

Absa Bank Limited

Annual consolidated
and separate financial statements
for the reporting period ended 31 December 2025



Your story matters



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Directors' approval

Statement of directors' responsibilities in relation to financial statements

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

In accordance with the Companies Act 71 of 2008 (Companies Act), the directors are responsible for the preparation of the annual financial statements. These annual financial statements conform to IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act, the JSE Listings Requirements, and fairly present the affairs of Absa Bank Limited standalone company (the Company) and Absa Bank Limited (the Group) as at 31 December 2025, and the net income and cash flows for the reporting period then ended.

To enable the directors to meet these responsibilities:

- All directors and senior management develop an environment whereby all directors and employees endeavour to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach and in line with the King IV code of conduct report.
- The Board of Directors of the Group (Board) sets standards and management implements systems of internal control and accounting as well as information systems aimed at providing reasonable assurance that both on- and off-statements of financial position are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.
- The Board and management identify all key areas of risk across the Group and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems, and discipline are applied and managed within predetermined procedures and constraints.
- The Group's Internal Audit and Compliance functions, which operate unimpeded and independently from operational management and have unrestricted access to the Group Audit and Compliance Committee (GACC), appraise, evaluate and, when necessary, recommend improvements to the systems of internal control, accounting and compliance practices, based on plans that, combined with the efforts of the Group's risk functions, take cognisance of the relative degrees of risk of each function or aspect of the business.

- The GACC, together with the external and internal auditors, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure. The GACC is satisfied that the external auditors (KPMG & PwC) are independent.
- The Board approves the Enterprise Risk Management Framework (ERMF) through recommendation by the Group Risk Capital Management Committee (GRCMC).
- The Board, through the GACC which is assisted by the GRCMC in respect of risk matters, reviewed the compliance practices and procedures to enable the Board to discharge their regulatory responsibilities, by overseeing the plan and progress management makes in improving compliance in respect of Know Your Customer, Anti-Money Laundering and Sanctions requirements; and by considering that the Group's systems and processes appropriately reflect the current legal and regulatory environment, refer to note 45.
- The Group consistently adopts appropriate and relevant accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis.

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

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

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

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

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

The Directors' Report on pages 6 to 9 and the annual financial statements of the Group and the Company were approved by the Board and are signed on their behalf by:

R van Wyk
Group Chairman

K Fihla
Group Chief Executive Officer

Johannesburg
9 March 2026

Absa Bank Limited
(1986/004794/06)

Annual consolidated and separate financial statements for the reporting period ended 31 December 2025

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

Group Chief Executive Officer and Group Financial Director responsibility statements

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

- The annual financial statements, set out on pages 19 to 239, fairly present in all material respects the consolidated and separate financial position, financial performance and cash flows of Absa Bank Limited in terms of the International Financial Reporting Standards (IFRS® Accounting Standards).
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.
- Internal financial controls have been put in place to ensure that material information relating to Absa Bank Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements contained herein.
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.
- Where we are not satisfied, we have disclosed to the Group Audit and Compliance Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.
- We are not aware of any fraud involving directors.

K Fihla

Group Chief Executive Officer

D Raju

Group Financial Director

Johannesburg

9 March 2026

Group Audit and Compliance Committee Report

Introduction

This report summarises the Group Audit and Compliance Committee's (the Committee) activities and key matters considered for the reporting period ended 31 December 2025. Prepared for inclusion in the annual financial statements, it describes how the Committee carried out its statutory functions in accordance with applicable legislation, the JSE Listings Requirements and its Board-approved Terms of Reference.

Mandate and terms of reference

The Committee operated in accordance with Board-approved Terms of Reference that set out its responsibilities and authority. The Committee's oversight focuses on matters relevant to the integrity of financial and prudential reporting, internal financial controls and the combined-assurance framework. Where matters fall primarily within the mandate of other Board committees, the Committee receives updates through established governance forums and focuses on the financial reporting and assurance implications.

Composition, independence, and attendance

The Committee is comprised of independent non-executive directors who possess expertise in banking, finance, risk management, and governance. During the year, the Committee held seven scheduled meetings and additional ad hoc sessions as required. The Committee also held private sessions with Internal Audit, Compliance and the external auditors, and engaged with regulators as appropriate.

Member	Meeting attendance
Tasneem Abdool-Samad (Chair)	7/7
Alison Beck	7/7
Fulvio Tonelli	7/7
Peter Mageza	7/7
René van Wyk (Stepped down from the Committee to assume the role of Absa Group Chairman, effective 29 May 2025)	3/4
Sindi Zilwa (Appointed to the Committee, effective 1 April 2025)	4/4
Zarina Bassa (Appointed to the Committee, effective 1 April 2025)	4/4

Committee evaluation and effectiveness

The Committee's performance and the independence of its members are evaluated annually as part of the Board's assessment process. Based on the outcomes of the evaluation, the Board concluded that the Committee operated effectively during the year and fulfilled its responsibilities in accordance with its Terms of Reference.

Key focus areas

In alignment with its mandate, the Committee reviewed several key matters during the year under review:

Regulatory and prudential reporting oversight (compliance and reporting controls)

The Committee monitored regulatory developments relevant to prudential and financial reporting and assessed the implications for disclosures, internal financial controls, and the integrity, completeness and accuracy of regulatory submissions. Oversight included consideration of progress against regulatory commitments, remediation outcomes and supervisory engagement, drawing on reports from Compliance, Internal Audit and the external auditors.

The Committee noted the outcomes of independent work performed over the Compliance function during the year and oversaw management's response to strengthen governance, operating processes and reporting capabilities. The Committee also monitored developments relating to financial crime, AML and KYC, focusing on the related reporting, disclosure and assurance implications. Further detail on prudential and Pillar 3 disclosures is provided in the Group's risk and capital management reporting, with the Committee focusing on related reporting controls and assurance implications.

Control environment and internal controls

The Committee oversaw the internal control environment relevant to financial and prudential reporting, drawing on reports from management and assurance providers within the combined assurance framework. The Committee considered the design and operating effectiveness of key internal financial controls, the status of remediation actions and the implications for financial reporting and disclosures. The Committee received periodic updates on the operation of whistleblowing arrangements, focusing on trends and matters escalated to the Committee due to potential financial reporting, internal control or regulatory reporting implications, and monitored management's responses and remediation.

Combined assurance

The Committee reviewed the adequacy of assurance coverage over key risks relevant to financial and prudential reporting, drawing on management reporting, the work of control functions and independent assurance provided by Internal Audit and the external auditors. The Committee considered combined assurance reporting to identify key themes, avoid unnecessary duplication and highlight any gaps in coverage, and monitored the remediation of matters raised through established governance processes. Based on the information presented, the Committee concluded that combined assurance arrangements were appropriately coordinated and supported its oversight of financial reporting and internal financial controls. This oversight supports the Committee's responsibilities for governance and disclosure under applicable requirements, including the JSE Listings Requirements, and is aligned with the Group's combined assurance approach.

Subsidiary oversight

The Committee supported the Board’s group-wide governance arrangements by engaging with subsidiary audit committees to reinforce consistent governance, internal control and financial reporting practices across the Group. The Committee received summaries of material matters considered by subsidiary audit committees and monitored the escalation of significant issues through established Group governance forums, focusing on the related financial reporting, disclosure and assurance implications.

Emerging developments affecting financial and prudential reporting

The Committee monitored emerging developments that could reasonably be expected to affect financial or prudential reporting, significant judgements or disclosure. This included regulatory and accounting developments relevant to reporting, and the Committee considered management’s readiness and the adequacy of disclosures and control frameworks. Where matters were overseen primarily by other Board committees, the Committee noted relevant updates and focused on the associated financial reporting, disclosure and assurance implications. No matters arose that required adjustment to the annual financial statements.

External auditors

PricewaterhouseCoopers (PwC) and KPMG served as joint external auditors for the 2025 audit.

Audit approach and scope

The Committee reviewed and approved the external audit plan and audit engagement terms, including the proposed scope, materiality, significant risk areas and the planned use of specialists, and considered the auditors’ assessment of key accounting judgements and areas of estimation uncertainty. The Committee also evaluated the effectiveness of the audit, including the quality and timeliness of reporting, the experience of the engagement teams and the auditors’ responsiveness to areas of focus. The Committee held private sessions with the external auditors, without management present, to discuss audit scope, key judgements and any matters arising.

Independence and non-audit services

The Committee assessed the auditors’ independence in accordance with applicable requirements and the Group’s policy on non-audit services. In doing so, the Committee considered the nature and extent of non-audit services provided during the year, fee levels, and safeguards applied. The Committee also considered audit firm tenure and the rotation of the designated audit partners. On this basis, the Committee is satisfied that the joint external auditors remained independent. Non-audit services were pre-approved in accordance with the Group’s non-audit services policy and monitored to ensure that independence was not compromised.

Audit quality

In evaluating audit quality, the Committee considered information provided by the auditors regarding their quality management and monitoring processes and relevant external inspection outcomes available to the Committee. These inputs informed the Committee’s assessment of auditor suitability and audit quality in line with the JSE Listings Requirements. The Committee’s assessment included consideration of audit quality information made available to it in support of its annual recommendation regarding the appointment of the external auditors. Based on this assessment, the Committee recommended the reappointment of PwC and KPMG as joint external auditors in accordance with applicable requirements.

Reportable irregularity

The Committee notes that in December 2025 the joint auditors reported a suspected reportable irregularity to IRBA in accordance with the provisions of section 45 of the Auditing Profession Act. This related to a former non-executive director who failed to disclose information that was relevant to the director’s appointment. In January 2026, the auditors confirmed that the reportable irregularity was no longer taking place. The Committee and Management engaged with the joint auditors on this issue including through the filing of representations.

The Committee notes that the matter is now closed (see Note 56).

Internal audit

The Committee approved the Internal Audit charter and annual plan and monitored delivery against the plan during the year. Internal Audit provided independent, risk-based assurance on the design and operating effectiveness of controls relevant to financial and prudential reporting and reported functionally to the Chair of the Committee. The Committee held private sessions with the Chief Internal Auditor and reviewed key themes arising from Internal Audit work and management’s remediation progress through established governance processes. The Committee also considered Internal Audit’s quality assurance arrangements and alignment to applicable professional standards. The Committee is satisfied with the effectiveness of the Chief Internal Auditor and the arrangements for Internal Audit.

Finance function and Financial Director assessment

The Committee completed its annual evaluation of the effectiveness, resources, expertise and experience of the Group’s finance function in accordance with the Companies Act, King IV and the JSE Listings Requirements. Relying on management reports and input from assurance providers, the Committee is satisfied that the finance function remains suitably resourced and has the requisite expertise and experience to support high-quality financial reporting and a sound control environment. The Committee is also satisfied that the Financial Director has the requisite expertise and experience to fulfil the responsibilities of the role.

Significant matters (Key Audit Matters)

The Committee assessed whether the key audit matters identified by the external auditors appropriately aligned with the Group’s risk profile. In addition, significant accounting judgements were evaluated, with particular attention to the soundness of assumptions and the transparency of related disclosures.

Significant matter	How the Committee addressed the matter
Expected credit losses on loans and advances to customers	The Committee considered reports from management, Internal Audit and the external auditors on ECL governance, key judgements and associated controls. Focus areas included macroeconomic assumptions, the use of overlays, staging and SICR triggers, and sensitivity to alternative scenarios. The Committee also reviewed the clarity and balance of the related disclosures and concluded that the ECL provision and disclosures were appropriate.
Valuation of complex financial instruments	The Committee reviewed the valuation control framework, including independent price verification, model governance and key valuation judgements, with particular focus on Level 3 measurements. The Committee considered the appropriateness of significant inputs and valuation adjustments and assessed the transparency of related disclosures. Based on the assurance received, the Committee concluded that valuations and IFRS 13 disclosures were appropriate.

Annual financial statements and Integrated reporting process

The Committee thoroughly reviewed the Group’s annual financial statements and related disclosures, including official result announcements and the application of significant accounting policies and judgments. The Committee evaluated the appropriateness of management’s judgments, assessed the robustness of supporting documentation, and ensured that all disclosures presented for the reporting period were clear, balanced, and comprehensive.

Based on the work performed and the assurance obtained from management and assurance providers, the Committee concluded that the annual financial statements were prepared in accordance with IFRS and recommended them to the Board for approval.

The Committee also took note of impending amendments to IFRS® Accounting Standards and monitored management’s preparedness for standards not yet effective. Ongoing oversight will emphasize governance, presentation implications, and required disclosures as preparatory work continues through established reporting and assurance frameworks.

The Committee noted updates from the Social, Sustainability and Ethics Committee (SSEC) on ESG matters. The Committee’s focus was on the integrity of ESG-related information included in the Annual Financial Statements and Integrated Report, including the governance, processes and assurance applied to material ESG metrics and disclosures, where relevant to the Committee’s mandate.

Committee opinion and conclusion

Having considered the information and assurances presented during the year, the Committee confirms that it fulfilled its statutory responsibilities in accordance with its Terms of Reference and applicable requirements, including the JSE Listings Requirements.

Based on the reports and assurance received from management and assurance providers, nothing has come to the Committee’s attention to indicate that there were material breakdowns in internal financial controls relevant to the preparation of the annual financial statements. The Committee is not aware of any significant control failures that resulted in material losses to the Group.

Following its review of the Group and Company annual financial statements for the reporting period ended 31 December 2025, the Committee recommended their approval to the Board, which subsequently granted approval of the annual financial statements.

On behalf of the GACC

T Abdool-Samad
Chair of the GACC

Johannesburg

9 March 2026

Directors' report

General information and nature of activities

Absa Bank Limited (the Company or Bank) is incorporated and domiciled in South Africa and provides retail, business, corporate, investment banking, and wealth management products and services. The Company and its subsidiaries (the Group) operate primarily in South Africa and employ 26 565 people. The address of the registered office of the Bank is 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001.

The Group is a subsidiary of Absa Group Limited.

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

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

The consolidated and separate financial statements were approved for issue by the Board Finance Committee, a committee of the Absa Group Limited Board, on 9 March 2026.

The financial statements present the financial positions, results of operations and cash flows for the Group and the Company for the reporting period ended 31 December 2025.

Headline earnings were derived from the following activities:

	Group	
	2025 Rm	2024 Rm
Personal and Private Banking	5 751	5 215
Business Banking	3 867	4 219
Corporate and Investment Banking	6 405	5 791
Head office, Treasury and other operations	(4 216)	(4 696)
Headline earnings (refer to note 35)	11 807	10 529

Certain comparative segmental information contained in this set of financial statements have been restated due to reportable segment changes and business portfolio changes. Refer to notes 1.20.3 and 42 for further details.

Group Audit and Compliance Committee report

Refer to pages 3 to 5.

King IV™ Code on Corporate Governance

In accordance with Section 7.1 of the JSE Debt Listings Requirements, the disclosures relating to the application of the King IV™ Code on Corporate Governance – including the entity's approach to implementing the King Code principles and practices as well as Section 7.3(f), the disclosure regarding the current policy on the evaluation of the performance of the Board of Directors, its committees, the Chair, and individual directors, in line with the provisions of the King Code, is also presented in the Integrated Report.

Users of these Annual Financial Statements are referred to the Absa Group Limited Integrated Report, available on the Absa Group website at <https://www.absa.africa/investor-relations/annual-reports/>, for detailed information on these governance disclosures. The 2025 Integrated Report will be made available on the Absa Group website once published at a later date."

Group results

Main business and operations

The Group recorded an increase of **12.14%** in headline earnings to **R11 807m** (2024: R10 529m) for the reporting period. Headline earnings per share (HEPS) and diluted HEPS increased by **12.14%** to **2 633.7 cents** (2024: 2 348.7 cents). Refer to note 35 for the breakdown of headline earnings.

Directors' report

Details of the members of the Board:

Name	Position as director	Changes in the current reporting period
R van Wyk	Independent non-executive director, Chairman	Appointed as Chairman 15 July 2025
N Mjoli-Mncube	Lead independent non-executive director	
T Abdool-Samad	Independent non-executive director	
K Fihla	Group Chief Executive Officer	Appointed 17 June 2025
R Keanly	Independent non-executive director	
P Mageza	Independent non-executive director	Appointed 1 April 2025
S Moloko	Independent non-executive director, Chairman	Resigned 15 July 2025
D Raju	Group Financial Director	
C Russon	Interim Group Chief Executive Officer	Stepped down from interim position 16 June 2025

Additional information regarding each director's experience, qualifications and professional background is available in the brief biographies published on the Absa website. Users are referred to the following link for detailed director profiles: <https://www.absa.africa/about-us/board-and-management/>

Re-election of retiring directors

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

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

Directors' and officers' personal financial interests in contracts

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

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

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

Directors' and prescribed officers' emoluments

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

Subsidiaries, associates and joint ventures

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

Acquisitions and disposals during the current reporting period

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

Acquisitions and disposals during the prior reporting periods

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

Dividends

- On 9 March 2026, a final dividend of 781 cents per ordinary share was approved. The dividend was announced on 10 March 2026 to ordinary shareholders registered on 24 April 2026. This dividend is payable on 28 April 2026.
- On 18 August 2025, an interim dividend of 447 cents per ordinary share was approved. The dividend was announced on 18 August 2025 to ordinary shareholders registered on 12 September 2025. The dividend was payable on 11 September 2025.
- Refer to note 38 for the Common Equity Tier 1 distribution.



Directors' report

Special resolutions

The following special resolutions were passed by the Group's ordinary shareholders at the AGM held on 3 June 2025, in accordance with the Companies Act:

- Special resolution number 1 – Remuneration of non-executive directors**

Resolved to approve the proposed remuneration to be payable to non-executive directors for their services as directors of the Company for the period 1 June 2025 to and including the last day of the month preceding the date of the next AGM.

- Special resolution number 2 – General authority to repurchase the Company's securities**

Resolved that the Company or any subsidiary of the Company may, subject to the Company's MOI, section 48 of the Companies Act, the JSE Listings Requirements and any other stock exchange upon which the securities in the capital of the Company may be quoted or listed from time to time, repurchase ordinary shares issued by the Company, provided that this authority shall be valid only until the date of the next AGM of the Company or for 15 months from the date of the resolution, whichever is the earlier, and may be varied by a special resolution at any general meeting of the Company at any time prior to the AGM.

- Special resolution number 3 – Financial assistance for subscription of securities**

Resolved to enable the Company, in terms of a general authority contemplated in section 44(3)(a)(ii) of the Companies Act, for a period of two years from the date of this resolution, to provide financial assistance as regulated by section 44 of the Companies Act for the purpose of or in connection with the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company.

- Special resolution number 4 – Financial assistance to a related or inter-related company**

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

Company Secretary

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

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

Telephone: (+27 11) 350 5347

Email: groupsec@absa.africa

Auditors

KPMG Inc. and PricewaterhouseCoopers Inc will continue as joint auditors of the Group for the 2025 reporting period. Riaz Muradmia and John Bennett are the designated audit partners.

Authorised and issued share capital

Authorised

The authorised ordinary share capital of the Company of **R322 500 000** (2024: R322 500 000) consists of:

- **320 000 000** (2024: 320 000 000) ordinary shares of R1.00 each;
- **250 000 000** (2024: 250 000 000) 'A' ordinary shares of R0.01 each.

The authorised preference share capital of the Company of **R300 000** (2024: R300 000) consists of:

- **30 000 000** (2024: 30 000 000) non-cumulative, non-redeemable listed preference shares of R0.01 each.

Issued

No additional ordinary or 'A' ordinary shares were issued in the current reporting period (2024: none).

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

- **302 609 369** (2024: 302 609 369) ordinary shares of R1.00 each;
- **145 691 959** (2024: 145 691 959) 'A' ordinary shares of R0.01 each.

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

- **Nil** (2024: 4 944 839) non-cumulative, non-redeemable listed preference shares of R0.01 each.

Directors' report

Shareholder information

	2025			2024		
	Number of Shareholders/ note holders	Number of Shares/notes	% holding	Number of Shareholders/ note holders	Number of Shares/notes	% holding
Non-public shareholders						
Ordinary shares	1	302 609 369	100.0	1	302 609 369	100.0
Absa Group Limited	1	302 609 369	100.0	1	302 609 369	100.0
A' ordinary shares	1	145 691 959	100.0	1	145 691 959	100.0
Absa Group Limited	1	145 691 959	100.0	1	145 691 959	100.0
Public shareholders						
Preference shares	–	–	–	5 173	4 944 839	100.0
Standard Chartered Bank	–	–	–	8	203 907	4.1
Standard Bank	–	–	–	337	827 777	16.7
Nedbank Investor Services	–	–	–	1 010	1 251 033	25.3
Other preference shareholders	–	–	–	1 681	666 080	13.5
Rand Merchant Bank	–	–	–	2 137	1 996 042	40.4

Additional Tier 1 capital

The Additional Tier 1 capital notes represent perpetual, subordinated instruments redeemable in full at the option of the Company (the Issuer) subject to regulatory approval. These instruments include a write-off provision which is required under Basel III. This provision is triggered by the Prudential Authority and shall be instituted at the earlier of (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary; or (ii) a decision to make a public sector injection of capital, or

equivalent support, without which the Issuer would have become non-viable. In addition, the Additional Tier 1 notes do not have a contractual obligation to pay interest. Accordingly, the instruments are classified as equity instruments. Additional Tier 1 notes that were issued on 05 December 2019 and 26 October 2020 were redeemed on 05 June 2025 and 27 October 2025 respectively. The total number of issued notes at the end of the reporting period is **10 098 000 000** (2024: 9 674 000 000).



Company Secretary's certificate to shareholders of Absa Bank Limited

In accordance with the provisions of the Companies Act, I certify that, in respect of the year ended 31 December 2025, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission, all returns and notices prescribed by the Act and that all such returns and notices are true, correct and up to date.

N R Drutman
Company Secretary
Johannesburg
9 March 2026

Independent auditors' report

To the Shareholders of Absa Bank Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

We have audited the consolidated and separate financial statements of Absa Bank Limited (the Group and Company) set out on pages 19 to 239, which comprise:

- the consolidated and separate statements of financial position as at 31 December 2025;
- the consolidated and separate statements of comprehensive income for the reporting period then ended;
- the consolidated and separate statements of changes in equity for the reporting period then ended;
- the consolidated and separate statements of cash flows for the reporting period then ended;
- the summary of material accounting policies; and
- the notes to the consolidated and separate financial statements excluding the sections marked as "unaudited" in notes 41.7 (Regulatory requirements), 44 (Assets under management and administration), 54.2 (Climate-sensitive concentration of risk) and 54.6.1 (Capital adequacy ratios) to the consolidated and separate financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Absa Bank Limited as at 31 December 2025, and its consolidated and separate financial performance and its consolidated and separate cash flows for the reporting period then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

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

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

Final materiality

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

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

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

Group audit scope

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

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

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

We identified twelve (12) components that were common to both the Group and Company at which further audit procedures were performed on the entire financial information of the components, either because audit evidence needed to be obtained on all or a significant proportion of the component's financial information, or that component represented a pervasive risk of material misstatement to the consolidated and separate financial statements.

We also identified twenty-five (25) components in the Group and eighteen (18) components within the Company, at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated and separate financial statements.

Accordingly, we performed audit procedures on thirty-seven (37) components in the Group and thirty (30) components in the Company, of which we involved component auditors in performing the audit work on thirty-four (34) components in the Group and twenty-eight (28) components in the Company.

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

Group auditor oversight

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

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

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

Key audit matters

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

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

Key audit matter
<p>Expected credit losses (ECL) on loans and advances to customers at amortised cost</p> <p>The disclosure associated with ECL on loans and advances to customers at amortised cost is set out in the consolidated and separate financial statements in the following material accounting policies and notes:</p> <ul style="list-style-type: none"> • Note 1.2.1 – Approach to credit risk and impairment of loans and advances • Note 1.6.4 – Expected credit losses on financial assets • Note 7 – Loans and advances • Note 29 – Credit impairment charges • Note 54.2 – Credit risk • Note 54.3 – Macro-overlays and sensitivity analysis

Key audit matter	How our audit addressed the key audit matter
<p>The Group's and Company's loans and advances to customers and the related ECL is material to the consolidated and separate financial statements.</p> <p>We identified the audit of ECL on loans and advances to customers at amortised cost to be a matter of most significance to the current year audit due to the following:</p> <ol style="list-style-type: none"> 1. There is a high degree of estimation uncertainty and significant judgements and assumptions applied in estimating modelled ECL on loans and advances to customers; 2. Economic scenario forecasts, incorporating forward-looking information (FLI) which are used to estimate the ECL on loans and advances to customers require estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation. Any impacts not captured by the statistical model are accounted for via further management adjustments, some of which are judgemental in nature. Such adjustments are also posted where current and forward-looking risks are not fully reflected in the historic data used to calibrate models; 3. Wholesale stage 3 impairments of loans and advances to customers are assessed for recoverability individually and require significant management judgement in estimating future recoveries; and 4. Credit risk disclosures are significant as they explain the application of IFRS 9 <i>Financial Instruments</i> (IFRS 9) including key judgements and material inputs used in determining the ECL. <p>In calculating the ECL, the key areas of significant management judgement and estimation included:</p>	<p>Making use of our internal credit risk and economic expertise, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on loans and advances to customers at amortised cost, as set out below.</p> <p>In addition, we tested controls and/or performed substantive procedures over the model data inputs, where the inputs are considered material to the models. Where management made use of qualitative or quantitative out-of-model adjustments to cater for forward-looking risks, these were substantively assessed for reasonability.</p>

Key audit matter	How our audit addressed the key audit matter
<p>1. Modelled ECL impairment losses</p> <ul style="list-style-type: none"> A significant portion of ECL is calculated on a modelled basis which incorporates observable data, assumptions, and estimations. The development and execution of these models requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters. Significant increase in credit risk (SICR) is assessed based on the current risk of default of an account relative to its risk of default at origination. This incorporates judgement and estimation by management. The determination of the write-off point is based on management's judgement. <p>The credit impairment models are subject to formal model governance and approval.</p>	<p>1. Modelled ECL impairment losses</p> <ul style="list-style-type: none"> We obtained an understanding of management's data, methodologies and assumptions used in the various ECL models and how these were calibrated to use historical information to estimate ECL, including the controls over the governance of changes to ECL models and the implementation of new ECL models where relevant. We tested the IT general controls, including change management controls, and application controls relating to the IT systems that support the modelled ECL processes. We independently reperformed ECL estimates, calculated independent estimates or benchmarked the model calculations for material portfolios, including sovereign risk based on the assumptions as per the model documentation, and independently reperformed the PD, EAD and LGD parameters, to test the assumptions and appropriateness of the judgement applied in the ECL calculations. We assessed the appropriateness of the SICR methodologies and model calibrations and tested the resultant stage allocations. For retail portfolio loans and advances to customers, we also tested the performance of the SICR approach by considering historic volumes of accounts moving into arrears and the forward-looking view of default risk. We tested controls and/or performed substantive procedures over the data inputs into the models where the inputs are considered material to the models. We tested controls relating to the staging of loans and advances to customers (for retail portfolios, the system flagging of arrears). For all impacted portfolios, we considered historical post write-off recoveries to evaluate the reasonableness of the write-off definition and to determine whether the current write-off point is still the point at which there was no reasonable expectation of significant further recovery as per the requirements of IFRS 9.

Key audit matter	How our audit addressed the key audit matter
<p>2. Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation</p> <ul style="list-style-type: none"> The macroeconomic scenario forecasts are developed internally and require management judgement. Given the uncertain macroeconomic environment, both locally and internationally, there is complexity in incorporating these scenario forecasts, forward-looking information (FLI) and probability weightings into the estimation of ECL. Management adjustments to the modelled ECL output are applied to the portfolios to address specific risks which were not catered for in the FLI incorporated into the models. Determining the key macroeconomic drivers of credit risk including the relative importance/ weighting of each identified factor incorporates judgement and estimation by management. 	<p>2. Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation</p> <ul style="list-style-type: none"> We tested controls over the approval of macroeconomic forecasts and variables used within the ECL models by the appropriate governance structures. With assistance from our internal economics experts, we assessed the appropriateness of the macroeconomic scenario forecasts and probability weightings by benchmarking these against external evidence and economic data. We tested the performance and sensitivity of the forward-looking models to evaluate whether the chosen macroeconomic variables and model structure provides a reasonable representation of the impact of macroeconomic changes on the ECL under each macroeconomic scenario. This includes the impact of the macroeconomic scenarios on PDs, LGDs and SICR. We assessed the reasonableness of how management considered the uncertain macroeconomic environment on the ECL model through independent ECL quantification and sensitivity analyses. We evaluated the governance process over management adjustments; assessed management's rationale for the adjustments; and the appropriateness of the assumptions and data used in the determination of management's adjustments. We further evaluated whether these were reflective of current market volatility, idiosyncratic risks, or emerging trends.
<p>3. Stage 3 ECL impairments assessed on an individual basis</p> <ul style="list-style-type: none"> A significant portion of loans and advances to customers are assessed for recoverability on an individual basis and occurs outside of the model, primarily in the Business Banking, Corporate and Investment Banking portfolios. Significant judgements, estimates and assumptions are applied by management to: <ul style="list-style-type: none"> Determine if the loans and advances are credit impaired; Evaluate the valuation and recoverability of collateral; Determine the expected value to be realised from collateral (including the timing of such realisations) and other collection efforts; and Estimate the timing of the future cash flows. 	<p>3. Stage 3 ECL impairments assessed on an individual basis</p> <ul style="list-style-type: none"> We tested management's processes and key controls over judgements used to determine whether specific exposures are credit impaired, including the completeness and reasonability of these assessments. For a sample of stage 3 exposures, we performed independent credit reviews, and our procedures incorporated probability-weighted scenarios in assessing the reasonability of the estimate of the recoverable amount and timing of expected future cash flows used in measuring ECL. We have performed the following for a sample of stage 3 exposures: <ul style="list-style-type: none"> Where collateral had a material impact on the ECL calculation, we tested the Group's and Company's legal right to the collateral by inspecting legal agreements and bond registration information, as well as assessing the reasonability of the valuation of the collateral by evaluating key assumptions against available market and internal information. Where future cash flows are estimated based on the loan counterparty's enterprise value, we have tested these valuations with reference to available market information and counterparty specific information.

Key audit matter	How our audit addressed the key audit matter
<p>4. Disclosures related to credit risk</p> <p>Credit risk disclosures are significant as they explain the application of IFRS 9 including key judgements and material inputs used in determining the ECL.</p>	<p>4. Disclosures related to credit risk</p> <ul style="list-style-type: none"> We tested the design and implementation and operating effectiveness of controls over the credit risk financial reporting process in respect of the disclosures presented in note 54.2 to the consolidated and separate financial statements. We evaluated whether the credit risk disclosures are consistent with the ECL information tested which included the ECL data, models, estimates and macroeconomic forecasts. We assessed the disclosures in the financial statements for compliance in accordance with the requirements of IFRS 9. <p>Outcome: The results of our procedures listed above were satisfactory and we found the estimate recognised to be acceptable.</p>
<p>Valuation of complex financial instruments held at fair value</p> <p>The disclosure associated with the valuation of complex financial instruments is set out in the consolidated and separate financial statements in the following material accounting policies and notes:</p> <ul style="list-style-type: none"> Note 1.2.3 – Fair value measurements Note 52 – Fair value disclosures 	
<p>Complex financial instruments held at fair value are recorded within the following financial statement line items:</p> <ul style="list-style-type: none"> Investment securities; Trading portfolio assets and liabilities; Loans and advances; Deposits and debt funding <p>The financial instruments recorded in the above financial statement line items include derivatives, repurchase and reverse repurchase agreements, structured debt securities and modelled valuation adjustments (XVA's).</p> <p>The complexity arises from the fair value modelling of these financial instruments and the inputs and assumptions used in the valuation thereof.</p> <p>There is significant management judgement relating to the application of sophisticated valuation techniques and models, key assumptions and inputs used to estimate the valuation of the respective financial instruments and the related fair value disclosures.</p> <p>Significant judgement is required concerning unobservable inputs used in the valuation of complex financial instruments, including those for which there are no quoted market prices, or those which are either illiquid or volatile in nature. These judgements relate primarily to credit spreads, yield curves, discount rates, funding spreads and forecasted dividend estimates. These inputs depend on various sources of external and internal data and the use of sophisticated modelling techniques.</p> <p>As a result of the above, the disclosures relating to the valuation of these complex financial instruments are also significant.</p> <p>We have identified the valuation of complex financial instruments held at fair value as a key audit matter which necessitated significant audit effort and the support of our internal valuation experts.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> We created financial instrument groupings to select samples of financial instruments for testing based on our risk assessment procedures and by analysing population by the product type, valuation method, data and assumptions to significant inputs to identify which financial instruments were considered complex. We obtained an understanding, evaluated the design and implementation, and tested the operating effectiveness of key controls identified in the valuation process over complex financial instruments. These controls relate to model validation and management's independent pricing valuation process. We tested IT general controls, including change management controls, and application controls, including both system interfaces and system configuration controls, relating to the IT systems that support the valuation of complex financial instruments. We engaged our internal valuation experts who assessed the appropriateness of a sample of financial instruments by: <ul style="list-style-type: none"> Independently repricing a sample of complex financial instruments using independent models and data and investigating differences outside of our thresholds. Assessing the appropriateness of techniques, methodologies and models used in calculating valuation adjustments such as credit valuation adjustments, funding valuation adjustments, margin valuation adjustments and collateral valuation adjustments (collectively XVA's) for a sample of counterparties. We assessed the appropriateness of the fair value disclosures with reference to the requirements of IFRS 13 <i>Fair Value Measurement</i> by considering the judgement in the key valuation inputs and assumptions. <p>Outcome: The results of our procedures listed above did not identify material misstatements in the financial statements.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Absa Bank Limited Annual consolidated and separate financial statements for the reporting period ended 31 December 2025" which includes, the Group Audit and Compliance Committee report, the Directors' report and the Company Secretary's certificate to the shareholders of Absa Bank Limited as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditors' report thereon, but includes the sections marked as "unaudited" in the notes as referenced in the first paragraph of our opinion section.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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



Independent auditors' report to the Shareholders of Absa Group Limited

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

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

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

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

Report on other legal and regulatory requirements

Audit tenure

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

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

Reportable irregularity

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a suspected reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The reportable irregularity is no longer ongoing. The matter pertaining to the reportable irregularity has been described in note 56 to the consolidated and separate financial statements.

PricewaterhouseCoopers Inc.

Director: John Bennett
Chartered Accountant (SA)
Registered Auditor
4 Lisbon Lane, Waterfall City
Jukskei View, South Africa

9 March 2026

KPMG Inc.

Director: Riaz Muradmia
Chartered Accountant (SA)
Registered Auditor
85 Empire Road
Parktown, South Africa

9 March 2026

Consolidated and separate statements of financial position

as at 31 December

	Note	Group			Company		
		2025 Rm	2024 Rm	Restated 1 January 2024 Rm	2025 Rm	2024 Rm	Restated 1 January 2024 Rm
Assets							
Cash, cash balances and balances with central banks	2	94 456	83 581	41 510	94 456	83 581	41 510
Investment securities	3	169 660	173 104	151 777	168 907	173 100	151 770
Trading portfolio assets	4	210 376	168 664	144 427	210 376	168 552	144 414
Hedging portfolio assets	4	709	4 055	5 441	709	4 055	5 441
Other assets	5	19 320	14 494	17 264	20 191	14 572	17 087
Current tax assets		26	90	12	–	86	–
Non-current assets held for sale	6	143	115	191	143	115	191
Loans and advances	7	1 213 214	1 125 363	1 078 487	1 208 655	1 120 829	1 073 447
Loans to Group Companies	8	84 582	67 261	61 448	93 200	76 140	72 383
Investments in associates and joint ventures	9	2 042	2 142	1 839	427	313	206
Subsidiaries	10	–	–	–	156	156	159
Investment property	11	90	–	–	–	–	–
Property and equipment	12	11 779	11 646	11 747	10 885	11 089	11 407
Goodwill and intangible assets	13	11 768	13 418	12 299	11 656	13 306	12 187
Deferred tax assets	14	3 257	3 876	4 360	3 011	3 566	4 065
Total assets		1 821 422	1 667 809	1 530 802	1 822 772	1 669 460	1 534 267
Liabilities							
Trading portfolio liabilities	15	81 684	63 624	58 493	81 715	63 624	58 493
Hedging portfolio liabilities	15	3 196	1 258	1 688	3 196	1 258	1 688
Other liabilities	16	25 543	25 650	30 370	25 467	25 493	30 232
Provisions	17	4 659	4 065	4 131	4 556	3 930	4 069
Current tax liabilities		739	131	219	696	1	146
Deposits and debt funding	18	1 553 634	1 425 287	1 299 378	1 549 430	1 421 866	1 298 036
Loans from Group Companies		10 019	10 500	12 831	18 253	19 062	20 600
Insurance contract liabilities	19	3	4	13	–	–	–
Subordinated debt	20	22 562	21 086	18 358	22 562	21 086	18 358
Deferred tax liabilities	14	119	154	12	110	150	–
Total liabilities		1 702 158	1 551 759	1 425 493	1 705 985	1 556 470	1 431 622
Equity							
Capital and reserves							
Ordinary share capital	21	304	304	304	304	304	304
Ordinary share premium	21	36 880	36 880	36 880	36 880	36 880	36 880
Preference share capital	21	–	1	1	–	1	1
Preference share premium	21	–	4 643	4 643	–	4 643	4 643
Additional Tier 1 capital	21	10 098	9 674	8 262	10 098	9 674	8 262
Retained earnings	22	61 536	58 412	52 142	61 315	57 386	51 295
Other reserves	22	10 446	6 136	3 077	8 188	4 102	1 260
Total equity		119 264	116 050	105 309	116 785	112 990	102 645
Total liabilities and equity		1 821 422	1 667 809	1 530 802	1 822 772	1 669 460	1 534 267

The statement of financial position has been restated. Refer to the reporting changes overview in note 1.20 for further details.

Consolidated and separate statements of comprehensive income

for the reporting period ended 31 December

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	Restated 2024 Rm
Net interest income		46 994	45 502	46 809	45 259
Interest and similar income	23	124 049	131 908	126 475	133 765
Effective interest income		121 445	129 009	123 895	127 632
Other interest income		2 604	2 899	2 580	6 133
Interest expense and similar charges	24	(77 055)	(86 406)	(79 666)	(88 506)
Non-interest income		25 330	24 121	25 869	23 856
Net fee and commission income	25	20 771	20 521	20 538	20 379
Fee and commission income		23 256	22 678	23 023	22 535
Fee and commission expense		(2 485)	(2 157)	(2 485)	(2 156)
Insurance service result		27	28	–	–
Insurance revenue		88	88	–	–
Insurance service expenses		(61)	(60)	–	–
Gains and losses from banking and trading activities	26	3 661	2 906	3 667	2 946
Gains and losses from investment activities	27	3	5	403	5
Other operating income	28	868	661	1 261	526
Total income		72 324	69 623	72 678	69 115
Credit impairment charges	29	(10 165)	(11 112)	(10 168)	(11 156)
Operating income before operating expenditure		62 159	58 511	62 510	57 959
Operating expenditure	30	(44 890)	(42 293)	(44 635)	(42 152)
Other expenses		(3 985)	(2 464)	(3 985)	(2 464)
Other impairments	31	(2 329)	(749)	(2 329)	(749)
Indirect taxation	32	(1 656)	(1 715)	(1 656)	(1 715)
Share of post-tax results of associates and joint ventures		185	196	–	–
Operating profit before income tax		13 469	13 950	13 890	13 343
Taxation expense	33	(2 078)	(2 492)	(1 891)	(2 261)
Profit for the reporting period		11 391	11 458	11 999	11 082
Profit attributable to:					
Ordinary equity holders		9 998	9 950	10 606	9 575
Preference equity holders		342	408	342	407
Other equity: Additional Tier 1 capital		1 051	1 100	1 051	1 100
		11 391	11 458	11 999	11 082
Earnings per share:					
Basic earnings per share (cents)	34	2 230.2	2 219.5	–	–
Diluted earnings per share (cents)	34	2 230.2	2 219.5	–	–

The statement of comprehensive income has been restated. Refer to the reporting changes overview in note 1.20 for further details.

Consolidated and separate statements of comprehensive income for the reporting period ended 31 December

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Profit for the reporting period	11 391	11 458	11 999	11 082
Other comprehensive income	(4)	(223)	(4)	(223)
Items that will not be reclassified to profit or loss	(4)	(223)	(4)	(223)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	54	3	54	3
Fair value movements	69	4	69	4
Deferred tax	(15)	(1)	(15)	(1)
Movement of liabilities designated at fair value through profit or loss (FVTPL) due to changes in own credit risk	(144)	(200)	(144)	(200)
Fair value movements	(197)	(274)	(197)	(274)
Deferred tax	53	74	53	74
Movement in retirement benefit fund assets and liabilities	86	(26)	86	(26)
Increase/(Decrease) in retirement benefit surplus	116	(36)	116	(36)
Deferred tax	(30)	10	(30)	10
Items that are or may be subsequently reclassified to profit or loss	3 430	2 346	3 406	2 327
Movement in foreign currency translation reserve	10	(17)	–	–
Differences in translation of foreign operations	10	(17)	–	–
Movement in cash flow hedging reserve	2 388	1 766	2 388	1 730
Fair value movements	2 898	830	2 898	797
Release to profit or loss	373	1 590	373	1 573
Deferred tax	(883)	(654)	(883)	(640)
Movement in fair value of debt instruments measured at FVOCI	1 032	597	1 018	597
Fair value movements	1 401	820	1 383	820
Release to profit or loss	12	(2)	12	(2)
Deferred tax	(381)	(221)	(377)	(221)
Total comprehensive income for the reporting period	14 817	13 581	15 401	13 186
Total comprehensive income attributable to:				
Ordinary equity holders	13 424	12 073	14 008	11 679
Preference equity holders	342	408	342	407
Additional Tier 1 capital	1 051	1 100	1 051	1 100
	14 817	13 581	15 401	13 186

Consolidated and separate statements of changes in equity

for the reporting period ended 31 December

Consolidated statement of changes in equity for the reporting period ended 31 December

	Group 2025								Group 2025						Total equity Rm
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm	Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	
Balance at the beginning of the reporting period	448 301	304	36 880	1	4 643	9 674	58 412	6 136	455	516	(22)	1 422	1 709	2 056	116 050
Total comprehensive income	-	-	-	-	342	1 051	9 994	3 430	1 032	2 388	10	-	-	-	14 817
Profit for the period	-	-	-	-	342	1 051	9 998	-	-	-	-	-	-	-	11 391
Other comprehensive income	-	-	-	-	-	-	(4)	3 430	1 032	2 388	10	-	-	-	3 426
Dividends paid during the reporting period	-	-	-	-	(342)	-	(6 406)	-	-	-	-	-	-	-	(6 748)
Distributions paid during the reporting period	-	-	-	-	-	(1 051)	-	-	-	-	-	-	-	-	(1 051)
Redemption of preference shares	-	-	-	(1)	(4 643)	-	31	-	-	-	-	-	-	-	(4 613)
Issuance of Additional Tier 1 capital	-	-	-	-	-	3 009	-	-	-	-	-	-	-	-	3 009
Redemption of Additional Tier 1 capital	-	-	-	-	-	(2 585)	-	-	-	-	-	-	-	-	(2 585)
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements	-	-	-	-	-	-	(296)	-	-	-	-	-	-	-	(296)
Movement in share-based payment reserve	-	-	-	-	-	-	-	681	-	-	-	-	681	-	681
Transfer from share-based payment reserve	-	-	-	-	-	-	-	(705)	-	-	-	-	(705)	-	(705)
Value of employee services	-	-	-	-	-	-	-	1 244	-	-	-	-	1 244	-	1 244
Deferred tax	-	-	-	-	-	-	-	142	-	-	-	-	142	-	142
Share of post-tax results of associates and joint ventures	-	-	-	-	-	-	(199)	199	-	-	-	-	-	199	-
Balance at the end of the reporting period	448 301	304	36 880	-	-	10 098	61 536	10 446	1 487	2 904	(12)	1 422	2 390	2 255	119 264
Note	21	21	21	21	21	21			22	22	22	22	22	22	



Consolidated statement of changes in equity
for the reporting period ended 31 December

	Group 2024								Group 2024						
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm	Retained earnings Rm	Total other reserves Rm	Fair value through other compre- hensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Capital reserve Rm	Share- based payment reserve Rm	Asso- ciates and joint ventures reserve Rm	Total equity Rm
Balance at the beginning of the reporting period	448 301	304	36 880	1	4 643	8 262	52 142	3 077	(142)	(1 250)	(7)	1 422	1 194	1 860	105 308
Total comprehensive income	-	-	-	-	408	1 100	9 727	2 346	597	1 766	(17)	-	-	-	13 581
Profit for the period	-	-	-	-	408	1 100	9 950	-	-	-	-	-	-	-	11 458
Other comprehensive income	-	-	-	-	-	-	(223)	2 346	597	1 766	(17)	-	-	-	2 123
Dividends paid during the reporting period	-	-	-	-	(408)	-	(3 201)	-	-	-	-	-	-	-	(3 609)
Distributions paid during the reporting period	-	-	-	-	-	(1 100)	-	-	-	-	-	-	-	-	(1 100)
Issuance of Additional Tier 1 capital	-	-	-	-	-	3 090	-	-	-	-	-	-	-	-	3 090
Redemption of Additional Tier 1 capital	-	-	-	-	-	(1 678)	-	-	-	-	-	-	-	-	(1 678)
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements	-	-	-	-	-	-	(60)	-	-	-	-	-	-	-	(60)
Movement in share-based payment reserve	-	-	-	-	-	-	-	475	-	-	-	-	475	-	475
Transfer from share-based payment reserve	-	-	-	-	-	-	-	(655)	-	-	-	-	(655)	-	(655)
Value of employee services	-	-	-	-	-	-	-	1 106	-	-	-	-	1 106	-	1 106
Deferred tax	-	-	-	-	-	-	-	24	-	-	-	-	24	-	24
Non-vested shares due to market condition	-	-	-	-	-	-	-	40	-	-	-	-	40	-	40
Share of post-tax results of associates and joint ventures	-	-	-	-	-	-	(196)	196	-	-	-	-	-	196	-
Balance at the end of the reporting period	448 301	304	36 880	1	4 643	9 674	58 412	6 136	455	516	(22)	1 422	1 709	2 056	116 050
Note	21	21	21	21	21	21			22	22	22	22	22	22	

Consolidated statement of changes in equity
for the reporting period ended 31 December



Consolidated statement of changes in equity
for the reporting period ended 31 December

Consolidated statement of changes in equity
for the reporting period ended 31 December

	Company						Company						
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Preference share capital Rm	Preference share premium Rm	Additional Tier 1 Capital Rm	Retained earnings Rm	Total other reserves Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Capital reserve Rm	Share-based payment reserve Rm	Total equity Rm
Balance at the beginning of the reporting period	448 301	304	36 880	1	4 643	9 674	57 386	4 102	454	517	1 422	1 708	112 990
Total comprehensive income	-	-	-	-	342	1 051	10 602	3 406	1 018	2 388	-	-	15 401
Profit for the period	-	-	-	-	342	1 051	10 606	-	-	-	-	-	11 999
Other comprehensive income	-	-	-	-	-	-	(4)	3 406	1 018	2 388	-	-	3 402
Dividends paid during the reporting period	-	-	-	-	(342)	-	(6 406)	-	-	-	-	-	(6 748)
Distributions paid during the reporting period	-	-	-	-	-	(1 051)	-	-	-	-	-	-	(1 051)
Redemption of preference shares	-	-	-	(1)	(4 643)	-	31	-	-	-	-	-	(4 613)
Issuance of Additional Tier 1 capital	-	-	-	-	-	3 009	-	-	-	-	-	-	3 009
Redemption of Additional Tier 1 capital	-	-	-	-	-	(2 585)	-	-	-	-	-	-	(2 585)
Net contribution to/distribution from the Group in respect of equity-settled share-based payment arrangements	-	-	-	-	-	-	(299)	-	-	-	-	-	(299)
Movement in share-based payment reserve	-	-	-	-	-	-	-	681	-	-	-	681	681
Transfer from share-based payment reserve	-	-	-	-	-	-	-	(705)	-	-	-	(705)	(705)
Value of employee services	-	-	-	-	-	-	-	1 244	-	-	-	1 244	1 244
Deferred tax	-	-	-	-	-	-	-	142	-	-	-	142	142
Balance at the end of the reporting period	448 301	304	36 880	-	-	10 098	61 315	8 188	1 472	2 905	1 422	2 389	116 785
Note	21	21	21	21	21	21			22	22	22	22	



Consolidated statement of changes in equity
for the reporting period ended 31 December

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

Consolidated statement of changes in equity
for the reporting period ended 31 December

Consolidated and separate statements of cash flows

for the reporting period ended 31 December

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
Cash flow from operating activities					
Profit before tax		13 469	13 950	13 890	13 343
Adjustment of non-cash items					
Depreciation and amortisation	30	4 786	4 711	4 746	4 676
Other impairments	31	2 329	749	2 329	749
Share of post-tax results of associates and joint ventures		(185)	(196)	–	–
Other non-cash items included in profit and before tax		1 391	1 196	1 334	1 196
Adjustment of dividends received from investing activities		(9)	(85)	(409)	(85)
Cash flow from operating activities before changes in operating assets and liabilities		21 781	20 325	21 890	19 879
Net (increase) in operating assets	47.1	(140 443)	(94 874)	(140 331)	(93 517)
Net increase in operating liabilities	47.2	147 540	123 900	146 569	122 559
Income taxes paid		(975)	(2 008)	(749)	(1 820)
Net cash generated from operating activities		27 903	47 343	27 379	47 101
Cash flow from investing activities					
Purchase of property and equipment	12	(2 550)	(2 107)	(1 667)	(1 871)
Purchase of investment property		(90)	–	–	–
Proceeds from disposal of non-current assets held sale	6	57	136	57	136
Proceeds from disposal of properties and equipment		635	27	185	33
Purchase of intangible assets	13	(3 033)	(3 688)	(3 033)	(3 688)
Dividends received from investing activities		9	17	409	17
Dividends received- Associates and JVs		400	–	–	–
Net cash utilised in investing activities		(4 572)	(5 615)	(4 049)	(5 373)
Cash flow from financing activities					
Redemption of preference shares		(4 599)	–	(4 599)	–
Issue of Additional Tier 1 capital		3 009	3 090	3 009	3 090
Redemption of Additional Tier 1 capital		(2 585)	(1 678)	(2 585)	(1 678)
Distribution to the Group in respect of equity-settled share-based payments		(754)	(889)	(754)	(889)
Proceeds of subordinated debt	20	5 045	5 219	5 045	5 219
Repayment of subordinated debt	20	(2 676)	(2 984)	(2 676)	(2 984)
Repayment of lease liabilities		(1 138)	(975)	(1 137)	(975)
Distribution to Tier 1 capital holders		(1 051)	(1 100)	(1 051)	(1 100)
Dividends paid		(6 748)	(3 609)	(6 748)	(3 609)
Net cash utilised in financing activities		(11 497)	(2 926)	11 496	(2 926)
Net increase in cash and cash equivalents		11 833	38 802	11 833	38 802
Cash and cash equivalents at the beginning of the reporting period		79 857	41 055	79 857	41 055
Cash and cash equivalents at the end of the reporting period	47.3	91 690	79 857	91 690	79 857

Group: As part of operating activities, interest income amounting to **R117 153m** (2024: R125 520m); and interest expense amounting to **R74 741m** (2024: R85 711m) were received and paid in cash respectively.

Company: As part of operating activities, interest income amounting to **R119 604m** (2024: R124 158m); and interest expense amounting to **R77 352m** (2024: R84 542m) were received and paid in cash respectively.

Summary of material accounting policies

for the reporting period ended 31 December 2024

1. Summary of material accounting policies

1.1 Basis of preparation

The material accounting policies applied in the preparation of these consolidated and separate financial statements (authorised on 9 March 2026) are set out below. These financial statements have been prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the South African Companies Act.

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

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

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

No new standards, amendments or circulars were effective or newly adopted in the current reporting period.

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

1.2.1 Approach to credit risk and impairment of loans and advances

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

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

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

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

1.2.1.1 Approach to credit modelling/internal ratings

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

The key credit parameters used in this process are:

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

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

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

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

1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.1 Approach to credit modelling/internal ratings *continued*

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

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

1.2.1.2 Validation of models

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

1.2.1.3 Default grades

The Group uses two types of PDs, namely:

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

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

- DG 1 – 9: assets falling within these DG buckets are regarded as 'investment grade' and, when converted to a rating agency equivalent, correspond to a BBB- rating or better.

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

1.2.1.4 Approach to impairment of credit exposures

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

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

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

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

1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.4 Approach to impairment of credit exposures *continued*

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

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

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

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

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

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

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

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

Retail portfolio

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

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

Wholesale portfolio

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

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

1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.4 Approach to impairment of credit exposures *continued*

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

1.2.1.5 Critical areas of judgement with regards to IFRS 9

Definition of a significant increase in credit risk

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

Key drivers of a significant increase in credit risk include:

- Where the weighted average probability of default (PD) for an individual exposure or group of exposures as at the reporting date evidences a material deterioration in credit quality, relative to that determined on initial recognition. The Group considers the impact of changes in the quality of credit enhancements (e.g. guarantees) it holds on the borrower's probability of default if a shareholder or parent has provided a guarantee, and has an incentive and the financial ability to prevent default by capital or cash infusion.

- Adverse changes in payment status, and where accounts are more than 30 days in arrears at reporting date.
- Accounts in the retail portfolio which meet the portfolio's impairment high risk criteria, such as certain modified accounts, customers' repayment patterns on other products; as well as information based on internal and external behavioural scorecards.
- The Group's watch list framework applied to the Wholesale portfolio, which is used to identify customers facing financial difficulties or where there are grounds for concern regarding their financial health.

Definition of credit impaired

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

Wholesale and Retail assets are classified as defaulted when:

- The Group considers that the obligor is unlikely to pay its credit obligations without recourse by the Group to actions such as realising security. Elements to be taken as indications of unlikelihood to pay include the following:
 - The Group consents to a distressed restructuring/ forbearance of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness of principal, interest or fees;
 - The customer is under debt review, business rescue or similar protection;
 - Advice is received of customer insolvency or death; or,
 - The obligor is 90 days or more past due on any credit obligation to the Group.

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

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

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

1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.5 Critical areas of judgement with regards to IFRS 9 *continued*

Determination of the lifetime of a credit exposure

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

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

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

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

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

Incorporation of forward-looking information into the IFRS 9 modelling

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

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

Climate-related risks are not yet explicitly modelled as standalone parameters within the expected credit loss (ECL) calculations but are reflected indirectly through existing credit-risk frameworks, including sector risk assessments, client-level credit risk assessments and implicit macroeconomic overlays (as described below). As methodologies mature, the Group will continue to assess the feasibility of incorporating climate-adjusted credit risk parameters and scenario overlays into ECL models, particularly for climate-sensitive sectors.

The following processes support climate-related credit risk management:

- Sensitive Sector Financing Standards are implemented across the Group which define minimum requirements and enhanced due diligence across high-risk sectors including energy, mining, agriculture, manufacturing and infrastructure.
- Environmental and Social Management System (ESMS) & Environmental and Social Risk Assessment (ESRA) Tool – This system is integrated into credit processes and screens selected transactions in accordance with the Group ESMS Standard and the Absa's Sensitive Sector Financing Standards. This tool applies risk categorisation and embeds environmental and social covenants into clients' contracts using the ESRA tool. ESMS and ESRA are aligned to International Finance Corporation (IFC) standards. The process was enhanced in 2025 to include a climate risk screening tab to provide climate-vulnerability insights on clients screened for credit decisioning. Currently the ESMS and ESRA tools are only utilised in the initial credit approval process, and not for subsequent monitoring.

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

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

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1.2.1 Approach to credit risk and impairment of loans and advances

1.2.1.5 Critical areas of judgement with regards to IFRS 9 *continued*

The following table shows the key forecast assumptions used for South Africa to calculate the Group's credit impairment charge for the reporting period ended 31 December 2025:

	Baseline					Mild upside					Mild downside				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
Real GDP (%)	1.3	1.7	1.8	2.1	2.2	1.6	2.2	2.3	2.6	2.7	0.8	0.5	0.9	1.2	1.5
CPI (%)	3.3	3.7	3.6	3.4	3.2	3.2	3.1	3.1	3.1	3.0	3.3	4.9	4.7	4.6	4.4
Average repo rate (%)	7.3	6.8	6.3	6.0	6.0	7.2	6.3	5.5	5.3	5.3	7.3	8.0	7.8	7.8	7.8

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

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

Global

The baseline assumption is for the global economy to have grown by 3.2% in 2025, moderating marginally to growth of 3.1% for 2026. Heightened uncertainties created by geo-political conflict and by the volatile decision making by the new US administration are expected to persist. The US Federal Reserve is expected to continue a path of gradual policy rate cuts, whilst other major central banks are generally seen as at or nearing the end of their interest rate cycles. Oil price softness is expected to persist, as is the general trend of heightened prices for base and precious metals. Global risks appetite is expected to continue to favour emerging market assets, particularly from those countries with improving fundamentals. In our mild downside scenario, global economic growth is modestly lower, the US policy rate falls by less as more aggressive import tariffs stoke heightened inflation, whilst commodity prices fall for metals on demand concerns and oil prices rise on an intensification of geopolitical concerns. For the mild upside scenario, the global economy grows more quickly, but inflation fears abate as tariffs are less aggressive and global policy rates are able to fall somewhat further than in Baseline. The faster economic growth will boost most commodities, with oil expected to buckle that trend and instead respond to improved geopolitical tensions by declining.

South Africa

South Africa's economic activity was volatile in 2025 but at the time of the forecast GDP was expected to have grown by 1.3% in 2025, and to rise by 1.7% for 2026. Notwithstanding challenges in the US/SA relationship, the broad external environment has been favourable, as global growth has held up better than initially feared and as relative movements in commodity prices have favoured South Africa. Domestically, further progress on structural reforms have been made, most notably in the sustained reliability of the electricity supply and in the stabilisation of the logistic sector, and

further progress across all areas of Operation Vulindlela is expected. Rand strength is seen not only as a reflection of global dollar weakness but also as reflecting the improving domestic fundamentals. The transition to a lower inflation target has thus far been smooth, and looks set to generate an environment in which households and business can benefit from lower interest rates over the medium-term.

In the mild downside scenario, headwinds emerge for the economy as structural reforms stall, there is some backsliding in electricity and logistic improvements, and a less favourable global backdrop, including higher tariffs from the US and a less beneficial commodity price mix, together serve to restrain economic growth back below 1%. Inflation struggles to consolidate around the new target, thus prompting the Reserve Bank to push the repo rate higher than in base, causing new strains on household and business finances and creating a more difficult path for fiscal sustainability.

Conversely, in the mild upside scenario, household finances are further boosted by a lower inflation environment and an interest rate cutting cycle that goes beyond that of Base. Credit creation is stronger, as firms and household economic sentiment improves. Progress on structural reforms is more rapid, and whilst economic and diplomatic relations with the US remain uneasy, there is some de-escalation as compared to baseline.

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

The determination of which expenditures can be capitalised in the development phase of an intangible asset may involve judgement, as it may be necessary to determine whether an inefficiency has been identified, as the cost thereof may not be capitalised.

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1.2.2 Capitalisation, amortisation and impairment of internally generated intangible assets *continued*

Management considers scope changes, complexity of the project, as well as the effect of any delays in the delivery of a project, in order to ascertain the appropriateness of capitalisation of development costs. This includes the determination as to whether, and by how much, cost incurred on a project is considered inefficient and needs to be expensed rather than capitalised.

Amortisation

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

Impairment

The recoverable amount for intangible assets is determined to be the higher of the asset's fair value less costs to sell and its value in use, or the value in use of the cash-generating unit to which it belongs. In determining whether an indicator of impairment exists for intangible assets, the Group considers the rate of technological development and hence obsolescence associated with internally generated intangible assets, as well as the resultant utilisation of these assets, when recognising impairment losses thereon.

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

The Group uses approved projected cash flow forecasts for a period of three years, with a terminal value thereafter. The long-term growth rate assumptions used in the impairment calculations were revised to **7.2%** at 31 December 2025 (7.1% at 31 December 2024). The discount rates used have been adjusted to **14.5%** at 31 December 2025 (14.5% at 31 December 2024). A sensitivity analysis was performed on the assumptions and even if the estimated discount rate and/or growth rate was changed by 100 and 200 basis points respectively, no additional impairment loss would be recognised.

Note 13 includes details of the amount recognised by the Group as intangible assets.

1.2.3 Fair value measurements

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are

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

Valuation inputs

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

- **Quoted market prices – Level 1**

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

- **Valuation technique using observable inputs – Level 2**

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

- **Valuation technique using significant unobservable inputs – Level 3**

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

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1.2.3 Fair value measurements *continued*

Financial assets and financial liabilities

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

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

Commodities

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

Judgmental inputs on valuation of principal instruments

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

- **Debt securities and treasury and other eligible bills**

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

- **Equity instruments**

Equity instruments are valued based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined with reference to quoted market prices for similar

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

- **Derivatives**

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

- **Loans and advances**

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

- **Deposits, debt funding and subordinated debt**

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

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

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

1.2.3 Fair value measurements *continued*

Judgmental inputs on valuation of principal instruments

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

- **Bid-offer valuation adjustments**

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

- **Uncollateralised derivative adjustments**

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

- **Model valuation adjustments**

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

Measurement of assets and liabilities at Level 2

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

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Investment securities	Listed equities: market bid price	Underlying price of market traded instruments and/or interest rate curves
Trading and hedging portfolio assets and liabilities		
Debt instruments	Discounted cash flow models	Underlying price of market instruments and/or interest rates
Derivative assets and liabilities		
Commodity derivatives	Discounted cash flow techniques, option pricing models such as the Black Scholes model, futures pricing models and/or Exchange Traded Fund (ETF) models	Spot price of physical or futures, market interest rates and/or volatilities
Equity derivatives	Discounted cash flow models, option pricing models and/or futures pricing models	Spot share prices, market interest rates, volatility and/or dividend stream
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Spot price, interest rate curves, repurchase agreements, money market curves and/or volatilities
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves, repurchase agreement curves, money market curves and/or volatility
Money market assets	Discounted cash flow models	Money market curves and/or interest rates
Loans and advances	Discounted cash flow models	Interest rates and/or money market curves
Deposits	Discounted cash flow models	Interest rates and/or money market curves
Debt funding and other liabilities	Discounted cash flow models	Underlying price of market traded instruments and/or interest rate curves

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1.2.3 Fair value measurements *continued*

Measurement of assets and liabilities at Level 3

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

Category of asset/liability	Valuation techniques applied	Significant unobservable inputs	Group and Company	
			2025	2024
			Range of unobservable inputs applied	
Loans and advances	Discounted cash flow and/or yield for debt instruments	Credit spreads	0.73% – 5.32%	1.28% to 6.54%
Investment securities	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Future earnings, credit spreads	Discount rate of 8.5% 0.2% – 3.5%	Discount rate of 8.5% 0.505% to 3.95%
Trading and hedging portfolio assets and liabilities				
Debt instruments	Discounted cash flow models	Credit spreads	0.2% – 3.5%	0.505% to 3.95%
Derivative assets and liabilities				
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Credit spreads, recovery rates and/or quanto ratio	0.014% – 6.35% 25% – 90% 30.35% – 100%	0.035% to 7.35% 15% to 90% 49.42% to 100%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	25.84% – 26.06%	17.04% to 32.33%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	4% – 19%	0.01% to 13.94%
Interest rate derivatives	Discounted cash flow and/or option pricing models	Real yield curves (greater than 1 year), repurchase agreement curves (greater than 1 year), funding spreads	0.01% – 13.73%	0.06% to 10.71%
Money market	Discounted cash flow models	Credit spreads	0.2% – 3.5%	0.505% to 3.95%
Deposits and debt funding	Discounted cash flow models	Absa Group Limited's funding spreads (greater than 5 years)	0.975% – 1.2%	1.125% to 1.325%

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

Included in the non-current assets held for sale balance are financial instruments that are measured in accordance with their respective standards (IFRS 9).

Debt instruments include listed bonds and Investment Securities.

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

During the current year, the Group elected to combine the disclosures for deposits and debt funding in issue into a single note. This change has been adopted to be comparable to peers and aligns better with the purpose for which the instruments were issued. The change relates to presentation only and does not affect the recognition or measurement of deposits or debt funding. Comparative information has been re-presented, where applicable, to ensure consistency with the current year's disclosure. Refer to note 1.20.2.2 for further details on this reclassification.

1.2.4 Consolidation of structured or sponsored entities

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

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1.2.4 Fair value measurements *continued*

Definition of a structured entity (SE)

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

Assessment of agent versus principal

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

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

Assessment of sponsored entities

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

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

1.2.5 Post-retirement benefits

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

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

Exposure to actuarial risks

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

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

Investment risk

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

Inflation/pension increase risk

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

Longevity risk

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

Salary risk

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

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

Measurement risk

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

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

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

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1. Summary of material accounting policies

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

1.2.6 Provisions

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

Refer to note 17 for details of provisions recognised and refer to note 45 for details of contingencies disclosed.

1.2.7 Income taxes

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

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities. The carrying amount of any resulting liabilities will be sensitive to the manner in which tax matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authorities. There may be significant uncertainty around the final outcome of tax proceedings, which in many instances, will only be concluded after a number of years. Management estimates are informed by a number of factors including, inter alia, the progress made in discussions or negotiations with the tax authorities, the advice of expert legal counsel, precedent set by the outcome of any previous claims, as well as the nature of the relevant tax environment.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Management's judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management

assumption in determining the deferred tax asset to be recognised is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets in the medium term.

1.2.8 Share-based payments

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

Significant inputs into this pricing model include the following inputs:

- Risk-free discount rate of 6.59% to 6.31% at 31 December 2025 (7.45% to 7.56% at 31 December 2024);
- Share price volatility of a flat 25.65% at 31 December 2025 (flat at 29.04% at 31 December 2024); and
- Dividend yield of 7.24% to 7.68% at 31 December 2025 (3.92% to 6.28% at 31 December 2024).

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

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

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

1.2.9 Insurance contracts Estimates of future cash flows

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

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

1.2.9 Insurance contracts *continued*

Risk adjustment (RA)

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

Insurance service result

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

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

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

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

1.2.10 Offsetting financial assets and financial liabilities

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

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

also evaluates whether the customer's accounts are managed on a net basis which would support the view that there is an intention to settle on a net basis.

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

1.3 Consolidated financial statements of the Group

1.3.1 Subsidiaries

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

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

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

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

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

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.3 Consolidated financial statements of the group *continued*

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

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

1.3.2 Investments in associates and joint ventures

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

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

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

1.3.3 Structured entities

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

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

1.4 Segment reporting

The Group's segmental reporting is in accordance with IFRS 8 Operating Segments (IFRS 8). Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Chief Operating Decision Maker (CODM). Income and expenses directly associated with each segment are included in determining business segment performance. The Group assesses the materiality of income and expense items for inclusion in the segment report in order to ensure material items are included as per the guidance detailed in IFRS 8.

1.5 Foreign currencies

1.5.1 Foreign currency translations

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

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

1.5.2 Foreign currency transactions

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

At each subsequent reporting date:

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.5 Foreign currencies

1.5.1 Foreign currency translations *continued*

1.6 Financial instruments

1.6.1 Initial recognition

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

1.6.2 Day one profits or losses

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

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

1.6.3 Classification and measurement of financial instruments

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

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

The classification and subsequent measurement of financial assets depends on:

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

Business model assessment

The business model reflects how the Group manages the financial assets in order to generate cash flows and returns. The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include (i) how the financial assets'

performance is evaluated and reported to management, (ii) how the risks within the portfolio are assessed and managed and (iii) the frequency, volume, timing of past sales, sales expectations in future periods, and the reasons for such sales.

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

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

1.6.3.1 Debt instruments

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

- **Amortised cost** – Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as 'Effective interest' within 'Interest and similar income' using the EIR method. The carrying amount is adjusted by the cumulative ECL recognised.
- **Fair value through other comprehensive income** – This classification applies to financial assets which meet the SPPI test, and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income, with the exception of interest income, ECL and foreign exchange gains and losses which are recognised within profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.6 Financial instruments

1.6.3 Classification and measurement of financial instruments

1.6.3.1 Debt instruments *continued*

recognised in other comprehensive income is reclassified from equity to 'Gains and losses from banking and trading activities' in profit or loss. Interest income from these financial assets is included as 'Effective interest' within 'Interest and similar income' using the EIR method.

- **Fair value through profit or loss** – Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in 'Gains and losses from banking and trading activities' in profit or loss. The Group may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as 'Gains and losses from banking and trading activities' or 'Gains and losses from investment activities' in profit or loss.

1.6.3.2 Equity instruments

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

1.6.3.3 Financial liabilities

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

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

1.6.3.4 Derivatives

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

1.6.4 Expected credit losses on financial assets

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

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

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

Three-stage approach to ECL

IFRS 9 requires entities to recognise ECL based on a stage allocation methodology, with such categorisation informing the level of provisioning required. The ECL allowance calculated on stage 1 assets reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (hereafter referred to as 12-month ECL).

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for the reporting period ended 31 December

1. Summary of material accounting policies

1.6 Financial instruments

1.6.3 Classification and measurement of financial instruments

1.6.3.4 Derivatives *continued*

Assets classified within stage 2 and stage 3 carry an ECL allowance calculated based on the lifetime losses associated with defaults that are expected to occur over the lifetime of the exposure (hereafter referred to as lifetime ECL). In determining the forecast credit losses over the duration of an exposure, recoveries expected to be received post the designated point of write-off are excluded. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

The stage allocation is required to be performed as follows:

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

stage 3 assets. Defaulted assets are considered to be cured once the original event triggering default no longer applies, and the defined probation period (that is, the required consecutive months of performance) have been met. In the Retail portfolio, the cure definition applied is quite stringent, and assets will typically only cure from stage 3 to stage 2, but won't move directly from stage 3 to stage 1. In the Wholesale portfolio assets can move from stage 3 directly to stage 1.

Expected credit loss calculation

The measurement of ECL reflects:

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

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

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioural expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time, which may be calculated based on the defaults that are possible within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.
- LGD is calculated based on the difference between the contractual cash flows due and the cash flows expected to be received up until the designated point of write-off. These forecast losses are discounted to the reporting date based on the EIR. The expectation of cash flows takes into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Lifetime of financial instruments

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

Summary of material accounting policies

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1. Summary of material accounting policies

1.6 Financial instruments

1.6.3 Classification and measurement of financial instruments

1.6.3.4 Derivatives *continued*

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

Forward-looking information

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

Write-off

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

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

A qualifying payment, for use in the write-off assessment, is defined as the minimum monthly contractual payment due. Indicators which suggest that it is not economically viable to retain an account on the statement of financial position include (but are not limited to):

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

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

1.6.5 Derecognition of financial assets and financial liabilities

1.6.5.1 Derecognition of financial assets

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

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

1.6.5.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Refer to note 1.6.6.2 for the treatment of modifications of financial liabilities.

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.6 Financial instruments *continued*

1.6.6 Modification of financial assets and financial liabilities

1.6.6.1 Modification of financial assets

Modifications to financial assets are assessed as follows:

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

1.6.6.2 Modification of financial liabilities

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

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

1.6.7 Offsetting of financial assets and financial liabilities

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

1.6.8 Hedge accounting

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

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

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

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

Fair value hedge accounting

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.6 Financial instruments

1.6.8 Hedge accounting *continued*

Cash flow hedge accounting

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

Hedges of a net investment in a foreign operation

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

1.6.9 Equity instruments

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

1.6.10 Compound financial instruments

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

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

1.6.11 Subordinated debt

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

1.6.12 Repurchase and reverse repurchase agreements

Reverse repurchase agreements (and stock borrowing or similar transactions) are a form of secured lending whereby the Group provides a loan or cash collateral in exchange for the transfer of

collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

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

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

1.6.13 Loan commitments

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

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

1.6.14 Financial guarantee contracts

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.7 Share capital

1.7.1 Ordinary share capital

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

1.7.2 Preference share capital

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

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

1.7.3 Treasury shares

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

1.8 Earnings per share

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

1.9 Revenue recognition

1.9.1 Net interest income

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

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

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

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

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

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

Impact of IFRS 9 ECL on interest recognition

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

1.9.2 Net trading income

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.9 Revenue recognition *continued*

1.9.3 Net fee and commission income

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

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

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

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

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

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

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

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

1.10 Classification of insurance contracts

1.10.1 Insurance contracts

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

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

Level of aggregation

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

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

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

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

Measurement overview

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

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

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

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.10 Classification of insurance contracts

1.10.1 Insurance contracts *continued*

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

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

1.11 Commodities

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

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

1.12 Intangible assets

1.12.1 Goodwill

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

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

- (a) The aggregate of:
- the consideration transferred measured in accordance with IFRS 3;
 - the amount of any non-controlling interest in the acquiree, also measured in accordance with IFRS 3; and
 - in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

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

1.12.2 Intangible assets other than goodwill

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

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

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

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

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.12 Intangible assets

1.12.2 Intangible assets other than goodwill *continued*

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

1.13 Property and equipment

1.13.1 Property and equipment not subject to lease agreements

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

The Group uses the following annual rates in calculating depreciation:

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

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

1.13.2 Property and equipment subject to lease agreements

1.13.2.1 Property and equipment subject to lease agreements As lessee

Where the Group is a lessee, a right-of-use asset and corresponding lease liability are recognised at the lease commencement date. The right-of-use asset is initially and subsequently measured at cost with depreciation recognised on a straight-line basis over the shorter of the asset's useful life and

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

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

As lessor Finance leases

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

Operating leases

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.14 Repossessed properties

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

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

1.15 Non-current assets held for sale

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

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

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

1.16 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises coins and notes, mandatory reserve balances held with the SARB and other central banks, as well as call advances and nostro balances which form part of loans and

advances to banks. While cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less, repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

1.17 Provisions, contingent liabilities and commitments

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

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

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

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

1.18 Employee benefits

1.18.1 Post-retirement benefits

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

Defined contribution schemes

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

Defined benefit schemes

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

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.18 Employee benefits

1.18.1 Post retirement benefits *continued*

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

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

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

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

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

Post-employment medical aid plans

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

1.18.2 Staff costs

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

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

1.18.3 Share-based payments

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

Employee services settled in equity instruments

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

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

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

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

Recharge arrangements that exist between entities within the Group do not impact the nature of the share-based payment transaction, and therefore do not affect the classification as either equity-settled or cash-settled. Group entities account for intergroup recharges within equity.

Employee services settled in cash

The fair value of the amount payable to employees in terms of a cash-settled share-based payment is recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in profit or loss. No amount is recognised for services received if the awards granted do not vest because of a failure to satisfy a vesting condition. Refer to note 16 for the carrying amount of liabilities arising from cash-settled arrangements.

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.19 Tax

1.19.1 Current tax

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

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

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

1.19.2 Deferred tax

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

1.19.3 Dividends withholding tax

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

1.19.4 Value added tax (VAT)

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

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

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

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

1.20 Reporting changes overview

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

1.20.1 Correction of prior period error (Company)

1.20.1.1 Misstatement between interest income and interest expense

During the current financial year, management identified an error in the elimination of inter-company interest income and interest expense that had been incorrectly processed at a Bank Company level in 2024. This resulted in an understatement of both interest income and interest expense, with no impact on profit or loss or equity for the comparative period.

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the comparative period has been restated to correct the presentation of these line items. The correction has been applied retrospectively, and its impact is limited to the affected statement of profit or loss amounts with no impact on the statement of financial position.

Statement of comprehensive income	Company		
	As previously published Rm	Correction of error Rm	Restated Rm
Net interest income	45 259	–	45 259
Interest and similar income	130 496	3 269	133 765
Effective interest income	127 632	–	127 632
Other interest income	2 864	3 269	6 133
Interest expense and similar charges	(85 237)	(3 269)	(88 506)

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

1. Summary of material accounting policies

1.20 Reporting changes overview *continued*

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

1.20.2. Change in presentation

1.20.2.1 Change in naming convention: “Borrowed funds” to “Subordinated debt”

During the current financial year, the Group refined the naming conventions used for labelling borrowed funds in the financial statements to enhance clarity and align with market practice. As part of this update, the line item previously presented as ‘Borrowed funds’ has been renamed ‘Subordinated debt’. This represents a change in presentation in accordance with IAS 1 *Presentation of Financial Statements* and does not constitute a change in accounting policy. The amendment is limited to terminology and has no impact on the recognition and measurement, or classification of the underlying financial liabilities, nor on the amounts reported in the current or prior periods. Comparative information has been relabeled to ensure consistency of presentation.

1.20.2.2 Change in presentation: Deposits and debt funding

In the current reporting period, the Group revised the presentation of its funding-related liabilities by combining the previously separate line items and notes for deposits and debt securities in issue into a single line item on the face of the statement of financial position and in the consolidated note. Additionally, the Group has combined the product level split between deposits from customers and deposits from banks, thus presenting consolidated balances. This change has been adopted to be comparable to peers and aligns better with the purpose for which the instruments were issued. This represents a presentation only change and does not affect the recognition, measurement, or classification of the underlying funding liabilities, and therefore has no impact on profit or loss, other comprehensive income, equity, or cash flows. In accordance with IAS 1 *Presentation of Financial Statements*, the Group has applied this change retrospectively to ensure consistency of presentation and comparability of information between periods.

	Group		
	31 December 2024		
	As previously published	Change in presentation	Restated
	Rm	Rm	Rm
Statement of financial position			
Liabilities			
Deposits	1 217 946	(1 217 946)	–
Debt securities in issue	207 341	(207 341)	–
Deposits and debt funding	–	1 425 287	1 425 287

	Company		
	31 December 2024		
	As previously published	Change in presentation	Restated
	Rm	Rm	Rm
Statement of financial position			
Liabilities			
Deposits	1 219 774	(1 219 774)	–
Debt securities in issue	202 092	(202 092)	–
Deposits and debt funding	–	1 421 866	1 421 866

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

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.2 Change in presentation

1.20.2.2 Change in presentation: Deposits and debt funding *continued*

	Group		
	1 January 2025		
	As previously published	Change in presentation	Restated
	Rm	Rm	Rm
Statement of financial position			
Liabilities			
Deposits	1 089 483	(1 089 483)	–
Debt securities in issue	209 895	(209 895)	–
Deposits and debt funding	–	1 299 378	1 299 378

	Company		
	1 January 2024		
	As previously published	Change in presentation	Restated
	Rm	Rm	Rm
Statement of financial position			
Liabilities			
Deposits	1 090 888	(1 090 888)	–
Debt securities in issue	207 148	(207 148)	–
Deposits and debt funding	–	1 298 036	1 298 036

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.2 Change in presentation

1.20.2.2 Change in presentation: Deposits and debt funding *continued*

Deposits and debt funding note

Group	31 December 2024			
	As previously published per Note 17	As previously published per Note 17	As previously published per Note 18	Updated
	Customers	Banks		Presentation
	Rm	Rm	Rm	Rm
Deposits				
Call deposits	106 584	7 016	–	113 600
Cheque account deposits	243 625	–	–	243 625
Credit card deposits	2 063	–	–	2 063
Fixed deposits	258 934	25 654	–	284 588
Foreign currency deposits	58 647	30 386	–	89 033
Notice deposits	98 457	–	–	98 457
Other deposits	953	1 531	–	2 484
Repurchase agreements	24 779	54 552	–	79 331
Savings and transmission deposits	304 513	252	–	304 765
Debt securities in issue				
Commercial paper	–	–	5 244	5 244
Credit linked notes	–	–	33 409	33 409
Floating rate notes	–	–	50 632	50 632
Negotiable certificates of deposit	–	–	67 994	67 994
Other	–	–	1 498	1 498
Promissory notes	–	–	837	837
Senior notes	–	–	47 726	47 726
Structured notes and bonds	–	–	1	1
Total deposits and debt funding	1 098 555	119 391	207 341	1 425 287

Company	31 December 2024			
	As previously published per Note 17	As previously published per Note 17	As previously published per Note 18	Updated
	Customers	Banks		Presentation
	Rm	Rm	Rm	Rm
Deposits				
Call deposits	106 584	7 016	–	113 600
Cheque account deposits	245 004	–	–	245 004
Credit card deposits	2 063	–	–	2 063
Fixed deposits	258 934	25 654	–	284 588
Foreign currency deposits	58 647	30 386	–	89 033
Notice deposits	98 457	–	–	98 457
Other deposits	1 402	1 531	–	2 933
Repurchase agreements	24 779	54 552	–	79 331
Savings and transmission deposits	304 513	252	–	304 765
Debt securities in issue				
Credit linked notes	–	–	33 409	33 409
Floating rate notes	–	–	50 632	50 632
Negotiable certificates of deposit	–	–	67 994	67 994
Other	–	–	1 493	1 493
Promissory notes	–	–	837	837
Senior notes	–	–	47 726	47 726
Structured notes and bonds	–	–	1	1
Total deposits and debt funding	1 100 383	119 391	202 092	1 421 866

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.2 Change in presentation

1.20.2.2 Change in presentation: Deposits and debt funding *continued*

Interest expense and similar charges note

Group	31 December 2024			
	As previously published per Note 24	As previously published per Note 24	As previously published per Note 24	Updated
	Customers	Banks		Presentation
	Rm	Rm	Rm	Rm
Deposits				
Call deposits	9 956	395	–	10 351
Cheque account deposits	9 057	–	–	9 057
Credit card deposits	7	–	–	7
Fixed deposits	17 247	2 015	–	19 262
Foreign currency deposits	3 347	396	–	3 743
Notice deposits	6 562	–	–	6 562
Other deposits	158	–	–	158
Savings and transmission deposits	21 414	–	–	21 414
Debt funding (previously debt securities in issue)			13 423	13 423
Total deposits and debt funding	67 748	2 806	13 423	83 977

1.20.3 Business portfolio changes impact

Integration of business units

On 5 December 2024, the Group announced the integration of Product Solutions Cluster, Everyday Banking, and Private Wealth Banking (previously part of Relationship Banking) into a single business unit – Personal and Private Banking (PPB). This restructuring has been implemented to enhance the Group's ability to deliver client value, particularly the distribution of value-added services and insurance products across a large customer base. As a result, Relationship Banking has been renamed to Business Banking, with a sharpened focus on serving SME and Commercial clients in targeted sectors. The impact of this restructuring on the individual business units has been depicted in the 'reportable segment change' column in the tables below.

Wholesale operating model change

During the current financial year, the Group's wholesale business shifted to a fully customer-centric operating model, using customer profit or loss as the primary performance metric to strengthen solutioning, sales, and overall customer experience. The new approach supports end-to-end product excellence and profitability by allocating product revenue, costs, impairments, and capital to the segment accountable for managing the customer relationship. This shift resulted in a reallocation of revenue and costs between the affected segments, namely CIB and BB. As the change reflects an internal reallocation, the Group's operating segments remain unaffected. The impact of this has been depicted in the 'movement in wholesale exposures' column in the tables below.

Reallocation of income, expenses, and intergroup balances

Income and expense line items have been reallocated from Head Office to the relevant business units to align with changes in how the Group evaluates the performance of those units. The reallocation primarily relates to depositor insurance costs and eKhaya (employee share scheme) expenses. These reallocations resulted in adjustments to the related intergroup asset and liability balances, specifically loans to and from Group companies, which eliminate on consolidation of the Group but impact the segment report as presented in note 52. The impact of these items is reflected in the 'business portfolio changes' column in the tables below.

Restatement of comparative segment results

In addition, a consolidation adjustment relating to an inter-segment elimination was not processed in prior periods, resulting in certain internal transactions remaining within segment results and causing a gross-up of assets and liabilities within the affected segments amounting to R22 376m. This correction aligns prior-period segmental results with the Group's consolidation principles and is reflected in the 'Correction of prior period error' column in the tables below.

The afore-mentioned changes resulted in the restatement of the segments' financial results for the comparative periods without an impact on the overall financial position or net earnings of the Group. The below tables summarises the changes noted above in the consolidated statement of comprehensive income, consolidated statement of financial position, and notes to the consolidated financial statements for the period ended 31 December 2024.

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.3 Business portfolio changes impact *continued*

1.20.3.1 Statement of comprehensive income

	31 December 2024				
	As previously reported Rm	Reportable segment change Rm	Business portfolio changes Rm	Movement in wholesale exposures Rm	Restated Rm
Total income					
Product Solutions Cluster	10 601	(10 601)	–	–	–
Everyday Banking	26 248	(26 248)	–	–	–
Personal and Private Banking	–	37 580	(171)	–	37 409
Business Banking (previously Relationship Banking)	16 029	(731)	(679)	355	14 974
CIB	18 096	–	821	(355)	18 562
Head Office, Treasury and other operations	(1 351)	–	29	–	(1 322)
Profit for the reporting period					
Product Solutions Cluster	1 933	(1 933)	–	–	–
Everyday Banking	4 052	(4 052)	–	–	–
Personal and Private Banking	–	6 068	(315)	–	5 753
Business Banking (previously Relationship Banking)	4 613	(83)	121	(135)	4 516
CIB	6 597	–	(347)	135	6 385
Head Office, Treasury and other operations	(5 737)	–	541	–	(5 196)
Headline earnings					
Product Solutions Cluster	1 624	(1 624)	–	–	–
Everyday Banking	3 840	(3 840)	–	–	–
Personal and Private Banking	–	5 527	(312)	–	5 215
Business Banking (previously Relationship Banking)	4 299	(66)	121	(135)	4 219
CIB	6 003	–	(941)	135	5 791
Head Office, Treasury and other operations	(5 237)	–	1 041	–	(4 696)
Internal income					
Product Solutions Cluster	(38 006)	38 006	–	–	–
Everyday Banking	24 129	(24 129)	–	–	–
Personal and Private Banking	–	(12 335)	(125)	–	(12 460)
Business Banking (previously Relationship Banking)	8 926	(1 542)	707	–	8 091
CIB	(929)	–	(442)	–	(1 371)
Head Office, Treasury and other operations	9 394	–	(140)	–	9 254

Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.3 Business portfolio changes impact *continued*

1.20.3.2 Statement of financial position

	31 December 2024					
	As previously reported Rm	Reportable segment change Rm	Business portfolio changes Rm	Movement in wholesale exposures Rm	Correction of prior period error Rm	Restated Rm
Total assets						
Product Solutions Cluster	491 419	(491 419)	–	–	–	–
Everyday Banking	430 455	(430 455)	–	–	–	–
Personal and Private Banking	–	942 908	(280)	–	(22 376)	920 252
Business Banking	330 657	(21 034)	(77)	10	–	309 556
CIB	1 040 428	–	86	(10)	–	1 040 504
Head Office, Treasury and other operations	(625 150)	–	271	–	22 376	(602 503)
Total liabilities						
Product Solutions Cluster	488 837	(488 837)	–	–	–	–
Everyday Banking	426 519	(426 519)	–	–	–	–
Personal and Private Banking	–	936 321	(198)	–	(22 376)	913 747
Business Banking	325 172	(20 965)	(109)	10	–	304 108
CIB	1 033 014	–	248	(10)	–	1 033 252
Head Office, Treasury and other operations	(721 783)	–	59	–	22 376	(699 348)

1.20.3.3 ECL on Loans and advances at amortised cost and undrawn facilities

	31 December 2024								
	As previously published			Adjustment			Restated		
	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Balances at the beginning of the reporting period									
Transactions and deposits	276	267	532	40	31	123	316	298	656
Relationship Banking	594	779	3 286	(594)	(779)	(3 286)	–	–	–
Business Banking	–	–	–	554	748	3 163	554	748	3 163
Corporate and Investment Banking	735	438	2 367	–	–	–	735	437	2 367
Movement									
Transactions and deposits	(29)	(100)	77	34	(21)	97	5	(121)	173
Relationship Banking	112	(279)	(186)	(112)	279	186	–	–	–
Business Banking	–	–	–	64	(275)	(268)	64	(275)	(268)
Corporate and Investment Banking	(130)	(172)	1 044	14	17	(15)	(114)	(155)	1 029
Balances at the end of the reporting period									
Transactions and deposits	247	167	609	74	10	220	321	177	829
Relationship Banking	706	500	3 100	(706)	(500)	(3 100)	–	–	–
Business Banking	–	–	–	618	473	2 895	618	473	2 895
Corporate and Investment Banking	605	266	3 411	14	17	(15)	621	282	3 396



Summary of material accounting policies

for the reporting period ended 31 December

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.3 Business portfolio changes impact *continued*

1.20.3.4. Maximum exposure to credit risk

	Gross Maximum Exposure Rm	Group						
		Stage 1			Stage 2			Stage 3
		DG 1–9 Rm	DG 10–19 Rm	DG 20–21 Rm	DG 1–9 Rm	DG 10–19 Rm	DG 20–21 Rm	Default Rm
Loans and advances to customers								
As previously reported								
Transactions and deposits	4 987	312	3 060	221	121	327	148	798
Relationship Banking	159 236	12 716	128 208	–	5	8 996	–	9 311
Business Banking	–	–	–	–	–	–	–	–
Corporate and Investment Banking	331 765	176 302	128 415	10	47	17 777	268	8 946
Adjustment								
Transactions and deposits	6 835	383	5 336	–	–	515	–	601
Relationship Banking	(159 236)	(12 716)	(128 208)	–	(5)	(8 996)	–	(9 311)
Business Banking	144 174	9 947	117 446	–	5	8 056	–	8 720
Corporate and Investment Banking	8 227	2 386	5 426	–	–	425	–	(10)
Restated								
Transactions and deposits	11 822	695	8 396	221	121	842	148	1 399
Relationship Banking	–	–	–	–	–	–	–	–
Business Banking	144 174	9 947	117 446	–	5	8 056	–	8 720
Corporate and Investment Banking	339 992	178 688	133 841	10	47	18 202	268	8 936

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1.20.3.5 Analysis of credit risk mitigation and collateral

	Collateral – credit impaired financial assets				Collateral – not credit impaired financial assets					Total maximum exposure not credit impaired financial assets Rm	
	Gross Maximum Exposure Rm	Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Unsecured Rm	Total maximum exposure credit impaired financial assets Rm	Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm		Unsecured Rm
Loans and advances to customers											
As previously reported											
Transactions and deposits	9 504	–	–	813	813	–	–	–	–	8 691	8 691
Relationship Banking	191 516	47	5 846	3 497	9 390	525	132 153	81	–	49 367	182 126
Business Banking	–	–	–	–	–	–	–	–	–	–	–
Corporate and Investment Banking	552 772	–	322	8 623	8 945	–	69 667	–	72 282	401 878	543 827
Adjustment											
Transactions and deposits	9 003	1	482	119	602	2	6 254	3	–	2 142	8 401
Relationship Banking	(191 516)	(47)	(5 846)	(3 497)	(9 390)	(525)	(132 153)	(81)	–	(49 367)	(182 126)
Business Banking	174 116	46	5 341	3 378	8 765	523	117 525	78	–	47 225	165 351
Corporate and Investment Banking	160 215	–	23	–	23	–	8 374	–	–	151 818	160 192
Restated											
Transactions and deposits	18 507	1	482	932	1 415	2	6 254	3	–	10 833	17 092
Relationship Banking	–	–	–	–	–	–	–	–	–	–	–
Business Banking	174 116	46	5 341	3 378	8 765	523	117 525	78	–	47 225	165 351
Corporate and Investment Banking	712 987	–	345	8 623	8 968	–	78 041	–	72 282	553 696	704 019

Included in the Corporate and Investment Banking adjustment is an amount of R151 818m arising from the revised treatment of intraday settlement limits, following alignment with the Prudential Authority's large-exposure directive. This change required the inclusion of these limits, despite their operation as unsecured, non-credit-impaired liquidity-management facilities that must be fully repaid within the same day and cannot be utilised overnight.

1. Summary of material accounting policies

1.20 Reporting changes overview

1.20.3 Business portfolio changes impact *continued*

1.20.3.6. Assets and liabilities not held at fair value

	Carrying amount Rm	Fair value Rm	Group		
			Level 1 Rm	Level 2 Rm	Level 3 Rm
Loans and advances to customers					
As previously reported					
Transactions and deposits	–	–	–	–	–
Relationship Banking	154 930	157 402	–	–	157 402
Business Banking	–	–	–	–	–
Corporate and Investment Banking	327 512	327 639	–	4 030	323 609
Adjustment					
Transactions and deposits	10 494	10 599	–	–	10 599
Relationship Banking	(154 930)	(157 402)	–	–	(157 402)
Business Banking	140 187	142 413	–	–	142 413
Corporate and Investment Banking	8 213	8 353	–	–	8 353
Restated					
Transactions and deposits	10 494	10 599	–	–	10 599
Relationship Banking	–	–	–	–	–
Business Banking	140 187	142 413	–	–	142 413
Corporate and Investment Banking	335 725	335 992	–	4 030	331 962

Transactions and deposits was previously not reported as the carrying amount approximated the fair value.

1.21 New standards and interpretations not yet adopted

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

Amendments resulting from annual improvements for the following standards

- Initial measurement of trade receivables – The amendment removes the conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers (IFRS 15) over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price, for example, when the transaction price is variable. Conversely, IFRS 9 requires that entities initially measure trade receivables without a significant financing component at the transaction price. IFRS 9 has been amended to require entities to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.
- Accounting for the derecognition of a lease liability by a lessee – The amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying

amount and the consideration paid is recognised in profit or loss. The amendment does not address how to distinguish between derecognition and modification of a lease liability. The amendment applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied. The amendment is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

- Minor amendments to IFRS 7, IFRS 10 and IAS 7. These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

1.21.1 Settlement of financial liabilities by electronic payments – IFRS 9

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

1. Summary of material accounting policies

1.21 New standards and interpretations not yet adopted

1.21.1 Settlement of financial liabilities by electronic payments – IFRS 9 *continued*

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

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

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

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

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

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

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

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

1.21.6 Presentation and disclosure in financial statements – IFRS 18

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

The Group has initiated an assessment of IFRS 18's impact on its financial statement presentation and disclosures. A multidisciplinary team has been established and is working through the requirements included in the standard to determine the Group's state of readiness for adoption. IFRS 18 is expected to only affect the presentation and disclosure, rather than recognition or measurement of transactions. The impact of adoption is anticipated to include:

- Presentation of new subtotals in the statement of profit or loss;
- Review and alignment of income and expense classifications with business activity criteria; and
- Additional disclosures for MPMs.

Work is ongoing to evaluate system and reporting changes required for compliance.

Notes to the consolidated and separate financial statements

for the reporting period ended 31 December

2. Cash, cash balances and balances with central banks

	Group and Company	
	2025 Rm	2024 Rm
Balances with the SARB	89 982	78 431
Coins and bank notes	4 474	5 150
	94 456	83 581

The minimum reserve balance held in cash with the SARB is determined in accordance with the regulatory terms applicable to the respective balance. The portion of the balance that can be utilised by the Group is included in cash and cash equivalents (note 47.3) and is calculated by applying the percentage that is accessible to the bank in accordance with the respective regulatory terms for each balance. The portion included in cash and cash equivalents for the current period is **R78 891m** (2024: R67 763m).

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

3. Investment securities

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Government bonds	120 074	111 134	120 074	111 134
Listed equity instruments	179	208	179	208
Other debt securities	19 416	15 906	18 685	15 906
Treasury bills	28 402	44 603	28 390	44 603
Unlisted equity and hybrid instruments	1 596	1 257	1 586	1 253
Gross investment securities	169 667	173 108	168 914	173 104
Expected credited losses	(7)	(4)	(7)	(4)
	169 660	173 104	168 907	173 100

Other debt securities balance includes Corporate bonds of **R1 554m** (2024: R1 545m) for Group and Company, and Floating rate notes of **R17 862m** (2024: R13 941m) for Group and **R17 131m** (2024: R13 941m) for Company.

3. Investment securities *continued*

3.1 Reconciliation of ECL allowance

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

	Group and Company			
	Stage 1 Rm	2025 Lifetime expected credit losses ('LEL')		Total Rm
		Stage 2 Rm	Stage 3 Rm	
Investment securities at amortised cost and FVOCI				
Balance at the beginning of the reporting period	13	11	20	44
Asset moved/allowance transferred to stage 2	–	20	(20)	–
Credit impairment charges	3	(18)	(2)	(17)
Net change in interest	–	–	2	2
Balance at the end of the reporting period	16	13	–	29

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

The expected credit loss allowance of **R22m** (2024: R40m) have been recognised on investment securities measured at fair value through other comprehensive income and the remaining **R7m** (2024: R4m) relates to those measured at amortised cost.

4. Trading and hedging portfolio assets

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Commodities	4 454	1 717	4 454	1 717
Debt instruments	92 934	80 308	92 934	80 308
Derivative assets (refer to note 50.3 and 50.4)	74 308	57 247	74 308	57 135
Commodity derivatives	1 516	1 049	1 516	1 049
Credit derivatives	276	428	276	428
Equity derivatives	5 140	6 320	5 140	6 320
Foreign exchange derivatives	21 976	18 347	21 976	18 347
Interest rate derivatives	45 400	31 103	45 400	30 991
Equity instruments	801	577	801	577
Money market assets	37 879	28 815	37 879	28 815
Total trading portfolio assets	210 376	168 664	210 376	168 552
Hedging portfolio assets (refer to note 50.3)	709	4 055	709	4 055
	211 085	172 719	211 085	172 607

Trading portfolio assets with carrying values of **R45 749m** (2024: R27 162m) were pledged as security for repurchase agreements. These assets are pledged for the duration of the agreements. The terms of the pledges are usual and customary to such agreements.

In the prior period, the Group and Company incorrectly disclosed that trading portfolios assets with carrying values of R5 930m were pledged as security for scrip lending agreements. The comparative disclosure has been corrected retrospectively, with no impact on the amounts recognised in the financial statements.

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

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

5. Other assets

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Accounts receivable	10 167	9 090	10 098	8 960
Prepayments	3 249	2 638	4 257	2 852
Deferred costs	259	295	259	295
Inventory – cost	128	31	60	25
Retirement benefit fund surplus (refer to note 37)	614	466	614	466
Settlement accounts	4 927	1 974	4 927	1 974
Expected credit losses	(24)	–	(24)	–
	19 320	14 494	20 191	14 572

The Group and Company has assessed the expected credit losses on accounts receivable, settlement accounts and other assets carried at amortised cost and determined the related ECL allowance to be immaterial due to low probability of default and short-term nature of these items. As a result, an ECL reconciliation has not been presented.

6. Non-current assets held for sale

	Group and Company	
	2025 Rm	2024 Rm
Non-current assets held for sale		
Balance at the beginning of the reporting period	115	191
Disposals	(52)	(89)
Impairment of NCAHFS (refer to note 31)	(9)	(10)
Transfer from property and equipment (refer to note 12)	89	23
Balance at the end of the reporting period	143	115

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

- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of **R89m** to non-current assets held for sale and a **R9m** impairment was recognised on remaining assets previously classified as held for sale.
- Head Office, Treasury and other operations disposed of property and equipment with a carrying amount of **R45m**.
- Personal and Private Banking disposed of property and equipment with a carrying amount of **R7m**.

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

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

7. Loans and advances

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Corporate overdrafts and specialised finance loans	16 963	17 329	16 963	17 329
Credit cards	46 308	45 671	46 308	45 671
Credit linked notes	4 458	3 807	4 458	3 807
Foreign currency loans	75 014	68 669	75 014	68 669
Instalment credit agreements	146 089	138 488	146 089	138 487
Finance lease receivables (refer to note 7.1)	3 691	3 240	–	–
Loans to associates and joint ventures	31 584	28 668	31 584	28 668
Micro loans	3 317	4 407	3 317	4 407
Mortgages	427 389	412 026	426 901	411 416
Other advances	22 092	19 957	22 168	19 929
Overdrafts	54 324	48 325	54 324	48 325
Overnight finance	30 084	23 383	30 084	23 383
Personal and term loans	207 337	198 280	207 311	197 769
Preference shares	38 969	34 955	38 969	34 692
Reverse repurchase agreements (Carries)	84 855	72 560	84 855	72 560
Gross loans and advances to customers	1 192 474	1 119 765	1 188 345	1 115 112
Gross loans and advances to banks	59 193	45 853	58 656	45 853
Gross loans and advances	1 251 667	1 165 618	1 247 001	1 160 965
Expected credit losses	(38 453)	(40 255)	(38 346)	(40 136)
Expected credit losses for loans and advances to customers	(38 408)	(40 222)	(38 301)	(40 103)
Expected credit losses for loans and advances to banks	(45)	(33)	(45)	(33)
Net loans and advances	1 213 214	1 125 363	1 208 655	1 120 829

In 2024, the Group disclosed Credit linked notes and Foreign currency loans amounting to R72 476m and in Company of R72 476m, within a single line item. To improve transparency, the Group and Company now discloses these items separately as reflected in the table above.

In 2024, the Group incorrectly disclosed Term Loans as Wholesale Overdrafts, this resulted in Wholesale Overdrafts of R124 766m (Group) and R124 255m (Company) being reclassified to Personal and Term Loans resulting in restated balances of R198 280m (Group) and R197 769m (Company).

The Group has securitised certain loans and advances to customers, the total value of these securitised assets is R8 285m (2024: R9 068m). The amount pledged is the required threshold of cash collateral based on specific arrangements with different counterparties. Exposures are reviewed on a periodic basis, whereby these thresholds are adjusted accordingly. The financial assets are pledged under terms that are usual and customary to such arrangements.

Included above are collateralised loans of R3 722m (2024: R1 574m) relating to securities borrowed.

Other advances include working capital solutions and collateralised loans.

Included in both gross loans and advances to customers, and in the total allowance for expected credit losses, is accrued interest in suspense of R4 952m (2024: R5 454m) for the Group and R4 937m (2024: R5 437m) for the Company.

Included above in gross loans and advances to banks are reverse repurchase agreements of R16 923m (2024: R9 346m) and other collateralised loans of Rnil (2024: R152m) relating to securities borrowed for the Group and Company.

Included in gross loans and advances to banks is an amount of R8 325m (2024: R6 944m) that meets the definition of cash and cash equivalents and is included in note 47.3.

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

Included in the Group and Company's gross loans and advances to banks are credit-linked notes of R1 863m (2024: R3 476m).

7.1 Finance lease receivables

	2025			2024		
	Gross advances Rm	Unearned finance charges Rm	Net advances Rm	Gross advances Rm	Unearned finance charges Rm	Net advances Rm
Maturity analysis						
Less than one year	1 611	(37)	1 574	1 350	(49)	1 301
Between one and two years	640	(70)	570	551	(60)	491
Between two and three years	758	(110)	648	777	(134)	643
Between three and four years	939	(176)	763	662	(133)	529
Between four and five years	149	(32)	117	366	(91)	275
More than five years	27	(8)	19	1	(0)	1
Gross carrying amount	4 124	(433)	3 691	3 707	(467)	3 240

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

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

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

Unguaranteed residual values of finance leases are R2 603m (2024: R1 833m).

7.2 Reconciliation of ECL allowance

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

	Group						Group			
	2025						2025			
	Transactions and Deposits	Personal and Private Banking		Home Loans	Vehicle and Asset Finance	Retail Other	Business Banking	Corporate and Investment Banking	Head Office, Treasury and other operations	Total expected credit losses
		Unsecured Lending								
	Personal Loans	Card								
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	
Loans and advances at amortised cost and undrawn facilities										
Balances at the beginning of the reporting period	1 327	5 520	7 741	10 451	7 058	52	3 986	4 299	3	40 438
Stage 1	321	627	1 084	634	969	-	618	621	2	4 876
Stage 2	177	479	1 163	618	1 125	-	473	282	1	4 319
Stage 3	829	4 414	5 494	9 199	4 964	52	2 895	3 396	-	31 243
Transfers between stages	-	-	-	-	-	-	-	-	-	-
Stage 1 net transfers	41	25	42	446	59	-	194	32	-	839
Transfers to stage 1	93	150	266	549	257	-	268	44	-	1 627
Transfers (to) stage 2	(13)	(44)	(92)	(51)	(123)	-	(49)	(11)	-	(383)
Transfers (to) stage 3	(39)	(81)	(132)	(52)	(75)	-	(25)	(1)	-	(405)
Stage 2 net transfers	(102)	(29)	(484)	171	82	-	(226)	(48)	-	(636)
Transfers (to) stage 1	(85)	(113)	(198)	(171)	(177)	-	(243)	(44)	-	(1 031)
Transfers to stage 2	37	278	258	633	568	-	89	19	-	1 882
Transfers (to) stage 3	(54)	(194)	(544)	(291)	(309)	-	(72)	(23)	-	(1 487)
Stage 3 net transfers	61	4	442	(617)	(141)	-	32	16	-	(203)
Transfers (to) stage 1	(9)	(36)	(68)	(378)	(80)	-	(25)	-	-	(596)
Transfers (to) stage 2	(24)	(234)	(166)	(582)	(445)	-	(40)	(8)	-	(1 499)
Transfers to stage 3	94	274	676	343	384	-	97	24	-	1 892
Credit impairment charges raised	494	2 107	3 015	1 238	1 641	-	1 027	1 025	7	10 554
Stage 1	(99)	90	(23)	(442)	(120)	-	(230)	283	1	(540)
Stage 2	86	(132)	439	(279)	(169)	-	188	11	6	150
Stage 3	507	2 149	2 599	1 959	1 930	-	1 069	731	-	10 944
Stage 3 write offs	(753)	(4 141)	(3 731)	(1 452)	(2 291)	-	(1 623)	(1 956)	-	(15 947)
Stage 3 net change in interest	89	766	177	1 118	777	-	395	306	-	3 628
Balances at the end of the reporting period	1 157	4 252	7 202	11 355	7 185	52	3 785	3 674	10	38 672
Stage 1	263	742	1 103	638	908	-	582	936	3	5 175
Stage 2	161	318	1 118	510	1 038	-	435	245	7	3 832
Stage 3	733	3 192	4 981	10 207	5 239	52	2 768	2 493	-	29 665

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

The above Group disclosures significantly approximate the Company's IFRS 9 ECL allowance.

7. Loans and advances *continued*

	Group and Company 2024						Group and Company 2024			
	Personal and Private Banking						Business Banking	Corporate and Investment Banking	Head Office, Treasury and other operations	Total expected credit losses
	Transactions and Deposits	Unsecured Lending		Home Loans	Vehicle and Asset Finance	Retail Other				
		Personal Loans	Card							
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	
Loans and advances at amortised cost and undrawn facilities										
Balances at the beginning of the reporting period	1 270	6 232	6 416	9 261	7 160	52	4 465	3 539	6	38 401
Stage 1	316	806	991	506	1 025	–	554	735	5	4 938
Stage 2	298	923	1 230	823	1 118	–	748	437	1	5 578
Stage 3	656	4 503	4 195	7 932	5 017	52	3 163	2 367	–	27 885
Transfers between stages	–	–	–	–	–	–	–	168	–	168
Stage 1 net transfers	6	(8)	83	573	133	–	317	(1)	–	1 103
Transfers to stage 1	72	208	305	626	345	–	412	50	–	2 018
Transfers (to) stage 2	(23)	(80)	(82)	(27)	(121)	–	(64)	(22)	–	(419)
Transfers (to) stage 3	(43)	(136)	(140)	(26)	(91)	–	(31)	(29)	–	(496)
Stage 2 net transfers	(82)	(284)	(645)	127	182	–	(381)	(172)	–	(1 255)
Transfers (to) stage 1	(65)	(174)	(233)	(296)	(231)	–	(387)	(50)	–	(1 436)
Transfers to stage 2	47	323	298	723	717	–	84	23	–	2 215
Transfers (to) stage 3	(64)	(433)	(710)	(300)	(304)	–	(78)	(145)	–	(2 034)
Stage 3 net transfers	76	292	562	(700)	(315)	–	64	341	–	320
Transfers (to) stage 1	(7)	(34)	(72)	(330)	(114)	–	(25)	–	–	(582)
Transfers (to) stage 2	(23)	(243)	(216)	(696)	(596)	–	(21)	–	–	(1 795)
Transfers to stage 3	106	569	850	326	395	–	110	341	–	2 697
Credit impairment charges raised	763	1 924	3 139	1 278	1 901	–	903	1 223	(3)	11 128
Stage 1	(1)	(171)	10	(445)	(189)	–	(253)	(113)	(3)	(1 165)
Stage 2	(39)	(160)	578	(332)	(175)	–	106	17	–	(5)
Stage 3	803	2 255	2 551	2 055	2 265	–	1 050	1 319	–	12 298
Stage 3 write offs	(783)	(3 708)	(2 021)	(989)	(2 839)	–	(1 753)	(1 018)	–	(13 111)
Stage 3 net change in interest	77	1 072	207	901	836	–	371	387	–	3 851
Balances at the end of the reporting period	1 327	5 520	7 741	10 451	7 058	52	3 986	4 299	3	40 437
Stage 1	321	627	1 084	634	969	–	618	621	2	4 876
Stage 2	177	479	1 163	618	1 125	–	473	282	1	4 318
Stage 3	829	4 414	5 494	9 199	4 964	52	2 895	3 396	–	31 243

The segment split has been restated, refer to reporting changes overview in note 1.20.1.

In addition, 'Credit impairment charges raised' in the above table has been broken down into movements per ECL staging. In the prior year, only the total impairment charge was disclosed.

7. Loans and advances

7.2 Reconciliation of ECL allowance *continued*

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

Personal and Private Banking

- During the current reporting period, gross loans and advances increased to **R543 167m** (2024: R528 284m) particularly driven by new business in Home Loans **R327 291m** (2024: R320 567m), in Vehicle and Asset Finance **R134 224m** (2024: R125 379m), in Card **R45 326m** (2024: R44 779m), contraction in Personal Loans **R23 989m** (2024: R25 686m), growth in Transactional and Deposit **R12 285m** (2024: R11 821m) and there was no growth in Retail Other **R52m** (2024: R52m).
- There was a decrease in ECL allowance of **R946m** (2024: R1 758m) consisting of an increase in the ECL allowance in Home Loans of **R904m** (2024: R1 190m), an increase in Vehicle and Asset Finance of **R127m** (2024: R102m), a decrease in Card of **R539m** (2024: R1 325m), a decrease in Personal Loans of **R1 268m** (2024: R712m) and a decrease in Transactions and Deposits of **R170m** (2024: R57m).
- The increase in the ECL for Home loans and Vehicle and Asset Finance was driven by an increase in exposures, offset by improvement in customers' ability to meet their obligations.
- The decrease in the ECL for Card, Personal Loans, and Transactions and Deposits was mainly driven by write offs of higher risk customers, along with an inflow of lower risk clients resulting from stricter credit approval policies.
- The value of loans written off during the year amounted to **R12 368m** (2024: R10 340m), consisting of Home loans: **R1 452m** (2024: R989m), Vehicle and asset finance: **R2 291m** (2024: R2 839m), Personal loans: **R4 141m** (2024: R3 708m), Card **R3 731m** (2024: R2 021m) and Transactions and Deposits **R753m** (2024: R783m). This led to a corresponding decrease in the ECL allowance.
- There were no loan modifications that resulted in derecognition of the old loan and recognition of a new loan.
- Loan modifications that did not result in derecognition of the loan amounted to **R5 542m** (2024: R7 633m): Home loans: **R2 009m** (2024: R2 874m), Vehicle and asset finance: **R1 841m** (2024: R2 587m), Personal loans: **R756m** (2024: R1 084m), Transactions and Deposits **R116m** (2024: R148m) and Card: **R820m** (2024: R940m).
- This resulted in a modification loss of **R787m** (2024: R1 711m) consisting of **R68m** (2024: R153m) in Home loans, **R235m** (2024: R411m) in Vehicle asset finance, **R258m** (2024: R400m) in Personal Loans, **R28m** (2024: R41m) in Transactions and Deposits and **R198m** (2024: R246m) in Card and a corresponding increase in the expected credit losses.
- Gross loans and advances sold during the current year amounted to **R2 647m** (2024: R1 706m), Personal loans: **R1 440m** (2024: R1 310m) and Card: **R1 207m** (2024: R396m). This resulted in a decrease of **R2 259m** (2024: R1 456m) to the ECL allowance.

Business Banking

- During the current reporting period, gross loans and advances increased to **R152 071m** (2024: R144 174m) particularly driven by new business in the Commercial Asset Finance, Agriculture, Commercial and Commercial Property Finance portfolios.
- The ECL allowance decreased by **R201m** (2024: R479m), largely driven by write-offs and partially offset by growth in the new business book.
- The value of loans written off during the reporting period amounted to **R1 623m** (2024: R1 753m). This led to a corresponding decrease in the ECL allowance.
- Settlement amounts of **R13 406m** (2024: R10 888m) were received during the year. This led to a related reduction in the ECL of **R182m** (2024: R164m).
- Loan modifications that did not result in the derecognition of the loan amounted to **R1 307m** (2024: R1 738m). This led to a decrease in the ECL allowance of **Rnil** (2024: Rnil).
- No gross loans and advances were sold during the current and previous reporting periods.

Corporate and Investment Banking

- During the current reporting period, gross loans and advances increased to **R493 305m** (2024: R443 366m) of which **R374 898m** (2024: R339 992m) relates to exposure to which the impairment requirements of IFRS 9 are applicable. The increase is particularly driven by growth in renewable energy and resource project finance lending, continued growth in CPF, increased demand for working capital facilities and an increase in customer-facing resale agreements.
- The ECL allowance decreased by **R625m** (2024: R760m) largely driven by the write-off of high coverage single names partially offset by book growth.
- The value of loans written off during the year amounted to **R1 956m** (2024: R1 018m). This led to a corresponding decrease in the ECL allowance.
- Loan modifications that did not result in the derecognition of the loan amounted to **R2 527m** (2024: R1 411m). This resulted in a modification loss of **Rnil** (2024: R95m) and a corresponding increase in the expected credit losses.
- Loan modifications that resulted in the derecognition of the old loan amounted to **R610m** with a corresponding decrease in the expected credit losses of **R323m**.
- There were no gross loans and advances sold during the current and previous reporting periods.

Head Office, Treasury and other operations:

- No material ECL balance in the current and previous reporting periods.

The net change in interest amount of **R3 628m** (2024: R3 851m) relates to interest that is suspended during the current reporting period on stage 3 financial assets.

The above Group disclosures on exposure movements and the impact on the ECL significantly approximate the Company's exposures and related ECL movements.

8. Loans to Group companies

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Gross loans to Group companies	84 868	67 540	93 479	76 412
Expected credit losses	(286)	(279)	(279)	(272)
	84 582	67 261	93 200	76 140

8.1 Reconciliation of ECL allowance

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

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

9. Investments in associates and joint ventures

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Unlisted investments	2 042	2 142	427	313

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

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Balance at the beginning of the reporting period	2 142	1 839	313	206
Share of current reporting period post-tax results	185	196	-	-
Share of current reporting period results before taxation	260	278	-	-
Taxation on reporting period results	(75)	(82)	-	-
Additional investment	115	107	114	107
Dividends received	(400)	-	-	-
Balance at the end of the reporting period	2 042	2 142	427	313

Included in share of current reporting period post-tax results is a dilution loss of R13m, arising from the reduction of the Group's equity stake in PayInc (previously South African Bankers Service Company Proprietary Limited) from 23.81% to 9.58%. Refer to note 41 for additional information.

9.2 Associates and joint ventures

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

	Group			
	Associates		Joint ventures	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Group share				
Post-tax profit from continuing operations	4	14	181	182
Total comprehensive income	4	14	181	182

9. Investments in associates and joint ventures *continued*

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

	Group	
	2025 Rm	2024 Rm
Unlisted investments		
Shares at cost less impairments	310	196
Share of post-acquisition reserves	1 615	1 829
Additional capital contribution	117	117
	2 042	2 142

9.4 Carrying value of associates and joint ventures

	Group			2024		
	2025 Associates Rm	2025 Joint ventures Rm	2025 Total Rm	2024 Associates Rm	2024 Joint ventures Rm	2024 Total Rm
Equity accounted	731	1 311	2 042	612	1 530	2 142
Designated at fair value through profit or loss	–	146	146	–	227	227
	731	1 457	2 188	612	1 757	2 369

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

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

10. Subsidiaries

	Company	
	2025 Rm	2024 Rm
Shares at cost	156	156

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

11. Investment properties

	Group	
	2025 Rm	2024 Rm
Additions	90	–
Balance at the end of the reporting period	90	–

12. Property and Equipment

	Group			2024		
	2025 Cost Rm	2025 Accumulated depreciation and impairments Rm	2025 Carrying amount Rm	2024 Cost Rm	2024 Accumulated depreciation and impairments Rm	2024 Carrying amount Rm
Computer equipment	4 418	(2 806)	1 612	4 349	(2 702)	1 647
Freehold property	4 449	(451)	3 998	4 704	(442)	4 262
Furniture and other equipment	8 149	(4 689)	3 460	8 229	(4 930)	3 299
Motor vehicles	904	(23)	881	27	(16)	11
Right-of-use assets	4 831	(3 003)	1 828	4 601	(2 702)	1 899
Aircraft	–	–	–	565	(37)	528
	22 751	(10 972)	11 779	22 475	(10 829)	11 646

	Company			2024		
	2025 Cost Rm	2025 Accumulated depreciation and/or impairments Rm	2025 Carrying amount Rm	2024 Cost Rm	2024 Accumulated depreciation and/or impairments Rm	2024 Carrying amount Rm
Computer equipment	4 418	(2 806)	1 612	4 330	(2 686)	1 644
Freehold property	4 449	(451)	3 998	4 704	(442)	4 262
Furniture and other equipment	8 120	(4 668)	3 452	8 199	(4 914)	3 285
Motor vehicles	22	(17)	5	27	(16)	11
Right-of-use assets	4 817	(2 999)	1 818	4 587	(2 700)	1 887
	21 826	(10 941)	10 885	21 847	(10 758)	11 089

Reconciliation of property and equipment	Group							
	2025 Opening balance Rm	2025 Additions Rm	2025 Disposals Rm	2025 Transfer to non-current assets held for sale Rm	2025 Foreign exchange move- ments Rm	2025 Depre- ciation Rm	2025 Impair- ment charge Rm	2025 Closing balance Rm
Computer equipment	1 647	542	(9)	–	–	(546)	(22)	1 612
Freehold property	4 262	1	(175)	(62)	–	(25)	(3)	3 998
Furniture and other equipment	3 299	1 125	(8)	(27)	–	(854)	(74)	3 461
Motor vehicles	11	882	–	–	(6)	(7)	–	880
Right-of-use assets	1 899	1 000	(209)	–	(2)	(849)	(11)	1 828
Aircraft	528	–	(436)	–	(60)	(32)	–	–
	11 646	3 550	(837)	(89)	(68)	(2 313)	(110)	11 779

Note 6 30 31

12. Property and Equipment *continued*

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

Note 6 30 31

Included in the above additions for both Group and Company is **R1 178m** (2024: R1 674m) that relates to expenditure capitalised to the cost of property and equipment during the course of its construction.

Assets under construction were brought in to use during the reporting period for both Group and Company amounting to **R1 117m** (2024: R1 168m).

Certain property and equipment held for sale totaling **R89m** (2024: R23m) for Group and Company were transferred to non-current assets held for sale.

During the current year, the Group acted as lessor and commenced the leasing of motor vehicles under operating lease contracts. These leases do not include off-market buy-back agreements; at the end of the lease term, management assesses the most profitable option for the underlying asset, which may involve re-leasing the vehicle to a new counterparty or disposing of it at a profit. Lease rentals are linked to the interest rate implicit in the lease, which is predominantly based on the prime rate. Credit default risk on the operating lease receivables is managed in accordance with the Group's credit risk management framework.

Included in the motor vehicle balance **R876m** (2024: Rnil) pertains to vehicles that are leased out under operating lease agreements.

The table below presents the undiscounted operating lease payments receivable by the Group as a lessor:

	Group	
	2025 Rm	2024 Rm
Less than one year	98	–
Between one and five years	186	–
Total undiscounted lease payments receivable	284	–

Reconciliation of property and equipment	Company 2025						
	Opening balance Rm	Additions Rm	Disposals Rm	Transfer to non-current assets held for sale Rm	Depreciation Rm	Impairment charge Rm	Closing balance Rm
Computer equipment	1 644	542	(6)	–	(546)	(22)	1 612
Freehold property	4 262	1	(175)	(62)	(25)	(3)	3 998
Furniture and other equipment	3 285	1 124	(8)	(27)	(848)	(74)	3 452
Motor vehicles	11	–	–	–	(6)	–	5
Right-of-use assets	1 887	1 000	(210)	–	(848)	(11)	1 818
	11 089	2 667	(399)	(89)	(2 273)	(110)	10 885

Note 6 30 31

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

Note 6 30 31

Included in the above additions for both Group and Company is **R1 178m** (2024: R1 674m) that relates to expenditure capitalised to the cost of property and equipment during the course of its construction.

Assets under construction were brought in to use during the reporting period for both Group and Company amounting to **R1 117m** (2024: R1 168m).

Certain property and equipment held for sale totaling **R89m** (2024: R23m) for Group and Company were transferred to non-current assets held for sale.

13. Goodwill and intangible assets

	Group					
	2025			2024		
	Cost Rm	Accumulated amortisation and/or impairments Rm	Carrying amount Rm	Cost Rm	Accumulated amortisation and/or impairments Rm	Carrying amount Rm
Computer software development costs	20 630	(8 974)	11 656	18 978	(5 672)	13 306
Goodwill	149	(37)	112	149	(37)	112
	20 779	(9 011)	11 768	19 127	(5 709)	13 418

	Company					
	2025			2024		
	Cost Rm	Accumulated amortisation and/or impairments Rm	Carrying amount Rm	Cost Rm	Accumulated amortisation and/or impairments Rm	Carrying amount Rm
Computer software development costs	20 630	(8 974)	11 656	18 978	(5 672)	13 306
	20 630	(8 974)	11 656	18 978	(5 672)	13 306

Reconciliation of goodwill and intangible assets	Group				
	2025				
	Opening balance Rm	Additions Rm	Amortisation Rm	Impairment charge Rm	Closing balance Rm
Computer software development costs	13 306	3 033	(2 473)	(2 210)	11 656
Goodwill	112	–	–	–	112
	13 418	3 033	(2 473)	(2 210)	11 768
Note			30	31	

13. Goodwill and intangible assets *continued*

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

Reconciliation of goodwill and intangible assets	Company 2025				
	Opening balance Rm	Additions Rm	Amortisation Rm	Impairment charge Rm	Closing balance Rm
	Computer software development costs	13 306	3 033	(2 473)	(2 210)
	13 306	3 033	(2 473)	(2 210)	11 656
Note			30	31	

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

The majority of computer software development costs were internally generated. Included in computer software development costs is **R4 213** (2024: R4 978m) relating to assets under construction which is not yet amortised, this includes the opening balance and any movements to date. **R150m** (2024: R288m) of borrowing costs were capitalized to computer software development costs.

Assets under construction relating to computer software of **R2 509** (2024: R3 042m) were brought into use during the reporting period.

Composition of goodwill	Group	
	2025 Rm	2024 Rm
Absa Vehicle and Management Solutions Proprietary Limited	112	112
	112	112

14. Deferred tax

14.1 Reconciliation of net deferred tax (asset)/liability

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Balance at the beginning of the reporting period	(3 722)	(4 348)	(3 416)	(4 065)
Deferred tax on amounts charged directly to other comprehensive income and equity	1 114	768	1 109	754
Credit to profit or loss (refer to note 33)	(637)	(105)	(534)	(106)
Tax effect of translation and other differences	107	(37)	(60)	1
Balance at the end of the reporting period	(3 138)	(3 722)	(2 901)	(3 416)

14.2 Deferred tax (asset)/liability

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Tax effects of temporary differences between tax and book value for:				
Deferred tax liability	119	154	110	150
Prepayments, accruals and other provisions	119	154	110	150
Deferred tax asset	(3 257)	(3 876)	(3 011)	(3 566)
Fair value adjustments on financial instruments	558	166	558	166
Cash flow hedge and financial assets at fair value through other comprehensive income	1 074	191	1 074	191
Impairment of loans and advances	(2 795)	(2 909)	(2 796)	(2 906)
Lease and rental debtor allowances	(366)	(450)	(282)	(366)
Prepayments, accruals and other provisions	(664)	(491)	(501)	(268)
Payments received in advance	(789)	(845)	(789)	(845)
Own credit risk	(390)	(337)	(390)	(337)
Capital allowances	675	1 174	675	1 174
Retirement benefit assets	37	7	37	7
Share-based payments	(597)	(382)	(597)	(382)
Net deferred tax asset	(3 138)	(3 722)	(2 901)	(3 416)

The Group and Company's deferred tax liability relates to withholding taxes levied by certain foreign jurisdictions.

14.3 Future tax relief

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

15. Trading and hedging portfolio liabilities

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Derivative liabilities	66 915	52 868	66 946	52 868
Commodity derivatives	1 872	1 239	1 872	1 239
Credit derivatives	3 773	107	3 773	107
Equity derivatives	5 704	2 747	5 704	2 747
Foreign exchange derivatives	22 253	18 504	22 253	18 504
Interest rate derivatives	33 313	30 271	33 344	30 271
Short positions	14 769	10 756	14 769	10 756
Total trading portfolio liabilities	81 684	63 624	81 715	63 624
Hedging portfolio liabilities (refer to note 50.3)	3 196	1 258	3 196	1 258
	84 880	64 882	84 911	64 882

16. Other liabilities

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Accruals	1 858	1 841	1 809	1 791
Audit fee accrual	266	234	260	229
Cash-settled share-based payment liability (refer to note 48)	64	21	56	19
Creditors	12 429	9 836	12 427	9 748
Deferred income	299	567	299	567
Lease liabilities (refer to note 36)	2 263	2 537	2 252	2 525
Settlement balances	8 364	10 614	8 364	10 614
	25 543	25 650	25 467	25 493

17. Provisions

	Group			
	2025			
	Staff bonus and incentive provisions Rm	Sundry provisions Rm	Undrawn contractually committed and guarantees provision Rm	Total Rm
Balance at the beginning of the reporting period	2 443	1 127	495	4 065
Additions	2 948	986	–	3 934
Amounts used	(2 388)	(617)	–	(3 005)
Reversals	(163)	(213)	–	(376)
Movement in provisions for financial guarantees, undrawn committed facilities and letters of credit (Refer to note 45)	–	–	41	41
Balance at the end of the reporting period	2 840	1 283	536	4 659

	Company			
	2025			
	Staff bonus and incentive provisions Rm	Sundry provisions Rm	Undrawn contractually committed and guarantees provision Rm	Total Rm
Balance at the beginning of the reporting period	2 409	1 026	495	3 930
Additions	2 918	1 014	–	3 932
Amounts used	(2 363)	(617)	–	(2 980)
Reversals	(155)	(212)	–	(367)
Movement in provisions for financial guarantees, undrawn committed facilities and letters of credit (refer to note 45)	–	–	41	41
Balance at the end of the reporting period	2 809	1 211	536	4 556

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

85% of the provisions balance is expected to be recovered or settled within 12 months after the reporting date for the Group and Company.

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

17.1 Reconciliation of ECL allowance

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

	Group and Company			
	Stage 1 Rm	2025 Lifetime expected credit losses ('LEL')		Total Rm
		Stage 2 Rm	Stage 3 Rm	
Guarantees and letters of credit				
Balance at the beginning of the reporting period	21	5	287	313
Asset moved/allowance transferred to stage 2	(1)	2	(1)	–
Credit impairment charges	7	(2)	(1)	4
Balance at the end of the reporting period	27	5	285	317

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

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

18. Deposits and Debt funding

	Group		Company	
	2025 Rm	Restated 2024 Rm	2025 Rm	Restated 2024 Rm
Call deposits	129 545	113 600	129 646	113 600
Cheque account deposits	266 880	243 625	267 978	245 004
Credit card deposits	2 104	2 063	2 104	2 063
Fixed deposits	295 829	284 588	295 829	284 588
Foreign currency deposits	83 477	89 033	83 477	89 033
Notice deposits	100 880	98 457	100 880	98 457
Other deposits	2 689	2 484	3 168	2 933
Repurchase agreements	117 692	79 331	117 692	79 331
Savings and transmission deposits	326 256	304 765	326 256	304 765
Commercial paper	5 873	5 244	–	–
Credit linked notes	40 354	33 409	40 354	33 409
Floating rate notes	74 298	50 632	74 298	50 632
Negotiable certificates of deposit	57 033	67 994	57 033	67 994
Other	2 684	1 498	2 675	1 493
Promissory notes	–	837	–	873
Senior notes	48 037	47 726	48 037	47 726
Structured notes and bonds	3	1	3	1
Total deposits and debt funding	1 553 634	1 425 287	1 549 430	1 421 866

Group Deposits amounting to **R1 325 352m** (2024: R1 217 946m) comprise amounts due to customers of **R1 169 399m** (2024: R1 098 555m), and due to banks of **R155 953m** (2024:R119 391m).

For Bank Company deposits amounting to **R1 327 030m** (2024: R1 219 774m) comprise amounts due to customers of **R1 171 076m** (2024: R1 100 383m), and due to banks of **R155 953m** (2024: R119 391m).

During the current year, the Group elected to combine the disclosures for deposits and debt securities in issue into a single note. This change has been adopted to be comparable to peers and aligns better with the purpose for which the instruments were issued. The change relates to presentation only and does not affect the recognition or measurement of deposits or debt funding. Comparative information has been re-presented, where applicable, to ensure consistency with the current year's disclosure. Refer to note 1.20.2.2 for further details on this reclassification.

Other deposits comprise deposits on structured deals, unclaimed deposits, and Vostro balances.

Included in call deposits banks are collateralised deposits from banks of **R7 528m** (2024: R1m) relating to securities lent.

19. Insurance contract liabilities

Non-life risk: Insurance contracts

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

	Group		
	2025		Total Rm
	Liabilities for remaining coverage	Liabilities for incurred claims	
	Excluding loss component Rm	Estimates of present value of future cash flows Rm	
Opening balance liabilities	–	(4)	(4)
Changes in the statement of comprehensive Income			
Insurance revenue	88	–	88
Insurance service expenses	–	(61)	(61)
Incurred claims and other insurance service expenses	–	(61)	(61)
Insurance service result	88	(61)	27
Total changes in the statement of comprehensive income	88	(61)	27
Total cash flows	(88)	62	(26)
Premiums received	(88)	–	(88)
Claims and other insurance service expenses paid	–	62	62
Closing balance liabilities	–	(3)	(3)

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

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

20. Subordinated Debt

			Group and Company	
			2025	2024
			Rm	Rm
Subordinated callable notes issued to Absa Group Limited				
Interest rate	Final Maturity date	Note		
Three-month JIBAR + 2.10%	16 September 2032	i.	1 916	1 916
Three-month JIBAR + 2.13%	17 May 2030	ii.	–	2 676
Three-month JIBAR + 1.72%	26 August 2033	iii.	2 158	2 158
Three-month JIBAR + 1.72%	06 August 2034	iv.	1 000	1 000
Three-month JIBAR + 1.75%	21 September 2034	v.	2 019	2 019
Three-month JIBAR + 1.70%	16 October 2034	vi.	500	500
Three-month JIBAR + 1.62%	12 October 2034	vii.	1 700	1 700
Three-month JIBAR + 1.58%	10 September 2035	viii.	2 500	
Foreign currency denominated notes				
USD 6.375%	n/a	ix.	6 866	6 866
USD 6.625%	08 June 2036	x.	2 545	–
Other				
Accrued interest			113	119
Fair value adjustments			(106)	(442)
Foreign exchange movements			1 351	2 574
			22 562	21 086

			Group and Company	
			2025	2024
			Rm	Rm
Reconciliation of Subordinated debt				
Opening balance			21 086	18 358
Changes arising from cash movements:			1 073	557
Subordinated debt issuances			5 045	5 219
Subordinated debt redemptions			(2 676)	(2 984)
Interest paid			(1296)	(1 678)
Changes arising from non-cash movements:			403	2 171
Interest accrued			1 290	1 664
Fair value adjustments			336	257
Foreign exchange movements			(1 223)	250
Closing balance			22 562	21 086

Borrowed funds' has renamed 'Subordinated debt'. Refer to note 1.20.2.1 for additional information.

At 31 December 2025, non-derivative financial liabilities of **R10 850m** (2024: R12 051m) have yet to transition to an alternate benchmark rate. Refer to note 50.8 for more information relating to the interest rate reform.

20. Subordinated Debt *continued*

- i. The three-month JIBAR plus 2.10% floating rate notes with a nominal amount of R1.9bn may be redeemed in full at the option of Group on 16 September 2032, with the first optional redemption date being 16 September 2027. The interest is paid quarterly in arrears on 16 March, 16 June, 16 September and 16 December each year until the maturity date, with the first interest determination date being 12 September 2022. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- ii. The three-month JIBAR plus 2.13% floating rate notes were redeemed in full on 17 May 2025.
- iii. The three-month JIBAR plus 1.72% floating rate notes may be redeemed in full at the option of Group on 26 August 2033. Interest is paid quarterly in arrears on 26 February, 26 May, 26 August and 26 November each year until the maturity date. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- iv. The three-month JIBAR plus 1.72% floating rate notes may be redeemed in full at the option of Group on 06 August 2034. Interest is paid quarterly in arrears on 06 February, 06 May, 06 August and 06 November. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- v. The three-month JIBAR plus 1.75% floating rate notes may be redeemed in full at the option of Group on 21 September 2034. Interest is paid quarterly in arrears on 21 March, 21 June, 21 September and 21 December. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- vi. The three-month JIBAR plus 1.70% floating rate notes may be redeemed in full at the option of Group on 16 October 2034. Interest is paid quarterly in arrears on 16 January, 16 April, 16 July and 16 October. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- vii. The three-month JIBAR plus 1.62% floating rate notes may be redeemed in full at the option of Group on 12 October 2034. Interest is paid quarterly in arrears on 12 January, 12 April, 12 July and 12 October. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- viii. The three-month JIBAR plus 1.58% floating rate notes may be redeemed in full at the option of Group on 10 September 2035. Interest is paid quarterly in arrears on 10 March, 10 June, 10 September and 10 December. No step-up will apply on the coupon rate, should Group not exercise the redemption option.
- ix. The 6.375% fixed rate reset unsecured and perpetual notes with a nominal amount of USD 500m have no fixed redemption date. The notes qualify as additional Tier 1 capital for the Bank. The Bank is obliged to pay interest on each Interest Payment Date unless: (a) it elects not to pay the relevant interest amount on such Interest Payment Date in whole or in part and for any reason; (b) it is in breach of either (i) the Capital Regulations or (ii) the Solvency Condition on the business day prior to such Interest Payment Date or would be in breach of the Capital Regulations or the Solvency Condition if the relevant interest amount were paid on such Interest Payment Date; or (c) at any time the Prudential Authority imposes a mandatory prohibition on the payment by the Issuer of such interest amount. The interest is payable semi-annually in arrears on 27 May and 27 November each year, commencing on 27 November 2021. The reset dates are every 5 years. The interest rate is 6.375% from the issue date to (but excluding) the first reset date, 27 November 2026. Thereafter, the interest rate will be reset to an interest applicable to the relevant reset period. The terms of the Additional Tier 1 capital notes include a regulatory requirement which provides for the write off, in whole or in part, in the case of a disqualifying event. In addition, interest payments are mandatorily payable if, for any reason, the instrument no longer meets the criteria of AT1 Capital in terms of Regulation 38(11).
- x. The 6.625% fixed rate reset callable subordinated Tier 2 notes with a nominal amount of USD 150m may be redeemed in full at the option of Group on 8 June 2036. Group has the option to exercise the redemption on 08 June 2031. From 08 December 2025 to 8 June 2031, the interest rate on the notes will be 6.625%. From 08 June 2031, the applicable interest rate per annum will be equal to the reset interest rate which shall be determined by the calculation agent on reset determination date. The reset margin is 2.92% per annum. The interest rate following 08 June 2031 may be less than the initial rate of interest. Interest is payable semi-annually in arrears on 8 June and 8 December, commencing on 8 June 2026.

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

Note ix and x is listed on the London Stock Exchange.

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

In accordance with its memorandum of incorporation, the borrowing powers of Group are unlimited.

21. Share capital, premium and other equity

21.1 Ordinary share capital

	Group and Company	
	2025 Rm	2024 Rm
Authorised		
320 000 000 (2024: 320 000 000) ordinary shares of R1.00 each	320	320
250 000 000 (2024: 250 000 000) 'A' ordinary shares of R0.01 each	3	3
	323	323
Issued		
302 609 369 (2024: 302 609 369) ordinary shares of R1.00 each	303	303
145 691 959 (2024: 145 691 959) 'A' ordinary shares of R0.01 each	1	1
	304	304
Total Issued capital		
Share capital	304	304
Share premium	36 880	36 880
	37 184	37 184

Authorised shares

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

Unissued shares

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

Ordinary share capital

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

Shares issued

There were no shares issued during the current and prior reporting periods.

21. Share capital, premium and other equity *continued*

21.2 Preference share capital and premium

	Group and Company	
	2025 Rm	2024 Rm
Authorised		
30 000 000 (2024: 30 000 000) non-cumulative, non-redeemable listed preference shares of R0.01 each	1	1
Issued		
0 (2024: 4 944 839) non-cumulative, non-redeemable listed preference shares of R0.01 each	–	1
Total issue capital		
Share capital	–	1
Share premium	–	4 643
	–	4 644

On 3 June 2025, at a Scheme Meeting of Absa Bank preference shareholders, a special resolution was passed to implement a scheme of arrangement in which all outstanding preference shares would be acquired by Absa Bank Limited. As a result, all non-redeemable, non-cumulative, non-participating preference shares were repurchased on 21 July 2025, returned to Absa Bank Limited's authorised but unissued share capital, and delisted from the JSE Main Board. This transaction resulted in the derecognition of these preference shares in July 2025, with a gain of R31m recognised directly in equity.

21.3 Directors' and Prescribed officers interests in Absa Bank Limited preference shares

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

21.4 Other equity: Additional Tier 1 capital

		Group and Company	
		2025 Rm	2024 Rm
Subordinated callable notes issued by Absa Bank Limited			
Interest rate	Date of issue		
Three-month JIBAR + 4.25%	5 December 2019	–	1 376
Three-month JIBAR + 4.55%	26 October 2020	–	1 209
Three-month JIBAR + 3.58%	15 November 2022	1 999	1 999
Three-month JIBAR + 2.94%	30 October 2023	2 000	2 000
Three-month JIBAR + 2.90%	13 May 2024	1 511	1 511
Three-month JIBAR + 2.74%	28 November 2024	1 579	1 579
Three-month JIBAR + 2.57%	09 July 2025	3 009	–
		10 098	9 674

The Additional Tier 1 capital notes represent perpetual, subordinated instruments redeemable in full at the option of Absa Group Limited (the issuer) on 16 November 2027, 30 October 2028, 14 May 2029, 29 November 2029 and 09 July 2031 subject to regulatory approval. These instruments include a write-off provision which is required under Basel III. This provision is triggered by the Prudential Authority and shall be instituted at the earlier of (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary; or (ii) a decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable. In addition, the Additional Tier 1 Notes do not have a contractual obligation to pay interest. Accordingly, the instruments are classified as equity instruments. Additional Tier 1 notes that were issued on 05 December 2019 and 26 October 2020 were redeemed on 05 June 2025 and 27 October 2025 respectively.

22. Other Reserves

22.1 Fair value through other comprehensive income reserve

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

22.2 Cash flow hedging reserve

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

22.3 Foreign currency translation reserve

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

22.4 Capital reserve

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

22.5 Share-based payment reserve

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

22.6 Associates' and joint ventures' reserve

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

22.7 Retained earnings

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

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

23. Interest and similar income

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	Restated 2024 Rm
Interest and similar income is earned from:				
Interest on hedging instruments	(359)	(1 350)	(359)	(1 350)
Investment securities	12 214	13 467	12 183	13 467
Loans and advances	111 215	119 683	110 092	117 968
Loans and advances to customers	107 266	114 590	106 191	112 942
Corporate overdrafts and specialised finance loans	1 543	1 765	1 543	1 765
Credit cards	7 003	7 097	7 003	7 097
Foreign currency loans	3 552	5 246	3 552	5 246
Instalment credit agreements	15 340	15 804	15 338	15 805
Finance lease receivables	263	282	–	–
Loans to associates and joint ventures	2 321	2 351	2 321	2 351
Microloans	615	624	615	624
Mortgages	40 794	43 215	40 742	43 135
Other advances	1 829	3 039	1 829	3 039
Overdrafts	5 652	5 784	5 652	5 784
Overnight finance	1 814	1 747	1 814	1 747
Personal and term loans	23 277	24 440	22 527	23 175
Preference shares	3 224	3 168	3 216	3 146
Reverse repurchase agreements	39	28	39	28
Loans and advances to banks	3 949	5 093	3 901	5 026
Other interest	979	108	4 559	3 680
	124 049	131 908	126 475	133 765
Classification of interest and similar income				
Interest on hedging instruments	(359)	(1 350)	(359)	(1 350)
Cash flow hedges (refer to note 50.7.2)	(57)	(1 657)	(57)	(1 657)
Fair value hedging instruments	(302)	307	(302)	307
Interest on financial assets held at amortised cost	112 369	121 246	114 850	123 137
Interest on financial assets measured at FVOCI	9 435	9 113	9 404	9 114
Interest on financial assets measured at fair value through profit or loss	2 604	2 899	2 580	2 864
Investment securities	59	–	59	–
Loans and advances	2 545	2 899	2 521	2 864
	124 049	131 908	126 475	133 765

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

In 2024, the Group and Company incorrectly disclosed interest income relating to term loans as wholesale overdrafts. This resulted in interest income attributable to Personal and term loans being restated from R10 738m to R24 440m (Group) and

R10 738m to R23 175m (Company) and interest income attributable to and wholesale overdrafts from R13 672m to Rnil (Group) and from R12 407m to Rnil (Company).

Other interests in Company have been restated from R411m to R3 680m. Refer to note 1.20.1.1 for further details.

24. Interest expense and similar charges

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	Restated 2024 Rm
Interest expense and similar charges are paid on:				
Subordinated debt	1 290	1 664	1 290	1 664
Deposits and debt funding	75 106	83 977	77 262	86 072
Debt funding	9 065	13 423	11 221	15 519
Deposits	66 041	70 554	66 041	70 553
Call deposits	8 315	10 351	8 315	10 351
Cheque account deposits	9 365	9 057	9 365	9 057
Credit card deposits	7	7	7	7
Fixed deposits	18 128	19 262	18 128	19 263
Foreign currency deposits	1 966	3 743	1 966	3 743
Notice deposits	6 408	6 562	6 408	6 562
Other deposits due to customers	192	158	192	158
Savings and transmission deposits	21 660	21 414	21 660	21 412
Interest on hedging instruments	226	392	226	392
Interest incurred on lease liabilities (refer to note 36)	228	257	227	257
Other	205	116	661	121
	77 055	86 406	79 666	88 506
Classification of interest expense and similar charges:				
Interest on hedging instruments	226	392	226	392
Cash flow hedges (refer to note 50.7)	85	(67)	85	(67)
Fair value hedges	141	459	141	459
Interest on financial liabilities measured at amortised cost	76 829	86 014	79 440	88 114
	77 055	86 406	79 666	88 506

Group and Company deposits and debt securities in issue have been reclassified and are now presented as a single line item. Refer to Note 1.20.2.2.

In addition, Company debt funding was restated from R12 250m to R15 519m. Refer to Note 1.20.1.1 for further details on this reclassification.

Borrowed funds' has been renamed as 'Subordinated debt' to improve clarity. This represents a change in naming convention only.

25. Net fee and commission income

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Consulting and administration fees	310	290	244	238
Insurance commission received	774	774	774	774
Investment, markets execution and investment banking fees	424	541	424	541
Merchant income	3 164	2 705	3 164	2 705
Other fee and commission income	350	236	248	212
Transactional fees and commissions	18 144	18 063	18 079	17 996
Cheque accounts	5 312	5 196	5 312	5 196
Credit cards	2 182	2 125	2 182	2 125
Electronic banking	6 168	6 600	6 168	6 600
Service charges	2 416	2 199	2 351	2 132
Other (includes exchange commissions)	952	842	952	842
Savings accounts	1 114	1 101	1 114	1 101
Trust and other fiduciary services	90	69	90	69
Portfolio and other management fees	90	69	90	69
Fee and commission income	23 256	22 678	23 023	22 535
Fee and commission expense	(2 485)	(2 157)	(2 485)	(2 156)
Brokerage fees	–	(3)	–	(3)
Cheque processing fees	(0)	(2)	(0)	(2)
Clearing and settlement charges	(1 507)	(1 461)	(1 507)	(1 460)
Notification fees	(268)	(228)	(268)	(228)
Other	(611)	(363)	(611)	(363)
Valuation fees	(99)	(100)	(99)	(100)
	20 771	20 521	20 538	20 379

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Included above is net fee and commission income linked to financial instruments not at fair value				
Cheque accounts	5 312	5 196	5 312	5 196
Credit cards	2 182	2 125	2 182	2 125
Electronic banking	6 168	6 600	6 168	6 600
Service charges	2 416	2 199	2 351	2 132
Other	952	842	952	842
Savings accounts	1 114	1 101	1 114	1 101
Fee and commission income	18 144	18 063	18 079	17 996
Fee and commission expense	(2 601)	(2 196)	(2 601)	(2 195)
	15 543	15 867	15 478	15 801

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

Credit cards include card issuing and acquiring fees.

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

26. Gains and losses from banking and trading activities

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Net gains on investments	161	316	161	316
Debt instruments designated at fair value through profit or loss	(1)	(1)	(1)	(1)
Equity instruments at fair value through profit or loss	174	315	174	315
Unwind from reserves for debt instruments at FVOCI	(12)	2	(12)	2
Net trading result	3 638	2 571	3 638	2 571
Net trading income excluding the impact of hedge accounting	3 587	2 415	3 587	2 415
Ineffective portion of hedges	51	156	51	156
Cash flow hedges	89	64	89	64
Fair value hedges	(38)	92	(38)	92
Other losses/gains	(138)	19	(132)	59
	3 661	2 906	3 667	2 946
Net trading result and other gains on financial instruments				
Net trading income excluding the impact of hedge accounting	3 587	2 415	3 587	2 415
Losses on financial instruments designated at FVTPL	(12 334)	(7 031)	(12 334)	(7 031)
Gains on financial instruments mandatorily measured at FVTPL	15 921	9 446	15 921	9 446
Other losses/gains	(138)	19	(132)	59
Gains on financial instruments designated at FVTPL	413	193	400	189
Losses on financial instruments mandatorily measured at FVTPL	(551)	(174)	(532)	(130)

27. Gains and losses from investment activities

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Other gains	3	5	403	5

28. Other operating income

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Foreign exchange differences, including amounts recycled from other comprehensive income	3	(1)	6	1
Revenue arising from contracts with customers	5	5	1	5
Income from maintenance contracts	4	–	–	–
Profit on disposal of developed properties	–	5	–	5
Profit on sale of repossessed properties	1	–	1	–
Gross sales	21	–	21	–
Cost of sales	(20)	–	(20)	–
Derecognition gain on financial instruments measured at amortised cost	239	–	239	–
Profit/(Loss) on sale of property and equipment	7	(10)	(4)	(10)
Rental income	19	19	19	19
Sundry income	595	648	1 000	511
	868	661	1 261	526

Sundry income includes income from unallocated funds of **R221m** (2024: R502m) for Group and **R221m** (2024: R332m) for Company and dividends received of **R500m** (2024: Rnil) for Company. Furthermore, Sundry income includes profit on disposal of non-core assets and non-interest income for both Group and Company.

29. Credit impairment charges

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Charge to the statement of comprehensive income				
Credit impairment charges raised during the reporting period	10 562	11 019	10 564	11 063
Stage 1 expected losses	(517)	(1 175)	(463)	(1 163)
Stage 2 expected losses	124	(13)	134	(23)
Stage 3 expected losses	10 955	12 207	10 893	12 249
Losses on modifications	281	822	281	822
Recoveries of loans and advances previously written off	(678)	(729)	(677)	(729)
Total charge to the statement of comprehensive income	10 165	11 112	10 168	11 156
Credit impairment charges raised during the reporting period by product type				
Loans and advances to customers and undrawn facilities	10 543	11 133	10 545	11 186
Loans and advances to banks	11	(5)	11	(5)
Other financial instruments subject to credit impairment	4	(77)	4	(86)
Guarantees and letters of credit	4	(32)	4	(32)
Credit impairment charges raised	10 562	11 019	10 564	11 063

30. Operating expenses

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Administration fees	179	21	125	25
Amortisation of intangible assets (refer to note 13)	2 473	2 429	2 473	2 429
Auditors' remuneration	516	462	516	460
Audit fees – current reporting period	460	414	460	412
Audit fees – under provision	1	8	1	8
Audit-related fees	55	40	55	40
Cash transportation	774	1 041	774	1 041
Depreciation (refer to note 12)	2 313	2 282	2 273	2 247
Equipment costs	474	357	474	356
Maintenance	223	232	222	231
Rentals	251	125	252	125
Information technology	5 451	5 274	5 451	5 270
Marketing costs	1 634	1 539	1 634	1 539
Other operating expenses	1 041	809	862	711
Printing and stationery	222	215	221	215
Professional fees	2 682	2 373	3 189	2 851
Property costs	1 472	1 488	1 470	1 488
Staff costs	24 732	23 157	24 258	22 688
Bonuses	2 969	2 568	2 946	2 541
Deferred cash and share-based payments (refer to note 48)	1 388	1 249	1 381	1 246
Other Staff Costs	344	282	337	275
Salaries and current service costs on post-retirement benefit funds	19 569	18 641	19 133	18 210
Training costs	462	417	461	416
Straight line lease expenses on short term leases and low value assets	171	109	160	96
Telephone and postage	756	737	755	736
	44 890	42 293	44 635	42 152

Group Audit-related fees include fees paid for assurance reports performed on behalf of various regulatory bodies. Statutory audit fees paid to PricewaterhouseCoopers Inc. and KPMG Inc. amount to **R245m** and **R215m** (2024: R209m and R205m) respectively, Audit-related fees paid amount to **R29m** and **R26m** (2024: R20m and R20m) respectively and fees paid for non-audit services amount to **Rnil** and **Rnil** (2024: Rnil and Rnil) respectively. The detailed disclosure of the audit fee is an International Code of Ethics for Professional Accountants (IESBA) requirement and not that of IFRS Accounting Standards.

Company Audit-related fees include fees paid for assurance reports performed on behalf of various regulatory bodies. Statutory

audit fees paid to PricewaterhouseCoopers Inc. and KPMG Inc. amount to **R245m** and **R215m** (2024: R207m and R205m) respectively, Audit-related fees paid amount to **R29m** and **R26m** (2024: R20m and R20m) respectively and fees paid for non-audit services amount to **Rnil** and **Rnil** (2024: Rnil and Rnil) respectively. The detailed disclosure of the audit fee is an IESBA requirement and not that of IFRS Accounting Standards.

Professional fees include research and development costs totaling **R75m** (2024: R126m). Other staff costs include recruitment costs, membership fees to professional bodies, staff parking, restructuring costs, study assistance, staff relocation and refreshment costs.

31. Other impairments

	Group and Company	
	2025 Rm	2024 Rm
Intangible assets (refer to note 13)	2 210	140
Non-current assets held for sale (refer to note 6)	9	10
Property and equipment (refer to note 12)	110	599
	2 329	749

During the current reporting period, the Group's overall strategy was revised, resulting in changes in the prioritisation of strategic investment. Furthermore, the pace of technological change continues to escalate, resulting in faster software obsolescence than previously experienced. As a result of these factors, the Group has impaired certain software assets totaling **R2 210m** (2024: R140m) mainly from the Head Office, treasury and other operations **R1 065m** (2024: R41m), Personal and Private Banking **R543m** (2024: R31m), Business Banking **R42m** (2024: R0m) and the CIB segments **R559m** (2024: R273m). The recoverable amount of these assets, based on value in use for the Group, is determined to be zero.

In addition, an impairment of **R110m** (2024: R599m) was recognized for property and equipment, from the Head Office, treasury and other operations, Personal and Private Banking and Business Banking segments. Included in this balance is the impairment of furniture and other equipment of **R58m** (2024: R273m) which were impaired to an insignificant value in use, and an impairment of freehold property of **R14m** (2024: R275m) based on a recoverable amount of **R0m** (2024: R435m) which was determined to be fair value less cost to sell. The impairments are in line with the Group's property consolidation plan.

32. Indirect taxation

	Group and Company	
	2025 Rm	2024 Rm
Training levy	207	197
VAT net of input credits	1 449	1 518
	1 656	1 715

33. Taxation expense

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Current				
Foreign and other taxation	239	216	238	216
Current tax	2 620	2 412	2 330	2 180
Current tax – previous reporting period	(144)	(31)	(143)	(29)
	2 715	2 597	2 425	2 367
Deferred				
Deferred tax (refer to note 14)	(637)	(105)	(534)	(106)
Capital allowances	(499)	(39)	(499)	(39)
Provisions	–	–	–	(27)
Movements in prepayments, accruals and other provisions	(175)	(46)	(72)	(20)
Fair value and similar adjustments in relation to prior year	(56)	(26)	(56)	(26)
Share-based payments	(73)	60	(73)	60
Expected credit losses/allowances for loan losses	110	(54)	110	(54)
Payments received in advance	56	–	56	–
	2 078	2 492	1 891	2 261
Reconciliation between operating profit before income tax and taxation expense				
Operating income before income tax	13 469	13 950	13 890	13 343
Share of post-tax results of associates and joint ventures (refer to note 9)	(185)	(196)	–	–
	13 284	13 754	13 890	13 343
Tax calculated at a tax rate of 27%	3 587	3 714	3 750	3 603
Effect of different rates in other countries	215	189	214	189
Expenses not deductible for tax purposes	268	242	254	240
Dividend income	(1 518)	(1 278)	(1 766)	(1 305)
Non-taxable interest	–	(9)	–	(9)
Deductible expenditure not recognised in profit and loss	(284)	(297)	(284)	(297)
Other income not subject to tax	(20)	(10)	(104)	(101)
Other	(280)	(54)	(283)	(54)
Items of a capital nature	110	(5)	110	(5)
	2 078	2 492	1 891	2 261

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

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

Deductible expenditure not recognized in profit and loss includes Additional Tier 1 capital interest.

The Group is within the scope of OECD Pillar Two Model Rules. The Global Minimum Tax Act (GMTA), encompassing an Income Inclusion Rule (IIR) and a domestic minimum top-up tax (DMTT), was enacted in South Africa on 24 December 2024 with an effective date of

1 January 2024. The GMTA mandates a minimum level of taxation on Absa Group Limited, ensuring that income generated anywhere in the Group is subject to a minimum effective tax rate of 15% per jurisdiction. Should the effective tax rate in any jurisdiction fall below this global minimum threshold, the IIR imposes a top-up on Absa Group Limited. Per the GMTA each domestic constituent is jointly and severally liable for DMTT, and as a result the Group may be impacted by this top up tax.

The Group has applied the temporary mandatory relief from deferred tax accounting for the impact of top-up tax and accounts for it as a current tax when it is incurred. The effect of the new legislation on the Group is considered immaterial for the financial period ended 31 December 2025 and 31 December 2024.

34. Earnings per share

	Group	
	2025 Rm	2024 Rm
Basic and diluted earnings per share		
Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders, by the weighted average number of ordinary shares in issue during the reporting period.		
Diluted earnings are determined by adjusting profit or loss attributable to the ordinary equity holders and the weighted average number of ordinary shares in issue for the effects of all dilutive potential shares. There are no instruments that would have a dilutive impact.		
Basic and diluted earnings attributable to ordinary equity holders (Rm)	9 998	9 950
Weighted average number and diluted number of ordinary shares in issue (million)	448.3	448.3
Issued shares at the beginning of the reporting period (million)	448.3	448.3
Basic earnings per share/diluted earnings per share (cents)	2 230.2	2 219.5

35. Headline earnings

	Note	Group			
		2025		2024	
		Gross Rm	Net Rm	Gross Rm	Net Rm
Headline earnings is determined as follows:					
Profit attributable to ordinary equity holders of the Group:			9 998		9 950
Total headline earnings adjustment:		–	1 809	–	579
IFRS 5 – Profit on disposal of non-current assets held for sale	6	(6)	(5)	(46)	(35)
IFRS 5 – Re-measurement of non-current assets held for sale	6	9	9	10	10
IAS 16 – Profit on disposal of property and equipment	12	(12)	(12)	–	–
IAS 16 – Loss on disposal of property and equipment	12	5	4	10	7
IAS 28 – Dilution loss on change in shareholding of associate		13	13	–	–
IAS 36 – Impairment of property and equipment	31	109	78	599	489
IAS 36 – Impairment of intangible assets	31	2 216	1 722	140	108
Headline earnings/diluted headline earnings			11 807		10 529
Headline earnings per ordinary share/diluted headline earnings per ordinary share (cents)			2 633.7		2 348.7

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

36. Leases

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
The following amounts have been recognised in the statement of comprehensive income in respect of leases in which the Bank is the lessee:				
Depreciation charge for right-of-use assets (refer to note 12)	849	864	848	863
Property	824	848	824	848
Furniture and other equipment	25	16	24	15
Interest expense on lease liabilities (refer to note 24)	228	257	227	257
Expense related to short-term leases	261	164	250	163
Expense related to low-value assets	158	47	158	36
Variable lease payments	–	21	–	21
Right-of-use assets recognised in the statement of financial position relate to the following classes of assets:				
Right-of-use assets (refer to note 12)	1 828	1 899	1 818	1 887
Property	1 801	1 804	1 791	1 792
Furniture and other equipment	27	95	27	95
Total additions to right-of-use assets recognised during the year (refer to note 12)	1 000	745	1 000	733
Total cash outflow included in the statement of cash flows related to leases	1 366	1 232	1 366	1 232
Maturity analysis of lease liabilities – contractual undiscounted cash flows:				
Less than one year	1 033	1 060	1 033	1 060
Between one and five years	1 508	1 795	1 497	1 783
More than five years	5	53	6	53
Total undiscounted lease liabilities	2 546	2 908	2 536	2 896
Lease liabilities included in the statement of financial position (refer to note 16)	2 263	2 537	2 252	2 525

The Group and Company's leases consist mostly of property leases including branches, head offices, ATM sites and other administrative buildings. None of these leases are considered individually significant to the Group and Company. Leases are negotiated for an average term of three to five years although this differs depending on the type of property. Some leases will include renewal options, but these are generally renewals at market rates

to be negotiated at the time of renewing the contract. These rates will only be included in the lease liability once it is reasonably certain that the Group and Company will exercise the extension option. Most leases in the Group and Company have fixed escalations with a limited number of inflation-linked leases in jurisdictions outside of South Africa.

37. Retirement benefit fund obligations

37.1 Absa Pension Fund

The Absa Pension Fund (the Fund) is governed by the Pension Funds Act of 1956, which requires that an actuarial valuation of the Fund be carried out at least once every three years. The most recent statutory valuation of the Fund was effected on 31 March 2025 and confirmed that the Fund was in a sound financial position. This valuation was in accordance with the Pension Funds Second Amendment Act of 2001 (the PF Act).

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

Effective from the statutory actuarial valuation dated 31 March 2025, the Employer Trustees, acting on behalf of the Group, resolved to discontinue the practice of capping the Employer Surplus Account (ESA) at R466m and transferring any excess to the Solvency Reserve Account. As a result, the ESA increased from R466m to R614m.

Contributions are generally determined by the Employer in consultation with the actuary following the funding valuation to ensure the sustainability and financial soundness of the funds. The staff costs expense for the defined contribution plans is **R1 446m** (2024: R1 382m). Surpluses and deficits are dealt with in a manner which is consistent with the funds' rules and applicable legislation. Minimum funding requirements are limited to the deficits of the funds.

In terms of Section 7 of the PF Act, notwithstanding the rules of a fund, every fund must have a board of trustees consisting of at least four Board members, at least 50% of whom the members of the Fund have the right to elect. The objective of the board is to direct, control and oversee the operations of a fund in accordance with the applicable laws and the rules of the Fund. In carrying out this objective, the Board must take all reasonable steps to ensure

that the interests of members in terms of the rules of the Fund and the provisions of this Act are protected at all times and that they act with due care, diligence and good faith; and avoid conflicts of interest. The Board must act independently and with impartiality in respect of all members and beneficiaries. The members of the board have a fiduciary duty to members and beneficiaries in respect of accrued benefits or any amount accrued to provide a benefit, as well as a fiduciary duty to the Fund, to ensure that The Fund is financially sound and is responsibly managed and governed in accordance with the rules and the PF Act.

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

Should a retiree elect a conventional annuity, the Bank is thereafter exposed to longevity and other actuarial risk. The conventional annuity is calculated based on the defined contribution plan assets at the retirement date. The Bank is therefore not exposed to any asset return risk prior to the election of this option i.e., the retirement date. The classification rules within IAS 19 Employee Benefits (IAS 19) require that, where the employer is exposed to any actuarial risk, the entire fund be classified as a defined benefit plan. The valuation of the option is included in the defined benefit obligation. The assets and liabilities of the defined contribution active members are separately presented. Pensioners who have elected to receive a living annuity as well as members who joined the fund on/after 1 July 2015 have been excluded from the IAS 19 disclosures as at 31 December 2025. The employer is not exposed to any longevity or other actuarial risk in respect of these members at this date. Net defined benefit amounts relating to these pensioners that have elected to receive a living annuity, amount to **R5 086m** (2024: R4 716m).

	Group and Company	
	2025	2024
Categories of the Fund		
Defined benefit active members	8	8
Defined benefit deferred pensioners	1	1
Defined benefit pensioners	7 046	7 175
Defined contribution active members	28 072	28 343
Defined contribution pensioners	2 951	2 939
Duration of the scheme – defined benefit (years)	8.3	8.1
Duration of the scheme – defined contribution (years)	20.4	20.9
Expected contributions to the Fund for the next 12 months (Rm)	2 223.90	2 132.50

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

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

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

The Fund is financed by employer and employee contributions and investment income. Employer contributions in respect of the defined benefit portion are based on actuarial advice. The expense or income recorded in profit or loss includes the current service cost, interest income on plan assets as well as interest expense on

the defined benefit obligation and the irrecoverable surplus. It is the Group and Company's policy to ensure that the Fund is adequately funded to provide for the benefits due to members, and particularly to ensure that any shortfall with regard to the defined benefit portion will be met by way of additional contributions.

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

	Group and Company	
	2025 Rm	2024 Rm
37.1.1 Reconciliation of the net defined benefit plan surplus		
Reconciliation of the net surplus		
Present value of funded obligations	(51 374)	(43 687)
Defined benefit portion	(9 401)	(8 469)
Defined contribution portion	(41 973)	(35 218)
Fair value of the plan assets	54 838	46 709
Defined benefit portion	12 865	11 491
Defined contribution portion	41 973	35 218
Funded status	3 464	3 022
Irrecoverable surplus (effect of asset ceiling)	(2 850)	(2 556)
Net surplus arising from the defined benefit obligation	614	466
37.1.2 Reconciliation of movement in the funded obligation		
Balance at the beginning of the reporting period	(43 687)	(38 821)
Defined benefit portion	(8 469)	(8 216)
Defined contribution portion	(35 218)	(30 605)
Reconciling items – defined benefit portion	(932)	(253)
Actuarial (losses)/gains – financial	(622)	215
Actuarial gains – experience adjustments	452	240
Benefits paid	1 025	900
Current service costs	(16)	(16)
Interest expense	(896)	(910)
Defined contribution member transfers	(875)	(682)
Reconciling items – defined contribution portion	(6 755)	(4 613)
Increase in obligation linked to plan assets return	(11 462)	(8 044)
Employer contributions	(1 199)	(1 109)
Employee contributions	(961)	(889)
Disbursements and member transfers	6 867	5 429
Balance at the end of the reporting period	(51 374)	(43 687)

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

	Group and Company	
	2025 Rm	2024 Rm
37.1.3 Reconciliation of movement in the plan assets		
Balance at the beginning of the reporting period	46 709	41 362
Defined benefit portion	11 491	10 757
Defined contribution portion	35 218	30 605
Reconciling items – defined benefit portion	1 374	734
Benefits paid	(1 025)	(900)
Interest income	1 215	1 193
Return on plan assets in excess of interest	309	(241)
Defined contribution member transfers	875	682
Reconciling items – defined contribution portion	6 755	4 613
Return on plan assets	11 462	8 044
Employer contributions	1 199	1 109
Employee contributions	961	889
Disbursements and member transfers	(6 867)	(5 429)
Balance at the end of the reporting period	54 838	46 709
37.1.4 Reconciliation of movement in the irrecoverable surplus		
Balance at the beginning of the reporting period	(2 556)	(2 075)
Interest on irrecoverable surplus	(270)	(231)
Changes in the irrecoverable surplus in excess of interest	(24)	(250)
Balance at the end of the reporting period	(2 850)	(2 556)

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

	Group and Company			
	2025			
	Fair value of plan assets			
	Debt instruments	Equity instruments	Other instruments	Total
	Rm	Rm	Rm	Rm
37.1.5 Nature of the pension fund assets				
Plan assets relating to the defined benefit plan				
Defined Benefit Portion	10 077	1 906	889	12 872
Quoted fair value	10 419	1 878	30	12 327
Unquoted fair value	(636)	19	851	234
Own transferable financial instruments	294	9	8	311
Defined Contribution Portion	13 995	27 822	149	41 966
Quoted fair value	10 817	27 456	638	38 911
Unquoted fair value	3 068	152	(523)	2 697
Own transferable financial instruments	110	214	34	358
	24 072	29 728	1 038	54 838

Define benefits unquoted fair value: the negative amounts reflect the net position of Old Mutual's internal repurchase agreements. These repos are fully collateralised by Liability Driven Investment assets, ensuring complete coverage of the net exposure.

Define contribution unquoted fair value: the negative amounts arise from currency hedging activities and outstanding payables. These represent unsettled cash flows when managers purchase equities or bonds but only take delivery of the actual securities in the following month.

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

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

	Group and Company	
	2025 Rm	2024 Rm
37.1.6 Movements in the defined benefit plan presented in the statement of comprehensive income		
Recognised in profit or loss:		
Net interest income	(49)	(52)
Current service cost	16	16
	(33)	(36)
Recognised in other comprehensive income:		
Actuarial gains/(losses) – financial	622	(215)
Actuarial adjustments gains – experience	(452)	(240)
Return on plan assets in excess of interest	(309)	241
Changes in the irrecoverable surplus in excess of interest	24	250
	(115)	36
37.1.7 Actuarial assumptions used:		
Discount rate (%) p.a.	8.3	10.6
Inflation rate (%) p.a.	3.4	4.9
Expected rate on the plan assets (%) p.a.	8.3	8.9
Future salary increases (%) p.a.	4.4	5.9
Mortality improvements (%) p.a.	1.0	1.0
Average life expectancy in years of pensioner retiring at 60 – Male	22.3	22.2
Average life expectancy in years of pensioner retiring at 60 – Female	27.2	27.1
37.1.8 Demographic assumptions used:		
Pre-Retirement Mortality Assumption – Male	SA56-62 Ultimate	SA56-62 Ultimate
Pre-Retirement Mortality Assumption – Female	SA56-62 Ultimate	SA56-62 Ultimate
Post Retirement Mortality Assumption – Male	PA90 - 1 + 1% improvement	PA90 - 1 + 1% improvement
Post Retirement Mortality Assumption -Female	PA90-1+1% improvement	PA90-1+1% improvement

In prior years, the Group disclosed the expected undiscounted maturity analysis of the defined benefit obligation. The Group has assessed this disclosure in terms of the requirements of IAS 19 Employee Benefits and IAS 1 Presentation of Financial Statements. Based on this assessment the Group concluded that the maturity analysis is not necessary to understand the nature, timing and uncertainty of the defined benefit obligation. The weighted average duration of the scheme has been provided together with the expected contribution to the scheme for the next 12 months which provide an indication of the effect of the defined benefit plan on the entity's future cash flows.

37. Retirement benefit fund obligations

37.1 Absa Pension Fund *continued*

	Group and Company	
	2025	Increase/ (decrease) on defined benefit obligation
	Reasonable possible change Rm	Rm
37.1.9 Sensitivity analysis of the significant actuarial assumptions		
Increase in discount rate (%)	0.5	(338)
Increase in inflation (%)	0.5	334
Increase in life expectancy (years)	1	249

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

37.1.10 Sensitivity analysis of the significant assumptions

Sensitivity analysis

The aforementioned sensitivity analysis indicates how changes in significant actuarial assumptions would affect the defined benefit portion of **R9 401m** (2024: R8 469m).

The sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another. For the purpose of the sensitivity analysis, it is assumed that any change in inflation impacts other inflation-dependent assumptions, i.e., certain pension increases and salary growth. In presenting the

sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period. The defined contribution obligation of **R41 973m** (2024: R35 218m) does not give rise to any actuarial risks as the measurement is derived from the defined contribution plan assets.

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

38. Dividends per share

	Group and Company	
	2025 Rm	2024 Rm
Dividends declared to ordinary equity holders		
Interim dividend (18 August 2025: 447 Cents per share (cps)) (19 August 2024: 268.00 cps)	2 004	1 201
Final dividend (10 March 2026: 781 cps) (11 March 2025: 982 cps)	3 501	4 402
	5 505	5 603
Dividends declared to preference equity holders		
Interim dividend (04 July 2025: 2970.68493 cps) (19 August 2024: 4146.30137 cps)	147	205
Final dividend (0 cps) (11 March 2025: 3939.65753 cps)	–	195
	147	400
Distributions declared and paid to additional Tier 1 capital note holders		
Distribution		
27 January 2025: 31 331.42 Rands per note (rpn); 29 January 2024: 33 242.52 rpn	38	40
31 January 2025: 27 617.64 rpn; 31 January 2024: 28 766.30 rpn	55	58
14 February 2025: 27 305.09 rpn	41	–
17 February 2025: 28 703.64 rpn; 16 February 2024: 30 090.30 rpn	57	60
28 February 2025: 26 546.41 rpn; 28 February 2024: 32 431.89 rpn	41	55
5 March 2025: 29 692.60 rpn; 5 March 2024: 31 476.03 rpn	41	43
29 April 2025: 30 770.85 rpn; 29 April 2024: 32 266.36 rpn	37	39
30 April 2025: 25 597.86 rpn; 30 April 2024: 27 941.92 rpn	51	56
14 May 2025: 25 500.33 rpn	39	–
16 May 2025: 26 853.26 rpn; 16 May 2024: 29 458.36 rpn	54	59
29 May 2025: 25 392.33 rpn; 28 May 2024: 31 726.85 rpn	40	53
5 June 2025: 29 762.63 rpn; 5 June 2024: 31 801.75 rpn	41	44
28 July 2025: 29 815.89 rpn; 27 July 2024: 32 161.64 rpn	36	39
31 July 2025: 26 420.38 rpn; 31 July 2024: 28 456.99 rpn	53	57
14 August 2025: 26 107.84 rpn; 14 August 2024: 28 664.38 rpn	39	43
18 August 2025: 28 426.63 rpn; 16 August 2024: 30 070.14 rpn	57	60
29 August 2025: 25 664.22 rpn; 28 August 2024: 32 368.88 rpn	41	54
09 October 2025: 24 814.79 rpn; 5 September 2024: 31 738.74 rpn	75	44
27 October 2025: 29 232.19 rpn; 28 October 2024: 31 994.60 rpn	35	39
31 October 2025: 25 389.48 rpn; 31 October 2024: 28 288.11 rpn	51	57
14 November 2025: 24 996.27 rpn; 14 November 2024: 28 104.11 rpn	38	42
17 November 2025: 26 419.92 rpn; 18 November 2024: 30 466.30 rpn	53	61
28 November 2025: 24 325.67 rpn; 28 November 2024: 32 094.14 rpn	38	54
05 December 2024: 31 122.00 rpn	–	43
	1 051	1 100
Dividends paid to ordinary equity holders		
Final dividend (23 April 2025: 982 cps) (22 April 2024: 446.12580 cps)	4 402	1 999
Interim dividend (11 September 2025: 447 cps) (13 September 2024: 268 cps)	2 004	1 202
	6 406	3 201
Dividends paid to preference equity holders		
Final dividend (23 April 2025: 3939.65753 cps) (22 April 2024: 4101.23286 cps)	195	203
Interim dividend (21 July 2025: 2970.68493 cps) (13 September 2024: 4146.30137 cps)	147	205
	342	408

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

39.1 Reverse repurchase agreement and securities borrowed

As part of the reverse repurchase agreements and securities borrowing agreements, the Group and Company have received securities as collateral that are allowed to be sold or repledged. These securities are pledged for the duration of the respective agreements. The terms of the pledges are usual and customary to such agreements. The fair value of these securities at the reporting date amounts to **R104 453m** (2024: R81 232m) of which **R93 192m** (2024: R65 262m) have been sold or repledged. The Group has an obligation to return the collateral held except in the event of default.

39.2 Repurchase agreements and securities lent

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

	Group and Company				
	2025				
	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities Rm	Fair value of transferred assets Rm	Fair value of associated liabilities Rm	Net fair value Rm
Debt instruments	45 749	(44 646)	45 749	(44 646)	1 103

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

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

40. Transfer of financial assets

40.1 Transfer of financial assets involving structured entities

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

40.2 Transfer of financial assets that does not result in derecognition

	Group				
	2025				
	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities Rm	Fair value of transferred assets Rm	Fair value of associated liabilities Rm	Net fair value Rm
Investment securities	2 030	(1 428)	2 030	(1 428)	602
Loans and advances to customers	11 427	(9 235)	11 427	(9 235)	2 192

40. Transfer of financial assets

40.2 Transfer of financial assets that does not result in derecognition *continued*

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

	Company				
	2025				
	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities Rm	Fair value of transferred assets Rm	Fair value of associated liabilities Rm	Net fair value Rm
Investment securities	2 030	(1 428)	2 030	(1 428)	602
Loans and advances to customers	54 278	(52 085)	54 278	(52 085)	2 192

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

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

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

40.3 Transfer of financial assets that results in partial derecognition

The Group and Company invests in notes of certain SEs. The interest on these notes represents a continuing exposure to the prepayment risk and credit risk of the underlying assets (the transferred assets), which comprise corporate loans. As at the year-end, the Group has not invested in SEs requiring a transfer of financial assets that result in partial derecognition (2024: None).

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

The instance may arise where the Group and Company transfers a financial asset to a SE in its entirety but may have continuing involvement in it. Continuing involvement largely arises from providing financing to the SE in the form of retained notes, which do not bear first losses as they are not considered equity instruments of the SE. As at 31 December 2025, the Group had no continuing involvement where financial assets have been derecognised in their entirety (2024: None).

41. Related parties

41.1 Current and prior period related party events and transactions

Current Year

Absa Group Limited announced the appointment of Kenny Fihla as Group Chief Executive Officer and Executive Director, effective 17 June 2025. Charles Russon stepped down as Interim Group Chief Executive Officer, effective 16 June 2025.

René van Wyk, an Independent Non-Executive Director of Absa Group Limited, assumed the position of Chairman of the Board, effective 15 July 2025. Sello Moloko stepped down from his role as Chairman of Absa Group Limited and as Independent Non-Executive Director, effective 15 July 2025.

Peter Mageza was appointed as an Independent Non-executive Director of Absa bank Limited effective 1 April 2025.

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

Prior Year

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

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

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

41.2 Transactions with key management personnel

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

	Group	
	2025 Rm	2024 Rm
Key management personnel compensation		
Directors		
Non-deferred cash payments	27	14
Post-employment benefit contributions	1	-
Salaries and other short-term benefits	37	15
Share-based payments	42	26
	107	55
Other key management personnel		
Non-deferred cash payments	51	33
Post-employment benefit contributions	4	3
Salaries and other short-term benefits	64	58
Share-based payments	72	72
	191	166

41. Related parties

41.2 Transactions with key management personnel *continued*

	Group			
	2025		2024	
	Transactions with key management Rm	Transactions with entities controlled by key management Rm	Transactions with key management Rm	Transactions with entities controlled by key management Rm
Loans				
Balance at the beginning of the reporting period	63	7	75	7
(Discontinuance)/inception of related-party relationships	(0)	-	(13)	-
Loans issued and interest earned	5	-	33	-
Loans repaid	(5)	-	(32)	-
Balance at the end of the reporting period	63	7	63	7
Interest income	1	-	9	-
Deposits				
Balance at the beginning of the reporting period	60	3	40	3
(Discontinuance)/inception of related-party relationships	29	-	4	-
Deposits received	38	-	120	-
Deposits repaid and interest paid	(38)	-	(104)	-
Balance at the end of the reporting period	90	3	60	3
Interest expense	14	-	1	0
Guarantees	1	-	55	-
Other investments				
Balance at the beginning of the reporting period	131	43	156	43
(Discontinuance)/inception of related-party relationships	16	-	29	-
Value of new investments/contributions	14	-	25	-
Value of withdrawals/disinvestments	(18)	-	(80)	-
Balance at the end of the reporting period	143	43	131	43

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

Insurance premiums paid and claims received

Key management personnel paid insurance premiums of **Rnil** (2024: R1m) and received claims of **Rnil** (2024: Rnil).

41. Related parties

41.3 Balances and transactions with fellow subsidiaries of Absa Bank Limited

	Group	
	2025 Rm	2024 Rm
Balances		
Loans and advances to banks	375	575
Trading portfolio assets	820	556
Other assets	1 158	1 008
Loans to Absa Group companies (refer to note 8)	84 582	67 261
Deposits	(3 035)	(2 724)
Other liabilities	(57)	(165)
Trading portfolio liabilities	(738)	(1 021)
Loans from Absa Group companies	(10 019)	(10 500)
Transactions		
Interest and similar income	2 051	2 929
Interest expense and similar charges	(3 211)	(3 403)
Fee and commission income	(812)	(828)
Fee and commission expense	(25)	(23)
Gains and losses from banking and trading activities	(17 567)	(3 828)
Other operating income	(19)	(24)
Operating expenditure	(1 573)	(1 087)

The above Group balances are similar to Company except for Trading portfolio assets **Rnil** (2024: R444), Loans to Group companies **R93 200m** (2024: R76 140m), Interest and similar income **R2 033m** (2024: R2 625m) and Interest expense and similar charges **R3 000m** (2024: R2 823m).

Included in 'Loans to Absa Group companies' and 'Loans from Absa Group companies' are transactions entered into between the Group/Company and its fellow subsidiaries. These transactions are made on terms equivalent to those that prevail in arm's length transactions.

41.4 Transactions with the parent company

	Group	
	2025 Rm	2024 Rm
Balances		
Subordinated debt (refer to note 20)	(22 668)	(21 528)
Transactions		
Interest expense and similar charges	1 921	1 383
Distributions paid to Tier 1 capital holders	1 051	1 100
Dividends paid	(6 748)	(3 609)

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

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

41. Related parties

41.5 Balances and transactions with subsidiaries

	Company	
	2025 Rm	2024 Rm
The following are balance with and transactions entered into with, subsidiaries:		
Balances		
Loans to Group companies	8 611	8 872
Loans and advances	76	-
Subsidiary shares	156	156
Trading portfolio assets	-	(112)
Other assets	1 026	223
Loans from Group Companies	(8 235)	(8 562)
Trading portfolio liabilities	(31)	-
Deposits	(1 678)	(1 390)
Transactions		
Interest and similar income	(3 596)	(303)
Interest expense and similar charges	3 318	107
Gains and losses from banking and trading activities	13	4
Other operating income	(573)	(65)
Operating expenditure/ (recovered expenses)	507	409

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

41.6 Subsidiaries and consolidated structured entities.

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

Name	Nature of business	Country of incorporation	Group	
			2025 % holding	2024 % holding
Absa Technology Prague s.r.o	Provides information technology services to Absa Group.	Czech Republic	100	100
Absa Vehicle Management Solutions Proprietary Limited	Operates as a fleet manager providing financial, leasing, maintenance and management services.	South Africa	100	100
Home Obligor Mortgages Enhanced Securities (RF) Limited	Securitisation vehicle for Absa Home Loans division.	South Africa	100	100
United Towers Proprietary Limited	Investment in and issuance of preference shares.	South Africa	100	100
Structured entities				
Absa Foundation Trust	Provides funding for community upliftment. It receives a percentage of the Group's dividends which it distributes to identified community-related projects.	South Africa	n/a	n/a
Springbok 2022 Aircraft Leasing Limited	Springbok is an SPV and has only one asset, the aircraft. The aircraft is being leased out and this provides the sole source of income to the SPV.	Ireland	n/a	n/a
iMpumelelo CP Note Programme 1 (RF) Limited	Special purpose, bankruptcy-remote company incorporated for the purpose of issuing Absa Bank guaranteed commercial paper and medium-term notes.	South Africa	n/a	n/a
AB Finco 1 (RF) Limited	Securitisation vehicle.	South Africa	n/a	n/a
Absa Home Loans 101 (RF) Limited	Securitisation vehicle.	South Africa	n/a	n/a
Commissioner Street No 10 (RF) Proprietary Limited	Securitisation vehicle.	South Africa	n/a	n/a

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

41. Related parties

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

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

Regulatory requirements (unaudited)

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

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

The minimum amount of RC required to be maintained by the Group was **R102bn** (2024: R90.9bn).

Contractual requirements

Certain of the Group's securitisation and SEs hold assets or interests in assets that are only available to meet the liabilities of those entities and may have issued public debt securities. The Group has the ability to wind up these structures and repay the notes, but only on the occurrence of certain contingencies, such as changes in tax laws or regulatory requirements. The carrying amount of the assets and liabilities of the entities to which these restrictions apply as at 31 December 2025 was **R9bn** and **R9bn** respectively (2024: R9bn and R9bn respectively).

41.8 Associates and joint ventures

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

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

	Group
	2025 Associates and joint ventures Rm
Statement of financial position	
Other assets	16
Loans and advances (refer to note 7)	31 584
Other liabilities	(14)
Deposits	444
Statement of comprehensive income	
Interest income from joint ventures and associates (refer to 23)	2 321
Interest expense paid to joint ventures and associates	(1)
Fee and commission expense	(4)
Operating expenses	(774)
Operating income	177

Included in loans and advances balance are exposures relating to joint ventures of **R51m** (2024: R50m). Also included in the interest income from associates and joint ventures is an amount of **R26m** (2024: R30m) relating to joint ventures. These transactions are made on terms equivalent to those that prevail in arm's length transactions.

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

41. Related parties

41.8 Associates and joint ventures *continued*

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

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

		Group	2025 Ownership %	2024 Ownership %
Equity-accounted associates				
SBV Services Proprietary Limited	Cash transportation services.	25		25
Document Exchange Association	Facilitates the electronic exchange of documents between the banks.	25		25
PayInc	Automatic clearing house.	10		24
Equity-accounted joint ventures				
FFS Finance South Africa (RF) Proprietary Limited	Provides financing solutions to Ford Motor Company customers.	50		50
MAN Financial Services (SA) (RF) Proprietary Limited	Joint venture with MAN Financial Services GmbH for financing of trucks and buses.	50		50
John Deere Financial Proprietary Limited	Undertakes marketing activities for asset financing of John Deere products.	50		50
Associates and joint ventures designated at fair value through profit or loss				
	Various.	Various		Various

All associates and joint ventures are incorporated in South Africa.

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

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

During the current financial year, the South African Bankers Service Company Proprietary Limited which was rebranded as 'PayInc', issued ordinary shares to new shareholders, including the South African Reserve Bank. As a result of this share issuance, the Group's equity interest in PayInc decreased from 23.81% to 9.58% by way of a dilution. Despite this reduction in shareholding, the Group continues to exercise significant influence over PayInc and, accordingly, accounts for its remaining interest as an Investment in Associate in accordance with IAS 28.

42. Segment report

42.1 Summary of segments

The Group has identified its operating model with “geography” and “customer” as primary dimensions, creating a platform for increased focus and dedicated management capacity. The reportable segments in the following table are disclosed based on how the Group’s businesses were managed and reported to the Group Executive Committee, regarded as the Chief Operating Decision Maker, at the reporting date.

The Group announced the integration of Product Solutions Cluster, Everyday Banking, and Private Wealth Banking (previously part of Relationship Banking) into a single business unit – Personal and Private Banking (PPB) - to improve the Group’s ability to deliver client value, particularly the distribution of value-added services and insurance product across a large customer base. Furthermore, Relationship Banking has been repositioned as Business Banking, with a sharpened focus on serving small- and medium-sized enterprises (SMEs) and commercial clients in targeted sectors.

- **Personal and Private Banking:** offers a comprehensive range of products and services to the retail consumer segments. Customers are served through an extensive integrated channel network across physical and virtual points of presence, including partnerships, and more increasingly through digital. The focus remains on providing a consistently superior experience across multiple channels tailored to each customer’s needs and expectations.
- **Business Banking:** consists of business units and associated products where a designated client relationship exists. The business provides customers with a single relationship manager, supported by a team of specialists, rather than multiple touchpoints within the Group. With a focus on seven primary sectors, namely Agriculture, Public Sector, Wholesale Retail and Franchise, Manufacturing, Transport and Logistics, and Renewable Energy and Tourism.
- **Corporate and Investment Banking:** provides innovative solutions to meet clients’ needs by delivering specialist investment banking, corporate and transactional banking, financing, risk management, and advisory products and services. Our clients span various industry sectors, including multinationals, corporates, financial institutions, development finance and public sector bodies, and are serviced by combining our in-depth product knowledge with regional expertise and an extensive, well established local and international presence. CIB aims to build a sustainable, trustworthy business that helps clients achieve their ambitions, thereby creating shared growth for clients, employees and communities.

Other reconciling stripes

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

Reportable segments:

Personal and Private Banking: offers a comprehensive range of products and services to the retail consumer segments, through the below key business areas:

- **Transactions and Deposits** includes, Transactional, Savings and Investments, Advice and Investments and the Private Wealth Banking division:
- Transactional, Savings and Investments offers a full range of transactional banking, savings and investment products and services offered through multiple channels.
- Advice and Investments encompasses financial planning, direct insurance sales, investment management, stockbroking, and fiduciary services.
- Private Wealth Banking serves high-net-worth clients with a full range of local and international banking services, including transactional, lending, savings, investment, and forex solutions. It also offers personalised wealth management strategies tailored to clients’ life stages and financial goals.
- **Unsecured Lending includes Card and Personal Loans:**
- Card offers credit cards through a mix of Absa-branded and co-branded products. This portfolio also includes partnerships with Woolworths Financial Services, which offers in-store cards, credit cards, personal loans, life and non-life insurance products.
- Personal Loans offers unsecured loans through the Absa Mobile Banking app, Internet Banking, face-to-face engagements, and the contact centre channels.
- **Home Loans -** offers:
- Residential property-related finance solutions directly to customers through personalised services, electronic channels and intermediaries such as estate agents and mortgage originators.

42. Segment report

42.1 Summary of segments *continued*

- **Vehicle and Asset Finance (VAF)** – offers:
- Funding solutions for passenger and light commercial vehicles to individual customers through approved dealerships and preferred suppliers.
- Wholesale funding solutions (floorplans) to dealers and dealer groups. VAF’s joint venture with Ford Financial Services is an extension of the business and reinforces the strategic intent of establishing and harnessing relationships with original equipment manufacturers (OEMs), dealers and customers.

Business Banking – the business comprises two customer segments, which include Small and Medium Enterprises (SMEs) and Commercial Segment. Customers are served with a variety of products, comprising:

- **General Business Solutions** consisting of transactional banking, savings and investments, foreign exchange and international banking solutions.
- **Payments** consisting of payment acceptance (merchant acquiring), cash management, and commercial issuing. These areas also service the Corporate and Investment Banking segment.
- **Lending Products** consisting of commercial asset finance, commercial property finance, term lending, fleet card, working capital solutions and Absa vehicle management services.
- **Islamic Banking** offering various Shari’ah-compliant banking solutions across the Absa Group.

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

- **Transactional Banking:** previously known as Corporate Banking, Transactional Banking delivers integrated financing and transactional solutions, including trade and working capital, cash management, payments, liquidity and card services to institutional, corporate and public sector clients across Africa. Absa Investor Services further strengthens the franchise through a full suite of custody and trustee services, enhancing client value.
- **Investment Bank** comprising:
- **Global Markets** – engages in sales, research activities across all major asset classes and products, delivering pricing, hedging and risk management capabilities to corporate and institutional clients;
- **Investment Banking Division (IBD)** – leveraging our deep sector knowledge and advisory, financing, and capital-raising expertise, our award-winning experienced teams will tailor bespoke solutions to enable our clients’ strategic goals;
- **Real Estate Finance** – previously known as Commercial Property Finance, Real Estate Finance specialises in financing commercial, industrial, retail and residential development property; and
- **Equity Investments** – manages non-core private equity and infrastructure investments. This portfolio continues to be reduced in line with the Group’s strategy to exit non-core business.

42. Segment report continued

42.2 Segment report per market segment

	Personal and Private Banking		Business Banking		Corporate and Investment Banking		Head Office, Treasury and other operations		Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Statement of comprehensive income (Rm)										
Net interest income	24 336	24 054	10 885	10 534	12 691	12 384	(918)	(1 470)	46 994	45 502
Interest and similar income	62 842	66 052	17 741	18 516	36 235	38 233	7 231	9 107	124 049	131 908
Interest expense and similar charges	(38 506)	(41 998)	(6 856)	(7 982)	(23 544)	(25 849)	(8 149)	(10 577)	(77 055)	(86 406)
Non-interest income	13 663	13 355	4 393	4 440	6 879	6 178	395	148	25 330	24 121
Total income	37 999	37 409	15 278	14 974	19 570	18 562	(523)	(1 322)	72 324	69 623
Credit impairment charges	(8 348)	(9 251)	(825)	(692)	(983)	(1 168)	(9)	(1)	(10 165)	(11 112)
Operating expenses	(20 880)	(19 975)	(8 743)	(8 094)	(10 736)	(10 043)	(4 531)	(4 181)	(44 890)	(42 293)
Depreciation and amortisation	(2 015)	(1 751)	(201)	(202)	(713)	(594)	(1 857)	(2 164)	(4 786)	(4 711)
Information technology costs	(862)	(842)	(356)	(322)	(665)	(566)	(3 568)	(3 544)	(5 451)	(5 274)
Staff costs	(8 957)	(8 795)	(3 296)	(3 195)	(5 994)	(5 420)	(6 485)	(5 747)	(24 732)	(23 157)
Other operating expenses	(9 046)	(8 587)	(4 890)	(4 375)	(3 364)	(3 463)	7 379	7 274	(9 921)	(9 151)
Other expenses	(1109)	(570)	(170)	(122)	(801)	(340)	(1 905)	(1 432)	(3 985)	(2 464)
Other impairments	(606)	(63)	(43)	-	(559)	(41)	(1 121)	(645)	(2 329)	(749)
Indirect taxation	(503)	(507)	(127)	(122)	(242)	(299)	(784)	(787)	(1 656)	(1 715)
Share of post-tax results of associates and joint ventures	162	150	20	33	(24)	(2)	27	15	185	196
Operating profit before income tax	7 824	7 763	5 560	6 099	7 026	7 009	(6 941)	(6 921)	13 469	13 950
Tax expenses	(2 057)	(2 010)	(1 477)	(1 583)	(435)	(624)	1 891	1 725	(2 078)	(2 492)
Profit for the reporting period	5 767	5 753	4 083	4 516	6 591	6 385	(5 050)	(5 196)	11 391	11 458
Profit attributable to:										
Ordinary equity holders	5 240	5 176	3 823	4 221	5 995	5 761	(5 060)	(5 207)	9 998	9 950
Preference equity holders	130	157	64	80	145	168	3	3	342	408
Additional Tier 1	397	420	196	215	451	456	7	9	1 051	1 100
	5 767	5 753	4 083	4 516	6 591	6 385	(5 050)	(5 196)	11 391	11 458
Headline earnings	5 751	5 215	3 867	4 219	6 405	5 791	(4 216)	(4 696)	11 807	10 529
Statement of financial position (Rm)										
Loans and advances	516 519	500 327	148 531	140 934	537 720	478 885	10 444	5 217	1 213 214	1 125 363
Loans and advances to customers	511 964	496 134	148 286	140 187	489 669	439 100	4 147	4 122	1 154 066	1 079 543
Loans and advances to banks	4 555	4 193	245	747	48 051	39 785	6 297	1 095	59 148	45 820
Investment securities	27 640	27 498	8 165	7 091	63 629	53 573	70 226	84 942	169 660	173 104
Investments in associates and joint ventures	1 074	1 313	237	217	401	311	330	301	2 042	2 142
Other assets	404 123	391 114	175 630	161 314	562 181	507 735	(705 428)	(692 963)	436 506	367 200
Total assets	949 356	920 252	332 563	309 556	1 163 931	1 040 504	(624 428)	(602 503)	1 821 422	1 667 809
Deposits and debt funding	367 515	355 561	260 747	242 811	591 078	519 816	334 294	307 099	1 553 634	1 425 287
Deposits	367 515	355 561	260 747	242 811	542 164	479 663	154 926	139 911	1 325 352	1 217 946
Deposits due to customers	367 515	355 561	260 742	242 806	412 133	386 590	129 009	113 597	1 169 399	1 098 554
Deposits due to banks	-	-	5	5	130 031	93 073	25 917	26 314	155 953	119 392
Debt funding	-	-	-	-	48 914	40 153	179 368	167 188	228 282	207 341
Other liabilities	575 262	558 186	66 975	61 297	564 978	513 436	(1 058 691)	(1 006 447)	148 524	126 472
Total liabilities	942 777	913 747	327 722	304 108	1 156 056	1 033 252	(724 397)	(699 348)	1 702 158	1 551 759

The segment split numbers have been restated, refer to the reporting changes overview in note 1.20.

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

42. Segment report

42.2 Segment report per market segment continued

42. Segment report *continued*

42.3 Total internal income by segment

	Group and Company	
	2025 Rm	2024 Rm
Personal and Private Banking	(9 879)	(12 460)
Business Banking	8 669	8 091
Corporate and Investment Banking	9 468	(1 371)
Head Office, Treasury and other operations	10 025	9 254
Total internal income	18 283	3 514

The segment split numbers have been restated, refer to the reporting changes overview in note 1.20.

42.4 Disaggregation of non-interest income

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

	Group				
	2025				
	Personal and Private Banking Rm	Business Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	14 057	5 035	4 210	(46)	23 256
Consulting and administration fees	155	78	77	–	310
Transactional fees and commissions	11 888	3 794	2 482	(20)	18 144
Cheque accounts	3 515	1 340	457	–	5 312
Credit cards	1 959	167	56	–	2 182
Electronic banking	3 828	1 489	851	–	6 168
Service charges	1 246	386	758	26	2 416
Other (includes exchange commissions and guarantees)	316	322	360	(46)	952
Savings accounts	1 024	90	–	–	1 114
Merchant income	1 103	1 077	984	–	3 164
Trust and other fiduciary services fees	35	47	7	1	90
Other fees and commissions	66	39	273	(28)	350
Insurance commissions received	774	–	–	–	774
Investment markets execution and investment banking fees	36	–	387	1	424
Other non-interest income, net of expenses	(394)	(642)	2 669	440	2 073
Total non-interest income	13 663	4 393	6 879	394	25 329

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

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involves the Group making allocation, purchase and sale

decisions in relation to a wide range of financial instruments. Some of these services involve the Group accepting targets for benchmark levels of returns for the assets under the Group's care.

Other notable non-interest income items include gains from banking and trading activities of **R3 661m** (2024: R2 906m), offset by expenses within CIB.

42. Segment report

42.4 Disaggregation of non-interest income *continued*

	Group				
	2024				
	Personal and Private Banking Rm	Business Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	13 808	5 016	3 886	(32)	22 678
Consulting and administration fees	146	78	67	(1)	290
Transactional fees and commissions	11 937	3 986	2 149	(8)	18 064
Cheque accounts	3 447	1 281	468	–	5 196
Credit cards	1 933	137	56	(1)	2 125
Electronic banking	4 033	1 633	934	–	6 600
Service charges	1 213	515	466	5	2 199
Other (includes exchange commissions and guarantees)	308	322	225	(12)	843
Savings accounts	1 003	98	–	–	1 101
Merchant income	863	981	861	–	2 705
Trust and other fiduciary services fees	27	21	21	–	69
Other fees and commissions	16	(50)	292	(23)	235
Insurance commissions received	774	–	–	–	774
Investment markets execution and investment banking fees	45	–	496	–	541
Other non-interest income, net of expenses	(453)	(576)	2 292	180	1 443
Total non-interest income	13 355	4 440	6 178	148	24 121

The segment split numbers have been restated, refer to the reporting changes overview in note 1.20.

43. Offsetting financial assets and financial liabilities

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

The following table shows the impact of netting arrangements on the statement of financial position for recognised financial assets and financial liabilities that are reported net on the statement of financial position. Also presented are derivative financial instruments and reverse repurchase and repurchase agreements and other similar lending and borrowing agreements that are subject to enforceable

master netting or similar agreements, which do not qualify for presentation on a net basis. The table also shows potential netting not recognised on the statement of financial position that results from arrangements that do not meet all the IAS 32 netting criteria, because there is no intention to net settle or realise simultaneously, and related financial collateral that mitigates credit risk.

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

Group

	2025							
	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
Gross amounts Rm	Amounts set off Rm	Net amounts reported on the statement of financial position Rm	Offsetting financial instruments Rm	Financial collateral Rm	Net amount Rm	Amounts not subject to legally enforceable netting arrangements Rm	Total per statement of financial position Rm	
Derivative financial assets (refer to note 50.3)	144 335	(69 383)	74 952	(53 014)	(2 123)	19 815	65	75 017
Reverse repurchase agreements and other similar secured lending (refer to note 7)	105 500	–	105 500	–	(105 500)	–	–	105 500
Total assets	249 835	(69 383)	180 452	(53 014)	(107 623)	19 815	65	180 517
Derivative financial liabilities (refer to note 50.3)	(138 328)	70 371	(67 957)	52 961	–	(14 996)	(2 153)	(70 110)
Reverse repurchase agreements and other similar secured borrowings (refer to note 7)	(125 220)	–	(125 220)	–	125 220	–	–	(125 220)
Total liabilities	(263 548)	70 371	(193 177)	52 961	125 220	(14 996)	(2 153)	(195 330)

The above Group disclosures significantly approximate that of the Company.

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

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

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

Total per statement of financial position is the sum of 'Net amounts reported on the statement of financial position' which are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

43. Offsetting financial assets and financial liabilities continued

Group and Company

2024

Amounts subject to enforceable netting arrangements

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

Offsetting and collateral arrangements

Derivative assets and liabilities

Credit risk is mitigated where possible through netting arrangements, such as the International Swaps and Derivative Association (ISDA) Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral (cash and non-cash) is also obtained, often daily, for the net exposure between counterparties where possible to further mitigate credit risk.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing

Credit risk is mitigated where possible through netting arrangements such as, global master repurchase agreements and global master securities lending agreements, whereby all outstanding transactions with the same counterparty can be offset and close out netting applied, across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral is obtained and typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and the credit risk mitigation strategies used by the Group are further explained in the Credit risk mitigation, collateral and other credit enhancements section of note 54.

44. Assets under management and administration (unaudited)

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Alternative asset management and exchange-traded funds	48 079	34 876	–	–
Other assets under administration	229 941	204 398	229 941	204 398
	278 020	239 274	229 941	204 398

Other assets under administration includes those for which custody and trustee services are provided. It includes assets managed on behalf of Absa Bank Limited. In 2024, certain items relating to internal parties had been incorrectly disclosed as external parties. Consequently, the Other assets under administration balance has been restated from R388 250m to R204 398m.

45. Contingencies, commitments and similar items

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Guarantees	51 187	39 038	57 059	44 283
Irrevocable debt facilities	137 476	120 172	137 302	120 172
Letters of credit	12 146	9 814	12 147	9 814
	200 809	169 024	206 508	174 269
Authorised capital expenditure				
Contracted but not provided for	589	418	589	418

Guarantees include performance guarantee contracts and financial guarantee contracts. This amount represents the maximum off-statement of financial position exposure.

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

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

Irrevocable debt facilities do not include other lending facilities which are revocable but for which an impairment provision has been raised (i.e. revolving products). The above table presents only those gross loan commitments that are contractually committed and are legally irrevocable.

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

The Group has capital commitments in respect of intangible assets, property and equipment. Management is confident that future net revenues and funding will be sufficient to cover these commitments.

45. Contingencies, commitments and similar items continued

Legal Proceedings

Legal matters

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

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

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

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

Regulatory developments

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

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

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

Income taxes

The Group is subject to income taxes in numerous jurisdictions and the calculation of the Group's tax charge and provisions for income taxes necessarily involves a degree of estimation and judgement. As with many large organisations, there are transactions and calculations for which the ultimate tax treatment may be uncertain and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The Group recognises provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due after considering external advice where appropriate. The carrying amount of any resulting provisions will be sensitive to the manner in which tax legal matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authorities. There may be uncertainty around the final outcome of tax proceedings, which in many instances, will only be concluded after several years.

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

46. Structured entities

Preference share funding vehicles

The Group provides financing to a number of SEs, established and managed by clients, in the form of a subscription for cumulative redeemable preference shares. These instruments typically have the economic characteristics of vanilla debt instruments, and as such the Group recognises interest income from its investments. Often the Group subscribes for preference shares in these vehicles together with other financial institutions on a syndicated basis. The Group does not have the ability to direct the relevant business activities in these vehicles and therefore in the absence of control, the vehicles are not consolidated. An entity which forms part of the same group of companies as the preference share funding vehicle, most commonly the parent company, writes the Group a financial guarantee or a put option, so as to provide security in the event of default.

Securitisation vehicles

The Group has used SEs in order to securitise loans that were originated by the Group. These entities have minimal equity and therefore rely on funding in the form of notes in order to acquire the underlying loans. The Group transfers the contractual right to receive cash flows on the underlying loans, but in many instances, does not relinquish substantial exposure to all the risks and rewards of ownership. Exposures to credit risk, prepayment risk and/or interest rate risk are retained when the Bank purchases either senior notes or junior notes and sells derivatives to the entity. When the securitisation vehicles are established to run entirely on autopilot or when the only relevant activity of the entity constitutes recovery of the securitised loans in the event of default, then provided such activity is not directed by the Group, the Group will not have power over the relevant activities of the

vehicle. The Group earns interest income on the notes issued by the vehicles, together with management fees from the Group's ongoing involvement. To the extent that the notes are fair valued, unrealised gains and losses are generated, which are recognised by the Bank in profit or loss.

Funding vehicles

The Group provides funding in the form of loans to bankruptcy remote SEs to enable them to purchase fixed assets, such as property. The loans are fully collateralised by the underlying asset, and the repayment of principal and interest is met through the receipt of lease income. The loans are subject to guarantees received from the parent company, or from other trading entities within the same group of companies. The Group earns interest on the loans. The loans are either measured at amortised cost or are designated as at fair value through profit or loss.

46.1 Consolidated structured entities

The Group did not incur losses related to the Group's interests in consolidated structured entities in the current financial reporting period (2024: Rnil).

The Group did not provide any financial support during the current financial reporting period (2024: Rnil) to consolidated structured entities and has no current arrangements to provide financial support in the future.

46.2 Unconsolidated structured entities

The level of risk that the Group is exposed to is determined by the nature and purpose of it holding an interest in the entity.

Owing to the large number of SEs in which the Bank holds an interest, information about such entities has been aggregated according to the purpose for which the entity was established.

46. Structured entities

46.2 Unconsolidated structured entities *continued*

	Group		
	2025		
	Preference funding vehicles Rm	Securitisation vehicles Rm	Total Rm
Assets			
Investment securities	–	268	268
Debt securities	–	268	268
Loans and advances to customers	38 988	–	38 988
Undrawn liquidity facilities and financial guarantees (notional value)	–	31	31
Maximum exposure to loss	38 988	299	39 287
Total size of entities	160 578	1 041	161 619

	Group			
	2024			
	Preference funding vehicles Rm	Securitisation vehicles Rm	Funding vehicles Rm	Total Rm
Assets				
Investment securities	–	339	–	339
Debt securities	–	339	–	339
Loans and advances to customers	34 707	–	7	34 714
Undrawn liquidity facilities and financial guarantees (notional value)	–	260	–	260
Maximum exposure to loss	34 707	599	7	35 313
Total size of entities	187 563	1 154	7	188 724

The Group did not incur losses related to the Bank's interests in unconsolidated structured entities in the current financial reporting period (2024: Rnil).

Under undrawn liquidity facilities and financial guarantees there are no liquidity arrangements, guarantees or other commitments with third parties that may affect the fair value or risk of the entity's interest in unconsolidated structured assets.

The Group's maximum exposure to loss has been calculated as the sum of its assets recognised in the statement of financial position and its unrecognised contractual commitments to provide further finance. The actual loss, due to the collateral held by the entities, the availability of netting and credit protection held is likely to be less in most cases.

Total size of entities is measured relative to total assets.

Financial support provided or to be provided to unconsolidated structured entities

The Group did not provide any financial support during the current financial reporting period (2024: Rnil) to unconsolidated structured entities and has no current arrangements to provide financial support in the future.

46.3 Sponsored entities

The Group did not earn material income from its involvement in the unconsolidated SEs which it sponsors.

Assets transferred to unconsolidated sponsored structured entities

The Group did not transfer assets during the current financial reporting year (2024: Rnil) to its unconsolidated sponsored structured entities.

47. Statement of cash flows notes

47.1 (Increase)/decrease in operating assets

	Group	
	2025 Rm	2024 Rm
Trading and hedging portfolio assets	(35 978)	(21 085)
Loans and advances	(86 470)	(49 423)
Other assets	(22 471)	(3 704)
Investment securities	4 476	(20 662)
	(140 443)	(94 874)

	Company	
	2025 Rm	2024 Rm
Trading and hedging portfolio assets	(36 090)	(21 022)
Loans and advances	(86 445)	(49 931)
Other assets	(23 006)	(1 902)
Investment securities	5 210	(20 662)
	(140 331)	(93 517)

47.2 Increase/(decrease) in operating liabilities

	Group	
	2025 Rm	2024 Rm
Trading and hedging portfolio liabilities	19 853	4 501
Other liabilities	(661)	(10 267)
Deposits and debt funding	128 348	129 666
	147 540	123 900

	Company	
	2025 Rm	2024 Rm
Trading and hedging portfolio liabilities	19 885	4 501
Other liabilities	(879)	(5 772)
Deposits and debt funding	127 563	123 830
	146 569	122 559

The change in presentation relating to deposits and debt funding has resulted in the reclassification of amounts within the 'increase/decrease' in operating liabilities' note. As a result, the deposits balance has been restated from R128 463m to Rnil for Group and R128 886m to Rnil for Company, the other liabilities has been restated from (R9 064m) to (R10 267m) for Group and (R10 828m) to (R5 772m) for bank and deposits and debt funding has been restated from Rnil to R129 666m for Group and from Rnil to R123 830m for Company. However, this has not resulted in any changes to the statement of cash flows as the net impact is Rnil. Refer to note 1.20.2.2 for further details on this reclassification.

47. Statement of cash flows notes continued

47.3 Cash and cash equivalents

	Group and Company			
	Group 2025 Rm	2024 Rm	Company 2025 Rm	2024 Rm
Mandatory reserve balances with the SARB (refer to note 2)	78 891	67 763	78 891	67 763
Coins and bank notes (refer to note 2)	4 474	5 150	4 473	5 150
Loans and advances to banks (refer to note 7)	8 325	6 944	8 325	6 944
	91 690	79 857	91 690	79 857

48. Deferred cash and share-based payments

	Group	
	2025 Rm	2024 Rm
Share-based payments expense	1 387	1 248
Equity-settled arrangements:		
Absa Group Share Incentive Plan Performance Award (SIPP)	407	395
Absa Group Limited Share Incentive Plan Retention Buyout Award (SIPRB)	69	45
Absa Group Limited Share Incentive Plan Deferred Award (SIPD)	248	243
Absa Group Limited Share Incentive Plan Retention Award (SIPR)	235	197
eKhaya colleague share scheme (ECSS)	377	352
Cash-settled arrangements:		
Absa Group Share Incentive Plan Performance Award (SIPP)	24	3
Absa Group Limited Share Incentive Plan Retention Buyout Award (SIPRB)	2	-
Absa Group Limited Share Incentive Plan Deferred Award (SIPD)	19	11
Absa Group Limited Share Incentive Plan Retention Award (SIPR)	0	-
eKhaya colleague share scheme (ECSS)	6	2
Deferred cash expense	1	1
Absa Group Limited Cash Value Plan (CVP)		
Total deferred cash and share-based payments expense (refer to note 30)	1 388	1 249
Total carrying amount of liabilities for cash-settled arrangements (refer to note 16)	64	21
Total carrying amount of the equity settled share-based payment arrangements (refer to the statement of changes in equity)	2 390	1 709

The total deferred cash and share based payments expense for the Company is **R1 381m** (2024: R1 246m).

The total carrying amount of liabilities for cash-settled arrangements for the Company is **R56m** (2024: R19m).

Absa Group Limited Share Incentive Plan Performance Award

Qualifying participants of the Share Incentive Plan Performance Award (SIPP) will be entitled to Absa Group Limited ordinary shares either by way of a share award or a cash award that must be used to purchase Absa Group Limited ordinary shares. Absa Group Limited retains the obligation to settle in cash certain SIPP awards that are prohibited from being equity-settled. The award will be issued by Absa Group Limited. In order for the participant to be entitled to these awards, the participant needs to render three years or five years (depending on the grant received) of service and the requisite performance conditions need to be met. Dividends may accumulate and are reinvested over the vesting period.

Absa Group Limited Share Incentive Plan Retention Buyout Award

The Share Incentive Plan Retention Buyout Award (SIPRB) enables the Group and Company to attract and motivate new employees by buying out the 'in the money' portion of a participant's shares or options under their previous employers' share scheme by offering the employees Absa Group Limited awards. The equity settled award will be issued by Absa Group Limited. There is no consideration payable for the grant of an award and the vesting of the award is not subject to performance conditions. Dividends may accumulate and are reinvested over the vesting period, which will align with the vesting period of the previous employer.

48. Deferred cash and share-based payments continued

Absa Group Limited Share Incentive Plan Deferred Award

The Share Incentive Plan Deferred Award (SIPD) (and any associated notional dividends) are awarded at no cost to the participants. The awards typically vest in equal tranches after one to five years. The Group and Company retains the obligation to settle in cash certain SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited.

Absa Group Limited Share Incentive Plan Retention Award

The Share Incentive Plan Retention Award (SIPR) (and any associated notional dividends) are awarded at no cost to the participants. The awards vest after three to five years. The Bank retains the obligation to settle in cash certain SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. These awards will vest on the vesting Date(s), subject to achieving a performance rating in respect of the 2021, 2022, 2023, 2024 and 2025 performance years of "Met expectation or above" (or any other equivalent rating in force from time to time).

Absa Group Limited Restricted Share Value Plan

The Restricted Share Value Plan (RSVP) awards (and any associated notional dividends) are awarded at no cost to the participants. Vesting periods range from two to five years, with each tranche subject to its own independent non-market-related performance conditions on vesting. The Group and Company retains the obligation to settle in cash certain Restricted SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date, to the extent that the non-market-related conditions attached to the awards are met. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited.

eKhaya colleague share scheme

The Absa Group B-BBEE transaction resulted in the indirect allocation of 3% of the Group's shares in issue to a Staff Trust (the Absa Empowerment Trust). SA Staff Scheme participants are awarded units in the Staff Trust corresponding to an allocation of the Absa shares held by Newshelf 1405 (RF) Proprietary Limited (NS 1405). The SA Staff Scheme participants benefit from an attributable share of annual dividends equal to 25% of the Absa dividend paid to NS 1405 in the preceding 12 months, subject to a minimum loan to value ratio being maintained. The vesting term of the SA Staff Scheme is five years at which time qualifying participants will be direct and beneficial owners of unencumbered Absa shares. Notional units forfeited prior to the vesting date will be retained in the Staff Trust and re-allocated to eligible staff who join the Absa Group in the first 3 years of commencement of the SA Staff Scheme on a first-come-first-served basis. In recognition of the valued role of all staff, Absa Group Companies outside of South Africa participate via phantom cash-settled staff schemes in their respective jurisdictions equivalent in value in aggregate to approximately 1% of Absa Group Limited's shareholding, which will contain terms and provisions notionally equivalent to the terms for the SA Staff Scheme.

48. Deferred cash and share-based payments continued

	2025					2024				
	Opening balance	Granted/ Transferred	Forfeited	Exercised	Closing balance	Opening balance	Granted/ Transferred	Forfeited	Exercised	Closing balance
Equity-settled:										
SIPP	10 938	5 633	(1 827)	(1 651)	13 093	9 399	4 906	(1 030)	(2 337)	10 938
SIPRB	367	1 157	(22)	(237)	1 265	380	229	(24)	(218)	367
SIPD	3 084	1 676	(202)	(1 486)	3 072	2 610	1 688	(166)	(1 048)	3 084
SIPR	3 556	2 209	(274)	(637)	4 854	2 697	1 715	(147)	(709)	3 556
RSVP	32	-	-	-	32	32	-	-	-	32
ECSS	23 912	1 120	(1 319)	(41)	23 672	23 844	1 436	(1 318)	(50)	23 912
Cash-settled:										
SIPP	136	49	(11)	(22)	152	112	55	(2)	(29)	136
SIPRB	-	-	-	-	-	-	-	-	-	-
SIPD	34	12	-	(17)	29	32	15	-	(13)	34
SIPR	-	2	-	-	2	-	-	-	-	-
ECSS	18	4	(1)	-	21	18	-	-	-	18

The terms and conditions of the above share-based payment arrangements dictate that awards be settled immediately on vesting and therefore there are no awards which have vested but have not yet been settled at any given time. Furthermore, the awards outstanding in the aforementioned schemes have no exercise price.

	Weighted average share price at the exercise date (Rands)		Weighted average contractual life of awards outstanding (years)		Weighted average fair value of options granted during the period (Rands)	
	2025	2024	2025	2024	2025	2024
Equity-settled:						
SIPP	181.85	137.53	1.40	1.46	178.95	146.06
SIPRB	176.53	169.75	1.11	0.83	169.68	159.24
SIPD	170.96	179.81	0.91	1.10	179.25	145.68
SIPR	190.17	153.62	1.45	1.52	178.72	145.68
ECSS	82.39	82.53	2.67	3.67	100.16	76.39
Cash-settled:						
SIPP	178.72	145.68	1.31	1.48	178.72	156.97
SIPRB	-	151.98	-	0.31	-	-
SIPD	178.72	145.68	0.84	0.90	178.72	145.68
SIPR	-	-	1.22	1.25	178.72	-
ECSS	-	-	2.67	3.67	100.17	-

48. Deferred cash and share-based payments *continued*

Future cash flow effects associated with equity settled share payments

	Group and Company			
	2025			
	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Estimate of amount expected to be transferred to tax authorities	687	3 039	–	3 726
	2024			
	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Estimate of amount expected to be transferred to tax authorities	433	2 028	–	2 461

The estimates provided above indicate the amounts which are expected to be transferred to tax authorities relating to the employees' tax obligations on equity schemes which have been granted but which vest in future periods. The amounts were estimated based on the number of awards expected to vest, the share price as at year end and an estimate of the average applicable employee effective tax rate.

49. Acquisitions and disposals of businesses and other similar transactions (Group and Company)

49.1 Acquisitions of businesses during the current reporting period

In December 2025, as a result of the restructuring of a financing arrangement with a customer, Absa Bank Limited acquired 35.77% of the equity of a South African private company. This acquisition has been recognised as an investment in an equity-accounted associate.

49.2 Disposals of businesses during the current reporting period

During the current financial year, the South African Bankers Service Company Proprietary Limited which was rebranded as 'PayInc', issued ordinary shares to new shareholders, including the South African Reserve Bank. As a result of this share issuance, the Group's equity interest in PayInc decreased from 23.81% to 9.58% by way of a dilution, effective from November 2025. Despite this reduction in shareholding, the Group continues to exercise significant influence over PayInc and, accordingly, accounts for its remaining interest as an Investment in Associate in accordance with IAS 28.

49.3 Acquisitions of businesses during the previous reporting period

Absa Bank Limited increased its shareholding in South African Bankers Services Company Proprietary Limited by 0.685%. This increased the carrying value of the investment by R107m.

49.4 Disposals of businesses during the previous reporting period

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

50. Derivatives (Group and Company)

50.1 Derivative financial instruments

Derivative financial instruments are entered into in the normal course of business to manage various financial risks.

The derivative instrument contract value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Group and Company's net interest income, net trading income, net fee and commission income and derivative assets and liabilities.

At the reporting date and prior year, the Group and Company did not have any compound financial instruments with multiple embedded derivatives in issue.

The Group and Company trades the following derivative instruments:

Foreign exchange derivatives

The Group and Company's principal exchange rate-related contracts are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

50. Derivatives (Group and Company)

50.1 Derivative financial instruments *continued*

Interest rate derivatives

The Group and Company's principal interest-rate related contracts are interest rate swaps, forward rate agreements, basis swaps, caps, floors and swaptions. Included in this product category are transactions that include combinations of these features. An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. In a forward rate agreement, two parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount.

Credit derivatives

The Group and Company's principal credit derivative-related contracts include credit default swaps and total return swaps. A credit derivative is an arrangement whereby the credit risk of an asset (the reference asset) is transferred to the seller of protection. A credit default swap is a contract where the protection seller receives premium or interest-related payments in return for contracting to make payments to the protection buyer upon a defined credit event. Credit events normally include bankruptcy, payment default, or downgrades by a rating agency.

A total return swap is an instrument whereby the seller of protection receives the full return of the asset, including both the income and change in the capital value of the asset. The buyer of the protection in return receives a predetermined amount.

Equity derivatives

The Group and Company's principal equity-related contracts are equity and stock index swaps and options (including warrants, which are equity options listed on an exchange). An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other side paying based on the actual return of the stock or stock index. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock, basket of stocks or stock index at a specified price or level on or before a specified date. The Group also enters into fund-linked derivatives, being swaps and options, which include mutual funds, hedge funds, indices and multi-asset portfolios as underlying.

Commodity derivatives

The Group and Company's principal commodity-related derivative contracts are swaps, options, forwards and futures. The main commodities transacted are agricultural commodities and precious metals.

50.2 Notional amount

The gross notional amount is the sum of the absolute value of all contracts. The notional amount will not generally reflect the amount receivable or payable under a derivative contract. The notional amount should be viewed only as a means of assessing the Group's participation in derivative contracts and not the market risk position nor the credit exposure arising on such contracts.

The absolute value of all contracts is also not indicative of the Group and Company's net exposure to, or position in any of the markets that the Group and Company trades in.

50.3 Derivative financial instruments

The Group and Company's total derivative asset and liability position as reported on the statement of financial position is as follows:

	Group			2024		
	Assets Rm	Liabilities Rm	Notional contract amount Rm	Assets Rm	Liabilities Rm	Notional contract amount Rm
Derivatives held for trading (refer to note 4 and note 15)	74 308	(66 915)	15 395 392	57 247	(52 868)	15 817 586
Derivatives designated as hedging instruments (refer to note 4 and note 15)	709	(3 196)	308 974	4 055	(1 258)	315 351
Total derivatives	75 017	(70 111)	15 704 366	61 302	(54 126)	16 132 937

50. Derivatives (Group and Company)

50.3 Derivative financial instruments *continued*

	Company					
	2025			2024		
	Assets Rm	Liabilities Rm	Notional contract amount Rm	Assets Rm	Liabilities Rm	Notional contract amount Rm
Derivatives held for trading (refer to note 4 and note 15)	74 308	(66 946)	15 395 392	57 135	(52 868)	15 816 416
Derivatives designated as hedging instruments (refer to note 4 and note 15)	709	(3 196)	308 974	4 055	(1 258)	315 351
Total derivatives	75 017	(70 142)	15 704 366	61 190	(54 126)	16 131 767

50.4 Derivative held for trading – detail by instrument type

Derivatives held for trading by the Group and Company, related to the various markets and instrument types that the Bank trades in are as follows:

	Group					
	2025			2024		
	Assets	Liabilities	Notional contract amounts	Assets	Liabilities	Notional contract amounts
Foreign exchange derivatives	21 976	(22 253)	929 970	18 347	(18 504)	1332 784
Interest rate derivatives ¹	45 400	(33 313)	14 063 233	31 103	(30 271)	14 197 255
Equity derivatives	5 140	(5 704)	332 900	6 320	(2 747)	221 757
Commodity derivatives	1 516	(1 872)	12 270	1 049	(1239)	11 897
Credit derivatives	276	(3 773)	57 019	428	(107)	53 893
Derivatives held for trading	74 308	(66 915)	15 395 392	57 247	(52 868)	15 817 586

¹ The balances above are identical for Company for FY25 with the exception of Interest rate derivatives liabilities which amount to R33 344m (2024: R30 991m).

In 2024, the Group and Company incorrectly disclosed the notional amounts of total return swaps referencing underlying debt instruments, classifying these contracts as either interest rate or equity derivatives rather than credit derivatives. This misclassification resulted in a restatement of derivative notionals as follows: interest rate derivatives decreased from R14 206 890m to R14 197 255m for Group, R14 205 720m to R14 196 085m for Company, equity derivatives decreased from R250 773m to R221 757m for Group and Company, and credit derivatives increased from R15 242m to R53 893m for Group and Company.

50.5 Derivative held for investment purposes

No derivatives were held for investment purposes for the 2025 or prior period.

50.6 Counterparty netting and collateral

Derivative assets subject to counterparty netting agreements amounted to R74 952m (2024: R59 143m). Additionally, the Group and Company held R2 123m (2024: R2 247m) of collateral against the net derivative asset exposure. The financial assets pledged as collateral are held under terms that are usual and customary for such arrangements.

OTC traded instruments are subject to counterparty credit risk as the related cash flows are not guaranteed by an independent third party. This risk is mitigated by means of netting agreements. The International Swaps and Derivatives Association ("ISDA") Master Agreement is used by the Group and Company. The ISDA Master Agreement and all the confirmations entered into under it, form a single agreement. This allows the parties to an ISDA Master Agreement to aggregate the amounts owing by each of them under all of the transactions outstanding under that ISDA Master Agreement and to replace them with a single net amount payable by one party to the other.

50.7 Hedge accounting

Risk Management strategy

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group and Company applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

Hedge accounting is predominantly applied for the following risks:

- Interest rate risk – arises due to exposure to capital or income volatility because of a mismatch between the interest rate exposures of its assets and liabilities.
- Contractually linked inflation risk – arises from certain financial instruments with a contractually specified inflation rate.
- Currency risk – arises due to transactional foreign exchange risk where assets, liabilities or highly probable expenditure are not denominated in the functional currency of the transacting entity. The Group and Company is also exposed at a consolidated level to translation foreign currency risk where the functional currency of the foreign operation is different from the parent. Please refer to note 53 for additional information about the Group and Company's Risk Management.

50. Derivatives (Group and Company)

50.7 Hedge accounting *continued*

In order to hedge the risks to which the Group and Company is exposed, the hedging instruments employed are interest rate swaps, inflation swaps, cross currency-swaps and forward foreign exchange contracts. The economic relationship between the hedge instrument and the hedged items is aligned since all hedging instruments are exposed to the same risks as the hedged items, being interest rate risk, inflation risk and/or foreign currency risk.

The hedge ratio between the hedged item and the hedging instruments is typically determined with reference to the sensitivity of the hedged item, on designation, to the risk factor, compared to the hedging instrument. In many cases the hedge ratio is directly proportional to the hedged item. The assessment of the effectiveness of hedge relationships are performed on a cumulative life to date basis.

Interest rate risk

Interest rate derivatives designated as cash flow hedges, primarily hedge the exposure to cash flow variability from interest rates of variable rate loans and advances.

Interest rate derivatives designated as fair value hedges are used primarily to hedge the interest rate risk associated with fixed-rate subordinated debt, fixed-rate loans and advances, and fixed-rate deposits and debt funding.

In certain circumstances, hedged items that are designated for hedge accounting purposes are different from the economic hedge owing to the existence of restrictions on the ability to apply hedge accounting to the economic hedge. Specifically, the Group and Company employs a governed interest rate risk management strategy (hedging programme) through the interest rate cycle to reduce volatility associated with structural balances (i.e. rate insensitive liabilities as well as the endowment associated with equity).

In some hedging relationships, the Group and Company designates risk components or proportions of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk. Designating the benchmark interest rate risk component only results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship, improving the effectiveness of the hedge relationship.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument. Hedging a component of cash flows assists in meeting a certain risk management objectives for example hedging certain tenors within the interest rate risk cycle as required to be within the Group and Company's risk appetite.
- Proportions of cash flows of hedged items, for example only a portion of the hedged item's cash flows are designated in the hedge relationship. Hedging a portion of cash flows primarily assists in preventing the hedge relationship becoming Over hedged due to prepayments or credit risk and resultantly reducing ineffectiveness.

Inflation risk

Inflation derivatives designated as fair value hedges, primarily hedge fixed real interest rate risk to a nominal floating rate risk, introduced due to the contractually specified inflation rate within certain investment securities held. The contractually specified inflation risk is designated and hedged as a risk component, this results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship, improving the effectiveness of the hedge relationship.

Foreign currency risk

Foreign exchange derivatives designated as cash flow hedges, primarily hedge the cash flow variability arising from highly probable forecast foreign denominated expenditure. In addition, the Group and Company hedges the cash flow variability of certain financial assets and liabilities denominated in a currency other than the functional currency. For these hedges the Group will designate the entire hedge item in the hedge relationship, therefore both the spot and forward component.

Foreign exchange derivatives designated as net investment hedges, hedge the translation foreign currency exposure to a net investment in a foreign operation. The spot exchange risk component is designated as the hedged item for these hedge relationships to reduce ineffectiveness.

Sources of ineffectiveness which may affect the Group's designated hedge relationships are as follows:

- mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences between the hedged risk and the risk exposure of the hedging instrument;
- changes in credit risk of the hedging instruments;
- if a hedge accounting relationship becomes over-or under-hedged; and
- derivatives used as hedging instruments with non-zero fair values on designation date. These sources of ineffectiveness are applicable to all risk types. No other sources of ineffectiveness arose during the period.

50.7.1 Fair value hedge accounting

Fair value hedges are used by the Group and Company to protect against changes in fair value of financial instruments due to movements in exchange rates and interest rates. The financial instruments hedged for interest rate risk include investment securities, loans and advances, debt securities and subordinated debt.

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.1 Fair value hedge accounting *continued*

The profile and timing of hedging instruments designated in fair value hedge relationships based on the notional amounts are as follows:

	Group and Company						Total Rm
	2025						
	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years years Rm	
Interest rate risk-Interest rate swaps	12 602	843	2 008	2 583	24 551	45 808	88 395
Hedge of investment securities	3 743	–	248	2 583	24 551	43 263	74 388
Hedge of deposits and debt funding	1 993	843	1 760	–	–	–	4 596
Hedge of Subordinated debt	6 866	–	–	–	–	2 545	9 411
Inflation risk-Interest rate swaps							
Hedge of investment securities	–	–	277	–	–	426	703

	Group and Company						Total Rm
	2024						
	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years years Rm	
Interest rate risk-Interest rate swaps	4 844	31 065	1 882	2 167	2 398	47 949	90 305
Hedge of investment securities	2 483	21 232	295	388	2 308	47 583	74 289
Hedge of loans and advances	1 769	789	170	19	90	216	3 053
Hedge of deposits and debt funding	592	2 178	1 417	1 760	–	150	6 097
Hedge of Subordinated debt	–	6 866	–	–	–	–	6 866
Inflation risk-Interest rate swaps							
Hedge of investment securities	–	–	–	63	222	251	536

	Group and Company	
	2025 Average price or rate %	2024 Average price or rate %
Interest rate risk		
Interest rate swaps		
Average fixed interest rate	8%	8%
Average float spread	1%	1%
Inflation risk		
Interest rate swaps		
Average fixed interest rate	3%	3%

If the risk management objective is no longer met, the relevant hedge accounting relationship is de-designated; in some cases, a de-

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.1 Fair value hedge accounting *continued*

designated relationship is replaced with a different hedge accounting relationship. The following amounts relate to items designated as hedging instruments in fair value hedge relationships:

	Group and Company				
	2025				
	Notional amount Rm	Assets Rm	Liabilities Rm	Change in fair value used for calculating hedge ineffective- ness for 2025 Rm	Ineffective- ness recognised in profit and loss Rm
Total	89 099	357	(2 743)	(5 109)	38
Interest rate risk	88 395	101	(2 739)	(5 094)	77
Interest rate swaps – hedge of investment securities	74 388	76	(2 739)	(5 490)	82
Cross currency swaps – hedge of investment securities	–	–	–	–	3
Interest rate swaps – hedge of loans and advances	–	–	–	1	–
Interest rate swaps – hedge of subordinated debt	9 411	(131)	–	336	–
Interest rate swaps – hedge of deposits and debt funding	4 596	156	–	59	(8)
Inflation risk					
Inflation linked swaps – hedge of investment securities	704	72	(4)	(15)	(39)
Collateral held against derivatives	–	184	–	–	–

	Group and Company				
	2024				
	Notional amount Rm	Assets Rm	Liabilities Rm	Change in fair value used for calculating hedge ineffective- ness for 2024 Rm	Ineffective- ness recognised in profit and loss Rm
Total	90 841	3 553	(1 022)	(1 360)	(93)
Interest rate risk	90 305	3 536	(1 211)	(1 355)	(62)
Interest rate swaps – hedge of investment securities	74 289	3 384	(693)	(1 667)	(60)
Interest rate swaps – hedge of loans and advances	3 053	12	(43)	(24)	10
Interest rate swaps – hedge of subordinated debt	6 866	–	(479)	257	–
Interest rate swaps – hedge of deposits and debt funding	6 097	140	4	79	(12)
Inflation risk					
Inflation linked swaps – hedge of investment securities	536	29	(48)	(5)	(31)
Collateral held against derivatives	–	(12)	237	–	–

The hedge ineffectiveness in profit and loss is presented within gains and losses from banking and trading activities on the statement of comprehensive income, and the hedging instruments of the Group and Company are presented within hedging portfolio assets and liabilities on the statement of financial position.

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.1 Fair value hedge accounting *continued*

Derivatives held in fair value hedge relationships by the Group and Company, relating to the various markets and instrument types that the Bank trades in are as follows:

Hedged item statement of financial position Classification and risk category	Group and Company			
	2025			
	Carrying amount Rm	Accumulated fair value adjustment included in the carrying amount of the hedged item Rm	Portion related to items no longer in a hedge relationship Rm	Change in value used for calculating hedge ineffectiveness Rm
Financial Assets				
Investment securities	77 036	3 696	(101)	5 464
Interest rate risk	75 842	3 794	-	5 415
Inflation risk	1 194	(98)	(101)	49
Loans and advances				
Interest rate risk	1 303	7	7	(1)
Financial Liabilities				
Deposits and debt funding				
Interest rate risk	(6 321)	(102)	(23)	(59)
Subordinated debt				
Interest rate risk	(10 818)	106	-	(336)

During April 2025, the Group discontinued fair value hedge accounting for certain derivative financial instruments previously designated as part of the Fixed Rate Assets Fair Value Hedge Programme. The discontinuation followed a change in the Group's risk management strategy approved by management. At the date of discontinuation, the cumulative fair value hedge adjustment relating to the hedged fixed-rate assets was retained in the carrying amount of those assets in accordance with IAS39. The hedge adjustment is being amortised to profit or loss over the remaining life of the hedged items. As at 31 December 2025, the unamortised fair value hedge adjustment amounted to R6.8 million (loss), which will be amortised to profit or loss over the period ending 31 December 2030.

Hedged item statement of financial position Classification and risk category	Group and Company			
	2024			
	Carrying amount Rm	Accumulated fair value adjustment included in the carrying amount of the hedged item Rm	Portion related to items no longer in a hedge relationship Rm	Change in value used for calculating hedge ineffectiveness Rm
Financial assets				
Investment securities	73 419	(1 379)	(14)	1 761
Interest rate risk	72 316	(1 266)	(16)	1 727
Inflation risk	1 103	(113)	2	34
Loans and advances				
Interest rate risk	3 196	2	(5)	19
Financial liabilities				
Deposits and debt funding				
Interest rate risk	(7 025)	(73)	-	(67)
Subordinated debt				
Interest rate risk	(9 478)	442	-	(257)

50. Derivatives (Group and Company)

50.7 Hedge accounting *continued*

50.7.2 Cash flow hedge accounting

Cash flow hedges are used by the Group and Company to protect against the potential cash flow variability arising from the Group's and Company's exposure to interest rate and foreign currency risk.

The profile and timing of hedging instruments designated in cash flow hedge relationships based on notional amounts are as follows:

Hedged item statement of financial position Classification and risk category	Group and Company						
	2025						
	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years Rm	Total Rm
Interest rate risk-Interest rate swaps							
Hedge of loans and advances	80 037	26 455	34 114	27 097	23 141	16 200	207 044
Foreign currency risk-Cross currency swaps							
Hedge of Subordinated debt	6 887	-	-	-	-	-	6 887
Foreign currency risk-Forwards							
Hedge of highly probable forecast expenditure	3 128	2 817	-	-	-	-	5 945

Hedged item statement of financial position Classification and risk category	Group and Company						
	2024						
	Less than 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	More than 5 years Rm	Total Rm
Interest rate risk-Interest rate swaps							
Hedge of loans and advances	84 379	34 325	25 037	33 568	24 116	10 135	211 560
Foreign currency risk - cross currency swaps							
Hedge of subordinated debts	-	6 887	-	-	-	-	6 887
Foreign currency risk-Forwards							
Hedge of highly probable forecast expenditure	3 691	2 372	-	-	-	-	6 063

Hedged item statement of financial position Classification and risk category	Group and Company	
	2025 Average price or rate %	2024 Average price or rate %
Interest rate risk		
Interest rate swaps		
Average fixed interest rate	7%	7%
Foreign currency risk		
Average EUR/ZAR exchange rates	21.61	21.15
Average GBP/ZAR exchange rates	24.62	24.30
Average USD/ZAR exchange rates	18.41	18.80
Average AUD/ZAR exchange rates	12.66	-
Average CHF/ZAR exchange rates	22.88	-

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.2 Cash flow hedge accounting *continued*

If the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated; in some cases, a de-designated relationship is replaced with a different hedge accounting relationship.

The following amounts relate to items designated as hedging instruments in cash flow hedge relationships:

	Group and Company					
	2025					
	Notional amount	Assets	Liabilities	Change in fair value used for calculating hedge ineffectiveness	Hedging gains or losses recognised in OCI	Hedge ineffectiveness recognised in profit or loss
	Rm	Rm	Rm	Rm	Rm	Rm
Total	219 876	352	(454)	3 059	2 899	89
Interest rate risk						
Interest rate swaps - hedge of loans and advances	207 044	4 848	(27)	3 966	3 968	84
Foreign currency risk - cross currency swaps	6 887	8	-	(92)	(254)	-
Foreign currency swaps - hedge of deposits and debt funding	-	-	-	-	0	-
Foreign currency swaps - hedge of Subordinated debt	6 887	8	-	(92)	(254)	-
Foreign currency risk - forwards						
Forwards - hedge of forecast expenditure	5 945	-	(427)	(815)	(815)	5
Collateral held against derivatives	-	(4 504)	-	-	-	-

	Group					
	2024					
	Notional amount	Assets	Liabilities	Change in fair value used for calculating hedge ineffectiveness	Hedging gains or losses recognised in OCI	Hedge ineffectiveness recognised in profit or loss
	Rm	Rm	Rm	Rm	Rm	Rm
Total	224 510	502	(237)	2 382	830	63
Interest rate risk						
Interest rate swaps - hedge of loans and advances	211 560	815	(218)	2 378	735	61
Foreign currency risk - cross currency swaps	6 887	105	-	(59)	33	-
Foreign currency swaps - hedge of subordinated debts	6 887	105	-	(59)	33	-
Foreign currency risk - forwards						
Forwards - hedge of forecast expenditure	6 063	185	(32)	63	62	2
Collateral held against derivatives	-	(603)	13	-	-	-

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.2 Cash flow hedge accounting *continued*

	Company					
	2024					
	Notional amount	Assets	Liabilities	Change in fair value used for calculating hedge ineffectiveness	Hedging gains or losses recognised in OCI	Hedge ineffectiveness recognised in profit or loss
	Rm	Rm	Rm	Rm	Rm	Rm
Total	224 510	502	(237)	2 348	796	63
Interest rate risk						
Interest rate swaps - hedge of loans and advances	211 560	815	(218)	2 378	735	61
Foreign currency risk - cross currency swaps	6 887	105	-	(59)	33	-
Foreign currency swaps - hedge of subordinated debt	6 887	105	-	(59)	33	-
Foreign currency risk - forwards						
Forwards - hedge of forecast expenditure	6 063	185	(32)	29	28	2
Collateral held against derivatives	-	(603)	13	-	-	-

The hedging instruments of the Group and Company are presented within Hedging portfolio assets/liabilities, on the Statement of Financial Position. Hedge accounting has not been applied to any forecast transactions that have not subsequently occurred.

The hedge ineffectiveness in profit and loss is presented within gains and losses from banking and trading activities on the Statement of Comprehensive Income.

Collateral held against derivatives disclosures has been included for fair presentation.

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.2 Cash flow hedge accounting *continued*

The following amounts show the impact on the Statement of comprehensive income and OCI of recycling amounts in respect of cash flow hedges during the period:

	Group					
	2025			2024		
	Amount recycled from OCI to profit or loss due to continuing hedges Rm	Amount recycled from OCI to profit or loss due to discontinued hedges Rm	Total Rm	Amount recycled from OCI to profit or loss due to continuing hedges Rm	Amount recycled from OCI to profit or loss due to discontinued hedges Rm	Total Rm
Cash flow hedge of interest rate risk	73	(52)	21	(1 591)	(91)	(1 682)
Recycled to interest income	(2)	(55)	(57)	(1 564)	(93)	(1 657)
Recycled to interest expense	75	3	78	(27)	2	(25)
Cash flow hedge of currency risk	(394)	–	(394)	92	–	92
Recycled to interest expense	(162)	–	(162)	92	–	92
Recycled to operating expenses	(232)	–	(232)	–	–	–
Total	(321)	(52)	(373)	(1 499)	(91)	(1 590)

	Company					
	2025			2024		
	Amount recycled from OCI to profit or loss due to continuing hedges Rm	Amount recycled from OCI to profit or loss due to discontinued hedges Rm	Total Rm	Amount recycled from OCI to profit or loss due to continuing hedges Rm	Amount recycled from OCI to profit or loss due to discontinued hedges Rm	Total Rm
Cash flow hedge of interest rate risk	73	(52)	21	(1 591)	(91)	(1 682)
Recycled to interest income	(2)	(55)	(57)	(1 564)	(93)	(1 657)
Recycled to interest expense	75	3	78	(27)	2	(25)
Cash flow hedge of currency risk	(394)	–	(394)	109	–	109
Recycled to interest expense	(162)	–	(162)	92	–	92
Recycled to operating expenses	(232)	–	(232)	17	–	17
Total	(321)	(52)	(373)	(1 482)	(91)	(1 573)

50. Derivatives (Group and Company)

50.7 Hedge accounting

50.7.2 Cash flow hedge accounting *continued*

The following amounts relate to items designated as hedged items in cash flow hedges:

	Group					
	2025			2024		
	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm
Loans and advances						
Interest rate risk	(4 099)	4 401	(3)	(2 437)	509	(58)
Highly probable forecast transactions						
Foreign exchange risk	815	(429)	–	(63)	155	–
Deposits and debt funding						
Subordinated debt						
Foreign exchange risk	92	7	–	59	99	–

	Company					
	2025			2024		
	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm	Change in value used for calculating hedge ineffectiveness Rm	Cash Flow hedge reserve in respect of continued hedges Rm	Cash Flow hedge reserve in respect of discontinued hedges Rm
Loans and advances						
Interest rate risk	(4 099)	4 401	(3)	(2 437)	509	(58)
Highly probable forecast transactions						
Foreign exchange risk	815	(429)	–	(29)	155	–
Deposits and debt funding						
Subordinated debt						
Foreign exchange risk	92	7	–	59	99	–

50. Derivatives (Group and Company)

50.7 Hedge accounting continued

50.7.3 Reconciliation of equity

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items (before tax) resulting from hedge accounting:

	Group	
	2025 Cash flow hedge reserve Rm	2024 Cash flow hedge reserve Rm
Balance at the beginning of the year	708	(1 712)
Hedging gains for the reporting period	2 898	830
Interest rate risk	3 968	735
Foreign currency risk	(1 070)	95
Amounts reclassified to profit or loss:		
In relation to cash flows affecting profit or loss	373	1 590
Balance at the end of the year	3 979	708

	Company	
	2025 Cash flow hedge reserve Rm	2024 Cash flow hedge reserve Rm
Balance at the beginning of the year	705	(1 661)
Hedging gains for the reporting period	2 898	796
Interest rate risk	3 968	735
Foreign currency risk	(1 070)	61
Amounts reclassified to profit or loss:		
In relation to cash flows affecting profit or loss	373	1 573
Balance at the end of the year	3 976	708

50.8 Interest rate benchmark reform

Background

The global financial markets have progressed through a significant reform of benchmark interest rates, resulting in the transition from Interbank Offered Rates (IBORs) to alternative nearly risk-free reference rates (RFRs). This industry-wide shift, driven by regulatory initiatives to enhance the reliability and robustness of benchmark rates, has impacted financial institutions worldwide.

The Group's IBOR transition steering committee, which comprises a series of business and function workstreams with oversight and coordination provided by a central project team, has been managing the programme to streamline the transition for the Group and its clients in order to mitigate financial, accounting, operational, conduct, and legal risk arising from IBOR Reform.

Workstreams actively participate in industry-wide working groups to remain informed of the latest developments and to ensure consistency with the approaches of other market participants. The Group will continue to leverage the experience it gained in the IBOR transition journey for the ongoing ZARONIA transition.

ZARONIA

The South African Reserve Bank (SARB) has consistently communicated the intention to replace the Johannesburg Interbank Average Rate (JIBAR) with the South African Overnight Index Average (ZARONIA).

50. Derivatives (Group and Company)

50.8 Interest rate benchmark reform continued

In the current year, the SARB has advanced its benchmark rate reform by launching the ZARONIA First initiative for instruments in the derivatives markets. This approach encourages market participants to adopt ZARONIA as the primary reference rate, gradually reducing reliance on JIBAR. The initiative marks a key milestone in the transition, promoting consistency and transparency in rate-setting practices. This initiative has been supported by the publication of the MPC's endorsement of the methodology for determining credit adjustment spreads (CAS) to be used in JIBAR fallback rates and the inclusion of JIBAR fallback provisions in the International Swaps and Derivatives Association's (ISDA) Interest Rate Definitions and the ISDA Protocol. The fallback methodology aims to support continuity and fairness in existing JIBAR-linked financial contracts that transition to ZARONIA following the discontinuation of JIBAR.

On the 3rd of December 2025, the SARB formally announced that all JIBAR tenors will cease to be published on 31 December 2026 and will be considered non-representative as of that date.

Developments made towards implementing alternative benchmark interest rates ZARONIA

The Group has taken steps to ensure that its processes and systems for trading in ZARONIA are in place. The Group has also systematically started to include fallback language in new contracts. For legacy contracts referencing JIBAR, the Bank has begun the process to incorporate fallback language into contractual documentation in preparation for the anticipated cessation of JIBAR. This fallback language outlines the mechanism by which contracts will transition to ZARONIA. The inclusion of this language is intended to ensure contractual continuity and mitigate legal and financial risks associated with the benchmark transition. With regards to derivative contracts traded by the Group under ISDA, the relevant fallback provisions have been introduced through the "ISDA 2021 Fallbacks Protocol April 2025 Benchmark Module", published on 25 April 2025. Absa intends to adopt this protocol.

The Group has certain designated hedging relationships where hedged items and/or hedging instruments reference JIBAR as the interest rate benchmark.

The Group's cash flow hedging relationships of JIBAR risks extend beyond the anticipated cessation dates for these IBORs. There is uncertainty over the timing and amount of the replacement rate cash flows which may impact the hedging relationship i.e. its effectiveness assessment and highly probable assessment. For the purposes of these assessments, the Group assumes that the hedged benchmark interest rate, the cash flows of the hedged item and/or the hedging instrument will not be altered as a result of IBOR reform.

If a hedging relationship impacted by uncertainty about IBOR reform has not been highly effective throughout the financial reporting period, then the Group evaluates whether the hedge is expected to be highly effective prospectively and whether the effectiveness of the hedging relationship can be reliably measured. The hedging relationship will not be discontinued as long as it meets all criteria for hedge accounting, with the exception of the requirement that the hedge was actually highly effective.

Hedging relationships impacted by uncertainty about IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and the hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to IBORs using available quoted market rates for IBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in IBOR on a similar basis.

KESONIA/CBR

Following the publication of the Central Bank of Kenya's revised Risk-Based Credit Pricing Model, all new and qualifying existing KES-denominated variable-rate financial instruments are referenced to CBR plus a bank-specific premium from 1 December 2025. A full migration of existing variable-rate facilities to reference CBR is expected by 28 February 2026. At this stage of the transition, implementation of KESONIA is not yet considered practical due to required system changes. No hedge accounting relationships are expected to be impacted by the transition to the alternate benchmark rates.

The Group will continue to apply the Phase 1 amendments to IFRS 9 and IAS 39 until the uncertainty surrounding the timing and amount of cash flows arising from interest rate benchmark reform is resolved. This uncertainty is expected to persist until the Group's contracts referencing the IBOR rate are amended to specify both the timing and the amount of cash flows based on the selected alternate benchmark rate, as well as any applicable fixed spread. The Group applies the Phase 2 amendments as and when the Phase 1 amendments are considered to have ceased without restating comparative figures.

The table below provides information on financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period. The amounts include all JIBAR-linked exposures at the reporting date, regardless of contractual or expected maturity.

50. Derivatives (Group and Company)

50.8 Interest rate benchmark reform continued

	Group	
	2025	
	Carrying values of financial instruments impacted by benchmark reform and yet to transition	
	ZAR JIBAR Rm	Total Rm
Non-derivative assets	335 488	335 488
Non-derivative liabilities	269 919	269 919
Derivative notionals	11 493 957	11 493 957

The table below provides more information on the hedge accounting relationships that are impacted by interest rate benchmark reform:

	Group and Company		
	2025		
	Notional amount ZAR JIBAR Rm	Notional not impacted by benchmark reform Rm	Total Notional Rm
Cash Flow hedges	206 944	12 932	219 876
Interest Rate Swaps	206 944	100	207 044
Cross Currency Swaps	–	6 887	6 887
Forwards	–	5 945	5 945
Fair Value hedges	77 798	11 301	89 099
Interest Rate Swaps	77 798	10 597	88 395
Inflation Rate Swaps	–	704	704

50. Derivatives (Group and Company)

50.8 Interest rate benchmark reform continued

	Group and Company		
	2024		
	Notional amount ZAR JIBAR Rm	Notional not impacted by benchmark reform Rm	Total Notional Rm
Cash Flow hedges	211 560	12 950	224 510
Interest Rate Swaps	211 560	–	211 560
Cross Currency Swaps	–	6 887	6 887
Forwards	–	6 063	6 063
Fair Value hedges	80 176	10 665	90 841
Interest Rate Swaps	79 640	10 665	90 305
Inflation Rate Swaps	536	–	536

Financial instrument modifications due to IBOR reforms

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform if the following conditions are met: the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

Derivative notional balances represent the notional amount of derivative assets and liabilities that could be or are directly impacted by the IBOR reform.

51. Consolidated statement of financial position summary- IFRS 9 classification

	Group				Group								
	2025				2025				2025			Assets/ liabilities/ outside the scope of IFRS 9	
	Fair value through profit or loss				Fair value through other comprehensive income				Amortised cost				
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm	Total Rm	Debt instruments Rm	Equity instruments Rm	Hedged items Rm	Total Rm	Debt instruments Rm	Hedged items Rm	Total Rm	Rm	Total Rm
Assets													
Cash, cash balances and balances with central banks	-	-	-	-	-	-	-	-	94 456	-	94 456	-	94 456
Investment securities	1 357	3 231	-	4 588	79 011	500	44 430	123 941	8 525	32 606	41 131	-	169 660
Trading portfolio assets	205 922	-	-	205 922	-	-	-	-	-	-	-	4 454	210 376
Hedging portfolio assets	-	-	709	709	-	-	-	-	-	-	-	-	709
Other assets	-	-	-	-	-	-	-	-	15 070	-	15 070	4 250	19 320
Loans and advances	103 269	34 135	-	137 404	-	-	-	-	1 070 816	1 303	1 072 119	3 691	1 213 214
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	143	143
Loans to Group companies	59 624	-	-	59 624	-	-	-	-	24 958	-	24 958	-	84 582
Assets outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	28 962	28 962
	370 172	37 366	709	408 247	79 011	500	44 430	123 941	1 213 825	33 909	1 247 734	41 500	1 821 422
Liabilities													
Trading portfolio liabilities	81 684	-	-	81 684	-	-	-	-	-	-	-	-	81 684
Hedging portfolio liabilities	-	-	3 196	3 196	-	-	-	-	-	-	-	-	3 196
Other liabilities	-	-	-	-	-	-	-	-	20 793	-	20 793	4 750	25 543
Deposits and debt funding	-	231 320	-	231 320	-	-	-	-	1 315 993	6 321	1 322 314	-	1 553 634
Loans from Absa Group companies	-	-	-	-	-	-	-	-	10 019	-	10 019	-	10 019
Subordinated debt	-	-	-	-	-	-	-	-	11 744	10 818	22 562	-	22 562
Liabilities outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	5 520	5 520
	81 684	231 320	3 196	316 200	-	-	-	-	1 358 549	17 139	1 375 688	10 270	1 702 158

Hedged portfolio assets include derivative assets to the amount of **R352m** (2024: R502m) and **R357m** (2024: R3 553m) that have been designated as cash flow and fair value hedging instruments respectively.

Hedging portfolio liabilities include derivative liabilities to the amount of **R454m** (2024: R237m) and **R2 743m** (2024: R1 022m) that have been designated as cash flow and fair value hedging instruments respectively.

Liabilities outside the scope of IFRS 9 include **R536m** (2024: R495m) which relate to expected credit losses from undrawn facilities, financial guarantees and letters of credit.

Fair value through other comprehensive income include investments in unlisted equity and hybrid instruments which represent investments that are held for strategic long-term purposes but can be sold at any point. Due to this dual intention these investments have been designated at fair value through other comprehensive income.

The assets and liabilities outside of the scope of IFRS 9 column include non-financial assets and non-financial liabilities as well as other financial instruments outside the scope of IFRS 9.

51. Consolidated statement of financial position summary- IFRS 9 classification *continued*

	Group 2024				Group 2024				Group 2024			Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
	Fair value through profit or loss			Total Rm	Fair value through other comprehensive income			Total Rm	Amortised cost		Total Rm		
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm		Debt instruments Rm	Equity instruments Rm	Hedged items Rm		Debt instruments Rm	Hedged items Rm			
Assets													
Cash, Cash balances and balances with central banks	-	-	-	-	-	-	-	-	83 581	-	83 581	-	83 581
Investment securities	1 130	14 565	-	15 695	71 661	423	39 170	111 254	11 906	34 249	46 155	-	173 104
Trading portfolio assets	166 947	-	-	166 947	-	-	-	-	-	-	-	1 717	168 664
Hedging portfolio assets	-	-	4 055	4 055	-	-	-	-	-	-	-	-	4 055
Other assets	-	-	-	-	-	-	-	-	11 064	-	11 064	3 430	14 494
Loans and advances	82 520	32 868	-	115 388	-	-	-	-	1 003 539	3 196	1 006 735	3 240	1 125 363
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	115	115
Loans to group companies	42 729	-	-	42 729	-	-	-	-	24 532	-	24 532	-	67 261
Assets outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	31 172	31 172
	293 326	47 433	4 055	344 814	71 661	423	39 170	111 254	1 134 622	37 445	1 172 067	39 674	1 667 809
Liabilities													
Trading portfolio liabilities	63 624	-	-	63 624	-	-	-	-	-	-	-	-	63 624
Hedging portfolio liabilities	-	-	1 258	1 258	-	-	-	-	-	-	-	-	1 258
Other liabilities	-	-	-	-	-	-	-	-	20 449	-	20 449	5 201	25 650
Deposits and debt funding	-	195 620	-	195 620	-	-	-	-	1 222 642	7 025	1 229 667	-	1 425 287
Loans from Absa Group companies	-	-	-	-	-	-	-	-	10 500	-	10 500	-	10 500
Subordinated debt	-	-	-	-	-	-	-	-	11 608	9 478	21 086	-	21 086
Liabilities outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	4 354	4 354
	63 624	195 620	1 258	260 502	-	-	-	-	1 265 199	16 503	1 281 702	9 555	1 551 759

Deposits and debt securities in issue have been combined and presented as a single line item in the current reporting period. This has resulted in a restatement of the previously reported balances of R1 217 946m for Deposits and R207 341m for Debt securities in issue to a consolidated total of R1 425 287m. As part of this reclassification, financial liabilities designated at fair value of R135 916m (Deposits) and R59 704m (Debt securities in issue) have been aggregated to R195 620m, while financial liabilities measured at amortised cost have been combined from R1 082 030m (Deposits) and R140 612m (Debt securities in issue) to a total of R1 222 642m. Hedge items amounting to R7 025m, previously disclosed under Debt securities in issue, have now been presented as part of Deposits and debt funding. Refer to note 1.20.2.2 for further details on this reclassification.

51. Consolidated statement of financial position summary- IFRS 9 classification *continued*

	Group 2024				Group 2024				Group 2024			Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
	Fair value through profit or loss			Total Rm	Fair value through other comprehensive income			Total Rm	Amortised cost		Total Rm		
	Mandatorily held at fair value Rm	Designated at fair value Rm	Hedging instruments Rm		Debt instruments Rm	Equity instruments Rm	Hedged items Rm		Debt instruments Rm	Hedged items Rm			
Assets													
Cash, Cash balances and balances with central banks	-	-	-	-	-	-	-	-	83 581	-	83 581	-	83 581
Investment securities	1 130	14 565	-	15 695	71 661	423	39 170	111 254	11 906	34 249	46 155	-	173 104
Trading portfolio assets	166 947	-	-	166 947	-	-	-	-	-	-	-	1 717	168 664
Hedging portfolio assets	-	-	4 055	4 055	-	-	-	-	-	-	-	-	4 055
Other assets	-	-	-	-	-	-	-	-	11 064	-	11 064	3 430	14 494
Loans and advances	82 520	32 868	-	115 388	-	-	-	-	1 003 539	3 196	1 006 735	3 240	1 125 363
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	115	115
Loans to group companies	42 729	-	-	42 729	-	-	-	-	24 532	-	24 532	-	67 261
Assets outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	31 172	31 172
	293 326	47 433	4 055	344 814	71 661	423	39 170	111 254	1 134 622	37 445	1 172 067	39 674	1 667 809
Liabilities													
Trading portfolio liabilities	63 624	-	-	63 624	-	-	-	-	-	-	-	-	63 624
Hedging portfolio liabilities	-	-	1 258	1 258	-	-	-	-	-	-	-	-	1 258
Other liabilities	-	-	-	-	-	-	-	-	20 449	-	20 449	5 201	25 650
Deposits and debt funding	-	195 620	-	195 620	-	-	-	-	1 222 642	7 025	1 229 667	-	1 425 287
Loans from Absa Group companies	-	-	-	-	-	-	-	-	10 500	-	10 500	-	10 500
Subordinated debt	-	-	-	-	-	-	-	-	11 608	9 478	21 086	-	21 086
Liabilities outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	4 354	4 354
	63 624	195 620	1 258	260 502	-	-	-	-	1 265 199	16 503	1 281 702	9 555	1 551 759

51. Consolidated statement of financial position summary- IFRS 9 classification *continued*

	Company				Company									
	2025				2025				2025				Assets/ liabilities outside the scope of IFRS 9	
	Fair value through profit or loss				Fair value through other comprehensive income				Amortised cost					
	Mandatorily held at fair value	Designated at fair value	Hedging instruments	Total	Debt instruments	Equity instruments	Hedged items	Total	Debt instruments	Hedged items	Total		Total	
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	
Assets														
Cash, cash balances and balances with central banks	-	-	-	-	-	-	-	-	94 456	-	94 456	-	94 456	
Investment securities	1 357	3 231	-	4 588	78 267	491	44 430	123 188	8 525	32 606	41 131	-	168 907	
Trading portfolio assets	205 922	-	-	205 922	-	-	-	-	-	-	-	4 454	210 376	
Hedging portfolio assets	-	-	709	709	-	-	-	-	-	-	-	-	709	
Other assets	-	-	-	-	-	-	-	-	15 001	-	15 001	5 190	20 191	
Loans and advances	103 269	34 135	-	137 404	-	-	-	-	1 069 948	1 303	1 071 251	-	1 208 655	
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	143	143	
Loans to Group companies	59 624	-	-	59 624	-	-	-	-	33 576	-	33 576	-	93 200	
Assets outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	26 135	26 135	
	370 172	37 366	709	408 247	78 267	491	44 430	123 188	1 221 506	33 909	1 255 415	35 922	1 822 772	
Liabilities														
Trading portfolio liabilities	81 715	-	-	81 715	-	-	-	-	-	-	-	-	81 715	
Hedging portfolio liabilities	-	-	3 196	3 196	-	-	-	-	-	-	-	-	3 196	
Other liabilities	-	-	-	-	-	-	-	-	20 791	-	20 791	4 676	25 467	
Deposits and debt funding	-	231 310	-	231 310	-	-	-	-	1 311 799	6 321	1 318 120	-	1 549 430	
Loans from Group companies	-	-	-	-	-	-	-	-	18 253	-	18 253	-	18 253	
Subordinated debt	-	-	-	-	-	-	-	-	11 744	10 818	22 562	-	22 562	
Liabilities outside the scope of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	5 362	5 362	
	81 715	231 310	3 196	316 221	-	-	-	-	1 362 587	17 139	1 379 726	10 038	1 705 985	

Hedged portfolio assets include derivative assets to the amount of **R352m** (2024 R502m) and **R357m** (2024: R3 553m) that have been designated as cash flow and fair value hedging instruments respectively.

Hedging portfolio liabilities includes derivative liabilities to the amount of **R454m** (2024: R237m) and **R2 743m** (2024: R1 022m) that have been designated as cash flow and fair value hedging instruments respectively.

Liabilities outside the scope of IFRS 9 includes **R536m** (2024: R495m) that relates to expected credit losses from undrawn facilities, financial guarantees and letters of credit.

Fair value through other comprehensive income includes investments in unlisted equity and hybrid instruments which represent investments that are held for strategic long-term purposes but can be sold at any point. Due to this dual intention these investments have been designated at fair value through other comprehensive income.

The assets and liabilities outside of the scope of IFRS 9 column includes non-financial assets and non-financial liabilities as well as other financial instruments outside the scope of IFRS 9.

51. Consolidated statement of financial position summary- IFRS 9 classification *continued*

51. Consolidated statement of financial position summary- IFRS 9 classification *continued*

	Company 2024			
	Fair value through profit or loss			
	Mandatorily held at fair value	Designated at fair value	Hedging instruments	Total
	Rm	Rm	Rm	Rm
Assets				
Cash, Cash balances and balances with central banks	-	-	-	-
Investment securities	1 130	14 565	-	15 695
Trading portfolio assets	166 834	-	-	166 834
Hedging portfolio assets	-	-	4 055	4 055
Other assets	-	-	-	-
Loans and advances	82 520	32 868	-	115 388
Non-current assets held for sale	-	-	-	-
Loans to group companies	42 729	-	-	42 729
Assets outside the scope of IFRS 9	-	-	-	-
	293 213	47 433	4 055	344 701
Liabilities				
Trading portfolio liabilities	63 624	-	-	63 624
Hedging portfolio liabilities	-	-	1 258	1 258
Other liabilities	-	-	-	-
Deposits and debt funding	-	195 616	-	195 616
Loans from group companies	-	-	-	-
Subordinated debt	-	-	-	-
Liabilities outside the scope of IFRS 9	-	-	-	-
	63 624	195 616	1 258	260 498

Deposits and debt securities in issue have been combined and presented as a single line item in the current reporting period. This has resulted in a restatement of the previously reported balances of R1 219 774m for Deposits and R202 092m for Debt securities in issue to a consolidated total of R1 421 866m. As part of this reclassification, financial liabilities designated at fair value of R135 916m (Deposits) and R59 700m (Debt securities in issue) have been aggregated to R195 616m, while financial liabilities measured at amortised cost have been combined from R1 083 858m (Deposits) and R135 367m (Debt securities in issue) to a total of R1 219 225m. Hedge items amounting to R7 025m, previously disclosed under Debt securities in issue, have now been presented as part of Deposits and debt funding. Refer to note 1.20.2.2 for further details on this reclassification.

51. Consolidated statement of financial position summary- IFRS 9 classification *continued*

	Company 2024				Company 2024				Assets/ liabilities outside the scope of IFRS 9 Rm	Total Rm
	Fair value through other comprehensive income				Amortised cost					
	Debt instruments	Equity instruments	Hedged items	Total	Debt instruments	Hedged items	Total			
	Rm	Rm	Rm	Rm	Rm	Rm	Rm			
	-	-	-	-	83 581	-	83 581	-	83 581	
	71 660	419	39 170	111 249	11 907	34 249	46 156	-	173 100	
	-	-	-	-	-	-	-	1 718	168 552	
	-	-	-	-	10 934	-	10 934	3 638	14 572	
	-	-	-	-	1 002 245	3 196	1 005 441	-	1 120 829	
	-	-	-	-	-	-	-	115	115	
	-	-	-	-	33 411	-	33 411	-	76 140	
	-	-	-	-	-	-	-	28 516	28 516	
	71 660	419	39 170	111 249	1 142 078	37 445	1 179 523	33 987	1 669 460	
	-	-	-	-	-	-	-	-	63 624	
	-	-	-	-	-	-	-	-	1 258	
	-	-	-	-	20 362	-	20 362	5 131	25 493	
	-	-	-	-	1 219 225	7 025	1 226 250	-	1 421 866	
	-	-	-	-	19 062	-	19 062	-	19 062	
	-	-	-	-	11 608	9 478	21 086	-	21 086	
	-	-	-	-	-	-	-	4 081	4 081	
	-	-	-	-	1 270 257	16 503	1 286 760	9 212	1 556 470	

52. Fair value disclosures

52.1 Assets and liabilities held at fair value

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

	Group							
	2025				2024			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Investment securities	78 258	45 333	4 938	128 529	65 520	58 331	3 098	126 949
Trading and hedging portfolio assets	92 868	100 560	13 203	206 631	77 302	85 472	8 228	171 002
Debt instruments	90 564	1 792	578	92 934	75 286	4 627	395	80 308
Derivative assets	–	71 655	3 362	75 017	–	59 397	1 905	61 302
Commodity derivatives	–	1 509	7	1 516	–	1 032	17	1 049
Credit derivatives	–	1	275	276	–	1	427	428
Equity derivatives	–	3 028	2 112	5 140	–	5 288	1 032	6 320
Foreign exchange derivatives	–	21 278	698	21 976	–	17 945	402	18 347
Interest rate derivatives	–	45 839	270	46 109	–	35 131	27	35 158
Equity instruments	801	–	–	801	577	–	–	577
Money market assets	1 503	27 113	9 263	37 879	1 439	21 448	5 928	28 815
Loans and advances	–	130 620	6 784	137 404	–	108 727	6 661	115 388
Loans to group companies	–	59 624	–	59 624	–	42 729	–	42 729
Total financial assets	171 126	336 137	24 925	532 188	142 822	295 259	17 987	456 068
Financial liabilities								
Trading and hedging portfolio liabilities	14 769	64 223	5 888	84 880	10 756	52 321	1 805	64 882
Derivative liabilities	–	64 223	5 888	70 111	–	52 321	1 805	54 126
Commodity derivatives	–	1 866	6	1 872	–	1 223	16	1 239
Credit derivatives	–	2	3 771	3 773	–	–	107	107
Equity derivatives	–	4 389	1 315	5 704	–	1 431	1 316	2 747
Foreign exchange derivatives	–	21 555	698	22 253	–	18 138	366	18 504
Interest rate derivatives	–	36 411	98	36 509	–	31 529	–	31 529
Short positions	14 769	–	–	14 769	10 756	–	–	10 756
Deposits and debt funding	704	228 617	1 999	231 320	60	193 873	1 687	195 616
Total financial liabilities	15 473	292 840	7 887	316 200	10 816	246 194	3 492	260 502
Non-financial assets								
Commodities	4 454	–	–	4 454	1 717	–	–	1 717
Investment properties	–	–	90	90	–	–	–	–
Non-recurring fair value adjustments								
Non-current assets held for sale	–	–	143	143	–	–	115	115

As a result of the uncertainties inherent in measuring the fair value of financial instruments, its measurement is estimated based on valuation assumptions and inputs derived from market expectations. Estimation involves judgements based on the latest available, reliable information. Resultantly, any change in key assumptions relating to their valuation is treated as a change in

accounting estimate and has been accounted for prospectively in the financial statements.

Deposits and debt securities in issue have been reclassified and presented as a single line item, restated from R135 916m and R59 704m respectively to R195 620m. Refer to Note 1.20.2.2 for further details on this reclassification.

52. Fair value disclosures continued

52.1 Assets and liabilities held at fair value

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

	Company							
	2025				2024			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Investment securities	78 258	44 793	4 725	127 776	65 520	58 330	3 094	126 944
Trading and hedging portfolio assets	92 868	100 560	13 203	206 631	77 302	85 359	8 228	170 889
Debt instruments	90 564	1 792	578	92 934	75 286	4 626	395	80 307
Derivative assets	–	71 655	3 362	75 017	–	59 285	1 905	61 190
Commodity derivatives	–	1 509	7	1 516	–	1 032	17	1 049
Credit derivatives	–	1	275	276	–	1	427	428
Equity derivatives	–	3 028	2 112	5 140	–	5 288	1 032	6 320
Foreign exchange derivatives	–	21 278	698	21 976	–	17 945	402	18 347
Interest rate derivatives	–	45 839	270	46 109	–	35 019	27	35 046
Equity instruments	801	–	–	801	577	–	–	577
Money market assets	1 503	27 113	9 263	37 879	1 439	21 448	5 928	28 815
Loans and advances	–	130 620	6 784	137 404	–	108 727	6 661	115 388
Loans to group companies	–	59 624	–	59 624	–	42 729	–	42 729
Total financial assets	171 126	335 597	24 712	531 435	142 822	295 145	17 983	455 950
Financial liabilities								
Trading and hedging portfolio liabilities	14 769	64 254	5 888	84 911	10 756	52 321	1 805	64 882
Derivative liabilities	–	64 254	5 888	70 142	–	52 321	1 805	54 126
Commodity derivatives	–	1 866	6	1 872	–	1 223	16	1 239
Credit derivatives	–	2	3 771	3 773	–	–	107	107
Equity derivatives	–	4 389	1 315	5 704	–	1 431	1 316	2 747
Foreign exchange derivatives	–	21 555	698	22 253	–	18 138	366	18 504
Interest rate derivatives	–	36 442	98	36 540	–	31 529	–	31 529
Short positions	14 769	–	–	14 769	10 756	–	–	10 756
Deposits and debt funding	704	228 607	1 999	231 310	60	193 869	1 687	195 616
Total financial liabilities	15 473	292 861	7 887	316 221	10 816	246 190	3 492	260 498
Non-financial assets								
Commodities	4 454	–	–	4 454	1 717	–	–	1 717
Non-recurring fair value adjustments								
Non-current assets held for sale	–	–	143	143	–	–	115	115

As a result of the uncertainties inherent in measuring the fair value of financial instruments, its measurement is estimated based on valuation assumptions and inputs derived from market expectations. Estimation involves judgements based on the latest available, reliable information. Resultantly, any change in key assumptions relating to their valuation is treated as a change in

accounting estimate and has been accounted for prospectively in the financial statements.

Deposits and debt securities have been reclassified and presented as a single line item, restated from R135 916m and R59 700m respectively to R195 616m. Refer to Note 1.20.2.2 for further details on this reclassification.

52. Fair value disclosures *continued*

52.2 Reconciliation of Level 3 assets and liabilities

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

	Group				
	2025				
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Investment Properties Rm	Total assets Rm
Opening balance at the beginning of the reporting period	8 228	6 661	3 098	–	17 987
Net interest income	–	49	32	–	81
Gains and losses from banking and trading activities	762	84	308	–	1 154
Purchases	6 395	2 974	244	90	9 703
Sales	(1 919)	(2 824)	(356)	–	(5 099)
Movement in other comprehensive income	–	–	12	–	12
Transfer to Level 3	243	–	1 600	–	1 843
Transfer out of Level 3	(506)	(160)	–	–	(666)
Closing balance at the end of the reporting period	13 203	6 784	4 938	90	25 015

	Group				
	2024				
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Investment Properties Rm	Total assets Rm
Opening balance at the beginning of the reporting period	17 255	6 746	9 876	–	33 877
Net interest income	–	31	103	–	134
Gains and losses from banking and trading activities	199	45	208	–	452
Purchases	4 178	689	1 100	–	5 967
Sales	(12 233)	(801)	(1 418)	–	(14 452)
Movement in other comprehensive income	–	–	(79)	–	(79)
Transfer to Level 3	–	170	254	–	424
Transfer out of Level 3	(1 171)	(219)	(6 946)	–	(8 336)
Closing balance at the end of the reporting period	8 228	6 661	3 098	–	17 987

52. Fair value disclosures

52.2 Reconciliation of Level 3 assets and liabilities *continued*

	Company			
	2025			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets Rm
Opening balance at the beginning of the reporting period	8 228	6 661	3 094	17 983
Net interest income	–	49	31	80
Gains and losses from banking and trading activities	762	84	308	1 154
Purchases	6 395	2 974	41	9 410
Sales	(1 919)	(2 824)	(356)	(5 099)
Movement in other comprehensive income	–	–	7	7
Transfer to Level 3	243	–	1 600	1 843
Transfer out of Level 3	(506)	(160)	–	(666)
Closing balance at the end of the reporting period	13 203	6 784	4 725	24 712

	Company			
	2024			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets Rm
Opening balance at the beginning of the reporting period	17 254	6 746	9 872	33 872
Net interest income	–	31	103	134
Gains and losses from banking and trading activities	199	45	208	452
Purchases	4 178	689	1 100	5 967
Sales	(12 232)	(801)	(1 417)	(14 450)
Movement in other comprehensive income	–	–	(80)	(80)
Transfer to Level 3	–	170	254	424
Transfer out of Level 3	(1 171)	(219)	(6 946)	(8 336)
Closing balance at the end of the reporting period	8 228	6 661	3 094	17 983

52. Fair value disclosures

52.2 Reconciliation of Level 3 assets and liabilities *continued*

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

	Group and Company		
	2025		
	Trading and hedging portfolio liabilities Rm	Deposits and debt funding Rm	Total liabilities Rm
Opening balance at the beginning of the reporting period	1 805	1 687	3 492
Gains and losses from banking and trading activities	4 811	303	5 114
Issues	126	350	476
Settlements	(47)	(59)	(106)
Transfer to Level 3	98	-	98
Transfer out of Level 3	(905)	(282)	(1 187)
Closing balance at the end of the reporting period	5 888	1 999	7 887

	Group and Company		
	2024		
	Trading and hedging portfolio liabilities Rm	Deposits and debt funding Rm	Total liabilities Rm
Opening balance at the beginning of the reporting period	3 850	2 337	6 187
Gains and losses from banking and trading activities	789	96	885
Issues	212	331	543
Settlements	(3 010)	(3)	(3 013)
Transfer out of Level 3	(36)	(1 074)	(1 110)
Closing balance at the end of the reporting period	1 805	1 687	3 492

Deposits and debt securities in issue have been reclassified and are now presented as a single line item. Refer to Note 1.20.2.2 for further details on this reclassification.

52.2.1 Significant transfers between levels

During the 2025 and 2024 reporting periods, transfers between levels occurred because of changes in the observability of valuation inputs, in some instances owing to changes in the level of market activity. Transfers between level 1 and level 2 are not considered significant for disclosure. Transfers have been reflected as if they had taken place at the beginning of the year.

52. Fair value disclosures *continued*

52.3 Unrealised gains and losses on Level 3 assets and liabilities

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

	Group and Company			
	2025			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Aggregate unrealised gains and (losses) since inception	1 647	127	301	2 075
Unrealised gains and (losses) recognised	1 208	134	308	1 650

	Group and Company			
	2024			
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm
Aggregate unrealised gains and (losses) since inception	345	43	113	501
Unrealised gains and (losses) recognised	199	60	40	299

	Group and Company		
	2025		
	Trading and hedging portfolio liabilities Rm	Deposits and Debt funding Rm	Total liabilities at fair value Rm
Aggregate unrealised gains and (losses) since inception	(5 498)	(502)	(6 000)
Unrealised gains and (losses) recognised	(4 961)	(422)	(5 383)

	Group and Company		
	2024		
	Trading and hedging portfolio liabilities Rm	Deposits and debt funding Rm	Total liabilities at fair value Rm
Aggregate unrealised gains and (losses) since inception	(1 478)	(149)	(1 627)
Unrealised gains and (losses) recognised	(761)	(169)	(930)

52. Fair value disclosures *continued*

52.4 Sensitivity analysis of valuations using unobservable inputs

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

A significant parameter has been deemed to be one which may result in a charge to profit or loss, or a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item.

This is demonstrated by the following sensitivity analysis which includes reasonable ranges of possible outcomes:

		Group				
		2025				
	Significant unobservable parameters	Change in significant unobservable input	Level 3 balance Rm	Weighted average discount rate	Potential favourable/ (unfavourable) profit or loss impact Rm	Potential favourable/ (unfavourable) equity impact Rm
Financial assets						
Investment securities	credit spreads	100/(100) bps	3 342	8.70%		(62)/64
Trading and hedging portfolio assets						
Debt instruments and money market assets	Credit spreads	100/(100) bps	9 841	8.79%		(323)/338
Derivative assets	Volatility, African basis curves, yield curves and credit spreads on credit default swaps.	Volatility: 10% Other: 100/(100) bps	3 362	Not applicable		216/(216)
Loans and advances	Credit spreads	100/(100) bps	6 784	7.05%		(451)/494
Financial liabilities						
Trading and hedging portfolio liabilities						
Derivative liabilities	Volatility, African basis curves, yield curves and credit spreads on credit default swaps.	Volatility: 10% Other: 100/(100) bps	5 888	Not applicable		(262)/262
Deposits and debt funding	Absa Group Limited's funding spreads	100/(100) bps	1 999	9.03%		99/(106)

52. Fair value disclosures

52.4 Sensitivity analysis of valuations using unobservable inputs *continued*

		Company				
		2025				
	Significant unobservable parameters	Change in significant unobservable input	Level 3 balance Rm	Weighted average discount rate	Potential favourable/ (unfavourable) profit or loss impact Rm	Potential favourable/ (unfavourable) equity impact Rm
Financial assets						
Investment securities	credit spreads	100/(100) bps	3 139	8.75%		(56)/57
Trading and hedging portfolio assets						
Debt instruments and money market assets	Credit spreads	100/(100) bps	9 841	8.79%		(323)/338
Derivative assets	Volatility, African basis curves, yield curves and credit spreads on credit default swaps.	Volatility: 10% Other: 100/(100) bps	3 362	Not applicable		216/(216)
Loans and advances	Credit spreads	100/(100) bps	6 784	7.05%		(451)/494
Financial liabilities						
Trading and hedging portfolio liabilities						
Derivative liabilities	Volatility, African basis curves, yield curves and credit spreads on credit default swaps.	Volatility: 10% Other: 100/(100) bps	5 888	Not applicable		(262)/262
Deposits and debt funding	Absa Group Limited's funding spreads	100/(100) bps	1 999	9.03%		99/(106)

The sensitivity analysis excludes unlisted equity investments with a carrying amount of **R1 596m** (2024: R1 257m) for Group, **R1 586m** (2024: R1 253) Company, as any reasonably possible changes in the valuation inputs would not have a material impact on profit or loss or equity.

52. Fair value disclosures

52.4 Sensitivity analysis of valuations using unobservable inputs *continued*

		Group and Company				
		2024				
	Significant unobservable parameters	Change in significant unobservable input	level 3 balance Rm	Weighted average discount rate	Potential favourable/ (unfavourable) profit or loss impact Rm	Potential favourable/ (unfavourable) equity impact Rm
Financial assets						
Investment securities	Credit spreads	100/(100) bps	1 841	9.31%		(44)/45
Trading and hedging portfolio assets						
Debt instruments and money market assets	Credit spreads	100/(100) bps	6 323	10.10%	(342)/370	
Derivative assets	Volatility, African basis curves, yield curves, credit spreads on credit default swaps	Volatility: 10% Other: 100/(100) bps	1 905	Not applicable	264/(264)	
Loans and advances	Credit spreads	100/(100) bps	6 661	7.45%	(452)/497	
Financial liabilities						
Trading and hedging portfolio liabilities						
Derivative liabilities	Volatility, African basis curves, yield curves, credit spreads on credit default swaps	Volatility: 10% Other: 100/(100)bps	1 805	Not applicable	(444)/444	
Deposits and debt funding	Absa Group Limited's funding spreads	100/(100) bps	1 687	10.88%	82/(88)	

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

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

	Group and Company	
	2025 Rm	2024 Rm
Opening balance at the beginning of the reporting period	(406)	(379)
New transactions	(412)	(297)
Amounts recognised in profit or loss during the reporting period	325	270
Closing balance at the end of the reporting period	(493)	(406)

52.6 Third-party credit enhancements

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

52. Fair value disclosures *continued*

52.7 Assets and liabilities not held at fair value

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

	Group				
	2025	2025	2025	2025	2025
	Carrying amount Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	41 131	44 967	40 908	222	3 837
Personal and Private Banking	473 838	482 232	–	–	482 232
Transactions and deposits	11 128	11 119	–	–	11 119
Unsecured Lending	19 737	19 029	–	–	19 029
Personal Loans	19 737	19 029	–	–	19 029
Home Loans	315 934	322 548	–	–	322 548
Vehicle and Asset Finance	127 039	129 536	–	–	129 536
Business Banking	148 286	149 649	–	–	149 649
Corporate and Investment Banking	372 584	373 794	–	4 023	369 771
Loans and advances to customers	994 708	1 005 675	–	4 023	1 001 652
Total	1 035 839	1 050 642	40 908	4 245	1 005 489
Financial liabilities					
Deposits and debt funding	240 760	241 169	9 894	231 260	15
Subordinated debt	22 562	23 412	–	23 412	–
Total	263 322	264 581	9 894	254 672	15

The above table excludes the financial instruments where the fair value approximates the carrying amount. The fair value amounts approximate the carrying amount due to the short-term nature and/or frequent repricing of interest rates on such instruments.

52. Fair value disclosures

52.7 Assets and liabilities not held at fair value *continued*

	Group				
	2024				
	Carrying amount Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	46 155	47 213	45 725	431	1 057
Personal and Private Banking	459 097	465 956	–	–	465 956
Transactions and deposits	10 494	10 599	–	–	10 599
Unsecured Lending	20 166	19 704	–	–	19 704
Personal Loans	20 166	19 704	–	–	19 704
Home Loans	310 116	315 104	–	–	315 104
Vehicle and Asset Finance	118 321	120 549	–	–	120 549
Business Banking	140 187	142 413	–	–	142 413
Corporate and Investment Banking	335 725	335 992	–	4 030	331 962
Loans and advances to customers	935 009	944 361	–	4 030	940 331
Total	981 164	991 574	45 725	4 461	941 388
Financial liabilities					
Deposits and debt funding	414 886	415 357	7 016	408 211	130
Subordinated debt	21 086	21 139	–	21 139	–
Total	435 972	436 496	7 016	429 350	130

The segment split numbers have been restated, refer to reporting changes overview note 1.20.1.

Deposits and debt securities in issue have been reclassified and presented as a single line item, restated from R267 249m and R147 637m respectively to R414 886m. Refer to Note 1.20.2.2 for further details on this reclassification.

52. Fair value disclosures

52.7 Assets and liabilities not held at fair value *continued*

	Company				
	2025				
	Carrying amount Rm	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	41 131	44 967	40 908	222	3 837
Personal and Private Banking	473 379	481 764	–	–	481 764
Transactions and deposits	11 128	11 119	–	–	11 119
Unsecured Lending	19 737	19 029	–	–	19 029
Personal Loans	19 737	19 029	–	–	19 029
Home Loans	315 475	322 080	–	–	322 080
Vehicle and Asset Finance	127 039	129 536	–	–	129 536
Business Banking	146 050	147 392	–	–	147 392
Corporate and Investment Banking	371 257	372 455	–	4 024	368 431
Loans and advances to customers	990 686	1 001 611	–	4 024	997 587
Total	1 031 817	1 046 578	40 908	4 246	1 001 424
Financial liabilities					
Deposits and debt funding	234 888	235 296	9 894	225 387	15
Subordinated debt	22 562	23 412	–	23 412	–
Total	257 450	258 708	9 894	248 799	15

The above table excludes the financial instruments where the fair value approximates the carrying amount. The fair value amounts approximate the carrying amount due to the short-term nature and/or frequent repricing of interest rates on such instruments.

52. Fair value disclosures

52.7 Assets and liabilities not held at fair value *continued*

	Carrying amount Rm	Fair value Rm	Company 2024		
			Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets					
Investment securities	46 156	47 213	45 725	431	1 057
Personal and Private Banking	458 516	464 788	–	–	464 788
Transactions and deposits	10 494	10 599	–	–	10 599
Unsecured Lending	20 166	19 704	–	–	19 704
Personal Loans	20 166	19 704	–	–	19 704
Home Loans	309 536	313 936	–	–	313 936
Vehicle and Asset Finance	118 320	120 549	–	–	120 549
Business Banking	138 730	147 528	–	–	147 528
Corporate and Investment Banking	333 228	326 872	–	4 030	322 842
Loans and advances to customers	930 474	939 188	–	4 030	935 158
Total	964 281	986 401	45 725	4 461	936 215
Financial liabilities					
Deposits and debt funding	409 641	410 113	7 016	402 967	130
Subordinated debt	21 086	21 139	–	21 139	–
Total	430 727	431 252	7 016	424 106	130

The segment split numbers have been restated, refer to reporting changes overview note 1.20.1.

Deposits and debt securities in issue have been reclassified and presented as a single line item, restated from R267 249m and R142 392m respectively to R409 641m. Refer to Note 1.20.2.2 for further details on this reclassification.

53. Credit risk of financial instruments designated at fair value

The following table represents the maximum exposure to credit risk of financial assets designated at fair value through profit or loss at the reporting date before taking into account collateral held or other credit enhancements:

	Group and Company	
	2025 Rm	2024 Rm
Assets		
Investment securities	3 231	14 565
Loans and advances to customers	34 135	32 868
Total	37 366	47 433

The Group and Company utilised credit derivatives and credit linked notes as a mechanism to hedge its exposure to credit risk for financial instruments designated at fair value through profit or loss. The value of collateral has been limited to the fair value of the instrument.

The Group and Company did not hold any collateral against the financial assets designated at fair value in the current and previous reporting periods.

53. Credit risk of financial instruments designated at fair value *continued*

Contractual obligation at maturity of financial liabilities designated at fair value through profit or loss

The following table represents the carrying amount of financial liabilities designated at fair value through profit or loss and the amount that the Group and Company is contractually required to pay to the holder of the obligation at maturity:

	Group and Company			
	2025		2024	
	Carrying amount Rm	Contractual Obligation Rm	Carrying amount Rm	Contractual Obligation Rm
Liabilities				
Deposits and debt funding	231 320	255 836	195 620	225 521
Total	231 320	255 836	195 620	225 521

Deposits and debt securities in issue have been combined and presented as a single line item restating the carrying amount from R135 916m and R59 704m and contractual obligations from R158 929 and R66 592m respectively to R195 620m and R225 521m. Refer to Note 1.20.2.2 for further details on this reclassification.

(Increase)/decrease in fair value attributable to changes in own credit risk during the reporting period

	Group and Company	
	2025 Rm	2024 Rm
Liabilities		
Deposits and debt funding	(197)	(274)
Cumulative adjustments in fair value attributable to changes in own risk		
Liabilities		
Deposits and debt funding	1 513	1 316

The following approach is used in determining changes in fair value due to changes in own credit risk for deposits and debt funding designated at fair value through profit or loss:

- The carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data, such as spreads on Absa Bank issued funding. Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

54. Risk Management

54.1 Effective risk management and control are essential for sustainable and profitable growth

The Group and Company actively identifies and assesses risks arising from internal and external environments, and proactively identifies emerging risks. To ensure effective implementation, our consolidated response is monitored as follows:

- Recognise the importance of a strong risk culture, which is integral to the Group's culture.
- Consider key (principal) risks, clear ownership and accountability, and Group-wide risk coverage.
- Support the Group's strategy with a coherent risk management operating model and appropriate risk practices, tools and techniques.
- Uphold the risk governance structure at Group, business and Group functions, with clear Board escalation and oversight.
- Follow comprehensive and structured processes for evaluating, responding to and monitoring risks.
- Oversee and manage Group-wide control environment through a combined assurance model with clear accountability across the three lines of defense.

The role of risk management is to evaluate, respond to and monitor risks in the execution of the Group's strategy. The Group's strategy is supported by an effective Enterprise Risk Management Framework. The Group's risk function performs conformance reviews; checks and challenges the risk profile; and retains independence in analysis and decision-making, underpinned by regular reporting to the Executive Committee and the Board.

The Group Credit Risk Officer assumes responsibility for the Enterprise Risk Management Framework.

The Enterprise Risk Management Framework:

- Outlines the approach to the management of risk and provides the basis for setting frameworks and policies, and establishing appropriate risk practices throughout the Group;
- Defines the risk management process and sets out the activities, tools, techniques and the operating model to ensure material risks can be identified and managed;
- Ensures appropriate responses are in place to protect the Group and its stakeholders; and
- Sets out principal risks and assigns clear ownership and accountability for these risks.

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

The Enterprise Risk Management Framework is reviewed and approved annually by the Board.

Strategy and risk appetite

The risk strategy is developed alongside the Group's business strategy and forms an integral part of the integrated planning process. Within the risk strategy, risk appetite defines the nature and amount of risk that the Group is willing to take to meet its strategic objectives. This forms part of the strategic planning process to ensure the business strategy is achievable within risk appetite, and that the organisation's decision-making and strategic planning is supported by risk information.

The Group's risk appetite:

- Specifies the level of risk the Group is willing to take in pursuit of its strategy.
- Considers all principal and material risks individually and, where appropriate, in aggregate.
- Consistently measures, monitors and communicates the level of risk for different risk types, expressed in qualitative and quantitative terms.
- Describes agreed parameters for the Group's performance under varying levels of financial stress and volatility to earnings, capital adequacy, leverage and liquidity.
- Is considered in key decision-making processes, including business planning, mergers and acquisitions, new product approvals and business change initiatives.

The Group's risk appetite is stated qualitatively in terms of risk principles and risk preferences and refers to the types of risk the Group actively seeks as well as those it accepts and avoids. In addition, the maximum amount of risk that the Group is prepared to accept to achieve its business objectives is defined using a range of quantitative metrics relating to capital adequacy, earnings volatility, liquidity and leverage. These are cascaded to the level of principal risk, legal entity and business unit.

54. Risk Management

54.1 Effective risk management and control are essential for sustainable and profitable growth *continued*

Stress testing and scenario planning

Stress testing and scenario planning provides a forward-looking view of financial and non-financial risks under a range of scenarios and sensitivities to estimate the potential impact on the Group, including its subsidiaries, business lines or portfolios. Stress testing is an integral part of the Group's risk management and quantification and should alert management to unexpected outcomes arising from either decisions made by management, or a wide range of external downside/upside factors. Stress testing forms a pillar of the ERMF in that it contributes to risk identification, risk management and risk mitigation on an enterprise-wide basis. The Group's Board is responsible for approving the Stress Testing Framework and, through the Group Risk and Capital Management Committee, maintains ultimate responsibility for the Group's stress testing Programme.

The Group performs comprehensive stress testing to ensure that it remains well capitalised relative to its business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which it operates.

Credit risk

Credit risk is the risk of suffering financial loss due to a borrower, counterparty to a derivative transaction, or an issuer of debt securities defaulting on its contractual obligations.

Market risk

The risk of the Group's earnings or capital being adversely impacted by changes in the level or volatility of prices affecting the positions in its books.

- **Trading book risk** – The market risk resulting from trading activities booked in trading books across the Group in accordance with regulatory requirements.
- **Banking book risk** – The risk that the Group's current or projected financial condition and resilience might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book, due to re-pricing differences between assets, liabilities and equity, and includes funding spread risk and foreign exchange rate risk.

Capital and Liquidity risk

The risk and related constraints, which support the effective management of the Group's financial resources, among others, capital, liquidity and pension, are critical to meeting the Group's strategic objectives. This includes pension risk as a risk in the event that a capital injection is required with respect to defined benefit plans.

- **Capital risk** – The risk that the Group has an insufficient level or inappropriate composition of capital to support its normal business activities and to remain within its Board-approved capital target ranges under normal operating conditions or above regulatory capital requirements under stressed conditions.
- **Liquidity risk** – The risk that the Group is unable to meet its contractual or contingent liquidity obligations or that it does not have the appropriate amount, tenor and composition of funding to support its assets.

Insurance risk

The risk that future claims, expenses, policyholder behavior and investment returns will be adversely different from the allowances made in measuring policyholder liabilities and in product pricing.

54. Risk Management *continued*

54.2 Credit risk

The following table sets out information about the credit quality of financial instruments to which the impairment requirements in IFRS 9 are applicable:

	Group				Group			
	Gross maximum exposure Rm	2025			2025			Stage 3 Default Rm
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	Default Rm	
Maximum exposure to credit risk								
Balances with the SARB	89 982	89 982	-	-	-	-	-	
Cash, cash balances and balances with central banks	89 982	89 982	-	-	-	-	-	
Government bonds	120 074	115 633	4 441	-	-	-	-	
Other	19 334	15 216	2 682	-	1 436	-	-	
Treasury bills	25 170	25 170	-	-	-	-	-	
Investment securities	164 578	156 019	7 123	-	1 436	-	-	
Accounts receivables	10 168	5 842	4 303	-	23	-	-	
Settlement accounts	4 927	4 737	190	-	-	-	-	
Other assets	15 095	10 579	4 493	-	23	-	-	
Personal and Private Banking	543 167	89 611	329 568	31 978	188	9 649	30 745	51 428
Transactions and Deposits	12 285	926	8 408	178	36	1 237	114	1 386
Unsecured Lending	69 315	9 630	38 113	4 886	61	2 604	3 407	10 614
Personal Loans	23 989	408	13 173	3 514	8	933	1 717	4 236
Card	45 326	9 222	24 940	1 372	53	1 671	1 690	6 378
Home Loans	327 291	66 719	196 118	14 112	73	3 157	16 939	30 173
Vehicle and Asset Finance	134 224	12 336	86 929	12 802	18	2 651	10 285	9 203
Retail Other	52	-	-	-	-	-	-	52
Business Banking	152 071	10 458	124 421	-	17	9 625	-	7 550
Corporate and Investment Banking	374 898	178 708	169 064	111	348	18 254	102	8 311
Head Office, Treasury and other operations	3 931	3 928	3	-	-	-	-	-
Loans and advances to customers	1 074 067	282 705	623 056	32 089	553	37 528	30 847	67 289
Loans and advances to banks	40 196	22 471	14 523	1 736	-	1 319	147	-
Loans and advances	1 114 263	305 176	637 579	33 825	553	38 847	30 994	67 289
Loans and advances to Group companies	25 244	25 244	-	-	-	-	-	-
Off-statement of financial position exposure								
Guarantees	51 187	26 607	19 765	122	-	4 313	123	257
Letters of credit	12 146	581	10 841	397	-	313	14	-
Revocable and irrevocable debt facilities	386 175	155 949	227 377	633	90	1 677	114	335
Total off-statement financial position exposure	449 508	183 137	257 983	1 152	90	6 303	251	592

Refer to note 1.2.1.3 for DG bucket definitions.

The revocable and irrevocable debt facilities include the risk that certain revocable debt facilities may be drawn down, without further intervention from the Group.

54. Risk Management

54.2 Credit risk *continued*

	Gross maximum exposure Rm	Group 2024			Group 2024			Stage 3 Default Rm
		Stage 1			Stage 2			
		DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	
Maximum exposure to credit risk								
Balances with the SARB	78 431	78 431	-	-	-	-	-	-
Cash, cash balances and balances with central banks	78 431	78 431	-	-	-	-	-	-
Government bonds	111 134	107 457	3 677	-	-	-	-	-
Other	15 818	11 440	2 993	-	-	1 061	-	324
Treasury bills	30 040	30 040	-	-	-	-	-	-
Investment securities	156 992	148 937	6 670	-	-	1 061	-	324
Accounts receivables	9 090	5 249	3 807	-	-	34	-	-
Settlement accounts	1 974	1 678	296	-	-	-	-	-
Other assets	11 064	6 927	4 103	-	-	34	-	-
Personal and Private Banking	528 283	93 098	310 066	31 402	1 214	9 733	30 260	52 510
Transactions and Deposits	11 822	695	8 396	221	121	842	148	1 399
Unsecured Lending	70 464	8 711	37 844	4 580	56	2 967	3 601	12 705
Personal Loans	25 686	308	13 431	3 015	15	1 347	1 840	5 730
Card	44 778	8 403	24 413	1 565	41	1 620	1 761	6 975
Home Loans	320 566	73 554	183 435	14 473	97	3 357	16 791	28 859
Vehicle and Asset Finance	125 379	10 138	80 391	12 128	940	2 567	9 720	9 495
Retail Other	52	-	-	-	-	-	-	52
Business Banking	144 174	9 947	117 446	-	5	8 056	-	8 720
Corporate and Investment Banking	339 992	178 688	133 841	10	47	18 202	268	8 936
Head Office, Treasury and other operations	3 942	3 911	27	-	-	4	-	-
Loans and advances to customers	1 016 391	285 644	561 380	31 412	1 266	35 995	30 528	70 166
Loans and advances to banks	33 840	20 812	10 971	313	-	1 408	336	-
Loans and advances	1 050 231	306 456	572 351	31 725	1 266	37 403	30 864	70 166
Loans and advances to Group companies	24 812	24 812	-	-	-	-	-	-
Guarantees	39 038	20 993	14 350	30	12	3 232	87	334
Letters of credit	9 814	2 305	4 506	690	-	2 236	77	-
Revocable and irrevocable debt facilities	392 212	161 171	227 979	523	232	1 777	162	368
Total off statement financial exposure	441 064	184 469	246 835	1 243	244	7 245	326	702

Refer to note 1.2.1.3 for DG bucket definitions.

The revocable and irrevocable debt facilities include the risk that certain revocable debt facilities may be drawn, without further intervention from the Group.

The segment split numbers have been restated. Refer to the reporting changes overview in note 1.20.1.

During the reporting period, the Group aligned the treatment of intraday settlement limits with the Prudential Authority's large-exposure directive, resulting in a restatement of the prior-year revocable debt-facilities balance. Historically, these limits were excluded from the credit-risk notes as they operate as liquidity-management facilities requiring full intraday repayment, with no overnight utilisation permitted. Following the revised treatment, the comparative disclosure as at 31 December 2024 has been restated, increasing gross maximum exposure by R151 818m to R392 212m, stage 1 DG 1-9 exposures by R93 569m to R161 171m, and DG 10-19 exposures by R58 249m to R227 979m.

54. Risk Management

54.2 Credit risk *continued*

	Gross maximum exposure Rm	Group 2024			Group 2024			Stage 3 Default Rm
		Stage 1			Stage 2			
		DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	
Maximum exposure to credit risk								
Balances with the SARB	78 431	78 431	-	-	-	-	-	-
Cash, cash balances and balances with central banks	78 431	78 431	-	-	-	-	-	-
Government bonds	111 134	107 457	3 677	-	-	-	-	-
Other	15 818	11 440	2 993	-	-	1 061	-	324
Treasury bills	30 040	30 040	-	-	-	-	-	-
Investment securities	156 992	148 937	6 670	-	-	1 061	-	324
Accounts receivables	9 090	5 249	3 807	-	-	34	-	-
Settlement accounts	1 974	1 678	296	-	-	-	-	-
Other assets	11 064	6 927	4 103	-	-	34	-	-
Personal and Private Banking	528 283	93 098	310 066	31 402	1 214	9 733	30 260	52 510
Transactions and Deposits	11 822	695	8 396	221	121	842	148	1 399
Unsecured Lending	70 464	8 711	37 844	4 580	56	2 967	3 601	12 705
Personal Loans	25 686	308	13 431	3 015	15	1 347	1 840	5 730
Card	44 778	8 403	24 413	1 565	41	1 620	1 761	6 975
Home Loans	320 566	73 554	183 435	14 473	97	3 357	16 791	28 859
Vehicle and Asset Finance	125 379	10 138	80 391	12 128	940	2 567	9 720	9 495
Retail Other	52	-	-	-	-	-	-	52
Business Banking	144 174	9 947	117 446	-	5	8 056	-	8 720
Corporate and Investment Banking	339 992	178 688	133 841	10	47	18 202	268	8 936
Head Office, Treasury and other operations	3 942	3 911	27	-	-	4	-	-
Loans and advances to customers	1 016 391	285 644	561 380	31 412	1 266	35 995	30 528	70 166
Loans and advances to banks	33 840	20 812	10 971	313	-	1 408	336	-
Loans and advances	1 050 231	306 456	572 351	31 725	1 266	37 403	30 864	70 166
Loans and advances to Group companies	24 812	24 812	-	-	-	-	-	-
Guarantees	39 038	20 993	14 350	30	12	3 232	87	334
Letters of credit	9 814	2 305	4 506	690	-	2 236	77	-
Revocable and irrevocable debt facilities	392 212	161 171	227 979	523	232	1 777	162	368
Total off statement financial exposure	441 064	184 469	246 835	1 243	244	7 245	326	702

54. Risk Management

54.2 Credit risk *continued*

	Company				Company			
	Gross maximum exposure Rm	2025			2025			Stage 3 Default Rm
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	Default Rm	
Maximum exposure to credit risk								
Balances with the SARB	89 982	89 982	-	-	-	-	-	
Cash, cash balances and balances with central banks	89 982	89 982	-	-	-	-	-	
Government bonds	120 074	115 633	4 441	-	-	-	-	
Other	18 603	14 485	2 682	-	1 436	-	-	
Treasury bills	25 158	25 158	-	-	-	-	-	
Investment securities	163 835	155 276	7 123	-	1 436	-	-	
Accounts receivables	10 099	5 773	4 303	-	23	-	-	
Settlement accounts	4 927	4 737	190	-	-	-	-	
Other assets	15 026	10 510	4 493	-	23	-	-	
Personal and Private Banking	542 678	89 475	329 350	31 951	187	9 642	30 722	51 351
Transactions and Deposits	12 285	926	8 408	178	36	1 237	114	1 386
Unsecured Lending	69 315	9 630	38 113	4 886	61	2 604	3 407	10 614
Personal Loans	23 989	408	13 173	3 514	8	933	1 717	4 236
Card	45 326	9 222	24 940	1 372	53	1 671	1 690	6 378
Home Loans	326 802	66 583	195 900	14 085	72	3 150	16 916	30 096
Vehicle and Asset Finance	134 224	12 336	86 929	12 802	18	2 651	10 285	9 203
Retail Other	52	-	-	-	-	-	-	52
Business Banking	149 767	8 154	124 421	-	17	9 625	-	7 550
Corporate and Investment Banking	373 561	178 747	167 717	111	348	18 249	102	8 287
Head Office, Treasury and other operations	3 932	3 928	4	-	-	-	-	-
Loans and advances to customers	1 069 938	280 304	621 492	32 062	552	37 516	30 824	67 188
Loans and advances to banks	39 659	21 942	14 515	1 736	-	1 319	147	-
Loans and advances	1 109 597	302 246	636 007	33 798	552	38 835	30 971	67 188
Loans and advances to Group companies	33 855	33 855	-	-	-	-	-	-
Off-statement of financial position exposure								
Guarantees	57 059	32 479	19 765	122	-	4 313	123	257
Letters of credit	12 147	582	10 841	397	-	313	14	-
Revocable and irrevocable debt facilities	385 868	155 852	227 171	631	90	1 676	113	335
Total off-statement financial position exposure	455 074	188 913	257 777	1 150	90	6 302	250	592

Refer to note 1.2.1.3 for DG bucket definitions.

The revocable and irrevocable debt facilities include the risk that certain revocable debt facilities may be drawn down, without further intervention from the Group.

54. Risk Management

54.2 Credit risk *continued*



54. Risk Management

54.2 Credit risk *continued*

	Gross maximum exposure Rm	Company 2024			Company 2024			Stage 3 Default Rm
		Stage 1		Stage 2	Stage 3			
		DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 10-19 Rm	DG 20-21 Rm		
Maximum exposure to credit risk								
Balances with the SARB	78 431	78 431	-	-	-	-	-	-
Cash, cash balances and balances with central banks	78 431	78 431	-	-	-	-	-	-
Government bonds	111 134	107 457	3 677	-	-	-	-	-
Other	15 494	11 440	2 993	-	-	1 061	-	-
Treasury bills	30 040	30 040	-	-	-	-	-	-
Investment securities	156 668	148 937	6 670	-	-	1 061	-	-
Accounts receivables	8 960	5 127	3 799	-	-	34	-	-
Settlement accounts	1 973	1 677	296	-	-	-	-	-
Other assets	10 933	6 804	4 095	-	-	34	-	-
Personal and Private Banking	527 674	92 488	310 067	31 402	1 214	9 733	30 260	52 510
Transactions and Deposits	11 822	695	8 396	221	121	842	148	1 399
Unsecured Lending	70 464	8 711	37 844	4 580	56	2 967	3 601	12 705
Personal Loans	25 686	308	13 431	3 015	15	1 347	1 840	5 730
Card	44 778	8 403	24 413	1 565	41	1 620	1 761	6 975
Home Loans	319 957	72 944	183 436	14 473	97	3 357	16 791	28 859
Vehicle and Asset Finance	125 379	10 138	80 391	12 128	940	2 567	9 720	9 495
Retail Other	52	-	-	-	-	-	-	52
Business Banking	142 600	7 170	118 563	-	5	8 144	-	8 718
Corporate and Investment Banking	337 522	171 929	138 216	10	47	18 114	268	8 938
Head Office, Treasury and other operations	3 941	3 911	26	-	-	4	-	-
Loans and advances to customers	1 011 737	275 498	566 872	31 412	1 266	35 995	30 528	70 166
Loans and advances to banks	33 840	20 917	10 866	313	-	1 408	336	-
Loans and advances	1 045 577	296 415	577 738	31 725	1 266	37 403	30 864	70 166
Loans and advances to Group companies	33 684	33 684	-	-	-	-	-	-
Guarantees	44 283	26 237	14 351	30	12	3 232	87	334
Letters of credit	9 814	2 305	4 506	690	-	2 236	77	-
Revocable and irrevocable debt facilities	391 970	160 928	227 980	523	232	1 777	162	368
Total off statement financial exposure	446 067	189 470	246 837	1 243	244	7 245	326	702

Refer to note 1.2.1.3 for DG bucket definitions.

The revocable and irrevocable debt facilities include the risk that certain revocable debt facilities may be drawn, without further intervention from the Group.

The segment split numbers have been restated. Refer to the reporting changes overview in note 1.20.1.

In the prior year, the Group and Company disclosures were presented in a single table, with significant differences explained in the accompanying narrative. In the current year, the Group and Company disclosures have been presented in separate tables. This change has been made to provide greater clarity and to better articulate the differences between the Group and Company disclosures.

54. Risk Management

54.2 Credit risk *continued*

	Gross maximum exposure Rm	Company 2024			Company 2024			Stage 3 Default Rm
		Stage 1		Stage 2	Stage 3			
		DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm	DG 10-19 Rm	DG 20-21 Rm		
Maximum exposure to credit risk								
Balances with the SARB	78 431	78 431	-	-	-	-	-	-
Cash, cash balances and balances with central banks	78 431	78 431	-	-	-	-	-	-
Government bonds	111 134	107 457	3 677	-	-	-	-	-
Other	15 494	11 440	2 993	-	-	1 061	-	-
Treasury bills	30 040	30 040	-	-	-	-	-	-
Investment securities	156 668	148 937	6 670	-	-	1 061	-	-
Accounts receivables	8 960	5 127	3 799	-	-	34	-	-
Settlement accounts	1 973	1 677	296	-	-	-	-	-
Other assets	10 933	6 804	4 095	-	-	34	-	-
Personal and Private Banking	527 674	92 488	310 067	31 402	1 214	9 733	30 260	52 510
Transactions and Deposits	11 822	695	8 396	221	121	842	148	1 399
Unsecured Lending	70 464	8 711	37 844	4 580	56	2 967	3 601	12 705
Personal Loans	25 686	308	13 431	3 015	15	1 347	1 840	5 730
Card	44 778	8 403	24 413	1 565	41	1 620	1 761	6 975
Home Loans	319 957	72 944	183 436	14 473	97	3 357	16 791	28 859
Vehicle and Asset Finance	125 379	10 138	80 391	12 128	940	2 567	9 720	9 495
Retail Other	52	-	-	-	-	-	-	52
Business Banking	142 600	7 170	118 563	-	5	8 144	-	8 718
Corporate and Investment Banking	337 522	171 929	138 216	10	47	18 114	268	8 938
Head Office, Treasury and other operations	3 941	3 911	26	-	-	4	-	-
Loans and advances to customers	1 011 737	275 498	566 872	31 412	1 266	35 995	30 528	70 166
Loans and advances to banks	33 840	20 917	10 866	313	-	1 408	336	-
Loans and advances	1 045 577	296 415	577 738	31 725	1 266	37 403	30 864	70 166
Loans and advances to Group companies	33 684	33 684	-	-	-	-	-	-
Guarantees	44 283	26 237	14 351	30	12	3 232	87	334
Letters of credit	9 814	2 305	4 506	690	-	2 236	77	-
Revocable and irrevocable debt facilities	391 970	160 928	227 980	523	232	1 777	162	368
Total off statement financial exposure	446 067	189 470	246 837	1 243	244	7 245	326	702

54. Risk Management

54.2 Credit risk *continued*

The following table sets out information about the credit quality of financial instruments which are classified at fair value through profit or loss:

	Group			
	Gross carrying amount Rm	2025		
		DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm
Maximum exposure to credit risk				
Financial instruments				
Investment securities	3 313	2 931	382	-
Other	82	-	82	-
Treasury bills	3 231	2 931	300	-
Trading and hedging portfolio assets	205 829	174 647	30 526	656
Debt instruments	92 934	81 918	10 662	354
Derivative assets	75 016	71 686	3 028	302
Money market assets	37 879	21 043	16 836	-
Loans and advances	137 404	72 041	65 303	60
Loans and advances to customers	118 407	57 323	61 024	60
Loans and advances to banks	18 997	14 718	4 279	-
Loans and advances to Group companies	59 624	59 624	-	-
Total financial instruments	406 170	309 243	96 211	716

With the exception of loans and advances to Group companies, the above Group disclosures are consistent with the Company's credit quality for financial instruments which are classified at fair value through profit or loss. The gross maximum exposure for loans and advances to Group companies is **R59 624m** (2024: R42 729m) and is bucketed under DG1-9.

	Group			
	Gross carrying amount Rm	2024		
		DG 1-9 Rm	DG 10-19 Rm	DG 20-21 Rm
Maximum exposure to credit risk				
Financial instruments				
Investment securities	14 650	13 658	992	-
Other	88	84	4	-
Treasury bills	14 562	13 574	988	-
Trading and hedging portfolio assets	170 425	135 109	35 092	224
Debt instruments	80 308	71 439	8 708	161
Derivative assets	61 301	41 761	19 477	63
Money market assets	28 816	21 909	6 907	-
Loans and advances	115 387	58 365	57 022	-
Loans and advances to customers	103 374	54 525	48 849	-
Loans and advances to banks	12 013	3 840	8 173	-
Loans and advances to Group companies	42 729	42 729	-	-
Total financial instruments	343 191	249 861	93 106	224

54. Risk Management

54.2 Credit risk *continued*

Concentration of credit risk

Concentration of credit risk exists when a number of counterparties are located in a geographical region, such that their ability to meet contractual obligations is similarly affected by changes in economic or other conditions:

	Group				
	2025				
	Asia, Americas and Australia Rm	Europe Rm	Africa Regions Rm	South Africa Rm	Total Rm
Geographical concentration of risk					
On-statement of financial position exposure					
Cash, cash balances and balances with central banks	-	-	-	89 982	89 982
Investment securities	3 395	195	708	163 593	167 891
Trading portfolio assets	1 504	28 089	17 801	157 726	205 120
Hedging portfolio assets	-	-	-	709	709
Other assets	33	63	520	14 479	15 095
Loans and advances	26 565	66 844	50 513	1 107 745	1 251 667
Loans to Group companies	-	390	6 401	78 077	84 868
Subject to credit risk	31 497	95 581	75 943	1 612 311	1 815 332
Off-statement of financial position exposure					
Guarantees	5 892	4 451	3 839	37 005	51 187
Letters of credit	1 460	243	7 925	2 518	12 146
Revocable and irrevocable debt facilities	-	-	-	386 175	386 175
Subject to credit risk	7 352	4 694	11 764	425 698	449 508

	Group				
	2024				
	Asia, Americas and Australia Rm	Europe Rm	Africa Regions Rm	South Africa Rm	Total Rm
Geographical concentration of risk					
On-statement of financial position exposure					
Cash, cash balances and balances with central banks	-	-	-	78 431	78 431
Investment securities	1 837	196	991	168 618	171 642
Trading portfolio assets	1 604	21 225	12 011	131 530	166 370
Hedging portfolio assets	-	-	-	4 055	4 055
Other assets	47	2	209	10 806	11 064
Loans and advances	14 342	42 880	27 482	1 080 914	1 165 618
Loans to Group companies	7	191	5 470	61 872	67 540
Subject to credit risk	17 837	64 494	46 163	1 536 226	1 664 720
Off-statement of financial position exposure					
Guarantees	996	2 502	2 575	32 965	39 038
Letters of credit	433	161	7 358	1 862	9 814
Revocable and irrevocable debt facilities	-	-	-	392 212	392 212
Subject to credit risk	1 429	2 663	9 933	427 039	441 064

During the reporting period, the Group aligned the treatment of intraday settlement limits with the Prudential Authority's large-exposure directive, resulting in a restatement of the prior-year revocable debt-facilities balance. Historically, these limits were excluded from the credit-risk notes as they operate as liquidity-management facilities requiring full intraday repayment, with no overnight utilisation permitted. Following the revised treatment, the comparative disclosure as at 31 December 2024 has been restated, increasing the South Africa balance for Revocable and irrevocable debt facilities by R151 818m to R392 212m.

54. Risk Management

54.2 Credit risk *continued*

Geographical concentration of risk	Company				
	2025				
	Asia, Americas and Australia Rm	Europe Rm	Africa Regions Rm	South Africa Rm	Total Rm
On-statement of financial position exposure					
Cash, cash balances and balances with central banks	–	–	–	89 982	89 982
Investment securities	3 396	195	696	162 861	167 148
Trading portfolio assets	1 505	28 089	17 801	157 725	205 120
Hedging portfolio assets	–	–	–	709	709
Other assets	31	63	520	14 412	15 026
Loans and advances	26 565	66 844	50 509	1 103 083	1 247 001
Loans to Group companies	–	390	6 376	86 713	93 479
Subject to credit risk	31 497	95 581	75 902	1 615 485	1 818 465
Off-statement of financial position exposure					
Guarantees	5 892	4 451	3 839	42 877	57 059
Letters of credit	1 460	243	7 925	2 519	12 147
Revocable and irrevocable debt facilities	–	–	–	385 868	385 868
Subject to credit risk	7 352	4 694	11 764	431 264	455 074

Geographical concentration of risk	Company				
	2024				
	Asia, Americas and Australia Rm	Europe Rm	Africa Regions Rm	South Africa Rm	Total Rm
On-statement of financial position exposure					
Cash, cash balances and balances with central banks	–	–	–	78 431	78 431
Investment securities	1 837	196	991	168 618	171 642
Trading portfolio assets	1 604	21 225	12 011	131 418	166 258
Hedging portfolio assets	–	–	–	4 055	4 055
Other assets	42	2	209	10 680	10 933
Loans and advances	14 341	42 880	27 478	1 076 265	1 160 964
Loans to Group companies	7	191	5 459	70 756	76 413
Subject to credit risk	17 831	64 494	46 148	1 540 223	1 668 696
Off-statement of financial position exposure					
Guarantees	996	2 502	2 575	38 210	44 283
Letters of credit	433	161	7 358	1 862	9 814
Revocable and irrevocable debt facilities	–	–	–	391 970	391 970
Subject to credit risk	1 429	2 663	9 933	432 042	446 067

In the prior year, the Group and Company disclosures were presented in a single table, with significant differences explained in the accompanying narrative. In the current year, the Group and Company disclosures have been presented in separate tables. This change has been made to provide greater clarity and to better articulate the differences between the Group and Company disclosures.

54. Risk Management

54.2 Credit risk *continued*

Climate-sensitive concentration of risk (unaudited)

The Group has identified climate-sensitive sectors by utilising frameworks such as those developed by the Task Force on Climate-related Financial Disclosures (TCFD) based on their vulnerability to physical climate risks (e.g., extreme weather) and transition risks (e.g., policy changes, low-carbon technology shifts). Portfolio exposures were mapped to these sector/industry classifications database to derive climate sensitive sectors.

The table below summarises the Group's gross loans and advances exposure to these climate-sensitive sectors at the reporting date. The Group acknowledges that apart from the identified climate-sensitive sectors, there could be other sectors that may also be impacted (positively or negatively) by climate adjusted credit risk parameters.

Climate sensitive sector	Group	
	2025 Gross maximum exposure Rm	2024 Gross maximum exposure Rm
Agriculture	64 057	66 104
Construction	8 125	7 412
Electricity (excludes renewables)	1 313	1 083
Manufacturing	42 075	35 166
Mining and Quarrying	35 771	28 195
Real Estate	437 215	431 648
Transport and Logistics	170 462	158 161
Water	347	75
Total	759 365	727 844
Loans and advances	1 251 667	1 165 618
% exposed to climate sensitive sectors	60.7%	62.4%

The Group is of the view that renewable energy is mitigating climate risk. Consequently, funding provided in respect of renewable energy is therefore excluded from the Groups' climate risk exposure through credit risk.

IFRS disclosures in terms of credit mitigation

The financial effect and forms of collateral and credit enhancements for financial instruments that are credit impaired at the reporting date are disclosed in the table to follow. The accounting policy on how the collateral impacts the impairment provisions to be carried against the financial asset and off statement of financial position exposure as described in note 1.2.1.

The Group offsets asset and liability amounts in the statement of financial position where the ability and intention to net settle exists and the Group has a legally enforceable right to do so. Amounts disclosed in the maximum exposure category are stated net of these.

The collateral reported is calculated by determining the values of available underlying collateral, limited to the carrying amount and the undrawn facility of the related credit exposure where a loan is possibly over-collateralised.

No ECL allowance is recognised in the instance where there is sufficient or excess collateral held. The Group has determined this to be the case for 2.9% (2024: 2%) of gross loans and advances.

The Group may also obtain collateral in the form of floating charges over receivables and inventory of corporate and other business customers. The value of this collateral varies depending

on the level of receivables and inventory. It is impractical to provide an estimate of the amount of this collateral and the value of this collateral is not reported.

During the period there were no changes in the Group's collateral policies.

Collateral includes:

- Guarantees and/or letters of credit from third parties.
- Credit default swaps and other credit derivatives.
- Credit insurance.
- Physical collateral including fixed charges over property.
- Cash collateral.
- Other forms including master netting agreements, put options, and
- Highly liquid securities held under reverse repurchase agreements.

Physical risk and insurance coverage on secured lending portfolios

In portfolios such as Home Loans, the properties held as collateral are subject to physical risks. Comprehensive insurance cover is a key mitigant to these physical risks. The policy validity and coverage adequacy are subject to ongoing monitoring.

54. Risk Management

54.2 Credit risk *continued*

	Group						Group						
	2025						2025						
	Gross maximum exposure Rm	Collateral – credit impaired financial assets				Unsecured Rm	Total maximum exposure credit impaired financial assets Rm	Collateral – not credit impaired financial assets				Total maximum exposure not credit impaired financial assets Rm	
Guarantees credit insurance and credit derivatives Rm		Physical collateral Rm	Cash collateral Rm	Other Rm	Guarantees credit insurance and credit derivatives Rm			Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm		
Analysis of credit risk mitigation and collateral													
Debt instruments	92 934	–	–	–	–	–	–	–	–	–	–	92 934	92 934
Derivative assets	75 016	–	–	–	–	–	–	7 174	73	2 123	53 014	12 632	75 016
Money market assets	37 879	–	–	–	–	–	–	–	–	–	–	37 879	37 879
Trading portfolio assets	205 832	–	–	–	–	–	–	7 174	73	2 123	53 014	143 448	205 832
Personal and Private Banking	632 284	1	34 123	–	–	17 582	51 706	2	413 354	1	10	167 211	580 578
Transactions and Deposits	18 797	1	496	–	–	902	1 399	2	6 452	1	10	10 933	17 398
Unsecured Lending	98 074	–	–	–	–	10 814	10 814	–	–	–	–	87 260	87 260
Personal Loans	24 456	–	–	–	–	4 241	4 241	–	–	–	–	20 215	20 215
Card	73 618	–	–	–	–	6 573	6 573	–	–	–	–	67 045	67 045
Home Loans	377 993	–	27 045	–	–	3 194	30 239	–	331 679	–	–	16 075	347 754
Vehicle and Asset Finance	137 368	–	6 582	–	–	2 620	9 202	–	75 223	–	–	52 943	128 166
Retail Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Business Banking	183 900	23	4 751	–	–	2 835	7 609	130	124 903	53	–	51 205	176 291
Corporate and Investment Banking	758 440	–	2 038	–	–	6 274	8 312	–	83 517	–	84 855	581 756	750 128
Head Office, Treasury and other operations	4 023	–	–	–	–	–	–	–	–	–	–	4 023	4 023
Loans and advances to customers	1 578 647	24	40 912	–	–	26 691	67 627	132	621 774	54	84 865	804 195	1 511 020
Loans and advances to bank	59 195	–	–	–	–	–	–	11	–	–	15 612	43 572	59 195
Loans and advances	1 637 842	24	40 912	–	–	26 691	67 627	143	621 774	54	100 477	847 767	1 570 215
Off statement of financial position exposure													
Guarantees	51 187	–	–	–	–	258	258	–	835	316	–	49 778	50 929
Letters of credit	12 146	–	–	–	–	–	–	–	–	–	–	12 146	12 146
Total off-statement of financial position exposure	63 333	–	–	–	–	258	258	–	835	316	–	61 924	63 075

Included in the gross maximum exposure, in the table above, is the exposure for off-statement of financial position exposure for irrevocable debt facilities and those revocable debt facilities which expose the Group to the risk of draw down in the absence of further intervention from the Group.

54. Risk Management

54.2 Credit risk *continued*

	Group 2024						Total maximum exposure credit impaired financial assets Rm	Group 2024					Total maximum exposure not credit impaired financial assets Rm
	Gross maximum exposure Rm	Collateral – credit impaired financial assets						Collateral – not credit impaired financial assets					
		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	
Analysis of credit risk mitigation and collateral													
Debt instruments	80 308	–	–	–	–	–	–	–	–	–	–	80 308	80 308
Derivative assets	61 301	–	–	–	–	–	–	7 812	86	2 247	45 800	5 356	61 301
Money market assets	28 816	–	–	–	–	–	–	–	–	–	–	28 816	28 816
Trading portfolio assets	170 425	–	–	–	–	–	–	7 812	86	2 247	45 800	114 480	170 425
Personal and Private Banking	620 691	1	33 019	–	–	19 779	52 799	2	405 895	3	–	161 992	567 892
Transactions and Deposits	18 507	1	482	–	–	932	1 415	2	6 254	3	–	10 833	17 092
Unsecured Lending	97 655	–	–	–	–	12 897	12 897	–	–	–	–	84 758	84 758
Personal Loans	26 152	–	–	–	–	5 733	5 733	–	–	–	–	20 419	20 419
Card	71 503	–	–	–	–	7 164	7 164	–	–	–	–	64 339	64 339
Home Loans	375 879	–	25 393	–	–	3 547	28 940	–	326 489	–	–	20 450	346 939
Vehicle and Asset Finance	128 598	–	7 144	–	–	2 351	9 495	–	73 152	–	–	45 951	119 103
Retail Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Business Banking	174 116	46	5 341	–	–	3 378	8 765	523	117 525	78	–	47 225	165 351
Corporate and Investment Banking	712 987	–	345	–	–	8 623	8 968	–	78 041	–	72 282	553 696	704 019
Head Office, Treasury and other operations	4 182	–	–	–	–	–	–	–	–	–	–	4 182	4 182
Loans and advances to customers	1 511 976	47	38 705	–	–	31 780	70 532	525	601 461	81	72 282	767 095	1 441 444
Loans and advances to banks	45 854	–	–	–	–	–	–	7	–	–	9 468	36 378	45 853
Loans and advances	1 557 830	47	38 705	–	–	31 780	70 532	532	601 461	81	81 750	803 473	1 487 297
Off statement of financial position exposure													
Guarantees	39 038	–	–	–	–	334	334	5	1 377	689	1	36 632	38 704
Letters of credit	9 814	–	–	–	–	–	–	–	–	–	–	9 814	9 814
Total off-statement of financial position exposure	48 852	–	–	–	–	334	334	5	1 377	689	1	46 446	48 518

Included in the gross maximum exposure, in the table above, is the exposure for off-statement of financial position exposure for irrevocable debt facilities and those revocable debt facilities which expose the Group to the risk of draw down in the absence of further intervention from the Group.

The segment split numbers have been restated. Refer to reporting changes overview in note 1.20.1.

During the reporting period, the Group revised its treatment of intraday settlement limits to align with the Prudential Authority's large-exposure directive, which required a restatement of the prior-year revocable debt-facilities balance. These limits had previously been excluded from the credit-risk notes because they function as liquidity-management facilities that must be fully repaid within the same day, with no overnight utilisation allowed. Under the updated approach, the comparative disclosure at 31 December 2024 has been restated, increasing Corporate and Investment Banking's loans and advances to customers gross maximum exposure by R151 818m to R712 987m, and increasing the balance of collateral – not credit-impaired financial assets (unsecured) to R553 696m.

54. Risk Management

54.2 Credit risk *continued*

	Group 2024						Total maximum exposure credit impaired financial assets Rm	Group 2024					Total maximum exposure not credit impaired financial assets Rm
	Gross maximum exposure Rm	Collateral – credit impaired financial assets						Collateral – not credit impaired financial assets					
		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	
Analysis of credit risk mitigation and collateral													
Debt instruments	80 308	–	–	–	–	–	–	–	–	–	–	80 308	80 308
Derivative assets	61 301	–	–	–	–	–	–	7 812	86	2 247	45 800	5 356	61 301
Money market assets	28 816	–	–	–	–	–	–	–	–	–	–	28 816	28 816
Trading portfolio assets	170 425	–	–	–	–	–	–	7 812	86	2 247	45 800	114 480	170 425
Personal and Private Banking	620 691	1	33 019	–	–	19 779	52 799	2	405 895	3	–	161 992	567 892
Transactions and Deposits	18 507	1	482	–	–	932	1 415	2	6 254	3	–	10 833	17 092
Unsecured Lending	97 655	–	–	–	–	12 897	12 897	–	–	–	–	84 758	84 758
Personal Loans	26 152	–	–	–	–	5 733	5 733	–	–	–	–	20 419	20 419
Card	71 503	–	–	–	–	7 164	7 164	–	–	–	–	64 339	64 339
Home Loans	375 879	–	25 393	–	–	3 547	28 940	–	326 489	–	–	20 450	346 939
Vehicle and Asset Finance	128 598	–	7 144	–	–	2 351	9 495	–	73 152	–	–	45 951	119 103
Retail Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Business Banking	174 116	46	5 341	–	–	3 378	8 765	523	117 525	78	–	47 225	165 351
Corporate and Investment Banking	712 987	–	345	–	–	8 623	8 968	–	78 041	–	72 282	553 696	704 019
Head Office, Treasury and other operations	4 182	–	–	–	–	–	–	–	–	–	–	4 182	4 182
Loans and advances to customers	1 511 976	47	38 705	–	–	31 780	70 532	525	601 461	81	72 282	767 095	1 441 444
Loans and advances to banks	45 854	–	–	–	–	–	–	7	–	–	9 468	36 378	45 853
Loans and advances	1 557 830	47	38 705	–	–	31 780	70 532	532	601 461	81	81 750	803 473	1 487 297
Off statement of financial position exposure													
Guarantees	39 038	–	–	–	–	334	334	5	1 377	689	1	36 632	38 704
Letters of credit	9 814	–	–	–	–	–	–	–	–	–	–	9 814	9 814
Total off-statement of financial position exposure	48 852	–	–	–	–	334	334	5	1 377	689	1	46 446	48 518

54. Risk Management

54.2 Credit risk *continued*

	Company							Company						
	2025							2025						
	Gross maximum exposure Rm	Collateral – credit impaired financial assets					Total maximum exposure credit impaired financial assets Rm	Collateral – not credit impaired financial assets					Total maximum exposure not credit impaired financial assets Rm	
Guarantees credit insurance and credit derivatives Rm		Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	Guarantees credit insurance and credit derivatives Rm		Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm			
Analysis of credit risk mitigation and collateral														
Debt instruments	92 935	–	–	–	–	–	–	–	–	–	–	92 935	92 935	
Derivative assets	74 309	–	–	–	–	–	–	7 174	73	2 123	53 014	11 925	74 309	
Money market assets	37 879	–	–	–	–	–	–	–	–	–	–	37 879	37 879	
Trading portfolio assets	205 123	–	–	–	–	–	–	7 174	73	2 123	53 014	142 739	205 123	
Personal and Private Banking	631 663	1	34 049	–	–	17 579	51 629	2	412 820	1	10	167 201	580 034	
Transactions and Deposits	18 797	1	496	–	–	902	1 399	2	6 452	1	10	10 933	17 398	
Unsecured Lending	98 074	–	–	–	–	10 814	10 814	–	–	–	–	87 260	87 260	
Personal Loans	24 456	–	–	–	–	4 241	4 241	–	–	–	–	20 215	20 215	
Card	73 618	–	–	–	–	6 573	6 573	–	–	–	–	67 045	67 045	
Home Loans	377 372	–	26 971	–	–	3 191	30 162	–	331 145	–	–	16 065	347 210	
Vehicle and Asset Finance	137 368	–	6 582	–	–	2 620	9 202	–	75 223	–	–	52 943	128 166	
Retail Other	52	–	–	–	–	52	52	–	–	–	–	–	–	
Business Banking	181 597	23	4 751	–	–	2 835	7 609	130	124 903	53	–	48 902	173 988	
Corporate and Investment Banking	756 930	–	2 021	–	–	6 267	8 288	–	81 532	–	84 855	582 255	748 642	
Head Office, Treasury and other operations	4 023	–	–	–	–	–	–	–	–	–	–	4 023	4 023	
Loans and advances to customers	1 574 213	24	40 821	–	–	26 681	67 526	132	619 255	54	84 865	802 381	1 506 687	
Loans and advances to banks	58 656	–	–	–	–	–	–	11	–	–	15 612	43 033	58 656	
Loans and advances	1 632 869	24	40 821	–	–	26 681	67 526	143	619 255	54	100 477	845 414	1 565 343	
Off statement of financial position exposure														
Guarantees	57 059	–	–	–	–	258	258	–	835	316	–	55 650	56 801	
Letters of credit	12 147	–	–	–	–	–	–	–	–	–	–	12 147	12 147	
Total off-statement of financial position exposure	69 206	–	–	–	–	258	258	–	835	316	–	67 797	68 948	

Included in the gross maximum exposure, in the table above, is the exposure for off-statement of financial position exposure for irrevocable debt facilities and those revocable debt facilities which expose the Group to the risk of draw down in the absence of further intervention from the Group.

54. Risk Management

54.2 Credit risk *continued*

	Company 2024						Company 2024						Total maximum exposure not credit impaired financial assets Rm
	Gross maximum exposure Rm	Collateral – credit impaired financial assets					Total maximum exposure credit impaired financial assets Rm	Collateral – not credit impaired financial assets					
		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	
Analysis of credit risk mitigation and collateral													
Debt instruments	80 308	–	–	–	–	–	–	–	–	–	–	80 308	80 308
Derivative assets	61 190	–	–	–	–	–	–	7 812	86	2 247	45 800	5 245	61 190
Money market assets	28 815	–	–	–	–	–	–	–	–	–	–	28 815	28 815
Trading portfolio assets	170 313	–	–	–	–	–	–	7 812	86	2 247	45 800	114 368	170 313
Personal and Private Banking	619 840	1	33 019	–	–	19 779	52 799	2	405 896	3	–	161 140	567 041
Transactions and Deposits	18 508	1	482	–	–	932	1 415	2	6 255	3	–	10 833	17 093
Unsecured Lending	97 655	–	–	–	–	12 897	12 897	–	–	–	–	84 758	84 758
Personal Loans	26 152	–	–	–	–	5 733	5 733	–	–	–	–	20 419	20 419
Card	71 503	–	–	–	–	7 164	7 164	–	–	–	–	64 339	64 339
Home Loans	375 027	–	25 393	–	–	3 547	28 940	–	326 489	–	–	19 598	346 087
Vehicle and Asset Finance	128 598	–	7 144	–	–	2 351	9 495	–	73 152	–	–	45 951	119 103
Retail Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Business Banking	172 710	46	5 346	–	–	3 378	8 770	523	119 383	78	–	43 956	163 940
Corporate and Investment Banking	710 349	–	340	–	–	8 623	8 963	–	75 833	–	72 282	553 271	701 386
Head Office, Treasury and other operations	4 182	–	–	–	–	–	–	–	–	–	–	4 182	4 182
Loans and advances to customers	1 507 081	47	38 705	–	–	31 780	70 532	525	601 112	81	72 282	762 549	1 436 549
Loans and advances to bank	45 853	–	–	–	–	–	–	7	–	–	9 468	36 378	45 853
Loans and advances	1 552 934	47	38 705	–	–	31 780	70 532	532	601 112	81	81 750	798 927	1 482 402
Off statement of financial position exposure													
Guarantees	44 283	–	–	–	–	334	334	5	1 378	689	1	41 876	43 949
Letters of credit	9 814	–	–	–	–	–	–	–	–	–	–	9 814	9 814
Total off-statement of financial position exposure	54 097	–	–	–	–	334	334	5	1 378	689	1	51 690	53 763

Included in the gross maximum exposure, in the table above, is the exposure for off-statement of financial position exposure for irrevocable debt facilities and those revocable debt facilities which expose the Group to the risk of draw down in the absence of further intervention from the Group.

The segment split numbers have been restated. Refer to reporting changes overview in note 1.20.1.

In the prior year, the Group and Company disclosures were presented in a single table, with significant differences explained in the accompanying narrative. In the current year, the Group and Company disclosures have been presented in separate tables. This change has been made to provide greater clarity and to better articulate the differences between the Group and Company disclosures.

54. Risk Management

54.2 Credit risk *continued*

	Company 2024						Company 2024						Total maximum exposure not credit impaired financial assets Rm
	Gross maximum exposure Rm	Collateral – credit impaired financial assets					Total maximum exposure credit impaired financial assets Rm	Collateral – not credit impaired financial assets					
		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm		Guarantees credit insurance and credit derivatives Rm	Physical collateral Rm	Cash collateral Rm	Other Rm	Unsecured Rm	
Analysis of credit risk mitigation and collateral													
Debt instruments	80 308	–	–	–	–	–	–	–	–	–	–	80 308	80 308
Derivative assets	61 190	–	–	–	–	–	–	7 812	86	2 247	45 800	5 245	61 190
Money market assets	28 815	–	–	–	–	–	–	–	–	–	–	28 815	28 815
Trading portfolio assets	170 313	–	–	–	–	–	–	7 812	86	2 247	45 800	114 368	170 313
Personal and Private Banking	619 840	1	33 019	–	–	19 779	52 799	2	405 896	3	–	161 140	567 041
Transactions and Deposits	18 508	1	482	–	–	932	1 415	2	6 255	3	–	10 833	17 093
Unsecured Lending	97 655	–	–	–	–	12 897	12 897	–	–	–	–	84 758	84 758
Personal Loans	26 152	–	–	–	–	5 733	5 733	–	–	–	–	20 419	20 419
Card	71 503	–	–	–	–	7 164	7 164	–	–	–	–	64 339	64 339
Home Loans	375 027	–	25 393	–	–	3 547	28 940	–	326 489	–	–	19 598	346 087
Vehicle and Asset Finance	128 598	–	7 144	–	–	2 351	9 495	–	73 152	–	–	45 951	119 103
Retail Other	52	–	–	–	–	52	52	–	–	–	–	–	–
Business Banking	172 710	46	5 346	–	–	3 378	8 770	523	119 383	78	–	43 956	163 940
Corporate and Investment Banking	710 349	–	340	–	–	8 623	8 963	–	75 833	–	72 282	553 271	701 386
Head Office, Treasury and other operations	4 182	–	–	–	–	–	–	–	–	–	–	4 182	4 182
Loans and advances to customers	1 507 081	47	38 705	–	–	31 780	70 532	525	601 112	81	72 282	762 549	1 436 549
Loans and advances to bank	45 853	–	–	–	–	–	–	7	–	–	9 468	36 378	45 853
Loans and advances	1 552 934	47	38 705	–	–	31 780	70 532	532	601 112	81	81 750	798 927	1 482 402
Off statement of financial position exposure													
Guarantees	44 283	–	–	–	–	334	334	5	1 378	689	1	41 876	43 949
Letters of credit	9 814	–	–	–	–	–	–	–	–	–	–	9 814	9 814
Total off-statement of financial position exposure	54 097	–	–	–	–	334	334	5	1 378	689	1	51 690	53 763

54. Risk Management

54.2 Credit risk *continued*

Financial assets written off during the financial period but still subject to enforcement activities

Contractual amount outstanding on financial assets that were written off during the reporting period but are still subject to enforcement activity:

	Group and Company	
	2025 Rm	2024 Rm
Assets written off during financial period still subject to enforcement activities	15 947	13 111

Modified financial assets

The following table provides information on loans and advances that were modified while they had a loss allowance measured at an amount equal to lifetime ECL, irrespective of a modification gain or loss being recognised.

	Group and Company	
	2025 Rm	2024 Rm
Financial assets modified during the period		
Loans and advances		
Amortised cost before modification	3 809	6 546
New modification loss	(787)	(1 345)

There were no financial assets modified during the year for which loss allowance has changed to 12-month measurement (2024: nil)

54.3 Macro-overlays and sensitivity analysis

Macro-overlays

In accordance with the Group and Company's impairment policy, macro-overlays are used to account for known or expected risk factors which have not been considered in the ECL assessment or modelling process, or where uncertain future events have not been incorporated into the modelled approach.

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

The table below reflects the impact of changing the probability

assigned to each scenario to 100% and does not include management adjustments required to provide a more appropriate assessment of risk.

	Group		Company	
	2025 Rm	% Change	2025 Rm	% Change
ECL allowance on stage 1 and stage 2 loans and advances	8 809	–	8 794	–
Baseline	8 646	(2)	8 631	(2)
Upside	7 961	(10)	7 946	(10)
Downside	9 883	12	9 868	12
	2024		2024	
	Rm	% Change	Rm	% Change
ECL allowance on stage 1 and stage 2 loans and advances	9 031	–	9 007	–
Baseline	8 679	(4)	8 676	(4)
Upside	7 980	(12)	7 696	(15)
Downside	10 578	17	10 908	21

In the current year, the Group and Company disclosures have been presented in separate tables. This change has been made to provide greater clarity and to better articulate the differences between the Group and Company disclosures.

54. Risk Management

54.3 Macro-overlays and sensitivity analysis *continued*

In addition, as at 31 December 2025, the Group assessed what the impact on expected credit losses would be, if 5% of the gross carrying amount of loans and advances to customers in stage 1 experience a SICR and move to stage 2. The ECL changes below include the effect on undrawn committed facilities and guarantees which are reflected as 'provisions' in the statement of financial position. This impact has been presented below:

	Group		Company	
	2025 Stage 2 Increase in gross carrying amount Rm	2025 Stage 2 Increase in expected credit loss Rm	2025 Stage 2 Increase in gross carrying amount Rm	2025 Stage 2 Increase in expected credit loss Rm
Personal and Private Banking	22 558	1 566	22 539	1 566
Business Banking	6 744	275	6 629	268
Corporate and Investment Banking	17 394	181	17 329	199
	2024		2024	
	Stage 2		Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
Personal and Private Banking	21 727	1 695	21 673	1 693
Business Banking	6 370	343	6 287	307
Corporate and Investment Banking	15 627	200	15 508	236

The segment split has been restated, refer to reporting changes overview in note 1.20.1.

In the current year, the Group and Company disclosures have been presented in separate tables. This change has been made to provide greater clarity and to better articulate the differences between the Group and Company disclosures.

54.4 Equity investment risk

Equity risk in the banking book (ERBB) is defined as the risk of a loss arising from a decline in the value of investments in equity or an equity type instrument. This can be caused by the deterioration in the underlying operating asset performance, net asset value, enterprise value of the issuing entity, or by a decline in the market price of the equity or instrument itself.

Banking book equity risk is governed under the Non-traded Equity Risk and Purchased Debt Standard. Its purpose is to set the criteria for in-scope non-traded equity, lay out the minimum approval requirements, outline the minimum monitoring requirements and controls, and defines the key criteria covering the methodology for investment valuation. Banking book equity limits consume banking book capital, while equity exposures in the trading book are managed by market risk and consume capital in the trading book.

Strategic investments are typically Board-approved investments for the Group (such as investments in subsidiaries), investments for public interest or in utilities. Within each equity portfolio, the Group aims to achieve a level of asset diversification to manage concentration risk.

Approach

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

- a formal approval governance process;
- key functional specialists reviewing investment proposals;
- adequate monitoring and control after the investment decision has been implemented; and
- ongoing implementation of best practice standards based on current market trends, hurdle rates and benchmarks.

Criteria considered for new investments and investment reviews cover a comprehensive set of financial, commercial, legal (and technical, where required) matters. The performance of these investments is monitored relative to the objectives of the portfolio.

The majority of the Group's equity investments are held in CIB.

54. Risk Management

54.4 Equity investment risk *continued*

Risk measurement

Equity investment risk is monitored monthly in terms of regulatory and economic capital (EC) requirements and is complemented by a range of additional risk metrics and stress testing. The equity investment risk profile is further tracked across a range of dimensions such as geography, industry and currency. Risk monitoring is done in accordance with a risk appetite, mandate and scale limits framework.

The Group and company employ the market-based simple risk weight approach as prescribed by Regulation 31 of the Regulations relating to Group and company to calculate risk-weighted assets (RWA) and regulatory capital (RC) and a historical simulation approach with volatility scaling to calculate EC for ERBB.

Consequently, the RWA requirement is calculated using adjusted risk weightings of **318%** (2024: 318%) and **424%** (2024: 424%) for listed and unlisted equity investments, respectively. For investments in which the Group owns between 10% and 20% of the issued common share capital of a financial entity, a 250% risk

weight is applied. For investments not in the common share capital of financial entities, as well as any investments in financial entities (in common and non-common share capital) with a shareholding percentage of more than 20%, the Group applies a common equity Tier 1 capital deduction, also referred to as the threshold deduction, in accordance with Regulation 38 of the Regulations relating to Banks. RC requirements in respect of investments in associates and joint ventures, defined as financial companies in the Regulations relating to Banks, are calculated with reference to either the pro rata consolidation methodology or the deduction approach.

The approach in determining the EC requirement employs a historical simulation, which assumes that historical price movements of a different industry sector can be used to proxy the changes in the market value of the portfolio and a volatility forecast is applied to scale the historical returns to better reflect current market conditions. This allows for the capturing of diversification between individual industry sectors.

Analysis of equity investment risk in the banking book

The table below illustrates the equity sensitivity analysis and discloses the impact on pre-tax profit or loss and equity after the effect of hedges.

	Group and Company									
	2025					2024				
	Impact of a 5% or 10% reduction in fair value		Impact of a 5% or 10% Increase in fair value			Impact of a 5% or 10% reduction in fair value		Impact of a 5% or 10% Increase in fair value		
	Profit or loss Rm	Equity Rm	Fair value Rm	Profit or loss Rm	Equity Rm	Profit or loss Rm	Equity Rm	Fair value Rm	Profit or loss Rm	Equity Rm
Listed equity investments	(3)	(6)	179	3	6	(6)	(4)	208	6	4
Unlisted equity investments	(122)	(38)	1 596	122	38	(92)	(34)	1 257	92	34
Total Bank equity investments	(125)	(44)	1 775	125	44	(98)	(38)	1 465	98	38

The sensitivity impact analysis on listed investments is based on a potential move of 5% in fair value whereas unlisted investments is based on a potential move of 10% in value.

The figures exclude all investments in associates and joint ventures.

54. Risk Management *continued*

54.5 Market Risk

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

54.5.1 Traded book risk

Traded Market risk

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

The Traded Market Risk Committee (TMRC) meets at least six times a year to review, challenge and make recommendations concerning the traded market risk profile, including risk appetite, policies, limits, risk utilisation, valuation risk and the effectiveness of the control environment.

The Market Risk Infrastructure, Data, Governance and Control Committee (MRIDGCC) is a subcommittee of the TMRC that provides oversight of the traded market risk and control environment.

Approach

Traded market risk arises primarily as a result of client facilitation in wholesale markets. This involves market making, providing risk management solutions, generating revenues from managing risk, and execution of syndications.

Banking book is subjected to the same rigorous measurement and control standards as in the trading book, but the associated sensitivities are reported separately as "Banking book risk" as part of the Market Risk Management Framework.

Risk appetite

The risk appetite for market risk is based on:

- proposed business strategy;
- budgeted revenue growth;
- statistical modelling measures; and
- risk equated to capital projection under normal and stressed market conditions.

Risk measurement

A number of techniques are used to measure and control traded market risk on a daily and monthly basis, which include internal and regulatory required metrics:

- value at risk (VaR) based measures including both VaR and stressed value at risk (sVaR);
- tail metrics;

- position and sensitivity reporting;
- stress testing;
- back testing;
- standardised general and specific risk, as relevant, and
- Risk Weighted Assets.

Internal Risk Management metrics

Value at risk

Daily value at risk (DVaR) is an estimate of the potential loss that may arise from unfavourable market movements if current positions were to be held unchanged for one business day.

The Group uses an internal DVaR model based on the historical simulation method to derive the quantitative market risk measures under normal conditions. The DVaR model utilises a two-year data history of unweighted historical price and rate data and a holding period of one day with a confidence interval of 99%.

The performance of the DVaR model is regularly assessed for continued suitability. The main technique employed is backtesting, which counts the number of days when actual losses from trading activities exceed the corresponding 99% level of confidence, assuming a one-day holding period calculated by the DVaR model.

Stressed value at risk (sVaR) uses a similar methodology to DVaR but is based on a one-year period of financial stress. The period of stress used is currently the 2008/2009 financial crisis.

Loss thresholds, tail risk metrics, position and sensitivity reporting and stress testing are used to complement DVaR in the management of traded market risk.

Historically, the Group's internal market risk management closely aligned with the regulatory capital framework, enabling clear links between internal risk measures and regulatory capital based on VaR. Under FRTB, however, the Group has adopted a hybrid approach: regulatory capital requirements now inform capital limit management, while VaR continues to play a central role as an internal risk management tool.

Analysis of traded market risk exposure

The following table reflects the VaR and sVaR statistics for trading book activities. Traded market risk exposure, as measured by average total VaR, decreased to **R52.92m** (2024: R56.30m) for the reporting period, which is a **6%** decrease on the prior year average (2024: 23% decrease). The movement in average VaR is driven by changes in desk positioning driven by dollar weakness, a declining interest rate risk environment, and increased rotation into emerging-market assets.

54. Risk Management

54.5 Market Risk

54.5.1 Traded book risk *continued*

Group and Company

	2025				2024			
	Average Rm	High Rm	Low Rm	As at the reporting date Rm	Average Rm	High Rm	Low Rm	As at the reporting date Rm
Interest rate risk	47.23	70.96	29.78	38.22	54.82	118.87	27.59	43.78
Foreign exchange risk	26.98	72.65	6.93	24.71	31.75	152.66	5.69	11.77
Equity risk	7.70	29.98	2.59	4.31	5.85	14.35	1.85	3.55
Commodity risk	0.30	4.03	0.01	0.29	0.70	5.81	0.02	0.10
Inflation risk	10.08	18.07	3.80	9.28	13.95	22.56	6.72	12.28
Credit spread risk	30.87	33.71	26.49	31.24	18.50	35.95	5.52	31.21
Diversification effect	(70.24)			(63.47)	(69.27)	-	-	(65.28)
Total DVaR	52.92	81.37	31.53	44.58	56.30	161.90	27.80	37.41
VaR	52.92	81.37	31.53	44.58	56.30	161.90	27.80	37.41
sVaR	78.32	149.21	37.84	85.83	72.75	145.74	38.98	54.24

Regulatory capital requirements under FRTB

On 1 July 2025, the new Basel market risk regulations came into effect, replacing the previous Basel 2.5 framework with the Fundamental Review of the Trading Book (FRTB). This marks a significant shift in the regulatory approach to capitalising market risk, as FRTB supersedes the Value-at-Risk (VaR) methodology previously used for regulatory purposes.

Under the Fundamental Review of the Trading Book (FRTB), the Group is subject to market risk capital requirements calculated using the Standardised Approach (SA) and Africa Regions are calculated under the Simplified Standardised Approach (SSA).

RWA Disclosure	31 December 2025 Rm	31 December 2024 Rm	Movement Rm
Market risk			
Of which: (SA) ⁽¹⁾	32 921	9 689	23 232
Of which: internal model approach (IMA)		14 961	(14 961)
Total DVaR	32 921	24 650	8 271

(1) Includes RWA under the simplified standardised approach.

Standardised Approach Components under FRTB

The below outlines the key components of the Standardised Approach (SA) for market risk capital requirements, as prescribed under the Basel framework:

- **Sensitivity-Based Method (SBM):**

Captures delta, vega, and curvature risks across seven risk classes: General Interest Rate Risk (GIRR), Credit Spread Risk (CSR), Equity Risk, Commodity Risk, and Foreign Exchange Risk. Each risk class is assessed using regulatory risk weights, correlation parameters, and liquidity horizons. The aggregate capital requirement is determined using three correlation scenarios – low, medium, and high.

- **Default Risk Charge (DRC):**

Measures jump-to-default risk for credit and securitisation exposures not captured under SBM. The calculation is based on Loss Given Default (LGD), Exposure at Default (EAD), and Probability of Default (PD).

- **Residual Risk Add-On (RRAO):**

Addresses risks from non-linear or exotic instruments inadequately covered by SBM or DRC. It is calculated using prescribed risk weights applied to notional amounts.

This table presents the calculation of market risk capital requirements for the Group under the Fundamental Review of the Trading Book (FRTB), following the **Standardised Approach (SA)** as outlined in the Basel framework.

54. Risk Management

54.5 Market Risk

54.5.1 Traded book risk *continued*

	Capital requirement under standardised approach Rm
General interest rate risk	961
Equity risk	156
Commodity risk	42
Foreign exchange risk	321
Credit spread risk – non-securitisations	709
Credit spread risk – securitisations (non-correlation trading portfolio)	-
Credit spread risk – securitisation (correlation trading portfolio)	-
Default risk – non-securitisations	405
Default risk – securitisations (correlation trading portfolio)	-
Residual risk add-on	40
Total	2 634

Compared to December 2024, the **R8.2bn** increase in RWAs for the Group is mainly driven by the transition from Basel 2.5 to the FRTB framework effective 1 July 2025. Under Basel 2.5, RWAs were calculated using the Internal Models Approach with a 60-day averaging period, which reflected the prior year's risk-off positioning. Under FRTB, the Standardised Approach measures exposures at month-end, removing the benefit of lower averaged risk levels and resulting in an immediate RWA uplift. Additional increases stem from higher interest rate (IR) risk due to growth in average ZAR nominal exposure from client swap activity, as well as higher Sub-Saharan sovereign exposures as trading positions expanded in line with improving macroeconomic conditions and easing monetary policy.

54.5.2 Banking Book Risk

Approach

Banking book risk is the risk that the Group's current or projected financial condition and resilience might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book, due to re-pricing differences between assets, liabilities and equity, and includes funding spread risk and foreign exchange rate risk.

The Group's objective for the management of banking book risk is to ensure a higher degree of interest rate margin stability and reduced interest rate risk over an interest rate cycle. This is achieved by transferring the interest rate risk from the business to local treasury or Group Treasury, which is mandated to hedge material net exposures with the external market. This allows risk to be managed centrally and holistically for the Group.

These risk positions are managed mainly through the use of derivative instruments such as interest rate swaps, or appropriate balance sheet optimisation. Residual interest rate risk may remain in treasury due to risks that are not viable to hedge in external markets. A limit framework is in place to ensure that the retained risk remains within approved risk appetite.

Risk mitigation

Risk management strategies considered include:

- Strategies regarding changes in the volume, composition, pricing and interest rate risk characteristics of assets and liabilities; and
- The execution of applicable derivative contracts to maintain the Group's interest rate risk exposure within limits.
- Where possible, hedge accounting is applied to derivatives that are used to hedge Banking book risk. In cases where hedge relationships do not qualify for hedge accounting, mismatches may arise due to different bases used in fair valuing the hedges and the underlying banking book exposure. Applicable accounting rules, as detailed in the Bank's accounting policies, are followed.
- Structural interest rate risk arises from the variability of income from non-interest-bearing products, managed variable rate products and the Bank's equity, and is managed by Group Treasury. The risk is managed by the local treasury functions, subject to risk limits and other controls.

54. Risk Management

54.5 Market Risk

54.5.2 Banking Book Risk *continued*

Key assumptions

Embedded optionality risk may also give rise to Banking book risk:

- Prepayment risk arises in relation to transactions where an early settlement option is embedded in the product. This risk most commonly arises in relation to fixed rate loans offered to retail customers, where the customer has an option to repay the loan prior to contractual maturity and where the Group is unable to collect full market-related compensation. This risk is managed by modelling the loans on a behavioural basis for both pricing and risk measurement. This treatment is also applied to non-maturing customer deposits.
- Recruitment risk arises when the Group commits to providing a product at a predetermined price for a period into the future. Customers have the option to take up this offer. Processes are in place to enable robust management of these additional forms of Banking book risk.

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

- Repricing profiles
- Annual earnings at risk (EaR)/NII sensitivity
- VaR and other tail metrics
- Economic capital
- Economic value of equity (EVE) sensitivity
- Stress testing

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

Re-pricing profiles

To generate repricing profiles, instruments are allocated to time periods with reference to the earlier of the next contractual interest rate repricing date and the maturity date. The repricing profiles considers the assumed behavioral profile.

Earnings at risk (EaR)/Net interest income (NII) sensitivity

EaR/NII sensitivity measures the sensitivity of NII over the next 12 months to a specified shock in interest rates. EaR is monitored against approved internal limits. Foreign exchange risk arising on the banking book is transferred from business to treasury and hedged in the external market.

Value at risk (VaR)

VaR calculated at a 99% confidence level is used for measuring banking book risk. The VaR is monitored against approved internal limits and is used as a complementary metric to EaR. The VaR is supplemented by non-VaR, stress and tail metrics.

Economic capital (EV)

EC is the Bank's internal capital adequacy assessment of an estimated maximum cumulative loss over a one year holding period as a result of market price volatility changes at various confidence intervals. This holding period better reflects the nature of banking book exposures and is supplemented by VaR and non-VaR metrics.

Economic value of equity (EVE) sensitivity

EVE sensitivity measures the sensitivity of the present value of the banking book at a specific point in time to a specified shock to the yield curve. EVE sensitivity is measured against regulatory guidelines and approved internal limits.

Stress testing

Stress testing is tailored to each banking book and consists of a combination of stress scenarios and historical stress movements applied to the respective banking books.

Risk control

Market risk is controlled through the use of AEaR, DVaR and stress limits as appropriate and supported by non-DVaR metrics (position and sensitivity limits), as well as the monthly monitoring of the risk profiles and EVE sensitivity. Limits are set and monitored in accordance with the limit framework. Limits for AEaR, DVaR and stress are agreed by the GMRC.

Risk reporting

DVaR and supporting metrics are reported daily for Group Treasury, with the exception of two businesses, where reporting is performed on a monthly basis. The re-pricing profiles, AEaR, EVE sensitivity and stress results are reported monthly for Group Treasury.

Interest rate sensitivity analyses

Three separate interest rate sensitivity analyses for the Bank's banking book are set out in the table that follows, namely, the re-pricing profile of the book, the potential effect of changes in market interest rates on annual earnings and impact on equity reserves.

Re-pricing profile

The re-pricing profile of the Bank's banking books shows that the banking book remains asset sensitive, as interest-earning assets re-price sooner than interest-paying liabilities before and after derivative hedging activities. Accordingly, future net interest income remains vulnerable to a decrease in market interest rates.

54. Risk Management

54.5 Market Risk

54.5.2 Banking Book Risk *continued*

Expected re-pricing profile	Group and Company			
	2025			
	On demand – 3 months Rm	4 – 6 months Rm	7 – 12 months Rm	Over 12 months Rm
Domestic bank book				
Interest rate sensitivity gap	187 855	(37 644)	(58 910)	(64 162)
Derivatives	(146 005)	40 635	39 888	65 482
Net interest rate sensitivity gap	41 850	2 991	(19 022)	1 320
Cumulative interest rate gap	41 849	44 839	25 817	27 338
Cumulative gap as a percentage of Absa Bank Limited's total assets (%)	2.8	3.1	1.7	1.9

Expected re-pricing profile	Group and Company			
	2024			
	On demand – 3 months Rm	4 – 6 months Rm	7 – 12 months Rm	Over 12 months Rm
Domestic bank book				
Interest rate sensitivity gap	144 764	1 630	(36 453)	(71 405)
Derivatives	(139 013)	24 393	40 601	74 019
Net interest rate sensitivity gap	5 751	26 023	4 148	2 614
Cumulative interest rate gap	5 751	31 774	35 922	38 536
Cumulative gap as a percentage of Absa Bank Limited's total assets (%)	0.4	2.1	2.4	2.5

Impact on earnings

The table below shows the NII impact for a 100bps and 200bps changes in market interest rates for the Bank's banking portfolios. Following the implementation of risk management strategies, an immediate and sustained parallel decrease of 200bps in all market interest rates would result in a pre-tax reduction of projected 12-month net interest income by **R1.3bn** at the reporting date (2024: R1.0bn). A similar increase would result in an increase in projected 12-month net interest income of **R0.7bn** (2024: R0.8bn). NII sensitivity risk at **2.7%** (2024: 2.8%) of the Bank's net interest income.

Annual earnings at risk for 100 and 200 bps changes in market interest rates

Domestic bank book (Rm)	Group and Company			
	2025			
	Change in market interest rates			
	200 bps decrease	100 bps decrease	100 bps increase	200 bps increase
Domestic bank book (Rm)	(1 270)	(580)	553	681
Percentage of the Bank's net interest income (%)	(2.7)	(1.2)	1.2	1.5
Percentage of the Bank's equity (%)	(1.1)	(0.5)	0.5	0.6

Domestic bank book (Rm)	Group and Company			
	2024			
	Change in market interest rates			
	200 bps decrease	100 bps decrease	100 bps increase	200 bps increase
Domestic bank book (Rm)	(1 006)	(398)	413	758
Percentage of the Bank's net interest income (%)	(2.8)	(1.1)	1.2	2.1
Percentage of the Bank's equity (%)	(1.0)	(0.4)	0.4	0.8

54. Risk Management

54.5 Market Risk

54.5.2 Banking Book Risk *continued*

Impact on equity reserves

Market interest rate changes may affect equity (capital) in the following three ways:

- higher or lower profit after tax resulting from higher or lower net interest income;
- higher or lower fair value through other comprehensive income reserve reflecting higher or lower fair values of fair value through other comprehensive income financial instruments; and
- higher or lower values of derivatives held in the cash flow hedging reserve.

The pre-tax effect of net interest income sensitivity is reported in the preceding sensitivity analysis. The effect of taxation can be estimated using the effective tax rate for the reporting period.

The equity reserve sensitivities that follow are illustrative, based on simplified scenarios and consider the impact on the cash flow hedges and fair value through other comprehensive income portfolios which are mark-to-market through reserves. The impact on equity is calculated by revaluing the fixed rate fair value through other comprehensive income assets, including the effect of any associated hedges and derivatives designated as cash flow hedges, for an assumed change in market interest rates. The increase in sensitivity of the fair value through other comprehensive income reserves is mainly due to the increase in the net directional risk.

Sensitivity of reserves to market interest rate movements

	Group and Company			2024		
	2025			Impact on equity at the reporting date Rm	Maximum impact Rm	Minimum impact Rm
	Impact on equity at the reporting date Rm	Maximum impact Rm	Minimum impact Rm	Impact on equity at the reporting date Rm	Maximum impact Rm	Minimum impact Rm
Fair value through other comprehensive income reserve	(1 191)	659	(1 190)	191	1 092	191
Cash flow hedging reserve	(3 775)	(93)	(3 775)	(162)	3 705	(732)
	(4 966)	566	(4 965)	29	4 797	(541)
As a percentage of Group equity (%)	(2.6)	0.3	(2.6)	–	4.9	(0.6)

The sensitivity of reserves to market interest rate movements exhibit very little convexity resulting in a materially equivalent change in value for -100 bps parallel move. Basis risk has remained constant.

54.6 Capital and liquidity risk

Capital and liquidity risk is the risk and related constraints, which support the effective management of the Group's financial resources, among others, capital, liquidity and pension, critical to meeting the Group's strategic objectives. This includes pension risk as a risk in the event that a capital injection is required with respect to defined benefit plans.

54.6.1 Capital risk

Capital risk is the risk that the Group has an insufficient level or inappropriate composition of capital to support its normal business activities and to remain within its Board-approved capital target ranges under normal operating conditions or above regulatory capital requirements under stressed conditions.

The Group's capital risk strategy, which is in line with and in support of the Group's strategy, is to create sustainable value for shareholders within the boundaries imposed by the Group's risk appetite through effective financial risk management.

- The Group's capital risk priorities are to:
 - Deliver sustainable shareholder value by generating long-term growth while maintaining sufficient capital supply.

Maintain strong capital ratios within the Board-approved risk appetite and above regulatory minimum levels while supporting a sustainable dividend payout ratio.

- Appropriately deploy capital and manage the repatriation of dividends from subsidiaries to optimise capital utilisation.
- Monitor and execute opportunities to raise tier 2 capital and/or additional tier 1 instruments in domestic and/or international markets to optimise the level and composition of capital resources.
- Monitor and evaluate regulatory developments, and proposed amendments to banking regulations expected in 2025 that may impact the capital position including Basel III finalisation and fundamental review of the trading book.
- Continue to participate in the finalisation of the Financial Conglomerate Supervisory Framework capital standard in South Africa.
- The Prudential standard on First Loss Absorbing Capacity 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 six-year phase-in period.

54. Risk Management

54.6 Capital and liquidity risk

54.6.1 Capital risk *continued*

- The Prudential Authority, together with the South African Reserve Bank (SARB), have 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 one-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.

Various processes play a role in ensuring that the Group's capital risk priorities are met, including:

- The Internal Capital Adequacy Assessment Process (ICAAP);
- Stress testing; and
- Recovery and Resolution Planning.

The capital risk process in the Group encompasses all regulated entities within it. Appropriate Board approved capital buffers, above the minimum regulatory requirements, are held at an entity level. The Group ensures that all regulated entities are adequately capitalised in terms of their respective minimum capital adequacy requirements (CARs). The Group's capital target ranges for the current reporting period were set after considering the following:

- capital risk appetite;
- the preference of rating agencies for loss absorbing capital;
- stress scenarios and their impact on the integrated plan, including the capital position of the Group;
- current or future enhancements to regulatory requirements and accounting developments; and
- peer analysis.

Capital adequacy ratios (unaudited)

Group	2025		2024		2025		2024	
	Board target ranges %	Minimum regulatory capital requirements %	Board target ranges %	Minimum regulatory capital requirements %	Board target ranges %	Minimum regulatory capital requirements %	Board target ranges %	Minimum regulatory capital requirements %
Statutory capital ratios (includes unappropriated profits) (%)								
Common Equity Tier 1	11.9		12.6		10.5 -12.0	8.5	10.5 -12.0	8.5
Tier 1	14.3		15.3		>12.0	10.3	>12.0	10.3
Total	16.2		17.1		>14.5	12.5	>14.5	12.5
Capital supply and demand for the reporting period (Rm)								
Qualifying capital	127 694		199 683					
Total RWA	790 352		700 253					

The December 2024 figures were revised to align with final regulatory submissions. This has resulted in the RWA being restated from R699 168 to R700 253.

Regulatory capital comprises the following:

Common Equity Tier 1 – ordinary share capital, share premium and retained earnings including reserves, less regulatory deductions.

Tier 1 – Common Equity Tier 1 plus perpetual, non-cumulative instruments with principal loss-absorption features issued in terms of the Basel III rules.

Total Capital – Tier 1 plus other items such as the general allowance for credit impairments and subordinated debt with principal loss-absorption features issued under Basel III.

During the past year, the Group complied in full with all externally imposed capital requirements which remained the same as prior year.

The 2025 minimum total regulatory capital adequacy requirement of **12.5%** (2024: 12.5%) includes the capital conservation buffer, Pillar 2A at 1% and the D-SIB add-on but excludes the bank

specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.

54.6.2 Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to meet its contractual or contingent liquidity obligations or that it does not have the appropriate amount, tenor and composition of funding to support its assets.

- Liquidity risk is monitored at Group level under a single comprehensive Capital and Liquidity Risk Framework. The Capital and Liquidity Risk Framework was designed to deliver an appropriate tenor structure and composition of funding consistent with the risk appetite set by the Board. This framework is delivered through a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

Priorities

The Group's liquidity risk management objectives are:

- Preserve the Group's liquidity position in line with risk appetite.
- Manage the funding and HQLA position in line with the Board-approved framework and ensure compliance with regulatory requirements.
- Focus on growing core retail, relationship bank, corporate and public sector deposits.
- Continue to strengthen and diversify the funding base while optimising funding costs, to support asset growth, other strategic initiatives and maintain the strong net stable funding ratio (NSFR) over the 5-year phase out of the national discretion.
- Collaborate with the regulatory authorities and other stakeholders on the SARB's approach to resolution planning in South Africa.
- Report in terms of the current and future Depositor Insurance Scheme requirements, which came into effect on 1 April 2024, with the Corporation for Depositor Insurance established to give depositors reasonable access to their covered deposits when their bank has been placed in resolution.

Approach to liquidity risk

The efficient management of liquidity is essential for safeguarding the Group's depositors, preserving market confidence and maintaining the Group's reputation. The Group considers sustainable access to appropriate liquidity for each of its entities to be vital. Liquidity risk is managed under the Liquidity Risk Policy in line with the Capital and liquidity Risk Framework to:

- Maintain liquidity resources that are sufficient in amount and quality together with a funding profile that is appropriate to meet the risk appetite as expressed by the Board.
- Maintain market confidence.
- Set limits to manage liquidity risk within and across lines of business and legal entities.
- Price liquidity costs accurately and incorporate these into product pricing and performance measurement.
- Monitor early warning indicators (EWIs) to immediately identify the emergence of increased liquidity risk or vulnerabilities including events that would impair access to liquidity resources.
- Fully project over an appropriate set of time horizons cash flows arising from assets, liabilities and off-balance sheet items.
- Maintain a recovery plan that incorporates a contingent funding plan (CFP) that is comprehensive and proportionate to the nature, scale and complexity of the business and regularly tested to ensure it is operationally robust.

Stress and scenario testing

Under the Capital and liquidity Risk Framework, the Group established the internal liquidity stress metric (ILSM), which sets the level of liquidity risk the Group chooses to take to achieve its business objectives and in meeting its regulatory requirements.

It is measured with reference to the anticipated stressed net contractual and contingent outflows for a variety of stress scenarios and is used to determine the appropriate size of the liquidity pool, along with the LCR.

Each entity in the Group undertakes a range of stress tests appropriate to its business. Stress tests consider both name-specific and market-wide scenarios. The results of the stress tests are used to determine the liquid asset buffer, to develop the CFP which is a component of the Group's recovery plan. Stress testing results are also considered when setting limits for the management of liquidity risk and the business planning process.

As part of stress and scenario testing, the relevant liquid assets portfolio serves as the main source of liquidity under stress. Liquidity value is also assigned to unsecured funding lines, readily marketable investment securities and price-sensitive overnight loans.

Contingency funding planning

The Contingency Funding Plan (CFP) includes, inter alia:

- the roles and responsibilities of senior management in a crisis;
- authorities for invoking the plan;
- communications strategy;
- an analysis of a realistic range of market-wide and Group-specific liquidity stress tests;
- scenario analyses and the extent to which each stress test and scenario can be mitigated by the management of the statement of financial position; and
- a range of early warning indicators (EWIs), which assist in informing management when deciding whether the CFP should be invoked.

Each banking entity in the Group must establish local processes and procedures to manage local liquidity stresses that are consistent with the Group's plan. The CFPs set out the specific requirements to be undertaken locally in a crisis. This could include monetising the liquidity pool, slowing the extension of credit, increasing the tenor of funding and securitising or selling assets. For the Group the CFP was merged with the recovery plan.

Contractual maturity of financial assets and liabilities

The table below provides detail on the contractual maturity and mismatch position of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the 'on demand' time bucket at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since they are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity. Subordinated debt have been included based on contractual maturities and do not take into account the effect of early redemption features, which are being exercised. For details regarding early redemption options, refer to Note 20.

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

	Group					
	2025					Total
	On demand	Within 1 year	From 1 year to 5 years	More than 5 year	Impairment losses	
	Rm	Rm	Rm	Rm	Rm	Rm
Discounted maturity						
Assets						
Cash, cash balances and balances with central banks	83 365	11 091	–	–	–	94 456
Investment securities	1 775	33 027	69 453	65 412	(7)	169 660
Trading and hedging portfolio assets	205 922	59	459	191	–	206 631
Derivative assets	74 308	59	459	191	–	75 017
Non-derivative assets	131 614	–	–	–	–	131 614
Other financial assets	5 244	9 850	–	–	(24)	15 070
Loans and advances	145 135	332 415	444 321	329 796	(38 453)	1 213 214
Loans to Group companies	59 961	19 622	4 982	303	(286)	84 582
Financial assets	501 402	406 064	519 215	395 702	(38 770)	1 783 613
Non-financial assets						37 809
Total assets						1 821 422
Liabilities						
Trading and hedging portfolio liabilities	81 684	314	759	2 123	–	84 880
Derivative liabilities	66 914	314	759	2 123	–	70 110
Non-derivative liabilities	14 770	–	–	–	–	14 770
Other financial liabilities	10 691	10 102	–	–	–	20 793
Deposits and debt funding	753 363	539 632	239 702	20 937	–	1 553 634
Subordinated debt	–	8 227	11 850	2 485	–	22 562
Loans from Group Companies	10 019	–	–	–	–	10 019
Financial liabilities	855 757	558 275	252 311	25 545	–	1 691 888
Non-financial liabilities						10 270
Total liabilities						1 702 158
Total Equity						119 264
Total equity and liabilities						1 821 422
Net liquidity position of financial instruments	(354 355)	(152 211)	266 904	370 157	(38 770)	91 725

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

	Group					
	2024					
	On demand	Within 1 year	From 1 year to 5 years	More than 5 year	Impairment losses	Total
	Rm	Rm	Rm	Rm	Rm	Rm
Discounted maturity						
Assets						
Cash, cash balances and balances with central banks	72 913	10 668	–	–	–	83 581
Investment securities	1 779	53 433	56 608	61 288	(4)	173 104
Trading and hedging portfolio assets	166 947	53	663	3 339	–	171 002
Derivative assets	57 247	53	663	3 339	–	61 302
Non-derivative assets	109 700	–	–	–	–	109 700
Other financial assets	3 062	8 002	–	–	–	11 064
Loans and advances	127 248	285 904	451 268	301 198	(40 255)	1 125 363
Loans to Group Companies	40 139	22 466	4 635	301	(280)	67 261
Financial assets	412 088	380 526	513 174	366 126	(40 539)	1 631 375
Non-financial assets						36 434
Total assets						1 667 809
Liabilities						
Trading and hedging portfolio liabilities	63 624	75	648	535	–	64 882
Derivative liabilities	52 869	75	648	535	–	54 127
Non-derivative liabilities	10 755	–	–	–	–	10 755
Other financial liabilities	12 617	7 828	3	–	–	20 448
Deposits and debt funding	704 407	472 103	223 166	25 611	–	1 425 287
Subordinated debt	–	2 649	17 938	499	–	21 086
Loans from Group Companies	10 057	–	–	443	–	10 500
Financial liabilities	790 705	482 655	241 755	27 088	–	1 542 203
Non-financial liabilities						9 556
Total liabilities						1 551 759
Equity						116 050
Total equity and liabilities						1 667 809
Net liquidity position of financial instruments	(378 617)	(102 129)	271 419	339 038	(40 539)	89 172

Deposits and debt securities in issue have been combined and presented as a single line item restated from, R1 217 946m and R207 341m respectively to R1 425 287m in December 2024.

Refer to note 1.20.2.2 for further details on this reclassification.

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

	Company					
	2025					
	On demand	Within 1 year	From 1 year to 5 years	More than 5 year	Impairment losses	Total
	Rm	Rm	Rm	Rm	Rm	Rm
Discounted maturity						
Assets						
Cash, cash balances and balances with central banks	83 365	11 091	–	–	–	94 456
Investment securities	1 766	33 014	68 722	65 412	(7)	168 907
Trading and hedging portfolio assets	205 922	59	459	191	–	206 631
Derivative assets	74 308	59	459	191	–	75 017
Non-derivative assets	131 614	–	–	–	–	131 614
Other financial assets	5 260	9 765	–	–	(24)	15 001
Loans and advances	144 527	338 444	434 742	329 288	(38 346)	1 208 655
Loans to Absa Group companies	68 668	19 522	4 985	303	(278)	93 200
Financial assets	509 508	411 895	508 908	395 194	(38 655)	1 786 850
Non-financial assets						35 922
Total assets						1 822 772
Liabilities						
Trading and hedging portfolio liabilities	81 715	314	759	2 123	–	84 911
Derivative liabilities	66 946	314	759	2 123	–	70 142
Non-derivative liabilities	14 769	–	–	–	–	14 769
Other financial liabilities	10 699	10 091	–	–	–	20 790
Deposits and debt funding	755 033	533 758	239 702	20 937	–	1 549 430
Subordinated debt	–	8 227	11 850	2 485	–	22 562
Loans from Absa Group Companies	18 253	–	–	–	–	18 253
Financial liabilities	865 700	552 390	252 311	25 545	–	1 695 946
Non-financial liabilities						10 039
Total liabilities						1 705 985
Equity						116 785
Total equity and liabilities						1 822 770
Net liquidity position of financial instruments	(356 192)	(140 495)	256 597	369 649	(38 655)	90 904

54. Risk Management

54.6 Capital and liquidity risk

54.6.2 Liquidity risk *continued*

Undiscounted maturity (Statement of financial position value with impact of future interest)	Company					Total Rm
	2025					
	On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 years Rm	Discount effect Rm	
Liabilities						
On-statement of financial position						
Trading and hedging portfolio liabilities	81 715	325	961	3 928	(2 018)	84 911
Derivative liabilities	66 946	325	961	3 928	(2 018)	70 142
Non-derivative liabilities	14 769	–	–	–	–	14 769
Other financial liabilities	10 699	10 119	–	–	(28)	20 790
Deposits and debt funding	755 033	542 690	276 181	36 576	(61 050)	1 549 430
Subordinated debt	–	8 430	14 311	3 765	(3 944)	22 562
Loans from Absa Group Companies	18 253	–	–	–	–	18 253
Financial liabilities	865 700	561 564	291 453	44 269	(67 040)	1 695 946
Non-financial liabilities						10 039
Total liabilities						1 705 985
Off-statement of financial position						
Guarantees	51 187	–	–	–	–	51 187
Loan commitments	137 302	–	–	–	–	137 302
Letters of credit	12 146	–	–	–	–	12 146

Undiscounted maturity (Statement of financial position value with impact of future interest)	Company					Total Rm
	2024					
	On demand Rm	Within 1 year Rm	From 1 year to 5 years Rm	More than 5 years Rm	Discount effect Rm	
Liabilities						
On-statement of financial position						
Trading and hedging portfolio liabilities	63 624	78	749	1 230	(799)	64 882
Derivative liabilities	52 869	78	749	1 230	(799)	54 127
Non-derivative liabilities	10 755	–	–	–	–	10 755
Other financial liabilities	12 624	7 738	–	–	–	20 362
Deposits and debt funding	706 232	474 475	272 833	50 183	(81 857)	1 421 866
Subordinated debt	–	2 732	21 909	1 136	(4 691)	21 086
Loans from Group Companies	19 062	–	–	–	–	19 062
Financial liabilities	801 542	485 023	295 491	52 549	(87 347)	1 547 258
Non-financial liabilities						9 212
Total liabilities						1 556 470
Off-statement of financial position						
Guarantees	39 038	–	–	–	–	39 038
Loan commitments	120 172	–	–	–	–	120 172
Letters of credit	9 814	–	–	–	–	9 814

Deposits and debt securities in issue have been combined and presented as a single line item restated from, R1 219 774m and R202 092m respectively to R1 421 866m in December 2024.

Refer to note 1.20.2.2 for further details on this reclassification.

55. Going concern

The Directors assess the Group and the Company's future performance and financial position on an ongoing basis and have no reason to believe that the Group and the Company will not be a going concern in the reporting period ahead. For this reason, these consolidated financial statements are prepared on a going concern basis.

56. Reportable irregularity

In December 2025, the joint auditors reported a suspected reportable irregularity to IRBA in accordance with the provisions of section 45 of the Auditing Profession Act. They filed their second report in January 2026 confirming that, in their opinion, the reportable irregularity was no longer taking place.

This related to a former non-executive director who failed to disclose information that was relevant to the director's appointment.

This director is no longer with the Group. This matter is now closed.

57. Directors' and prescribed officers' remuneration

The Group's Remuneration Committee's (RemCo) mandate includes ensuring that reward practices are aligned with shareholder interests, both in the performance of our employees and the values they uphold.

The Group strives to promote reward practices that foster sustainable high performance and accordingly, the Group rewards both short and longer term performance. All elements of remuneration are benchmarked against the market, as well as local and international best practice.

The RemCo reviews executive director and prescribed officer performance against a balanced scorecard of objectives, which ensures rigorous focus on business imperatives including, importantly, financial performance. The outcomes of this are a primary input to variable remuneration decisions. Risk management is carefully considered.

The Group's remuneration approach complies with the regulatory and statutory provisions relating to remuneration governance, in all the countries where the Group operates and in accordance with relevant requirements in Africa and other relevant jurisdictions in which we conduct business operations.

57. Directors' and prescribed officers' remuneration

Executive directors

Tables for 2025 total awarded remuneration

Awarded Remuneration	Kenny Fihla		Deon Raju		Arrie Rautenbach		Christopher Snyman		Total	
	2025 R	2024 R	2025 R	2024 R	2025 R	2024 R	2025 R	2024 R	2025 R	2024 R
Salary	5 700 814		6 801 443	4 314 159		8 048 346		1 098 179	12 502 257	13 460 684
Medical Aid	53 628		160 591	88 935		155 450		42 108	214 219	286 493
Retirement benefits	496 914		195 791	133 016		149 164		65 682	692 705	347 862
Other employee benefits	34 433		79 675	49 546		91 170		13 198	114 108	153 914
Total fixed remuneration	6 285 789		7 237 500	4 585 656		8 444 130		1 219 167	13 523 289	14 248 953
Cash award	12 150 000		6 187 500	3 750 000				2 900 000	18 337 500	6 650 000
Deferred share award	11 150 000		5 187 500	2 750 000				1 900 000	16 337 500	4 650 000
Total short-term incentive	23 300 000		11 375 000	6 500 000				4 800 000	34 675 000	11 300 000
Face value of long term incentive award (on-target award)	20 000 000	19 999 913	14 000 000	11 000 000				5 000 000	34 000 000	35 999 913
Awarded Remuneration (excl buyout awards)	49 585 789	19 999 913	32 612 500	22 085 656		8 444 130		11 019 167	82 198 289	61 548 866
Cash-based buyout award	20 721 416								20 721 416	
Share-based buyout award (face value)	77 733 872								77 733 872	
Total awarded remuneration (including buyout awards)	148 041 077	19 999 913	32 612 500	22 085 656		8 444 130		11 019 167	180 653 577	61 548 866

The cash award is the portion of the short-term incentive award not subject to deferral, paid in cash in March 2026 and March 2025 in respect of prior year performance.

The deferred share award is the portion of the short-term incentive award that is subject to deferral into Absa Group shares on 50% of the portion that exceeds R1m. Deferred awards were granted in April 2025 for the 2024 short-term incentive award, and will be granted in April 2026 for 2025 performance.

Short-term incentives are not defined as incentives that are settled in the next 12 months after the reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, to which no future performance targets apply. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years).

The long-term incentives relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition. This is the 'on-target' value of the award.

Other employee benefits include any encashment of leave.

57. Directors' and prescribed officers' remuneration *continued*

Total awarded remuneration for 2025 includes the fixed remuneration paid during 2025, the total short-term incentive in respect of prior year performance (consisting of a cash award paid in March 2026 and a deferred share award to be granted in April 2026), and the face value of the long-term incentive to be granted in April 2026. Amounts disclosed in 2024 follow the same principle. See notes below regarding the pro-ration of fixed remuneration for individuals who were not in their roles for the full year.

Kenny Fihla was appointed as the Group Chief Executive Officer and an executive director on 17 June 2025. His fixed remuneration is disclosed on a pro-rated basis reflecting the period of service. His variable remuneration includes a cash buyout award, and share buyout awards granted upon him joining the Group in respect of awards forfeited with his previous employer. He also received a long-term incentive award in September 2025 related to the 2025-2027 performance period, which is reflected under 2024 to align with our disclosure approach. The share-based awards were communicated in a SENS announcement on 16 September 2025.

Deon Raju was appointed as the Group Financial Director and an executive director on 26 April 2024. His 2025 fixed remuneration is disclosed for the full year and is pro-rated for 2024 reflecting time in service as executive director, with the short-term incentive and long-term incentive awards shown at full value. The 2024 short-term incentive also includes a portion of the total award made in respect of his role as Group Chief Risk Officer, from 1 January 2024 to 25 April 2024.

Arrie Rautenbach ceased to be Group Chief Executive Officer and executive director on 15 October 2024. His fixed remuneration is pro-rated for the period served as an executive director during 2024, and no short-term incentive and long-term incentive awards were granted to him.

Christopher Snyman was the Interim Group Financial Director and executive director from 22 November 2023 to 26 April 2024. His fixed remuneration is pro-rated for the period served as an executive director during 2024, with the short-term incentive and long-term incentive awards shown at full value. The short-term incentive in 2024 therefore also includes a portion of the award in the year for his role as Head of Group Financial Decision Support, which was neither an executive director nor a prescribed officer role.

The Totals reflected for 2024 have been amended based on the movement of Charles Russon's remuneration information from the executive director tables into the prescribed officer tables.

57. Directors' and prescribed officers' remuneration *continued*

Prescribed officers

Combined tables for 2025 total remuneration

Awarded Remuneration	Charles Russon		Christine Wu		Faisal Mkhize		Geoffrey Lee		Yasmin Masithela		Mike Harvey		Cowyk Fox		Total	
	2025 R	2024	2025 R	2024	2025 R	2024	2025 R	2024	2025 R	2024	2025 R	2024	2025 R	2024	2025 R	2024
Salary	5 892 756	6 456 843	5 407 749	3 432 613	5 485 530	5 290 586	5 589 946	5 388 968	4 500 856	1 320 277	1 641 966			1 573 564	28 518 803	23 462 851
Medical Aid	212 984	245 940			205 284	162 101	325 893	270 360	133 538	36 585	100 582			30 613	978 281	745 599
Retirement benefits	154 665	196 856	402 547	255 463	423 616	405 801	198 591	199 160	140 290	41 957	57 296			62 078	1 377 005	1 161 315
Other employee benefits	69 596	72 606	74 017	46 640	68 070	64 012	68 070	64 012	46 426	13 414	20 156			19 339	346 335	280 023
Total fixed remuneration	6 330 001	6 972 245	5 884 313	3 734 716	6 182 500	5 922 500	6 182 500	5 922 500	4 821 110	1 412 233	1 820 000			1 685 594	31 220 424	25 649 788
Cash award	9 000 000	7 250 000	4 500 000	2 600 000	2 000 000	2 875 000	5 250 000	3 610 000	6 000 000	6 600 000	8 750 000				35 500 000	22 935 000
Deferred share award	8 000 000	6 250 000	3 500 000	1 600 000	1 000 000	1 875 000	4 250 000	2 610 000	5 000 000	5 600 000	7 750 000				29 500 000	17 935 000
Total short-term incentive	17 000 000	13 500 000	8 000 000	4 200 000	3 000 000	4 750 000	9 500 000	6 220 000	11 000 000	12 200 000	16 500 000				65 000 000	40 870 000
Face value of long term incentive award (on-target award)	16 000 000	15 000 000	8 500 000	8 500 000	8 500 000	8 500 000	8 500 000	8 500 000	8 700 000	6 500 000	6 500 000				56 700 000	47 000 000
Total awarded remuneration	39 330 001	35 472 245	22 384 313	16 434 716	17 682 500	19 172 500	24 182 500	20 642 500	24 521 110	20 112 233	24 820 000			1 685 594	152 920 424	113 519 788

The cash award is the portion of the short-term incentive award not subject to deferral, paid in cash in March 2025 and March 2026 in respect of prior year performance.

The deferred share award is the portion of the short-term incentive award that is subject to deferral into Absa Group shares on 50% of the portion that exceeds R1m. Deferred awards were granted in April 2025 for the 2024 short-term incentive award, and will be granted in April 2026 for 2025 performance.

Short-term incentives are not defined as incentives that are settled in the next 12 months after the reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, to which no future performance targets apply. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years).

The long-term incentives relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition. This is the 'on-target' value of the award.

Other employee benefits include any encashment of leave.

Total awarded remuneration for 2025 includes the fixed remuneration paid during 2025, the total short-term incentive award in respect of prior year performance (consisting of a cash award paid in March 2026 and a deferred share award granted in April 2026), and the face value of the long-term incentive award to be granted in April 2026. Amounts disclosed in 2024 follow the same principle. See notes below regarding the pro-ration of fixed remuneration for individuals who were not in their roles for the full year.

Charles Russon was appointed as the Interim Group Chief Executive Officer and an executive director on 15 October 2024, prior to which he was a prescribed officer for 2023 and from 1 January to 14 October 2024. He was appointed as Group Executive: Africa Regions effective 1 September 2025. His fixed remuneration is disclosed only for the period during which he served as a prescribed officer or executive director and has accordingly been pro-rated, while his variable remuneration has been disclosed at full value for the year. His remuneration for both 2024 and 2025 has accordingly been included in the prescribed officer table for 2025 for ease of reference, and the 2024 remuneration remains unchanged relative to what was previously published.

57. Directors' and prescribed officers' remuneration *continued*

Christine Wu was appointed as Chief Executive: Everyday Banking and prescribed officer on 26 April 2024. Her fixed remuneration is pro-rated for the period served as a prescribed officer during 2024, with the short-term incentive and long-term incentive awards shown at full value for that period, which therefore include a portion of the award for her performance as Managing Executive: Consumer Products which was not a prescribed officer role.

Yasmin Masithela was appointed as Interim Chief Executive: Corporate and Investment Banking and a prescribed officer on 15 October 2024 until 16 April 2025. Subsequent to that, Mike Harvey was appointed as the Interim Chief Executive: Corporate and Investment Banking and prescribed officer on 17 April 2025 until 31 July 2025. Yasmin Masithela, who had stepped down temporarily due to ill health, was re-appointed to this role on 1 August 2025. Their fixed remuneration is pro-rated for the periods served as prescribed officers. Yasmin Masithela's short-term incentive and long-term incentive awards are shown at full value, which for 2024 includes a portion of the award for her performance, respectively, as Managing Executive: Transactional Banking, which is not a prescribed officer role and as Interim Chief Executive: Corporate and Investment Banking, a prescribed officer role. Mike Harvey's 2025 full year variable remuneration is disclosed which includes the portion of the award made for his performance as Managing Executive: Investment Banking, which is not a prescribed officer role.

Cowyk Fox ceased to be Chief Executive: Everyday Banking and prescribed officer on 22 April 2024. His fixed remuneration is pro-rated for the period served as prescribed officer during 2024, and no short-term incentive and long-term incentive awards were granted to him.

The Totals reflected for 2024 have been amended based on the movement of Charles Russon's remuneration information into the prescribed officer tables from the executive director tables.

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

The table below outlines share-based and long-term incentive awards (awarded in respect of performance in a prior period).

	Bank 2025			Number of shares/ cash released/ during 2025	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Bank 2025		End of performance period	Last scheduled vesting date	Fair Value of invested awards at 31 December 2025 R
	Number of shares under award at 1 January 2025	Number of shares/ Trust units awarded during 2025	Share price/ Unit value on award R					Number of shares/ options lapsed (forfeited) in 2025	Number of shares/ Trust units under award/ option at 31 December 2025			
Executive directors												
Kenny Fihla												
Absa eKhaya Colleague Share Scheme 2023 – 2028		1 032	100.17			–		1 032		2028/09/01	2028/09/01	152 942
Share incentive plan deferral 2025 – 2028		79 357	186.16			–		79 357		2028/09/01	2028/09/01	18 994 892
Share incentive plan performance 2025		107 434	186.16			–		107 434		2028/09/01	2028/09/01	25 715 402
Share Incentive Plan Retention Buyout award		364 272	172.84			–		364 272		2027/09/01	2027/09/01	87 192 146
Total	–	552 095		–		–	–	–	552 095			132 055 382
Deon Raju												
Share incentive plan deferral 2022 – 2025	5 189			5 189	178.72	927 378	236 268	–	–	2025/04/01	2025/04/01	–
Share incentive plan performance 2022	44 483			30 114	178.72	5 381 974	1 371 319	14 369	–	2025/04/01	2025/04/01	–
Share incentive plan deferral 2023 – 2026	11 034			5 517	178.72	985 998	175 146	–	5 517	2026/04/01	2026/04/01	1 320 549
Share incentive plan performance 2023	46 896								46 896	2026/04/01	2026/04/01	11 225 027
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032								1 032	2028/09/01	2028/09/01	152 942
Share incentive plan deferral 2024 – 2027	12 807			4 269	178.72	762 956	70 237		8 538	2027/04/01	2027/04/01	2 043 656
Share incentive plan performance (Apr) 2024	55 023								55 023	2027/04/01	2027/04/01	13 170 305
Share incentive plan performance (Sept) 2024	12 421								12 421	2027/09/01	2027/09/01	2 973 091
Share incentive plan deferral 2025 – 2028		14 772	186.16						14 772	2028/04/03	2028/04/03	3 535 826
Share incentive plan performance 2025		59 088	186.16						59 088	2028/04/03	2028/04/03	14 143 304
Total	188 885	73 860		45 089		8 058 306	1 852 970	14 369	203 287			48 564 700

Kenny Fihla's outstanding share-based long-term incentive awards include Share Incentive Plan Retention Buyout awards received as part of his appointment as Group Chief Executive and executive director on 17 June 2025.

Deon Raju's outstanding share-based long-term incentive awards include awards received prior to his appointment as Group Financial Director and executive director on 26 April 2024.

The number of shares that vested for the 2022 Share Incentive Plan Performance awards was based on the measurement of the predetermined performance conditions linked to these awards.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, the Absa eKhaya Colleague Share Scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of five years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R239.36), or the Trust Unit value (R148.20) in the case of eKhaya, on 31 December 2025. For the 2023 to 2025 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2025			Bank 2025			Bank 2025		End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2025 R	
	Number of shares under award at 1 January 2025	Number of shares/ Trust units awarded during 2025	Share price/ Unit value on award R	Number of shares/ cash released during 2025	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2025				Number of shares/ Trust units under award/ option at 31 December 2025
Prescribed officers												
Charles Russon												
Share incentive plan performance 2020	22 686			22 686	178.72	4 054 442	1 529 664			2025/04/01	2025/04/01	-
Share incentive plan performance 2021	34 384			17 192	178.72	3 072 554	866 077	17 192		2026/04/01	2026/04/01	4 115 077
Share incentive plan deferral 2022 – 2025	10 658			10 658	178.72	1 904 798	485 225	-		2025/04/01	2025/04/01	-
Share incentive plan performance 2022	55 604			37 643	178.72	6 727 557	1 714 104	17 961		2025/04/01	2025/04/01	-
Share incentive plan deferral 2023 – 2026	23 908			11 954	178.72	2 136 419	379 423	-		2026/04/01	2026/04/01	2 861 309
Share incentive plan performance 2023	60 689							60 689		2026/04/01	2026/04/01	14 526 519
Absa eKhaya Colleague Share Scheme 2023 – 2028	860							860		2028/09/01	2028/09/01	127 452
Share incentive plan deferral 2024 – 2027	38 839			12 946	178.72	2 313 709	213 213	25 893		2027/04/01	2027/04/01	6 197 748
Share incentive plan performance 2024	77 679							77 679		2027/04/01	2027/04/01	18 593 245
Share incentive plan deferral 2025 – 2028		33 573	186.16					33 573		2028/04/03	2028/04/03	8 036 033
Share incentive plan performance 2025		80 575	186.16					80 575		2028/04/03	2028/04/03	19 286 432
Total	325 307	114 148		113 079		20 209 479	5 187 706	17 961	308 415			73 743 815
Christine Wu												
Share incentive plan deferral 2022 – 2025	2 659			2 659	178.72	475 216	120 993	-		2025/04/01	2025/04/01	-
Share incentive plan performance 2022	22 241			15 057	178.72	2 690 987	685 570	7 184		2025/04/01	2025/04/01	-
Share incentive plan deferral 2023 – 2026	5 989			2 995	178.72	535 266	95 079	-		2026/04/01	2026/04/01	716 644
Share incentive plan performance 2023	22 344							22 344		2026/04/01	2026/04/01	5 348 260
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032							1 032		2028/09/01	2028/09/01	152 942
Share incentive plan deferral 2024 – 2027	5 858			1 953	178.72	349 040	31 991	3 905		2027/04/01	2027/04/01	934 701
Share incentive plan performance (April) 2024	29 129							29 129		2027/04/01	2027/04/01	6 972 317
Share incentive plan performance (Sept) 2024	24 843							24 843		2027/09/01	2027/09/01	5 946 420
Share incentive plan deferral 2025 – 2028		8 594	186.16					8 594		2028/04/03	2028/04/03	2 057 060
Share incentive plan performance 2025		45 659	186.16					45 659		2028/04/03	2028/04/03	10 928 938
Total	114 095	54 253		22 664		4 050 509	933 633	7 184	138 500			33 057 282
Faisal Mkhize												
Share incentive plan deferral 2022 – 2025	2 780			2 780	178.72	496 842	126 534	-		2025/04/01	2025/04/01	-
Share incentive plan performance (April) 2022	22 241			15 057	178.72	2 690 987	685 570	7 184		2025/04/01	2025/04/01	-
Share incentive plan performance (Sept) 2022	24 536			16 610	188.59	3 132 480	864 874	7 926		2025/09/01	2025/09/01	-
Share incentive plan deferral 2023 – 2026	11 034			5 517	178.72	985 998	175 146			2026/04/01	2026/04/01	1 320 549
Share incentive plan performance 2023	46 896							46 896		2026/04/01	2026/04/01	11 225 027
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032							1 032		2028/09/01	2028/09/01	152 942
Share incentive plan deferral 2024 – 2027	12 137			4 046	178.72	723 101	66 484	8 091		2027/04/01	2027/04/01	1 936 662
Share incentive plan performance 2024	48 549							48 549		2027/04/01	2027/04/01	11 620 689
Share incentive plan deferral 2025 – 2028		10 071	186.16					10 071		2028/04/03	2028/04/03	2 410 595
Share incentive plan performance 2025		45 659	186.16					45 659		2028/04/03	2028/04/03	10 928 938
Total	169 205	55 730		44 010		8 029 408	1 918 608	15 110	165 815			39 595 402

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2025			Bank 2025			Bank 2025		End of performance period	Last scheduled vesting date	Fair Value of invested awards at 31 December 2025 R	
	Number of shares under award at 1 January 2025	Number of shares/ Trust units awarded during 2025	Share price/ Unit value on award R	Number of shares/ cash released during 2025	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2025				Number of shares/ Trust units under award/ option at 31 December 2025
Prescribed officers												
Geoffrey Lee												
Share incentive plan deferral 2022 – 2025	3 244			3 244	178.72	579 768	147 623	–	–	2025/04/01	2025/04/01	–
Share incentive plan performance (April) 2022	22 241			15 057	178.72	2 690 987	685 570	7 184	–	2025/04/01	2025/04/01	–
Share incentive plan performance (Sept) 2022	24 536			16 610	188.59	3 132 480	864 874	7 926	–	2025/09/01	2025/09/01	–
Share incentive plan deferral 2023 – 2026	11 034			5 517	178.72	985 998	175 146		5 517	2026/04/01	2026/04/01	1 320 549
Share incentive plan performance 2023	46 896								46 896	2026/04/01	2026/04/01	11 225 027
Absa eKhaya Colleague Share Scheme 2023 – 2028	860								860	2028/09/01	2028/09/01	127 452
Share incentive plan deferral 2024 – 2027	13 848			4 616	178.72	824 972	75 956		9 232	2027/04/01	2027/04/01	2 209 772
Share incentive plan performance (Apr) 2024	61 496								61 496	2027/04/01	2027/04/01	14 719 683
Share incentive plan deferral 2025 – 2028		14 020	186.16						14 020	2028/04/03	2028/04/03	3 355 827
Share incentive plan performance 2025		45 659	186.16						45 659	2028/04/03	2028/04/03	10 928 938
Total	184 155	59 679		45 044		8 214 205	1 949 169	15 110	183 680			43 887 248
Yasmin Masithela												
Share incentive plan deferral 2022 – 2025	7 600			7 600	178.72	1 358 272	346 002	–	–	2025/04/01	2025/04/01	–
Share incentive plan performance 2022	22 241			15 057	178.72	2 690 987	685 570	7 184	–	2025/04/01	2025/04/01	–
Share incentive plan deferral 2023 – 2026	17 655			8 827	178.72	1 577 561	280 054	–	8 828	2026/04/01	2026/04/01	2 113 070
Share incentive plan performance 2023	24 827								24 827	2026/04/01	2026/04/01	5 942 591
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032								1 032	2028/09/01	2028/09/01	152 942
Share incentive plan deferral 2024 – 2027	33 661			11 220	178.72	2 005 238	184 796		22 441	2027/04/01	2027/04/01	5 371 478
Share incentive plan performance 2024	29 129								29 129	2027/04/01	2027/04/01	6 972 317
Share incentive plan deferral 2025 – 2028		30 081	186.16						30 081	2028/04/03	2028/04/03	7 200 188
Share incentive plan performance 2025		34 916	186.16						34 916	2028/04/03	2028/04/03	8 357 494
Total	136 145	64 997		42 704		7 632 058	1 496 422	7 184	151 254			36 110 080

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2025			Bank 2025			Bank 2025		End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2025 R	
	Number of shares under award at 1 January 2025	Number of shares/ Trust units awarded during 2025	Share price/ Unit value on award R	Number of shares/ cash released during 2025	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2025				Number of shares/ Trust units under award/ option at 31 December 2025
Prescribed officers												
Mike Harvey												
Share incentive plan deferral 2022 – 2025	12 233			12 233	178.72	2 186 282	556 892		–	2025/04/01	2025/04/01	–
Share incentive plan performance 2022	22 241			15 057	178.72	2 690 987	685 570	7 184	–	2025/04/01	2025/04/01	–
Share incentive plan deferral 2023 – 2026	24 827			12 414	178.72	2 218 630	394 078		12 413	2026/04/01	2026/04/01	2 971 176
Share incentive plan performance 2023	24 827								24 827	2026/04/01	2026/04/01	5 942 591
Share incentive plan deferral 2024 – 2027	37 221			12 407	178.72	2 217 379	204 277		24 814	2027/04/01	2027/04/01	5 939 479
Share incentive plan performance 2024	38 839								38 839	2027/04/01	2027/04/01	9 296 503
Absa eKhaya Colleague Share Scheme 2023 – 2028	860								860	2028/09/01	2028/09/01	127 452
Share incentive plan deferral 2025 – 2028		37 602	186.16						37 602	2028/04/03	2028/04/03	9 000 415
Share incentive plan performance 2025		34 916	186.16						34 916	2028/04/03	2028/04/03	8 357 494
Total	161 048	72 518		52 111		9 313 278	1 840 817	7 184	174 271			41 635 110

The number of shares that vested for the 2022 Share Incentive Plan Performance awards was based on the measurement of the predetermined performance conditions linked to these awards.

Charles Russon's outstanding share-based long-term incentive awards include awards received prior to his appointment as Interim Group Chief Executive Officer and executive director for the period 15 October 2024 to 16 June 2025, prior to which he was a prescribed officer from 1 January to 14 October 2024. The last tranche of his 2021 share-based long-term incentive award is due to vest in 2026.

Charles Russon was an executive director at the time that the 2020 and 2021 Share Incentive Plan Performance awards were granted – these awards vest over a five year period. The 2020 awards vested during 2025 – the number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Performance awards.

Faisal Mkhize's and Geoffrey Lee's outstanding share-based long-term incentive awards include awards received prior to becoming prescribed officers on 1 July 2022.

Christine Wu's outstanding share-based long-term incentive awards include awards received prior to her appointment as Chief Executive: Everyday Banking and a prescribed officer on 26 April 2024.

Yasmin Masithela's outstanding share-based long-term incentive awards include awards received prior to her appointment as Interim Chief Executive: Corporate and Investment Banking and a prescribed officer on 15 October 2024.

Mike Harvey's outstanding share-based long-term incentive awards include awards received prior to his appointment as Interim Chief Executive: Corporate and Investment Banking and a prescribed officer for the period 17 April 2025 to 31 July 2025.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, the Absa eKhaya Colleague Share Scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of five years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R239.36), or the Trust Unit value (R148.20) in the case of eKhaya, on 31 December 2025. For the 2023 to 2025 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

The table below outlines share-based and long-term incentive awards (awarded in respect of performance in a prior period).

	Bank 2024			Bank 2024			Number of shares/ options lapsed (forfeited) in 2024	Number of shares/ Trust units under award/ option at 31 December 2024	End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R	
	Number of shares under award at 1 January 2024	Number of shares/ Trust units awarded during 2024	Share price/ Unit value on award R	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R						
Executive directors												
Charles Russon												
Share incentive plan deferral 2021 – 2024	10 463			10 463	145.68	1 524 250	264 701	–	–	2024/04/02	2024/04/02	–
Long-term incentive award 2019	4 187			4 187	153.07	640 904	224 248	–	–	2024/03/18	2024/03/18	–
Share incentive plan performance 2020	45 371			22 685	145.68	3 304 751	862 717	–	22 686	2025/04/01	2025/04/01	4 304 669
Share incentive plan performance 2021	54 927			17 192	145.68	2 504 531	435 000	3 351	34 384	2026/04/01	2026/04/01	6 524 364
Share incentive plan deferral 2022 – 2025	21 315			10 657	145.68	1 552 512	231 194	–	10 658	2025/04/01	2025/04/01	2 022 356
Share incentive plan performance 2022	55 604							–	55 604	2025/04/01	2025/04/01	10 550 859
Share incentive plan deferral 2023 – 2026	35 862			11 954	145.68	1 741 459	136 211	–	23 908	2026/04/01	2026/04/01	4 536 543
Share incentive plan performance 2023	60 689							–	60 689	2026/04/01	2026/04/01	11 515 738
Absa eKhaya Colleague Share Scheme 2023 – 2028	860								860	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027		38 839	154.48						38 839	2027/04/01	2027/04/01	7 369 700
Share incentive plan performance 2024		77 679	154.48						77 679	2027/04/01	2027/04/01	14 739 590
Total	289 278	116 518		77 138		11 268 407	2 154 071	3 351	325 307			61 645 330
Deon Raju												
Share incentive plan deferral 2021 – 2024	980			980	145.68	142 766	24 766	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	31 387			29 472	145.68	4 293 481	745 736	1 915	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	10 379			5 190	145.68	756 079	112 465	–	5 189	2025/04/01	2025/04/01	984 613
Share incentive plan performance 2022	44 483							–	44 483	2025/04/01	2025/04/01	8 440 649
Share incentive plan deferral 2023 – 2026	16 551			5 517	145.68	803 717	62 788	–	11 034	2026/04/01	2026/04/01	2 093 702
Share incentive plan performance 2023	46 896							–	46 896	2026/04/01	2026/04/01	8 898 516
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032								1 032	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		12 807	154.48						12 807	2027/04/01	2027/04/01	2 430 128
Share incentive plan performance (Apr) 2024		55 023	154.48						55 023	2027/04/01	2027/04/01	10 440 614
Share incentive plan performance (Sept) 2024		12 421	161.01						12 421	2027/09/01	2027/09/01	2 356 885
Total	151 708	80 251		41 159		5 996 043	945 755	1 915	188 885			35 742 920

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2024			Bank 2024			Bank 2024			End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R
	Number of shares under award at 1 January 2024	Number of shares/ Trust units awarded during 2024	Share price/ Unit value on award R	Number of shares/ cash released during 2024	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2024	Number of shares/ Trust units under award/ option at 31 December 2024			
Executive directors												
Arrie Rautenbach												
Share incentive plan deferral 2021 – 2024	12 554	–	–	12 554	145.68	1 828 867	317 582	–	–	2024/04/02	2024/04/02	–
Long-term incentive award 2019	6 131	–	–	6 131	153.07	938 472	328 335	–	–	2024/03/18	2024/03/18	–
Share incentive plan performance 2020	59 503	–	–	29 751	145.68	4 334 126	1 131 497	–	29 752	2025/04/01	2025/04/01	5 645 442
Share incentive plan performance 2021	80 430	–	–	25 174	145.68	3 667 348	637 059	4 908	50 348	2026/04/01	2026/04/01	9 553 533
Share incentive plan deferral 2022 – 2025	21 315	–	–	10 657	145.68	1 552 512	231 194	–	10 658	2025/04/01	2025/04/01	2 022 356
Share incentive plan performance 2022	94 528	–	–	–	–	–	–	–	94 528	2025/04/01	2025/04/01	17 936 688
Share incentive plan deferral 2023 – 2026	48 275	–	–	16 092	145.68	2 344 283	183 411	–	32 183	2026/04/01	2026/04/01	6 106 724
Share incentive plan performance 2023	93 793	–	–	–	–	–	–	–	93 793	2026/04/01	2026/04/01	17 797 222
Absa eKhaya Colleague Share Scheme 2023 – 2028	860	–	–	–	–	–	–	–	860	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027	–	37 545	154.48	–	–	–	–	–	37 545	2027/04/01	2027/04/01	7 124 164
Share incentive plan performance 2024	–	110 046	154.48	–	–	–	–	–	110 046	2027/04/01	2027/04/01	20 881 229
Total	417 389	147 591		100 359		14 665 608	2 829 078	4 908	459 713			87 148 869
Christopher Snyman												
Share incentive plan deferral 2021 – 2024	393	–	–	393	145.68	57 252	9 906	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	25 894	–	–	24 314	145.68	3 542 064	615 207	1 580	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	4 448	–	–	2 224	145.68	323 992	48 220	–	2 224	2025/04/01	2025/04/01	422 004
Share incentive plan performance 2022	18 271	–	–	–	–	–	–	–	18 271	2025/04/01	2025/04/01	3 466 922
Share incentive plan deferral 2023 – 2026	8 275	–	–	2 758	145.68	401 785	31 321	–	5 517	2026/04/01	2026/04/01	1 046 851
Share incentive plan performance 2023	19 304	–	–	–	–	–	–	–	19 304	2026/04/01	2026/04/01	3 662 934
Absa eKhaya Colleague Share Scheme 2023 – 2028	860	–	–	–	–	–	–	–	860	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027	–	10 519	154.48	–	–	–	–	–	10 519	2027/04/01	2027/04/01	1 995 980
Share incentive plan performance 2024	–	32 366	154.48	–	–	–	–	–	32 366	2027/04/01	2027/04/01	6 141 449
Total	77 445	42 885		29 689		4 325 093	704 654	1 580	89 061			16 817 651

Charles Russon's outstanding share-based long-term awards include awards received prior to his appointment as Interim Group Chief Executive Officer and executive director on 15 October 2024, prior to which he was a prescribed officer for 2023 and from 1 January to 14 October 2024. The last tranche of his 2021 share-based long-term incentive award is due to vest in 2026.

Deon Raju's outstanding share-based long-term incentive awards include awards received prior to his appointment as Group Financial Director and executive director on 26 April 2024.

Arrie Rautenbach's outstanding share-based long-term awards include awards received prior to his appointment as Group Chief Executive Officer and executive director on 29 March 2022.

Christopher Snyman's outstanding share-based long-term incentive awards include awards received prior to his appointment as Interim Group Financial Director and executive director between 22 November 2023 to 26 April 2024.

Christopher Snyman's and Deon Raju's 2021 to 2024 Share Incentive Plan Performance awards will vest after a period of three years. The number of shares to vest will be based on the measurement of the predetermined performance conditions linked to the Performance awards.

The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Share Incentive Plan Performance awards.

For all individuals who were executive directors at the time of granting the 2020 and 2021 Share Incentive Plan Performance awards, the awards vested over a five year period. The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Performance awards. For all executive directors, the 2022, 2023 and 2024 Share Incentive Plan Performance awards will vest over a three year period. This is aligned to a RemCo-approved amendment

57. Directors' and prescribed officers' remuneration *continued*

to the remuneration framework for improved alignment to market practice.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, the Absa eKhaya Colleague Share Scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of five years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R189.75), or the Trust Unit value (R94.78) in the case of eKhaya, on 31 December 2024. For the 2022 to 2024 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*
Outstanding share-based long-term incentives

	Bank 2024			Bank 2024			Bank 2024			End of performance period	Last scheduled vesting date	Fair Value of unvested awards at 31 December 2024 R
	Number of shares under award at 1 January 2024	Number of shares/ Trust units awarded during 2024	Share price/ Unit value on award R	Number of shares/ cash released during 2024	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options lapsed (forfeited) in 2024	Number of shares/ Trust units under award/ option at 31 December 2024			
Prescribed officers												
Christine Wu												
Share incentive plan deferral 2021 – 2024	1 307			1 307	145.68	190 404	33 069	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	30 602			28 735	145.68	4 186 115	727 089	1 867	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	5 319			2 660	145.68	387 509	57 689	–	2 659	2025/04/01	2025/04/01	504 545
Share incentive plan performance 2022	22 241								22 241	2025/04/01	2025/04/01	4 220 230
Share incentive plan deferral 2023 – 2026	8 984			2 995	145.68	436 312	34 089	–	5 989	2026/04/01	2026/04/01	1 136 413
Share incentive plan performance 2023	22 344								22 344	2026/04/01	2026/04/01	4 239 774
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032								1 032	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		5 858	154.48						5 858	2027/04/01	2027/04/01	1 111 556
Share incentive plan performance (April) 2024		29 129	154.48						29 129	2027/04/01	2027/04/01	5 527 228
Share incentive plan performance (Sept) 2024		24 843	161.01						24 843	2027/09/01	2027/09/01	4 713 959
Total	91 829	59 830		35 697		5 200 340	851 936	1 867	114 095			21 551 518
Faisal Mkhize												
Share incentive plan deferral 2021 – 2024	1 046			1 046	145.68	152 381	26 368	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	26 679			25 051	145.68	3 649 430	633 854	1 628	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	5 560			2 780	145.68	404 990	60 166	–	2 780	2025/04/01	2025/04/01	527 505
Share incentive plan performance (April) 2022	22 241								22 241	2025/04/01	2025/04/01	4 220 230
Share incentive plan performance (Sept) 2022	24 536								24 536	2025/09/01	2025/09/01	4 655 706
Share incentive plan deferral 2023 – 2026	16 551			5 517	145.68	803 717	62 788	–	11 034	2026/04/01	2026/04/01	2 093 702
Share incentive plan performance 2023	46 896								46 896	2026/04/01	2026/04/01	8 898 516
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032								1 032	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		12 137	154.48						12 137	2027/04/01	2027/04/01	2 302 996
Share incentive plan performance 2024		48 549	154.48						48 549	2027/04/01	2027/04/01	9 212 173
Total	144 541	60 686		34 394		5 010 518	783 176	1 628	169 205			32 008 641
Geoffrey Lee												
Share incentive plan deferral 2021 – 2024	1 307			1 307	145.68	190 404	33 069	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	26 679			25 051	145.68	3 649 430	633 854	1 628	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	6 487			3 243	145.68	472 440	70 218	–	3 244	2025/04/01	2025/04/01	615 549
Share incentive plan performance (April) 2022	22 241								22 241	2025/04/01	2025/04/01	4 220 230
Share incentive plan performance (Sept) 2022	24 536								24 536	2025/09/01	2025/09/01	4 655 706
Share incentive plan deferral 2023 – 2026	16 551			5 517	145.68	803 717	62 788	–	11 034	2026/04/01	2026/04/01	2 093 702
Share incentive plan performance 2023	46 896								46 896	2026/04/01	2026/04/01	8 898 516
Absa eKhaya Colleague Share Scheme 2023 – 2028	860								860	2028/09/01	2028/09/01	81 511
Share incentive plan deferral 2024 – 2027		13 848	154.48						13 848	2027/04/01	2027/04/01	2 627 658
Share incentive plan performance (Apr) 2024		61 496	154.48						61 496	2027/04/01	2027/04/01	11 668 866
Total	145 557	75 344		35 118		5 115 991	799 929	1 628	184 155			34 861 738

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Outstanding share-based long-term incentives

	Bank 2024			Bank 2024			Bank 2024			Fair Value of invested awards at 31 December 2024 R		
	Number of shares under award at 1 January 2024	Number of shares/ Trust units awarded during 2024	Share price/ Unit value on award R	Number of shares/ cash released during 2024	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/ options/ lapsed (forfeited) in 2024	Number of shares/ Trust units under award/ option at 31 December 2024		End of performance period	Last scheduled vesting date
Prescribed officers												
Yasmin Masithela												
Share incentive plan deferral 2021 – 2024	850			850	145.68	123 828	21 415	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	31 387			29 472	145.68	4 293 481	745 736	1 915	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	15 199			7 599	145.68	1 107 022	164 764	–	7 600	2025/04/01	2025/04/01	1 442 100
Share incentive plan performance 2022	22 241								22 241	2025/04/01	2025/04/01	4 220 230
Share incentive plan deferral 2023 – 2026	26 482			8 827	145.68	1 285 917	100 519	–	17 655	2026/04/01	2026/04/01	3 350 036
Share incentive plan performance 2023	24 827								24 827	2026/04/01	2026/04/01	4 710 923
Absa eKhaya Colleague Share Scheme 2023 – 2028	1 032								1 032	2028/09/01	2028/09/01	97 813
Share incentive plan deferral 2024 – 2027		33 661	154.48						33 661	2027/04/01	2027/04/01	6 387 175
Share incentive plan performance 2024		29 129	154.48						29 129	2027/04/01	2027/04/01	5 527 228
Total	122 018	62 790		46 748		6 810 248	1 032 434	1 915	136 145			25 735 505
Cowyk Fox												
Share incentive plan deferral 2021 – 2024	1 307			1 307	145.68	190 404	33 069	–	–	2024/04/02	2024/04/02	–
Share incentive plan performance 2021	29 817			27 998	145.68	4 078 749	708 442	1 819	–	2024/04/02	2024/04/02	–
Share incentive plan deferral 2022 – 2025	6 023			3 012	145.68	438 788	65 265	3 011	–	2025/04/01	2025/04/01	–
Share incentive plan performance (April) 2022	22 241							22 241	–	2025/04/01	2025/04/01	–
Share incentive plan performance (Sept) 2022	24 536							24 536	–	2025/09/01	2025/09/01	–
Share incentive plan deferral 2023 – 2026	16 551			5 517	145.68	803 717	62 788	11 034	–	2026/04/01	2026/04/01	–
Share incentive plan performance 2023	46 896							46 896	–	2026/04/01	2026/04/01	–
Absa eKhaya Colleague Share Scheme 2023 – 2028	860							860	–	2028/09/01	2028/09/01	–
Share incentive plan deferral 2024 – 2027		9 813	154.48					9 813	–	2027/04/01	2027/04/01	–
Share incentive plan performance 2024		29 129	154.48					29 129	–	2027/04/01	2027/04/01	–
Total	148 231	38 942		37 834		5 511 658	869 564	149 339	–			–

The number of shares that vested was based on the measurement of the predetermined performance conditions linked to the Share Incentive Plan Performance awards.

Faisal Mkhize's, Cowyk Fox' and Geoffrey Lee's outstanding share-based long-term awards include awards received prior to becoming prescribed officers on 1 July 2022. Cowyk Fox ceased to be a prescribed officer on 22 April 2024.

Cowyk Fox' Share Incentive Plan awards were forfeited in full upon his notice of resignation on 22 April 2024.

Christine Wu's outstanding share-based long-term awards include awards received prior to her appointment as a prescribed officer on 26 April 2024.

Yasmin Masithela's outstanding share-based long-term awards include awards received prior to her appointment as a prescribed officer on 15 October 2024.

On 1 September 2023, Absa implemented a B-BBEE transaction and staff incentivisation scheme, the Absa eKhaya Colleague Share Scheme, with awards in the form of Trust units (and corresponding Allocated Scheme Shares) made to eligible employees. The scheme will run over a period of five years.

The fair value of the awards is calculated based on the number of shares multiplied by the closing share price (R189.75), or the Trust Unit value (R94.78) in the case of eKhaya, on 31 December 2024. For the 2022 to 2024 Share Incentive Plan Performance awards, the fair value is calculated prior to the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting on the number of shares that vest.

57. Directors' and prescribed officers' remuneration *continued*

57. Directors' and prescribed officers' remuneration *continued*

Group Chairman and Non-executive directors' fees

Non-executive directors' fees paid during 2025

Directors	Group Board R	Group Board committees R	Absa Bank R	Absa Financial Services R	Other R	2025 Total R	2024 Total R
Ihron Rensburg	607 420	742 377	61 240	–	265 200	1 676 237	–
Nhlanhla Mjoli-Mncube	1 258 620	1 033 742	129 568	–	36 400	2 458 330	2 280 996
Peter Mageza	975 506	1 645 467	101 098	–	–	2 722 071	–
René van Wyk	4 087 177	1 161 450	74 763	–	–	5 323 390	3 074 177
Rose Keanly	979 835	1 517 640	129 568	1 108 908	–	3 735 951	3 254 691
Sello Moloko	4 056 923	–	–	–	–	4 056 923	7 285 611
Tasneem Abdool-Samad	986 327	2 084 313	129 568	405 236	805 752	4 411 196	3 971 848
Total	12 951 808	8 184 989	625 805	1 514 144	1 107 352	24 384 098	19 867 323

Ihron Rensburg was appointed to the Absa Bank Board on 1 April 2025 and resigned on 31 August 2025.

Nhlanhla Mjoli-Mncube is the Lead Independent Director (LID). The LID fees are included under the Group fee.

Peter Mageza was appointed to the Absa Bank Board on 1 April 2025.

René van Wyk was appointed as Chairman of the Absa Group and Absa Bank boards on 15 July 2025. The fees applicable to René, as the Group Chairman, cover chairmanship of the Absa Group and Absa Bank boards as well as membership of any board committees.

Rose Keanly was appointed as chairman of Absa Financial Services Limited on 1 April 2025. She also joined the Absa Financial Services Africa Holdings Proprietary Limited board (a subsidiary of Absa Financial Services Limited) on the same date.

Sello Moloko resigned as Chairman of the Absa Group and Absa Bank boards on 15 July 2025. The fees applicable to Sello, as the Group Chairman, covered chairmanship of the Absa Group and Absa Bank boards as well as membership of any board committees.

Tasneem Abdool-Samad retired as chairman and member of Absa Financial Services Limited on 1 April 2025. She joined the Absa Financial Services Africa Holdings Proprietary Limited board (a subsidiary of Absa Financial Services Limited) as member and chairman on the same date. Tasneem is also the chairman of Absa Securities U. S. Inc. (reported under Other).

The fees indicated above are exclusive of VAT. Where applicable, VAT has been levied by the non-executive directors and such fees plus VAT were paid to the non-executive directors concerned (subject to the issue of a valid tax invoice reflecting fees plus VAT).

57. Directors' and prescribed officers' remuneration *continued*

58. Events after the reporting period

The Group has assessed the impact of the announcement made during the current financial year regarding the introduction of a new Pan-African operating model, marking the next phase in strengthening the Group's organisational design. The new model is intended to streamline operations across the region, enhance clarity of accountability, and leverage technology and data to improve outcomes for clients across the continent. The changes are effective from 1 January 2026. Accordingly, the announcement does not affect the Group's segment reporting or related disclosures for the financial period ended 31 December 2025. The impact of the new Pan-African operating model on segment reporting for the reporting period ended 31 December 2026 will be assessed as implementation progresses.

Significant escalation in geopolitical tensions in the Middle East have contributed to heightened global market volatility. The situation remains fluid and the potential impact of these evolving

circumstances including the possibility of higher fuel and logistics-related cost pressures, increased inflation uncertainty impacting rates, and periods of foreign exchange and market volatility associated with shifts in global risk sentiment, will be monitored and assessed into the year ahead.

While the impacts to the Group have yet to materialise, these developments arose after year-end and are considered non-adjusting events under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements for the reporting period ended 31 December 2025.

Other than the aforementioned, the directors are not aware of any events (as defined per IAS 10 Events after the Reporting Period) that occurred after the reporting date of 31 December 2025 and the date of authorisation of these annual consolidated and separate financial statements.

Contact information

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Incorporated in the Republic of South Africa

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Authorised financial services and registered credit provider (NCRCP7)

JSE share code: ABG

ISIN: ZAE000255915

Bond issuer code: ABGI

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