where the Bank'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 7.98% to 9.09% NACM (2023: from 5.95% to 8.25%). Foreign-denominated call deposits consist of foreign currency that the Bank 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 are floating interest rate assets with interest rates generally linked to 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 period. The ECL charge for the current financial 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
Gross regulatory deposits and sovereign debt securities	4,551	8,270	8,245
Adjustment: ECL ¹	(7)	(8)	(11)
Net regulatory deposits and sovereign debt securities	4,544	8,262	8,234
Maximum exposure to credit risk	4,544	8,262	8,234

¹ ECL is raised on credit risk arising from the counterparties with whom sovereign debt securities are held. There has not been any changes or downgrades in all debt securities, therefore these are classified as stage 1. There were no movements between stages for these securities during the financial period.

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**Current and deferred tax continued...****6.1 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, plant and equipment and intangible assets	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
Total	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
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**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: R188 million) and the capital loss is R0 million (31 March 2023: R6 million, 30 September 2023: R6 million). The recoverability of the deferred tax asset is assessed by the Bank on a regular basis. The deferred tax asset recognised by the Bank 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.

7. Interest income**7.1 Interest income on advances**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Interest on advances	3,212	3,317	6,736
Origination fees	112	134	225
Service fee	200	463	382
Total	3,524	3,914	7,343

7.2 Other interest income

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
Cash and cash equivalents	44	19	92
Sundry interest income ¹	447	192	805
Total	491	211	897

Other interest income is calculated using the effective interest method.

¹ Sundry interest income consists of interest on sovereign debt securities.

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for the 6 months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS****8. Credit impairment charge**

Rmillion	31 March 2024 (unaudited) ¹		
	Consumer Banking	Business Banking	Total
Net movement in impairment provisions (Refer to 2.4.2)	1667	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

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 period. The 2016 Acquired book which was separately disclosed in the comparative figures for 31 March 2023 has been combined into Consumer Banking.

Rmillion	31 March 2023 (unaudited)			
	Consumer Banking	Business Banking	2016 acquired book	Total
<i>Consumer and business advances</i>				
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 (Refer to 2.4.2)	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 period. The 2016 Acquired book which was separately disclosed in the comparative figures for 31 March 2023. However this has been combined into Consumer Banking.

9. 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	74	157	256
Negotiable certificates of deposit	194	98	279
Retail deposits	564	489	1,003
Subordinated debt	30	-	-
Transactional banking	23	28	47
Unsecured listed bonds	148	148	341
Other			
Right-of-use asset - finance cost	9	10	17
Other interest	-	-	39
Total	1,356	1,142	2,497

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**10. 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	61	307
Total	839	667	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 Bank'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 Bank relating to cell captive held by African Insurance Group Limited. In addition, the Bank 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.

11. 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	14	11	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	136	261	311
Printing, stationery and courier costs	12	7	21
Professional fees	131	85	365
Rental and maintenance costs ²	136	121	278
Costs related to property rentals	99	90	200
Other rental and maintenance costs	37	31	78
Staff costs	961	1,065	2,145
Basic remuneration	807	849	1,548
Contribution to provident fund	88	-	153
Commission paid to sales agents	7	2	3
Employee benefits expense	31	182	356
Executive Directors' and Prescribed Officers' remuneration	28	32	85
Telephone, fax and other communication costs	56	62	125
Non-Executive Directors' fees	8	7	14
Travel cost	14	15	26
Write-off of property, equipment and right-of-use assets	-	-	55
Total	2,233	2,316	4,747

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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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**12. Cash utilised in operations**

Rmillion	31 March 2024 (unaudited)	31 March 2023 (unaudited)	30 September 2023 (audited)
(Loss)/profit before tax	(148)	(662)	(416)
Adjustment for:	(860)	(938)	(1,756)
Indirect taxation: VAT	80	25	93
Increase in impairment of advances	1,612	2,483	3,868
Amortisation of intangible assets	27	23	62
Depreciation of property, equipment and ROU assets	122	131	227
Write-off of property, equipment and intangible assets	1	-	55
Other interest income	(502)	-	(897)
Interest expense and similar charges	1,348	-	2,497
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)
Attributable (gain)/loss from joint venture	-	(7)	-
Movement in other interest income accrual	-	(130)	-
Movement in interest expense accrual	-	750	-
Interest on advances	(3,524)	(3,820)	(7,343)
Other adjustments on funding instruments	-	(128)	-
Finance cost from lease liability	8	10	-
Bargain purchase gain	-	(276)	(276)
Total	(1,008)	(1,600)	(2,172)

13. Assets and liabilities measured at fair value or for which fair values are disclosed**13.1 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 Bank determines fair values using other valuation techniques.

The Bank 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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Assets and liabilities measured at fair value or for which fair values are disclosed continued...

Recurring fair values

The Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 in the case of the acquired book, being classified as 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.

13.2 Valuation framework

The Bank 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
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
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

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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				
Financial investments measured at FVTPL	Discounted cash flows	Expected cash flows	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)
31 March 2023 (unaudited)				
Assets				
JIBAR-linked interest rate swaps	Discounted cash flow swaption methodology	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	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)
30 September 2023 (audited)				
Assets				
JIBAR-linked interest rate swaps	Discounted cash flow swaption methodology	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	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**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 in private equity investments and unit trust investments	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 in private equity investments and unit trust investments	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)
30 September 2023 (audited)					
Financial investments in private equity investments and unit trust investments	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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Unaudited Consolidated Condensed Interim Financial Statements
for the 6 months ended 31 March 2024**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS***Assets and liabilities measured at fair value or for which fair values are disclosed continued...***13.5 Assets and liabilities for which fair value is disclosed**

Rmillion	Level 1	Level 2	Level 3	Total	Carrying value
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	810	2,725	-	3,535	1,288
Total	810	2,725	-	3,535	1,288
31 March 2023 (unaudited)					
Financial assets					
Government bonds	2,442	-	-	2,442	2,561
Treasury bills ¹	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
Financial liabilities					
Short-term funding	-	12,602	7,727	20,329	23,046
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	33,996
30 September 2023 (audited)					
Financial assets					
Sovereign debt securities	8,031	-	-	8,031	8,234
Net advances	-	-	31,678	31,678	30,096
Total	8,031	-	31,678	39,709	38,330
Financial liabilities					
Wholesale funding	-	5,055	4,011	9,066	4,330
Total	-	5,055	4,011	9,066	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 deposit.

¹ The fair value of listed bonds reflects the current listed price as at the end of the reporting period, 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, 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**14. Analysis of classification of financial assets and liabilities****14.1 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	5,974	-	-	-	5,974	5,974	-
Financial investments	4	-	16	-	-	16	16	-
Sovereign debt securities	5	4,544	-	-	-	4,544	2,018	2,526
Net advances	2	30,818	1,605	318	-	32,741	13,963	18,778
Accounts receivable and other assets		661	-	-	230	891	661	230
Derivatives		-	2	-	-	2	-	2
Goodwill		-	-	-	115	115	-	115
Property, equipment and right-of-use asset		-	-	-	680	680	-	680
Intangible assets		-	-	-	347	347	-	347
Deferred tax assets	6	-	-	-	1,416	1,416	-	1,416
Current tax assets	6	-	-	-	15	15	15	-
Total assets		41,997	1,623	318	2,803	46,741	22,647	24,094

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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

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 2023 (unaudited)								
Cash and cash equivalents ¹	3	2,572	-	-	-	2,572	2,572	-
Financial investments	4	-	16	-	-	16	16	-
Sovereign debt securities ¹	5	8,262	-	-	-	8,262	-	8,262
Net advances	2	30,493	1,473	414	-	32,380	-	32,380
Deferred tax asset	6	-	-	-	1,405	1,405	-	1,405
Current tax	6	-	-	-	16	16	16	-
Property and equipment		-	-	-	673	673	-	673
Accounts receivable and other assets		203	-	-	236	439	203	236
Intangible assets		-	-	-	263	263	-	263
Derivatives		-	98	-	-	98	-	98
Goodwill		-	-	-	115	115	-	115
Total assets		41,530	1,587	414	2,708	46,239	2,807	43,432

¹ The deposit with the SARB were previously included in regulatory deposits and sovereign debt securities and have been reclassified to cash and cash equivalents based on guidance provided in the relevant IFRIC® Agenda decision.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS*Analysis of classification of financial assets and liabilities 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	4,328	-	-	-	4,328	4,328	-
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
Accounts receivable and other assets		346	-	-	176	522	346	176
Derivatives		-	124	-	-	124	-	124
Goodwill		-	-	-	115	115	-	115
Property, equipment and right-of-use asset		-	-	-	710	710	-	710
Intangible assets		-	-	-	353	353	-	353
Deferred tax assets	6	-	-	-	1,366	1,366	-	1,366
Current tax assets	6	-	-	-	32	32	32	-
Total assets		43,004	1,710	316	2,752	47,782	28,003	19,779

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

14.2 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	Amortised cost	Fair value	Non-financial liabilities	Total	Current	Non-current
31 March 2024 (unaudited)						
Short-term funding	22,962	-	-	22,962	22,962	-
Creditors and other liabilities	1,057	-	207	1,264	1,057	207
Long-term funding	10,603	-	-	10,603		10,603
Total liabilities	34,622	-	207	34,829	24,019	10,810
31 March 2023 (unaudited)						
Short-term funding	23,046	-	-	23,046	23,046	-
Creditors and other liabilities	809	-	349	1,158	-	1,158
Long-term funding	10,950	-	-	10,950	-	10,950
Total liabilities	34,805	-	349	35,154	23,046	12,108
30 September 2023 (audited)						
Short-term funding	24,652	-	-	24,652	24,652	-
Creditors and other liabilities	847	-	437	1,284	1,284	-
Long-term funding	10,213	-	-	10,213	15	10,198
Total liabilities	36,540	-	437	36,977	26,779	10,198

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15. Related party information

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

15.1 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			
Entities that have control over the Group and its subsidiaries	55,897	38,265	240,612
Key Management Personnel ²	1,960	28,819	5,694
Other financial instruments			
Entities that have control over the Group and its subsidiaries	828,485	-	-

Refer to note 3 for deposits held with the SARB.

¹ The amounts advanced to Key Management Personnel are at arms 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.

15.2 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			
Entities within the same Group of companies	37,100	4,962	107,746
Key Management Personnel	143	205	166

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 Bank.

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

16. Operating segments

Segment information

The financial information for each reportable segment is set out below.

Rmillion	31 March 2024 (unaudited)				
	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments ¹	Total
Statement of Comprehensive Income					
Interest income on advances	2,912	617	3,529	(5)	3,524
Other interest income ¹	281	262	543	(30)	513
Interest expense and similar charges	(845)	(541)	(1,386)	30	(1,356)
Net interest income	2,348	338	2,686	(5)	2,681
Non-interest income	685	154	839	-	839
Total income from operations	3,033	492	3,525	(5)	3,520
Credit impairment charge	(1,270)	(85)	(1,355)	-	(1,355)
Operating costs ²	(2,023)	(201)	(2,224)	(9)	(2,233)
Indirect taxation: VAT	(72)	(8)	(80)	-	(80)
Profit /(loss) before taxation	(332)	198	(134)	(14)	(148)
Taxation	67	(32)	35	4	39
Profit /(loss) for the period	(265)	166	(99)	(10)	(109)

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Operating segments continued...

Rmillion	31 March 2024 (unaudited)				
	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments ¹	Total
Statement of Financial Position					
Cash and cash equivalents	3,295	3,509	6,804	(830)	5,974
Financial investments	13	3	16	-	16
Investments in subsidiaries	(1,557)	-	(1,557)	1,557	-
Sovereign debt securities	2,458	2,086	4,544	-	4,544
Derivatives	-	2	2	-	2
Net advances	20,661	12,056	32,717	24	32,741
Accounts receivable and other assets	553	266	819	72	891
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	27,788	18,007	45,795	946	46,741
Current tax	-	10	10	(10)	-
Creditors and other liabilities	1,129	68	1,197	67	1,264
Short-term and long-term funding	20,349	14,046	34,395	(830)	33,565
Total liabilities	21,478	14,124	35,602	(773)	34,829

¹ "Other interest income" includes "Fair value gain on financial investments" and "Fair value gains/(losses) from derivatives assets and liabilities" and "foreign exchange gains/(losses) recognised on translation" for segmental reporting purposes.

² 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.

Rmillion	31 March 2023 (unaudited)				
	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments ¹	Total
Statement of Comprehensive Income					
Interest income on advances	3,325	592	3,917	(3)	3,914
Credit impairment charge	(2,228)	(12)	(2,240)	-	(2,240)
Interest on advances after impairment	1,097	580	1,677	(3)	1,674
Other interest income	211	-	211	-	211
Interest expense and similar charges ²	(749)	(404)	(1,153)	4	(1,149)
Non-interest income	558	110	668	(1)	667
Gain on bargain purchase	-	-	-	276	276
Operating costs ¹	(2,155)	(164)	(2,319)	3	(2,316)
Indirect taxation: VAT	(20)	(5)	(25)	-	(25)
Profit /(loss) before taxation	(1,058)	117	(1,152)	279	(662)
Taxation	268	(5)	263	9	272
Profit /(loss) for the period	(790)	112	(889)	288	(390)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Operating segments continued...

Rmillion	31 March 2023 (unaudited)				
	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments ¹	Total
Statement of Financial Position					
Cash and cash equivalents	1,745	1,179	2,924	(352)	2,572
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
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	(1,753)	46,239
Creditors and other liabilities	1,080	66	1,146	12	1,158
Short-term and long-term funding	21,827	12,521	34,348	(352)	33,996
Total liabilities	22,907	12,587	35,494	(340)	35,154

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

Rmillion	September 2023 (audited)				
	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments ¹	Total
Statement of Comprehensive Income					
Interest income on advances	6,430	938	7,368	(25)	7,343
Other interest income ¹	477	457	934	-	934
Interest expense and similar charges ²	(1,538)	(979)	(2,517)	16	(2,501)
Net interest income	5,369	416	5,785	(9)	5,776
Non-interest income	1,369	266	1,635	-	1,635
Total income from operations	6,738	682	7,420	(9)	7,411
Credit impairment charge	(3,216)	(46)	(3,262)	-	(3,262)
Gain on bargain purchase	-	-	-	276	276
Operating costs ³	(4,340)	(391)	(4,731)	(17)	(4,748)
Indirect taxation: VAT	(86)	(7)	(93)	-	(93)
Profit/(loss) before taxation	(904)	238	(666)	250	(416)
Taxation	255	(19)	236	7	243
Profit/(loss) for the period	(649)	219	(430)	257	(173)

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**Operating segments continued...**

Rmillion	September 2023 (audited)				
	Consumer Banking	Business Banking	Subtotal	Consolidation adjustments ¹	Total
Statement of Financial Position					
Cash and cash equivalents	2,581	1,477	4,328	-	4,328
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
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
Total assets	32,232	16,714	49,216	(1,434)	47,782
Creditors and other liabilities	979	306	1,285	(1)	1,284
Short-term and long-term funding	21,945	13,160	35,105	(241)	34,864
Total liabilities	22,924	13,466	36,390	(242)	36,148

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.

17. Change in estimate

The Bank 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 stages 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.

18. 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 Statement, 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.

African Bank Limited

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Unaudited Consolidated Condensed Interim Financial Statements
for the 6 months ended 31 March 2024

ANNEXURE A: ACRONYMS AND ABBREVIATIONS

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

ABHL	African Bank Holdings Limited
ABL/the company	African Bank Limited
AIG	African Insurance Group Limited
ALCO	Asset and Liability Committee
Bank	African Bank Limited
Banks Act	Banks Act No. 94 of 1990
CAR	Capital Adequacy Ratio
CHF	Swiss Franc
CEO	Group Chief Executive Officer
CFO	Group Chief Financial Officer
CMC	Credit and Models Committee
Committee or AuditCom	Audit and Compliance Committee
Companies Act	Companies Act of South Africa No. 71 of 2008
CRO	Group Chief Risk Officer
COVID-19	Coronavirus
CPI	Consumer Price Index
DMTN	Domestic medium-term note programme
ECL	Expected credit losses
EMTN	Euro medium-term note programme
ESG	Environment, Social and Governance
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 and its subsidiaries
IAS®	International Accounting Standards
IASB®	International Accounting Standards Board
IBNR	Incurred but not reported
ICAAP	Internal Capital Adequacy and Assessment Process
IFRIC®	IFRS Interpretations Committee of IASB
IFRS® Accounting Standards	International Financial Reporting Standards
IT	Information Technology
JIBAR	Three months Johannesburg interbank agreed rate
JSE	JSE Limited
King IV	King IV Report on Corporate Governance
KPMG	KPMG Incorporated
LTIP	Long-term incentive plan
MMIJV	MMI Joint Venture
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
Rm / Rmillion	Millions of rand
RSA	Republic of South Africa
PSI	Portfolio Specific Impairment
Prime	Prime interest rate in South Africa

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ANNEXURE A: ACRONYMS AND ABBREVIATIONS

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
R000	Thousands of rand
RCMC	Risk and Capital Management Committee
RDS	Residual Debt Services Limited (under curatorship)
TAA	Tax Administration Act
The Bank Act	The Banks Act No. 94 of 1990
The Companies Act	Companies Act of South Africa No. 71 of 2008
the RemCom	Remuneration Committee
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 2014/176899/06

NCR Registration number: NCRCP7638

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

Holding company: African Bank Holdings Limited

Registered office

59 16th Road

Midrand, 1685

South Africa

Private Bag X170

Midrand, 1685

South Africa

Tel: +27 11 256 9000

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