Absa Group Limited

Pillar 3
risk management report
31 December 2024

Your story matters

Report overview

The Pillar 3 risk management report for the reporting period ended 31 December 2024 provides the prescribed annual view of Absa Group Limited (the Group) regulatory capital and risk exposures. It complies with:

- The Basel Committee on Banking Supervision (BCBS) Pillar 3 disclosure requirements (Pillar 3 Standard).
- Regulation 43 of the Regulations relating to Banks (Regulations), issued in terms of the Banks Act, 1990 (Act No. 94 of 1990), where not superseded by the Pillar 3 disclosure requirements.

Management and the Group Risk and Capital Management Committee (GRCMC) have reviewed the report. The Board is satisfied that the Group's risk and capital management processes operated effectively for the period under review, and the Group is adequately capitalised and funded to support the execution of its strategy.

The information in this report is unaudited.

Contents

1.	**Summary of risk profile and RWA**	**6**
1.1	Key performance metrics	6
1.2	Risks arising from the operating environment	7
1.3	Overview of RWA	12
2.	**Basis of preparation**	**14**
2.1	Scope of consolidation	14
2.2	Pillar 3 risk management report oversight	14
2.3	Preparation, validation and sign-off	15
2.4	Scope of application of Basel measurement	15
2.5	Accounting policies and valuation methodologies	15
2.6	Linkages between financial statements and regulatory exposures	15
3.	**Risk management overview**	**23**
3.1	Risk management approach	23
3.2	Enterprise Risk Management Framework	23
3.3	Strategy and risk appetite	24
3.4	Risk process	26
3.5	Risk architecture	27
3.6	Principal risks	33
4.	**Credit risk**	**35**
4.1	Review of current reporting period	35
4.2	Priorities	35
4.3	General information about credit risk	35
4.4	Credit risk mitigation	43
4.5	Credit risk under the standardised approach	44
4.6	Credit risk under the IRB approach	47
4.7	Counterparty credit risk	63
4.8	Securitisation	69
4.9	Equity investment risk	74
5.	**Market risk**	**76**
5.1	Governance	77
5.2	Trading book risk	77
5.3	Banking book risk	82
6.	**Capital and liquidity risk**	**86**
6.1	Overview of capital and liquidity risk management	86
6.2	Capital risk	90
	6.2.1 Review of current reporting period	90
	6.2.2 Priorities	90
	6.2.3 General information about capital risk	91
6.3	Liquidity risk	113
	6.3.1 Review of current reporting period	113
	6.3.2 Priorities	114
	6.3.3 General information about liquidity risk	114
7.	**Operational and resilience risk**	**124**
7.1	Review of current reporting period	124
7.2	Priorities	124
7.3	General information about operational and resilience risk	124
8.	**Model risk**	**129**
8.1	Review of current reporting period	129
8.2	Priorities	129
8.3	General information about model risk	129
9.	**Remuneration**	**132**
9.1	Remuneration policy	133
9.2	Remuneration awarded during the financial year	134
9.3	Special payments	135
9.4	Deferred remuneration	135
10.	**Abbreviations and acronyms**	**136**

BCBS Pillar 3 disclosure requirements of sections and tables

References to disclosure requirements have been designated by [|

		Page
KM1	Key metrics (at consolidated Group level)	87
OVA	Group risk management approach	23
OV1	Overview of risk-weighted assets (RWA)	12
LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	17
LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	19
LIA	Explanations of differences between accounting and regulatory exposure amounts	19
PV1	Prudent valuation adjustments (PVA)	20
CC1	Composition of regulatory capital (RC)	97
CC2	Reconciliation of RC to balance sheet	103
CCA	Main features of RC instruments and of other total loss-absorbing capacity (TLAC)-eligible instruments	107
GSIB1	Disclosure of global systemically important bank (G-SIB) indicators	A
CCyB1	Geographical distribution of credit exposures used in the countercyclical buffer	B
LR1	Summary comparison of accounting assets versus leverage ratio exposure measure	107
LR2	Leverage ratio common disclosure template	112
LIQA	Liquidity risk management	114
LIQ1	Liquidity coverage ratio (LCR)	117
LIQ2	Net stable funding ratio (NSFR)	119
CRA	General qualitative information about credit risk	35
CR1	Credit quality of assets	38
CR2	Changes in stock of defaulted loans and debt securities	39
CRB	Additional disclosure related to the credit quality of assets	
	CRB(i) Ageing analysis of accounting past due exposures	38
	CRB(ii) Restructured exposures (impaired versus not impaired)	39
	CRB(iii) Geographical breakdown of impaired exposures	40
	CRB(iv) Industry breakdown of impaired exposures	41
	CRB(v) Residual contractual maturity of exposures	42
CRC	Qualitative disclosure requirements related to credit risk mitigation (CRM) techniques	43
CR3	CRM techniques – overview	44
CRD	Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	44
CR4	Standardised approach – credit risk exposure and CRM effects	45
CR5	Standardised approach – exposures by asset classes and risk weights	46

A Not applicable to the Group.

B The Group does not breach the thresholds that attract a CCyB disclosure.

BCBS Pillar 3 disclosure requirements of sections and tables

		Page
CRE	Qualitative disclosures related to internal ratings-based (IRB) models	47
CR6	IRB – credit risk exposures by portfolio and probability of default (PD) range	51
CR7	IRB – effect on RWA of credit derivatives used as CRM techniques	57
CR8	RWA flow statements of credit risk exposures under IRB	57
CR9	IRB – backtesting of PD per portfolio	57
CR10	IRB – specialised lending and equities under the simple risk weighted (RW) method	74
CCRA	Qualitative disclosure related to counterparty credit risk (CCR)	63
CCR1	Analysis of CCR exposure by approach	63
CCR2	Credit valuation adjustment (CVA) capital charge	64
CCR3	Standardised approach of CCR exposures by regulatory portfolio and risk weights	64
CCR4	IRB – CCR exposures by portfolio and PD scale	65
CCR5	Composition of collateral for CCR exposure	67
CCR6	Credit derivatives exposures	68
CCR7	RWA flow statements of CCR exposures under the internal model method (IMM)	A
CCR8	Exposures to central counterparties	68
SECA	Qualitative disclosure requirements related to securitisation exposures	69
SEC1	Securitisation exposures in the banking book	69
SEC2	Securitisation exposures in the trading book	A
SEC3	Securitisation exposures in the banking book and associated RC requirements – bank acting as originator or as sponsor	70
SEC4	Securitisation exposures in the banking book and associated capital requirements – bank acting as investor	72
MRA	General qualitative disclosure requirements related to market risk	77
MR1	Market risk under standardised approach	80
MRB	Qualitative disclosure for banks using the internal models approach (IMA)	77
MR2	RWA flow statements of market risk exposures under an IMA	80
MR3	IMA values for trading portfolios	81
MR4	Comparison of value at risk (VaR) estimates with gains/losses	80
IRRBBA	Banking book risk management objective and policies	82
REMA	Remuneration policy	133
REM1	Remuneration awarded during the financial year	134
REM2	Special payments	135
REM3	Deferred remuneration	135
CDC	Capital distribution constraints	A

A Not applicable to the Group.

B The Group does not breach the thresholds that attract a CCyB disclosure.

1. Summary of risk profile and RWA

1.1 Key performance metrics 6

1.2 Risks arising from the operating environment 7

1.3 Overview of RWA 12

1. Summary of risk profile and RWA

1.1 Key performance metrics

Common equity tier 1 (CET1) ratio[1]
12.6%
2023: 12.5%
Economic capital (EC) coverage
1.5%
2023: 1.5%
Leverage ratio[1]
7.8%
2023: 7.7%
Liquidity coverage ratio (LCR)[2]
126.7%
2023: 123.9[3]%
Net stable funding ratio (NSFR)
121.6%
2023: 118.1%
Credit loss ratio (CLR)
1.03%
2023: 1.18%
Stage 3 ratio on gross loans and advances
6.1%
2023: 6.1%
Stage 1 and stage 2 coverage ratio
1.0%
2023: 1.2%
Stage 3 coverage ratio
47.4%
2023: 45.0%
Banking book net interest income (NII) sensitivity for a 2% downward shock in interest rates (Rm)
(R1 904m)
2023: (R1 885m)
Operational risk losses
R417m
2023: R524m

Review of current reporting period

- The capital ratios were above the top end of the Board target range and well above minimum regulatory requirements.
- The liquidity position remained healthy and liquidity metrics were comfortably within risk appetite and above the minimum regulatory requirement.
- Improved macroeconomic outlook assumptions and new business performance within the retail SA portfolios resulted in a reduction of the CLR and the combined stage 1 and 2 coverage ratio.
- The stage 3 coverage ratio increased as the legal book of the retail SA portfolios continued to age and attract higher levels of coverage. Single name charges incurred within Corporate and Investment Banking (CIB) also contributed to the increased stage 3 coverage metric.
- The Group continued to actively manage interest rate risk within the predetermined risk appetite.
- Operational risk losses for the period were lower than the prior year due to fewer events experienced over the year.

Priorities

The Group's operating environment is expected to continue to be challenging. Risk, liquidity, and capital management remain a priority, including:

- Deliver sustainable value for shareholders by maintaining robust capital supply to support growth.
- Maintain capital ratios at the top end of, or above, the Board target range and above minimum regulatory capital requirements while supporting strategic business growth.
- Manage the aggregate credit risk profile and performance against the Group's strategy and risk appetite.
- Monitor changes in the global macroeconomic, political and regulatory environments to identify and manage risks at an early stage.
- Continue to improve controls, efficiency and operational resilience, through enhanced platforms and digital capabilities, across critical processes.
- Engage and collaborate with regulatory authorities and other stakeholders to implement and comply with upcoming regulatory changes to ensure the most appropriate outcomes for the banking sector and broader economy.
- Implement a holistic set of ESG targets and reporting mechanisms to measure and communicate the Group's progress.

[1] Includes unappropriated profits.

[2] The Group LCR reflects an aggregation of the Bank LCR and the ARO LCR. For this purpose, a simple average of the relevant three month-end data points is used in ARO, noting that the ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.

[3] The December 2023 figure was revised to align with final regulatory submissions.

1. Summary of risk profile and RWA

1.2 Risks arising from the operating environment

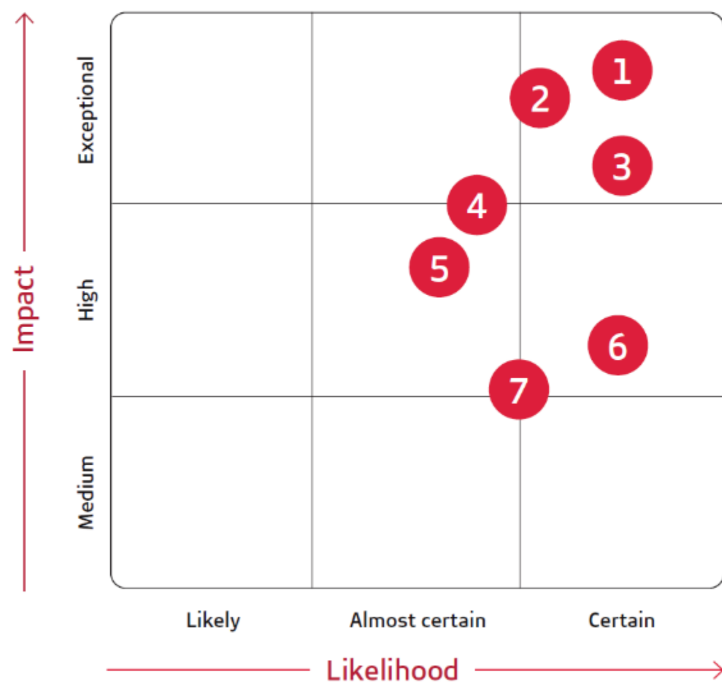
The Group's operating environment is characterised by dynamic global and local developments that increase the bank's risk profile across multiple dimensions. Each of these events carries specific implications for the Group, necessitating strategic responses to safeguard resilience and ensure sustainable growth. The Group remains focused on continuous monitoring of emerging trends and developments, both internally and externally, to identify and address the most relevant risks.

Since the start of 2025 there has been increasing volatility in geopolitics which has resulted in shifts in global domestic and foreign policy, and positions on ESG. 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.

In an uncertain macroenvironment, stress testing and scenario analysis are critical tools in safeguarding financial stability and enhancing risk management practices. In 2024, the Group conducted a series of deep dives on emerging risk themes, with mitigating actions identified to monitor more closely their future manifestation and potential opportunities. These were considered as part of the annual integrated planning cycle to assess the range of their impact arising within the short- to medium-term.

The Group's current and emerging risks arising from the operating environment are detailed below[1]:

Risk exposure heatmap



Current and emerging risks	Risk trend
1 Geopolitical and economic shifts	↑
2 Sovereign risk	↑
3 Consumer stress	=
4 Operational resilience pressure	=
5 Business risks	=
6 Regulatory landscape	↑
7 Environmental risks	↑

Changes compared to FY 2023 reporting

- ↑ Risk exposure increased
- ↓ Risk exposure reduced
- = Risk exposure remained stable

Geopolitical and economic shifts

Risk trends
Elevated risk

Description

Geopolitical instability could escalate existing conflicts, heighten persistent diplomatic tensions and drive transactional or multi-polar trade blocs. Globally, rising nationalism and protectionism may further disrupt global trade and supply chains, affecting diplomatic relations, reducing investment and creating uncertainty. Shifting foreign policies of major global actors further exacerbate these risks.

Mitigation and opportunities

- Diversify strategically across markets and sectors mitigates impacts.
- Establishment of representative offices in trading corridors.
- Monitor and maintain an agile approach to positions.
- Perform stress testing and scenario analysis of potential impacts including dynamic approach to risk appetite setting.
- Enhance and monitor early warning indicators.
- Preservation of the Group's liquidity and capital.

[1] Reflects risks that have a material impact identified through a prioritisation exercise, based on their estimated severity and likelihood. The Group continually monitors and assess other risks for their inherent and potential impact across the value chain.

1. Summary of risk profile and RWA

Sovereign risk

Risk trends
Elevated risk

Description

High sovereign debt levels, pressure on debt sustainability and foreign exchange (FX) shortages result in economic pressures and socioeconomic strains. Inability to significantly diversify away from sovereign exposures, as a result of regulations in presence countries, may lead to large concentrations.

Mitigation and opportunities

- Proactive management of sovereign risks and concentrations within the regulatory constructs and adjust risk appetite where necessary.
- Maintain cross border risk management focusing on mitigating FX liquidity risk and sovereign susceptibility for presence and non-presence countries.
- Participation in social initiatives to support consumers.

Consumer stress

Risk trends
Stable risk

Description

Consumer stress recovery could remain gradual as global and local economies remain uncertain with slow growth, persistent inflation and elevated interest rates, resulting in defaults, and reduced lending and deposits growth. Business and corporate clients, particularly those consumer-facing, may not be able to sustain current resilience.

Mitigation and opportunities

- Manage credit risk proactively across all portfolios using the tools available.
  - Active risk management in originations using early warning indicators and triggers.
  - Consumer support provided through debt reviews, interest holidays and forbearance offers.
  - Continued focus on collections capabilities and capacity.
  - Timely identification and escalation of distressed accounts.
- Monitor for concentration build-up in key sectors.

Operational resilience pressure

Risk trends
Stable risk

Description

Continuously evolving threats from fraud, opportunistic crime, data loss and cyber-attacks, retention and scarcity of skills, deteriorating infrastructure (logistical, water and power supply), and heightened risk of social unrest may impact on operational resilience. Legacy infrastructure, localisation of technological systems in certain ARO countries and costs thereof heighten these risks.

Mitigation and opportunities

- Maintain high stability of the technology estate to minimise incidents impacting customers and operational effectiveness.
- Invest in security platforms, critical processes resilience and third-party risk management tools, and continuously evolve controls.
- Evolve the converged security office to manage economic crime convergence and maintain successful cyber security testing.
- Monitor the payment landscape and risks.
- Maintain business continuity and crisis management scenario planning and testing.

Business risks

Risk trends
Stable risk

Description

Risk appetite may be constrained by the complexity of the current operating environment with an adverse impact on strategy execution and operating model and may negatively impact on future change initiatives. Heightened risk from ongoing digital disruption and increased competition, compounded by evolving customer needs and payment system risks, changing the way we do business.

Mitigation and opportunities

- Leverage the Group's expertise, product offerings, diversified footprint across Africa and digital and physical channels to serve customers and explore new revenue streams.
- Maintain alignment between business and risk regarding growth opportunities and risk mitigants. Perform timely and meaningful strategic risk assessments.
- Build and sustain a purpose-led culture, focusing on talent attraction and retention, succession and leadership resilience.

1. Summary of risk profile and RWA

Regulatory landscape

Risk trends
Elevated risk

Description	Mitigation and opportunities
Increasing pace and evolving complexity of regulatory and statutory requirements across the Group's markets impact the current business model and may require increased capacity and capabilities. Regulatory changes may have a long-term impact on business strategy and Group performance.	• Maintain a forward-looking approach to evaluate, respond to and monitor change including understanding the impact of future requirements on the current business model and practices, and proactively make necessary changes. • Engage with regulators and other stakeholders on regulatory developments. • Build a robust control environment of compliance. • Develop systems with the agility to accommodate change.

Environmental risks

Risk trends
Elevated risk

Description	Mitigation and opportunities
Evolving climate and social risks impact on lending and business practices, with increasing regulatory requirements. Lack of availability and dependability of industry and client climate-related information may impact decision making and ability to meet reporting requirements. Shifting external ESG sentiment, including withdrawals from previously agreed pacts and partnerships, may put strain on the availability of sustainability funding and reduce climate mitigation actions taken.	• Reduce the Group's operational emissions in line with its 2030 environmental action plan and set scope 1, 2 and 3 targets. • Embed processes to encourage customers to pragmatically adopt business strategies and practices that align with the sustainability policies. • Embed existing financing standards and greenwashing policy. • Acquire and enhance data, with a focus on accuracy and completeness, for credit and insurance risk, models and scenario analyses to assess the impact of climate change risk. • Develop knowledge and build expertise to support customers and the Group to mitigate environmental risks and optimize opportunities. • Continue to engage with civil societies, shareholder activists and development finance institutions.

The below section provides more detail to the table above, including potential impacts on the Group and guidance on whether the impact is expected in the short-term (0 – 2 years), medium-term (3-5 years) or long-term (greater than 5 years).

Geopolitical and economic shifts

Geopolitical tensions, including ongoing conflicts in Eastern Europe and the Middle East, continues to affect financial stability and economic growth. These tensions have heightened macroeconomic uncertainties through elevated energy prices, disrupted supply chains and increased migration pressures, among other factors.

This may result in higher for longer interest rates due to inflationary pressures, which in turn may lead to deteriorating business and consumer confidence, lower demand for borrowing and client activity, including higher impairment charges for the Group in the short-term. Higher cost of debt could lead to heightened sovereign credit risks in emerging markets where Absa operates, resulting in increased risk of default and reduced investment appetite in these markets.

Going into 2025, the uncertainty over the direction of U.S. foreign policy further exacerbates geopolitical risks, particularly regarding sanctions, tariffs, and market access, which could initially give rise to increased compliance risks. Implications include potential upward pressure on global inflation, which may influence presence markets' interest rate cutting trajectories, further prolonging consumer stress and putting pressure on growth in emerging markets. Deteriorating market conditions may increase the volatility of foreign exchange rates, impacting the Group's ability to manage cross-border transactions effectively while raising the cost of funding and hedging strategies. Should reviews of existing USA aid funding result in permanent and immediate cancellation of funding, this may have significant social cohesion and sovereign impacts as countries try to fill funding gaps at short notice.

Furthermore, the ongoing risk of regional political instability, particularly in Africa, threatens to disrupt banking operations and reduce collateral values, ultimately straining the Group's profitability and operational efficiency over the medium-term.

Prolonged geopolitical instability would also divert Absa's resources towards operational resilience and risk mitigation measures, increasing operational costs and affecting medium-term growth strategies.

Sovereign Risk

Continued heightened economic risks due to high debt levels, inflationary pressures, potential currency events, political instability, and extreme weather impacts underpin the sovereign risk landscape in the Group's key markets. Supply chain disruptions and elevated commodity prices due to increased geopolitical

1. Summary of risk profile and RWA

conflicts could exacerbate inflationary pressures, while debt burdens could lead to further sovereign defaults and social unrest, impacting the Group's operational resilience and profitability.

In South Africa, while the formation of a government of national unity provided an initial boost of optimism, the economic outlook remains challenged by enduring fiscal pressures, infrastructure deficiencies, and high unemployment. While electricity supply has improved in the last half of 2024, logistical bottlenecks—especially within rail and port systems—will likely continue to impede exports and disrupt supply chains, adversely affecting critical sectors like mining, manufacturing, and agriculture. Aging water infrastructure is expected to pose ongoing risks to both businesses and communities, potentially hampering long-term economic productivity and growth. These structural challenges, which have arisen as a result of poor maintenance, could necessitate increased public spending on crisis management, which in turn may elevate sovereign debt levels. If debt burdens rise unchecked, they could constrain the government's ability to stimulate economic expansion, limit job creation, reduce household spending power, and heighten default risks across the Group's lending portfolios.

The Africa Regions Operations (ARO) is expected to continue facing a challenging operating environment, shaped by persistent sovereign debt sustainability issues, with an ongoing need for fiscal austerity amid subdued economic activity. Macroeconomic performance is likely to remain constrained in the medium-term, with limited disposable income and elevated interest rates dampening growth prospects. Additionally, the increasing frequency and severity of adverse weather shocks pose further risks to economic stability. Emerging socio-political dynamics, including recent social unrest in Kenya and Mozambique, could exacerbate market disruptions, elevate operational risks, and heighten credit exposure. These factors may impact the Group's financial resilience in the region, necessitating proactive risk management and strategic adaptability.

Consumer stress

In the second half of 2024, the macroeconomic environment improved as inflation moderated and central banks eased interest rates, providing some relief for consumers. However, the operating environment remains tentative, with slow growth, high unemployment, and elevated government debt, indicating a gradual and uneven consumer recovery.

Although the economic outlook has improved, inflation expectations in the short-term remain uncertain due to factors like the recent policy uncertainty. Risks such as fluctuations in exchange rates, rising global oil prices and elevated local food costs could slow down household disposable income recovery, leading to higher credit defaults and reduced demand for banking services, directly affecting the Group's profitability.

Sovereign debt challenges and social unrest in certain ARO markets further threaten economic stability. Rising government debt may force governments into taking austerity measures or cuts to public spending to manage debt repayments, resulting in worsening unemployment and reducing household incomes. Social unrest stemming from these conditions could disrupt business operations and erode consumer confidence, increasing credit risks.

Furthermore, sectors and industries that are reliant on exports also face added vulnerabilities from global supply chain disruptions and shifting international regulations, which may weaken earnings and repayment capacities of borrowers, raising the risk of credit defaults for the Group. Exposure to distressed industries or regions could result in impairments that negatively impact the Group's balance sheet and profitability.

Operational resilience pressure

The financial sector remains vulnerable to a variety of operational and resilience risks, many of which are exacerbated by the current economic environment.

Fraud, financial crime and security risks are rising, driven by sustained economic pressures and the increasing sophistication of cybercrime, which is frequently tied to geopolitical factors. These challenges require continuous investment in robust cybersecurity measures to safeguard sensitive data and critical systems. The Group also faces risks of data breaches, which could lead to severe reputational and financial consequences.

Legacy infrastructure poses additional short-, to-medium-term risks, particularly as technological advancements may outpace system modernisation efforts. The localisation requirements of data and technological systems in certain markets introduces further operational complexity and cost pressures. Additionally, changes in the payments landscape, driven by evolving consumer preferences and regulatory developments, require rapid adaptation to remain competitive.

While power supply in South Africa has improved, other infrastructure failures, such as logistical challenges and water shortages, continue to impact stakeholders. These disruptions increase operational costs and threaten business continuity for the Group and its clients in the short-term, potentially leading to higher credit default rates.

People risk remains heightened. The competition for critical skills, particularly in cybersecurity and technology, exacerbates resource constraints, while attrition and retention challenges further strain capacity. These issues may impact on the delivery of strategic initiatives, diminish organizational resilience, and increase exposure to operational and resilience risks.

Heightened risks of social unrest due to rising living costs, inequality, political instability, and poor service delivery pose threats to the Group's operational resilience. Such unrest could disrupt business operations impacting operational resilience, erode customer trust, and amplify credit risks and insurance risks. Prolonged service disruptions, whether caused by infrastructure failures, cyberattacks, or unrest, can harm customer experiences, reduce confidence in the Group's reliability, and impact its competitiveness.

Business risks

The Group operates in an increasingly competitive environment, with evolving customer needs and ongoing digital transformation. Heightened digital disruption, alongside growing competition from fintech companies and digital banks, continues to reshape the banking landscape in the short-term. These developments may adversely affect the Group's operating model, operations, and financial prospects in both the short-, medium- and long-term.

1. Summary of risk profile and RWA

Technological advancements have driven shifts in customer expectations, particularly for seamless digital experiences, pushing the Group to accelerate innovation and modernise its value proposition. Adapting to these changing customer needs may require additional investments in product offerings to attract and retain customers. Furthermore, the growing adoption of real-time and cross-border payment platforms presents both operational challenges and opportunities for the Group to enhance its offerings. Delays or missteps in addressing these shifts could erode customer trust and market share.

Regulatory landscape

Heightened regulatory scrutiny globally and locally demands significant compliance efforts. Key developments include the implementation of Basel III finalisation, financial crime and evolving ESG disclosure requirements. The increasing pace and complexity of regulatory and statutory requirements pose challenges to Group's current business model, potentially necessitating operational adjustments and increased resource allocation in the short-term. Regulatory divergence across jurisdictions further complicates compliance for the Group's multi-national operations, requiring tailored approaches to meet varying local standards.

The risk of regulatory breaches is compounded by rapid changes in regulatory frameworks, increasing the complexity of maintaining full compliance.

Ongoing regulatory changes could impact business strategy and Group performance, requiring the Group to reconsider business products and processes and invest in systems and processes to meet compliance needs. Shifts in regulatory landscapes requires the Group to collaborate with regulators and industry bodies to influence policy direction and ensure appropriate outcomes for the industry and economy.

Environmental risks

Climate change remains a systemic risk, with both physical and transition risks affecting financial institutions globally and expected to escalate into the long-term. In most of the presence markets, extreme weather events—including droughts, floods, and shifts associated with the El Niño/El Nina phenomenon—continue to threaten agricultural outputs, infrastructure, and overall economic stability. Increased rainfall and intensified storm activity are anticipated to elevate flooding risk which could lead to damage to crops and infrastructure, ultimately disrupting agricultural cycles and contributing to volatile food prices. Such dynamics may further heighten inflationary pressures, disrupt local economies, increase impairment risks within agricultural and consumer lending portfolios and increase insurance claims.

Transition risks, including regulatory changes and stakeholder expectations for sustainable financing, pose significant challenges to the Group's strategy. The US withdrawal from the climate pact introduces additional uncertainty, potentially weakening global climate commitments and leading to inconsistencies in environmental regulations across markets where the Group operates. In the short-term, this could result in trade barriers, increased compliance costs, and reputational risks if sustainability expectations are not met. Failure to integrate climate considerations into risk management could result in reputational damage and potentially increased impairments impacting the Group's profitability.

Trade inequalities may increase in the short-, to medium-term as developed nations impose carbon taxes on goods produced in carbon-intensive economies, adding to the operational costs of businesses and impacting the Group's corporate clients. This could lead to heightened credit risks in sectors reliant on high-carbon activities.

Stakeholders are intensifying their demands for businesses to integrate sustainability risk management into business operations. The Group faces growing pressure to align its financing activities with sustainability goals, necessitating strategic adjustments and transparency in its ESG commitments. Failure to deliver on sustainability commitments or regulations could result in reputational damage and loss of investor confidence. Moreover, the evolving regulatory landscape for ESG disclosures creates a need for skills recruitment and development to meet new compliance requirements, which could lead to higher operating costs. Monitoring against greenwashing is key as this could undermine trust and lead to reputational risk.

1. Summary of risk profile and RWA

1.3 Overview of RWA [OV1]

The following table provides the RWA per risk type and the associated minimum capital requirements. Additional quantitative and qualitative disclosures for each risk type, namely credit, counterparty credit, equity investment, securitisation, traded market and operational, are included in the sections that follow.

		Group				Bank[1]			
		a		b	c	a		b	c
		31 Dec 2024	31 Dec 2023[2]	30 Sep 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023[2]	30 Sep 2024	31 Dec 2024
		RWA Rm	RWA Rm	RWA Rm	MCR[3] Rm	RWA Rm	RWA Rm	RWA Rm	MCR[2] Rm
1	Credit risk (excluding CCR)	845 749	769 714	815 280	105 718	511 175	491 033	516 681	63 897
2	Of which: standardised approach (SA)	319 360	264 426	284 716	39 920	934	1 078	1 187	117
3	Of which: foundation internal ratings based (FIRB) approach	-	-	-	-	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-	-	-	-	-
5	Of which: advanced internal ratings based (AIRB) approach	526 389	505 288	530 564	65 799	510 241	489 955	515 494	63 780
6	CCR	21 382	19 268	20 160	2 673	18 492	17 742	18 705	2 478
7	Of which: standardised approach for CCR (SA-CCR)	21 382	19 268	20 160	2 673	18 492	17 742	18 705	2 478
8	Of which: IMM	-	-	-	-	-	-	-	-
9	Of which: other CCR	-	-	-	-	-	-	-	-
10	CVA	10 364	9 679	12 058	1 296	10 207	8 187	10 207	1 110
11	Equity positions under the simple risk weight approach	5 330	3 409	4 958	666	3 315	1 725	2 922	414
12	Equity investments in funds – look-through approach	1 872	6 166	6 017	234	548	376	561	69
13	Equity investments in funds – mandate-based approach	2 280	1 462	2 188	285	2 280	1 462	2 188	285
14	Equity investments in funds – fall-back approach	429	633	364	54	376	526	313	47
15	Settlement risk	1 261	1 846	1 343	158	1 222	1 781	1 289	153
16	Securitisation exposures in banking book	124	122	106	16	124	122	106	16
17	Of which: IRB ratings-based approach (SEC-IRBA)	-	-	-	-	-	-	-	-
18	Of which: securitisation external RBA (SEC-ERBA), including internal assessment approach (IAA)	-	-	-	-	-	-	-	-
19	Of which: securitisation SA (SEC-SA)	124	122	106	16	124	122	106	16
20	Market risk	40 371	45 215	37 180	5 046	24 650	36 669	25 182	3 081
21	Of which: SA	25 410	18 611	21 549	3 176	9 689	10 065	9 551	1 211
22	Of which: internal model approach (IMA)	14 961	26 604	15 631	1 870	14 961	26 604	15 631	1 870
23	Capital charge for switch between trading book and banking book	-	-	-	-	-	-	-	-
24	Operational and resilience risk	135 539	125 976	129 151	16 941	73 519	74 609	73 111	9 190
	Non-customer assets	28 586	30 287	27 683	3 573	16 647	17 601	17 145	2 081
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	24 656	26 141	23 797	3 082	12 348	13 466	11 864	1 544
26	Floor adjustment (after application of transitional cap)[4]	42 973	18 462	39 413	5 372	24 265	17 719	21 026	3 033
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26+non-customer assets)	1 160 916	1 058 380	1 119 698	145 114	699 168	683 018	701 300	87 398

Operational and resilience risk RWA increased due to the growth in revenue, changes in the foreign exchange rates of the ARO countries and higher operational risk requirements that came into effect from September 2024.

[1] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates, and offshore holdings.

[2] The December 2023 figures were revised to align with final regulatory submissions.

[3] The 2024 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.

[4] Includes the operational risk floor.

2. Basis of preparation

2.1 Scope of consolidation 14
2.2 Pillar 3 risk management report oversight 14
2.3 Preparation, validation and sign-off 15
2.4 Scope of application of Basel measurement 15
2.5 Accounting policies and valuation methodologies 15
2.6 Linkages between financial statements and regulatory exposures 15
2.6.1 Differences between accounting and regulatory scopes of consolidation 17
2.6.2 Main sources of differences between regulatory exposure amounts and carrying values in financial statements 19
2.6.3 Prudent valuation adjustments 20

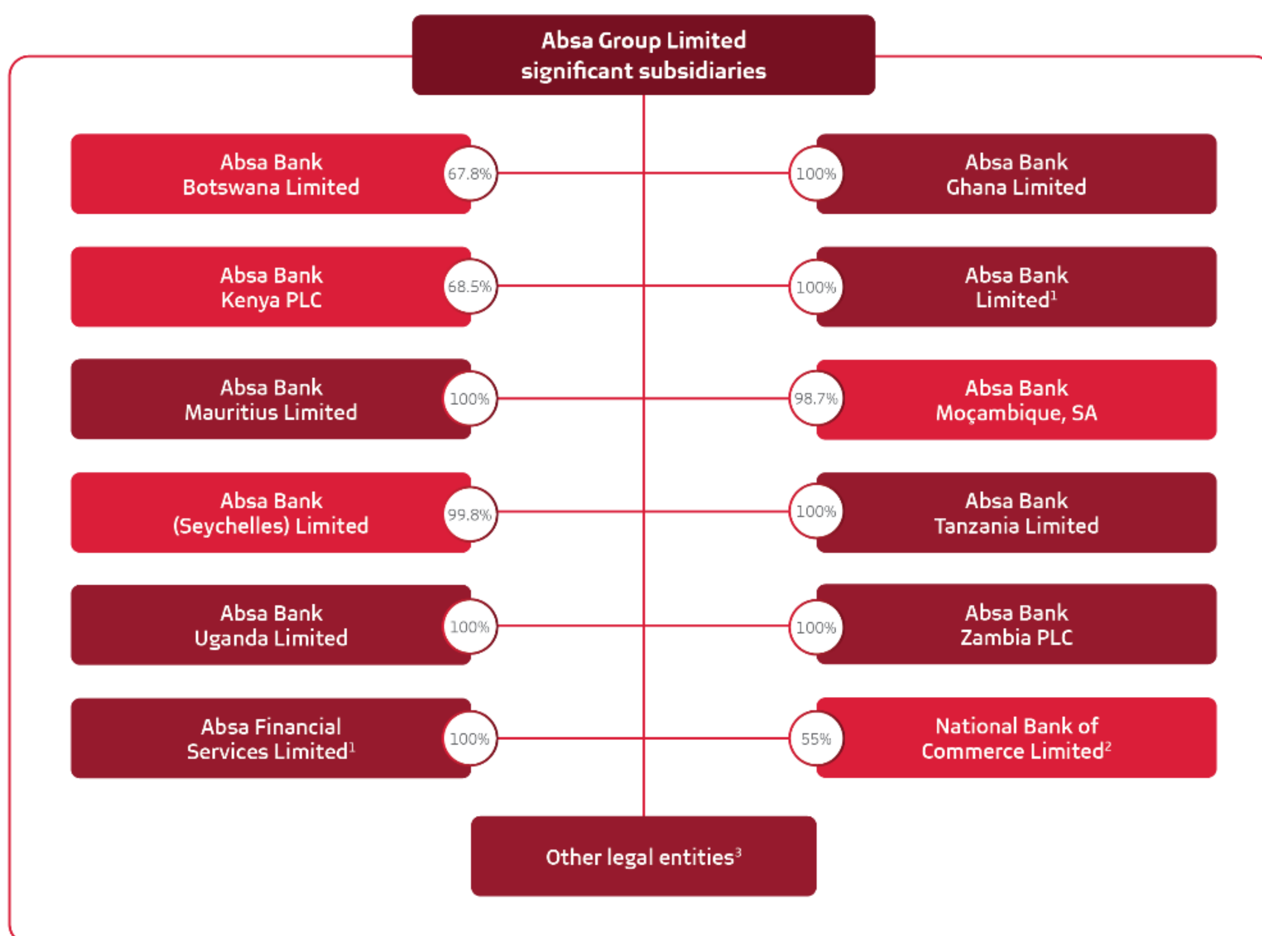
2. Basis of preparation

2.1 Scope of consolidation

The Group's registered head office is in Johannesburg, South Africa and operates in 16 countries. The Group has

- banks[1] in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Absa Bank Tanzania and National Bank of Commerce), Uganda and Zambia;
- insurance operations in Botswana, Kenya, Mozambique, South Africa and Zambia;
- representative offices in Namibia and Nigeria;
- technology support in the Czech Republic;
- general advisory support in the People's Republic of China; and
- securities entities in the United Kingdom and the United States.

The legal structure below outlines the Group's holdings:



2.2 Pillar 3 risk management report oversight

The purpose of the Pillar 3 risk management report is to provide a comprehensive view of the Group's RC and risk exposures. It complies with:

- The BCBS revised Pillar 3 disclosure requirements (Pillar 3 Standard).
- Regulation 43 of the Regulations relating to Banks (Regulations), issued in terms of the Banks Act, No. 94 of 1990 (Banks Act), where not superseded by the revised Pillar 3 disclosure requirements.

The information in this report is unaudited.

For the reporting period 31 December 2024 (compared with 31 December 2023), the Board is satisfied that the Group's risk and capital management processes operated effectively, that business activities were managed within the Board-approved risk appetite, and that the Group is adequately capitalised and funded to support the execution of its strategy.

[1] Banks are wholly owned, apart from the following where the Group holds majority stakes: Botswana 67.8%, Kenya 68.5%, Mozambique 98.7%, National Bank of Commerce, Tanzania 55% and Seychelles 99.8%.

[2] South Africa.

[3] Tanzania.

2. Basis of preparation

2.3 Preparation, validation and sign-off

This report was prepared in line with the Board-approved Banks Act Public Disclosure (Pillar 3) Policy. The policy sets out responsibilities in the preparation, validation and sign-off of the report. The Group's risk function centrally reviewed and challenged the disclosures to ensure they are a fair representation of the risk profile. The report was validated and approved through the Group's risk governance channels which include Risk Type Officers (RTOs), the Group Chief Risk Officer (GCRO), Group Treasurer, Group Financial Director, and the Group Risk and Capital Management Committee (GRCMC).

2.4 Scope of application of Basel measurement

The Group applies the following RC demand measurement approaches when determining its Pillar 1 capital requirements:

Risk type	Approach used
Credit risk (South Africa)	
• Retail and wholesale credit risk	• AIRB
• CCR	• SA-CCR and AIRB
• CVA	• SA
• Securities financing	• Comprehensive approach
• Statutory reserve	• SA
• Liquid asset portfolio	• AIRB
• Equity investment risk in the banking book – listed and unlisted	• Market-based simple risk weight approach and equity investments in funds applies look-through approach or mandate-based approach or fall-back approach
• Investments in associates and joint ventures	• Pro rata consolidated methodology or the deduction approach
Credit risk (ARO)	
• All entities and credit risk types	• SA
Market risk (South Africa)	
• General position risks for trading book positions	• IMA
• Issuer-specific risks for trading book positions	• SA
• CVA, collateral valuation adjustment (ColVA), funding valuation adjustment (FVA) and, FX Asian options	• SA
Market risk (ARO)	
• All entities and market risk types	• SA
Operational and resilience risk	
• Operational and resilience risk – majority of the Group's divisions	• Advanced measurement approach (AMA)
• Certain joint ventures and associates and ARO legal entities	• Basic indicator approach (BIA) or SA
Other risks	
• Non-customer assets	• SA

2.5 Accounting policies and valuation methodologies

The principal accounting policies applied are set out in the Group's most recent audited annual financial statements.

2.6 Linkages between financial statements and regulatory exposures

Where a different treatment is applied for Basel regulatory reporting compared to statutory accounting reporting, the approach is set out below:

Entity	Statutory accounting treatment	Basel III regulatory treatment
Subsidiaries engaged in insurance activities (Absa Financial Services Limited (AFS))	Consolidated	Excluded from the calculation of the capital adequacy ratio
Associates, joint ventures and participation in businesses that are financial in nature	Equity-accounted	Deducted from qualifying capital or proportionately consolidated
Associates, joint ventures and participation in businesses that are not financial in nature	Equity-accounted	Included in equity investment risk capital

2. Basis of preparation

Regulatory treatment

<table>
<tr><th rowspan="3">Percentage shareholding</th><th colspan="4">Type of entity</th><th rowspan="3">International Financial Reporting Standards (IFRS) treatment</th></tr>
<tr><th rowspan="2">Banking and financial entities</th><th rowspan="2">Insurance entities</th><th colspan="2">Commercial entities</th></tr>
<tr><th>Standard approach</th><th>IRB approach</th></tr>
<tr><td><10%</td><td colspan="2">Aggregate of investments are compared to a threshold of 10% of the groups CET1 capital. Amounts above the threshold are deducted from Capital and amounts below are treated as equity investment risk weight – the standard approach (TSA) (100% risk weight) or IRB (300%/400% risk weight).</td><td rowspan="2">Treated as equity investment risk (100% risk weight).</td><td rowspan="2">Treated as equity investment risk weight of 300% for listed investments and 400% for unlisted investments.</td><td>Treated as financial investment and measured at fair value through profit or loss, or fair value through other comprehensive income.</td></tr>
<tr><td>>10% to <20%</td><td colspan="2">Apply the threshold deduction method: Aggregate of amounts <15% of share capital risk weight at 250%, amounts above the threshold is deducted from CET1.</td><td>Where the group has significant influence over that investment, equity accounting is applied unless designated to be measured at fair value through profit or loss (FVTPL).</td></tr>
<tr><td>> 20% to <50%</td><td>Other significant shareholder: Proportionally consolidated.
No other significant shareholder - Apply the threshold deduction method.</td><td>Apply the threshold deduction method to historical cost. Post-acquisition profits excluded.</td><td rowspan="2">Individual investments up to 15% of the groups CET1, additional tier 1 capital (AT1) and tier 2 capital (T2) are to be risk weighted at no less than 100%.
Individual investments in excess of 15% of the groups CET1, AT1 and T2 are to be risk weighted at 1250% or the RWA equivalent.
Aggregate of investments in excess of 60% of CET1, AT1 and T2 are to be risk weighted at 1250%.</td><td rowspan="2">Individual investments up to 15% of the groups CET1, AT1 And T2 are to be risk weighted at (300%/400%).
Individual investments in excess of 15% of the groups CET1, AT1 and T2 are to be risk weighted at 1250% or the RWA equivalent.</td><td>Equity accounting as the group is deemed to have the ability to exercise significant influence or joint control but does not control the entity.</td></tr>
<tr><td>> 50 %</td><td>Consolidate</td><td>Apply the threshold deduction method to the consolidated net asset value.</td><td>Consolidate unless there is evidence to indicate that the group does not have control over that investment in which case equity accounting will typically be applied unless designated to be measure at FVTPL in terms of IFRS.</td></tr>
</table>

Threshold deduction approach

The threshold deduction approach allows for specified adjustments to receive limited recognition namely significant investments, mortgage servicing rights (MSR) and deferred tax assets (DTA) on temporary differences with recognition capped to 10% of CET1.

2. Basis of preparation

2.6.1 Differences between accounting and regulatory scope of consolidation and mapping of financial statement categories with regulatory risk categories [LI1]

The carrying values under the scope of regulatory consolidation below are based on the South African Reserve Bank's (SARB's) regulatory requirements. The financial statement carrying values reflect IFRS requirements.

	a	b	c	d	e	f			g
	2024								
			Carrying values of items						
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to CCR framework	Subject to securitisation framework	Subject to market risk framework	Equity Investment Risk	Other Assets	Not subject to capital requirements or subject to deduction from capital
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Assets									
Cash, cash balances and balances with central banks	124 557	123 361	2 790	-	-	-	-	120 571	-
Investment securities	270 444	262 891	259 968	-	-	-	2 723	-	1 848
Trading portfolio assets	226 182	226 182	90 640	56 704	-	201 050	-	-	-
Hedging portfolio assets	4 055	4 055	-	3 968	-	4 055	-	-	-
Other assets	23 195	22 285	3 926	-	-	-	-	18 295	-
Current tax assets	689	550	550	-	-	-	-	-	-
Non-current assets held for sale	2 111	1 969	-	-	-	-	-	1 969	-
Loans and advances	1 349 588	1 347 683	1 260 895	85 397	1 114	73 540	-	-	-
Insurance contract assets	793	-	-	-	-	-	-	-	-
Reinsurance contract assets	1 003	-	-	-	-	-	-	-	-
Investments linked to investment contracts	23 370	-	-	-	-	-	-	-	-
Investments in associates and joint ventures	2 990	2 990	-	-	-	-	2 970	-	726
Investment property	225	185	-	-	-	-	-	185	-
Property and equipment	16 250	15 551	-	-	-	-	-	15 551	-
Goodwill and intangible assets	16 010	14 635	-	-	-	-	-	-	14 635
Deferred tax assets	7 233	7 156	-	-	-	-	-	-	7 156
Total assets	2 068 695	2 029 493	1 618 769	146 069	1 114	278 645	5 693	156 571	24 365

2. Basis of preparation

	a	b	c	d	e	f			g
	2024								
				Carrying values of items					
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to CCR framework	Subject to securitisation framework	Subject to market risk framework	Equity investment risk	Other Assets	Not subject to capital requirements or subject to deduction from capital
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Liabilities									
Trading portfolio liabilities	66 020	66 020	-	66 020	-	63 841	-	-	-
Hedging portfolio liabilities	1 258	1 258	-	-	-	1 258	-	-	-
Other liabilities	40 291	39 452	-	-	-	-	-	-	39 452
Provisions	5 807	5 627	-	-	-	-	-	-	5 627
Current tax liabilities	706	577	-	-	-	-	-	-	577
Non-current liabilities held for sale	1 064	1 064	-	-	-	-	-	-	1 064
Deposits	1 506 927	1 506 916	-	-	-	76 421	-	-	1 430 495
Debt securities in issue	211 291	211 291	-	-	-	-	-	-	211 291
Liabilities under investment contracts	23 547	-	-	-	-	-	-	-	-
Insurance contract liabilities	6 630	-	-	-	-	-	-	-	-
Reinsurance contract liabilities	312	-	-	-	-	-	-	-	-
Borrowed funds	21 188	21 086	-	-	-	-	-	-	21 086
Deferred tax liabilities	378	293	-	-	-	-	-	-	293
Total liabilities	1 885 419	**1 853 584**	-	**66 020**	-	**141 520**	-	-	**1 709 885**

Column b: The regulatory scope of consolidation excludes balances related to the Group's insurance entities. The financial statements include these balances.

Columns c to g: The carrying value under regulatory scope of consolidation does not equal the sum of the amounts subject to the different risk framework due to:

- Derivative financial instruments (contained in trading portfolio assets, trading portfolio liabilities and hedging portfolio assets) are subject to RC for both CCR and market risk.
- Reverse repos to non-banks included in loans and advances to customers are subject to RC under the credit and CCR frameworks.
- Reverse repos to banks are included in loans and advances to banks and are subject to RC under the credit and CCR frameworks.

2. Basis of preparation

2.6.2 Main sources of differences between regulatory exposure amounts and carrying values in financial statements [LI2]

		a				b	c
	2024						
		Items subject to					
	Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework	Equity investment risk	Other assets
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
1 Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	2 029 493	1 618 769	1 114	146 069	278 645	5 693	156 571
2 Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	1 853 584	-	-	66 020	141 520	-	-
3 Total net amount under regulatory scope of consolidation	175 909	1 618 219	1 114	80 049	137 125	5 693	126 841
4 Off-balance sheet amounts	-	485 703	-	-	-	-	857
5 Differences in valuations	-	(62 572)	-	(28 875)	-	(3 132)	-
6 Differences due to consideration of provisions	-	47 229	-	-	-	-	-
7 Credit conversion factor (CCF)	-	(337 057)	-	-	-	-	-
8 Significant investments not subject to RWA	-	-	-	-	-	-	-
9 Exposure amounts considered for regulatory purposes	15 909	1 751 522	1 114	51 174	137 125	2 561	127 698

The most important drivers of the difference between the carrying value and exposures considered for regulatory purposes are: [LIA]

- Line 4: Pre-CCF off-balance sheet exposures that contribute to the regulatory credit risk framework.
- Line 5: Differences in valuations under the credit risk framework relate to differences in treatment between risk and finance due to eliminations and grossing up of transactions, including netting and valuation effects under the CCR framework as well as valuation effects under the CCR framework.
- Line 6: Differences due to consideration of provisions relate to impairments under the AIRB approach deducted from credit risk framework in table LI1.

The exposure amounts considered for regulatory purposes in table LI2 above correspond to the exposure reported in the following tables:

- Credit risk framework total corresponds to the sum of exposure at default (EAD) post-CRM and CCF in table CR6 on page 51 and exposures post-CCF and CRM in table CR4 on page 45.
- Securitisation framework total corresponds to the sum of securitisation exposures where the Group acted as originator and sponsor in table SEC1 on page 69.
- CCR framework total corresponds to the sum of EAD post-CRM under the different approaches in table CCR1 on page 63.
- Equity investment risk total corresponds to the sum of exposure amount in table CR10 on page 74.

2. Basis of preparation

2.6.3 Prudent valuation adjustments (PVA) [PV1]

The total PVA adjustment for the Group for 2024 amounted to R377m (2023: R374m).

The Group has a robust independent valuation control framework responsible for ensuring positions held at fair value are valued at exit price as evidenced by independent market data and according to IFRS. PVA is considered the excess of valuation adjustments required to achieve the identified prudent value over and above any adjustments applied under IFRS and recognized in CET1 capital. PVA is calculated using the core approach for CIB SA and Group Treasury within the Bank and the simplified approach is applied to all other balances in the Bank (making up 14% of gross fair value assets and liabilities (FVAL)) and its subsidiaries. The simplified approach requires banks to set the PVA at 0.1% of the sum of the absolute value FVAL. The financial instruments driving the Group's PVA over the period are interest rate derivatives, credit default swaps, foreign exchange, and non-exchange traded bonds.

		a	b	c	d	e	f	g	h
		2024							
		Equity R'000	Interest rates R'000	FX R'000	Credit R'000	Commo-dities R'000	Total R'000	Of which: In the trading book R'000	Of which: In the banking book R'000
1	Closeout uncertainty of which:	10 319	206 361	38	36 691	-	253 409	201 917	51 492
2	Market price uncertainty	3 081	116 396	38	11	-	119 525	94 633	24 893
3	Closeout cost	7 238	89 965	-	36 680	-	133 884	107 285	26 599
4	Concentration	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	-	-	-
8	Investing and funding cost	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other	-	123 425	-	-	-	123 425	23 455	99 970
12	Total adjustment	10 319	329 786	38	36 691	-	376 834	225 372	151 462

		a	b	c	d	e	f	g	h
		2023							
		Equity R'000	Interest rates R'000	FX R'000	Credit R'000	Commo-dities R'000	Total R'000	Of which: In the trading book R'000	Of which: In the banking book R'000
1	Closeout uncertainty of which:	8 538	219 138	248	34 472	-	262 396	190 507	71 889
2	Market price uncertainty	603	71 768	248	296	-	72 915	51 980	20 934
3	Closeout cost	7 935	147 370	-	34 176	-	189 481	138 527	50 955
4	Concentration	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	-	-	-
8	Investing and funding cost	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other	-	111 914	-	-	-	111 914	15 057	96 857
12	Total adjustment	8 538	331 052	248	34 472	-	374 310	205 564	168 746

2. Basis of preparation

2.6.4 Asset encumbrance [ENC]

The table below depicts the carrying amount of encumbered and unencumbered assets:

	a	b	c	d
	2024			
	Encumbered assets Rm	Central bank facilities Rm	Unencumbered assets Rm	Total Rm
Assets				
Investment securities	24 176	-	246 268	270 444
Loans and advances to banks and customers	-	-	1 349 588	1 349 588
Trading portfolio assets	33 092	-	193 089	226 181
Other assets	-	-	222 482	222 482
Total assets	**57 268**	**-**	**2 011 427**	**2 068 695**

	a	b	c	d
	2023			
	Encumbered assets Rm	Central bank facilities Rm	Unencumbered assets Rm	Total Rm
Assets				
Investment securities	17 761	1 567	217 170	236 498
Loans and advances to banks and customers	-	-	1 271 358	1 271 358
Trading portfolio assets	29 206	-	161 890	191 096
Other assets	-	-	175 924	175 924
Total assets	46 967	1 567	1 826 342	1 874 876

Encumbered assets are assets that the Bank is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations.

3. Risk management overview

3.1 Risk management approach 23

3.2 Enterprise Risk Management Framework 23

3.3 Strategy and risk appetite 24

3.3.1 Strategy, business model and risk appetite 24

3.3.2 Stress testing 26

3.4 Risk process 26

3.5 Risk architecture 27

3.5.1 Risk culture 27

3.5.2 The three lines of defence 28

3.5.3 Governance 29

3.5.4 Combined assurance 30

3.5.5 Frameworks, policies and standards 31

3.5.6 Data 32

3.5.7 Models 32

3.5.8 Technology 32

3.6 Principal risks 33

3. Risk management overview

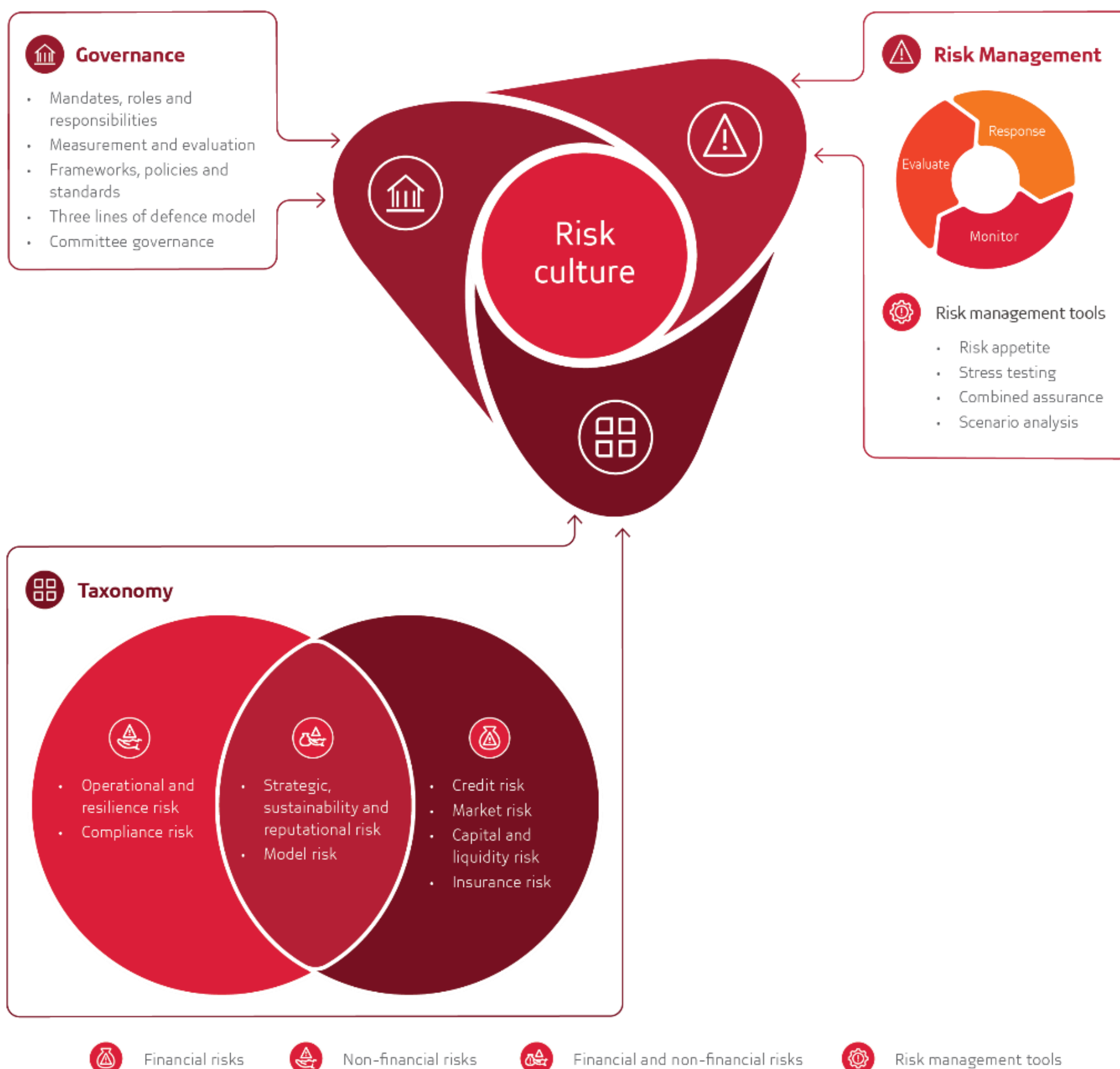
3.1 Risk management approach [OVA]

The Group identifies and assesses risks and opportunities arising from internal and external environments, and proactively identifies emerging risks. To ensure effective risk management, 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 defence.

3.2 Enterprise Risk Management Framework (ERMF)

The following graphic is a visual representation of the ERMF:



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 ERMF. 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 GCRO assumes responsibility for the ERMF.

3. Risk management overview

The ERMF:

- 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.
- Sets out principal risks and assigns clear ownership and accountability for these risks.

The principal risks as defined in the ERMF are credit, market, capital and liquidity, insurance, strategic, sustainability and reputational, model, operational and resilience and compliance risks. Risks are defined in recognition of their significance to the Group's strategic ambitions.

3.3 Strategy and risk appetite

3.3.1 Strategy, business model and risk appetite

The Group creates, grows and protects wealth through its banking, insurance and asset management businesses by implementing the Group's business strategy. The strategy focuses on opportunities for growth and returns, considering the matters believed to be material to long-term sustainability. It is the key driver of risk and return and should be achieved within 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 types and amount of risk that the Group, its business units and legal entities are willing to take to meet its strategic objectives.

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 and resilience 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.

Group quantitative risk appetite metrics for 2024	Description
CET1 capital adequacy ratio (%)	The Group aims to have sufficient capital supply to remain within risk appetite and above minimum regulatory CET1 capital adequacy ratio post-management actions following a severe yet plausible stress.
Leverage ratio (%)	The Group aims to remain within risk appetite and above regulatory minimum leverage ratio post-management actions following a severe yet plausible stress.
EC coverage (multiple)	The Group aims to have sufficient capital supply to remain within risk appetite and maintain an investment-grade credit rating post-management actions following a severe yet plausible stress.
Credit Loss Ratio (%)	The Group aims to maintain credit losses in its portfolios within risk appetite following a severe yet plausible stress.
Earnings-at-risk (EaR) (%)	With 90% confidence, the reduction in the Group's pre-tax earnings will not exceed a predefined level following a severe yet plausible stress.
Liquidity Coverage Ratio (%)	The Group has sufficient high-quality liquid assets (HQLA) to survive a significant stress over a 30-day period.
Net Stable Funding Ratio (%)	The Group maintains a stable funding profile where available stable funding (ASF) is adequate to meet its required stable funding (RSF).
Operational Risk Losses to Income (%)	The Group aims to maintain net operational losses relative to gross income within risk appetite following a severe yet plausible stress.

3. Risk management overview

Group qualitative risk appetite statement

The Group's qualitative risk appetite statement provides a high-level perspective on what the Group considers the most important risk themes impacting its aggregate risk profile. It provides guiding principles on the risk that the Group actively seeks, risks that arise from being in business and risks that should be avoided.

Risk theme	Qualitative statement for 2024
Business and strategy	• Focus risk-taking on activities and business engagements that are core to the business strategy. This includes products, customer segments and geographies as they relate to the Group's deposit taking, lending, transacting, trading, advisory, insurance and investment businesses. • Pursue risk-taking through activities that the Group understands and has the requisite skills and capabilities to manage. Continue to enhance the Group's skills and capabilities in line with emerging opportunities, trends and changing markets. • Minimise strategic drift in pursuing business objectives by pro-actively monitoring and responding to material deviations from planned outcomes in a timely manner. This risk appetite statement takes cognisance of the continuous change in the business environment and emerging opportunities. Maintain alignment to strategy while ensuring that the strategy remains supportive of the Group's growth objectives, risk preferences and stakeholder value creation.
People and leadership	• Recruit, train, develop and retain an appropriate level of skilled and capable human capital in line with an effective operating model design for resourcing, supporting systems, diversity, inclusion and performance. • Align remuneration to support the delivery of strategic objectives and the efficient usage of financial resources in accordance with approved risk appetite. • The Group has no tolerance for any form of discrimination that is prohibited by law. • Leadership to set an example for a high performing and values-based culture in alignment with the Group Purpose and Absa's code of ethics. • The Group has no tolerance for fraud or any form of dishonesty by its employees and considers such as unacceptable behaviour.
Operational and Resilience	• The Group aims to manage operational risks within tolerances to protect against material loss and/or damage to the Group and its customers. • Maintain robust systems, adequate processes and recovery capabilities in order to contain operational disruptions due to technology infrastructure failures, third-party services unavailability, cyber security attacks and lack of data protection. • Assess the technology and security emerging risks on a continuous basis to ensure the Group has a forward-looking view to which it must respond to. • Protect the Group's technology assets as it pursues its digital strategy, while maintaining value-adding data management and accelerating delivery of strategic initiatives.
Capital adequacy	• Maintain capital adequacy at levels that enable the Group to continue doing business under severe yet plausible stress conditions within Board approved risk appetite. • Maintain capital levels above minimum regulatory requirements under a very severe stress event. • Allocate capital optimally to generate appropriate returns and ensure that the Group does not unduly hold capital in excess of the approved risk appetite.
Funding and liquidity	• Maintain a healthy liquidity position by holding adequate but not excessive buffers of high-quality liquid assets above minimum regulatory requirements. • Maintain the tenor composition of assets and liabilities at levels that ensure the sustainability of the Group's funding structure under business as usual and stressed conditions.
Concentrations	• Maintain a well-diversified portfolio of assets and liabilities at all times whilst being cognisant of structural constraints that exist in specific markets in which the Group operates. Manage structural concentrations within approved risk appetite. • Conduct risk-taking activities in a manner that optimises concentrations in industries, sectors, products, counterparties, maturity, funding base, countries, types of collateral and credit protection providers.
Earnings volatility	• Maintain diversified sources of earnings through an economic cycle to ensure sustainable shareholder value creation. • Manage risk-taking activities within Board approved risk appetite for earnings volatility under business as usual and stressed conditions.
Conduct, legal and reputation	• Minimise the risk that harm is caused to our customers, or to the integrity and stability of the market. • Regularly assess our customer engagement model to ensure we deliver on our customer centric principles. • Uphold a satisfactory level of employee conduct and ethical behaviour at all times when carrying out activities on behalf of the Group. • Comply, at all times, with regulatory requirements and other laws to which the Group and its subsidiaries are bound. • Maintain business activities and processes which uphold the Group's reputation, brand and franchise value.
Sustainability	• Implement responsible operational and lending practices to effectively manage and report the impact of the Group's direct and indirect impact on the environment, society and geographies we operate in to deliver long-term value for all stakeholders in line with public commitments (UN PRBs) and contractual agreements with funders. • Assess the suitability of the Group's products and customer value propositions against changing environmental and social factors to enable the promotion of sustainable and inclusive economic growth, employment, and decent work for all.

3. Risk management overview

- Work towards the ambition to reach Net Zero by 2050 through monitoring and managing our scope 1, 2 and 3 emissions and implementing strategies to reduce our footprint.
- Actively shaping our lending portfolios to support the transition with sectoral targets and limits.
- Supporting a Just Transition to a low-carbon economy by investing in sustainable financing and renewable energy and helping our clients reduce their carbon emissions as they transition.

Additional qualitative statements and risk appetite metrics relevant for the risk types, legal entities and business units are defined to align strategy execution and support the Group's defined risk appetite.

3.3.2 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 decision 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 Enterprise Stress Testing Framework defines the objectives of stress testing and supports the key business processes below:

- The identification of risks.
- The mitigation of risks through the review and challenge of limits, restraining of exposures and/or hedging of underlying risks.
- Risk and Portfolio management.
- Risk appetite setting and measurement.
- Strategy setting.
- Integrated financial planning.
- Regulatory stress test requirements.
- Internal Capital Adequacy Assessment Process (ICAAP), including capital planning and the setting of capital buffers.
- Internal Liquidity Adequacy Assessment Process (ILAAP), including liquidity planning and setting of liquidity buffers.
- The development and review of Recovery and Resolution plans.
- Communication with internal and external stakeholders (inter alia Rating Agencies and Regulators) on the sensitivity of the Group to external events and macro-economic downturn.

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.

The Group performs the following types of stress tests:

Type of exercise	Purpose	Scenario type	Approach	Frequency
Enterprise-wide stress tests	Evaluates the impact of changing market variables on business decisions (e.g., financial, capital and funding implications).	Based on a range of plausible macroeconomic scenarios ranging from mild to severe stresses.	Largely bottom-up approaches, with specific risks being tested through top-down approaches.	Annual
Supervisory stress test	Evaluates the impact of regulator determined scenarios on key regulatory measures (e.g., capital, liquidity and operational targets and metrics).	Based on macroeconomic scenarios provided by regulatory authorities.	The approach taken varies based on regulatory scenarios. However, it is largely a top-down approach focusing mainly on an asset class, legal entity, or Group-wide stress assessment.	As directed by the Regulator
Reverse stress test	Assists the Group in understanding key risks and scenarios that may put business strategies and the Group's ability to remain a going concern at risk, as well as understanding the effectiveness and credibility of proposed recovery actions.	Based on extremely severe stress scenarios that would result in the bank reaching a 'point of failure' without implementing any recovery actions.	Largely top-down approaches used.	Annual
Sensitivity stress test	Typically evaluates sensitivity of a specific risk type, combination of risk types, business line, portfolio or legal entity to a single shock or multiple shocks.	Based on a combination of internally determined use case scenarios ranging from mild to severe stress scenarios and idiosyncratic risks.	Largely top-down approaches used.	Ad hoc
Climate risk stress test	A forward-looking exercise designed to measure an organisations exposure to climate risks, using scenario analysis to assess the potential impact of climate change on the organisations business model.	Prescribed scenarios published by leading industry standards e.g., Network for Greening the Financial System (NGFS). In addition, internal assumptions and judgement is factored into the scenarios.	Largely top-down approach at the current stage.	Annual

3. Risk management overview

The Group performed the following stress tests during the period:

- The annual reverse stress test was performed to test the vulnerability of the Group's business models to a severe macroeconomic deterioration and internal idiosyncratic factors. The results were used to support the recovery planning review process and indicated that the Group would be able recover in a severe stress.
- The annual enterprise-wide stress test primarily focused on identifying and measuring a severe yet plausible downside scenario relating to worsening geopolitical tensions, failure to implement structural reforms and increased consumer stress on the performance and resilience of the Group's operations.
- A large focus during 2024 was on the SARB's climate risk stress test (CRST) which was the inaugural climate risk stress test for the banking sector in South Africa. This included a top-down data template submission as well as a bottom-up exercise where the SARB required banks to adopt robust modelling techniques combined with expert judgement to generate outcomes, given the respective long term scenario pathways provided.
- The exercises highlighted the requirement for continued investment in climate risk related data and further embedment and understanding across the bank.

3.4 Risk process

The risk management process follows a three-step approach, namely evaluate, respond and monitor (the E-R-M process). This enables management to identify and assess risks, determine the appropriate risk response, and then monitor the effectiveness of the risk response and any changes to the risk profile. The analysis is used to promote an efficient and effective approach to risk management.

This three-step risk management process:

- Can be applied to every objective at every level across the Group.
- Is embedded into business decision-making processes.
- Guides the Group's response to changes in the external or internal environment.
- Involves all colleagues and all three lines of defence.

The three-step E-R-M process is employed as follows:

Risk management process	
Evaluate	Risk Identification: • The E-R-M process begins with a thorough risk identification phase, this encompasses understanding risks related to objectives, utilising methods like emerging risk analysis, horizon scanning, scenario analysis, deep dives, lessons learnt and external data from sources such as Operational Risk data exchange Association (ORX). • Communication and consultation with stakeholders aim to promote awareness and gather feedback for decision-making. • The process defines scope and criteria, customises risk management, considers internal and external factors, and uses various tools like interviews, surveys, workshops, and expert judgement for effective assessment and treatment. Risk Assessment: • Risk assessments should include top-down and bottom-up assessments as appropriate and should include consistent monitoring of critical processes and controls. • Risks should be consistently assessed, classified and prioritised to facilitate the effective response to both inherent and residual ratings of risks and realised risks. • Analysis includes identifying root causes, underlying sources, and cause and effect relationships. • Relationships, compounding effects, correlations, concentrations and aggregations are investigated. • This phase also involves change-driven and event-centric risk assessments tailored to specific processes. • Finally, risks are ranked, and an overall portfolio view is taken to determine priority.
Respond	• In the Respond phase of the E-R-M process, Absa actively manages both potential and realised risks through an iterative approach. This involves formulating and selecting risk treatment options that include avoiding, accepting, transferring or mitigating the risk as appropriate, and assessing their effectiveness. • The process includes planning for residual risk, embedding controls into business processes, considering secondary or latent controls for material risks and deploying additional controls for significant risks, and automating where possible, • In response to incidents or errors, a structured issue management approach involves recognition, recording, response, recovery, remediation, and assigning accountability. Actions to limit or prevent these risks follow a structured approach, including identification, recording, execution, monitoring, completion, validation, and transparent communication with stakeholders.
Monitor	• In the Monitoring phase, the focus is on establishing robust processes to assure and improve design, implementation, and the outcomes of risk management. • Key components include setting up information recording and reporting processes, utilising key performance indicators (KPIs) for focused attention on objectives, and analysing risk profiles and trends with key risk indicators (KRIs). Monitoring ensures that risk profiles align with measures and KRIs, staying within set limits and adapting as circumstances evolve. • Control effectiveness is checked through key control indicators (KCIs), and a combined assurance model is applied for overall assurance in the risk and control environment and includes control assessment, control testing, control reviews, conformance reviews, and thematic reviews and deep-dives.

3.5 Risk architecture

3.5.1 Risk culture

Effective risk management cannot be managed by controls and procedures alone and Absa recognises the importance of having a strong risk culture, which is an integral aspect of the broader Absa organisational culture.

Risk culture is the values, beliefs, knowledge, attitudes and understanding about risk shared across the Group that inform colleagues' judgements in the management and oversight of risk. These attributes guide all employees to conduct their activities within the boundaries of Absa's risk appetite to achieve the Group's strategy in a sustainable way.

3. Risk management overview

The structural components as described in the ERMF are a companion to the behavioural elements of risk culture – together they support the high standards expected of risk management at Absa. The Group is committed to setting the appropriate guardrails to encourage and guide a strong risk culture. In so doing, the Group has a defined set of focus areas, in line with established good practice, as follows:

- Tone from the top: the Board and senior management set the standard for risk culture at Absa and model the behaviours and expectations of all colleagues.
- Accountability: there is clear assigned accountability relating to risk-taking and risk oversight, which is expanded below in the section relating to the three lines of defence.
- Effective communication: colleagues across all levels are empowered to speak up and encouraged to be clear in decision-making with a transparent consideration of associated risks.
- Incentives: the performance management and compensation framework are designed and calibrated to support desired risk management outcomes.

Principles of effective risk management culture:

- Integrated – Risk management is an integral part of all the Group's activities.
- Structured and comprehensive – A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- Customised – The risk management framework and process are customised and proportionate to the Group's external and internal context related to its objectives.
- Inclusive – Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- Dynamic – Risks can emerge, change or disappear as the Group's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
- Best available information – The inputs to risk management are based on historical and current information as well as future expectations. Risk management explicitly considers any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- Human and cultural factors – Human behaviour and culture significantly influence all aspects of risk management. The Group strives for ethical behaviour underpinned by the Absa values.
- Continual improvement – Risk management is continually improved through learning and experience.
- Reward – Evidence that good risk management influences reward and incentives.

3.5.2 The three lines of defence

The Group applies a three lines of defence model in support of the combined assurance model to govern risk across all businesses and functions. The ERMF assigns specific responsibilities to each line of defence.

All employees are responsible for ensuring the Group operates within its risk appetite. These responsibilities are defined in terms of the employee's role in the three lines of defence.

Three lines of defence		
1st line of defence	2nd line of defence	3rd line of defence
Business and group functions	Risk and compliance functions	Internal audit
Risk ownership and management • The first line of defence, comprising businesses and group functions, holds risk ownership and management responsibilities. • Perform activities aligned with strategic objectives, managing risks within the established appetite, and implementing controls. • Within the first line of defence, assurance teams have the capability to conduct unbiased evaluations of first line controls via independent testing, providing assurance regarding the control effectiveness independently of the control owners.	Risk oversight • The second line of defence, consisting of Risk and Compliance, oversees risk through establishing rules and constraints aligned with Group frameworks and policies. • Perform assurance testing of the first line against these rules and constraints. • They conduct assurance testing, including conformance reviews, challenge risks in the first line, and may direct corrective actions if breaches occur.	Independent assurance • The third line of defence, represented by Internal Audit and external audit. • Provides independent assurance through reviewing adherence to risk policies, evaluating the control environment. • Opining on the effectiveness of risk management in both the first and second lines.
All three lines of defence support a coordinated, effective and efficient control environment.		

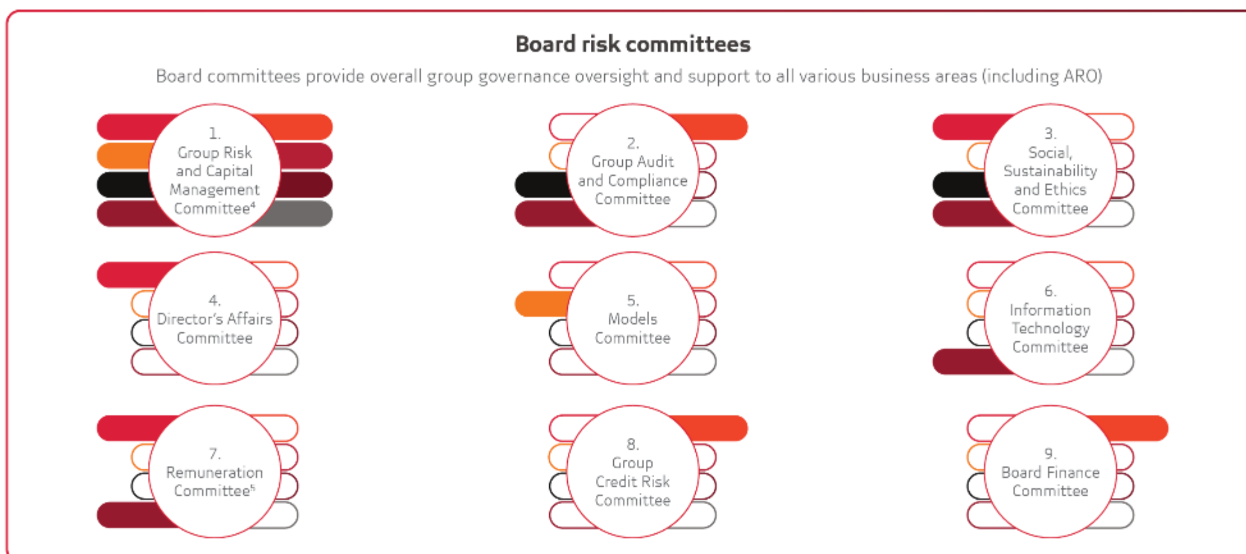
Regardless of their function, all teams who manage processes in the Group are responsible for designing, implementing, remediating, monitoring and testing the controls for those processes.

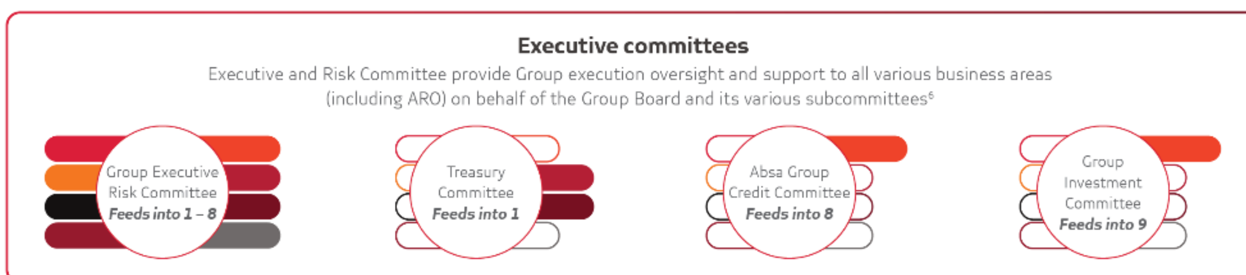
3. Risk management overview

3.5.3 Governance

The Group Board is supported by several committees at Board, executive, business and function levels. The diagram below depicts the risk-related committees. ARO risk governance structures are compatible with the Group and comply with in-country regulations.

Risk governance structure





- ARO has implemented and embedded Group aligned committees across all its countries
- Each country (or legal entity) has a board and executive committee structure responsible for its routine governance and risk management, with oversight support from ARO and Group

[1] Each sub-risk is overseen by a Board Committee.

[2] People risk is overseen by the Social, Sustainability and Ethics Committee and considered as part of the deliberations of the Remuneration Committee.

[3] Absa Financial Services Ltd (AFS) is the controlling company of the regulated insurance group. Subsidiaries of AFS are standalone legal entities. AFS and its subsidiaries have their own respective boards and are supported by relevant committee structures and governance requirements. These include the AFS Audit, Risk and Compliance Committee, the AFS Group Actuarial Committee and the AFS Social and Ethics Committee. The Insurance Principal Risk Management Framework is approved annually by the AFS Board, in addition to the Group Risk and Capital Management Committee.

[4] Group Risk and Capital Management Committee is responsible for portfolio oversight of all risks.

[5] Elements of reputational risk are considered by this committee.

[6] Business unit risk committees govern their business' risks end-to-end.

3. Risk management overview

The main risk-related responsibilities of the Board-appointed committees are as follows:

Committees	Key risk focus areas	Principal risk covered
Group Risk and Capital Management Committee (GRCMC)	Risk, risk appetite, all elements of the ERMF, capital, funding and liquidity management.	Full responsibility: • Market risk • Capital and liquidity risk • Insurance risk[1] • Strategic, sustainability and reputational risk (strategy risk) • Operational and resilience risk Monitors: • Credit risk • Model risk • Compliance risk • Strategic, sustainability and reputational risk (sustainability and reputation risk)
Models Committee (MC)	Approval of material models and model governance oversight.	• Model risk
Group Audit and Compliance Committee (GACC) (includes Disclosure Committee)	Internal controls, compliance, internal and external audit, accounting and external reporting.	• Operational and resilience risk (control environment and financial reporting risk) • Compliance risk (financial crime risk)
Group Credit Risk Committee (GCRC)	Approval of large single-name exposures and material country risk limits, credit portfolio oversight, consideration and management of emerging risks and material concentrations.	• Credit risk
Information Technology Committee (ITC)	IT systems, data, architecture and innovation, resilience and return on investment.	• Operational and resilience risk (information and cyber risk, technology risk)
Social, Sustainability and Ethics Committee (SSEC)	Conduct, customer, sustainability, stakeholder management, brand, corporate citizenship, ethics, labour, diversity and inclusion, and general human resources and talent management matters.	• Compliance risk (conduct risk) • Strategic, sustainability and reputational risk (sustainability risk) • Operational and resilience risk (people risk)
Group Remuneration Committee (RemCo)	Remuneration and incentive arrangements (in particular the short-term and long-term incentives), policy and disclosures, senior management and executive pay, fair and responsible pay.	• Operational and resilience risk (people risk) • Elements of reputational risk
Directors Affairs Committee (DAC)	Corporate governance including composition of Board, induction and director training, succession planning, effectiveness evaluation of the Board, and considering matters of regulatory and reputational risk	• Strategic, sustainability and reputational risk (reputational risk)

3.5.4 Combined assurance

The Group adheres to the combined assurance model, as outlined in Principle 15 of the King IV Report on Corporate Governance™ for South Africa, 2016[2]. Combined assurance is a coordinated activity that aligns and integrates assurance work across the Group's three lines of defence. It includes external assurance providers, maintaining segregation of duties, and the effective and efficient management of the Group's control environment. This ensures optimal coverage over the material risks that the Group is exposed to. Combined assurance is integrated to daily business decisions and activities.

Each business is expected to:

- Drive the coordination of assurance activities across the three lines of defence by implementing effective governance and oversight processes.
- Demonstrate adequate risk and control coverage over critical processes, material control issue remediation and strategic change initiatives as requested by senior management, Board and regulatory requests.
- Demonstrate appropriate remedial responses to the identification of unacceptable residual risk exposure and control issues.

Combined assurance coverage, plans and reports are monitored at business and functional levels, and the ERC reports these to the GACC.

[1] Absa Financial Services Ltd (AFS) is the controlling company of the regulated insurance group. Subsidiaries of AFS are standalone legal entities. AFS and its subsidiaries have their own respective boards and are supported by relevant committee structures and governance requirements. These include the AFS Audit, Risk and Compliance Committee, the AFS Group Actuarial Committee and the AFS Social and Ethics Committee. The Insurance Principal Risk Management Framework is approved annually by the AFS Board, in addition to the Group Risk and Capital Management Committee.

[2] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

3. Risk management overview

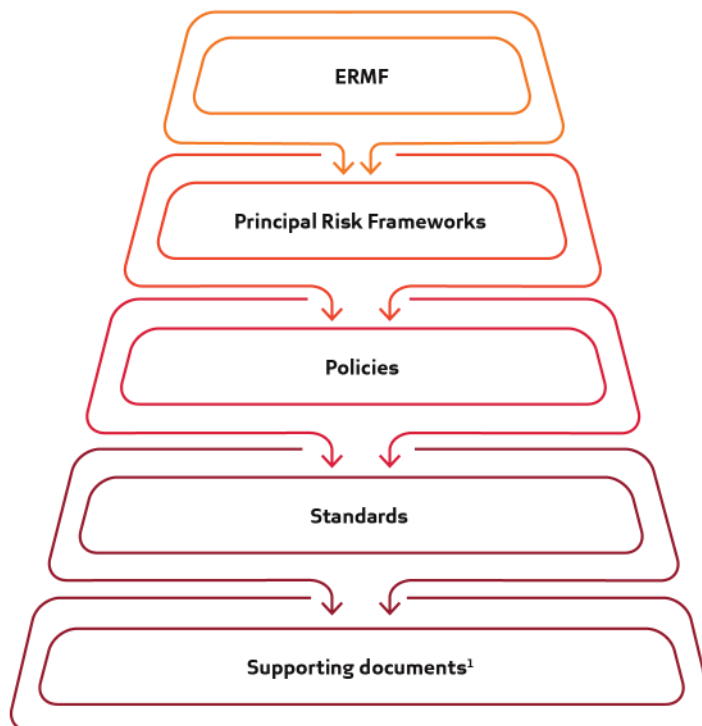
3.5.5 Frameworks, policies and standards

The Group's policy hierarchy delivers a consistent approach across the Group:

- Defining and implementing Group-wide frameworks, policies and standards.
- Limiting variation from Group minimum requirements and policy to circumstances where specific jurisdictional legal or regulatory requirements apply.
- Mandating alignment of governance documentation to the requirements and definitions of the hierarchy.

This drives consistency and efficiency, and enables enhanced aggregation, risk oversight across the businesses, and improved line of sight to all levels of management.

The hierarchy has five tiers, with each level cascading from the level above. The degree of granularity and specific requirements increases as the levels descend.



- **ERMF** and **frameworks** include risk appetite and stress testing, as well as the 8 principal risks. These describe the high-level Group-wide approach for a specific risk and are mandatory for each of the principal risks identified in the ERMF. Frameworks also outline the risk and policy taxonomy that enables proper management and governance of the principal risk.
- **Policies** set out the control objectives, principles and other core requirements for the organisation's activities. Policies explain what businesses, functions and legal entities need to do, rather than how they need to do it.
- **Standards** set out the key controls that ensure policy objectives are met, and people responsible for them. Standards describe how the policy objectives will be met in a particular entity, business or function.

Ownership and approval

All frameworks and policies are owned by Group and standards are owned by the business unit or function responsible for performing the described activity.

- Frameworks are approved by the Board or mandated Board sub-committee. Frameworks are reviewed annually.
- Policies are approved by the Executive Risk Committee or in exceptional circumstances approved by the Board subcommittee, including where there is a regulatory or other specific requirement. Policies are reviewed at least once in a three-year cycle, or in response to impacting event or legislations.
- Standards are approved by business and reviewed when there are material changes to the related policy or in response to impacting event or legislation.

[1] This level also includes processes and procedures in support of business units / functions.

3. Risk management overview

3.5.6 Data

3.5.6.1 Risk data

Internal and external data is utilised in meeting regulatory requirements and the management of risk. The Group enters into selected data and analytics partnerships with third parties to enhance and heighten its understanding of customers and the risks faced. Internal data is owned and managed by the respective business units with regular assessment of data quality via their respective risk governance structures. All key datasets are subject to the requirements of the Group's data and records management policies and standards.

3.5.6.2 Risk reporting

The objective of risk reporting is to provide timeous, accurate, comprehensive and useful information to the Board and senior management to facilitate informed decision-making. Board and senior management risk committees determine their requirements in terms of content and frequency of reporting under both normal and stressed conditions. Risk reporting processes flow from the business unit and relevant risk committees to the ERC and thereafter to Board committees. The content and level of aggregation are adjusted to suit the needs of each committee. Risk reports typically contain the following key information:

- Monitoring and management of the risk profile and key risk metrics per risk type against risk appetite and forecasts, including trend analysis.
- Monitoring of emerging risks and changes in the environment with an assessment of the potential impact on the Group.
- Results of stress testing exercises to assess the adequacy of financial resources and the Group's sensitivity to stresses.
- An assessment of the risk governance profile, including an assessment of the degree to which risk frameworks and policies are implemented throughout the Bank and assurance activities.

In 2013, the BCBS published regulations (BCBS 239) pertaining to the principles for risk data aggregation and risk reporting (RDARR). The Group's risk data aggregation capabilities and risk reporting practices are aligned with the principles of BCBS 239.

3.5.7 Models

Model risk is a principal risk to be managed under the ERMF, with specific guidelines set out in the Model Risk Management Framework, model risk appetite statement, Group model risk policy (GMRP) and relevant standards covering model ownership, development, approval, implementation, monitoring and validation.

3.5.8 Technology

Effective enterprise risk management practices rely heavily on information technology (IT). To maximize value for business, the Group remains committed to improving the current technology solutions and seeking out cutting-edge tools and technology solutions. The Group's technology landscape encompasses critical functions such as:

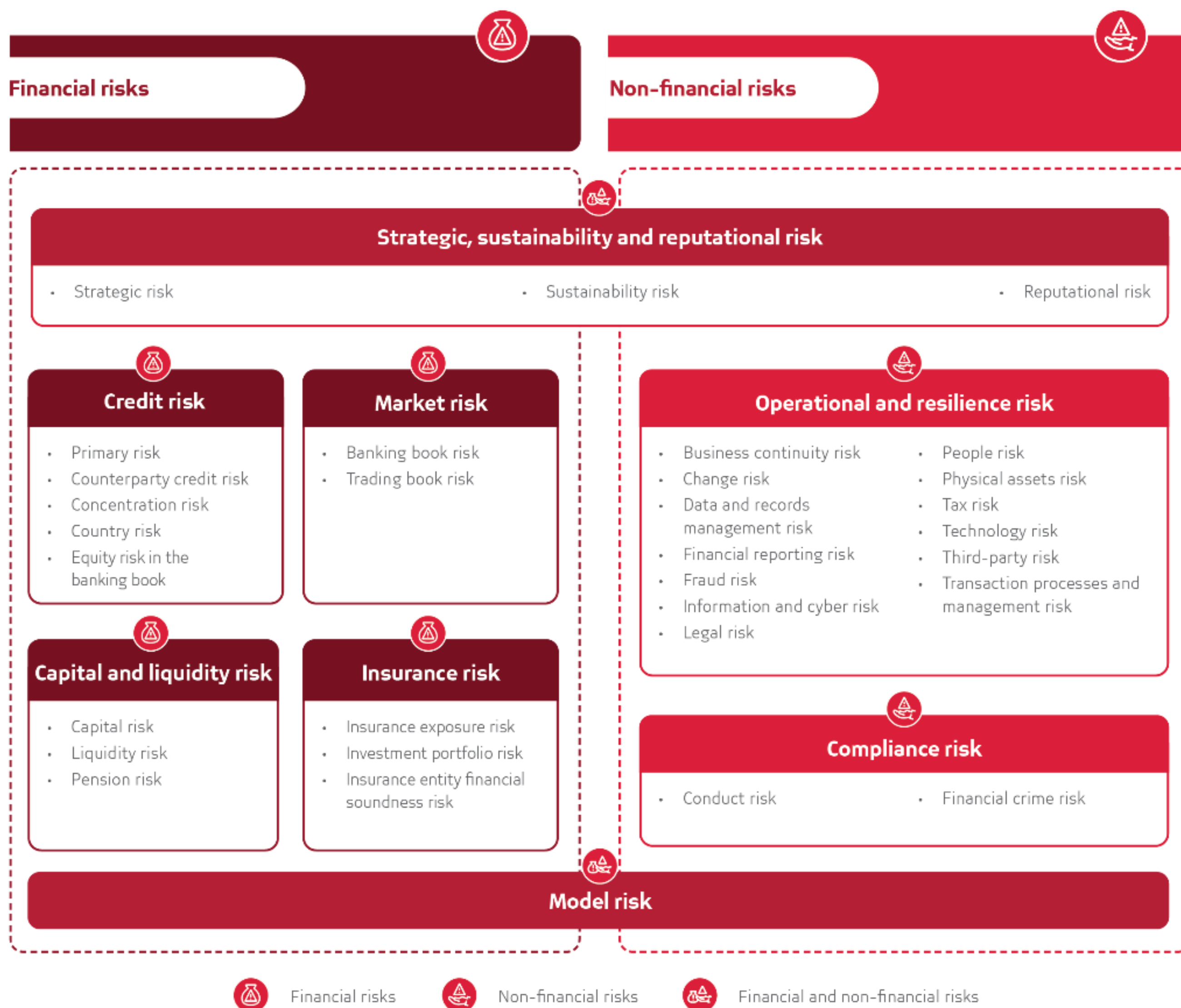
- Data collection and analysis.
- Risk analysis and modelling.
- Maintaining a robust minimum control requirements inventory.
- Models for calculating risk and criticality of technology assets.
- Risk assessment, control, and monitoring.

As the IT landscape continues to evolve, the Group recognizes that this has a significant impact on how risks are tracked and managed within the organization. The risk technology capabilities are focused on leveraging the organizations technology landscape which includes big data analytics, cloud computing, enterprise risk management applications, automated control assessments, and parallel processing platforms with the aim of enhancing an integrated view of the entire landscape. By doing so, value can be unlocked and new insights gained that enable the Group to proactively manage its risk landscape.

3. Risk management overview

3.6 Principal risks

The ERMF includes risks taken by the Group that are foreseeable and material enough to merit establishing specific Group-wide control frameworks. These are grouped into eight principal risks[1] that account for most of the total risk faced by the Group.



The Board annually reviews and approves the ERMF on recommendation by the GRCMC. The Group Chief Executive grants authority and responsibility to the GCRO to ensure the principal risks are managed under appropriate risk control frameworks and within the Board-approved risk appetite and risk budget.

Individual events may entail more than one principal risk. For example, internal fraud by a trader may expose the Group to operational and market risks and many aspects of reputational and conduct risks.

Credit, market, capital and liquidity, and insurance are collectively known as financial principal risks. Strategy and sustainability (including reputational) and model risk are known as principal risk types which straddle both financial and non-financial risk. The remaining risks are referred to as non-financial principal risks.

This is not an exhaustive list of risks the Group is subject to. For example, the Group is also subject to political and regulatory risks in the jurisdictions where it operates. While these may be consequential and are assessed in the Group's planning and decision-making, they are not considered principal risks. However, these other risks are subject to this framework and oversight by risk management.

The GCRO is accountable for ensuring frameworks, policies and associated standards are developed and implemented for each of the principal risks and that they are subject to limits, monitored, reported on and escalated as required. The Chief Compliance Officer is accountable for compliance and reputational risks.

[1] For more information on the eight principal risks, refer to the credit, market, capital and liquidity, operational and resilience and model risks sections. For details on insurance, compliance and strategic, sustainability and reputational risks, refer to the risk management section of the financial results booklet.

4. Credit risk

4.1 Review of current reporting period 35

4.2 Priorities 35

4.3 General information about credit risk 35

4.3.1 Risk identification and risk management 36

4.3.2 Governance 36

4.3.3 Reporting 37

4.3.4 Credit quality of assets 37

4.3.5 Measuring and the management of credit concentrations 43

4.4 Credit risk mitigation 43

4.4.1 Valuation of collateral 43

4.4.2 Types of guarantor and credit derivative counterparties 43

4.5 Credit risk under the SA 44

4.6 Credit risk under the internal ratings-based (IRB) approach 47

4.7 Counterparty credit risk 63

4.8 Securitisation 69

4.9 Equity investment risk 74

4. 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. [CRA]

4.1 Review of current reporting period

Key risk metrics	2024	2023[1]
CLR (%)	**1.03**	1.18
Stage 3 ratio on gross loans and advances (%)	**6.1**	6.1
Stage 3 coverage ratio (%)	**47.4**	45.0
Stage 1 and stage 2 coverage ratio (%)	**1.0**	1.2
Total coverage ratio (%)	**4.1**	4.1
Performing book weighted average probability of default (PD) (%)[2]	**2.2**	2.2
Weighted average loss given default (LGD) (%)[1]	**27.7**	27.7
Credit risk EC (Rbn)[3]	**78.5**	72.6
Total credit RWA (Rbn)	**887.5**	810.5
Primary credit risk RWA (Rbn)[4]	845.9	769.9
CCR RWA (Rbn)[5]	31.7	28.9
Equity risk RWA (Rbn)	9.9	11.7

- Gross loans and advances increased to R1 403bn (31 December 2023: R1 321bn) due to institutional and customer facing loan book growth within CIB, that prioritised higher quality credit origination to specific counterparties and sectors. Moderate growth across specific retail portfolios and increased commercial asset finance lending within Relationship Banking (RB) supported the overall growth.
- The CLR decreased to 1.03% (31 December 2023: 1.18%) and tracked marginally above the upper end of the Group's through-the-cycle (TTC) target range of 75bps to 100bps. This was due to improved new business performance and forward-looking macroeconomic assumptions across the retail South African portfolios. The improved new business performance follows rigorous risk reduction measures as well as a shift to lower risk and higher affluent customer bookings in the Everyday Banking (EB) portfolios. Enhancements made to application scorecards and forbearance initiatives created to assist customers experiencing temporary payment difficulty in Product Solutions Cluster (PSC), further contributed to the increased better risk customer bookings and improved delinquency construct. The improvements observed across the retail South African portfolios was offset by increased single name charges and additional impairments raised for heightened country and sovereign risk across the CIB and ARO portfolios.
- Although the impact of ageing and workout across the back books of the retail South Africa portfolios continued to significantly contribute to the overall Group impairment charge, improved new business flows started to positively influence the performance of numerous portfolios in the second half of 2024 and resulted in certain business units reverting to within their defined through-the-cycle ranges at year end.
- The implementation of enhanced scorecards, risk cutbacks and forbearance initiatives to support distressed customers in PSC has improved the quality of new business risk and reduced the pace of inflows into the late-stage and legal delinquency categories. Despite this, the stage 3 ratio has remained at 6.1% (31 December 2024: 6.1%), due to increased stage 3 inflows from consumer-led corporates in CIB which have experienced the lagged effect of elevated interest rates and consumer affordability pressures. The ratio was further influenced by lower debt sales and risk reduction measures implemented on the front book of the EB portfolio, which resulted in stage 3 advances growth outpacing overall new business growth.
- The stage 3 coverage ratio increased to 47.4% (31 December 2023: 45.0%) as the legal book of the retail South African portfolios continued to age and attract higher levels of coverage. Single name charges incurred within CIB, as macroeconomic stresses adversely impacted consumer dependent and interest rate sensitive sectors within the portfolio, resulted in further increases to the stage 3 coverage.
- Improved forward looking macroeconomic assumptions and new business performance within the retail South African portfolios resulted in the combined stage 1 and 2 coverage ratio reducing to 1.0% (31 December 2023: 1.2%). This was supported by selective business growth that was focused on higher quality origination to counterparties in key priority sectors across CIB.
- Credit risk EC increased to R78.5bn (31 December 2023: R72.6bn) due to book growth and changes in the portfolio construct.
- Primary credit risk RWA increased to R845.9bn (31 December 2023: R769.9bn) due to advances growth as well as single name and country rating downgrades across the CIB and Treasury portfolios. This was further influenced by increased RWA's held for defaulted assets in PSC.
- CCR (including CVA) RWA increased to R31.7bn (31 December 2023: R28.9bn) due to increased securities financing transactions within the South African trading book.
- The sale of unlisted equity investments and debt instruments within the private equity portfolio resulted in a reduction of equity risk RWA to R9.9bn (31 December 2023: R11.7bn).

4.2 Priorities

- Manage the aggregate credit risk profile and performance against the Group's strategy and risk appetite.
- Monitor changes in the global macroeconomic, political and regulatory environments to identify and manage risks at an early stage.
- Model and consider the potential impact of these and other events in a comprehensive stress testing framework.

[1] The December 2023 figures were revised to align with final regulatory submissions.
[2] The percentages include only portfolios subject to the IRB approaches.
[3] Credit risk EC includes equity risk, CCR, CVA and securitisation.
[4] Primary credit risk RWA includes credit risk (excluding CCR) and securitisation exposures in the banking book.
[5] CCR RWA includes CVA.

4. Credit risk

- Position and manage the credit portfolio to mitigate the impact of heightened macroeconomic, country and sovereign risks in the markets in which the Group operates.
- Manage concentration risk at origination to mitigate risk in line with the Group's concentration risk framework.
- Manage legacy distressed names to maximise recovery rates.
- Selectively invest further in collections capabilities to effectively manage credit risk through-the-cycle.
- Focus on talent development and succession planning, ensuring a fully capacitated and well-skilled credit team.
- Progress the implementation of the capital rules for credit risk per the Basel III finalisation, which is expected come into effect on 1 July 2025.
- Focus on addressing the credit risk financial implications of the BCBS's principles for the effective management and supervision of climate-related financial risks.

4.3 General information about credit risk

4.3.1 Risk identification and risk management

Credit risk is managed as a principal risk in accordance with the ERMF, the Credit Risk Management Framework (CRMF) and its associated policies and standards. The risk management process is structured into three elements being evaluate, respond and monitor. This enables management to identify and assess risks in accordance with the risk profile, determine the appropriate risk response and monitor its effectiveness. This process is used to promote an efficient and effective approach to risk management.

4.3.2 Governance

The credit risk management and control function consists of committees at Board, executive management and business unit levels. The key committees involved in the governance of credit risk are depicted below:

Board risk committees

Executive committees

Management committees

- Group Credit Risk Management Committee
- Group Credit Impairment Committee

Business unit-level committees

- Cluster Credit Committees
- Portfolio Product Quality Review Committees

Financial risks Non-financial risks Financial and non-financial risks

4. Credit risk

- **Credit oversight:** The GCRC is the primary Board committee responsible for credit risk oversight. An overview of the Group's credit portfolio is required to be presented by the Group Chief Credit Officer at every committee sitting and must include an evaluation of the overall health of the credit portfolio, emerging risks (including regional political and sovereign risks in presence countries), and material concentrations within the credit portfolios. The business unit credit risk committees provide strategic risk management leadership and oversee the business unit credit risk profile to ensure it remains within approved appetite and considers action for outcomes arising from business unit conformance reviews and controls testing results, outstanding audit items, regulatory issues, and risk events relating to credit risk.
- **Sanctioning:** The GCRC is also the ultimate credit sanctioning authority in the Group, responsible for the approval of single-name exposures that exceed 10% of the Group's Tier 1 qualifying capital and reserves (large exposures), irrespective of risk grade or material country risk limits. The Absa Group Credit Committee (AGCC) is a Group Executive sub-committee mandated to assess credit applications in respect of aggregate total financing limits up to 10% of the Group's qualifying capital and reserves irrespective of risk grade.
- **Risk oversight:** The ERC is accountable for the oversight of the enterprise-wide risk profile of the Bank. It considers and agrees risk appetite, stress testing scenarios, limits and triggers, and makes appropriate recommendations to the Board and Board sub-committees for review and/or approval. It is also responsible for the review and reporting of risk appetite utilisation against forecasts, the Absa strategy and the risk appetite limits as approved by the Board.

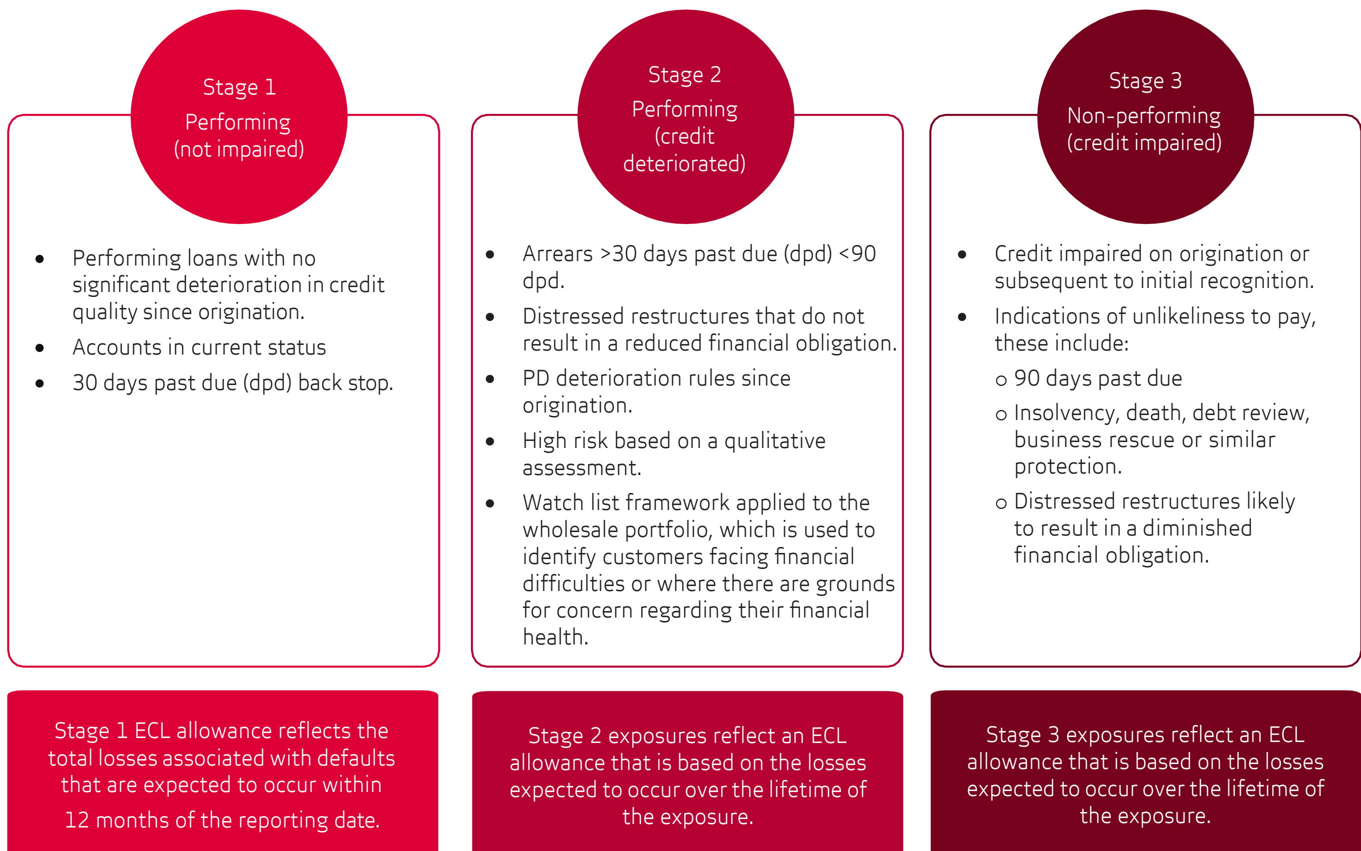
4.3.3 Reporting

The Group Chief Credit Officer is responsible for the following reporting:

- An overview of the Group's credit portfolio is to be tabled at senior management and Board sub-committees (Group ERC and GCRC), which includes an evaluation of the overall health of the credit portfolio, emerging risks, and material concentrations within the credit portfolios.
- Reports provide key insights into developing industry, sector and product trends and incorporate agreed management actions to modify behaviour and strategy in accordance with specific findings.
- Monitoring and reporting must be performed at a Group and business unit level and should include the following:
  - Current state of the credit portfolio as measured through the relevant metrics, and changes to the credit risk position with reference to an outlook based on a relevant forecast horizon.
  - Risk appetite utilisation above the limit and/or trigger level on a current or forecasted basis for all key risk metrics.
  - Management actions in response to any emerging issues, developments, and breaches of risk appetite triggers and limits.

4.3.4 Credit quality of assets

Various regulatory and accounting terms are used to refer to assets that are not performing as expected at the time of origination. The diagram below depicts these terms.



4. Credit risk

The age analysis of credit exposures [CRB(i)]

The following tables provide the age analysis of the Group's loans and advances, debt securities and off-balance sheet items. 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 that indicate unlikeliness to pay include:

- 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.
- The obligor is 90 days or more past due on any credit obligation to the Group.

In addition, within the retail portfolios:

- All accounts of forbearance are treated as being in default from a regulatory reporting perspective, regardless of whether the restructure led to a diminished financial obligation or not.
- The Group requires an exposure to reflect at least 12 consecutive months of performance to be considered to have been cured from default.

The Group has an established framework and related processes to govern its approach to credit risk management and any resultant impairment of financial assets. Refer to the consolidated and separate annual financial statements for the reporting period ended 31 December 2024 for further detail.

In the following tables, defaulted exposures are aligned to the regulatory definition of default, non-defaulted exposures are performing exposures and allowances/impairments are total expected credit loss allowances.

Credit quality of assets [CR1]

		a	b	c	d
		2024			
		Gross carrying values of			Net values
		Defaulted exposures[1]	Non-defaulted exposures	Allowances/impairments	(a+b-c)
		Rm	Rm	Rm	Rm
1	Loans	108 466	1 292 192	52 981	1 347 677
2	Debt Securities	5 703	257 996	432	263 267
3	Off-balance sheet exposures	760	225 621	822	225 559
4	Total	114 929	1 775 809	54 235	1 836 503

		a	b	c	d
		2023			
		Gross carrying values of			Net values
		Defaulted exposures[1]	Non-defaulted exposures	Allowances/impairments	(a+b-c)
		Rm	Rm	Rm	Rm
1	Loans	96 133	1 222 988	49 566	1 269 555
2	Debt Securities	6 271	224 014	356	229 929
3	Off-balance sheet exposures	1 002	211 017	1 171	210 848
4	Total	103 406	1 658 019	51 093	1 710 332

Gross exposure increased due to institutional and customer facing loan book growth within CIB, that prioritised higher quality credit origination to specific counterparties and sectors. Moderate growth across specific retail portfolios and increased commercial asset finance lending within Relationship Banking supported the overall growth.

Forbearance initiatives created to support distressed customers in PSC (full population treated as defaulted for regulatory purposes, irrespective of payment performance) as well as late cycle and legal delinquency pressures across the retail South Africa portfolios resulted in an increase in defaulted exposures. Increased stage 3 inflows were also observed from consumer-led corporates in CIB which have experienced the lagged effect of elevated interest rates and consumer affordability pressures

[1] Aligned to the regulatory definition of default and includes defaulted off-balance sheet exposures.

4. Credit risk

The table below depicts the main drivers of the change in defaulted exposures. [CR2]

		a 31 Dec 2024 Defaulted exposures[1] Rm	30 Jun 2024 Defaulted exposures[1] Rm	31 Dec 2023 Defaulted exposures[1] Rm
1	Defaulted loans and debt securities at end of the previous reporting period	110 575	103 406	98 689
2	Loans and debt securities that have defaulted since the last reporting period	22 797	25 161	23 721
3	Returned to non-defaulted status	(5 106)	(6 033)	(3 479)
4	Amounts written off	(8 749)	(7 833)	(8 266)
5	Other changes, including repayments received	(4 588)	(4 126)	(7 259)
6	Defaulted loans and debt securities at end of the reporting period	114 929	110 575	103 406

Increased write offs in the second half of 2024 was primarily as a result of the CIB and Relationship Banking segments.

Restructured exposures (impaired versus not impaired) [CRB(ii)

A loan restructure (modification) is a permanent change to one or more of the loan terms. 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 depend 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 resulting in derecognition of the original financial asset 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 or a substantial change in counterparty). If the asset is not substantially modified, the gross carrying amount of the financial asset is recalculated to be the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss is recognised in profit or loss as part of the total impairment loss.

The table below reflects restructures and distressed restructures that are concluded as part of the normal course of business within the retail portfolios:

	2024			2023		
	Gross carrying values of			Gross carrying values of		
	Total Rm	Impaired[1] Rm	Not Impaired Rm	Total Rm	Impaired[1] Rm	Not Impaired Rm
Total restructured exposures	29 219	11 143	18 076	23 731	11 139	12 592

The growth in restructures was largely driven by increased debt counselling inflows as well as pro-active measures taken to assist retail customers with their debt obligations through forbearance options.

[1] Aligned to stage 3 exposures (non-performing loans) per the Annual Financial Statements. Credit exposures are classified within stage 3 when they are regarded as being credit impaired.

4. Credit risk

Exposures by geography [CRB(iii)]

	2024			
	Total exposure Rm	NPLs[1] Rm	Specific impairments Rm	Write-Offs Rm
South Africa	1 533 730	72 846	32 858	14 955
Other African countries	341 024	13 006	7 766	1 627
Europe	87 922	-	-	-
North America	78 791	-	-	-
Asia	20 896	-	-	-
South America	250	-	-	-
Other	7 878	-	-	-
Total	2 070 491	85 852	40 624	16 582

	2023[1]			
	Total exposure Rm	NPLs[1] Rm	Specific impairments Rm	Write-Offs Rm
South Africa	1 446 346	68 062	29 861	12 658
Other African countries	352 857	11 891	6 091	1 923
Europe	78 905	-	-	-
North America	42 854	-	-	-
Asia	29 703	-	-	-
South America	384	-	-	-
Other	7 214	-	-	-
Total	1 958 263	79 953	35 952	14 581

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

Exposures by industry [CRB(iv)]

	2024		
	Total exposure Rm	NPLs[1] Rm	Specific impairments Rm
Agriculture, hunting, forestry and fishing	87 772	4 487	820
Business services	129 982	4 714	2 413
Community, social and personal services	146 770	205	84
Construction	20 061	1 040	427
Electricity, gas and water supply	99 936	200	91
Financial intermediation and insurance	375 103	11 523	4 333
Manufacturing	108 788	3 778	1 927
Mining and quarrying	63 361	529	297
Other	21 070	1 051	296
Private households	652 948	46 555	25 469
Real estate	153 766	5 964	1 892
Transport, storage and communication	75 239	2 014	922
Wholesale and retail trade, repair of specified items, hotels and restaurants	135 695	3 791	1 652
Total	**2 070 491**	**85 851**	**40 623**

	2023[2]		
	Total exposure Rm	NPLs[1] Rm	Specific impairments Rm
Agriculture, hunting, forestry and fishing	81 266	3 421	921
Business services	118 395	5 027	3 049
Community, social and personal services	127 210	232	83
Construction	19 697	980	424
Electricity, gas and water supply	77 865	121	45
Financial intermediation and insurance	365 173	11 013	3 193
Manufacturing	103 337	3 506	1 480
Mining and quarrying	55 207	529	254
Other	6 804	690	200
Private households	648 208	41 833	22 136
Real estate	145 280	4 919	1 438
Transport, storage and communication	79 179	2 384	765
Wholesale and retail trade, repair of specified items, hotels and restaurants	130 642	5 297	1 964
Total	1 958 263	79 952	35 952

[1] Aligned to stage 3 exposures per the Annual Financial Statements. Credit exposures are classified within stage 3 when they are regarded as being credit impaired.
[2] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

Exposures by Basel asset class and maturity [CRB(v)]

	2024				
	Total exposure Rm	Current to 6 months Rm	6 months to 1 year Rm	1 year to 5 years Rm	More than 5 years Rm
Banks	102 202	68 680	7 286	23 857	2 379
Corporate	569 887	139 973	45 273	338 249	46 392
Local governments and municipalities	6 862	1 814	10	2 904	2 134
Public sector entities (PSEs)	20 020	1 593	2 214	8 165	8 048
Retail – other	190 679	17 808	5 331	123 026	44 514
Retail mortgages (including any home equity line of credit)	392 568	28 037	1 925	30 058	332 548
Retail revolving credit	113 502	80 678	88	28 317	4 419
Securities firms	5 071	3 609	309	1 153	-
SME Corporate	217 133	98 650	18 653	65 183	34 647
SME Retail	19 341	11 618	443	4 560	2 720
Sovereign (including central government and central bank)	271 940	70 328	33 558	83 708	84 346
Specialised lending – income producing real estate	67 701	15 825	8 269	37 734	5 873
Specialised lending – project finance (PF)	93 585	4 328	9 244	33 047	46 966
Total	2 070 491	542 941	132 603	779 961	614 986

	2023[1]				
	Total exposure Rm	Current to 6 months Rm	6 months to 1 year Rm	1 year to 5 years Rm	More than 5 years Rm
Banks	107 142	59 076	17 996	29 361	709
Corporate	529 592	107 463	62 767	313 724	45 638
Local governments and municipalities	8 352	1 684	-	3 204	3 464
Public sector entities (PSEs)	20 942	1 330	3 420	8 707	7 485
Retail – other	185 517	18 487	5 886	116 050	45 094
Retail mortgages (including any home equity line of credit)	381 227	28 083	1 373	33 157	318 614
Retail revolving credit	105 652	74 500	29	27 563	3 560
Securities firms	5 242	2 164	731	2 347	-
SME Corporate	202 248	91 864	14 654	59 907	35 823
SME Retail	17 052	10 859	367	3 253	2 573
Sovereign (including central government and central bank)	255 024	60 817	20 304	98 076	75 827
Specialised lending – income producing real estate	69 075	16 750	6 255	40 884	5 186
Specialised lending – project finance (PF)	71 198	5 212	2 186	28 523	35 277
Total	1 958 263	478 289	135 968	764 756	579 250

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

4.3.5 Measuring and the management of credit concentrations

Credit risk is accountable for the management of concentrations, or pools of exposures, whose collective performance could negatively affect the Group even if each individual transaction in a pool is soundly underwritten. When exposures in a pool are sensitive to certain economic or business correlations, that sensitivity, if triggered, may cause the sum of the transactions to perform as if it were a single, large exposure.

Credit concentrations can be grouped into two categories:

- Conventional credit concentrations would include concentrations of credits to single borrowers or counterparties, a group of connected counterparties, and sectors or industries, such as commercial real estate, and oil and gas.
- Concentrations based on common or correlated risk factors reflect subtler or more situation-specific factors, and often can only be uncovered through analysis, e.g., close linkages among emerging markets under stress conditions and previously undetected correlations between market and credit risks, as well as between those risks and liquidity risks, can produce widespread losses.

Risk appetite, including the setting and measurement of credit concentration risk limits, represents a critical component of the CRMF and is managed to maintain a diversified credit portfolio with respect to key concentration dimensions within the Risk Appetite Framework.

Business units are required to incorporate EaR and EC, exposure at risk and current exposure as key credit risk metric as a portfolio concentration management tool. This ensures that not only are concentrations that are large in value monitored, but also that concentrations that potentially become larger under stress conditions are proactively identified and managed.

Business units should establish frameworks to measure concentration risk, not only to single-name exposures, but establish aggregate limits for credit exposures to counterparties in the same economic sector or geographic region, whose financial performance is dependent on the same activity or commodity, indirect credit exposures arising from a bank's credit risk management activities, or any other relevant concentration risk dimension deemed appropriate by the business unit. The framework should include the following, but not limited to:

- Definitions of the credit concentration dimensions that are measured and managed.
- Techniques used to identify concentrations based on common risk factors or correlations among factors.
- Limit setting process.
- Monitoring and reporting of concentration risk against limits.
- Procedures for reporting on and authorising risk concentration policy and internal limit breaches.
- Description of the process relating to formulating scenarios and conducting stress testing on risk concentration exposures.

Country risk is managed by means of country risk limits (which includes the consideration of concentrations to Sovereigns).

4.4 Credit risk mitigation (CRM) [CRC]

CRM techniques are used to mitigate credit risk that the bank is exposed to and is applied internally for sanctioning purposes and externally for RWA and EC purposes.

Risk mitigants are classified as either funded or unfunded collateral. Funded collateral includes financial collateral (i.e. cash/deposits), physical collateral (i.e. fixed property) and other such receivables. Unfunded collateral includes guarantees, set-off (where legally enforceable), risk participations and other.

Collateral is a secondary consideration for the protection of the Group's lending activities as and when applicable to the specific type of lending under consideration. The main underwriting consideration remains an assessment of the primary exit from the exposure based on a cash flow analysis.

Generally, one or more forms of CRM are used in the credit approval process. The use and approach to CRM varies by product type, portfolio, customer and business strategy. Minimum requirements are prescribed in policies and standards, and cover, inter alia, valuations, haircuts and any required volatility adjustments, conditions or restrictions, legal certainty, correlations, concentrations and other.

4.4.1 Valuation of collateral

The Group uses several approaches for the valuation of collateral that is not in a defaulted state, including physical inspection, an automated valuation model (AVM), desktop valuations, statistical indexing and price volatility modelling. Valuations are regularly refreshed, with the frequency of valuation reviews based on the specific collateral type.

Once an asset becomes non-performing, the following is triggered:

- In the wholesale portfolio, collateral valuations are updated and impairment risk assessed. These valuations and capital at risk are regularly reviewed to ensure impairments remain adequate.
- In the retail portfolio, mortgage asset valuations are updated using an AVM, and an indexing methodology is used for instalment sale assets. High-value property assets are valued through a physical valuation. Valuations are updated at least six-monthly.

The banking book collateral management process focuses on the efficient handling and processing of a large number of cases in the retail portfolio and the lower end of the corporate sector, therefore heavily relying on the Group's collateral and document management systems. For larger wholesale exposures and capital market transactions, collateral is jointly managed between the credit and legal functions as transactions and associated legal agreements are often bespoke in nature. All security structures and legal covenants are reviewed at least annually to ensure they comply with the credit risk requirement.

4.4.2 Types of guarantor and credit derivative counterparties

In the commercial, corporate and financial sector, reliance is often placed on a third-party guarantor, which may be a parent company to the borrower, a major shareholder or a bank. Similarly, credit derivative transactions are sometimes used to hedge specific parts of any single-name risk in the wholesale portfolio. For these transactions, the most common counterparties or issuers are banks, non-bank financial institutions, large corporates and governments. The creditworthiness of the guarantor or derivative counterparty/issuer is assessed as part of the credit approval process and the value of such a guarantee or derivative contract is recorded against the guarantor/issuer's credit limits.

4. Credit risk

Overview of CRM techniques employed by the Group [CR3]

The following table depicts the extent to which the Group uses collateral and financial guarantees to secure exposures and reduce capital requirements:

		a	b	c	d	e
		2024				
		Exposures unsecured: carrying amount Rm	Exposures secured by collateral Rm	Exposures secured by collateral of which secured amount Rm	Exposures secured by financial guarantees Rm	Exposures secured by financial guarantee, of which secured amount Rm
1	Loans	734 101	613 576	613 576	54 957	49 462
2	Debt securities	263 267	-	-	-	-
3	Total	997 368	613 576	613 576	54 957	49 462
4	Of which defaulted	61 883	52 286	52 286	-	-

		a	b	c	d	e
		2023				
		Exposures unsecured: carrying amount Rm	Exposures secured by collateral Rm	Exposures secured by collateral of which secured amount Rm	Exposures secured by financial guarantees Rm	Exposures secured by financial guarantee, of which secured amount Rm
1	Loans	642 719	626 836	626 836	35 733	32 160
2	Debt securities	229 929	-	-	-	-
3	Total	872 648	626 836	626 836	35 733	32 160
4	Of which defaulted	51 025	51 379	51 379	-	-

4.5 Credit risk under the SA [CRD]

The Group uses the SA for its ARO banking book portfolios (both wholesale and retail). Due to the relative scarcity of data, the ARO portfolios are not currently on the IRB migration plan.

Standard and Poor's and Moody's ratings are used by the Group as input into standardised capital formulas for the Group, corporate and sovereign asset classes. Rating agencies have limited coverage in ARO. Where more than one rating is available, the more conservative rating is applied. Issuer ratings are generally used. Obligors that are not rated externally are classified as unrated for RC purposes.

The following table provides an analysis, per Basel asset class, of the exposure and impact of CRM under the SA. In the ARO portfolio, there are limited amounts of eligible collateral available for use in regulatory calculations:

4. Credit risk

SA – credit risk exposure and CRM effects [CR4]

		a	b	c	d	e	f
		2024					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount Rm	Off-balance sheet amount Rm	On-balance sheet amount Rm	Off-balance sheet amount Rm	RWA Rm	RWA density %
1	Corporate	62 294	42 431	87 198	17 100	95 563	92
2	SME Corporate	45 091	20 540	55 266	10 308	65 544	100
3	PSEs	4 352	2 143	5 628	672	2 558	41
4	Local governments and municipalities	-	-	-	-	-	-
5	Sovereign (including central government and central bank)	100 811	2 597	101 387	1 082	88 205	86
6	Banks	27 895	5 657	31 091	2 516	13 026	39
7	Securities firms	-	-	-	-	-	-
8	Residential mortgages (including any home equity line of credit)	19 454	-	19 454	-	7 889	41
9	Retail – revolving credit	2 942	2 577	5 363	156	2 235	40
10	Retail – other	48 935	6	48 720	7	35 112	72
11	SME retail	1 131	74	1 189	16	1 024	85
12	Total	312 905	76 025	355 296	31 857	311 156	80

		a	b	c	d	e	f
		2023[1]					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount Rm	Off-balance sheet amount Rm	On-balance sheet amount Rm	Off-balance sheet amount Rm	RWA Rm	RWA density %
1	Corporate	50 739	34 624	49 137	16 124	72 947	112
2	SME Corporate	41 845	13 139	40 333	6 666	52 669	112
3	PSEs	4 757	2 180	4 663	938	2 889	52
4	Local governments and municipalities	-	-	-	-	-	-
5	Sovereign (including central government and central bank)	105 543	1 263	105 328	583	77 686	73
6	Banks	23 857	7 866	23 857	3 330	12 130	45
7	Securities firms	-	-	-	-	-	-
8	Residential mortgages (including any home equity line of credit)	15 841	-	15 531	-	6 443	41
9	Retail – revolving credit	2 251	2 052	2 075	85	1 639	76
10	Retail – other	44 489	1	43 189	1	32 359	75
11	SME retail	980	79	924	25	747	79
12	Total	290 302	61 204	285 037	27 752	259 509	83

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

The following table provides an analysis, per Basel asset class, of the risk weights applied to standardised exposures:

SA – exposures by asset classes and risk weights [CR5]

		2024										
		a	b	c	d	e	f	g	h	i	j	k
		Risk weight										Total credit exposures amount (post CCF and post-CRM)
		0%	>0% - 10%	>10% - 20%	>20 % - 35%	>35% - 50%	>50 % - 75%	>75 % - 100 %	>100% - 150%	>150 %	Others	
	Asset classes											
1	Corporate	-	-	-	-	332	-	66 359	37 606	-	-	104 297
2	SME Corporate	-	-	-	-	289	-	40 651	24 634	-	-	65 574
3	PSEs	-	-	-	-	6 103	-	53	143	-	-	6 299
4	Local governments and municipalities	-	-	-	-	-	-	-	-	-	-	-
5	Sovereign (including central government and central bank)	31 121	-	-	-	6 328	-	21 835	43 185	-	-	102 469
6	Banks	-	-	20 433	-	4 432	-	4 587	4 156	-	-	33 608
7	Securities firms	-	-	-	-	-	-	-	-	-	-	-
8	Residential mortgages (including any home equity line of credit)	-	-	-	6 791	327	10 632	1 704	-	-	-	19 454
9	Retail – revolving credit	-	-	-	-	18	5 234	181	87	-	-	5 520
10	Retail – other	-	-	-	-	451	47 858	400	19	-	-	48 728
11	SME retail	-	-	-	-	26	1 083	82	13	-	-	1 204
12	Total	31 121	-	20 433	6 791	18 306	64 807	135 852	109 843	-	-	387 153

4. Credit risk

		2023[1]										
		a	b	c	d	e	f	g	h	i	j	k
		Risk weight										Total credit exposures amount (post CCF and post-CRM)
		0%	>0% - 10%	>10% - 20%	>20 % - 35%	>35% - 50%	>50 % - 75%	>75 % - 100 %	>100% - 150%	>150 %	Others	
	Asset classes											
1	Corporate	-	-	-	-	213	-	47 597	17 451	-	-	65 261
2	SME Corporate	-	-	38	-	330	-	34 793	11 839	-	-	47 000
3	PSEs	-	-	-	-	5 512	-	-	89	-	-	5 601
4	Local governments and municipalities	-	-	-	-	-	-	-	-	-	-	-
5	Sovereign (including central government and central bank)	37 914	-	5 081	-	2 575	-	30 258	30 082	-	-	105 910
6	Banks	-	-	18 277	-	2 675	-	4 842	1 393	-	-	27 187
7	Securities firms	-	-	-	-	-	-	-	-	-	-	-
8	Residential mortgages (including any home equity line of credit)	-	-	-	5 752	237	7 841	1 701	-	-	-	15 531
9	Retail – revolving credit	-	-	-	-	20	2 052	83	5	-	-	2 160
10	Retail – other	-	-	-	-	307	42 764	92	27	-	-	43 190
11	SME retail	-	-	-	-	17	821	89	22	-	-	949
12	Total	37 914	-	23 396	5 752	11 886	53 478	119 455	60 908	-	-	312 789

4.6 Credit risk under the IRB approach [CRE]

The following table provides the EAD composition for each of the credit approaches.

Approach	2024 EAD Rbn	2024 EAD % of portfolio %	2023 EAD Rbn	2023 EAD % of portfolio %
AIRB approach	1 439	79	1 377	81
Standardised approach (SA)	387	21	313	19

The principal objective of credit modelling is to produce the most accurate possible quantitative assessment of the Group's credit risk at a counterparty and portfolio level. Integral to this is the calculation of internal credit parameters used for credit risk management purposes and in the calculation of RC, EC and impairment requirements. The key credit parameters used in this process are EAD, PD, LGD, maturity (M) and asset correlation.

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

The table below provides an overview of the AIRB models used for regulatory capital calculation per portfolio.

<table>
<tr><th>Number of models</th><th>Model type</th><th>Model description</th></tr>
<tr><td colspan="3">Corporate and Investment Bank</td></tr>
<tr><td>12</td><td>PD</td><td>Large corporate portfolio:
• Models have a quantitative and qualitative component, are internally developed using industry accepted statistical methodologies for low default environments and making use of internal and external data covering full economic cycles. Where external data is used, appropriate testing is performed to ensure it remains representative of the internal portfolio.
• Three externally developed models are used, with calibrations to internal portfolio behaviour.
Sovereign and bank portfolios:
• Models are internally developed using statistical and expert judgement techniques and benchmarked against external rating agency ratings to determine final ratings. Models are calibrated using external default data and credit spread market data.
Specialised lending portfolios:
• Hybrid models using either a combination of statistical cash flow simulation models and qualitative scorecards or scorecards developed on internal data and calibrated to a combination of internal data and external benchmarks as appropriate.
All above portfolios:
• All DG ratings and associated PDs are reviewed by the credit risk portfolio representative and, if necessary, final adjustments are made to reflect information not captured by the models.
• Rating models make use of borrower-specific financial statement information as well as collateral information where applicable.</td></tr>
<tr><td>6</td><td>LGD</td><td>• LGD models are developed internally using industry accepted statistical methodologies for low default environments and data covering long-run and downturn conditions.
• The models are generally hybrid models developed on internal and external loss and recovery data with oversight and input from the credit experts, where appropriate.
• Models make use of transactional and collateral information with prudent adjustments to mitigate heightened uncertainty due to low volumes of data, where appropriate.</td></tr>
<tr><td>2</td><td>EAD</td><td>• EAD estimation is based on regulatory guidelines with credit conversion factors used as appropriate.
• Standard industry EAD methodologies are used, with internal and external data used to estimate long-run and downturn estimates.</td></tr>
<tr><td colspan="3">Relationship Banking</td></tr>
<tr><td>12</td><td>PD</td><td>Commercial and Agriculture portfolios:
• Models are internally developed using industry accepted statistical methodologies for data rich environments and making use of internal data covering full economic cycles.
• All DG ratings and associated PDs are reviewed by the credit risk portfolio representative and, if necessary, final adjustments are made to reflect information not captured by the models.
• Rating models make use of borrower-specific repayment and financial statement information.
Local government and municipalities:
• Hybrid model consisting of a quantitative and qualitative component, calibrated to a combination of internal data and external benchmarks. Where external data is used, appropriate testing is performed to ensure it remains representative of the internal portfolio. Model uses borrower-specific financial statement information and government grants/subsidies where applicable.
• All DG ratings and associated PDs are reviewed by the credit risk portfolio representative and, if necessary, final adjustments are made to reflect information not captured by the models.
Non-commercial exposures:
• Models are internally developed using industry accepted behavioural scorecard methodologies for data rich environments and making use of internal data covering full economic cycles. This automated scoring process incorporate product type, customer behaviour and delinquency status. Each behavioural score translates to a PD that is calibrated to an appropriate long run level for the segment.</td></tr>
<tr><td>5</td><td>LGD</td><td>Local government and municipalities:
• LGD models are developed internally using industry accepted statistical methodologies for low default environments.
• The model is a hybrid model developed using a workout approach with oversight and input from the credit experts.
• The model makes use of financial, audit opinion and municipality characteristic information, with prudent adjustments to mitigate heightened uncertainty due to low volumes of data.
All other portfolios:
• LGD models are developed internally using industry accepted statistical methodologies for data rich environments and data covering long-run and downturn conditions.
• The models are workout models with recoveries calculated using internal loss and recovery data and impacted by collateral type.
• Models also incorporate time in default and post-default payment behaviour.</td></tr>
<tr><td>2</td><td>EAD</td><td>• EAD estimation is based on regulatory guidelines with credit conversion factors used as appropriate.
• Standard industry EAD methodologies are used, split between revolving, non-revolving, amortizing and contingent type facilities.
• Internal portfolio experience is used to estimate long-run and downturn estimates.</td></tr>
</table>

4. Credit risk

Number of models	Model type	Model description
Retail		
7	PD	• Portfolios/products are segmented into homogeneous pools and sub-pools through an automated behavioural scoring process. The behavioural scorecards use industry accepted behavioural scorecard methodologies for data rich environments that incorporate product type, loan characteristics, customer behaviour, bureau information and delinquency status. • PDs are estimated for each sub-pool based on internal product level history associated with the respective pools, covering full economic cycles.
7	LGD	• LGD models are developed internally using industry accepted statistical methodologies for data rich environments and data covering long-run and downturn conditions. • LGD estimates are based on sub-segmentation with reference to collateral or product type, time in default and post-default payment behaviour. Final estimates are based on associated analyses and modelling of historical internal loss and recovery data.
7	EAD	• EAD estimation is based on regulatory guidelines with credit conversion factors used as appropriate. • Standard industry EAD methodologies are used, split between revolving, non-revolving, amortizing and contingent type facilities. • Internal portfolio experience is used to estimate long-run and downturn estimates.

Key risk parameters used in credit risk measurement

EAD	PD	LGD	M	Correlation
Exposure at default	Probability of default	Loss-given default	Maturity	Correlation
An estimate of the level of credit exposure, should the obligor default occur during the next (rolling) 12-month period.	Represents the likelihood that an individual obligor/facility will default during the next (rolling) 12-month period.	Represents an estimate of the percentage of EAD that will not be recovered, should the obligor/facility default occur during the next (rolling) 12-month period.	Remaining time until the effective maturity date of the loan or other credit facility.	Measures to what extent the risks in the various industry sector and regions in the loan portfolio are related to common factors.
These parameters can be calculated to represent different views of the credit cycle, which are used in different applications:				
	Through-the-cycle (TTC): reflecting the predicted default frequency in an average 12-month period across the credit cycle. Point-in-time (PIT): reflecting the predicted default frequency contingent on the macroeconomic environment.	Downturn (DT): reflecting behaviour observed under stressed economic conditions. Long run (LR): reflecting business-as-usual measures or behaviour under benign/average conditions.		

Internal and vendor-supplied credit models are used to estimate the key credit parameters of EAD, PD, LGD and asset correlation. 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.

To provide a common measure of default risk across the Group, an internal default grade scale is used. This scale is mapped to a scale of default probabilities for regulatory reporting purposes and to external agency ratings for benchmarking purposes.

The application of the key risk parameters in credit risk measurement and decision-making is set out in the following tables:

4. Credit risk

Application of key risk parameters in credit risk measurement

<table>
<tr><th>EAD</th><th>PD</th><th>LGD</th><th>M</th><th>Correlation</th></tr>
<tr><td>Exposure at default</td><td>Probability of default</td><td>Loss given default</td><td>Maturity</td><td>Correlation</td></tr>
<tr><td colspan="3">EL: The EL calculation is determined making use of EAD, TTC PD and depending on being a DT EL or LR EL will make use of either the DT LGD or LR LGD respectively.
Impairment parameters: The impairment calculation makes use of EAD considering all contractual terms over the lifetime of the instrument, PD reflecting the current and future economic cycles to the extent relevant to the remaining life of the loan calculated at a PIT and a current or forward looking LGD reflecting impact of economic scenarios.</td><td></td><td></td></tr>
<tr><td colspan="5">RC parameters: The RC calculation makes use of EAD, TTC PD, DT LGD, contractual maturity and regulatory prescribed asset correlations.</td></tr>
<tr><td colspan="5">EC parameters: The EC calculation makes use of EAD, TTC PD, LR LGD, contractual maturity as well as bespoke asset correlations, including PD-LGD correlation.</td></tr>
</table>

Application of key risk parameters in credit risk decision-making

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 home loan 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 setting and monitoring	RC and EC (including measures of earnings volatility) are used in the Group's risk appetite framework. Measures of stressed losses and capital utilisation are used in the setting of concentration risk limits.
Risk profile reporting	Credit risk reports to Board and senior management use model outputs to describe the Group's credit risk profile.

4. Credit risk

The following tables provide a detailed breakdown, per Basel asset class, of the drivers of the Group's capital requirements under the AIRB approach:

Credit risk exposures by portfolio and PD range [CR6]

	a	b	c	d	e	f	g	h	i	j	k	l
	2024											
PD scale	Original on-balance sheet gross exposure Rm	Off-balance sheet exposures pre CCF Rm	Average CCF %	EAD post CRM and post-CCF Rm	Average PD[1] %	Number of obligors #	Average LGD %	Average maturity %	RWA Rm	RWA density[2] %	EL Rm	Pro-visions Rm
Corporate												
0.00 to <0.15	80 039	30 219	21	81 130	0.10	158	34	1.65	15 390	19	26	13
0.15 to <0.25	49 337	36 901	33	66 631	0.19	104	25	2.13	15 268	23	31	27
0.25 to <0.50	60 677	45 956	40	83 463	0.36	278	24	1.82	24 338	29	72	49
0.50 to <0.75	14 316	9 134	41	18 287	0.60	156	22	2.19	6 502	36	24	15
0.75 to <2.50	59 777	39 211	30	73 522	1.38	1 252	27	1.90	43 668	59	279	227
2.50 to <10.00	18 309	10 895	41	23 769	4.03	504	28	2.34	21 827	92	275	218
10.00 to <100.00	1 762	1 413	6	2 802	55.93	75	34	2.38	2 124	76	679	256
100.00 (Default)	6 562	655	65	6 839	100.00	72	43	2.31	2 725	40	3 228	3 227
Sub-total	290 778	174 385	33	356 442	3.08	2 599	28	1.92	131 841	37	4 613	4 033
Specialised lending												
0.00 to <0.15	169	74	37	197	0.14	16	17	4.85	44	22	-	-
0.15 to <0.25	11 621	19 517	2	12 975	0.23	96	25	3.86	4 618	36	8	3
0.25 to <0.50	38 882	12 873	12	41 908	0.36	147	24	2.84	15 470	37	38	18
0.50 to <0.75	25 574	11 868	8	27 669	0.59	83	28	3.19	15 585	56	46	17
0.75 to <2.50	22 359	8 025	4	22 797	1.34	367	25	2.38	13 068	57	76	24
2.50 to <10.00	6 040	760	41	6 359	3.79	553	25	4.28	5 829	92	61	24
10.00 to <100.00	176	1	61	177	27.65	21	20	4.97	197	112	9	1
100.00 (Default)	3 290	59	3	3 300	100.00	66	29	2.34	2 351	71	893	893
Sub-total	108 110	53 176	10	115 383	3.68	1 349	26	3.02	57 163	50	1 130	980
SME Corporate												
0.00 to <0.15	2 721	59	73	2 832	0.11	413	24	1.19	335	12	1	5
0.15 to <0.25	948	1 223	53	1 827	0.20	85	25	1.99	353	19	1	2
0.25 to <0.50	4 022	1 373	40	4 780	0.38	264	18	2.97	1 312	27	3	6
0.50 to <0.75	5 251	1 657	54	6 044	0.61	351	30	2.55	3 016	50	12	17
0.75 to <2.50	49 555	16 835	51	58 356	1.54	4 842	22	3.05	27 272	47	191	249
2.50 to <10.00	42 816	10 619	49	48 838	3.71	8 770	21	3.35	26 466	54	346	614
10.00 to <100.00	5 705	732	59	6 161	24.73	923	24	2.98	6 766	110	388	116
100.00 (Default)	7 780	206	9	7 799	100.00	762	40	3.44	19 842	254	2 099	2 099
Sub-total	118 797	32 704	49	136 637	8.85	16 410	23	3.10	85 364	62	3 041	3 109
Public sector entities												
0.00 to <0.15	3 526	3	100	3 530	0.01	5	30	5.00	368	10	-	-
0.15 to <0.25	-	-	-	-	0.23	1	44	1.00	-	34	-	-
0.25 to <0.50	3 019	1 610	39	3 613	0.45	8	32	2.99	1 900	53	5	2
0.50 to <0.75	608	1 205	38	1 251	0.59	4	26	1.05	448	36	2	3
0.75 to <2.50	2 012	826	17	2 089	1.75	33	27	2.68	1 515	73	10	5
2.50 to <10.00	6	7	100	12	3.18	14	31	1.00	10	81	-	-
10.00 to <100.00	66	-	100	68	17.26	4	58	1.00	225	333	7	9
100.00 (Default)	622	17	100	631	100.00	2	33	2.66	242	38	212	212
Sub-total	9 859	3 666	58	11 194	6.29	71	30	3.32	4 707	42	236	230

[1] Total asset class average weighted PD percentage includes defaulted EADs.

[2] Post-model adjustments (PMAs) not included.

4. Credit risk

	a	b	c	d	e	f	g	h	i	j	k	l
	2024											
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD[1]	Number of obligors	Average LGD	Average maturity	RWA	RWA density[2]	EL	Pro-visions
	Rm	Rm	%	Rm	%	#	%	%	Rm	%	Rm	Rm
Local government and municipalities												
0.00 to <0.15	77	104	14	94	0.12	10	28	2.60	22	23	-	-
0.15 to <0.25	916	102	39	985	0.20	32	35	4.34	479	49	1	3
0.25 to <0.50	1 027	264	17	1 079	0.43	29	29	3.26	544	50	1	1
0.50 to <0.75	2	10	91	11	0.71	8	49	1.22	8	75	-	-
0.75 to <2.50	952	656	3	968	1.31	20	22	4.43	622	64	3	1
2.50 to <10.00	591	356	12	635	4.99	30	22	4.11	550	87	8	3
10.00 to <100.00	1 327	477	67	1 651	10.00	3	23	1.42	1 597	97	38	17
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**4 893**	**1 970**	**33**	**5 421**	**3.99**	**132**	**26**	**3.19**	**3 822**	**71**	**49**	**25**
Sovereign (including central government and central bank)												
0.00 to <0.15	154 288	5 026	3	155 828	0.01	23	31	2.91	9 946	6	5	1
0.15 to <0.25	-	-	100	-	0.21	1	5	1.00	-	4	-	-
0.25 to <0.50	3 905	19	44	3 918	0.40	5	30	1.73	1 491	38	5	11
0.50 to <0.75	-	26	83	17	0.50	3	30	1.00	6	37	-	-
0.75 to <2.50	176	2 044	3	373	1.51	48	43	1.72	356	95	3	2
2.50 to <10.00	1 048	1 999	-	96	3.17	8	48	2.25	139	144	1	1
10.00 to <100.00	-	-	100	-	14.47	4	44	1.00	-	210	-	-
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**159 417**	**9 114**	**4**	**160 233**	**0.03**	**92**	**31**	**2.88**	**11 938**	**7**	**14**	**15**
Banks												
0.00 to <0.15	27 084	7 503	46	22 784	0.06	99	32	1.30	3 077	14	4	1
0.15 to <0.25	4 006	597	98	3 617	0.16	13	32	1.02	741	20	2	-
0.25 to <0.50	699	1 039	34	579	0.35	15	26	1.30	180	31	1	-
0.50 to <0.75	150	165	29	192	0.60	7	39	1.26	129	67	-	-
0.75 to <2.50	2 049	2 095	88	3 035	1.89	124	28	0.68	1 713	56	15	2
2.50 to <10.00	8 196	12 631	60	14 634	6.71	58	23	0.68	9 449	65	225	43
10.00 to <100.00	806	1 632	66	1 487	17.95	18	30	0.45	1 063	71	81	14
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**42 989**	**25 662**	**57**	**46 330**	**2.87**	**334**	**29**	**1.01**	**16 351**	**35**	**329**	**61**
Securities firms												
0.00 to <0.15	4 901	55	27	4 359	0.06	11	36	1.33	645	15	1	-
0.15 to <0.25	-	-	-	-	0.15	1	45	1.00	-	35	-	-
0.25 to <0.50	-	1	100	1	0.25	3	45	2.75	-	55	-	-
0.50 to <0.75	-	15	33	10	0.60	2	19	1.00	3	31	-	-
0.75 to <2.50	60	-	-	58	1.00	16	45	1.00	58	99	-	-
2.50 to <10.00	3	36	100	39	2.79	3	45	1.00	45	116	-	-
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**4 964**	**107**	**28**	**4 467**	**0.10**	**36**	**36**	**1.32**	**751**	**17**	**2**	**-**

[1] Total asset class average weighted PD percentage includes defaulted EADs.
[2] PMAs not included.

4. Credit risk

	a	b	c	d	e	f	g	h	i	j	k	l
	2024											
PD scale	Original on-balance sheet gross exposure Rm	Off-balance sheet exposures pre CCF Rm	Average CCF %	EAD post CRM and post-CCF Rm	Average PD[1] %	Number of obligors #	Average LGD %	Average maturity %	RWA Rm	RWA density[2] %	EL Rm	Provisions Rm
Retail mortgages (including any home equity line of credit)												
0.00 to <0.15	23 977	30 553	40	37 282	0.08	71 005	13	2.50	1 037	3	4	8
0.15 to <0.25	21 787	7 039	43	25 261	0.20	34 081	14	2.50	1 484	6	7	10
0.25 to <0.50	43 859	7 978	45	48 439	0.37	62 426	14	2.50	4 487	9	25	30
0.50 to <0.75	31 019	3 243	50	33 322	0.62	39 199	14	2.50	4 594	14	30	30
0.75 to <2.50	94 952	4 627	55	99 449	1.39	110 491	15	2.50	24 603	25	213	176
2.50 to <10.00	39 918	5 063	10	45 493	4.35	53 328	16	2.50	22 348	49	309	504
10.00 to <100.00	15 420	38	61	15 656	30.64	20 501	16	2.50	13 150	84	773	493
100.00 (Default)	43 539	101	-	43 539	100.00	52 053	24	2.50	15 740	36	9 016	9 018
Sub-total	**314 471**	**58 642**	**38**	**348 439**	**14.97**	**443 084**	**16**	**2.50**	**87 442**	**25**	**10 377**	**10 267**
Retail revolving credit												
0.00 to <0.15	1 791	9 776	51	8 488	0.09	411 927	59	2.50	287	3	4	36
0.15 to <0.25	2 874	4 839	51	5 925	0.20	202 606	61	2.50	406	7	7	46
0.25 to <0.50	6 078	6 262	51	10 120	0.36	361 572	60	2.50	1 106	11	22	115
0.50 to <0.75	4 215	2 669	53	6 300	0.62	305 322	58	2.50	1 017	16	23	101
0.75 to <2.50	12 122	4 866	55	16 327	1.39	671 940	57	2.50	4 826	30	131	427
2.50 to <10.00	22 847	13 854	56	30 751	3.94	776 665	58	2.47	19 212	62	700	1 382
10.00 to <100.00	3 953	327	61	4 559	22.79	209 696	57	2.50	6 498	143	582	1 033
100.00 (Default)	11 334	176	2	11 360	100.00	295 465	74	2.50	7 303	64	7 681	7 680
Sub-total	**65 214**	**42 769**	**48**	**93 831**	**14.85**	**3 235 193**	**60**	**2.49**	**40 654**	**43**	**9 149**	**10 820**
SME Retail												
0.00 to <0.15	257	896	92	1 083	0.11	7 365	60	2.31	181	17	1	2
0.15 to <0.25	50	417	93	436	0.20	2 137	65	2.58	121	28	1	-
0.25 to <0.50	406	755	88	1 074	0.37	5 032	56	2.65	387	36	2	2
0.50 to <0.75	762	652	76	1 264	0.61	4 700	43	3.02	469	37	3	3
0.75 to <2.50	4 202	1 573	78	5 462	1.59	15 605	43	2.71	2 969	54	39	28
2.50 to <10.00	3 876	1 543	114	5 621	4.35	73 891	50	2.46	4 338	77	118	45
10.00 to <100.00	1 234	94	79	1 310	28.05	4 028	47	2.63	1 462	112	172	27
100.00 (Default)	1 400	16	73	1 401	100.00	3 663	54	2.59	4 363	312	538	538
Sub-total	**12 188**	**5 948**	**91**	**17 650**	**11.97**	**116 421**	**49**	**2.61**	**14 290**	**81**	**873**	**643**
Retail – other												
0.00 to <0.15	355	389	80	720	0.09	6 455	35	2.50	61	9	-	4
0.15 to <0.25	2 686	372	27	2 893	0.21	21 268	33	2.50	419	14	2	9
0.25 to <0.50	8 443	227	55	8 576	0.38	37 137	30	2.50	1 650	19	10	22
0.50 to <0.75	7 613	203	54	9 903	0.62	32 736	27	2.50	2 316	23	17	27
0.75 to <2.50	39 437	196	42	39 404	1.43	184 043	33	2.50	15 812	40	190	294
2.50 to <10.00	32 935	68	30	32 898	5.84	228 029	40	2.50	21 623	66	771	1 187
10.00 to <100.00	25 496	36	-	25 449	20.37	158 361	38	2.50	21 739	85	1 963	1 853
100.00 (Default)	23 237	44	-	23 179	100.00	166 689	47	2.50	5 781	25	10 064	10 064
Sub-total	**140 202**	**1 535**	**27**	**143 022**	**21.64**	**834 718**	**37**	**2.50**	**69 402**	**49**	**13 016**	**13 460**
Total (all portfolios)	**1 271 882**	**409 678**	**33**	**1 439 049**	**8.95**	**4 650 439**	**28**		**523 725**	**36**	**42 829**	**43 643**

[1] Total asset class average weighted PD percentage includes defaulted EADs.

[2] PMAs not included.

4. Credit risk

	a	b	c	d	e	f	g	h	i	j	k	l
	2023[1]											
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD[2]	Number of obligors	Average LGD	Average maturity	RWA	RWA density[3]	EL	Pro-visions
	Rm	Rm	%	Rm	%	#	%	%	Rm	%	Rm	Rm
Corporate												
0.00 to <0.15	94 159	63 340	21	119 593	0.11	206	31	1.71	21 288	18	37	55
0.15 to <0.25	27 138	23 005	44	42 780	0.22	122	25	1.82	10 007	23	24	31
0.25 to <0.50	47 829	35 425	41	67 688	0.38	278	25	1.75	20 685	31	64	62
0.50 to <0.75	16 622	7 814	42	20 401	0.63	153	27	2.15	9 767	48	35	45
0.75 to <2.50	67 010	36 968	28	71 086	1.57	1 523	26	1.94	43 792	62	306	364
2.50 to <10.00	11 455	5 381	23	12 916	5.34	231	31	2.04	13 911	108	223	274
10.00 to <100.00	2 426	441	43	2 630	29.34	68	32	2.00	4 240	161	264	181
100.00 (Default)	4 422	936	55	4 801	100.00	38	38	1.50	1 675	35	2 225	2 226
Sub-total	271 061	173 310	31	341 895	2.33	2 619	28	1.82	125 365	37	3 178	3 238
Specialised lending												
0.00 to <0.15	2 206	5 556	1	2 261	0.14	58	22	3.62	545	24	1	2
0.15 to <0.25	25 763	5 223	4	27 774	0.24	86	25	3.79	10 311	37	17	21
0.25 to <0.50	20 256	13 352	4	20 627	0.39	138	23	2.30	6 692	32	18	9
0.50 to <0.75	15 827	7 619	6	17 042	0.62	84	28	3.61	10 199	60	29	21
0.75 to <2.50	21 201	10 290	5	21 291	1.52	844	24	2.78	12 906	61	78	41
2.50 to <10.00	4 078	6 209	1	4 150	4.87	192	24	3.85	3 882	94	50	28
10.00 to <100.00	59	-	100	59	38.55	11	17	4.78	54	92	4	-
100.00 (Default)	2 588	45	-	2 588	100.00	84	30	2.81	3 731	144	598	597
Sub-total	91 978	48 294	4	95 792	3.54	1 497	25	3.19	48 320	50	795	719
SME Corporate												
0.00 to <0.15	2 350	204	100	2 616	0.09	1 518	41	1.74	445	17	1	9
0.15 to <0.25	4 072	1 013	45	3 288	0.23	379	17	2.34	463	14	1	2
0.25 to <0.50	3 989	2 586	27	5 041	0.39	1 187	25	2.45	1 671	33	5	13
0.50 to <0.75	3 139	673	48	3 520	0.59	623	23	3.21	1 381	39	5	10
0.75 to <2.50	62 393	18 544	60	73 848	1.80	34 150	24	3.01	38 291	52	313	734
2.50 to <10.00	31 100	5 514	65	35 656	5.04	5 853	19	3.25	19 313	54	343	349
10.00 to <100.00	3 969	511	73	4 371	24.73	1 585	29	2.89	5 793	133	315	87
100.00 (Default)	7 104	143	29	7 129	100.00	1 214	47	3.27	19 774	277	2 698	2 699
Sub-total	118 116	29 188	59	135 469	8.40	46 509	24	3.03	87 131	64	3 681	3 903
Public sector entities												
0.00 to <0.15	-	51	100	35	0.03	5	30	0.57	1	4	-	-
0.15 to <0.25	-	-	-	-	0.22	2	44	1.00	-	33	-	-
0.25 to <0.50	3 124	2 436	67	4 003	0.45	12	26	2.54	1 695	42	5	4
0.50 to <0.75	-	-	100	-	0.56	1	30	1.00	-	39	-	-
0.75 to <2.50	5 193	1 866	8	3 674	1.64	121	28	3.03	2 763	75	17	16
2.50 to <10.00	-	1	100	1	6.88	8	27	1.00	1	103	-	-
10.00 to <100.00	-	-	100	-	21.23	3	57	1.00	-	269	-	-
100.00 (Default)	774	561	87	1 020	100.00	4	23	1.00	310	30	339	339
Sub-total	9 091	4 915	45	8 733	12.58	156	27	2.56	4 770	55	361	359

[1] The December 2023 figures were revised to align with final regulatory submissions.
[2] Total asset class average weighted PD percentage includes defaulted EADs.
[3] Post-model adjustments (PMAs) not included.

4. Credit risk

	a	b	c	d	e	f	g	h	i	j	k	l
						2023[1]						
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD[2]	Number of obligors	Average LGD	Average maturity	RWA	RWA density[3]	EL	Pro-visions
	Rm	Rm	%	Rm	%	#	%	%	Rm	%	Rm	Rm
Local government and municipalities												
0.00 to <0.15	117	2	84	118	0.13	5	45	4.52	71	60	-	-
0.15 to <0.25	132	97	78	210	0.20	12	44	1.90	91	43	-	-
0.25 to <0.50	2 837	298	21	2 195	0.35	59	30	3.33	1 373	63	2	9
0.50 to <0.75	-	14	59	8	0.67	6	26	3.82	4	53	-	-
0.75 to <2.50	1 421	713	4	1 448	0.85	116	28	4.86	1 289	89	7	6
2.50 to <10.00	1 389	1 331	26	2 339	4.20	10	21	1.57	1 982	85	44	34
10.00 to <100.00	-	-	-	-	10.0	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	5 896	2 455	22	6 318	3.78	208	27	3.01	4 810	76	53	49
Sovereign (including central government and central bank)												
0.00 to <0.15	138 238	1 607	13	139 003	0.01	25	30	3.17	9 616	7	4	3
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	3 764	44	83	3 793	0.40	8	30	2.43	1 666	44	5	3
0.50 to <0.75	-	-	100	-	0.62	1	30	1.00	-	41	-	-
0.75 to <2.50	184	1 004	7	233	1.33	48	37	2.40	202	87	1	1
2.50 to <10.00	65	2 961	-	66	3.94	7	51	1.23	98	150	1	1
10.00 to <100.00	248	104	-	248	18.65	2	54	2.18	732	295	25	15
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	142 499	5 720	15	143 343	0.06	91	30	3.15	12 314	9	36	23
Banks												
0.00 to <0.15	30 004	17 637	43	34 235	0.05	99	30	1.12	3 550	10	6	13
0.15 to <0.25	11	250	100	136	0.21	4	22	1.00	28	20	-	-
0.25 to <0.50	867	905	72	1 184	0.38	16	21	1.14	282	24	1	-
0.50 to <0.75	108	63	10	8	0.70	4	42	1.00	5	62	-	-
0.75 to <2.50	1 977	1 436	59	2 745	1.75	55	34	0.98	2 156	79	15	13
2.50 to <10.00	9 272	12 411	42	13 010	6.24	48	23	0.76	10 673	82	189	52
10.00 to <100.00	157	320	100	343	16.59	14	23	0.24	373	109	13	1
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	42 396	33 022	45	51 662	1.82	240	28	1.02	17 067	33	224	79
Securities firms												
0.00 to <0.15	4 954	55	27	4 899	0.05	10	42	2.13	1 019	21	1	-
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
0.25 to <0.50	-	10	-	8	0.54	2	10	1.00	1	13	-	-
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50	187	32	79	210	1.33	6	44	1.00	185	88	1	-
2.50 to <10.00	2	2	82	4	5.38	1	45	1.00	6	172	-	-
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	5 143	99	29	5 121	0.11	19	42	2.08	1 211	24	2	-

[1] The December 2023 figures were revised to align with final regulatory submissions.

[2] Total asset class average weighted PD percentage includes defaulted EADs.

[3] PMAs not included.

4. Credit risk

	a	b	c	d	e	f	g	h	i	j	k	l
						2023[1]						
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD[2]	Number of obligors	Average LGD	Average maturity	RWA	RWA density[3]	EL	Provisions
	Rm	Rm	%	Rm	%	#	%	%	Rm	%	Rm	Rm
Retail mortgages (including any home equity line of credit)												
0.00 to <0.15	34 195	34 772	41	49 807	0.10	91 582	13	-	1 652	3	7	10
0.15 to <0.25	16 862	4 370	44	19 113	0.23	25 960	14	-	1 254	7	6	7
0.25 to <0.50	46 224	7 455	46	50 700	0.39	66 552	14	-	4 937	10	28	30
0.50 to <0.75	28 292	2 793	50	30 231	0.64	37 446	14	-	4 244	14	28	14
0.75 to <2.50	101 313	9 738	27	111 091	1.57	124 263	15	-	29 335	26	266	296
2.50 to <10.00	27 627	561	56	28 543	5.53	41 665	16	-	15 783	55	245	235
10.00 to <100.00	13 103	20	68	13 284	34.93	17 935	16	-	11 190	84	748	738
100.00 (Default)	37 963	98	-	37 965	100.00	49 701	23	-	9 139	24	7 768	7 767
Sub-total	305 579	59 807	36	340 734	13.62	455 104	15	-	77 534	23	9 096	9 096
Retail revolving credit												
0.00 to <0.15	1 552	9 081	52	8 116	0.11	451 348	58	-	316	4	5	14
0.15 to <0.25	1 625	3 254	52	3 705	0.23	156 475	60	-	278	8	5	8
0.25 to <0.50	5 311	6 239	51	9 336	0.39	391 087	59	-	1 074	12	22	45
0.50 to <0.75	3 369	2 434	53	5 144	0.64	236 228	58	-	858	17	19	21
0.75 to <2.50	14 274	6 172	53	19 579	1.61	767 517	57	-	6 288	32	177	429
2.50 to <10.00	22 414	12 029	60	29 202	4.70	655 014	59	-	20 644	71	799	1 598
10.00 to <100.00	3 281	251	58	3 788	27.70	190 948	56	-	5 591	148	585	1 288
100.00 (Default)	9 901	162	2	9 919	100.00	242 287	74	-	6 878	69	6 699	6 699
Sub-total	61 727	39 622	49	88 789	14.35	3 090 904	60	-	41 927	47	8 311	10 102
SME Retail												
0.00 to <0.15	542	1 020	76	1 857	0.04	101 238	67	-	143	8	-	4
0.15 to <0.25	27	96	93	123	0.23	3 478	41	-	24	19	-	1
0.25 to <0.50	504	849	77	1 419	0.40	46 345	63	-	589	42	4	2
0.50 to <0.75	369	219	82	594	0.62	5 139	51	-	262	44	2	1
0.75 to <2.50	4 681	2 163	74	6 842	1.67	55 667	51	-	4 416	65	59	25
2.50 to <10.00	2 903	938	81	3 761	5.40	28 622	56	-	3 301	88	112	53
10.00 to <100.00	581	70	78	654	31.02	3 961	56	-	883	135	103	37
100.00 (Default)	1 020	10	19	993	100.00	11 080	62	-	4 093	412	371	371
Sub-total	10 627	5 366	73	16 242	9.38	255 530	56	-	13 711	84	652	493
Retail – other												
0.00 to <0.15	835	689	64	1 381	0.13	16 725	37	-	167	12	1	1
0.15 to <0.25	2 059	219	40	2 207	0.23	11 487	28	-	297	13	1	1
0.25 to <0.50	7 308	316	61	7 564	0.40	36 173	30	-	1 543	20	9	10
0.50 to <0.75	6 402	217	68	8 841	0.66	34 963	28	-	2 161	24	16	18
0.75 to <2.50	41 482	253	43	41 688	1.58	223 516	35	-	18 372	44	233	312
2.50 to <10.00	38 670	81	34	38 821	7.01	271 520	40	-	26 022	67	1 093	1 400
10.00 to <100.00	20 379	56	33	20 436	22.88	130 198	38	-	18 387	90	1 798	2 369
100.00 (Default)	22 034	28	1	22 037	100.00	168 421	47	-	1 928	9	10 290	10 290
Sub-total	139 168	1 859	35	142 974	21.12	893 003	38	-	68 877	48	13 442	14 401
Total (all portfolios)	1 203 281	403 657	34	1 377 072	8.42	4 745 880	28		503 037	37	39 831	42 462

[1] The December 2023 figures were revised to align with final regulatory submissions.

[2] Total asset class average weighted PD percentage includes defaulted EADs.

[3] PMAs not included.

4. Credit risk

Effect on RWA of credit derivatives used as CRM techniques [CR7]

The Group makes limited use of credit derivatives to mitigate credit risk in the banking book.

		a	b	a	b
		2024		2023[1]	
		Pre-credit derivatives RWA Rm	Actual RWA Rm	Pre-credit derivatives RWA Rm	Actual RWA Rm
1	Corporate	132 377	131 841	125 365	125 365
2	Specialised lending	57 206	57 163	48 320	48 320
3	SME Corporate	85 372	85 364	87 131	87 131
4	PSEs	4 707	4 707	4 770	4 770
5	Local government and municipalities	3 822	3 822	4 810	4 810
6	Sovereign (including central government and central bank)	12 012	11 938	12 314	12 314
7	Banks	16 351	16 351	17 067	17 067
8	Securities firms	751	751	1 211	1 211
9	Retail mortgages (including any home equity line of credit)	87 442	87 442	77 534	77 534
10	Retail revolving credit	40 654	40 654	41 927	41 927
11	SME Retail	14 290	14 290	13 711	13 711
12	Retail - other	69 402	69 402	68 877	68 877
13	Total	524 386	523 725	503 037	503 037

RWA flow statements of credit risk exposures under IRB [CR8]

		a	a
		31 Dec 2024 RWA amounts Rm	30 Sep 2024 RWA amounts Rm
1	RWA as at end of previous quarter	530 564	525 584
2	Asset size	3 053	5 339
3	Asset quality	(12 031)	(852)
4	Model updates	(2 671)	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	3 145	(1 993)
8	Other[2]	4 329	2 486
9	RWA as at end of reporting period	526 389	530 564

The decrease in credit risk RWA over the last quarter of 2024 was driven by improvements in credit quality for corporate and SME corporate counterparties, partially offset by increases in non-performing loans and ZAR depreciation together with asset growth in specialised lending and sovereign asset classes.

[1] The December 2023 figures were revised to align with final regulatory submissions.

[2] Other reflects RWA growth on non-performing loans due to misalignment of the definition of default between IFRS 9 impairment and regulatory capital models.

4. Credit risk

IRB: Backtesting of PD per portfolio [CR9]

The tables below provide backtesting results to validate the reliability of the Bank's IRB PD models. In particular, the tables compare the long-run average PD used in AIRB capital calculations with the realised default rate observed over a five-year period, per Basel asset class. The average historical default rate is calculated as the number of defaults in a given year, divided by the number of obligors that were performing at the start of that year (averaged over five years).

	a	b	c	d	e	f	g
	2024						
				Number of obligors			
PD range	External rating equivalent	Weighted average PD %	Arithmetic average PD by obligors %	End of previous year #	End of the year #	Defaulted obligors in the year #	Average historical annual default rate %
Corporate							
0 to <0.15	AAA, AA, A, BBB+	0.10	0.10	206	158	-	0.68
0.15 to <0.25	BBB, BBB-	0.19	0.20	122	104	-	-
0.25 to <0.50	BBB-, BB+	0.36	0.33	278	278	1	0.30
0.50 to <0.75	BB+, BB	0.60	0.52	153	156	-	0.14
0.75 to <2.50	BB, BB-, B+	1.38	1.13	1 523	1 252	2	0.08
2.50 to <10.00	B+, B, B-	4.03	2.50	230	504	2	0.65
10.00 to <100.0	CCC/C	55.93	15.29	68	75	-	0.54
100.00 (Default)	100.00 (Default)	100.00	100.00	38	72	32	100.00
0 to < 100.0	AAA to CCC/C	1.19	1.60	2 580	2 527	5	0.20
Specialised lending							
0 to <0.15	AAA, AA, A, BBB+	0.14	0.12	58	16	-	-
0.15 to <0.25	BBB, BBB-	0.23	0.24	86	96	1	0.50
0.25 to <0.50	BBB-, BB+	0.36	0.34	138	147	-	-
0.50 to <0.75	BB+, BB	0.59	0.57	84	83	-	-
0.75 to <2.50	BB, BB-, B+	1.34	0.95	844	367	-	0.11
2.50 to <10.00	B+, B, B-	3.79	2.22	192	553	2	0.22
10.00 to <100.0	CCC/C	27.65	5.67	11	21	1	1.46
100.00 (Default)	100.00 (Default)	100.00	100.00	84	66	23	100.00
0 to < 100.0	AAA to CCC/C	0.84	1.42	1 413	1 283	4	0.24
SME Corporate							
0 to <0.25	AAA, AA, A, BBB+, BBB, BBB-	0.14	0.08	1 897	498	-	1.12
0.25 to <0.50	BBB-, BB+	0.38	0.35	1 187	264	4	0.97
0.50 to <0.75	BB+, BB	0.61	0.57	623	351	1	0.43
0.75 to <2.50	BB, BB-, B+	1.54	1.33	34 150	4 842	26	0.64
2.50 to <10.00	B+, B, B-	3.71	2.53	5 854	8 770	83	0.38
10.00 to <100.0	CCC/C	24.73	14.96	1 585	923	56	3.51
100.00 (Default)	100.00 (Default)	100.00	100.00	1 214	762	655	100.00
0 to < 100.0	AAA to CCC/C	3.33	2.73	45 296	15 648	170	0.48
Sovereigns							
0 to <0.15	AAA, AA, A, BBB+	0.01	0.02	25	23	-	-
0.15 to <0.25	BBB, BBB-	0.21	-	-	1	-	-
0.25 to <0.50	BBB-, BB+	0.40	0.16	8	5	-	-
0.50 to <0.75	BB+, BB	0.50	0.51	1	3	-	-
0.75 to <2.50	BB, BB-, B+	1.51	1.01	48	48	-	-
2.50 to <10.00	B+, B, B-	3.17	2.71	7	8	-	-
10.00 to <100.0	CCC/C	14.47	1.27	2	4	-	-
100.00 (Default)	100.00 (Default)	100.00	100.00	-	-	-	100.00
0 to < 100.0	AAA to CCC/C	0.03	0.84	91	92	-	-

4. Credit risk

	a	b	c	d	e	f	g
	2024						
				Number of obligors			
PD range	External rating equivalent	Weighted average PD %	Arithmetic average PD by obligors %	End of previous year #	End of the year #	Defaulted obligors in the year #	Average historical annual default rate %
Banks							
0 to <0.15	AAA, AA, A, BBB+	0.06	0.06	99	99	-	-
0.15 to <0.25	BBB, BBB-	0.16	0.17	4	13	-	-
0.25 to <0.50	BBB-, BB+	0.35	0.39	16	15	-	-
0.50 to <0.75	BB+, BB	0.60	0.72	4	7	-	-
0.75 to <2.50	BB, BB-, B+	1.89	0.07	55	124	-	-
2.50 to <10.00	B+, B, B-	6.71	0.93	48	58	-	-
10.00 to <100.0	CCC/C	17.95	0.76	14	18	-	-
100.00 (Default)	100.00 (Default)	100.00	100.00	-	-	-	100.00
0 to < 100.0	AAA to CCC/C	2.87	0.28	240	334	-	-
Retail mortgages							
0 to <0.50	AAA, AA, A, BBB+, BBB, BBB-, BB+	0.24	0.21	184 094	167 512	1 407	0.42
0.50 to <0.75	BB+, BB	0.62	0.61	37 446	39 199	790	0.97
0.75 to <2.50	BB, BB-, B+	1.39	1.39	124 263	110 491	4 094	2.24
2.50 to <10.00	B+, B, B-	4.35	4.65	41 665	53 328	4 463	5.55
10.00 to <100.0	CCC/C	30.64	29.05	17 935	20 501	6 769	29.32
100.00 (Default)	100.00 (Default)	100.00	100.00	49 701	52 053	-	100.00
0 to < 100.0	AAA to CCC/C	2.83	2.70	405 403	391 031	17 523	2.94
Retail revolving credit							
0 to <0.50	AAA, AA, A, BBB+, BBB, BBB-, BB+	0.23	0.21	998 910	976 105	8 375	0.89
0.50 to <0.75	BB+, BB	0.62	0.61	236 228	305 322	8 991	1.95
0.75 to <2.50	BB, BB-, B+	1.39	1.39	767 517	671 940	34 598	3.67
2.50 to <10.00	B+, B, B-	3.94	5.20	655 015	776 665	115 497	12.02
10.00 to <100.0	CCC/C	22.79	22.24	190 948	209 696	82 914	30.46
100.00 (Default)	100.00 (Default)	100.00	100.00	242 287	295 465	-	100.00
0 to < 100.0	AAA to CCC/C	3.12	3.41	2 848 618	2 939 728	250 375	5.98
SME retail							
0 to <0.25	AAA, AA, A, BBB+, BBB, BBB-	0.13	0.05	104 716	9 502	14	0.16
0.25 to <0.50	BBB-, BB+	0.37	0.32	46 345	5 032	12	0.17
0.50 to <0.75	BB+, BB	0.61	0.56	5 139	4 700	9	0.57
0.75 to <2.50	BB, BB-, B+	1.59	1.33	55 667	15 605	42	0.57
2.50 to <10.00	B+, B, B-	4.35	2.87	28 622	73 891	362	1.05
10.00 to <100.0	CCC/C	28.05	19.12	3 961	4 028	64	5.35
100.00 (Default)	100.00 (Default)	100.00	100.00	11 080	3 663	8 451	100.00
0 to < 100.0	AAA to CCC/C	4.39	2.79	244 450	112 758	503	0.40

4. Credit risk

	a	b	c	d	e	f	g
	2024						
				Number of obligors			
PD range	External rating equivalent	Weighted average PD %	Arithmetic average PD by obligors %	End of previous year #	End of the year #	Defaulted obligors in the year #	Average historical annual default rate %
Retail - other							
0 to <0.50	AAA, AA, A, BBB+, BBB, BBB-, BB+	0.32	0.30	64 385	64 860	771	1.49
0.50 to <0.75	BB+, BB	0.62	0.64	34 963	32 736	575	1.47
0.75 to <2.50	BB, BB-, B+	1.43	1.48	223 516	184 043	6 377	2.70
2.50 to <10.00	B+, B, B-	5.84	5.47	271 521	228 029	26 329	8.24
10.00 to <100.0	CCC/C	20.37	20.13	130 198	158 361	49 339	25.35
100.00 (Default)	100.00 (Default)	100.00	100.00	168 421	166 689	-	100.00
0 to < 100.0	AAA to CCC/C	6.48	7.11	724 583	668 029	83 391	8.77

	a	b	c	d	e	f	g
	2023[1]						
				Number of obligors			
PD range	External rating equivalent	Weighted average PD %	Arithmetic average PD by obligors %	End of previous year #	End of the year #	Defaulted obligors in the year #	Average historical annual default rate %
Corporate							
0 to <0.15	AAA, AA, A, BBB+	0.11	0.11	230	206	1	0.77
0.15 to <0.25	BBB, BBB-	0.22	0.18	109	122	-	0.19
0.25 to <0.50	BBB-, BB+	0.38	0.31	329	278	1	0.18
0.50 to <0.75	BB+, BB	0.63	0.54	135	153	-	0.32
0.75 to <2.50	BB, BB-, B+	1.57	1.18	1 438	1 523	-	0.04
2.50 to <10.00	B+, B, B-	5.23	2.17	222	230	6	0.61
10.00 to <100.0	CCC/C	29.34	17.32	72	68	-	0.54
100.00 (Default)	100.00 (Default)	100.00	100.00	42	38	23	100.00
0 to < 100.0	AAA to CCC/C	0.93	1.43	2 535	2 580	8	0.24
Specialised lending							
0 to <0.15	AAA, AA, A, BBB+	0.14	0.13	74	58	-	-
0.15 to <0.25	BBB, BBB-	0.24	0.23	101	86	-	-
0.25 to <0.50	BBB-, BB+	0.39	0.33	146	138	-	-
0.50 to <0.75	BB+, BB	0.62	0.58	76	84	-	-
0.75 to <2.50	BB, BB-, B+	1.52	1.04	991	844	1	0.11
2.50 to <10.00	B+, B, B-	4.87	1.98	65	192	1	0.22
10.00 to <100.0	CCC/C	38.55	4.56	16	11	1	1.47
100.00 (Default)	100.00 (Default)	100.00	100.00	71	84	33	100.00
0 to < 100.0	AAA to CCC/C	0.86	1.01	1 469	1 413	3	0.29

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

	a	b	c	d	e	f	g
				2023[1]			
				Number of obligors			
PD range	External rating equivalent	Weighted average PD %	Arithmetic average PD by obligors %	End of previous year #	End of the year #	Defaulted obligors in the year #	Average historical annual default rate %
SME Corporate							
0 to <0.25	AAA, AA, A, BBB+, BBB, BBB-	0.17	0.10	1 886	1 897	2	1.12
0.25 to <0.50	BBB-, BB+	0.39	0.33	2 538	1 187	4	0.74
0.50 to <0.75	BB+, BB	0.59	0.58	1 208	623	2	0.37
0.75 to <2.50	BB, BB-, B+	1.80	1.21	33 816	34 150	25	0.66
2.50 to <10.00	B+, B, B-	5.09	2.26	3 444	5 854	126	0.36
10.00 to <100.0	CCC/C	24.73	16.12	1 448	1 585	74	3.41
100.00 (Default)	100.00 (Default)	100.00	100.00	1 330	1 214	599	100.00
0 to < 100.0	AAA to CCC/C	3.34	1.79	44 340	45 296	233	0.48
Sovereigns							
0 to <0.15	AAA, AA, A, BBB+	0.01	0.01	32	25	-	-
0.15 to <0.25	BBB, BBB-	-	0.22	4	-	-	-
0.25 to <0.50	BBB-, BB+	0.40	0.25	13	8	-	-
0.50 to <0.75	BB+, BB	0.62	0.52	1	1	-	-
0.75 to <2.50	BB, BB-, B+	1.33	1.05	35	48	-	-
2.50 to <10.00	B+, B, B-	3.94	2.93	4	7	-	-
10.00 to <100.0	CCC/C	18.65	13.19	2	2	-	-
100.00 (Default)	100.00 (Default)	100.00	100.00	-	-	-	100.00
0 to < 100.0	AAA to CCC/C	0.06	1.10	91	91	-	-
Banks							
0 to <0.15	AAA, AA, A, BBB+	0.05	0.05	93	99	-	-
0.15 to <0.25	BBB, BBB-	0.21	0.22	6	4	-	-
0.25 to <0.50	BBB-, BB+	0.38	0.39	14	16	-	-
0.50 to <0.75	BB+, BB	0.70	0.13	13	4	-	-
0.75 to <2.50	BB, BB-, B+	1.75	0.09	39	55	-	-
2.50 to <10.00	B+, B, B-	6.24	0.90	37	48	-	-
10.00 to <100.0	CCC/C	16.59	0.30	8	14	-	-
100.00 (Default)	100.00 (Default)	100.00	100.00	-	-	-	100.00
0 to < 100.0	AAA to CCC/C	1.82	0.27	210	240	-	-
Retail mortgages							
0 to <0.50	AAA, AA, A, BBB+, BBB, BBB-, BB+	0.25	0.23	123 305	184 094	702	0.29
0.50 to <0.75	BB+, BB	0.64	0.62	39 973	37 446	780	0.63
0.75 to <2.50	BB, BB-, B+	1.57	1.43	172 729	124 263	5 005	1.71
2.50 to <10.00	B+, B, B-	5.53	4.63	72 802	41 665	7 007	4.21
10.00 to <100.0	CCC/C	34.93	24.05	14 535	17 935	5 871	27.04
100.00 (Default)	100.00 (Default)	100.00	100.00	42 549	49 701	-	100.00
0 to < 100.0	AAA to CCC/C	2.79	2.14	423 344	405 403	19 365	2.96

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

	a	b	c	d	e	f	g
	2023[1]						
				Number of obligors			
PD range	External rating equivalent	Weighted average PD %	Arithmetic average PD by obligors %	End of previous year #	End of the year #	Defaulted obligors in the year #	Average historical annual default rate %
Retail revolving credit							
0 to <0.50	AAA, AA, A, BBB+, BBB, BBB-, BB+	0.25	0.22	930 242	998 910	7 082	0.84
0.50 to <0.75	BB+, BB	0.64	0.61	212 903	236 228	6 118	1.58
0.75 to <2.50	BB, BB-, B+	1.61	1.40	743 662	767 517	27 065	3.16
2.50 to <10.00	B+, B, B-	4.70	5.14	648 155	655 015	98 081	10.59
10.00 to <100.0	CCC/C	27.70	22.41	199 793	190 948	82 428	28.37
100.00 (Default)	100.00 (Default)	100.00	100.00	224 577	242 287	-	100.00
0 to < 100.0	AAA to CCC/C	3.58	3.19	2 734 755	2 848 618	220 774	5.98
SME retail							
0 to <0.25	AAA, AA, A, BBB+, BBB, BBB-	0.05	0.05	102 845	104 716	86	0.20
0.25 to <0.50	BBB-, BB+	0.40	0.31	46 767	46 345	24	0.20
0.50 to <0.75	BB+, BB	0.62	0.55	6 492	5 139	3	0.71
0.75 to <2.50	BB, BB-, B+	1.67	1.24	54 712	55 667	88	0.68
2.50 to <10.00	B+, B, B-	5.40	2.46	16 537	28 622	152	1.05
10.00 to <100.0	CCC/C	31.02	18.68	3 903	3 961	125	5.69
100.00 (Default)	100.00 (Default)	100.00	100.00	12 137	11 080	14 173	100.00
0 to < 100.0	AAA to CCC/C	3.48	0.97	231 256	244 450	478	0.53
Retail - other							
0 to <0.50	AAA, AA, A, BBB+, BBB, BBB-, BB+	0.34	0.31	24 620	64 385	207	1.49
0.50 to <0.75	BB+, BB	0.66	0.61	10 046	34 963	122	1.38
0.75 to <2.50	BB, BB-, B+	1.58	1.63	93 557	223 516	1 491	2.42
2.50 to <10.00	B+, B, B-	7.01	6.15	478 460	271 521	47 638	7.09
10.00 to <100.0	CCC/C	22.88	15.62	134 309	130 198	38 933	24.30
100.00 (Default)	100.00 (Default)	100.00	100.00	143 207	168 421	-	100.00
0 to < 100.0	AAA to CCC/C	6.74	5.67	740 992	724 583	88 391	9.38

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

4.7 Counterparty credit risk (CCR) [CCRA]

CCR arises from the risk of losses due to a counterparty defaulting before meeting all their financial and contractual obligations on bilateral derivatives or securities financing transactions (SFTs). This includes failure to pay a regular cash flow, make a specific payment or deliver an asset. The credit risk relating to a derivative or SFT changes due to movement in underlying market variables. The loss to the Group is the cost of replacing or closing out the contract.

- **CCR measurement:** SA-CCR consists of two components which is replacement cost and potential future exposure (PFE) calculated per hedging set for each primary asset class.
- **Limit approval:** The principle of 'no limit, no trade' is strictly applied and all limits are to be approved by the risk sanctioning unit. All CCR limits are considered uncommitted and are revocable at any time. Break clauses are used to establish early termination rights.
- **Risk mitigants:** Cash and/or financial securities can be accepted to offset the exposure to trading positions which lead to CCR.
- **Exposure monitoring:** CCR activities are monitored through the management of limit excesses and failed trades.
- **Stress testing:** Stress testing is used to assess exposures to obligors or obligor groups and potential Bank losses under stress scenarios. Stress scenarios range from extreme but plausible events to less extreme but more probable stressed market conditions.

Wrong way risk (incorporated in the CCR profile) arises when there is adverse (positive) correlation between the obligor's PD and the Group's exposure to the obligor. Right way risk arises when an obligor's exposure is negatively correlated with the PD.

Collateral to be provided in the event of a credit rating downgrade: When assessing the portfolio in aggregate, the collateral that the Group would need to provide in the event of a rating downgrade is subject to many factors, including market movements in the underlying traded instruments and the netting of existing positions. The Group has limited instances of International Swaps and Derivatives Association (ISDA) agreements with a credit support annexure where both parties would be required to post additional collateral in the event of a credit rating downgrade. The additional collateral to be provided by the Group in the event of a credit rating downgrade is not considered to be material and therefore would not adversely impact its financial position.

The table below provides a view of the Group's regulatory CCR exposure, effectiveness of CRM techniques and RWA consumption. The table excludes CVA charges (table [CCR2]) and exposures cleared through central counterparties (CCPs) (table [CCR8]).

Analysis of CCR exposure by approach [CCR1]

		a	b	c	d	e	f
		2024					
		Replacement cost Rm	PFE Rm	Effective expected positive exposure (EEPE) Rm	Alpha used for computing regulatory EAD Rm	EAD post-CRM Rm	RWA Rm
1	SA-CCR (for derivatives)	7 573	17 361		1.4	33 136	14 394
2	IMM (for derivatives and SFTs)			-	-	-	-
3	Simple approach for CRM (for SFTs)					-	-
4	Comprehensive approach for CRM (for SFTs)					15 774	5 611
5	VaR for SFTs					-	-
6	**Total**						**20 005**

The increase in counterparty credit risk is primarily driven by a rise in short-dated SFTs as part of liquidity management, along with MTM movements on OTC derivatives, mainly in FX currency and interest rate products.

The ZAR/USD exchange rate depreciated by 2.7% from June 2024 to December 2024.

		a	b	c	d	e	f
		2023					
		Replacement cost Rm	PFE Rm	Effective expected positive exposure (EEPE) Rm	Alpha used for computing regulatory EAD Rm	EAD post-CRM Rm	RWA Rm
1	SA-CCR (for derivatives)	6 461	16 919		-	33 379	13 094
2	IMM (for derivatives and SFTs)			-	-	-	-
3	Simple approach for CRM (for SFTs)					-	-
4	Comprehensive approach for CRM (for SFTs)					13 222	4 892
5	VaR for SFTs					-	-
6	Total						17 986

Credit Valuation Adjustment remains fairly stable from June 2024 to December 2024.

CVA accounts for the risk of mark-to-market losses on over-the-counter (OTC) derivatives due to credit quality fluctuations on the derivative counterparty. A CVA capital charge is required under Basel III rules. The Group uses the SA for the calculation of CVA capital.

4. Credit risk

CVA capital charge [CCR2]

		a	b	a	b
		2024		2023	
		EAD post-CRM Rm	RWA Rm	EAD post-CRM Rm	RWA Rm
	Total portfolios subject to the Advanced CVA capital charge				
1	i. VaR component (including the 3×multiplier)		-		-
2	ii. sVaR component (including the 3×multiplier)		-		-
3	All portfolios subject to the Standardised CVA capital charge	33 136	10 364	33 379	9 679
4	Total subject to the CVA capital charge	33 136	10 364	33 379	9 679

Standardised approach – CCR exposures by regulatory portfolio and risk weights [CCR3]

	a	b	c	d	e	c	v	h	i
	2024								
Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	-	-	32	-	108	102	-	242
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	905	253	-	1 158
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	32	-	1 013	355	-	1 400

	a	b	c	d	e	c	v	h	i
	2023								
Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	-	2	13	-	186	227	-	428
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	921	47	-	968
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	2	13	-	1 107	274	-	1 396

4. Credit risk

The table below provides a view of all relevant parameters used for the calculation of CCR capital requirements under the Group's AIRB models. The table excludes CVA charges and exposures cleared through a CCP.

IRB – CCR exposures by portfolio and PD scale [CCR4]

	a	b	c	d	e	f	g
	2024						
PD scale	EAD post-CRM Rm	Average PD %	Number of obligors	Average LGD %	Average Maturity Yrs	RWA Rm	RWA density %
Corporate/SME Corporate							
0.00 to <0.15	9 238	0.11	53	41	0.97	1 893	20
0.15 to <0.25	1 600	0.24	48	27	2.91	526	33
0.25 to <0.50	6 034	0.41	100	31	2.62	2 667	44
0.50 to <0.75	2 135	0.62	49	33	2.23	1 228	57
0.75 to <2.50	5 662	1.60	303	39	0.86	4 590	81
2.50 to <10.00	1 917	4.85	60	45	0.56	2 910	152
10.00 to <100.00	7	59.14	2	45	2.10	15	212
100.00 (Default)	6	100.0	5	44	1.0	34	581
Sub-total	26 599	0.92	620	37	1.51	13 863	52
Banks/Securities firms							
0.00 to <0.15	18 741	0.06	33	44	0.82	2 538	14
0.15 to <0.25	16	0.21	2	44	0.93	6	35
0.25 to <0.50	1 105	0.40	10	44	0.14	432	39
0.50 to <0.75	6	0.60	2	44	0.54	3	54
0.75 to <2.50	49	1.53	16	44	1.37	45	92
2.50 to <10.00	964	7.29	10	44	0.79	1 521	158
10.00 to <100.00	25	18.04	4	44	0.63	34	139
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	20 906	0.43	77	44	0.79	4 579	22
Total (all portfolios)	47 505	0.71	697	40	1.19	18 442	39

4. Credit risk

	a	b	c	d	e	f	g
	2023[1]						
PD scale	EAD post-CRM	Average PD	Number of obligors	Average LGD	Average Maturity	RWA	RWA density
	Rm	%		%	Yrs	Rm	%
Corporate/SME Corporate							
0.00 to <0.15	4 237	0.07	36	39	1.28	773	18
0.15 to <0.25	6 748	0.17	62	33	1.42	1 498	22
0.25 to <0.50	2 527	0.37	92	32	2.05	1 007	40
0.50 to <0.75	1 750	0.60	63	36	2.99	1 161	66
0.75 to <2.50	6 426	1.19	307	39	0.70	4 749	74
2.50 to <10.00	1 623	3.89	95	44	0.82	2 218	137
10.00 to <100.00	27	57.27	6	45	2.45	58	214
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	23 338	1.0	661	37	1.34	11 464	49
Banks/Securities firms							
0.00 to <0.15	19 606	0.06	36	43	1.12	3 084	16
0.15 to <0.25	4	0.21	1	44	1.32	-	-
0.25 to <0.50	1 224	0.40	5	43	0.57	624	51
0.50 to <0.75	18	0.74	2	44	0.38	11	58
0.75 to <2.50	283	0.96	15	35	0.90	163	57
2.50 to <10.00	678	7.11	9	44	0.33	997	147
10.00 to <100.00	54	19.57	6	44	0.93	118	219
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	21 867	0.35	74	43	1.06	4 997	23
Total (all portfolios)	45 205	0.59	735	40	1.21	16 461	36

[1] The December 2023 figures were revised to align with final regulatory submissions.

4. Credit risk

The table below provides a breakdown of the types of collateral posted or received by the Group to support or reduce the CCR exposure related to derivatives and SFTs, including transactions cleared through a CCP. The Group relies mainly on cash and government bonds as collateral for derivative and securities financing contracts. The value of collateral used in each leg of SFTs is depicted on a gross basis.

Composition of collateral for CCR exposure [CCR5]

	a	b	c	d	e	f
	2024					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	Rm	Rm	Rm	Rm	Rm	Rm
Cash – domestic currency	-	3 887	-	802	75 959	60 258
Cash – other currencies	-	10 446	-	4 799	3 371	21 671
Domestic sovereign debt	-	-	-	-	55 951	72 838
Other sovereign debt	-	-	-	-	12 202	160
Government agency debt	-	3 560	-	-	-	-
Corporate bonds	-	67	-	-	7 014	4 135
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	17 960	-	5 601	154 497	159 062

The increase in collateral used in derivative and sft's transactions aligns with OTC derivatives and SFT's, as reflected in the CCR1 table.

	a	b	c	d	e	f
	2023					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	Rm	Rm	Rm	Rm	Rm	Rm
Cash – domestic currency	-	4 372	-	924	61 726	43 426
Cash – other currencies	-	7 782	-	882	2 734	34 524
Domestic sovereign debt	-	-	-	-	36 855	59 230
Other sovereign debt	-	-	-	-	35 752	-
Government agency debt	-	2 819	-	274	-	-
Corporate bonds	-	46	-	-	5 468	4 779
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	15 019	-	2 080	142 535	141 959

4. Credit risk

The table below illustrates the extent of the Group's exposures to credit derivative transactions in the trading book broken down between protection bought and protection sold positions.

Credit derivatives exposures [CCR6]

	a	b	a	b
	2024		2023	
	Protection bought Rm	Protection sold Rm	Protection bought Rm	Protection sold Rm
Notionals				
Single-name credit default swaps	6 065	7 897	10 144	11 963
Index credit default swaps	-	-	-	-
Total return swaps	20 263	14 694	12 442	15 682
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	26 328	22 591	12 760	22 586
Fair values				
Positive fair value (asset)	233	163	282	275
Negative fair value (liability)	(151)	(175)	(426)	(398)

The increase in credit derivative exposure is primarily driven by risk management, hedging, and regulatory capital optimization.

Exposures to CCPs [CCR8]

The table below provides a comprehensive picture of the Group's exposure to qualifying CCPs. The Group has no exposure to non-qualifying CCPs. The table includes exposures due to operations, margins posted and contributions to default funds.

		a	b	a	b
		2024		2023	
		EAD post-CRM Rm	RWA Rm	EAD post-CRM Rm	RWA Rm
1	Exposures to qualifying central counterparty (QCCPs) (total)		1 377		1 282
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3	i. OTC derivatives	-	-	-	-
4	ii. Exchange-traded derivatives	8 529	806	9 959	790
5	iii. SFTs	-	-	-	-
6	iv. Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-		-	
8	Non-segregated initial margin	10 675	268	11 690	286
9	Pre-funded default fund contributions	80	303	62	206
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)		-		-
12	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13	i. OTC derivatives	-	-	-	-
14	ii. Exchange-traded derivatives	-	-	-	-
15	iii. SFTs	-	-	-	-
16	iv. Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-		-	
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

4. Credit risk

4.8 Securitisation [SECA]

Securitisation is the financial practice of pooling various types of contractual debt such as residential and commercial mortgages, vehicle loans, or credit card debt obligations and selling their related cash flows to third party investors as securities in the form of note or bond issuances. Risk arises from the extent of credit enhancement provided to absorb losses from defaults on the underlying loans to support the required rating.

The Group engages in four securitisation transactions, namely Clover Capital (RF) (Pty) Ltd (Clover Capital), Nqaba Finance 1 (RF) Ltd (Nqaba), Bayport Securitisation (RF) Ltd (Bayport), and MW Asset Rentals (RF) Ltd (MWAR).

- Clover Capital was established to purchase qualifying debtors of Clover SA (Pty) Ltd (Clover). Clover has provided R300m subordinated debt to Clover Capital, which ranks after all external debt provider claims and acts as first loss absorption. The notes issued by Clover Capital are unrated.
- Nqaba was established specifically for the purpose of purchasing eligible residential mortgages originated by Eskom Finance Company SOC Ltd to employees of Eskom Holdings SOC Limited. The notes issued by Nqaba are rated by GCR Ratings.
- Bayport is a special purpose vehicle incorporated to house unsecured loans originated by Bayport Financial Services 2010 (Pty) Limited. Bayport notes are rated by S&P Global Ratings.
- MWAR is a ring-fenced equipment rentals securitisation vehicle, originated and serviced by Merchant West Proprietary Limited. Under the R2.5bn Lease Receivables Backed Note Programme, MWAR issues Class A Notes, listed on the Interest Rate Market of the Johannesburg Stock Exchange. The notes are rated by GCR Ratings.

The table below provides a breakdown of the Group's traditional securitisation exposures in the banking book for the retail and corporate portfolios where the Group acts as originator, sponsor or investor.

Securitisation exposures in the banking book [SEC1]

	a	b	c	e	f	g	i	j	k
	2024								
	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
	Traditional Rm	Synthetic Rm	Sub-total Rm	Traditional Rm	Synthetic Rm	Sub-total Rm	Traditional Rm	Synthetic Rm	Sub-total Rm
1 **Retail (total)**	-	-	**-**	533	-	**533**	118	-	**118**
2 Residential mortgage	-	-	-	533	-	533	-	-	-
3 Other retail exposures	-	-	-	-	-	-	118	-	118
6 **Wholesale (total)**	-	-	-	-	-	-	463	-	**463**
9 Lease and receivables	-	-	-	-	-	-	463	-	463

	a	b	c	e	f	g	i	j	k
	2023								
	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
	Traditional Rm	Synthetic Rm	Sub-total Rm	Traditional Rm	Synthetic Rm	Sub-total Rm	Traditional Rm	Synthetic Rm	Sub-total Rm
1 Retail (total)	-	-	-	620	-	620	99	-	99
2 Residential mortgage	-	-	-	620	-	620	-	-	-
3 Other retail exposures	-	-	-	-	-	-	99	-	99
6 Wholesale (total)	-	-	-	-	-	-	334	-	334
9 Lease and receivables	-	-	-	-	-	-	334	-	334

4. Credit risk

Securitisation exposures in the banking book and associated RC requirements – bank acting as originator or as sponsor [SEC3]

		a	b	c	d	e
		2024				
		Exposure values (by RW bands)				
		≤20% RW	>20% to 50% RW	50% to 100% RW	>100% to <1 250% RW	1 250% RW
		Rm	Rm	Rm	Rm	Rm
1	Total exposures	533	-	-	-	-
2	Traditional securitisation	533	-	-	-	-
3	Of which securitisation	533	-	-	-	-
4	Of which retail underlying	533	-	-	-	-
5	Of which wholesale	-	-	-	-	-
6	Of which re-securitisation	-	-	-	-	-
7	Of which senior	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-
14	Of which senior	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-

		a	b	c	d	e
		2023				
		Exposure values (by RW bands)				
		≤20% RW	>20% to 50% RW	50% to 100% RW	>100% to <1 250% RW	1 250% RW
		Rm	Rm	Rm	Rm	Rm
1	Total exposures	620	-	-	-	-
2	Traditional securitisation	620	-	-	-	-
3	Of which securitisation	620	-	-	-	-
4	Of which retail underlying	620	-	-	-	-
5	Of which wholesale	-	-	-	-	-
6	Of which re-securitisation	-	-	-	-	-
7	Of which senior	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-
14	Of which senior	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-

4. Credit risk

f	g	h	i	j	k	l	m	n	o	p	q
2024											
Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
IRB RBA[1] (incl. IAA[2])	IRB SFA[3]	SA[4]/SSFA[5]	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
-	-	533	-	-	-	53	-	-	-	4	-
-	-	533	-	-	-	53	-	-	-	4	-
-	-	533	-	-	-	53	-	-	-	4	-
-	-	533	-	-	-	53	-	-	-	4	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

f	g	h	i	j	k	l	m	n	o	p	q
2023											
Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
IRB RBA[1] (incl. IAA[2])	IRB SFA[3]	SA[4]/SSFA[5]	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
-	-	620	-	-	-	62	-	-	-	6	-
-	-	620	-	-	-	62	-	-	-	6	-
-	-	620	-	-	-	62	-	-	-	6	-
-	-	620	-	-	-	62	-	-	-	6	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

[1] RBA: ratings-based approach.
[2] IAA: Internal assessment approach.
[3] SFA: supervisory formula approach.
[4] SA: standardised approach.
[5] SSFA: simplified supervisory formula approach.

4. Credit risk

Securitisation exposures in the banking book and associated RC requirements – bank acting as investor [SEC4]

		a	b	c	d	e
		2024				
		Exposure values (by RW bands)				
		≤20% RW Rm	>20% to 50% RW Rm	50% to 100% RW Rm	>100% to <1 250% RW Rm	1 250% RW Rm
1	Total exposures	581	-	-	-	-
2	Traditional securitisation	581	-	-	-	-
3	Of which securitisation	581	-	-	-	-
4	Of which retail underlying	118	-	-	-	-
5	Of which wholesale	463	-	-	-	-
6	Of which re-securitisation	-	-	-	-	-
7	Of which senior	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-
14	Of which senior	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-

		a	b	c	d	e
		2023				
		Exposure values (by RW bands)				
		≤20% RW Rm	>20% to 50% RW Rm	50% to 100% RW Rm	>100% to <1 250% RW Rm	1 250% RW Rm
1	Total exposures	432	-	-	-	-
2	Traditional securitisation	432	-	-	-	-
3	Of which securitisation	432	-	-	-	-
4	Of which retail underlying	99	-	-	-	-
5	Of which wholesale	334	-	-	-	-
6	Of which re-securitisation	-	-	-	-	-
7	Of which senior	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-
14	Of which senior	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-

4. Credit risk

2024

f	g	h	i	j	k	l	m	n	o	p	q
Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
IRB RBA[1] (incl. IAA[2])	IRB SFA[3]	SA[4]/SSFA[5]	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
-	-	581	-	-	-	71	-	-	-	6	-
-	-	581	-	-	-	71	-	-	-	6	-
-	-	581	-	-	-	71	-	-	-	6	-
-	-	118	-	-	-	12	-	-	-	1	-
-	-	463	-	-	-	59	-	-	-	5	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

2023

f	g	h	i	j	k	l	m	n	o	p	q
Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
IRB RBA[1] (incl. IAA[2])	IRB SFA[3]	SA[4]/SSFA[5]	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%	IRB RBA (incl. IAA)	IRB SFA	SA/SSFA	1 250%
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
-	-	432	-	-	-	60	-	-	-	5	-
-	-	432	-	-	-	60	-	-	-	5	-
-	-	432	-	-	-	60	-	-	-	5	-
-	-	99	-	-	-	10	-	-	-	1	-
-	-	334	-	-	-	50	-	-	-	4	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

[1] RBA: ratings-based approach.
[2] IAA: Internal assessment approach.
[3] SFA: supervisory formula approach.
[4] SA: standardised approach.
[5] SSFA: simplified supervisory formula approach.

4. Credit risk

4.9 Equity investment risk

Equity investment risk refers to the risk of adverse changes in the value of listed and unlisted equity investments. These investments are longer-term investments held in the banking book for non-trading purposes.

The Group's governance of equity investments is based on the following fundamental principles:

- A formal approval governance process.
- Key functional specialists reviewing investment proposals.
- Adequate monitoring and control after the investment decision has been implemented.
- Implementation of best practice standards based on current market trends, hurdle rates and benchmarks.

Criteria considered for transactions cover a comprehensive set of financial, commercial, legal and technical (where required) considerations. The performance of these investments is monitored relative to the portfolio's objectives.

The Group uses the market-based simple risk weight approach for the calculation of RC on its equity positions and look-through approach for equity investments in funds.

Equities under the simple risk weight method [CR10]

	2024				
	On-balance sheet amount Rm	Off-balance sheet amount Rm	Risk weight %	Exposure amount Rm	RWA Rm
Exchange-traded equity exposures	286		300	286	925
Private equity exposures	2 274		400	2 274	8 986
Total	**2 560**			**2 560**	**9 911**

	2023				
	On-balance sheet amount Rm	Off-balance sheet amount Rm	Risk weight %	Exposure amount Rm	RWA Rm
Exchange-traded equity exposures	152		300	152	492
Private equity exposures	2 807		400	2 807	11 157
Total	2 959			2 959	11 649

5. Market risk

5.1 Governance 76

5.1 Trading book risk 77

5.1 Review of current reporting period 77

5.2 Priorities 77

5.3 General information about trading book risk 77

5.1 Banking book risk 82

5.1 Review of current reporting period 82

5.2 Priorities 82

5.3 General information about banking book risk 82

5. Market risk

Market risk is the risk of the Group's earnings or capital being adversely impacted due to changes in the level or volatility of prices affecting the positions across the Group.

5.1 Governance

5.1.1 Structure

Market risk arises from either Traded or Non-Traded Group activities and is structured by asset class for South Africa and geographically for ARO with assigned analysts responsible for ensuring trading and banking activity occurs within approved limits and that VaR results are accurate. The RTO for market risk is responsible for oversight of all market risk across the Group.

The market risk function interacts daily with the product control group (reporting into the CIB Chief Financial Officer and responsible for daily profit and loss (PnL), PnL attribution and independent price testing), the front office traders and credit risk or country risk analysts (where appropriate). Daily reports are sent to the CIB CRO and front office detailing limit utilisation, limit breaches, VaR/sVaR and commentary, where relevant.

The Traded Market Risk Committee (TMRC) and Group Non-Traded Market Risk Committee (GNTMRC) provide oversight of the Group's traded and non-traded market risk profiles and report into the ERC and ATC. These committees have the capacity and mandate to act as fora where committee members ensure that both risk coverage and limit frameworks remain appropriate.

The GCRO presents the Group's market risk profile, alongside the other risk types as specified by the ERMF, to the GRCMC.

5.1.2 Committees

Market risk committees operate at business unit and group-level. A risk summary of actual exposure from positions, risks, stresses, EC, EaR, RWA and capital across all asset classes against these limits, is presented at the TMRC and GNTMRC including the risk profile reports tabled at the GRCMC meeting.

The key committees involved in the governance of market risk are depicted below:

Financial risks Non-financial risks Financial and non-financial risks

5. Market risk

5.2 Trading book risk

Trading book risk is the market risk resulting from trading activities booked in trading books across the Group in accordance with regulatory requirements.

5.2.1 Review of current reporting period

Key risk metrics	2024	2023[1]
Traded market risk EC (Rbn)	6.6	4.5
Traded market risk RWA (Rbn)	40.4	45.2
Average traded market risk – 99% value at risk (VaR) (Rm)	56.3	72.9

- Throughout the year, a more defensive strategy was adopted in response to macroeconomic uncertainty, with central banks balancing persistent inflation and slow economic growth.
- EC increased due to higher ARO Default Risk Charge (DRC) driven by increased exposures to ARO sovereign bond holdings. The increase in risk taking was supported by currency stability, reductions in the central bank's policy rate, and rise in foreign investor interest in local bonds, particularly in Kenya toward the latter part of 2024
- RWAs decreased due to a reduction in the internal models approach capital driven by a decline in the 60-day average VaR, arising from lower foreign exchange risk from reduced exposures in Sub-Saharan markets.

5.2.2 Priorities

- Conduct parallel testing and ensure readiness ahead of the fundamental review of the trading book (FRTB) go-live to ensure system functionality, data integrity, and regulatory compliance before fully transitioning to the new framework on 1 July 2025.
- Effectively manage capital demand within risk appetite, considering impacts under current and future regulatory requirements.
- Strengthen the framework for monitoring concentration and liquidity in response to market liquidity and concentration risk indicators.
- Enhance the climate risk stress testing capability and reporting.

5.2.3 General information about market risk [MRA and MRB]

5.2.3.1 Risk identification and management

The market risk RTO reports to the GCRO and is responsible for establishing the Market Risk framework and overseeing market risk across the Group. The market risk teams are responsible for the setting and monitoring of market risk limits for the business units, in line with the Group risk appetite and the Market Risk Management Framework and report directly to the market risk RTO. These teams ensure that risks are managed within set limits and thresholds, including VaR, sensitivity, loss threshold and stress testing. Aggregate limits and thresholds are reviewed and set at the Group level and allocated to business units at least annually. The first line of defence for market risk management resides with the respective business unit heads. Governance committees include the TMRC and the GNTMRC.

Market risk management objectives are to:

- Establish the market risk framework, policies and standards to measure and manage traded and non-traded market risk.
- Embed appropriate models to measure risk.
- Ensure risk is managed within the Group's risk appetite by monitoring risk against the limit and appetite framework.
- Understand risk sensitivity and the impact of volatility on the portfolio.
- Understand concentration risk, market liquidity, risk correlations and basis risk across the portfolio.
- Utilise stress testing and empirical analytics to supplement model-based risk management.

The Group aims to manage market risk in a way that limits earnings volatility and ensures risk utilisation is within the Group's allocated risk appetite. The Group takes on market risk to support the needs of its customers to facilitate market liquidity as a market maker and leverage short-term market mispricing. Market risk is controlled by risk management frameworks, polices and standards, supported by daily limit monitoring.

Several techniques are used to measure and control market risk. These include:

- VaR-based measures including sVaR, supported by model backtesting.
- Tail metrics.
- Position and sensitivity metrics.
- Stress testing.
- Standardised general and specific risk.
- EC and EaR.
- Valuation control, independent price and bid-offer testing conducted by the independent valuation control team within product control.

A limit structure is in place for each of the above metrics. These are set and reviewed at least annually to control the Group's trading activities, in line with the allocated risk appetite. The criteria for allocating risk limits to businesses include relevant market analysis, market liquidity and business strategy.

VaR[2]

VaR 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.

[1] The December 2023 figures were revised to align with final regulatory submissions.

[2] In line with regulatory requirements for public disclosures on the IMA, the sections on VaR, backtesting, tail metrics and sVaR specifically relate to the internal model used for the calculation of South Africa market risk RC.

5. Market risk

The Group uses an internal VaR model based on the historical simulation method to derive the quantitative market risk measures under normal conditions. The VaR 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%. Market and position data inputs are updated daily. The model uses both absolute and relative approaches to simulating potential movements in risk factors. The model is approved by the PA to calculate the RC for all trading book exposures, including foreign exchange and commodity risk in the banking book. The approval covers general position risk across interest rate, foreign exchange, commodity, equity and traded credit product risks. VaR is scaled up to the 10-day holding period (via a scalar assuming no autocorrelation to increase the holding period time horizon). The PA assigns a model multiplier to be used in the calculation of RC.

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 one day across all positions, giving one total profit or loss. Repeated for all other days in the two-year history.
- VaR is the 99th percentile loss selected from the resultant two-year historically simulated strip of daily hypothetical net profits and losses.

While VaR is an important market risk measurement and control tool, it has a number of known limitations, namely:

- The historical simulation assumes that the past is a good representation of the future[1], which might 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.
- The VaR may underestimate the severity of potential losses.
- The VaR is based on positions at the close of the business day. The intra-day risk or the risk from a position being bought and sold on the same day is not captured.

Because of these limitations, tail risk metrics, stress testing and position and sensitivity measures are used to complement VaR in the management of market risk.

Backtesting[1]

The performance of the model is regularly assessed for continuous suitability. The main technique employed is backtesting, which counts the number of days where the daily trading losses exceed the corresponding VaR estimate. Backtesting measures the daily losses against VaR assuming a one-day holding period and a 99% level of confidence. Backtesting reports are monitored daily.

The Group conducts backtesting of the VaR risk measurement model against:

- The theoretical PnL representing the change in the value of the portfolio assuming that the portfolio holdings remain constant for the holding period.
- The actual PnL representing the actual daily trading outcome from price moves only (excluding fees, commissions, provisions, net interest income (NII) and the time value of money), as required for regulatory backtesting purposes.

Stressed value at risk (sVaR)[1]

The sVaR is an estimate of the potential loss arising from a 12-month period of significant financial stress. The sVaR internal model is approved by the PA to calculate the RC for all trading book exposures, including certain banking book exposures. The PA assigns a sVaR model multiplier to be used in the calculation of RC. The sVaR methodology is the same as that used to calculate VaR but is based on inputs calibrated to historical data from the chosen 12-month stress period. A regular process is applied to assess the stress period most relevant to the Bank's portfolio in accordance with the approved methodology. The sVaR RC requirement is calculated daily and is disclosed for the reporting period. Regulatory coverage and reporting of sVaR follows the same approach as VaR (refer to the disclosure above). The sVaR historical period remained 2008/2009.

Stress testing

Stress testing provides an indication of the potential size of losses that could occur in extreme conditions. Stress testing assists in identifying risk concentrations across business lines and assists senior management in making capital planning decisions. The Group performs two main types of stress/scenario testing:

- Risk factor stress testing is conducted by applying historical stress moves to each of the main risk categories (interest rate, equity, foreign exchange, commodity and credit spread risks) and is an estimate of potential losses that might arise from extreme market moves or scenarios to key liquid and illiquid risk factors.
- The trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme, yet plausible, events that may impact the market risk exposure across liquid and illiquid risk factors at the same time.

These are reported based on the concurrent aggregation of all risk factors including cross-risk factor effects. Scenarios are reviewed at least annually. A sensitivity-based approach is used for South Africa and ARO. The results are monitored against approved limits and thresholds.

Tail risk metrics

Tail risk metrics highlight the risk beyond the percentile selected for VaR. The two tail risk metrics chosen for daily monitoring, using the current portfolio and two years of unweighted historical market moves, are:

- The average of the worst three hypothetical losses from the historical simulation.
- Expected shortfall (also referred to as expected tail loss). This is the average of all hypothetical losses from the historical simulation beyond the 99th percentile used for the VaR.

Risk sensitivities and exposures

The risk sensitivity reporting covers non-statistical measures for calculating and monitoring risk sensitivities and exposures as well as gross notional limits, issuer risk limits and concentration exposure where appropriate. All asset classes and product types have risk sensitivity reporting and limit monitoring. These limits are aligned to VaR limits, but do not bear a direct linear relationship.

[1] It is assumed the distribution of historical returns is the same as the distribution of future returns.

5. Market risk

Standardised approach

General risk for ARO is quantified using standardised rules using the maturity method for general interest rate risk. In addition, the regulatory SA is used to calculate RC for any new products, which have not yet met PA requirements for inclusion within the approved internal model. This approach applies to CVA, FVA and ColVA, Asian and gap risk options and issuer-specific risk exposures.

Aggregation for capital calculation purposes

The Group uses the IMA to calculate capital for all products for which the PA has granted approval. New products, or products for which PA approval has not been obtained, are capitalised under the SA for general risk.

Specific risk is calculated using the SA for all entities.

RC is calculated as a simple summation of the IMA and SA capital charges. No diversification between the methodologies is permitted.

5.2.3.2 Reporting

The Group's market risk function produces several daily and monthly market risk reports. The reports detail the positions, sensitivities and exposures, stress testing losses, VaR/sVaR, RWA and capital across all asset classes for the trading book. A risk summary is also presented at the TMRC and other governance committee meetings, as required, including the risk profile report tabled at the GRCMC meeting.

Market risk under SA [MR1]

		a 2024 RWA Rm	a 2023 RWA Rm
	Outright products		
1	Interest rate risk (general and specific)[1]	22 798	17 393
2	Equity risk (general and specific)	313	453
3	Foreign exchange risk	2 149	610
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	150	155
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	25 410	18 611

The increase in RWA under SA is driven by higher exposures to ARO sovereigns.

Market risk under the IMA

This section relates to the trading books for which IMA approval is in place for the current and previous reporting period.

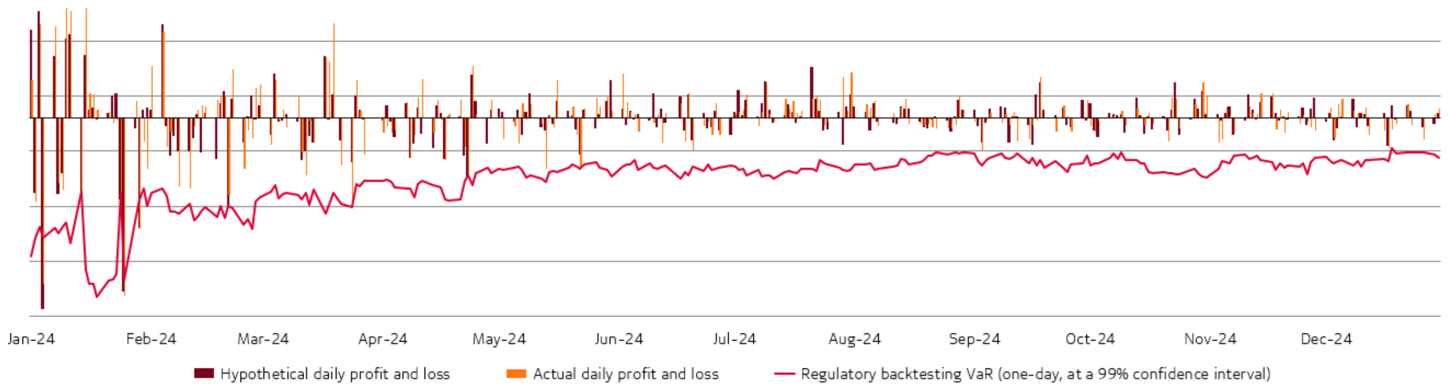
Comparison of VaR estimates with trading revenues

The following graph compares the total VaR estimates over a one-day holding period at a 99% confidence level with the daily revenues generated by the trading units. Actual PnL include fair value adjustments and reserves, which relate to instruments held at fair value according to IFRS 13, but excludes new deals, intra-day trading PnL, commissions and fees. Hypothetical PnL is calculated by the risk system holding positions static and revaluing them using the change in market rates, prices and volatilities across two days. The model covers 100% of the IMA capital requirement.

[1] General and specific risks are calculated separately as standalone charges without diversification.

5. Market risk

The Group's trading book revenue backtested against regulatory VaR (Rm) [MR4]



Six hypothetical and six actual back testing exceptions occurred during the period. These were primarily due to the heightened volatility in African currencies, most notably from the Nigerian Naira. South Africa is capitalised under a combination of the IMA (for approved products) and the SA whereas ARO is capitalised under the SA. As of 31 December 2024, IMA constitutes 60.69% of South Africa total traded market risk charge and 37.06% of the Group total traded market risk charge.

RWA flow statements of market risk exposures under IMA [MR2]

		a	b	c	d	e	f
				2024			
		VaR Rm	sVaR Rm	IRC[1] Rm	CRM Rm	Other Rm	Total RWA Rm
1	RWA at previous quarter end	6 177	9 454	-	-	-	15 631
2	Movements in risk levels	(136)	(534)	-	-	-	(671)
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and (disposals)	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	RWA at end of reporting period	6 041	8 919	-	-	-	14 961

		a	b	c	d	e	f
				2023			
		VaR Rm	sVaR Rm	IRC[1] Rm	CRM Rm	Other Rm	Total RWA Rm
1	RWA at previous quarter end	8 726	9 580	-	-	-	18 306
2	Movements in risk levels	4 774	3 525	-	-	-	8 299
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and (disposals)	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	RWA at end of reporting period	13 500	13 105	-	-	-	26 605

[1]IRC: incremental risk charge.

5. Market risk

IMA values for trading portfolios [MR3]

		a 2024 Rm	a 2023 Rm
VaR (10 day 99%)[1]			
1	Maximum value	512	433
2	Average value	178	231
3	Minimum value	88	146
4	Period end	118	407
Stressed VaR (10 day 99%)[1]			
5	Maximum value	461	403
6	Average value	230	239
7	Minimum value	123	109
8	Period end	172	266
Incremental risk charge (IRC) (99.9%)			
9	Maximum value	-	-
10	Average value	-	-
11	Minimum value	-	-
12	Period end	-	-
Comprehensive risk capital charge (99.9%)			
13	Maximum value	-	-
14	Average value	-	-
15	Minimum value	-	-
16	Period end	-	-
17	Floor (standardised measurement method)	-	-

5.2.3.3 Additional disclosures

Analysis of market risk exposure

The following table reflects the VaR and expected shortfall statistics for trading book activities as measured by the IMA for general trading position risk:

Trading book management VaR summary[2]

	2024				2023			
	Average Rm	High[3] Rm	Low[2] Rm	At the reporting date Rm	Average Rm	High[2] Rm	Low[2] Rm	At the reporting date Rm
Interest rate risk	55	119	28	44	57	92	28	39
Foreign exchange risk	32	153	6	12	39	142	9	130
Equity risk	6	14	2	4	14	32	8	10
Commodity risk	1	6	-	-	1	5	-	1
Inflation risk	14	23	7	12	32	68	7	18
Credit spread risk	19	36	6	31	7	11	5	5
Diversification effect	(69)	-	-	(65)	(76)	-	-	(75)
Total VaR[4]	56	162	28	37	73	137	46	129
Regulatory VaR[5]	56	162	28	37	73	137	46	129
Regulatory sVaR[3]	73	146	39	54	76	127	34	84

[1] One-day VaR scaled to 10 days by multiplying the one-day VaR by square root of 10. The same approach is applied for sVaR.

[2] VaR at 99% confidence level and a two-year historical time series for businesses with IMA approval.

[3] 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.

[4] The analysis includes trading books for which internal model approval was obtained.

[5] Regulatory VaR and sVaR are reported with a one-day holding period at a 99% confidence level. The sVaR period is subject to quarterly reviews for appropriateness.

5. Market risk

The decrease in average VaR was driven by reduced exposures to African currencies, most notedly the Nigerian naira. During the year, business adopted a more defensive stance in response to national election uncertainty and broader macro-economic challenges as central banks balanced persistent inflation and subdued growth. Following the outcome of the US elections, it is expected that the strategy will tactically shift to a more risk on approach dependent on market conditions. The long-term impact of the Trump presidency on emerging markets will depend on factors such economic growth, currencies, interest rates and geopolitical developments.

5.3 Banking book risk

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.

5.3.1 Review of current reporting period

Key risk metrics	2024	2023
Banking book net interest income (NII) sensitivity for a 2% increase shock in interest rates (Rm)	1 116	1 200
South Africa	758	290
ARO	358	910
Banking book NII sensitivity for a 2% downward shock in interest rates (Rm)	(1 904)	(1 885)
South Africa	(1 006)	(460)
ARO	(898)	(1 425)
Banking book risk EC (Rbn)	8.9	8.6

- The Group continued to manage interest rate risk within established risk parameters.
- Group NII's sensitivity for a 200bps rate cut remained stable at -R1.90bn (December 2023: -R1.89bn) due to offsetting changes in the South Africa franchise and ARO regions.
- South Africa's NII sensitivity increased due to balance sheet expansion and the resultant reset risk in short-dated tenors which cannot be hedged, coupled with a reduction in other hedging positions. This was mainly offset by a reducing risk profile in ARO, from overall lower exposure to USD rate cuts at year-end.
- The increase in the economic capital of R0.3bn was driven by the investment in liquid government securities on an asset-swap basis. This was reflective of the investment strategy to support the Group's liquidity requirements while effectively managing interest rate risk.

5.3.2 Priorities

- Manage credit spread, interest rate, and foreign exchange risk proactively while adhering to the Group's risk appetite.
- Maintain margin stability through prudent risk management strategies, such as the structural hedge program in South Africa.
- Prepare the Group for the adoption of the new benchmark rate reforms in South Africa.
- Progress the implementation of the regulatory guidelines per the Basel III finalisation for ARO.

5.3.3 General information about banking book risk [IRRBBA]

Banking book risk is the risk that the Group's financial position might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book due to repricing differences between assets, liabilities and equity, originating from the provision of retail and wholesale banking products and services (considered core banking activities), together with certain rate-insensitive exposures in the balance sheet. This risk impacts both the earnings and economic value of the Group.

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.

The techniques used to measure and monitor banking book risk include:

- Repricing profiles
- NII sensitivity
- VaR and other tail metrics
- EC
- Economic value of equity (EVE) sensitivity
- Stress testing

VaR, supporting metrics and stresses are reported daily for Group Treasury and the ARO businesses, with the exception of two businesses where reporting is done monthly. The repricing profiles, NII, EVE sensitivity and stress results are reported monthly for both Group Treasury and ARO. Limits are set and monitored through the formal governance process.

Repricing 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 consider the assumed behaviour of structural product balances and portfolios subject to prepayments.

5. Market risk

NII sensitivity

NII sensitivity measures the sensitivity of NII over the next 12 months to a specified shock in interest rates. The metric is based on a static balance sheet and observed across a range of market scenarios as prescribed in the regulatory guidelines. The risk exposures are monitored against approved internal limits. Foreign exchange risk arising from the banking book is transferred from business to treasury and hedged in the external market.

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 NII. The VaR is supplemented by non-VaR, stress and tail metrics.

Economic capital

EC is the Group'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.

EVE sensitivity

EVE sensitivity evaluates how the present value of the banking book responds to a specific shock in the yield curve. In accordance with regulatory standards, Absa Group evaluates the impact of various yield curve shocks on equity. EVE sensitivity is evaluated across six scenarios including two parallel scenarios (up and down) and four non-parallel scenarios (short rate up, short rate down, flattener, steepener). The impact is evaluated based on the cash flows generated from all interest-bearing assets, liabilities (excluding equity), and off-balance sheet items within the banking book. Additionally, the metric assumes a run-off balance sheet, where banking book positions amortize and are not replaced by new business. The anticipated cash flows do not factor in commercial margins or other spread components and are discounted at the risk-free rate.

Absa Group employs strong fixed interest rate risk management strategies to ensure that fixed exposures, including structural equity, are well hedged within defined limits. The risk mitigation approaches incorporate conventional market instruments, like interest rate swaps, along with balance sheet structuring. Post implementing hedging strategies, the 400bps rate increase scenario remains the most severe. Both EVE and NII sensitivity evaluations are based on behavioural profiles, where non-maturing deposits (including equity), and asset portfolios subject to prepayments, are assigned tenors reflective of their historical weighted average lives. The maximum duration for non-maturing deposits is three years, which is significantly shorter than the regulatory limit of five years.

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.

Impact on earnings

The table below shows the NII impact for a 100bps and 200bps changes in market interest rates for the Group'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 R1.904bn as of the reporting date (2023: R1.885bn). A similar increase would result in an increase in projected 12-month net interest income of R1.116bn (2023: R1.200bn). NII sensitivity decreased to 2.7% (2023: 2.8%) of the Group's net interest income.

NII sensitivity for 100 and 200bps changes in market interest rates

	2024			
	200 bps decrease	100 bps decrease	100 bps increase	200 bps increase
South Africa (Rm)	(1 006)	(398)	413	758
ARO (Rm)	(898)	(371)	179	358
Total (Rm)	**(1 904)**	**(769)**	**592**	**1 116**
Percentage of the Group's NII (%)	(2.7)	(1.1)	0.8	1.6
Percentage of the Group's equity (%)	(1.0)	(0.4)	0.3	0.6

	2023			
	200 bps decrease	100 bps decrease	100 bps increase	200 bps increase
South Africa (Rm)[1]	(460)	(184)	149	290
ARO (Rm)[2]	(1 425)	(978)	455	910
Total (Rm)	(1 885)	(1 162)	604	1 200
Percentage of the Group's NII (%)	(2.8)	(1.7)	0.9	1.8
Percentage of the Group's equity (%)	(1.1)	(0.7)	0.4	0.7

5. Market risk

Regulatory scenarios: NII and EVE sensitivity

	2024	
	Changes in economic value of equity (incl. equity hedges)	Changes in the net interest income
Parallel up (Rm)	(5 201)	1 092
Parallel down (Rm)	6 129	(1 909)
Steepener (Rm)	(572)	
Flattener (Rm)	(600)	
Short rate up (Rm)	(2 577)	
Short rate down (Rm)	2 819	
Maximum (Rm)	(5 201)	(1 909)
Tier 1 capital (Rm)	99 424	
Maximum sensitivity to tier 1 capital (%)	(5.2)	(1.9)

As of December 2024, EVE sensitivity is (R5.2bn) and represented 5.2% of tier 1 capital, remaining within regulatory limits. NII sensitivity for the 400bps rate cut is (R1.9bn) and accounts for 1.9% of tier 1 capital.

6. Capital and liquidity risk

6.1 Overview of capital and liquidity risk management and key prudential metrics 86

6.1.1 Key BCBS metrics (at consolidated Group level) 87

6.1.2 Key BCBS metrics (at consolidated Bank level) 87

6.1.3 Governance 89

6.2 Capital risk 90

6.2.1 Review of the current reporting period 90

6.2.2 Priorities 90

6.2.3 General information about capital risk 91

6.3 Liquidity risk 113

6.3.1 Review of the current reporting period 113

6.3.2 Priorities 114

6.3.3 General information about liquidity risk 114

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.

6.1 Overview of capital and liquidity risk management and key prudential metrics

The Capital and Liquidity Risk Management Framework sets out the overarching requirements and approach to the assessment and management of capital and liquidity risks.

The risk management approach is aligned to the principles defined in the ERMF. The second line of defence is responsible for independent oversight on the management of the risk profile and preparing the policies and guidelines that detail responsibilities, activities and governance arrangements for managing and mitigating capital and liquidity risk. Risk appetite is set annually and enables the monitoring of the capital and liquidity risk profile across the Group.

The Group / legal entity Treasury Committees review and approve the capital and liquidity risk appetite at least annually. In addition, capital and liquidity risk appetite statements classified as Board level are submitted to the Group GRCMC for review and recommended to the Board for final approval. The ERC reviews and approves the cascading risk appetite to risk types, legal entities and business units.

Risk metrics are forecast as part of the annual integrated planning cycle or when necessary to ensure that the Group has adequate financial resources to support its strategic objectives and to meet minimum regulatory requirements. The metrics are monitored dynamically and in line with the nature of each of the underlying risks. Capital and liquidity buffers are informed by internal scenario analysis and stress testing exercises conducted by finance, treasury, and risk functions to test the resilience of business, capital and funding plans against adverse events and scenarios.

Risk management and mitigation activities are monitored by the appropriate executive oversight committees and include the proactive management of the amount, tenor and composition of capital and funding for strategy execution.

In line with regulatory and accounting requirements, the capital and leverage positions of the Group and the Bank in this document are reflected on a regulatory basis (which requires unappropriated profits to be excluded).

September 2024 to December 2024 movements:

Group common equity tier 1 capital supply has increased in the quarter due to the appropriation of R6.0bn of profits, R3.9bn increase in the foreign currency translation reserve and R211m improvement in the available for sale reserve.

The Group's Tier 1 capital position includes the redemption of additional tier 1 instruments of R1.7bn in November 2024, which was replaced by an additional tier 1 instrument issuance of R1.6bn in the same month.

The Group's Tier 2 capital includes issuances of R1.7bn from sustainability linked subordinated loan with the African Development Bank and a further R500m issuance of subordinated debt.

Total RWA increased by R41.2bn mainly due growth in client lending increasing credit risk (R30.5bn), combined with higher operational risk (R9.9bn), market risk (R3.2bn) and threshold risk (R0.9bn), offset by a reduction in equity risk (R3.6bn).

Leverage exposure increased due to an increase in on-balance sheet and off-balance sheet exposure, offset by a decrease in derivatives and securities financing transaction exposure quarter-on-quarter.

6. Capital and liquidity risk

6.1.1 Key BCBS metrics (at consolidated Group level) [KM1][1,2]

		a	b	c	d	e
		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023[3]
Available capital (Rm)						
1	CET1	137 451	127 701	128 107	129 841	127 914
2	Tier 1	158 463	147 712	148 387	148 970	146 549
3	Total capital	174 889	162 931	162 950	165 306	162 529
RWA (Rm)						
4	Total RWA	1 160 916	1 119 698	1 074 983	1 080 525	1 058 380
Risk-based capital ratios as a percentage of RWA (%)						
5	CET1 ratio	11.8	11.4	11.9	12.0	12.1
6	Tier 1 ratio	13.6	13.2	13.8	13.8	13.8
7	Total capital ratio	15.1	14.6	15.2	15.3	15.4
Additional CET1 buffer requirements as a percentage of RWA (%)						
8	Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement[4]	-	-	-	-	-
10	G-SIB and/or domestic systemically important banks (D-SIB) additional requirements	1.0	1.0	1.0	1.0	1.0
11	Total of bank CET1 specific buffer requirements (Row 8 + row 9 + row 10)	3.5	3.5	3.5	3.5	3.5
12	CET1 available after meeting the bank's minimum capital requirements	3.3	2.9	3.4	3.5	3.6
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure (Rm)	2 139 583	2 096 052	2 031 135	2 001 360	1 955 432
14	Basel III leverage ratio (%) (row 2 / row 13)	7.4	7.0	7.3	7.4	7.5
LCR						
15	Total HQLA (Rm)	271 798	275 365	265 920	259 304	257 309
16	Total net cash outflow (Rm)	214 531	210 623	210 672	209 283	207 665
17	LCR (%)	126.7	130.7	126.2	123.9	123.9
NSFR						
18	Total ASF (Rm)	1 305 545	1 266 611	1 242 819	1 211 706	1 191 407
19	Total RSF (Rm)	1 073 260	1 063 714	1 042 073	1 034 357	1 008 962
20	NSFR (%)	121.6	119.1	119.3	117.1	118.1

[1] The fully loaded accounted ECL basis has been fully transitioned in.

[2] The numbers are excluding unappropriated profits.

[3] The December 2023 figure was revised to align with final regulatory submissions.

[4] The countercyclical buffer in South Africa is currently zero and will be phased in at 1% effective 1 January 2026.

6. Capital and liquidity risk

6.1.2 Key BCBS metrics (at consolidated Bank level) [KM1][1,2]

		a	b	c	d	e
		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023[3]
Available capital (Rm)						
1	CET1	81 991	79 524	78 758	79 064	79 019
2	Tier 1	100 700	97 681	97 006	96 240	95 797
3	Total capital	113 418	109 571	107 685	108 497	108 034
RWA (Rm)						
4	Total RWA	699 168	701 300	693 018	687 881	683 018
Risk-based capital ratios as a percentage of RWA (%)						
5	CET1 ratio	11.7	11.3	11.4	11.5	11.6
6	Tier 1 ratio	14.4	13.9	14.0	14.0	14.0
7	Total capital ratio	16.2	15.6	15.5	15.8	15.8
Additional CET1 buffer requirements as a percentage of RWA (%)						
8	Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9	Countercyclical requirement[4]	-	-	-	-	-
10	G-SIB and/or D-SIB additional requirements	1.0	1.0	1.0	1.0	1.0
11	Total of bank CET1 specific buffer requirements (Row 8 + row 9 + row 10)	3.5	3.5	3.5	3.5	3.5
12	CET1 available after meeting the bank's minimum capital requirements	3.2	2.8	2.9	3.0	3.1
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure (Rm)	1 747 792	1 750 377	1 669 957	1 645 860	1 614 778
14	Basel III leverage ratio (%) (row 2 / row 13)	5.8	5.6	5.8	5.9	5.9
LCR						
15	Total HQLA (Rm)	239 592	243 074	232 595	231 637	229 944
16	Total net cash outflow (Rm)	182 326	178 332	177 347	181 616	180 301
17	LCR (%)	131.4	136.3	131.2	127.5	127.5
NSFR						
18	Total ASF (Rm)	1 050 257	1 040 530	1 015 760	982 999	973 368
19	Total RSF (Rm)	915 314	909 743	894 390	886 261	869 787
20	NSFR (%)	114.7	114.4	113.6	110.9	111.9

[1] The fully loaded accounted ECL basis has been fully transitioned in.

[2] The numbers are excluding unappropriated profits.

[3] The December 2023 figure was revised to align with final regulatory submissions.

[4] The countercyclical buffer in South Africa is currently zero and will be phased in at 1% effective 1 January 2026.

6. Capital and liquidity risk

6.1.3 Governance

A set of policies and standards, with an overarching framework, is used with the ERMF to manage and govern capital and liquidity risks. The Capital and Liquidity Risk Management Framework includes key control objectives that must be met. The liquidity, capital risk and pension risk policies outline a minimum set of standards and requirements that should be maintained for the management of these risks, encompassing planning, limit setting, stress testing, contingency and recovery planning.

The committee structure used to govern decisions relating to capital and liquidity risk is outlined below:

Board risk committee

Executive committees

Management committees

- Legal Entity Treasury Committees
- ARO Treasury Committee

Financial risks Non-financial risks Financial and non-financial risks

6. Capital and liquidity risk

6.2 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.

6.2.1 Review of the current reporting period

Key risk metrics	2024	2023
Total EC (Rbn)	123.8	113.2
Total RWA (Rbn)	1 160.9	1 058.4[1]
CET1 capital adequacy ratio (%)[2]	12.6	12.5
EC coverage	1.5	1.5
Leverage ratio (%)[2]	7.8	7.7
Capital and liquidity risk EC (Rbn)[3]	0.9	-
Cost of equity (CoE) (%)[4]	15.00	14.50

- The Group’s capital position improved to 12.6%, above the top end of the Board target range of 11.0% to 12.5%, and well above the minimum regulatory requirement.
- The Group maintained a dividend payout target of 55%.
- RWA growth was mainly attributable to balance sheet growth in ARO increasing credit risk coupled with higher operational risk, market risk and threshold risk, offset by equity risk.
- The Group's tier 1 capital position was impacted by the issuance of additional tier 1 instruments of R3.1bn, partly offset by redemptions of R1.7bn.
- The Group’s tier 2 capital was impacted by the issuance of additional tier 2 instruments of R5.2bn offset by redemptions of R3.0bn. The Group secured R2.7bn from a Development Financial Institution (DFI) comprising of a R1.7bn sustainability-linked subordinated loan with African Development Bank and a R1.0bn social tier 2 bond.
- ARO entities were adequately capitalised and remained above local minimum regulatory requirements.
- The leverage ratio remained above minimum regulatory requirements with the increase in tier 1 capital supporting leverage exposure growth in the balance sheet.
- Capital and liquidity risk EC increased by R918m as a result of enhanced modelling of pension risk relating to ARO defined benefit pension funds.
- Following assessments of the financial market landscape, the Group’s cost of equity increased by 25bps to 14.75% as at 30 June 2024 and increased further by 25bps to 15.00% as at 31 December 2024.

6.2.2 Priorities

- Deliver sustainable shareholder value by generating long-term growth while maintaining sufficient capital supply. Maintain strong capital ratios within, or above, the Board-approved risk appetite and above regulatory minimum levels while supporting a sustainable dividend payout ratio.
- 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.
- 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 FRTB.
- The Prudential standard on 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), 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.
- Continue to participate in the finalisation of the Financial Conglomerate Supervisory Framework capital standard in South Africa.

[1] The December 2023 figure was revised to align with final regulatory submissions.

[2] Includes unappropriated profits.

[3] Capital and liquidity risk includes pension risk.

[4] The CoE is based on the capital asset pricing model.

6. Capital and liquidity risk

6.2.3 General information about capital risk

6.2.3.1 Risk identification and management

The Group's capital management strategy, which supports and aligns with the Group's strategy, is to create sustainable value for shareholders within approved risk appetite through effective financial resource management.

The Group's capital management objectives are to:

- Maintain an adequate level of capital resources in excess of regulatory requirements and within capital targets, by optimising capital resources and raising capital where required.
- Ensure efficient deployment of capital to legal entities in the Group.
- Assess, manage and efficiently implement regulatory changes to optimise capital usage.

Various processes play a role in ensuring that the Group's capital management objectives are met, including ICAAP, stress testing and recovery and resolution planning.

6. Capital and liquidity risk

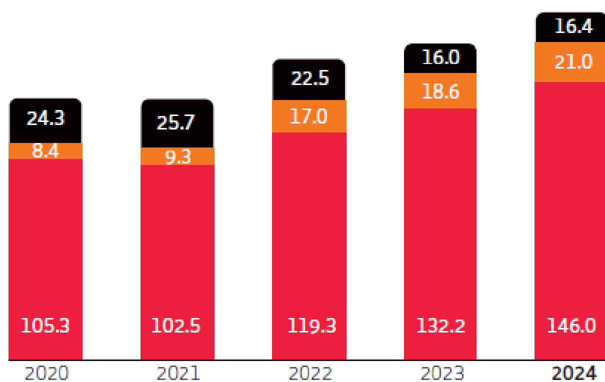
6.2.3.2 Reporting

Capital adequacy

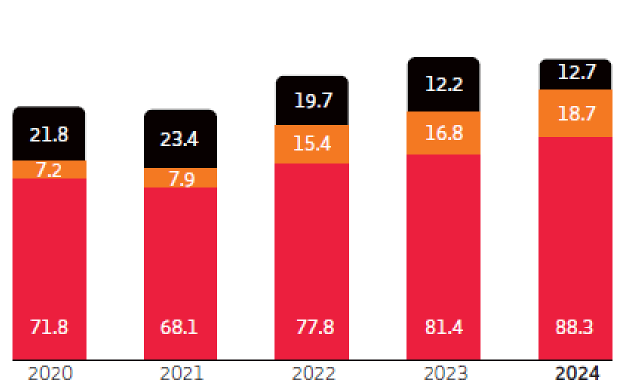
	Board target ranges[1]	Minimum RC requirements[2]	2024 Group performance	2023 Group performance	2024 Bank performance	2023 Bank performance
Statutory capital ratios (includes unappropriated profits) (%)						
CET1	11.0 – 12.5		12.6	12.5	12.6	11.9
Tier 1	>12.0		14.4	14.2	15.3	14.4
Total capital adequacy ratio (CAR)	>14.5		15.8	15.8	17.1	16.2
Leverage	> 5.5		7.8	7.7	6.1	6.1
Regulatory capital ratios (excludes unappropriated profits) (%)						
CET1		8.5	11.8	12.1	11.7	11.6
Tier 1		10.3	13.6	13.8	14.4	14.0
Total CAR		12.5	15.1	15.4	16.2	15.8
Leverage		4.0	7.4	7.5	5.8	5.9

Qualifying capital (including unappropriated profits)

Group



Bank



CET1 (Rbn) | Additional Tier 1 (Rbn) | Tier 2 (Rbn)

Group 2020	Group 2021	Group 2022	Group 2023	Group 2024		Bank 2020	Bank 2021	Bank 2022	Bank 2023	Bank 2024
11.2	12.8	12.8	12.5	12.6	CET1 ratio (%)	10.6	12.4	12.5	11.9	12.6
15.0	17.0	16.6	15.8	15.8	Total CAR (%)	15.6	17.9	17.6	16.2	17.1
915.1	931.5	1 007.4	1 058.4[3]	1 160.9	RWA (Rbn)	640.0	630.0	662.1	683.0[3]	699.2

[1] Capital ratios (including unappropriated profits) are managed against Board capital targets. The Absa Bank Limited CET1 Board target range is 10.5% to 12.0% and Leverage Board target is >5.0%

[2] The 2024 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.

[3] The December 2023 figures were revised to align with final regulatory submissions.

6. Capital and liquidity risk

Capital adequacy ratios of legal entities

		2024			
Operations	Regulator	Total qualifying capital Rm	Tier 1 ratio %	Total capital adequacy %	Total regulatory minimum %
Local entities (South Africa)					
Group	Prudential Authority				
Including unappropriated profits		183 439	14.4	15.8	
Excluding unappropriated profits		174 889	13.6	15.1	12.5[1]
Absa Bank[2]	Prudential Authority				
Including unappropriated profits		119 683	15.3	17.1	
Excluding unappropriated profits		113 418	14.4	16.2	12.5[1]
Foreign banking entities[3]					
Absa Bank Mozambique	Banco de Mozambique	2 597	19.7	19.5	13.0
Absa Bank Botswana	Bank of Botswana	5 507	13.4	20.7	12.5
Absa Bank Ghana	Bank of Ghana	3 381	14.4	17.4	10.0
Absa Bank Kenya	Central Bank of Kenya	12 496	16.6	20.2	14.5
Absa Bank Mauritius	Bank of Mauritius	10 012	18.9	19.9	14.0
National Bank of Commerce	Bank of Tanzania	3 574	15.0	16.8	14.5
Absa Bank Tanzania	Bank of Tanzania	1 917	20.5	21.4	14.5
Absa Bank Uganda	Bank of Uganda	3 759	22.6	24.9	15.2
Absa Bank Seychelles	Bank of Seychelles	1 292	13.0	20.1	12.0
Absa Bank Zambia	Bank of Zambia	2 988	20.6	21.4	10.0
Insurance entities					
Absa Life Limited	Prudential Authority	6 403		1.59xSCR[4]	1.0xSCR[4]
Absa Insurance Company Limited	Prudential Authority	1 571		1.73xSCR[4]	1.0x SCR[4]

[1] The 2024 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A which was reinstated at 1% percent and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on).

[2] The Bank includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.

[3] The 2024 foreign banking entity disclosures are unaudited.

[4] Solvency capital requirement (SCR): calibrated to correspond to the VaR of an insurer's qualifying capital at a confidence level of 99.5% over a one-year period, as prescribed by the Financial Soundness Standards for Insurers (FSI).

6. Capital and liquidity risk

		2023			
Operations	Regulator	Total qualifying capital Rm	Tier 1 ratio %	Total capital adequacy %	Total regulatory minimum %
Local entities (South Africa)					
Group	Prudential Authority				
Including unappropriated profits		166 785	14.2	15.8	
Excluding unappropriated profits		162 529	13.8	15.4	12.5[1]
Absa Bank[2]	Prudential Authority				
Including unappropriated profits		110 427	14.4	16.2	
Excluding unappropriated profits		108 034	14.0	15.8	12.5[1]
Foreign banking entities[3]					
Absa Bank Mozambique	Banco de Mozambique	2 323	20.2	20.0	13.0
Absa Bank Botswana	Bank of Botswana	5 262	16.3	20.7	12.5
Absa Bank Ghana	Bank of Ghana	3 962	20.2	20.2	10.0
Absa Bank Kenya	Central Bank of Kenya	9 377	13.6	18.1	14.5
Absa Bank Mauritius	Bank of Mauritius	8 568	17.6	18.4	14.0
National Bank of Commerce	Bank of Tanzania	2 939	16.7	18.1	14.5
Absa Bank Tanzania	Bank of Tanzania	1 588	20.8	21.8	14.5
Absa Bank Uganda	Bank of Uganda	3 249	21.5	23.9	15.2
Absa Bank Seychelles	Bank of Seychelles	1 143	16.9	19.0	12.0
Absa Bank Zambia	Bank of Zambia	3 218	25.7	27.6	10.0
Insurance entities					
Absa Life Limited	Prudential Authority	5 772		1.42xSCR[4]	1.0xSCR[4]
Absa Insurance Company Limited	Prudential Authority	1 415		1.61xSCR[4]	1.0x SCR[4]

[1] The 2023 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A which was reinstated at 1% percent and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on).

[2] The Bank includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.

[3] The 2023 foreign banking entity disclosures are updated to audited results.

[4] Solvency capital requirement (SCR): calibrated to correspond to the VaR of an insurer's qualifying capital at a confidence level of 99.5% over a one-year period, as prescribed by the Financial Soundness Standards for Insurers (FSI).

6. Capital and liquidity risk

Capital supply

Breakdown of qualifying capital

Group	2024 Rm	2024 %[1]	2023 Rm[2]	2023 %[1]
CET1	137 451	11.8	127 914	12.1
Additional Tier 1 capital	21 012	1.8	18 635	1.7
Tier 1 capital	158 463	13.6	146 549	13.8
Tier 2 capital	16 425	1.4	15 980	1.5
Total qualifying capital (excluding unappropriated profits)	174 889	15.1	162 529	15.4
Qualifying capital (including unappropriated profits)				
CET1 including unappropriated profits	146 002	12.6	132 170	12.5
CET1	137 451	11.8	127 914	12.1
Unappropriated profits	8 551	0.7	4 256	0.4
Additional Tier 1 capital	21 012	1.8	18 634	1.7
Tier 1 capital	167 014	14.4	150 804	14.2
Tier 2 capital	16 425	1.4	15 980	1.5
Total qualifying capital (including unappropriated profits)	183 439	15.8	166 785	15.8

Bank[3]	2024 Rm	2024 %[1]	2023 Rm[2]	2023 %[1]
CET1	81 991	11.7	79 019	11.6
Additional Tier 1 capital	18 709	2.7	16 778	2.5
Tier 1 capital	100 700	14.4	95 797	14.0
Tier 2 capital	12 718	1.8	12 237	1.8
Total qualifying capital (excluding unappropriated profits)	113 418	16.2	108 034	15.8
Qualifying capital (including unappropriated profits)				
CET1 including unappropriated profits	88 256	12.6	81 413	11.9
CET1	81 991	11.7	79 019	11.6
Unappropriated profits	6 265	0.9	2 394	0.4
Additional Tier 1 capital	18 709	2.7	16 778	2.5
Tier 1 capital	106 965	15.3	98 191	14.4
Tier 2 capital	12 718	1.8	12 237	1.8
Total qualifying capital (including unappropriated profits)	119 683	17.1	110 427	16.2

[1] Percentage of capital to RWAs.
[2] The December 2023 figures were revised to align with final regulatory submissions.
[3] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings

6. Capital and liquidity risk

Economic capital adequacy

EC provides a common basis upon which to aggregate and compare different risks using a forward-looking, single measure of risk. It is a critical input into the internal capital adequacy assessment process (ICAAP) and in capital allocation decisions, which supports shareholder value creation. EC considers risk types that not only lead to potential operating losses but can also result in lower-than-expected earnings.

In the table below, EC demand is presented at a 99.90% confidence level, aligned with the ERMF principal risks. EC demand is compared with the available financial resources (AFR) – also referred to as EC supply – to evaluate the total EC surplus. The Group ensures there is sufficient AFR to meet this minimum demand requirement under severe yet plausible stress conditions.

Economic capital	2024 Rm	2023 Rm
Credit risk[1]	78 504	72 583
Market risk	15 561	13 094
Trading book risk	6 615	4 468
Banking book risk	8 946	8 626
Insurance risk	6 242	6 339
Strategic, sustainability and reputational risk	8 251	7 800
Model risk	1 760	1 663
Capital and liquidity risk[2]	918	-
Operational and resilience risk[3]	12 598	11 744
Total EC requirement	123 834	113 223
Total EC AFR	186 872	169 820
Total EC surplus	63 038	56 597
EC coverage ratio	1.5	1.5

[1] Credit risk includes equity risk, CCR, CVA and securitisation.

[2] Capital and liquidity risk includes pension risk.

[3] Operational and resilience risk includes operational risk and physical asset risk which includes property and equipment.

6. Capital and liquidity risk

Composition of regulatory capital [CC1]

	Group	a 31 Dec 2024 Amounts Rm	b Ref.[1]	a 30 Jun 2024 Amounts Rm
	CET1 capital: instruments and reserves			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	12 156	(a)	12 152
2	Retained earnings	130 783	(b)	125 490
3	Accumulated other comprehensive income (and other reserves)	8 767	(c)	3 232
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	7 125	(d)	5 963
6	CET1 capital before regulatory adjustments	158 831		146 837
	CET1 capital: regulatory adjustments			
7	Prudent valuation adjustments	377		382
8	Goodwill (net of related tax liability)	719	(e)	769
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	13 916	(f)	12 916
10	DTA that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	62		180
11	Cash-flow hedge reserve	514		(1 057)
12	Shortfall of provisions to expected losses	-		-
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	-		-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(685)		(479)
15	Defined-benefit pension fund net assets	485		466
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	4		3
17	Reciprocal cross-holdings in common equity	-		-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		-
20	Mortgage servicing rights (amount above 10% threshold)	-		-
21	DTA arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		-
22	Amount exceeding the 15% threshold	-		-
23	of which: significant investments in the common stock of financials	-		-
24	of which: mortgage servicing rights	-		-
25	of which: DTA arising from temporary differences	-		-
26	National specific regulatory adjustments	5 988		5 550
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-
28	Total regulatory adjustment to CET1	21 380		18 730
29	CET1 capital	137 451		128 107
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	18 710		18 248
31	of which: classified as equity under applicable accounting standards	9 674	(g)	9 773
32	of which: classified as liabilities under applicable accounting standards	9 036	(h)	8 475
33	Directly issued capital instruments subject to phase out from additional Tier 1	-		-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	1 446		1 348

[1] References refer to the reconciliation of accounting capital to regulatory capital.

6. Capital and liquidity risk

	Group (cont.)	a 31 Dec 2024 Amounts Rm	b Ref.[1]	a 30 Jun 2024 Amounts Rm
35	of which: instruments issued by subsidiaries subject to phase out	-		-
36	Additional Tier 1 capital before regulatory adjustments	20 156		19 596
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments	-		-
38	Reciprocal cross-holdings in additional Tier 1 instruments	-		-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
41	National specific regulatory adjustments	(856)		(684)
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
43	Total regulatory adjustments to additional Tier 1 capital	(856)		(684)
44	Additional Tier 1 capital (AT1)	21 012		20 280
45	Tier 1 capital (T1 = CET1 + AT1)	158 463		148 387
	Tier 2 capital instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	12 051	(i)	8 224
47	Directly issued capital instruments subject to phase out from Tier 2	-		-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		-
49	of which: instruments issued by subsidiaries subject to phase out	-		-
50	Provisions	4 123		5 825
51	Tier 2 capital before regulatory adjustments	16 174		14 049
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		-
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-		-
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		-
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for GSIBs only)	-		
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		-
56	National specific regulatory adjustments	(251)		(515)
57	Total regulatory adjustments to Tier 2 capital	(251)		(515)
58	Tier 2 capital (T2)	16 425		14 564
59	Total capital (TC = T1 + T2)	174 888		162 951
60	Total RWA	1 160 916		1 074 983
	Capital ratios and buffers			
61	CET1 (as a percentage of RWA)	11.8		11.9
62	Tier 1 (as a percentage of RWA)	13.6		13.8
63	Total capital (as a percentage of RWA)	15.1		15.2

[1] References refer to the reconciliation of accounting capital to regulatory capital.

6. Capital and liquidity risk

		a	b	a
		31 Dec 2024		30 Jun 2024
	Group (cont.)	Amounts Rm	Ref.[1]	Amounts Rm
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA	8.5		8.5
65	of which: capital conservation buffer requirement	2.5		2.5
66	of which: bank-specific countercyclical buffer requirement	-		-
67	of which: higher loss absorbency requirement	1.0		1.0
68	CET1 available to meet buffers (as a percentage of RWA) available after meeting the bank's minimum capital requirements	3.3		3.4
	National minima (if different from Basel III minimum)			
69	National CET1 minimum ratio	8.5		8.5
70	National Tier 1 minimum ratio	10.3		10.3
71	National total capital minimum ratio	12.5		12.5
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	1 699		1 669
73	Significant investments in the common stock of financial entities	2 574		2 529
74	Mortgage servicing rights (net of related tax liability)	-		-
75	DTA arising from temporary differences (net of related tax liability)	7 289		7 464
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3 586		3 360
77	Cap on inclusion of provisions in Tier 2 under standardised approach	4 032		3 363
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to IRBA (prior to application of cap)	537		2 465
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	3 330		3 303
	Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-		-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		-
82	Current cap on AT1 instruments subject to phase out arrangements	-		-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		-
84	Current cap on T2 instruments subject to phase out arrangements	-		-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-

[1] References refer to the reconciliation of accounting capital to regulatory capital.

6. Capital and liquidity risk

	Bank	a 31 Dec 2024 Amounts Rm	b Ref.[1]	a 30 Jun 2024 Amounts Rm
	CET1 capital: instruments and reserves			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	37 184	(a)	37 184
2	Retained earnings	52 217	(b)	49 514
3	Accumulated other comprehensive income (and other reserves)	6 096	(c)	3 494
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		-
6	**CET1 capital before regulatory adjustments**	**95 497**		90 192
	CET1 capital: regulatory adjustments			
7	Prudent valuation adjustments	255		264
8	Goodwill (net of related tax liability)	112	(d)	112
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	12 837	(e)	12 131
10	DTA that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-		-
11	Cash-flow hedge reserve	517		(1 047)
12	Shortfall of provisions to expected losses	-		-
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	-		-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(685)		(478)
15	Defined-benefit pension fund net assets	466		466
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	2		2
17	Reciprocal cross-holdings in common equity	-		-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		-
20	Mortgage servicing rights (amount above 10% threshold)	-		-
21	DTA arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		-
22	Amount exceeding the 15% threshold	-		-
23	of which: significant investments in the common stock of financials	-		-
24	of which: mortgage servicing rights	-		-
25	of which: DTA arising from temporary differences	-		-
26	National specific regulatory adjustments	2		(14)
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-
28	**Total regulatory adjustment to CET1**	**13 506**		11 434
29	**CET1 capital**	**81 991**		78 758
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	18 709		18 248
31	of which: classified as equity under applicable accounting standards	9 674	(f)	9 773
32	of which: classified as liabilities under applicable accounting standards	9 035	(g)	8 475
33	Directly issued capital instruments subject to phase out from additional Tier 1	-		-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	-		-

[1] References refer to the reconciliation of accounting capital to regulatory capital.

6. Capital and liquidity risk

		a	b	a
		31 Dec 2024		30 Jun 2024
	Bank (cont.)	Amounts Rm	Ref.[1]	Amounts Rm
35	of which: instruments issued by subsidiaries subject to phase out	-		-
36	**Additional Tier 1 capital before regulatory adjustments**	18 709		18 248
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments	-		-
38	Reciprocal cross-holdings in additional Tier 1 instruments	-		-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
41	National specific regulatory adjustments	-		-
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
43	**Total regulatory adjustments to additional Tier 1 capital**	-		-
44	**Additional Tier 1 capital (AT1)**	18 709		18 248
45	**Tier 1 capital (T1 = CET1 + AT1)**	100 700		97 006
	Tier 2 capital instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	12 051	(h)	8 224
47	Directly issued capital instruments subject to phase out from Tier 2	-		-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		-
49	of which: instruments issued by subsidiaries subject to phase out	-		-
50	Provisions	667		2 455
51	**Tier 2 capital before regulatory adjustments**	12 718		10 679
	Tier 2 capital: regulatory adjustments			-
52	Investments in own Tier 2 instruments	-		-
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-		-
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		-
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for GSIBs only)	-		-
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		-
56	National specific regulatory adjustments	-		-
57	**Total regulatory adjustments to Tier 2 capital**	-		-
58	**Tier 2 capital (T2)**	12 718		10 679
59	**Total capital (TC = T1 + T2)**	113 418		107 685
60	**Total RWA**	699 168		693 018
	Capital ratios and buffers			
61	**CET1 (as a percentage of RWA)**	11.7		11.4
62	**Tier 1 (as a percentage of RWA)**	14.4		14.0
63	**Total capital (as a percentage of RWA)**	16.2		15.5

[1] References refer to the reconciliation of accounting capital to regulatory capital.

6. Capital and liquidity risk

	Bank (cont.)	a 31 Dec 2024 Amounts Rm	b Ref.[1]	a 30 Jun 2024 Amounts Rm
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA)	8.5		8.5
65	of which: capital conservation buffer requirement	2.5		2.5
66	of which: bank-specific countercyclical buffer requirement	-		-
67	of which: higher loss absorbency requirement	1.0		1.0
68	CET1 available to meet buffers (as a percentage of RWA) available after meeting the bank's minimum capital requirements[2]	3.2		2.9
	National minima (if different from Basel III minimum)			
69	National CET1 minimum ratio	8.5		8.5
70	National Tier 1 minimum ratio	10.3		10.3
71	National total capital minimum ratio	12.5		12.5
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	663		344
73	Significant investments in the common stock of financial entities	788		677
74	Mortgage servicing rights (net of related tax liability)	-		-
75	DTA arising from temporary differences (net of related tax liability)	4 151		4 496
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-		-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-		-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to IRBA (prior to application of cap)	667		2 455
79	Cap for inclusion of provisions in Tier 2 under internal ratings based approach	3 233		3 196
	Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-		-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		-
82	Current cap on AT1 instruments subject to phase out arrangements	-		-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		-
84	Current cap on T2 instruments subject to phase out arrangements	-		-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-

[1] References refer to the reconciliation of accounting capital to regulatory capital.

6. Capital and liquidity risk

Reconciliation of regulatory capital to balance sheet [CC2]

	a	b	c	a	b
	31 Dec 2024			30 June 2024	
Group	Accounting balance sheet per published financial statements Rm	Balance sheet per regulatory scope of consolidation Rm	Ref.[1]	Accounting balance sheet per published financial statements[1] Rm	Balance sheet per regulatory scope of consolidation[1] Rm
Assets					
Cash, cash balances and balances with central banks	124 557	123 361		91 259	89 941
Investment securities	270 444	262 891		241 613	233 785
Trading portfolio assets	226 182	226 182		209 452	209 452
Hedging portfolio assets	4 055	4 055		5 176	5 176
Other Assets	23 195	22 285		30 812	30 224
Current tax assets	689	550		1 429	1 349
Non-current assets held for sale	2 111	1 969		3 202	3 202
Loans and advances	1 349 588	1 347 683		1 306 110	1 303 757
Insurance contract assets	793	-		665	-
Reinsurance assets	1 003	-		686	-
Investment linked to Investment contracts	23 370	-		21 850	35
Investments in associates and joint ventures	2 990	2 990		2 691	2 691
Investment properties	225	185		224	224
Property and equipment	16 250	15 551		15 635	15 164
Goodwill and intangible assets	16 010	14 635		14 990	13 686
of which goodwill	721	719	(e)	769	769
of which other intangibles	15 289	14 394	(f)	14 221	13 409
net of deferred tax	-	(478)	(f)	-	(492)
Deferred tax assets	7 233	7 156		7 560	7 509
Total assets	2 068 695			1 953 354	

[1] References to composition of capital disclosure table.

6. Capital and liquidity risk

	a	b	c	a	b
	31 Dec 2024			30 Jun 2024	
Group	Accounting balance sheet per published financial statements Rm	Balance sheet per regulatory scope of consolidation Rm	Ref.[1]	Accounting balance sheet per published financial statements[1] Rm	Balance sheet per regulatory scope of consolidation Rm
Liabilities					
Trading portfolio liabilities	66 020	66 020		58 519	58 519
Hedging portfolio liabilities	1 258	1 258		1 454	1 454
Other liabilities	40 290	39 452		50 758	49 951
Provisions	5 807	5 627		3 689	3 597
Current tax liabilities	706	577		619	438
Non-current liabilities held for sale	1 064	1 064		2 083	2 083
Deposits	1 506 927	1 506 916		1 395 345	1 395 334
Debt securities in issue	211 291	211 291		224 429	224 429
Liabilities under investment contracts	23 547	-		22 236	-
Policyholder liabilities under insurance contracts	6 630	-		5 704	-
Borrowed funds	21 188	21 087		16 699	16 699
of which directly qualifying AT1 instruments		9 036	(h)		8 475
of which directly issued qualifying Tier 2 instruments		12 051	(i)		8 224
of which relates to subsidiaries		-			-
Deferred tax liabilities	378	293		352	270
Reinsurance contract liabilities	312	-		110	-
Total liabilities	1 885 419			1 781 997	
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Paid-in share capital	12 220	12 156	(a)	12 118	12 152
Retained earnings including unappropriated profits	139 199	139 334		134 009	133 984
of which amount eligible for CET1		130 783	(b)		125 490
of which unappropriated profits		8 551			8 494
Accumulated other comprehensive income	8 755	8 767	(c)	3 244	3 232
Non-controlling Interest - Ordinary shares	8 784	8 571		7 569	7 300
of which relate to eligible CET1		7 125	(d)		5 952
of which relates to eligible AT1		1 446			1 348
Non-controlling Interest - Preference shares	4 644	-		4 644	-
Non-controlling Interest - Additional Tier 1 Capital	9 674	9 674	(g)	9 773	9 773
Total equity	183 276			171 357	
Total liabilities and equity	2 068 695			1 953 354	

[1] References to composition of capital disclosure table.

6. Capital and liquidity risk

	a	b	c	a	b
	31 Dec 2024			30 Jun 2024	
Bank[1]	Accounting balance sheet per published financial statements Rm	Balance sheet per regulatory scope of consolidation Rm	Ref.[2]	Accounting balance sheet per published financial statements Rm	Balance sheet per regulatory scope of consolidation Rm
Assets					
Cash, cash balances and balances with central banks	83 581	83 581		55 078	55 078
Investment securities	173 104	173 104		152 029	152 029
Trading portfolio assets	168 664	168 664		155 945	155 945
Hedging portfolio assets	4 055	4 055		5 186	5 186
Other Assets	14 494	14 491		23 440	23 423
Current tax assets	90	90		830	830
Non-current assets held for sale	115	115		171	171
Loans and advances	1 125 363	1 125 363		1 099 666	1 099 666
Loans to Absa Group companies	67 261	67 261		64 937	64 937
Investments in associates and joint ventures	2 142	2 142		1 908	1 908
Subsidiaries	-	-		-	-
Property and equipment	11 646	12 646		11 529	11 122
Goodwill and intangible assets	13 418	12 949		12 708	12 243
of which goodwill	112	112	(d)	112	112
of which other intangibles	13 306	13 306	(e)	12 596	12 596
net of deferred tax	-	(469)	(e)	-	(465)
Deferred tax assets	3 876	3 876		4 222	4 222
Total assets	1 667 809			1 587 649	

[1] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.

[2] References to composition of capital disclosure table.

6. Capital and liquidity risk

	a	b	c	a	b
	31 Dec 2024			30 Jun 2024	
Bank[1]	Accounting balance sheet per published financial statements Rm	Balance sheet per regulatory scope of consolidation Rm	Ref.[2]	Accounting balance sheet per published financial statements Rm	Balance sheet per regulatory scope of consolidation Rm
Liabilities					
Trading portfolio liabilities	63 624	63 624		55 174	55 174
Hedging portfolio liabilities	1 258	1 258		1 454	1 454
Other liabilities	25 650	25 604		36 745	36 745
Provisions	4 065	4 036		2 594	2 557
Current tax liabilities	131	131		40	40
Deposits	1 217 946	1 217 946		1 135 356	1 135 345
Debt securities in issue	207 341	207 329		222 128	222 128
Loans from Absa Group companies	10 500	10 500		9 485	9 096
Insurance contract liabilities	4	4		13	13
Borrowed funds	21 086	21 086		16 699	16 699
of which directly qualifying AT1 instruments		9 035	(g)		8 475
of which directly issued qualifying Tier 2 instruments		12 051			8 224
Deferred tax liabilities	154	154		160	160
Total Liabilities	1 551 759			1 479 848	
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Paid-in share capital	37 184	37 184	(a)	37 184	37 184
Retained earnings including unappropriated profits	58 452	58 452		52 706	52 692
of which amount eligible for CET1		52 217	(b)		49 514
of which unappropriated profits		6 265			3 178
Accumulated other comprehensive income	6 096	6 096	(c)	3 494	3 494
Non-controlling Interest - Ordinary shares	-	-		-	-
Non-controlling Interest - Preference shares	4 644	-		4 644	-
Non-controlling interest – Additional Tier 1 capital	9 674	9 674	(f)	9 773	9 773
Total equity	116 050			107 801	
Total liabilities and equity	1 667 809			1 587 649	

[1] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.
[2] References to composition of capital disclosure table.

6. Capital and liquidity risk

Main features of RC instruments and of other total loss-absorbing capacity (TLAC)-eligible instruments [CCA]

Group	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Issuer	The Group														
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ZAE000255915	ZAG000164906	ZAG000171893	XS233910287	ZAG000191925	ZAG000200395	ZAG000205154	ZAG000210865	ZAG000166125	ZAG000189580	ZAG000198334	ZAG000207291	ZAG000208679	Loan	ZAG000209552
3 Governing law(s) of the instrument	South Africa			United Kingdom (Except certain provisions under South African law)	South Africa										
3a Means by which enforceability requirement of Section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	-														
Regulatory treatment															
4 Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1							Tier 2						
5 Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1							Tier 2						
6 Eligible at solo/Group /Group and solo	Group														
7 Instrument type (types to be specified by each jurisdiction)	Ordinary share capital and premium	Additional Tier 1 callable notes							Subordinated callable notes					Subordinated loan	Subordinated callable notes
8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	R11 845	R1 376	R1 209	USD500	R1 999	R2 000	R1 511	R1 579	R2 708	R1 924	R2 178	R1 013	R2 024	R1 693	R510
9 Par value of instrument	R1 694	R1 376	R1 209	USD500	R1 999	R2 000	R1 511	R1 579	R2 676	R1 916	R2 158	R1 000	R2 019	R1 700	R500
10 Accounting classification	Shareholders' equity			Liability amortised cost	Shareholders' equity				Liability amortised cost						
11 Original date of issuance	1986	05 Dec 2019	26 Oct 2020	27 May 2021	15 Nov 2022	30 Oct 2023	13 May 2024	28 Nov 2024	17 Feb 2020	15 Sep 2022	25 Aug 2023	6 Aug 2024	20 Sep 2024	11 Oct 2024	15 Oct 2024
12 Perpetual or dated	Perpetual								Dated						
13 Original maturity date	NA								17 May 2030	16 Sep 2032	26 Aug 2033	6 Aug 2034	21 Sep 2034	27 Sep 2034	16 Oct 2034
14 Issuer call subject to prior supervisory approval	NA	Yes													
15 Optional call date, contingent call dates and redemption amount	N/A	05 Jun 2025, R1 376	27 Oct 2025, R1 209	28 May 2026, USD500	16 Nov 2027, R 1 999	31 Oct 2028, R 2 000	14 May 2029, R1 511	29 Nov 2029, R 1 579	17 May 2025, R2 676	16 Sep 2027, R1 916	26 Aug 2028, R2 158	6 Nov 2029, R1 000	21 Sep 2029, R2 019	12 Oct 2029, R1 700	16 Oct 2029, R500

6. Capital and liquidity risk

Group	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16 Subsequent call dates, if applicable	N/A	Quarterly after the first optional call date until maturity		Semi-annually after the first optional call date until maturity	Quarterly after the first optional call date until maturity										
Coupons / dividends															
17 Fixed or floating dividend/ coupon	Floating			Fixed	Floating										
18 Coupon rate and any related index	N/A	3M JIBAR +425 bps	3M JIBAR +455 bps	6.375%	3M JIBAR +358 bps	3M JIBAR +294 bps	3M JIBAR +290 bps	3M JIBAR +274bps	3M JIBAR +213 bps	3M JIBAR +210 bps	3M JIBAR +172 bps	3M JIBAR +172bps	3M JIBAR +175bps	3M JIBAR +162bps	3M JIBAR +170bps
19 Existence of a dividend stopper	No	Yes		No	Yes				No						
20 Fully discretionary, partially discretionary or mandatory	Fully discretionary			Mandatory	Fully discretionary				Mandatory						
21 Existence of step up or other incentive to redeem	N/A	No											N/A		
22 Non-cumulative or cumulative	Non-cumulative														
23 Convertible or non-convertible	NA	Non-convertible													
24 If convertible, conversion trigger (s)	NA														
25 If convertible, fully or partially	NA														
26 If convertible, conversion rate	NA														
27 If convertible, mandatory or optional conversion	NA														
28 If convertible, specify instrument type convertible into	NA														
29 If convertible, specify issuer of instrument it converts into	NA														
30 Write-down feature	No	Yes													
31 If write-down, write-down trigger(s)	NA	At SARB's discretion													
32 If write-down, full or partial	NA	Full or partial													
33 If write-down, permanent or temporary	NA	Permanent													
34 If temporary write-own, description of write-up mechanism	NA														
34 a Type of subordination	-														
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarch of the legal entity concerned)	Columns 9 to 13, then Columns 2 to 8	Columns 9 to 13		Deposits and other general debits of the bank including non-subordinated notes	Columns 9 to 13				Deposits and other general debits of the bank including non-subordinated notes						
36 Non-compliant transitioned features	NA														
37 If yes, specify non-compliant features	NA														

6. Capital and liquidity risk

Bank	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Issuer	The Bank														
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ZAE000079810	ZAG000164955	ZAG000171976	NA	ZAG000192063	ZAG000200320	ZAG000205162	ZAG000210873	ZAG000166174	ZAG000189598	ZAG000198888	ZAG000207531	ZAG000208687	ZAG000209669	ZAG000209594
3 Governing law(s) of the instrument	South Africa														
3a Means by which enforceability requirement of Section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	-														
Regulatory treatment															
4 Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1							Tier 2						
5 Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1							Tier 2						
6 Eligible at Solo/Group /Group and Solo	Solo														
7 Instrument type (types to be specified by each jurisdiction)	Ordinary share capital and premium	Additional Tier 1 callable notes							Subordinated callable notes						
8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	R37 184	R1 376	R1 209	USD 500	R1 999	R2 000	R1 511	R1 579	R2 711	R1 923	R2 179	R1 000	R2 019	R1 700	R500
9 Par value of instrument	R304	R1 376	R1 209	USD500	R1 999	R2 000	R1 511	R1 579	R2 676	R1 916	R2 158	R1 000	R2 019	R1 700	R500
10 Accounting classification	Share holders' equity			Liabi-lity amor-tised cost	Share holders' equity				Liability amortised cost						
11 Original date of issuance	1986	05 Dec 2019	26 Oct 2020	27 May 2021	15 Nov 2022	30 Oct 2023	13 May 2024	28 Nov 2024	17 Feb 2020	15 Sep 2022	25 Aug 2023	6 Aug 2024	20 Sep 2024	11 Oct 2024	15 Oct 2024
12 Perpetual or dated	Perpetual								Dated						
13 Original maturity date	NA								17 May 2030	16 Sep 2032	26 Aug 2033	6 Aug 2034	21 Sep 2034	27 Sept 2034	16 Oct 2034
14 Issuer call subject to prior supervisory approval	NA	Yes													
15 Optional call date, contingent call dates and redemption amount	NA	05 Jun 2025, R1 376	27 Oct 2025, R1 209	28 May 2026, USD500	16 Nov 2027, R1 999	31 Oct 2028, R2 000	14 May 2024, R1 511	29 Nov 2029, R 1 579	17 May 2025, R2 676	16 Sep 2027, R1 916	26Aug 2028, R2 158	6 Nov 2029, R1 000	21 Sep 2029, R2 019	12 Oct 2029, R1 700	16 Oct 2029, R500
16 Subsequent call dates, if applicable	NA	Quarterly after the first optional call date until maturity		Semi-annually after the first optional call date until maturity	Quarterly after the first optional call date until maturity										
Coupons / dividends															
17 Fixed or floating dividend/ coupon	Floating			Fixed	Floating										
18 Coupon rate and any related index	NA	3M JIBAR +425bps	3M JIBAR +455bps	6.375%	3M JIBAR +358bps	3M JIBAR +294bps	3M JIBAR +290bps	3M JIBAR +274bps	3M JIBAR +213bps	3M JIBAR +210bps	3M JIBAR +172 bps	3M JIBAR +172bps	3M JIBAR +175bps	3M JIBAR +162bps	3M JIBAR +170bps
19 Existence of a dividend stopper	No	Yes		No	Yes				No						

6. Capital and liquidity risk

Bank	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
20 Fully discretionary, partially discretionary or mandatory	Fully discretionary			Manda-tory	Fully discretionary				Mandatory						
21 Existence of step up or other incentive to redeem	NA	No											N/A		
22 Non-cumulative or cumulative	Non-cumulative														
23 Convertible or non-convertible	NA	Non-convertible													
24 If convertible, conversion trigger(s)	NA														
25 If convertible, fully or partially	NA														
26 If convertible, conversion rate	NA														
27 If convertible, mandatory or optional conversion	NA														
28 If convertible, specify instrument type convertible into	NA														
29 If convertible, specify issuer of instrument it converts into	NA														
30 Write-down feature	No	Yes													
31 If write-down, write-down trigger(s)	NA	At SARB's discretion													
32 If write-down, full or partial	NA	Full or partial													
33 If write-down, permanent or temporary	NA	Permanent													
34 If temporary write-own, description of write-up mechanism	NA														
34a Type of subordination	-														
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarch of the legal entity concerned)	Columns 9 to 13, then Columns 2 to 8	Columns 9 to 15		Deposits and other general debits of the bank including non-sub ordinated notes	Columns 9 to 15				Deposits and other general debits of the bank including non-sub ordinated notes						
36 Non-compliant transitioned features	NA														
37 If yes, specify non-compliant features	NA														

6. Capital and liquidity risk

Summary comparison of accounting assets versus leverage ratio exposure measure [LR1]

Group		31 Dec 2024 Rm	30 Sep 2024 Rm
1	Total consolidated assets	2 068 695	2 036 616
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(39 313)	(38 541)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	(2 401)	(14 168)
5	Adjustments for securities financing transactions (i.e. repos and similar secured lending)	-	-
6	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	128 269	125 202
7	Other adjustments	(15 667)	(13 057)
8	Leverage ratio exposure measure	2 139 583	2 096 052

Bank[1]		31 Dec 2024 Rm	30 Sep 2024 Rm
1	Total consolidated assets	1 667 809	1 683 750
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	(4 260)	(14 885)
5	Adjustments for securities financing transactions (i.e. repos and similar secured lending)	-	-
6	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	98 240	96 547
7	Other adjustments	(13 997)	(15 035)
8	Leverage ratio exposure measure	1 747 792	1 750 377

[1] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.

6. Capital and liquidity risk

Leverage ratio common disclosure template [LR2]

		Group		Bank[1]	
		a	b	a	b
		31 Dec 2024	30 Sep 2024	31 Dec 2024	30 Sep 2024
		Rm	Rm	Rm	Rm
	On-balance sheet exposures				
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1 882 377	1 838 085	1 523 978	1 526 080
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(15 667)	(13 057)	(13 997)	(15 035)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	1 866 710	1 825 028	1 509 981	1 511 045
	Derivative exposures				
4	Replacement cost associated with all derivative transactions (where applicable net of eligible cash variation margin and/ or with bilateral netting)	21 184	25 287	20 013	24 488
5	Add-on amounts for PFE associated with all derivative transactions	34 681	33 446	34 187	33 043
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-	-	-
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(4 555)	(5 629)	(4 555)	(5 629)
8	(CCP leg of client-cleared trade exposures)	-	-	-	-
9	Adjusted effective notional amount of written credit derivative	7 897	5 996	7 897	5 997
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
11	Total derivative exposures (sum of rows 4 to 10)	59 207	59 100	57 542	57 899
	Security financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	85 397	86 722	82 029	84 886
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
14	CCR exposure for SFT assets	-	-	-	-
15	Agent transaction exposures	-	-	-	-
16	Total securities financing transaction exposures (sum of rows 12 to 15)	85 397	86 722	82 029	84 886
	Other off-balance sheet exposures				
17	Off-balance sheet exposures at gross notional amount	472 935	467 242	397 878	395 205
18	(Adjustments for conversion to credit equivalent amounts)	(344 666)	(342 040)	(299 638)	(298 658)
19	Off-balance sheet items (sum of rows 17 and 18)	128 269	125 202	98 240	96 547
	Capital and total exposures				
20	Tier 1 capital (excluding unappropriated profits)	158 463	147 712	100 700	97 681
21	Total exposures (sum of lines 3, 11, 16 and 19)	2 139 583	2 096 052	1 747 792	1 750 377
	Leverage ratio				
22	Basel III leverage ratio	7.4	7.0	5.8	5.6

[1] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.

6. Capital and liquidity risk

6.3 Liquidity risk

Liquidity risk is 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.

6.3.1 Review of the current reporting period

Key risk metrics	2024	2023
Sources of liquidity (Rbn)	384.5	333.0
NSFR (%)	121.6	118.1
LCR (%)[1]	126.7	123.9[2]
Loan-to-deposit ratio (%)[3]	80.9	82.7
Loans and advances to customers and banks (Rbn)	1 328.4	1 253.6
South Africa	1 127.5	1 071.5
ARO	200.9	182.1
Deposits from customers and banks (including debt securities) (Rbn)	1 641.4	1 515.1
South Africa	1 360.7	1 255.6
ARO	280.7	259.5

- Liquidity risk position:
  - The Group's liquidity risk position remained healthy and key liquidity metrics were within risk appetite and above the minimum regulatory requirements.
  - The Group maintained a high-quality liquid asset (HQLA) buffer in excess of the minimum regulatory requirements, based on stress testing performed.
  - Absa Bank's strong deposit growth, moderate asset growth and the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) liquidity injection into the market in 2024, all contributed towards the healthy liquidity position.
  - The Group's foreign currency liquidity position remained robust and flexible, with adequate diversified United States dollar (USD) funding available to support the USD asset base and planned asset growth.
  - All banking subsidiaries remained self-sufficient in terms of local currency liquidity, with limited reliance on USD working capital support from the Group.
- Short-term balance sheet structure and liquidity buffers:
  - The Group's sources of liquidity amounted to 28.4% (December 2023: 27.4%) of deposits from customers. The Group continued to maintain a diversified HQLA portfolio, thereby maintaining a 90-day average HQLA at R271.8bn (December 2023: R257.3bn).
  - Loan growth was funded by growth in customer deposits and supported by raising wholesale funding, of appropriate tenor, ensuring a sustainable and diverse funding base.
  - As per the February 2024 National Budget announcement, the GFECRA cash injection into the market commenced on 1 July 2024, resulting in additional liquidity in the market and Absa Bank. The GFECRA cash injection is expected to be transitory as the funds are utilised by National Treasury, to reduce government debt and make coupon payments.
  - The overall reliance on wholesale funding was managed appropriately to support asset growth and to further strengthen the net stable funding ratio (NSFR) over the 5-year phase out period of the national discretion item, which came into effect from 1 June 2023.
  - The Group consistently maintained an LCR buffer above 100% and used its Internal Liquidity Stress Metric Framework to determine the amount of HQLA required to be held to meet internally defined stress requirements.
- Long-term balance sheet structure:
  - The Group continued to strengthen and diversify its funding sources to maintain a sustainable funding structure.
  - The demand from investors for the Group's bond issuances was robust in 2024, leading to successfully raising R6.6bn in Senior debt and R3.1bn Additional Tier 1 (AT1) capital and R3.5bn Tier 2 capital within the local South African market. The Group raised R2.7bn Tier 2 from a Development Financial Institution (DFI) made up of Absa's first Sustainability-Linked Tier 2 Loan and first Social Tier 2 bond. The loan was structured to support Women Small and Medium Enterprises (WSMEs) while the Social Tier 2 bond's proceeds are earmarked for affordable housing projects for women. Absa also concluded its inaugural Green Syndicated Loan of USD300m which was significantly over-subscribed, with commitments from 19 geographically diverse institutions. The final Flac instruments standards have been published by the Prudential Authority, with implementation shifting to January 2026 from the expected timeline of January 2025.
  - The cost of wholesale funding in domestic markets remained at relatively lower levels in 2024.
- Diversification:
  - The Group had a well-diversified deposit base and concentration risk was managed within internal and regulatory guidelines.
  - The Group managed funding sources to maintain a wide diversity of depositors, products, tenors and currencies.

[1] The Group LCR reflects an aggregation of the Bank LCR and the ARO LCR. For this purpose, a simple average of the relevant three month-end data points is used in ARO, noting that the ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.

[2] The December 2023 figure was revised to align with final regulatory submissions.

[3] The methodology used to calculate the loan-to-deposit ratio includes loans and advances to banks and is based on average balances and not spot balances as disclosed per the Group financial statements.

6. Capital and liquidity risk

6.3.2 Priorities

- Preserve the Group's liquidity position in line with the Group's 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 NSFR over the 5-year phase out of the national discretion.
- Collaborate with the regulatory authorities and other stakeholders on 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.

6.3.3 General information about liquidity risk [LIQA]

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.

6.3.3.1 Risk identification and management

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.

The liquidity risk management processes are summarised in the table below:

Funding planning	Liquidity risk monitoring	Execution and intra-day liquidity risk	Contingent funding planning	Regulatory compliance
• Funding plan • Concentration risk • Customer behaviour • Pricing liquidity risk through funds transfer pricing	• Capital and Liquidity Risk Framework and policies • Internal liquidity stress metrics (ILSM) • Stress testing • Limits and metrics • Intra-day liquidity risk monitoring • Monitoring other contingent liquidity risks • New product review • Debt buyback monitoring	• Liquidity buffers • Funding execution • Daily clearing and settlement • Contingent liquidity risks in transaction documentation	• EWIs • Liquidity simulations • Contingency planning and Recovery planning	• Cash reserving • Liquid assets • Regulatory reporting • LCR • NSFR

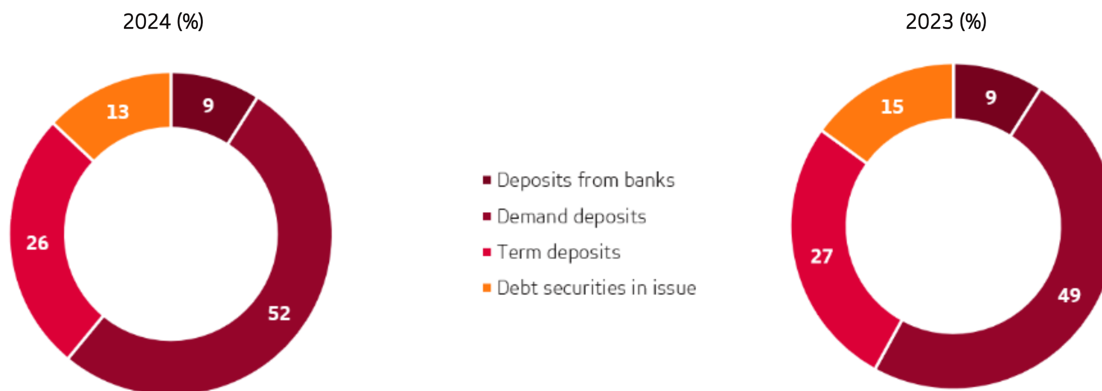
6. Capital and liquidity risk

Funding structure

Funding is sourced from a variety of depositors representing a diversity of economic sectors, with a wide range of products and maturities.

Funding sources by product

The graphs below show the Group's funding sources:



NSFR

The NSFR aims to promote the resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities on an ongoing structural basis.

	Group		Bank	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
ASF (Rm)[1]	1 305 545	1 191 407	1 050 257	973 368
RSF (Rm)[1]	1 073 260	1 008 962	915 314	869 787
Actual NSFR (%)	121.6	118.1	114.7	111.9
Required NSFR (%)	100	100	100	100

Diversification

The Group maintained a well-diversified deposit base. Concentration risk is managed within appropriate guidelines. Sources of funding were managed to maintain a diversity of depositors, products, tenors and currencies.

The Group's foreign currency funding position remains robust, with diversified funding facilities from international banks and appropriate tenors to meet term asset growth.

Each geographic entity in the Group is required to ensure funding diversification is taken into account in its business planning process and to maintain a funding plan. This takes into account market conditions and the changes in factors that affect the entity's ability to raise funds.

Stress and scenario testing

Under the Capital and Liquidity Risk Framework, the Group established the 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

Each banking entity in the Group maintains its own CFP, which 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 balance sheet.
- A range of EWIs, which assist in informing management when deciding whether the CFP should be invoked.

[1] The December 2023 figures were revised to align with final regulatory submissions.

6. Capital and liquidity risk

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 Bank the CFP was merged with the recovery plan.

6.3.3.2 Reporting

Short-term liquidity stress

The Group's sources of liquidity

	2024 Rm	2023 Rm
Total Group sources of liquidity	384 493	332 986
HQLA[1]	263 043	222 019
Other liquid assets (ARO)	92 012	82 477
Other sources of liquidity	29 438	28 490

LCR[2]

The LCR aims to ensure banks maintain an adequate stock of HQLA to survive a plausible yet severe stress scenario lasting 30 days. The table below represents the average LCR for the quarter:

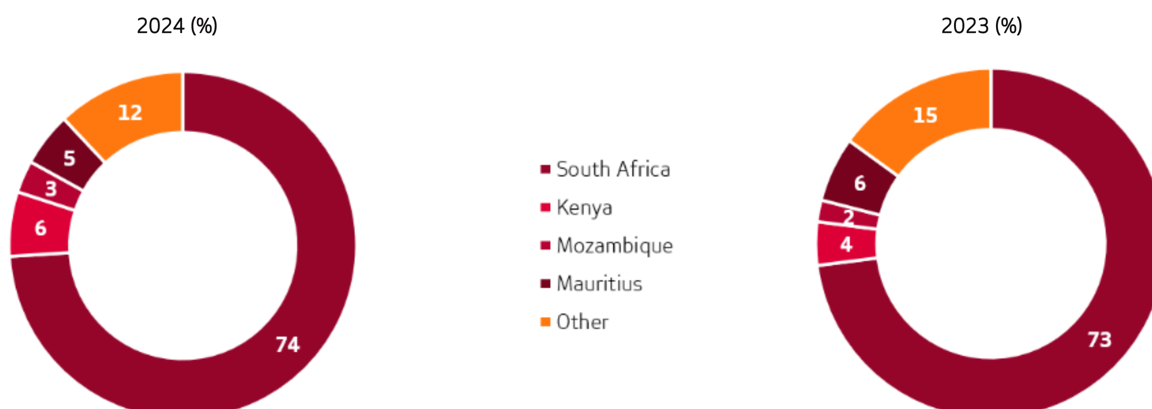
	Group		Bank	
	2024 Rm	2023[3] Rm	2024 Rm	2023 Rm
HQLA (Rm)	271 798	257 309	239 592	229 944
Net cash outflows (Rm)	214 531	207 665	182 326	180 301
LCR (%)	126.7	123.9	131.4	127.5
Required LCR (%)	100	100	100	100

HQLA

Each bank holds a stock of HQLA to meet any unexpected liquidity outflows. In the majority of locations, local regulators impose rules on the quantum of reserve liquidity to be held.

The HQLA portfolio is well diversified and consists of cash and cash equivalents, deposits with central banks, government debt, and other qualifying instruments under the Basel III framework. Each entity in the Group maintains and demonstrates constant access to the relevant underlying asset market to avoid undue price movement if liquid assets need to be sold. Each operation ensures its buffer can be liquidated at short notice.

Composition of liquid assets by country (%)



[1] The values disclosed represent the spot values of HQLA.

[2] The Group LCR reflects an aggregation of the Bank LCR and the ARO LCR. For this purpose, a simple average of the relevant three month-end data points is used in ARO, noting that the ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.

[3] The December 2023 figures were revised to align with final regulatory submissions.

6. Capital and liquidity risk

Liquidity coverage ratio common disclosure template and summary [LIQ1]

Group[1]		a 31 Dec 2024 Total unweighted value (average) Rm	b 31 Dec 2024 Total weighted value (average) Rm	a 30 Sep 2024 Total unweighted value (average) Rm	b 30 Sep 2024 Total weighted value (average) Rm
	High-quality liquid assets (HQLA)				
1	Total HQLA		271 798		275 365
	Cash outflows				
2	Retail deposits and deposits from small business customers of which:	528 898	40 574	516 206	39 559
3	Stable deposits	87 001	4 350	87 535	4 377
4	Less stable deposits	441 897	36 224	428 671	35 182
5	Unsecured wholesale funding of which:	592 196	274 459	581 668	272 401
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	174 745	41 743	170 355	40 750
7	Non-operational deposits (all counterparties)	408 980	224 245	405 571	225 909
8	Unsecured debt	8 471	8 471	5 742	5 742
9	Secured wholesale funding		3 943		4 593
10	Additional requirements of which:	399 965	47 634	407 389	46 450
11	Outflows related to derivative exposures and other collateral requirements	16 708	16 708	15 484	15 484
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	383 257	30 926	391 905	30 966
14	Other contractual funding obligations	-	-	437	437
15	Other contingent funding obligations	258 642	11 058	263 903	11 456
16	Total cash outflows (Sum of lines 2+5+9+10+14+15)		377 668		374 896
	Cash inflows				
17	Secured lending (e.g., reverse repos)	57 787	13 045	53 672	13 174
18	Inflows from fully performing exposures	166 502	133 087	167 210	138 228
19	Other cash inflows	17 763	17 005	13 683	12 871
20	Total cash inflows (Sum of lines 17-19)	242 052	163 137	234 565	164 273

		Total weighted value (31 Dec 2024)	Total weighted value (30 Sep 2024)
	High-quality liquid assets (HQLA)		
21	Total HQLA (Rm)	271 798	275 365
22	Total net cash outflows (Rm)	214 531	210 623
23	LCR (%)	126.7	130.7

[1] The Group LCR reflects an aggregation of the Bank LCR and the LCR of ARO. For this purpose, a simple average of the relevant three month-end data points is used for ARO, noting that ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.

6. Capital and liquidity risk

		a	b	a	b
		31 Dec 2024		30 Sep 2024	
Bank[1]		Total unweighted value (average) Rm	Total weighted value (average) Rm	Total unweighted value (average) Rm	Total weighted value (average) Rm
High-quality liquid assets (HQLA)					
1	Total HQLA		239 592		243 074
Cash outflows					
2	Retail deposits and deposits from small business customers of which:	411 301	30 314	403 586	29 801
3	Stable deposits	87 001	4 350	87 535	4 377
4	Less stable deposits	324 300	25 964	316 051	25 424
5	Unsecured wholesale funding of which:	474 658	221 049	469 417	222 220
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	174 744	41 742	170 355	40 750
7	Non-operational deposits (all counterparties)	293 872	173 265	294 013	176 421
8	Unsecured debt	6 042	6 042	5 049	5 049
9	Secured wholesale funding		3 944		4 593
10	Additional requirements of which:	360 353	42 354	370 033	41 078
11	Outflows related to derivative exposures and other collateral requirements	14 721	14 721	13 162	13 162
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	345 632	27 633	356 871	27 916
14	Other contractual funding obligations	-	-	437	437
15	Other contingent funding obligations	223 923	9 600	230 606	10 053
16	Total cash outflows (Sum of lines 2+5+9+10+14+15)		307 261		308 182
Cash inflows					
17	Secured lending (e.g. reverse repos)	57 787	13 045	53 672	13 174
18	Inflows from fully performing exposures	126 513	103 466	129 526	108 086
19	Other cash inflows	9 183	8 424	9 401	8 590
20	Total cash inflows (Sum of lines 17-19)	193 483	124 935	192 599	129 850

		Total weighted value (31 Dec 2024)	Total weighted value (30 Sep 2024)
High-quality liquid assets (HQLA)			
21	Total HQLA (Rm)	239 592	243 074
22	Total net cash outflows (Rm)	182 326	178 332
23	LCR (%)	131.4	136.3

[1] The Bank LCR was calculated as a simple average of 90 calendar-day LCR observations.

6. Capital and liquidity risk

Net stable funding ratio [LIQ2]

		a	b	c	d	e
		31 Dec 2024				
		Unweighted value by residual maturity				
Group		No maturity Rm	<6 months Rm	6 months to <1 year Rm	≥1 year Rm	Weighted Value Rm
ASF item						
1	**Capital**	**162 815**	**-**	**-**	**18 378**	**181 193**
2	Regulatory capital	153 575	-	-	18 378	171 953
3	Other capital instruments	9 240	-	-	-	9 240
4	**Retail deposits and deposits from small business customers:**	**293 122**	**187 223**	**36 018**	**31 237**	**500 765**
5	Stable deposits	77 613	15 009	3 368	2 786	93 978
6	Less stable deposits	215 509	172 214	32 650	28 451	406 787
7	**Wholesale funding:**	**258 710**	**638 518**	**63 811**	**248 076**	**613 887**
8	Operational deposits	148 181	55 188	-	-	101 685
9	Other wholesale funding	110 529	583 330	63 811	248 076	512 202
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	**Other liabilities:**	**13 998**	**36 556**	**89**	**46 682**	**9 700**
12	NSFR derivative liabilities		-	-	39 264	
13	All other liabilities and equity not included in the above categories	13 998	36 556	89	7 418	9 700
14	Total ASF					1 305 545
Required stable funding (RSF) item						
15	Total NSFR HQLA					24 215
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	**Performing loans and securities:**	**2 506**	**384 087**	**101 430**	**914 455**	**927 089**
18	Performing loans to financial institutions secured by Level 1 HQLA	-	54 305	358	42	5 652
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	154 026	20 645	124 228	157 654
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	165 870	75 460	590 974	621 437
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	7 777	5 055
22	Performing residential mortgages, of which:	-	3 189	3 279	182 699	121 988
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	3 189	3 279	182 699	121 988
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2 506	6 697	1 688	16 512	20 358
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	**Other assets:**	**4 731**	**18 807**	**-**	**120 212**	**98 475**
27	Physical traded commodities, including gold	1 717				1 460
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	5 518	4 690
29	NSFR derivative assets		-	-	25 796	413
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	4 528	4 528
31	All other assets not included in the above categories	3 014	18 807	-	84 370	87 384
32	Off-balance sheet items		-	-	469 625	23 481
33	Total RSF					1 073 260
34	Net stable funding ratio (%)					121.6

6. Capital and liquidity risk

		a	b	c	d	e
		30 Sep 2024				
		Unweighted value by residual maturity				Weighted Value
Group		No maturity Rm	<6 months Rm	6 months to <1 year Rm	≥1 year Rm	Rm
ASF item						
1	Capital	156 175	-	-	15 605	171 780
2	Regulatory capital	147 511	-	-	15 605	163 116
3	Other capital instruments	8 664	-	-	-	8 664
4	Retail deposits and deposits from small business customers:	283 360	176 326	32 221	32 483	480 060
5	Stable deposits	77 155	16 620	3 448	2 987	95 348
6	Less stable deposits	206 205	159 706	28 773	29 496	384 712
7	Wholesale funding:	239 811	625 545	92 130	245 191	604 975
8	Operational deposits	138 568	50 389	-	-	94 479
9	Other wholesale funding	101 243	575 156	92 130	245 191	510 496
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	16 699	39 083	147	57 430	9 796
12	NSFR derivative liabilities		-	-	50 290	
13	All other liabilities and equity not included in the above categories	16 699	39 083	147	7 140	9 796
14	Total ASF					1 266 611
Required stable funding (RSF) item						
15	Total NSFR HQLA					22 362
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	2 426	397 255	96 554	895 910	908 307
18	Performing loans to financial institutions secured by Level 1 HQLA	-	60 981	966	42	6 623
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	168 203	15 371	121 336	154 252
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	158 997	73 734	577 259	606 015
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	5 104	3 318
22	Performing residential mortgages, of which:	-	3 129	3 226	180 528	120 521
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	3 129	3 226	180 528	120 521
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2 426	5 945	3 257	16 745	20 896
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	4 261	25 780	-	149 234	109 853
27	Physical traded commodities, including gold	1 866				1 587
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	5 258	4 469
29	NSFR derivative assets		-	-	43 106	532
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	5 296	5 296
31	All other assets not included in the above categories	2 395	25 780	-	95 574	97 969
32	Off-balance sheet items		-	-	463 831	23 192
33	Total RSF					1 063 714
34	Net stable funding ratio (%)					119.1

6. Capital and liquidity risk

Bank		a	b	c	d	e
		31 Dec 2024				
		Unweighted value by residual maturity				
		No maturity Rm	<6 months Rm	6 months to <1 year Rm	≥1 year Rm	Weighted Value Rm
ASF item						
1	Capital	113 019	-	-	18 378	131 397
2	Regulatory capital	103 779	-	-	18 378	122 157
3	Other capital instruments	9 240	-	-	-	9 240
4	Retail deposits and deposits from small business customers:	293 122	67 762	29 753	28 252	384 626
5	Stable deposits	77 613	15 009	3 368	2 786	93 978
6	Less stable deposits	215 509	52 753	26 385	25 466	290 648
7	Wholesale funding:	258 710	480 032	53 376	229 371	527 049
8	Operational deposits	148 181	55 188	-	-	101 685
9	Other wholesale funding	110 529	424 844	53 376	229 371	425 364
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	13 998	25 560	87	41 634	7 185
12	NSFR derivative liabilities		-	-	36 730	
13	All other liabilities and equity not included in the above categories	13 988	25 560	87	4 904	7 185
14	Total ASF					1 050 257
Required stable funding (RSF) item						
15	Total NSFR HQLA					18 730
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	2 506	279 813	82 800	808 452	789 288
18	Performing loans to financial institutions secured by Level 1 HQLA	-	54 305	358	42	5 652
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	115 599	17 778	126 248	152 477
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	100 529	59 758	485 636	491 379
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	7 777	5 055
22	Performing residential mortgages, of which:	-	3 189	3 279	182 699	121 988
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	3 189	3 279	182 699	121 988
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2 506	6 191	1 627	13 827	17 792
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	4 731	18 807	-	112 344	87 181
27	Physical traded commodities, including gold	1 717				1 460
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	5 518	4 690
29	NSFR derivative assets		-	-	25 796	-
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	4 275	4 275
31	All other assets not included in the above categories	3 014	18 807	-	76 755	76 756
32	Off-balance sheet items		-	-	402 302	20 115
33	Total RSF					915 314
34	Net stable funding ratio (%)					114.7

6. Capital and liquidity risk

		a	b	c	d	e
		30 Sep 2024				
		Unweighted value by residual maturity				
				6 months to		Weighted
		No maturity	<6 months	<1 year	≥1 year	Value
Bank		Rm	Rm	Rm	Rm	Rm
ASF item						
1	Capital	109 794	-	-	15 605	125 399
2	Regulatory capital	101 130	-	-	15 605	116 735
3	Other capital instruments	8 664	-	-	-	8 664
4	Retail deposits and deposits from small business customers:	283 360	70 609	25 861	29 501	376 208
5	Stable deposits	77 155	16 620	3 448	2 987	95 348
6	Less stable deposits	206 205	53 989	22 413	26 514	280 860
7	Wholesale funding:	239 811	486 773	86 025	231 597	531 892
8	Operational deposits	138 569	50 388	-	-	94 479
9	Other wholesale funding	101 242	436 385	86 025	231 597	437 413
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	16 699	26 189	147	52 535	7 031
12	NSFR derivative liabilities		-	-	48 161	
13	All other liabilities and equity not included in the above categories	16 699	26 189	147	4 374	7 031
14	Total ASF					1 040 530
Required stable funding (RSF) item						
15	Total NSFR HQLA					17 044
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	2 426	305 971	81 470	794 210	778 474
18	Performing loans to financial institutions secured by Level 1 HQLA	-	60 753	871	42	6 553
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	137 813	14 586	115 121	143 086
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	98 331	59 550	481 863	487 503
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	5 104	3 318
22	Performing residential mortgages, of which:	-	3 129	3 226	180 528	120 521
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	3 129	3 226	180 528	120 521
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2 426	5 945	3 237	16 656	20 811
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	4 261	25 780	-	135 229	94 252
27	Physical traded commodities, including gold	1 866				1 587
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	5 258	4 469
29	NSFR derivative assets		-	-	41 775	-
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	5 081	5 081
31	All other assets not included in the above categories	2 395	25 780	-	83 115	83 115
32	Off-balance sheet items		-	-	399 469	19 973
33	Total RSF					909 743
34	Net stable funding ratio (%)					114.4

7. Operational and resilience risk

7.1 Review of current reporting period 124
7.2 Priorities 124
7.3 General information about operational and resilience risk 124
7.3.1 Approach to the management of operational and resilience risk 124
7.3.2 Governance of operational and resilience risk 125
7.3.3 Management of operational and resilience risk 126
7.3.4 Measurement of operational and resilience risk 127
7.3.5 Insurance 127

7. Operational and resilience risk

Operational and resilience risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events

7.1 Review of current reporting period

Key risk metrics	2024	2023[1]
Total operational risk losses as a percentage of gross income (%)	0.38	0.50
Total operational risk losses (Rm)	417	524
Operational risk EC (Rbn)[2]	12.6	11.7
Total operational risk RWA (Rbn)	208.4	176.6
Operational risk (Rbn)	178.6	144.5
Non-customer assets (Rbn)	29.8	32.1

- Maintained groupwide operational resilience, delivering substantially uninterrupted services to its customers, against the backdrop of a number of interconnected and dynamic risk drivers. This included energy constraints, macroeconomic volatility, organised crime, the consumer stress and the effects of climate change.
- The Group's operational resilience was the result of the continuous adaptation, enhancement and optimisation of controls in response to risks experienced. Key areas of focus included:
  - Business continuity protocols considering the impact of loadshedding and blackout planning in South Africa as well as elections in multiple markets.
  - Information security and cyber controls, within the Group and its third parties, considering the increasing sophistication of threats.
  - Fraud prevention and detection capabilities in response to the increasing level of fraud attempts, while minimising disruption to authentic customers and transactions.
- Advanced the implementation of the new standardised approach requirements per the Basel III finalisation.
- Operational risk losses for the period were lower than the prior year due to fewer events experienced over the year.
- RWA increased to R208.3bn (2023: R176.6bn) due to the growth in revenue, changes in the foreign exchange rates of the ARO countries and higher operational risk requirements that came into effect from September 2024.
- EC increased to R12.6bn (2023: R11.7bn) due to changes in the risk profile, as well as growth in revenue and changes in the foreign exchange rates of the ARO countries.

7.2 Priorities

- Maintain a satisfactory and robust control environment that continues to deliver operational resilience through:
  - Refinement of business continuity responses and scenario planning.
  - Enhancement and optimisation of fraud, information security and cyber controls.
  - Ensuring continuity of services from third parties.
  - Improving the understanding of interdependencies between processes.
- Automate the testing and monitoring of key controls to enable combined assurance in a seamless fashion.
- Progress the implementation of the new standardised approach per the Basel III finalisation, which is expected come into effect on 1 July 2025.
- Continue to assess and respond to the risk of continued adverse weather conditions comprehensively as part of broader ESG activities.

7.3 General information about operational and resilience risk

Operational and resilience risk occurs in the natural course of business activity. Therefore, it is not possible to eliminate all operational and resilience risk exposure. Operational and resilience risk is recognised as a principal risk type and the Operational and Resilience Risk Management Framework (ORRMF) establishes a set of inter-related quantitative and qualitative tools and processes to identify, assess, measure, mitigate, monitor, and remediate risks within a defined appetite.

The ORRMF is underpinned by the BCBS principles for the sound management of operational risk (PSMOR) which has been localised in South Africa by the Prudential Authority as the operational risk maturity assessment questionnaire (ORMAQ), the BCBS's principles for operational resilience, the Single Regulatory Board's (SRB) operational guidance on operational continuity in resolution (OCIR) and the ERMF.

The leveraging of operational processes and capabilities is pivotal to the achievement of the Group's strategy and objectives and the management of operational and resilience risk aims to ensure these processes and capabilities are safeguarded and resilient.

7.3.1 Approach to the management of operational and resilience risk

The Group's objectives in the management of operational and resilience risk are to:

- Articulate and cascade an appropriate level of risk appetite for operational and resilience risk, which supports the business strategy.
- Manage risk and control effectively, thus maintaining the operational and resilience risk profile within appetite.
- Embed a positive risk culture across the organisation.
- Minimise the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering an extreme or unexpected loss.

[1] The December 2023 figures were revised to align with final regulatory submissions.

[2] Operational risk RWA and EC includes fixed asset risk, non-customer assets and compliance risk.

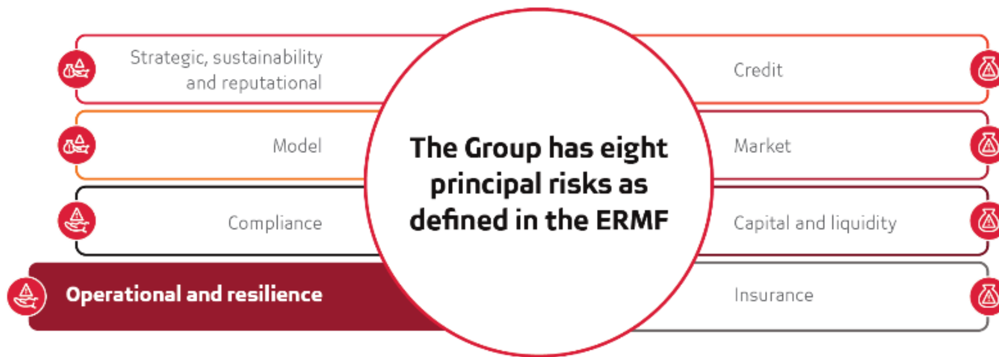
7. Operational and resilience risk

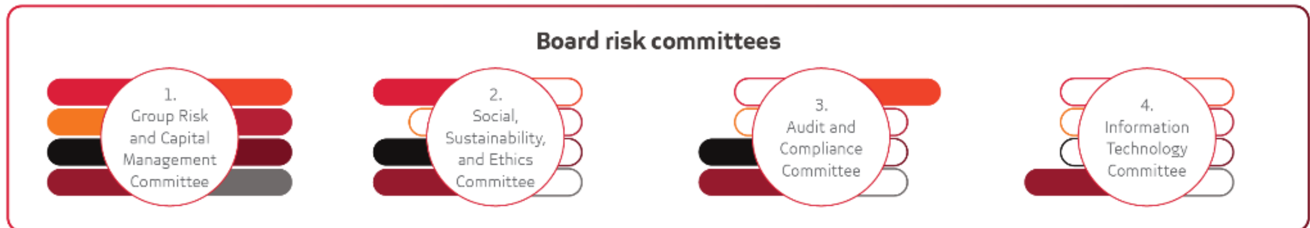
The management of operational and resilience risk aligns to the 'lines of defence' model as set out in the ERMF and encompasses all of the elements across the risk activity value chain (i.e., strategy alignment, risk appetite setting, policy and standard development and/or maintenance). The heads of business and infrastructure functional units are required to implement appropriate organisational structures and processes in line with the ORRMF to identify, assess, measure, mitigate, monitor, and remediate risks in their respective areas within an agreed appetite. Business-aligned operational and resilience risk heads (second line of defence), reporting to the business unit CROs, are responsible for the management of the risk profile of their respective portfolios within risk appetite as defined within the ORRMF.

Enterprise-wide specialist risk type owners (second line of defence), reporting to RTOs define the risk type strategy and framework and facilitate the group-wide governance to effectively enable risk type appetite, aggregation of risk type profiles, oversight, and challenge processes. Group operational and resilience risk (second line of defence) is accountable for the Group-wide management of operational and resilience risk, establishing strategic direction and Group risk appetite, ownership of the ORRMF and its supporting policies and enterprise-wide standards, and independent oversight over businesses and functions.

7.3.2 Governance of operational and resilience risk

The key committees involved in the governance of operational and resilience risk are depicted below:





7. Operational and resilience risk

The GCRO appoints the Operational and Resilience Risk RTO, who is accountable for the design, implementation, and maintenance of an effective, efficient and regulatory compliant ORRMF.

A Group Operational and Resilience Risk Management Committee (ORRMC) chaired by the RTO is in place, thereby providing an aggregation and challenge viewpoint of the Group's operational and resilience risk profile, prior to submission to the ERC. Additionally, it serves as the vehicle to drive development, implementation, embedment and optimisation of the framework, policies, and Group-wide standards.

The GCRO presents the Group's operational and resilience risk profile, alongside the other risk types as specified by the ERMF, to the GRCMC.

Business and infrastructure functional unit risk committees monitor risk management and control effectiveness, with progress reporting to the ERC by the respective executive.

7.3.3 Management of operational and resilience risk

The suite of risks considered within the remit of operational and resilience risk include:

- Business continuity
- Change
- Data and records management
- Financial reporting
- Fraud
- Information security and cyber
- Legal
- People
- Physical assets
- Tax
- Technology
- Third party
- Transaction processes and management

While conduct and financial crime are managed individually under the umbrella of compliance risk, they are incorporated into operational and resilience risk for capital requirement and measurement purposes.

To address the wide remit of operational and resilience risk, the ORRMF establishes a suite of management techniques applicable to its underlying risk types. These include:

7.3.3.1 Critical process assessments (CPAs)

CPA is an integrated assessment that enables the Group to focus on processes which are essential to executing on strategy and delivering for customers and stakeholders. This approach ensures that material risks and rewards are holistically understood and decisively managed, resulting in consistent monitoring of the operational and resilience risk profile in the context of business objectives and appetite. It requires the assessment of risks and controls in critical processes on an end-to-end basis, enabling a view across functions and supporting enablers, such as systems and suppliers. This approach promotes performance and service efficiencies through using key indicators that monitor risks, controls, and process performance.

Further, a comprehensive understanding of all business enablers is obtained by considering all supporting dependencies and the end-to-end resilience of processes and capabilities. CPA enables management of the prioritised enablers and a focus on the most material risks and key controls. The outcome of CPA is a consolidated view of all material risks in the critical business processes and information on the drivers of risk, such as risk events, root causes, indicators, issues and management responses.

7.3.3.2 Internal risk events

An operational and resilience risk event is any circumstance where there is a potential or actual impact to the Group resulting from inadequately controlled or failed internal processes, people and systems, or from an external event. The definition includes situations where a loss could have been incurred, but a gain was realised, as well as incidents resulting in customer, legal, reputational, conduct or regulatory impacts. Operational losses incurred from internal risk events must be captured on the Group operational and resilience risk management system. Boundary events, such as operational and resilience risk materialising within credit risk, are also tracked. The analysis of internal risk events assists the Group in identifying areas of improvements to processes or controls, to reduce the likelihood of recurrence and/or magnitude of risk events.

The analysis of risk events assists the Group in identifying control deficiencies to prevent future losses. In addition, it aids monitoring of a changing risk.

7.3.3.3 External risk events

Applicable external loss information is regularly considered to support and inform risk identification, assessment, and measurement, and provide management with insight into possible emerging risks. External data is used to provide insight into the magnitude of events/losses emanating from scenarios and risks which Absa has never experienced and are complex to quantify. The Group's primary source of external data is through membership of the Operational Risk Data Exchange (ORX), a non-profit association of international banks formed to share anonymous loss data information.

7.3.3.4 Risk mitigation

It is not always possible or cost effective to eliminate all operational and resilience risks, nor is this the objective of operational and resilience risk management. Achieving the correct balance of focus and effort is pivotal to the Group's operational and resilience risk management strategy. This is underpinned by a defined risk appetite, established governance and oversight structures, monitoring and escalation criteria, clarity of roles across the three lines of defence and clear direction and tone from the top, driving a transparent and accountable risk culture in the organisation. Operational and resilience risk is managed in accordance with the Group Risk Appetite Framework that formalises and articulates how risk appetite is established, communicated, cascaded, governed, and monitored across the organization. It provides a common and consistent platform for how risk appetite is managed.

7. Operational and resilience risk

The mitigation of residual risks (i.e., risks post-consideration of existing controls), depending on their likelihood and impact, is achieved by one or a combination of the following response strategies:

- **Accept:** Maintain the control environment.
- **Mitigate the risk:** Implement actions and strategies to reduce the residual risk level to within acceptable levels.
- **Avoid the risk:** Do not take the risk and stop the related activity.
- **Transfer the risk:** This involves a third party sharing some part of the risk or taking over all the risk. This could be in the form of insurance, partnerships, outsourcing or joint ventures.

7.3.3.5 Lessons learnt reviews

Lessons learnt is a targeted root cause analysis of significant risk events experienced in the Group with the outcomes of such reviews including:

- Establishing what went wrong.
- Early detection and prevention of systemic issues.
- Address thematic concerns.
- Determining whether cultural, operating model, governance or risk practices may have contributed to the risk event.

This process enables sustained and shared learning across the organisation, promoting stronger risk management.

7.3.3.6 Key indicators

Key indicators are metrics used to monitor the Group's operational and resilience risk profile. They include measurable thresholds that reflect the risk appetite of the business and are designed to monitor risk, control and business factors that influence the operational and resilience risk profile. Key indicators serve as alerts to management when risk levels exceed acceptable ranges and drive timeous decision-making and actions.

7.3.4 Measurement of operational and resilience risk

The Group assesses its operational and resilience risk capital requirements using the AMA which involves estimating the potential range of losses that could be incurred in a year from operational and resilience risk events, using statistical distributions. The BIA or TSA is used in certain operations outside South Africa and joint ventures and associates where the Group is not able to apply the AMA model.

The potential frequency and severity of losses is estimated for each risk in the suite of operational and resilience risks (refer to 7.3.3) based on internal loss data, extreme scenarios (from the key risk scenario process) as well as external loss data from ORX. The capital calculation also considers the possibility of correlations between operational and resilience risk losses occurring in a year.

RC requirements are set to cover 99.9% of estimated unexpected losses with EC requirements covering estimated losses that exceed the expected losses.

7.3.4.1 Key risk scenarios

Key risk scenarios are a summary of the extreme potential risk exposure for each risk in the suite of operational and resilience risks (refer 7.3.3) and includes quantitative and qualitative assessments of the potential frequency of risk events, the average size of losses and extreme scenarios. The assessments consider internal and external loss experiences, key indicators, CPAs and other relevant risk information.

Factors incorporated into the analysis of potential extreme scenarios include:

- The circumstances and contributing factors that could lead to an extreme event.
- The potential financial and non-financial impacts (e.g., reputational damage).
- The controls and other mitigants that seek to limit the likelihood of such an event occurring, and the actions that would be taken if the event were to occur (e.g., crisis management procedures, business continuity or disaster recovery plans, etc.).

7.3.5 Insurance

The Group utilises insurance to mitigate certain operational and resilience risks. The cover and associated cost are regularly reviewed and are presented annually to the GRCMC.

8. Model risk

8.1 Review of current reporting period 129

8.2 Priorities 129

8.3 General information about model risk 129

8.3.1 Risk identification and management 129

8.3.2 Governance 129

8.3.3 Reporting 131

8. Model risk

Model risk is the risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and report.

8.1 Review of current reporting period

Key risk metrics	2024	2023
Model risk EC (Rbn)	1.8	1.7

- Continuously improved the accuracy and robustness of models.
- Established a Credit Model Methodology Forum to centralise the standardisation and governance of model methodologies.
- Continued the modernisation of SAS infrastructure from on-premise to cloud-based, which is a multi-year project and will complete in 2026.
- Enhanced the model risk control environment through:
  - Embedment of second-generation versions of the model risk appetite statement and the model risk EC methodology.
  - Enhancement of the model performance tests used in model monitoring and independent model validation.
  - Automation of the model performance monitoring on the South Africa and ARO retail portfolio for regulatory credit capital, credit impairment and behavioural scorecard models.
  - Enhancement of the model risk management workflow system.

8.2 Priorities

- Meeting regulatory change requirements.
- Enhancement in the governance of ML / AI models.
- Refresh existing models and develop new models in accordance with business priorities and the outcomes of the independent model validations.
- Improve and structure model development methodologies. Where appropriate, develop standardised methodologies to expedite the model lifecycle.
- Continue the automation of model performance monitoring, to increase the frequency and consistency of model performance assessments and earlier detection of non-performance.
- Enhanced model risk training programme for non-technical stakeholders.

8.3 General information about model risk

8.3.1 Risk identification and management

A model is a quantitative method, system or approach that applies statistical, economic, financial or mathematical theories, techniques, parameters and assumptions to process input data into outputs. A model is comprised of risk driver inputs, methodology, parameters and calculations that produce outputs. A model is considered an end-to-end concept, including the sourcing of risk driver input data, the selection and specification of methodology, the calibration of parameters, the implementation of the model and the usage of the outputs. The use of models invariably presents model risk, defined as the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. Model risk may lead to financial loss, poor business and strategic decision-making, or damage to the Group's reputation.

Model risk is a principal risk managed under the Group's ERMF. The model risk RTO oversees the Model Risk Management Framework, established to manage model risk in accordance with the Group's tolerances. Through its policies and standards, the Model Risk Management Framework identifies risks and specifies controls in order to establish a consistent approach to the management of model risk across the Group. Compliance to controls is assessed through key risk assessments (KRAs) and control testing is conducted to provide assurance around the effective design and operation of controls.

All models are governed by the GMRP, which specifies the model lifecycle, together with the control activities to be conducted at each stage thereof; assigns stakeholder responsibilities and accountabilities for the management of model risk; mitigates model risk through controlled model design, development, implementation, use and change processes; and institutionalises independent validation and approval of models. The GMRP is supported by the following detailed standards:

- Model development and documentation
- Independent model validation
- Model performance monitoring
- Model implementation and decommissioning
- Model owner review
- Post model adjustment, management adjustment and model override
- Model risk appetite and EC

Model risk appetite is defined as the types and amount of risk that the Group, it's business units and legal entities are prepared to accept to meet strategic objectives. It explicitly defines the risk boundaries within which management is expected to operate under business-as-usual and stressed conditions when pursuing the business strategy. As the Group does not actively seek model risk, its appetite is expressed in terms of risk tolerance thresholds and does not have a target range. The Group holds EC in respect of model risk, based on the outcome of the model risk appetite assessment against the risk tolerance thresholds.

The model risk second line of defence is comprised of the Model Governance and Control (MGC) team, the independent validation unit (IVU) – incorporating the central model monitoring team, the model methodology team and the model risk processing centre (MRPC).

The MGC team develops the framework, policy and standards to manage model risk, sets limits consistent with the Group's risk appetite and monitors performance of the model ownership areas against these limits. It performs regular conformance reviews to provide assurance around control effectiveness.

IVU is responsible for the independent validation of models (developed by the model development teams residing in the business units), prior to the initial approval thereof and at regular intervals thereafter (including any subsequent model changes). The independent validation is an assessment of a model across multiple dimensions (e.g., performance, regulatory compliance, etc.), in the context of the model's objectives. The IVU also conducts the ongoing independent performance monitoring for regulatory capital and their feeder models (e.g. behavioural scorecards and application/sanctioning models) as well as credit impairment models.

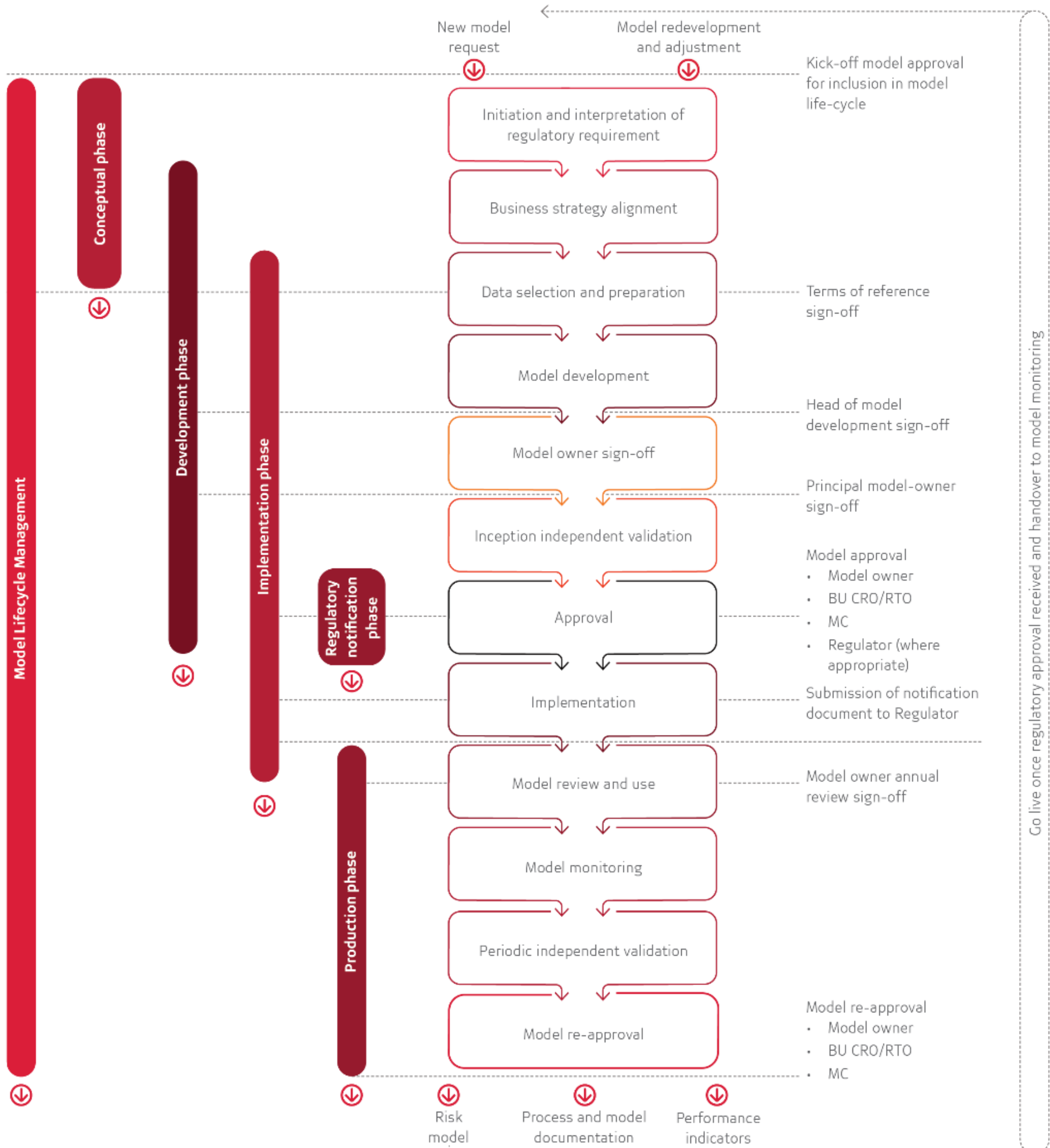
8. Model risk

The model methodology team assists with developing and aligning model methodology across the Group. It also facilitates the technical training of the modelling resources throughout the Group.

MRPC oversees model implementation controls, maintains a central implementation/processing environment for behavioural scorecard, credit impairment and regulatory credit capital models and executes these models within the impairment and regulatory credit capital reporting processes.

8.3.2 Governance

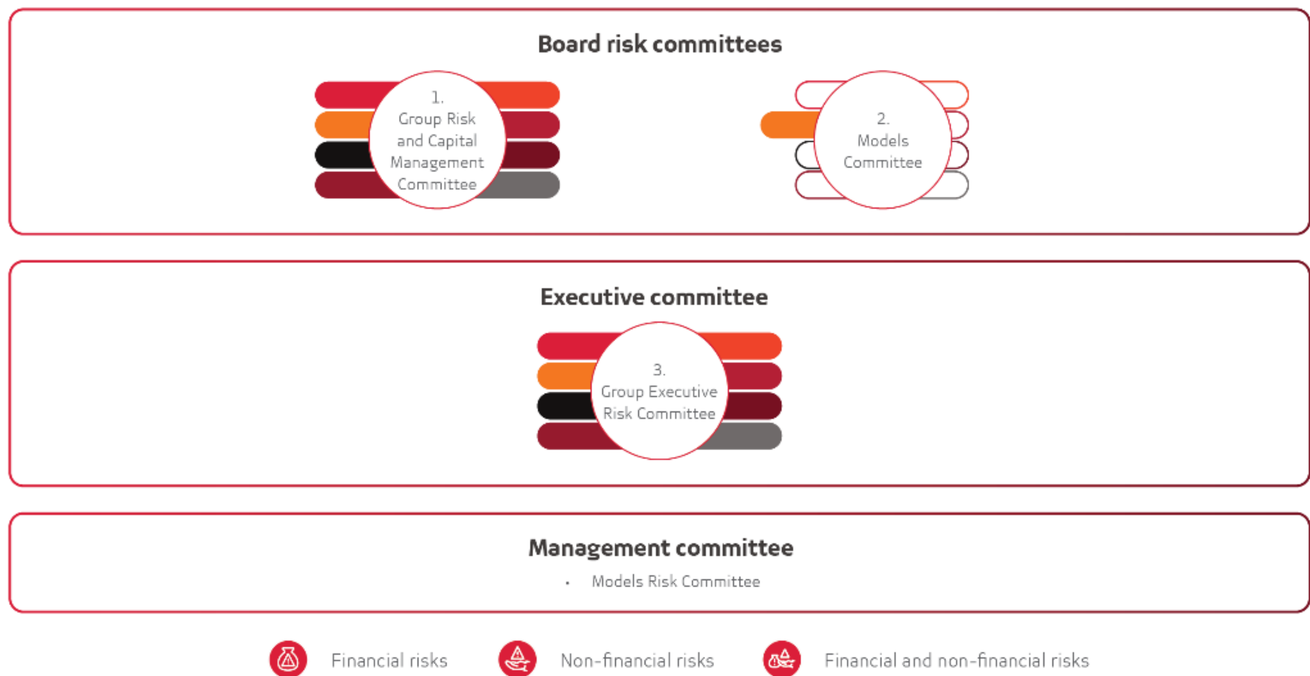
The model lifecycle and associated controls are depicted in the diagram below.



The model approvers are assigned based on the materiality of models. Material models are routed to the MC (Board committee) for approval, and models of lesser materiality are approved by the business unit CROs, RTOs or CFO (in the case of Finance models) through business unit model approval forums. Overall model ownership vests with the business units that use the output of models to quantify risk.

8. Model risk

The key committees involved in the governance of model risk are depicted below:



Financial risks Non-financial risks Financial and non-financial risks

8.3.3 Reporting

A monthly model risk group and business unit report is produced by the MGC team and submitted to the committees and forums attended by senior management; the MC and the ERC. The report covers:

- Progress on regulatory and other model development.
- Adherence to policy and standards including any model related audit findings and control issues.
- Models in governance coverage, i.e., models monitored, reviewed and validated.
- Individual model's risk assessment (high, medium or low).
- Model risk appetite status.

Model development and implementation progress update reports are produced by the business units, to be tabled at the Model Risk Committee.

A report on the status of resolution of material control gaps and the existing dispensations, waivers and breaches is also tabled at the Model Risk Committee.

9. Remuneration

9.1 Remuneration policy 133
9.1.1 Oversight of remuneration 133
9.1.2 Design and structure of remuneration 133
9.1.3 Risk and remuneration 133
9.1.4 Linking performance and reward 133
9.1.5 Adjustment to reward taking account of longer-term performance 133
9.1.6 Variable remuneration 134
9.2 Remuneration awarded during the financial year 134
9.3 Special payments 135
9.4 Deferred remuneration 135

9. Remuneration

9.1 Remuneration policy [REMA]

The Group's remuneration policy, which describes the key features of the remuneration framework, will be outlined in the 2024 Remuneration Report. This will be published with the Group's Integrated Reporting Suite on 28 March 2025.

The salient features are set out below:

9.1.1 Oversight of remuneration

The Group Remuneration Committee (RemCo), a committee of the Board, oversees the Group remuneration policy and its implementation. The remuneration policy and the RemCo's mandate cover all elements of remuneration and benefits, including for all subsidiaries, and with a specific focus on executive and senior management remuneration.

Deloitte is the independent advisor to the RemCo and provided advice on the remuneration frameworks and executive remuneration.

Other firms are engaged by management to provide remuneration advisory services and market benchmarking data, including RemChannel, McLagan, Willis Towers Watson, Mercer, KornFerry, Bowmans, and Vasdex Associates.

In the following tables, senior managers are defined as members of the Group Executive Committee (ExCo) and other individuals with management responsibility for a material portion of the Group's business. Other material risk takers are identified in accordance with the Group's material risk taker methodology, which is approved by the RemCo. Material risk takers are those who:

- Define the Group's strategy.
- Define the strategy of the individual material businesses.
- Provide oversight on the Group's risk profile.
- Approve significant transactions or recommend these to the Board for approval.

In 2024, a total of 17 individuals were classified as senior managers and 83 individuals as other material risk takers. There were no material changes in 2024 to the methodology to classify material risk takers.

The Pillar 3 reporting includes all individuals who held material risk taker roles during the year, which includes pro-rating and possible overlap in roles. Also included are additions to or removals from the list of roles deemed to be material risk takers, based on the application of our material risk taker approach from time to time.

9.1.2 Design and structure of remuneration processes

The Group's remuneration principles, which guide the development and implementation of remuneration practices are consistent with those applied in prior years. These are:

- Support the realisation of the Group's stakeholder aspirations.
- Align the long-term interests of executives and shareholders.
- Attract, retain and engage high calibre individuals.
- Drive the Group's culture.
- Pay for performance.
- Deliver fair and responsible remuneration.
- Build confidence and trust in remuneration outcomes.

Remuneration for most employees consists of fixed remuneration (salary and benefits) and eligibility for a short-term incentive based on performance. Senior managers and executives in roles that have strategic impact, and those who are regarded as key to the future performance of the organisation (including key talent, and holders of scarce and critical skills) may be eligible to receive a long-term incentive. The Group's short-term incentive and long-term incentive scorecards consist of a mix of financial and non-financial performance targets, aligned respectively to the Board-approved short-term plan (STP) and medium-term plan. These, and the Group's approach to the assessment of outcomes, will be in the Group's 2024 Remuneration Report.

The RemCo conducts reviews of the remuneration policy at least annually. There were no changes made to the policy in 2024.

In terms of remuneration of control function employees and material risk takers:

- Remuneration of Compliance, Internal Audit, and Risk employees is considered independently by the head of the function and is based on the employee's performance and the performance of the function.
- Board committees assess the independent control functions' performance, particularly evaluating the performance of the Chief Internal Auditor, the Chief Compliance Officer, and the GCRO.
- Final remuneration outcomes for control function heads and remuneration outcomes for senior control function employees in the population subject to RemCo oversight are subject to RemCo approval.
- Remuneration of all material risk takers is subject to RemCo approval.

9.1.3 Risk and remuneration

The RemCo considers the Group short-term incentive performance pool in the context of the quality of the Group's earnings (with inputs from the GACC) and whether any further risk adjustment is required. No adjustments were deemed necessary for 2024 performance.

The RemCo conducted an assessment in terms of the Banks Act Regulation 39(16)(a), confirming that effective governance was in place in respect of compensation/remuneration policies, processes, practices, procedures; and that these were aligned with approved tolerance for risk or risk appetite and appropriate capital management.

The Group's Remuneration Review Panel, a sub-committee of the ExCo, is chaired by the Chief Compliance Officer. This panel makes recommendations on adjustments to individual awards and malus adjustments and clawbacks in the event of conduct, compliance, control, regulatory or ethical issues arising that impact on, or are impacted by, remuneration. In the event of senior executives possibly being implicated in any matter of concern, this would be escalated to the Group Chief Executive and, when required, to the Directors' Affairs Committee, and the RemCo would consider the remuneration implications. There were no such instances in 2024.

9.1.4 Linking performance and reward

The Group performance short-term incentive pool is determined by the RemCo based on a scorecard of measures aligned to the Board-approved STP. This takes account of the Group's performance against the scorecard metrics and relative market performance. This will be described in detail in our 2024 Remuneration Report.

9. Remuneration

The pool is distributed to the various businesses and functions based on performance relative to scorecards and contribution to Group performance.

Individual awards are differentiated in favour of higher performers, aligned with our pay for performance philosophy and the principles of fair and responsible remuneration.

9.1.5 Adjustment to reward taking account of longer-term performance

Long-term incentives vest subject to achievement of Group predetermined performance conditions which are set over a three-year performance period. Awards made to executive directors, prescribed officers and other participants in strategic impact roles are subject entirely to Group performance conditions. Vesting of performance awards may occur in a range of 0% of the value of the award for underperformance to 150% for significant outperformance. For the awards made to other participants, 50% is subject to Group predetermined performance conditions and 50% is subject to the requirement that the participant has met or exceeded the performance requirement of their role for all the three performance years, and to continued employment. Long-term incentives are awarded in Absa Group shares (or phantom shares in certain ARO/IO markets where legislatively required), thus linking the awards to the Group share price. These vest over three years for all participants.

Share-based short-term incentive deferrals do not have future performance conditions; however, outcomes are linked to the performance of the Group share price over the vesting period. Vesting occurs in three equal tranches over 3 years.

Deferred remuneration (short-term and long-term) is subject to malus and clawback provisions. Details of these arrangements will be set out in the 2024 Remuneration Report.

9.1.6 Variable remuneration

Variable remuneration arrangements include:

- Cash short-term incentives (all employees).
- Deferred short-term incentives for employees, for a portion of the award above the deferral threshold of R1m. Short-term incentive deferrals vest in three equal tranches over 3 years.
- Long-term incentives, for eligible employees, vesting at the end of 3 years from the award date based on the outcome of the measurement of the predetermined performance conditions.
- Employees in specifically designated sales roles may participate in formulaic incentive schemes, which may include pay-out frequencies of monthly, quarterly, half-yearly or annually.

The proportion of the total remuneration mix that is variable and therefore subject to performance generally increases for more senior employees, with a substantial proportion of total remuneration being “at risk” for the most senior employees. At bargaining unit levels, variable remuneration will typically be a smaller component of total remuneration.

9.2 Remuneration awarded during the financial year [REM1]

			a	b
			2024	
Aggregate remuneration for senior managers and material risk takers			Senior managers Rm	Other material risk takers Rm
1	Fixed remuneration	Number of employees	17	83
2		Total fixed remuneration	82	351
3		Of which: cash based[1]	82	351
4		Of which: deferred	-	-
5		Of which: shares or other share linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	17	83
10		Total variable remuneration	213	551
11		Of which: cash based[2]	47	182
12		Of which: deferred	-	-
13		Of which: shares or other share linked instruments[3, 4]	166	369
14		Of which: deferred	166	369
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total		295	902

[1] Total fixed remuneration for this disclosure includes the full value of leave encashments during the year, where applicable.

[2] This includes the cash short-term incentive payable in March 2025 in respect of performance for the 2024 financial year.

[3] Includes the Share Incentive Plan awards made during the 2024 financial year and deferred short-term incentives in respect of the 2024 financial year to be made in April 2025. All awards are subject to continued service and malus and clawback provisions.

[4] Includes the value of the Absa eKhaya Colleague Share Scheme awards outstanding on 31 December 2024.

9. Remuneration

9.3 Special payments [REM2]

		a	b	C	d	e	f
		2024					
		Guaranteed bonus		Sign – on awards		Severance payments[1]	
		Number of employees	Total amounts Rm	Number of employees	Total amount Rm	Number of employees	Total amount Rm
1	Senior management	-	-	-	-	-	-
2	Other material risk-takers	-	-	-	-	-	-

9.4 Deferred remuneration [REM3]

		a	b	c	d	e
		2024				
Deferred and retained remuneration		Total amount of outstanding deferred remuneration Rm	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and / or implicit adjustment Rm	Total amount of amendment during the year due to ex post explicit adjustments[2] Rm	Total amount of amendment during the year due to ex post implicit adjustments[3] Rm	Total amount of deferred remuneration paid out in the financial year Rm
1	Senior management					
2	Cash[4]	-	-	-	-	-
3	Shares[5]	509	509	15.8	(7)	110.6
4	Cash linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	Other material risk takers	-	-	-	-	-
7	Cash[4]	0.3	0.3	-	-	
8	Shares[5,6]	891	891	40.9	(10)	268.0
9	Cash linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	Total	1 400	1 400	57	(17)	378.6

[1] This includes only amounts paid in excess of contractual entitlements.

[2] Ex post explicit adjustments reflect dividend equivalents determined and paid on vesting for the Share Incentive Plan (deferred, performance, and retention awards) and Long-Term Incentive plan (the vesting period for senior managers for these awards is five years, if they were on ExCo at the award date) awards respectively.

[3] Ex post implicit adjustments were determined using each individual`s award dates, award values, measurement of the pre-determined performance conditions for the performance period ending 31 December 2024 and the vesting date. The RemCo approved the performance conditions for the 2022 Share Incentive Plan Performance award measured for the three-year performance period ending December 2024. The amount reflected therefore represents the value of awards that will lapse in April 2025 due to partial fulfilment of the 2022 Share Incentive Plan performance conditions based on the share price on 31 December 2024.

[4] Includes the vesting of a Joiner cash award made in lieu of an amount forfeited upon joining Absa, vesting in December 2025 and 2026.

[5] Includes the share value plan (JSVP), Share Incentive Plan (deferred, performance and retention awards), Absa eKhaya Colleague Share Scheme, and the Long-Term Incentive Plan (for senior managers the vesting period for these awards is five years, if they were on ExCo at the award date. The final tranche vested in 2024.

[6] Includes the vesting value for seven employees who terminated their service after the April 2024 vesting date.

10. Abbreviations and acronyms

10. Abbreviations and acronyms

A	
AGCC	Absa Group Credit Committee
AFR	available financial resources
AIRB	advanced internal ratings-based approach
AMA	advanced measurement approach
ARO	Absa Regional Operations
ASF	available stable funding
AVM	automated valuation model

B	
Bank	Absa Bank Limited
Basel	Basel Capital Accord
BCBS	Basel Committee on Banking Supervision
BIA	basic indicator approach
bps	basis points

C	
CAR	capital adequacy requirement
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CET1	common equity tier 1
CFP	contingent funding plan
CIB	Corporate and Investment Banking
CLR	credit loss ratio
CoE	cost of equity
ColVA	collateral valuation adjustment
CPA	critical process assessment
CRM	credit risk mitigation
CRMF	Credit Risk Management Framework
CRO	Chief Risk Officer
CVA	credit valuation adjustment

D	
DTA	deferred tax assets
D-SIBs	domestic systemically important banks
dpd	days past due
DT	downturn

E	
EAD	exposure at default
EB	Everyday Banking
EaR	earnings-at-risk
EC	economic capital
ECL	expected credit loss
EEPE	effective expected positive exposure
EL	expected loss
ERC	Group Executive Risk Committee
ERMF	Enterprise Risk Management Framework
ESG	environmental, social and governance
EVE	economic value of equity
EWIs	early warning indicators
ExCo	Group Executive Committee

F	
FIRB	foundation internal ratings-based
FX	foreign exchange
FRTB	fundamental review of the trading book
FVA	funding valuation adjustment
FVAL	fair value assets and liabilities
FVTPL	fair value through profit or loss

G	
GACC	Group Audit and Compliance Committee
GCC	Group Credit Committee
GCRC	Group Credit Risk Committee
GCCO	Group Chief Credit Officer
GCRO	Group Chief Risk Officer
GMRP	Group model risk policy
GNTMR	Group Non-Traded Market Risk Committee
GRCMC	Group Risk and Capital Management Committee
Group	Absa Group Limited
G-SIBs	global systemically important banks

H	
HQLA	high-quality liquid assets

I	
IAA	internal assessment approach
ICAAP	internal capital adequacy assessment process
IFRS	International Financial Reporting Standards
ILSM	internal liquidity stress metric
IMA	internal models approach
IMM	internal model method
IRB	internal ratings-based
IRBA	internal ratings-based approach
IRC	incremental risk charge
ISDA	International Swaps and Derivatives Association
IT	information technology
ITC	Information Technology Committee
IVU	independent validation unit

K	
KCI	key control indicator
KPI	key performance indicator
KRA	key risk assessment
KRI	key risk indicator

L	
LCR	liquidity coverage ratio
LGD	loss given default
LR	long run

M	
MC	Models Committee
MCC	model governance and control
MRPC	model risk processing centre

10. Abbreviations and acronyms

N	
NGFS	Network for Greening the Financial System
NII	net interest income
NPL	non-performing loan
NSFR	net stable funding ratio

O	
ORRMC	Operational and Resilience Risk Management Committee
ORRMF	Operational and Resilience Risk Management Framework
ORX	operational risk data exchange
OTC	over-the-counter

P	
PA	Prudential Authority
PD	probability of default
PF	project finance
PFE	potential future exposure
PIT	point-in-time
PMAs	post-model adjustments
PnL	profit and loss
PSC	Product Solutions Cluster
PSEs	public sector entities
PVA	prudent valuation adjustments

Q	
QCCP	qualifying central counterparty

R	
RB	Relationship Banking
RBA	ratings-based approach
RBB	Retail and Business Banking
RC	regulatory capital
RDARR	risk data aggregation and risk reporting
RemCo	Group Remuneration Committee
RSF	required stable funding
RTO	risk type officer
RW	risk weight
RWA	risk-weighted assets

S	
SA	standardised approach
SA-CCR	standardised approach for counterparty credit risk
SARB	South African Reserve Bank
SCR	solvency capital requirement
SEC	securitisation
SFA	supervisory formula approach
SFTs	securities financing transactions
SME	small and medium-sized enterprises
SSFA	simplified supervisory formula approach
STP	short term plan
sVaR	stressed value at risk

T	
TLAC	total loss-absorbing capacity
TMRC	Traded Market Risk Committee
TSA	the standard approach
TTC	through-the-cycle

V	
VaR	value at risk

absa.africa

Contact information

Absa Group Limited
Incorporated in the Republic of South Africa
Registration number: 1986/003934/06
JSE share code: ABG
ISIN: ZAE000255915

Registration office
7th Floor, Absa Towers West
15 Troye Street, Johannesburg, 2001
PO Box 7735, Johannesburg, 2000
+27 11 350 4000

Head: Investor Relations
Alan Hartdegen
+27 11 350 2598

Group Company Secretary
Nadine Drutman
+27 11 350 5347

Head of Financial Control Functions
John Annandale
+27 11 350 3946

Queries
Investor relations
ir@absa.africa

Media
groupmedia@absa.africa

Absa Group shares
web.queries@computershare.co.za
groupsec@absa.africa

General queries
absa@absa.africa

Transfer secretary
Computershare Investor Services (Pty) Ltd
+27 11 370 5000
Computershare.com

Sponsors
Lead independent sponsor
J.P. Morgan Equities South Africa (Pty) Ltd
+27 11 507 0300
jpmorgan.com/ZA/en/about-us

Joint sponsor
Absa Bank Limited
(Corporate and Investment Bank)
+27 11 895 6843
equitysponsor@absacapital.com

Auditors
Ernst & Young Inc.
+27 11 772 3000
Ey.com/za/en/home

KPMG Inc.
+27 11 647 7111
home.kpmg/za/en/home

Your story matters