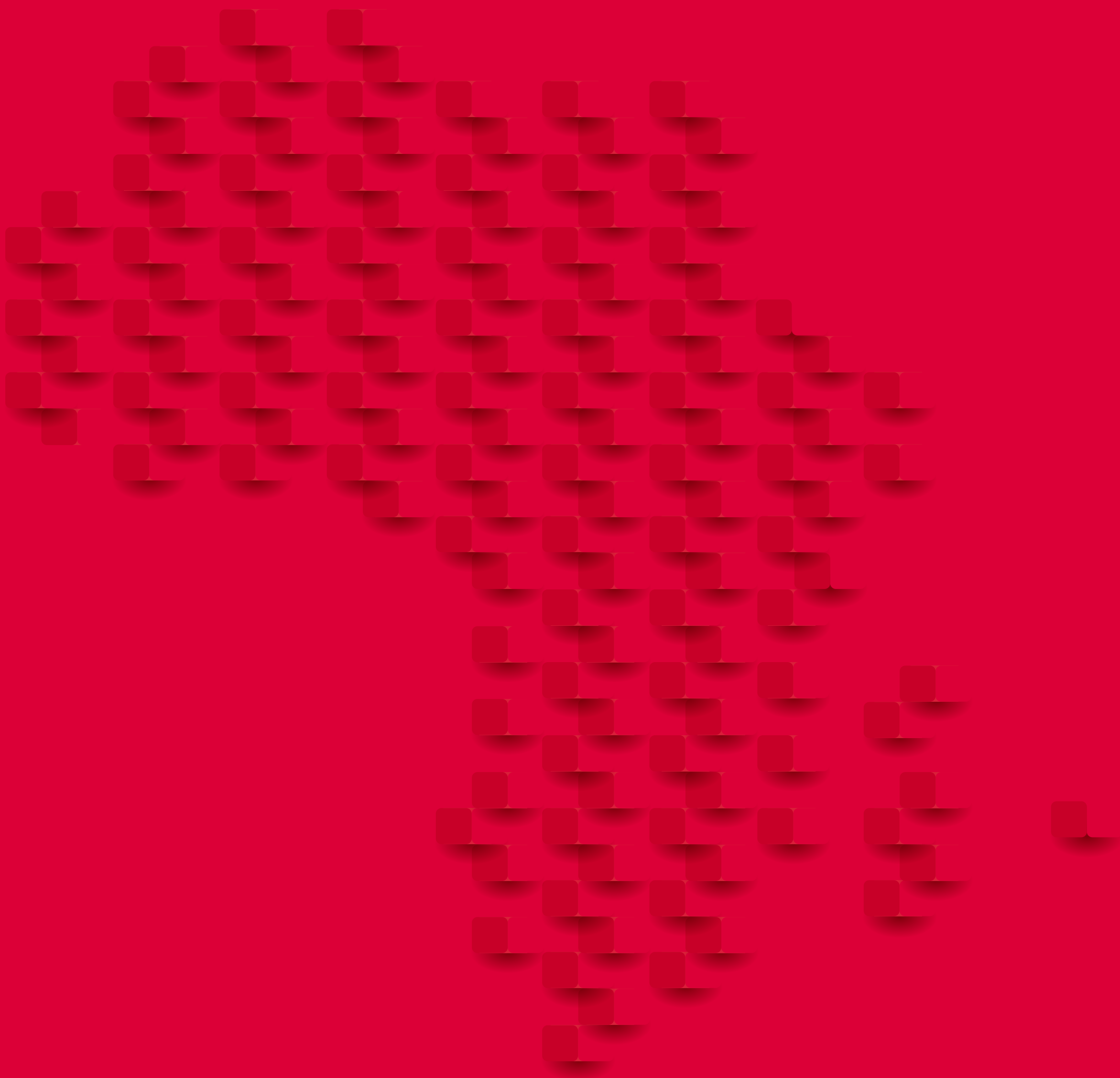
Absa Bank Limited

Annual consolidated and separate financial statements for the year ended 31 December 2024



Your story matters

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Absa Bank Limited

(1986/004794/06)

Annual consolidated and separate financial statements for the reporting period ended 31 December 2024

These audited annual consolidated and separate financial statements (financial statements) were prepared by Absa Bank Financial Reporting under the direction and supervision of the Absa Group Limited Financial Director, D Raju CA (SA).

Directors' approval

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' responsibility statement set out on page 11 is made to distinguish, for the benefit of shareholders, the respective responsibilities of the directors and of the auditors in relation to the consolidated and separate financial statements of Absa Bank Limited and its subsidiaries (the Group).

In accordance with the Companies Act 71 of 2008 (Companies Act), the directors are responsible for the preparation of the annual financial statements. These annual financial statements conform to IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act, the JSE Listings Requirements, and fairly present the affairs of Absa Bank Limited standalone company (the Company) and Absa Bank Limited (the Group) as at 31 December 2024, and the net income and cash flows for the year then ended.

To enable the directors to meet these responsibilities:

- All directors and senior management develop an environment whereby all directors and employees endeavour to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach and in line with the King IV code of conduct report.
- The Board of Directors of the Group (Board) sets standards and management implements systems of internal control and accounting as well as information systems aimed at providing reasonable assurance that both on- and off-statements of financial position are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.
- The Board and management identify all key areas of risk across the Group and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems, and discipline are applied and managed within predetermined procedures and constraints.
- The Group's Internal Audit and Compliance functions, which operate unimpeded and independently from operational management and have unrestricted access to the Group Audit and Compliance Committee (GACC), appraise, evaluate and, when necessary, recommend improvements to the systems of internal control, accounting and compliance practices, based on plans that, combined with the efforts of the Group's risk functions, take cognisance of the relative degrees of risk of each function or aspect of the business.
- The GACC, together with the external and internal auditors, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure. The GACC is satisfied that the external auditors (KPMG & PwC) are independent.
- The Board approves the Enterprise Risk Management Framework (ERMF) through recommendation by the Group Risk Capital Management Committee (GRCMC).
- The Board, through the GACC which is assisted by the GRCMC in respect of risk matters, reviewed the compliance practices and procedures to enable the Board to discharge their regulatory responsibilities, by overseeing the plan and progress management makes in improving compliance in respect of Know Your Customer, Anti-Money Laundering and Sanctions requirements; and by considering that the Group's systems and processes appropriately reflect the current legal and regulatory environment, refer to note 45.
- The Group consistently adopts appropriate and relevant accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis.

Based on the above, and to the best of their knowledge and belief, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the current reporting period.

The directors continuously assess the Group's ability to continue as a going concern. The Group's going concern assessment outlines relevant going concern indicators based on amongst other factors the following:

- forecasts underpinned by the Group's strategy;
- the Group's operating environment; and
- a probability assessment based on the Group's performance, liquidity, credit ratings, market performance and governance and control.

Based on the assessment process outlined above, the directors have no reason to believe that the Group and the Company will not be going concerns in the next reporting period. These financial statements have been prepared on this basis.

It is the responsibility of the independent external auditors to report on the financial statements. Their report to the shareholders of the Group and the Company is set out on page 11 to 18 of this report.

The Directors' Report on pages 7 to 9 and the annual financial statements of the Group and the Company were approved by the Board and are signed on their behalf by:

S Moloko
Group Chairman

C Russon
Interim Group Chief Executive officer

Johannesburg

10 March 2025

Interim Group Chief Executive officer and Group Financial Director responsibility statements

The directors, whose names are stated below, hereby confirm that:

a) The annual financial statements, set out on pages 19 to 223, fairly present in all material respects the consolidated and separate financial position, financial performance and cash flows of Absa Bank Limited in terms of the International Financial Reporting Standards (IFRS® Accounting Standards).

b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

c) Internal financial controls have been put in place to ensure that material information relating to Absa Bank Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements contained herein.

d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

e) Where we are not satisfied, we have disclosed to the Group Audit and Compliance Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.

f) We are not aware of any fraud involving directors.

C Russon
Interim Group Chief Executive officer

D Raju
Group Financial Director

Johannesburg

10 March 2025

Group Audit and Compliance Committee Report

Introduction

The Group Audit and Compliance Committee (Committee) is pleased to present its report for the 2024 financial year. The report has been prepared in accordance with the Companies Act, No. 71 of 2008 (as amended), the Banks Act of 1990, the King IV Report on Corporate Governance for South Africa 2016, the JSE Limited (JSE) Listings Requirements, and other relevant regulatory provisions.

This document outlines the roles and responsibilities of the Committee and provides an account of how it fulfilled its statutory obligations, including the Key Audit Matters (KAMs) addressed during the reporting period.

Objective

The Committee's purpose is to support the Board in fulfilling its oversight responsibilities, by assessing the sufficiency and effectiveness of accounting policies, internal financial controls, regulatory compliance, and the processes relating to financial and corporate reporting and governance. In addition, the Committee evaluates the effectiveness of the internal auditors as well as the Group Compliance and Group Finance functions and recommends the appointment of the joint external auditors to shareholders. Comprehensive details regarding the Committee's functions are available in its mandate, which undergoes an annual review and update.

Composition and governance

The Committee consists solely of independent non-executive directors, whose appointments receive annual approval by shareholders at the Annual General Meeting (AGM). The members bring expertise in banking, finance, risk management, and governance, along with commercial acumen necessary for the Committee's effective performance. The Board annually evaluates and concludes on the independence and effectiveness of the Committee and its members in the discharge of their fiduciary responsibilities.

In the 2024 financial year, eight formal Committee meetings were convened in alignment with key reporting and regulatory timelines. This ensured the thorough review and approval of financial results prior to their release to the market and regulators. These meetings included the Committee's annual session with the South African Reserve Bank's Prudential Authority.

The Committee's composition and the attendance of its members at scheduled meetings for the 2024 financial year are as follows:

Member	Meeting attendance*
Tasneem Abdool-Samad (Chairman)	8/8
Alison Beck	8/8
Daisy Naidoo (retired on 4 June 2024)	3/4
Fulvio Tonelli	8/8
Peter Mageza	7/8
René van Wyk	8/8
Swithin Munyantwali (resigned on 12 March 2024)	1/3

* In addition to the scheduled meetings listed above, Committee members also participated in other ad-hoc meetings during the year.

The Committee ensures that the Board remains informed and provides guidance on the Group's financial reporting requirements enabling effective oversight of Finance, Risk, Compliance, Internal Audit, and the external auditors. The Committee conducted regular meetings with senior management, to address specific matters encountered during the year. The Chief Internal Auditor (CIA), Chief Compliance Officer (CCO) and external auditors have direct access to the Committee, including closed sessions without management present, on any matters relevant to the Committee's responsibilities. The Committee Secretary regularly met with the Chairman to ensure governance responsibilities were met, consider stakeholders' input when finalising meeting agendas, tracking progress on actions, and setting priorities.

Key focus areas

In accordance with the Committee's overarching objective, the Committee reviewed the following matters, amongst others, during the year under consideration:

Control environment approach

The Committee continued to oversee the Group's Control Environment (CE) to ensure it remains robust, resilient, and adaptable to any challenges within the Group's operational context. The Committee is confident that the Group's CE and its constituent components effectively support its strategy.

The Committee oversaw the successful migration of the Group's consolidation and reporting system. Throughout the year, the Committee also concentrated on the Group's regulatory compliance posture, quality of regulatory reporting, financial crime risk management, anti-money laundering and remediation of Know Your Customer (KYC) refreshes. After careful consideration of all relevant information, the Committee is satisfied that the Group's financial and internal controls are adequate, with no material breakdowns resulting in significant loss to the Group.

Combined Assurance

The Committee conducted a review of the Combined Assurance approach to ensure it meets the Internal Financial Controls attestation and assurance requirements as per the Banks Act, King IV and the JSE Listings Requirements. The Committee examined the assessment of control functions as stipulated by Banks Act Regulation 40(4), the attestations from the Interim Group Chief Executive Officer and Group Financial Director in compliance with the JSE Listings Requirements, the Internal Audit's Statement on Internal Financial Controls over Financial Reporting, and the Internal Audit's Statement on Governance Risk Management and Control.

Guided by the Group Risk Capital Management Committee (GRCMC), the Committee also evaluated the scope of the Group's critical risks across each Business Unit and Function as detailed in the Annual Combined Assurance plan, which spans the three Lines of Defence. The Committee is confident that the Combined Assurance Plan for 2024 adequately addresses critical risks.

Technology, Cyber and Information security

Throughout 2024, technology, cyber and information security risks have escalated across global industries. The Committee together with the Information Technology Committee (ITC), assessed key internal and external audit findings regarding the IT control environment. This includes tracking progress in reinforcing controls and improving processes to mitigate residual risks.

Know Your Customer (KYC)

The Committee reviewed the Group's KYC compliance and observed the necessity for accelerated momentum to prevent overdue refreshes into the next period. Notable progress was achieved throughout 2024, leading to a low carry-over rate primarily of low-risk customers.

External auditors

PricewaterhouseCoopers (PwC) and KPMG have been reappointed as joint auditors for the 2024 audit.

The Committee is responsible for evaluating the effectiveness, objectivity and independence of the Group's external auditors. This responsibility was fulfilled by the Committee during the year through formal meetings, private discussions with both audit firms, and meetings with Group executives. The Committee also ensured that the appointment and independence of the external auditors adhered to the Companies Act, JSE Listings Requirements, and all other relevant regulatory and legal standards. This process included receiving submissions from the external auditors as part of the suitability assessments of both the firms and the designated audit partners. Additionally, the Committee continued to evaluate potential regulatory and reputational issues affecting the firms. The terms of the audit engagement letter and related fees were reviewed and approved by the Committee.

For the 2024 audit period, the Committee reviewed the external audit plan to ensure significant focus areas were appropriately addressed. Key features highlighted in the external audit plan include the reassessment of the Group audit scoping in accordance with the revised ISA600 requirements. Additionally, the external auditors considered potential additional risks arising from the economic and political environment in South Africa and across Africa that impact the measurement of estimates including macroeconomic variables and areas of judgement. The Committee also discussed feedback from the external auditors regarding key audit matters that remained consistent with those from 2023, such as the Group's critical accounting estimates and judgements, expected credit losses (ECL) of loans and advances to customers, and the valuation of complex financial instruments.

The Group's policy on non-audit services ensures the independence and objectivity of its external auditors and to define the approval process for engaging the external auditors for non-audit services. The primary principle of this policy is that the external auditors may only be engaged for services that do not compromise their independence and objectivity. During the current financial year, all non-audit services were approved by the Committee in accordance with the Board-approved policy on non-audit services provided by the external auditor. The Committee has confirmed that the fees for non-audit services for the year ended 31 December 2024 were permissible and within the established thresholds outlined in the policy.

The Committee reviewed whether any reportable irregularities were identified and reported by the external auditors in accordance with the Auditing Profession Act, No. 26 of 2005, and concluded that no such reportable irregularities were identified.

Internal Audit

The Group's Internal Audit (IA) function is an essential component of the Group's control framework and plays a crucial role in supporting the Committee's work. Throughout the year, the GACC monitors the performance of the IA Function and holds regular meetings with the CIA and members of the IA senior management team. This ensures that the Committee remains informed about the current work programme and any emerging issues. The IA Function consistently demonstrates high levels of professional objectivity in collecting, evaluating, and disseminating information, as well as maintaining strong professional ethics in its operations.

The Committee reviewed and approved the internal audit strategy, charter, audit plan, and any subsequent modifications. Additionally, the Committee assessed the independence, effectiveness and performance of the internal audit department, ensuring compliance with its charter.

Significant matters

The Committee has considered the appropriateness of the key audit matters reported in the external audit opinion and considered the significant accounting judgements and estimates relating to the annual financial statements as follows:

Significant matter	How the Committee addressed the matter
Expected credit losses on loans and advances to customers	The measurement of ECL involves significant judgements. The global, regional, and domestic economic outlook remains highly uncertain, leading to an elevated degree of uncertainty regarding ECL estimation. As part of its monitoring, the Committee reviewed several management reports on various aspects of the ECL model, emphasising the key judgements and assumptions used in the calculation of ECLs. After reviewing these reports, the Committee concurred with both management and other assurance providers' conclusion that the impairment provision recognised at year end was appropriate. Additionally, the Committee received appropriate input on the refreshed macroeconomic scenarios and the judgement exercised by management in determining post-model adjustments. The Committee is satisfied that adequate governance and controls over the ECL model are in place and effective.
Valuation of complex financial instruments	Due to the ongoing volatile market conditions in 2024, management continuously assessed its assumptions and inputs to the valuation of the Group's financial instruments with less observable fair value measurements. Management's analysis provided evidence to support adjustments in accordance with IFRS® Accounting Standards. The Committee considered the primary valuation metrics and judgements used to determine the fair value of financial instruments. Additionally, the Committee considered the valuation control framework, valuation metrics, significant year end judgements, and emerging valuation matters and concurs with the judgements applied by management.

Financial, legal, compliance and regulatory reporting requirements

The Committee conducted an annual review of the mandate of the compliance function and, in conjunction with the Board, also assessed the medium-term strategy of the function.

The Committee received reports from the compliance function, which included cyclical assurance coverage over key regulations and its execution, management of regulatory commitments, as well as regulatory fines and censures, and the quality of regulatory relationships.

During the reporting period, the Committee evaluated the Group's overall compliance status in relation to policies and regulations, as well as any significant breakdowns and financial statement compliance. This evaluation included issues reported by Compliance (supported by the s64B statement from the Chief Compliance Officer), Internal Audit, and external audit. This scope also extended to financial crime and market conduct, with the latter being reviewed in conjunction with the Group Social, Sustainability and Ethics Committee. In addition, the Committee placed emphasis on regulatory compliance and interaction with central banks.

The Committee further assessed the adequacy and effectiveness of the Group Compliance function. This assessment specifically focused on additional investments in compliance technology and data, the ongoing upskilling of the Compliance team, the function's ability to oversee regulatory compliance, and the function's balanced score card (BSC). The Committee monitored the delivery of the Group Compliance function's mandate, including aspects such as independence, access to information, succession planning, skills, and capacity.

Audit Chairs Conference

During the year, the Committee Chairman participated in the Audit Chairs Conference of the Subsidiary Audit Committees. The conference aimed to provide a platform for the Absa Audit Chairs community to connect on topics such as methodologies, collaboration, and other relevant matters. It also facilitated the sharing and discussion of issues specific to audit committees.

Several key outcomes emerged from the discussions at the conference. Maintaining a satisfactory control environment within the Group remained a top priority, alongside ensuring an appropriate compliance tone and posture to meet all regulatory commitments. The conference also highlighted the importance of adopting an appropriate approach to align external audit deadlines between the Group and its subsidiaries, while enhancing the capability of Combined Assurance resources and engaging key stakeholders.

As the Group further enhances its digital transformation, identifying risks and opportunities for audit committees became crucial. Lastly, the importance of continuing to share information across the Group to improve communication was underscored.

Annual financial statements and integrated reporting process

The Committee is entrusted with reviewing all formal announcements related to the Group's performance. During its review, the Committee evaluated management's application of critical accounting policies and significant areas where substantial accounting judgements were made, particularly focusing on the key assumptions used in calculating expected credit losses. The Committee also assessed the appropriateness of accounting policies and principles, considering the current local and global context, and ensured compliance with disclosure requirements under relevant financial and governance reporting standards.

The Committee reviewed the response to the JSE for the Proactive Monitoring report and incorporated suggested enhancements into the Annual financial statements where applicable. These enhancements will be applied to the Interim Financial Results. The Committee continued to monitor management's assessment of the application of IAS 29: 'Financial Reporting in Hyperinflationary Economies', and evaluated the appropriateness of related disclosures. Additionally, the Committee recommended to the Board that the financial statements be prepared on a going concern basis, noting no material uncertainties and that forecasted capital ratios remained above minimum mandatory requirements and within the Board's target ranges.

Engagement with senior management ensured the processes underlying the preparation of the annual financial statements were appropriate. The Committee reviewed the fair values and valuation methods of significant assets and liabilities held by the Group, including unlisted equities, other hybrid securities, and investment properties. The Committee conducted a review of the annual financial statements, requesting amendments where necessary, and stayed informed about any amendments to the JSE Listings Requirements and management's responses regarding future changes to IFRS or other regulations affecting disclosure requirements.

The Committee confirmed that management had substantively reported the basis on which representations to external auditors were made, sought input and assurance from the external auditors, and reviewed the summary of audit differences. The Committee also reviewed the integrated report process, after considering recommendations from various committees.

The Committee reviewed assessments of Banks Act Regulation 40(4), the CEO/CFO attestations, Internal Audit's statements on Internal Financial Controls over Financial Reporting, and Governance Risk Management and Control. The Committee concluded that the processes underlying the preparation of the annual financial statements, and the financial information included in the integrated report for the year ended 31 December 2024 were suitable for ensuring fairness, balance, and clarity. Consequently, the Committee recommended these reports for Board approval, and the Board subsequently approved the annual financial statements.

Future accounting developments

Several new standards and amendments to existing standards have been issued but are not yet effective for the reporting period. IFRS 18 is a new standard that will be effective for annual reporting periods beginning on or after 1 January 2027, with earlier adoption permitted. The Group is currently assessing the impact of this standard. None of the new standards or amendments to existing standards have been early adopted in preparing these annual financial statements and are not anticipated to have a material impact on the Group.

Looking ahead

The Committee's responsibilities will encompass reviewing the Group's regulatory reporting processes, including any changes to the JSE Listings Requirements, and management's response to upcoming amendments to IFRS, legislation and other regulations affecting disclosure requirements. The Committee will continue to strengthen the Group's regulatory posture, and will assess the implications of Environmental, Social and Governance (ESG) disclosures and related assurance processes to ensure the Group complies with the minimum ESG disclosure requirements as mandated by the Integrated Reporting (IR) Framework, issued by the International Auditing and Assurance Standards Board (IAASB).

Conclusion

The Committee confirms that it has fulfilled all statutory obligations and duties assigned by the Board under its terms of reference, including adherence to paragraph 3.84(g) of the JSE Listings Requirements. Additionally, the Committee confirms that financial and internal controls are adequate, with no significant breakdowns resulting in material loss for the Group. After reviewing the Group and separate Company financial statements for the year ended 31 December 2024, the Committee have recommended their approval to the Board, which subsequently approved the annual financial statements.

On behalf of the GACC

T Abdool-Samad
Chairman of the GACC

Johannesburg

10 March 2025

Directors' report

General information and nature of activities

Absa Bank Limited (the Company or Bank) is incorporated and domiciled in South Africa and provides retail, business, corporate, investment banking, and wealth management products and services. The Company and its subsidiaries (the Group) operate primarily in South Africa and employ 26 542 people. The address of the registered office of the Bank is 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001. The Company has preference shares listed on the JSE Limited.

The Group is a subsidiary of Absa Group Limited.

The Group is one of South Africa's largest financial services organisations, serving retail, business and corporate customers and clients in South Africa. The Group also provides products and services to selected markets in Nigeria and Namibia.

The Group interacts with its customers and clients through a combination of physical and electronic channels, offering a comprehensive range of banking services (from basic products and services for the low-income personal market, to customised solutions for the commercial and corporate markets), financial services and wealth management products and services.

The consolidated and separate financial statements were approved for issue by the Board Finance Committee, a committee of the Absa Group Limited Board, on 10 March 2025.

The financial statements present the financial positions, results of operations and cash flows for the Group and the Company for the reporting period ended 31 December 2024.

Group Audit and Compliance Committee (GACC) report

Refer to pages 3 to 6.

Group results

Main business and operations

The Group recorded an increase of **42.17%** in headline earnings to **R10 529m** (2023: R7 406m) for the reporting period. Headline earnings per share (HEPS) and diluted HEPS increased by **42.17%** to **2 348.7** cents (2023: 1 652.0 cents). Refer to note 35 for the breakdown of headline earnings.

Headline earnings were derived from the following activities:

	Group	
	2024 Rm	Restated 2023 Rm
Product solutions Cluster	**1 624**	858
Relationship Banking	**4 299**	4 103
Everyday Banking	**3 840**	3 233
Corporate and Investment Banking	**6 003**	4 007
Head office, Treasury and other operations	**(5 237)**	(4 795)
Headline earnings (refer to note 35)	**10 529**	7 406

Certain comparative segmental information contained in this set of financial statements has been restated due to business portfolio changes. As at 1 January 2024, the Group no longer reports normalised financial results due to the immaterial impact between IFRS and normalised reporting, and is therefore no longer reviewed by the Chief Operating Decision Maker (CODM). The prior year impact from the Barclays PLC separation has been subsumed into Head Office, Treasury and other operations. Refer to notes 1.20.3 and 42 for further details.

Details of the members of the Board:

Name	Position as director	Changes in the current reporting period
S Moloko	Independent non-executive director, Chairman	
N Mjoli-Mncube	Lead independent non-executive director	
T Abdool-Samad	Independent non-executive director	
R Keanly	Independent non-executive director	
D Raju	Group Financial Director	Appointed 26 April 2024
A Rautenbach	Group Chief Executive Officer	Retired 15 October 2024
C Russon	Interim Group Chief Executive Officer	Appointed 15 October 2024
C Snyman	Interim Group Financial Director	Stepped down from interim position 26 April 2024
R van Wyk	Independent non-executive director	

Re-election of retiring directors

In line with international best practice, the Company has a requirement in terms of which all directors on the Board for longer than nine years are subject to annual re-election by shareholders at the annual general meeting (AGM).

In terms of the Company's Memorandum of Incorporation (MOI), one-third of the directors are required to retire at each AGM and may offer themselves for re-election.

Directors' interests in Absa Bank Limited preference shares

As at the reporting date, no director held any preference shares in the Company.

Directors' and officers' personal financial interests in contracts

Transactions with directors are entered into in the normal course of business under terms that are no more favourable than those arranged with third parties.

Executive directors are entitled to share awards (Absa Group ordinary shares), the details of which are included in note 57.

No other contracts were entered into in which directors and officers of the Group had a personal financial interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

Directors' and prescribed officers' emoluments

The emoluments and services of Directors and prescribed officers are determined by the Group Remuneration Committee (Remco) as disclosed in the Directors' and prescribed officers' remuneration note 57.

Subsidiaries, associates and joint ventures

The interests in subsidiaries, associates and joint ventures are set out in notes 9 and 10 to the consolidated financial statements.

Acquisitions and disposals during the current reporting period

Refer to note 49 for additional information on the acquisitions and disposals of businesses and other significant assets.

Acquisitions and disposals during the prior reporting periods

Refer to note 49 for additional information on the acquisitions and disposals of businesses and other significant assets.

Dividends

- On 10 March 2025, a final dividend of 3 939.65753 cents per preference share was approved. The dividend was announced on 11 March 2025 to ordinary shareholders registered on 25 April 2025. This dividend is payable on 29 April 2025.
- On 10 March 2025, a final dividend of 982.0 cents per ordinary share was approved. The dividend was announced on 11 March 2025 to ordinary shareholders registered on 25 April 2025. This dividend is payable on 29 April 2025.
- On 19 August 2024, an interim dividend of 4 146.30137 cents per preference share was approved. The dividend was announced on 19 August 2024 to preference shareholders registered on 13 September 2024. The dividend was payable on 16 September 2024.
- On 19 August 2024, an interim dividend of 268.0 cents per ordinary share was approved. The dividend was announced on 19 August 2024 to ordinary shareholders registered on 13 September 2024. The dividend was payable on 16 September 2024.
- Refer to note 38 for the Common Equity Tier 1 distribution.

Special resolutions

The following special resolutions were passed by the Group's ordinary shareholders at the AGM held on 4 June 2024, in accordance with the Companies Act:

- **Special resolution number 1 – Remuneration of non-executive directors**
  Resolved to approve the proposed remuneration to be payable to non-executive directors for their services as directors of the Company for the period 1 June 2024 to and including the last day of the month preceding the date of the next AGM.
- **Special resolution number 2 – General authority to repurchase the Company's securities**
  Resolved that the Company or any subsidiary of the Company may, subject to the Company's MOI, section 48 of the Companies Act, the JSE Listings Requirements and any other stock exchange upon which the securities in the capital of the Company may be quoted or listed from time to time, repurchase ordinary shares issued by the Company, provided that this authority shall be valid only until the date of the next AGM of the Company or for 15 months from the date of the resolution, whichever is the earlier, and may be varied by a special resolution at any general meeting of the Company at any time prior to the AGM.
- **Special resolution number 3 – Financial assistance for subscription of securities**
  Resolved to enable the Company, in terms of a general authority contemplated in section 44(3)(a)(ii) of the Companies Act, for a period of two years from the date of this resolution, to provide financial assistance as regulated by section 44 of the Companies Act for the purpose of or in connection with the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company.

- **Special resolution number 4 – Financial assistance to a related or inter-related company**
  Resolved to enable the Company, in terms of a general authority contemplated in section 45(3)(a)(ii) of the Companies Act, for a period of two years from the date of this resolution, to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company/corporation and/or to a member of a related or inter-related company/corporation.

Company Secretary

N R Drutman is the Group Company Secretary. Her contact details are as follows:

7th Floor, Absa Towers West 15 Troye Street Johannesburg, 2001

Telephone: (+27 11) 350 5347

Email: groupsec@absa.africa

Auditors

KPMG Inc. and PricewaterhouseCoopers Inc will continue as joint auditors of the Group for the 2024 reporting period. Riaz Muradmia and John Bennett are the designated audit partners.

Authorised and issued share capital

Authorised

The authorised ordinary share capital of the Company of **R322 500 000** (2023: R322 500 000) consists of:

- **320 000 000** (2023: 320 000 000) ordinary shares of R1.00 each;
- **250 000 000** (2023: 250 000 000) 'A' ordinary shares of R0.01 each.

The authorised preference share capital of the Company of **R300 000** (2023: R300 000) consists of:

- **30 000 000** (2023: 30 000 000) non-cumulative, non-redeemable listed preference shares of R0.01 each.

Issued

No additional ordinary or 'A' ordinary shares were issued in the current reporting period (2023: none).

The total issued ordinary share capital at the reporting date, consists of:

- **302 609 369** (2023: 302 609 369) ordinary shares of R1.00 each;
- **145 691 959** (2023: 145 691 959) 'A' ordinary shares of R0.01 each.

The total issued preference share capital at the reporting date, consists of:

- **4 944 839** (2023: 4 944 839) non-cumulative, non-redeemable listed preference shares of R0.01 each.

Shareholder information

	2024			2023		
	Number of Shareholders/ note holders	**Number of Shares/notes**	**% holding**	Number of Shareholders/ note holders	Number of Shares/notes	% holding
Non-public shareholders						
Ordinary shares	**1**	**302 609 369**	**100.0**	1	302 609 369	100.0
Absa Group Limited	**1**	**302 609 369**	**100.0**	1	302 609 369	100.0
A' ordinary shares	**1**	**145 691 959**	**100.0**	1	145 691 959	100.0
Absa Group Limited	**1**	**145 691 959**	**100.0**	1	145 691 959	100.0
Public shareholders						
Preference shares	**5 173**	**4 944 839**	**100.0**	5 444	4 944 839	100.0
Standard Chartered Bank	**8**	**203 907**	**4.1**	11	150 775	3.0
Standard Bank	**337**	**827 777**	**16.7**	346	837 738	16.9
Nedbank Investor Services	**1 010**	**1 251 033**	**25.3**	1 069	1 304 016	26.4
Other preference shareholders	**1 681**	**666 080**	**13.5**	1 743	630 102	12.7
Rand Merchant Bank	**2 137**	**1 996 042**	**40.4**	2 275	2 022 208	40.9

Additional Tier 1 capital

The Additional Tier 1 capital notes represent perpetual, subordinated instruments redeemable in full at the option of the Company (the Issuer) subject to regulatory approval. These instruments include a write-off provision which is required under Basel III. This provision is triggered by the Prudential Authority and shall be instituted at the earlier of (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary; or (ii) a decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non- viable. In addition, the Additional Tier 1 notes do not have a contractual obligation to pay interest. Accordingly, the instruments are classified as equity instruments. The total number of issued notes at the end of the reporting period is **9 674 000 000** (2023: 8 262 000 000).

Company Secretary's certificate to shareholders of Absa Bank Limited

In accordance with the provisions of the Companies Act, I certify that, in respect of the year ended 31 December 2024, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission, all returns and notices prescribed by the Act and that all such returns and notices are true, correct and up to date.

N R Drutman
Company Secretary

Johannesburg

10 March 2025

Independent auditors' report

To the Shareholders of Absa Bank Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the consolidated and separate financial statements of Absa Bank Limited (the Company) and its subsidiaries (together the Group) set out on pages 19 to 223, which comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements excluding the sections marked as "unaudited" in notes 41.7 Nature and extent of significant restrictions relating to investments in subsidiaries, 44 Assets under management and administration and 54.6.1 Capital risk including the summary of material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Absa Bank Limited as at 31 December 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures. Materiality is also used in evaluating the effect of misstatements, both individually and in aggregate, on the consolidated and separate financial statements as a whole.

Based on our professional judgement, we determined certain quantitative thresholds for materiality for the consolidated and separate financial statements as a whole as follows:

	Consolidated Financial Statements	Separate Financial Statements
Final materiality	R690 million	R660 million
How we determined it	5% of profit before tax	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group and Company are most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Group and Company.	

Group audit scope

The consolidated and separate financial statements were considered to meet the definition of 'group financial statements' as they represent the financial information of more than one entity or business units. The group audit scoping and group auditor oversight sections were applied to the audit of both the consolidated and separate financial statements.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and separate financial statements as a whole, taking into account the structure of the Group and Company, the accounting processes and controls, and the industry in which the Group and Company operates.

We performed risk assessment procedures to determine those components in the Group and Company that are likely to include risks of material misstatement to the consolidated and separate financial statements and the extent of audit procedures to perform at those components to address those risks.

We identified ten (10) components that were common to the Group and Company at which further audit procedures were performed on the entire financial information of the components, either because audit evidence needed to be obtained on all or a significant proportion of the component's financial information, or that component represented a pervasive risk of material misstatement to the consolidated and separated financial statements.

We also identified twenty-eight (28) components in the Group and twenty-one (21) components within the Company, at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated and separate financial statements.

Accordingly, we performed audit procedures on thirty-eight (38) components in the Group and thirty-one (31) components in the Company, of which we involved component auditors in performing the audit work on thirty-three (33) components for the Group and twenty-seven (27) components in the Company.

Based on our risk assessment procedures, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information not subject to further audit procedures.

Group auditor oversight

As part of establishing the overall Group and Company audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss the Group and Company audit risks relevant to the respective components.

As group auditor, we engaged with the component auditors to assess the audit risks and strategy relating to their respective components. During these engagements, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further audit procedures required by us was then performed by the component auditors.

We also inspected the work performed by component auditors for the purpose of the Group and Company audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter
Expected credit losses (ECL) on loans and advances to customers The disclosure associated with ECL on loans and advances to customers is set out in the consolidated and separate financial statements in the following material accounting policies and notes: • Note 1.2.1 – Approach to credit risk and impairment of loans and advances • Note 1.6.4 – Expected credit losses on financial assets • Note 7 – Loans and advances • Note 29 – Credit impairment charges • Note 54.2 – Credit risk • Note 54.3 – Macro-overlays and sensitivity analysis

Independent auditors' report to the Shareholders of Absa Group Limited

Key audit matter	How our audit addressed the key audit matter
The Group's and Company's loans and advances to customers and the related ECL is material to the consolidated and separate financial statements. We identified the audit of ECL on loans and advances to customers to be a matter of most significance to the current year audit due to the following: 1. There is a high degree of estimation uncertainty and significant judgements and assumptions in estimating modelled ECL on loans and advances to customers; 2. Economic scenario forecasts, incorporating forward-looking information (FLI) which are used to estimate the ECL on loans and advances to customers, require estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation. Any impacts not captured by the statistical model are accounted for via further management adjustments, some of which are judgmental in nature. Such adjustments are also posted where current and forward-looking risks are not fully reflected in the historic data used to calibrate models; 3. Wholesale stage 3 impairments of loans and advances to customers are assessed for recoverability individually and require significant management judgement in estimating future recoveries; and 4. Credit risk disclosures are significant as they explain the application of IFRS 9 including key judgements and material inputs used in determining the ECL. In calculating the ECL, the key areas of significant management judgement and estimation included:	Making use of our internal quantitative and economic expertise, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on loans and advances to customers, as set out below. In addition, we tested controls and/or performed substantive procedures over the model data inputs, where the inputs are considered material to the models. Where management made use of qualitative or quantitative out-of-model adjustments to cater for forward-looking risks, these were substantively assessed for reasonability.
1. Modelled ECL impairment losses • A significant portion of ECL is calculated on a modelled basis which incorporates observable data, assumptions, and estimations. The development and execution of these models requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters. • Significant increase in credit risk (SICR) is assessed based on the current risk of default of an account relative to its risk of default at origination. This incorporates judgement and estimation by management. • The determination of the write-off point, and application of the cure rules are based on management's judgement. The credit impairment models are subject to formal model governance and approval.	**1. Modelled ECL impairment losses** • We obtained an understanding of management's data, methodologies and assumptions used in the various ECL models and how these were calibrated to use historical information to estimate ECL, including the controls over the governance of changes to ECL models and the implementation of new ECL models where relevant. • We tested the IT general controls, including change management controls, and application controls relating to the IT systems that support the modelled ECL processes. • We independently reperformed and recalculated ECL estimates or benchmarked the model calculations for material portfolios, including sovereign risk based on the assumptions as per the model documentation, and independently reperformed the PD, EAD and LGD parameters, to test the assumptions and appropriateness of the judgement applied in the ECL calculations. • We assessed the appropriateness of the SICR methodologies and model calibrations and tested the resultant stage allocations. For retail portfolio loans and advances to customers, we also tested the performance of the SICR approach by considering historic volumes of accounts moving into arrears and the forward-looking view of default risk. • We tested the completeness and accuracy of data inputs into the models by agreeing a sample of data inputs back to information sourced by management from internal systems and external data providers. • We tested controls relating to the staging of loans and advances to customers (including system flagging of arrears for retail portfolios). • For all impacted portfolios, we considered historical post write-off recoveries to evaluate the reasonableness of the write-off definition and to determine whether the current write-off point is still the point at which there was no reasonable expectation of significant further recovery as per the requirements of IFRS 9. • We further evaluated whether post write-off recoveries have been excluded from the LGD calculation and therefore do not impact on the ECL.

Key audit matter	How our audit addressed the key audit matter
2. Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation • The macroeconomic scenario forecasts are developed internally and require management judgement. Given the uncertain macroeconomic environment, both locally and internationally, there is complexity in incorporating these scenario forecasts, FLI and probability weightings into the estimation of ECL. • Management adjustments to the modelled ECL output were applied to the portfolios to address specific risks which were not catered for in the FLI incorporated into the models. • Determining the key macroeconomic drivers of credit risk including the relative importance/weighting of each identified factor incorporates judgement and estimation by management.	**2. Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation** • We tested controls over the approval of macroeconomic forecasts and variables used within the models by the appropriate governance structures. With assistance from our internal economics experts, we assessed the appropriateness of the macroeconomic scenario forecasts and probability weightings by benchmarking these against external evidence and economic data. • We tested the performance and sensitivity of the forward-looking models to evaluate whether the chosen macroeconomic variables and model structure provides a reasonable representation of the impact of macroeconomic changes on the ECL under each macroeconomic scenario. This includes the impact of the macroeconomic scenarios on PDs, LGDs and SICR. • We assessed the reasonableness of how management considered the uncertain macroeconomic environment on the ECL model through independent ECL quantification and sensitivity analyses. • We evaluated the governance process over management adjustments; assessed management's rationale for the adjustments; and the appropriateness of the assumptions and data used in the determination of the management adjustments. We further evaluated whether these were reflective of current market volatility, idiosyncratic risks or emerging trends.

Key audit matter	How our audit addressed the key audit matter

3. Stage 3 ECL impairments assessed on an individual basis
• A significant portion of loans and advances to customers are assessed for recoverability on an individual basis, primarily in the Relationship Banking and Corporate and Investment Banking portfolios. Significant judgements, estimates and assumptions are applied by management to:
  – Determine if the loans and advances are credit impaired;
  – Evaluate the valuation and recoverability of collateral;
  – Determine the expected value to be realised from collateral (including the timing of such realisations) and other collection efforts; and
  – Estimate the timing of the future cash flows.
• Stage 3 ECL on corporate exposure is calculated on a client specific basis and occurs outside of the portfolio models referred to above.
	3. Stage 3 ECL impairments assessed on an individual basis
	• We tested management's processes and key controls over judgements used to determine whether specific exposures are credit impaired, including the completeness and reasonability of these assessments.
	• For a sample of stage 3 exposures, we performed independent credit reviews and our procedures incorporated probability weighted scenarios in assessing the reasonability of the estimate of the recoverable amount and timing of expected future cash flows used in measuring ECL. We have performed the following for a sample of stage 3 exposures:
	  – Where collateral had a material impact on the ECL calculation, we tested the Group's and Company's legal right to the collateral by inspecting legal agreements and bond registration information, as well as assessing the reasonability of the valuation of the collateral by evaluating key assumptions against available market and internal information.
	  – Where future cash flows are estimated based on the loan counterparty's enterprise value, we have tested these valuations with reference to available market information and counterparty specific information.

4. Disclosures related to credit risk Credit risk disclosures are significant as they explain the application of IFRS 9 including key judgements and material inputs used in determining the ECL.	**4. Disclosures related to credit risk** • We tested the design and implementation and operating effectiveness of controls over the credit risk financial reporting process in respect of the disclosures presented in note 54.2 to the consolidated and separate financial statements. • We evaluated whether the credit risk disclosures are consistent with the ECL information tested which included the ECL data, models, estimates and macroeconomic forecasts. • We assessed the disclosures in the financial statements for compliance in accordance with the requirements of IFRS 9. Outcome: The results of our procedures listed above were satisfactory and we found the estimate recognised to be acceptable.

Key audit matter	How our audit addressed the key audit matter
Valuation of complex financial instruments The disclosure associated with the valuation of complex financial instruments is set out in the consolidated and separate financial statements in the following material accounting policies and notes: • Note 1.2.3 – Fair value measurement • Note 52 – Fair value disclosures	

Complex financial instruments held at fair value are recorded within the following financial statement line items:
• Investment securities;
• Trading portfolio assets and liabilities;
• Hedging portfolio assets and liabilities;
• Loans and advances;
• Deposits; and
• Debt securities in issue.
 	
The financial instruments recorded in the above financial statement line items include derivatives, repurchase and reverse repurchase agreements, unlisted equity securities, structured debt securities and modelled valuation adjustments (XVA's).
 	
The complexity arises from the fair value modelling of these financial instruments and the inputs used in the valuation thereof.
 	
There is significant management judgement relating to the application of sophisticated valuation techniques and models, governance over key assumptions and inputs used to estimate the valuation of the respective financial instruments and the related fair value disclosures.
 	
Significant judgement is required concerning unobservable inputs, for which there are no quoted market prices, and inputs are either illiquid or volatile in nature. These judgements relate primarily to credit spreads, yield curves, discount rates, funding spreads and forecasted dividend estimates. These inputs depend on various sources of external and internal data and the use of sophisticated modelling techniques. As a result of the above, the disclosures relating to the valuation of these complex financial instruments are also significant.
 	
We have identified the valuation of complex financial instruments as a key audit matter which necessitated significant audit effort and the support of our internal valuation experts.
	We performed the following audit procedures:
	• We analysed the population of fair value trading exposures by stratifying the population by the product type, valuation method, fair value hierarchy, counterparties, maturity tenor, and significant inputs. This was performed as part of our risk assessment procedures to identify which financial instruments were considered complex.
	• We obtained an understanding, evaluated the design and implementation, and tested the operating effectiveness of key controls identified in the valuation process over complex financial instruments. These controls relate to model governance and model validation, including new product approval, oversight of valuation inputs and assumptions applied throughout the independent price verification process and market risk monitoring.
	• We tested the IT general controls, including change management controls, and application controls, including both system interfaces and system configuration controls, relating to the IT systems that support the valuation of complex financial instruments.
	• We engaged our internal valuation specialists who assessed the appropriateness of a sample of valuation judgements, methodologies, and models by:
	  • Independently repricing a sample of complex financial instruments using independent models and data and investigating differences outside of our thresholds.
	  • Assessing the appropriateness of techniques, methodologies and models used in calculating valuation adjustments such as credit valuation adjustments, funding valuation adjustments, margin valuation adjustments and collateral valuation adjustments (collectively XVA's) for a sample of counterparties.
	• We evaluated management's process regarding collateral disputes and tested the resolution in instances where there were collateral differences noted.
	• We assessed the appropriateness of the fair value disclosures with reference to the requirements of IFRS 13 Fair Value Measurement by considering the judgement in the key valuation inputs and assumptions.
	
	Outcome: The results of our procedures listed above did not identify material misstatements in the financial statements.

Independent auditors' report to the Shareholders of Absa Group Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Absa Bank Limited Annual consolidated and separate financial statements for the year ended 31 December 2024" which includes the Company Secretary's certificate to the shareholders of Absa Bank Limited, the Group Audit and Compliance Committee (GACC) report and the Directors' report as required by the Companies Act of South Africa. The other information does not include the consolidated and the separate financial statements and our auditors' report thereon, but includes the sections marked as "unaudited" in the notes as referenced in the first paragraph of the opinion section.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group and Company, as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. and KPMG Inc. has been the joint auditors of Absa Bank Limited for three years.

Prior to the commencement of the joint audit relationship with PricewaterhouseCoopers Inc., KPMG Inc. was the joint auditor with another auditor for the year ended 31 December 2021.

PricewaterhouseCoopers Inc.
Director: John Bennett
Chartered Accountant (SA)

Registered Auditor

4 Lisbon Lane, Waterfall City
Jukskei View, South Africa

10 March 2025

KPMG Inc.
Director: Riaz Muradmia
Chartered Accountant (SA)

Registered Auditor

85 Empire Road
Parktown, South Africa

10 March 2025

Note: The examination of controls over the maintenance and integrity of Absa Bank Limited's website is beyond the scope of the audit of the consolidated and separate financial statements. Accordingly, we accept no responsibility for the process over the electronic distribution of the consolidated and separate financial statements.

Consolidated and separate statements of financial position

as at 31 December

		Group		Company	
	Note	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Assets					
Cash, cash balances and balances with central banks	2	**83 581**	41 510	**83 581**	41 510
Investment securities	3	**173 104**	151 777	**173 100**	151 770
Trading portfolio assets	4	**168 664**	144 427	**168 552**	144 414
Hedging portfolio assets	4	**4 055**	5 441	**4 055**	5 441
Other assets	5	**14 494**	17 264	**14 572**	17 087
Current tax assets		**90**	12	**86**	–
Non-current assets held for sale	6	**115**	191	**115**	191
Loans and advances	7	**1 125 363**	1 078 487	**1 120 829**	1 073 447
Loans to Group Companies	8	**67 261**	61 448	**76 140**	72 383
Investments in associates and joint ventures	9	**2 142**	1 839	**313**	206
Subsidiaries	10	**–**	–	**156**	159
Property and equipment	11	**11 646**	11 747	**11 089**	11 407
Goodwill and intangible assets	12	**13 418**	12 299	**13 306**	12 187
Deferred tax assets	13	**3 876**	4 360	**3 566**	4 065
Total assets		**1 667 809**	1 530 802	**1 669 460**	1 534 267
Liabilities					
Trading portfolio liabilities	14	**63 624**	58 493	**63 624**	58 493
Hedging portfolio liabilities	14	**1 258**	1 688	**1 258**	1 688
Other liabilities	15	**25 650**	30 370	**25 493**	30 232
Provisions	16	**4 065**	4 131	**3 930**	4 069
Current tax liabilities		**131**	219	**1**	146
Deposits	17	**1 217 946**	1 089 483	**1 219 774**	1 090 888
Debt securities in issue	18	**207 341**	209 895	**202 092**	207 148
Loans from Group Companies		**10 500**	12 831	**19 062**	20 600
Insurance contract liabilities	19	**4**	13	**–**	–
Borrowed funds	20	**21 086**	18 358	**21 086**	18 358
Deferred tax liabilities	13	**154**	12	**150**	–
Total liabilities		**1 551 759**	1 425 493	**1 556 470**	1 431 622
Equity					
Capital and reserves					
Ordinary share capital	21	**304**	304	**304**	304
Ordinary share premium	21	**36 880**	36 880	**36 880**	36 880
Preference share capital	21	**1**	1	**1**	1
Preference share premium	21	**4 643**	4 643	**4 643**	4 643
Additional Tier 1 capital	21	**9 674**	8 262	**9 674**	8 262
Retained earnings	22	**58 412**	52 142	**57 386**	51 295
Other reserves	22	**6 136**	3 077	**4 102**	1 260
Total equity		**116 050**	105 309	**112 990**	102 645
Total liabilities and equity		**1 667 809**	1 530 802	**1 669 460**	1 534 267

Consolidated and separate statements of comprehensive income

for the reporting period ended 31 December

		Group		Company	
	Note	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Net interest income		**45 502**	44 355	**45 259**	44 154
Interest and similar income	23	**131 908**	118 377	**130 496**	116 738
Effective interest income		**129 009**	115 608	**127 632**	114 273
Other interest income		**2 899**	2 769	**2 864**	2 465
Interest expense and similar charges	24	**(86 406)**	(74 022)	**(85 237)**	(72 584)
Non-interest income		**24 121**	21 180	**23 856**	20 794
Net fee and commission income		**20 521**	19 786	**20 379**	19 626
Fee and commission income	25	**22 678**	21 935	**22 535**	21 774
Fee and commission expense	25	**(2 157)**	(2 149)	**(2 156)**	(2 148)
Insurance service result		**28**	68	**–**	–
Insurance revenue		**88**	197	**–**	–
Insurance service expenses		**(60)**	(129)	**–**	–
Gains and losses from banking and trading activities	26	**2 906**	901	**2 946**	847
Gains and losses from investment activities	27	**5**	–	**5**	–
Other operating income	28	**661**	425	**526**	321
Total income		**69 623**	65 535	**69 115**	64 948
Credit impairment charges	29	**(11 112)**	(12 591)	**(11 156)**	(12 479)
Operating income before operating expenditure		**58 511**	52 944	**57 959**	52 469
Operating expenditure	30	**(42 293)**	(40 461)	**(42 152)**	(40 302)
Other expenses		**(2 464)**	(2 058)	**(2 464)**	(2 057)
Other impairments	31	**(749)**	(449)	**(749)**	(449)
Indirect taxation	32	**(1 715)**	(1 609)	**(1 715)**	(1 608)
Share of post-tax results of associates and joint ventures		**196**	114	**–**	–
Operating profit before income tax		**13 950**	10 539	**13 343**	10 110
Taxation expense	33	**(2 492)**	(2 170)	**(2 261)**	(2 009)
Profit for the reporting period		**11 458**	8 369	**11 082**	8 101
Profit attributable to:					
Ordinary equity holders		**9 950**	7 097	**9 574**	6 829
Preference equity holders		**408**	373	**408**	373
Other equity: Additional Tier 1 capital		**1 100**	899	**1 100**	899
		11 458	8 369	**11 082**	8 101
Earnings per share:					
Basic earnings per share (cents)	34	**2 219.5**	1 583.1	**–**	–
Diluted earnings per share (cents)	34	**2 219.5**	1 583.1	**–**	–

	Group		Company	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Profit for the reporting period	**11 458**	8 369	**11 082**	8 101
Other comprehensive income				
Items that will not be reclassified to profit or loss	**(223)**	(275)	**(223)**	(275)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	**3**	(5)	**3**	(5)
Fair value movements	**4**	(6)	**4**	(6)
Deferred tax	**(1)**	1	**(1)**	1
Movement of liabilities designated at fair value through profit or loss (FVTPL) due to changes in own credit risk	**(200)**	(241)	**(200)**	(241)
Fair value movements	**(274)**	(330)	**(274)**	(330)
Deferred tax	**74**	89	**74**	89
Movement in retirement benefit fund assets and liabilities	**(26)**	(29)	**(26)**	(29)
(Decrease)/Increase in retirement benefit surplus	**(36)**	25	**(36)**	25
Increase in retirement benefit deficit	**–**	(65)	**–**	(65)
Deferred tax	**10**	11	**10**	11
Items that are or may be subsequently reclassified to profit or loss	**2 346**	1 771	**2 327**	1 816
Movement in foreign currency translation reserve	**(17)**	(8)	**–**	–
Differences in translation of foreign operations	**(17)**	(8)	**–**	–
Movement in cash flow hedging reserve	**1 766**	1 963	**1 730**	2 000
Fair value movements	**830**	1 421	**797**	1 472
Amount released from other comprehensive income and recognised in profit or loss	**1 590**	1 268	**1 573**	1 268
Deferred tax	**(654)**	(726)	**(640)**	(740)
Movement in fair value of debt instruments measured at FVOCI	**597**	(184)	**597**	(184)
Fair value movements	**820**	(186)	**820**	(186)
Release to profit or loss	**(2)**	(66)	**(2)**	(66)
Deferred tax	**(221)**	68	**(221)**	68
Total comprehensive income for the reporting period	**13 581**	9 865	**13 186**	9 642
Total comprehensive income attributable to:				
Ordinary equity holders	**12 073**	8 593	**11 678**	8 370
Preference equity holders	**408**	373	**408**	373
Additional Tier 1 capital	**1 100**	899	**1 100**	899
	13 581	9 865	**13 186**	9 642

Consolidated statement of changes in equity

for the reporting period ended 31 December

	Group 2024					
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm
Balance at the beginning of the reporting period	**448 301**	**304**	**36 880**	**1**	**4 643**	**8 262**
Total comprehensive income	**–**	**–**	**–**		**408**	**1 100**
Profit for the period	**–**	**–**	**–**	**–**	**408**	**1 100**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid during the reporting period	**–**	**–**	**–**	**–**	**(408)**	**–**
Distributions paid during the reporting period	**–**	**–**	**–**	**–**	**–**	**(1 100)**
Issuance of Additional Tier 1 capital	**–**	**–**	**–**	**–**	**–**	**3 090**
Redemption of Additional Tier 1 capital	**–**	**–**	**–**	**–**	**–**	**(1 678)**
Equity contribution from parent	**–**	**–**	**–**	**–**	**–**	**–**
Net contribution to/distribution from 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	**–**	**–**	**–**		**–**	**–**
Non-vested shares due to market condition	**–**	**–**	**–**	**–**		**–**
Share of post-tax results of associates and joint ventures	**–**	**–**	**–**	**–**	**–**	**–**
Balance at the end of the reporting period	**448 301**	**304**	**36 880**	**1**	**4 643**	**9 674**
Note	21	21	21	21	21	21

	Group 2024									
	Retained earnings Rm	Total other reserves Rm	Fair value through other compre-hensive 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
Balance at the beginning of the reporting period	**52 142**	**3 077**	**(142)**	**(1 250)**	**(7)**	**1 422**	**1 194**	**1 860**	**105 308**
Total comprehensive income	**9 727**	**2 346**	**597**	**1 766**	**(17)**	**–**	**–**	**–**	**13 581**
Profit for the period	**9 950**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11 458**
Other comprehensive income	**(223)**	**2 346**	**597**	**1 766**	**(17)**	**–**	**–**	**–**	**2 123**
Dividends paid during the reporting period	**(3 201)**	**–**	**–**	**–**	**–**		**–**	**–**	**(3 609)**
Distributions paid during the reporting period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1 100)**
Issuance of Additional Tier 1 capital	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3 090**
Redemption of Additional Tier 1 capital	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1 678)**
Equity contribution from parent	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements	**(60)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(60)**
Movement in share-based payment reserve	**–**	**475**	**–**	**–**	**–**	**–**	**475**	**–**	**475**
Transfer from share-based payment reserve	**–**	**(655)**	**–**	**–**	**–**	**–**	**(655)**	**–**	**(655)**
Value of employee services	**–**	**1 106**	**–**	**–**	**–**	**–**	**1 106**	**–**	**1 106**
Deferred tax	**–**	**24**	**–**	**–**	**–**	**–**	**24**	**–**	**24**
Non-vested shares due to market condition	**–**	**40**	**–**	**–**	**–**	**–**	**40**		**40**
Share of post-tax results of associates and joint ventures	**(196)**	**196**	**–**	**–**	**–**	**–**	**–**	**196**	**–**
Balance at the end of the reporting period	**58 412**	**6 136**	**455**	**516**	**(22)**	**1 422**	**1 709**	**2 056**	**116 050**
Note			22	22	22	22	22	22	

Consolidated statement of changes in equity

for the reporting period ended 31 December

	Group 2023														
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm	Retained earnings Rm	Total other reserves Rm	Fair value through other compre-hensive 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
Balance at the beginning of the reporting period	448 301	304	36 880	1	4 643	7 503	52 752	975	42	(3 213)	1	1 422	977	1 746	103 057
Total comprehensive income	–	–	–	–	373	899	6 822	1 771	(184)	1 963	(8)	–	–	–	9 865
Profit for the period	–	–	–	–	373	899	7 097		–	–	–	–	–	–	8 369
Other comprehensive income	–	–	–	–	–	–	(275)	1 771	(184)	1 963	(8)	–	–	–	1 496
Dividends paid during the reporting period	–	–	–	–	(373)	–	(5 250)	–	–	–	–	–	–	–	(5 623)
Distributions paid during the reporting period	–	–	–	–	–	(899)	–	–	–	–	–	–	–	–	(899)
Issuance of Additional Tier 1 capital	–	–	–	–	–	2 000	–	–	–	–	–	–	–		2 000
Redemption of Additional Tier 1 capital	–	–	–	–	–	(1 241)	–	–	–	–	–	–	–		(1 241)
Equity contribution from parent	–	–	–	–	–	–	100	–	–	–	–	–	–	–	100
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements							(2 168)								(2 168)
Movement in share-based payment reserve	–	–	–	–			–	217	–	–	–	–	217	–	217
Transfer from share-based payment reserve	–	–	–	–	–	–	–	(496)	–	–	–	–	(496)	–	(496)
Value of employee services	–	–	–	–	–	–	–	909	–	–	–	–	909	–	909
Deferred tax	–	–	–		–	–	–	(196)	–	–	–	–	(196)	–	(196)
Share of post-tax results of associates and joint ventures	–	–	–	–	–	–	(114)	114	–	–	–	–	–	114	–
Balance at the end of the reporting period	448 301	304	36 880	1	4 643	8 262	52 142	3 077	(142)	(1 250)	(7)	1 422	1 194	1 860	105 308

The column which attributed equity to ordinary equity holders has been removed as the Group does not have any non-controlling interest and therefore this disclosure is not required by IAS 1.

Separate statement of changes in equity

for the reporting period ended 31 December

	Company												
	2024												
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm	Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Total equity Rm
Balance at the beginning of the reporting period	**448 301**	**304**	**36 880**	**1**	**4 643**	**8 262**	**51 295**	**1 260**	**(142)**	**(1 213)**	**1 422**	**1 193**	**102 645**
Total comprehensive income	–	–	–	–	408	1 100	9 351	2 327	597	1 730	–	–	13 186
Profit for the period	–	–	–	–	408	1 100	9 574	–	–	–	–	–	11 082
Other comprehensive income	–	–	–	–	–	–	(223)	2 327	597	1 730	–	–	2 104
Dividends paid during the reporting period	–	–	–	–	(408)	–	(3 201)	–	–	–		–	(3 609)
Distributions paid during the reporting period	–	–	–	–	–	(1 100)	–	–	–	–	–	–	(1 100)
Issuance of Additional Tier 1 capital	–	–	–	–	–	3 090	–	–	–	–	–	–	3 090
Redemption of Additional Tier 1 capital	–	–	–	–	–	(1 678)	–	–	–	–	–	–	(1 678)
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements	–	–	–	–	–	–	(60)	–	–	–	–	–	(60)
Movement in share-based payment reserve	–	–	–	–			–	475	–	–	–	475	475
Transfer from share-based payment reserve	–	–	–	–	–	–	–	(655)	–	–	–	(655)	(655)
Value of employee services	–	–	–	–	–	–	–	1 106	–	–	–	1 106	1 106
Deferred tax	–	–	–		–	–	–	24	–	–	–	24	24
Non-vested shares due to market condition	–	–	–	–	–	–	–	40	–	–	–	40	40
Balance at the end of the reporting period	**448 301**	**304**	**36 880**	**1**	**4 643**	**9 674**	**57 386**	**4 102**	**454**	**517**	**1 422**	**1 708**	**112 990**
Note	21	21	21	21	21	21			22	22	22	22	

Separate statement of changes in equity

for the reporting period ended 31 December

Separate statement of changes in equity

for the reporting period ended 31 December

Company

2023

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm	Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Total equity Rm
Balance at the beginning of the reporting period	448 301	304	36 880	1	4 643	7 503	52 158	(773)	42	(3 212)	1 422	975	100 716
Total comprehensive income	–	–	–	–	373	899	6 554	1 816	(184)	2 000	–	–	9 642
Profit for the period	–	–	–	–	373	899	6 829	–	–	–	–	–	8 101
Other comprehensive income	–	–	–	–	–	–	(275)	1 816	(184)	2 000	–	–	1 541
Dividends paid during the reporting period	–	–	–	–	(373)	–	(5 250)	–		–		–	(5 623)
Distributions paid during the reporting period	–	–	–	–	–	(899)	–	–	–	–	–	–	(899)
Issuance/redemption of Additional Tier 1 capital	–	–	–	–	–	2 000	–	–	–	–	–	–	2 000
Redemption of Additional Tier 1 capital	–	–	–	–	–	(1 241)	–	–	–	–	–	–	(1 241)
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements	–	–	–	–	–	–	(2 167)	–	–	–	–	–	(2 167)
Movement in share-based payment reserve	–	–	–	–	–	–	–	217	–	–	–	217	217
Transfer from share-based payment reserve	–	–	–	–	–	–	–	(496)	–	–	–	(496)	(496)
Value of employee services	–	–	–	–	–	–	–	909	–	–	–	909	909
Deferred tax	–	–	–	–	–	–	–	(196)	–	–	–	(196)	(196)
Balance at the end of the reporting period	448 301	304	36 880	1	4 643	8 262	51 295	1 260	(142)	(1 213)	1 422	1 193	102 646

The column which attributed equity to total ordinary equity holders has been removed as the Group does not have any non-controlling interest and therefore this disclosure is not required by IAS 1.

Consolidated and separate statements of cash flow

for the reporting period ended 31 December

	Note	Group 2024 Rm	Group Restated 2023 Rm	Company 2024 Rm	Company Restated 2023 Rm
Cash flow from operating activities					
Profit before tax		**13 950**	10 539	**13 343**	10 110
Adjustment of non-cash items					
Depreciation and amortisation	30	**4 711**	4 909	**4 676**	4 892
Other impairments	31	**749**	449	**749**	449
Share of post-tax results of associates and joint ventures		**(196)**	(114)	**–**	–
Other non-cash items included in profit and before tax		**1 196**	880	**1 196**	880
Dividends received from investing activities		**(85)**	(55)	**(85)**	(55)
Cash flow from operating activities before changes in operating assets and liabilities		**20 325**	16 608	**19 879**	16 276
Net (increase) in operating assets	47.1	**(94 874)**	(43 335)	**(93 517)**	(47 486)
Net increase in operating liabilities	47.2	**123 900**	56 840	**122 559**	60 868
Income taxes paid		**(2 008)**	(2 335)	**(1 820)**	(1 831)
Net cash generated from operating activities		**47 343**	27 778	**47 101**	27 827
Cash flow from investing activities					
Proceeds from disposal of non-current assets held sale	6	**136**	–	**136**	–
Purchase of property and equipment	11	**(2 107)**	(1 779)	**(1 871)**	(1 768)
Proceeds from disposal of properties and equipment		**27**	158	**33**	158
Purchase of intangible assets	12	**(3 688)**	(3 823)	**(3 688)**	(3 883)
Dividends received from investing activities		**17**	–	**17**	–
Net cash utilised in investing activities		**(5 615)**	(5 444)	**(5 373)**	(5 493)
Cash flow from financing activities					
Distribution to Absa Group Limited in respect of equity-settled share-based payments		**(889)**	(2 692)	**(889)**	(2 692)
Issue of Additional Tier 1 capital		**3 090**	2 000	**3 090**	2 000
Redemption of Additional Tier 1 capital		**(1 678)**	(1 241)	**(1 678)**	(1 241)
Proceeds of borrowed funds	20	**5 219**	2 158	**5 219**	2 158
Repayment of borrowed funds	20	**(2 984)**	(10 482)	**(2 984)**	(10 482)
Repayment of lease liabilities		**(975)**	(963)	**(975)**	(963)
Distribution to Tier 1 capital holders		**(1 100)**	(899)	**(1 100)**	(899)
Dividends paid		**(3 609)**	(5 623)	**(3 609)**	(5 623)
Net cash utilised in financing activities		**(2 926)**	(17 742)	**(2 926)**	(17 742)
Net increase in cash and cash equivalents		**38 802**	4 592	**38 802**	4 592
Cash and cash equivalents at the beginning of the reporting period		**41 055**	36 463	**41 055**	36 463
Cash and cash equivalents at the end of the reporting period	47.3	**79 857**	41 055	**79 857**	41 055

Group: As part of operating activities, interest income amounting to **R125 520m** (2023: R112 832m); and interest expense amounting to **R85 711m** (2023: R72 229m) were received and paid in cash respectively.

Company: As part of operating activities, interest income amounting to **R124 158m** (2023: R111 254m); and interest expense amounting to **R84 542m** (2023: R70 791m) were received and paid in cash respectively.

The Statement of cash flows has been restated to collapse the separately disclosed working capital movements into 'Net (increase) in operating assets' and 'Net increase in operating liabilities'. Refer to note 1.20.2 for further information on the change in presentation and notes 47.1 and 47.2 for additional detail on the working capital movements.

In addition to the above, the Statement of cash flows has been restated to disclose the equity-settled share-based payment expense as a non-cash adjustment, which was previously reflected incorrectly in 'Net increase in other liabilities' and 'Distribution to the Group in respect of equity-settled share-based payments'. Refer to note 1.20.1 for more information on the restatement.

Summary of material accounting policies

for the reporting period ended 31 December 2024

1. Summary of material accounting policies

1.1 Basis of preparation

The material accounting policies applied in the preparation of these consolidated and separate financial statements (authorised on 10 March 2025) are set out below. These financial statements have been prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the South African Companies Act.

The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the particular financial instruments to the extent required or permitted under IFRS Accounting Standards as set out in the relevant accounting policies.

The consolidated and separate financial statements are presented in South African Rand, which is the functional currency of the Company, and rounded to the nearest million (Rm) unless otherwise indicated.

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

The following amendments were effective in the current reporting period commencing 1 January 2024. These amendments had no material impact on the consolidated and separate financial statements.

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

The 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 – e.g. convertible debt.

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

The 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

The 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.

1.2 Process of determination and use of estimates, assumption and judgements

1.2.1 Approach to credit risk and impairment of loans and advances

The Group has established a framework, and related processes, which govern its approach to credit risk management and any resultant impairment of financial assets. Where models are used in quantifying the impairments, the governance process is focused around the Absa Group Limited Models Committee (MC) (a board committee) and Business Unit level model approval forums whose remit includes:

- oversight of the development, implementation and evaluation of risk and impairment models;
- oversight of the inception and periodic independent model validations (the frequency of the periodic validation being dependent on model type, materiality and model risk rating);
- the approval of new models, changes to existing models or continued use of models, in line with the Group Model Risk Policy and supporting Standards; and
- approval of overlays to mitigate model deficiencies (post-model adjustments).

Retail impairment allowances are subject to quarterly impairment adequacy reviews and approval by the Retail Impairment Adequacy Forum. Wholesale impairment allowances are subject to monthly impairment adequacy reviews and approval by the Wholesale Impairment Governance Forum.

The consideration of credit risk is a fundamental process for the Group as it ultimately determines the impairment losses recognised from an accounting perspective. This section describes the processes and assumptions applied in estimating impairment under IFRS 9.

1.2.1.1 Approach to credit modelling/internal ratings

The key objective of credit risk measurement is to produce the most accurate possible quantitative assessment of credit risk to which the Group is exposed. Integral to this is the calculation of parameters which are used for credit risk management purposes and in the calculation of regulatory capital, economic capital and the determination of impairment in terms of IFRS.

The key credit parameters used in this process are:

- probability of default (PD): the likelihood of a customer defaulting on its obligations within the appropriate outcome period;

1. Summary of material accounting policies

1.2 Process of determination and use of estimates, assumption and judgements

1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.1 Approach to credit modelling/internal ratings *continued*

- exposure at default (EAD): an estimate of the level of credit exposure should the customer default during the appropriate outcome period; and
- loss given default (LGD): an estimate of the percentage of EAD that will not be recovered on a particular credit facility should the customer default during the outcome period. LGD recognises credit risk mitigation, such as collateral or credit derivatives, unless this mitigation has been recognised at fair value.

Whilst there is a close interaction and clear overlaps between the regulatory expected loss methodology and the accounting credit models, there are key departures which impact how the key risk parameters are modelled and applied. These are discussed further in sections 1.2.1.4 and 1.2.1.5.

Internal and vendor-supplied credit models are used to estimate the key credit parameters of PD, LGD and EAD. The Group uses different modelling methodologies, ranging from pure statistical models and cash flow models to expert-based models, taking into account quantitative and qualitative risk drivers. PD, LGD and EAD estimates can be calculated to represent different views of the credit cycle, which are used in different applications.

For example, PD estimates can be calculated on a through-the-cycle (TTC) basis, reflecting the predicted default frequency in an average 12-month period across the credit cycle, or on a point-in-time (PIT) basis, reflecting the predicted default frequency in the next 12 months for a particular period in the credit cycle. EAD and LGD estimates can be calculated as downturn measures, reflecting behaviour observed under stressed economic conditions, or as business-as-usual measures, reflecting behaviour under normal conditions.

These parameters are used for the following credit risk management purposes:

- Credit approval: PD models are used in the approval process in both Retail and Wholesale portfolios. In high-volume Retail portfolios, application and behaviour scorecards are frequently used as decision-making tools. In Wholesale and certain Retail portfolios, PD models are used to direct applications to an appropriate credit sanctioning level.
- Risk-reward and pricing: PD, EAD and LGD metrics are used to assess the profitability of deals and portfolios and to allow for risk-adjusted pricing and strategy decisions.
- Risk appetite: Regulatory capital, economic capital and earnings volatility measures are used in the Group's risk appetite framework.
- Economic capital calculations: Credit economic capital calculations use PD, LGD and EAD inputs.
- Risk profile reporting: Credit risk reports for senior management make use of model outputs to describe the Group's credit risk profile.

1.2.1.2 Validation of models

Models undergo independent validation when new models have been developed (initial validation) and on a periodic basis (ongoing validation). Models are approved by the respective Chief Risk Officers supported by the Business Unit level model approval forums. Where a model is expected to have a material impact on the financial results, this is approved by the Group's Models Committee (MC).

1.2.1.3 Default grades

The Group uses two types of PDs, namely:

- The Through-the-Cycle Probability of Default (TTC PD), which reflects the Group's assessment of the borrower's long-run average propensity to default in the next year; and
- The Point in Time Probability of Default (PIT PD), which is calculated factoring the current economic, industry and borrower circumstances.

Both types of PDs are used extensively in the Group's decision-making processes. For communication and comparison purposes, the Group's 21 default grades (DGs), were mapped to external agency rating equivalents as well as the South African Reserve Bank's (SARB) 26 grade PD scale used for regulatory reporting purposes. DG grading represents a TTC view of the distribution of the book at a specific point in time. The indicative mapping of the DG buckets to the equivalent international rating agency and regulatory PD bands are described below:

- DG 1 – 9: assets falling within these DG buckets are regarded as 'investment grade' and, when converted to a rating agency equivalent, correspond to a BBB- rating or better.
- DG 10 – 19: financial assets in these grades typically require more detailed management attention where clear evidence of financial deterioration or weakness exists. Although credit protection may exist, assets in this category are considered to have greater credit risk. These assets contain some credit deficiencies. When converted to a rating agency equivalent, these ratings correspond to a BB+ to B- rating.
- DG 20 – 21: the PD of financial assets in these grades have deteriorated to such an extent that they are included for regular review. Assets so classified must have well defined weaknesses that exacerbate the PD. These ratings correspond to a CCC/C rating.
- Default: assets that are classified as in default are characterised by the distinct possibility that the borrower will default, and should the collateral pledged be insufficient to cover the asset, the Group will sustain some loss when default occurs.

1.2.1.4 Approach to impairment of credit exposures

The accounting policy for the impairment of financial assets held at amortised cost or fair value through other comprehensive income applied by the Group is described in note 1.6.4.

1. Summary of material accounting policies

1.2 Process of determination and use of estimates, assumption and judgements

1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.4 Approach to impairment of credit exposures *continued*

The measurement of ECL involves a significant level of complexity and judgement, including estimation of probabilities of default, LGD, a range of unbiased future economic scenarios, estimation of expected lives, estimation of EAD and assessing significant increases in credit risk.

The purpose of estimating ECL is neither to estimate a worst-case scenario nor to estimate the best-case scenario. The estimate reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. In some cases, relatively simple modelling is considered to be sufficient, without the need to consider the outcome under different scenarios. For example, the average credit losses of a large group of financial instruments with shared risk characteristics may be a reasonable estimate of the probability-weighted amount. In other situations, the identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes will be needed.

Under IFRS 9, the Group recognises ECL based on a stage allocation methodology, with such categorisation informing the level of provisioning required. The ECL allowance calculated on stage 1 assets reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (12-month ECL). Assets classified within stage 2 and stage 3 carry an ECL allowance calculated based on the lifetime losses associated with defaults that are expected to occur over the lifetime of the exposure (lifetime ECL). The assessment of whether an exposure should be transferred from stage 1 to stage 2, is based on whether there has been a significant increase in credit risk. This is a relative measure, where the credit risk at the reporting date is compared to the risk that existed upon initial recognition of the instrument.

Exposures are classified within stage 3 if they are credit impaired. Refer to 1.2.1.5 for further detail on the significant increase of credit risk.

For IFRS 9 purposes, two distinct PD estimates are required:

- 12-month PD: the likelihood of accounts entering default within 12 months of the reporting date; and
- Lifetime PD: the likelihood of accounts entering default during the remaining life of the asset.

For the purposes of credit modelling under IFRS 9, the PD is calculated on a PIT basis and reflects the likelihood of default assessed based on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default. PIT PDs do not equate to a long run average. This is a key distinction between the IFRS 9 ECL models and the Group's Basel III models. Under Basel III, the PD is the average of default within the next 12 months, calculated based on the long-run historical average over the full economic cycle (that is, TTC).

IFRS 9 provides that financial assets should be written off, and accordingly derecognised, when the Group believes there to be no reasonable expectation of recovery. The Group has well-governed internal policies, which define how an individual account should be assessed for write-off, and which ensure that post write-off recoveries remain insignificant over the long run. Further, the policies are recalibrated over time, as and when actual recovery experience changes. Whilst the Group's write-off policy determines the point of derecognition at an individual account level, it also impacts the level of recoveries modelled on a collective basis for the purposes of determining LGDs to be applied at a portfolio level. Under IFRS 9, the Group applies the write-off assumptions consistently at both an individual account level and on a collective modelling basis. This means that the Group's LGD model includes only the present value of forecast recoveries on a pool of loans up until the designated point of write-off. Recoveries which are therefore forecast to be received post the point of write-off are excluded from the LGD model. Recoveries of amounts previously written off are recognised as an ECL gain in the statement of comprehensive income as and when cash is received.

In calculating LGD, losses are discounted to the reporting date using the Effective Interest Rate (EIR) determined at initial recognition or an approximation thereof. For debt instruments, such as loans and advances, the discount rate applied is the EIR calculated on origination or acquisition date.

The EAD model estimates the exposure that an account is likely to have at any stage of default in future. This incorporates both the amortising profile of a term loan, as well as behavioural patterns such as the propensity of the client to draw down on unutilised facilities in the lead up to a default event.

Expert credit judgement may, in certain instances, be applied to account for situations where known or expected risk factors have not been considered in the ECL assessment or modelling process, or where uncertain future events have not been incorporated into the modelled approach. Adjustments are intended to be short-term measures and will not be used to incorporate any continuous risk factors. The Group has a robust policy framework which is applied in the estimation and approval of management adjustments.

Retail portfolio

Ratings assigned across each Retail portfolio are based on automated application and behavioural scoring systems. The underlying rating is calculated at point of application and updated monthly thereafter. The rating is used in decisions concerning underwriting and account management, and is used to calculate regulatory capital, economic capital, and IFRS 9 ECL. The methodology and data employed in the risk estimation and the rating processes can be summarised as follows:

- Internal risk estimates of PD, EAD and LGD are based on historical experience and are reliant on historical data.

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1.2.1 Approach to credit risk and impairment of loans and advances
1.2.1.4 Approach to impairment of credit exposures *continued*

- PDs are assigned at account level, and consist of three elements namely:
  - a term structure, capturing typical default behaviour by the months since observation;
  - a behavioural model which incorporates client level risk characteristics; and
  - a macroeconomic model that incorporates forward-looking macroeconomic scenarios.
- EADs are assigned at an account level and are based on the EAD pool to which the account has been assigned. EAD estimates incorporate all relevant data and information including account balances as well as utilised and unutilised limits, if present.
- LGDs are assigned at account level and are based on the LGD pool to which the account has been assigned. Relevant historical data used in LGD estimates include observed exposure at the point of default, recovery strategies, re-defaults, cure and write-off rates. The models make use of risk drivers such as loan-to-value (LTV) and attributes that describe the underlying asset.

Wholesale portfolio
The Wholesale rating process relies both on internally developed PD, EAD and LGD rating models and vendor provided solutions. The Wholesale rating process relies on quantitative and qualitative assessments that could be manual or automated. Wholesale PDs and LGDs are modelled using the parameters from regulatory models as starting point. Parameters are adjusted for differences between requirements under Basel III and IFRS 9.

- PD ratings are assigned on a customer level. Information used in the calculation of customer PD ratings includes financial statements, projected cash flows, equity price information, behavioural information as well as quality assessments on strength of support. In converting Basel III compliant PDs to PDs appropriate for the purposes of IFRS 9, the main adjustments effected comprise:
  - a macroeconomic adjustment that changes the paradigm from a long-run average default rate to a PD that reflects the prevailing macroeconomic conditions, thereby adjusting the PD from a seven-year historical average to a PD reflective of the macroeconomic environment at the reporting date; and
  - an adjustment to the regulatory PD to convert it from a PD over 12 months, to a PD over the lifetime of an exposure, to be able to assess significant increases in credit risk and estimate lifetime provisions for stage 2.
- LGD estimates depend on the key drivers of recovery such as collateral value, seniority of claim and costs involved as part of the recovery process. LGD models are based on internal and external loss data and the judgement of credit experts. The main adjustments to LGD comprise a macroeconomic adjustment that changes the long-run LGD to reflect a given macroeconomic scenario as well as the exclusion of forecast recoveries expected beyond the point of write off. Lifetime projections of LGD take into account the expected balance outstanding on a loan at the time of default, as well as the value of associated collateral at that point in time.
- EAD models aim to replicate the expected utilisation of a customer's facility should a default occur. EADs are assigned for each facility using models incorporating internal and external default data as well as the experience of credit experts in relation to particular products or customer groups.

1.2.1.5 Critical areas of judgement with regards to IFRS 9

Definition of a significant increase in credit risk
The Group uses various quantitative, qualitative and backstop measures as indicators of a significant increase in credit risk. The thresholds applied for each portfolio are reviewed on a regular basis to ensure they remain appropriate. Where evidence of a significant increase in credit risk is not yet available at an individual instrument level, instruments that share similar risk characteristics are assessed on a collective basis.

Key drivers of a significant increase in credit risk include:

- Where the weighted average probability of default (PD) for an individual exposure or group of exposures as at the reporting date evidences a material deterioration in credit quality, relative to that determined on initial recognition. The Group considers the impact of changes in the quality of credit enhancements (e.g. guarantees) it holds on the borrower's probability of default if a shareholder or parent has provided a guarantee, and has an incentive and the financial ability to prevent default by capital or cash infusion.
- Adverse changes in payment status, and where accounts are more than 30 days in arrears at reporting date. In the ARO retail portfolio, a more conservative arrears rule is applied where this is found to be indicative of increased credit risk (e.g. one day in arrears).
- Accounts in the retail portfolio which meet the portfolio's impairment high risk criteria, such as certain modified accounts, customers' repayment patterns on other products; as well as information based on internal and external behavioural scorecards.
- The Group's watch list framework applied to the Wholesale portfolio, which is used to identify customers facing financial difficulties or where there are grounds for concern regarding their financial health.

Definition of credit impaired
Assets classified within stage 3 are considered to be credit impaired, which applies when an exposure is in default. Important to the Group's definition of default, is the treatment of exposures which are classified as within forbearance. Forbearance is a concession granted to a counterparty for reasons of financial difficulty that would not otherwise be considered by the Group. The definition of forbearance is not limited to measures that give rise to an economic loss (that is, a reduction in the counterparty's financial obligation).

1. Summary of material accounting policies
1.2 Process of determination and use of estimates, assumption and judgements
1.2.1 Approach to credit risk and impairment of loans and advances
1.2.1.5 Critical areas of judgement with regards to IFRS 9 *continued*

Wholesale and Retail assets are classified as defaulted when:

- The Group considers that the obligor is unlikely to pay its credit obligations without recourse by the Group to actions such as realising security.

  Elements to be taken as indications of unlikeliness to pay include the following:
  - The Group consents to a distressed restructuring/forbearance of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness of principal, interest or fees;
  - The customer is under debt review, business rescue or similar protection;
  - Advice is received of customer insolvency or death; or,
  - The obligor is 90 days or more past due on any credit obligation to the Group.

In addition, within the Retail portfolios, the Group requires an exposure to reflect a non-credit impaired status after 12 months of being placed into credit impaired, before being considered to have cured from Stage 3. This probation period applies to all exposures, including those that have been classified as credit impaired for reasons other than forbearance with a diminished financial obligation and debt review (e.g. owing to the fact that they become more than 90 days due). For certain exposures in the business banking environment, an exposure is considered cured after a six-month probation period.

For wholesale exposures, an exposure is considered cured from stage 3 based on the facts and circumstances of the specific exposure; but not earlier than 6 months after default.

Determination of the lifetime of a credit exposure
The determination of initial recognition and asset duration (lifetime) are critical judgements in determining quantum of lifetime losses that apply. The date of initial recognition reflects the date that a transaction (or account) was first recognised on the statement of financial position. The PD recorded at this time provides the baseline used for subsequent determination of a significant increase in credit risk.

When determining the period over which the entity is expected to be exposed to credit risk for off-statement of financial position exposures, but for which the ECL would not be mitigated by the entity's normal credit risk management actions, the Group considers factors such as historical information and experience about:

- the period over which the entity was exposed to credit risk on similar financial instruments;
- the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk; and
- the credit risk management actions that the entity expects to take once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

For asset duration, the approaches which are applied (in line with IFRS 9 requirements) are:

- Term lending: the contractual maturity date, reduced for behavioural trends where appropriate (such as, expected settlement and amortisation); and
- Revolving facilities: for Retail portfolios, asset duration is based on behavioural life. For Wholesale portfolios, a sufficiently long period to cover expected life is modelled and an attrition rate is applied to cater for early settlement.

Incorporation of forward-looking information into the IFRS 9 modelling
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 (e.g. the impact of the US elections), 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. Furthermore, climate risk factors to the extent possible, are included in key variables (such as CPI and real GDP) used within our macroeconomic scenarios. The impact of climate risk is also considered in approving credit in certain business units where relevant.

The Group's probability weightings have been determined such that the baseline scenario has the highest weighting, since it is the most likely outcome, with the probabilities assigned to the upside and downside scenarios being based on qualitative considerations, taking into account that these are moderate upside and downside scenarios, which hence still could be probable.

Despite the current market conditions being marked by global shocks and high uncertainty, the Group has maintained its probability-weightings of 40%, 30%, and 30% for the baseline, upside, and downside scenarios respectively. The ranges between the baseline, mild upside and downside macroeconomic scenarios are adjusted in financial periods where unprecedented market conditions occur.

1. Summary of material accounting policies
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1.2.1 Approach to credit risk and impairment of loans and advances
1.2.1.5 Critical areas of judgement with regards to IFRS 9 *continued*

The following table shows the key forecast assumptions used for South Africa to calculate the Group's credit impairment charge for the reporting period ended 31 December 2024:

	Baseline					Mild upside					Mild downside				
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Real GDP (%)	1.0	2.2	2.2	2.3	2.3	1.6	2.8	2.8	2.9	2.9	(0.5)	(0.2)	1.1	1.2	1.3
CPI (%)	4.5	3.8	4.2	4.5	4.5	4.4	3.3	3.6	3.9	3.8	4.7	5.6	5.7	5.8	5.8
Average repo rate (%)	8.1	7.1	7.0	7.0	7.0	8.1	6.5	6.0	6.0	6.0	8.2	8.6	8.5	8.5	8.5

The following table shows the key forecast assumptions used for South Africa to calculate the Group's credit impairment charge for the reporting period ended 31 December 2023:

	Baseline					Mild upside					Mild downside				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Real GDP (%)	0.7	1.4	1.7	1.8	2.0	1.0	1.9	2.1	2.3	2.4	0.4	0.1	1.0	1.2	1.4
CPI (%)	5.8	4.9	4.5	4.4	4.5	5.8	4.2	4.1	3.8	3.7	5.9	6.5	5.7	5.2	5.3
Average repo rate (%)	7.9	8.0	7.5	7.5	7.5	7.9	7.4	6.5	6.5	6.5	8.0	9.7	9.1	9.0	9.0

Global

The baseline forecast for the global environment forecast G7 economic growth of 1.6% in 2024 and 2025, rising slightly in the outer years, led by a strongly performing US economy, whilst China's economic growth is expected to slowly decelerate from 4.8% in 2024 to 4.2% by 2026. The US Federal Reserve is expected to cut the policy rate to 4.5% by end-2024, and then to 3.5% by end-2025 and to a terminal rate of 3% in 2026. Oil is expected to moderate slowly from an average price of $80 in 2024, whilst other commodity prices moves were generally sideways. Global risks appetite is expected to be modestly below its long-run average, but gradually improving as the armed conflicts in Europe and the middle east slowly come to conclusion. In our mild downside scenario, economic growth is modestly lower, the US policy rate falls significantly more quickly, whilst commodity prices fall on global growth concerns even as oil prices are higher on an intensification of geopolitical concerns. For the mild upside scenario, G7 economies and China are expected to grow by an average of 0.2-0.3bps more quickly than in base, triggering a 50bps higher US policy rate stance. The faster economic growth will boost most commodities, with oil expected to buckle that trend and instead respond to improved geopolitical tensions by declining.

South Africa

In the baseline scenario, recovery in economic activity from prolonged supply shocks has been slow thus far. Despite continued stability in electricity supply since late March 2024, economic activity data through quarter 3 suggests broadly subdued growth momentum. As such, the bank forecasts real GDP growth of 2.2% in 2025. Providing one part of the foundation for the improved growth outlook, the Group expects improved business sentiment to support a gradual rebound in private investment. Some alleviation of constraints in logistics is also expected. A third part of the foundation will be an acceleration in consumer spending growth as financial headwinds abate. While a debt overhang may remain a challenge for some households, a gradual repair of finances seems likely. Withdrawals from two-pot retirement reforms are expected to boost consumer spending power, particularly during late 2024 and 2025. Inflation, which has fallen sharply and is expected to average 3.8% in 2025 and 4.2% in 2026, will help households through higher real wages and in this baseline we expect the SARB to reduce interest rates by a further 75bps in the first half of 2025. The rand, though remaining vulnerable to heightened levels of global volatility, is expected to appreciate through 2025. Progress towards exiting the Financial Action Task Force (FATF) grey-list is expected in 2025 and we expect to exit the list in 2026.

In the mild downside scenario, the Group expects the economy to contract modestly in 2025, before returning to growth in 2026 due to a return of loadshedding, problems in the logistics sector, a collapse in the Government of National Unity (GNU) and South Africa's expulsion from the African Growth and Opportunity Act (AGOA) trade agreement with the US. Those challenges, along with a deterioration in global risk appetite would see a rand that is sharply weaker than our baseline forecast, triggering a jump in inflation and result in the SARB, reversing in the first half of 2025 some of the 2024 rate cuts. That combination of higher inflation and interest rates would place additional pressures on household and business finances. Progress towards an exit of the FATF grey-listing is pushed out several years, resulting in additional cost for cross border business, whilst the country's sovereign credit rating is expected to deteriorate further over 2025 and 2026.

In the mild upside scenario, the Group expects economic growth accelerating to 2.8% in 2025 and 2026, buoyed by more rapid improvements in infrastructure and broader economic reforms domestically and a more favorable global risks environment. Together these factors would help boost the rand, lower inflation and provide an environment of modestly greater interest rate cuts by the SARB as compared to our baseline, thus deepening the improvements to financial environment faced by household and business. Sufficient progress will be made by South African authorities so that the country is able to exit the FATF grey-list by 2025. Broadly, this positive environment will be sufficient for South Africa to see a one-notch upgrade in its sovereign credit rating by end 2025 and a further upgrade during 2026.

1. Summary of material accounting policies
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1.2.1.5 Critical areas of judgement with regards to IFRS 9 *continued*

1.2.2 Capitalisation, amortisation and impairment of internally generated intangible assets, and impairment of goodwill

Capitalisation

The determination of which expenditures can be capitalised in the development phase of an intangible asset may involve judgement, as it may be necessary to determine whether an inefficiency has been identified, as the cost thereof may not be capitalised. Management considers scope changes, complexity of the project, as well as the effect of any delays in the delivery of a project, in order to ascertain the appropriateness of capitalisation of development costs. This includes the determination as to whether, and by how much, cost incurred on a project is considered inefficient and needs to be expensed rather than capitalised.

Amortisation

For intangible assets with a finite useful life, the depreciable amount of the asset is required to be allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Judgement is applied to the point at which amortisation commences and may require a group of intangible assets to be ready as whole before amortisation can begin.

Impairment

The recoverable amount for intangible assets and goodwill is determined to be the higher of the asset's fair value less costs to sell and its value in use, or the value in use of the cash-generating unit to which it belongs.

The value in use calculation incorporates a number of variables which are determined and/or validated through the exercise of management judgement. These include, inter alia, an estimate of the amount and timing of future cash flows that the entity expects to derive, the time value of money represented by an appropriate discount rate, as well as other factors that market participants would reflect in pricing the future cash flows that the entity expects to derive. The long-term growth rate assumptions used in the impairment calculations are based on our estimates of long-term GDP, taking into account inflation.

The Group uses approved projected cash flow forecasts for a period of three years, with a terminal value thereafter. The long-term growth rate assumptions used in the impairment calculations were revised to 7.1% at 31 December 2024 (7% at 31 December 2023). The discount rates used have been adjusted to 14.5% at 31 December 2024 (14.3% at 31 December 2023). A sensitivity analysis was performed on the assumptions and even if the estimated discount rate and/or growth rate was changed by 100 and 200 basis points respectively, no additional impairment loss would be recognised.

Note 12 includes details of the amount recognised by the Group as goodwill and intangible assets.

1.2.3 Fair value measurements

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.

1. Summary of material accounting policies
1.2 Process of determination and use of estimates, assumption and judgements
1.2.3 Fair value measurements *continued*

- **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 Group 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 Accounting Standards and internal valuation policies.

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

Judgmental inputs on valuation of principal instruments
The following summary sets out the principal instruments whose valuation may involve judgmental 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 with 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.

1. Summary of material accounting policies
1.2 Process of determination and use of estimates, assumption and judgements
1.2.3 Fair value measurements *continued*

Judgmental inputs on valuation of principal instruments
The main valuation adjustments required to arrive at a fair value are described as follows:

- **Bid-offer valuation adjustments**
  For assets and liabilities where the Group 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 Group 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 Group'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 the 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.

Measurement of assets and liabilities 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
Investment securities	Listed equities: market bid price	Underlying price of market traded instruments and/or interest rate curves
Trading and hedging portfolio assets and liabilities		
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
Equity derivatives	Discounted cash flow models, option pricing models and/or futures pricing models	Spot share prices, market interest rates, volatility and/or dividend stream
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Spot price, interest rate curves, repurchase agreements, money market curves and/or volatilities
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves, repurchase agreement curves, money market curves and/or volatility
Money market assets	Discounted cash flow models	Money market curves and/or interest rates
Loans and advances	Discounted cash flow models	Interest rates and/or money market curves
Deposits	Discounted cash flow models	Interest rates and/or money market curves
Debt securities in issue and other liabilities	Discounted cash flow models	Underlying price of market traded instruments and/or interest rate curves

1. Summary of material accounting policies

1.2 Process of determination and use of estimates, assumption and judgements

1.2.3 Fair value measurements *continued*

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:

			Group and Company	
			2024	2023
Category of asset/liability	**Valuation techniques applied**	**Significant unobservable inputs**	**Range of unobservable inputs applied**	
Loans and advances	Discounted cash flow and/or yield for debt instruments	Credit spreads	1.28% to 6.54%	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 8.5% 0.505% to 3.95%	Discount rate of 8.5% 0.1% to 4%
Trading and hedging portfolio assets and liabilities				
Debt instruments	Discounted cash flow models	Credit spreads	0.505% to 3.95%	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 7.35% 15% to 90% 49.42% to 100%	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)	17.04% to 32.33%	18% to 33.7%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	0.01% to 13.94%	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	0.06% to 10.71%	0.05% to 11.7%
Money market	Discounted cash flow models	Credit spreads	0.505% to 3.95%	0.1% to 4%
Deposits	Discounted cash flow models	Absa Group Limited's funding spreads (greater than 5 years)	1.125% to 1.325%	1.175% to 1.425%
Debt securities in issue	Discounted cash flow models	Funding curves (greater than 5 years)	1.125% to 1.325%	1.175% to 1.425%

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

A wide range of unobservable inputs was applied when valuing the foreign exchange derivatives for the year ended 31 December 2023 due to the assumptions made on exposures to the Nigerian Naira. These positions were closed out during the 2024 financial year, and as a result this wide range is no longer applicable.

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

Debt instruments included listed bonds in Investment Securities.

The quantitative ranges of these inputs are wide due to the varied nature of financial instruments, prevailing market conditions, and the differing credit risk profiles of counterparties to which the Group is exposed. Refer to Note 52.4 – Sensitivity Analysis of Valuations Using Unobservable Inputs for further details on the input parameters applied, including weighted average discount rates (which incorporate unobservable credit spreads) in determining the fair value of Level 3 financial instruments, in accordance with IFRS 13.

1. Summary of material accounting policies

1.2 Process of determination and use of estimates, assumption and judgements *continued*

1.2.4 Consolidation of structured or sponsored entities

The Group consolidates entities over which it has control. This is considered to be the case when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In some cases, judgement has been applied in determining first, whether an entity meets the definition of a structured or sponsored entity, and secondly, whether the Group controls such entity. The key judgements are set out as follows:

Definition of a structured entity (SE)

SEs are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. These SEs are consolidated when they are controlled by the Group. Judgement is required in assessing whether an entity is an SE, as well as in determining whether the Group controls the SE. Refer to note 1.3.3 where the factors considered when assessing whether an SE is to be consolidated are outlined.

Assessment of agent versus principal

Acting as an agent, the Group is primarily engaged to act on behalf and for the benefit of other parties. When assessing whether the Group is acting as a principal or as an agent for an investee the judgement is made based on the following factors:

- scope of our decision-making authority over the investee;
- any rights held by other parties such as kick out rights;
- exposure to variability from returns of an interest more than 20%; and
- the remuneration to which the Group is entitled.

Assessment of sponsored entities

In addition to the unconsolidated SEs in which the Group has an interest, it also sponsors some unconsolidated SEs in which it has no interest, generally to facilitate client transactions. For the purposes of these disclosures, the Group sponsors an entity when:

- its name appears in the name of the entity or on the products issued by the entity;
- it provides implicit or explicit guarantees of the entity's performances; or
- it led the formation of the entity. Refer to notes 41 and 46.

1.2.5 Post-retirement benefits

The valuations of and contributions towards the defined benefit pension plans are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The year-end balances of subsidiaries' post-retirement benefit obligations are also affected by the closing foreign currency exchange rates.

Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Exposure to actuarial risks

The defined benefit funds expose the Group to the risk that the benefits promised in the various funds cost more than the accumulated assets set aside to meet such benefits, and ultimately will require additional funding from the Group (or its subsidiaries).

This risk can be categorised into a number of actuarial risks described below.

Investment risk

The actuarial funding valuations make assumptions about the returns that may be available on invested assets. If the return on pension plan assets is below this rate, it may lead to a strain on the fund, which over time, may result in a pension plan deficit. Typically, the funds have a relatively balanced investment in equity securities, debt securities, cash and real estate to mitigate any concentration risk. Due to the long-term nature of the pension plan liabilities, the boards of the pension funds consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to improve the return generated by the fund. This may in turn result in improved discretionary benefits to members or reduced costs for the sponsoring entity.

Inflation/pension increase risk

Benefits in these plans are to some extent tied to inflation, so increased inflation levels represent a risk that could increase the costs of paying the funds' promised benefits. However, the risk is mitigated by ceilings on mandatory benefit increases in most cases and subject to affordability in cases where the mandatory ceiling does not apply.

Longevity risk

If pensioners live longer than expected then that will, all else equal, increase the funds' liabilities as benefits are paid for a longer term.

Salary risk

An increase in the salary of the plan participants will increase the plan's liability. This risk has been limited with the closure of a number of the defined benefit plans and the introduction of the defined contribution plans. There are now a limited number of active defined benefit members.

Although the Absa Pension Fund has in its entirety been disclosed as a defined benefit element, the defined contribution portion thereof does not retain salary risk.

Measurement risk

The IAS 19 Employee Benefits (IAS 19) liabilities are determined using various assumptions about future experience.

One of the most important assumptions is the discount rate derived from prevailing bond yields where these are available (where these are not available, the inflation rate plus a reasonable risk-free real return is used as a proxy). A decrease in the discount rate will, with all else equal, increase the plan liability; this may be partially offset by an increase in the value of assets, to the extent that the funds' investments are matched against its liabilities.

1. Summary of material accounting policies

1.2 Process of determination and use of estimates, assumption and judgements

1.2.5 Post-retirement benefits *continued*

Other important assumptions are the inflation assumption, pension increase assumption and the longevity assumption and changes in those could affect the measured value of liabilities significantly. Changes in other assumptions used could also affect the measured liabilities.

Regulatory risk

The funds' benefits are governed by the rules of those funds, operating within the regulatory framework within South Africa. To the extent that governments can change that regulatory framework, the subsidiaries are exposed to a risk. In particular, regulations introducing issues like minimum benefits or minimum pension increases may result in higher benefits to members and a higher associated cost.

Refer to note 37 for the specific assumptions used and carrying amounts of post-retirement benefits.

1.2.6 Provisions

In terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IAS 37), a provision is recognised when the Group has a present obligation as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. Further, a reliable estimate of the amount of the obligation is required to be made. Various judgements and assumptions are therefore required in order to determine if a provision is required to be recognised, and further, the carrying amount thereof. With regards to the assessment of matters of a significant nature, including potential litigation and claims, management relies on the advice of the Group's legal counsel.

Refer to note 16 for details of provisions recognised and refer to note 45 for details of contingencies disclosed.

1.2.7 Income taxes

The Group is subject to income taxes in numerous jurisdictions and the calculation of the Group's tax charge and liabilities 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 Group's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities. The carrying amount of any resulting liabilities 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 Group's Tax Risk Framework.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Management's judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption in determining the deferred tax asset to be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets in the medium term.

1.2.8 Share-based payments

The initial fair value of awards is determined at grant date, and is measured after taking into account all terms and conditions of the share incentive scheme, excluding non-market vesting conditions. In the case of certain schemes, options are granted to employees with a zero strike price. In this case the Group may consider the share price on the grant date to be the best indication of the grant date fair value. Where management determines this valuation approach to be less appropriate, based on the specific terms and conditions, then an appropriate option pricing model (for instance, a Black Scholes or Monte Carlo simulation) is applied.

Significant inputs into this pricing model include the following inputs:

- Risk-free discount rate of 7.45% to 7.56% at 31 December 2024 (7.5% to 8.5% at 31 December 2023);
- Share price volatility of a flat 29.04% at 31 December 2024 (30% to 40% at 31 December 2023); and
- Dividend yield of 3.92% to 6.28% at 31 December 2024 (4.08% to 8.17% at 31 December 2023).

The cumulative expense recognised at each reporting date will reflect the extent to which the vesting period has expired as well as the Group's best estimate of the number of equity instruments that will ultimately vest. A key assumption applied is staff turnover and expected forfeitures. Management calibrates this assumption based on historical data.

1. Summary of material accounting policies

1.2 Process of determination and use of estimates, assumption and judgements *continued*

In the case of cash-settled share-based payment schemes, where fair value is required to be determined at each reporting date, a consistent fair value methodology is applied. The fair value of the awards at each reporting date will impact the expense recognised over each reporting period.

For details of the Group's share awards, refer to note 48.

1.2.9 Insurance contracts

Estimates of future cash flows

When estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, for those estimates of any relevant market variables that are consistent with observable market prices. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders (i.e. contract holders), insurance acquisition cash flows as well as other direct costs and/or an allocation of fixed and variable overheads that are incurred in fulfilling contracts.

Risk adjustment (RA)

The estimate of the present value of the future cash flows is adjusted to reflect the compensation for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. Financial risk is included in the estimates of the future cash flows, or the discount rate used to adjust the cash flows, when applicable.

Insurance service result

The amounts presented as insurance service result in the income statement comprise of:

- Insurance revenue.
- Insurance service expenses comprising of incurred claims and other incurred insurance service expenses that relate directly to the fulfilment of contracts (excluding any investment components), and losses on onerous groups of contracts and reversals of such losses. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

It is the Group's policy not to disaggregate the changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the RA are included in the insurance service result.

Insurance revenue is the amount of expected premium receipts for providing services in the period. For contracts measured under the PAA, the Group allocates the expected premium receipts proportionally over the risk period, using the passage of time as the risk is spread evenly over the period of insurance. The portion of premiums received on in-force contracts that relates to unexpired risks is reported as the liability for remaining coverage (LRC). The change in the LRC is recognised in profit or loss to ensure revenue is recognised over the period of the risk.

1.2.10 Offsetting financial assets and financial liabilities

The Group offsets certain financial assets and liabilities, when it has a legal right to offset and there is an intention to settle these financial instruments on a net basis. When determining whether it is appropriate to offset financial assets and liabilities, the following judgement is applied:

- In determining whether the Group has a legally enforceable right to offset financial assets and financial liabilities, the Group considers the terms of the contractual arrangement as well as the applicable common law principles. The application of these common law principles is sometimes subject to a significant degree of interpretation. In these instances, management will seek the advice of legal counsel.
- Management carefully considers past practice in determining whether there is an intention to settle a financial asset and a financial liability on a net basis. For example, customer accounts could be offset before the customer enters into a process of liquidation or customer accounts could be offset when the customer exceeds the limit of the facility granted. Management also evaluates whether the customer's accounts are managed on a net basis which would support the view that there is an intention to settle on a net basis.

The above are considered to ensure the Group's financial assets and liabilities are presented accurately in accordance with the characteristics of the items in question as resources or obligations of the entity. Refer to note 43.

1.3 Consolidated financial statements of the Group

1.3.1 Subsidiaries

The Group controls and hence consolidates an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power exists where the Group has existing rights that give it the current ability to direct the relevant activities of the investee (i.e. the activities that most significantly affect the entity's returns). These requirements apply to all entities, including voting right entities (also commonly known as operating entities) and structured entities.

1. Summary of material accounting policies

1.3 Consolidated financial statements of the Group

1.3.1 Subsidiaries *continued*

Only substantive rights, and not protective rights, are considered when assessing power. For rights to be substantive, the party must have the practical ability to exercise those rights, and such rights must not be protective in nature. Protective rights are designed at inception to protect the interests of the holder against future risks without giving that party participative power over the entity, and hence that party cannot at inception have power or prevent another party from having power over the entity.

The Group consolidates certain investees in which it holds less than a majority, owing to the fact that voting rights are not the dominant factor in determining who controls the entity. These consolidated investees are typically structured entities. Factors that have been considered by the Group in reaching this decision are as follows:

- The commercial rationale for the inclusion of the structured entity within the given transaction structure;
- Risks to which the entity was designed to be exposed;
- Risks the entity was designed to pass on to the parties involved with the entity; and
- Whether the Group is exposed to some or all of those risks.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group. They are deconsolidated from the date that control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control included above.

Intragroup transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements of the investor. The cost of these investments is assessed for impairment when there are indicators that an impairment may have occurred. Where an indicator of impairment exists, the recoverable amount of the investment is calculated and an impairment loss is recognised to the extent that the recoverable amount of the investment is less than its cost.

1.3.2 Investments in associates and joint ventures

Associates are entities in which the Group has significant influence, but not control, over its operating and financial policies. Where the Group holds less than 20%, significant judgement is applied in assessing whether the Group has significant influence in the investee. Factors considered in performing this assessment include, but are not limited to, the Group's representation on the board of directors of the investee and participation in the policy making processes of the investee. A joint arrangement is a contractual agreement between two or more parties to undertake an economic activity that is under joint control. Joint ventures are joint arrangements whereby the joint venturers that have joint control of the arrangement have rights to the net assets of the entity.

The Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each reporting period by the Group's share of the post-acquisition profit (or loss) and reduced by dividends received. In some cases, investments in these entities may be held at fair value through profit or loss (whereby the Group applies the equity method exemption), for example, those held by private equity businesses.

Investments in associates and joint ventures are accounted for at cost less impairment in the separate financial statements of the investor.

1.3.3 Structured entities

An interest in a structured entity is any form of investment or arrangement which creates variability in returns arising from the performance of the structured entity for the Group. Such interests include but are not limited to holdings of debt or equity securities, derivatives that transfer financial risks to the Group, and in some cases financial guarantees and investment management fee agreements. At market, plain-vanilla interest rate swaps and derivatives that are determined to introduce risk to a structured entity are not considered to be an interest in an entity.

Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its returns from it, it may consolidate the entity. To the extent that the Group has an interest in a structured entity that it does not consolidate, it provides the disclosures as required by IFRS 12 Disclosures of Interests in Other Entities (IFRS 12).

1.4 Segment reporting

The Group's segmental reporting is in accordance with IFRS 8 Operating Segments (IFRS 8). Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments and has been identified as the CODM. Income and expenses directly associated with each segment are included in determining business segment performance.

1.5 Foreign currencies

1.5.1 Foreign currency translations

The Group has foreign operations that are based outside of South Africa, and in accordance with the requirements of IAS 21 The Effects of Changes in Foreign Exchange Rates (IAS 21), have a functional currency that is different from the Group's presentation currency (that is, the Rand). A foreign operation is a subsidiary, associate, joint venture, or branch whose activities are based in a country or currency other than that of the reporting entity. In accordance with IAS 21, the functional currency is the currency of the primary economic environment in which an entity operates.

1. Summary of material accounting policies

1.5 Foreign currencies

1.5.1 Foreign currency translations *continued*

For foreign operations which are not considered to operate in hyperinflationary economies, prior to consolidation (or equity accounting) the assets and liabilities are translated at the closing rate and items of income, expense and Other comprehensive income (OCI) are translated into Rand at the rate on the date of the transactions. Exchange differences arising on the translation of foreign operations are recognised in OCI and accumulated in the foreign currency translation reserve. The amount recognised in such reserve is transferred to profit or loss when the Group loses control, joint control or significant influence over the foreign operation or upon partial disposal of the operation. On partial disposal of a subsidiary such that control is retained, the proportion disposed is allocated to NCI.

1.5.2 Foreign currency transactions

A foreign currency transaction is recorded initially at the rate of exchange at the date of the transaction. The application of average exchange rates is permitted if they provide a reasonable approximation of the actual exchange rate (for example, in the case of foreign denominated interest income).

At each subsequent reporting date:

- foreign currency monetary amounts are reported using the closing rate;
- non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction; and
- non-monetary items carried at fair value are reported at the rate that existed when the fair values were determined.

1.6 Financial instruments

1.6.1 Initial recognition

The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract, for regular way transactions, this is on trade date. All financial instruments are measured initially at fair value plus/minus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, where transaction costs are expensed upfront.

1.6.2 Day one profits or losses

On initial recognition, it is presumed that the transaction price is the fair value unless there is information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument is recognised at the fair value derived from such observable market data. Any difference between the transaction price and a market observable fair value is recognised immediately in profit or loss.

For valuations that have made use of significant unobservable inputs, an evaluation is made of the contribution of unobservable inputs to the initial price ("Day One Profit") which is recognised in profit or loss either on a straight-line basis over the full term of the transaction or over the period of time to the date that the inputs are expected to become observable, should this date be able to be reasonably estimated.

1.6.3 Classification and measurement of financial instruments

On initial recognition, the Group classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent 'solely payments of principal and interest').

Business model assessment

The business model reflects how the Group manages the financial assets in order to generate cash flows and returns. The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include (i) how the financial assets' performance is evaluated and reported to management, (ii) how the risks within the portfolio are assessed and managed and (iii) the frequency, volume, timing of past sales, sales expectations in future periods, and the reasons for such sales.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

In making the assessment of whether the contractual cash flows have SPPI characteristics, the Group considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the Group considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

1. Summary of material accounting policies

1.6 Financial instruments

1.6.3 Classification and measurement of financial instruments *continued*

1.6.3.1 Debt instruments

Debt instruments are those instruments that generally meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Group classifies its debt instruments into one of the following three categories:

- **Amortised cost –** Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as 'Effective interest' within 'Interest and similar income' using the EIR method. The carrying amount is adjusted by the cumulative ECL recognised.
- **Fair value through other comprehensive income –** This classification applies to financial assets which meet the SPPI test, and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, ECL and foreign exchange gains and losses which are recognised within profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to 'Gains and losses from banking and trading activities' in profit or loss. Interest income from these financial assets is included as 'Effective interest' within 'Interest and similar income' using the EIR method.
- **Fair value through profit or loss –** Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in 'Gains and losses from banking and trading activities' in profit or loss. The Group may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as 'Gains and losses from banking and trading activities' or 'Gains and losses from investment activities' in profit or loss.

1.6.3.2 Equity instruments

IFRS 9 provides that at initial recognition, an irrevocable election may be made to present subsequent changes in the fair value of an equity instrument in other comprehensive income, provided that the instrument is neither held for trading nor constitutes contingent consideration recognised in a business combination. Amounts recognised in other comprehensive income are not subsequently recognised in profit or loss. Dividends, when representing a return on investment, continue to be recognised in profit or loss when the Group's right to receive payment is established. All equity instruments for which the designation at fair value through other comprehensive income has not been applied are required to be recognised at fair value through profit or loss. Gains and losses on equity instruments at fair value through profit or loss are recognised as 'Gains and losses from banking and trading activities' in profit or loss.

1.6.3.3 Financial liabilities

A financial liability may be designated at fair value through profit or loss if (i) measuring the instrument at fair value eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (ii) if the instrument belongs to a group of financial liabilities that are managed on a fair value basis, in accordance with a documented risk management or investment strategy. The fair value designation is voluntary but may only be applied at initial recognition, and once applied cannot be reversed. Own credit gains or losses arising from the valuation of financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income, unless doing so would create or enlarge an accounting mismatch in profit or loss. In this case, own credit gains or losses are recognised in profit or loss. Amounts recognised in other comprehensive income are not subsequently recognised in profit or loss.

Where a financial liability has not been classified as held for trading or designated at fair value through profit or loss, it is held at amortised cost. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the EIR of the liability. Interest expense is recognised as 'Interest expense and similar charges.' Terms included in a financial liability contract (the host) which, had it been a standalone contract, would have met the definition of a derivative and where the economic characteristics and risks are not closely related to the economic characteristics and risks of the host, are either separated from the host and accounted for in the same way as a derivative, or the entire contract is designated at fair value through profit or loss.

1.6.3.4 Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Group's net interest income, net trading income, and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the statement of financial position. Derivatives are subsequently measured at fair value through profit or loss, with changes in their fair values recognised as 'Gains and losses from banking and trading activities' in profit or loss, except for changes in the fair value of derivatives used to economically hedge the Group's interest rate risk which are recognised as 'Other interest income', or 'Interest expense and similar charges' in profit or loss.

1. Summary of material accounting policies

1.6 Financial instruments *continued*

1.6.4 Expected credit losses on financial assets

The Group recognises ECL based on unbiased forward-looking information. ECL is recognised on all financial assets measured at amortised cost, lease receivables, debt instruments at fair value measured through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value.

The Group uses a mixed approach for impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography or credit risk ratings. Credit losses are the present value of the difference between:

- all contractual cash flows that are due to an entity in accordance with the contract; and
- all the cash flows that the entity expects to receive.

Three-stage approach to ECL

IFRS 9 requires entities to recognise ECL based on a stage allocation methodology, with such categorisation informing the level of provisioning required. The ECL allowance calculated on stage 1 assets reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (hereafter referred to as 12-month ECL). Assets classified within stage 2 and stage 3 carry an ECL allowance calculated based on the lifetime losses associated with defaults that are expected to occur over the lifetime of the exposure (hereafter referred to as lifetime ECL). In determining the forecast credit losses over the duration of an exposure, recoveries expected to be received post the designated point of write-off are excluded. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Interest is calculated on stage 1 and stage 2 assets based on the gross carrying amount of the asset, whilst interest income on stage 3 assets is calculated based on the net carrying value (that is, net of the impairment losses). The remaining contractual interest on stage 3 assets is recognised as part of the impairment allowance raised against these assets.

The stage allocation is required to be performed as follows:

- **Stage 1:** This stage comprises exposures which are performing in line with the Group's credit expectations as at the date of origination. That is to say, the credit exposures which are assigned to stage 1 have not experienced a significant increase in credit risk since the date of initial recognition. Financial assets that are not purchased or originated with a credit impaired status are required to be classified on initial recognition within stage 1. Exposures which were previously classified within stage 2 or stage 3, may also cure back to stage 1 in line with the Group's credit risk management cure criteria. Whilst the standard does permit an accounting policy election to classify low credit risk assets within stage 1, such election has not been made by the Group.
- **Stage 2:** Exposures are required to be classified within stage 2 when a significant increase in credit risk is observed, although the exposure is not yet credit impaired. The assessment of whether an exposure should be transferred from stage 1 to stage 2, is a relative measure, where the credit risk at the reporting date is compared to the risk that existed at initial recognition. The factors which trigger a reclassification from stage 1 to stage 2 have been defined so as to meet the specific requirements of IFRS 9, and in order to align with the Group's credit risk management practices. These factors have been set out in section 1.2.1.4. Stage 2 assets are considered to be cured (i.e. reclassified back into stage 1), when there is no longer evidence of a significant increase in credit risk, and in accordance with the Group's credit risk management cure criteria. The definition of high risk is, from a credit management perspective, central to controlling the flow of exposures back to stage 1 and gives effect to any cure periods deemed necessary.
- **Stage 3:** Credit exposures are classified within stage 3 when they are credit impaired, which is guided by the Group's regulatory definition of default. An instrument is credit impaired when there is objective evidence of impairment at the reporting date. Purchased or originated credit impaired lending facilities are classified on origination within its own category separate to stage 3 assets. Defaulted assets are considered to be cured once the original event triggering default no longer applies, and the defined probation period (that is, the required consecutive months of performance) have been met. In the Retail portfolio, the cure definition applied is quite stringent, and assets will typically only cure from stage 3 to stage 2, but won't move directly from stage 3 to stage 1. In the Wholesale portfolio assets can move from stage 3 directly to stage 1.

Expected credit loss calculation

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money (represented by the EIR); and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

As noted, ECL comprises the unbiased probability weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. ECL is calculated (for both 12-month ECL and lifetime losses ECL) as a function of the EAD; PD and LGD. These terms are interpreted as follows per the requirements of IFRS 9:

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioural expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time, which may be calculated based on the defaults that are possible within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.

1. Summary of material accounting policies

1.6 Financial instruments

1.6.4 Expected credit losses on financial assets *continued*

- LGD is calculated based on the difference between the contractual cash flows due and the cash flows expected to be received up until the designated point of write-off. These forecast losses are discounted to the reporting date based on the EIR. The expectation of cash flows takes into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Lifetime of financial instruments

For exposures in stage 2 and stage 3, the maximum lifetime over which ECL is measured, is the maximum contractual period over which the Group is exposed to credit risk. The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. In rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the Group uses the remaining contractual term of the financial instrument.

Certain credit exposures include both a drawn and an undrawn component and the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case, ECL is measured over the period that the Group is exposed to credit risk, even if that period extends beyond the maximum contractual period. Within the Group, this applies to overdrafts, credit cards and other revolving products. These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases, which could be too late to prevent losses. For these types of products, the expected life is based on the behavioural life, i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

Forward-looking information

Forward-looking information is factored into the measurement of ECL through the use of multiple expected macroeconomic scenarios that are either reflected in estimates of PD and LGD for material portfolios; or adjusted through expert credit judgement where the effects cannot be statistically modelled.

Write-off

The gross carrying amount of a financial asset is directly reduced (that is, written off) when the entity has no reasonable expectations of recovering it in its entirety, or a portion thereof. The corresponding impairment allowance is also reduced. This reduction occurs when the asset is a stage 3 financial asset. A write-off constitutes a derecognition event for accounting purposes. Depending on the nature of the account, balances are written off when:

- There has been less than one qualifying payment received within the last 12 months; or
- It is no longer economically viable to keep the debt on the statement of financial position.

A qualifying payment, for use in the write-off assessment, is defined as the minimum monthly contractual payment due.

Indicators which suggest that it is not economically viable to retain an account on the statement of financial position include (but are not limited to):

- The exposure is unsecured, i.e. there is no tangible security the Group can claim against (excluding suretyships);
- The debt has prescribed;
- The exposure would attract reputational risk should the Group pursue further legal action due to the valuation/exposure ratio, for example where the exposure is low, and the valuation is very high in relation to the low exposure;
- Where the cost to recover is high in relation to the valuation of the asset, for example legal, realisation and safe-guarding costs as well as rates and taxes.

Under IFRS 9, the Group applies the write-off assumptions consistently at both an individual account level and on a collective modelling basis. This means that the Group's LGD model includes only the present value of forecast recoveries on a pool of loans up until the designated point of write-off. Post write-off enforcement activities include the negotiation of payment arrangements, realisation of collateral, and other collection strategies through legal process as well as through internal and external debt collectors. The type of collection strategies applied vary across the Group, depending on factors such as period outstanding, security and customer relationships. Recoveries of amounts previously written off are recognised as an ECL gain within credit impairment charges in the statement of comprehensive income as and when the cash is received.

1.6.5 Derecognition of financial assets and financial liabilities

1.6.5.1 Derecognition of financial assets

In the course of its normal banking activities, the Group makes transfers of financial assets, either legally (where legal rights to the cash flows from the asset are passed to the counterparty) or beneficially (where the Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty). Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer. The gain or loss on derecognition of financial assets is determined as the difference between the carrying value of the financial asset derecognised (including impairment, if any) and the fair value of any proceeds received.

1. Summary of material accounting policies

1.6 Financial instruments

1.6.5 Derecognition of financial assets and financial liabilities

1.6.5.1 Derecognition of financial assets *continued*

Full derecognition occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Group transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Group may retain an interest in it (continuing involvement) requiring the Group to repurchase it in certain circumstances for other than its fair value on that date.

1.6.5.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Refer to note 1.7.6.2 for the treatment of modifications of financial liabilities.

1.6.6 Modification of financial assets and financial liabilities

1.6.6.1 Modification of financial assets

Modifications to financial assets are assessed as follows:

- A loan modification is a permanent change to one or more of the terms of the loan. Enforcing or adopting terms that were present in the original terms of the facility is not a modification. The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends on whether the modification is done for commercial reasons or because of financial difficulty of the borrower.
- Contractual modifications on commercial terms are treated as a new transaction and result in derecognition of the original financial asset, only to the extent that the modification is substantial, and the recognition of a 'new' financial asset. Any difference between the carrying amount of the derecognised asset and the fair value of the new asset is recognised in profit or loss.
- When the Group modifies the contractual conditions due to financial difficulties of the borrower, the asset is not derecognised unless the terms of the contract are substantively changed (such as the inclusion of an equity participation feature or a substantial change in counterparty). If the asset is not substantially modified, then the gross carrying amount of the financial asset is recalculated to be the present value of the modified cash flows discounted at the original EIR and the resulting modification gain/loss is recognised in profit or loss as part of the total impairment loss. Modification gain or losses typically occur on stage 2 and 3 assets.

1.6.6.2 Modification of financial liabilities

Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

1.6.7 Offsetting of financial assets and financial liabilities

In accordance with IAS 32 Financial Instruments: Presentation (IAS 32), the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6.8 Hedge accounting

The Group applies IAS 39 hedge accounting to represent, to the maximum possible extent permitted under accounting standards, the economic effects of its interest and currency risk management strategies. Derivatives are used to hedge interest rate, exchange rate, commodity, and equity exposures as well as exposures to certain indices such as commodity, equity and retail price indices related to non-trading positions.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group applies fair value hedge accounting and cash flow hedge accounting as appropriate to the risks being hedged. The Group assesses on an ongoing basis whether the hedge has been highly effective. A hedge is regarded as highly effective only when offsetting changes in fair value or cash flows attributable to the hedged risk during the period are within a range of between 80% and 125%.

Hedge accounting is discontinued when a derivative is not highly effective as a hedge, is sold, terminated, exercised or where the forecast transaction is no longer highly probable to occur. The same applies if the hedged item is sold or repaid. Instruments that have been designated as hedging instruments are reported in a separate line on the statement of financial position at each reporting date.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. Prospective testing is based on the estimation of certain parameters to assess whether the hedging relationship will be effective or not. The estimation of these parameters is performed using best practice statistical forecasting and simulation methodologies based on current and historical market data. Resultant simulated hedging relationships are assessed by calculating a statistically based hedge effectiveness test criterion.

1. Summary of material accounting policies
1.6 Financial instruments
1.6.8 Hedge accounting *continued*

Fair value hedge accounting
Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost, for hedged assets held at FVOCI the fair value change attributable to the hedged risk adjusts OCI.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to profit or loss over the period to maturity of the previously designated hedge relationship using the effective interest rate method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in profit or loss.

Cash flow hedge accounting
For qualifying cash flow hedges, the fair value gain or loss on the hedging instrument associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to profit or loss in the reporting periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss immediately. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to profit or loss.

Hedges of a net investment in a foreign operation
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI. Any ineffective portion of the gain or loss is recognised immediately in profit or loss. Gains or losses on the hedging instrument relating to the effective portion of the hedge are reclassified to profit or loss, on disposal of the foreign operation.

1.6.9 Equity instruments
Equity instruments are instruments that represent a residual interest in the Group's net assets. The key feature which distinguishes an equity instrument from a financial liability is whether there is a contractual obligation of the issuer to deliver cash or another financial asset to the holder of the instrument.

1.6.10 Compound financial instruments
The Group applies IAS 32 to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument; if this is not the case, the instrument is generally an equity instrument. Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

1.6.11 Subordinated debt
The majority of subordinated debt is measured at amortised cost using the EIR method except where hedge accounting is applied as per 1.6.8.

1.6.12 Repurchase and reverse repurchase agreements
Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Group purchases securities (under a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included on the statement of financial position as the Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset. The Group may also sell securities (under a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the statement of financial position since the Group retains substantially all the risks and rewards of ownership.

Consideration received (or cash collateral provided) is accounted for as a financial liability.

1.6.13 Loan commitments
The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions.

Under IFRS 9, loan commitments are measured with reference to the quantum of ECL required to be recognised. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Group together with the drawn component as a single exposure. The EAD on the entire facility is therefore used to calculate the cumulative ECL. As a result, the total ECL is recognised in the ECL allowance in respect of the financial asset unless the total allowance exceeds the gross carrying amount of the financial asset. If this is the case, the excess ECL is recognised as a provision on the face of the statement of financial position.

1.6.14 Financial guarantee contracts
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument. Financial guarantees are initially recognised at fair value on the date that

1. Summary of material accounting policies
1.6 Financial instruments
1.6.14 Financial guarantee contracts *continued*

the guarantee was given. Other than where the fair value option is applied subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in profit or loss any fee income earned over the reporting period, and the amount of the loss allowance expected from the guarantee at the reporting date. Any increase in the liability relating to guarantees is recognised in profit or loss. For financial guarantee contracts the cash shortfalls are future payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity would expect to receive from the holder, the debtor or any other party.

1.7 Share capital

1.7.1 Ordinary share capital
Proceeds received upon the issuance of shares are included in equity, net of directly attributable transaction costs. Dividends and other distributions made to equity holders are recognised as a reduction in equity when they are appropriately authorised and are no longer at the discretion of the entity.

1.7.2 Preference share capital
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the entity's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific future date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends which are therefore paid on these instruments are included in the cash flows applied in determining the EIR of the instrument. The accrual of dividends is presented as an interest expense in profit or loss.

1.7.3 Treasury shares
The cost of an entity's own equity instruments that it has reacquired ('treasury shares') is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity**.**

1.8 Earnings per share
The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the parent and the number of basic weighted average number of ordinary shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

1.9 Revenue recognition

1.9.1 Net interest income
Interest revenue which is calculated using the EIR method is separately presented on the face of the statement of comprehensive income. Effective interest is calculated on loans and advances and debt instruments which are classified at amortised cost and debt instruments at fair value through other comprehensive income.

Further, an effective interest expense is calculated on financial liabilities held at amortised cost. Application of the EIR methodology results in the recognition of interest, together with direct and incremental fees and costs, on a time portion basis over the expected lives of the assets and liabilities. The expected life of an instrument or a portfolio of instruments may be modelled as being shorter than the contractual tenor where historical experience suggests that customer prepayment behaviour impacts the forecasted cash flow profile.

Commitment fees are typically received by the Group in return for loan commitments issued. For loan commitments where drawdown is probable, the fee will be recognised as deferred income on balance sheet and subsequently recognised as an adjustment to EIR on the loan upon drawdown. The remaining portion will continue to be deferred until further loan drawdown takes place or else be recognised as fee income when the loan commitment expires without being drawn. To the extent that the drawdown of the loan commitment is not probable, the commitment fee is regarded as compensation for the provision of a service and is amortised to profit or loss as fee income over the loan commitment period.

Commitment fees charged based on unutilised or undrawn amounts is accrued as fee income based on the actual undrawn amount.

The Group also presents as part of net interest income, other interest income and other interest and charges similar in nature, which are not calculated on the effective interest rate method.

Certain costs incurred impact the yield of financial instruments in a manner similar to EIR, such as costs incurred as a percentage of deposits as part of a regulatory initiative to provide protection for depositors. These costs are included as interest expense and similar charges. The related annual levy payable to the regulator is recognised in operating expenditure.

Impact of IFRS 9 ECL on interest recognition
IFRS 9 requires interest income to be calculated on stage 1 or stage 2 financial assets by multiplying the EIR by the gross carrying amount of such assets. Dissimilar to stage 1 and stage 2 assets, IFRS 9 requires interest income on stage 3 financial assets to be calculated based on the net carrying value of the exposure, that is, the gross carrying value less the ECL allowance. In order to practically give effect to this requirement, the Group first suspends the recognition of contractual interest, and second, multiplies the net carrying value by the EIR. Unrecognised interest (which is referred to as interest in suspense (IIS)) is the difference between the interest calculated on the gross carrying amount of the financial asset (that is, the interest charged), and the net interest amount, calculated based on the net carrying amount of the financial asset. In some instances, an entity may recover cash flows which are in excess of the cumulative interest previously recognised over the life of the instrument. The IIS recovered is presented as a gain within ECL.

1. Summary of material accounting policies
1.9 Revenue recognition *continued*

1.9.2 Net trading income

In accordance with IFRS 9 trading positions are measured at fair value, with fair value gains and losses being recognised within profit or loss as part of 'gains and losses from banking and trading activities'.

Interest and dividends which are received or paid as a consequence of issuing or holding instruments that are managed as part of the Group's trading activities are presented together with the fair value gains and losses on such instruments. Fair value gains or losses may be caused by movements in interest and exchange rates, equity prices and other market variables.

1.9.3 Net fee and commission income

Net fee and commission income is calculated by subtracting fee and commission charges from fee and commission income. Fee and commission income relates to revenue earned for the rendering of services and is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties, such as sales taxes, goods and service taxes and value added taxes.

In assessing whether the Group is acting as a principal or agent to the transaction, consideration is given to the rights held by other parties against the Group and the Group's exposure to risks and rewards.

Evidence that suggests that the Group is acting as an agent include:

- Minimal legal obligations owing to the buyer and seller;
- No liability for the non-performance of obligations by its clients and/or the market counterparties under the transactions executed.
- The immediate and entire transfer of any risks and rewards to the other party with no residual exposure retained;
- No exposure to client or market counterparty credit risk arising from amounts receivable;
- The nature and amount of remuneration received.

When the Group is acting as an agent, amounts collected on behalf of the principal are not income. Only the net commission retained by the Group is, in this case, recognised as income.

Fee and commission income earned in respect of services rendered are recognised on an accrual basis as and when the service is rendered.

Monthly account servicing and maintenance fees, fees received to service performance guarantees, and trust and fiduciary servicing fees are recognised as revenue over the period over which the performance obligation is discharged. Fees earned on the execution of a significant act, including commissions received, merchant income, and transactional and consulting fees earned are recognised at a point in time, which is the point at which the transaction is concluded and the customer obtains control of the transferred service.

Fee and commission expenses are expenses which are direct and incremental to the generation of fee and commission income.

1.10 Classification of insurance contracts

1.10.1 Insurance contracts

IFRS 17 sets out the requirements for the accounting of insurance contracts issued and reinsurance contracts held, as defined in IFRS 17.

Insurance contracts are those contracts in which significant risk is transferred. The Group defines significant insurance risk as the possibility of having to pay significant benefits on the occurrence of an insured event compared to those benefits payable if the insured event did not occur.

Level of aggregation

Insurance contracts are aggregated into different groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Each portfolio is then divided into annual cohorts (i.e. by year of issue), whereafter each annual cohort are classified into one of the following three groups:

- Contracts that are onerous on initial recognition;
- Contracts that have no significant possibility of becoming onerous after initial recognition; or
- Remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that a group may comprise a legal contract(s) with a single reinsurer.

The aggregation requirements of the Standard limits the offsetting of gains on groups of profitable contracts, which are generally deferred, against losses on groups of onerous contracts, which are recognised immediately.

Measurement overview

The Group only has one portfolio of insurance contracts issued and currently holds no reinsurance contracts. The portfolio of insurance contracts is measured using the premium allocation approach (PAA).

When applying the PAA, there is a rebuttable presumption that no such contracts are onerous at initial recognition. Should facts and circumstances indicate otherwise, an additional assessment is performed to distinguish onerous contracts from non-onerous contracts. For contracts that are not onerous, the company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods to determine whether those contracts have a significant possibility of becoming onerous. The facts and circumstances considered to identify whether a group of contracts is onerous are based on:

- Pricing information
- Results of similar contracts issued
- Environmental factors such as changes in regulations and market conditions

Summary of material accounting policies
for the reporting period ended 31 December

1. Summary of material accounting policies
1.10 Classification of insurance contracts
1.10.1 Insurance contracts *continued*

Under the PAA, the LRC is determined on initial recognition as the premiums received. Insurance acquisition cash flows is expensed immediately in profit or loss when incurred. Subsequently, the LRC is increased for any premiums received and reduced by the amount of insurance revenue recognised in profit or loss.

The Group does not adjust the LRC to reflect the time value of money and the effect of financial risk for its insurance contracts with a contract boundary of one year or less, as the time between providing each part of the services and the related premium due date is not more than a year.

The LIC represents the Group's obligation to investigate and pay valid claims for insured events that have occurred, including events that have occurred but for which claims have not been reported, as well as other incurred insurance expenses. The LIC is calculated as:

- The probability weighted estimate of expected cash flows; and
- An explicit entity specific adjustment for non-financial risk (risk adjustment).

1.11 Commodities

The Group may actively buy and sell metals, for both physical and financial settlement. Positions are principally acquired or incurred for the purpose of selling or repurchasing in the near term and for short- term profit taking. When dealing activities are executed in this manner the Group is considered to be a broker-trader of commodities.

Inventories held by broker-traders are outside the measurement scope of IAS 2 Inventories (IAS 2) and are accordingly measured at fair value less cost to sell (with any changes in fair value less cost to sell recognised in profit or loss). Commodities held under this business model are presented within trading and hedging portfolio assets, and fair value measurement changes are presented within gains and losses from banking and trading activities.

1.12 Intangible assets

1.12.1 Goodwill

Goodwill recognised in a business combination under IFRS 3 Business Combinations (IFRS 3) is an asset which represents the future economic benefits arising from other assets acquired in the business combination that are not individually identified and separately recognised. Goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of multiple cash- generating units.

(a) Goodwill arises on the acquisition of subsidiaries and is measured on initial recognition as the excess of (a) over (b) below:

The aggregate of:

- the consideration transferred measured in accordance with IFRS 3;
- the amount of any non-controlling interest in the acquiree, also measured in accordance with IFRS 3; and
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

In accordance with the requirements of IAS 36 Impairment of Assets (IAS 36), goodwill is tested for impairment on an annual basis, or more frequently when there are indicators that an impairment may have occurred. Impairment is tested by comparing the carrying amount of the cash-generating unit (CGU), including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds its carrying amount, the CGU and the goodwill allocated to that CGU is not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognises an impairment loss.

1.12.2 Intangible assets other than goodwill

Intangible assets include brands, customer lists, internally generated software, and licences and are accounted for in accordance with IAS 38 Intangible Assets (IAS 38). Intangible assets may only be recognised when all of the requirements under IAS 38 are met. The asset, which is controlled by the entity, must be separately identifiable, reliably measurable, and it should be probable that future economic benefits will be derived from the asset. The asset is identifiable when it is either separable (that is, it is capable of being sold, transferred, licensed, rented or exchanged) or the asset arises from contractual or other legal rights.

Development expenditure is capitalised only if development costs can be measured reliably, completion of development is technically and commercially feasible, the generation of future economic benefits is probable and the asset's capability of use can be demonstrated.

Further, the Group should have sufficient resources to complete development. The expenditure capitalised includes the cost of materials, staff costs, professional fees and overhead costs that are directly attributable to preparing the asset for intended use. Other development expenditure which does not meet the above requirements is recognised in profit or loss when the Group has right of access to the goods or as the services are received.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the fair value at acquisition date) less amortisation and any provision for impairment. The assets are amortised over their useful lives in a manner that reflects the pattern in which they contribute to future cash flows, as set out in the table below.

Intangible assets are reviewed for impairment when there are indicators that impairment may have occurred. Should such an indicator exist, or in the instance that an intangible asset is not yet available for use, the asset is tested for impairment annually by comparing its carrying value with its recoverable amount based on value in use. Any impairment loss identified is recognised immediately in profit or loss.

1. Summary of material accounting policies

1.12 Intangible assets

1.12.2 Intangible assets other than goodwill *continued*

	Customer lists and relationship	Computer software development cost	Other
Useful lives	**Finite**	**Finite**	**Finite**
Amortisation method used	Amortised over the period of the expected use on a straight-line basis	Amortised over the period of the expected use from the related project on straight-line basis	Amortised over the period of the expected use on a straight-line basis
Internally generated or acquired	Acquired	Internally generated	Acquired
Annual amortisation rate (%)	8 – 20	10 – 33	10

1.13 Property and equipment

1.13.1 Property and equipment not subject to lease agreements

Property and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in an enhancement to the asset. Depreciation is provided on the depreciable amount of items of property and equipment on a straight-line basis over their estimated useful lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review to take account of any change in circumstances.

The Group uses the following annual rates in calculating depreciation:

Item	Annual depreciation rate (%)
Computer equipment	14 – 25
Freehold property	2
Furniture and other equipment	10 – 15
Motor vehicles	25
Leasehold improvements	10 – 15
Aircraft	25

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss within 'other operating income' in the reporting period that the asset is derecognised.

1.13.2 Property and equipment subject to lease agreements

1.13.2.1 Property and equipment subject to lease agreements

As lessee

Where the Group is a lessee, a right-of-use asset and corresponding lease liability are recognised at the lease commencement date.

The right-of-use asset is initially and subsequently measured at cost with depreciation recognised on a straight-line basis over the shorter of the asset's useful life and the lease term. The right-of-use asset is included within 'property and equipment' in the statement of financial position. The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if readily determinable, or the lessee's incremental borrowing rate. After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest thereon, and reducing the carrying amount to reflect lease payments made. Any reassessments and/or lease modifications will be reflected by re- measuring the carrying amount of the lease liability. Interest is recognised within net interest income and the lease liability is included within 'other liabilities' in the statement of financial position.

The lease payments in relation to short-term leases (leases with a lease term of 12 months or less at commencement date) and leases in which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

As lessor Finance leases

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. Where the Group is the lessor, the leased asset is not held on the statement of financial position; instead, a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease. Finance income on the receivable is allocated over the lease term on a systematic basis so as to reflect a constant periodic rate of return on the lessor's net investment in the finance lease.

Operating leases

An operating lease is a lease in which substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Group recognises leased assets relating to excess space within branches. As such items do not meet the definition of investment property per IAS 40 Investment Property (IAS 40), they are recognised on the statement of financial position within property and equipment.

1. Summary of material accounting policies *continued*

1.14 Repossessed properties

Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets' as inventory as they are held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Group. The corresponding loans are derecognised when the Group becomes the holder of the title deed.

The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value. No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in 'other operating income'. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in 'other operating income'. Gains or losses on disposal of repossessed properties are reported in 'other operating income'.

1.15 Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount or fair value less cost to sell. Any impairment loss on a disposal group is first allocated to reduce goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, investment properties, insurance assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss until finally sold.

Property, equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

1.16 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises coins and notes, mandatory reserve balances held with the SARB and other central banks, as well as call advances and nostro balances which form part of loans and advances to banks. While cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less, repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

1.17 Provisions, contingent liabilities and commitments

A provision is recognised to reflect a present obligation (legal or constructive) arising from a past event where it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation. Further, the expected transfer of economic benefits must be reliably estimable.

A provision is recognised by the Group to reflect the anticipated cost of restructuring when the general recognition criteria for a provision are met. In assessing whether a constructive obligation to restructure might exist the Group assesses whether there is a detailed formal plan to execute the restructuring, and the Group has raised a valid expectation amongst those affected that such restructuring will be implemented.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

Under IFRS 9, the ECL calculated on financial guarantees and letters of credit are presented as provisions on the statement of financial position. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Group together with the drawn component as a single exposure. The EAD on the entire facility is therefore used to calculate the cumulative ECL. As a result, the total ECL is recognised in the ECL allowance in respect of the financial asset unless the total allowance exceeds the gross carrying amount of the financial asset. If this is the case, the excess ECL is recognised as a provision on the face of the statement of financial position.

1. Summary of material accounting policies *continued*

1.18 Employee benefits

1.18.1 Post-retirement benefits

The Group operates a number of pension schemes including defined contribution and defined benefit schemes as well as post-retirement medical aid plans.

Defined contribution schemes

The Group recognises contributions due in respect of the reporting period in profit or loss. Any contributions unpaid at the reporting date are included as a liability.

Defined benefit schemes

The Group recognises its obligation (determined using the projected unit credit method) to members of the scheme at the reporting date, less the fair value of the scheme assets. Scheme assets are stated at fair value as at the reporting date.

Costs arising from current service cost, interest on net defined benefit liability or asset, past service cost settlements are recognised in profit or loss.

All actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling are recognised through other comprehensive income in order for the net defined benefit scheme asset or liability recognised in the statement of financial position to reflect the full value of the plan surplus or deficit, taking into account the asset ceiling.

Remeasurements of the net defined benefit liability (or asset, as the case may be) comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Interest is calculated by applying the discount rate to the opening net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contribution and benefit payments.

Gains and losses on curtailments are recognised when the curtailment occurs, which may be when a demonstrable commitment to a reduction in benefits, or reduction in eligible employees, occurs. The gain or loss comprises any change in the present value of the obligation and the fair value of the assets. Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

Post-employment medical aid plans

The cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the reporting period that the employees provide services to the Group, using a methodology similar to that for defined benefit pension schemes.

1.18.2 Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.

Termination benefits result from either an entity's decision to terminate the employment or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

1.18.3 Share-based payments

The Group operates equity-settled and cash-settled share-based payment plans.

Employee services settled in equity instruments

The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss over the period that employees provide services, generally the period from which the award is granted (or the employee notified) to the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions.

Note 48 includes details of the Group's share awards. Share-based payments are recognised as expenses with a corresponding credit in equity in the standalone financial statements of the employing entity. The entity obliged to settle the share-based payment transaction (generally Absa Group Limited) recognises an increased investment in subsidiary, together with an increase to the share-based payment reserve in equity.

1. Summary of material accounting policies
1.18 Employee benefits
1.18.3 Share-based payments *continued*

Recharge arrangements that exist between entities within the Group do not impact the nature of the share-based payment transaction, and therefore do not affect the classification as either equity-settled or cash-settled. Group entities account for intergroup recharges within equity. Recharge arrangements are payments that are clearly linked to a share-based payment. Recharge payments for share-based payment transactions that are not clearly linked are accounted for as transactions with shareholders and are accounted for within equity.

Employee services settled in cash

The fair value of the amount payable to employees in terms of a cash- settled share-based payment is recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in profit or loss. No amount is recognised for services received if the awards granted do not vest because of a failure to satisfy a vesting condition. Refer to note 15 for the carrying amount of liabilities arising from cash-settled arrangements.

1.19 Tax

1.19.1 Current tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the reporting period in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period.

Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The Group has determined that global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax. The Group has applied a temporary mandatory relief from deferred tax accounting regarding the impact of the top-up tax and hence accounts for it as a current tax as incurred.

1.19.2 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the reporting date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

1.19.3 Dividends withholding tax

The South African tax legislation provides that dividends are taxed at 20% in the hands of certain qualifying shareholders, rather than in the hands of the entity which declares such dividend. As such, where dividends are declared and paid by the Group, the Group does not recognise dividends tax.

1.19.4 Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the asset or expense; and
- receivables and payables that are stated with the amount of VAT included.

Non-recoverable VAT on operating expenditure is disclosed separately in 'other expenses' in profit or loss.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.20 Reporting changes overview

The Group and Company effected the following financial reporting changes during the current reporting period:

1.20.1 Correction of prior period errors

The Group and Company conducted a comprehensive review of the Statement of cash flows (SOCF) which identified the following misstatements:

1.20.1.1. Share-based payments expense

The share-based payments expense for equity-settled arrangements and a portion of the distribution to Absa Group Limited in respect of equity-settled share-based payments were incorrectly classified under other liabilities. The share-based payments expense should have been treated as a non-cash item that adjusts profit before tax, while the cash paid for the Distribution of equity-settled shares-based payments should have been included in the 'Distribution to Absa Group Limited in respect of equity-settled share-based payments'. The correction of these errors in the SOCF in December 2023 requires an adjustment of R381m from 'Net increase in other liabilities' to 'Other non-cash items included in profit before tax' of -R905m and R524m to 'Distribution to Absa Group Limited in respect of equity-settled share-based payments'.

As required by IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (IAS 8), the aforementioned restatement has been applied retrospectively to all prior periods affected. This error has no impact on the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity or the Cash and cash equivalents of the Group and Company.

1. Summary of material accounting policies
1.20 Reporting changes overview
1.20.1 Correction of prior period errors
1.20.1.1. Share-based payments expense *continued*

The impact of the change on the prior period SOCF is as follows:

	Group 2023			
Statement of cash flows	As previously published Rm	Share-based payments expense	Distribution of equity-settled share-based payments Rm	Restated Rm
Other non-cash items included in profit before tax	(25)	905	–	880
Cash flow from operating activities before changes in operating assets and liabilities	15 703	905	–	16 608
Net increase/(decrease) in other liabilities	16 812	(905)	524	16 431
Net cash generated from operating activities	27 254	–	524	27 778
Distribution to Absa Group Limited in respect of equity-settled share-based payments	(2 168)	–	(524)	(2 692)
Net cash utilised in financing activities	(17 218)	–	(524)	(17 742)

	Company 2023			
Statement of cash flows	As previously published Rm	Share-based payments expense	Distribution of equity-settled share-based payments Rm	Restated Rm
Other non-cash items included in profit before tax	(25)	905	–	880
Cash flow from operating activities before changes in operating assets and liabilities	15 371	905	–	16 276
Net increase/(decrease) in other liabilities	21 018	(905)	524	20 637
Net cash generated from operating activities	27 303	–	524	27 827
Distribution to Absa Group Limited in respect of equity-settled share-based payments	(2 168)	–	(524)	(2 692)
Net cash utilised in financing activities	(17 218)	–	(524)	(17 742)

1.20.2 Change in presentation

During the aforementioned review, the Group and Company decided to revise the presentation of the Statement of cash flows. This revision involved condensing the changes in operating assets and liabilities line items within the operating activities section of the SOCF.

The change in presentation is a change in accounting policy in terms of the requirements of IAS 8, which results in enhanced comparability against the Group's and Company's peers and a more succinct SOCF. Furthermore, the change allows for stakeholders to focus on a concise, clear understanding of holistic changes in working capital, which, given that the Group and Company are banking entities, aids to focus on the most relevant information for users of the SOCF.

As required by IAS 8, the change in accounting policy has been applied retrospectively to all prior periods affected. The change does not have an impact on the Statement of comprehensive income, Statement of changes in equity, Statement of financial position or earnings per share of the Group and Company. The changes affect the presentation in the Statement of cash flows.

Whilst these lines have been condensed on the Statement of cash flows, the detail that was previously presented on the changes in working capital is now included as part of the accompanying notes to the Statement of cash flows, in notes 47.1 and 47.2.

1. Summary of material accounting policies
1.20 Reporting changes overview
1.20.2 Change in presentation *continued*

The impact of the change on the prior period SOCF is as follows:

	Group 2023		
Statement of cash flows	As previously published/ Adjusted as per Note 1.20.1 Rm	Presentation changes Rm	Restated Rm
Net (increase)/decrease in trading and hedging portfolio assets	13 139	(13 139)	–
Net (increase)/decrease in loans and advances	(44 886)	44 886	–
Net (increase)/decrease in investment securities	(23 478)	23 478	–
Net (increase)/decrease in other assets	11 890	(11 890)	–
Net increase/(decrease) in trading and hedging portfolio liabilities	(33 452)	33 452	–
Net increase/(decrease) in deposits	73 861	(73 861)	–
Net increase/(decrease) in other liabilities	16 431	(16 431)	–
Net (increase)/decrease in operating assets	–	(43 335)	(43 335)
Net increase/(decrease) in operating liabilities	–	56 840	56 840
Total net impact	13 505	–	13 505

	Company 2023		
Statement of cash flows	As previously published/ Adjusted as per Note 1.20.1 Rm	Presentation changes Rm	Restated Rm
Net (increase)/decrease in trading and hedging portfolio assets	12 895	(12 895)	–
Net (increase)/decrease in loans and advances	(45 121)	45 121	–
Net (increase)/decrease in investment securities	(24 739)	24 739	–
Net (increase)/decrease in other assets	9 479	(9 479)	–
Net increase/(decrease) in trading and hedging portfolio liabilities	(33 452)	33 452	–
Net increase/(decrease) in deposits	73 683	(73 683)	–
Net increase/(decrease) in other liabilities	20 637	(20 637)	–
Net (increase)/decrease in operating assets	–	(47 486)	(47 486)
Net increase/(decrease) in operating liabilities	–	60 868	60 868
Total net impact	13 382	–	13 382

The working capital movement for 'Other liabilities' in the table above have been restated as per note 1.20.1.

1.20.3 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. These reallocations resulted in adjustments to the related intergroup asset and liability balances, specifically loans to and from bank group companies, which has an impact on the Segment report presented in note 42. 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 Group. The impact on the individual business units is depicted in the table below.

As at 1 January 2024, the Group no longer reports normalised financial results due to the immaterial difference between IFRS Accounting Standards and normalised reporting, and is therefore no longer reviewed by the CODM. The impact of the Barclays separation has been included as part of Head Office, Treasury and other operations.

The below tables summarises the business unit restatements as noted above in the Statement of comprehensive income and Statement of financial position for the period ended 31 December 2023.

1. Summary of material accounting policies
1.20 Reporting changes overview
1.20.3 Business portfolio changes impact *continued*

Statement of comprehensive income

	December 2023		
	As previously reported Rm	Business portfolio changes Rm	Restated Rm
Total Income			
Everyday Banking	25 218	84	25 302
Relationship Banking	15 170	(7)	15 163
CIB	14 740	(77)	14 663
Head Office, Treasury and other operations	28	127	155
Barclays separation	127	(127)	–
Operating expenses			
Product Solutions Cluster	(4 466)	–	(4 466)
Everyday Banking	(13 548)	(31)	(13 579)
Relationship Banking	(8 437)	101	(8 336)
CIB	(8 550)	33	(8 517)
Head Office, Treasury and other operations	(4 461)	(1 103)	(5 563)
Barclays separation	(999)	999	–
Other expenses			
Product Solutions Cluster	(129)	32	(97)
Everyday Banking	(445)	–	(445)
Relationship Banking	(155)	45	(110)
CIB	(254)	7	(247)
Head Office, Treasury and other operations	(935)	(224)	(1 159)
Barclays separation	(140)	140	–
Tax expense			
Product Solutions Cluster	(328)	(1)	(329)
Everyday Banking	(1 194)	(15)	(1 209)
Relationship Banking	(1 489)	(26)	(1 515)
CIB	(552)	13	(539)
Head Office, Treasury and other operations	1 150	272	1 422
Barclays separation	243	(243)	–

1. Summary of material accounting policies
1.20 Reporting changes overview
1.20.3 Business portfolio changes impact *continued*

Statement of financial position

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

The reclassification to Head Office, Treasury and other operations for other assets amounts to -R2 102m for business unit restatements and R943m for Barclays separation, and the reclassifications to Head Office, Treasury and other operations for other liabilities amounts to -R1 987m for business unit restatements and -R1 414m for Barclays separation.

1. Summary of material accounting policies *continued*

1.21 New standards and interpretations not yet adopted

A number of new standards and amendments to existing standards have been issued but not yet effective for the reporting period and have not been applied in preparing these annual financial statements. Unless specifically noted to the contrary, these amendments are not expected to have a material impact on the Group.

Amendments resulting from annual improvements for the following standards

- Initial measurement of trade receivables – The amendment removes the conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers (IFRS 15) over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price, for example, when the transaction price is variable. Conversely, IFRS 9 requires that entities initially measure trade receivables without a significant financing component at the transaction price. IFRS 9 has been amended to require entities to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.
- Accounting for the derecognition of a lease liability by a lessee – The amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. The amendment does not address how to distinguish between derecognition and modification of a lease liability. The amendment applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied. The amendment is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.
- Minor amendments to IFRS 1, IFRS 10 and IAS 7. These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.1 Settlement of financial liabilities by electronic payments – IFRS 9

The amendments clarify when a financial asset or financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. The exception allows entities to derecognise their financial liabilities before the settlement date when it uses an electronic payment system that meets specific criteria. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.2 Classification of financial assets with a contingent feature – IFRS 9 and IFRS 7

Following the post-implementation review of the classification and measurement requirements, IFRS 9 has been amended to include guidance on the classification of financial assets, including those with contingent features. Additional disclosures in terms of IFRS 7 will also need to be provided on financial assets and financial liabilities that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.3 Equity instruments designated at fair value through other comprehensive income – IFRS 7

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.4 Non-recourse assets and contractually linked instruments – IFRS 9

The amendments clarify the treatment of non-recourse assets and contractually linked instruments. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.5 Contracts Referencing Nature-dependent Electricity – IFRS 9 and IFRS 7

To allow companies to better reflect the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs), amendments have been made to IFRS 9 and IFRS 7. These amendments provide guidance on the 'own-use' exemption for purchasers of electricity under PPAs, hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs and new disclosure requirements to enable investors to better understand the effects of PPAs. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.6 Presentation and disclosure in financial statements – IFRS 18

IFRS 18 promotes a more structured income statement and introduces a newly defined "operating profit" subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on an entity's business activities. The new standard requires an entity to analyse their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis. In addition, the standard defines "management-defined performance measures" (MPMs) and requires that an entity provide disclosures regarding its MPMs in order to enhance transparency. The standard further provides enhanced guidance on aggregation and disaggregation of information, which will apply to both the primary financial statements and the notes. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively with early adoption permitted. The impact of this standard on the Group is currently being assessed.

1.21.7 Subsidiaries without public accountability – IFRS 19

The standard is applicable to subsidiaries that do not have public accountability and that have a parent that produces consolidated accounts under IFRS Accounting Standards. IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted. Eligible subsidiaries can choose to apply the standard for reporting periods beginning on or after 1 January 2027 with earlier application permitted. This standard will not be applicable to Absa Bank Limited.

Notes to the consolidated and separate financial statements

for the reporting period ended 31 December

2. Cash, cash balances and balances with central banks

	Group and Company	
	2024 Rm	2023 Rm
Balances with the SARB	**78 431**	36 099
Coins and bank notes	**5 150**	5 411
	83 581	41 510

The minimum reserve balance held in cash with the SARB is determined in accordance with the regulatory terms applicable to the respective balance. The portion of the balance that can be utilised by the Group is included in cash and cash equivalents (note 47.3) and is calculated by applying the percentage that is accessible to the bank in accordance with the respective regulatory terms for each balance. The portion included in cash and cash equivalents for the current period is **R67 763m** (2023: R26 152m).

The balances are measured at amortised cost. The ECL allowance on these amounts have been assessed and is considered to be immaterial due to the risk of default by the counterparty being insignificant.

3. Investment securities

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Government bonds	**111 134**	97 911	**111 134**	97 911
Listed equity instruments	**208**	157	**208**	157
Other debt securities	**15 906**	10 730	**15 906**	10 730
Treasury bills	**44 603**	41 799	**44 603**	41 796
Unlisted equity and hybrid instruments	**1 257**	1 181	**1 253**	1 177
Gross investment securities	**173 108**	151 778	**173 104**	151 771
Expected credited losses	**(4)**	(1)	**(4)**	(1)
	173 104	151 777	**173 100**	151 770

Other debt securities balance includes Corporate bonds of **R1 545m** (2023: R2 233m) and Floating rate notes of **R13 941m** (2023: R7 954m).

3. Investment securities *continued*

3.1 Reconciliation of ECL allowance

The following tables set out the breakdown of opening and closing IFRS 9 ECL expected credit losses allowance for Investment securities at amortised cost and fair value through other comprehensive income (FVOCI).

	Group and Company			
	2024			
		Lifetime expected credit losses ('LEL')		
Investment securities at amortised cost and FVOCI	**Stage 1 Rm**	**Stage 2 Rm**	**Stage 3 Rm**	**Total Rm**
Balance at the beginning of the reporting period	**5**	**21**	**83**	**109**
Credit impairment charges	**8**	**(10)**	**(70)**	**(72)**
Net change in interest	**–**	**–**	**7**	**7**
Balance at the end of the reporting period	**13**	**11**	**20**	**44**

	Group and Company			
	2023			
		Lifetime expected credit losses ('LEL')		
Investment securities at amortised cost and FVOCI	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
Balance at the beginning of the reporting period	12	17	156	185
Credit impairment charges	(7)	4	(87)	(90)
Net change in interest	–	–	14	14
Balance at the end of the reporting period	5	21	83	109

The expected credit loss allowance of **R40m** (2023: R108m) have been recognised on investment securities measured at fair value through other comprehensive income and the remaining **R4m** (2023: R1m) relates to those measured at amortised cost.

4. Trading and hedging portfolio assets

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Commodities	**1 717**	1 011	**1 717**	1 011
Debt instruments	**80 308**	68 307	**80 308**	68 307
Derivative assets (refer to note 50.3 and 50.4)	**57 247**	51 294	**57 135**	51 281
Commodity derivatives	**1 049**	426	**1 049**	426
Credit derivatives	**428**	389	**428**	389
Equity derivatives	**6 320**	7 345	**6 320**	7 345
Foreign exchange derivatives	**18 347**	14 351	**18 347**	14 351
Interest rate derivatives	**31 103**	28 783	**30 991**	28 770
Equity instruments	**577**	526	**577**	526
Money market assets	**28 815**	23 289	**28 815**	23 289
Total trading portfolio assets	**168 664**	144 427	**168 552**	144 414
Hedging portfolio assets (refer to note 50.3)	**4 055**	5 441	**4 055**	5 441
	172 719	149 868	**172 607**	149 855

Trading portfolio assets with carrying values of **R27 162m** (2023: R24 065m) and **R5 930m** (2023: R5 141m) were pledged as security for repurchase and scrip lending agreements respectively. These assets are pledged for the duration of the respective agreements. The terms of the pledges are usual and customary to such agreements.

Included within debt instruments are financial assets traded in the debt capital market with an original maturity of more than one year such as government and corporate bonds.

Included within money market assets are highly liquid financial assets with an original maturity of one year or less, such as floating rate notes, negotiable certificates of deposit, treasury bills, promissory notes, commercial paper and bankers' acceptance notes.

5. Other assets

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Accounts receivable	**9 090**	12 329	**8 960**	12 206
Prepayments	**2 638**	2 458	**2 852**	2 446
Deferred costs	**295**	226	**295**	226
Inventory – cost	**31**	47	**25**	5
Retirement benefit fund surplus (refer to note 37)	**466**	466	**466**	466
Settlement accounts	**1 974**	1 738	**1 974**	1 738
	14 494	17 264	**14 572**	17 087

The expected credit losses allowance relating to the accounts receivable and settlement accounts is immaterial due to the short-term nature of these items.

6. Non-current assets held for sale

	Group and Company	
	2024 Rm	2023 Rm
Non-current assets held for sale		
Balance at the beginning of the reporting period	**191**	90
Disposals	**(89)**	(15)
Impairment of NCAHFS (refer to note 31)	**(10)**	–
Transfer from property and equipment (refer to note 11)	**23**	116
Balance at the end of the reporting period	**115**	191

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 **R82m**.
- Everyday Banking has disposed of property with a carrying amount of **R7m**.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of **R23m** to non-current assets held for sale and a **R10m** impairment was recognised on remaining assets previously classified as held for sale.

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

- 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.

7. Loans and advances

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Corporate overdrafts and specialised finance loans	**17 329**	20 434	**17 329**	20 434
Credit cards	**45 671**	41 612	**45 671**	41 612
Foreign currency loans	**72 476**	60 822	**72 476**	60 822
Instalment credit agreements	**138 488**	133 050	**138 487**	133 049
Finance lease receivables (refer to note 7.1)	**3 240**	3 021	**–**	–
Loans to associates and joint ventures	**28 668**	28 730	**28 668**	29 130
Micro loans	**4 407**	5 570	**4 407**	5 570
Mortgages	**412 026**	397 519	**411 416**	396 779
Other advances	**19 957**	16 555	**19 929**	16 577
Overdrafts	**48 325**	51 972	**48 325**	51 972
Overnight finance	**23 383**	20 018	**23 383**	20 018
Personal and term loans	**73 514**	70 338	**73 514**	70 338
Preference shares	**34 955**	32 184	**34 692**	31 864
Reverse repurchase agreements (Carries)	**72 560**	60 547	**72 560**	60 547
Wholesale overdrafts	**124 766**	119 329	**124 255**	117 660
Gross loans and advances to customers	**1 119 765**	1 061 701	**1 115 112**	1 056 372
Gross loans and advances to banks	**45 853**	54 901	**45 853**	54 901
Gross loans and advances	**1 165 618**	1 116 602	**1 160 965**	1 111 273
Expected credit losses	**(40 255)**	(38 115)	**(40 136)**	(37 826)
Expected credit losses for loans and advances to customers	**(40 222)**	(38 077)	**(40 103)**	(37 788)
Expected credit losses for loans and advances to banks	**(33)**	(38)	**(33)**	(38)
Net loans and advances	**1 125 363**	1 078 487	**1 120 829**	1 073 447

The Group has securitised certain loans and advances to customers, the total value of these securitised assets is **R9 068m** (2023: R9 036m).

Included above are collateralised loans of **R1 574m** (2023: R3 501m) relating to securities borrowed.

The amount pledged is the required threshold of cash collateral based on specific arrangements with different counterparties. Exposures are reviewed on a periodic basis, whereby these thresholds are adjusted accordingly. The financial assets are pledged under terms that are usual and customary to such arrangements.

Other advances include working capital solutions and collateralised loans.

Included in both gross loans and advances to customers, and in the total allowance for expected credit losses, is accrued interest in suspense of **R5 454m** (2023: R4 921m) for the Group and **R5 437m** (2023: R4 864m) for the Company.

Included above in gross loans and advances to banks are reverse repurchase agreements of **R9 346m** (2023: R15 807m) and other collateralised loans of **R152m** (2023: R4m) relating to securities borrowed for the Group and Company.

Included in gross loans and advances to banks is an amount of **R6 944m** (2023: R9 492m) that meets the definition of cash and cash equivalents and is included in note 47.3.

In 2023, the Company incorrectly disclosed installment credit agreements amounting to R3 021m as finance lease receivables. This has led to a restatement of installment credit agreements from R130 028m to R133 049m and finance lease receivables from R3 021m to nil.

Included in the Other advances balance are the Corporation for Deposit Insurance (CODI) loans.

Included in the Group's gross loans and advances to customers and banks are credit-linked notes of which **R3 807m** (2023: R4 381m) relates to loans and advances to customers and **R3 476m** (2023: R2 018m) to loans and advances to banks. For the Company, credit-linked notes included in gross loans and advances to customers are **R3 807m** (2023: R4 381m) and in gross loans and advances to banks **R3 476m** (2023: R2 018m).

7.1 Finance lease receivables

	Group 2024 Gross advances Rm	2024 Unearned finance charges Rm	2024 Net advances Rm	2023 Gross advances Rm	2023 Unearned finance charges Rm	2023 Net advances Rm
Maturity analysis						
Less than one year	**1 350**	**(49)**	**1 301**	219	(16)	203
Between one and two years	**551**	**(60)**	**491**	1 322	(94)	1 228
Between two and three years	**777**	**(134)**	**643**	716	(51)	665
Between three and four years	**662**	**(133)**	**529**	534	(38)	496
Between four and five years	**366**	**(91)**	**275**	424	(30)	394
More than five years	**1**	**(0)**	**1**	38	(3)	35
Gross carrying amount	**3 707**	**(467)**	**3 240**	3 253	(232)	3 021

The Group enters into finance lease contracts in respect of motor vehicles, equipment and medical equipment.

The majority of these agreements are denominated in South African Rand and the average term entered into is five years.

Under the terms of the agreements, no contingent rentals are payable though lease payments for use in excess of specified limits are included. Furthermore, the agreements require the assets to be appropriately maintained by the lessee throughout the term of the lease.

Unguaranteed residual values of finance leases are **R1 833m** (2023: R1 356m).

In 2023 the maturity analysis of finance lease receivables for between one and five years was disclosed as a single line item-Gross advances (R2 996m), Unearned finance charges (R213m) and Net advance (R2 783m). To improve transparency, the Group now disaggregates this further as can be seen in the table above.

7. Loans and advances *continued*

7.2 Reconciliation of ECL allowance

The following table sets out a reconciliation of the opening and closing IFRS 9 ECL allowances for loans and advances, by market segment.

	Group and Company									
	2024									
	Product Solutions Cluster		Everyday Banking							
Loans and advances at amortised cost and undrawn facilities	Home Loans Rm	Vehicle and Asset Finance Rm	Card Rm	Personal Loans Rm	Transactional and Deposits Rm	Other Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	9 261	7 160	6 416	6 232	1 076	52	4 659	3 539	6	38 401
Stage 1	506	1 025	991	806	276	–	594	735	5	4 938
Stage 2	823	1 118	1 230	923	267	–	779	437	1	5 578
Stage 3	7 932	5 017	4 195	4 503	533	52	3 286	2 367	–	27 885
Transfers between stages	–	–	–	–	–	–	–	168	–	168
Stage 1 net transfers	573	133	83	(8)	(14)	–	337	(1)	–	1 103
Transfers to stage 1	626	345	305	208	49	–	435	50	–	2 018
Transfers (from) stage 2	(27)	(121)	(82)	(80)	(22)	–	(65)	(22)	–	(419)
Transfers (from) stage 3	(26)	(91)	(140)	(136)	(41)	–	(33)	(29)	–	(496)
Stage 2 net transfers	127	182	(645)	(284)	(61)	–	(402)	(172)	–	(1 255)
Transfers (from) stage 1	(296)	(231)	(233)	(174)	(42)	–	(410)	(50)	–	(1 436)
Transfers to stage 2	723	717	298	323	45	–	86	23	–	2 215
Transfers (from) stage 3	(300)	(304)	(710)	(433)	(64)	–	(78)	(145)	–	(2 034)
Stage 3 net transfers	(700)	(315)	562	292	75	–	65	341	–	320
Transfers (from) stage 1	(330)	(114)	(72)	(34)	(6)	–	(26)	–	–	(582)
Transfers (from) stage 2	(696)	(596)	(216)	(243)	(23)	–	(21)	–	–	(1 795)
Transfers to stage 3	326	395	850	569	104	–	112	341	–	2 697
Credit impairment charges raised	1 278	1 901	3 139	1 924	644	–	1 022	1 223	(3)	11 128
Amounts written off	(989)	(2 839)	(2 021)	(3 708)	(752)	–	(1 768)	(1 034)	–	(13 111)
Net change in interest	901	836	207	1 072	55	–	393	387	–	3 851
Balances at the end of the reporting period	10 451	7 058	7 741	5 520	1 023	52	4 306	4 283	3	40 437
Stage 1	634	969	1 084	627	247	–	706	607	2	4 876
Stage 2	618	1 125	1 163	479	167	–	500	265	1	4 318
Stage 3	9 199	4 964	5 494	4 414	609	52	3 100	3 411	–	31 243

The credit impairment charges raised in the current year arise as a result of, inter alia, increase in the exposures (as detailed below), changes in forward looking information and refinements to various factors that are incorporated in the ECL model.

7. Loans and advances

7.2 Reconciliation of ECL allowance *continued*

7. Loans and advances
7.2 Reconciliation of ECL allowance *continued*

	Group and Company 2023									
	Product Solutions Cluster			Everyday Banking						
Loans and advances at amortised cost and undrawn facilities	Home loans Rm	Vehicle and Asset Finance Rm	Card Rm	Personal Loans Rm	Transactional and Deposits Rm	Other Rm	Relationship Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	7 577	6 481	5 802	4 963	822	52	4 827	3 266	8	33 798
Stage 1	496	1 038	935	908	235	-	544	779	8	4 943
Stage 2	925	1 284	1 138	1 009	224	-	747	310	–	5 637
Stage 3	6 156	4 159	3 729	3 046	363	52	3 536	2 177	–	23 218
Transfers between stages	-	-	-	-	-	-	–	–	–	–
Stage 1 net transfers	355	3	69	(95)	(9)	-	427	71	–	821
Transfers to stage 1	414	278	264	157	41	-	478	85	–	1 717
Transfers (to) stage 2	(34)	(158)	(85)	(101)	(20)	-	(33)	(13)	–	(444)
Transfers (to) stage 3	(25)	(117)	(110)	(151)	(30)	-	(18)	(1)	–	(452)
Stage 2 net transfers	40	(20)	(420)	(286)	(43)	-	(461)	(42)	–	(1 232)
Transfers (to) stage 1	(256)	(199)	(214)	(134)	(36)	-	(446)	(63)	–	(1 348)
Transfers to stage 2	677	601	252	290	38	-	90	29	–	1 977
Transfers (to) stage 3	(381)	(422)	(458)	(442)	(45)	–	(105)	(8)	–	(1 861)
Stage 3 net transfers	(395)	17	351	381	52	-	34	(29)	–	411
Transfers (to) stage 1	(157)	(80)	(50)	(23)	(5)	-	(32)	(21)	–	(368)
Transfers (to) stage 2	(643)	(443)	(167)	(189)	(18)	-	(57)	(17)	–	(1 534)
Transfers to stage 3	405	540	568	593	75	-	123	9	–	2 313
Credit impairment charges raised	1 732	2 293	3 037	2 678	769	-	1 036	959	–	12 504
Amounts written off	(779)	(2 426)	(2 613)	(2 381)	(562)	-	(1 702)	(984)	(2)	(11 449)
Net change in interest	730	813	190	972	47	-	498	298	–	3 548
Balances at the end of the reporting period	9 261	7 160	6 416	6 232	1 076	52	4 659	3 539	6	38 401
Stage 1	506	1 025	991	806	276	–	594	735	5	4 938
Stage 2	823	1 118	1 230	923	267	–	779	437	1	5 578
Stage 3	7 932	5 017	4 195	4 503	533	52	3 286	2 367	-	27 885

To enhance the Group and Company's ECL disclosure on loans and advances, the information provided in the table above for Product Solutions Cluster and Everyday Banking segments have been expanded to align to and promote consistency to the disclosure outlined in note 52.2. In the prior year only the totals were provided for these business units.

7. Loans and advances

7.2 Reconciliation of ECL allowance *continued*

Reconciliation of impairment loss allowance by market segment for loans and advances:

Product Solutions Cluster

- During the current financial year, gross loans and advances increased to **R445 945m** (2023: R431 810m) particularly driven by new business in Home loans **R320 566m** (2023: R311 324m) and in Vehicle and Asset Finance **R125 379m** (2023: R120 486m).
- There was an increase in ECL allowance of **R1 088m** (2023: R2 363m) consisting of an increase in the ECL allowance in Home loans **R1 190m** (2023: R1 684m) partially offset by a decrease in the ECL allowance in Vehicle and asset finance loans **R102m** (2023: R679m). The increase in the ECL for Home loans was driven by an increase in stage 3 impairments due to sustained macro-economic pressures on consumers and the decrease in vehicle and asset finance was driven by stricter credit approval policies that reduced exposures to credit risk in the portfolio.
- The value of loans written off during the year amounted to **R3 828m** (2023: R3 205m), consisting of Home loans: **R989m** (2023: R779m), Vehicle and asset finance: **R2 839m** (2023: R2 426m). This led to a corresponding decrease in the ECL allowance.
- Loan modifications that did not result in derecognition of the loan amounted to **R5 461m** (2023: R4 490m) Home loans: **R2 874m** (2023: R2 579m), Vehicle and asset finance: **R2 587m** (2023: R1 911m). This resulted in a modification loss of **R563m** (2023: R683m) with **R153m** (2023: R204m) in Home loans, modification loss of **R411m** (2023: R479m) in Vehicle asset finance and a corresponding increase in the expected credit losses.
- There were no loan modifications that resulted in derecognition of the old loan and recognition of a new loan.
- No gross loans and advances were sold during the current year and the prior year.

Everyday Banking

- During the current financial year, gross loans and advances increased to **R75 503m** (2023: R73 065m) particularly driven by growth in the Credit Card portfolio, partially offset by contraction in Personal loans following stricter underwriting criteria as part of the actions taken to manage risk on the portfolio.
- There was an increase in ECL allowance of **R560m** (2023: R2 137m) that consists of a decrease in Personal loans **R712m** (2023: R1 269m) and Transactions and Deposits **R53m** (2023: R254m) and offset by an increase in Card **R1 325m** (2023: R614m). The decrease in the ECL allowance for Personal loans and Transactions and deposits was driven by management's strategy to reduce risk in the portfolios by implementing stricter underwriting criteria and the increase in Card was driven by an increase in stage 3 impairments due to sustained macro-economic pressure on consumers.
- The value of loans written off during the year amounted to **R6 481m** (2023: R5 556m), consisting of Personal loans: **R3 708m** (2023: R2 381m), Transactions and deposits: **R752m** (2023: R562m), Card: **R2 021m** (2023: R2 613m). This led to a corresponding decrease in the ECL allowance.
- Loan modifications that did not result in derecognition of the loan amounted to **R2 172m** (2023: R713m), Personal loans: **R1 084m** (2023: R268m), Transactions and deposits: **R148m** (2023: R63m), Card: **R940m** (2023: R382m). This led to a modification loss of **R687m** (2023: R636m) consisting of Personal loans **R400m** (2023: R448m), Transactions and deposits **R41m** (2023: R32m), Card **R246m** (2023: R156m) and a corresponding increase in expected credit losses.
- There were no loan modifications that resulted in derecognition of the old loan and recognition of a new loan.
- Gross loans and advances sold during the current year amounted to **R1 706m** (2023: R2 181m), Personal loans: **R1 310m** (2023: R1 084m) and Card: **R396m** (2023: R1 097m). This resulted in a decrease of **R1 456m** (2023: R1 966m) to the ECL allowance.

Relationship Banking

- During the current financial year, gross loans and advances increased to **R159 236m** (2023: R150 731m) particularly driven by new business in the Commercial Asset Finance, Agriculture, Commercial and Commercial Property Finance portfolios.
- The ECL allowance decreased by **R353m** (2023: R168m) driven by a decrease in risk the performing loans in stage 1 and stage 2 due to stricter underwriting criteria to reduce credit risk in the portfolio.
- Settlement amounts of **R11 909m** (2023: R10 058m) were received during the year. This led to a related reduction in ECL of **R185m** (2023: R50m).
- The value of gross loans written off during the year amounted to **R1 768m** (2023: R1 702m). This led to a corresponding decrease in the ECL allowance.
- Loan modifications that did not result in derecognition of the loan amounted to **nil** (2023: R1 669m).
- There were no loan modifications that resulted in derecognition of the old loan and recognition of a new loan.
- No gross loans and advances were sold during the current year and in the prior year.

Corporate and Investment Banking

- During the current financial year, gross loans and advances increased to **R435 139m** (2023: R405 656m) of which **R331 765m** (2023: R311 917m) relates to exposure to which the impairment requirements of IFRS 9 are applicable. The increase is particularly driven by new business in overdrafts, mortgages, foreign currency loans, preference shares and reverse repurchase agreements offset by trades maturing across the business units and being written off.

7. Loans and advances

7.2 Reconciliation of ECL allowance *continued*

- The ECL allowance increased by **R744m** (2023: R273m) driven by increased stage 3 impairments as macroeconomic stresses adversely impacted consumer dependent and interest rate sensitive sectors within the portfolio.
- The value of loans written off during the year amounted to **R1 034m** (2023: R984m). This led to a corresponding decrease in the ECL allowance.
- Loan modifications that did not result in derecognition of the loan amounted to **R1 411m** (2023: nil). This resulted in a modification loss of **R95m** (2023: nil) and a corresponding increase in expected credit losses.
- There were no loan modifications that resulted in derecognition of the old loan and recognition of a new loan.
- No gross loans and advances were sold during the current year and the prior year.

Head Office, Treasury and other operations:

- No material ECL balance in the current year and in the prior year.

The net change in interest relates only to stage 3 assets where contractual interest is suspended, and interest income is recognised based on the net carrying value of the exposures. The amount of **R3 851m** (2023: R3 548m) disclosed is therefore reflective of the amount of interest not recognised during the current reporting period.

8. Loans to Group companies

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Gross loans to Group companies	**67 540**	61 733	**76 412**	72 669
Expected credit losses	**(279)**	(285)	**(272)**	(286)
	67 261	61 448	**76 140**	72 383

8.1 Reconciliation of ECL allowance

The movement in the ECL allowance for the current year is attributable to the credit impairment charges.

Refer to Related parties note 41 for further details on the gross loans to Group companies.

9. Investments in associates and joint ventures

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Unlisted investments	**2 142**	1 839	**313**	206

9.1 Movement in carrying value of associates and joint ventures accounted for under the equity method

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Balance at the beginning of the reporting period	**1 839**	1 725	**206**	206
Share of current reporting period post-tax results	**196**	114	**–**	–
Share of current reporting period results before taxation	**278**	160	**–**	–
Taxation on reporting period results	**(82)**	(46)	**–**	–
Additional investment	**107**	–	**107**	–
Balance at the end of the reporting period	**2 142**	1 839	**313**	206

9. Investments in associates and joint ventures *continued*

9.2 Associates and joint ventures

The following information is presented in respect of associates and joint ventures accounted for under the equity method:

	Group			
	Associates		Joint ventures	
Group share	**2024 Rm**	2023 Rm	**2024 Rm**	2023 Rm
Post-tax profit from continuing operations	**14**	36	**182**	78
Total comprehensive income	**14**	36	**182**	78

9.3 Analysis of the carrying value of associates and joint ventures accounted for under the equity method

	Group	
	2024 Rm	2023 Rm
Unlisted investments		
Shares at cost less impairments	**196**	89
Share of post-acquisition reserves	**1 829**	1 633
Additional capital contribution	**117**	117
	2 142	1 839

9.4 Carrying value of associates and joint ventures

	Group					
	2024			2023		
	Associates Rm	**Joint ventures Rm**	**Total Rm**	Associates Rm	Joint ventures Rm	Total Rm
Equity accounted	**612**	**1 530**	**2 142**	492	1 347	1 839
Designated at fair value through profit or loss	**–**	**227**	**227**	–	209	209
	612	**1 757**	**2 369**	492	1 556	2 048

Certain investments in Joint Ventures have been designated at fair value through profit or loss as the equity method exemption has been applied. These are presented within unlisted equity instruments in 'Investment securities' (refer to note 3).

Refer to note 41 for additional disclosure of the Group's investments in associates and joint ventures.

10. Subsidiaries

	Company	
	2024 Rm	2023 Rm
Shares at cost	**156**	159

Refer to note 41.6 of the Group's financial statements for the list of significant subsidiaries.

11. Property and Equipment

	Group					
	2024			2023		
	Cost Rm	**Accumulated depreciation and impairments Rm**	**Carrying amount Rm**	Cost Rm	Accumulated depreciation and impairments Rm	Carrying amount Rm
Computer equipment	**4 349**	**(2 702)**	**1 647**	5 426	(3 938)	1 488
Freehold property	**4 704**	**(442)**	**4 262**	4 715	(262)	4 453
Furniture and other equipment	**8 229**	**(4 930)**	**3 299**	9 804	(6 449)	3 355
Motor vehicles	**27**	**(16)**	**11**	28	(11)	17
Right-of-use assets	**4 601**	**(2 702)**	**1 899**	4 383	(2 266)	2 117
Aircraft	**565**	**(37)**	**528**	326	(9)	317
	22 475	**(10 829)**	**11 646**	24 682	(12 935)	11 747

In 2023, the Group incorrectly recognised within the right-of-use assets cost and accumulated depreciation relating to leases that were already expired. Consequently, the cost and accumulated depreciation balances have been restated from R6 541m and R4 424m, respectively, to the corrected balances as shown in the table above.

	Company					
	2024			2023		
	Cost Rm	**Accumulated depreciation and/or impairments Rm**	**Carrying amount Rm**	Cost Rm	Accumulated depreciation and/or impairments Rm	Carrying amount Rm
Computer equipment	**4 330**	**(2 686)**	**1 644**	5 407	(3 922)	1 485
Freehold property	**4 704**	**(442)**	**4 262**	4 715	(262)	4 454
Furniture and other equipment	**8 199**	**(4 914)**	**3 285**	9 774	(6 438)	3 335
Motor vehicles	**27**	**(16)**	**11**	28	(11)	17
Right-of-use assets	**4 587**	**(2 700)**	**1 887**	4 379	(2 263)	2 116
	21 847	**(10 758)**	**11 089**	24 303	(12 896)	11 407

In 2023, the Company incorrectly recognised within the right-of-use assets cost and accumulated depreciation of leases that were already expired. Consequently, the cost and accumulated depreciation balances have been restated from R6 537m and R4 421m, respectively, to the corrected balances as shown in the table above.

	Group							
	2024							
Reconciliation of property and equipment	**Opening balance Rm**	**Additions Rm**	**Disposals Rm**	**Transfer to non-current assets held for sale Rm**	**Foreign exchange move-ments Rm**	**Depre-ciation Rm**	**Impair-ment charge Rm**	**Closing balance Rm**
Computer equipment	**1 489**	**768**	**(40)**	**–**	**–**	**(556)**	**(14)**	**1 647**
Freehold property	**4 454**	**27**	**–**	**(23)**	**1**	**(7)**	**(190)**	**4 262**
Furniture and other equipment	**3 352**	**1 081**	**(4)**	**–**	**2**	**(822)**	**(310)**	**3 299**
Motor vehicles	**17**	**–**	**–**	**–**	**–**	**(6)**	**–**	**11**
Right-of-use assets	**2 118**	**745**	**(12)**	**–**	**(3)**	**(864)**	**(85)**	**1 899**
Aircraft	**317**	**231**	**–**	**–**	**7**	**(27)**	**–**	**528**
	11 747	**2 852**	**(56)**	**(23)**	**7**	**(2 282)**	**(599)**	**11 646**
Note				6		30	31	

11. Property and Equipment *continued*

Reconciliation of property and equipment	Group 2023 Opening balance Rm	Additions Rm	Disposals Rm	Transfer to non-current assets held for sale Rm	Foreign exchange move-ments Rm	Depre-ciation Rm	Impair-ment charge Rm	Closing balance Rm
Computer equipment	1 525	608	(12)	–	–	(613)	(19)	1 489
Freehold property	4 539	161	(52)	(116)	–	(10)	(68)	4 454
Furniture and other equipment	3 423	995	(72)	–	–	(884)	(110)	3 352
Motor vehicles	8	15	–	–	–	(6)	–	17
Right-of-use assets	2 191	815	(30)	–	–	(841)	(17)	2 118
Aircraft	–	326	–	–	–	(9)	–	317
	11 686	2 920	(166)	(116)	–	(2 363)	(214)	11 747
Note				6		30	31	

Reconciliation of property and equipment	Company 2024 Opening balance Rm	Additions Rm	Disposals Rm	Transfer to non-current assets held for sale Rm	Depre-ciation Rm	Impair-ment charge Rm	Closing balance Rm
Computer equipment	**1 486**	**768**	**(40)**	**–**	**(556)**	**(14)**	**1 644**
Freehold property	**4 454**	**27**	**–**	**(23)**	**(7)**	**(189)**	**4 262**
Furniture and other equipment	**3 335**	**1 078**	**(3)**	**–**	**(815)**	**(310)**	**3 285**
Motor vehicles	**17**	**–**	**–**	**–**	**(6)**	**–**	**11**
Right-of-use assets	**2 115**	**733**	**(13)**	**–**	**(863)**	**(86)**	**1 887**
	11 407	**2 606**	**(56)**	**(23)**	**(2 247)**	**(599)**	**11 089**
Note				6	30	31	

Reconciliation of property and equipment	Company 2023 Opening balance Rm	Additions Rm	Disposals Rm	Transfer to non-current assets held for sale Rm	Depre-ciation Rm	Impair-ment charge Rm	Closing balance Rm
Computer equipment	1 521	608	(12)	–	(612)	(19)	1 486
Freehold property	4 539	161	(52)	(116)	(10)	(68)	4 454
Furniture and other equipment	3 411	984	(72)	–	(878)	(110)	3 335
Motor vehicles	8	15	–	–	(6)	–	17
Right-of-use assets	2 186	811	(25)	–	(840)	(17)	2 115
	11 665	2 579	(161)	(116)	(2 346)	(214)	11 407
				6	30	31	

Included in the above additions for both Group and Company is **R1 674m** (2023: R1 271m) that relates to expenditure capitalised to the cost of property and equipment during the course of its construction.

Assets under construction were brought in to use during the reporting period for both Group and Company amounting to **R1 168m** (2023: R1 160m).

Certain property and equipment held for sale totaling **R23m** (2023: R116m) for Group and Company were transferred to non-current assets held for sale.

12. Goodwill and intangible assets

	Group 2024 Cost Rm	2024 Accumulated amortisation and/or impairments Rm	2024 Carrying amount Rm	2023 Cost Rm	2023 Accumulated amortisation and/or impairments Rm	2023 Carrying amount Rm
Computer software development costs	**18 978**	**(5 672)**	**13 306**	18 011	(5 824)	12 187
Goodwill	**149**	**(37)**	**112**	149	(37)	112
	19 127	**(5 709)**	**13 418**	18 160	(5 861)	12 299

	Company 2024 Cost Rm	2024 Accumulated amortisation and/or impairments Rm	2024 Carrying amount Rm	2023 Cost Rm	2023 Accumulated amortisation and/or impairments Rm	2023 Carrying amount Rm
Computer software development costs	**18 978**	**(5 672)**	**13 306**	18 011	(5 824)	12 187
	18 978	**(5 672)**	**13 306**	18 011	(5 824)	12 187

Reconciliation of goodwill and intangible assets	Group 2024 Opening balance Rm	Additions Rm	Disposals Rm	Amortisation Rm	Impairment charge Rm	Closing balance Rm
Computer software development costs	**12 187**	**3 688**	**–**	**(2 429)**	**(140)**	**13 306**
Goodwill	**112**	**–**	**–**	**–**	**–**	**112**
	12 299	**3 688**	**–**	**(2 429)**	**(140)**	**13 418**
Note				30	31	

Reconciliation of goodwill and intangible assets	Group 2023 Opening balance Rm	Additions Rm	Disposals Rm	Amortisation Rm	Impairment charge Rm	Closing balance Rm
Computer software development costs	11 137	3 884	(52)	(2 546)	(236)	12 187
Goodwill	112	–	–	–	–	112
Other	6	–	(6)	–	–	–
	11 255	3 884	(58)	(2 546)	(236)	12 299
Note				30	31	

12. Goodwill and intangible assets *continued*

Reconciliation of goodwill and intangible assets	Company 2024 Opening balance Rm	Additions Rm	Addition through business combinations Rm	Disposals Rm	Amortisation Rm	Impairment charge Rm	Closing balance Rm
Computer software development costs	**12 187**	**3 688**	**–**	**–**	**(2 429)**	**(140)**	**13 306**
	12 187	**3 688**	**–**	**–**	**(2 429)**	**(140)**	**13 306**
Note			49.1		30	31	

Reconciliation of goodwill and intangible assets	Company 2023 Opening balance Rm	Additions Rm	Addition through business combinations Rm	Disposals Rm	Amortisation Rm	Impairment charge Rm	Closing balance Rm
Computer software development costs	11 137	3 883	(52)	(2 546)	(235)	–	12 187
Other	6	–	(6)	–	–	–	–
	11 143	3 883	(58)	(2 546)	(235)	–	12 187
Note					30	31	

The majority of computer software development costs were internally generated. Included in computer software development costs is **R4 978m** (2023: R4 537m) relating to assets under construction which is not yet amortised, this includes the opening balance and any movements to date. **R288m** (2023: R144m) of borrowing costs were capitalized to computer software development costs.

Assets under construction relating to computer software of **R3 042m** (2023: R2 156m) were brought into use during the reporting period.

Included in 'Other' intangible assets are brands and licenses.

	Group 2024 Rm	Group 2023 Rm
Composition of goodwill		
Absa Vehicle and Management Solutions Proprietary Limited	**112**	112
	112	112

13. Deferred tax

13.1 Reconciliation of net deferred tax (asset)/liability

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Balance at the beginning of the reporting period	**(4 348)**	(4 672)	**(4 065)**	(4 574)
Deferred tax on amounts charged directly to other comprehensive income and equity	**768**	753	**754**	767
Credit to profit or loss (refer to note 33)	**(105)**	(478)	**(106)**	(306)
Tax effect of translation and other differences	**(37)**	49	**1**	48
Balance at the end of the reporting period	**(3 722)**	(4 348)	**(3 416)**	(4 065)

13.2 Deferred tax (asset)/liability

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Tax effects of temporary differences between tax and book value for:				
Deferred tax liability	**154**	12	**150**	–
Prepayments, accruals and other provisions	**154**	12	**150**	–
Deferred tax asset	**(3 876)**	(4 360)	**(3 566)**	(4 065)
Fair value adjustments on financial instruments	**166**	(56)	**166**	(55)
Cash flow hedge and financial assets at fair value through other comprehensive income	**191**	(449)	**191**	(449)
Impairment of loans and advances	**(2 909)**	(2 962)	**(2 906)**	(2 960)
Lease and rental debtor allowances	**(450)**	(450)	**(366)**	(366)
Prepayments, accruals and other provisions	**(491)**	(315)	**(268)**	(107)
Payments received in advance	**(845)**	(731)	**(845)**	(731)
Own credit risk	**(337)**	(263)	**(337)**	(263)
Capital allowances	**1 174**	1 137	**1 174**	1 137
Retirement benefit assets	**7**	17	**7**	17
Share-based payments	**(382)**	(288)	**(382)**	(288)
Net deferred tax (asset)/liability	**(3 722)**	(4 348)	**(3 416)**	(4 065)

Payments received in advance and Prepayments, accruals and other provisions in Group of R1 046m and in Company of R838m, was disclosed within a single line item in the prior period. To improve transparency, the Group and Company now discloses these items separately as can be seen in the table above.

The Company deferred tax liability relates to withholding taxes levied by certain foreign jurisdictions.

13.3 Future tax relief

The Group has no actual losses or any estimated tax losses which are available for set-off against future taxable income.

14. Trading and hedging portfolio liabilities

	Group and Company	
	2024 Rm	2023 Rm
Derivative liabilities	**52 868**	45 395
Commodity derivatives	**1 239**	368
Credit derivatives	**107**	348
Equity derivatives	**2 747**	2 861
Foreign exchange derivatives	**18 504**	13 063
Interest rate derivatives	**30 271**	28 755
Short positions	**10 756**	13 098
Total trading portfolio liabilities	**63 624**	58 493
Hedging portfolio liabilities (refer to note 50.3)	**1 258**	1 688
	64 882	60 181

15. Other liabilities

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Accruals	**1 841**	1 701	**1 791**	1 656
Audit fee accrual	**234**	190	**229**	186
Cash-settled share-based payment liability (refer to note 48)	**21**	16	**19**	16
Creditors	**9 836**	11 632	**9 748**	11 544
Deferred income	**567**	299	**567**	299
Lease liabilities (refer to note 36)	**2 537**	2 767	**2 525**	2 766
Settlement balances	**10 614**	13 765	**10 614**	13 765
	25 650	30 370	**25 493**	30 232

16. Provisions

	Group			
	2024			
	Staff bonus and incentive provisions Rm	**Sundry provisions Rm**	**Undrawn contractually committed and guarantees provision Rm**	**Total Rm**
Balance at the beginning of the reporting period	**2 336**	**996**	**799**	**4 131**
Additions	**2 875**	**934**	**–**	**3 809**
Amounts used	**(2 675)**	**(751)**	**–**	**(3 426)**
Reversals	**(93)**	**(52)**	**–**	**(145)**
Movement in provisions for financial guarantees, undrawn committed facilities and letters of credit (Refer to note 45)	**–**	**–**	**(304)**	**(304)**
Balance at the end of the reporting period	**2 443**	**1 127**	**495**	**4 065**

16. Provisions *continued*

	Company			
	2024			
	Staff bonus and incentive provisions Rm	**Sundry provisions Rm**	**Undrawn contractually committed and guarantees provision Rm**	**Total Rm**
Balance at the beginning of the reporting period	**2 302**	**968**	**799**	**4 069**
Additions	**2 845**	**861**	**–**	**3 706**
Amounts used	**(2 650)**	**(751)**	**–**	**(3 401)**
Reversals	**(88)**	**(52)**	**–**	**(140)**
Movement in provisions for financial guarantees, undrawn committed facilities and letters of credit (refer to note 45)	**–**	**–**	**(304)**	**(304)**
Balance at the end of the reporting period	**2 409**	**1 026**	**495**	**3 930**

Provisions have been raised on financial guarantees, letters of credit and undrawn committed facilities, which is in line with the requirement of IFRS 9.

The provisions balance of 83% is expected to be recovered or settled within 12 months after the reporting date for the Group and Company.

Sundry provisions include amounts with respect to fraud, litigation and claims.

16.1 Reconciliation of ECL allowance

The following tables set out a reconciliation of the opening and closing IFRS 9 expected credit losses allowance for off-statement of financial position guarantees and letters of credit.

	Group and Company			
	2024			
		Lifetime expected credit losses ('LEL')		
Guarantees and letters of credit	**Stage 1 Rm**	**Stage 2 Rm**	**Stage 3 Rm**	**Total Rm**
Balance at the beginning of the reporting period	**35**	**2**	**476**	**513**
Asset moved/allowance transferred from stage 3	**–**	**–**	**(168)**	**(168)**
Credit impairment charges	**(14)**	**3**	**(21)**	**(32)**
Balance at the end of the reporting period	**21**	**5**	**287**	**313**

	Group and Company			
	2023			
		Lifetime expected credit losses ('LEL')		
Guarantees and letters of credit	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
Balance at the beginning of the reporting period	27	4	459	490
Asset moved/allowance transferred to stage 1	1	(1)	–	–
Credit impairment charges	8	(2)	17	23
Foreign exchange movements	(1)	1	–	–
Balance at the end of the reporting period	35	2	476	513

The ECL reconciliation tables above exclude undrawn facilities, the undrawn facilities allowance is included as part of the loans and advances note (refer note 7.2).

17. Deposits

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Customers				
Call deposits	**106 584**	91 906	**106 584**	91 906
Cheque account deposits	**243 625**	211 273	**245 004**	212 289
Credit card deposits	**2 063**	1 920	**2 063**	1 920
Fixed deposits	**258 934**	257 728	**258 934**	257 728
Foreign currency deposits	**58 647**	49 936	**58 647**	49 936
Notice deposits	**98 457**	86 341	**98 457**	86 341
Other deposits	**953**	1 115	**1 402**	1 504
Repurchase agreements	**24 779**	26 342	**24 779**	26 342
Savings and transmission deposits	**304 513**	261 917	**304 513**	261 917
Total deposits due to customers	**1 098 555**	988 478	**1 100 383**	989 883
Banks				
Call deposits	**7 016**	7 943	**7 016**	7 943
Fixed deposits	**25 654**	24 211	**25 654**	24 211
Foreign currency deposits	**30 386**	29 272	**30 386**	29 272
Other deposits	**1 531**	2 268	**1 531**	2 268
Repurchase agreements	**54 552**	36 807	**54 552**	36 807
Savings and transmission deposits	**252**	504	**252**	504
Total deposits due to banks	**119 391**	101 005	**119 391**	101 005
Total deposits	**1 217 946**	1 089 483	**1 219 774**	1 090 888

'Other deposits' due to customers include deposits on structured deals and unclaimed deposits. 'Other deposits' from banks consist mainly of 'Vostro' balances.

Included in deposits from banks are collateralised deposits of **R1m** (2023: R24m) relating to securities lent.

18. Debt securities in issue

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Commercial paper	**5 244**	2 744	**–**	–
Credit linked notes	**33 409**	24 848	**33 409**	24 848
Floating rate notes	**50 632**	43 799	**50 632**	43 799
Negotiable certificates of deposit	**67 994**	88 715	**67 994**	88 715
Other	**1 498**	1 294	**1 493**	1 291
Promissory notes	**837**	1 581	**837**	1 581
Senior notes	**47 726**	46 912	**47 726**	46 912
Structured notes and bonds	**1**	2	**1**	2
	207 341	209 895	**202 092**	207 148

19. Insurance contract liabilities

Non-life risk: Insurance contracts

Analysis by remaining coverage and incurred claims – contracts measured under PAA

Group 2024	Liabilities for remaining coverage: Excluding loss component Rm	Liabilities for incurred claims: Estimates of present value of future cash flows Rm	Total Rm
Opening balance liabilities	**–**	**(13)**	**(13)**
Changes in the statement of comprehensive Income			
Insurance revenue	**88**	**–**	**88**
Insurance service expenses	**–**	**(60)**	**(60)**
Incurred claims and other insurance service expenses	**–**	**(60)**	**(60)**
Insurance service result	**88**	**(60)**	**28**
Total changes in the statement of comprehensive income	**88**	**(60)**	**28**
Total cash flows	**(88)**	**69**	**(19)**
Premiums received	**(88)**	**–**	**(88)**
Claims and other insurance service expenses paid	**–**	**69**	**69**
Closing balance liabilities	**–**	**(4)**	**(4)**

Group 2023	Liabilities for remaining coverage: Excluding loss component Rm	Liabilities for incurred claims: Estimates of present value of future cash flows Rm	Total Rm
Opening balance liabilities	–	(12)	(12)
Changes in the statement of comprehensive Income			
Insurance revenue	197	–	197
Insurance service expenses	–	(128)	(128)
Incurred claims and other insurance service expenses	–	(128)	(128)
Insurance service result	197	(128)	69
Total changes in the statement of comprehensive income	197	(128)	69
Total cash flows	(197)	127	(70)
Premiums received	(197)	–	(197)
Claims and other insurance service expenses paid	–	127	127
Closing balance liabilities	–	(13)	(13)

IFRS 17 is applicable to all issued insurance contracts (as defined in the standard) regardless of whether these contracts are issued by licensed insurers. The Group has insurance contracts issued by operations that are not licensed insurers that are measured and presented in accordance with IFRS 17. The IFRS 17 insurance risk attached to these contracts is largely managed through pricing in accordance with those entities' governance structures.

20. Borrowed funds

			Group and Company	
			2024 Rm	2023 Rm
Subordinated callable notes issued to Absa Group Limited				
Interest rate	**Final Maturity date**	**Note**		
Three-month JIBAR + 2.10%	16 September 2032	i.	**1 916**	1 916
Three-month JIBAR + 2.13%	17 May 2030	ii.	**2 676**	2 676
Three-month JIBAR + 2.40%	11 April 2029	iii.	**–**	1 580
Three-month JIBAR + 3.85%	14 August 2029	iv.	**–**	390
Three-month JIBAR + 3.45%	29 September 2029	v.	**–**	1 014
Three-month JIBAR + 1.72%	26 August 2033	vi.	**2 158**	2 158
Three-month JIBAR + 1.72%	06 August 2034	vii.	**1 000**	–
Three-month JIBAR + 1.75%	21 September 2034	viii.	**2 019**	–
Three-month JIBAR + 1.70%	16 October 2034	ix.	**500**	–
Three-month JIBAR + 1.62%	12 October 2034	x.	**1 700**	–
Foreign currency denominated notes				
USD 6.375%	n/a	xi.	**6 866**	6 866
Other				
Accrued interest			**119**	133
Fair value adjustments			**(442)**	(699)
Foreign exchange movements			**2 574**	2 324
			21 086	18 358

	Group and Company	
	2024 Rm	2023 Rm
Reconciliation of Borrowed funds		
Opening balance	**18 358**	26 282
Changes arising from cash movements:	**557**	(8 111)
Borrowed fund issuances	**5 219**	2 158
Borrowed fund redemptions	**(2 984)**	(7 952)
Interest paid	**(1 678)**	(2 317)
Changes arising from non-cash movements:	**2 171**	187
Interest accrued	**1 664**	1 050
Fair value adjustments	**257**	241
Foreign exchange movements	**250**	(1 104)
Closing balance	**21 086**	18 358

In the prior year, the repayment of borrowed funds of R10 482m in the statement of cash flows includes the redemption amount referred to above of R7 952m and realised foreign exchange of R2 530m, which is included in the foreign exchange movement of R1 104m.

20. Borrowed funds *continued*

i. The three-month JIBAR plus 2.10% floating rate notes with a nominal amount of R1.9bn may be redeemed in full at the option of Absa Bank Limited on 16 September 2032, with the first optional redemption date being 16 September 2027. The interest is paid quarterly in arrears on 16 March, 16 June, 16 September and 16 December each year until the maturity date, with the first interest determination date being 12 September 2022. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

ii. The three-month JIBAR plus 2.13% floating rate notes may be redeemed in full at the option of Absa Bank Limited on 17 May 2030. Interest is paid quarterly in arrears on 17 February, 17 May, 17 August and 17 November. Absa Bank Limited has the option to exercise the redemption on any interest payment date after 17 May 2025. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

iii. The three-month JIBAR plus 2.40% floating rate notes were redeemed in full on 11 April 2024.

iv. The three-month JIBAR plus 3.85% floating rate notes were redeemed in full on 14 August 2024.

v. The three-month JIBAR plus 3.45% floating rate notes were redeemed in full on 29 September 2024.

vi. The three-month JIBAR plus 1.72% floating rate notes may be redeemed in full at the option of Absa Group Limited on 26 August 2033. Interest is paid quarterly in arrears on 26 February, 26 May, 26 August and 26 November each year until the maturity date. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

vii. The three-month JIBAR plus 1.72% floating rate notes may be redeemed in full at the option of Absa Bank Limited on 06 August 2034. Interest is paid quarterly in arrears on 06 February, 06 May, 06 August and 06 November. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

viii. The three-month JIBAR plus 1.75% floating rate notes may be redeemed in full at the option of Absa Bank Limited on 21 September 2034. Interest is paid quarterly in arrears on 21 March, 21 June, 21 September and 21 December. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

ix. The three-month JIBAR plus 1.70% floating rate notes may be redeemed in full at the option of Absa Bank Limited on 16 October 2034. Interest is paid quarterly in arrears on 16 January, 16 April, 16 July and 16 October. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

x. The three-month JIBAR plus 1.62% floating rate notes may be redeemed in full at the option of Absa Bank Limited on 12 October 2034. Interest is paid quarterly in arrears on 12 January, 12 April, 12 July and 12 October. No step-up will apply on the coupon rate, should Absa Bank Limited not exercise the redemption option.

xi. The 6.375% fixed rate reset unsecured and perpetual notes with a nominal amount of USD 500m have no fixed redemption date. The notes qualify as additional Tier 1 capital for the Bank. The Bank is obliged to pay interest on each Interest Payment Date unless: (a) it elects not to pay the relevant interest amount on such Interest Payment Date in whole or in part and for any reason; (b) it is in breach of either (i) the Capital Regulations or (ii) the Solvency Condition on the business day prior to such Interest Payment Date or would be in breach of the Capital Regulations or the Solvency Condition if the relevant interest amount were paid on such Interest Payment Date; or (c) at any time the Prudential Authority imposes a mandatory prohibition on the payment by the Issuer of such interest amount. The interest is payable semi- annually in arrears on 27 May and 27 November each year, commencing on 27 November 2021. The reset dates are every 5 years. The interest rate is 6.375% from the issue date to (but excluding) the first reset date, 27 November 2026. Thereafter, the interest rate will be reset to an interest applicable to the relevant reset period. The terms of the Additional Tier 1 capital notes include a regulatory requirement which provides for the write off, in whole or in part, in the case of a disqualifying event. In addition, interest payments are mandatorily payable if, for any reason, the instrument no longer meets the criteria of AT1 Capital in terms of Regulation 38(11).

Note i to x are listed on the Johannesburg Stock Exchange Debt Market.

Note xi is listed on the London Stock Exchange.

Note i to xi have been issued to Absa Group Limited.

In accordance with its memorandum of incorporation, the borrowing powers of Absa Bank Limited are unlimited.

21. Share capital, premium and other equity

21.1 Ordinary share capital

	Group and Company 2024 Rm	2023 Rm
Authorised		
320 000 000 (2023: 320 000 000) ordinary shares of R1.00 each	**320**	320
250 000 000 (2023: 250 000 000) 'A' ordinary shares of R0.01 each	**3**	3
	323	323
Issued		
302 609 369 (2023: 302 609 369) ordinary shares of R1.00 each	**303**	303
145 691 959 (2023: 145 691 959) 'A' ordinary shares of R0.01 each	**1**	1
	304	304
Total Issued capital		
Share capital	**304**	304
Share premium	**36 880**	36 880
	37 184	37 184

Authorised shares

There were no changes to the authorised share capital during the current reporting period.

Unissued shares

The unissued shares are under the control of the directors, subject to a limit of 5% of issued ordinary share capital as at the reporting date, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Group.

Ordinary share capital

Ordinary shares and "A" Ordinary shares when issued entitles the holders to distribution of profit and the right to vote on any matter to be decided by a vote of holders of the ordinary shares of the Group.

Shares issued

There were no shares issued during the current and prior reporting periods. All shares issued by the Group were paid in full.

21.2 Preference share capital and premium

	Group and Company 2024 Rm	2023 Rm
Authorised		
30 000 000 (2023: 30 000 000) non-cumulative, non-redeemable listed preference shares of R0.01 each	**1**	1
Issued		
4 944 839 (2023: 4 944 839) non-cumulative, non-redeemable listed preference shares of R0.01 each	**1**	1
Total issue capital		
Share capital	**1**	1
Share premium	**4 643**	4 643
	4 644	4 644

The preference shares have a dividend rate of 70% of the prime overdraft lending rate. The holders of such shares shall not be entitled to voting rights unless a declared preference dividend remains in arrears and unpaid after six months from the due date thereof, or a resolution is proposed by the Company which directly affects the rights attracted to the preference shares or the interest of the holders thereof. The shareholders only have rights to the share capital and share premium linked to the shares, in the event of insolvency, and to any dividend that is declared, but unpaid.

21.3 Directors' interests in Absa Bank Limited preference shares

As at the reporting date, no director held any preference shares of Absa Bank Limited.

21.4 Other equity: Additional Tier 1 capital

		Group and Company 2024 Rm	2023 Rm
Subordinated callable notes issued by Absa Bank Limited			
Interest rate	**Date of issue**		
Three-month JIBAR + 4.50%	28 May 2019	**–**	1 678
Three-month JIBAR + 4.25%	5 December 2019	**1 376**	1 376
Three-month JIBAR + 4.55%	26 October 2020	**1 209**	1 209
Three-month JIBAR + 3.58%	15 November 2022	**1 999**	1 999
Three-month JIBAR + 2.94%	30 October 2023	**2 000**	2 000
Three-month JIBAR + 2.90%	13 May 2024	**1 511**	–
Three-month JIBAR + 2.74%	28 November 2024	**1 579**	–
		9 674	8 262

The Additional Tier 1 capital notes represent perpetual, subordinated instruments redeemable in full at the option of Absa Group Limited (the issuer) on 5 June 2025, 27 October 2025, 16 November 2027, 30 October 2028, 14 May 2029 and 29 November 2029 subject to regulatory approval. These instruments include a write-off provision which is required under Basel III. This provision is triggered by the Prudential Authority and shall be instituted at the earlier of (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary; or (ii) a decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable. In addition, the Additional Tier 1 Notes do not have a contractual obligation to pay interest. Accordingly, the instruments are classified as equity instruments. Additional Tier 1 that was issued on the 28 May 2019 was redeemed on the 28 November 2024.

22. Other Reserves

22.1 Fair value through other comprehensive income reserve

The fair value reserve comprises only the cumulative net change in the fair value of debt instruments measured at FVOCI, until such time as they are derecognised. Upon derecognition of debt instruments measured at FVOCI, the cumulative amount recognised in other comprehensive income is released to profit or loss. Since the cumulative net change in the fair value of equity instruments designated as at FVOCI is not recycled to profit or loss upon derecognition, the Group recognises the cumulative net change in fair value of these instruments in retained earnings.

22.2 Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

22.3 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into the presentation currency of the Group.

22.4 Capital reserve

The capital reserve arose on the amalgamation of the founding banks of Absa Bank Limited.

22.5 Share-based payment reserve

The reserve comprises the credit to equity for equity-settled share-based payment arrangements in terms of IFRS 2. The standard requires that the expense be charged to the profit or loss component of the statement of comprehensive income, while a credit needs to be raised against equity over the vesting period (i.e., the period between the allocation date and the date on which employees will become entitled to their options). When options are exercised or if the options lapse after vesting, the reserve related to the specific options is transferred to retained earnings. If the options lapse before vesting, the related reserve is reversed through the profit or loss component of the statement of comprehensive income.

22.6 Associates' and joint ventures' reserve

The associates' and joint ventures' reserve comprised the Group's share of its associates' and/or joint ventures' accumulated profits, losses and other comprehensive income.

22.7 Retained earnings

The retained earnings comprises of the cumulative total comprehensive income recognised from inception (reduced by any amounts transferred to a separate reserve), reduced by dividends paid to date and any total comprehensive income relating to disposed subsidiaries and includes changes in OCI with respect to the following:

- movement in the fair value of equity instruments measured at FVOCI;
- movement in the fair value attributable to own credit risk on liabilities designated at FVTPL;
- movement in the actuarial valuation of retirement benefit fund assets and liabilities; and
- direct shareholder contributions.

23. Interest and similar income

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Interest and similar income is earned from:				
Cash, cash balances and balances with central banks	**–**	3	**–**	3
Interest on hedging instruments	**(1 350)**	(1 240)	**(1 350)**	(1 240)
Investment securities	**13 467**	11 111	**13 467**	11 111
Loans and advances	**119 683**	107 482	**117 968**	105 688
Loans and advances to customers	**114 590**	104 482	**112 942**	102 689
Corporate overdrafts and specialised finance loans	**1 765**	1 880	**1 765**	1 880
Credit cards	**7 097**	6 200	**7 097**	6 200
Foreign currency loans	**5 246**	4 483	**5 246**	4 483
Instalment credit agreements	**15 804**	14 130	**15 805**	14 156
Finance lease receivables	**282**	261	**–**	–
Loans to associates and joint ventures	**2 351**	2 431	**2 351**	2 431
Microloans	**624**	746	**624**	746
Mortgages	**43 215**	40 734	**43 135**	40 649
Other advances	**3 039**	1 259	**3 039**	1 259
Overdrafts	**5 784**	5 190	**5 784**	5 190
Overnight finance	**1 747**	1 860	**1 747**	1 860
Personal and term loans	**10 768**	10 839	**10 768**	10 839
Preference shares	**3 168**	2 771	**3 146**	2 744
Reverse repurchase agreements	**28**	27	**28**	27
Wholesale overdrafts	**13 672**	11 671	**12 407**	10 225
Loans and advances to banks	**5 093**	3 000	**5 026**	2 999
Other interest	**108**	1 021	**411**	1 176
	131 908	118 377	**130 496**	116 738
Classification of interest and similar income				
Interest on hedging instruments	**(1 350)**	(1 239)	**(1 350)**	(1 239)
Cash flow hedges (refer to note 50.7.2)	**(1 657)**	(1 491)	**(1 657)**	(1 491)
Fair value hedging instruments	**307**	252	**307**	252
Interest on financial assets held at amortised cost	**121 246**	113 283	**119 868**	111 947
Interest on financial assets measured at FVOCI	**9 113**	3 564	**9 114**	3 565
Interest on financial assets measured at fair value through profit or loss	**2 899**	2 769	**2 864**	2 465
Investment securities	**–**	186	**–**	186
Loans and advances	**2 899**	2 583	**2 864**	2 279
	131 908	118 377	**130 496**	116 738

Interest income on 'other advances' includes items such as interest on factored debtors' books. Other interest includes items such as overnight interest on contracts for difference.

Instalment credit agreements and finance lease receivables was disclosed within a single line item in the prior period (R14 391m) for Group. To improve transparency, Group now disclose these items separately as can be seen in the table above.

24. Interest expense and similar charges

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Interest expense and similar charges are paid on:				
Borrowed funds	**1 664**	1 050	**1 664**	1 050
Debt securities in issue	**13 423**	13 777	**12 250**	12 432
Deposits	**70 554**	57 850	**70 553**	57 848
Deposits due to customers	**67 748**	55 711	**67 747**	55 709
Call deposits	**9 956**	12 634	**9 956**	12 634
Cheque account deposits	**9 057**	7 638	**9 057**	7 638
Credit card deposits	**7**	7	**7**	7
Fixed deposits	**17 247**	13 829	**17 248**	13 828
Foreign currency deposits	**3 347**	418	**3 347**	418
Notice deposits	**6 562**	4 748	**6 562**	4 748
Other deposits due to customers	**158**	618	**158**	617
Savings and transmission deposits	**21 414**	15 819	**21 412**	15 819
Deposits from banks	**2 806**	2 139	**2 806**	2 139
Call deposits	**395**	215	**395**	215
Fixed deposits	**2 015**	1 742	**2 015**	1 742
Foreign currency deposits	**396**	182	**396**	182
Interest on hedging instruments	**392**	960	**392**	960
Interest incurred on lease liabilities (refer to note 36)	**257**	255	**257**	254
Other	**116**	130	**121**	40
	86 406	74 022	**85 237**	72 584
Classification of interest expense and similar charges:				
Interest on hedging instruments	**392**	960	**392**	960
Cash flow hedges (refer to note 50.7)	**(67)**	38	**(67)**	38
Fair value hedges	**459**	922	**459**	922
Interest on financial liabilities measured at amortised cost	**86 014**	73 062	**84 845**	71 624
	86 406	74 022	**85 237**	72 584

25. Net fee and commission income

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Consulting and administration fees	**290**	328	**238**	255
Insurance commission received	**774**	739	**774**	739
Investment, markets execution and investment banking fees	**541**	453	**541**	453
Merchant income	**2 705**	2 303	**2 705**	2 303
Other fee and commission income	**236**	397	**212**	330
Transactional fees and commissions	**18 063**	17 616	**17 996**	17 595
Cheque accounts	**5 196**	5 060	**5 196**	5 060
Credit cards	**2 125**	2 251	**2 125**	2 251
Electronic banking	**6 600**	6 557	**6 600**	6 557
Service charges	**2 199**	1 912	**2 132**	1 891
Other (includes exchange commissions)	**842**	762	**842**	762
Savings accounts	**1 101**	1 074	**1 101**	1 074
Trust and other fiduciary services	**69**	99	**69**	99
Portfolio and other management fees	**69**	99	**69**	99
Fee and commission income	**22 678**	21 935	**22 535**	21 774
Fee and commission expense	**(2 157)**	(2 149)	**(2 156)**	(2 148)
Brokerage fees	**(3)**	–	**(3)**	–
Cheque processing fees	**(2)**	(1)	**(2)**	(1)
Clearing and settlement charges	**(1 461)**	(1 411)	**(1 460)**	(1 411)
Notification fees	**(228)**	(246)	**(228)**	(246)
Other	**(363)**	(395)	**(363)**	(395)
Valuation fees	**(100)**	(96)	**(100)**	(95)
	20 521	19 786	**20 379**	19 626

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Included above is net fee and commission income linked to financial instruments not at fair value				
Cheque accounts	**5 196**	5 060	**5 196**	5 060
Credit cards	**2 125**	2 251	**2 125**	2 251
Electronic banking	**6 600**	6 557	**6 600**	6 557
Service charges	**2 199**	1 912	**2 132**	1 891
Other	**842**	762	**842**	762
Savings accounts	**1 101**	1 074	**1 101**	1 074
Fee and commission income	**18 063**	17 616	**17 996**	17 595
Fee and commission expense	**(2 196)**	(2 144)	**(2 195)**	(2 144)
	15 867	15 472	**15 801**	15 451

The Group and Company provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involves the Group and Company making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Some of these services involve the Group and Company accepting targets for benchmark levels of returns for the assets under the Group's and Company's care.

Credit cards include card issuing and acquiring fees.

The majority of these items are accounted for as revenue recognised at a point in time in accordance with the requirements of IFRS 15.

26. Gains and losses from banking and trading activities

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Net gains on investments	**316**	321	**316**	321
Debt instruments designated at fair value through profit or loss	**(1)**	12	**(1)**	12
Equity instruments at fair value through profit or loss	**315**	243	**315**	243
Unwind from reserves for debt instruments at FVOCI	**2**	66	**2**	66
Net trading result	**2 571**	530	**2 571**	528
Net trading income excluding the impact of hedge accounting	**2 415**	480	**2 415**	478
Ineffective portion of hedges	**156**	50	**156**	50
Cash flow hedges	**64**	46	**64**	46
Fair value hedges	**92**	4	**92**	4
Other gains/(losses)	**19**	50	**59**	(2)
	2 906	901	**2 946**	847
Net trading result and other gains on financial instruments				
Net trading income excluding the impact of hedge accounting	**2 415**	480	**2 415**	478
Losses on financial instruments designated at FVTPL	**(7 031)**	(6 951)	**(7 031)**	(6 951)
Gains on financial instruments mandatorily measured at FVTPL	**9 446**	7 431	**9 446**	7 429
Other gains/(losses)	**19**	50	**59**	(2)
Gains on financial instruments designated at FVTPL	**193**	104	**189**	102
Losses on financial instruments mandatorily measured at FVTPL	**(174)**	(54)	**(130)**	(104)

27. Gains and losses from investment activities

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Other gains	**5**	–	**5**	–

28. Other operating income

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Foreign exchange differences, including amounts recycled from other comprehensive income	**(1)**	4	**1**	4
Revenue arising from contracts with customers	**5**	–	**5**	–
Profit on disposal of developed properties	**5**	2	**5**	2
Loss on sale of repossessed properties	**–**	(2)	**–**	(2)
Gross sales	**0**	0	**0**	0
Cost of sales	**–**	(2)	**–**	(2)
(Loss)/ profit on sale of property and equipment	**(10)**	22	**(10)**	22
Rental income	**19**	17	**19**	17
Sundry income	**648**	382	**511**	278
	661	425	**526**	321

A majority of the Sundry income balance includes income from unallocated funds of **R502m** (2023: R267m) for Group and **R332m** (2023: R99m) for Company.

Sundry income includes profit on disposal of non-core assets and non-interest income.

29. Credit impairment charges

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Credit impairment charges raised during the reporting period	**11 019**	12 473	**11 063**	12 361
Stage 1 expected losses	**(1 175)**	(870)	**(1 163)**	(870)
Stage 2 expected losses	**(13)**	1 179	**(23)**	1 179
Stage 3 expected losses	**12 207**	12 164	**12 249**	12 052
Losses on modifications	**822**	854	**822**	854
Recoveries of loans and advances previously written off	**(729)**	(736)	**(729)**	(736)
	11 112	12 591	**11 156**	12 479
Charge to the statement of comprehensive income by product type				
Comprising:				
Credit impairment charges raised	**11 019**	12 473	**11 063**	12 361
Loans and advances to customers and undrawn facilities	**11 133**	12 494	**11 186**	12 382
Loans and advances to banks	**(5)**	10	**(5)**	10
Other financial instruments subject to credit impairment	**(77)**	(54)	**(86)**	(54)
Guarantees and letters of credit	**(32)**	23	**(32)**	23
Recoveries of financial instruments subject to credit impairment previously written off	**(729)**	(736)	**(729)**	(736)
Modifications	**822**	854	**822**	854
Total charge to the statement of comprehensive income	**11 112**	12 591	**11 156**	12 479

30. Operating expenses

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Administration fees	**21**	111	**25**	75
Amortisation of intangible assets (refer to note 12)	**2 429**	2 546	**2 429**	2 546
Auditors' remuneration	**462**	435	**460**	433
Audit fees – current reporting period	**414**	382	**412**	380
Audit fees – under provision	**8**	19	**8**	19
Audit-related fees	**40**	34	**40**	34
Cash transportation	**1 041**	979	**1 041**	979
Depreciation (refer to note 11)	**2 282**	2 363	**2 247**	2 346
Equipment costs	**357**	416	**356**	414
Maintenance	**232**	326	**231**	324
Rentals	**125**	90	**125**	90
Information technology	**5 274**	4 678	**5 270**	4 676
Marketing costs	**1 539**	1 600	**1 539**	1 600
Other operating expenses	**809**	1 046	**711**	949
Printing and stationery	**215**	206	**215**	205
Professional fees	**2 373**	2 287	**2 851**	2 751
Property costs	**1 488**	1 419	**1 488**	1 419
Staff costs	**23 157**	21 500	**22 688**	21 049
Bonuses	**2 568**	2 617	**2 541**	2 583
Deferred cash and share-based payments (refer to note 48)	**1 249**	903	**1 246**	902
Other Staff Costs	**282**	309	**275**	291
Salaries and current service costs on post-retirement benefit funds	**18 641**	17 133	**18 210**	16 736
Training costs	**417**	538	**416**	537
Straight line lease expenses on short term leases and low value assets	**109**	143	**96**	129
Telephone and postage	**737**	732	**736**	731
	42 293	40 461	**42 152**	40 302

Group Audit-related fees include fees paid for assurance reports performed on behalf of various regulatory bodies. Statutory audit fees paid to PricewaterhouseCoopers Inc. and KPMG Inc. amounts to **R209m** and **R205m** (2023: R206m and R176m) respectively, Audit-related fees paid amounts to **R20m** and **R20m** (2023: R16m and R17m) respectively and fees paid for non-audit services amounts to **R0m** and **R0m** (2023: R1m and R0m) respectively. The detailed disclosure of the audit fee is an International Code of Ethics for Professional Accountants (IESBA) requirement and not that of IFRS Accounting Standards.

Company Audit-related fees include fees paid for assurance reports performed on behalf of various regulatory bodies. Statutory audit fees paid to PricewaterhouseCoopers Inc. and KPMG Inc. amounts to **R207m** and **R205m** (2023: R204m and R176m) respectively, Audit-related fees paid amounts to **R20m** and **R20m** (2023: R16m and R17m) respectively and fees paid for non-audit services amounts to **R0m** and **R0m** (2023: R1m and R0m) respectively. The detailed disclosure of the audit fee is an IESBA requirement and not that of IFRS Accounting Standards.

Professional fees include research and development costs totaling **R126m** (2023: R95m). Other staff costs include recruitment costs, membership fees to professional bodies, staff parking, restructuring costs, study assistance, staff relocation and refreshment costs.

Hedging gains and losses relating to the Operating expenses hedge for the international office were incorrectly recognised as Salaries and current service costs on post-retirement benefit funds and Other staff costs rather than Information technology. The error resulted in a restatement of Salaries and current service costs on post-retirement benefit funds in Group from R17 147m to R17 133m and in Company from R16 749m to R16 736m, Information technology in Group from R4 656m to R4 678m and in Company from R4 654m to R4 676m and Other staff costs in Group from R317m to R309m and in Company from R300m to R291m.

31. Other impairments

	Group and Company	
	2024 Rm	2023 Rm
Intangible assets (refer to note 12)	**140**	235
Non-current assets held for sale (refer to note 6)	**10**	–
Property and equipment (refer to note 11)	**599**	214
	749	449

The Group has impaired certain software assets of **R140m** (2023: R235m) for which the value in use is determined to be zero.

An impairment of **R599m** (2023: R214m) was recognized for property and equipment. Included in this balance is the impairment of furniture and other equipment of **R273m** (2023: R88m) which were impaired to an insignificant value in use, and an impairment of freehold property of **R275m** (2023: R84m) based on a recoverable amount of **R435m** (2023: R128m) which was determined to be fair value less cost to sell. The impairments are in line with the Group's property consolidation plan.

32. Indirect taxation

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Training levy	**197**	192	**197**	192
VAT net of input credits	**1 518**	1 417	**1 518**	1 416
	1 715	1 609	**1 715**	1 608

33. Taxation expense

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Current				
Foreign and other taxation	**216**	221	**216**	220
Current tax	**2 412**	2 499	**2 180**	2 165
Current tax – previous reporting period	**(31)**	(72)	**(29)**	(70)
	2 597	2 648	**2 367**	2 315
Deferred				
Deferred tax (refer to note 13)	**(105)**	(478)	**(106)**	(306)
Capital allowances	**(39)**	263	**(39)**	293
Provisions	**–**	(91)	**(27)**	(263)
Movements in prepayments, accruals and other provisions	**(46)**	(932)	**(20)**	(618)
Fair value and similar adjustments in relation to prior year	**(26)**	33	**(26)**	33
Share-based payments	**60**	69	**60**	69
Expected credit losses/allowances for loan losses	**(54)**	180	**(54)**	180
	2 492	2 170	**2 261**	2 009
Reconciliation between operating profit before income tax and taxation expense				
Operating income before income tax	**13 950**	10 539	**13 343**	10 110
Share of post-tax results of associates and joint ventures (refer to note 9)	**(196)**	(114)	**–**	–
	13 754	10 425	**13 343**	10 110
Tax calculated at a tax rate of 27%	**3 714**	2 815	**3 603**	2 730
Effect of different rates in other countries	**189**	198	**189**	197
Expenses not deductible for tax purposes	**242**	266	**240**	266
Dividend income	**(1 278)**	(788)	**(1 305)**	(788)
Non-taxable interest	**(9)**	(243)	**(9)**	(243)
Deductible expenditure not recognised in profit and loss	**(297)**	–	**(297)**	–
Other income not subject to tax	**(10)**	(14)	**(101)**	(115)
Other	**(54)**	(56)	**(54)**	(30)
Items of a capital nature	**(5)**	(8)	**(5)**	(8)
	2 492	2 170	**2 261**	2 009

Expenses not deductible for tax purposes include additional tax levies and general non-deductible expenses due to the application of in-country tax legislation.

Non-taxable interest relates to interest earned from certain governments as well as interest earned on certain capital instruments, which is exempt from tax.

Other includes overall release of IAS 12 provisions and prior year adjustments.

The Group is within the scope of OECD Pillar Two Model Rules. The Global Minimum Tax Act (GMTA), encompassing an Income Inclusion Rule (IIR) and a domestic minimum top-up tax (DMTT), was enacted in South Africa on 24 December 2024 with an effective date of 1 January 2024. The GMTA mandates a minimum level of taxation on Absa Group Limited, ensuring that income generated anywhere in the Group is subject to a minimum effective tax rate of 15% per jurisdiction. Should the effective tax rate in any jurisdiction fall below this global minimum threshold, the IIR imposes a top-up on Absa Group Limited. Per the GMTA each domestic constituent is jointly and severally liable for DMTT, and as a result the Group may be impacted by this top up tax.

The Group has applied the temporary mandatory relief from deferred tax accounting for the impact of top-up tax and accounts for it as a current tax when it is incurred. The effect of the new legislation on the Group is considered immaterial for the financial period ended 31 December 2024.

34. Earnings per share

	Group 2024 Rm	Group 2023 Rm
Basic and diluted earnings per share		
Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders, by the weighted average number of ordinary shares in issue during the reporting period.		
Diluted earnings are determined by adjusting profit or loss attributable to the ordinary equity holders and the weighted average number of ordinary shares in issue for the effects of all dilutive potential shares. There are no instruments that would have a dilutive impact.		
Basic and diluted earnings attributable to ordinary equity holders (Rm)	**9 950**	7 097
Weighted average number and diluted number of ordinary shares in issue (million)	**448.3**	448.3
Issued shares at the beginning of the reporting period (million)	**448.3**	448.3
Basic earnings per share/diluted earnings per share (cents)	**2 219.5**	1 583.1

35. Headline earnings

	Note	Group 2024 Gross Rm	Group 2024 Net Rm	Group 2023 Gross Rm	Group 2023 Net Rm
Headline earnings is determined as follows:					
Profit attributable to ordinary equity holders of the Group:			**9 950**		7 097
Total headline earnings adjustment:		**–**	**579**	–	309
IFRS 5 – Profit on disposal of non-current assets held for sale	6	**(46)**	**(35)**	(3)	(2)
IFRS 5 – Re-measurement of non-current assets held for sale	6	**10**	**10**	–	–
IAS 16 – Profit on disposal of property and equipment	11	**10**	**7**	(22)	(16)
IAS 36 – Impairment of property and equipment	31	**599**	**489**	213	155
IAS 36 – Impairment of intangible assets	31	**140**	**108**	236	172
Headline earnings/diluted headline earnings			**10 529**		7 406
Headline earnings per ordinary share/diluted headline earnings per ordinary share (cents)			**2 348.7**		1 652.0

The net amount is reflected after taxation and non-controlling interest.

36. Leases

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
The following amounts have been recognised in the statement of comprehensive income in respect of leases in which the Bank is the lessee:				
Depreciation charge for right-of-use assets (refer to note 11)	**864**	843	**863**	840
Property	**848**	840	**848**	839
Furniture and other equipment	**16**	3	**15**	1
Interest expense on lease liabilities (refer to note 24)	**257**	255	**257**	254
Expense related to short-term leases	**164**	204	**163**	190
Expense related to low-value assets	**47**	14	**36**	14
Variable lease payments	**21**	19	**21**	19
Right-of-use assets recognised in the statement of financial position relate to the following classes of assets:				
Right-of-use assets (refer to note 11)	**1 899**	2 117	**1 887**	2 115
Property	**1 804**	2 105	**1 792**	2 103
Furniture and other equipment	**95**	12	**95**	12
Total additions to right-of-use assets recognised during the year (refer to note 11)	**745**	815	**733**	811
Total cash outflow included in the statement of cash flows related to leases	**1 232**	1 218	**1 232**	1 218
Maturity analysis of lease liabilities – contractual undiscounted cash flows:				
Less than one year	**1 060**	1 058	**1 060**	1 058
Between one and five years	**1 795**	1 992	**1 783**	1 991
More than five years	**53**	189	**53**	189
Total undiscounted lease liabilities	**2 908**	3 239	**2 896**	3 238
Lease liabilities included in the statement of financial position (refer to note 15)	**2 537**	2 767	**2 525**	2 766

The Group and Company's leases consist mostly of property leases including branches, head offices, ATM sites and other administrative buildings. None of these leases are considered individually significant to the Group and Company. Leases are negotiated for an average term of three to five years although this differs depending on the type of property. Some leases will include renewal options, but these are generally renewals at market rates to be negotiated at the time of renewing the contract. These rates will only be included in the lease liability once it is reasonably certain that the Group and Company will exercise the extension option. Most leases in the Group and Company have fixed escalations with a limited number of inflation-linked leases in jurisdictions outside of South Africa.

37. Retirement benefit fund obligations

37.1 Absa Pension Fund

The Absa Pension Fund (the Fund) is governed by the Pension Funds Act of 1956, which requires that an actuarial valuation of the Fund be carried out at least once every three years. The most recent statutory valuation of the Fund was effected on 31 March 2024 and confirmed that the Fund was in a sound financial position. This valuation was in accordance with the Pension Funds Second Amendment Act of 2001 (the PF Act).

The valuation has been performed using the projected unit credit method in respect of the defined benefit portion. The asset ceiling of the Fund is limited to the Employer Surplus Account (ESA). According to the Fund rules and the PF Act, the ESA can be used for a number of purposes including funding a deficit in the Fund, enhancing benefits of the Fund or enabling a contribution holiday.

Contributions are generally determined by the Employer in consultation with the actuary following the funding valuation to ensure the sustainability and financial soundness of the funds. The staff costs expense for the defined contribution plans is **R1 382m** (2023: R1 280m). Surpluses and deficits are dealt with in a manner which is consistent with the funds' rules and applicable legislation. Minimum funding requirements are limited to the deficits of the funds.

In terms of Section 7 of the PF Act, notwithstanding the rules of a fund, every fund must have a board of trustees consisting of at least four Board members, at least 50% of whom the members of the Fund have the right to elect. The objective of the board is to direct, control and oversee the operations of a fund in accordance with the applicable laws and the rules of the Fund. In carrying out this objective, the Board must take all reasonable steps to ensure that the interests of members in terms of the rules of the Fund and the provisions of this Act are protected at all times and that they act with due care, diligence and good faith; and avoid conflicts of interest. The Board must act independently and with impartiality in respect of all members and beneficiaries. The members of the board have a fiduciary duty to members and beneficiaries in respect of accrued benefits or any amount accrued to provide a benefit, as well as a fiduciary duty to the Fund, to ensure that The Fund is financially sound and is responsibly managed and governed in accordance with the rules and the PF Act.

The rules of the Fund were amended in July 2015 to allow a retiring member who had joined the Fund before 1 July 2015 the choice to receive either a conventional annuity or a living annuity from the Fund (as was previously the case) or to purchase a pension from a registered insurer (new option). Members joining the Fund on or after 1 July 2015 had the choice to receive a living annuity from the Fund or to purchase a pension from a registered insurer.

Should a retiree elect a conventional annuity, the Bank is thereafter exposed to longevity and other actuarial risk. The conventional annuity is calculated based on the defined contribution plan assets at the retirement date. The Bank is therefore not exposed to any asset return risk prior to the election of this option i.e., the retirement date. The classification rules within IAS 19 Employee Benefits (IAS 19) require that, where the employer is exposed to any actuarial risk, the entire fund be classified as a defined benefit plan. The valuation of the option is included in the defined benefit obligation. The assets and liabilities of the defined contribution active members are separately presented. Pensioners who have elected to receive a living annuity as well as members who joined the fund on/after 1 July 2015 have been excluded from the IAS 19 disclosures as at 31 December 2024 the employer is not exposed to any longevity or other actuarial risk in respect of these members at this date. Net defined benefit amounts relating to these pensioners that have elected to receive a living annuity, amount to **R4 716m** (2023: R4 448m).

	Group and Company	
	2024	2023
Categories of the Fund		
Defined benefit active members	**8**	9
Defined benefit deferred pensioners	**1**	1
Defined benefit pensioners	**7 175**	7 088
Defined contribution active members	**28 343**	27 114
Defined contribution pensioners	**2 939**	2 963
Duration of the scheme – defined benefit (years)	**8.1**	7.6
Duration of the scheme – defined contribution (years)	**20.9**	21.5
Expected contributions to the Fund for the next 12 months (Rm)	**2 132.50**	1 971.00

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

The benefits provided by the defined benefit portion of the Fund are based on a formula, taking into account years of membership and remuneration levels. The benefits provided by the defined contribution portion of the Fund are determined by accumulated contributions and return on investments.

While the Fund as a whole has been classified as a defined benefit fund for IAS 19 purposes, the defined contribution portion provides its members with an asset-based return. The Group and Company have measured the liability for the defined contribution portion of the Fund at the fair value of the assets upon which the benefits are based.

The Fund is financed by employer and employee contributions and investment income. Employer contributions in respect of the defined benefit portion are based on actuarial advice. The expense or income recorded in profit or loss includes the current service cost, interest income on plan assets as well as interest expense on the defined benefit obligation and the irrecoverable surplus. It is the Group and Company's policy to ensure that The Fund is adequately funded to provide for the benefits due to members, and particularly to ensure that any shortfall with regard to the defined benefit portion will be met by way of additional contributions.

The abovementioned strategy is known as a Liability Driven Investment (LDI) strategy. The portion of the assets in the Trustee Portfolio not invested in the liability matching strategy or reserve accounts are invested in growth assets to create some possible upside for funding increases above the policy increase. The assets in the liability matching strategy will mainly be invested in South African nominal and inflation-linked government bonds. This strategy aims to fully match the reasonable benefit expectations of the pensioners to receive annual pension increases in line with the inflation target chosen by a pensioner at retirement.

	Group and Company	
	2024 Rm	2023 Rm
37.1.1 Reconciliation of the net defined benefit plan surplus		
Reconciliation of the net surplus		
Present value of funded obligations	**(43 687)**	(38 821)
Defined benefit portion	**(8 469)**	(8 216)
Defined contribution portion	**(35 218)**	(30 605)
Fair value of the plan assets	**46 709**	41 362
Defined benefit portion	**11 491**	10 757
Defined contribution portion	**35 218**	30 605
Funded status	**3 022**	2 541
Irrecoverable surplus (effect of asset ceiling)	**(2 556)**	(2 075)
Net surplus arising from the defined benefit obligation	**466**	466
37.1.2 Reconciliation of movement in the funded obligation		
Balance at the beginning of the reporting period	**(38 821)**	(30 341)
Defined benefit portion	**(8 216)**	(7 582)
Defined contribution portion	**(30 605)**	(22 759)
Reconciling items – defined benefit portion	**(253)**	(633)
Actuarial gains/(losses) – financial	**215**	(165)
Actuarial gains – experience adjustments	**240**	100
Benefits paid	**900**	872
Current service costs	**(16)**	(15)
Interest expense	**(910)**	(885)
Defined contribution member transfers	**(682)**	(540)
Reconciling items – defined contribution portion	**(4 613)**	(7 846)
Increase in obligation linked to plan assets return	**(8 044)**	(10 812)
Employer contributions	**(1 109)**	(1 026)
Employee contributions	**(889)**	(825)
Disbursements and member transfers	**5 429**	4 817
Balance at the end of the reporting period	**(43 687)**	(38 820)

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

	Group and Company	
	2024 Rm	2023 Rm
37.1.3 Reconciliation of movement in the plan assets		
Balance at the beginning of the reporting period	**41 362**	32 790
Defined benefit portion	**10 757**	10 031
Defined contribution portion	**30 605**	22 759
Reconciling items – defined benefit portion	**734**	726
Benefits paid	**(900)**	(872)
Interest income	**1 193**	1 177
Return on plan assets in excess of interest	**(241)**	(119)
Defined contribution member transfers	**682**	540
Reconciling items – defined contribution portion	**4 613**	7 846
Return on plan assets	**8 044**	10 812
Employer contributions	**1 109**	1 026
Employee contributions	**889**	825
Disbursements and member transfers	**(5 429)**	(4 817)
Balance at the end of the reporting period	**46 709**	41 362
37.1.4 Reconciliation of movement in the irrecoverable surplus		
Balance at the beginning of the reporting period	**(2 075)**	(1 983)
Interest on irrecoverable surplus	**(231)**	(236)
Changes in the irrecoverable surplus in excess of interest	**(250)**	144
Balance at the end of the reporting period	**(2 556)**	(2 075)

37. Retirement benefit fund obligations
37.1 Absa Pension Fund *continued*

	Group and Company			
	2024			
	Fair value of plan assets			
	Debt instruments Rm	Equity instruments Rm	Other instruments Rm	Total Rm
37.1.5 Nature of the pension fund assets				
Plan assets relating to the defined benefit plan				
Defined Benefit Portion	**9 284**	**1 728**	**484**	**11 496**
Quoted fair value	**9 261**	**1 709**	**76**	**11 046**
Unquoted fair value	**(203)**	**19**	**338**	**154**
Own transferable financial instruments	**226**	**–**	**–**	**226**
Investments in listed property entities/ funds	**–**	**–**	**70**	**70**
Defined Contribution Portion	**10 782**	**23 372**	**1 059**	**35 213**
Quoted fair value	**7 551**	**23 278**	**128**	**30 957**
Unquoted fair value	**2 678**	**71**	**67**	**2 816**
Own transferable financial instruments	**553**	**23**	**–**	**576**
Investments in listed property entities/ funds	**–**	**–**	**864**	**864**
	20 066	**25 100**	**1 543**	**46 709**

	Group and Company			
	2023			
	Fair value of plan assets			
	Debt instruments Rm	Equity instruments Rm	Other instruments Rm	Total Rm
Defined Benefit Portion	8 594	1 569	598	10 761
Quoted fair value	8 647	1 528	245	10 420
Unquoted fair value	(289)	8	353	72
Own transferable financial instruments	236	33	–	269
Defined Contribution Portion	8 775	18 989	2 837	30 601
Quoted fair value	7 294	18 743	236	26 273
Unquoted fair value	1 108	12	2 201	3 321
Own transferable financial instruments	373	234	–	607
Investments in listed property entities/ funds	–	–	400	400
	17 369	20 558	3 435	41 362

37. Retirement benefit fund obligations
37.1 Absa Pension Fund *continued*

	Group and Company	
	2024 Rm	2023 Rm
37.1.6 Movements in the defined benefit plan presented in the statement of comprehensive income		
Recognised in profit or loss:		
Net interest income	**(52)**	(54)
Current service cost	**16**	15
	(36)	(39)
Recognised in other comprehensive income:		
Actuarial gains/(losses) – financial	**(215)**	165
Actuarial adjustments gains – experience	**(240)**	(100)
Return on plan assets in excess of interest	**241**	119
Changes in the irrecoverable surplus in excess of interest	**250**	(144)
	36	40
37.1.7.1 Actuarial assumptions used:		
Discount rate (%) p.a.	**10.6**	11.2
Inflation rate (%) p.a.	**4.9**	5.9
Expected rate on the plan assets (%) p.a.	**8.9**	9.9
Future salary increases (%) p.a.	**5.9**	6.9
Mortality improvements (%) p.a.	**1.0**	1.0
Average life expectancy in years of pensioner retiring at 60 – Male	**22.2**	22.1
Average life expectancy in years of pensioner retiring at 60 – Female	**27.1**	27.0
37.1.7.2 Demographic assumptions used:		
Pre-Retirement Mortality Assumption – Male	**SA56–62 Ultimate**	SA56–62 Ultimate
Pre-Retirement Mortality Assumption – Female	**SA56–62 Ultimate**	SA56–62 Ultimate
Post Retirement Mortality Assumption – Male	**PA90 – 1 + 1% improvement**	PA90 – 1 + 1% improvement
Post Retirement Mortality Assumption – Female	**PA90 – 1+1% improvement**	PA90 – 1+1% improvement
37.1.8 Maturity analysis		
The expected undiscounted maturity analysis of the defined benefit element of the Absa Pension Fund is as follows:		
Less than a year	**66**	203
Between 1 – 2 years	**579**	514
Between 2 – 5 years	**1 335**	1 431
Between 5 – 10 years	**(28)**	356
	1 952	2 504

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

37.1.9 Sensitivity analysis of the significant actuarial assumptions

	Group and Company 2024 Reasonable possible change Rm	Group and Company 2024 Increase/(decrease) on defined benefit obligation Rm
Increase in discount rate (%)	**0.5**	**(310)**
Increase in inflation (%)	**0.5**	**308**
Increase in life expectancy (years)	**1**	**236**

	Group and Company 2023 Reasonable possible change Rm	Group and Company 2023 Increase/(decrease) on defined benefit obligation Rm
Increase in discount rate (%)	0.5	313
Increase in inflation (%)	0.5	302
Increase in life expectancy (years)	1	235

37.1.10 Sensitivity analysis of the significant assumptions

Sensitivity analysis

The aforementioned sensitivity analysis indicates how changes in significant actuarial assumptions would affect the defined benefit portion of **R8 469m** (2023: R8 216m).

The sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another. For the purpose of the sensitivity analysis, it is assumed that any change in inflation impacts other inflation-dependent assumptions, i.e., certain pension increases and salary growth. In presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period. The defined contribution obligation of **R35 218m** (2023: R30 605m) does not give rise to any actuarial risks as the measurement is derived from the defined contribution plan assets.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

38. Dividends per share

	Group and Company 2024 Rm	Group and Company 2023 Rm
Dividends declared to ordinary equity holders		
Interim dividend **(19 August 2024: 268.00 Cents per share (cps))** (14 August 2023: 501.9 cps)	**1 201**	2 250
Final dividend **(11 March 2025: 982.00 cps)** (11 March 2024: 446.1 cps)	**4 402**	1 999
	5 603	4 249
Dividends declared to preference equity holders		
Interim dividend **(19 August 2024: 4146.30137 cps)** (14 August 2023: 4035.06848 cps)	**205**	199
Final dividend **(11 March 2025: 3939.65753 cps)** (11 March 2024: 4101.232861 cps)	**195**	203
	400	402
Distributions declared and paid to additional Tier 1 capital note holders		
Distribution		
29 January 2024: 33 242.52 Rands per note (rpn); 10 January 2023: 28 250.30 rpn	**40**	35
31 January 2024: 28 766.30 rpn; 27 January 2023: 27 831.89 rpn	**58**	34
16 February 2024: 30 090.30 rpn; 16 February 2023: 25 894,77 rpn	**60**	52
28 February 2024: 32 431.89 rpn; 28 February 2023: 29 490.41 rpn	**55**	50
5 March 2024: 31 476.03 rpn; 6 March 2023: 28 588.96 rpn	**43**	39
29 April 2024: 32 266.36 rpn; 11 April 2023: 30 000.08 rpn	**39**	37
30 April 2024: 27 941.92 rpn; 28 April 2023: 29 960.19 rpn	**56**	36
16 May 2024: 29 458.36 rpn; 16 May 2023: 26 895.07 rpn	**59**	54
28 May 2024: 31 726.85 rpn; 29 May 2023: 29 465.75 rpn	**53**	49
5 June 2024: 31 801.75 rpn; 5 June 2023: 29 212.25 rpn	**44**	40
27 July 2024: 32 161.64 rpn; 10 July 2023: 31 334.79 rpn	**39**	39
31 July 2024: 28 456.99 rpn; 27 July 2023: 30 841.64 rpn	**57**	37
14 August 2024: 28 664.38 rpn	**43**	–
16 August 2024: 30 070.14 rpn; 16 August 2023: 29 397.15 rpn	**60**	59
28 August 2024: 32 368.88 rpn; 28 August 2023: 32 391.01 rpn	**54**	54
5 September 2024: 31 738.74 rpn; 5 September 2023: 32 116.82 rpn	**44**	44
28 October 2024: 31 994.60 rpn; 10 October 2023: 33 397.26 rpn	**39**	41
31 October 2024: 28 288.11 rpn; 27 October 2023: 32 767.12 rpn	**57**	41
14 November 2024: 28 104.11 rpn	**42**	–
18 November 2024: 30 466.30 rpn; 16 November 2023: 30 216.33 rpn	**61**	60
28 November 2024: 32 094.14 rpn; 28 November 2023: 32 431.89 rpn	**54**	54
05 December 2024: 31 122.00 rpn; 05 December 2023: 31 413.80 rpn	**43**	44
	1 100	899
Dividends paid to ordinary equity holders		
Final dividend **(22 April 2024: 446.12580 cps)** (24 April 2023: 669.19274 cps)	**1 999**	3 000
Interim dividend **(13 September 2024: 268 cps)** (18 September 2023: 501.89456 cps)	**1 202**	2 250
	3 201	5 250
Dividends paid to preference equity holders		
Final dividend **(22 April 2024: 4101.23286 cps)** (24 April 2023: 3509.58904 cps)	**203**	174
Interim dividend **(13 September 2024: 4146.30137cps)** (18 September 2023: 4035.06848 cps)	**205**	199
	408	373

39. Securities borrowed/lent and repurchase/reverse repurchase agreements

39.1 Reverse repurchase agreement and securities borrowed

As part of the reverse repurchase agreements and securities borrowing agreements, the Group and Company have received securities as collateral that are allowed to be sold or repledged. These securities are pledged for the duration of the respective agreements. The terms of the pledges are usual and customary to such agreements. The fair value of these securities at the reporting date amounts to **R81 232m** (2023: R84 499m) of which **R65 262m** (2023: R53 703m) have been sold or repledged. The Group has an obligation to return the collateral held except in the event of default.

39.2 Repurchase agreements and securities lent

The following table shows the carrying amount of transferred assets that have not resulted in any derecognition, together with the associated liabilities.

	Group and Company				
	2024				
	Carrying amount of transferred assets Rm	**Carrying amount of associated liabilities Rm**	**Fair value of transferred assets Rm**	**Fair value of associated liabilities Rm**	**Net fair value Rm**
Debt instruments	**27 162**	**(27 118)**	**27 162**	**(27 118)**	**44**

	Group and Company				
	2023				
	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities Rm	Fair value of transferred assets Rm	Fair value of associated liabilities Rm	Net fair value Rm
Debt instruments	24 065	(24 016)	24 065	(24 016)	49

The transferred assets are presented in the 'Trading portfolio assets' and 'Investment securities' lines on the statement of financial position.

40. Transfer of financial assets

40.1 Transfer of financial assets involving structured entities

In the ordinary course of its normal Banking activities the Group and Company transfers financial assets to SEs, either legally (where legal rights to the cash flows from the asset are transferred to the counterparty) or beneficially (where the Group and Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty). Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition of the assets or no derecognition of the assets.

40.2 Transfer of financial assets that does not result in derecognition

	Group				
	2024				
	Carrying amount of transferred assets Rm	**Carrying amount of associated liabilities Rm**	**Fair value of transferred assets Rm**	**Fair value of associated liabilities Rm**	**Net fair value Rm**
Investment securities	**1 535**	**(1 169)**	**1 535**	**(1 169)**	**366**
Loans and advances to customers	**9 261**	**(8 135)**	**9 261**	**(8 135)**	**1 126**

	Group				
	2023				
	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities Rm	Fair value of transferred assets Rm	Fair value of associated liabilities Rm	Net fair value Rm
Investment securities	1 800	(1 262)	1 800	(1 262)	538
Loans and advances to customers	9 556	(8 104)	9 556	(8 104)	1 452

	Company				
	2024				
	Carrying amount of transferred assets Rm	**Carrying amount of associated liabilities Rm**	**Fair value of transferred assets Rm**	**Fair value of associated liabilities Rm**	**Net fair value Rm**
Investment securities	**1 535**	**(1 169)**	**1 535**	**(1 169)**	**366**
Loans and advances to customers	**53 761**	**(52 635)**	**53 761**	**(52 635)**	**1 126**

	Company				
	2023				
	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities Rm	Fair value of transferred assets Rm	Fair value of associated liabilities Rm	Net fair value Rm
Investment securities	1 800	(1 262)	1 800	(1 262)	538
Loans and advances to customers	59 028	(57 576)	59 028	(57 576)	1 452

In 2023, the Group incorrectly eliminated an external entity instead of an internal one as well as incorrectly omitted the carrying amount and fair value of liabilities from the table above. This has led to these amounts being restated from R9 857m to R9 556m for the carrying amount and fair value of the associated assets and R5 067m to R8 104m for the carrying amount and fair value of the associated liabilities and from R4 790m to R1 452m for the net fair value.

In 2023, the Company incorrectly omitted the certain carrying and fair value amounts of the associated liabilities from the disclosures above. As a result, the carrying and fair value amount has been restated from R16 179m to R57 576m. As a result, the net fair value has been restated from R42 849m to R1 452m.

Balances included within loans and advances to customers represent instances where substantially all the risks and rewards (credit risk and prepayment risk) of the financial asset have been retained by the Group and Company.

The relationship between the transferred assets and the associated liabilities is that holders of the associated liabilities may only look to cash flows from the transferred assets for payments due to them, although the contractual terms may differ from those of the transferred assets.

40.3 Transfer of financial assets that results in partial derecognition

The Group and Company invests in notes of certain SEs. The interest on these notes represents a continuing exposure to the prepayment risk and credit risk of the underlying assets (the transferred assets) which comprise corporate loans. As at the year-end, the Group has not invested in SEs requiring a transfer of financial assets that result in partial derecognition (2023: None).

40.4 Continuing involvement in financial assets that have been derecognised in their entirety

The instance may arise where the Group and Company transfers a financial asset to a SE in its entirety but may have continuing involvement in it. Continuing involvement largely arises from providing financing to the SE in the form of retained notes, which do not bear first losses as they are not considered equity instruments of the SE. As at 31 December 2024, the Group had no continuing involvement where financial assets have been derecognised in their entirety (2023: None).

41. Related parties

41.1 Current and prior period related party events and transactions

Charles Russon was appointed as Interim Group Chief Executive Officer with effect from 15 October 2024. He commenced his role as an Executive director taking over from Arrie Rautenbach, who retired as Group Chief Executive Officer effective same date.

Deon Raju (former Group Chief Risk Officer and Group Treasurer) was appointed by the Board as the Group Financial Director for Absa Group Limited with effect from 26 April 2024, taking over from Christopher Snyman who stepped down as an Interim Financial Director on the same date.

Absa Bank Limited acquired an additional 0,685% stake in South African Bankers Services Company Proprietary Limited, increasing the investments' carrying value by R106m.

Refer to note 49 for additional information on the acquisitions and disposals of businesses and other significant assets.

41.2 Transactions with key management personnel

IAS 24 Related Party Disclosures (IAS 24) requires the identification of key management personnel, who are individuals responsible for planning, directing and controlling the activities of the entity, including directors. Key management personnel are defined as executive and non-executive directors and members of the Executive Committee (Exco), including those acting in capacity of decision makers even when not formally appointed to the Exco. A number of banking and insurance transactions are entered into with key management personnel in the normal course of business, under terms that are no more favourable than those arranged with other employees. These include loans, deposits and foreign currency transactions. The outstanding balances at the reporting date with related parties and related party transactions conducted during the reporting period are as follows:

	Group	
	2024 Rm	2023 Rm
Key management personnel compensation		
Directors		
Non-deferred cash payments	**14**	9
Post-employment benefit contributions	**0**	1
Salaries and other short-term benefits	**15**	17
Share-based payments	**26**	33
	55	60
Other key management personnel		
Non-deferred cash payments	**33**	35
Post-employment benefit contributions	**3**	3
Salaries and other short-term benefits	**58**	61
Share-based payments	**72**	73
	166	172

	Group			
	2024		2023	
	Transactions with key management Rm	**Transactions with entities controlled by key management Rm**	Transactions with key management Rm	Transactions with entities controlled by key management Rm
Loans				
Balance at the beginning of the reporting period	**75**	**7**	69	7
(Discontinuance)/inception of related-party relationships	**(13)**	**–**	13	–
Loans issued and interest earned	**33**	**0**	32	–
Loans repaid	**(32)**	**(0)**	(39)	–
Balance at the end of the reporting period	**63**	**7**	75	7
Interest income	**9**	**–**	(8)	–
Deposits				
Balance at the beginning of the reporting period	**40**	**3**	52	3
(Discontinuance)/inception of related-party relationships	**4**	**–**	–	–
Deposits received	**120**	**0**	185	–
Deposits repaid and interest paid	**(104)**	**(0)**	(197)	–
Balance at the end of the reporting period	**60**	**3**	40	3
Interest expense	**1**	**0**	5	–
Guarantees	**55**	**–**	52	–
Other investments				
Balance at the beginning of the reporting period	**156**	**43**	198	87
(Discontinuance)/inception of related-party relationships	**29**	**–**	(70)	(44)
Value of new investments/contributions	**25**	**–**	22	–
Value of withdrawals/disinvestments	**(80)**	**–**	6	–
Balance at the end of the reporting period	**131**	**43**	156	43

Loans include mortgages, asset finance transactions, overdrafts and other credit facilities. Loans to key management personnel are provided on the same terms and conditions as loans to employees of the Bank, including interest rates and collateral requirements.
No loans to key management personnel or entities controlled by key management personnel were written off as irrecoverable. In addition to the specific guarantees, a number of key management personnel and entities controlled by key management personnel have unlimited surety with the Bank.

Insurance premiums paid and claims received

Key management personnel paid insurance premiums of **R1m** (2023: R1m) and received claims of **R0m** (2023: R0m).

41. Related parties *continued*

41.3 Balances and transactions with fellow subsidiaries of Absa Bank Limited

	Group	
	2024 Rm	2023 Rm
Balances		
Cash and cash balances with central banks	**–**	–
Loans and advances to banks	**575**	488
Trading portfolio assets	**556**	876
Other assets	**1 008**	724
Loans to Absa Group companies	**67 261**	61 733
Deposits	**(2 724)**	(1 597)
Other liabilities	**(165)**	(136)
Trading portfolio liabilities	**(1 021)**	(755)
Loans from Absa Group companies	**(10 500)**	(12 831)
Transactions		
Interest and similar income	**2 929**	1 627
Interest expense and similar charges	**(3 403)**	(3 238)
Fee and commission income	**(828)**	(1 104)
Fee and commission expense	**(23)**	14
Gains and losses from banking and trading activities	**(3 828)**	(2 809)
Gains and losses from investing activities	**–**	(3)
Other operating income	**(24)**	(60)
Operating expenditure	**(1 087)**	(967)
Equity distribution	**–**	(1 800)

The above Group balances are similar to Company except for Trading portfolio assets **R444m** (2023: R863m), Loans to Group companies **R76 140m** (2023: R72 383m), Interest and similar income **R2 625m** (2023: R1 729m) and Interest expense and similar charges **R2 823m** (2023: R2 667m).

The equity distribution relates to the amount that was paid to Newshelf 1405 a subsidiary of Absa Group Limited, as part of the BBB-EE transaction.

Included in 'Loans to Absa Group companies' and 'Loans from Absa Group companies' are transactions entered into between the Group/Company and its respective parent and fellow subsidiaries.

41.4 Transactions with the parent company

	Group	
	2024 Rm	2023 Rm
Balances		
Borrowed funds (refer to note 20)	**(21 528)**	(19 059)
Transactions		
Interest expense and similar charges	**1 383**	1 679
Distributions paid to Tier 1 capital holders	**1 100**	899
Dividends paid	**(3 609)**	(5 250)

In accordance with IAS 24, the subsidiary is required to disclose transactions with the parent company, including dividends paid. In 2023, the Group incorrectly disclosed the amount as nil. This error has been identified and corrected, resulting in a restatement of dividends paid from nil to R5 250m.

41. Related parties
41.4 Transactions with the parent company *continued*

In 2023, the Group incorrectly included the Borrowed funds amount within the Balances and transactions with fellow subsidiaries of Absa Bank Limited instead of the Balances and transactions with the parent company section. Consequently, the Borrowed funds balance has been reallocated from Balances and transactions with fellow subsidiaries of Absa Bank Limited to Balances and transactions with the parent company. Additionally, the presentation of this balance has been restated from a positive to a negative figure to clearly indicate its status as a liability.

The balances relating to borrowed funds are made on the same terms as their associated third-party transaction, i.e., these transactions relate to subordinated debt which is issued out of Absa Group Limited to third-party investors and distributed to Absa Bank Limited under the exact same terms, including interest rates and tenor, as the external transaction. The terms fall within the ordinary course of business.

All the Tier 1 Capital instruments are held by Absa Group Limited. Included in 'Loans and advances to companies' and 'Loans from Absa Group companies' are transactions entered into between the Group/Company and its respective parent and fellow subsidiaries.

41.5 Balances and transactions with subsidiaries

	Company	
	2024 Rm	2023 Rm
The following are balance with and transactions entered into with, subsidiaries:		
Balances		
Loans to Group companies	**8 872**	10 936
Subsidiary shares	**156**	159
Trading portfolio assets	**(112)**	(13)
Other assets	**223**	–
Loans from Group Companies	**(8 562)**	(7 769)
Deposits	**(1 390)**	(1 026)
Transactions		
Interest and similar income	**(303)**	(196)
Interest expense and similar charges	**107**	(90)
Gains and losses from banking and trading activities	**4**	(18)
Other operating income	**(65)**	–
Operating expenditure/(recovered expenses)	**409**	391

Various terms and conditions are agreed upon, taking into account transfer pricing and relevant tax requirements.

Loans from Group companies has always been presented on the face of the statement of financial position. To enhance transparency, in 2024 we have included this balance in the above table. As a result, 2023 comparatives have been updated accordingly.

In 2023, the Company omitted the related party balance relating to intercompany deposits which has been included for the current and prior year.

41. Related parties *continued*

41.6 Subsidiaries and consolidated structured entities

The following information provided is in respect of the Bank's main subsidiaries. The main subsidiaries are those entities whose results or financial position, in the opinion of the directors, had the most significant impact, relative to all the Bank's subsidiaries. The significance of this impact is judged from both a qualitative and a quantitative perspective and is assessed on a half yearly basis.

			Group	
Name	Nature of business	Country of incorporation	2024 % holding	2023 % holding
Absa Technology Prague s.r.o	Provides information technology services to Absa Group.	Czech Republic	**100**	100
Absa Vehicle Management Solutions Proprietary Limited	Operates as a fleet manager providing financial, leasing, maintenance and management services.	South Africa	**100**	100
Home Obligor Mortgages Enhanced Securities (RF) Limited	Securitisation vehicle for Absa Home Loans division.	South Africa	**100**	100
United Towers Proprietary Limited	Investment in and issuance of preference shares	South Africa	**100**	100
Structured entities				
Absa Foundation Trust	Provides funding for community upliftment. It receives a percentage of the Group's dividends which it distributes to identified community-related projects.	South Africa	**n/a**	n/a
Springbok 2022 Aircraft Leasing Limited	Springbok is an SPV and has only one asset, the aircraft. The aircraft is being leased out and this provides the sole source of income to the SPV	Ireland	**–**	n/a
iMpumelelo CP Note Programme 1 (RF) Limited	Special purpose, bankruptcy-remote company incorporated for the purpose of issuing Absa Bank guaranteed commercial paper and medium-term notes.	South Africa	**n/a**	n/a
AB Finco 1 (RF) Limited	Securitisation vehicle.	South Africa	**n/a**	n/a
Absa Home Loans 101 (RF) Limited	Securitisation vehicle.	South Africa	**n/a**	n/a
Commissioner Street No 10 (RF) Proprietary Limited	Securitisation vehicle.	South Africa	**n/a**	n/a

A full list of subsidiaries and consolidated SEs is available, on request, at the registered address of the Group.

41.7 Nature and extent of significant restrictions relating to investments in subsidiaries

There are significant restrictions on the ability of the Group to require distributions of capital, access the assets, or repay the liabilities of members of its group arising from regulatory and contractual requirements and from the protective rights of non-controlling interests.

Regulatory requirements (unaudited)

The Group's banking subsidiaries is subject to the regulatory capital (RC) requirements of the countries in which they operate. These require, inter alia, that these entities maintain minimum capital ratios which restrict the ability of these entities to make distributions to the Parent company. Distributions are also restricted by leverage constraints, large exposure limits and local legal license requirements.

The requirements to maintain capital also affect certain equity and nonequity instruments in these subsidiaries such as Tier 1 and Tier 2 capital instruments and other subordinated liabilities which enable subsidiaries to meet their ratios. To the extent that these are retired, they must be replaced with instruments of similar terms.

The minimum amount of RC required to be maintained by the Group was **R90.9bn** (2023: R89.8bn).

Contractual requirements (unaudited)

Certain of the Group's securitisation and SEs hold assets or interests in assets that are only available to meet the liabilities of those entities and may have issued public debt securities. The Group has the ability to wind up these structures and repay the notes, but only on the occurrence of certain contingencies, such as changes in tax laws or regulatory requirements. The carrying amount of the assets and liabilities of the entities to which these restrictions apply as at 31 December 2024 was **R9bn** and **R9bn** respectively (2023: R14bn and R14bn respectively).

41. Related parties *continued*

41.8 Associates and joint ventures

The Group provides certain banking and financial services to associates and joint ventures. These transactions are generally conducted on the same terms as third-party transactions.

In aggregate, the amounts included in the Group's financial statements are as follows:

	Group
	2024 Associates and joint ventures Rm
Statement of financial position	
Other assets	**8**
Loans and advances (refer to note 7)	**28 668**
Deposits	**104**
Statement of comprehensive income	
Interest income from joint ventures and associates(refer to 25)	**2 351**
Interest expense paid to joint ventures and associates	**0**
Fee and commission income	**–**
Fee and commission expense	**(5)**
Operating expenses	**(971)**

Included in loans and advances balance are exposures relating to joint ventures of **R50m** (2023: R1 260m). Also included in the interest income from associates and joint ventures is an amount of **R30m** (2023: R95m) relating to joint ventures.

The joint ventures and associated have been aggregated in the above disclosures as the joint ventures balance is immaterial to warrant separate disclosures.

	2023 Associates and joint ventures Rm
Statement of financial position	
Other assets	23
Loans and advances (refer to note 7)	28 730
Other liabilities	(15)
Deposits	(87)
Statement of comprehensive income	
Interest income from joint ventures and associates	2 431
Interest expense paid to joint ventures and associates	–
Fee and commission income	–
Fee and commission expense	(4)
Operating expenses	(1 191)

The information provided below is in respect of the Group's main associates and joint ventures. The main associates and joint ventures are those arrangements whose results or financial position, in the opinion of the directors, had the most significant impact, relative to all the Group's associates and joint ventures, on the Group's consolidated financial statements. Despite these investments having the most significant impact relative to all the Group's associates and joint ventures, none of the Group's associates or joint ventures are considered to have an impact that is individually material. Materiality and the relative significance of the Group's associates and joint ventures are judged from a qualitative and quantitative perspective and is assessed half-yearly.

41. Related parties

41.8 Associates and joint ventures *continued*

Name	Nature of business	Group 2024 Ownership %	Group 2023 Ownership %
Equity-accounted associates			
SBV Services Proprietary Limited	Cash transportation services.	**25**	25
Document Exchange Association	Facilitates the electronic exchange of documents between the banks.	**25**	25
South African Bankers Services Company Proprietary Limited	Automatic clearing house.	**24**	23
Equity-accounted joint ventures			
FFS Finance South Africa (RF) Proprietary Limited	Provides financing solutions to Ford Motor Company customers.	**50**	50
MAN Financial Services (SA) (RF) Proprietary Limited	Joint venture with MAN Financial Services GmbH for financing of trucks and buses.	**50**	50
Zeerust Joint Venture	Engaged in property investment.	**–**	55
John Deere Financial Proprietary Limited	Undertakes marketing activities for asset financing of John Deere products.	**50**	50
Associates and joint ventures designated at fair value through profit or loss	Various	**Various**	Various

All associates and joint ventures are incorporated in South Africa.

A full list of associates and joint ventures is available, on request, at the registered address of the Group.

SBV Services Proprietary Limited and The South Africa Bankers Services Company Proprietary Limited have a reporting date of 30 June.

42. Segment report

42.1 Summary of segments

The Group 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 in a manner in which the Group's businesses are managed and reported to the CODM.

On 5 December 2024, the Group announced Product Solutions Cluster, Everyday Banking and Private Wealth Banking into a single business unit – Retail SA – to improve the Group's ability to deliver client value, particularly distribution of value-added services and insurance product across a large customer base. This is in an effort to improve non-interest income growth within Retail SA. The changes are effective from 1 January 2025, and therefore do not affect the Group's segment reporting disclosure in its financial results for the annual reporting period ended 31 December 2024. The impact of this announcement on segment reporting for the year ended 31 December 2025 is in the process of being determined.

The following summary describes the operations in each of the Group's business units:

- **Product Solutions Cluster:** offers a comprehensive suite of product solutions to the retail consumer segment. Products include mortgages and vehicle financing. Customers are served through an extensive distribution network, including digital channels, branches, mortgage originators, dealerships, financial advisors and partnerships. The focus remains on providing a consistently superior experience across channels tailored to each customer's needs and expectations.
- **Everyday Banking:** offers a comprehensive range of day-to-day banking products and services to a diverse spectrum of retail customers, from those needing basic banking services to those requiring sophisticated financial solutions. Everyday Banking focuses on providing a consistently superior experience across multiple channels designed to match the expectations of each customer segment, including digital and voice channels, as well as an extensive network of branch and ATM channels.
- **Relationship Banking:** consists of the business units and associated products, where a named relationship exists and was formed to provide customers with a single 'warm-body' relationship manager rather than multiple touch points within the Group. The businesses within Relationship Banking include Business Banking Services, Commercial Payments and Private Wealth. Relationship Banking also includes an Equity portfolio which is being reduced in an orderly manner.
- **Corporate and Investment Banking:** provides innovative solutions to meet clients' needs by delivering specialist investment banking, corporate and transactional banking, financing, risk management, and advisory products and services. Clients across various industry sectors such as corporates, financial institutions and public sector bodies are serviced by combining our in-depth product knowledge with regional expertise and an extensive, well-established local presence. CIB's goal is to build a sustainable, trustworthy business that helps clients achieve their ambitions in the right way and by executing this we will create shared growth for clients, employees and communities.

Other reconciling stripes

- **Head Office, Treasury and other operations** consists of various non-banking activities and includes investment income earned by the Group, as well as income earned by Corporate Real Estate Services.

Reportable segments:

Product Solutions Cluster: offers a comprehensive suite of residential and vehicle finance solutions to protect customer's wealth and investment. The focus is on providing a consistently superior experience across each of the channels, matched closely to the needs and expectations of each customer. Customers across all segments are serviced through an extensive branch network, electronic channels, financial advisors, originators, dealerships as well as alliances and joint ventures. Key business areas serviced are as per below:

- **Home Loans** – offers residential property-related finance solutions direct to customers through personalised services, electronic channels, and intermediaries such as estate agents and mortgage originators.
- **Vehicle and Asset Finance (VAF)** – offers funding solutions for passenger and light commercial vehicles to individual customers through approved dealerships, and preferred suppliers. VAF's Joint venture with Ford Financial Services is an extension of the business and reinforces the strategic intent of establishing and harnessing relationships with dealers and customers.

Everyday Banking – offers the day-to day banking services for the retail customer and includes:

- **Card** – offers credit cards via a mix of Absa-branded and co-branded products, including British Airways. This portfolio also includes partnerships with Woolworths Financial Services, which offers in-store cards, credit cards, personal loans, and short-term insurance products.

42. Segment report

42.1 Summary of segments *continued*

- **Personal Loans** – offers unsecured loans through the Absa Mobile Banking app, internet banking, face-to-face engagements, and the contact centre channels.
- **Transactional and Deposits** – Offers a full range of transactional banking, savings, and investment products and services through multiple channels.

Relationship Banking – places primary focus on client segment in drive to put the customer first. Essentially, the business focuses on the following key client segments Small and Medium Enterprises (SMEs), Commercial Segment and Private Wealth which are serviced by the following key business areas:

- **Business Banking Services** – which offers banking solutions spanning lending and transactional banking products as well as savings and investment products. The lending products consist of commercial asset finance, commercial property finance, term lending, structured lending as well as overdrafts.
- **Commercial Payments** – accept electronic payments using various payment methods such as cash, debit, credit and prepaid cards as well as mobile payments. Commercial Payments also provides value added services such as money transfer and 'cash back' at point of sale.
- **Private Wealth** – which offers a full suite of banking services to customers in the Private and Wealth segment including transactional, lending, savings and investment products as well as other wealth management services.

Corporate and Investment Banking: client engagement integrates client coverage across Africa to provide holistic solutions to clients through end-to-end relationship management and origination activities, leveraging the deep segment and sector specialisation within CIB across the business areas below. This includes the Growth Capital solutions team, which focuses on offering B-BBEE financing to clients with the aim of creating sustainable local and regional economies. Key business areas serviced are as per below:

- **Corporate:** provides corporate banking solutions spanning financing and transactional banking requirements, including trade and working capital solutions, as well as a full suite of cash management, payments and liquidity products and solutions. These services are provided across our African institutional, corporate and public sector client base. The Absa Investor Services business provides a full suite of custody and trustee services, further building out our services and client value proposition.
- **Investment Bank** comprising:
  - **Global Markets** – engages in trading, sales and research activities across all major asset classes and products in Africa, delivering pricing, hedging and risk management capabilities to both corporate and institutional clients;
  - **Investment Banking Division** – structures innovative solutions delivering to meet clients' strategic advisory, financing and risk management requirements across industry sectors;
  - **Commercial Property Finance (CPF)** – specialises in financing commercial, industrial, retail and residential development property across our African footprint as well as cross border financing in other jurisdictions; and
  - **Private Equity and Infrastructure Investments (PEII)** – Infrastructure Investments acted as a principal by investing in equity to entities focused on infrastructure development. Private Equity traditionally acted as a principal by investing in unlisted equity exposures. This portfolio continues to be reduced in line with the Group's strategy to exit non-core businesses.

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42. Segment report *continued*

42.2 Segment report per market segment

	Product Solutions Cluster		Everyday Banking		Relationship Banking		Corporate and Investment Banking		Head office, Treasury and other operations		Group	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Statement of comprehensive income (Rm)												
Net interest income	**9 262**	8 989	**14 459**	14 049	**11 018**	10 056	**12 264**	11 461	**(1 501)**	(200)	**45 502**	44 355
Interest and similar income	**49 398**	46 743	**15 715**	14 689	**19 978**	17 974	**37 445**	32 112	**9 372**	6 859	**131 908**	118 377
Interest expense and similar charges	**(40 136)**	(37 754)	**(1 256)**	(640)	**(8 960)**	(7 918)	**(25 181)**	(20 651)	**(10 873)**	(7 059)	**(86 406)**	(74 022)
Non-interest income	**1 339**	1 263	**11 789**	11 253	**5 011**	5 107	**5 832**	3 202	**150**	355	**24 121**	21 180
Total income	**10 601**	10 252	**26 248**	25 302	**16 029**	15 163	**18 096**	14 663	**(1 351)**	155	**69 623**	65 535
Credit impairment charges	**(3 216)**	(4 231)	**(5 914)**	(6 650)	**(759)**	(866)	**(1 221)**	(846)	**(2)**	2	**(11 112)**	(12 591)
Operating expenses	**(4 905)**	(4 466)	**(14 396)**	(13 579)	**(8 951)**	(8 336)	**(9 261)**	(8 517)	**(4 780)**	(5 563)	**(42 293)**	(40 461)
Depreciation and amortisation	**(129)**	(102)	**(1 621)**	(1 465)	**(203)**	(187)	**(594)**	(402)	**(2 164)**	(2 753)	**(4 711)**	(4 909)
Information technology costs	**(92)**	(150)	**(748)**	(617)	**(325)**	(265)	**(566)**	(471)	**(3 543)**	(3 175)	**(5 274)**	(4 678)
Staff costs	**(2 026)**	(1 625)	**(5 981)**	(5 595)	**(3 757)**	(3 408)	**(5 356)**	(4 974)	**(6 037)**	(5 901)	**(23 157)**	(21 503)
Other operating expenses	**(2 658)**	(2 589)	**(6 046)**	(5 902)	**(4 666)**	(4 476)	**(2 745)**	(2 670)	**6 964**	6 266	**(9 151)**	(9 371)
Other expenses	**(108)**	(129)	**(451)**	(445)	**(133)**	(155)	**(340)**	(257)	**(1 432)**	(1 072)	**(2 464)**	(2 058)
Other impairments	**–**	(24)	**(63)**	(54)	**–**	(36)	**(41)**	–	**(645)**	(335)	**(749)**	(449)
Indirect taxation	**(108)**	(105)	**(388)**	(391)	**(133)**	(119)	**(299)**	(257)	**(787)**	(737)	**(1 715)**	(1 609)
Share of post-tax results of associates and joint ventures	**150**	33	**–**	–	**33**	45	**(2)**	10	**15**	26	**196**	114
Operating profit before income tax	**2 522**	1 459	**5 487**	4 629	**6 219**	5 851	**7 272**	5 053	**(7 550)**	(6 453)	**13 950**	10 539
Tax expenses	**(589)**	(329)	**(1 435)**	(1 209)	**(1 606)**	(1 515)	**(675)**	(539)	**1 813**	1 422	**(2 492)**	(2 170)
Profit for the reporting period	**1 933**	1 130	**4 052**	3 420	**4 613**	4 336	**6 597**	4 514	**(5 737)**	(5 031)	**11 458**	8 369
Profit attributable to:												
Ordinary equity holders	**1 624**	840	**3 801**	3 202	**4 301**	4 080	**5 973**	4 006	**(5 749)**	(5 031)	**9 950**	7 097
Preference equity holders	**84**	85	**68**	65	**85**	74	**168**	149	**3**	–	**408**	373
Additional Tier 1	**225**	205	**183**	153	**227**	182	**456**	359	**9**	–	**1 100**	899
	1 933	1 130	**4 052**	3 420	**4 613**	4 336	**6 597**	4 514	**(5 737)**	(5 031)	**11 458**	8 369
Headline earnings	**1 624**	858	**3 840**	3 233	**4 299**	4 103	**6 003**	4 007	**(5 237)**	(4 795)	**10 529**	7 406
Statement of financial position (Rm)												
Loans and advances	**428 679**	415 634	**65 117**	65 059	**155 678**	146 685	**470 673**	448 589	**5 216**	2 520	**1 125 363**	1 078 487
Loans and advances to customers	**428 437**	415 391	**61 166**	59 287	**154 931**	146 071	**430 888**	402 151	**4 121**	724	**1 079 543**	1 023 624
Loans and advances to banks	**242**	243	**3 951**	5 772	**747**	614	**39 785**	46 438	**1 095**	1 796	**45 820**	54 863
Investment securities	**23 195**	22 349	**3 985**	4 042	**7 408**	6 845	**53 573**	46 254	**84 943**	72 287	**173 104**	151 777
Investments in associates and joint ventures	**1 313**	1 163	**–**	–	**217**	185	**311**	207	**301**	284	**2 142**	1 839
Other assets	**38 232**	32 335	**361 353**	333 473	**167 354**	149 327	**515 871**	414 176	**(715 610)**	(630 612)	**367 200**	298 699
Total assets	**491 419**	471 481	**430 455**	402 574	**330 657**	303 042	**1 040 428**	909 226	**(625 150)**	(555 521)	**1 667 809**	1 530 802
Deposits	**1 453**	1 610	**333 381**	308 936	**254 588**	230 720	**488 613**	403 555	**139 911**	144 662	**1 217 946**	1 089 483
Deposits due to customers	**1 453**	1 610	**333 381**	308 936	**254 583**	230 715	**395 540**	327 421	**113 598**	119 796	**1 098 555**	988 478
Deposits due to banks	**–**	–	**–**	–	**5**	5	**93 073**	76 134	**26 313**	24 866	**119 391**	101 005
Debt securities in issue	**–**	–	**–**	–	**–**	–	**40 153**	28 888	**167 188**	181 007	**207 341**	209 895
Other liabilities	**487 384**	466 397	**93 138**	90 191	**70 584**	67 056	**504 248**	471 418	**(1 028 882)**	(968 947)	**126 472**	126 115
Total liabilities	**488 837**	468 007	**426 519**	399 127	**325 172**	297 776	**1 033 014**	903 861	**(721 783)**	(643 278)	**1 551 759**	1 425 493

December 2023 balances have been restated. Refer to the reporting changes overview in note 1.20.3.

Head Office, Treasury and other operations in South Africa represents a reconciling stripe and is not an operating segment.

42. **Segment report** *continued*

42.3 Total internal income by segment

	Group and Company	
	2024 Rm	2023 Rm
Product Solutions	**(38 006)**	(35 858)
Everyday Banking	**24 129**	21 742
Relationship Banking	**8 926**	6 587
Corporate and Investment Banking	**(929)**	(4 812)
Head Office, Treasury and other operations	**9 394**	16 132
Total internal income	**3 514**	3 791

As the Group no longer reports normalised financial results, the prior year internal income included in Barclays PLC separation of R128m has been reallocated to Head Office, Treasury and other operations.

42.4 Disaggregation of non-interest income

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

	Group 2024					
	Product Solutions Rm	**Everyday Banking Rm**	**Relationship Banking Rm**	**CIB Rm**	**Head Office, Treasury and other operations Rm**	**Total Rm**
Fee and commission income from contracts with customers	**1 342**	**12 258**	**5 711**	**3 398**	**(31)**	**22 678**
Consulting and administration fees	**134**	**–**	**116**	**40**	**–**	**290**
Transactional fees and commissions	**870**	**10 950**	**3 620**	**2 631**	**(7)**	**18 064**
Cheque accounts	**–**	**3 393**	**1 639**	**164**	**–**	**5 196**
Credit cards	**–**	**1 932**	**193**	**–**	**–**	**2 125**
Electronic banking	**–**	**4 010**	**1 037**	**1 552**	**1**	**6 600**
Service charges	**861**	**347**	**514**	**472**	**5**	**2 199**
Other (includes exchange commissions and guarantees)	**9**	**268**	**136**	**443**	**(13)**	**843**
Savings accounts	**–**	**1 000**	**101**	**–**	**–**	**1 101**
Merchant income	**–**	**863**	**1 842**	**–**	**–**	**2 705**
Trust and other fiduciary services fees	**–**	**–**	**47**	**21**	**1**	**69**
Other fees and commissions	**12**	**6**	**32**	**210**	**(25)**	**235**
Insurance commissions received	**326**	**439**	**9**	**–**	**–**	**774**
Investment markets execution and investment banking fees	**–**	**–**	**45**	**496**	**–**	**541**
Other non-interest income, net of expenses	**(3)**	**(469)**	**(700)**	**2 434**	**181**	**1 443**
Total non-interest income	**1 339**	**11 789**	**5 011**	**5 832**	**150**	**24 121**

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.

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involves the Group making allocation, purchase and sale decisions in relation to a wide range of financial instruments. Some of these services involve the Group accepting targets for benchmark levels of returns for the assets under the Group's care.

Other notable non-interest income items include gains from banking and trading activities of **R2 906m** (2023: R901m), offset by expenses within CIB.

42. Segment report

42.4 Disaggregation of non-interest income *continued*

	Group 2023					
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	CIB Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	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 markets execution and investment banking fees	–	–	46	407	–	453
Other non-interest income, net of expenses	(14)	(584)	(609)	143	309	(755)
Total non-interest income	1 263	11 253	5 107	3 202	355	21 180

Disaggregation of non-interest income has been restated. Refer to note 1.20.3 for further details on the business unit restatements.

43. Offsetting financial assets and financial liabilities

Where relevant, the Group reports derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements on a net basis.

The following table shows the impact of netting arrangements on the statement of financial position for recognised financial assets and financial liabilities that are reported net on the statement of financial position. Also presented are derivative financial instruments and reverse repurchase and repurchase agreements and other similar lending and borrowing agreements that are subject to enforceable master netting or similar agreements which do not qualify for presentation on a net basis. The table also shows potential netting not recognised on the statement of financial position that results from arrangements that do not meet all the IAS 32 netting criteria, because there is no intention to net settle or realise simultaneously, and related financial collateral that mitigates credit risk.

The net amounts presented are not intended to represent the Group's actual credit exposure as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Group and Company

	2024							
	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			**Related amounts not set off**				
	Gross amounts Rm	**Amounts set off Rm**	**Net amounts reported on the statement of financial position Rm**	**Offsetting financial instruments Rm**	**Financial collateral Rm**	**Net amount Rm**	**Amounts not subject to legally enforceable netting arrangements Rm**	**Total per statement of financial position Rm**
Derivative financial assets (refer to note 50.3)	**120 768**	**(61 625)**	**59 143**	**(45 800)**	**(2 247)**	**11 096**	**2 159**	**61 302**
Reverse repurchase agreements and other similar secured lending (refer to note 7)	**83 481**	**–**	**83 481**	**–**	**(83 481)**	**–**	**–**	**83 481**
Total assets	**204 249**	**(61 625)**	**142 624**	**(45 800)**	**(85 728)**	**11 096**	**2 159**	**144 783**
Derivative financial liabilities (refer to note 50.3)	**(114 477)**	**62 470**	**(52 007)**	**45 756**	**–**	**(6 251)**	**(2 120)**	**(54 127)**
Reverse repurchase agreements and other similar secured borrowings (refer to note 7)	**(79 332)**	**–**	**(79 332)**	**–**	**79 332**	**–**	**–**	**(79 332)**
Total liabilities	**(193 809)**	**62 470**	**(131 339)**	**45 756**	**79 332**	**(6 251)**	**(2 120)**	**(133 459)**

Net amounts reported on the statement of financial position comprise exposures that have been netted on the statement of financial position in compliance with IAS 32 (net exposure) and exposures that are subject to legally enforceable netting arrangements but have not been netted on the statement of financial position.

Financial collateral excludes over collateralisation and amounts, which are measured at fair value and are in excess of the net statement of financial position exposure. The financial collateral is pledged under terms that are usual and customary to such agreements.

In certain jurisdictions a contractual right of set-off is subject to uncertainty under laws of the jurisdiction and therefore netting is not applied and the amounts are classed as not subject to legally enforceable netting arrangements.

Total per statement of financial position is the sum of 'Net amounts reported on the statement of financial position' which are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

	Group and Company							
	2023							
	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
	Gross amounts Rm	Amounts set off Rm	Net amounts reported on the statement of financial position Rm	Offsetting financial instruments Rm	Financial collateral Rm	Net amount Rm	Amounts not subject to legally enforceable netting arrangements Rm	Total per statement of financial position Rm
Derivative financial assets (refer to note 50.3)	111 680	(56 353)	55 327	(39 342)	(2 544)	13 441	1 408	56 735
Reverse repurchase agreements and other similar secured lending (refer to note 7)	79 855	–	79 855	–	(79 855)	–	–	79 855
Total assets	191 535	(56 353)	135 182	(39 342)	(82 399)	13 441	1 408	136 590
Derivative financial liabilities (refer to note 50.3)	(102 079)	57 839	(44 240)	39 299	–	(4 941)	(2 844)	(47 084)
Reverse repurchase agreements and other similar secured borrowing (refer to note 7)	(63 172)	–	(63 172)	–	63 171	–	–	(63 172)
Total liabilities	(165 251)	57 839	(107 412)	39 299	63 171	(4 941)	(2 844)	(110 256)

The amounts set off in Derivative financial assets and Derivative financial liabilities have been restated from R45 394m to R56 353m and R49 169m to R57 839m respectively due to the error in the calculation of this amount. As a result, the Gross amounts have been restated from R100 721m for Derivative financial assets and for Derivative liabilities from R93 408m to the amounts disclosed in the table above.

Offsetting and collateral arrangements

Derivative assets and liabilities

Credit risk is mitigated where possible through netting arrangements, such as the International Swaps and Derivative Association (ISDA) Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral (cash and non-cash) is also obtained, often daily, for the net exposure between counterparties where possible to further mitigate credit risk.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing

Credit risk is mitigated where possible through netting arrangements such as global master repurchase agreements and global master securities lending agreements whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral is obtained and typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and the credit risk mitigation strategies used by the Group are further explained in the Credit risk mitigation, collateral and other credit enhancements section of note 54.

44. Assets under management and administration (unaudited)

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Alternative asset management and exchange-traded funds	**34 876**	25 116	**–**	–
Other assets under administration	**388 250**	333 977	**388 250**	333 977
Portfolio management	**–**	–	**–**	–
Unit trusts	**–**	–	**–**	–
	423 126	359 093	**388 250**	333 977

Other assets under administration includes those for which custody and trustee services are provided. It includes assets managed on behalf of Absa Bank Limited. In 2023, the Group disclosed items relating to Advisory services as part of the Portfolio management and Unit trusts balance. As a result, the Portfolio management balance for both Group and Company has been restated from R5 665m to nil and Unit trusts has been restated from R1 473m to nil.

45. Contingencies, commitments and similar items

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
Guarantees	**39 038**	37 243	**44 283**	39 987
Irrevocable debt facilities	**120 172**	108 483	**120 172**	108 483
Letters of credit	**9 814**	12 439	**9 814**	12 439
	169 024	158 165	**174 269**	160 909
Authorised capital expenditure				
Contracted but not provided for	**418**	480	**418**	480

Guarantees include performance guarantee contracts and financial guarantee contracts. This amount represents the maximum off-statement of financial position exposure.

Irrevocable facilities are commitments to extend credit where the Group 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 Group has capital commitments in respect of intangible assets, property and equipment. Management is confident that future net revenues and funding will be sufficient to cover these commitments.

Legal Proceedings

Legal matters

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

The Group 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 Group is or has been engaged.

At the present time, the Group 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 Group'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 Group 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 Group's control. We are also awaiting policy positions to be taken by Regulators. Some of these are likely to have an impact on the Group's customers, business lines, systems and earnings.

The Group is continuously evaluating its programmes and controls in general relating to compliance with regulation and responding to the same. The Group 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 Group regards the relationship with Regulators as very important and manages such engagements on a continuous basis.

Income taxes

The Group is subject to income taxes in numerous jurisdictions and the calculation of the Group'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 Group's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The Group 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 Group's Tax Risk Framework.

46. Structured entities

Preference share funding vehicles

The Group provides financing to a number of SEs, established and managed by clients, in the form of a subscription for cumulative redeemable preference shares. These instruments typically have the economic characteristics of vanilla debt instruments, and as such the Group recognises interest income from its investments. Often the Group subscribes for preference shares in these vehicles together with other financial institutions on a syndicated basis. The Group does not have the ability to direct the relevant business activities in these vehicles and therefore in the absence of control, the vehicles are not consolidated. An entity which forms part of the same group of companies as the preference share funding vehicle, most commonly the parent company, writes the Group a financial guarantee or a put option, so as to provide security in the event of default.

Structured investment vehicles

The Group holds investments in a number of vehicles which were established and are managed by third-party fund managers. These vehicles are generally not consolidated by the Group on the basis that the relevant activities of the vehicles are directed by the fund manager, and no substantive kick-out rights exist. The investments held in the vehicles are measured at fair value with changes therein being recognised in profit or loss. Distributions made by the vehicles will be recognised as investment income in profit or loss. The vehicles are funded through the commitment and provision of capital by investors.

Securitisation vehicles

The Group has used SEs in order to securitise loans that were originated by the Group. These entities have minimal equity and therefore rely on funding in the form of notes in order to acquire the underlying loans. The Group transfers the contractual right to receive cash flows on the underlying loans, but in many instances, does not relinquish substantial exposure to all the risks and rewards of ownership. Exposures to credit risk, prepayment risk and/or interest rate risk are retained when the Bank purchases either senior notes or junior notes and sells derivatives to the entity. When the securitisation vehicles are established to run entirely on autopilot or when the only relevant activity of the entity constitutes recovery of the securitised loans in the event of default, then provided such activity is not directed by the Group, the Group will not have power over the relevant activities of the vehicle. The Group earns interest income on the notes issued by the vehicles, together with management fees from the Group's ongoing involvement. To the extent that the notes are fair valued, unrealised gains and losses are generated, which are recognised by the Bank in profit or loss.

Funding vehicles

The Group provides funding in the form of loans to bankruptcy remote SEs to enable them to purchase fixed assets, such as property. The loans are fully collateralised by the underlying asset, and the repayment of principal and interest is met through the receipt of lease income. The loans are subject to guarantees received from the parent company, or from other trading entities within the same group of companies. The Group earns interest on the loans. The loans are either measured at amortised cost or are designated as at fair value through profit or loss.

46.1 Consolidated structured entities

The Group did not incur losses related to the Group's interests in consolidated structured entities in the current financial reporting period (2023: nil).

The Group did not provide any financial support during the current financial reporting period (2023: nil) to consolidated structured entities and has no current arrangements to provide financial support in the future.

46.2 Unconsolidated structured entities

The level of risk that the Group is exposed to is determined by the nature and purpose of it holding an interest in the entity.

Owing to the large number of SEs in which the Bank holds an interest, information about such entities has been aggregated according to the purpose for which the entity was established.

	Group				
	2024				
	Preference funding vehicles Rm	Structured investment vehicles Rm	Securitisation vehicles Rm	Funding vehicles Rm	Total Rm
Assets					
Trading portfolio	–	–	–	–	–
Investment securities	–	–	339	–	339
Debt securities	–	–	339	–	339
Equity securities	–	–	–	–	–
Loans and advances to customers	34 707	–	–	7	34 714
Undrawn liquidity facilities and financial guarantees (notional value)	–	–	260	–	260
Maximum exposure to loss	34 707	–	599	7	35 313
Total size of entities	187 563	–	1 154	7	188 724

	Group				
	2023				
	Preference funding vehicles Rm	Structured investment vehicles Rm	Securitisation vehicles Rm	Funding vehicles Rm	Total Rm
Assets					
Trading portfolio	–	544	–	–	544
Investment securities	–	–	422	–	422
Debt securities	–	–	422	–	422
Equity securities	–	–	–	–	–
Loans and advances to customers	31 761	–	–	12	31 773
Undrawn liquidity facilities and financial guarantees (notional value)	–	–	301	–	301
	31 761	544	723	12	33 040
Maximum exposure to loss	31 761	544	723	12	33 040
Total size of entities	121 406	544	1 308	12	123 270

The Group did not incur losses related to the Bank's interests in unconsolidated structured entities in the current financial reporting period (2023: nil).

Under undrawn liquidity facilities and financial guarantees there are no liquidity arrangements, guarantees or other commitments with third parties that may affect the fair value or risk of the entity's interest in unconsolidated structured assets.

The Group's maximum exposure to loss has been calculated as the sum of its assets recognised in the statement of financial position and its unrecognised contractual commitments to provide further finance. The actual loss, due to the collateral held by the entities, the availability of netting and credit protection held is likely to be less in most cases.

Total size of entities is measured relative to total assets.

Financial support provided or to be provided to unconsolidated structured entities

The Group did not provide any financial support during the current financial reporting period (2023: nil) to unconsolidated structured entities and has no current arrangements to provide financial support in the future.

46.3 Sponsored entities

The Group did not earn material income from its involvement in the unconsolidated SEs which it sponsors.

Assets transferred to unconsolidated sponsored structured entities

The Group did not transfer assets during the current financial reporting year (2023: Rnil) to its unconsolidated sponsored structured entities.

47. Statement of cash flows notes

47.1 (Increase)/ decrease in operating assets

	Group	
	2024 Rm	2023 Rm
Trading and hedging portfolio assets	**(21 085)**	13 139
Loans and advances	**(49 423)**	(44 886)
Other assets	**(3 704)**	11 890
Investment securities	**(20 662)**	(23 478)
	(94 874)	(43 335)

	Company	
	2024 Rm	2023 Rm
Trading and hedging portfolio assets	**(21 022)**	12 895
Loans and advances	**(49 931)**	(45 121)
Other assets	**(1 902)**	9 479
Investment securities	**(20 662)**	(24 739)
	(93 517)	(47 486)

This additional note has been included as a result of the presentation change to the Statement of cash flows, refer to note 1.20.2 for more information.

47.2 Increase/(decrease) in operating liabilities

	Group	
	2024 Rm	2023 Rm
Trading and hedging portfolio liabilities	**4 501**	(33 452)
Other liabilities	**(9 064)**	16 431
Deposits	**128 463**	73 861
	123 900	56 840

	Company	
	2024 Rm	2023 Rm
Trading and hedging portfolio liabilities	**4 501**	(33 452)
Other liabilities	**(10 828)**	20 637
Deposits	**128 886**	73 683
	122 559	60 868

Net increase in other liabilities includes debt securities in issue, provisions and loans from Group companies.

This additional note has been included as a result of the presentation change to the Statement of cash flows, refer to note 1.20.2 for more information.

The working capital movement in other liabilities on the SOCF has been restated. Refer to note 1.20.1 for more information on the restatement.

47. Statement of cash flows notes *continued*

47.3 Cash and cash equivalents

	Group and Company	
	2024 Rm	2023 Rm
Mandatory reserve balances with the SARB and other central banks (refer to note 2)	**67 763**	26 152
Coins and bank notes (refer to note 2)	**5 150**	5 411
Loans and advances to banks (refer to note 7)	**6 944**	9 492
	79 857	41 055

48. Deferred cash and share-based payments

	Group	
	2024 Rm	2023 Rm
Share-based payments expense	**1 248**	902
Equity-settled arrangements:		
Absa Group Share Incentive Plan Performance Award (SIPP)	**395**	378
Absa Group Limited Share Incentive Plan Retention Buyout Award (SIPRB)	**45**	39
Absa Group Limited Share Incentive Plan Deferred Award (SIPD)	**243**	233
Absa Group Limited Share Incentive Plan Retention Award (SIPR)	**197**	133
eKhaya colleague share scheme (ECSS)	**352**	122
Cash-settled arrangements:		
Absa Group Share Incentive Plan Performance Award (SIPP)	**3**	(4)
Absa Group Limited Share Incentive Plan Deferred Award (SIPD)	**11**	1
eKhaya colleague share scheme (ECSS)	**2**	–
Deferred cash expense		
Absa Group Limited Cash Value Plan (CVP)	**1**	–
Total deferred cash and share-based payments expense (refer to note 30)	**1 249**	902
Total carrying amount of liabilities for cash-settled arrangements (refer to note 15)	**21**	16
Total carrying amount of the equity settled share-based payment arrangements (refer to the statement of changes in equity)	**1 709**	1 194

The total deferred cash and share based payments expense for the Company is **R1 246m** (2023: R902m).

The total carrying amount of liabilities for cash-settled arrangements for the Company is **R19m** (2023: R16m).

Absa Group Limited Share Incentive Plan Performance Award

Qualifying participants of the Share Incentive Plan Performance Award (SIPP) will be entitled to Absa Group Limited ordinary shares either by way of a share award or a cash award that must be used to purchase Absa Group Limited ordinary shares. Absa Group Limited retains the obligation to settle in cash certain SIPP awards that are prohibited from being equity-settled. The award will be issued by Absa Group Limited. In order for the participant to be entitled to these awards, the participant needs to render three years or five years (depending on the grant received) of service and the requisite performance conditions need to be met. Dividends may accumulate and are reinvested over the vesting period.

Absa Group Limited Share Incentive Plan Retention Buyout Award

The Share Incentive Plan Retention Buyout Award (SIPRB) enables the Group and Company to attract and motivate new employees by buying out the 'in the money' portion of a participant's shares or options under their previous employers' share scheme by offering the employees Absa Group Limited awards. The equity settled award will be issued by Absa Group Limited. There is no consideration payable for the grant of an award and the vesting of the award is not subject to performance conditions. Dividends may accumulate and are reinvested over the vesting period, which will align with the vesting period of the previous employer.

Absa Group Limited Share Incentive Plan Deferred Award

The Share Incentive Plan Deferred Award (SIPD) (and any associated notional dividends) are awarded at no cost to the participants. The awards typically vest in equal tranches after one to five years. The Group and Company retains the obligation to settle in cash certain SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited.

Absa Group Limited Share Incentive Plan Retention Award

The Share Incentive Plan Retention Award (SIPR) (and any associated notional dividends) are awarded at no cost to the participants. The awards vest after three to five years. The Group and Company retains the obligation to settle in cash certain SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited. Award will vest on the vesting date(s), subject to achieving a performance rating in respect of the 2021, 2022, 2023 and 2024 performance years of 'Good or above' (or any other equivalent rating in force from time to time).

Absa Group Limited Restricted Share Value Plan

The Restricted Share Value Plan (RSVP) awards (and any associated notional dividends) are awarded at no cost to the participants. Vesting periods range from two to five years, with each tranche subject to its own independent non-market-related performance conditions on vesting. The Group and Company retains the obligation to settle in cash certain Restricted SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date, to the extent that the non-market-related conditions attached to the awards are met. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited.

eKhaya colleague share scheme

The Absa Group B-BBEE transaction resulted in the indirect allocation of 3% of the Group's shareholding to a Staff Trust (the Absa Empowerment Trust). SA Staff Scheme participants are awarded units in the Staff Trust corresponding to an allocation of the Absa shares held by Newshelf 1405 (RF) Proprietary Limited (NS 1405). The SA Staff Scheme participants benefit from an attributable share of annual dividends equal to 25% of the Absa dividend paid to NS 1405 in the preceding 12 months, subject to a minimum loan to value ratio being maintained. The vesting term of the SA Staff Scheme is five years at which time qualifying participants will be direct and beneficial owners of unencumbered Absa shares. Notional units forfeited prior to the vesting date will be retained in the Staff Trust and re-allocated to eligible staff who join the Absa Group in the first 3 years of commencement of the SA Staff Scheme on a first-come-first-served basis. In recognition of the valued role of all staff, Absa Group Companies outside of South Africa participate via phantom cash-settled staff schemes in their respective jurisdictions equivalent in value in aggregate to approximately 1% of Absa Group Limited's shareholding, which will contain terms and provisions notionally equivalent to the terms for the SA Staff Scheme.

Number of awards '000

	2024					2023				
	Opening balance	**Granted/ Trans-ferred**	**Forfeited**	**Exercised**	**Closing balance**	Opening balance	Granted/ Trans-ferred	Forfeited	Exercised	Closing balance
Equity-settled:										
SIPP	**9 399**	**4 906**	**(1 030)**	**(2 337)**	**10 938**	11 147	4 139	(2 042)	(3 845)	9 399
SIPRB	**380**	**229**	**(24)**	**(218)**	**367**	245	347	(23)	(189)	380
SIPD	**2 610**	**1 688**	**(166)**	**(1 048)**	**3 084**	2 536	1 727	(105)	(1 548)	2 610
SIPR	**2 697**	**1 715**	**(147)**	**(709)**	**3 556**	1 518	1 349	(155)	(15)	2 697
RSVP	**32**	**–**	**–**	**–**	**32**	32	–	–	–	32
ECSS	**23 844**	**1 436**	**(1 318)**	**(50)**	**23 912**		24 162	(308)	(10)	23 844
Cash-settled:										
SIPP	**112**	**55**	**(2)**	**(29)**	**136**	96	25	(3)	(6)	112
SIPRB	**–**	**–**	**–**	**–**	**–**	–	3	–	(3)	–
SIPD	**32**	**15**	**–**	**(13)**	**34**	21	21	–	(11)	32
ECSS	**18**	**–**	**–**	**–**	**18**	–	18	–	–	18

The terms and conditions of the above share-based payment arrangements dictate that awards be settled immediately on vesting and therefore there are no awards which have vested but have not yet been settled at any given time. Furthermore, the awards outstanding in the aforementioned schemes have no exercise price.

	Weighted average share price at the exercise date (Rands)		**Weighted average contractual life of awards outstanding (years)**		**Weighted average fair value of options granted during the period (Rands)**	
	2024	2023	**2024**	2023	**2024**	2023
Equity-settled:						
SIPP	**137.53**	75.60	**1.46**	2.16	**146.06**	184.60
SIPRB	**169.75**	153.67	**0.83**	1.18	**159.24**	183.72
SIPD	**179.81**	111.50	**1.10**	1.17	**145.68**	184.60
SIPR	**153.62**	191.00	**1.52**	1.82	**145.68**	184.60
ECSS	**82.53**	77.30	**3.67**	4.67	**76.39**	82.53
Cash-settled:						
SIPP	**145.68**	184.60	**1.48**	1.42	**156.97**	184.60
SIPRB	**151.98**	153.67	**0.31**	1.18	**–**	183.72
SIPD	**145.68**	184.60	**0.90**	0.21	**145.68**	184.60
SIPR	**–**	–	**1.25**	–	**–**	–
ECSS	**–**	–	**3.67**	4.67	**–**	82.53

48. Deferred cash and share-based payments *continued*

Future cash flow effects associated with equity settled share payments

	Group and Company			
	2024			
	Within 1 year	**From 1 year to 5 years**	**More than 5 years**	**Total**
Estimate of amount expected to be transferred to tax authorities	**433**	**2 028**	**–**	**2 461**
	2023			
	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Estimate of amount expected to be transferred to tax authorities	419	1 343	–	1 762

The estimates provided above indicate the amounts which are expected to be transferred to tax authorities relating to the employees' tax obligations on equity schemes which have been granted but which vest in future periods. The amounts were estimated based on the number of awards expected to vest, the share price as at year end and an estimate of the average applicable employee effective tax rate.

49. Acquisitions and disposals of businesses and other similar transactions (Group and Company)

49.1 Acquisitions of businesses during the current reporting period

Absa Bank Limited increased it's shareholding in South African Bankers Services Company Proprietary Limited by 0.685%. This increased the carrying value of the investment by R107m.

49.2 Disposals of businesses during the current reporting period

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

49.3 Acquisitions of businesses during the previous reporting period

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

49.4 Disposals of businesses 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.

50. Derivatives (Group and Company)

50.1 Derivative financial instruments

Derivative financial instruments are entered into in the normal course of business to manage various financial risks.

The derivative instrument contract value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Group and Company's net interest income, net trading income, net fee and commission income and derivative assets and liabilities.

At the reporting date and prior year, the Group and Company did not have any compound financial instruments with multiple embedded derivatives in issue.

The Group and Company trades the following derivative instruments:

Foreign exchange derivatives

The Group and Company's principal exchange rate-related contracts are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

Interest rate derivatives

The Group and Company's principal interest rate related contracts are interest rate swaps, forward rate agreements, basis swaps, caps, floors and swaptions. Included in this product category are transactions that include combinations of these features. An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. In a forward rate agreement, two parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount.

Credit derivatives

The Group and Company's principal credit derivative-related contracts include credit default swaps and total return swaps. A credit derivative is an arrangement whereby the credit risk of an asset (the reference asset) is transferred to the seller of protection. A credit default swap is a contract where the protection seller receives premium or interest-related payments in return for contracting to make payments to the protection buyer upon a defined credit event. Credit events normally include bankruptcy, payment default, or downgrades by a rating agency.

A total return swap is an instrument whereby the seller of protection receives the full return of the asset, including both the income and change in the capital value of the asset. The buyer of the protection in return receives a predetermined amount.

Equity derivatives

The Group and Company's principal equity-related contracts are equity and stock index swaps and options (including warrants, which are equity options listed on an exchange). An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other side paying based on the actual return of the stock or stock index. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock, basket of stocks or stock index at a specified price or level on or before a specified date. The Group also enters into fund-linked derivatives, being swaps and options which include mutual funds, hedge funds, indices and multi-asset portfolios as underlying.

Commodity derivatives

The Group and Company's principal commodity-related derivative contracts are swaps, options, forwards and futures. The main commodities transacted are agricultural commodities and precious metals.

50.2 Notional amount

The gross notional amount is the sum of the absolute value of all contracts. The notional amount will not generally reflect the amount receivable or payable under a derivative contract. The notional amount should be viewed only as a means of assessing the Group's participation in derivative contracts and not the market risk position nor the credit exposure arising on such contracts.

The absolute value of all contracts is also not indicative of the Group and Company's net exposure to, or position in any of the markets that the Group and Company trades in.

50.3 Derivative financial instruments

The Group and Company's total derivative asset and liability position as reported on the statement of financial position is as follows:

	Group					
	2024			2023		
	Assets Rm	**Liabilities Rm**	**Notional contract amount Rm**	Assets Rm	Liabilities Rm	Notional contract amount Rm
Derivatives held for trading (refer to note 4 and note 14)	**57 247**	**(52 868)**	**15 817 586**	51 294	(45 395)	13 813 721
Derivatives designated as hedging instruments (refer to note 4 and note 14)	**4 055**	**(1 258)**	**315 351**	5 441	(1 688)	324 467
Total derivatives	**61 302**	**(54 126)**	**16 132 937**	56 735	(47 083)	14 138 188

50. Derivatives (Group and Company)
50.3 Derivative financial instruments *continued*

	Company					
	2024			2023		
	Assets Rm	Liabilities Rm	Notional contract amount Rm	Assets Rm	Liabilities Rm	Notional contract amount Rm
Derivatives held for trading (refer to note 4 and note 14)	**57 135**	**(52 868)**	**15 816 416**	51 281	(45 395)	13 814 870
Derivatives designated as hedging instruments (refer to note 4 and note 14)	**4 055**	**(1 258)**	**315 351**	5 441	(1 688)	324 975
Total derivatives	**61 190**	**(54 126)**	**16 131 767**	56 722	(47 083)	14 139 845

50.4 Derivative held for trading – detail by instrument type

Derivatives held for trading by the Group, related to the various markets and instrument types that the Group trades in are as follows:

	Group					
	2024			2023		
	Assets	Liabilities	Notional contract amounts	Assets	Liabilities	Notional contract amounts
Foreign exchange derivatives	**18 347**	**(18 504)**	**1 332 784**	14 351	(13 063)	836 564
Interest rate derivatives[1]	**31 103**	**(30 271)**	**14 206 890**	28 783	(28 755)	12 755 106
Equity derivatives	**6 320**	**(2 747)**	**250 773**	7 345	(2 861)	187 513
Commodity derivatives	**1 049**	**(1 239)**	**11 897**	426	(368)	9 001
Credit derivatives	**428**	**(107)**	**15 242**	389	(348)	25 537
Derivatives held for trading	**57 247**	**(52 868)**	**15 817 586**	51 294	(45 395)	13 813 721

1 The balances above are identical for Company with an exception of Interest rate derivatives assets which amount to **R30 991m** (2023: R28 770m) and the total of notional contract amounts which amount to **R14 205 720m** (2023: R12 755 106m).

50.5 Derivative held for investment purposes

No derivatives were held for investment purposes for the 2024 or prior period.

50.6 Counterparty netting and collateral

Derivative assets subject to counterparty netting agreements amounted to **R59 143m** (2023: R 55 327m). Additionally, the Group and Company held **R2 247m** (2023: R2 544m) of collateral against the net derivative asset exposure. The financial assets pledged as collateral are held under terms that are usual and customary for such arrangements.

OTC traded instruments are subject to counterparty credit risk as the related cash flows are not guaranteed by an independent third party. This risk is mitigated by means of netting agreements. The International Swaps and Derivatives Association ("ISDA") Master Agreement is used by the Group and Company. The ISDA Master Agreement and all the confirmations entered into under it, form a single agreement. This allows the parties to an ISDA Master Agreement to aggregate the amounts owing by each of them under all of the transactions outstanding under that ISDA Master Agreement and to replace them with a single net amount payable by one party to the other.

50.7 Hedge accounting

Risk Management strategy

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group and Company applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

Hedge accounting is predominantly applied for the following risks:

- **Interest rate risk** – arises due to exposure to capital or income volatility because of a mismatch between the interest rate exposures of its assets and liabilities.
- **Contractually linked inflation risk** – arises from certain financial instruments with a contractually specified inflation rate.
- **Currency risk** – arises due to transactional foreign exchange risk where assets, liabilities or highly probably expenditure are not denominated in the functional currency of the transacting entity. The Group and Company is also exposed at a consolidated level to translation foreign currency risk where the functional currency of the foreign operation is different from the parent. Please refer to note 53 for additional information about the Group and Company's Risk Management.

50. Derivatives (Group and Company)
50.7 Hedge accounting *continued*

In order to hedge the risks to which the Group and Company is exposed, the hedging instruments employed are interest rate swaps, inflation swaps, cross currency swaps and forward foreign exchange contracts. The economic relationship between the hedge instrument and the hedged items is aligned since all hedging instruments are exposed to the same risks as the hedged items, being interest rate risk, inflation risk and/or foreign currency risk.

The hedge ratio between the hedged item and the hedging instruments is typically determined with reference to the sensitivity of the hedged item, on designation, to the risk factor, compared to the hedging instrument. In many cases the hedge ratio is directly proportional to the hedged item. The assessment of the effectiveness of hedge relationships are performed on a cumulative life to date basis.

Interest rate risk

Interest rate derivatives designated as cash flow hedges, primarily hedge the exposure to cash flow variability from interest rates of variable rate loans and advances.

Interest rate derivatives designated as fair value hedges, primarily hedge the interest rate risk of fixed rate borrowings in issue, fixed rate loans and advances as well as investments in fixed rate debt securities held.

In certain circumstances, hedged items that are designated for hedge accounting purposes are different from the economic hedge owing to the existence of restrictions on the ability to apply hedge accounting to the economic hedge. Specifically, the Group and Company employs a governed interest rate risk management strategy (hedging programme) through the interest rate cycle to reduce volatility associated with structural balances (i.e. rate insensitive liabilities as well as the endowment associated with equity).

In some hedging relationships, the Group and Company designates risk components or proportions of hedged items as follows:

(i) Benchmark interest rate risk as a component of interest rate risk, for example JIBAR or a Risk-Free Rate (RFR). Designating the benchmark interest rate risk component only results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship, improving the effectiveness of the hedge relationship.

(ii) Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument. Hedging a component of cash flows assists in meeting a certain risk management objectives for example hedging certain tenors within the interest rate risk cycle as required to be within the Group and Company's risk appetite.

(iii) Proportions of cash flows of hedged items, for example only a portion of the hedged item's cash flows are designated in the hedge relationship. Hedging a portion of cash flows primarily assists in preventing the hedge relationship becoming Over hedged due to prepayments or credit risk and resultantly reducing ineffectiveness.

Inflation risk

Inflation derivatives designated as fair value hedges, primarily hedge fixed real interest rate risk to a nominal floating rate risk, introduced due to the contractually specified inflation rate within certain investment securities held. The contractually specified inflation risk is designated and hedged as a risk component, this results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship, improving the effectiveness of the hedge relationship.

Foreign currency risk

Foreign exchange derivatives designated as cash flow hedges, primarily hedge the cash flow variability arising from highly probable forecast foreign denominated expenditure. In addition, the Group and Company hedges the cash flow variability of certain financial assets and liabilities denominated in a currency other than the functional currency. For these hedges the Group will designate the entire hedge item in the hedge relationship, therefore both the spot and forward component.

Foreign exchange derivatives designated as net investment hedges, hedge the translation foreign currency exposure to a net investment in a foreign operation. The spot exchange risk component is designated as the hedged item for these hedge relationships to reduce ineffectiveness.

Sources of ineffectiveness which may affect the Group's designated hedge relationships are as follows:

(i) Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences between the hedged risk and the risk exposure of the hedging instrument;

(ii) Changes in credit risk of the hedging instruments;

(iii) If a hedge accounting relationship becomes over- or under-hedged;

(iv) Derivatives used as hedging instruments with non-zero fair values on designation date. These sources of ineffectiveness are applicable to all risk types. No other sources of ineffectiveness arose during the period.

50.7.1 Fair value hedge accounting

Fair value hedges are used by the Group and Company to protect against changes in fair value of financial instruments due to movements in exchange rates and interest rates. The financial instruments hedged for interest rate risk include investment securities, loans and advances, debt securities and borrowed funds.

50. Derivatives (Group and Company)
50.7 Hedge accounting
50.7.1 Fair value hedge accounting *continued*

The profile and timing of hedging instruments designated in fair value hedge relationships based on the notional amounts are as follows:

Group and Company

	2024						
	Less than 1 year Rm	**1 – 2 years Rm**	**2 – 3 years Rm**	**3 – 4 years Rm**	**4 – 5 years Rm**	**More than 5 years years Rm**	**Total Rm**
Interest rate risk – interest rate swaps	**4 844**	**31 065**	**1 882**	**2 167**	**2 398**	**47 949**	**90 305**
Hedge of investment securities	**2 483**	**21 232**	**295**	**388**	**2 308**	**47 583**	**74 289**
Hedge of loans and advances	**1 769**	**789**	**170**	**19**	**90**	**216**	**3 053**
Hedge of debt securities in issue	**592**	**2 178**	**1 417**	**1 760**	**–**	**150**	**6 097**
Hedge of borrowed funds	**–**	**6 866**	**–**	**–**	**–**	**–**	**6 866**
Inflation risk – interest rate swaps							
Hedge of investment securities	**–**	**–**	**–**	**63**	**222**	**251**	**536**

Group and Company

	2023						
	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years years Rm	Total Rm
Interest rate risk – interest rate swaps	2 905	4 018	29 411	1 676	2 159	45 579	85 748
Hedge of investment securities	–	2 418	19 842	184	380	45 123	67 947
Hedge of loans and advances	2 905	1 008	525	75	19	306	4 838
Hedge of debt securities in issue	–	592	2 178	1 417	1 760	150	6 097
Hedge of borrowed funds	–	–	6 866	–	–	–	6 866
Inflation risk – interest rate swaps							
Hedge of investment securities	155	100	–	–	–	529	784

Group and Company

	2024	2023
	Average price or rate %	Average price or rate %
Interest rate risk		
Interest rate swaps		
Average fixed interest rate	**8%**	8%
Average float spread	**1%**	1%
Inflation risk		
Interest rate swaps		
Average fixed interest rate	**3%**	3%

50. Derivatives (Group and Company)
50.7 Hedge accounting
50.7.1 Fair value hedge accounting *continued*

If the risk management objective is no longer met, the relevant hedge accounting relationship is de-designated; in some cases, a de-designated relationship is replaced with a different hedge accounting relationship. The following amounts relate to items designated as hedging instruments in fair value hedge relationships:

Group and Company

	2024				
	Notional amount Rm	**Assets Rm**	**Liabilities Rm**	**Change in fair value used for calculating hedge ineffec-tiveness for 2024 Rm**	**Ineffec-tiveness recognised in profit and loss Rm**
Total	**90 841**	**3 553**	**(1 022)**	**(1 360)**	**(93)**
Interest rate risk	**90 305**	**3 536**	**(1 211)**	**(1 355)**	**(62)**
Interest rate swaps – hedge of investment securities	**74 289**	**3 384**	**(693)**	**(1 667)**	**(60)**
Interest rate swaps – hedge of loans and advances	**3 053**	**12**	**(43)**	**(24)**	**10**
Interest rate swaps – hedge of borrowed funds	**6 866**	**–**	**(479)**	**257**	**–**
Interest rate swaps – hedge of debt securities in issue	**6 097**	**140**	**4**	**79**	**(12)**
Inflation risk					
Inflation linked swaps – hedge of investment securities	**536**	**29**	**(48)**	**(5)**	**(31)**
Collateral held against derivatives	**–**	**(12)**	**237**	**–**	

Group and Company

	2023				
	Notional amount Rm	Assets Rm	Liabilities Rm	Change in fair value used for calculating hedge ineffec-tiveness for 2023 Rm	Ineffec-tiveness recognised in profit and loss Rm
Total	86 532	4 743	(1 076)	(411)	(4)
Interest rate risk	85 748	4 725	(1 074)	(378)	48
Interest rate swaps – hedge of investment securities	67 947	4 597	(322)	(666)	57
Interest rate swaps – hedge of loans and advances	4 838	15	(4)	(48)	4
Interest rate swaps – hedge of borrowed funds	6 866	–	(738)	240	1
Interest rate swaps – hedge of debt securities in issue	6 097	113	(10)	96	(14)
Inflation risk					
Inflation linked swaps – hedge of investment securities	784	18	(197)	(33)	(52)
Collateral held against derivatives	–	–	195	–	–

The hedge ineffectiveness in profit and loss is presented within gains and losses from banking and trading activities on the statement of comprehensive income, and the hedging instruments of the Group and Company are presented within hedging portfolio assets and liabilities on the statement of financial position.

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.1 Fair value hedge accounting *continued*

Derivatives held in fair value hedge relationships by the Group and Company, relating to the various markets and instrument types that the Bank trades in are as follows:

Hedged item statement of financial position Classification and risk category	Group and Company 2024 Carrying amount Rm	Accumulated fair value adjustment included in the carrying amount of the hedged item Rm	Portion related to items no longer in a hedge relationship Rm	Change in value used for calculating hedge ineffec-tiveness Rm
Financial Assets				
Investment securities	73 419	(1 379)	(14)	1 761
Interest rate risk	72 316	(1 266)	(16)	1 727
Inflation risk	1 103	(113)	2	34
Loans and advances				
Interest rate risk	3 196	2	(5)	19
Financial Liabilities				
Debt securities in issue				
Interest rate risk	(7 025)	(73)	–	(67)
Borrowed funds				
Interest rate risk	(9 478)	442	–	(257)

Hedged item statement of financial position Classification and risk category	Group and Company 2023 Carrying amount Rm	Accumulated fair value adjustment included in the carrying amount of the hedged item Rm	Portion related to items no longer in a hedge relationship Rm	Change in value used for calculating hedge ineffec-tiveness Rm
Financial assets				
Investment securities	65 558	(2 915)	(13)	697
Interest rate risk	64 495	(2 807)	(18)	615
Inflation risk	1 063	(108)	5	82
Loans and advances				
Interest rate risk	4 303	(18)	1	40
Financial liabilities				
Debt securities in issue				
Interest rate risk	(7 027)	(33)	–	(82)
Borrowed funds				
Interest rate risk	(9 215)	699	–	(241)

50. Derivatives (Group and Company)

50.7 Hedge accounting *continued*

50.7.2 Cash flow hedge accounting

Cash flow hedges are used by the Group and Company to protect against the potential cash flow variability arising from the Group's and Company's exposure to interest rate and foreign currency risk.

The profile and timing of hedging instruments designated in cash flow hedge relationships based on notional amounts are as follows:

Group and Company 2024	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years years Rm	Total Rm
Interest rate risk – interest rate swaps							
Hedge of loans and advances	84 379	34 325	25 037	33 568	24 116	10 135	211 560
Foreign currency risk – cross currency swaps	–	6 887	–	–	–	–	6 887
Hedge of borrowed funds	–	6 887	–	–	–	–	6 887
Foreign currency risk – forwards							
Hedge of highly probable forecast expenditure	3 691	2 372	–	–	–	–	6 063

Group 2023	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years years Rm	Total Rm
Interest rate risk – interest rate swaps							
Hedge of loans and advances	93 192	29 900	29 486	25 411	32 138	16 560	226 687
Foreign currency risk – cross currency swaps	–	–	6 887	–	–	–	6 887
Hedge of borrowed funds	–	–	6 887	–	–	–	6 887
Foreign currency risk – forwards							
Hedge of highly probable forecast expenditure	3 263	1 098	–	–	–	–	4 361

Company 2023	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years years Rm	Total Rm
Interest rate risk – interest rate swaps							
Hedge of loans and advances	93 192	29 900	29 486	25 411	32 138	16 560	226 687
Foreign currency risk – cross currency swaps	–	–	6 887	–	–	–	6 887
Hedge of borrowed funds	–	–	6 887	–	–	–	6 887
Foreign currency risk – forwards							
Hedge of highly probable forecast expenditure	3 771	1 098	–	–	–	–	4 869

50. Derivatives (Group and Company)
50.7 Hedge accounting
50.7.2 Cash flow hedge accounting *continued*

	Group and Company	
	2024	2023
	Average price or rate %	Average price or rate %
Interest rate risk		
Interest rate swaps		
Average fixed interest rate	**7%**	7%
Average EUR/ZAR exchange rates	**21.15**	20.05
Average GBP/ZAR exchange rates	**24.30**	23.12
Average USD/ZAR exchange rates	**18.80**	18.40

If the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated; in some cases, a de-designated relationship is replaced with a different hedge accounting relationship.

The following amounts relate to items designated as hedging instruments in cash flow hedge relationships:

	Group					
	2024					
	Notional amount Rm	**Assets Rm**	**Liabilities Rm**	**Change in fair value used for calculating hedge ineffec-tiveness Rm**	**Hedging gains or losses recognised in OCI Rm**	**Hedge ineffec-tiveness recognised in profit or loss Rm**
Total	**224 510**	**502**	**(237)**	**2 382**	**830**	**63**
Interest rate risk						
Interest rate swaps – hedge of loans and advances	**211 560**	**815**	**(218)**	**2 378**	**735**	**61**
Foreign currency risk – cross currency swaps	**6 887**	**105**	**–**	**(59)**	**33**	**–**
Foreign currency swaps – hedge of borrowed funds	**6 887**	**105**	**–**	**(59)**	**33**	**–**
Foreign currency risk – forwards						
Forwards – hedge of forecast expenditure	**6 063**	**185**	**(32)**	**63**	**62**	**2**
Collateral held against derivatives	**–**	**(603)**	**13**	**–**	**–**	**–**

50. Derivatives (Group and Company)
50.7 Hedge accounting
50.7.2 Cash flow hedge accounting *continued*

	Group					
	2023					
	Notional amount Rm	Assets Rm	Liabilities Rm	Change in fair value used for calculating hedge ineffec-tiveness Rm	Hedging gains or losses recognised in OCI Rm	Hedge ineffec-tiveness recognised in profit or loss Rm
Total						
Interest rate risk	237 935	698	(612)	2 923	1 422	(46)
Interest rate swaps – hedge of loans and advances	226 687	154	(2 250)	2 599	1 002	(45)
Foreign currency risk – cross currency swaps	6 887	353	–	9	144	–
Foreign currency swaps – hedge of debt securities	–	–	–	(6)	–	–
Foreign currency swaps – hedge of borrowed funds	6 887	353	–	15	144	–
Foreign currency risk – forwards						
Forwards – hedge of forecast expenditure	4 361	191	(34)	315	276	(1)
Collateral held against derivatives	–	–	1 672	–	–	–

	Company					
	2024					
	Notional amount Rm	**Assets Rm**	**Liabilities Rm**	**Change in fair value used for calculating hedge ineffec-tiveness Rm**	**Hedging gains or losses recognised in OCI Rm**	**Hedge ineffec-tiveness recognised in profit or loss Rm**
Total	**224 510**	**502**	**(237)**	**2 348**	**796**	**63**
Interest rate risk						
Interest rate swaps – hedge of loans and advances	**211 560**	**815**	**(218)**	**2 378**	**735**	**61**
Foreign currency risk – cross currency swaps	**6 887**	**105**	**–**	**(59)**	**33**	**–**
Foreign currency swaps – hedge of borrowed funds	**6 887**	**105**	**–**	**(59)**	**33**	**–**
Foreign currency risk – forwards						
Forwards – hedge of forecast expenditure	**6 063**	**185**	**(32)**	**29**	**28**	**2**
Collateral held against derivatives	**–**	**(603)**	**13**	**–**	**–**	**–**

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.2 Cash flow hedge accounting *continued*

	Company					
	2023					
	Notional amount Rm	Assets Rm	Liabilities Rm	Change in fair value used for calculating hedge ineffec-tiveness Rm	Hedging gains or losses recognised in OCI Rm	Hedge ineffec-tiveness recognised in profit or loss Rm
Total	238 443	698	(612)	2 934	1 473	46
Interest rate risk						
Interest rate swaps – hedge of loans and advances	226 687	154	(2 250)	2 599	1 002	45
Foreign currency risk – cross currency swaps	6 887	353	–	9	144	–
Foreign currency swaps – hedge of debt securities	–	–	–	(6)	–	–
Foreign currency swaps – hedge of borrowed funds	6 887	353	–	15	144	–
Foreign currency risk – forwards						
Forwards – hedge of forecast expenditure	4 869	191	(34)	326	327	1
Collateral held against derivatives	–	–	1 672	–	–	–

The hedging instruments of the Group and Company are presented within Hedging portfolio assets/liabilities, on the Statement of Financial Position. Hedge accounting has not been applied to any forecast transactions that have not subsequently occurred.

The hedge ineffectiveness in profit and loss is presented within gains and losses from banking and trading activities on the Statement of Comprehensive Income.

Collateral held against derivatives disclosures has been included for fair presentation.

The following amounts show the impact on the Statement of comprehensive income and OCI of recycling amounts in respect of cash flow hedges during the period:

	Group					
	2024			2023		
	Amount recycled from OCI to profit or loss due to continuing hedges Rm	**Amount recycled from OCI to profit or loss due to discontinued hedges Rm**	**Total Rm**	Amount recycled from OCI to profit or loss due to continuing hedges Rm	Amount recycled from OCI to profit or loss due to discontinued hedges Rm	Total Rm
Cash flow hedge of interest rate risk	**(1 591)**	**(91)**	**(1 682)**	(1 561)	(97)	(1 658)
Recycled to interest income	**(1 564)**	**(93)**	**(1 657)**	(1 435)	(56)	(1 491)
Recycled to interest expense	**(27)**	**2**	**(25)**	(126)	(41)	(167)
Cash flow hedge of currency risk	**92**	**–**	**92**	390	–	390
Recycled to interest expense	**92**	**–**	**92**	129	–	129
Recycled to operating expenses	**–**	**–**	**–**	261	–	261
Total	**(1 499)**	**(91)**	**(1 590)**	(1 171)	(97)	(1 268)

	Company					
	2024			2023		
	Amount recycled from OCI to profit or loss due to continuing hedges Rm	**Amount recycled from OCI to profit or loss due to discontinued hedges Rm**	**Total Rm**	Amount recycled from OCI to profit or loss due to continuing hedges Rm	Amount recycled from OCI to profit or loss due to discontinued hedges Rm	Total Rm
Cash flow hedge of interest rate risk	**(1 591)**	**(91)**	**(1 682)**	(1 561)	(97)	(1 658)
Recycled to interest income	**(1 564)**	**(93)**	**(1 657)**	(1 435)	(56)	(1 491)
Recycled to interest expense	**(27)**	**2**	**(25)**	(126)	(41)	(167)
Cash flow hedge of currency risk	**109**	**–**	**109**	390	–	390
Recycled to interest expense	**92**	**–**	**92**	129	–	129
Recycled to operating expenses	**17**	**–**	**17**	261	–	261
Total	**(1 482)**	**(91)**	**(1 573)**	(1 171)	(97)	(1 268)

The following amounts relate to items designated as hedged items in cash flow hedges:

	Group					
	2024			2023		
	Change in value used for calculating hedge ineffectiveness Rm	**Cash Flow hedge reserve in respect of continued hedges Rm**	**Cash Flow hedge reserve in respect of discontinued hedges Rm**	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm
Loans and advances						
Interest rate risk	**(2 437)**	**509**	**(58)**	(2 752)	(2 007)	41
Highly probable forecast transactions						
Foreign exchange risk	**(63)**	**155**	**–**	(315)	93	–
Debt securities						
Foreign exchange risk	**–**	**–**	**–**	6	–	–
Borrowed funds						
Foreign exchange risk	**59**	**99**	**–**	15	158	–

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.2 Cash flow hedge accounting *continued*

	Company					
	2024			2023		
	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm
Loans and advances						
Interest rate risk	**(2 437)**	**509**	**(58)**	(2 752)	(2 007)	41
Highly probable forecast transactions						
Foreign exchange risk	**(29)**	**155**	**–**	(326)	144	–
Debt securities						
Foreign exchange risk	**–**	**–**	**–**	6	–	–
Borrowed funds						
Foreign exchange risk	**59**	**99**	**–**	15	158	–

50.7.3 Reconciliation of equity

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items (before tax) resulting from hedge accounting:

	Group	
	2024 Cash flow hedge reserve Rm	2023 Cash flow hedge reserve Rm
Balance at the beginning of the year	**(1 712)**	(4 401)
Hedging gains for the reporting period	**830**	1 421
Interest rate risk	**735**	1 002
Foreign currency risk	**95**	419
Amounts reclassified to profit or loss:		
In relation to cash flows affecting profit or loss	**1 590**	1 268
Balance at the end of the year	**708**	(1 712)

	Company	
	2024 Cash flow hedge reserve Rm	2023 Cash flow hedge reserve Rm
Balance at the beginning of the year	**(1 661)**	(4 401)
Hedging gains for the reporting period	**796**	1 472
Interest rate risk	**735**	1 002
Foreign currency risk	**61**	470
Amounts reclassified to profit or loss:		
In relation to cash flows affecting profit or loss	**1 573**	1 268
Balance at the end of the year	**708**	(1 661)

50. Derivatives (Group and Company) *continued*

50.8 Interest rate benchmark reform

Background

The South African Reserve Bank (SARB) has confirmed that the Johannesburg Interbank Average Rate (JIBAR) will cease to exist from 2026 to be replaced by the South African Overnight Index Average (ZARONIA) in line with the global trend to transition away from Interbank Offered Rates ("IBORs").

The Group and Company structures and executes a variety of transactions, debt issuances, lending activities as well as structured and derivative transactions.

Fair value hedges are used by the Group and Company to protect against changes in the fair value of financial instruments due to movements in interest rates, while cash flow hedges are used to protect against potential cash flow variability arising from exposure to both interest rates and foreign currency risk. Both types of hedges are therefore affected by the interest rate benchmark reform. The financial instruments hedged for interest rate risk include fixed rate investment securities, fixed rate loans and advances, fixed debt securities and borrowed funds (fair value hedges) and variable rate loans and advances (cash flow hedges). The hedging instruments typically utilised are interest rate swaps or cross currency swaps, which reference a floating rate, such as JIBAR.

In addition, the Group and Company has derivative and non-derivative financial instruments linked to IBORs that are not in hedge accounting relationships.

The Group's and Company's IBOR transition steering committee, which comprises a series of business and function workstreams with oversight and coordination provided by a central project team, has been managing the programme to streamline the transition for the Group and Company and its clients in order to mitigate financial, accounting, operational, conduct, and legal risk arising from the IBOR Reform. Workstreams actively participate in industry-wide working groups to remain informed of the latest developments and to ensure consistency with the approaches of other market participants. The Group and Company will leverage the experience it gained in the IBOR transition journey to plan for the upcoming JIBAR transition.

The SARB Market Practitioners Group (MPG), a joint public-private body has been mandated to facilitate decisions on the use of ZARONIA as an alternative reference rate for financial contracts to replace JIBAR. The Group and Company participates in the SARB's MPG which is preparing for the transition of JIBAR to ZARONIA at an industry level. A high-level transition path for the South African market was defined as three key pillars:

- Pillar 1: Adoption in derivatives markets (new contracts or positions);
- Pillar 2: Adoption in cash markets (new contracts or positions); and
- Pillar 3: Transition of legacy positions.

Following the conclusion of the ZARONIA observation period on the 3rd of November 2023, the SARB announced that market participants may use ZARONIA as a reference rate in financial contracts going forward. The JIBAR transition timeline indicates that a formal announcement of the cessation of JIBAR will be made during 2025, and that the benchmark will be discontinued before the end of 2026.

Developments made towards implementing alternative benchmark interest rates

The Group's and Company's cash flow hedging relationships of JIBAR risks extend beyond the anticipated cessation dates for these IBORs. There is uncertainty over the timing and amount of the replacement rate cash flows which may impact the hedging relationship i.e. its effectiveness assessment and highly probable assessment. For the purposes of these assessments, the Group and Company assumes that the hedged benchmark interest rate, the cash flows of the hedged item and/or the hedging instrument will not be altered as a result of IBOR reform.

If a hedging relationship impacted by uncertainty about IBOR reform has not been highly effective throughout the financial reporting period, then the Group and Company evaluates whether the hedge is expected to be highly effective prospectively and whether the effectiveness of the hedging relationship can be reliably measured. The hedging relationship will not be discontinued as long as it meets all criteria for hedge accounting, with the exception of the requirement that the hedge was actually highly effective.

Hedging relationships impacted by uncertainty about IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and the hedging instrument, which may lead to hedge ineffectiveness. The Group and Company has measured its hedging instruments indexed to IBORs using available quoted market rates for IBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in IBOR on a similar basis.

The Group and Company has certain designated hedging relationships where hedged items and/or hedging instruments reference an interest rate benchmark. These rates are in the process of being transitioned to risk free rates (RFRs) as these rates will no longer exist once the interest rate benchmark reform is finalised.

The table below provides more information on the hedge accounting relationships that are impacted by interest rate benchmark reform:

	Group and Company		
	2024		
	Notional amount ZAR JIBAR Rm	Notional not impacted by benchmark reform Rm	Total Notional Rm
Cash Flow hedges	**211 560**	**12 950**	**224 510**
Interest Rate Swaps	**211 560**	**–**	**211 560**
Cross Currency Swaps	**–**	**6 887**	**6 887**
Forwards	**–**	**6 063**	**6 063**
Fair Value hedges	**80 176**	**10 665**	**90 841**
Interest Rate Swaps	**79 640**	**10 665**	**90 305**
Inflation Rate Swaps	**536**	**–**	**536**

	Group		
	2023		
	Notional amount ZAR JIBAR Rm	Notional not impacted by benchmark reform Rm	Total Notional Rm
Cash Flow hedges	226 687	11 248	237 935
Interest Rate Swaps	226 687	–	226 687
Cross Currency Swaps	–	6 887	6 887
Forwards	–	4 361	4 361
Fair Value hedges	75 966	10 566	86 532
Interest Rate Swaps	75 182	10 566	85 748
Inflation Rate Swaps	784	–	784

	Company		
	2023		
	Notional amount ZAR JIBAR	Notional not impacted by benchmark reform	Total Notional
Cash Flow hedges	226 687	11 756	238 443
Interest Rate Swaps	226 687	–	226 687
Cross Currency Swaps	–	6 887	6 887
Forwards	–	4 869	4 869
Fair Value hedges	75 966	10 566	86 532
Interest Rate Swaps	75 182	10 566	85 748
Inflation Rate Swaps	784	–	784

Financial instrument modifications due to IBOR reforms

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group and Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform if the following conditions are met:

the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

Derivative notional balances represent the notional amount of derivative assets and liabilities directly impacted by the IBOR reform.

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51. Consolidated statement of financial position summary – IFRS 9 classification

	Group												
	2024												
	Fair value through profit or loss				Fair value through other comprehensive income				Amortised cost				
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm	Total Rm	Debt instruments Rm	Equity instruments Rm	Hedged items Rm	Total Rm	Debt instruments Rm	Hedged items Rm	Total Rm	Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
Assets													
Cash, cash balances and balances with central banks	–	–	–	–	–	–	–	–	83 581	–	83 581	–	83 581
Investment securities	1 130	14 565	–	15 695	71 661	423	39 170	111 254	11 906	34 249	46 155	–	173 104
Trading portfolio assets	166 947	–	–	166 947	–	–	–	–	–	–	–	1 717	168 664
Hedging portfolio assets	–	–	4 055	4 055	–	–	–	–	–	–	–	–	4 055
Other assets	–	–	–	–	–	–	–	–	11 064	–	11 064	3 430	14 494
Loans and advances	82 520	32 868	–	115 388	–	–	–	–	1 003 539	3 196	1 006 735	3 240	1 125 363
Non-current assets held for sale	–	–	–	–	–	–	–	–	–	–	–	115	115
Loans to Group companies	42 729	–	–	42 729	–	–	–	–	24 532	–	24 532	–	67 261
Assets outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	31 172	31 172
	293 326	47 433	4 055	344 814	71 661	423	39 170	111 254	1 134 622	37 445	1 172 067	39 674	1 667 809
Liabilities													
Trading portfolio liabilities	63 624	–	–	63 624	–	–	–	–	–	–	–	–	63 624
Hedging portfolio liabilities	–	–	1 258	1 258	–	–	–	–	–	–	–	–	1 258
Other liabilities	–	–	–	–	–	–	–	–	20 449	–	20 449	5 201	25 650
Deposits	–	135 916	–	135 916	–	–	–	–	1 082 030	–	1 082 030	–	1 217 946
Debt securities in issue	–	59 704	–	59 704	–	–	–	–	140 612	7 025	147 637	–	207 341
Loans from Absa Group companies	–	–	–	–	–	–	–	–	10 500	–	10 500	–	10 500
Borrowed funds	–	–	–	–	–	–	–	–	11 608	9 478	21 086	–	21 086
Liabilities outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	4 354	4 354
	63 624	195 620	1 258	260 502	–	–	–	–	1 265 199	16 503	1 281 702	9 555	1 551 759

Hedged portfolio assets include derivative assets to the amount of **R502m** (2023: R698m) and **R3 553m** (2023: R4 743m) that have been designated as cash flow and fair value hedging instruments respectively.

Hedging portfolio liabilities includes derivative liabilities to the amount of **R237m** (2023: R611m) and **R1 022m** (2023: R1 076m) that have been designated as cash flow and fair value hedging instruments respectively.

The financial instruments designated at fair value through profit and loss includes items designated as hedged items in fair value hedging relationships.

Liabilities outside the scope of IFRS 9 includes **R495m** (2023: R795m) that relates to expected credit losses from undrawn facilities, financial guarantees and letters of credit.

Fair value through other comprehensive income includes investments in unlisted equity and hybrid instruments which represent investments that are held for strategic long-term purposes but can be sold at any point. Due to this dual intention these investments have been designated at fair value through other comprehensive income.

The assets and liabilities outside of the scope of IFRS 9 column includes non-financial assets and non-financial liabilities as well as other financial instruments outside the scope of IFRS 9.

51. Consolidated statement of financial position summary – IFRS 9 classification *continued*

51. Consolidated statement of financial position summary – IFRS 9 classification *continued*

	Group 2023												
	Fair value through profit or loss				Fair value through other comprehensive income				Amortised cost				
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm	Total Rm	Debt instruments Rm	Equity instruments Rm	Hedged items Rm	Total Rm	Debt instruments Rm	Hedged items Rm	Total Rm	Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
Assets													
Cash, Cash balances and balances with central banks	–	–	–	–	–	–	–	–	41 510	–	41 510	–	41 510
Investment securities	1 538	11 595	–	13 133	63 463	426	33 316	97 205	9 198	32 241	41 439	–	151 777
Trading portfolio assets	143 415	–	–	143 415	–	–	–	–	–	–	–	1 012	144 427
Hedging portfolio assets	–	–	5 441	5 441	–	–	–	–	–	–	–	–	5 441
Other assets	–	–	–	–	–	–	–	–	14 067	–	14 067	3 197	17 264
Loans and advances	79 491	33 142	–	112 633	–	–	–	–	958 530	4 303	962 833	3 021	1 078 487
Non-current assets held for sale	–	–	–	–	–	–	–	–	–	–	–	191	191
Loans to group companies	–	–	–	–	–	–	–	–	61 448	–	61 448	–	61 448
Assets outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	30 257	30 257
	224 444	44 737	5 441	274 622	63 463	426	33 316	97 205	1 084 753	36 544	1 121 297	37 678	1 530 802
Liabilities													
Trading portfolio liabilities	58 493	–	–	58 493	–	–	–	–	–	–	–	–	58 493
Hedging portfolio liabilities	–	–	1 688	1 688	–	–	–	–	–	–	–	–	1 688
Other liabilities	–	–	–	–	–	–	–	–	25 353	–	25 353	5 017	30 370
Deposits	–	122 799	–	122 799	–	–	–	–	966 684	–	966 684	–	1 089 483
Debt securities in issue	–	73 946	–	73 946	–	–	–	–	128 922	7 027	135 949	–	209 895
Loans from Absa Group companies	–	–	–	–	–	–	–	–	12 831	–	12 831	–	12 831
Borrowed funds	–	–	–	–	–	–	–	–	9 143	9 215	18 358	–	18 358
Liabilities outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	4 375	4 375
	58 493	196 745	1 688	256 926	–	–	–	–	1 142 933	16 242	1 159 175	9 392	1 425 493

In 2023, the Group incorrectly classified its finance lease receivables and payables which form part of loans and advances and other liabilities respectively as amortised cost debt instruments rather than assets/liabilities outside the scope of IFRS 9. The correction resulted in a restatement of debt Instruments at amortised cost from R961 551m to R958 530m and R28 120m to R25 353m for debt instruments amortised cost for assets and liabilities respectively, as well as a restatement of outside of IFRS 9 from nil to R3 021m and R2 250mm to R5 017m in assets and liabilities respectively.

In 2023, the Group incorrectly classified it's hedged borrowed funds as amortised cost debt instruments as opposed to hedged items at amortised cost. The correction resulted in a restatement of debt Instruments at amortised cost from R18 358m to R9 143m, as well as a restatement of hedged items at amortised cost from nil to R9 215m.

51. Consolidated statement of financial position summary – IFRS 9 classification *continued*

51. Consolidated statement of financial position summary – IFRS 9 classification *continued*

	Company												
	2024												
	Fair value through profit or loss				Fair value through other comprehensive income				Amortised cost				
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm	Total Rm	Debt instruments Rm	Equity instruments Rm	Hedged items Rm	Total Rm	Debt instruments Rm	Hedged items Rm	Total Rm	Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
Assets													
Cash, cash balances and balances with central banks	–	–	–	–									
Investment securities	1 130	14 565	–	15 695	–	–	–	–	83 581	–	83 581	–	83 581
Trading portfolio assets	166 834	–	–	166 834	71 660	419	39 170	111 249	11 907	34 249	46 156	–	173 100
Hedging portfolio assets	–	–	4 055	4 055	–	–	–	–	–	–	–	1 718	168 552
Other assets	–	–	–	–	–	–	–	–	–	–	–	–	4 055
Loans and advances	82 520	32 868	–	115 388	–	–	–	–	10 934	–	10 934	3 638	14 572
Investments linked to investment contracts	–	–	–	–	–	–	–	–	1 002 245	3 196	1 005 441	–	1 120 829
Non-current assets held for sale	–	–	–	–	–	–	–	–	–	–	–	115	115
Loans to Group companies	42 729	–	–	42 729	–	–	–	–	33 411	–	33 411	–	76 140
Assets outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	28 516	28 516
	293 213	47 433	4 055	344 701	71 660	419	39 170	111 249	1 142 078	37 445	1 179 523	33 987	1 669 460
Liabilities													
Trading portfolio liabilities	63 624	–	–	63 624									
Hedging portfolio liabilities	–	–	1 258	1 258	–	–	–	–	–	–	–	–	63 624
Other liabilities	–	–	–	–	–	–	–	–	–	–	–	–	1 258
Deposits	–	135 916	–	135 916	–	–	–	–	20 362	–	20 362	5 131	25 493
Debt securities in issue	–	59 700	–	59 700	–	–	–	–	1 083 858	–	1 083 858	–	1 219 774
Liabilities under investment contracts	–	–	–	–	–	–	–	–	135 367	7 025	142 392	–	202 092
Loans from Group companies	–	–	–	–	–	–	–	–	19 062	–	19 062	–	19 062
Borrowed funds	–	–	–	–	–	–	–	–	11 608	9 478	21 086	–	21 086
Liabilities outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	4 081	4 081
	63 624	195 616	1 258	260 498	–	–	–	–	1 270 257	16 503	1 286 760	9 212	1 556 470

Hedged portfolio assets include derivative assets to the amount of **R502m** (2023 R698m) and **R3 553m** (2023: R4 743m) that have been designated as cash flow and fair value hedging instruments respectively.

Hedging portfolio liabilities includes derivative liabilities to the amount of **R237m** (2023: R611m) and **R1 022m** (2023: R1 077m) that have been designated as cash flow and fair value hedging instruments respectively.

The financial instruments designated at fair value through profit and loss includes items designated as hedged items in fair value hedging relationships.

Liabilities outside the scope of IFRS 9 includes **R495m** (2023: R795m) that relates to expected credit losses from undrawn facilities, financial guarantees and letters of credit.

Fair value through other comprehensive income includes investments in unlisted equity and hybrid instruments which represent investments that are held for strategic long-term purposes but can be sold at any point. Due to this dual intention these investments have been designated at fair value through other comprehensive income.

The assets and liabilities outside of the scope of IFRS 9 column includes non-financial assets and non-financial liabilities as well as other financial instruments outside the scope of IFRS 9.

51. Consolidated statement of financial position summary – IFRS 9 classification *continued*

51. Consolidated statement of financial position summary – IFRS 9 classification *continued*

	Company												
	2023												
	Fair value through profit or loss				Fair value through other comprehensive income				Amortised cost				
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm	Total Rm	Debt instruments Rm	Equity instruments Rm	Hedged items Rm	Total Rm	Debt instruments Rm	Hedged items Rm	Total Rm	Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
Assets													
Cash, Cash balances and balances with central banks	–	–	–	–	–	–	–	–	41 510	–	41 510	–	41 510
Investment securities	1 538	11 595	–	13 133	63 460	422	33 316	97 198	9 198	32 241	41 439	–	151 770
Trading portfolio assets	143 403	–	–	143 403	–	–	–	–	–	–	–	1 011	144 414
Hedging portfolio assets	–	–	5 441	5 441	–	–	–	–	–	–	–	–	5 441
Other assets	–	–	–	–	–	–	–	–	13 943	–	13 943	3 144	17 087
Loans and advances	79 491	33 142	–	112 633	–	–	–	–	956 511	4 303	960 814	–	1 073 447
Non-current assets held for sale	–	–	–	–	–	–	–	–	–	–	–	191	191
Loans to group companies	–	–	–	–	–	–	–	–	72 383	–	72 383	–	72 383
Assets outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	28 024	28 024
	224 432	44 737	5 441	274 610	63 460	422	33 316	97 198	1 093 545	36 544	1 130 089	32 370	1 534 267
Liabilities													
Trading portfolio liabilities	58 493	–	–	58 493	–	–	–	–	–	–	–	–	58 493
Hedging portfolio liabilities	–	–	1 688	1 688	–	–	–	–	–	–	–	–	1 688
Other liabilities	–	–	–	–	–	–	–	–	25 267	–	25 267	4 965	30 232
Deposits	–	122 799	–	122 799	–	–	–	–	968 089	–	968 089	–	1 090 888
Debt securities in issue	–	73 942	–	73 942	–	–	–	–	126 179	7 027	133 206	–	207 148
Loans from group companies	–	–	–	–	–	–	–	–	20 600	–	20 600	–	20 600
Borrowed funds	–	–	–	–	–	–	–	–	9 143	9 215	18 358	–	18 358
Liabilities outside the scope of IFRS 9	–	–	–	–	–	–	–	–	–	–	–	4 215	4 215
	58 493	196 741	1 688	256 922	–	–	–	–	1 149 278	16 242	1 165 520	9 180	1 431 622

In 2023, the Company incorrectly classified its finance lease payables which form part of other liabilities as amortised cost debt instruments rather than liabilities outside the scope of IFRS 9. The correction resulted in a restatement of debt Instruments at amortised cost from R28 033m to R25 267m, as well as a restatement of outside of IFRS 9 from R2 199m to R4 965m.

In 2023, the Company incorrectly classified it's hedged borrowed funds as amortised cost debt instruments as opposed to hedged items at amortised cost. The correction resulted in a restatement of debt Instruments at amortised cost from R18 358m to R9 143m, as well as a restatement of hedged items at amortised cost from nil to R9 215m.

52. Fair value disclosures

52.1 Assets and liabilities held at fair value

The following table shows the Group'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 input that is significant to the fair value measurement in its entirety.

Group

	2024				2023			
	Level 1 Rm	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Investment securities	**65 520**	**58 331**	**3 098**	**126 949**	56 488	43 974	9 876	110 338
Trading and hedging portfolio assets	**77 302**	**85 472**	**8 228**	**171 002**	67 468	64 134	17 255	148 857
Debt instruments	**75 286**	**4 627**	**395**	**80 308**	65 688	2 334	285	68 307
Derivative assets	**–**	**59 397**	**1 905**	**61 302**	–	50 474	6 261	56 735
Commodity derivatives	**–**	**1 032**	**17**	**1 049**	–	400	26	426
Credit derivatives	**–**	**1**	**427**	**428**	–	21	368	389
Equity derivatives	**–**	**5 288**	**1 032**	**6 320**	–	5 466	1 879	7 345
Foreign exchange derivatives	**–**	**17 945**	**402**	**18 347**	–	11 752	2 599	14 351
Interest rate derivatives	**–**	**35 131**	**27**	**35 158**	–	32 835	1 389	34 224
Equity instruments	**577**	**–**	**–**	**577**	526	–	–	526
Money market assets	**1 439**	**21 448**	**5 928**	**28 815**	1 254	11 326	10 709	23 289
Loans and advances		**108 727**	**6 661**	**115 388**		105 887	6 746	112 633
Loans to group companies	**–**	**42 729**	**–**	**42 729**	–	–	–	–
Total financial assets	**142 822**	**295 259**	**17 987**	**456 068**	123 956	213 995	33 877	371 828
Financial liabilities								
Trading and hedging portfolio liabilities	**10 756**	**52 321**	**1 805**	**64 882**	13 098	43 233	3 850	60 181
Derivative liabilities	**–**	**52 321**	**1 805**	**54 126**	–	43 233	3 850	47 083
Commodity derivatives	**–**	**1 223**	**16**	**1 239**	–	342	26	368
Credit derivatives	**–**	**–**	**107**	**107**	–	–	348	348
Equity derivatives	**–**	**1 431**	**1 316**	**2 747**	–	2 328	533	2 861
Foreign exchange derivatives	**–**	**18 138**	**366**	**18 504**	–	10 713	2 350	13 063
Interest rate derivatives	**–**	**31 529**	**–**	**31 529**	–	29 850	593	30 443
Short positions	**10 756**	**–**	**–**	**10 756**	13 098	–	–	13 098
Deposits	**60**	**134 169**	**1 687**	**135 916**	9	120 526	2 264	122 799
Debt securities in issue	**–**	**59 704**	**–**	**59 704**	–	73 873	73	73 946
Total financial liabilities	**10 816**	**246 194**	**3 492**	**260 502**	13 107	237 632	6 187	256 926
Non-financial assets								
Commodities	**1 717**	**–**	**–**	**1 717**	1 011	–	–	1 011
Non-recurring fair value adjustments								
Non-current assets held for sale	**–**	**–**	**115**	**115**	–	–	191	191

As a result of the uncertainties inherent in measuring the fair value of financial instruments, 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.

52. Fair value disclosures

52.1 Assets and liabilities held at fair value *continued*

The following table shows the Company'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.

Company

	2024				2023			
	Level 1 Rm	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Investment securities	**65 520**	**58 330**	**3 094**	**126 944**	56 488	43 971	9 872	110 331
Trading and hedging portfolio assets	**77 302**	**85 359**	**8 228**	**170 889**	67 468	64 121	17 254	148 844
Debt instruments	**75 286**	**4 626**	**395**	**80 307**	65 688	2 333	285	68 306
Derivative assets	**–**	**59 285**	**1 905**	**61 190**	–	50 462	6 260	56 722
Commodity derivatives	**–**	**1 032**	**17**	**1 049**	–	400	26	426
Credit derivatives	**–**	**1**	**427**	**428**	–	22	367	389
Equity derivatives	**–**	**5 288**	**1 032**	**6 320**	–	5 466	1 879	7 345
Foreign exchange derivatives	**–**	**17 945**	**402**	**18 347**	–	11 752	2 599	14 351
Interest rate derivatives	**–**	**35 019**	**27**	**35 046**	–	32 822	1 389	34 211
Equity instruments	**577**	**–**	**–**	**577**	526	–	–	526
Money market assets	**1 439**	**21 448**	**5 928**	**28 815**	1 254	11 326	10 709	23 289
Loans and advances		**108 727**	**6 661**	**115 388**		105 887	6 746	112 633
Loans to group companies	**–**	**42 729**	**–**	**42 729**	–	–	–	–
Total financial assets	**142 822**	**295 145**	**17 983**	**455 950**	123 956	213 979	33 872	371 808
Financial liabilities								
Trading and hedging portfolio liabilities	**10 756**	**52 321**	**1 805**	**64 882**	13 098	43 233	3 850	60 181
Derivative liabilities	**–**	**52 321**	**1 805**	**54 126**	–	43 233	3 850	47 083
Commodity derivatives	**–**	**1 223**	**16**	**1 239**	–	342	26	368
Credit derivatives	**–**	**–**	**107**	**107**	–	–	348	348
Equity derivatives	**–**	**1 431**	**1 316**	**2 747**	–	2 328	533	2 861
Foreign exchange derivatives	**–**	**18 138**	**366**	**18 504**	–	10 713	2 350	13 063
Interest rate derivatives	**–**	**31 529**	**–**	**31 529**	–	29 850	593	30 443
Short positions	**10 756**	**–**	**–**	**10 756**	13 098	–	–	13 098
Deposits	**60**	**134 169**	**1 687**	**135 916**	9	120 526	2 264	122 799
Debt securities in issue	**–**	**59 700**	**–**	**59 700**	–	73 873	73	73 946
Total financial liabilities	**10 816**	**246 190**	**3 492**	**260 498**	13 107	237 632	6 187	256 926
Non-financial assets								
Commodities	**1 717**	**–**	**–**	**1 717**	1 011	–	–	1 011
Non-recurring fair value adjustments								
Non-current assets held for sale	**–**	**–**	**115**	**115**	–	–	191	191

As a result of the uncertainties inherent in measuring the fair value of financial instruments, 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.

52. Fair value disclosures *continued*

52.2 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:

	Group			
	2024			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets Rm
Opening balance at the beginning of the reporting period	17 255	6 746	9 876	33 877
Net interest income	–	31	103	134
Gains and losses from banking and trading activities	199	45	208	452
Purchases	4 178	689	1 100	5 967
Sales	(12 233)	(801)	(1 418)	(14 452)
Movement in other comprehensive income	–	–	(79)	(79)
Transfer to Level 3	–	170	254	424
Transfer out of Level 3	(1 171)	(219)	(6 946)	(8 336)
Closing balance at the end of the reporting period	8 228	6 661	3 098	17 987

The reduction in gains and losses from banking activities was largely attributable to the expiry and settlement of Naira linked derivatives. As detailed in the reconciliation of Level 3 assets, these positions were closed out during the current year.

Purchases of trading and hedging portfolio assets remain elevated, as they continue to reflect the nominal value of Stage 3 money market assets and debt instruments acquired during the current year.

	Group			
	2023			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets Rm
Opening balance at the beginning of the reporting period	10 078	9 527	4 580	24 185
Net interest income	–	59	47	106
Gains and losses from banking and trading activities	4 519	(95)	292	4 716
Purchases	7 762	91	5 453	13 306
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)
Closing balance at the end of the reporting period	17 255	6 746	9 876	33 877

In 2023, the Group incorrectly disclosed Gains and losses from banking and trading activities within Trading and hedging portfolio assets as part of Purchases. This has resulted in a restatement in Purchases from R11 865m to R7 762m and Gains and losses from banking and trading activities from R416m to R4 519m.

	Company			
	2024			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets Rm
Opening balance at the beginning of the reporting period	17 254	6 746	9 872	33 872
Net interest income	–	31	103	134
Gains and losses from banking and trading activities	199	45	208	452
Purchases	4 178	689	1 100	5 967
Sales	(12 232)	(801)	(1 417)	(14 450)
Movement in other comprehensive income	–	–	(80)	(80)
Transfer to Level 3	–	170	254	424
Transfer out of Level 3	(1 171)	(219)	(6 946)	(8 336)
Closing balance at the end of the reporting period	8 228	6 661	3 094	17 983

The reduction in gains and losses from banking activities was largely attributable to the expiry and settlement of Naira linked derivatives. As detailed in the reconciliation of Level 3 assets, these positions were closed out during the current year.

Purchases of trading and hedging portfolio assets remain elevated, as they continue to reflect the nominal value of Stage 3 money market assets and debt instruments acquired during the current year.

	Company			
	2023			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets Rm
Opening balance at the beginning of the reporting period	10 078	9 527	4 576	24 181
Net interest income	–	59	47	106
Gains and losses from banking and trading activities	4 519	(95)	288	4 712
Purchases	7 762	91	5 440	13 293
Sales	(5 736)	(1 057)	(1 378)	(8 171)
Movement in other comprehensive income	–	–	(91)	(91)
Transfer to Level 3	903	–	1 139	2 042
Transfer out of Level 3	(272)	(1 779)	(149)	(2 200)
Closing balance at the end of the reporting period	17 254	6 746	9 872	33 872

In 2023, the Group incorrectly disclosed Gains and losses from banking and trading activities within Trading and hedging portfolio assets as part of Purchases. This has resulted in a restatement in Purchases from R11 865m to R7 762m and Gains and losses from banking and trading activities from R416m to R4 519m.

52. Fair value disclosures

52.2 Reconciliation of Level 3 assets and liabilities *continued*

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

	Group and Company			
	2024			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in Issue Rm	Total liabilities 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	**789**	**96**	**–**	**885**
Issues	**212**	**331**	**–**	**543**
Settlements	**(3 010)**	**(3)**	**–**	**(3 013)**
Transfer out of Level 3	**(36)**	**(1 001)**	**(73)**	**(1 110)**
Closing balance at the end of the reporting period	**1 805**	**1 687**	**–**	**3 492**

The reduction in gains and losses from banking activities was largely attributable to the expiry and settlement of Naira linked derivatives. As detailed in the reconciliation of Level 3 Liabilities, these positions were closed out during the current year.

	Group and Company			
	2023			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in Issue Rm	Total liabilities Rm
Opening balance at the beginning of the reporting period	363	2 281	–	2 644
Gains and losses from banking and trading activities	3 479	194	–	3 673
Issues	–	220	–	220
Settlements	(60)	(33)	–	(93)
Transfer to Level 3	68	–	73	141
Transfer out of Level 3	–	(398)	–	(398)
Closing balance at the end of the reporting period	3 850	2 264	73	6 187

In 2023, the Group incorrectly disclosed Gains and losses from banking and trading activities within Trading and hedging portfolio liabilities as part of Issues. This has resulted in a restatement in Issues from R3 495m to R0 and Gains and losses from banking and trading activities from (R16m) to R3 479m.

52.2.1 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.

52. Fair value disclosures *continued*

52.3 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:

	Group and Company			
	2024			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Aggregate unrealised gains and (losses) since inception	**345**	**43**	**113**	**501**
Unrealised gains and (losses) recognised	**199**	**60**	**40**	**299**

The movement in unrealised gains and losses was largely attributable to the expiry and settlement of Naira linked derivatives. As detailed in the reconciliation of Level 3 assets, these positions were closed out during the current year.

	Group and Company			
	2023			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Aggregate unrealised gains and (losses) since inception	6 075	(42)	374	6 407
Unrealised gains and (losses) recognised	4 171	(37)	253	4 387

	Group and Company		
	2024		
	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Aggregate unrealised gains and (losses) since inception	**(1 478)**	**(149)**	**(1 627)**
Unrealised gains and (losses) recognised	**(761)**	**(169)**	**(930)**

The movement in unrealised gains and losses was largely attributable to the expiry and settlement of Naira linked derivatives. As detailed in the reconciliation of Level 3 liabilities, these positions were closed out during the current year.

	Group and Company		
	2023		
	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Aggregate unrealised gains and (losses) since inception	(3 850)	173	(3 677)
Unrealised gains and (losses) recognised	(3 131)	(166)	(3 297)

The note disclosure has been restated to include the aggregate unrealised gains and losses on level 3 position.

52. **Fair value disclosures** *continued*

52.4 Sensitivity analysis of valuations using unobservable inputs

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

A significant parameter has been deemed to be one which may result in a charge to profit or loss, or a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item.

This is demonstrated by the following sensitivity analysis which includes reasonable rages of possible outcomes:

	Group and Company					
	2024					
	Significant unobservable parameters	Change in significant unobservable input	Level 3 balance Rm	Weighted average discount rate	Potential favourable/ (unfavourable) profit or loss impact Rm	Potential favourable/ (unfavourable) equity impact Rm
Financial assets						
Investment securities	credit spreads	**100/(100) bps**	**1 841**	**9.31%**		**(44)/45**
Trading and hedging portfolio assets						
Debt instruments and money market assets	Credit spreads	**100/(100) bps**	**6 323**	**10.10%**	**(342)/370**	
Derivative assets	Volatility, African basis curves, yield curves and credit spreads on credit default swaps.	**Volatility: 10% Other: 100/(100) bps**	**1 905**	**Not applicable**	**264/(264)**	
Loans and advances	Credit spreads	**100/(100) bps**	**6 661**	**7.45%**	**(452)/497**	
Financial liabilities						
Trading and hedging portfolio liabilities						
Derivative liabilities	Volatility, African basis curves, yield curves and credit spreads on credit default swaps.	**Volatility: 10% Other: 100/(100) bps**	**1 805**	**Not applicable**	**(444)/444**	
Deposits	Absa Group Limited's funding spreads	**100/(100) bps**	**1 687**	**10.88%**	**82/(88)**	

The sensitivity analysis excludes unlisted equity investments with a carrying amount of **R1 257m** (2023: R1 181m) for Group, **R1 253m** (2023: R1 177m) Company, as any reasonably possible changes in the valuation inputs would not have a material impact on profit or loss or equity.

	Group and Company					
	2023					
	Significant unobservable parameters	Change in significant unobservable input	level 3 balance Rm	Weighted average discount rate	Potential favourable/ (unfavourable) profit or loss impact Rm	Potential favourable/ (unfavourable) equity impact Rm
Financial assets						
Investment securities	Credit spreads	100/(100) bps	8 695	10.23%		(242)/252
Trading and hedging portfolio assets						
Debt instruments and money market assets	Credit spreads	100/(100) bps	10 993	10.77%	(906)/1054	
Derivative assets	Volatility, African basis curves, yield curves, credit spreads on credit default swaps and NGN spot rate	Volatility: 10% Other: 100/(100) bps	6 261	Not applicable	(21)/21	
Loans and advances	Credit spreads	100/(100) bps	6 746	8.09%	(458)/505	
Financial liabilities						
Trading and hedging portfolio liabilities						
Derivative liabilities	Volatility, African basis curves, yield curves, credit spreads on credit default swaps and NGN spot rate	Volatility: 10% Other: 100/(100)bps	3 850	Not applicable	(25)/25	
Deposits	Absa Group Limited's funding spreads	100/(100) bps	2 264	12.36%	102/(109)	

In 2023, Naira exposures were included in both derivative assets and derivative liabilities. The spot exchange rate as of 31 December 2023 was estimated using a method that factors in the latest market developments and conditions at the reporting date. This was considered a significant unobservable parameter defined as one that could cause a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item. Consequently, these instruments were classified as Level 3.

The potential impact on profit or loss from stressing this parameter by 100 basis points was (R70m)/R70m on derivative assets and R56m/(R56m) on derivative liabilities. Excluding these exposures, the sensitivity on derivative assets would have been R49m/(R49m) and on derivative liabilities (R81m)/R81m. No similar estimation techniques have been applied in 2024.

The note disclosure has been enhanced to provide more detailed information on the input variables used in the sensitivity analysis.

In 2023, the Trading and hedging portfolio assets were disclosed as one line item (927)/1 075, the disclosures have been enhanced to split the Trading and hedging portfolio assets between Debt instruments, money markets and Derivative assets by linking the Level 3 balance to each asset class on which we perform the sensitivity on as stipulated in the table above.

In 2023, the Trading and hedging portfolio liabilities were disclosed as one line item (25)/25, the disclosures have been enhanced to display that the sensitivity analyses only relate to Derivative liabilities.

52. Fair value disclosures *continued*

52.5 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:

	Group and Company	
	2024 Rm	2023 Rm
Opening balance at the beginning of the reporting period	**(379)**	(634)
New transactions	**(297)**	(49)
Amounts recognised in profit or loss during the reporting period	**270**	304
Closing balance at the end of the reporting period	**(406)**	(379)

52.6 Third-party credit enhancements

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

52.7 Assets and 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.

	Group				
	2024				
	Carrying amount Rm	**Fair value Rm**	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**
Financial assets					
Investment securities	**46 155**	**47 213**	**45 725**	**431**	**1 057**
Product Solutions Cluster	**428 437**	**435 073**	**–**	**–**	**435 073**
Home Loans	**310 116**	**314 524**	**–**	**–**	**314 524**
Vehicle and Asset Finance	**118 321**	**120 549**	**–**	**–**	**120 549**
Everyday Banking	**20 166**	**19 704**	**–**	**–**	**19 704**
Personal Loans	**20 166**	**19 704**	**–**	**–**	**19 704**
Relationship Banking	**154 930**	**157 402**	**–**	**–**	**157 402**
Corporate and Investment Banking	**327 512**	**327 639**	**–**	**4 030**	**323 609**
Loans and advances to customers	**931 045**	**939 818**	**–**	**4 030**	**935 788**
Total	**977 200**	**987 031**	**45 725**	**4 461**	**936 845**
Financial liabilities					
Fixed deposits	**203 892**	**204 021**	**–**	**203 891**	**130**
Deposits due to customers	**203 892**	**204 021**	**–**	**203 891**	**130**
Deposits from banks	**63 357**	**63 384**	**7 016**	**56 368**	**–**
Deposits	**267 249**	**267 405**	**7 016**	**260 259**	**130**
Debt securities in issue	**147 637**	**147 952**	**–**	**147 952**	**–**
Borrowed funds	**21 086**	**21 139**	**–**	**21 139**	**–**
Total	**435 972**	**436 496**	**7 016**	**429 350**	**130**

The above table excludes the financial instruments where the fair value approximated the carrying amount. The fair value amounts approximate the carrying amount due to the short-term nature and/or frequent repricing of interest rates on such instruments.

52. Fair value disclosures

52.7 Assets and liabilities not held at fair value *continued*

	Group				
	2023				
	Carrying amount Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	41 439	41 408	39 016	–	2 392
Product Solutions Cluster	415 390	418 203	–	–	418 203
Home Loans	302 064	304 218	–	–	304 218
Vehicle and Asset Finance	113 326	113 985	–	–	113 985
Everyday Banking	21 008	19 887	–	–	19 887
Personal Loans	21 008	19 887	–	–	19 887
Relationship Banking	146 071	148 070	–	–	148 070
Corporate and Investment Banking	308 411	312 181	–	2 016	310 165
Loans and advances to customers	890 880	898 342	–	2 016	896 326
Total	932 319	939 750	39 016	2 016	898 718
Financial liabilities					
Fixed deposits	198 202	199 257	–	198 202	1 055
Deposits due to customers	198 202	199 257	–	198 202	1 055
Deposits from banks	64 082	64 202	7 943	56 259	–
Deposits	262 284	263 459	7 943	254 461	1 055
Debt securities in issue	135 949	137 188	–	137 188	–
Borrowed funds	18 358	18 538	–	18 538	–
Total	416 591	419 185	7 943	410 187	1 055

In 2023, the Group incorrectly disclosed the incorrect fair value amounts due to an error in the methodology applied to calculate the fair values of loans and advances to customers. This resulted in a restatement of fair values for Personal Loans to R19 887m (previously R18 854m), Vehicle and Asset Finance to R113 985m (previously R103 491m), Home Loans to R304 218m (previously R293 450m) and Relationship Banking to R148 070m (previously R133 329m).

52. Fair value disclosures

52.7 Assets and liabilities not held at fair value *continued*

	Company 2024 Carrying amount Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	**46 156**	**47 213**	**45 725**	**431**	**1 057**
Product Solutions Cluster	**427 856**	**434 485**	**–**	**–**	**434 485**
Home Loans	**309 536**	**313 936**	**–**	**–**	**313 936**
Vehicle and Asset Finance	**118 320**	**120 549**	**–**	**–**	**120 549**
Everyday Banking	**20 166**	**19 704**	**–**	**–**	**19 704**
Personal Loans	**20 166**	**19 704**	**–**	**–**	**19 704**
Relationship Banking	**151 743**	**154 163**	**–**	**–**	**154 163**
Corporate and Investment Banking	**326 746**	**326 872**	**–**	**4 030**	**322 842**
Loans and advances to customers	**926 511**	**935 224**	**–**	**4 030**	**931 194**
Total	**972 667**	**982 437**	**45 725**	**4 461**	**932 251**
Financial liabilities					
Fixed deposits	**203 892**	**204 021**	**–**	**203 891**	**130**
Deposits due to customers	**203 892**	**204 021**	**–**	**203 891**	**130**
Deposits from banks	**63 357**	**63 384**	**7 016**	**56 368**	**–**
Deposits	**267 249**	**267 405**	**7 016**	**260 259**	**130**
Debt securities in issue	**142 392**	**142 708**	**–**	**142 708**	**–**
Borrowed funds	**21 086**	**21 139**	**–**	**21 139**	**–**
Total	**430 727**	**431 252**	**7 016**	**424 106**	**130**

The above table excludes the financial instruments where the fair value approximated the carrying amount. The fair value amounts approximate the carrying amount due to the short-term nature and/or frequent repricing of interest rates on such instruments.

52. Fair value disclosures

52.7 Assets and liabilities not held at fair value *continued*

	Company 2023 Carrying amount Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	41 439	41 408	39 016	–	2 392
Product Solutions Cluster	414 684	417 516	–	–	417 516
Home Loans	301 358	303 532	–	–	303 532
Vehicle and Asset Finance	113 326	113 984	–	–	113 984
Everyday Banking	21 007	19 888	–	–	19 888
Personal Loans	21 007	19 888	–	–	19 888
Relationship Banking	143 323	145 562	–	–	145 562
Corporate and Investment Banking	306 825	310 595	–	2 016	308 579
Loans and advances to customers	885 839	893 561	–	2 016	891 545
Total	927 278	934 969	39 016	2 016	893 937
Financial liabilities					
Fixed deposits	198 202	199 257	–	198 203	1 055
Deposits due to customers	198 202	199 257	–	198 203	1 055
Deposits from banks	64 082	64 202	7 943	56 259	–
Deposits	262 284	263 459	7 943	254 462	1 055
Debt securities in issue	133 206	134 444	–	134 444	–
Borrowed funds	18 358	18 538	–	18 538	–
Total	413 848	416 441	7 943	407 444	1 055

In 2023, the Company incorrectly disclosed the incorrect fair value amounts due to an error in the methodology applied to calculate the fair values of loans and advances to customers. This resulted in a restatement of fair values for Personal Loans to R19 888m (previously R18 855m), Vehicle and Asset Finance to R113 984m (previously R103 490m), Home Loans to R303 532m (previously R292 764m) and Relationship Banking to R145 562m (previously R130 821m).

53. Credit risk of financial instruments designated at fair value

The following table represents the maximum exposure to credit risk of financial assets designated at fair value through profit or loss at the reporting date before taking into account collateral held or other credit enhancements:

	Group and Company	
	2024 Rm	2023 Rm
Assets		
Investment securities	**14 565**	11 595
Loans and advances to customers	**32 868**	33 142
	47 433	44 737

The Group and Company utilised credit derivatives and credit linked notes as a mechanism to hedge its exposure to credit risk for financial instruments designated at fair value through profit or loss. The value of collateral has been limited to the fair value of the instrument.

The Group and Company do not hold any collateral against the financial assets designated at fair value in the current year and in the prior year.

Contractual obligation at maturity of financial liabilities designated at fair value through profit or loss

The following table represents the carrying amount of financial liabilities designated at fair value through profit or loss and the amount that the Group and Company is contractually required to pay to the holder of the obligation at maturity:

	Group and Company			
	2024		2023	
	Carrying amount Rm	Contractual Obligation Rm	Carrying amount Rm	Contractual Obligation Rm
Liabilities				
Deposits	**135 916**	**158 929**	122 799	146 332
Deposits from banks	**56 034**	**65 522**	36 923	43 964
Deposits due to customers	**79 882**	**93 407**	85 876	102 368
Debt securities in issue	**59 704**	**66 592**	73 946	83 978
	195 620	**225 521**	196 745	230 310

(Increase)/decrease in fair value attributable to changes in own credit risk during the reporting period

	Group and Company	
	2024 Rm	2023 Rm
Liabilities		
Deposits from banks and customers	**(274)**	(330)
Cumulative adjustments in fair value attributable to changes in own risk Liabilities		
Deposits from banks and customers	**1 316**	1 042

The following approach is used in determining changes in fair value due to changes in own credit risk for deposits from banks and customers designated at fair value through profit or loss:

- The carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data, such as spreads on Absa Bank issued funding. Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

54. Risk Management

54.1 Effective risk management and control are essential for sustainable and profitable growth

The Group actively identifies and assesses risks arising from internal and external environments and proactively identifies emerging risks. To ensure effective implementation, our consolidated response is monitored as follows:

- Recognise the importance of a strong risk culture, which is integral to the Group's culture.
- Consider key (principal) risks, clear ownership and accountability, and Group-wide risk coverage.
- Support the Group's strategy with a coherent risk management operating model and appropriate risk practices, tools and techniques.
- Uphold the risk governance structure at Group, country, business and Group functions, with clear Board escalation and oversight.
- Follow comprehensive and structured processes for evaluating, responding to and monitoring risks.
- Oversee and manage Group-wide control environment through a combined assurance model with clear accountability across the three lines of defense.

The role of risk management is to evaluate, respond to and monitor risks in the execution of the Group's strategy. The Group's strategy is supported by an effective Enterprise Risk Management Framework. The Group's risk function performs conformance reviews; checks and challenges the risk profile; and retains independence in analysis and decision-making, underpinned by regular reporting to the Executive Committee and the Board.

The Group Credit Risk Officer assumes responsibility for the Enterprise Risk Management Framework.

The Enterprise Risk Management Framework:

- Outlines the approach to the management of risk and provides the basis for setting frameworks and policies, and establishing appropriate risk practices throughout the Group;
- Defines the risk management process and sets out the activities, tools, techniques and the operating model to ensure material risks can be identified and managed;
- Ensures appropriate responses are in place to protect the Group and its stakeholders; and
- Sets out principal risks and assigns clear ownership and accountability for these risks.

The principal risks as defined in the Enterprise Risk Management Framework are credit, market, capital and liquidity, insurance, strategic, sustainability and reputational, model, operational and resilience and compliance. Risks are defined in recognition of their significance to the Group's strategic ambitions.

The Enterprise Risk Management Framework is reviewed and approved annually by the Board.

Strategy and risk appetite

The risk strategy is developed alongside the Group's business strategy and forms an integral part of the integrated planning process. Within the risk strategy, risk appetite defines the nature and amount of risk that the Group is willing to take to meet its strategic objectives. This forms part of the strategic planning process to ensure the business strategy is achievable within risk appetite, and that the organisation's decision-making and strategic planning is supported by risk information.

The Group's risk appetite:

- Specifies the level of risk the Group is willing to take in pursuit of its strategy.
- Considers all principal and material risks individually and, where appropriate, in aggregate.
- Consistently measures, monitors and communicates the level of risk for different risk types, expressed in qualitative and quantitative terms.
- Describes agreed parameters for the Group's performance under varying levels of financial stress and volatility to earnings, capital adequacy, leverage and liquidity.
- Is considered in key decision-making processes, including business planning, mergers and acquisitions, new product approvals and business change initiatives.

The Group's risk appetite is stated qualitatively in terms of risk principles and risk preferences and refers to the types of risk the Group actively seeks as well as those it accepts and avoids. In addition, the maximum amount of risk that the Group is prepared to accept to achieve its business objectives is defined using a range of quantitative metrics relating to capital adequacy, earnings volatility, liquidity and leverage. These are cascaded to the level of principal risk, legal entity and business unit.

Stress testing and scenario planning

Stress testing and scenario planning provides a forward-looking view of financial and non-financial risks under a range of scenarios and sensitivities to estimate the potential impact on the Group, including its subsidiaries, business lines or portfolios. Stress testing is an integral part of the Group's risk management and quantification and should alert management to unexpected outcomes arising from either decisions made by management, or a wide range of external downside/upside factors. Stress testing forms a pillar of the ERMF in that it contributes to risk identification, risk management and risk mitigation on an enterprise-wide basis. The Group's Board is responsible for approving the Stress Testing Framework and, through the Group Risk and Capital Management Committee, maintains ultimate responsibility for the Group's stress testing Programme.

The Group performs comprehensive stress testing to ensure that it remains well capitalised relative to its business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which it operates.

54. Risk Management

54.1 Effective risk management and control are essential for sustainable and profitable growth *continued*

Credit risk

Credit risk is the risk of suffering financial loss due to a borrower, counterparty to a derivative transaction, or an issuer of debt securities defaulting on its contractual obligations.

Market risk

The risk of the Group's earnings or capital being adversely impacted by changes in the level or volatility of prices affecting the positions in its books.

- **Trading book risk –** The market risk resulting from trading activities booked in trading books across the Group in accordance with regulatory requirements.
- **Banking book risk –** The risk that the Group's current or projected financial condition and resilience might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book, due to re-pricing differences between assets, liabilities and equity, and includes funding spread risk and foreign exchange rate risk.

Capital and Liquidity risk

The risk and related constraints, which support the effective management of the Group's financial resources, among others, capital, liquidity and pension, critical to meeting the Group's strategic objectives. This includes pension risk as a risk in the event that a capital injection is required with respect to defined benefit plans.

- **Capital risk –** The risk that the Group has an insufficient level or inappropriate composition of capital to support its normal business activities and to remain within its Board-approved capital target ranges under normal operating conditions or above regulatory capital requirements under stressed conditions.
- **Liquidity risk –** The risk that the Group is unable to meet its contractual or contingent liquidity obligations or that it does not have the appropriate amount, tenor and composition of funding to support its assets.

Insurance risk

The risk that future claims, expenses, policyholder behavior and investment returns will be adversely different from the allowances made in measuring policyholder liabilities and in product pricing.

Company risk management

The financial risks inherent within the Group are considered to be substantially the same for the Company. As a result, the detailed information provided on provided on credit risk and market risk applies substantially to both the Group and the Company, with material differences arising from the following:

- The Company is exposed to less risk on loans and advances as its exposure to maximum credit risk is **R3bn** (2023: R5bn) less than the Group's exposure.
- The company is exposed to more risk on Guarantees as its exposure to maximum credit risk is **R5bn** (2023: R3bn) more than the Groups exposure.
- The Company has an additional maximum exposure to credit risk on loans to related parties totaling **R9bn** (2023: R11bn). This is exposure is considered to be Stage 1 for ECL purposes and the related ECL allowance is insignificant.
- The Company has **R8.5bn** (2023: R7.8bn) additional loans and from related parties. These loans are repayable on demand.

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54.2 Credit risk

The following table sets out information about the credit quality of financial instruments to which the impairment requirements in IFRS 9 are applicable:

	Group							
					2024			
		Stage 1			Stage 2			Stage 3
Maximum exposure to credit risk	**Gross maximum exposure Rm**	**DG 1-9 Rm**	**DG 10-19 Rm**	**DG 20-21 Rm**	**DG 1-9 Rm**	**DG 10-19 Rm**	**DG 20-21 Rm**	**Default Rm**
Balances with the SARB	78 431	78 431	–	–	–	–	–	–
Cash, cash balances and balances with central banks	78 431	78 431	–	–	–	–	–	–
Government bonds	111 134	107 457	3 677	–	–	–	–	–
Other	15 818	11 440	2 993	–	–	1 061	–	324
Treasury bills	30 040	30 040	–	–	–	–	–	–
Investment securities	156 992	148 937	6 670	–	–	1 061	–	324
Accounts receivables	9 090	5 249	3 807	–	–	34	–	–
Settlement accounts	1 974	1 678	296	–	–	–	–	–
Other assets	11 064	6 927	4 103	–	–	34	–	–
Product Solutions Cluster	445 945	83 692	263 826	26 601	1 037	5 924	26 511	38 354
Home Loans	320 566	73 554	183 435	14 473	97	3 357	16 791	28 859
Vehicle and Asset Finance	125 379	10 138	80 391	12 128	940	2 567	9 720	9 495
Everyday Banking	75 503	9 023	40 904	4 801	177	3 294	3 749	13 555
Cards	44 778	8 403	24 413	1 565	41	1 620	1 761	6 975
Personal Loans	25 686	308	13 431	3 015	15	1 347	1 840	5 730
Transactions and Deposits	4 987	312	3 060	221	121	327	148	798
Other	52	–	–	–	–	–	–	52
Relationship Banking	159 236	12 716	128 208	–	5	8 996	–	9 311
Corporate and Investment Banking	331 765	176 302	128 415	10	47	17 777	268	8 946
Head Office, Treasury and other operations	3 942	3 911	27	–	–	4	–	–
Loans and advances to customers	1 016 391	285 644	561 380	31 412	1 266	35 995	30 528	70 166
Loans and advances to bank	33 840	20 812	10 971	313	–	1 408	336	–
Loans and advances	1 050 231	306 456	572 351	31 725	1 266	37 403	30 864	70 166
Loans and advances to Group companies	24 812	24 812	–	–	–	–	–	–
Off-statement of financial position exposure								
Guarantees	39 038	20 993	14 350	30	12	3 232	87	334
Letters of credit	9 814	2 305	4 506	690	–	2 236	77	–
Revocable and irrevocable debt facilities	240 394	67 602	169 730	523	232	1 777	162	368
Total off-statement financial position exposure	289 246	90 900	188 586	1 243	244	7 245	326	702

Refer to note 1.2.1.3 for DG bucket definitions.

The revocable and irrevocable debt facilities include the risk that certain revocable debt facilities may be drawn down, without further intervention from the Group.

The above Group disclosure approximates the credit quality of the Company with the exception of loans and advances to customers in Relationship banking and financial guarantee contracts. The gross maximum exposure for loans and advances to customers is **R155 967m** (2023: R147 728m). In stage 1 **R137 655m** (2023: R127 270m), stage 2 **R9 001m** (2023: R12 188m) and stage 3 **R9 311m** (2023: R8 270m).

Within stage 1 exposures there is **R9 447m** (2023: R 7 834m) in DG1-9, **R128 208m** (2023: R119 436m) in DG10-19 and **nil** (2023: nil) in DG20-21.

Within stage 2 exposures there is **R5m** (2023: R822m) in DG1-9, **R8 996m** (2023: R11 366m) in DG10-19 and **nil** (2023: nil) in DG20-21.

The gross maximum exposures in financial guarantee contracts is **R44 283m** (2023: R39 988m). In stage 1 **R40 618m** (2023: R32 844m), stage 2 **R3 331m** (2023: R6 349m) and stage 3 **R334m** (2023: R795m).

Within stage 1 exposures there is **R26 237m** (2023: R20 108m) in DG1-9, **R14 351m** (2023: R12 692m) in DG10-19 and **R30m** (2023: R44m) in DG20-21.

Within stage 2 exposures there is **R12m** (2023: R1m) in DG1-9, **R3 232m** (2023: R6 293m) in DG10-19 and **R87m** (2023: R55m) in DG20-21.

54. Risk Management
54.2 Credit risk *continued*

54. Risk Management
54.2 Credit risk *continued*

	Group 2023							
		Stage 1			Stage 2			Stage 3
Maximum exposure to credit risk	Gross maximum exposure Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	Default Rm
Balances with the SARB	36 099	32 957	3 142	–	–	–	–	–
Cash, cash balances and balances with central banks	36 099	32 957	3 142	–	–	–	–	–
Government bonds	97 911	94 815	68	–	–	3 028	–	–
Other	10 104	6 208	1 892	–	–	1 479	–	525
Treasury bills	30 205	26 993	3 212	–	–	–	–	–
Investment securities	138 220	128 016	5 172	–	–	4 507	–	525
Accounts receivables	12 329	6 416	5 902	–	–	11	–	–
Settlement accounts	1 738	1 738	–	–	–	–	–	–
Other assets	14 067	8 154	5 902	–	–	11	–	–
Product Solutions Cluster	431 810	87 972	249 931	18 843	229	9 258	26 738	38 839
Home Loans	311 324	79 034	171 918	7 385	223	6 388	17 769	28 607
Vehicle and Asset Finance	120 486	8 938	78 013	11 458	6	2 870	8 969	10 232
Everyday Banking	73 065	6 402	41 156	4 910	162	4 507	4 215	11 713
Cards	40 740	5 647	24 427	1 742	20	1 551	1 924	5 429
Personal Loans	27 240	349	14 172	2 927	21	2 081	2 147	5 543
Transactions and Deposits	5 033	406	2 557	241	121	875	144	689
Other	52	–	–	–	–	–	–	52
Relationship Banking	150 731	10 837	119 436	–	822	11 366	–	8 270
Corporate and Investment Banking	311 917	174 848	113 443	103	737	15 183	1 367	6 236
Head Office, Treasury and other operations	439	420	16	–	–	3	–	–
Loans and advances to customers	967 962	280 479	523 982	23 856	1 950	40 317	32 320	65 058
Loans and advances to bank	36 008	26 115	8 692	195	–	998	8	–
Loans and advances	1 003 970	306 594	532 674	24 051	1 950	41 315	32 328	65 058
Loans and advances to Group companies	61 733	61 733	–	–	–	–	–	–
Guarantees	37 244	20 108	12 715	44	1	3 526	55	795
Letters of credit	12 438	2 037	9 107	368	–	897	29	–
Revocable and irrevocable debt facilities	231 504	65 627	162 085	571	285	2 448	175	313
Total off statement financial exposure	281 186	87 772	183 907	983	286	6 871	259	1 108

Refer to note 1.2.1.3 for DG bucket definitions.

The revocable and irrevocable debt facilities include the risk that certain revocable debt facilities may be drawn, without further intervention from the Group.

54. Risk Management
54.2 Credit risk *continued*

The following table sets out information about the credit quality of financial instruments which are classified at fair value through profit or loss:

	Group			
	2024			
Maximum exposure to credit risk	Gross carrying amount Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm
Financial instruments				
Investment securities	**14 650**	**13 658**	**992**	**–**
Other	**88**	**84**	**4**	**–**
Treasury bills	**14 562**	**13 574**	**988**	**–**
Trading and hedging portfolio assets	**170 425**	**135 109**	**35 092**	**224**
Debt instruments	**80 308**	**71 439**	**8 708**	**161**
Derivative assets	**61 301**	**41 761**	**19 477**	**63**
Money market assets	**28 816**	**21 909**	**6 907**	**–**
Loans and advances	**115 387**	**58 365**	**57 022**	**–**
Loans and advances to customers	**103 374**	**54 525**	**48 849**	**–**
Loans and advances to banks	**12 013**	**3 840**	**8 173**	**–**
Loans and advances to Group companies	**42 729**	**42 729**	**–**	**–**
Total financial instruments	**343 191**	**249 861**	**93 106**	**224**

	Group			
	2023			
Maximum exposure to credit risk	Gross carrying amount Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm
Financial instruments				
Investment securities	12 221	11 679	542	–
Other	626	84	542	–
Treasury bills	11 595	11 595	–	–
Trading and hedging portfolio assets	148 331	120 960	27 282	89
Debt instruments	68 306	57 307	10 948	51
Derivative assets	56 735	43 508	13 189	38
Money market assets	23 290	20 145	3 145	–
Loans and advances	112 632	57 089	55 543	–
Loans and advances to customers	93 739	53 284	40 455	–
Loans and advances to banks	18 893	3 805	15 088	–
Total financial instruments	273 184	189 728	83 367	89

54. Risk Management
54.2 Credit risk *continued*

Concentration of credit risk

Concentration of credit risk exists when a number of counterparties are located in a geographical region, such that their ability to meet contractual obligations is similarly affected by changes in economic or other conditions:

	Group				
	2024				
Geographical concentration of risk	Asia, Americas and Australia Rm	Europe Rm	Africa Regions Rm	South Africa Rm	Total Rm
On-statement of financial position exposure					
Cash, cash balances and balances with central banks	**–**	**–**	**–**	**78 431**	**78 431**
Investment securities	**1 837**	**196**	**991**	**168 618**	**171 642**
Trading portfolio assets	**1 604**	**21 225**	**12 011**	**131 530**	**166 370**
Hedging portfolio assets	**–**	**–**	**–**	**4 055**	**4 055**
Other assets	**47**	**2**	**209**	**10 806**	**11 064**
Loans and advances	**14 342**	**42 880**	**27 482**	**1 080 914**	**1 165 618**
Loans to Group companies	**7**	**191**	**5 470**	**61 872**	**67 540**
Subject to credit risk	**17 837**	**64 494**	**46 163**	**1 536 226**	**1 664 720**
Off-statement of financial position exposure					
Guarantees	**996**	**2 502**	**2 575**	**32 965**	**39 038**
Letters of credit	**433**	**161**	**7 358**	**1 862**	**9 814**
Revocable and irrevocable debt facilities	**–**	**–**	**–**	**240 394**	**240 394**
Subject to credit risk	**1 429**	**2 663**	**9 933**	**275 221**	**289 246**

The above Group disclosure approximates the geographical concentration of credit risk of the Company with the exception of loans and advances and financial guarantee contracts. The gross maximum exposure in the Company loans and advances is **R1 160 964m** (2023: R1 111 273m) with **R14 341m** (2023: R32 198m) in Asia, Americas and Australia, **R42 880m** (2023: R35 354m) in Europe, **R27 478m** (2023: R55 848m) in Africa regions and **R1 076 265m** (2023: R987 873m) in South Africa.

The gross maximum exposure in the Company financial guarantees is **R44 283m** (2023: R39 988m) with **R996m** (2023: R1 204m) in Asia, Americas and Australia, **R2 502m** (2023: R2 227m) in Europe, **R2 575m** (2023: R2 848m) in Africa regions and **R38 210m** (2023: R33 709m) in South Africa.

Geographical concentration of risk	Group 2023 Asia, Americas and Australia Rm	Europe Rm	Africa Regions Rm	South Africa Rm	Total Rm
On-statement of financial position exposure					
Cash, cash balances and balances with central banks	–	–	–	36 099	36 099
Investment securities	8 461	1 780	4	140 196	150 441
Trading portfolio assets	2 638	20 289	1 931	118 032	142 890
Hedging portfolio assets	–	–	–	5 441	5 441
Other assets	14	75	14	13 965	14 068
Loans and advances	32 216	35 354	55 852	993 180	1 116 602
Loans to Group companies	–	1 700	5 893	54 140	61 733
Subject to credit risk	43 329	59 198	63 694	1 361 053	1 527 274
Off-statement of financial position exposure					
Guarantees	1 204	2 227	2 848	30 965	37 244
Letters of credit	973	813	6 309	4 343	12 438
Revocable and irrevocable debt facilities	–	–	–	231 504	231 504
Subject to credit risk	2 177	3 040	9 157	266 812	281 186

IFRS disclosures in terms of credit mitigation

The financial effect and forms of collateral and credit enhancements for financial instruments that are credit impaired at the reporting date are disclosed in the table to follow. The accounting policy on how the collateral impacts the impairment provisions to be carried against the financial asset and off statement of financial position exposure as described in note 1.2.1.

The Group offsets asset and liability amounts in the statement of financial position where the ability and intention to net settle exists and the Group has a legally enforceable right to do so. Amounts disclosed in the maximum exposure category are stated net of these.

The collateral reported is calculated by determining the values of available underlying collateral, limited to the carrying amount and the undrawn facility of the related credit exposure where a loan is possibly over-collateralised.

No ECL allowance is recognised in the instance where there is sufficient or excess collateral held. The Group has determined this to be the case for **2%** (2023: 4.4%) of gross loans and advances.

The Group may also obtain collateral in the form of floating charges over receivables and inventory of corporate and other business customers. The value of this collateral varies depending on the level of receivables and inventory. It is impractical to provide an estimate of the amount of this collateral and the value of this collateral is not reported.

During the period there were no changes in the Group's collateral policies.

Collateral includes:

- Guarantees and/or letters of credit from third parties.
- Credit default swaps and other credit derivatives.
- Credit insurance.
- Physical collateral including fixed charges over property.
- Cash collateral.
- Other forms including master netting agreements, put options, and
- Highly liquid securities held under reverse repurchase agreements.

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54. Risk Management
54.2 Credit risk *continued*

Analysis of credit risk mitigation and collateral	Group												
	2024												
		Collateral – credit impaired financial assets						Collateral – not credit impaired financial assets					
	Gross maximum exposure Rm	Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	Total maximum exposure credit impaired financial assets Rm	Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	Total maximum exposure not credit impaired financial assets Rm
Debt instruments	80 308	–	–	–	–	–	–	–	–	–	–	80 308	80 308
Derivative assets	61 302	–	–	–	–	–	–	7 812	86	2 247	45 800	5 357	61 302
Money market assets	28 815	–	–	–	–	–	–	–	–	–	–	28 815	28 815
Trading portfolio assets	**170 425**	**–**	**–**	**–**	**–**	**–**	**–**	**7 812**	**86**	**2 247**	**45 800**	**114 480**	**170 425**
Product Solutions Cluster	**504 477**	**–**	**32 537**	**–**	**–**	**5 898**	**38 435**	**–**	**399 641**	**–**	**–**	**66 401**	**466 042**
Home Loans	375 879	–	25 393	–	–	3 547	28 940	–	326 489	–	–	20 450	346 939
Vehicle and Asset Finance	128 598	–	7 144	–	–	2 351	9 495	–	73 152	–	–	45 951	119 103
Everyday Banking	**107 211**	**–**	**–**	**–**	**–**	**13 762**	**13 762**	**–**	**–**	**–**	**–**	**93 449**	**93 449**
Cards	71 503	–	–	–	–	7 164	7 164	–	–	–	–	64 339	64 339
Personal Loans	26 152	–	–	–	–	5 733	5 733	–	–	–	–	20 419	20 419
Transactions and Deposits	9 504	–	–	–	–	813	813	–	–	–	–	8 691	8 691
Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Relationship Banking	**191 516**	**47**	**5 846**	**–**	**–**	**3 497**	**9 390**	**525**	**132 153**	**81**	**–**	**49 367**	**182 126**
Corporate and Investment Banking	**552 772**	**–**	**322**	**–**	**–**	**8 623**	**8 945**	**–**	**69 667**	**–**	**72 282**	**401 878**	**543 827**
Head Office, Treasury and other operations	**4 182**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4 182**	**4 182**
Loans and advances to customers	**1 360 158**	**47**	**38 705**	**–**	**–**	**31 780**	**70 532**	**525**	**601 461**	**81**	**72 282**	**615 277**	**1 289 626**
Loans and advances to bank	**45 854**	**–**	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**–**	**9 468**	**36 378**	**45 853**
Loans and advances	**1 406 012**	**47**	**38 705**	**–**	**–**	**31 780**	**70 532**	**532**	**601 461**	**81**	**81 750**	**651 655**	**1 335 479**
Off statement of financial position exposure													
Guarantees	39 038	–	–	–	–	334	334	5	1 377	689	1	36 632	38 704
Letters of credit	9 814	–	–	–	–	–	–	–	–	–	–	9 814	9 814
Total off-statement of financial position exposure	**48 852**	**–**	**–**	**–**	**–**	**334**	**334**	**5**	**1 377**	**689**	**1**	**46 446**	**48 518**

Included in the gross maximum exposure, in the table above, is the exposure for off-statement of financial position exposure for irrevocable debt facilities and those revocable debt facilities which expose the Group to the risk of draw down in the absence of further intervention from the Group.

The above group disclosures significantly approximate the Company's collateral held against the financial instruments that are exposed to credit risk with the exception of loans and advances to customers in Relationship Banking and financial guarantee contracts. The gross maximum exposures in Relationship Banking loans and advances to customers is **R188 214m** (2023: R181 145m) with credit impaired **R9 390m** (2023: R8 332m) and non-credit impaired financial assets **R178 824m** (2023: R172 813m).

Within credit impaired loans and advances there is guarantees, credit insurance and credit derivatives of **R47m** (2023: R76m), physical collateral **R5 846m** (2023: R5 176m), and unsecured exposures **R3 497m** (2023: R3 080m).

Within non-credit impaired loans and advances there is Guarantees, credit insurance and credit derivatives **R525m** (2023: R895m), physical collateral **R132 153m**, (2023: R153 658m), cash collateral **R81m** (2023: R121m), other collateral **R0** (2023: R6m) and unsecured **R46 065m** (2023: R18 133m).

The gross maximum exposures in financial guarantee contracts is **R44 283m** (2023: R39 987m), split between credit impaired **R334m** (2023: R795m) and non-credit impaired **R43 949m** (2023: R39 192m).

Within credit impaired financial guarantees there is only unsecured exposures of **R334m** (2023: R795m).

Within non-credit impaired there is guarantees, credit insurance and credit derivatives of **R5m** (2023: R3m), physical collateral **R1 378m** (2023: R2 838m), cash collateral **R689m** (2023: R185m), other collateral **R1m** (2023: R0m), and unsecured **R41 876m** (2023: R36 166m).

54. Risk Management
54.2 Credit risk *continued*

54. Risk Management
54.2 Credit risk *continued*

	Group							Group					
	2023							2023					
	Collateral – credit impaired financial assets							Collateral – not credit impaired financial assets					
Analysis of credit risk mitigation and collateral	Gross maximum exposure Rm	Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	Total maximum exposure credit impaired financial assets Rm	Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	Total maximum exposure not credit impaired financial assets Rm
Debt instruments	68 306	–	–	–	–	–	–	–	–	–	–	68 306	68 306
Derivative assets	56 735	–	–	–	–	–	–	7 342	1 013	2 544	39 342	6 494	56 735
Money market assets	23 290	–	–	–	–	–	–	–	–	–	–	23 290	23 290
Trading portfolio assets	148 331	–	–	–	–	–	–	7 342	1 013	2 544	39 342	98 090	148 331
Product Solutions Cluster	490 690	–	34 081	–	–	4 824	38 905	–	388 271	–	–	63 514	451 785
Home Loans	367 491	–	25 898	–	–	2 776	28 674	–	318 458	–	–	20 359	338 817
Vehicle and Asset Finance	123 199	–	8 183	–	–	2 048	10 231	–	69 813	–	–	43 155	112 968
Everyday Banking	102 712	–	–	–	–	11 897	11 897	–	–	–	–	90 815	90 815
Cards	65 436	–	–	–	–	5 598	5 598	–	–	–	–	59 838	59 838
Personal Loans	27 722	–	–	–	–	5 546	5 546	–	–	–	–	22 176	22 176
Transactions and Deposits	9 502	–	–	–	–	701	701	–	–	–	–	8 801	8 801
Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Relationship Banking	172 926	76	5 176	–	–	3 080	8 332	895	153 658	121	6	9 914	164 594
Corporate and Investment Banking	526 251	–	352	–	–	5 884	6 236	–	74 094	–	60 547	385 374	520 015
Head Office, Treasury and other operations	627	–	–	–	–	–	–	–	–	–	–	627	627
Loans and advances to customers	1 293 206	76	39 609	–	–	25 685	65 370	895	616 023	121	60 553	550 244	1 227 836
Loans and advances to bank	54 900	–	–	–	–	–	–		–	–	16 091	38 809	54 900
Loans and advances	1 348 106	76	39 609	–	–	25 685	65 370	895	616 023	121	76 644	589 053	1 282 736
Off statement of financial position exposure													
Guarantees	37 244	–	–	–	–	795	795	3	2 838	185	–	33 423	36 449
Letters of credit	12 438	–	–	–	–	–	–	–	–	–	–	12 438	12 438
Total off-statement of financial position exposure	49 682	–	–	–	–	795	795	3	2 838	185	–	45 861	48 887

Included in the gross maximum exposure, in the table above, is the exposure for off-statement of financial position exposure for irrevocable debt facilities and those revocable debt facilities which expose the Group to the risk of draw down in the absence of further intervention from the Group.

54. Risk Management
54.2 Credit risk *continued*

Financial assets written off during the financial period but still subject to enforcement activities

Contractual amount outstanding on financial assets that were written off during the reporting period but are still subject to enforcement activity:

	Group	
	2024 Rm	2023 Rm
Assets written off during financial period still subject to enforcement activities	**13 111**	11 446

Modified financial assets

The following table provides information on financial assets that were modified during the reporting period, without resulting in derecognition, while they had a loss allowance measured at an amount equal to lifetime ECL.

	Group	
	2024 Rm	2023 Rm
Financial assets modified during the period		
Loans and advances		
Amortised cost before modification	**6 546**	5 339
New modification loss	**(1 345)**	(1 333)

There were no financial assets modified during the year for which loss allowance has changed to 12-month measurement (2023: nil)

54.3 Macro-overlays and sensitivity analysis

Macro-overlays

In accordance with the Group and Company's impairment policy, macro-overlays are used to account for known or expected risk factors which have not been considered in the ECL assessment or modelling process, or where uncertain future events have not been incorporated into the modelled approach.

Sensitivity of expected credit losses

For the purposes of the Group'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 Group 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.

	Group	
	2024	
	Rm	**% Change**
ECL allowance on stage 1 and stage 2 loans and advances	**9 031**	**–**
Baseline	**8 679**	**(4)**
Upside	**7 980**	**(12)**
Downside	**10 578**	**17**
	2023	
	Rm	% Change
ECL allowance on stage 1 and stage 2 loans and advances	10 260	–
Baseline	10 029	(2)
Upside	9 201	(10)
Downside	11 642	13

54. Risk Management
54.3 Macro-overlays and sensitivity analysis *continued*

In addition, as at 31 December 2024, the Group 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:

	Group	
	2024	
	Stage 2	
	Increase in gross carrying amount Rm	**Increase in expected credit loss Rm**
Product Solutions Cluster	**18 706**	**894**
Everyday Banking	**2 736**	**588**
Relationship Banking	**7 046**	**356**
Corporate and Investment Banking	**15 236**	**186**
	2023	
	Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
Product Solutions Cluster	17 837	879
Everyday Banking	2 645	617
Relationship Banking	6 514	386
Corporate and Investment Banking	14 420	330

54.4 Equity investment risk

Equity risk in the banking book (ERBB) is defined as the risk of a loss arising from a decline in the value of investments in equity or an equity type instrument. This can be caused by the deterioration in the underlying operating asset performance, net asset value, enterprise value of the issuing entity, or by a decline in the market price of the equity or instrument itself.

Banking book equity risk is governed under the Non-traded Equity Risk and Purchased Debt Standard. Its purpose is to set the criteria for in-scope non-traded equity, lay out the minimum approval requirements, outline the minimum monitoring requirements and controls, and defines the key criteria covering the methodology for investment valuation. Banking book equity limits consume banking book capital, while equity exposures in the trading book are managed by market risk and consume capital in the trading book.

Strategic investments are typically Board-approved investments for the Group (such as investments in subsidiaries), investments for public interest or in utilities. Within each equity portfolio, the Group aims to achieve a level of asset diversification to manage concentration risk.

Approach

The Group's governance of equity investments is based on the following key fundamental principles:

- a formal approval governance process;
- key functional specialists reviewing investment proposals;
- adequate monitoring and control after the investment decision has been implemented; and
- ongoing implementation of best practice standards based on current market trends, hurdle rates and benchmarks.

Criteria considered for new investments and investment reviews cover a comprehensive set of financial, commercial, legal (and technical, where required) matters. The performance of these investments is monitored relative to the objectives of the portfolio.

The majority of the Group's equity investments are held in CIB and RBB – Business Banking.

54. Risk Management

54.4 Equity investment risk *continued*

Risk measurement

Equity investment risk is monitored monthly in terms of regulatory and economic capital (EC) requirements and is complemented by a range of additional risk metrics and stress testing. The equity investment risk profile is further tracked across a range of dimensions such as geography, industry and currency. Risk monitoring is done in accordance with a risk appetite, mandate and scale limits framework.

The Group employs the market-based simple risk weight approach as prescribed by Regulation 31 of the Regulations relating to Group to calculate risk-weighted assets (RWA) and regulatory capital (RC) and a historical simulation approach with volatility scaling to calculate EC for ERBB.

Consequently, the RWA requirement is calculated using adjusted risk weightings of **318%** (2023: 318%) and **424%** (2023: 424%) for listed and unlisted equity investments, respectively. For investments in which the Group owns between 10% and 20% of the issued common share capital of a financial entity, a 250% risk weight is applied. For investments not in the common share capital of financial entities, as well as any investments in financial entities (in common and non-common share capital) with a shareholding percentage of more than 20%, the Group applies a common equity Tier 1 capital deduction, also referred to as the threshold deduction, in accordance with Regulation 38 of the Regulations relating to Banks. RC requirements in respect of investments in associates and joint ventures, defined as financial companies in the Regulations relating to Banks, are calculated with reference to either the pro rata consolidation methodology or the deduction approach.

The approach in determining the EC requirement employs a historical simulation, which assumes that historical price movements of a different industry sector can be used to proxy the changes in the market value of the portfolio and a volatility forecast is applied to scale the historical returns to better reflect current market conditions. This allows for the capturing of diversification between individual industry sectors.

Analysis of equity investment risk in the banking book

The table below illustrates the equity sensitivity analysis and discloses the impact on pre-tax profit or loss and equity after the effect of hedges.

Group and Company

	2024					2023				
	Impact of a 5% or 10% reduction in fair value			Impact of a 5% or 10% Increase in fair value		Impact of a 5% or 10% reduction in fair value			Impact of a 5% or 10% Increase in fair value	
	Profit or loss Rm	Equity Rm	Fair value Rm	Profit or loss Rm	Equity Rm	Profit or loss Rm	Equity Rm	Fair value Rm	Profit or loss Rm	Equity Rm
Listed equity investments	(6)	(4)	208	6	4	(4)	(4)	150	4	4
Unlisted equity investments	(92)	(34)	1 257	92	34	(83)	(35)	1 181	83	35
Total Bank equity investments	(98)	(38)	1 465	98	38	(87)	(39)	1 331	87	39

The sensitivity impact analysis on listed investments is based on 5% whereas unlisted investments is based on 10%.

The figures exclude all associates and joint ventures.

54.5 Market Risk

Market risk is the risk of the Bank's earnings or capital being adversely impacted due to changes in the level or volatility of prices affecting the positions across the Bank.

54.5.1 Traded book risk

Traded Market risk

Traded Market risk is the market risk resulting from trading activities booked in trading books across the Group in accordance with regulatory requirements.

The Traded Market Risk Committee (TMRC) meets monthly to review, challenge and make recommendations concerning the traded market risk profile, including risk appetite, policies, limits, risk utilisation, valuation risk and the effectiveness of the control environment.

The Market Risk Infrastructure, Data, Governance and Control Committee (MRIDGCC) is a subcommittee of the TMRC that provides oversight of the traded market risk and control environment.

Approach

Traded market risk arises primarily as a result of client facilitation in wholesale markets. This involves market making, providing risk management solutions, generating revenues from assuming and managing risk, and execution of syndications.

Banking book is subjected to the same rigorous measurement and control standards as in the trading book, but the associated sensitivities are reported separately as "Banking book risk" as part of the Market Risk Management Framework.

54. Risk Management

54.5 Market Risk

54.5.1 Traded book risk *continued*

Risk appetite

The risk appetite for market risk is based on:

- proposed business strategy;
- budgeted revenue growth;
- statistical modelling measures; and
- risk equated to capital projection under normal and stressed market conditions.

Risk measurement

A number of techniques are used to measure and control traded market risk on a daily basis, which include:

- value at risk (VaR) based measures including both VaR and stressed value at risk (sVaR);
- tail metrics;
- position and sensitivity reporting;
- stress testing;
- back testing; and
- standardised general and specific risk, as relevant.

Daily value at risk

Daily value at risk (DVaR) is an estimate of the potential loss that may arise from unfavourable market movements if current positions were to be held unchanged for one business day.

The Group uses an internal DVaR model based on the historical simulation method to derive the quantitative market risk measures under normal conditions. The DVaR model utilises a two-year data history of unweighted historical price and rate data and a holding period of one day with a confidence interval of 99%.

The historical simulation methodology can be split into three parts:

- Calculate hypothetical daily profit or loss for each position over the most recent two years, using observed daily market moves.
- Sum of all hypothetical profits or losses for day one across all positions, giving one total profit or loss. Repeat for all other days in the two-year history.
- DVaR is the 99th percentile loss selected from the resultant two-year historically simulated strip of daily hypothetical net profit or loss. Daily losses in excess of the DVaR figure are likely to occur, on average, up to six times over the two-year period.

This internal model is also used for measuring VaR over both a one-day and a 10-day holding period at a 99% confidence level for regulatory back testing and regulatory capital (RC) calculation purposes, respectively. The VaR internal model has been approved by the PA to calculate RC for trading book portfolios in South Africa. The approval covers general position risk across interest rate, foreign exchange, commodity, equity and traded credit products. As part of this approval, the PA has assigned a DVaR and sVaR model multiplier to be used in RC calculations. In addition to the VaR internal model, products which have not received IMA approval are capitalized under the standardized approach.

The performance of the DVaR model is regularly assessed for continued suitability. The main technique employed is backtesting, which counts the number of days when actual losses from trading activities exceed the corresponding 99% level of confidence assuming a one-day holding period calculated by the DVaR model.

DVaR estimates have a number of limitations:

- Historical simulation assumes that the past is a good representation of the future, which may not always be the case.
- The assumed time horizon does not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- DVaR does not indicate the potential loss beyond the selected percentiles.
- DVaR is based on positions as at the close of business and consequently intra-day risk, the risk from a position bought and sold on the same day, is not captured.

sVaR uses a similar methodology to DVaR, but is based on a one-year period of financial stress which is reviewed quarterly and assumes a 10-day holding period and a worst case loss. The period of stress used for Regulatory Capital is currently the 2008/2009 financial crisis.

Loss thresholds, tail risk metrics, position and sensitivity reporting and stress testing are used to complement DVaR in the management of traded market risk.

Analysis of traded market risk exposure

The following table reflects the VaR and sVaR statistics for trading book activities as measured by the internal model's approach (IMA). Traded market risk exposure, as measured by average total VaR, decreased to **R56.29m** (2023: R72.97m) for the reporting period, which is a **23%** decrease on the prior year average (2023: 29% increase). The was primarily driven by reduced exposures to African currencies, particularly the Nigerian Naira. The exposure to other risks also decreased as the business adopted a more defensive strategy in response to macro-economic uncertainty, as central banks sought to balance persistent inflation and slow growth. Following the outcome of the US elections, the approach has shifted to a more risk-on stance. The long-term impact of the Trump presidency on emerging markets will depend on factors such as economic growth, currency fluctuations, interest rates, and geopolitical developments.

54. Risk Management
54.5 Market Risk
54.5.1 Traded book risk *continued*

Group and Company

	2024				2023			
	Average Rm	High Rm	Low Rm	As at the reporting date Rm	Average Rm	High Rm	Low Rm	As at the reporting date Rm
Interest rate risk	**54.82**	**118.87**	**27.59**	**43.78**	57.10	92.14	28.42	39.34
Foreign exchange risk	**31.75**	**152.66**	**5.69**	**11.77**	38.88	142.38	8.68	130.21
Equity risk	**5.85**	**14.35**	**1.85**	**3.55**	13.50	31.68	8.00	9.94
Commodity risk	**0.70**	**5.81**	**0.02**	**0.10**	0.86	4.64	0.34	0.55
Inflation risk	**13.95**	**22.56**	**6.72**	**12.28**	31.57	67.64	6.83	18.29
Credit spread risk	**18.50**	**35.95**	**5.52**	**31.21**	7.06	11.10	5.07	5.31
Diversification effect	**(69.27)**	**–**	**–**	**(65.28)**	(76.00)	–	–	(74.84)
Total DVaR	**56.30**	**161.90**	**27.80**	**37.41**	72.97	136.85	46.01	128.80
Regulatory VaR	**56.30**	**161.90**	**27.80**	**37.41**	72.97	136.85	46.01	128.80
Regulatory sVaR	**72.75**	**145.74**	**38.98**	**54.24**	75.59	127.38	34.33	83.99

The high (and low) VaR figures reported for each category did not necessarily occur on the same day as the high (and low) total VaR. Consequently, a diversification effect number for the high (and low) VaR figures would not be meaningful and is therefore omitted.

Regulatory VaR and sVaR are reported with a one-day holding period at a 99% confidence level. The sVaR period is subject to ongoing review for appropriateness.

54.5.2 Banking Book Risk

Approach

Banking book risk is the risk that the Group's current or projected financial condition and resilience might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book, due to re-pricing differences between assets, liabilities and equity, and includes funding spread risk and foreign exchange rate risk.

The Group's objective for the management of banking book risk is to ensure a higher degree of interest rate margin stability and reduced interest rate risk over an interest rate cycle. This is achieved by transferring the interest rate risk from the business to local treasury or Group Treasury, which is mandated to hedge material net exposures with the external market. This allows risk to be managed centrally and holistically for the Group.

These risk positions are managed mainly through the use of derivative instruments such as interest rate swaps, or appropriate balance sheet optimisation. Residual interest rate risk may remain in treasury due to risks that are not viable to hedge in external markets. A limit framework is in place to ensure that the retained risk remains within approved risk appetite.

Risk mitigation

Risk management strategies considered include:

- Strategies regarding changes in the volume, composition, pricing and interest rate risk characteristics of assets and liabilities; and
- The execution of applicable derivative contracts to maintain the Group's interest rate risk exposure within limits.
- Where possible, hedge accounting is applied to derivatives that are used to hedge Banking book risk. In cases where hedge relationships do not qualify for hedge accounting, mismatches may arise due to different bases used in fair valuing the hedges and the underlying banking book exposure. Applicable accounting rules, as detailed in the Bank's accounting policies, are followed.
- Structural interest rate risk arises from the variability of income from non-interest-bearing products, managed variable rate products and the Bank's equity, and is managed by Group Treasury. The risk is managed by the local treasury functions, subject to risk limits and other controls.

Key assumptions

Embedded optionality risk may also give rise to Banking book risk:

- Prepayment risk arises in relation to transactions where an early settlement option is embedded in the product. This risk most commonly arises in relation to fixed rate loans offered to retail customers, where the customer has an option to repay the loan prior to contractual maturity and where the Group is unable to collect full market-related compensation. This risk is managed by modelling the loans on a behaviouralised basis for both pricing and risk measurement. This treatment is also applied to non-maturing customer deposits.
- Recruitment risk arises when the Group commits to providing a product at a predetermined price for a period into the future. Customers have the option to take up this offer. Processes are in place to enable robust management of these additional forms of Banking book risk.

The techniques used to measure and monitor banking book risk include:

- Repricing profiles
- Annual earnings at risk (EaR)/NII sensitivity
- VaR and other tail metrics
- Economic capital
- Economic value of equity (EVE) sensitivity
- Stress testing

VaR, supporting metrics and stresses are reported daily for Group Treasury, with the exception of two businesses where reporting is done monthly. The repricing profiles, EaR, EVE sensitivity and stress results are reported monthly, and limits are set and monitored through the formal governance process.

Re-pricing profiles

To generate repricing profiles, instruments are allocated to time periods with reference to the earlier of the next contractual interest rate repricing date and the maturity date. The repricing profiles considers the assumed behavioral profile.

Earnings at risk (EaR)/Net interest income (NII) sensitivity

EaR/NII sensitivity measures the sensitivity of NII over the next 12 months to a specified shock in interest rates. EaR is monitored against approved internal limits. Foreign exchange risk arising on the banking book is transferred from business to treasury and hedged in the external market.

Value at risk (VaR)

VaR calculated at a 99% confidence level is used for measuring banking book risk. The VaR is monitored against approved internal limits and is used as a complementary metric to EaR. The VaR is supplemented by non-VaR, stress and tail metrics.

Economic capital

EC is the Bank's internal capital adequacy assessment of an estimated maximum cumulative loss over a one year holding period as a result of market price volatility changes at various confidence intervals. This holding period better reflects the nature of banking book exposures and is supplemented by VaR and non-VaR metrics.

Economic value of equity (EVE) sensitivity

EVE sensitivity measures the sensitivity of the present value of the banking book at a specific point in time to a specified shock to the yield curve. EVE sensitivity is measured against regulatory guidelines and approved internal limits.

Stress testing

Stress testing is tailored to each banking book and consists of a combination of stress scenarios and historical stress movements applied to the respective banking books.

Risk control

Market risk is controlled through the use of AEaR, DVaR and stress limits as appropriate and supported by non-DVaR metrics (position and sensitivity limits), as well as the monthly monitoring of the risk profiles and EVE sensitivity. Limits are set and monitored in accordance with the limit framework. Limits for AEaR, DVaR and stress are agreed by the GMRC.

Risk reporting

DVaR and supporting metrics are reported daily for Group Treasury, with the exception of two businesses, where reporting is performed on a monthly basis. The re-pricing profiles, AEaR, EVE sensitivity and stress results are reported monthly for Group Treasury.

Interest rate sensitivity analyses

Three separate interest rate sensitivity analyses for the Bank's banking book are set out in the table that follows, namely, the re-pricing profile of the book, the potential effect of changes in market interest rates on annual earnings and impact on equity reserves.

Re-pricing profile

The re-pricing profile of the Bank's banking books shows that the banking book remains asset sensitive, as interest-earning assets re-price sooner than interest-paying liabilities before and after derivative hedging activities. Accordingly, future net interest income remains vulnerable to a decrease in market interest rates.

Group and Company

	2024			
Expected re-pricing profile	**On demand – 3 months Rm**	**4 – 6 months Rm**	**7 – 12 months Rm**	**Over 12 months Rm**
Domestic bank book				
Interest rate sensitivity gap	**144 764**	**1 630**	**(36 453)**	**(71 405)**
Derivatives	**(139 013)**	**24 393**	**40 601**	**74 019**
Net interest rate sensitivity gap	**5 751**	**26 023**	**4 148**	**2 614**
Cumulative interest rate gap	**5 751**	**31 774**	**35 922**	**38 536**
Cumulative gap as a percentage of Absa Bank Limited's total assets (%)	**0.4**	**2.1**	**2.4**	**2.5**

Expected re-pricing profile	Group and Company 2023 On demand – 3 months Rm	4 – 6 months Rm	7 – 12 months Rm	Over 12 months Rm
Domestic bank book				
Interest rate sensitivity gap	167 742	(30 239)	(55 622)	(40 956)
Derivatives	(191 852)	39 930	61 274	90 647
Net interest rate sensitivity gap	(24 110)	9 691	5 652	49 691
Cumulative interest rate gap	(24 110)	(14 419)	(8 767)	40 925
Cumulative gap as a percentage of Absa Bank Limited's total assets (%)	(1.6)	(0.9)	(0.6)	2.7

Impact on earnings
The table below shows the NII impact for a 100bps and 200bps changes in market interest rates for the Bank's banking portfolios. Following the implementation of risk management strategies, an immediate and sustained parallel decrease of 200bps in all market interest rates would result in a pre-tax reduction of projected 12-month net interest income by **R1.0bn** as of the reporting date (2023: R0.5bn). A similar increase would result in an increase in projected 12-month net interest income of **R0.8bn** (2023: R0.3bn). NII sensitivity increased to **1.0%** (2023: 0.4%) of the Bank's net interest income.

Annual earnings at risk for 100 and 200 bps changes in market interest rates

	Group and Company 2024 Change in market interest rates 200 bps decrease	100 bps decrease	100 bps increase	200 bps increase
Domestic bank book (Rm)	**(1 006)**	**(398)**	**413**	**758**
Percentage of the Bank's net interest income (%)	**(2.8)**	**(1.1)**	**1.2**	**2.1**
Percentage of the Bank's equity (%)	**(1.0)**	**(0.4)**	**0.4**	**0.8**

	Group and Company 2023 Change in market interest rates 200 bps decrease	100 bps decrease	100 bps increase	200 bps increase
Domestic bank book (Rm)	(460)	(184)	149	290
Percentage of the Bank's net interest income (%)	(1.0)	(0.4)	0.3	0.7
Percentage of the Bank's equity (%)	(0.4)	(0.2)	0.1	0.3

Impact on equity reserves
Market interest rate changes may affect equity (capital) in the following three ways:

- Higher or lower profit after tax resulting from higher or lower net interest income;
- Higher or lower fair value through other comprehensive income reserve reflecting higher or lower fair values of fair value through other comprehensive income financial instruments; and
- Higher or lower values of derivatives held in the cash flow hedging reserve.

The pre-tax effect of net interest income sensitivity is reported in the preceding sensitivity analysis. The effect of taxation can be estimated using the effective tax rate for the reporting period.

The equity reserve sensitivities that follow are illustrative, based on simplified scenarios and consider the impact on the cash flow hedges and fair value through other comprehensive income portfolios which are mark-to-market through reserves. The impact on equity is calculated by revaluing the fixed rate fair value through other comprehensive income assets, including the effect of any associated hedges and derivatives designated as cash flow hedges, for an assumed change in market interest rates. The increase in sensitivity of the fair value through other comprehensive income reserves is mainly due to the increase in the net directional risk.

Sensitivity of reserves to market interest rate movements

	Group and Company 2024 Impact on equity at the reporting date Rm	2024 Maximum impact Rm	2024 Minimum impact Rm	2023 Impact on equity at the reporting date Rm	2023 Maximum impact Rm	2023 Minimum impact Rm
Fair value through other comprehensive income reserve	**191**	**1 092**	**191**	970	174	1 073
Cash flow hedging reserve	**(162)**	**3 705**	**(732)**	1 983	7 088	1 983
	29	**4 797**	**(541)**	2 953	7 262	3 056
As a percentage of Group equity (%)	**–**	**4.9**	**(0.6)**	2.8	6.9	2.9

The sensitivity of reserves to market interest rate movements exhibit very little convexity resulting in a materially equivalent change in value for -100 bps parallel move. Basis risk has remained constant.

54.6 Capital and liquidity risk

Capital and liquidity risk is the risk and related constraints, which support the effective management of the Group's financial resources, among others, capital, liquidity and pension, critical to meeting the Group's strategic objectives. This includes pension risk as a risk in the event that a capital injection is required with respect to defined benefit plans.

54.6.1 Capital risk

Capital risk is the risk that the Group has an insufficient level or inappropriate composition of capital to support its normal business activities and to remain within its Board-approved capital target ranges under normal operating conditions or above regulatory capital requirements under stressed conditions.

The Group's capital risk strategy, which is in line with and in support of the Group's strategy, is to create sustainable value for shareholders within the boundaries imposed by the Group's risk appetite through effective financial risk management.

The Group's capital risk priorities are to:

- Deliver sustainable shareholder value by generating long-term growth while maintaining sufficient capital supply. Maintain strong capital ratios within the Board-approved risk appetite and above regulatory minimum levels while supporting a sustainable dividend payout ratio.
- Appropriately deploy capital and manage the repatriation of dividends from subsidiaries to optimise capital utilisation.
- Monitor and execute opportunities to raise tier 2 capital and/or additional tier 1 instruments in domestic and/or international markets to optimise the level and composition of capital resources.
- The Prudential standard on First Loss Absorbing Capacity (FLAC) instruments has been promulgated with an implementation date of 1 January 2026. The Group will appropriately prioritise the issuance of FLAC instruments to meet the 6-year phase-in period.
- The Prudential Authority, together with the South African Reserve Bank (SARB), has agreed to implement a positive cycle-neutral countercyclical buffer (CCyB). The minimum regulatory capital requirements will increase by 1% with an effective date of 1 January 2026, post a 1-year phase-in period. The SARB requires that banks maintain a positive cycle-neutral CCyB to serve as a shock absorber that can be released in the event of sudden stress.
- The Group remains committed to optimising its total loss-absorbing capacity through a combination of capital and FLAC instruments issued in both domestic and international markets.
- Monitor and evaluate regulatory developments, and proposed amendments to banking regulations expected in 2025 that may impact the capital position including Basel III finalisation and fundamental review of the trading book.
- Continue to participate in the finalisation of the Financial Conglomerate Supervisory Framework capital standard in South Africa.

Various processes play a role in ensuring that the Group's capital risk priorities are met, including:

- The Internal Capital Adequacy Assessment Process (ICAAP);
- Stress testing; and
- Recovery and Resolution Planning.

The capital risk process in the Group encompasses all regulated entities within it. Appropriate Board approved capital buffers, above the minimum regulatory requirements, are held at an entity level. The Group ensures that all regulated entities are adequately capitalised in terms of their respective minimum capital adequacy requirements (CARs). The Group's capital target ranges for the current reporting period were set after considering the following:

- Capital risk appetite;
- The preference of rating agencies for loss absorbing capital;
- Stress scenarios and its impact on the integrated plan, including the capital position of the Group;
- Current and future Basel III requirements and accounting developments; and
- Peer analysis.

Capital adequacy ratios (unaudited)

Group	2024	2023	2024 Board target ranges %	2024 Minimum regulatory capital requirements %	2023 Board target ranges %	2023 Minimum regulatory capital requirements %
Statutory capital ratios (includes unappropriated profits) (%)						
Common Equity Tier 1	**12.6**	11.9	**10.5 -12.0**	**8.5**	10.5 -12.0	8.5
Tier 1	**15.3**	14.4	**>12.0**	**10.3**	>12.0	10.3
Total	**17.1**	16.2	**>14.5**	**12.5**	>14.5	12.5
Capital supply and demand for the reporting period (Rm)						
Qualifying capital	**199 683**	110 468				
Total RWA	**699 168**	682 654				

Regulatory capital comprises the following:

Common Equity Tier 1 – ordinary share capital, share premium and retained earnings including reserves, less regulatory deductions. Tier 1 – Common Equity Tier 1 plus perpetual, non-cumulative instruments with principal loss-absorption features issued in terms of the Basel III rules.

Total Capital – Tier 1 plus other items such as the general allowance for credit impairments and subordinated debt with principal loss-absorption features issued under Basel III.

During the past year, the Group complied in full with all externally imposed capital requirements which remained the same as prior year.

The 2024 minimum total regulatory capital adequacy requirement of **12.5%** (2023: 12.5%) includes the capital conservation buffer, Pillar 2A at 1% and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.

54.6.2 Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to meet its contractual or contingent liquidity obligations or that it does not have the appropriate amount, tenor and composition of funding to support its assets.

- Liquidity risk is monitored at Group level under a single comprehensive Capital and Liquidity Risk Framework. The Capital and Liquidity Risk Framework was designed to deliver an appropriate tenor structure and composition of funding consistent with the risk appetite set by the Board. This framework is delivered through a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Priorities

The Group's liquidity risk management objectives are:

- Preserve the Group's liquidity position in line with risk appetite.
- Manage the funding and HQLA position in line with the Board-approved framework and ensure compliance with regulatory requirements.
- Focus on growing core retail, relationship bank, corporate and public sector deposits.
- Continue to strengthen and diversify the funding base while optimising funding costs, to support asset growth, other strategic initiatives and maintain the strong net stable funding ratio (NSFR) over the 5-year phase out of the national discretion.
- Collaborate with the regulatory authorities and other stakeholders on the SARB's approach to resolution planning in South Africa.
- Report in terms of the current and future Depositor Insurance Scheme requirements, which came into effect on 1 April 2024, with the Corporation for Depositor Insurance established to give depositors reasonable access to their covered deposits when their bank has been placed in resolution.

Approach to liquidity risk

The efficient management of liquidity is essential for safeguarding the Group's depositors, preserving market confidence and maintaining the Group's reputation. The Group considers sustainable access to appropriate liquidity for each of its entities to be vital. Liquidity risk is managed under the Liquidity Risk Policy in line with the Capital and liquidity Risk Framework to:

- Maintain liquidity resources that are sufficient in amount and quality together with a funding profile that is appropriate to meet the risk appetite as expressed by the Board.

- Maintain market confidence.
- Set limits to manage liquidity risk within and across lines of business and legal entities.
- Price liquidity costs accurately and incorporate these into product pricing and performance measurement.
- Monitor early warning indicators (EWIs) to immediately identify the emergence of increased liquidity risk or vulnerabilities including events that would impair access to liquidity resources.
- Fully project over an appropriate set of time horizons cash flows arising from assets, liabilities and off-balance sheet items.
- Maintain a recovery plan that incorporates a contingent funding plan (CFP) that is comprehensive and proportionate to the nature, scale and complexity of the business and regularly tested to ensure it is operationally robust.

Stress and scenario testing

Under the Capital and liquidity Risk Framework, the Group established the internal liquidity stress metric (ILSM), which sets the level of liquidity risk the Group chooses to take to achieve its business objectives and in meeting its regulatory requirements. It is measured with reference to the anticipated stressed net contractual and contingent outflows for a variety of stress scenarios and is used to determine the appropriate size of the liquidity pool, along with the LCR.

Each entity in the Group undertakes a range of stress tests appropriate to its business. Stress tests consider both name-specific and market-wide scenarios. The results of the stress tests are used to determine the liquid asset buffer, to develop the CFP which is a component of the Group's recovery plan. Stress testing results are also considered when setting limits for the management of liquidity risk and the business planning process.

As part of stress and scenario testing, the relevant liquid assets portfolio serves as the main source of liquidity under stress. Liquidity value is also assigned to unsecured funding lines, readily marketable investment securities and price-sensitive overnight loans.

Contingency funding planning

The Contingency Funding Plan (CFP) includes, inter alia:

- the roles and responsibilities of senior management in a crisis.
- authorities for invoking the plan.
- communications strategy.
- an analysis of a realistic range of market-wide and Group-specific liquidity stress tests.
- scenario analyses and the extent to which each stress test and scenario can be mitigated by the management of the statement of financial position.
- a range of early warning indicators (EWIs), which assist in informing management when deciding whether the CFP should be invoked.

Each banking entity in the Group must establish local processes and procedures to manage local liquidity stresses that are consistent with the Group's plan. The CFPs set out the specific requirements to be undertaken locally in a crisis. This could include monetising the liquidity pool, slowing the extension of credit, increasing the tenor of funding and securitising or selling assets. For the Group the CFP was merged with the recovery plan.

Contractual maturity of financial assets and liabilities

The table below provides detail on the contractual maturity and mismatch position of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the 'on demand' time bucket at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since they are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity. Borrowed funds have been included based on contractual maturities and do not take into account the effect of early redemption features, which are being exercised. For details regarding early redemption options, refer to Note 20.

54. Risk Management
54.6 Capital and liquidity risk
54.6.2 Liquidity risk *continued*

Discounted maturity	Group 2024 On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 year Rm	Impairment losses Rm	Total Rm
Assets						
Cash, cash balances and balances with central banks	72 913	10 668	–	–	–	83 581
Investment securities	1 779	53 433	56 608	61 288	(4)	173 104
Trading and hedging portfolio assets	166 947	53	663	3 339	–	171 002
Derivative assets	57 247	53	663	3 339	–	61 302
Non-derivative assets	109 700	–	–	–	–	109 700
Other financial assets	3 062	8 002	–	–	–	11 064
Loans and advances	127 248	285 904	451 268	301 198	(40 255)	1 125 363
Loans to Group companies	40 139	22 466	4 635	301	(280)	67 261
Financial assets	412 088	380 526	513 174	366 126	(40 539)	1 631 375
Non-financial assets						36 434
Total assets						1 667 809
Liabilities						
Trading and hedging portfolio liabilities	63 624	75	648	535	–	64 882
Derivative liabilities	52 869	75	648	535	–	54 127
Non-derivative liabilities	10 755	–	–	–	–	10 755
Other financial liabilities	12 617	7 828	3	–	–	20 448
Deposits	703 827	386 713	118 576	8 830	–	1 217 946
Debt securities in issue	580	85 390	104 590	16 781	–	207 341
Borrowed funds	–	2 649	17 938	499	–	21 086
Loans from Group Companies	10 057	–	–	443	–	10 500
Financial liabilities	790 705	482 655	241 755	27 088	–	1 542 203
Non-financial liabilities						9 556
Total liabilities						1 551 759
Total equity						116 050
Total equity and liabilities						1 667 809
Net liquidity position of financial instruments	(378 617)	(102 129)	271 419	339 038	(40 539)	89 172

54. Risk Management
54.6 Capital and liquidity risk
54.6.2 Liquidity risk *continued*

Discounted maturity	Group 2023 On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 year Rm	Impairment losses Rm	Total Rm
Assets						
Cash, cash balances and balances with central banks	31 563	9 947	–	–	–	41 510
Investment securities	2 505	44 315	51 115	53 843	(1)	151 777
Trading and hedging portfolio assets	143 471	164	700	4 521	–	148 856
Derivative assets	51 350	164	700	4 521	–	56 735
Non-derivative assets	92 121	–	–	–	–	92 121
Other financial assets	2 723	11 300	44	–	–	14 067
Loans and advances	133 133	273 486	417 161	292 822	(38 115)	1 078 487
Loans to Group Companies	4 236	50 497	5 909	1 091	(285)	61 448
Financial assets	317 631	389 709	474 929	352 277	(38 401)	1 496 145
Non-financial assets						34 657
Total assets						1 530 802
Liabilities						
Trading and hedging portfolio liabilities	58 493	219	893	576	–	60 181
Derivative liabilities	45 395	219	893	576	–	47 083
Non-derivative liabilities	13 098	–	–	–	–	13 098
Other financial liabilities	16 731	8 667	–	–	–	25 398
Deposits	607 689	376 838	95 220	9 736	–	1 089 483
Debt securities in issue	468	90 809	105 189	13 429	–	209 895
Borrowed funds	1	2 920	15 437	–	–	18 358
Loans from Group Companies	12 495	31	305	–	–	12 831
Financial liabilities	695 877	479 484	217 044	23 741	–	1 416 146
Non-financial liabilities						9 347
Total liabilities						1 425 493
Total equity						105 309
Total equity and liabilities						1 530 802
Net liquidity position of financial instruments	(378 246)	(89 775)	257 885	328 536	(38 401)	79 999

In 2023, the Group incorrectly included some balances relating to cash and cash equivalents in the within 1 year bucket. As a result, the on-demand bucket has been restated from R15 357m to R31 563m.

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

Discounted maturity	On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 year Rm	Impairment losses Rm	Total Rm
	Company					
	2024					
Assets						
Cash, cash balances and balances with central banks	72 913	10 668	–	–	–	83 581
Investment securities	1 775	53 433	56 608	61 288	(4)	173 100
Trading and hedging portfolio assets	166 834	53	663	3 339	–	170 889
Derivative assets	57 135	53	663	3 339	–	61 190
Non-derivative assets	109 699	–	–	–	–	109 699
Other financial assets	3 075	7 859	–	–	–	10 934
Loans and advances	127 284	292 452	440 641	300 589	(40 137)	1 120 829
Loans to Absa Group companies	49 105	22 374	4 632	301	(272)	76 140
Financial assets	420 986	386 839	502 544	365 517	(40 413)	1 635 473
Non-financial assets						33 987
Total assets						1 669 460
Liabilities						
Trading and hedging portfolio liabilities	63 624	75	648	535	–	64 882
Derivative liabilities	52 869	75	648	535	–	54 127
Non-derivative liabilities	10 755	–	–	–	–	10 755
Other financial liabilities	12 624	7 738				20 362
Deposits	705 657	386 711	118 576	8 830	–	1 219 774
Debt securities in issue	575	80 146	104 590	16 781	–	202 092
Borrowed funds	–	2 649	17 938	499	–	21 086
Loans from Absa Group Companies	19 062	–	–	–	–	19 062
Financial liabilities	801 542	477 319	241 752	26 645	–	1 547 258
Non-financial liabilities						9 212
Total liabilities						1 556 470
Total equity						112 990
Total equity and liabilities						1 669 460
Net liquidity position of financial instruments	(380 556)	(90 480)	260 792	338 872	(40 413)	88 215

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

Discounted maturity	On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 year Rm	Impairment losses Rm	Total Rm
	Company					
	2023					
Assets						
Cash, cash balances and balances with central banks	31 563	9 947	–	–	–	41 510
Investment securities	2 501	44 312	51 115	53 843	(1)	151 770
Trading and hedging portfolio assets	143 459	164	700	4 521	–	148 844
Derivative assets	51 337	164	700	4 521	–	56 722
Non-derivative assets	92 122	–	–	–	–	92 122
Other financial assets	2 715	11 184	44	–	–	13 943
Loans and advances	133 159	279 192	407 268	291 653	(37 825)	1 073 447
Loans to Absa Group Companies	8 559	57 110	5 909	1 091	(286)	72 383
Financial assets	321 956	401 909	465 036	351 108	(38 112)	1 501 897
Non-financial assets						32 370
Total assets						1 534 267
Liabilities						
Trading and hedging portfolio liabilities	58 493	219	893	576	–	60 181
Derivative liabilities	45 395	219	893	576	–	47 083
Non-derivative liabilities	13 098	–	–	–	–	13 098
Other financial liabilities	16 724	8 584	–	–	–	25 308
Deposits	609 097	376 835	95 220	9 736	–	1 090 888
Debt securities in issue	464	88 066	105 189	13 429	–	207 148
Borrowed funds	1	2 920	15 437	–	–	18 358
Loans from Absa Group Companies	20 600	–	–	–	–	20 600
Financial liabilities	705 379	476 624	216 739	23 741	–	1 422 483
Non-financial liabilities						9 139
Total liabilities						1 431 622
Total equity						102 645
Total equity and liabilities						1 534 267
Net liquidity position of financial instruments	(383 423)	(74 715)	248 297	327 367	(38 112)	79 414

In 2023, the Company incorrectly included some balances relating to cash and cash equivalents in the within 1 year bucket. As a result, the on demand bucket has been restated from R15 357m to R31 563m.

Liabilities do not include the maturity analysis of finance lease payables, which is detailed in note 36.

The following current items are disclosed under non-financial assets and non-financial liabilities: current tax liabilities, provisions (details on the current/non-current split are included in note 16).

The following non-current items are disclosed under non-financial assets and non-financial liabilities: Investments in associates and joint ventures, goodwill and intangible assets, provisions (details on the current/non-current splits are included in note 16), non-current assets held for sale, property and equipment and deferred tax.

54. Risk Management
54.6 Capital and liquidity risk
54.6.2 Liquidity risk *continued*

Group

Undiscounted maturity (Statement of financial position value with impact of future interest)	2024 On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 year Rm	Discount effect Rm	Total Rm
Liabilities						
On-statement of financial position						
Trading and hedging portfolio liabilities	**63 624**	**78**	**749**	**1 230**	**(799)**	**64 882**
Derivative liabilities	**52 869**	**78**	**749**	**1 230**	**(799)**	**54 127**
Non-derivative liabilities	**10 755**	**–**	**–**	**–**	**–**	**10 755**
Other financial liabilities	**12 617**	**7 829**	**3**	**–**	**(1)**	**20 448**
Deposits	**703 827**	**391 877**	**142 041**	**18 848**	**(38 647)**	**1 217 946**
Debt securities in issue	**580**	**87 935**	**130 792**	**31 335**	**(43 301)**	**207 341**
Borrowed funds	**–**	**2 732**	**21 909**	**1 136**	**(4 691)**	**21 086**
Loans from Absa Group Companies	**10 057**	**–**	**–**	**644**	**(201)**	**10 500**
Financial liabilities	**790 705**	**490 451**	**295 494**	**53 193**	**(87 640)**	**1 542 203**
Non-financial liabilities						**9 556**
Total liabilities						**1 551 759**
Off-statement of financial position						
Guarantees	**39 038**	**–**	**–**	**–**	**–**	**39 038**
Loan commitments	**120 172**	**–**	**–**	**–**	**–**	**120 172**
Letters of credit	**9 814**	**–**	**–**	**–**	**–**	**9 814**

Group

Undiscounted maturity (Statement of financial position value with impact of future interest)	2023 On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 years Rm	Discount effect Rm	Total Rm
Liabilities						
On-statement of financial position						
Trading and hedging portfolio liabilities	58 493	230	1 078	1 320	(940)	60 181
Derivative liabilities	45 395	230	1 078	1 320	(940)	47 083
Non-derivative liabilities	13 098	–				13 098
Other financial liabilities	16 731	8 672	–	–	(5)	25 398
Deposits	607 689	382 466	116 643	21 302	(38 617)	1 089 483
Debt securities in issue	468	93 925	130 913	24 267	(39 678)	209 895
Borrowed funds	1	3 037	18 932	–	(3 612)	18 358
Loans from Group Companies	12 495	32	340		(36)	12 831
Financial liabilities	695 877	488 362	267 906	46 889	(82 888)	1 416 146
Non-financial liabilities						9 347
Total liabilities						1 425 493
Off-statement of financial position						
Guarantees	37 243	–	–	–	–	37 243
Loan commitments	108 483	–	–	–	–	108 483
Letters of credit	12 439	–	–	–	–	12 439

In 2023, Group incorrectly allocated amounts relating to on demand on the within 1 year bucket. As a result, the loan commitments payable on demand has been restated from R83 972m to R108 483m and loan commitments payable within 1 year from R24 511 to nil.

54. Risk Management
54.6 Capital and liquidity risk
54.6.2 Liquidity risk *continued*

Company

Undiscounted maturity (Statement of financial position value with impact of future interest)	2024 On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 years Rm	Discount effect Rm	Total Rm
Liabilities						
On-statement of financial position						
Trading and hedging portfolio liabilities	**63 624**	**78**	**749**	**1 230**	**(799)**	**64 882**
Derivative liabilities	**52 869**	**78**	**749**	**1 230**	**(799)**	**54 127**
Non-derivative liabilities	**10 755**	**–**	**–**	**–**	**–**	**10 755**
Other financial liabilities	**12 624**	**7 738**	**–**	**–**	**–**	**20 362**
Deposits	**705 657**	**391 875**	**142 041**	**18 848**	**(38 647)**	**1 219 774**
Debt securities in issue	**575**	**82 600**	**130 792**	**31 335**	**(43 210)**	**202 092**
Borrowed funds	**–**	**2 732**	**21 909**	**1 136**	**(4 691)**	**21 086**
Loans from Absa Group Companies	**19 062**	**–**	**–**	**–**	**–**	**19 062**
Financial liabilities	**801 542**	**485 023**	**295 491**	**52 549**	**(87 347)**	**1 547 258**
Non-financial liabilities						**9 212**
Total liabilities						**1 556 470**
Off-statement of financial position						
Guarantees	**39 038**	**–**	**–**	**–**	**–**	**39 038**
Loan commitments	**120 172**	**–**	**–**	**–**	**–**	**120 172**
Letters of credit	**9 814**	**–**	**–**	**–**	**–**	**9 814**

Company

Undiscounted maturity (Statement of financial position value with impact of future interest)	2023 On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 years Rm	Discount effect Rm	Total Rm
Liabilities						
On-statement of financial position						
Trading and hedging portfolio liabilities	58 493	230	1 078	1 320	(940)	60 181
Derivative liabilities	45 395	230	1 078	1 320	(940)	47 083
Non-derivative liabilities	13 098	–	–	–	–	13 098
Other financial liabilities	16 724	8 584	–	–		25 308
Deposits	609 097	382 463	116 643	21 302	(38 617)	1 090 888
Debt securities in issue	464	91 134	130 913	24 267	(39 630)	207 148
Borrowed funds	1	3 037	18 932	–	(3 612)	18 358
Financial liabilities	684 779	485 448	267 566	46 889	(82 799)	1 401 883
Non-financial liabilities						29 739
Total liabilities						1 431 622
Off-statement of financial position						
Guarantees	37 256	–	–	–	–	37 256
Loan commitments	108 483	–	–	–	–	108 483
Letters of credit	12 439	–	–	–	–	12 439

In 2023, Company incorrectly allocated amounts relating to on demand on the within 1 year bucket. As a result, the loan commitments payable on demand has been restated from R83 972m to R108 483m and loan commitments payable within 1 year from R24 511 to nil.

55. Going concern

The Directors assess the Group's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. For this reason, these consolidated financial statements are prepared on a going concern basis.

56. Events after the reporting period

The Group has assessed the impact of the announcement made on the 5 December 2024 to combine Product Solutions Cluster, Everyday Banking and Private Wealth Banking into a single business unit – Retail SA – to improve the Group's ability to deliver client value, particularly distribution of value-added services and insurance product across a large customer base. The changes are effective from 1 January 2025 and therefore do not affect the Group's Segment reporting and Related parties disclosures in its financial results for the annual reporting period ended 31 December 2024. The impact of this announcement on segment reporting for the year ended 31 December 2025 is in the process of being determined.

Since the start of 2025 there has been increasing volatility in geopolitics which has resulted in shifts in global domestic and foreign policy. This has heightened uncertainty and could have a wide range of direct and indirect ramifications. Global trade developments and pressure on aid spending are expected to impact on the markets, outlooks and expectations of the countries in which the Group operates. This situation will be closely monitored and assessed for its impact on the business.

Other than the aforementioned, the directors are not aware of any events (as defined per IAS10 Events after the Reporting Period) after the reporting date of 31 December 2024 and the date of authorisation of these annual consolidated and separate financial statements.

57. Directors' and prescribed officers' remuneration

As a subsidiary of the Group, the Bank is governed by the Absa Group Remuneration Committee (RemCo).

The RemCo's mandate includes ensuring that the remuneration policy and related practices are aligned with shareholder interests, both in the performance of our employees and the values they uphold. The Group strives to promote remuneration practices that foster sustainable high performance and accordingly, the Group rewards both short and longer term performance. All elements of remuneration are benchmarked against the relevant markets, as well as local and international best practice.

The RemCo reviews executive director and prescribed officer performance against a balanced scorecard of objectives, which ensures rigorous focus on business imperatives including, importantly, financial performance. The outcomes of this are a primary input to variable remuneration decisions. Risk management is carefully considered.

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57. Directors' and prescribed officers' remuneration *continued*

Tables for 2024 total awarded remuneration

Executive directors

	Charles Russon		Deon Raju		Arrie Rautebach		Christopher Snyman		Jason Quinn		Total	
Awarded Remuneration	**2024 R**	2023 R	**2024 R**	2023 R	**2024 R**	2023 R	**2024 R**	2023 R	**2024 R**	2023 R	**2024 R**	2023 R
Salary	**6 456 843**	6 142 498	**4 314 159**		**8 048 346**	9 794 398	**1 098 179**	357 333		5 853 292	**19 917 527**	22 147 521
Medical Aid	**245 940**	226 272	**88 935**		**155 450**	180 960	**42 108**	12 691		119 494	**532 433**	539 417
Retirement benefits	**196 856**	197 595	**133 016**		**149 164**	189 634	**65 682**	21 524		444 457	**544 718**	853 210
Other employee benefits	**72 606**	71 135	**49 546**		**91 170**	269 994	**13 198**	4 286		69 424	**226 520**	414 839
Total fixed remuneration	**6 972 245**	6 637 500	**4 585 656**		**8 444 130**	10 434 986	**1 219 167**	395 834		6 486 667	**21 221 198**	23 954 987
Cash award	**7 250 000**	7 000 000	**3 750 000**			6 800 000	**2 900 000**	2 625 000			**13 900 000**	16 425 000
Deferred share award	**6 250 000**	6 000 000	**2 750 000**			5 800 000	**1 900 000**	1 625 000			**10 900 000**	13 425 000
Total short-term incentive	**13 500 000**	13 000 000	**6 500 000**			12 600 000	**4 800 000**	4 250 000			**24 800 000**	29 850 000
Face value of long term incentive award (on-target award)	**15 000 000**	12 000 000	**11 000 000**			17 000 000	**5 000 000**	5 000 000			**31 000 000**	34 000 000
Total awarded remuneration	**35 472 245**	31 637 500	**22 085 656**		**8 444 130**	40 034 986	**11 019 167**	9 645 834		6 486 667	**77 021 198**	87 804 987

The cash award is the portion of the short-term incentive award not subject to deferral, paid in cash in March 2024 and March 2025 in respect of prior year performance.

The deferred share award is the portion of the short-term incentive award that is subject to deferral into Absa Group shares on 50% of the portion that exceeds R1m. Deferred awards were granted in April 2024 for the 2023 short-term incentive award, and will be granted in April 2025 for 2024 performance.

Short-term incentives are not defined as incentives that are settled in the next 12 months after the reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, to which no future performance targets apply. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years).

The long-term incentives relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition. This is the 'on-target' value of the award.

Other employee benefits include any encashment of leave.

Total awarded remuneration for 2024 includes the fixed remuneration paid during 2024, the total short-term incentive in respect of prior year performance (consisting of a cash award paid in March 2025 and a deferred share award to be granted in April 2025), and the face value of the long-term incentive to be granted in April 2025. Amounts disclosed in 2023 follow the same principle. See notes on the right regarding the pro-ration of fixed remuneration for individuals who were not in their roles for the full year.

Charles Russon was appointed as Interim Group Chief Executive Officer and executive director on 15 October 2024, prior to which he was a prescribed officer for 2023 and from 1 January to 14 October 2024. His fixed remuneration is disclosed for the full period in the Executive Directors' Remuneration tables.

Deon Raju was appointed as the Group Financial Director and executive director on 26 April 2024. His remuneration disclosures for 2024 are set out in this table. His fixed remuneration is pro-rated for the period served as an executive director, with the short-term incentive and long-term incentive awards shown at full value. The short-term incentive therefore also includes a portion of the total award made in respect of his role as Group Chief Risk Officer, from 1 January 2024 to 25 April 2024.

Arrie Rautenbach ceased to be Group Chief Executive Officer and executive director on 15 October 2024. His remuneration disclosures for 2024 are all set out in this table. His fixed remuneration is pro-rated for the period served as an executive director during 2024, and no short-term incentive and long-term incentive awards were granted to him.

Christopher Snyman was the Interim Group Financial Director and executive director from 22 November 2023 to 26 April 2024. His remuneration disclosures for 2023 and 2024 are set out in this table. His fixed remuneration is pro-rated for the period served as an executive director during 2023 and 2024, with the short-term incentive and long-term incentive awards shown at full value. The short-term incentive in both 2023 and 2024 therefore also includes a portion of the award in each year for his role as Head of Group Financial Decision Support, which was neither an executive director nor a prescribed officer role.

Jason Quinn ceased to be Group Financial Director and executive director on 22 November 2023, and his fixed remuneration was pro-rated for the time served as an executive director during 2023. No short-term incentive and long-term incentive awards were granted to him in respect of this period.

57. Directors' and prescribed officers' remuneration *continued*

Tables for 2024 total awarded remuneration

Prescribed officers

Awarded Remuneration	Christine Wu 2024 R	Christine Wu 2023 R	Faisal Mkhize 2024 R	Faisal Mkhize 2023 R	Geoffrey Lee 2024 R	Geoffrey Lee 2023 R	Yasmin Masithela 2024 R	Yasmin Masithela 2023 R	Cowyk Fox 2024 R	Cowyk Fox 2023 R	Total 2024 R	Total 2023 R
Salary	**3 432 613**		**5 290 586**	5 150 753	**5 388 968**	5 251 388	**1 320 277**		**1 573 564**	5 055 165	**17 006 008**	15 457 306
Medical Aid			**162 101**	124 676	**270 360**	237 456	**36 585**		**30 613**	101 840	**499 659**	463 972
Retirement benefits	**255 463**		**405 801**	393 982	**199 160**	199 537	**41 957**		**62 078**	199 537	**964 459**	793 056
Other employee benefits	**46 640**		**64 012**	345 933	**64 012**	61 619	**13 414**		**19 339**	392 859	**207 417**	800 411
Total fixed remuneration	**3 734 716**		**5 922 500**	6 015 344	**5 922 500**	5 750 000	**1 412 233**		**1 685 594**	5 749 401	**18 677 543**	17 514 745
Cash award	**2 600 000**		**2 875 000**	2 875 000	**3 610 000**	3 139 250	**6 600 000**			2 516 000	**15 685 000**	8 530 250
Deferred share award	**1 600 000**		**1 875 000**	1 875 000	**2 610 000**	2 139 250	**5 600 000**			1 516 000	**11 685 000**	5 530 250
Total short-term incentive	**4 200 000**		**4 750 000**	4 750 000	**6 220 000**	5 278 500	**12 200 000**			4 032 000	**27 370 000**	14 060 500
Face value of long term incentive award (on-target award)	**8 500 000**		**8 500 000**	7 500 000	**8 500 000**	9 500 000	**6 500 000**			4 500 000	**32 000 000**	21 500 000
Total awarded remuneration	**16 434 716**		**19 172 500**	18 265 344	**20 642 500**	20 528 500	**20 112 233**		**1 685 594**	14 281 401	**78 047 543**	53 075 245

The cash award is the portion of the short-term incentive award not subject to deferral, paid in cash in March 2024 and March 2025 in respect of prior year performance.

The deferred share award is the portion of the short-term incentive award that is subject to deferral into Absa Group shares on 50% of the portion that exceeds R1m. Deferred awards were granted in April 2024 for the 2023 short-term incentive award, and will be granted in April 2025 for 2024 performance.

Short-term incentives are not defined as incentives that are settled in the next 12 months after the reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, to which no future performance targets apply. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years).

The long-term incentives relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition. This is the 'on-target' value of the award.

Total awarded remuneration for 2024 includes the fixed remuneration paid during 2024, the total short-term incentive award in respect of prior year performance (consisting of a cash award paid in March 2025 and a deferred share award granted in April 2025), and the face value of the long-term incentive award to be granted in April 2025. Amounts disclosed in 2023 follow the same principle. See notes on the right regarding the pro-ration of fixed remuneration for individuals who were not in their roles for the full year.

Christine Wu was appointed as Chief Executive: Everyday Banking and prescribed officer on 26 April 2024, and Yasmin Masithela was appointed as Interim Chief Executive: Corporate and Investment Banking and prescribed officer on 15 October 2024. Their remuneration disclosures for 2024 are set out in the Prescribed Officers' Remuneration tables. Their fixed remuneration is pro-rated for the period served as prescribed officers during 2024, with the short-term incentive and long-term incentive awards shown at full value. Their short-term incentives therefore include a portion of the award for their performance, respectively, as Managing Executive: Consumer Products, and Managing Executive: Transactional Banking. Neither of these were prescribed officer roles.

Cowyk Fox ceased to be Chief Executive: Everyday Banking and prescribed officer on 22 April 2024. His fixed remuneration is pro-rated for the period served as prescribed officer during 2024, and no short-term incentive and long-term incentive award were granted to him.

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

The table below outlines share-based and long-term incentive awards (awarded in respect of performance in a prior period).

	Bank 2024							Bank 2024				
Executive directors	**Number of shares under award at 1 January 2024**	**Number of shares/ Trust units awarded during 2024**	Share price/ Unit value on award R	**Number of shares/ cash released/ during 2024**	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	**Number of shares/ options lapsed (forfeited) in 2024**	**Number of shares/ Trust units under award/ option at 31 December 2024**	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R
Charles Russon												
Share incentive plan deferral 2021 – 2024	**10 463**			**10 463**	145.68	1 524 250	264 701	**–**	**–**	2024/04/02	2024/04/02	–
Long-term incentive award 2019	**4 187**			**4 187**	153.07	640 904	224 248	**–**	**–**	2024/03/18	2024/03/18	–
Share incentive plan performance 2020	**45 371**			**22 685**	145.68	3 304 751	862 717	**–**	**22 686**	2025/04/01	2025/04/01	4 304 669
Share incentive plan performance 2021	**54 927**			**17 192**	145.68	2 504 531	435 000	**3 351**	**34 384**	2026/04/01	2026/04/01	6 524 364
Share incentive plan deferral 2022 – 2025	**21 315**			**10 657**	145.68	1 552 512	231 194	**–**	**10 658**	2025/04/01	2025/04/01	2 022 356
Share incentive plan performance 2022	**55 604**								**55 604**	2025/04/01	2025/04/01	10 550 859
Share incentive plan deferral 2023 – 2026	**35 862**			**11 954**	145.68	1 741 459	136 211	**–**	**23 908**	2026/04/01	2026/04/01	4 536 543
Share incentive plan performance 2023	**60 689**								**60 689**	2026/04/01	2026/04/01	11 515 738
Absa eKhaya Colleague Share Scheme 2023 – 2028	**860**								**860**	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027		**38 839**	154.48						**38 839**	2027/04/01	2027/04/01	7 369 700
Share incentive plan performance 2024		**77 679**	154.48						**77 679**	2027/04/01	2027/04/01	14 739 590
Total	**289 278**	**116 518**		**77 138**		11 268 407	2 154 071	**3 351**	**325 307**			61 645 330
Deon Raju												
Share incentive plan deferral 2021 – 2024	**980**			**980**	145.68	142 766	24 766	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**31 387**			**29 472**	145.68	4 293 481	745 736	**1 915**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**10 379**			**5 190**	145.68	756 079	112 465	**–**	**5 189**	2025/04/01	2025/04/01	984 613
Share incentive plan performance 2022	**44 483**								**44 483**	2025/04/01	2025/04/01	8 440 649
Share incentive plan deferral 2023 – 2026	**16 551**			**5 517**	145.68	803 717	62 788	**–**	**11 034**	2026/04/01	2026/04/01	2 093 702
Share incentive plan performance 2023	**46 896**								**46 896**	2026/04/01	2026/04/01	8 898 516
Absa eKhaya Colleague Share Scheme 2023 – 2028	**1 032**								**1 032**	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		**12 807**	154.48						**12 807**	2027/04/01	2027/04/01	2 430 128
Share incentive plan performance (Apr) 2024		**55 023**	154.48						**55 023**	2027/04/01	2027/04/01	10 440 614
Share incentive plan performance (Sept) 2024		**12 421**	161.01						**12 421**	2027/09/01	2027/09/01	2 356 885
Total	**151 708**	**80 251**		**41 159**		5 996 043	945 755	**1 915**	**188 885**			35 742 920

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

Executive directors	Bank 2024							Bank 2024				
	Number of shares under award at 1 January 2024	Number of shares/ Trust units awarded during 2024	Share price/ Unit value on award R	Number of shares/ cash released during 2024	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2024	Number of shares/ Trust units under award/ option at 31 December 2024	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R
Arrie Rautenbach												
Share incentive plan deferral 2021 – 2024	**12 554**	**–**	–	**12 554**	145.68	1 828 867	317 582	**–**	**–**	2024/04/02	2024/04/02	–
Long-term incentive award 2019	**6 131**	**–**	–	**6 131**	153.07	938 472	328 335	**–**	**–**	2024/03/18	2024/03/18	–
Share incentive plan performance 2020	**59 503**	**–**	–	**29 751**	145.68	4 334 126	1 131 497	**–**	**29 752**	2025/04/01	2025/04/01	5 645 442
Share incentive plan performance 2021	**80 430**	**–**	–	**25 174**	145.68	3 667 348	637 059	**4 908**	**50 348**	2026/04/01	2026/04/01	9 553 533
Share incentive plan deferral 2022 – 2025	**21 315**	**–**	–	**10 657**	145.68	1 552 512	231 194	**–**	**10 658**	2025/04/01	2025/04/01	2 022 356
Share incentive plan performance 2022	**94 528**	**–**	–					**–**	**94 528**	2025/04/01	2025/04/01	17 936 688
Share incentive plan deferral 2023 – 2026	**48 275**	**–**	–	**16 092**	145.68	2 344 283	183 411	**–**	**32 183**	2026/04/01	2026/04/01	6 106 724
Share incentive plan performance 2023	**93 793**	**–**	–						**93 793**	2026/04/01	2026/04/01	17 797 222
Absa eKhaya Colleague Share Scheme 2023 – 2028	**860**	**–**	–						**860**	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027		**37 545**	154.48						**37 545**	2027/04/01	2027/04/01	7 124 164
Share incentive plan performance 2024		**110 046**	154.48						**110 046**	2027/04/01	2027/04/01	20 881 229
Total	**417 389**	**147 591**		**100 359**		14 665 608	2 829 078	**4 908**	**459 713**			87 148 869
Christopher Snyman												
Share incentive plan deferral 2021 – 2024	**393**			**393**	145.68	57 252	9 906	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**25 894**			**24 314**	145.68	3 542 064	615 207	**1 580**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**4 448**			**2 224**	145.68	323 992	48 220	**–**	**2 224**	2025/04/01	2025/04/01	422 004
Share incentive plan performance 2022	**18 271**								**18 271**	2025/04/01	2025/04/01	3 466 922
Share incentive plan deferral 2023 – 2026	**8 275**			**2 758**	145.68	401 785	31 321	**–**	**5 517**	2026/04/01	2026/04/01	1 046 851
Share incentive plan performance 2023	**19 304**								**19 304**	2026/04/01	2026/04/01	3 662 934
Absa eKhaya Colleague Share Scheme 2023 – 2028	**860**								**860**	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027		**10 519**	154.48						**10 519**	2027/04/01	2027/04/01	1 995 980
Share incentive plan performance 2024		**32 366**	154.48						**32 366**	2027/04/01	2027/04/01	6 141 449
Total	**77 445**	**42 885**		**29 689**		4 325 093	704 654	**1 580**	**89 061**			16 817 651

Charles Russon`s outstanding share-based long-term awards include awards received prior to his appointment as Interim Group Chief Executive Officer and executive director on 15 October 2024, prior to which he was a prescribed officer for 2023 and from 1 January to 14 October 2024. The last tranche of his 2021 share-based long-term incentive award is due to vest in 2026.

Deon Raju`s outstanding share-based long-term incentive awards include awards received prior to his appointment as Group Financial Director and executive director on 26 April 2024.

Arrie Rautenbach's outstanding share-based long-term awards include awards received prior to his appointment as Group Chief Executive Officer and executive director on 29 March 2022.

Christopher Snyman's outstanding share-based long-term incentive awards include awards received prior to his appointment as Interim Group Financial Director and executive director between 22 November 2023 to 26 April 2024.

Christopher Snyman's and Deon Raju`s 2021 to 2024 Share Incentive Plan Performance awards will vest after a period of three years. The number of shares to vest will be based on the measurement of the predetermined performance conditions linked to the Performance awards.

The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Share Incentive Plan Performance awards.

For all individuals who were executive directors at the time of granting the 2020 and 2021 Share Incentive Plan Performance awards, the awards vested over a five year period. The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Performance awards. For all executive directors, the 2022, 2023 and 2024 Share Incentive Plan Performance awards will vest over a three year period. This is aligned to a RemCo-approved amendment to the remuneration framework for improved alignment to market practice.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, the Absa eKhaya Colleague Share Scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of five years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R189.75), or the Trust Unit value (R94.78) in the case of eKhaya, on 31 December 2024. For the 2022 to 2024 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2024							Bank 2024				
Prescribed officers	**Number of shares under award at 1 January 2024**	**Number of shares/ Trust units awarded during 2024**	Share price/ Unit value on award R	**Number of shares/ cash released during 2024**	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	**Number of shares/ options lapsed (forfeited) in 2024**	**Number of shares/ Trust units under award/ option at 31 December 2024**	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R
Christine Wu												
Share incentive plan deferral 2021 – 2024	**1 307**			**1 307**	145.68	190 404	33 069	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**30 602**			**28 735**	145.68	4 186 115	727 089	**1 867**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**5 319**			**2 660**	145.68	387 509	57 689	**–**	**2 659**	2025/04/01	2025/04/01	504 545
Share incentive plan performance 2022	**22 241**								**22 241**	2025/04/01	2025/04/01	4 220 230
Share incentive plan deferral 2023 – 2026	**8 984**			**2 995**	145.68	436 312	34 089	**–**	**5 989**	2026/04/01	2026/04/01	1 136 413
Share incentive plan performance 2023	**22 344**								**22 344**	2026/04/01	2026/04/01	4 239 774
Absa eKhaya Colleague Share Scheme 2023 – 2028	**1 032**								**1 032**	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		**5 858**	154.48						**5 858**	2027/04/01	2027/04/01	1 111 556
Share incentive plan performance (April) 2024		**29 129**	154.48						**29 129**	2027/04/01	2027/04/01	5 527 228
Share incentive plan performance (Sept) 2024		**24 843**	161.01						**24 843**	2027/09/01	2027/09/01	4 713 959
Total	**91 829**	**59 830**		**35 697**		5 200 340	851 936	**1 867**	**114 095**			21 551 518
Faisal Mkhize												
Share incentive plan deferral 2021 – 2024	**1 046**			**1 046**	145.68	152 381	26 368	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**26 679**			**25 051**	145.68	3 649 430	633 854	**1 628**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**5 560**			**2 780**	145.68	404 990	60 166	**–**	**2 780**	2025/04/01	2025/04/01	527 505
Share incentive plan performance (April) 2022	**22 241**								**22 241**	2025/04/01	2025/04/01	4 220 230
Share incentive plan performance (Sept) 2022	**24 536**								**24 536**	2025/09/01	2025/09/01	4 655 706
Share incentive plan deferral 2023 – 2026	**16 551**			**5 517**	145.68	803 717	62 788		**11 034**	2026/04/01	2026/04/01	2 093 702
Share incentive plan performance 2023	**46 896**								**46 896**	2026/04/01	2026/04/01	8 898 516
Absa eKhaya Colleague Share Scheme 2023 – 2028	**1 032**								**1 032**	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		**12 137**	154.48						**12 137**	2027/04/01	2027/04/01	2 302 996
Share incentive plan performance 2024		**48 549**	154.48						**48 549**	2027/04/01	2027/04/01	9 212 173
Total	**144 541**	**60 686**		**34 394**		5 010 518	783 176	**1 628**	**169 205**			32 008 641
Geoffrey Lee												
Share incentive plan deferral 2021 – 2024	**1 307**			**1 307**	145.68	190 404	33 069	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**26 679**			**25 051**	145.68	3 649 430	633 854	**1 628**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**6 487**			**3 243**	145.68	472 440	70 218	**–**	**3 244**	2025/04/01	2025/04/01	615 549
Share incentive plan performance (April) 2022	**22 241**								**22 241**	2025/04/01	2025/04/01	4 220 230
Share incentive plan performance (Sept) 2022	**24 536**								**24 536**	2025/09/01	2025/09/01	4 655 706
Share incentive plan deferral 2023 – 2026	**16 551**			**5 517**	145.68	803 717	62 788		**11 034**	2026/04/01	2026/04/01	2 093 702
Share incentive plan performance 2023	**46 896**								**46 896**	2026/04/01	2026/04/01	8 898 516
Absa eKhaya Colleague Share Scheme 2023 – 2028	**860**								**860**	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027		**13 848**	154.48						**13 848**	2027/04/01	2027/04/01	2 627 658
Share incentive plan performance (Apr) 2024		**61 496**	154.48						**61 496**	2027/04/01	2027/04/01	11 668 866
Total	**145 557**	**75 344**		**35 118**		5 115 991	799 929	**1 628**	**184 155**			34 861 738

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

Prescribed officers	Group 2024							Group 2024				
	Number of shares under award at 1 January 2024	**Number of shares/ Trust units awarded during 2024**	Share price/ Unit value on award R	**Number of shares/ cash released during 2024**	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	**Number of shares/ options lapsed (forfeited) in 2024**	**Number of shares/ Trust units under award/ option at 31 December 2024**	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R
Yasmin Masithela												
Share incentive plan deferral 2021 – 2024	**850**			**850**	145.68	123 828	21 415	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**31 387**			**29 472**	145.68	4 293 481	745 736	**1 915**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**15 199**			**7 599**	145.68	1 107 022	164 764	**–**	**7 600**	2025/04/01	2025/04/01	1 442 100
Share incentive plan performance 2022	**22 241**								**22 241**	2025/04/01	2025/04/01	4 220 230
Share incentive plan deferral 2023 – 2026	**26 482**			**8 827**	145.68	1 285 917	100 519	**–**	**17 655**	2026/04/01	2026/04/01	3 350 036
Share incentive plan performance 2023	**24 827**								**24 827**	2026/04/01	2026/04/01	4 710 923
Absa eKhaya Colleague Share Scheme 2023 – 2028	**1 032**								**1 032**	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		**33 661**	154.48						**33 661**	2027/04/01	2027/04/01	6 387 175
Share incentive plan performance 2024		**29 129**	154.48						**29 129**	2027/04/01	2027/04/01	5 527 228
Total	**122 018**	**62 790**		**46 748**		6 810 248	1 032 434	**1 915**	**136 145**			25 735 505
Cowyk Fox												
Share incentive plan deferral 2021 – 2024	**1 307**			**1 307**	145.68	190 404	33 069	**–**	**–**	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	**29 817**			**27 998**	145.68	4 078 749	708 442	**1 819**	**–**	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	**6 023**			**3 012**	145.68	438 788	65 265	**3 011**	**–**	2025/04/01	2025/04/01	–
Share incentive plan performance (April) 2022	**22 241**							**22 241**	**–**	2025/04/01	2025/04/01	–
Share incentive plan performance (Sept) 2022	**24 536**							**24 536**	**–**	2025/09/01	2025/09/01	–
Share incentive plan deferral 2023 – 2026	**16 551**			**5 517**	145.68	803 717	62 788	**11 034**	**–**	2026/04/01	2026/04/01	–
Share incentive plan performance 2023	**46 896**							**46 896**	**–**	2026/04/01	2026/04/01	–
Absa eKhaya Colleague Share Scheme 2023 – 2028	**860**							**860**	**–**	2028/09/01	2028/09/01	–
Share incentive plan deferral 2024 – 2027		**9 813**	154.48					**9 813**	**–**	2027/04/01	2027/04/01	–
Share incentive plan performance 2024		**29 129**	154.48					**29 129**	**–**	2027/04/01	2027/04/01	–
Total	**148 231**	**38 942**		**37 834**		5 511 658	869 564	**149 339**	**–**			–

The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Share Incentive Plan Performance awards.

Faisal Mkhize's, Cowyk Fox' and Geoffrey Lee's outstanding share-based long-term awards include awards received prior to becoming prescribed officers on 1 July 2022. Cowyk Fox ceased to be a prescribed officer on 22 April 2024.

Cowyk Fox' Share Incentive Plan awards were forfeited in full upon his notice of resignation on 22 April 2024.

Christine Wu`s outstanding share-based long-term awards include awards received prior to her appointment as a prescribed officer on 26 April 2024.

Yasmin Masithela`s outstanding share-based long-term awards include awards received prior to her appointment as a prescribed officer on 15 October 2024.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, the Absa eKhaya Colleague Share Scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of five years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R189.75), or the Trust Unit value (R94.78) in the case of eKhaya, on 31 December 2024. For the 2022 to 2024 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

The table below outlines share-based and long-term incentive awards (awarded in respect of performance in a prior period).

	Bank 2023							Bank 2023				
Executive directors	Number of shares under award at 1 January 2023	Number of shares/ Trust units awarded during 2023	Share price/ Unit value on award R	Number of shares/ cash released during 2023	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2023	Number of shares/ Trust units under award/ option at 31 December 2023	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2023 R
Arrie Rautenbach												
Share incentive plan deferral 2020 – 2023	19 911	–	–	19 911	184.60	3 675 571	623 025		–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	25 109			12 555	184.60	2 317 653	205 091		12 554	2024/04/01	2024/04/01	2 055 215
Long-term incentive award 2019	12 262	–	–	6 131	171.72	1 052 815	265 136		6 131	2022/03/18	2024/03/18	1 003 706
Share incentive plan performance 2020	130 321	–	–	29 752	184.60	5 492 219	931 122	41 066	59 503	2023/04/01	2025/04/01	9 741 236
Share incentive plan performance 2021	80 430			–	–	–	–	–	80 430	2024/04/01	2026/04/01	13 167 195
Share incentive plan deferral 2022 – 2025	31 972			10 657	184.60	1 967 282	128 851		21 315	2025/04/01	2025/04/01	3 489 479
Share incentive plan performance 2022	94 528								94 528	2025/04/01	2025/04/01	15 475 179
Share incentive plan deferral 2023 – 2026		48 275	181.25						48 275	2026/04/01	2026/04/01	7 903 100
Share incentive plan performance 2023		93 793	181.25						93 793	2026/04/01	2026/04/01	15 354 852
Absa eKhaya Colleague Share Scheme 2023 – 2028		860	79.61						860	2028/09/01	2028/09/01	55 530
Total	394 533	142 928		79 006		14 505 540	2 153 225	41 066	417 389			68 245 492
Jason Quinn												
Share incentive plan deferral 2020 – 2023	20 816	–	–	20 816	184.60	3 842 634	651 453	–	–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	25 109	–	–	12 555	184.60	2 317 653	205 091	6 277	6 277	2024/04/01	2024/04/01	1 027 608
Long-term incentive award 2019	11 964	–	–	5 981	171.72	1 027 229	258 782	5 983	–	2022/03/18	2024/03/18	–
Share incentive plan performance 2020	130 321	–	–	29 752	184.60	5 492 219	931 122	100 569	–	2023/04/01	2025/04/01	–
Share incentive plan performance 2021	78 468	–	–		–	–	–	78 468	–	2024/04/01	2026/04/01	–
Share incentive plan deferral 2022 – 2025	44 483	–	–	14 828	184.60	2 737 249	179 247	14 827	14 828	2025/04/01	2025/04/01	2 427 492
Share incentive plan performance 2022	69 506	–	–					69 506	–	2025/04/01	2025/04/01	–
Share incentive plan deferral 2023 – 2026		38 620	181.25					19 310	19 310	2026/04/01	2026/04/01	3 161 240
Share incentive plan performance 2023		71 724	181.25					71 724	–	2026/04/01	2026/04/01	–
Absa eKhaya Colleague Share Scheme 2023 – 2028		860	79.61					860	–	2028/09/01	2028/09/01	–
Total	380 667	111 204		83 932		15 416 984	2 225 695	367 524	40 415			6 616 340

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2023													
Executive directors	Number of shares under award at 1 January 2023	Number of shares/ Trust units awarded during 2023	Share price/ Unit value on award R	Number of shares/ cash released during 2023	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2023	Number of shares/ Trust units under award/ option at 31 December 2023	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2023 R
Christopher Snyman												
Share incentive plan deferral 2020 – 2023	4 055	–	–	4 055	184.60	748 553	126 820	–	–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	785	–	–	392	184.60	72 363	6 276	–	393	2024/04/01	2024/04/01	64 338
Share incentive plan performance 2020	32 580	–	–	22 314	184.60	4 119 164	698 342	10 266	–	2023/04/01	2023/04/01	–
Share incentive plan performance 2021	25 894	–	–					–	25 894	2024/04/01	2024/04/01	4 239 107
Share incentive plan deferral 2022 – 2025	6 672	–	–	2 224	184.60	410 550	26 767		4 448	2025/04/01	2025/04/01	728 182
Share incentive plan performance 2022	18 271	–	–	–	–	–	–	–	18 271	2025/04/01	2025/04/01	2 991 145
Share incentive plan deferral 2023 – 2026		8 275	181.25	–	–	–	–	–	8 275	2026/04/01	2026/04/01	1 354 700
Share incentive plan performance 2023		19 304	181.25						19 304	2026/04/01	2026/04/01	3 160 258
Absa eKhaya Colleague Share Scheme 2023 – 2028		860	79.61						860	2028/09/01	2028/09/01	55 530
Total	88 257	28 439		28 985		5 350 630	858 205	10 266	77 445			12 593 260

Arrie Rautenbach's outstanding share-based long-term awards include awards received prior to his appointment as CEO and an executive director on 29 March 2022.

The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Performance awards.

For all executive directors, the 2020 and 2021 Share Incentive Plan Performance awards will vest over a five year period. The number of shares that vest will be based on the measurement of the predetermined performance conditions linked to the Performance awards. This applies only in respect of individuals who were executive directors at the time of the award.

For all executive directors, the 2022 and 2023 Share Incentive Plan Performance award will vest over a three year period. This is aligned to a RemCo-approved amendment to the remuneration framework for improved alignment to market practice.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of 5 years.

Jason Quinn ceased to be an executive director on 22 November 2023. In March 2022, as part of the transitional arrangements to the new Group CEO, and aligned with the commercial imperative to ensure continuity and stability at senior executive level, the Board entered into a retention agreement with Jason upon his return to the Group Financial Director role. In terms of this retention arrangement, and subsequent exit terms, he forfeited 50% of all outstanding deferred short-term incentive awards and 100% of all long-term incentive awards on the date of notice of his resignation. The value of the awards subject to forfeiture, using the 31 December 2023 share price and before application of the adjustment for performance conditions on the 2021 long-term incentive, was R60.1m. Jason retained deferred short-term incentive awards worth R6.6m. The awards subject to eligible leaver status will remain in the Share Incentive Plan and will vest on their normal vesting date.

Christopher Snyman`s outstanding share-based long-term incentive awards include awards received prior to his appointment as Interim Group Financial Director and executive director on 22 November 2023.

Christopher Snyman`s 2020 to 2023 Share Incentive Plan Performance awards will vest after a period of three years. The number of shares to vest will be based on the measurement of the predetermined performance conditions linked to the Performance awards.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R163.71) or Trust Unit value (R64.57) on 31 December 2023. For the 2020 to 2023 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2023							Bank 2023				
Prescribed officers	Number of shares under award at 1 January 2023	Number of shares/ Trust units awarded during 2023	Share price/ Unit value on award R	Number of shares/ cash released during 2023	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2023	Number of shares/ Trust units under award/ option at 31 December 2023	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2023 R
Charles Russon												
Share incentive plan deferral 2020 – 2023	15 113	–	–	15 113	184.60	2 789 860	472 945	–	–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	20 925	–	–	10 462	184.60	1 931 285	170 940		10 463	2024/04/01	2024/04/01	1 712 898
Long-term incentive award 2019	8 374	–	–	4 187	171.72	718 992	180 993		4 187	2022/03/18	2024/03/18	685 454
Share incentive plan performance 2020	99 370	–	–	22 685	184.60	4 187 651	709 972	31 314	45 371	2023/04/01	2025/04/01	7 427 686
Share incentive plan performance 2021	54 927	–	–		–	–	–	–	54 927	2024/04/01	2026/04/01	8 992 099
Share incentive plan deferral 2022 – 2025	31 972			10 657	184.60	1 967 282	128 851		21 315	2025/04/01	2025/04/01	3 489 479
Share incentive plan performance 2022	55 604								55 604	2025/04/01	2025/04/01	9 102 931
Share incentive plan deferral 2023 – 2026		35 862	181.25						35 862	2026/04/01	2026/04/01	5 870 968
Share incentive plan performance 2023		60 689	181.25						60 689	2026/04/01	2026/04/01	9 935 396
Absa eKhaya Colleague Share Scheme 2023 – 2028		860	79.61						860	2028/09/01	2028/09/01	55 530
Total	286 285	97 411		63 104		11 595 070	1 663 701	31 314	289 278			47 272 441
Faisal Mkhize												
Share incentive plan deferral 2020 – 2023	5 430	–	–	5 430	184.60	1 002 378	169 832	–	–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	2 092	–	–	1 046	184.60	193 092	16 983	–	1 046	2024/04/01	2024/04/01	171 241
Share incentive plan performance 2020	35 295	–	–	24 173	184.60	4 462 336	756 491	11 122	–	2023/04/01	2023/04/01	–
Share incentive plan performance 2021	26 679	–	–	–	–	–	–	–	26 679	2024/04/01	2024/04/01	4 367 619
Share incentive plan deferral 2022 – 2025	8 340	–	–	2 780	184.60	513 188	33 597	–	5 560	2025/04/01	2025/04/01	910 228
Share incentive plan performance 2022	22 241	–	–						22 241	2025/04/01	2025/04/01	3 641 074
Share incentive plan performance 2022	24 536	–	–	–	–	–	–	–	24 536	2025/09/01	2025/09/01	4 016 789
Share incentive plan deferral 2023 – 2026		16 551	181.25						16 551	2026/04/01	2026/04/01	2 709 564
Share incentive plan performance 2023		46 896	181.25						46 896	2026/04/01	2026/04/01	7 677 344
Absa eKhaya Colleague Share Scheme 2023 – 2028		1 032	79.61						1 032	2028/09/01	2028/09/01	66 636
Total	124 613	64 479		33 429		6 170 994	976 903	11 122	144 541			23 560 495

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2023							Bank 2023				
Prescribed officers	Number of shares under award at 1 January 2023	Number of shares/ Trust units awarded during 2023	Share price/ Unit value on award R	Number of shares/ cash released during 2023	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2023	Number of shares/ Trust units under award/ option at 31 December 2023	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2023 R
Cowyk Fox												
Share incentive plan deferral 2020 – 2023	6 049			6 049	184.60	1 116 645	189 215		–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	2 615			1 308	184.60	241 457	21 229		1 307	2024/04/01	2024/04/01	213 969
Share incentive plan performance 2020	40 400			27 669	184.60	5 107 697	865 959	12 731	–	2023/04/01	2023/04/01	–
Share incentive plan performance 2021	29 817								29 817	2024/04/01	2024/04/01	4 881 341
Share incentive plan deferral 2022 – 2025	9 035			3 012	184.60	556 015	36 366	–	6 023	2025/04/01	2025/04/01	986 025
Share incentive plan performance 2022	22 241				–	–	–	–	22 241	2025/04/01	2025/04/01	3 641 074
Share incentive plan performance 2022	24 536				–	–	–	–	24 536	2025/09/01	2025/09/01	4 016 789
Share incentive plan deferral 2023 – 2026		16 551	181.25						16 551	2026/04/01	2026/04/01	2 709 564
Share incentive plan performance 2023		46 896	181.25						46 896	2026/04/01	2026/04/01	7 677 344
Absa eKhaya Colleague Share Scheme 2023 – 2028		860	79.61						860	2028/09/01	2028/09/01	55 530
Total	134 693	64 307		38 038		7 021 814	1 112 769	12 731	148 231			24 181 636
Geoffrey Lee												
Share incentive plan deferral 2020 – 2023	5 973			5 973	184.60	1 102 616	186 815		–	2023/04/01	2023/04/01	–
Share incentive plan deferral 2021 – 2024	2 615			1 308	184.60	241 457	21 229		1 307	2024/04/01	2024/04/01	213 969
Share incentive plan performance 2020	35 295			24 173	184.60	4 462 336	756 491	11 122	–	2023/04/01	2023/04/01	–
Share incentive plan performance 2021	26 679								26 679	2024/04/01	2024/04/01	4 367 619
Share incentive plan deferral 2022 – 2025	9 730			3 243	184.60	598 658	39 135	–	6 487	2025/04/01	2025/04/01	1 061 987
Share incentive plan performance 2022	22 241				–	–	–	–	22 241	2025/04/01	2025/04/01	3 641 074
Share incentive plan performance 2022	24 536				–	–	–	–	24 536	2025/09/01	2025/09/01	4 016 789
Share incentive plan deferral 2023 – 2026		16 551	181.25						16 551	2026/04/01	2026/04/01	2 709 564
Share incentive plan performance 2023		46 896	181.25						46 896	2026/04/01	2026/04/01	7 677 344
Absa eKhaya Colleague Share Scheme 2023 – 2028		860	79.61						860	2028/09/01	2028/09/01	55 530
Total	127 069	64 307		34 697		6 405 067	1 003 670	11 122	145 557			23 743 876

The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Performance awards.

Charles Russon's 2020 and 2021 Share Plan Incentive Performance awards will vest over a five year period.

Charles Russon's 2022 and 2023 Share Incentive Plan Performance award will vest over a three year period.

Faisal Mkhize's, Cowyk Fox's and Geoffrey Lee's outstanding share-based long-term awards include awards received prior to becoming prescribed officers on 1 July 2022.

Faisal Mkhize's, Cowyk Fox's and Geoffrey Lee's 2020 and 2021 Share Plan Incentive Performance awards will vest over a three year period as they were made prior to them becoming prescribed officers. The 2022 and 2023 Share Incentive Plan Performance award will vest over a three year period for all prescribed officers. This is aligned to a RemCo-approved amendment to the remuneration framework for improved alignment to market practice.

On 1 September 2023, Absa implemented B-BBEE transaction and staff incentivisation scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of 5 years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R163.71) or Trust Unit value (R64.57) on 31 December 2023. For the 2020, 2021 and 2022 Share Incentive Plan Performance awards, the fair value is calculated before the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. **Directors' and prescribed officers' remuneration** *continued*

Group Chairman and Non-executive directors' fees

Non-executive directors' fees paid during 2024

Directors	Group Board R	Group Board committees and sub-committees R	Absa Bank R	Absa Financial Services R	**2024 Total R**	2023 Total R	2022 Total R
Alex Darko						1 562 600	2 192 190
Francis Okomo-Okello						1 229 369	1 601 992
Nhlanhla Mjoli-Mncube	1 165 278	1 003 663	112 055		**2 280 996**	1 738 027	1 627 935
René van Wyk	904 942	2 057 180	112 055		**3 074 177**	2 722 394	2 727 269
Rose Keanly	904 942	1 448 988	112 055	788 706	**3 254 691**	2 651 296	2 737 962
Sello Moloko	7 285 611				**7 285 611**	6 951 577	5 610 482
Tasneem Abdool-Samad	904 942	2 017 784	112 055	937 067	**3 971 848**	3 340 363	3 426 394
Total	11 165 715	6 527 615	448 220	1 725 773	**19 867 323**	20 195 626	19 924 224

Nhlanhla Mjoli-Mncube is the Lead Independent Director (LID). The LID fees are included under the Group fee.

The fee applicable to Sello Moloko, the Group Chairman, covers chairmanship of the Absa Group and Absa Bank boards as well as membership of any board committees and subcommittees.

The fees indicated above are exclusive of VAT. Where applicable, VAT has been levied by the non-executive directors and such fees plus VAT were paid to the non-executive directors concerned (subject to the issue of a valid tax invoice reflecting fees plus VAT).

Contact information

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