

# Absa Bank Limited

Unaudited consolidated financial results  
for the interim reporting period ended  
30 June 2024

Your story matters



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## Financial director statement

These unaudited consolidated financial results for the interim reporting period ended 30 June 2024 were prepared by Absa Group Financial Control under the direction and supervision of the Group Financial Director, D Raju CA (SA) CFA. The Group Financial Director, who leads finance, reports directly to the Group Chief Executive, A Rautenbach.

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

## Board approval

The Board of Directors oversees the Bank's activities and holds management accountable to the risk governance framework. They review reports, exercise independent judgement, and challenge management decisions.

The Board, along with the GACC, has reviewed and approved the unaudited consolidated interim financial results (hereafter referred to as 'financial results') contained in the announcement released on the Stock Exchange News Service (SENS) on 19 August 2024. The GACC and the Board are satisfied that the details disclosed in the SENS are a fair presentation of the financial results and comply, in all material respects, with the relevant provisions of the South African Companies Act, JSE Listings Requirements, IFRS<sup>®</sup> Accounting Standards, IFRS Interpretations Committee (IFRIC Interpretations), IAS 34 Interim Financial Reporting (IAS 34) and SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee.

## Absa Bank Limited

### Unaudited consolidated financial results for the interim reporting period ended 30 June 2024

Authorised financial services and registered credit provider (NCRCP7)  
Registration number: 1986/004794/06  
Incorporated in the Republic of South Africa

JSE share code: ABSP  
ISIN: ZAE000079810

(Absa, Absa Bank, the Bank or the Company)

The full announcement is available from the Company's website:  
<https://www.absa.africa/investor-relations/financial-results/>. Copies of the full announcement can also be requested at the Company's registered office, free of charge, during office hours on normal business days, or alternatively by sending an email to [groupsec@absa.africa](mailto:groupsec@absa.africa).

# Profit and dividend announcement

for the interim reporting period ended 30 June 2024

## Declaration of preference share dividend number 37

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

Absa Bank's current prime rate is 11.75%.

Notice is hereby given that preference dividend number 37, equal to 70% of the average prime rate for 1 March 2024 to 31 August 2024 per Absa Bank preference share has been declared, for the period 1 March 2024 to 31 August 2024.

The dividend is payable on Monday, 16 September 2024, to shareholders of the Absa Bank preference shares recorded in the register of members of the Company at the close of business on Friday, 13 September 2024.

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

Based on the average prime rate, the preference dividend payable for the period 1 March 2024 to 31 August 2024 would indicatively be 4 146.30137 cents per Absa Bank preference share, on assumption that there will be no further changes in the prime rate between the declaration date and 31 August 2024.

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

- The dividend has been declared out of income reserves.
- The local dividend tax rate is twenty per cent (20%).
- The gross local dividend amount is 4 146.30137 cents per preference share for shareholders exempt from the dividend tax.
- The net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 3 317.04110 cents per preference share.
- Absa Bank currently has 4 944 839 preference shares in issue.
- Absa Bank's income tax reference number is 9575117719.

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

Last day to trade cum dividend	Tuesday, 10 September 2024
Shares commence trading ex-dividend	Wednesday, 11 September 2024
Record date	Friday, 13 September 2024
Payment date	Monday, 16 September 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 September 2024 and Friday, 13 September 2024, both dates inclusive. On Monday, 16 September 2024, the dividend will be electronically transferred to the bank accounts of certificated shareholders. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will also be credited on Monday, 16 September 2024.

On behalf of the Board

**N R Drutman**  
Company Secretary

Johannesburg  
19 August 2024

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

# Basis of presentation

for the interim reporting period ended 30 June 2024

The Bank's consolidated financial results for the interim reporting periods ended 30 June 2024 and 30 June 2023 are unaudited and have not been independently reviewed by the Bank's external auditors. These financial results have been prepared in accordance with the recognition and measurement requirements of IFRS® Accounting Standards, IFRIC Interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act.

These consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

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

## Overview of results

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

Commentary relating to the Bank's unaudited consolidated interim financial results is included in the Group results, as presented to shareholders on 19 August 2024.

## Accounting policies

The accounting policies applied in preparing the unaudited consolidated interim financial results are consistent with those applied in the Bank's annual consolidated financial statements for the reporting period ended 31 December 2023, except for the following amendments that are effective for the current reporting period and had no material impact on the financial results of the Bank:

- **Non-current Liabilities with Covenants** – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These amendments require that an entity classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to an entity complying with conditions (covenants) specified in a loan arrangement, in the event that the entity is required to comply with the conditions on or before the reporting date. Furthermore, the amendments clarify how an entity classifies a liability that can be settled in its own shares – such as, convertible debt. The amendments have been applied retrospectively.

- **Lease Liability in a Sale and Leaseback Transaction** – Amendments to IFRS 16

These amendments clarify how a seller-lessee measures the right-of-use asset and lease liability at initial recognition and subsequent measurement in the instance that variable lease payments arise in a sale-and-leaseback transaction. The amendments require that leaseback transactions entered into since the implementation of IFRS 16 in 2019 be reassessed and updated accordingly.

- **Supplier Finance Arrangements** – Amendments to IAS 7 and IFRS 7

These amendments introduce specific disclosure requirements for entities entering into supplier finance arrangements, to allow users to assess the effects of these arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk.

A number of new standards and amendments to existing standards have been issued but are not yet effective for the current reporting period and have not been applied in preparing these financial results. These amendments are not expected to have a material impact on the Bank.

## Events after the reporting period

The Board of Directors are not aware of any events (as defined by IAS 10 Events after the Reporting Period), occurring after the reporting date of 30 June 2024 until the date of authorisation of these interim financial results.

On behalf of the Board

**M S Moloko**  
Group Chairman

**A Rautenbach**  
Chief Executive Officer

**D Raju**  
Financial Director

Johannesburg  
19 August 2024

# Consolidated salient features

for the interim reporting period ended

		30 June	31 December
	Note	2024 Rm	Restated 2023 Rm
			2023 Rm
<b>Statement of comprehensive income (Rm)</b>			
Income		32 914	65 535
Operating expenses		20 462	40 461
Pre-provision profit		12 452	25 074
Credit impairments charges		6 953	12 591
Profit attributable to ordinary equity holders		2 692	7 097
<b>Statement of financial position</b>			
Net asset value (NAV) (Rm)		93 371	92 403
Gross loans and advances (Rm)	2	1 039 793	1 116 602
Total assets (Rm)		1 587 629	1 530 802
Deposits (Rm)		1 135 356	1 089 483
Gross loans to deposits and debt securities ratio (%)		76.6	85.9
Average loans to deposits and debt securities ratio (%)		82.4	83.6
<b>Financial performance (%)</b>			
Return on equity (RoE)		6.9	8.2
Return on average assets (RoA)		0.4	0.5
Return on risk-weighted assets (RoRWA)		0.89	1.11
Stage 3 loans ratio on gross loans and advances		6.04	5.83
<b>Operating performance (%)</b>			
Net interest margin on average interest-bearing assets		3.56	3.58
Credit loss ratio on loans and advances		1.22	1.15
Non-interest as a percentage of total income		31.0	32.3
Cost-to-income ratio		62.2	61.7
Jaws		(5)	(6)
Effective tax rate		17.8	20.6
<b>Share statistics</b>			
Number of ordinary shares in issue		448.3	448.3
NAV per ordinary share		20 828	20 612
Tangible NAV per ordinary share		17 993	17 868
Dividend per ordinary share relating to income for the reporting period		268	446
<b>Capital adequacy (%)</b>			
Absa Bank Limited		16.0	16.2
<b>Common Equity Tier 1 (%)</b>			
Absa Bank Limited		11.8	11.9

The Salient features for June 2023 have been restated as a consequence of the changes referred to in the Reporting changes overview note.

# Consolidated statement of financial position

as at

		30 June	31 December
	Note	2024 Rm	Restated 2023 Rm
			2023 Rm
<b>Assets</b>			
Cash, cash balances and balances with central banks		55 078	45 165
Investment securities		152 012	146 344
Trading portfolio assets		155 945	161 326
Hedging portfolio assets		5 186	6 856
Other assets		23 441	17 264
Current tax assets		830	69
Non-current assets held for sale	1	171	191
Loans and advances	2	1 099 663	1 054 449
Loans to Absa Group companies		64 937	61 448
Investments in associates and joint ventures		1 908	1 839
Property and equipment		11 528	11 472
Goodwill and intangible assets		12 708	12 299
Deferred tax assets		4 222	4 360
<b>Total assets</b>		<b>1 587 629</b>	<b>1 532 339</b>
<b>Liabilities</b>			
Trading portfolio liabilities		55 174	76 481
Hedging portfolio liabilities		1 454	2 499
Other liabilities		36 741	34 218
Provisions		2 594	4 131
Current tax liabilities		40	487
Deposits		1 135 356	1 071 406
Debt securities in issue		222 128	210 044
Loans from Absa Group companies		9 485	12 831
Insurance contract liabilities		13	13
Borrowed funds	3	16 699	20 440
Deferred tax liabilities		157	25
<b>Total liabilities</b>		<b>1 479 841</b>	<b>1 429 274</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Attributable to equity holders:			
Ordinary share capital		304	304
Ordinary share premium		36 880	36 880
Preference share capital		1	1
Preference share premium		4 643	4 643
Additional Tier 1 capital		9 773	8 262
Retained earnings		52 693	53 219
Other reserves		3 494	3 077
<b>Total equity</b>		<b>107 788</b>	<b>103 065</b>
<b>Total liabilities and equity</b>		<b>1 587 629</b>	<b>1 532 339</b>

The Statement of financial position has been restated for June 2023. Refer to the Reporting changes overview note.

# Consolidated statement of comprehensive income

for the interim reporting period ended

	Note	30 June	31 December	
		2024 Rm	Restated 2023 Rm	2023 Rm
Net interest income		22 720	21 922	44 355
Interest and similar income		64 964	58 937	118 377
Effective interest income		63 453	57 535	115 608
Other interest income		1 511	1 402	2 769
Interest expense and similar charges		(42 244)	(37 015)	(74 022)
Non-interest income	4	10 194	10 628	21 180
Net fee and commission income		9 867	9 685	19 786
Fee and commission income		10 889	10 611	21 935
Fee and commission expense		(1 022)	(926)	(2 149)
Insurance service result		4	14	68
Insurance revenue		44	48	197
Insurance service expenses		(40)	(34)	(129)
Gains and losses from banking and trading activities		(32)	652	901
Gains and losses from investment activities		2	3	—
Other operating income		353	274	425
<b>Total income</b>		<b>32 914</b>	<b>32 550</b>	<b>65 535</b>
Credit impairment charges		(6 953)	(6 847)	(12 591)
<b>Operating income before operating expenditure</b>		<b>25 961</b>	<b>25 703</b>	<b>52 944</b>
Operating expenditure		(20 462)	(19 203)	(40 461)
Other expenses		(1 430)	(860)	(2 058)
Other impairments	5	(576)	(96)	(449)
Indirect taxation		(854)	(764)	(1 609)
Share of post-tax results of associates and joint ventures		69	42	114
<b>Operating profit before income tax</b>		<b>4 138</b>	<b>5 682</b>	<b>10 539</b>
Taxation expense		(737)	(1 228)	(2 170)
<b>Profit for the reporting period</b>		<b>3 401</b>	<b>4 454</b>	<b>8 369</b>
<b>Profit attributable to:</b>				
Ordinary equity holders		2 692	3 854	7 097
Preference equity holders		203	174	373
Other equity: Additional Tier 1 capital		506	426	899
		<b>3 401</b>	<b>4 454</b>	<b>8 369</b>

The Statement of comprehensive income has been restated for June 2023. Refer to the Reporting changes overview note.

## Consolidated statement of comprehensive income

for the interim reporting period ended

	30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm
<b>Profit for the reporting period</b>	<b>3 401</b>	4 454	8 369
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>	<b>(71)</b>	(155)	(275)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	1	1	(5)
Fair value movements	1	1	(6)
Deferred tax	—	—	1
Movement on liabilities designated at FVTPL due to changes in own credit risk	(59)	(142)	(241)
Fair value movements	(81)	(196)	(330)
Deferred tax	22	54	89
Movement in retirement benefit fund assets and liabilities	(13)	(14)	(29)
(Decrease)/increase in retirement benefit surplus	(18)	(19)	25
(Decrease)/increase in retirement benefit deficit	—	—	(65)
Deferred tax	5	5	11
<b>Items that are or may be subsequently reclassified to profit or loss</b>	<b>212</b>	(221)	1 771
Movement in foreign currency translation reserve	(4)	(3)	(8)
Differences in translation of foreign operations	(4)	(3)	(8)
Movement in cash flow hedging reserve	204	(196)	1 963
Fair value movements	(597)	(528)	1 421
Amount removed from other comprehensive income and recognised in profit or loss	876	260	1 268
Deferred tax	(75)	72	(726)
Movement in fair value of debt instruments measured at FVOCI	12	(22)	(184)
Fair value movements	16	35	(186)
Release to profit or loss	—	(66)	(66)
Deferred tax	(4)	9	68
<b>Total comprehensive income for the reporting period</b>	<b>3 542</b>	4 078	9 865
<b>Total comprehensive income attributable to:</b>			
Ordinary equity holders	2 833	3 478	8 593
Preference equity holders	203	174	373
Additional Tier 1 capital	506	426	899
	<b>3 542</b>	4 078	9 865



# Consolidated statement of changes in equity

for the interim reporting period ended

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
<b>Balance at the beginning of the reporting period</b>	<b>448 301</b>	<b>304</b>	<b>36 880</b>	<b>1</b>	<b>4 643</b>	<b>8 262</b>
Total comprehensive income	—	—	—	—	203	506
Profit for the period	—	—	—	—	203	506
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(203)	—
Distributions paid during the reporting period	—	—	—	—	—	(506)
Issuance of Additional Tier 1 capital	—	—	—	—	—	1 511
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
<b>Balance at the end of the reporting period</b>	<b>448 301</b>	<b>304</b>	<b>36 880</b>	<b>1</b>	<b>4 643</b>	<b>9 773</b>

## Consolidated statement of changes in equity

for the interim reporting period ended

30 June 2024

Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity Rm
52 142	3 077	(142)	(1 250)	(7)	1 422	1 194	1 860	105 308
2 621	212	12	204	(4)	—	—	—	3 542
2 692	—	—	—	—	—	—	—	3 401
(71)	212	12	204	(4)	—	—	—	141
(1 999)	—	—	—	—	—	—	—	(2 202)
—	—	—	—	—	—	—	—	(506)
—	—	—	—	—	—	—	—	1 511
(1)	—	—	—	—	—	—	—	(1)
—	136	—	—	—	—	136	—	136
—	(345)	—	—	—	—	(345)	—	(345)
—	509	—	—	—	—	509	—	509
—	(28)	—	—	—	—	(28)	—	(28)
(69)	69	—	—	—	—	—	69	—
52 693	3 494	(130)	(1 046)	(11)	1 422	1 330	1 929	107 788

## Consolidated statement of changes in equity

for the interim reporting period ended

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

The Statement of changes in equity has been restated for June 2023. Refer to the Reporting changes overview note.

## Consolidated statement of changes in equity

for the interim reporting period ended

Restated  
30 June 2023

Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity Rm
52 753	975	42	(3 213)	1	1 422	977	1 746	103 059
3 698	(220)	(22)	(196)	(2)	—	—	—	4 078
3 854	—	—	—	—	—	—	—	4 454
(156)	(220)	(22)	(196)	(2)	—	—	—	(376)
(3 000)	—	—	—	—	—	—	—	(3 174)
—	—	—	—	—	—	—	—	(426)
(190)	—	—	—	—	—	—	—	(190)
—	(282)	—	—	—	—	(282)	—	(282)
—	(471)	—	—	—	—	(471)	—	(471)
—	373	—	—	—	—	373	—	373
—	(184)	—	—	—	—	(184)	—	(184)
(42)	42	—	—	—	—	—	42	—
53 219	515	20	(3 409)	(1)	1 422	695	1 788	103 065

## Consolidated statement of changes in equity

for the interim reporting period ended

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 capital Rm
<b>Restated balance at the beginning of the reporting period</b>	448 301	304	36 880	1	4 643	7 503
Total comprehensive income	—	—	—	—	373	899
Profit for the period	—	—	—	—	373	899
Other comprehensive income	—	—	—	—	—	—
Dividends paid during the reporting period	—	—	—	—	(373)	—
Distributions paid during the reporting period	—	—	—	—	—	(899)
Issuance of Additional Tier 1 capital	—	—	—	—	—	2 000
Redemption off Additional Tier 1 capital	—	—	—	—	—	(1 241)
Equity contribution from parent	—	—	—	—	—	—
Net contribution/distribution from/to the Group in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—
Movement in share-based payment reserve	—	—	—	—	—	—
Transfer from share-based payment reserve	—	—	—	—	—	—
Value of employee services	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	—
<b>Balance at the end of the reporting period</b>	448 301	304	36 880	1	4 643	8 262

## Consolidated statement of changes in equity

for the interim reporting period ended

31 December 2023

Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Total equity Rm
52 752	975	42	(3 213)	1	1 422	977	1 746	103 057
6 822	1 771	(184)	1 963	(8)	—	—	—	9 865
7 097	—	—	—	—	—	—	—	8 369
(275)	1 771	(184)	1 963	(8)	—	—	—	1 496
(5 250)	—	—	—	—	—	—	—	(5 623)
—	—	—	—	—	—	—	—	(899)
—	—	—	—	—	—	—	—	2 000
—	—	—	—	—	—	—	—	(1 241)
100	—	—	—	—	—	—	—	100
(2 168)	—	—	—	—	—	—	—	(2 168)
—	217	—	—	—	—	217	—	217
—	(496)	—	—	—	—	(496)	—	(496)
—	909	—	—	—	—	909	—	909
—	(196)	—	—	—	—	(196)	—	(196)
(114)	114	—	—	—	—	—	114	—
52 142	3 077	(142)	(1 250)	(7)	1 422	1 194	1 860	105 308

# Condensed consolidated statement of cash flows

for the interim reporting period ended

		30 June	31 December	
	Note	2024 Rm	2023 Rm	2023 Rm
Net cash generated from operating activities		19 279	23 113	27 254
Net cash utilised in investing activities		(2 570)	(1 892)	(5 444)
Net cash utilised in financing activities		(3 262)	(9 505)	(17 218)
<b>Net increase in cash and cash equivalents</b>		<b>13 447</b>	<b>11 716</b>	<b>4 592</b>
Cash and cash equivalents at the beginning of the reporting period	1	41 056	36 464	36 464
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2</b>	<b>54 503</b>	<b>48 180</b>	<b>41 056</b>

## Notes to the condensed consolidated statement of cash flows

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

Mandatory reserve balances with the SARB and other central banks	26 153	21 813	21 813
Coins and bank notes	5 411	6 241	6 241
Loans and advances to banks	9 492	8 410	8 410
	<b>41 056</b>	<b>36 464</b>	<b>36 464</b>

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

Mandatory reserve balances with the SARB and other central banks	40 427	30 306	26 153
Coins and bank notes	4 412	5 343	5 411
Loans and advances to banks	9 664	12 531	9 492
	<b>54 503</b>	<b>48 180</b>	<b>41 056</b>

# Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

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

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

- Head Office, Treasury and other operations disposed of property with a carrying amount of **R32m**.
- Everyday Banking has disposed of property with a carrying amount of **R1m**.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of **R13m** to non-current assets held for sale.

The following movements in non-current assets and non-current liabilities held for sale were effected during the interim reporting period that ended on 30 June 2023:

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

The following movements in non-current assets and non-current liabilities held for sale were effected during the previous period ended on 31 December 2023:

- Head Office, Treasury and other operations disposed of property and equipment with a carrying amount of R15m.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of R116m to non-current assets held for sale.



## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances

#### 2.1 ECL analysis by market segment and class of credit exposure

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1		
		Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
<b>Product Solutions Cluster</b>	—	362 106	1 515	0.42
Home Loans	—	262 295	527	0.20
Vehicle and Asset Finance	—	99 811	988	0.99
<b>Everyday Banking</b>	—	53 940	2 019	3.74
Card	—	33 610	1 076	3.20
Personal Loans	—	17 247	767	4.45
Transactions and Deposits	—	3 083	176	5.71
Other	—	—	—	—
<b>Relationship Banking</b>	—	135 961	730	0.54
<b>Corporate and Investment Banking</b>	87 033	301 473	584	0.19
<b>Head Office, Treasury and other operations</b>	—	3 751	(185)	—
Loans and advances to customers	—	3 751	—	—
Reclassification to provisions	—	—	(185)	—
<b>Loans and advances to customers</b>	87 033	857 231	4 663	0.54
<b>Loans and advances to banks</b>	13 379	33 414	38	0.11
<b>Total loans and advances</b>	100 412	890 645	4 701	0.53

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

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

30 June 2024

Stage 2			Stage 3			Net carrying amount Rm
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	
39 207	2 121	5.41	39 560	13 749	34.75	423 488
25 825	748	2.90	29 244	8 833	30.20	307 256
13 382	1 373	10.26	10 316	4 916	47.65	116 232
8 721	2 354	26.99	12 557	9 728	77.47	61 117
3 703	1 341	36.21	5 916	4 551	76.93	36 261
3 792	718	18.93	5 796	4 492	77.50	20 858
1 226	295	24.06	793	633	79.82	3 998
—	—	—	52	52	100.00	—
11 966	674	5.63	9 701	3 541	36.50	152 683
20 160	386	1.91	7 069	3 384	47.87	411 381
18	(79)	—	—	(17)	—	4 050
18	—	—	—	—	—	3 769
—	(79)	—	—	(17)	—	281
80 072	5 456	6.81	68 887	30 385	44.11	1 052 719
189	—	—	—	—	—	46 944
80 261	5 456	6.80	68 887	30 385	44.11	1 099 663

30 June 2023

Stage 2			Stage 3			Net carrying amount Rm
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	
35 823	2 333	6.51	34 513	11 697	33.89	408 892
24 092	965	4.01	24 848	6 971	28.05	297 992
11 731	1 368	11.66	9 665	4 726	48.90	110 900
7 956	2 360	29.66	11 095	8 792	79.24	56 446
3 491	1 236	35.41	5 313	4 131	77.75	32 549
3 505	882	25.16	5 138	4 156	80.89	20 610
960	242	25.21	592	453	76.52	3 287
—	—	—	52	52	100.00	—
18 609	979	5.26	8 464	3 805	44.96	142 204
21 549	303	1.41	5 437	1 975	36.33	368 583
—	(106)	—	—	(34)	—	6 167
—	—	—	—	—	—	5 853
—	(106)	—	—	(34)	—	314
83 937	5 869	6.99	59 509	26 235	44.09	982 292
2 627	8	0.30	—	—	—	72 157
86 564	5 877	6.79	59 509	26 235	44.09	1 054 449

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

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

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1		
		Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
<b>Product Solutions Cluster</b>	—	356 746	1 530	0.43
Home Loans	—	258 337	505	0.20
Vehicle and Asset Finance	—	98 409	1 025	1.04
<b>Everyday Banking</b>	—	52 466	2 074	3.95
Card	—	31 815	992	3.12
Personal Loans	—	17 447	806	4.62
Transactions and Deposits	—	3 204	276	8.61
Other	—	—	—	—
<b>Relationship Banking</b>	—	130 272	594	0.46
<b>Corporate and Investment Banking</b>	93 739	288 396	703	0.24
<b>Head Office, Treasury and other operations</b>	—	435	(178)	—
Loans and advances to customers	—	435	—	—
Reclassification to provisions	—	—	(178)	—
<b>Loans and advances to customers</b>	93 739	828 315	4 723	0.57
<b>Loans and advances to banks</b>	18 893	35 003	36	0.10
<b>Total loans and advances</b>	112 632	863 318	4 759	0.55

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

31 December 2023							
Stage 2			Stage 3				
Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm	
36 226	1 940	5.36	38 840	12 951	33.34	415 391	
24 381	822	3.37	28 608	7 934	27.73	302 065	
11 845	1 118	9.44	10 232	5 017	49.03	113 326	
8 885	2 420	27.24	11 712	9 282	79.25	59 287	
3 496	1 230	35.18	5 429	4 194	77.25	34 324	
4 249	923	21.72	5 543	4 503	81.24	21 007	
1 140	267	23.42	688	533	77.47	3 956	
—	—	—	52	52	100.00	—	
12 188	779	6.39	8 270	3 286	39.73	146 071	
17 287	437	2.53	6 236	2 367	37.96	402 151	
3	(77)	—	—	(31)	—	724	
3	—	—	—	—	—	438	
—	(77)	—	—	(31)	—	286	
74 589	5 499	7.37	65 058	27 855	42.82	1 023 624	
1 005	2	0.20	—	—	—	54 863	
75 594	5 501	7.28	65 058	27 855	42.82	1 078 487	

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

#### 2.2 Reconciliation of ECL allowance

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

	30 June 2024					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
<b>Loans and advances</b>	17 385	14 101	4 945	4 390	(278)	40 543
Stage 1	1 515	2 019	730	619	(182)	4 701
Stage 2	2 121	2 354	674	387	(79)	5 457
Stage 3	13 749	9 728	3 541	3 384	(17)	30 385
<b>Undrawn facilities</b>	—	—	—	—	279	279
Stage 1	—	—	—	—	183	183
Stage 2	—	—	—	—	79	79
Stage 3	—	—	—	—	17	17
<b>Total loans and advances and undrawn facilities</b>	<b>17 385</b>	<b>14 101</b>	<b>4 945</b>	<b>4 390</b>	<b>1</b>	<b>40 822</b>

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

	31 December 2023					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
<b>Loans and advances</b>	16 421	13 776	4 659	3 539	(282)	38 114
Stage 1	1 531	2 073	594	735	(174)	4 759
Stage 2	1 941	2 420	779	437	(77)	5 500
Stage 3	12 949	9 283	3 286	2 367	(31)	27 855
<b>Undrawn facilities</b>	—	—	—	—	288	288
Stage 1	—	—	—	—	179	179
Stage 2	—	—	—	—	78	78
Stage 3	—	—	—	—	31	31
<b>Total loans and advances and undrawn facilities</b>	<b>16 421</b>	<b>13 777</b>	<b>4 659</b>	<b>3 539</b>	<b>6</b>	<b>38 401</b>

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

#### 2.2 Reconciliation of ECL allowance (continued)

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

	30 June 2024					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
<b>Loans and advances at amortised cost and undrawn facilities</b>						
<b>Balances at the beginning of the reporting period</b>	16 421	13 776	4 659	3 539	6	38 401
Stage 1	1 531	2 073	594	735	5	4 938
Stage 2	1 941	2 420	779	437	1	5 578
Stage 3	12 949	9 283	3 286	2 367	—	27 885
Transfers between stages	—	—	—	—	—	—
Stage 1 net transfers	212	70	401	7	—	690
Transfers to stage 1	402	505	451	38	—	1 396
Transfers (to) stage 2	(145)	(254)	(35)	(31)	—	(465)
Transfers (to) stage 3	(45)	(181)	(15)	—	—	(241)
Stage 2 net transfers	49	(1 132)	(408)	(165)	—	(1 656)
Transfers (to) stage 1	(341)	(467)	(410)	(38)	—	(1 256)
Transfers to stage 2	791	434	45	31	—	1 301
Transfers (to) stage 3	(401)	(1 099)	(43)	(158)	—	(1 701)
Stage 3 net transfers	(261)	1 062	7	158	—	966
Transfers (to) stage 1	(61)	(39)	(42)	—	—	(142)
Transfers (to) stage 2	(646)	(179)	(10)	—	—	(835)
Transfers to stage 3	446	1 280	59	158	—	1 943
Credit impairment charges raised	2 105	3 394	545	834	(4)	6 874
Amounts written off	(2 071)	(3 750)	(421)	(148)	(1)	(6 391)
Net change in interest	930	681	162	165	—	1 938
<b>Balance at the end of the reporting period</b>	17 385	14 101	4 945	4 390	1	40 822
Stage 1	1 515	2 019	730	619	1	4 884
Stage 2	2 121	2 354	674	387	—	5 536
Stage 3	13 749	9 728	3 541	3 384	—	30 402

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

#### 2.2 Reconciliation of ECL allowance (continued)

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

#### 2.2 Reconciliation of ECL allowance (continued)

	31 December 2023					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
<b>Loans and advances at amortised cost and undrawn facilities</b>						
<b>Balances at the beginning of the reporting period</b>	14 058	11 639	4 827	3 266	8	33 798
Stage 1	1 534	2 078	544	779	8	4 943
Stage 2	2 209	2 371	747	310	—	5 637
Stage 3	10 315	7 190	3 536	2 177	—	23 218
Transfers between stages	—	—	—	—	—	—
Stage 1 net transfers	358	(35)	427	71	—	821
Transfers to stage 1	692	462	478	85	—	1 717
Transfers (to) stage 2	(192)	(206)	(33)	(13)	—	(444)
Transfers (to) stage 3	(142)	(291)	(18)	(1)	—	(452)
Stage 2 net transfers	20	(749)	(461)	(42)	—	(1 232)
Transfers (to) stage 1	(455)	(384)	(446)	(63)	—	(1 348)
Transfers to stage 2	1 278	580	90	29	—	1 977
Transfers (to) stage 3	(803)	(945)	(105)	(8)	—	(1 861)
Stage 3 net transfers	(378)	784	34	(29)	—	411
Transfers (to) stage 1	(237)	(78)	(32)	(21)	—	(368)
Transfers (to) stage 2	(1 086)	(374)	(57)	(17)	—	(1 534)
Transfers to stage 3	945	1 236	123	9	—	2 313
Credit impairment charges raised	4 025	6 484	1 036	959	—	12 504
Amounts written off	(3 205)	(5 556)	(1 702)	(984)	(2)	(11 449)
Net change in interest	1 543	1 209	498	298	—	3 548
<b>Balance at the end of the reporting period</b>	16 421	13 776	4 659	3 539	6	38 401
Stage 1	1 531	2 073	594	735	5	4 938
Stage 2	1 941	2 420	779	437	1	5 578
Stage 3	12 949	9 283	3 286	2 367	—	27 885



## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

#### 2.3 Forward-looking assumptions

##### Macroeconomic scenarios

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

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

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

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

	30 June 2024											
	Baseline				Mild upside				Mild downside			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Real GDP (%)	0.9	1.7	1.7	1.8	1.5	2.2	2.3	2.3	(1.1)	0.3	0.8	0.9
CPI (%)	5.3	4.7	4.5	4.5	4.9	4.0	3.9	3.9	6.3	6.9	5.5	5.6
Average repo rate (%)	8.2	7.5	7.5	7.5	8.0	6.8	6.5	6.5	8.8	10.4	9.5	9.5

	30 June 2023											
	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP (%)	0.7	1.6	1.7	1.8	1.0	2.0	2.2	2.3	(0.3)	0.2	1.0	1.3
CPI (%)	5.8	4.8	4.6	4.4	5.7	4.2	4.0	3.9	6.1	6.6	5.9	5.4
Average repo rate (%)	7.9	7.8	7.5	7.5	7.9	7.1	6.5	6.5	8.2	9.6	9.0	9.0

	31 December 2023											
	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP (%)	0.7	1.4	1.7	1.8	1.0	1.9	2.1	2.3	0.4	0.1	1.0	1.2
CPI (%)	5.8	4.9	4.5	4.4	5.8	4.2	4.1	3.8	5.9	6.5	5.7	5.2
Average repo rate (%)	7.9	8.0	7.5	7.5	7.9	7.4	6.5	6.5	8.0	9.7	9.1	9.0

In June 2023, the Bank inadvertently disclosed the forecast prime rate instead of the forecast average repo rate. This resulted in the following amendments to the above table for June 2023:

Baseline: 11.4 to 7.9; 11.3 to 7.8; 11.0 to 7.5 and 11.0 to 7.5 in 2023, 2024, 2025 and 2026 respectively.

Mild upside: 11.4 to 7.9; 10.6 to 7.1; 10.0 to 6.5 and 10.0 to 6.5 in 2023, 2024, 2025 and 2026 respectively.

Mild downside: 11.7 to 8.2; 13.1 to 9.6; 12.5 to 9.0 and 12.5 to 9.0 in 2023, 2024, 2025 and 2026 respectively.

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 2. Loans and advances (continued)

#### 2.3 Forward-looking assumptions (continued)

##### Sensitivity of expected credit losses

For the purposes of the Bank's actual weighting of its economic scenarios, a 40% probability weighting is applied to the baseline scenario; with a 30% probability weighting applied to both the upside and downside scenarios. However, given the level of uncertainty required in the determination of ECL, the Bank has conducted a sensitivity analysis in order to indicate the impact on the ECL when assigning a probability weighting of 100% to each macroeconomic variable scenario.

The table below reflects the impact of changing the probability assigned to each scenario to 100% and does not include management adjustments required to provide a more appropriate assessment of risk.

	30 June 2024		30 June 2023		31 December 2023	
	Rm	% change	Rm	% change	Rm	% change
ECL allowance on stage 1 and stage 2 loans and advances	10 157	—	10 474	—	10 260	—
Baseline	9 547	(6)	9 984	(5)	10 029	(2)
Upside	8 672	(15)	10 461	—	9 201	(10)
Downside	12 489	23	11 157	7	11 642	13

In addition, as at 30 June 2024, the Bank assessed what the impact on expected credit losses would be, if 5% of the gross carrying amount of loans and advances to customers in stage 1 experience a SICR and move to stage 2. The ECL changes below include the effect on undrawn committed facilities and guarantees which are reflected as 'provisions' in the Statement of financial position. This impact has been presented below:

	30 June 2024		30 June 2023		31 December 2023	
	Stage 2		Stage 2		Stage 2	
	Increase in gross carrying amount	Increase in expected credit loss	Increase in gross carrying amount	Increase in expected credit loss	Increase in gross carrying amount	Increase in expected credit loss
	Rm	Rm	Rm	Rm	Rm	Rm
Product Solutions Cluster	18 105	903	17 706	1 077	17 837	879
Everyday Banking	2 697	627	2 533	645	2 645	617
Relationship Banking	6 799	346	6 010	302	6 514	386
Corporate and Investment Banking	15 074	259	13 124	144	14 420	330

### 3. Borrowed funds

During the reporting period the significant movements in borrowed funds were as follows: **R0** (30 June 2023: R0; 31 December 2023: R2 158m) of subordinated notes were issued and **R1 580m** (30 June 2023: R4 952m; 31 December 2023: R7 952m) were redeemed.

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 4. Disaggregation of non-interest income

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

	30 June 2024					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	651	5 985	2 704	1 560	(11)	10 889
Consulting and administration fees	67	—	53	15	1	136
Transactional fees and commissions	422	5 465	1 754	1 220	(13)	8 848
Cheque accounts	—	1 753	809	82	—	2 644
Credit cards	—	1 035	105	—	—	1 140
Electronic banking	—	1 952	508	772	—	3 232
Service charges	418	101	237	147	(8)	895
Other (includes exchange commission and guarantees)	4	134	45	219	(5)	397
Savings accounts	—	490	50	—	—	540
Merchant income	—	301	842	—	—	1 143
Trust and other fiduciary services fees	—	—	30	11	1	42
Other fees and commissions	6	1	7	106	—	120
Insurance commissions received	156	218	4	—	—	378
Investment banking fees	—	—	14	208	—	222
Other non-interest income, net of expenses	2	(269)	(318)	(35)	(75)	(695)
<b>Total non-interest income</b>	<b>653</b>	<b>5 716</b>	<b>2 386</b>	<b>1 525</b>	<b>(86)</b>	<b>10 194</b>

Other non-interest income, net of expenses consists of other sources of income not accounted for under IFRS 15. This amount has been included to reconcile to the total non-interest income amount presented in the Statement of comprehensive income.

Other notable non-interest income items include Gains and losses from banking and trading activities of **R32m** (30 June 2023: R652m; 31 December 2023: R901m), offset by expenses within Corporate and Investment Banking. For the Relationship Banking this includes Insurance revenue of **R44m** (30 June 2023: R48m; 31 December 2023: R197m), partially offset by Insurance service expenses of **R40m** (30 June 2023: R34m; 31 December 2023: R129m).

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 4. Disaggregation of non-interest income (continued)

	30 June 2023					Total Rm
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	
Fee and commission income from contracts with customers	617	5 687	2 803	1 472	32	10 611
Consulting and administration fees	69	—	56	16	—	141
Transactional fees and commissions	391	5 200	1 792	1 109	30	8 522
Cheque accounts	—	1 601	834	69	—	2 504
Credit cards	—	962	101	—	20	1 083
Electronic banking	—	1 910	520	655	1	3 086
Service charges	386	104	241	168	12	911
Other (includes exchange commission and guarantees)	5	120	38	221	(3)	381
Savings accounts	—	503	58	(4)	—	557
Merchant income	—	276	859	—	—	1 135
Trust and other fiduciary services fees	—	—	33	9	—	42
Other fees and commissions	5	5	40	115	2	167
Insurance commissions received	152	206	2	—	—	360
Investment banking fees	—	—	21	223	—	244
Other non-interest income, net of expenses	(3)	(197)	(272)	698	(209)	17
<b>Total non-interest income</b>	<b>614</b>	<b>5 490</b>	<b>2 531</b>	<b>2 170</b>	<b>(177)</b>	<b>10 628</b>

Other transactional fees and commission have been restated in June 2023 from R1 292m to R381m to separately disclose service charges of R911m which form a significant portion of the balance.

The income previously disclosed as other income from contracts with customers in June 2023 has been combined into 'Other non-interest income, net of expenses'.

Refer to the Reporting changes overview note for the business unit restatements relating to 30 June 2023.

	31 December 2023					Total Rm
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	
Fee and commission income from contracts with customers	1 277	11 837	5 716	3 059	46	21 935
Consulting and administration fees	137	—	128	36	27	328
Transactional fees and commissions	818	10 821	3 645	2 316	16	17 616
Cheque accounts	(1)	3 244	1 671	145	1	5 060
Credit cards	—	2 009	222	—	20	2 251
Electronic banking	—	4 113	1 065	1 379	—	6 557
Service charges	809	211	484	405	3	1 912
Other (includes exchange commissions and guarantees)	10	254	107	399	(8)	762
Savings accounts	—	990	96	(12)	—	1 074
Merchant income	—	583	1 720	—	—	2 303
Trust and other fiduciary services fees	—	—	78	20	1	99
Other fees and commissions	13	8	94	280	2	397
Insurance commissions received	309	425	5	—	—	739
Investment banking fees	—	—	46	407	—	453
Other non-interest income, net of expenses	(14)	(584)	(609)	143	309	(755)
<b>Total non-interest income</b>	<b>1 263</b>	<b>11 253</b>	<b>5 107</b>	<b>3 202</b>	<b>355</b>	<b>21 180</b>

Refer to the Reporting changes overview note for the business unit restatements relating to 31 December 2023.

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 5. Other impairments

	30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm
Intangible assets	—	7	235
Property and equipment	576	89	214
	576	96	449

Property and equipment amounting to **R576m** was impaired and the recoverable amount for these assets was determined to be fair value less costs to sell. Included in the **R576m** is the impairment of a right-of-use asset of **R35m**, an impairment of furniture and other equipment of **R257m** and an impairment of buildings of **R284m** from Head Office, Treasury and other operations in line with the Bank's property consolidation plan.

### 6. Dividends per share

	30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm
<b>Dividends declared to ordinary equity holders</b>			
Interim dividend ( <b>14 August 2023: 268 Cents per share (cps)</b> ) (15 August 2022: 1003.8cps)	1 201	2 250	2 250
Final dividend (13 March 2023: 669.2 cps)	—	—	1 999
	1 201	2 250	4 249
<b>Dividends declared to preference equity holders</b>			
Interim dividend ( <b>14 August 2023: 4 146.30136 cps)</b> (15 August 2022: 2883.42466 cps)	205	200	199
Final dividend (13 March 2023: 3509.58904 cps)	—	—	203
	205	200	402
<b>Distributions declared and paid to additional Tier 1 capital note holders</b>			
Distribution			
29 January 2024: 33 242.52 Rands per note (rpn); 10 January 2023: 28 250.30 rpn	40	35	35
31 January 2024: 28 766.30 rpn; 27 January 2023: 27 831.89 rpn	58	34	34
16 February 2024: 30 090.30 rpn; 16 February 2023: 25 894.77 rpn	60	52	52
28 February 2024: 32 431.89 rpn; 28 February 2023: 29 490.41 rpn	54	50	50
5 March 2024: 31 476.03 rpn; 6 March 2023: 28 588.96 rpn	43	39	39
29 April 2024: 32 266.36 rpn; 11 April 2023: 30 000.08 rpn	39	37	37
30 April 2024: 27 941.92 rpn; 28 April 2023: 29 960.19 rpn	56	36	36
16 May 2024: 29 458.36 rpn; 16 May 2023: 26 895.07 rpn	59	54	54
28 May 2024: 31 726.85 rpn; 29 May 2023: 29 465.75 rpn	53	49	49
5 June 2024: 31 801.75 rpn; 5 June 2023: 29 212.25 rpn	44	40	40
10 July 2023: 31 334.79 rpn	—	—	39
27 July 2023: 30 841.64 rpn	—	—	37
16 August 2023: 29 397.15 rpn	—	—	59
28 August 2023: 32 391.01 rpn	—	—	54
5 September 2023: 32 116.82 rpn	—	—	44
10 October 2023: 33 397.26 rpn	—	—	41
27 October 2023: 32 767.12 rpn	—	—	41
16 November 2023: 30 216.33 rpn	—	—	60
28 November 2023: 32 431.89 rpn	—	—	54
05 December 2023: 31 413.80 rpn	—	—	44
	506	426	899
<b>Dividends paid to ordinary equity holders</b>			
Final dividend ( <b>22 April 2024: 446.12850 cps)</b> (24 April 2023: 669.19274 cps)	1 999	3 000	3 000
Interim dividend (18 September 2023: 501.89456 cps)	—	—	2 250
	1 999	3 000	5 250
<b>Dividends paid to non-controlling preference equity holders</b>			
Final dividend ( <b>22 April 2024: 4101.23286cps)</b> (24 April 2023: 3 509.58904 cps)	203	174	174
Interim dividend (18 September 2023: 4035.06848 cps)	—	—	199
	203	174	373

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 7. Acquisitions and disposals of businesses and other similar transactions

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

There were no acquisitions and other similar transactions in the current reporting period.

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

There were no disposals and other similar transactions in the current reporting period.

#### 7.3 Acquisitions of businesses and other similar transactions during the previous reporting period

There were no acquisitions and other similar transactions during the previous reporting period.

#### 7.4 Disposals of businesses and other similar transactions during the previous reporting period

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

### 8. Related parties

Deon Raju (former Group Chief Risk Officer and Group Treasurer) was appointed by the Board as the Group Financial Director with effect from 26 April 2024 and became an executive director of both the Absa Group Limited and Absa Bank Limited Board.

Christopher Snyman stepped down as Interim Financial Director for both Absa Group Limited and Absa Bank Limited from 26 April 2024.

Christine Wu was appointed as Chief Executive: Everyday Banking, while Rajal Vaidya was appointed as Interim Group Chief Risk Officer, both with effect from 26 April 2024.

#### 8.1. Prior period related party events and transactions

Jason Quinn ceased to be the Group Financial Director and executive director on 22 November 2023.

Christopher Snyman was appointed as Interim Group Financial Director and an executive director on 22 November 2023.

On 1 September 2023, the Group implemented its B-BBEE transaction which provides for 7% of Absa Group Limited's shareholding to be allocated to (i) a perpetual Corporate Social Investment (CSI) Trust (Absa Community Trust) holding a 4% indirect shareholding, and (ii) a Staff Trust (Absa Empowerment Trust) holding a 3% indirect shareholding. The shareholding of both trusts is indirectly held through Newshelf 1405 (RF) Proprietary Limited (NS 1405). NS 1405's increased shareholding in the Group, which arose from this transaction, was in part funded through NS 1405's issue of preference shares to Absa Group Limited, the impact of which is eliminated on consolidation resulting in the group accounting for the related share based transaction only. SA Staff Scheme participants are awarded units in the Staff Trust corresponding to an allocation of the Absa shares held by NS 1405. In its first year (2023), the Corporate Social Investment Trust received a donation from Absa Bank Limited and thereafter, the CSI Trust will also receive annual dividends equal to 25% of the Absa dividend paid to NS 1405 in respect of the AGL shares the CSI Trust indirectly holds. The donation and dividends will be used to benefit black participants in selected education and youth employability programmes in South Africa. Any dividends transferred to eligible programmes will be recognised as operating expenditure by the Group when transferred.

### 9. Contingencies, commitments and similar items

	30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm
Guarantees	36 915	36 133	35 245
Irrevocable debt facilities	121 831	98 343	108 483
Letters of credit	9 881	13 464	12 439
	<b>168 627</b>	147 940	156 167
<b>Authorised capital expenditure</b>			
Contracted but not provided for	629	522	480

Guarantees for June 2023 and December 2023 have been restated from R37 952m to R36 133 and R37 243 to R 35 245 respectively, due to the incorrect inclusion of intergroup guarantees.

Guarantees include performance guarantee contracts and financial guarantee contracts.

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

Irrevocable facilities are commitments to extend credit where the Bank does not have the right to terminate the facilities by written notice.

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

Commitments (Authorised capital expenditure) generally have fixed expiry dates. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 9. Contingencies, commitments and similar items (continued)

#### Legal proceedings

##### Legal matters

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

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

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

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

#### Regulatory developments

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

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

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

#### Income taxes

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

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

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 10. Segment reporting

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

	Product Solutions Cluster			Everyday Banking			Relationship Banking		
	30 June	31 December		30 June	31 December		30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm
Total income	5 268	5 134	10 252	12 934	12 359	25 302	7 826	7 402	15 163
Profit for the reporting period	569	454	1 130	1 607	1 490	3 420	2 142	2 098	4 336
Total assets	479 498	463 652	471 481	409 754	381 934	402 574	304 612	274 327	303 042
Total liabilities	478 121	460 397	468 007	408 133	380 478	399 127	301 442	271 528	297 776
Internal income	(18 973)	16 797	(35 858)	11 790	(10 143)	21 742	4 021	(2 750)	6 587

	Corporate and Investment banking			Head office, Treasury and other operations			Group performance		
	30 June	31 December		30 June	31 December		30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm
Total income	7 627	7 703	14 663	(741)	(48)	155	32 914	32 550	65 535
Profit for the reporting period	2 058	2 646	4 514	(2 975)	(2 234)	(5 031)	3 401	4 454	8 369
Total assets	974 655	923 462	909 226	(580 890)	(511 036)	(555 521)	1 587 629	1 532 339	1 530 802
Total liabilities	971 466	919 927	903 861	(679 321)	(603 056)	(643 278)	1 479 841	1 429 274	1 425 493
Internal income	(3 315)	(3 310)	(4 812)	7 697	(3 433)	16 132	1 220	(2 839)	3 791



## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 11. Financial assets and financial liabilities not held at fair value

The following table summarises the carrying amounts and fair value of those assets and liabilities not held at fair value and for which the fair value is not considered to approximate the carrying amount.

	30 June			
	2024		2023	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
<b>Financial assets</b>				
<b>Investment securities</b>	45 116	44 981	42 305	41 335
Product Solutions Cluster	423 488	429 585	408 892	409 237
Home Loans	307 257	310 801	297 993	298 183
Vehicle and Asset Finance	116 231	118 784	110 899	111 054
Everyday Banking	20 858	20 303	20 611	19 105
Personal loans	20 858	20 303	20 611	19 105
Relationship Banking	152 683	155 015	142 204	143 999
Corporate and Investment banking	324 348	325 117	286 378	287 442
<b>Loans and advances to customers</b>	921 377	930 020	858 085	859 782
<b>Total</b>	966 493	975 001	900 390	901 117
<b>Financial liabilities</b>				
Fixed deposits	185 677	185 844	189 583	189 784
<b>Deposits due to customers</b>	185 677	185 844	189 583	189 784
<b>Deposits from banks</b>	69 933	69 933	64 812	64 852
<b>Deposits</b>	255 610	255 777	254 395	254 636
<b>Debt securities in issue</b>	150 788	150 975	128 757	128 080
<b>Borrowed funds</b>	16 699	16 710	20 440	20 473
<b>Total</b>	423 097	423 462	403 592	403 189

The disclosures for the reporting period ending 30 June 2023, have been restated to align with the current year's disclosures. This alignment ensures that financial assets or liabilities are disclosed when their fair value does not approximate their carrying amount.

An adjustment to the methodology used for calculating the above fair values resulted in a restatement to the fair values disclosed for Personal Loans R19 105m (previously R20 611m), Vehicle and Asset Finance R111 054m (previously R101 395m), Home Loans R298 183m (previously R289 485m) and Relationship Banking R143 999m (previously R128 523m).

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

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

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

	31 December 2023 2023	
	Carrying amount Rm	Fair value Rm
<b>Financial assets</b>		
<b>Investment securities</b>	41 439	41 408
Product Solutions Cluster	415 390	418 203
Home Loans	302 064	304 218
Vehicle and Asset Finance	113 326	113 985
Everyday Banking	21 008	19 887
Personal loans	21 008	19 887
Relationship Banking	146 071	148 070
Corporate and Investment banking	308 411	312 181
<b>Loans and advances to customers</b>	890 880	898 342
<b>Total</b>	932 319	939 750
<b>Financial liabilities</b>		
Fixed deposits	198 202	199 257
<b>Deposits due to customers</b>	198 202	199 257
<b>Deposits from banks</b>	64 082	64 202
<b>Deposits</b>	262 284	263 459
<b>Debt securities in issue</b>	135 949	137 188
<b>Borrowed funds</b>	18 358	18 538
<b>Total</b>	416 591	419 185

An adjustment to the methodology used for calculating the above fair values resulted in a restatement to the fair values disclosed for Personal Loans R19 887m (previously R18 855m), Vehicle and Asset Finance R113 985m (previously R103 490m), Home Loans R304 218m (previously R292 764m) and Relationship Banking R148 070m (previously R133 329m).

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value

#### 12.1 Fair value measurement and valuation processes

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. Fair values should be first calculated with reference to observable inputs where these are available in the market. Only where these are unavailable should fair value techniques be applied which employ less observable inputs. Unobservable inputs may only be used where observable inputs or less observable inputs are unavailable. IFRS 13 Fair Value Measurement (IFRS 13) does not mandate the use of a particular valuation technique but rather sets out a principle requiring an entity to determine a valuation technique that is appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs can be maximised. Where management is required to place greater reliance on unobservable inputs, the fair values may be more sensitive to assumption changes and different valuation methodologies that may be applied. For this reason, there is a direct correlation between the extent of disclosures required by IFRS 13 and the degree to which data applied in the valuation is unobservable.

#### Valuation inputs

IFRS 13 requires an entity to classify fair values according to a hierarchy that reflects the significance of observable market inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. In some cases, the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input which is considered to be significant to the entire measurement. The three levels of the fair value hierarchy are specifically defined as follows:

##### • Quoted market prices – Level 1

Fair values are classified as Level 1 if they have been determined using unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date. The quoted prices are required to represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

##### • Valuation technique using observable inputs – Level 2

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

##### • Valuation technique using significant unobservable inputs – Level 3

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

#### Financial assets and financial liabilities

The Bank has an established control framework with respect to the measurement of fair values. The framework includes a Traded Risk and Valuation Committee and an Independent Valuation Control team (IVC), which is independent from the front office. The Traded Risk and Valuation Committee, which comprises representatives from senior management, will formally approve valuation policies and any changes to valuation methodologies. Significant valuation issues are reported to the GACC. The Traded Risk and Valuation Committee is responsible for overseeing the valuation control process and will therefore consider the appropriateness of valuation techniques and inputs for fair value measurement.

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

#### Investment properties

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

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

#### Commodities

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value

(continued)

#### 12.1 Fair value measurement and valuation processes

(continued)

##### Judgemental inputs on valuation of principal instruments

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

##### • Debt securities and treasury and other eligible bills

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

##### • Equity instruments

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

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

##### • Derivatives

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

##### • Loans and advances

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

##### • Deposits, debt securities in issue and borrowed funds

Deposits, debt securities in issue and borrowed funds are valued using discounted cash flow models, applying rates currently offered for issuances with similar characteristics. Where these instruments include embedded derivatives, the embedded derivative component is valued using the methodology for derivatives.

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

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

##### • Bid-offer valuation adjustments

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

##### • Uncollateralised derivative adjustments

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

##### • Model valuation adjustments

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.2 Fair value hierarchy

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

	30 June							
	2024				2023			
Recurring fair value measurements	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Financial assets</b>								
Investment securities	59 433	37 766	9 697	106 896	30 501	68 047	5 491	104 039
Trading and hedging portfolio assets	75 960	69 004	14 269	159 233	85 053	74 451	8 200	167 704
Debt instruments	73 206	1 819	429	75 454	81 143	2 142	101	83 386
Derivative assets	—	51 013	2 054	53 067	—	63 577	2 710	66 287
Commodity derivatives	—	1 275	18	1 293	—	193	—	193
Credit derivatives	—	1	226	227	—	27	393	420
Equity derivatives	—	5 197	1 544	6 741	—	3 534	2 310	5 844
Foreign exchange derivatives	—	14 305	266	14 571	—	19 049	7	19 056
Interest rate derivatives	—	30 235	—	30 235	—	40 774	—	40 774
Equity instruments	664	—	—	664	538	—	—	538
Money market assets	2 090	16 172	11 786	30 048	3 372	8 732	5 389	17 493
Loans and advances	—	93 288	7 124	100 412	—	94 881	7 442	102 323
<b>Total financial assets</b>	<b>135 393</b>	<b>200 058</b>	<b>31 090</b>	<b>366 541</b>	<b>115 554</b>	<b>237 379</b>	<b>21 133</b>	<b>374 066</b>
<b>Financial liabilities</b>								
Trading and hedging portfolio liabilities	10 651	45 006	971	56 628	17 216	61 219	544	78 979
Derivative liabilities	—	45 006	971	45 977	—	61 219	544	61 763
Commodity derivatives	—	793	17	810	—	99	—	99
Credit derivatives	—	—	136	136	—	—	391	391
Equity derivatives	—	2 219	552	2 771	—	2 808	153	2 961
Foreign exchange derivatives	—	15 192	266	15 458	—	18 530	—	18 530
Interest rate derivatives	—	26 802	—	26 802	—	39 782	—	39 782
Short positions	10 651	—	—	10 651	17 216	—	—	17 216
Deposits	33	115 126	2 042	117 201	3	125 268	2 167	127 438
Debt securities in issue	—	71 267	73	71 340	—	81 214	73	81 287
<b>Total financial liabilities</b>	<b>10 684</b>	<b>231 399</b>	<b>3 086</b>	<b>245 169</b>	<b>17 219</b>	<b>267 701</b>	<b>2 784</b>	<b>287 704</b>
<b>Non-financial assets</b>								
Commodities	1 899	—	—	1 899	480	—	—	480
<b>Non-recurring fair value measurements</b>								
Non-current assets held for sale	—	—	171	171	—	—	77	77

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.2 Fair value hierarchy (continued)

	31 December 2023			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investment securities	56 488	43 974	9 876	110 338
Trading and hedging portfolio assets	67 468	64 134	17 255	148 857
Debt instruments	65 688	2 334	285	68 307
Derivative assets	—	50 474	6 261	56 735
Commodity derivatives	—	400	26	426
Credit derivatives	—	21	368	389
Equity derivatives	—	5 466	1 879	7 345
Foreign exchange derivatives	—	11 752	2 599	14 351
Interest rate derivatives	—	32 835	1 389	34 224
Equity instruments	526	—	—	526
Money market assets	1 254	11 326	10 709	23 289
Loans and advances	—	105 887	6 746	112 633
<b>Total financial assets</b>	<b>123 956</b>	<b>213 995</b>	<b>33 877</b>	<b>371 828</b>
<b>Financial liabilities</b>				
Trading and hedging portfolio liabilities	13 098	43 233	3 850	60 181
Derivative liabilities	—	43 233	3 850	47 083
Commodity derivatives	—	342	26	368
Credit derivatives	—	—	348	348
Equity derivatives	—	2 328	533	2 861
Foreign exchange derivatives	—	10 713	2 350	13 063
Interest rate derivatives	—	29 850	593	30 443
Short positions	13 098	—	—	13 098
Deposits	9	120 526	2 264	122 799
Debt securities in issue	—	73 873	73	73 946
<b>Total financial liabilities</b>	<b>13 107</b>	<b>237 632</b>	<b>6 187</b>	<b>256 926</b>
<b>Non-financial assets</b>				
Commodities	1 011	—	—	1 011
<b>Non-recurring fair value measurements</b>				
Non-current assets held for sale	—	—	191	191

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.3 Measurement of assets and liabilities categorised at Level 2

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

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.4 Reconciliation of Level 3 assets and liabilities

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

	30 June 2024			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
<b>Opening balance at the beginning of the reporting period</b>	17 255	6 746	9 876	33 877
Interest income	—	38	54	92
Gains and losses from banking and trading activities	532	(62)	210	680
Purchases	4 165	435	—	4 600
Sales	(6 218)	(207)	(331)	(6 756)
Movement in other comprehensive income	—	—	(95)	(95)
Transfer to Level 3	—	174	—	174
Transfer out of Level 3	(1 465)	—	(17)	(1 482)
<b>Closing balance at the end of the reporting period</b>	14 269	7 124	9 697	31 090

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

	31 December 2023			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
<b>Opening balance at the beginning of the reporting period</b>	10 078	9 527	4 580	24 185
Interest income	—	59	47	106
Gains and losses from banking and trading activities	416	(95)	292	613
Purchases	11 865	91	5 453	17 409
Sales	(5 735)	(1 057)	(1 392)	(8 184)
Movement in other comprehensive income	—	—	(94)	(94)
Transfer to Level 3	903	—	1 139	2 042
Transfer out of Level 3	(272)	(1 779)	(149)	(2 200)
<b>Closing balance at the end of the reporting period</b>	17 255	6 746	9 876	33 877



## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.4 Reconciliation of Level 3 assets and liabilities (continued)

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

	30 June 2024			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	3 850	2 264	73	6 187
Gains and losses from banking and trading activities	(63)	21	—	(42)
Issues	186	400	—	586
Settlements	(2 397)	(194)	—	(2 591)
Transfer out of Level 3	(605)	(449)	—	(1 054)
<b>Closing balance at the end of the reporting period</b>	<b>971</b>	<b>2 042</b>	<b>73</b>	<b>3 086</b>

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

	31 December 2023			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	363	2 281	—	2 644
Gains and losses from banking and trading activities	(16)	194	—	178
Issues	3 495	220	—	3 715
Settlements	(60)	(33)	—	(93)
Transfer to Level 3	68	—	73	141
Transfer out of Level 3	—	(398)	—	(398)
<b>Closing balance at the end of the reporting period</b>	<b>3 850</b>	<b>2 264</b>	<b>73</b>	<b>6 187</b>

#### 12.5 Significant transfers between levels

During the 2024 and 2023 reporting periods, transfers between levels occurred because of changes in the observability of valuation inputs, in some instances owing to changes in the level of market activity. Transfers between Level 1 and Level 2 are not considered significant for disclosure. Transfers have been reflected as if they had taken place at the beginning of the year.

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.6 Unrealised gains and losses on Level 3 assets and liabilities

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

	30 June 2024						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	1 284	(69)	566	1 781	(730)	(9)	(739)
	30 June 2023						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	2 339	(132)	219	2 426	(431)	775	344
	31 December 2023						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	6 075	(42)	374	6 407	(3 850)	173	(3 677)

#### 12.7 Sensitivity analysis of valuations using unobservable inputs

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

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

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.7 Sensitivity analysis of valuations using unobservable inputs (continued)

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

		30 June 2024	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
Significant unobservable parameters		Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits	Absa Bank Limited/Absa funding spread	109/(117)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/—	(211)/220
Loans and advances	Credit spreads	(488)/538	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(289)/301	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(24)/24	—/—
		30 June 2023	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
Significant unobservable parameters		Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits	Absa Bank Limited/Absa funding spread	99/(106)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/—	(178)/185
Loans and advances	Credit spreads	(521)/576	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(85)/90	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(101)/101	—/—
		31 December 2023	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
Significant unobservable parameters		Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits	Absa Bank Limited/Absa funding spread	102/(109)	—/—
Investment securities	Risk adjustment yield curves, future earnings and marketability discounts	—/—	(242)/252
Loans and advances	Credit spreads	(458)/505	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(927)/1 075	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	(25)/25	—/—

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

#### 12.8 Measurement of assets and liabilities at Level 3

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

Category of asset/liability	Valuation techniques applied	Significant unobservable inputs	30 June	31 December	
			2024	2023	
			Range of estimates utilised for the unobservable inputs		
Loans and advances	Discounted cash flow and/or yield for debt instruments	Credit spreads	0.15% to 6.58%	0.01% to 5.33%	0.38% to 6.57%
Investment securities	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Future earnings, credit spreads	Discount rate of 8% to 8.5% 0.1% to 3.95%	Discount rate of 8% to 8.5% 0.15% to 4.16%	Discount rate of 8.5% 0.1% to 4%
<b>Trading and hedging portfolio assets and liabilities</b>					
Debt instruments	Discounted cash flow models	Credit spreads	0.1% to 3.95%	0.15% to 4.16%	0.1% to 4%
Derivative assets and liabilities					
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Credit spreads, Recovery rates and/or Quanto ratio	0.035% to 4.85% 15% to 82.3% 54.01% to 88.57%	0.0352% to 16.64% 15% to 84.3% 49.43% to 84.9%	0.035% to 25.17% 15% to 82.3% 49.43% to 94.5%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	16.93% to 34.27%	8.2% to 37.5%	18% to 33.7%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	1.61% to 34.18%	5.51% to 28.7%	4.77% to 26%
Interest rate derivatives	Discounted cash flow and/or option pricing models	Real yield curves (greater than 1 year), repurchase agreement curves (greater than 1 year), funding spreads	0.05% to 13.73%	0.05% to 0.1%	0.05% to 11.7%
Money market	Discounted cash flow models	Credit spreads	0.1% to 3.95%	0.15% to 4.16%	0.1% to 4%
Deposits	Discounted cash flow models	Absa Bank Limited's funding spreads (greater than 5 years)	1.175% to 1.375%	1.15% to 1.5%	1.175% to 1.425%
Debt securities in issue	Discounted cash flow models	Funding curves (greater than 5 years)	1.175% to 1.375%	1.15% to 1.5%	1.175% to 1.425%
Investment properties	Discounted cash flow models	Estimates of periods in which rental units will be disposed of Annual selling price escalations Income capitalisation rates Risk adjusted discount rates	1 to 6 years 6% to 8% 8% to 8.5% 10% to 15%	1 to 6 years 6% to 8% 8% to 8.5% 10% to 15%	1 to 6 years 6% to 8% 8% to 8.5% 10% to 15%

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

In June 2023, the Bank inadvertently disclosed the incorrect significant unobservable ranges between recovery rates and quanto rates in Credit derivatives. This has resulted in the recovery rate range to change from 49.43%-84.9% to 15%-84.3% and the quanto rate to change from 15%-84.3% to 49.43%-84.9%.

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 12. Assets and liabilities held at fair value (continued)

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

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

	30 June	31 December	
	2024 Rm	2023 Rm	2023 Rm
Opening balance at the beginning of the reporting period	(379)	(634)	(634)
New transactions	(180)	—	(49)
Amounts recognised in profit or loss during the reporting period	153	156	304
Closing balance at the end of the reporting period	(406)	(478)	(379)

#### 12.10 Third-party credit enhancements

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

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 13. Reporting changes overview

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

#### 13.1 Correction of prior period errors

##### 13.1.1 Correction of previously published IFRS 17 financial results

Certain contracts issued by the Bank were re-evaluated following the release of the June 2023 results. During this review, one portfolio of contracts were identified to meet the definition of an insurance contracts in terms of IFRS 17, albeit not an insurance contract from a regulatory or legal perspective. This resulted in a decrease in Operating income, an increase in Insurance revenue and an increase in Insurance service expenses.

The below table summarises the errors noted above, that had a significant impact for the reporting period ended 30 June 2023 on the Statement of comprehensive income and Statement of financial position.

Statement of comprehensive income	30 June 2023		Restated Rm
	As previously reported Rm	IFRS 17 adjustments Rm	
<b>Total income</b>			
Insurance service result	—	14	14
Insurance revenue	—	48	48
Insurance service expenses	—	(34)	(34)
Other operating income	288	(14)	274

Statement of financial position	30 June 2023		Restated Rm
	As previously reported Rm	IFRS 17 adjustments Rm	
<b>Assets</b>			
Deferred tax assets	4 664	(44)	4 620
<b>Liabilities</b>			
Other liabilities	34 395	(177)	34 218
Insurance contract liabilities	—	13	13
<b>Equity</b>			
Retained earnings	53 099	120	53 219

#### 13.2 Business portfolio changes impact

Income and expense line items have been re-allocated between business units to more accurately represent the performance of those units. The reallocations described resulted in adjustments to the related intergroup asset and liability balances. Specifically, loans to and from bank group companies. These balances are included in 'Total assets' and 'Total liabilities'. The aforementioned changes resulted in the restatement of the business units' financial results for the comparative period without an impact on the overall financial position or net earnings of the Bank. The impact on the individual business units is depicted in the table below.

The IFRS 17 account adjustment columns have been included for the purpose of reconciling to the segments' restated balances. For more information on these changes, refer to notes 13.1.1.

As at 1 January 2024, the Bank no longer reports normalised financial results due to the immaterial impact between IFRS and normalised reporting. The impact of the Barclays separation is included as part of Head Office, Treasury and other operations.

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 13. Reporting changes overview (continued)

#### 13.2 Business portfolio changes impact (continued)

Statement of comprehensive income	30 June 2023			
	As previously reported Rm	Business portfolio changes Rm	IFRS 17 adjustments Rm	Restated Rm
<b>Total income</b>				
Product Solutions Cluster	5 265	(131)	—	5 134
Everyday Banking	12 306	53	—	12 359
Relationship Banking	7 408	(6)	—	7 402
Corporate and Investment Banking	7 755	(52)	—	7 703
Head Office, Treasury and other operations	(241)	194	—	(48)
Barclays separation	57	(57)	—	—
<b>Profit</b>				
Product Solutions Cluster	478	(24)	—	454
Everyday Banking	1 600	(110)	—	1 490
Relationship Banking	1 937	161	—	2 098
Corporate and Investment Banking	2 684	(38)	—	2 646
Head Office, Treasury and other operations	(1 877)	(357)	—	(2 234)
Barclays separation	(368)	368	—	—

Statement of financial position	30 June 2023			
	As previously reported Rm	Business portfolio changes Rm	IFRS 17 adjustments Rm	Restated Rm
<b>Total assets</b>				
Product Solutions Cluster	463 642	10	—	463 652
Everyday Banking	381 782	152	—	381 934
Relationship Banking	271 134	3 237	(44)	274 327
Corporate and Investment Banking	923 359	103	—	923 462
Head Office, Treasury and other operations	(509 170)	(1 866)	—	(511 036)
Barclays separation	1 636	(1 636)	—	—
<b>Total liabilities</b>				
Product Solutions Cluster	460 382	15	—	460 397
Everyday Banking	380 205	273	—	380 478
Relationship Banking	268 691	3 001	(164)	271 528
Corporate and Investment Banking	919 743	184	—	919 927
Head Office, Treasury and other operations	(598 331)	(4 725)	—	(603 056)
Barclays separation	(1 252)	1 252	—	—

Statement of comprehensive income	31 December 2023		
	As previously reported Rm	Business portfolio changes Rm	Restated Rm
<b>Total income</b>			
Everyday Banking	25 218	84	25 302
Relationship Banking	15 170	(7)	15 163
Corporate and Investment Banking	14 740	(77)	14 663
<b>Total profit</b>			
Product Solutions Cluster	1 131	(1)	1 130
Everyday Banking	3 381	39	3 420
Relationship Banking	4 268	68	4 336
Corporate and Investment Banking	4 548	(34)	4 514
Head Office, Treasury and other operations	(4 190)	(841)	(5 031)
Barclays separation	(769)	769	—

## Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

### 13. Reporting changes overview (continued)

#### 13.2 Business portfolio changes impact (continued)

Statement of financial position	31 December 2023		
	As previously reported Rm	Business portfolio changes Rm	Restated Rm
<b>Total assets</b>			
Product Solutions Cluster	471 531	(50)	471 481
Everyday Banking	403 051	(477)	402 574
Relationship Banking	300 307	2 735	303 042
Corporate and Investment Banking	909 332	(106)	909 226
Head Office, Treasury and other operations	(554 362)	(1 159)	(555 521)
Barclays separation	943	(943)	—
<b>Total liabilities</b>			
Product Solutions Cluster	468 068	(61)	468 007
Everyday Banking	399 647	(520)	399 127
Relationship Banking	295 179	2 597	297 776
Corporate and Investment Banking	903 890	(29)	903 861
Head Office, Treasury and other operations	(639 877)	(3 401)	(643 278)
Barclays separation	(1 414)	1 414	—



# Glossary

## Average loans to deposits and debt securities ratio

Loans and advances to customers and loans and advances to banks as a percentage of deposits due to customers, deposits to banks and debt securities in issue (calculated on daily weighted averages).

## Capital adequacy ratio

The capital adequacy of South African banks is measured in terms of the requirements of the SARB. The ratio is calculated by the aggregate amount of qualifying capital and reserve funds divided by RWA. The base minimum South African total capital adequacy ratio for banks is 10% of RWA. Non-South African banks in the Group have similar capital adequacy methodology requirements.

## Capital – Common Equity Tier 1 capital adequacy ratio

A measurement of a bank's core equity capital compared with its total risk-weighted assets. This is the measure of a bank's financial strength. The Common Equity Tier 1 excludes any preference shares or non-controlling interests when determining the calculation.

## Cost-to-income ratio

'Operating expenses' as a percentage of income. Income consists of net interest income and non-interest income.

## Coverage ratio

Impairment losses on loans and advances as a proportion of gross loans and advances.

## Credit loss ratio

Impairment losses on loans and advances for the reporting period, divided by total average advances (calculated on a daily weighted average basis).

## Dividend per ordinary share relating to income for the reporting period

Dividend per ordinary share for the reporting period is the actual interim dividends paid and the final dividends declared for the reporting period under consideration, expressed as cents per share.

Special dividend per ordinary share is a payment made by the Group that is considered separate from the typical recurring dividend cycle, expressed as cents per share.

## Gross loans-to-deposits and debt securities ratio

Gross loans and advances as a percentage of deposits and debt securities in issue.

## JAWS

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

## Net asset value per share

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

## Net interest margin on average interest-bearing assets

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

## Non-interest income as a percentage of income

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

## Pre-provision profit

Total income less operating expenses.

## Return on average assets

Annualised headline earnings as a proportion of total average assets.

## Return on average equity

Annualised headline earnings as a proportion of average equity

## Return on average regulatory capital

Measure of efficient use, by segment, of regulatory capital.

## Return on average risk-weighted assets

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

## Stage 3 loans ratio on gross loans and advances

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

## Tangible net asset value per share

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

## Weighted average number of shares

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

# Contact information

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Your story matters



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